

Repsol's adjusted net income amounted to  
**1,224 million euros**

*Good performance across the whole business (upstream & downstream), despite volatile oil and gas prices.*

*36% increase in hydrocarbon production over the same period in 2015, reaching 694,000 barrels of oil equivalent per day.*



### Integrated model

Has allowed us to **generate predictable results** in the current environment.

### Upstream

Good performance, with **adjusted net income going up by €668 M**, despite fall in crude oil prices by 23%.

### Downstream

- Better results in Chemicals, with **20% rise** year to date, thanks to increase in international margins and higher sales volumes.
- Ongoing commercial business **recovery** as a result of rising demand in Spain.

## 2016-2020 Strategic Plan

Value and Resilience

The company is making progress towards the targets set in the Strategic Plan 2016-2020:

- Synergies and efficiencies goals initially set at €1,100 M for 2016 have already been **posted by nearly 100%**.
- The company has **exceeded the €3,100 M divestment target** for 2016-2017, creating value and without sacrificing future optionality.
- In line with the company's **optimisation** strategy, the investments made were below the set amount of €3,900 M.

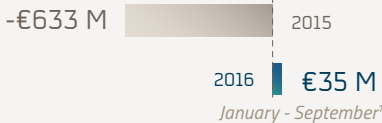


### Our main businesses<sup>1</sup>



## Upstream

[Exploration and Production]

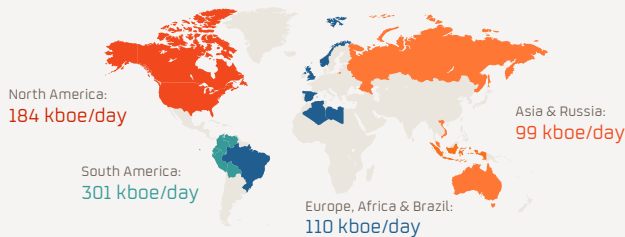


Upstream adjusted net results have gone **up by €668 M** compared to the same period in 2015, mainly as a result of:

- Higher production volumes.
- Lower exploration costs.

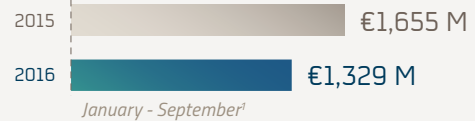
▲ **36%**

In the first nine months of 2016, production reached **694 kboe/day**, or 36% more than the production recorded for the same period in 2015.



## Downstream

[Refining, Chemicals, Marketing, LPG & Trading]



Better performance in **Chemicals** due to increased efficiency as a result of operational improvements in our sites, higher sales and better margins thanks to the international environment.

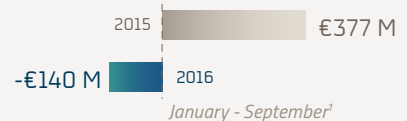
Good performance in **Marketing** and **LPG** businesses.

**Refining** business results affected by lower margins and planned stoppage for maintenance in Cartagena and Tarragona.



## Corporation & others

- Lower results in **Gas Natural Fenosa<sup>2</sup>** (-17%) as a result of gas commercialisation business.
- Lower financial income as a result of dollar appreciation relative to Euro in the first nine months of 2015.



## Solid financial position

### Net debt and liquidity

- Repsol's **liquidity of €7,900 M** is 1.9 times higher than short-term gross debt maturities.
- Higher cash from operations** plus divestment have enabled the Group to:

Cover investments, pay interests and dividends.

**Reduce net financial debt** by €1,946 M to €9,988 M.

<sup>1</sup> The company carries out a good part of its activities through joint ventures. This means that, when it comes to making decisions on fund allocation or performance assessment, the operating and financial figures of joint ventures are analysed from the same perspective and as thoroughly as those of companies consolidated by global integration. This is the reason why all sector figures include, according to percentage shares, those of joint ventures or companies managed as such.

In fiscal year 2014, Repsol decided to take into account the current business environment and use an accounting method for better comparison with the results of other companies in the same industry. Now, Repsol reports its recurring net income based on restocking costs of continued operations (adjusted net income), excluding both discontinued operations and inventory effects.

<sup>2</sup> From 1 January 2014, Gas Natural results are no longer reported in Repsol statements using a consolidated method. The equity accounting method is used instead.

*This is, by no means, a recommendation or offer to buy shares in Repsol, as established in Law 24/1988, of 28 July, on the Stock Exchange, and the associated development regulations. Furthermore, this is not a purchasing or trading offer, nor an equity purchasing, selling or trading order elsewhere.*

*This report contains information and statements that are actually estimates or forecasts about Repsol. Such estimates or forecasts may contain statements about plans, goals and expectations, including statements on trends affecting Repsol's finances, financial ratios, operating income, business, strategies, geographical concentration, production and reserves, capital expenditure, cost savings, investments and dividend policy. Such estimates or forecasts may contain assumptions on future economic or financial situations such as future crude oil prices or other prices, refining or marketing margins and currency exchange rates. Estimates or future prospects are generally identified with the verbs 'hope', 'expect', 'think', 'believe', 'estimate', or the like. Said statements or claims do not guarantee future compliance, prices, margins, currency exchange rates, and so forth, and are subject to significant risks, uncertainties, changes or other factors beyond Repsol's control or difficult to predict. Among these risks and uncertainties there are factors and situations on which information is provided in statements or documents filed by Repsol and its affiliates with the Spanish Stock Exchange, the Argentine Stock Exchange, the U.S. Securities and Exchange Commission, and other market supervising agencies in the markets where Repsol or its affiliates trade their shares.*

*Repsol undertakes to fulfil its obligations only as established in the laws in force, even if new data are published or new situations arise, as far as public announcements of updated or revised facts are concerned.*

*The information contained here has not been verified or reviewed by Repsol's external auditors.*

*In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q3 2016 Results Earnings Release are included in Appendix V "Alternative Performance Measures" of the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2016.*

*Repsol will publish today the Interim Condensed Consolidated Financial Statements for the nine-month period ended 30 September 2016 and they will be available on Repsol's and CNMV's (Comisión Nacional del Mercado de Valores) websites.*