External Relations
Executive Managing Division
Tel. +34 91 753 87 87
www.repsol.com
prensa@repsol.com

Press release
Madrid, July 23rd, 2020
6 pages

REPSOL POSTS AN ADJUSTED NET INCOME OF €189 MILLION IN THE FIRST HALF OF THE YEAR

- **Repsol posted an adjusted net income of 189 million euros for the first half of 2020, specifically measuring the performance of the businesses in a context marked by the global pandemic.**
- **The company responded to the Covid-19 crisis by prioritizing the supply of essential products and services through business continuity over its usual criteria of profitability, applying strict measures to protect the health of its workers, customers, and suppliers.**
- **The unprecedented situation caused by the coronavirus led to a historic fall in oil and gas prices, resulting in a negative impact of 1.088 billion euros on the company's inventories. Furthermore, Repsol has adjusted its price curves, which has affected the book value of its Upstream assets and is reflected in special item results of -1.585 billion euros. As a result of the above, net income was -2.484 billion euros.**
- **In response to the current environment, Repsol is applying a Resilience Plan that includes additional reductions in operating costs (of more than 450 million euros) and in investments (of over 1.1 billion euros), as well as optimizations in working capital of nearly 800 million euros compared with what was budgeted at the start of the year.**
- **Repsol maintains its commitment to lead the energy transition and achieve net zero emissions in 2050. In line with this objective, the company has announced two innovative industrial decarbonization projects and has commenced the construction of two important renewable assets.**
- **The company has reinforced its financial robustness by issuing bonds for the amount of 3 billion euros. Net debt fell by approximately 500 million and liquidity reached nearly 10 billion euros, representing 2.43 times short-term maturities.**
- **Josu Jon Imaz: "We are fulfilling the objectives of our Resilience Plan, ensuring the solidity of our balance sheet and reaffirming our commitment to lead the energy transition and reach net zero emissions in 2050".**

All Repsol's businesses achieved a positive operational cash flow, in a very challenging environment

Repsol prioritized business continuity, focusing on the supply of essential products
and services

The Repsol Commitment
Net Zero Emissions
by 2050

One of the biggest operational synthetic fuel plants in the
world using green hydrogen

Work begun on two important renewable generation projects

500 million euros
Decrease in net debt compared to March

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During the first half of 2020, Repsol achieved an adjusted net income of 189 million euros, which specifically measures the performance of the businesses. This figure was reached in a context marked by the global pandemic, the collapse of crude and gas prices, and the extraordinary fall in demand.

Repsol's integrated business model together with its flexibility and resilience were key to its businesses achieving positive results in a global recession.

Since the onset of the health crisis, the company has maintained its facilities operational and has continued to fulfil its role as an essential service, ensuring the necessary supplies of energy or the raw materials for the manufacture of health products, such as surgical masks, respirators, syringes, surgical material, etc. Repsol has prioritised the continuity of its activity over its usual criteria of profitability, applying at all times strict measures to ensure the health of its employees, customers, and suppliers, as well as offering all its human and technical capabilities to assist in the fight against Covid-19.

Repsol has maintained its facilities operational and has continued to play its role as an essential service for society

This unprecedented situation caused by the coronavirus had an impact on international crude and gas benchmarks which suffered sharp falls, especially during the second quarter of the year, during which global demand experienced the biggest collapse in its history. Between April and June, Brent Crude registered an average fall of 57% compared with the same period the previous year, whereas WTI Crude fell 53%. In both cases, average prices fell below 30 dollars per barrel. Gas prices also reflected the difficult context, with an average half-yearly fall of the Henry Hub reaching nearly 40%.

This collapse in the prices of raw materials affected the valuation of Repsol's inventories, with a negative effect of 1.088 billion euros. Furthermore, in light of this decrease and during a period of financial prudence, the company has reformulated its forecast for future crude and gas prices and adjusted the value of its Upstream assets which is reflected in special items results of -1.585 billion euros. Accordingly, net income for the first half of the year stood at -2.484 billion euros.

2020 Resilience Plan
Fulfilling objectives and strengthening the balance sheet

Josu Jon Imaz: "We are fulfilling the objectives of our Resilience Plan, ensuring the robustness of our balance sheet, and reaffirming our commitment to lead the energy transition and reach net zero emissions in 2050."

Considering the drastic fall both in the prices of raw materials and demand caused by the Covid-19 crisis, the company has implemented measures to reinforce cash generation and strengthen its balance sheet. In the last quarter, these resulted in the reduction of net debt as well as operating costs and investments.

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On March 25, after analyzing the macroeconomic situation and the exceptional environment, Repsol's Board of Directors approved a Resilience Plan for 2020. The company has increased its initial estimate of the additional reductions in operating costs to 450 million euros (from 350 million euros) and the reductions in investments to 1.1 billion euros (from 1 billion euros) while it maintains the optimisation of working capital at around 800 million euros, with regards to the targets set at the beginning of the year.

The significant flexibility of the Repsol portfolio allows it to take agile decisions to optimize investments without compromising future growth. This represents a great strength in tackling the changing scenario that we are facing.

Repsol reduced its net debt by nearly 500 million euros during the last quarter and reinforced its financial position

The Resilience Plan includes the objective of not increasing the Group's net debt during the 2020 financial year. Thanks to the measures adopted, Repsol reduced its net debt during the last quarter to 3.987 billion euros, around 500 million euros less than that registered as of March 31.

Consequently, the company has ample liquidity of 9.762 billion euros, representing 2.43 times the short-term maturities. During the first half of the year, it strengthened its financial position through four bond issuances totaling 3 billion euros, of which 1.5 billion euros correspond to perpetual subordinated bonds, which reinforce the Group's equity as well as its liquidity. In all cases, the market demonstrated its confidence in Repsol and demand far exceeded the offering. The company also increased the pledged and unused credit lines by 1.602 billion euros.

Positive operating cash flow in the businesses and innovative energy transition projects

All the Repsol businesses achieved a positive operating cash flow during the first six months of 2020, despite working in an extraordinarily challenging environment that put the company's capacity for innovation to the test and made the indispensable contribution of its products and services to the functioning of society evident.

All Repsol's businesses achieved a positive operational cash flow, in an extraordinarily challenging environment

The **Commercial and Renewables** business posted a result of 163 million euros in the first half of the year, hampered by the halt in demand. The lockdown and mobility restrictions imposed to combat Covid-19 caused a 48% decrease in sales at Repsol's service stations during the second quarter, compared to the same period in 2019, coinciding to a large extent with the declaration of State of Alarm in Spain.

Repsol responded to the circumstances and new needs of its customers and users by implementing options to place orders for food and hygiene products available at the majority of its service station stores that maintained activity as an essential service.

LPG revenue reflected an increase in domestic demand, countered by the impact that the coronavirus had on the hotel and catering sector and the mild temperatures recorded in Spain.

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With regards to the results of Repsol Electricidad y Gas, they were higher thanks to the improved performance of the generation business and the increase in production. Repsol continued increasing its number of customers, exceeding one million, and is committed to different cutting edge supply alternatives such as Solify and Solmatch.

Repsol has reaffirmed its commitment to lead the energy transition, even in the current crisis.

In April, Repsol launched Solmatch, the first large solar community in Spain. This product encourages distributed generation, using solar panels installed on the roofs of buildings and connected to homes located a maximum of 500 meters away, thus making it possible to enjoy local and 100% renewable energy.

During the first half of the year, the company took significant strides to increase its renewable generation capacity and continue advancing in its commitment to reach net zero emissions by 2050. In April, work began on the construction of Kappa, the company's first solar park located in Ciudad Real which will have a total installed capacity of 126 megawatts (MW) and will represent an investment of 100 million euros.

Kappa is one of seven renewables projects that Repsol is currently developing on the Iberian Peninsula and the second to break ground in Spain, after the Delta wind farm located between Zaragoza and Teruel. With a total installed capacity of 335 MW and an investment of 300 million euros, Delta is expected to come online at the end of this year. The region of Aragon is also home to the latest asset included in the company's renewables portfolio, Delta 2 that comprises 26 wind farms distributed across the provinces of Huesca, Zaragoza, and Teruel with a combined total capacity of 859 MW.

The third renewables project that the company has started to build, in the month of July, is the Valdesolar solar farm (Badajoz), with 264 MW and representing an approximate investment of 200 million euros. The construction works on this renewables plant, which are expected to conclude in the early months of 2021, will be an important source of job creation in the area. They will provide employment for an average of 300 people, surpassing 500 jobs at peak moments.

In mid-June, the company announced two important industrial decarbonization projects.

The company has reaffirmed its commitment to lead the energy transition, even during the current crisis, an aspect also made tangible in the **Industrial** business with two important decarbonisation projects announced in the middle of June. The first of them is one of the largest net zero emission synthetic fuel plants in the world, using green hydrogen generated with renewable energy. The second will be a gas generation plant using urban waste. Both initiatives demonstrate the importance of technological neutrality when looking for suitable projects for decarbonisation and the capacity of the Spanish industry to lead the economic recovery and the fight against climate change.

The **Industrial** turnover was 296 million euros, halted by the decrease in demand and the gradual reduction of margins which led to low activity in its industrial complexes. This area made efforts to adapt its production, logistics, and commercial models to the new situation, without losing sight of innovation and digitalisation.

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The Chemical area adjusted its operations to respond to the increasing demand of sectors vital to the fight against Covid-19.

Turning to Chemical, since the beginning of the pandemic this business has adjusted its operations in accordance with the falling demand of sectors such as the automotive sector and the increase of others associated with health and food, vital to the fight against Covid-19, and those for which its raw materials are essential. The revenue of this area was mainly affected by maintenance carried out at the facilities in Sines and Tarragona.

The **Upstream** business was penalised by the extraordinary fall in crude and gas prices, registering a loss of 51 million euros. The area implemented measures to reduce costs and redefined asset exploitation plans. In addition, in light of the market situation, Repsol decided to decrease the production of some of its assets. Therefore, the average output for the first six months of the year was 675,000 barrels of oil equivalent per day.

Finally, it is worth noting the successful exploratory campaign carried out during the period with six wells out of seven yielding a positive result. Although this activity has been reduced considerably, discoveries were made in the United States, Colombia, and Mexico. Two important discoveries in waters off the Mexican coast during the month of April stand out. Both were carried out with lower costs and shorter timelines than estimated, following the strictest health and safety protocols with specific measures to prevent the spread of the coronavirus.

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In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. The information and breakdowns relative to the APMs used in this press release are included in Annex I "Alternative Performance Measures" of the Interim Management Report for the first half of 2020, which is updated quarterly on the Repsol website.

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