



RESULTS JANUARY-SEPTEMBER 2011

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REPSOL NET PROFIT RISES 6.4% TO 1.901 BILLION EUROS

- Repsol's operating income was 4.102 billion euros, slightly higher than that recorded in the first nine months of the previous year.
- Exploration and Production (Upstream) profit rose 15.7% from the year-earlier period, due to the increase in crude oil and gas realization prices and lower operating costs.
- An excellent performance was posted by the LNG (liquefied natural gas) unit, where profit rose to 276 million euros, mainly due to the start-up of the Peru LNG plant and improved sales margins and volumes.
- Profit at the Downstream unit (Refining, Marketing, LPG, Trading and Chemicals) was 1.097 billion euros, due to lower international refining margins and sales.
- Operating income for YPF and Gas Natural Fenosa fell 16% and 5% respectively.
- Repsol maintains its secure financial position thanks to sound management practices and continued financial discipline, with a 8.4% net debt over capital employed ratio, excluding Gas Natural Fenosa.
- The last few months have seen three significant events for Repsol: The start-up of new units at the Cartagena refinery and the imminent start of Bilbao that make Repsol one of the companies with the highest conversion rate in Europe, the restart of production in Libya, and the largest oil discovery in Repsol's history, made in Argentina in one of the world's largest non-conventional hydrocarbon reservoirs.

Repsol posted net income of 1.901 billion euros in the first nine months of 2011, 6.4% higher than the 1.786 billion euros reported in the year-earlier period. The group's operating income totalled 4.102 billion euros, 1% higher than that recorded in September 2010.





The company's encouraging results are partly due to the improvement of crude oil and gas realization prices and the continued recovery of the chemicals business, as well as the excellent results achieved by the LNG unit.

Repsol's Upstream oil and gas realization prices increased 16.8% and 29.6% respectively, offsetting the lower production of liquids due to temporary circumstances. In this respect, operations in Libya that had been halted since 5 March resumed in October with encouraging initial production levels.

Operating income for the Upstream business was 1.206 billion euros, 15.7% higher than in the first nine months of 2010.

The LNG division showed an especially positive performance based on higher sales after the start-up of Peru LNG, boosting operating income by 367.8%.

The Downstream unit's operating income was 1.097 billion euros, a fall of 3.2% due to the drop in sales and international refining margins. Nevertheless, and on a more positive note for the unit's profits, the Chemicals business has consolidated its recovery.

At the end of the quarter, operations began in the new units at the Cartagena refinery, and tests are set to begin in mid-November on the new unit of the Petronor refinery in Bilbao. These projects have been completed 200 million euros below initial planned investment, due to lower costs during the construction phase.

YPF's operating income was 1.008 billion euros compared with 1.205 billion euros in the first nine months of 2010, due to prolonged strikes in Argentina during the second quarter of 2011, now resolved, and higher costs. Gas Natural Fenosa posted an operating income of 712 million euros, 4.9% less than the year-earlier period.

Repsol maintains a secure financial position thanks to sound management practices and continued financial discipline. The group's net financial debt, excluding Gas Natural Fenosa, was 2.909 billion euros at the close of the third quarter, a net debt over capital employed ratio of 8.4%.

UPSTREAM: IMPROVED RESULTS AND BETTER REALISATION PRICES

The Upstream unit's operating income to the end of September 2011 rose to 1.206 billion euros, 15.7% higher than the previous-year period. The increase is mainly due to higher crude oil and gas realization prices and lower exploration costs, which more than made up for lower production due to temporary circumstances.

Especially significant was the increase in Repsol's gas realization price, which rose 29.6% compared to an 8.7% decline of the Henry Hub reference price in the same period. Repsol's crude realization price rose 16.8%. Prices had a positive impact of 512 million euros on the Upstream unit's income.

In the year through September, oil and gas production was 301,101 barrels of oil equivalent per day, 12.8% less than the previous-year period due to temporary circumstances including reduced production as a result of the halt of operations in Libya, maintenance work in Trinidad and Tobago and the moratorium imposed by the United States in the Gulf of Mexico. The lifting of the American moratorium and the resumption of activity in Libya will allow Repsol to return to normal production in the medium-term.

Investments made during the period in this area totalled 1.148 billion euros, 58.1% more than the first nine months of 2010. Investment in field development represents 48% of the total and was assigned mainly to the United States, Bolivia, Brazil, Trinidad and Tobago Venezuela, and Peru. Investments in exploration were mainly made in the United States and Brazil.

In the fourth quarter, the company's exploration campaign had new successes in Brazil, on November 4 announcing an offshore gas discovery in the Malombe well, in the Brazilian post-salt of the Espiritu Santo basin.

LNG: EXCEPCIONAL RESULTS

Operating income at the LNG business in the first nine months of the year was 276 million euros, 367.8% higher than the 59 million euros for the same period of the previous year.

These excellent results are due to higher production and sales owing to production start-up at the Peru LNG plant as well as higher margins.

DOWNSTREAM: IMPROVED CHEMICALS AND EFFICIENT COMPLETION OF CARTAGENA AND BILBAO

Operating income at the Downstream unit (Refining, Marketing, LPG Chemicals and Trading) at the end of September 2011 was 1.097 billion euros, 3.2% less than the same period in 2010.

The lower earnings are mainly the result of lower crude refining margins and volumes due to, amongst others, the preparation for the start-up of the expanded Cartagena refinery. These factors were partially offset by the recovery of the Chemicals business.

Investment in this area was 1.067 billion euros, mainly spent on the strategic expansion projects of the Cartagena and the Bilbao refineries. The new units at the Cartagena refinery began tests for start-up late in September 2011. At Bilbao tests began in mid-November 2011.

Both projects increase the efficiency of the business, raise margins and considerably increase the production of diesel. Repsol's efficiency in project execution has reduced to 4.080 billion euros the investment in these projects, compared to the 4.304 billion originally planned.

YPF: HISTORIC DISCOVERY OF NON-CONVENTIONAL CRUDE

YPF's operating income in the first nine months of 2011 totalled 1.008 billion euros, a 16.3% decline from the previous year. The reduced earnings are a result of prolonged strikes during the second quarter of the year, now resolved, and the inflationary effect on costs.

Production of hydrocarbons was 489,567 boepd, an 11.1% fall from the previous year as normal production has not yet resumed following the strikes in previous months.

Internal prices have continued their trend toward parity with import prices in dollars, posting an average 15% rise at service stations.

Investment in YPF during the period totalled 1.218 billion euros, of which 912 were spent on exploration and production. Of the E&P investment, 77% was dedicated to development projects.

In the first half of the year, Repsol carried out a number of share sales which, added to the execution of a purchase option by Petersen Group,

result in Repsol currently holding a 57.4% stake in the Argentine company.

In the fourth quarter, Repsol YPF confirmed its largest oil find to date, located in one of the world's largest non-conventional reservoirs-the Vaca Muerta formation in Argentina's Neuquén province. The company has confirmed recoverable resources of 927 million barrels of oil equivalent of non-conventional hydrocarbons, of which 741 million are high quality oil (40-45° API), in an area of 428 km² of the Loma La Lata Norte formation in the Neuquén province.

Repsol YPF has also begun activity in another discovery, in a 502 km² producing area in the same Vaca Muerta formation. The well is producing similar volumes to those in the previously mentioned area of high quality shale oil (35° API). This new area can thus be expected to have large resources to develop in the future once the appropriate studies and preliminary work to determine resources is completed.

The find is in Argentina's Neuquén province in the formation known as Vaca Muerta, covering an extension of 30,000 km² of which Repsol owns rights to 12,000 km²

Wood Mackenzie identified the Vaca Muerta shale as one of the best in the world, describing the formation as "excellent."

GAS NATURAL FENOSA

The operating income of Gas Natural Fenosa through September was 712 million euros, a decline of 4.9% from the year-earlier period.

The decline is mainly a consequence of lower electricity sales in Spain and a smaller consolidation perimeter, partially offset by higher margins in wholesale gas sales and an improvement in electricity distribution in Spain.

Investments in the period totalled 716 million euros, spent mainly on electricity and gas distribution in Spain and Latin America and financial investments.

Our achievements



REPSOL YPF RESULTS
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – September		Change %
	2010	2011	
Net income	1,786	1,901	6.4
Operating income	4,060	4,102	1.0
Recurring net income	1,751	1,829	4.5
Recurring operating income	3,981	4,009	0.7

REPSOL YPF SUMMARISED INCOME STATEMENT
(Million Euro)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January – September		Change %
	2010	2011	
EBITDA	7,067	6,683	(5.4)
Operating income	4,060	4,102	1.0
Financial expenses	(659)	(630)	(4.4)
Income before income tax and income of associates	3,401	3,472	2.1
Income tax	(1,480)	(1,345)	(9.1)
Share in income from companies carried by the equity method	56	55	(1.8)
Income for the period	1,977	2,182	10.4
Income attributable to minority interests	191	281	47.1
NET INCOME	1,786	1,901	6.4

**BREAKDOWN OF REPSOL YPF
OPERATING PROFIT, BY BUSINESSES
(Million Euro)**

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	January - September		Change %
	2010	2011	
Upstream	1,042	1,206	15.7
LNG	59	276	367.8
Downstream	1,133	1,097	(3.2)
YPF	1,205	1,008	(16.3)
Gas Natural Fenosa	749	712	(4.9)
Corporate & others	(128)	(197)	53.9
TOTAL	4,060	4,102	1.0

“CORE BUSINESS” OPERATING HIGHLIGHTS

	January – September		Change %
	2010	2011	
Oil and gas production (Upstream) (Thousand boepd)	345	301	(12.8)
Crude processed (million tons)	25.8	23.3	(9.7)
Sales of oil products (Thousand tons)	28,740	28,543	(0.7)
Sales of petrochemical products (Thousand tons)	1,917	2,047	6.7
LPG sales (Thousand tons)	2,255	2,262	0.3



YPF OPERATING HIGHLIGHTS

	January – September		Change %
	2010	2011	
Oil and gas production (Thousand boepd)	551	490	(11.1)
Crude processed (million tons)	11.6	11.2	(3.7)
Sales of oil products (Thousand tons)	10,504	10,663	1.5
Sales of petrochemical products (Thousand tons)	1,071	1,219	13.8
LPG sales (Includes 50% Refinor stake) (Thousand tons)	309	340	10.0

REPSOL YPF COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER 2010	SEPTEMBER 2011
NON-CURRENT ASSETS		
Goodwill	4,617	4,547
Other intangible assets	2,836	3,009
Property, plant & equipment	33,585	34,360
Real-Estate Investments	26	26
Equity-accounted financial investments	585	673
Non-current financial assets	1,789	2,326
Deferred tax assets	1,993	1,999
Other non-current financial assets	322	292
CURRENT ASSETS		
Non-current assets classified as held for sale (*)	340	144
Inventories	5,837	6,574
Trade and other receivables	8,569	9,149
Other current financial assets	684	974
Cash and cash equivalents	6,448	4,617
TOTAL ASSETS	67,631	68,690
TOTAL EQUITY		
Attributable to equity holders of the parent	24,140	25,775
Attributable to minority interests	1,846	3,489
NON-CURRENT LIABILITIES		
Subsidies	110	131
Non-current provisions	3,772	3,230
Non-current financial debt	14,940	14,530
Deferred tax liabilities	3,387	3,368
Other non-current liabilities	3,663	3,642
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	153	51
Current provisions	404	312
Current financial debt	4,362	4,046
Trade and other payables	10,854	10,116
TOTAL LIABILITIES	67,631	68,690

(*) Assets and liabilities associated with non-current assets held for sale are included

Disclaimer

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