# WEBCAST – CONFERENCE CALL
# Second Quarter 2018 Results

July 26th 2018

REPSOL

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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 2 "Alternative Performance Measures" in the interim Management Report for 1H 2018 and the Repsol website.*

*The information contained in the document has not been verified or revised by the Auditors of Repsol.*

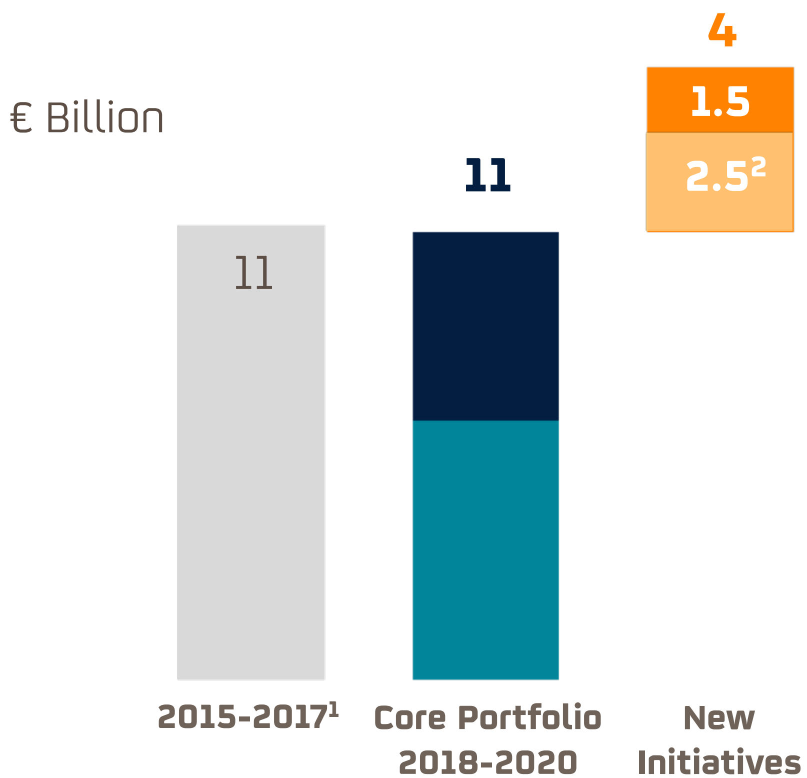
# 2Q 2018 Results

## AGENDA

1. Key messages
2. Operational activity
3. Financial results
4. Outlook for 2018
5. Conclusions

# Key messages

## 2018-2020 Capex breakdown




**Downstream Expand and Low carbon business**

**Upstream Growth**

**Upstream & Downstream Sustain**

1. Excluding Capex from Talisman acquisition.

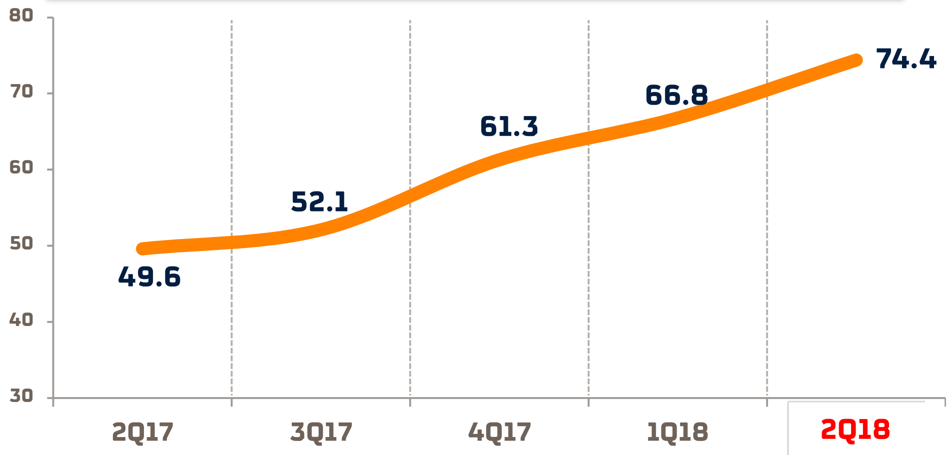
2. Includes €750M from Viesgo acquisition

**Net Debt: €2.7Bn**

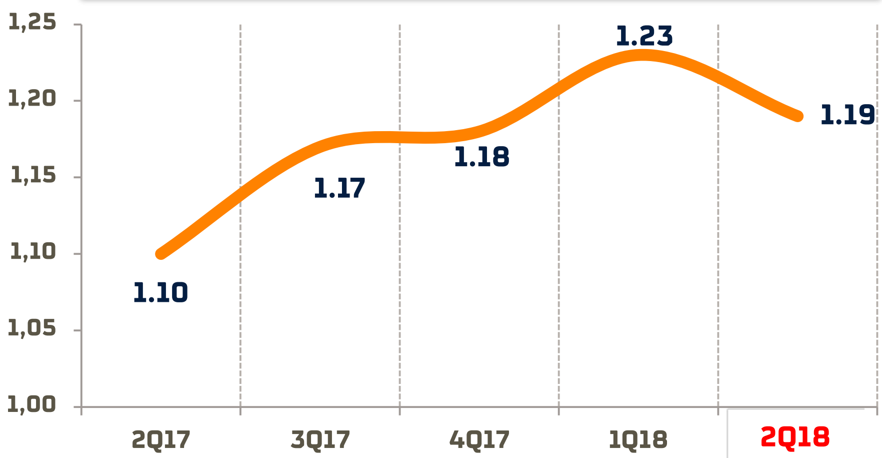
| | 2Q 2018 | 1H 2018 |
|---|---|---|
| EBITDA | €2Bn | €3.8n |

# Market environment

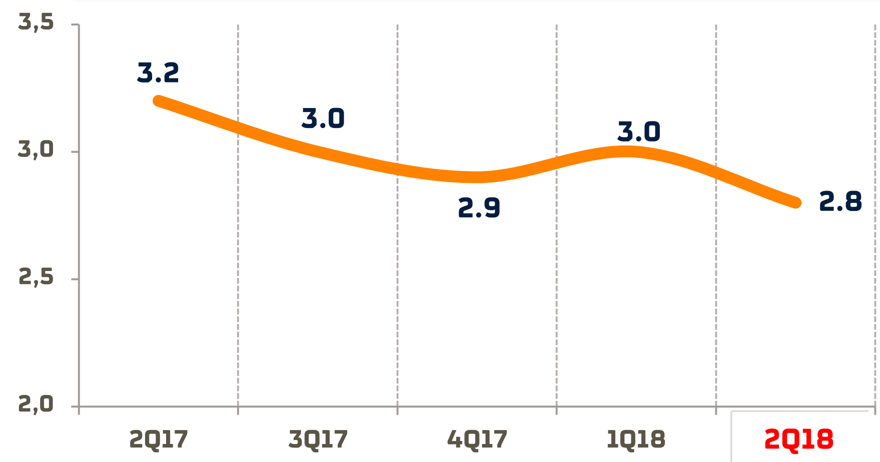
## Brent - $/bbl




## Exchange Rate - $/€




## Henry Hub - $/Mbtu



# Operational Activity

## Upstream

- 1%

727 kboe/d

1Q 2018

722 kboe/d

2Q 2018

724 kboe/d

1H 2018

**2Q18 volumes were supported by:**

- Higher production in Peru
- Increased volumes in Marcellus
- Ramp-up in Reggane

- **Libya** → **38 kboe/d** net

**Exploration program:**

✓ **5** exploratory wells completed (**3 positive**)

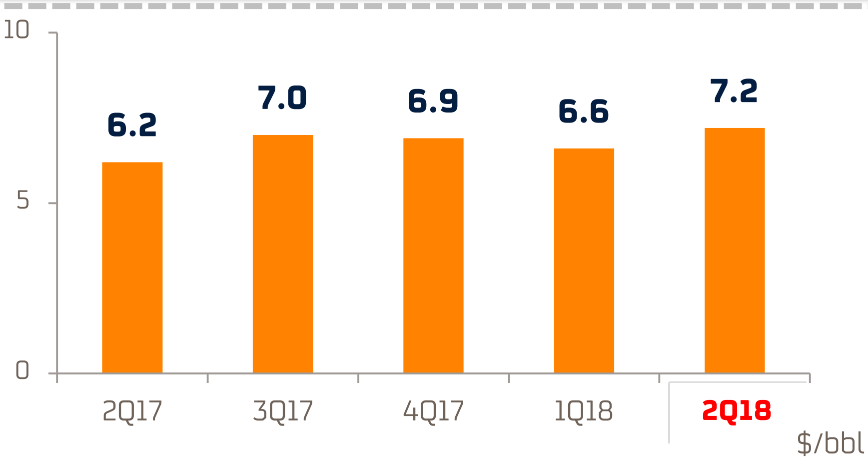
**Development activity:**

✓ Bunga Pakma (**Malaysia**) first production reached early in July

# Operational activity

## Downstream

### Refining Margin Indicator

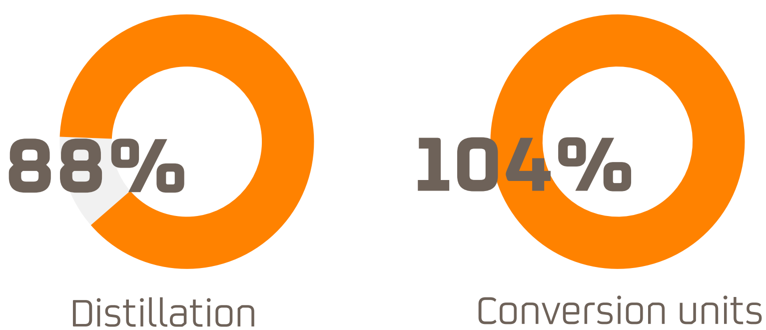



### Petrochemicals

- Worse international environment
- Multiannual turnaround of Sines cracker

### Utilization rates

**2Q 2018**




### Commercial businesses

- **Marketing business:**
  - Higher activity in our Services Stations in Spain
- **LPG and G&P:**
  - Negatively impacted by seasonality

# Financial Results

| | Q2 2018 | Q2 2017 | Variation % |
|---|---|---|---|
| CCS Adjusted Net Income | 549 | 445 | + 23% |
| Net Income | 936 | 367 | + 155% |

| UPSTREAM | Q2 2018 | Q2 2017 | Variation |
|---|---|---|---|
| CCS Adjusted Net Income | 360 | 115 | + €245M |

Million €

| DOWNSTREAM | Q2 2018 | Q2 2017 | |
|---|---|---|---|
| CCS Adjusted Net Income | 337 | 429 | - €92M |

Million €

| CORPORATE & OTHERS | Q2 2018 | Q2 2017 | |
|---|---|---|---|
| CCS Adjusted Net Income | -148 | -99 | - €49M |

Million €

# Outlook for 2018

✓ **Capex guidance:** full-year forecast of **~€4Bn**

- Upstream → **€2.2Bn**
- Downstream → **€0.9Bn**
- Low carbon business → **€0.8Bn**
- Corporation → **€0.1Bn**

✓ **Production**: **~715 kboe/d** subject to fluctuations in Libya

✓ **Downstream:**

- Full year Refining Margin Indicator **~7$/bbl** with a premium in CCS margin
- Chemical business: Sines cracker on operation since July, significant improvement expected in 2H18 and with a FY EBIT of **~€350M**

✓ **Digitalization:** On track (**120 ongoing projects**)

✓ **Efficiency programs**: On track (**45%** of FY business savings target posted in 1H18)

✓ **Financials:**

- Full-year **EBITDA** forecast at **~€7.9Bn**
- **Share capital reduction: 6 million** shares purchased in 1H18. Remaining shares to be purchased through **buyback program**

# Conclusions

- ✓ **On track to deliver 2018 targets**

- ✓ **Value growth based on:**
  - **Improved shareholder returns**
  - **Increased profitability across portfolio**
  - **Building a low-carbon Gas and Power business**

- ✓ **Organic cash flow generation and proceeds from Gas Nat we will allow to :**
  - **Increase capex**
  - **Grow shareholder remuneration 8% annually**
  - **Share buyback to offset the scrip dilution**

- ✓ **Stronger contribution from Downstream expected in 2H18**

# Q&A Session

## Second Quarter 2018 Results

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