

Investor Update 2017

2016 – 2020 Value & Resilience



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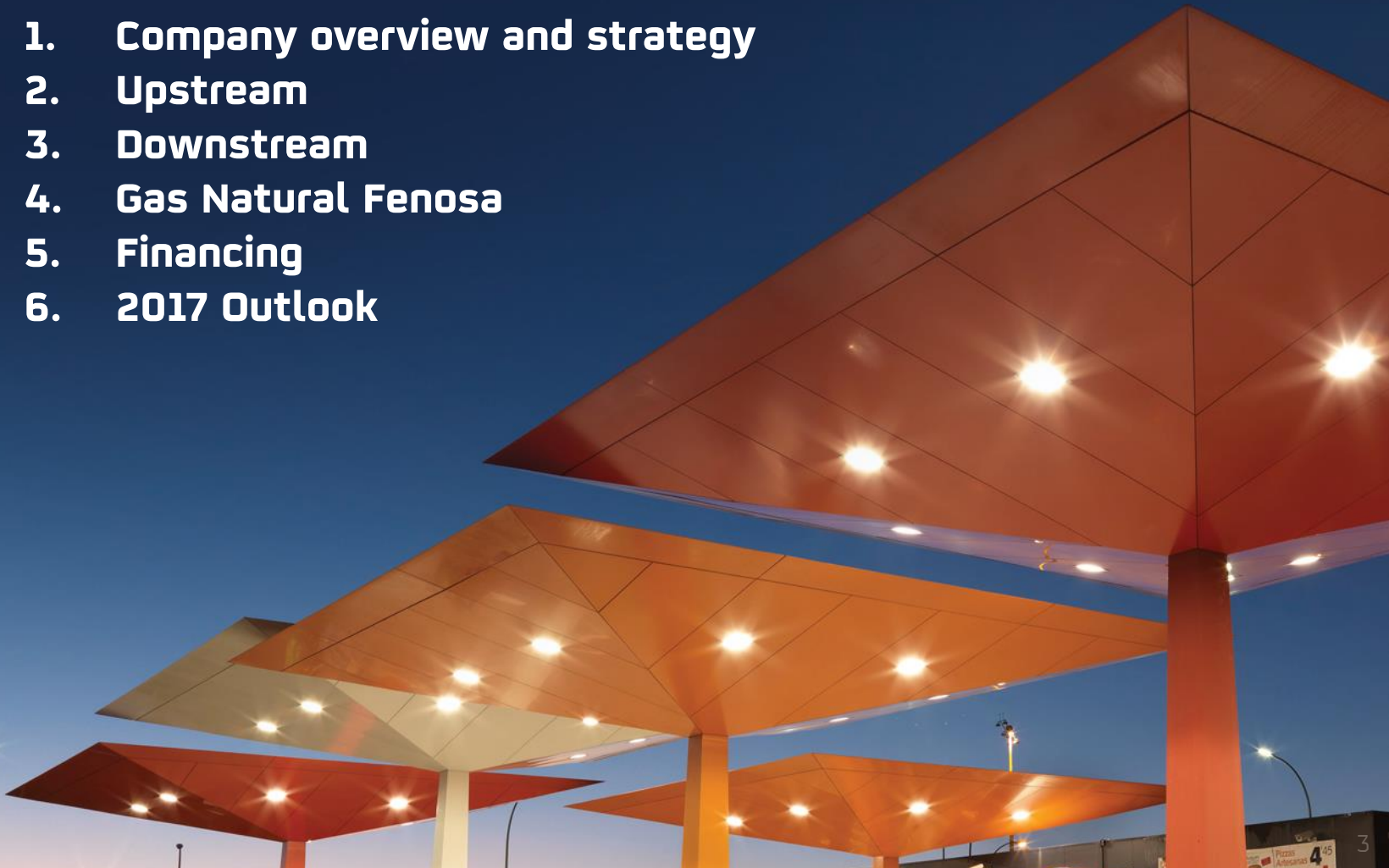
In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present document are included in Appendix I "Alternative Performance Measures" of the Management Report for the full year 2016.

2016-2020

Value & Resilience



- 1. Company overview and strategy**
- 2. Upstream**
- 3. Downstream**
- 4. Gas Natural Fenosa**
- 5. Financing**
- 6. 2017 Outlook**

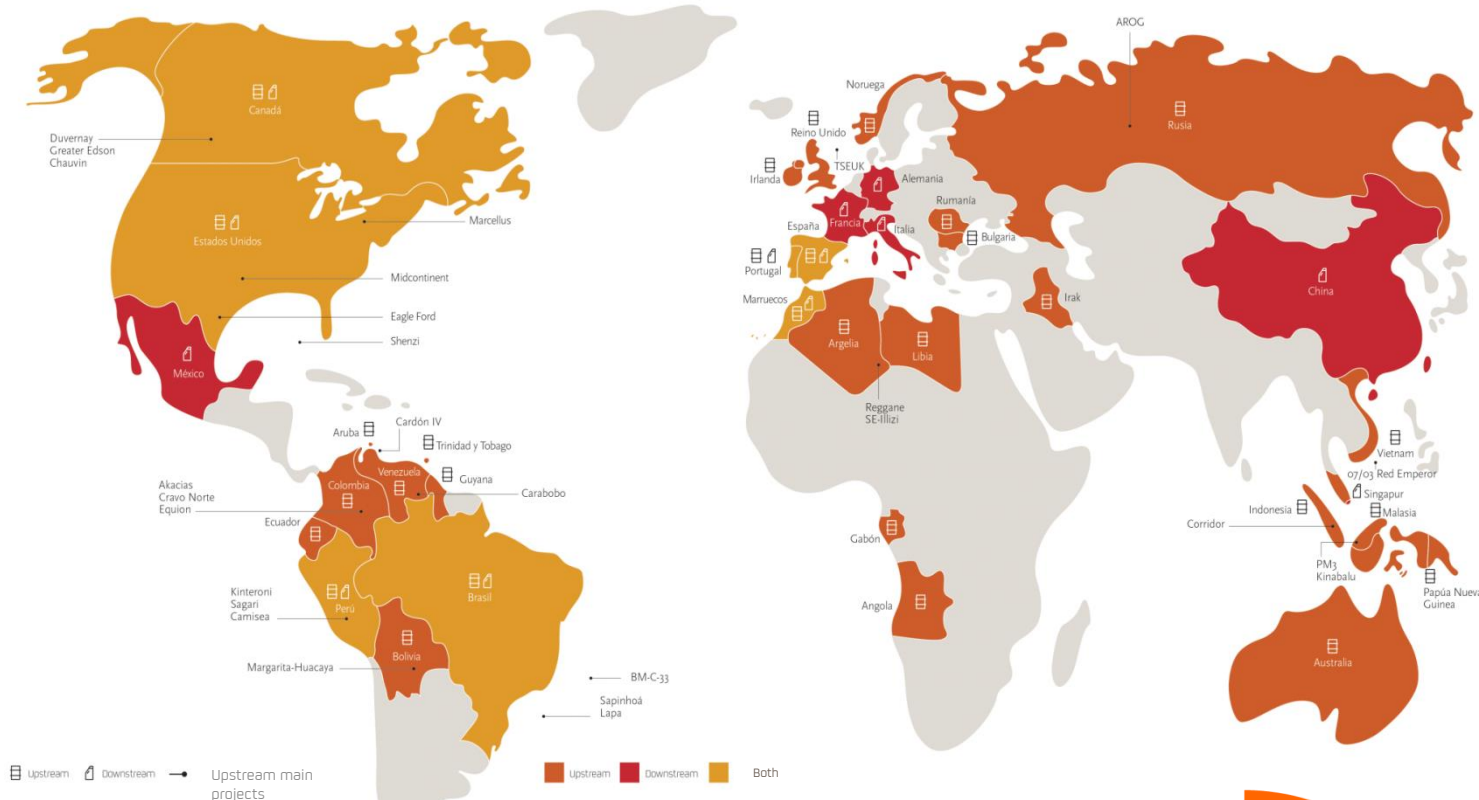


Company overview and strategy

1

Through the value chain and across the globe

Company overview and strategy



**Core businesses:
Upstream and
Downstream**

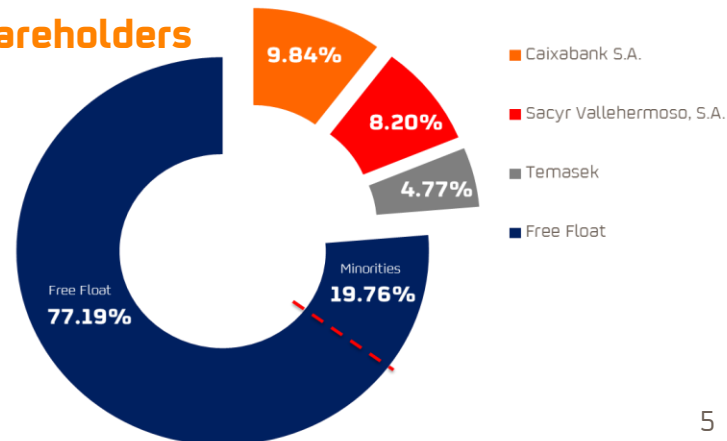
**~700 kboepd
production**

**~1 Million bpd refining
capacity**

**~2.4 billion boe
proved reserves [*]**

20% stake in GNF

Our shareholders



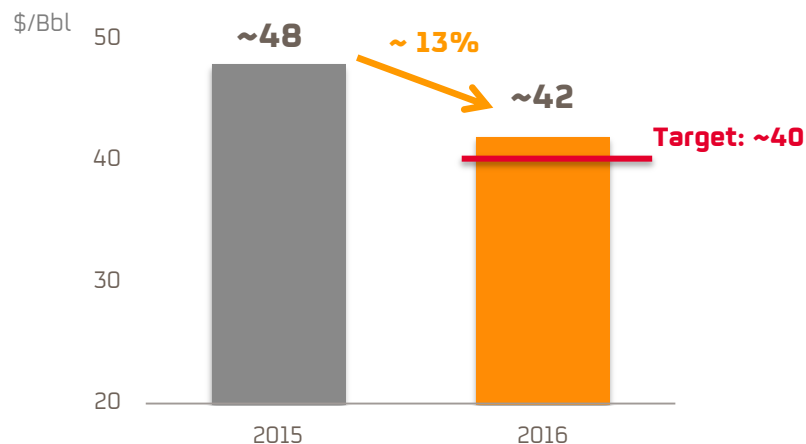
[*] As at 31/12/2016

2016 - A year of strategic progress

Company overview and strategy

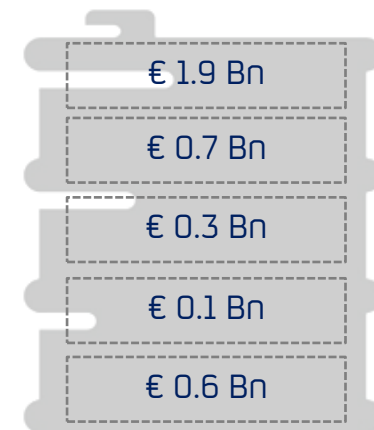


Group FCF breakeven

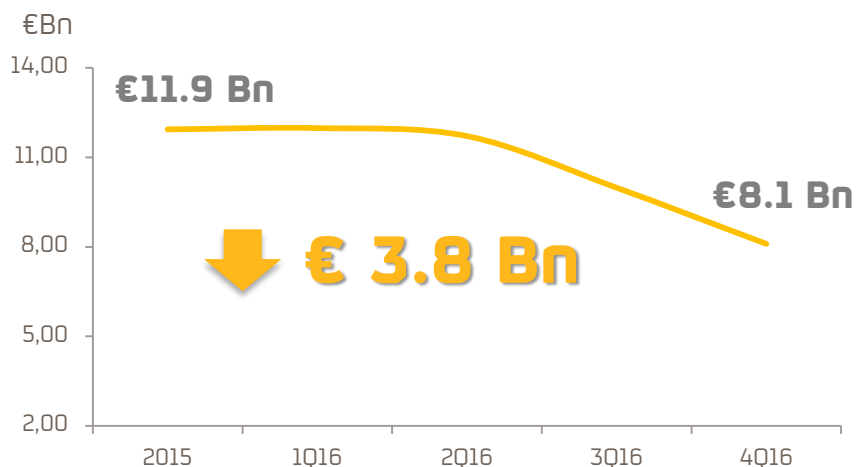


Divestments

- 10% stake in GNF
- Piped LPG
- Tangguh
- TSP
- Others (eg: LPG Ecuador and Peru)



Net Debt



Key Metrics

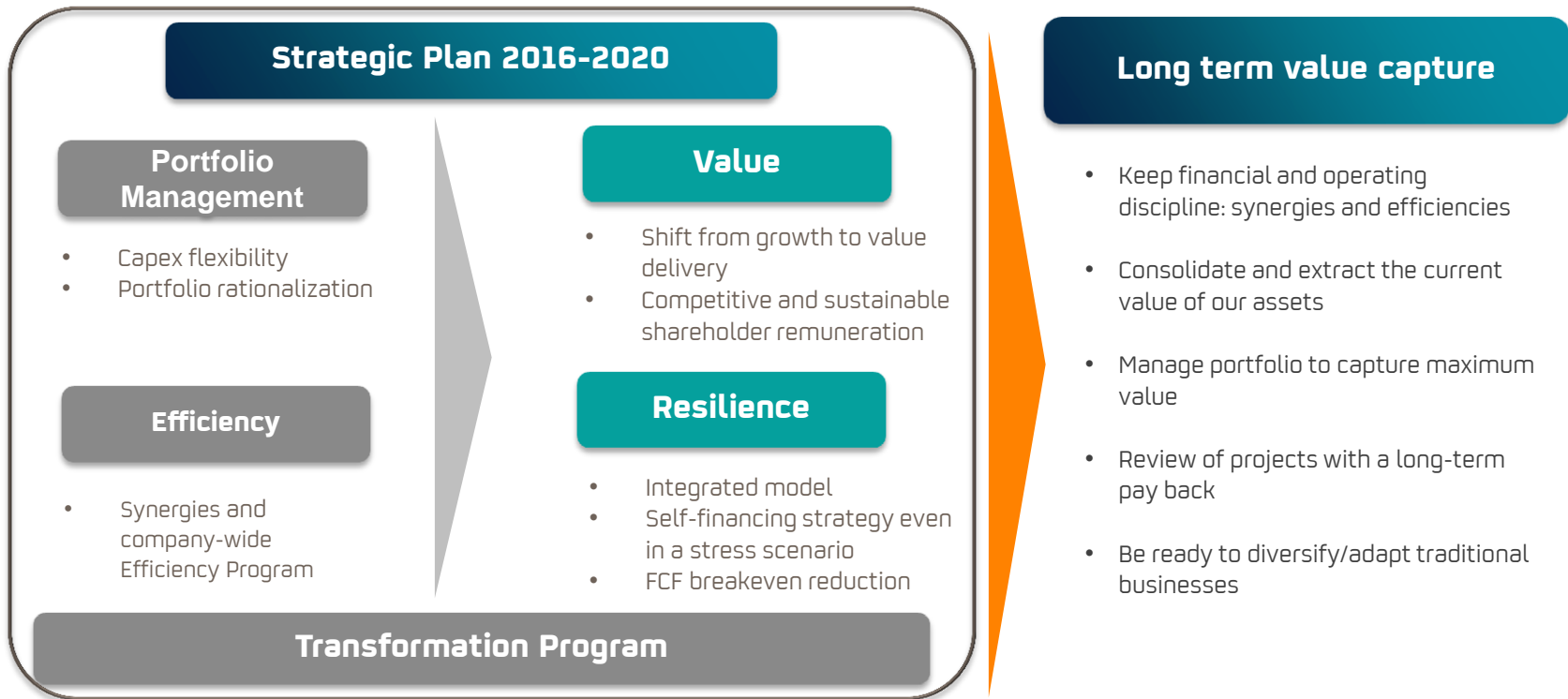
	2015		2016
EBITDA CCS (Bn€)	5.1	➔	5.0
Brent price (\$/Bbl)	52.4	➔	43.7
HH (\$/MBtu)	2.7	➔	2.5
Refining margin Indicator (\$/Bbl)	8.5	➔	6.3
Exchange rate (\$/€)	1.11	➔	1.11

2016 to 2020: Value and Resilience

Company overview and strategy



Challenge: a volatile, uncertain and complex environment



Delivery on commitments

Company overview and strategy



COMMITMENT

2016 DELIVERY

IMPLEMENTATION

Synergies	0.3B€ impact in 2018	In 2016 0.3B€ already achieved New target of 0.4B€	✓✓
Efficiencies (Opex & Capex)	0.8B€ in 2016; 1.8B€ in 2018	2016: 1,3B€; 2017 1.8B€	✓✓
Capex flexibility	~3.9 B€ average per annum	2016: 3.2B€; 2017 3.6B€	✓✓
Portfolio Management	3.1B€ by 2017 6.2B€ by 2020	Already divested 5.1 B€ ^(*)	✓✓
Reduce FCF Breakeven	\$40 /Bbl Brent	~\$42/Bbl Brent targeting \$40/Bbl ^(**)	✓
Financial strength	Maintain investment grade	Maintained, targeting BBB stable	✓✓

✓✓ Ahead of plan ✓ On target

[*] It includes cash proceeds and benefits [**] Organic breakeven [divestments not included]

Efficiencies and Synergies Update

Company overview and strategy



Pre-tax cash savings

	COMMITMENT	DELIVERY	ESTIMATED
	// 2016 BUDGET //	// 2016 //	// 2017 //
Synergies	€0.2 B	€0.3 B	€0.3 B
Upstream Opex & Capex efficiency	€0.6 B	€0.8 B	€1.2 B
Downstream profit improvement and efficiency	€0.2 B	€0.3 B	€0.4 B
Corporation right-sizing	€0.1 B	€0.2 B	€0.2 B
	€1.1 B	€1.6 B	€2.1 B

2018 target accelerated into 2017

Resilience in the lower part of the cycle

Company overview and strategy

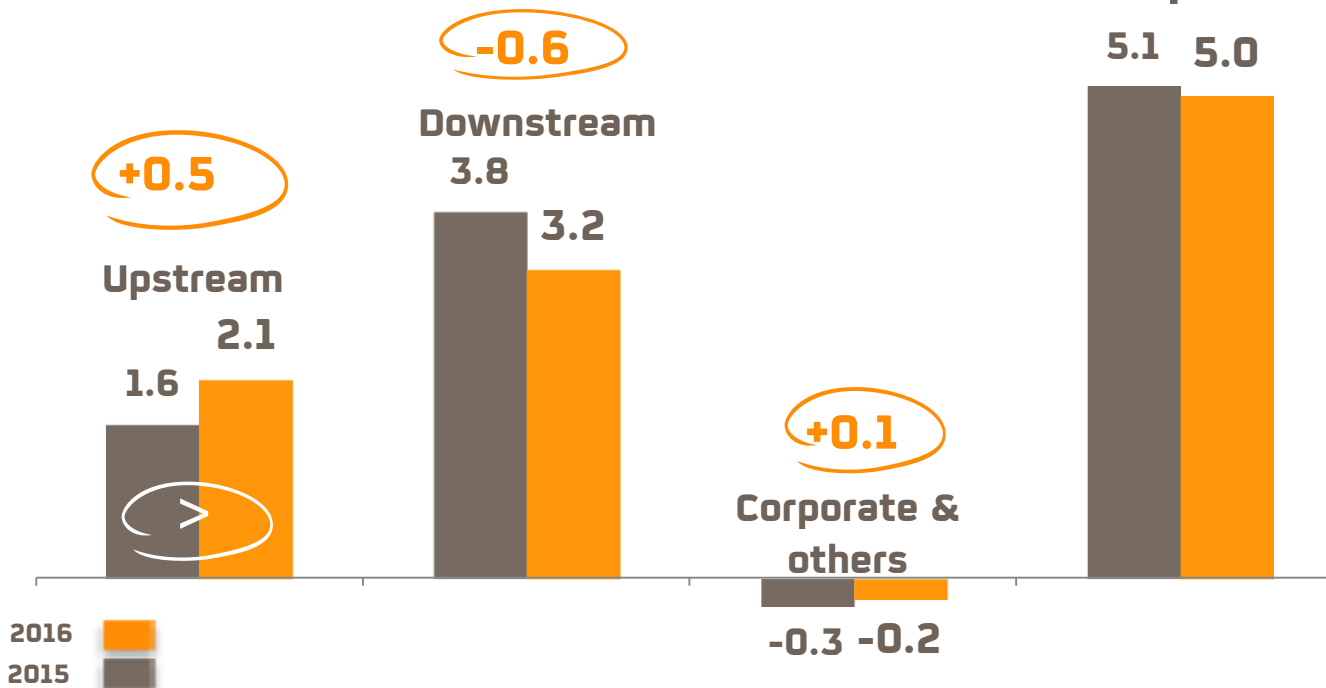


	2015	2016
Brent price [\$/Bbl]	52.4	43.7
HH [\$/MBtu]	2.7	2.5

	2015	2016
Upstream Break Even[\$/Bbl]	~94 ^(*)	~61

	2015	2016
Refining margin Indicator [\$/Bbl]	8.5	6.3

EBITDA CCS (Billion €)



- **Upstream:** Lower cash breakeven.
- **Downstream:** Strong integrated margin.
- **Group FCF breakeven** after dividend and interest reduced to \$42/Bbl.

(*) Includes Talisman Energy Inc. figures since 8th of May 2015. Excludes any 2015 Upstream disposal.

Portfolio management

Company overview and strategy



Completed

10 % Stake GNF



Piped LPG



Alaska dilution



Eagle Ford-Gudrun



10 % Stake CLH



UK wind power



LPG Peru & Ecuador



Exploratory licences Canada

Brynild Norway

...Latest transactions

Tanggung



TSP



TOTAL DIVESTED 5.1 B€

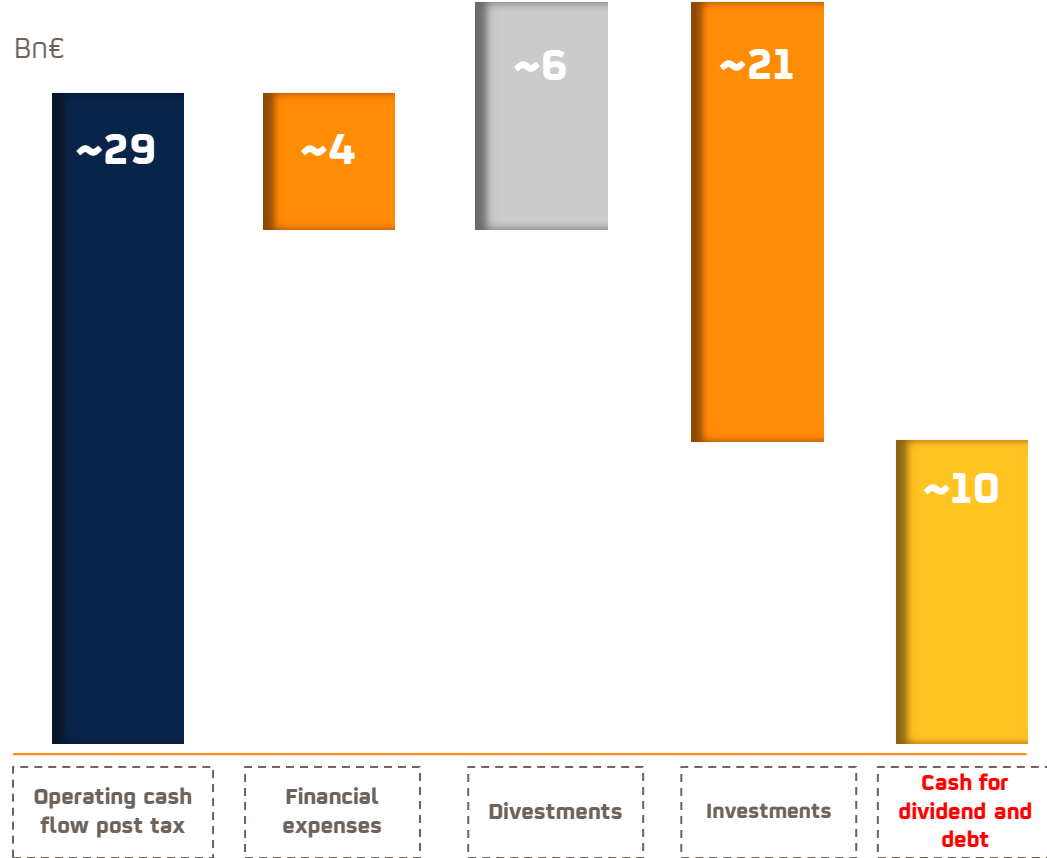
Self-financed SP 2016-2020 - 40% net cash delivered



Company overview and strategy

Cash movements 2016-2020^(*)

2016 Contribution



Sensitivities 5 years accumulated

Bn€	FCF	Adj. Net Income
Brent +/- \$5/bbl	1.5	1.3
	-1.5	-1.3
Bn€	FCF	Adj. Net Income
HH +/- \$0.5/MBtu	0.8	0.6
	-0.8	-0.6
Bn€	FCF	Adj. Net Income
Refining margining +/- \$1/bbl	0.8	1.1
	-0.9	-1.1

(*) Stress price scenario considered: **Brent** (\$/Bbl) 2016: 40; 2017: 40; 2018: 50; 2019: 50; 2020: 50; **HH** (\$/MBtu) 2016: 2.6; 2017:2.6; 2018-2019-2020:3.5
 Note 1: This figure does not consider non-cash debt movements such as exchange rate effect and other effects

UPSTREAM

2

3 core regions in the portfolio

Upstream



● North America: **Growth**

Production 2016: ~182 kboepd

Operatorship: ~79%

Gas production [2016]: 71%

- Unconventional portfolio
- Operatorship
- Valuable midstream positions

● Latin America: **FCF**

Production 2016: ~302 kboepd

Operatorship: ~20%

Gas production [2016]: 70%

- Regional scale
- Exploration track record
- Cultural fit

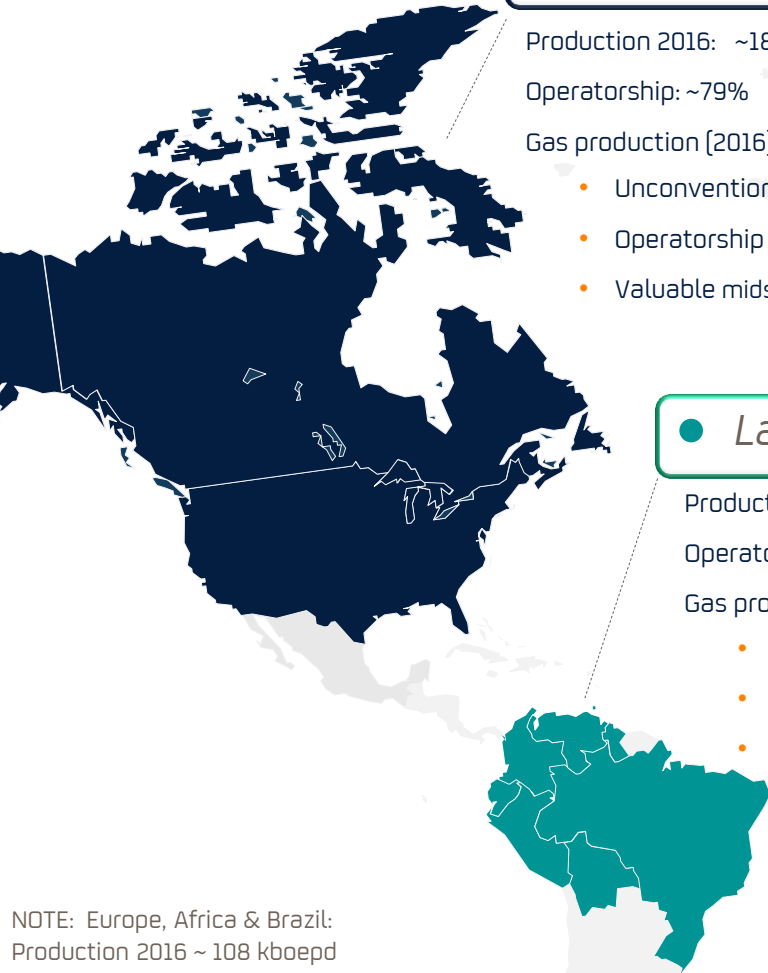
● SouthEast Asia: **FCF & Growth**

Production 2016: ~98 kboepd

Operatorship: ~37%

Gas production [2016]: 77%

- Self-financed growth
- Relationship with governments/NOCs
- High potential exploration blocks



	2016	2017E
Production [kboepd]	690	~680^[*]
IP Reserves [Mboe]	2,382	
RRR [%]	124^[**]	~100^[***]

NOTE: Europe, Africa & Brazil:
Production 2016 ~ 108 kboepd

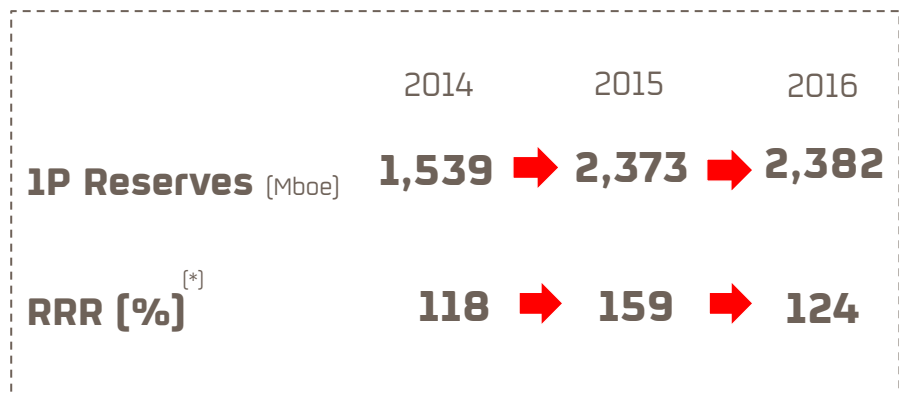
[*] Post disposals of ~17 Kboepd from TSP and Tangguh in 2016
[**] Organic [***] Long term average

2016 Upstream Results

Upstream

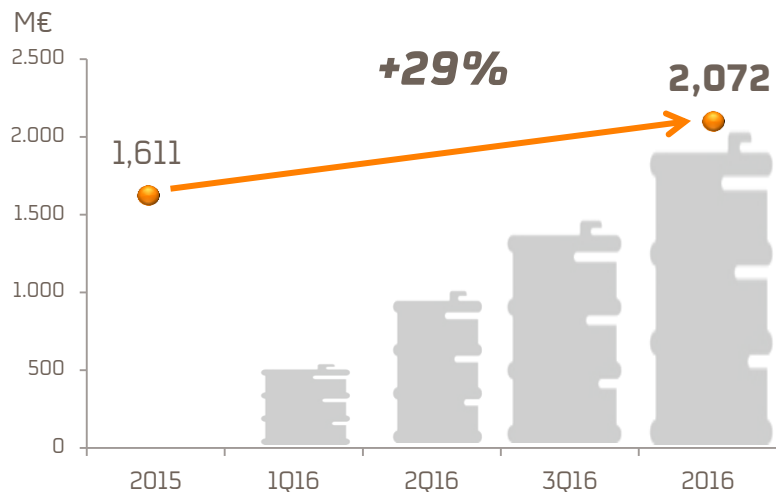


RESERVES



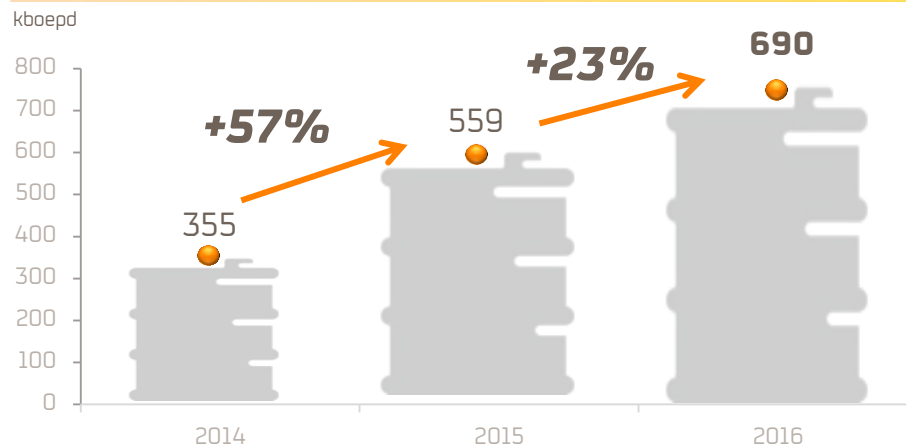
[*] Organic RRR

EBITDA ^[***]



[***] Cumulative

PRODUCTION ^[**]



[**] It includes Talisman since the 8th of May of 2015

PROJECTS

- Ramp-up Cardón IV (Venezuela) ✓
- Ramp-up of Sapinhoá (Brazil) ✓
- First oil of Lapa (Brazil) ✓
- Production restarted in Libya ✓

Assets & Projects

Upstream



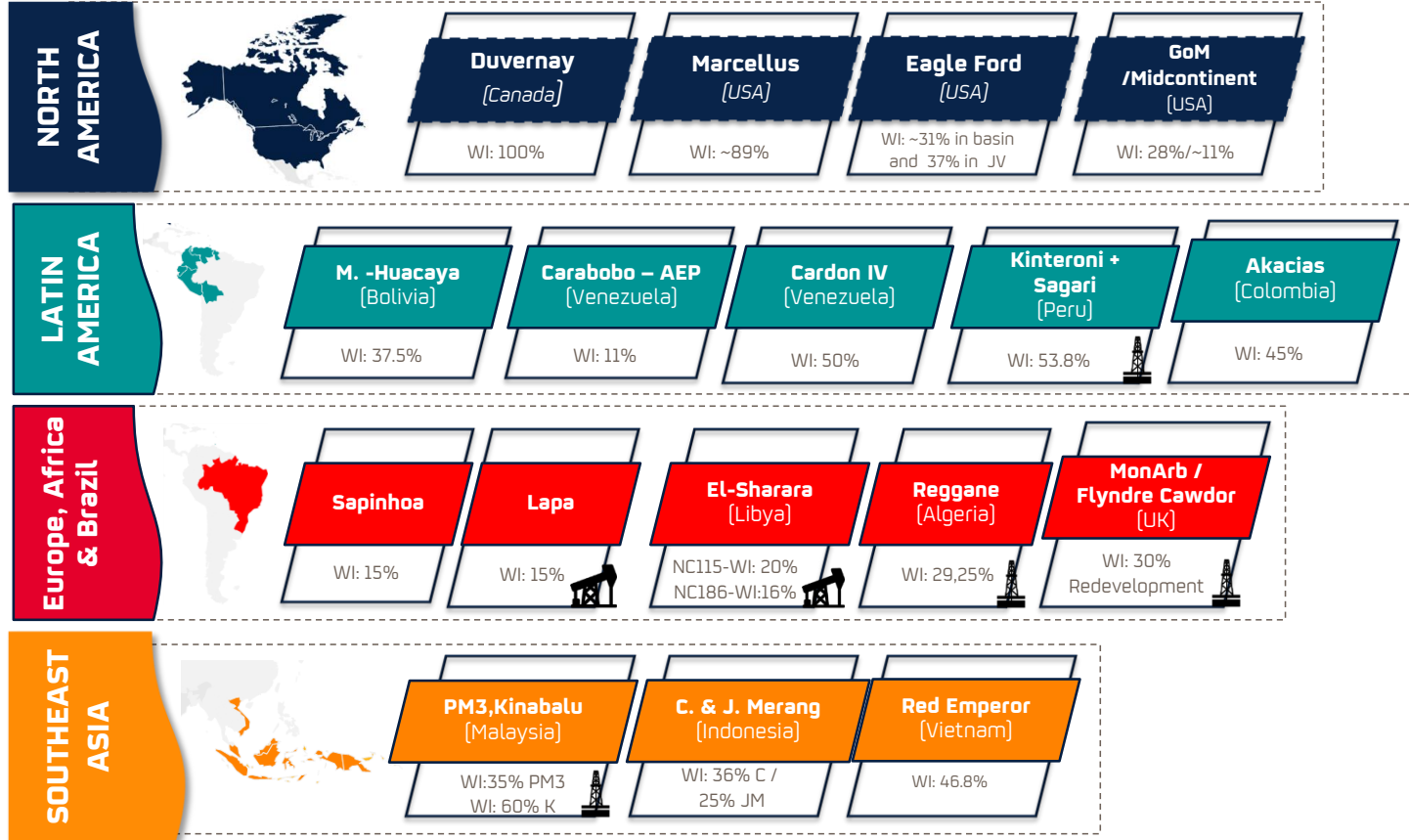
// Exploration //

Contingent resources

- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP09 & Niscota
- Alaska: Colville High
- GOM: Leon and Buckskin
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: GAP

Prospective resources

- Brazil: Santos Basin & Espirito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria



“As is” organic portfolio potential of more than 900 kboepd



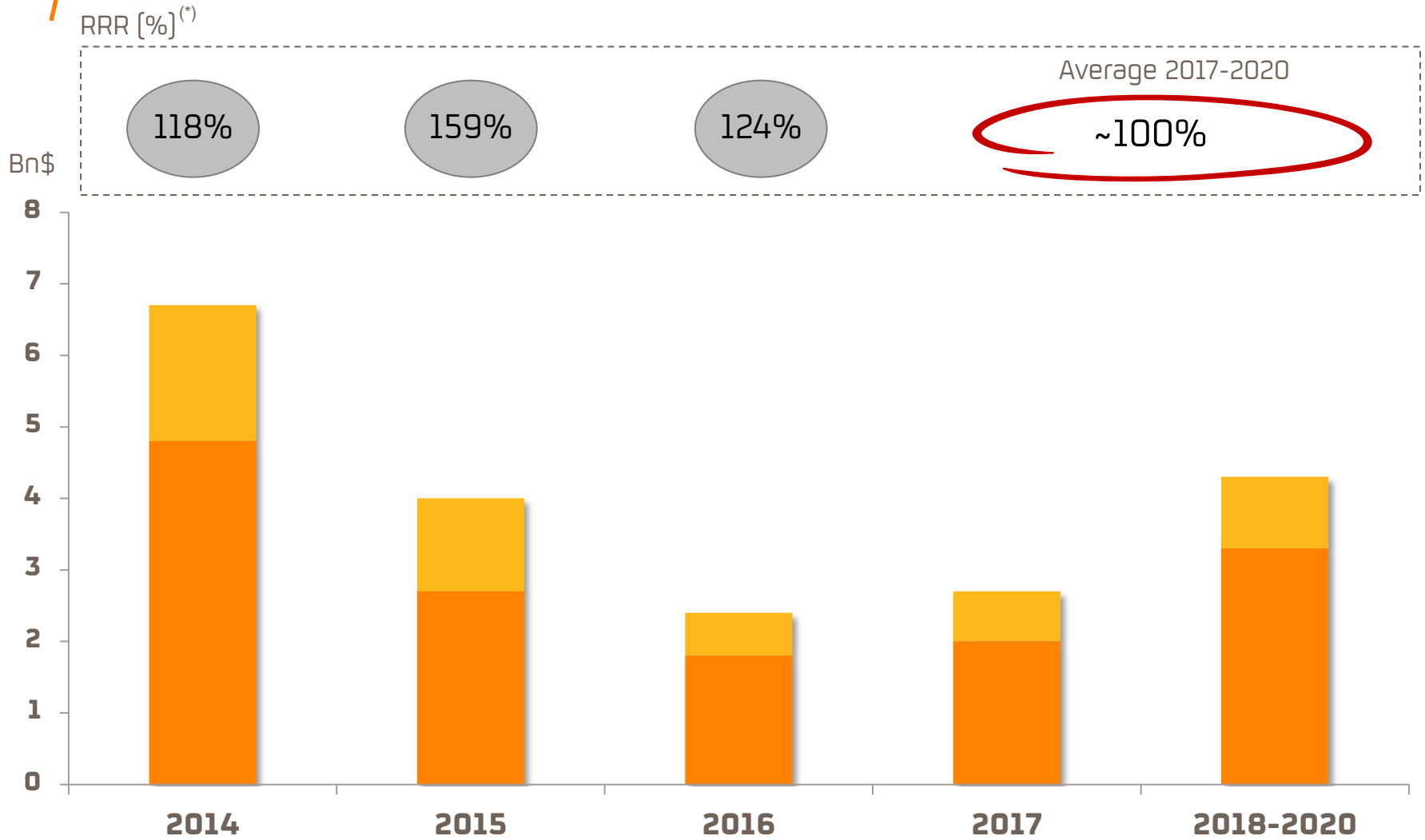
First production 2017



Ramping up in 2017

Capex optimization

Upstream



Exploration Capex
Development Capex

[*] Organic RRR

Efficiency program: delivering our target



Upstream

M€



Note: Excluding synergies
 * It does not include ~ 200 M€ of one off

3

Downstream



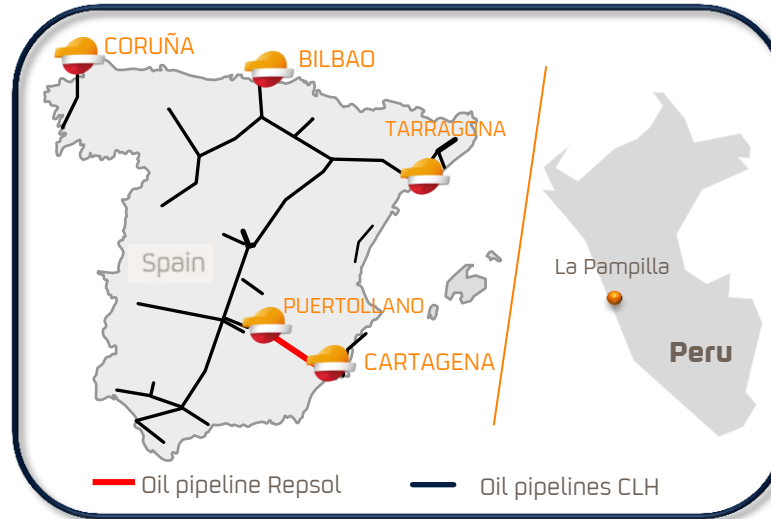
Sustainable cash flow generator

Downstream



Refining

- ~1 million barrels of refining capacity per day.
- Top quartile position among European peers along the cycle.
- 63 % FCC equivalent.
- 5 refineries optimized as a single operation system.



Petrochemicals

- All three sites are managed as a single petrochemical hub.
- Chemical sites and crackers strategically located to supply Southern Europe and Mediterranean markets.
- Logistic flexibility to enhance competitive feedstock imports at Tarragona and Sines.



Marketing

- 4,715 service stations throughout Spain, Portugal, Peru, and Italy.
- 3,501 service stations in Spain → 70% have a strong link to the company and 29% directly managed.

LPG

- One of the leading retail distributors of LPG in the world, ranking first in Spain and is of the leading companies in Portugal.
- We distribute LPG in bottles, in bulk and AutoGas.

Trading and G&P

- G&P: transportation, marketing, trading and regasification of liquefied natural gas.
- Trading & Transport: trading and supply of crude oil and products



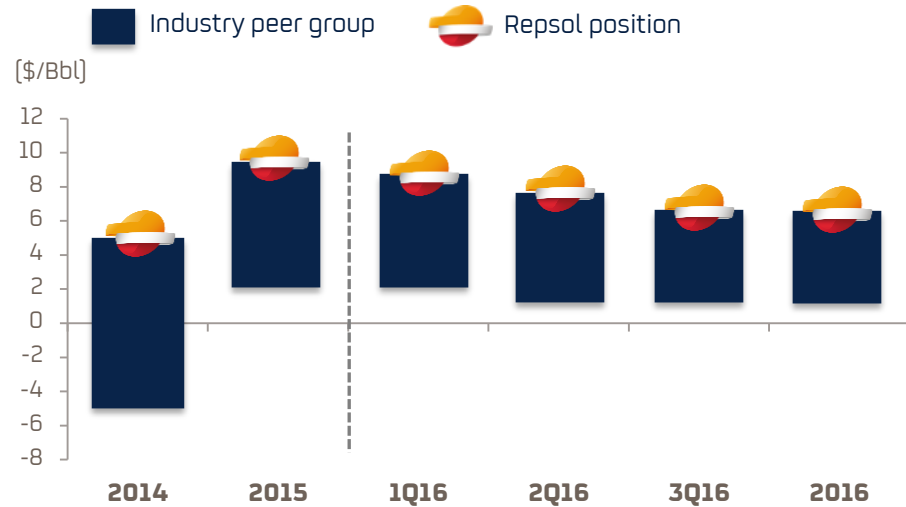
Objective to generate FCF ~ €1.7B per annum (average 2016-2020)

2016 Downstream Results

Downstream



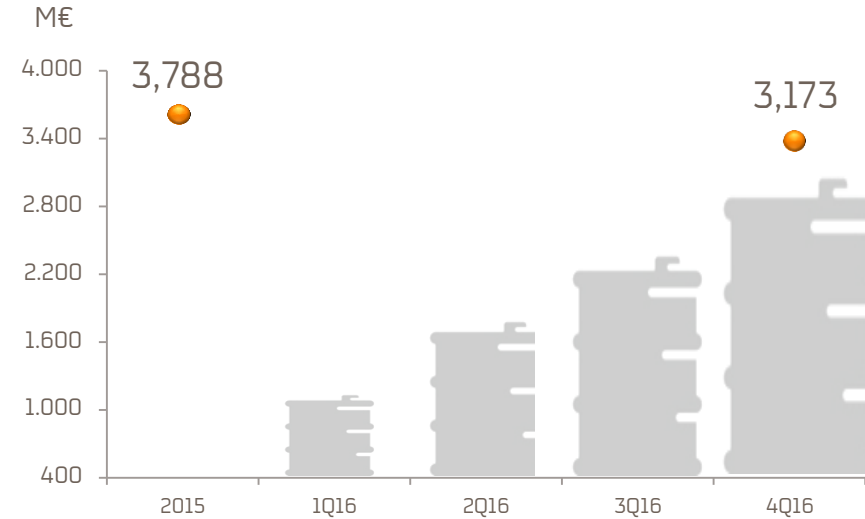
European Integrated Margin of R&M



Source: Company filings.

Peers : Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil

EBITDA CCS^[*]



* Cumulative

FCF



Integrated Model

- Top quartile position among European peers.
- Fully-invested assets

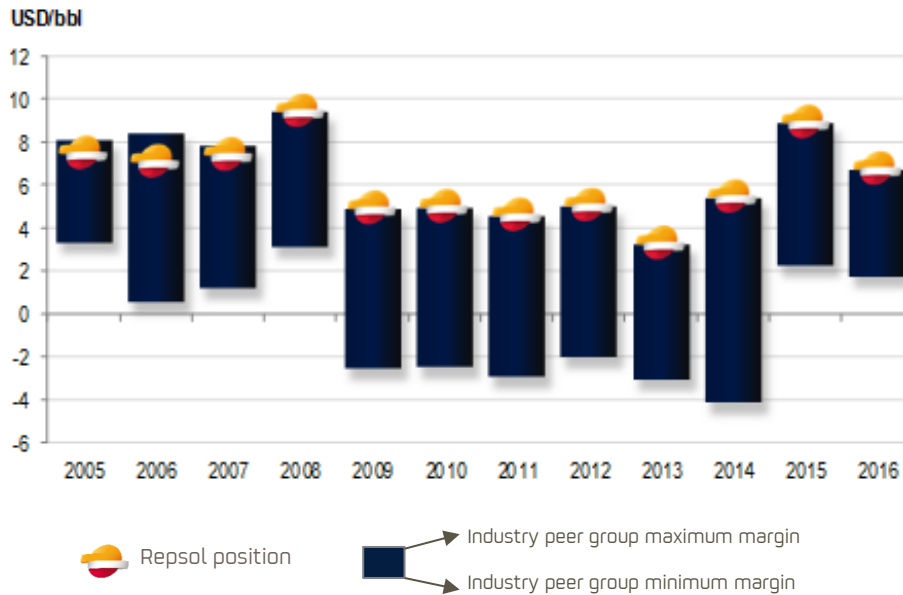
2016-2020 Downstream strategy

Downstream

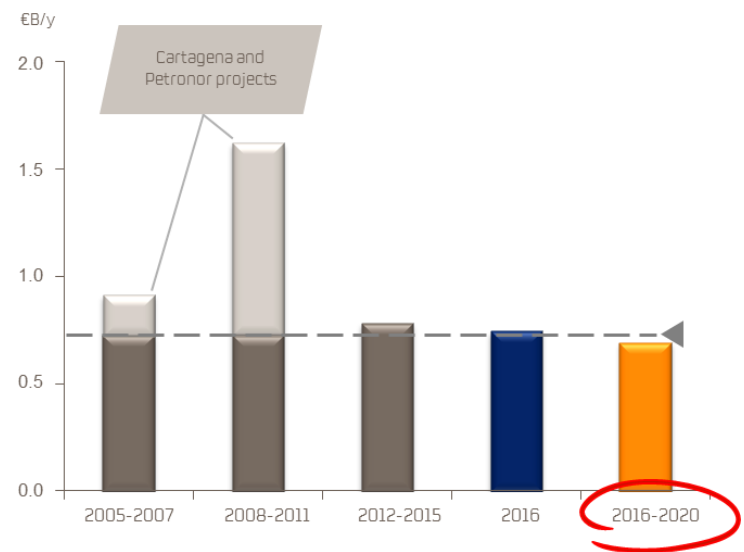


Maximizing value and cash generation leveraged on fully invested assets

European Integrated Margin of R&M



Average investments



Downstream resilience reinforced by the integration of commercial and industrial businesses

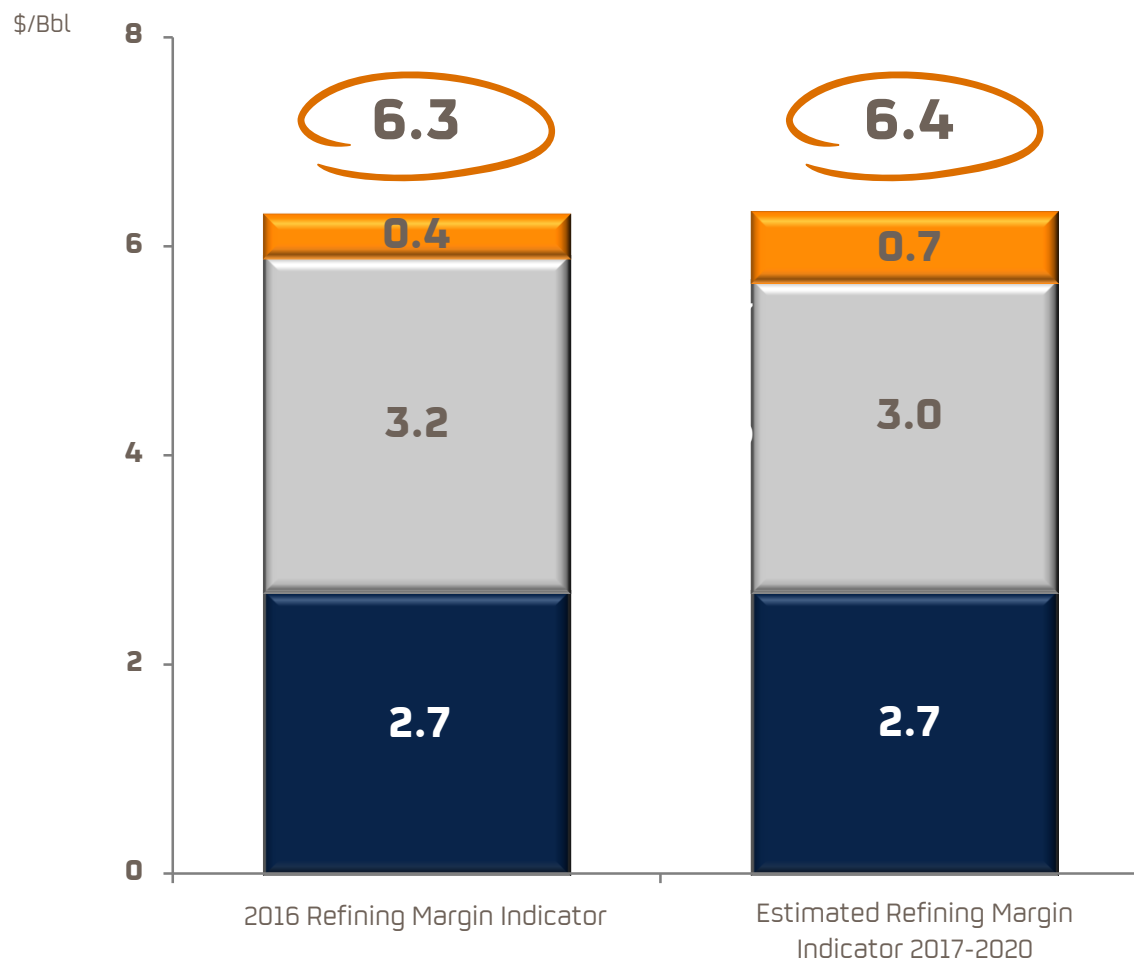
Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business) of a 10-member peer group.

Based on annual reports and Repsol's estimates. Source: Company filings.

Peer group :Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil.

Repsol's refining margin indicator

Downstream



■ Base Repsol Crack Index ■ Additional margin from projects pre-SP ■ Efficiency and margin improvement program



4

Gas Natural Fenosa

Gas Natural Fenosa

Rationale



10% stake sold

- ✓ **€1.9Bn proceeds**
- ✓ **Executed with no discount to market price at 19€/share**
→ 8.6% above GNF's unaffected market price of €17.5/share¹
- ✓ **7.8x EV/EBITDA 2016E**
→ above comparable trading multiples

20% remaining stake

- ✓ **Liquid investment provides financial optionality**
- ✓ **Strong profitability performance** through dividend stream
- ✓ **Strategic stake in a leading gas & power company**
- ✓ **Window into role of gas and renewables in energy mix**

[1] 6 months volume weighted average share price



FINANCING

5

Financial Strategic Plan 2016-2020

Financing



**Sound track record
in managing adverse
conditions**

**Resilient Plan with stronger
business profile**

**Conservative
financial policy**



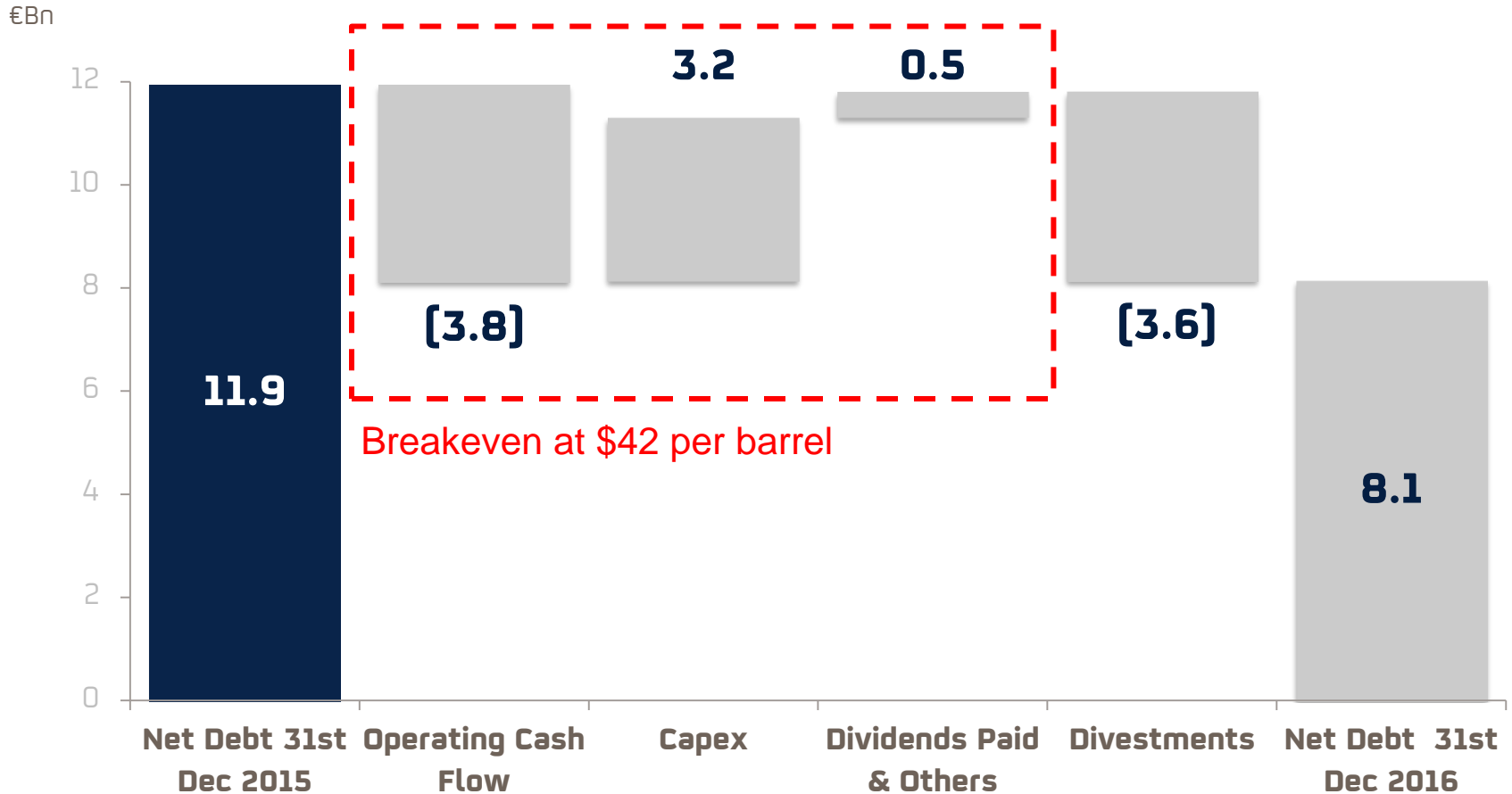
Commitment to reduce debt and maintain investment grade

The three Rating Agencies, Standard & Poor's, Moody's and Fitch, confirmed and maintained our ratings, BBB-, Baa2 and BBB respectively.

**Commitment to maintain shareholder compensation
in line with current company level**

Net Debt Evolution

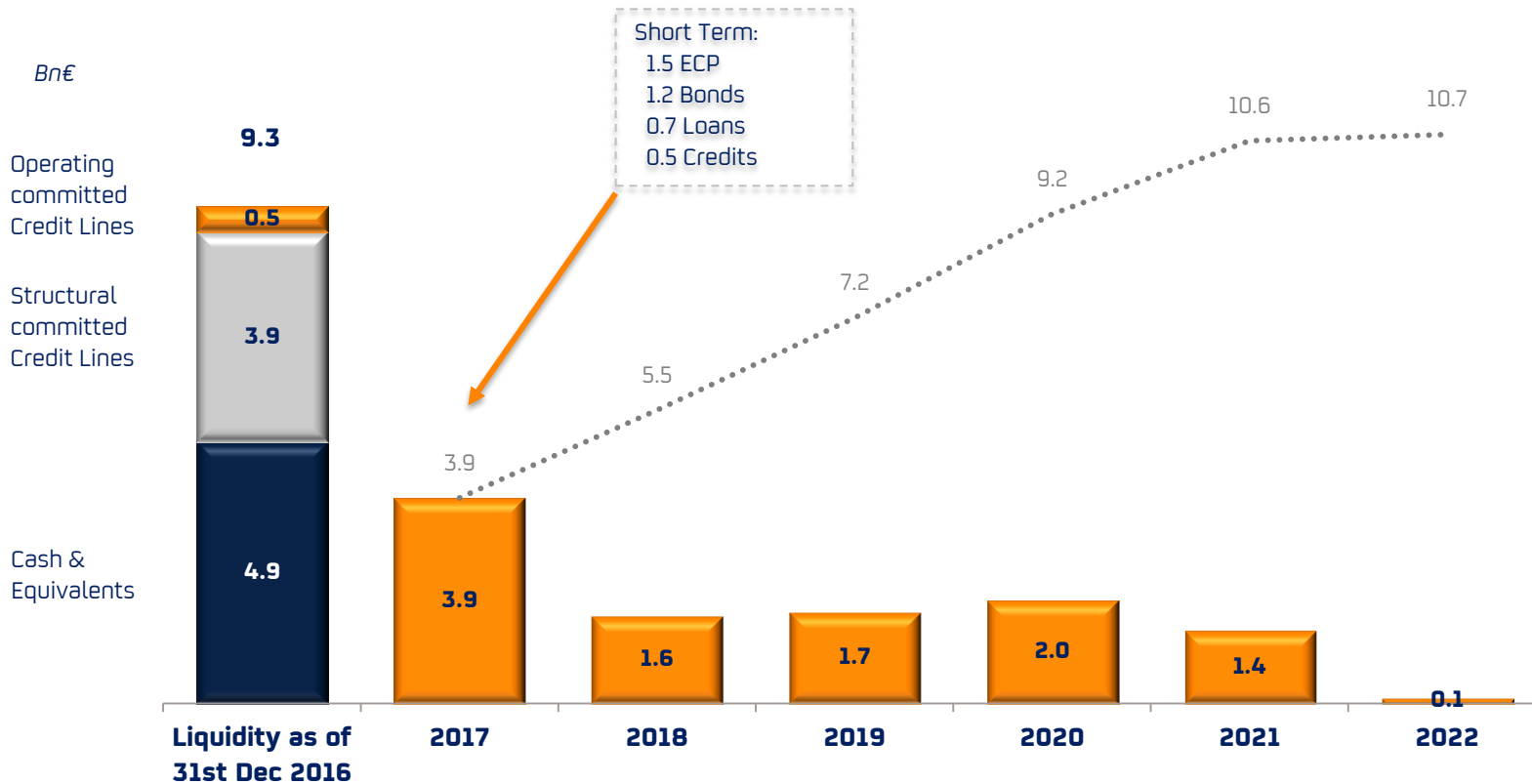
Financing



Targeting FCF Breakeven at \$40/Bbl

Strong liquidity position

Financing



Liquidity covers long term debt maturities beyond 2020
Cash exceeds 1.3x short term maturities

Delivery of Commitments

Financing



Divestments

- Piped Gas Business, Offshore Wind, TSP, Tangguh
- E&P portfolio management: Alaska, Norway

GNF monetization

- Sale of 10% participation in GNF

Dividend

- Repsol dividend reduction
- Scrip dividend

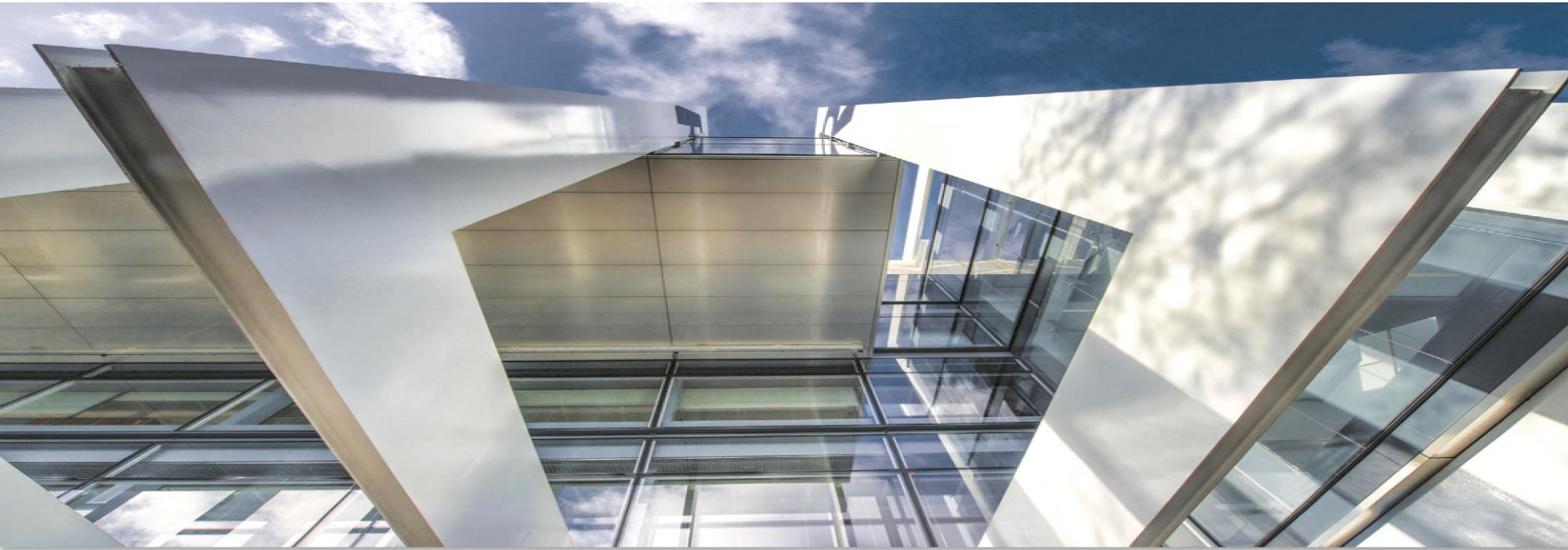
Synergies and Efficiencies

- Efficiencies and synergies accelerated

Debt reduction

- Debt reduced by €3.8Bn as at December 2016

Maintenance of investment grade is fundamental to our long term strategy



2017 OUTLOOK

6

Outlook for 2017

2017 Outlook



Our assumptions

	2016	2017B ^[*]
Brent price [\$/Bbl]	43.7	55.0
HH [\$/MBtu]	2.5	3.2

	2016	2017B
Refining Margin [\$/Bbl]	6.3	6.4
Exchange rate [\$/€]	1.11	1.05

Guidance

	2016	2017B
Production [KBoepd]	690	~680
Capex [Bn€]	3.2	~3.6
Synergies and Efficiencies [Bn€]	1.6	2.1

	2016	2017B
FCF Breakeven [\$/Bbl]	42	~40^{**}
Net Debt/EBITDA [x]	1.6	1.1

[*] Budget [**] Long term objective

Investor Update 2017

2016 – 2020 Value & Resilience

