



REPSOL

WEBCAST – CONFERENCE CALL

Full Year and Fourth Quarter 2018 Results



Disclaimer

ALL RIGHTS ARE RESERVED
© REPSOL, S.A. 2019

The information included in this document is published pursuant to the provision of article 226 of the Spanish Securities Market Law.

This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors described in the filings made by Repsol and its affiliates with the "Comisión Nacional del Mercado de Valores" in Spain and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.

Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.

This document mentions resources which do not constitute proved reserves and will be recognized as such when they comply with the formal conditions required by the system "SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System" (SPE-PRMS) (SPE – Society of Petroleum Engineers).

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 2017. The information and breakdowns relative to the APMs used in this document are included in Annex I "Alternative Performance Measures" in the Management Report 2018 and Repsol's [website](#).

This document does not constitute an offer or invitation to purchase or subscribe shares, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.

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

Index

01. Strategic Progress

02. Financial results and operational highlights

03. Outlook 2020

04. Conclusions



On track to deliver 2020 strategic objectives

Key messages

**Strong
strategic
delivery in
2018**

1 | Increasing shareholder returns

- 14.7% dividend increase in 2018
- 100% scrip dividend buyback

2 | Profitable portfolio growth

- 3% production growth in 2018 to 715 kboe/d. Record production since 2011
- Optimization of refining operations to maximize the benefit from IMO in 2020
- Expansion of Marketing and Advanced Mobility businesses [180 Service Stations in Mexico]

3 | Developing an operated profitable low carbon business

- Acquisition of the low-emissions assets and retail business of Viesgo*

4 | Maintaining a strong financial position

- 45% Net Debt reduction in 2018
- Improved credit rating and outlook

* Becoming Spain's fifth largest gas and power player with 2.9 GW of Low Carbon Generation

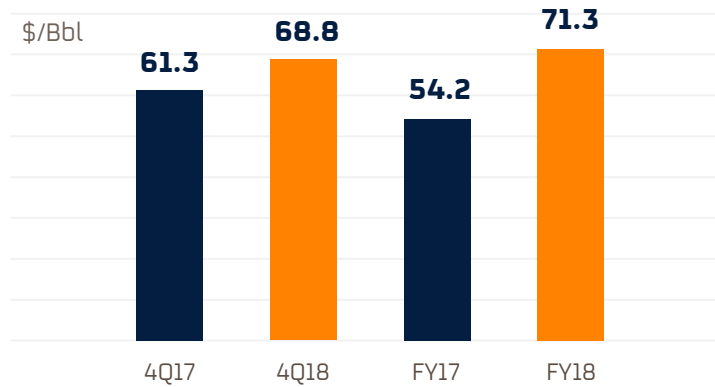
Delivering value growth in a volatile macro scenario

Market environment

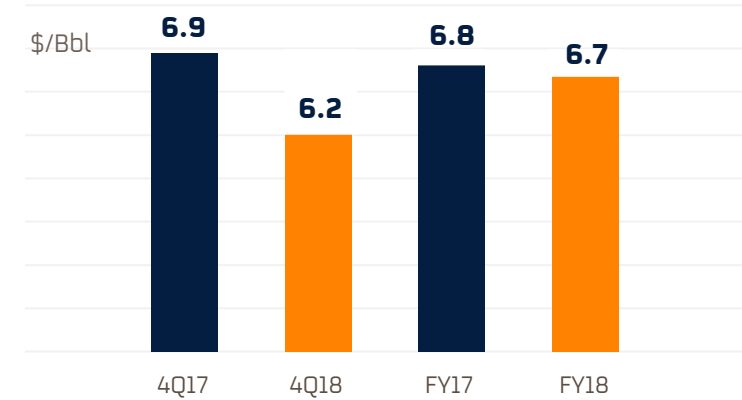
Managing the company independently from oil price, leveraged on integrated model

Repsol gas realization price up 17% reflects limited exposure to Henry Hub

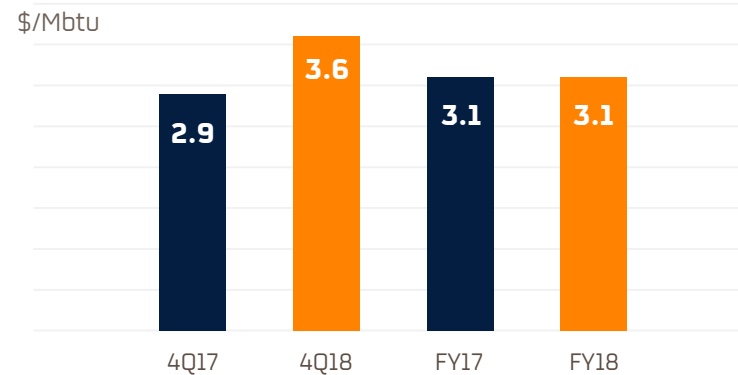
BRENT PRICE



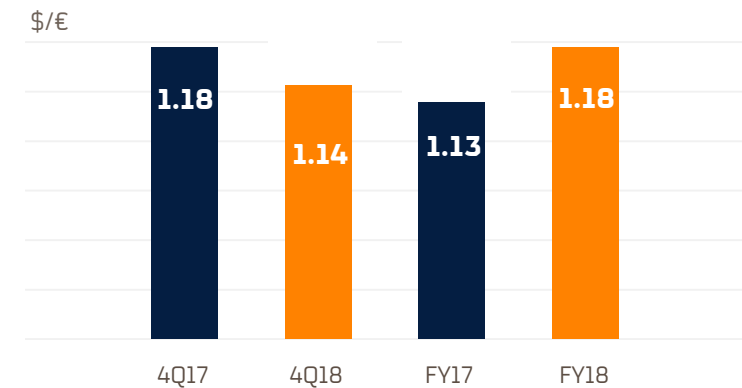
REFINING MARGIN INDICATOR



HENRY HUB PRICE

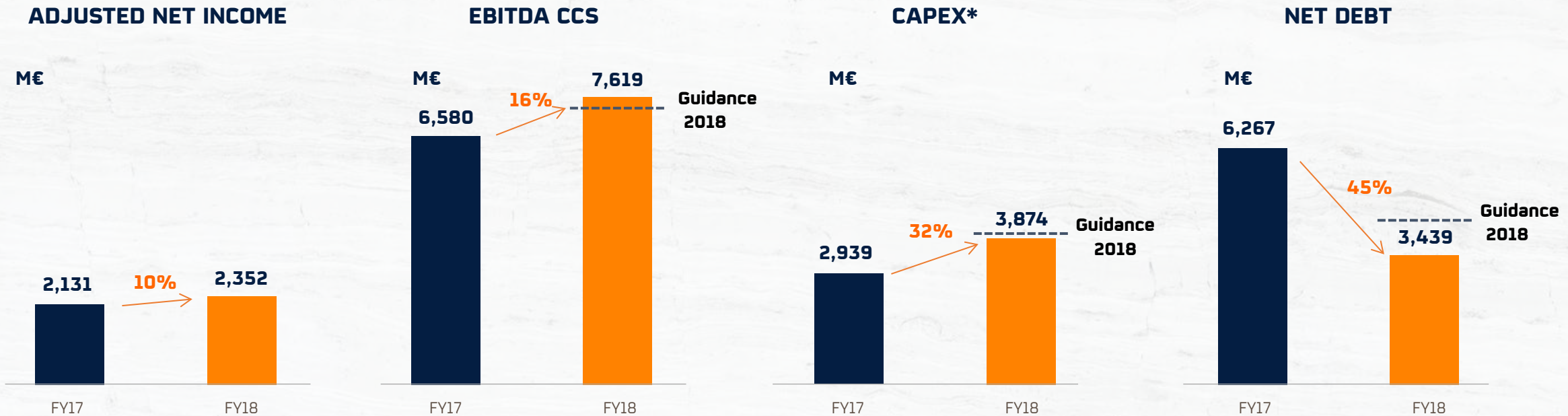


EXCHANGE RATE



Strong delivery on 2018 commitments

Financial highlights



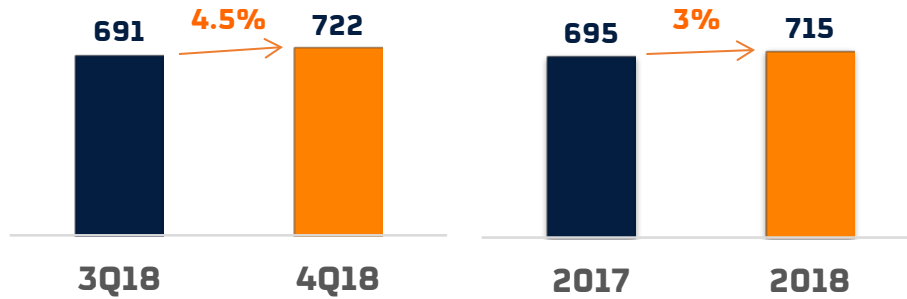
CFFO more than cover organic capex, dividend payments, share buybacks and financing costs

*Payments for investment activities excluding financial assets

Record production level

Upstream highlights

PRODUCTION



2018 vs 2017:

+ Ramp-up/start-up of new projects **Reggane, Juniper, Monarb, Kinabalu, Sagari and Bunga Pakma**

Higher volumes in **Marcellus** and **Libya**

- Divestments, **Venezuela** [lower sales]

DEVELOPMENT ACTIVITY

T&T

Angelin began production in Feb19. 2 additional projects were approved [**Cassia and Matapal**]

Norway

Approved the redevelopment plan of **YME**

USA

2 planned wells were successfully drilled in **Buckskin**

Colombia

Phase1 development of **Akacias** [block CPO-9] was approved

Malaysia

Bunga Pakma start up achieved in April



Building strong exploration portfolio

Upstream highlights

EXPLORATION

- **22 wells¹**, of which **5** were declared **positive**, 1 remains under evaluation
- **2 appraisal well campaign** of the **Pikka** area (Alaska), currently **underway**, with encouraging early results
- **Indonesia: Sakakemang²** discovery, at least **2 TCF** of recoverable resources
- Strengthening our exploration portfolio in core areas: **Mexico, Brazil** and **Alaska**

1. 21 exploratory and 1 appraisal wells
2. In 2019

PORTFOLIO MANAGEMENT

- Exited Mid Continent (USA) and exploratory positions in Angola, Gabon and Romania
- Norway as a platform for growth: acquired stakes in **Visund** and **Mikkel²**

RESERVE REPLACEMENT RATIO

94%
Total RRR



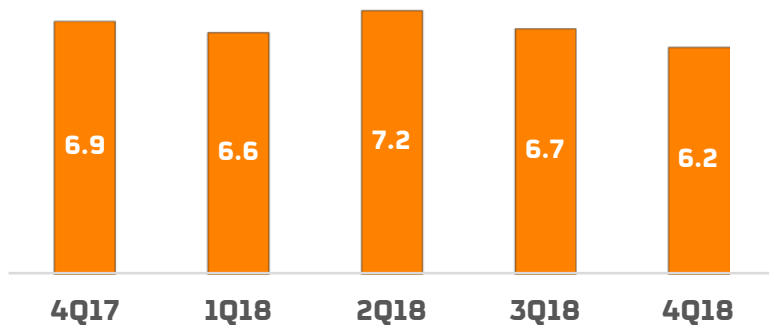
3-year average total RRR 96% [101% Organic]



Solid performance and progressing towards our strategic goals

Downstream highlights

REFINING



MARKETING

- Higher **contribution** from **LPG** business
- **Lubricants**, teamed up with **Bardahl**
- **Mexico**, **180** service stations, **240** contracts already signed
- Repsol and Kia launched Wible, a new car sharing service in Madrid with **500 hybrids cars**

PETROCHEMICAL

- Met our EBIT guidance for 2018
- Worse environment, due to the increase in the price of naphtha and unexpected operational issues, already fully solved during the year

LOW CARBON

- **Viesgo's assets** transaction was completed in early November.
- Acquisition Valdesolar Hive, a **264 MW** greenfield **solar project** in Spain
- Already achieved more than **70%** of our **4.5 GW** low-emissions generation target to 2025

4Q18 and Full Year 2018 results

Financial highlights

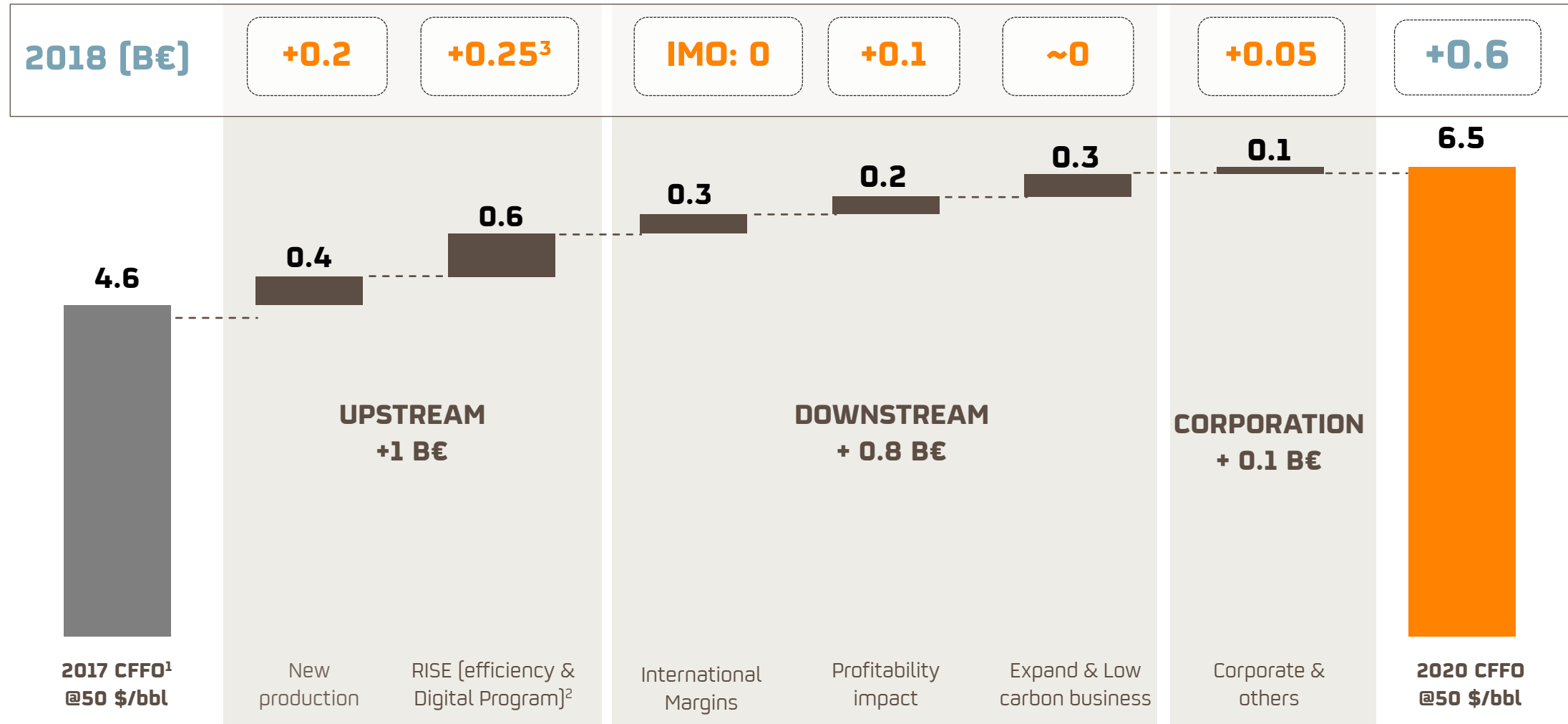
Results (€ Million)	Q4 2017	Q3 2018	Q4 2018	% Change Q4 18/Q4 17	Jan - Dec 2017	Jan - Dec 2018	% Change 2018/2017
Upstream	145	368	310	113.8	632	1,325	109.7
Downstream	446	336	485	8.7	1,877	1,583	(15.7)
Corporate and others	(3)	(116)	(163)	-	(378)	(556)	(47.1)
ADJUSTED NET INCOME	588	588	632	7.5	2,131	2,352	10.4

Upstream Adjusted Net Income increased 110% versus 32% brent price increase y-o-y



Clear path for cashflow growth to 2020

Outlook to 2020



1. Adjusting values to \$50/bbl and excluding Spain extraordinary tax refund effect. CFFO in 2017 was 5.5 B€.

2. Rise production impact considered in new production

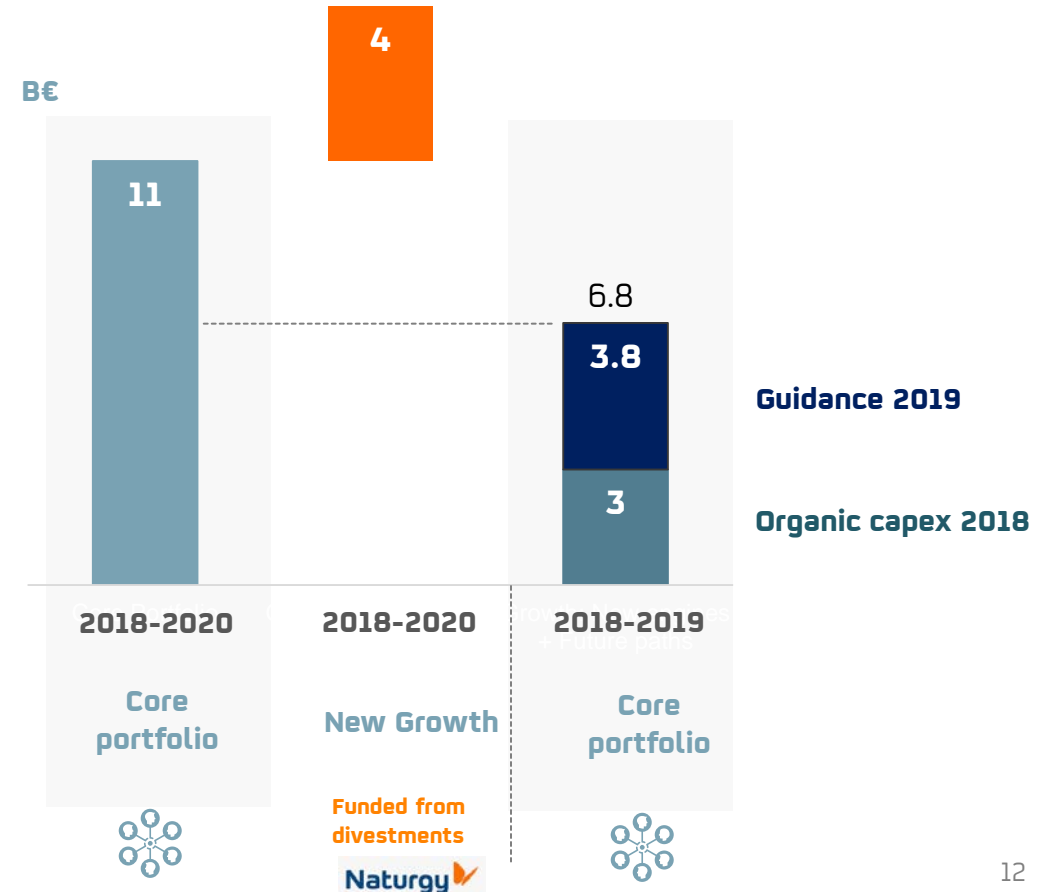
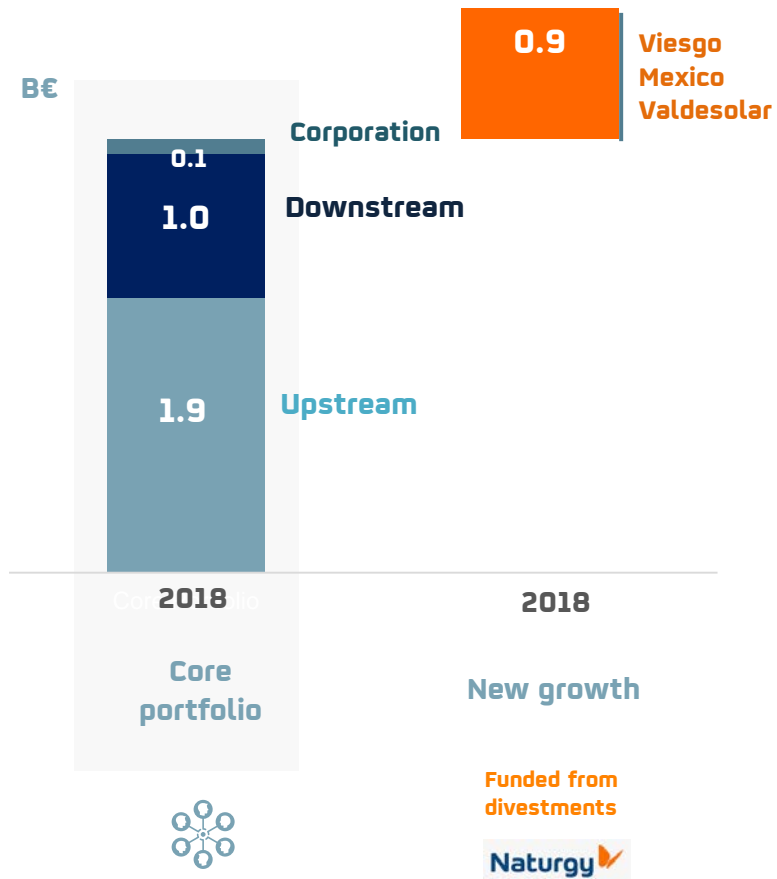
3. Refers to sustainable savings

Capex in core and expand portfolios

Outlook to 2020

**2018 ACTUAL CAPEX IN LINE WITH 18-20 GUIDANCE.
FLEXIBILITY TO FULFILL THE PERIOD COMMITMENT**

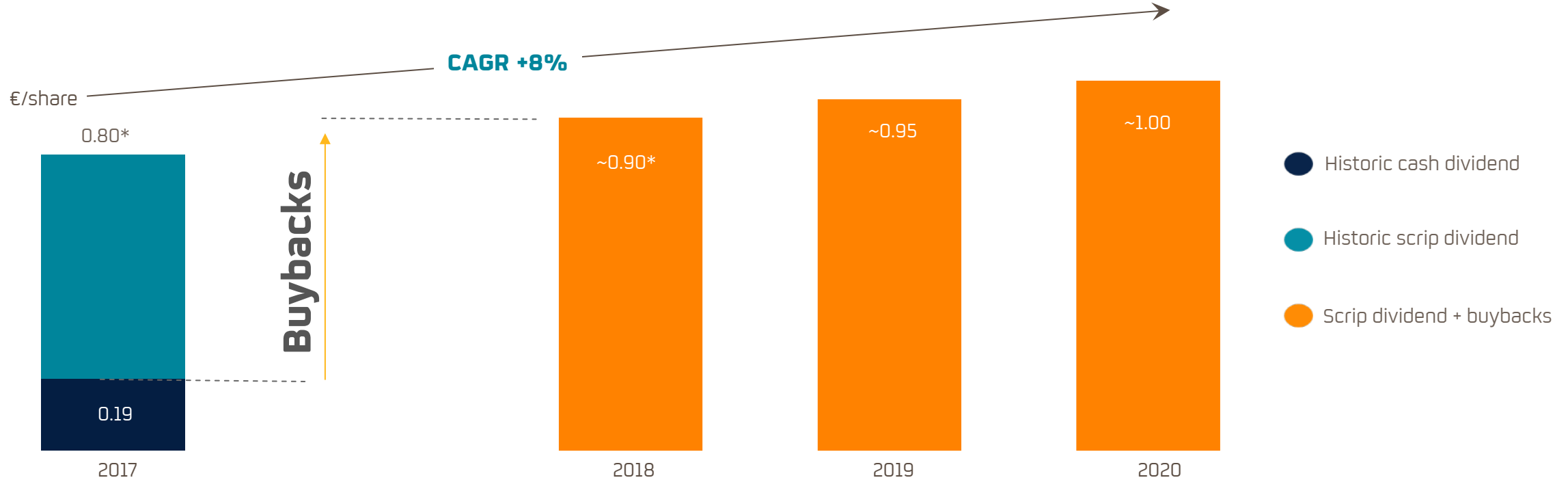
**2018-20 15B€ STRATEGIC UPDATE CAPEX GUIDANCE: €11Bn
ORGANIC AND €4Bn EXPANSION**



Increasing shareholder remuneration and full buyback of scrip

Outlook to 2020

DIVIDEND PER SHARE BASED ON DISBURSEMENT YEAR



BUYBACK PROGRAM:

68.777.683 shares of capital reduction

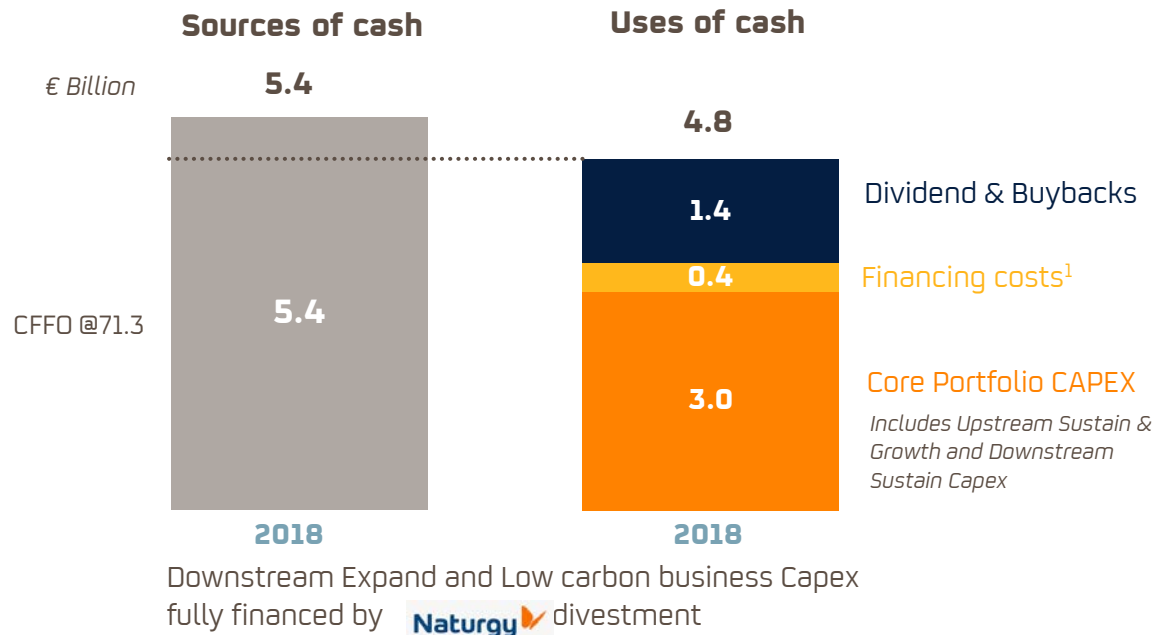
1.527.396.053 shares at the end of 2018

* Dividend fixed prices guaranteed by Repsol in 2017 were 0.761 €/s and 0.873 €/s in 2018

Leaner and more efficient operator through lower breakevens

Outlook to 2020

CAPEX & Shareholders' retribution financed by organic CFFO excluding inorganic capex and divestments



Total Group's Free Cash Flow breakeven, excluding inorganic capex and divestments, was 54 dollars in 2018, in line with our strategic objective



Ongoing efficiencies and digitalization initiatives will contribute with further savings towards 50\$/bbl period average target to 2020

Additional funds from higher oil and gas prices will fund the acceleration of organic projects

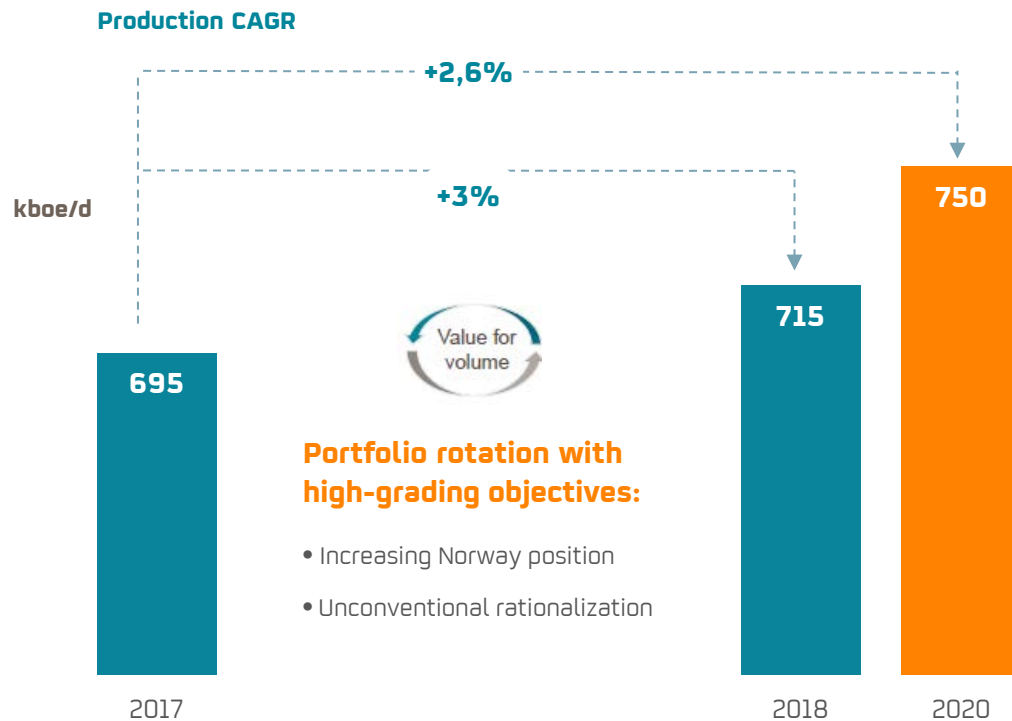
1. Financing costs include leases, financial charges, dividends to minority, hybrid interests and other movements

Improving Upstream returns with profitable growth

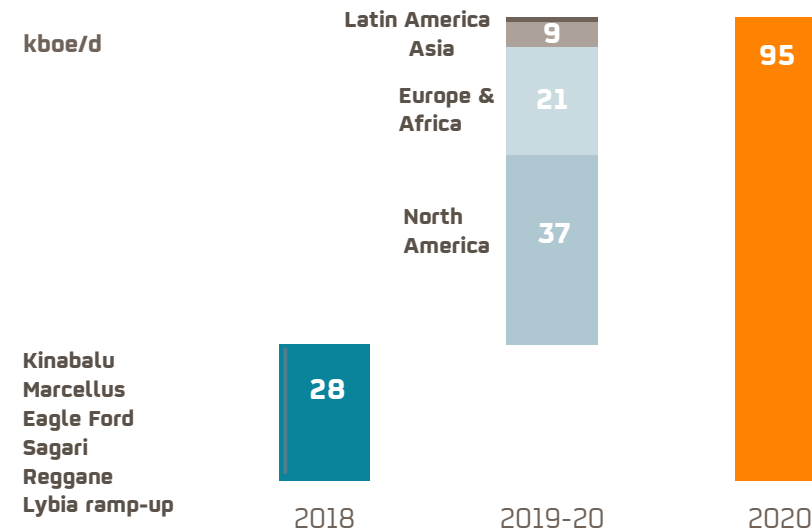
Outlook to 2020

AROUND 3 % PRODUCTION GROWTH IN 2018 WITH IMPORTANT CONTRIBUTION FROM PROFITABLE SHORT-CYCLE PROJECTS

~3% production growth in 2018 in line with commitment (2.6% CAGR by 2020)



Around 28 kboed of new production from short-cycle projects in 2018



- **Oil-biased new production** in Libya, Eagle Ford and Kinabalu
- **Incremental low cost production in gassy scale projects** as Sagari, Marcellus and Reggane

Working on our 2020+ project pipeline

Outlook to 2020

Alaska [US]

- The 2 appraisal wells currently underway, with **encouraging early results**
- Phase 1: FO in 2023-24, production plateau net ~46 kboe/d

Duvernay [Canada]

- **10 wells were drilled in 2018.**
- Current activity is focus on de-risking Ferrier East and **expected FID is anticipated within the next 12 months**

CPO-9 [Colombia]

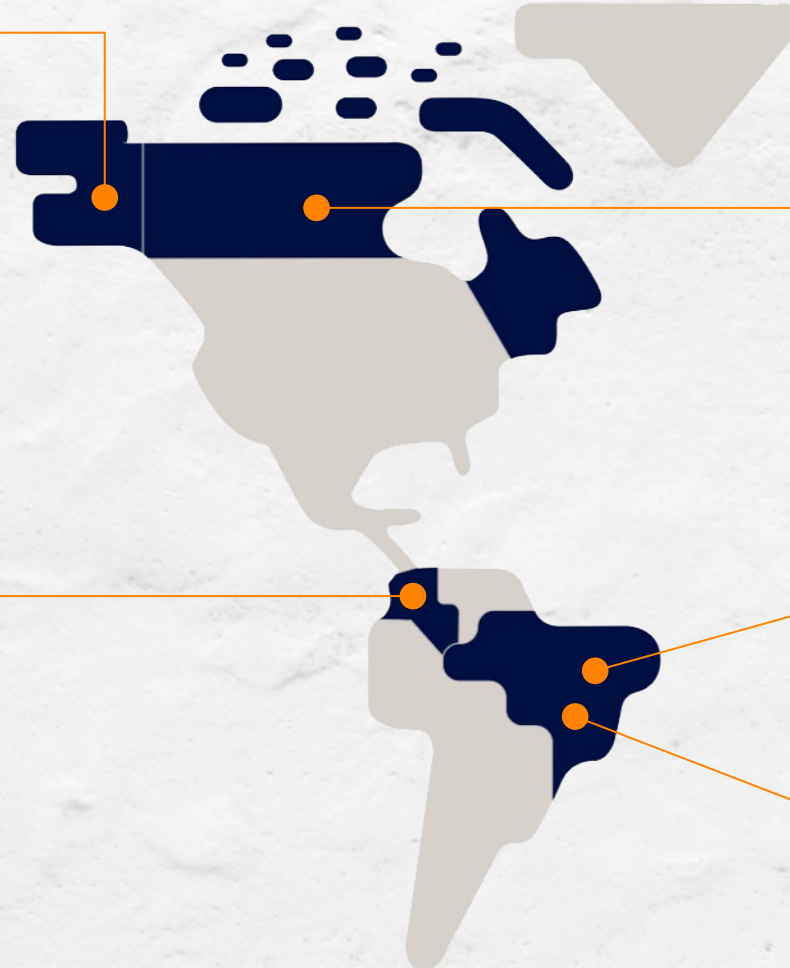
- Dev. Phase-1 sanctioned, production: net 7 kboe/d 2019
- **FID Dev. Phase-2 expected in 2H19**
- FO in 2021-2022 & production plateau net 20 kboe/d

Campos 33 [Brazil]

- Fully appraised
- First gas/oil 2024-2026, net ~45 kboe/d

Sagitario [Brazil]

- **Appraisal well to be drilled in 2Q 2019**

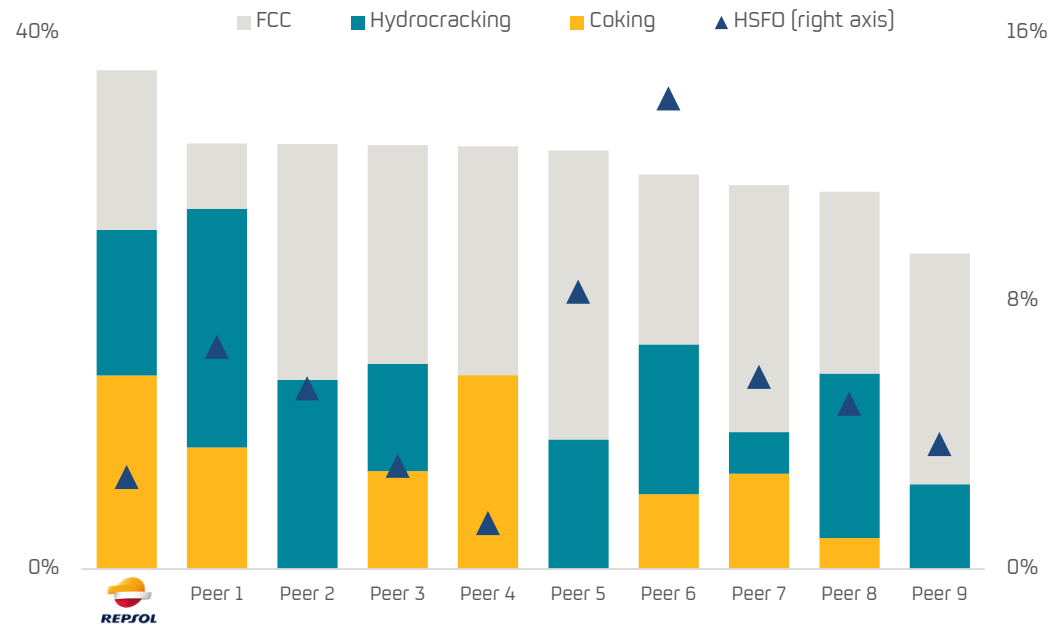


Repsol perfectly positioned to benefit from IMO 2020

Outlook to 2020

TOP EUROPEAN PLAYER¹ IN CONVERSION, STRONGEST COKING CAPACITY AND ONE OF THE LOWEST HSFO YIELD

2018 Peers Conversion-to-crude Capacity Ratio vs 2017 HSFO yield



Leader in EU coking

Of the total EU coking capacity [while only 6% of total distillation]

→ 25%

Middle Distillates Yield

→ >50%

Fuel Oil yield

→ <7%

Fully invested for IMO

Source: Wood MacKenzie Refinery Benchmarking tool

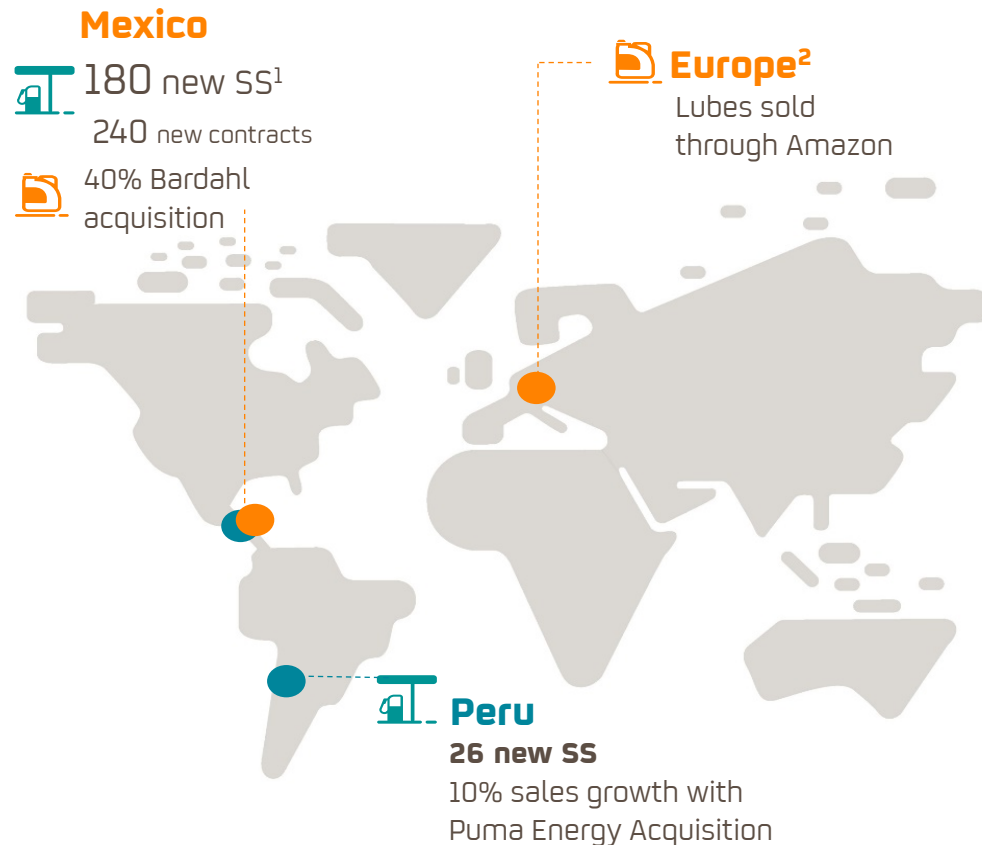
1. Considering peers with refining capacity over 350 kboe/d Europe: BP, Eni, ExxonMobil, Hellenic, OMV, PKN Orlen, Total, Tupras, Shell. Hydrocracking capacity excludes Mild Hydrocracking.

Downstream activated as growth engine

Outlook to 2020

New international growth opportunities

leveraging our competitive advantages



New growth levers Enhancing strengths through digitalization and new businesses

Advanced Movility

Car sharing

wible +500 hybrid cars

Convenience stores

REPSOL SUPER COR 150 SS 2018
350 SS 2019

Mobile Payment App

w ~1 Million users

Venture Capital

Investment projects in Start-ups

70% **klikin** ~5% **AMPLE**

Strongest energy company brand³ in Spain

Wattio, stakes in renewable generation: Principle Power and Windfloat project

Digitalization Projects

Google Cloud Analytics
Polyolefins Project

Chemical differentiation

Advances in the range of Repsol healthcare **Repsol Impact00**

Digitalization

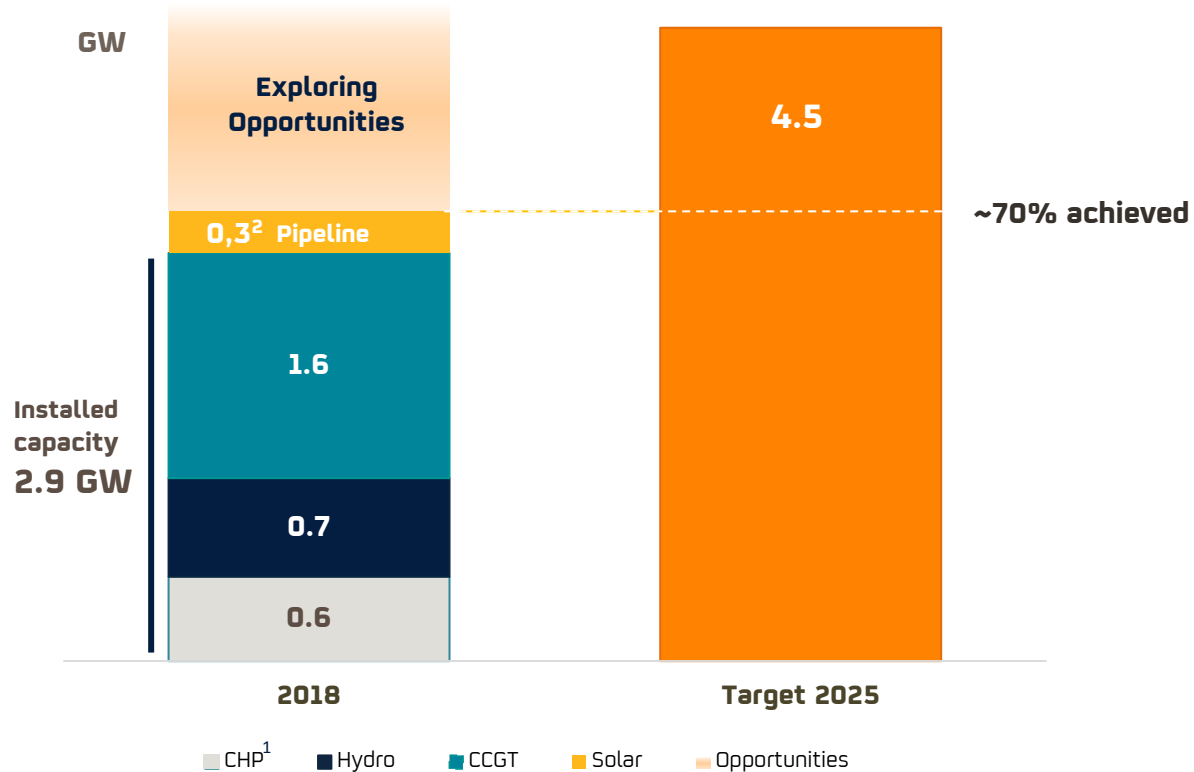
Chemicals

1. Service Station. 2. Starting in 2019, the product will be sold through this platform in Portugal, the United Kingdom, France and Germany 3. 2016 Repsol Brand Image and Positioning Study (November 2016)

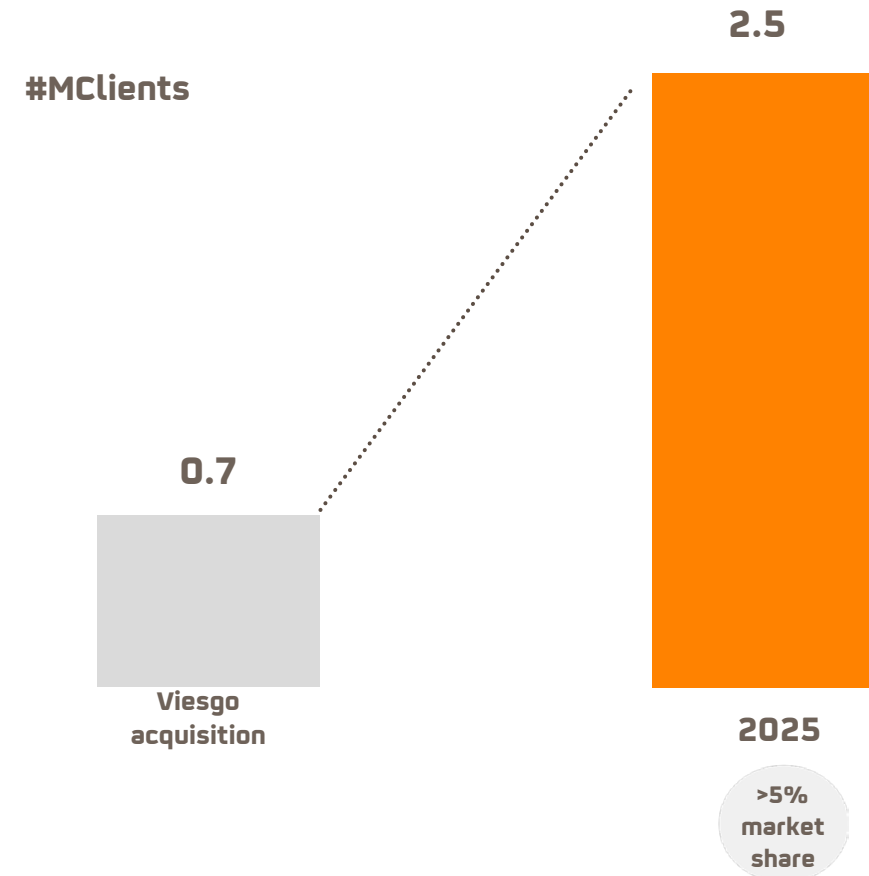
Accelerated delivery of 2025 objectives in Low Carbon

Outlook to 2020

Developing a strong position in Spain
with 2.9 GW of installed capacity



Viesgo acquisition led the way to develop our key capabilities
to become the 5th G&P player in Spain



1. Combined Heat and Power or cogeneration plants. 2. Valdesolar (264MW) and Windfloat (25MW)

Digitalization and efficiency

Outlook to 2020



Upstream

[0.25 B€ sustainable CFFO]:
better maintenance, reduction
of logistics and decommissioning
costs and initiatives in gas
comercialization



Downstream

[0.1 B€ sustainable]:
improving integrated
margin, process
digitalization



Corporate

Lower corporate
costs [-6%]



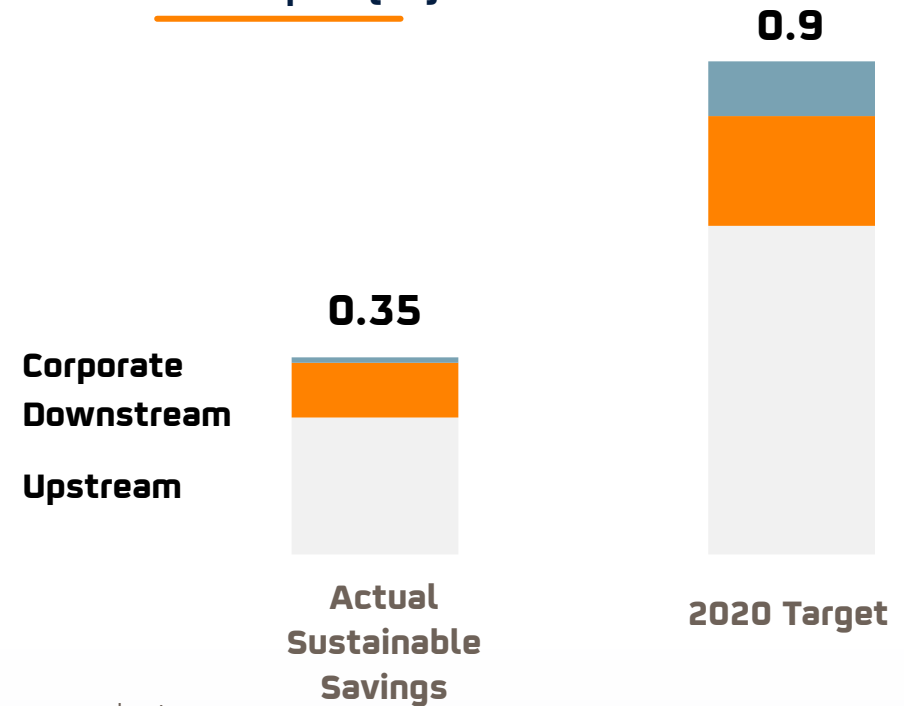
Digitalization

0.3 B€ FCF pre-tax in 2020

130 initiatives on going

Omnichannel experience, new business models, autonomous plant
and zero unexpected failures, E&P digitally-enabled operations
excellence and robot process automation [RPAs]

CFFO impact (B€)



**Actual 2020 sustainable savings ~€350 million euros with CFFO impact.
Additional ~€200 million Upstream capex savings compared to budget**

2019 Budget

Outlook to 2020

	2019 Budget*	
EBITDA CCS (€Bn)	~8.0	<ul style="list-style-type: none"> Upstream Division: ~ €4.7Bn Downstream Division: ~ €3.4Bn
Production (kboe/d)	~720	<ul style="list-style-type: none"> Increase of development activity in Marcellus and projects coming on stream during the year (T&T, Buckskin and Akacias)
Refining Margin Indicator (\$/bbl)	7.6	<ul style="list-style-type: none"> Acceleration of maintenance in our refineries will not impact refinery utilization **
Net Debt	2.8	<ul style="list-style-type: none"> Net debt reduction due to expected solid cash flow generation
ORGANIC CAPEX (€Bn)	~3.8	<ul style="list-style-type: none"> Upstream Division: ~ €2.4Bn Downstream Division: ~ €1.3Bn

* Assumptions: Brent 65\$/bbl, HH 3.3\$/Mbtu

** Bilbao: January to March and mid-June; La Coruña: April; Cartagena: September; Puertollano: November; In Chemicals planned maintenance in Tarragona 4Q19

On track to deliver 2020 strategic objectives

Conclusions

1 | Increasing shareholder returns

- Dividend increase to 0.95 €/share in 2019
- 100% scrip dividend buyback

2 | Profitable portfolio growth

- Operational performance improvement managing our portfolio to achieve our 750 kboe/d target in 2020
- Acceleration of planned maintenance of our refineries to maximize the value capture from IMO in 2020
- Downstream expansion in Marketing and Advanced Mobility

3 | Developing an operated profitable low carbon business

- Continue transforming our company and preparing for the energy transition towards a less carbon intensive world

4 | Maintaining a strong financial position

- Progressing with our digital and efficiency ambitions
- Commitment to deliver on our path for cash flow growth to 2020

Full Year and Fourth Quarter 2018 Results

Repsol Investor Relations

investorsrelations@repsol.com

