

WEBCAST – CONFERENCE CALL

Second Quarter 2016 Results

July 28th, 2016



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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 Q2 2016 Webcast Presentation are included in Appendix I "Alternative Performance Measures" of the Interim Management Report

- 1. Progress of the Strategic Plan**
 - 2. Market Environment and operational highlights**
 - 3. Quarterly and financial results**
 - 4. Conclusions**
- 
- An aerial photograph of an industrial refinery at night. The facility is densely packed with structures, pipes, and storage tanks, all illuminated by warm yellow lights. In the background, dark mountains rise against a twilight sky. The foreground shows a dark, rocky hillside.



Progress of Strategic Plan

1

Progress of Strategic Plan

Update



✓ Challenging **macro scenario**

✓ **Results in line with strategy**

✓ **UPSTREAM**

- Lower commodity prices compared to 2Q15
- Increase in production volumes
- Lower exploration expenses

✓ **DOWNSTREAM**

- Maintenance at Cartagena and Tarragona refineries →  **Capacity Utilization**
- Strong Chemical business
- Higher contribution from Commercial businesses

Progress of Strategic Plan

Strategic Commitments Follow up



Efficiency & Synergies Program



	Target 2016	2016 Estimate
Synergies	0.2	0.2
Efficiencies	0.9	1.0
Total [B€]	1.1	1.2

Investment Flexibility



	Target 16-17	1H16
Repsol Investment [B€]	~3.9	1.6

Divestments & Management Portfolio



	Target 16-17	1H16
Divestments [B€]	3.1	2.8^[1]
Production [kboed]	706 ^[2]	705

Value & Resilience



	Target	1H16
CF Neutrality BE [\$ /boe] ^[3]	~40	~40
E&P FCF BE [\$ /boe]	~65	~65

[1] Includes projected proceed on agreed transactions and other operations.

[2] 2016 Annual Budget.

[3] FCF after interests and dividends (0.5€/share out of 0.8 €/share expected for this year)

Finance Commitments



	Target	Actual
Investment Grade	Maintain	Maintain



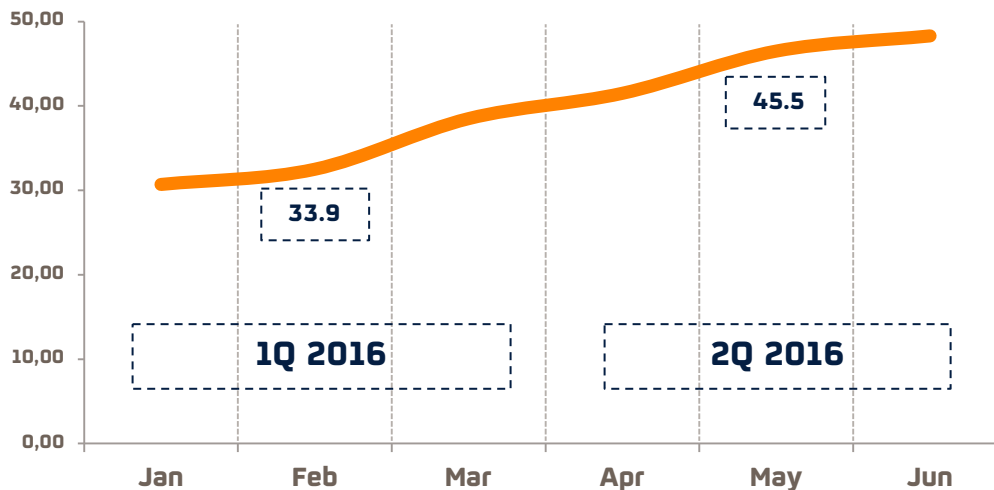
Market environment and
operational activity

2

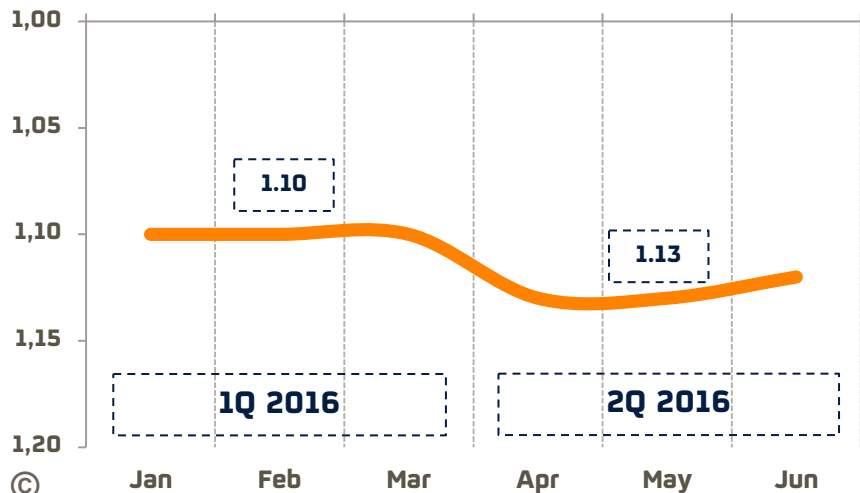
Market environment



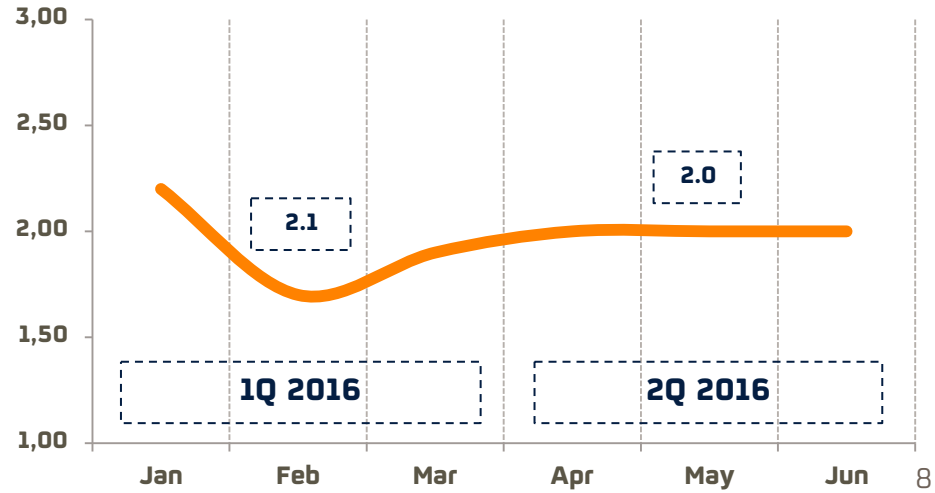
Brent - \$/boe



Exchange Rate - \$/€

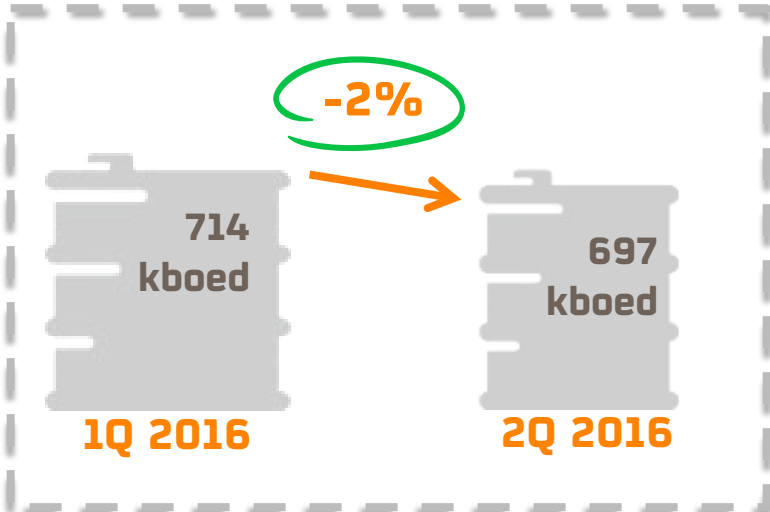
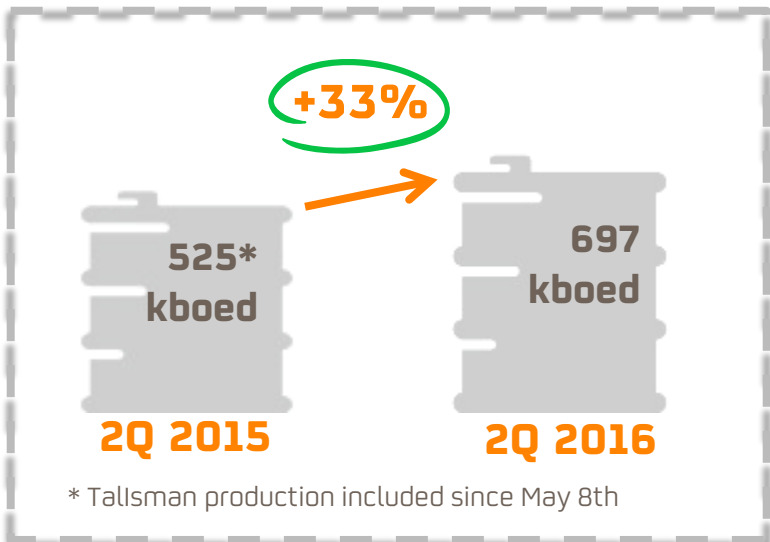


Henry Hub - \$/Mbtu



Operational Activity

Production



[+] Ramps-ups of:

- Cardon IV (Venezuela)
- Sapinhoa (Brazil)

[+] Higher contribution from Gudrun (Norway)

[+] Higher production in Peru

Partially offset by:

[-] Shut-down of the Varg field (Norway)

[-] Maintenance work in T&T

[-] Increased royalties do to higher prices in South East Asia PSCs

Operational activity

Development projects



Sapinhoá & Lapa **Brazil**

- **Sapinhoá:** Ramp-up of the second FPSO is expected in second half of 2016
- **Lapa:** First oil is expected in 3Q16 [ahead of schedule].

Operational activity

Development projects

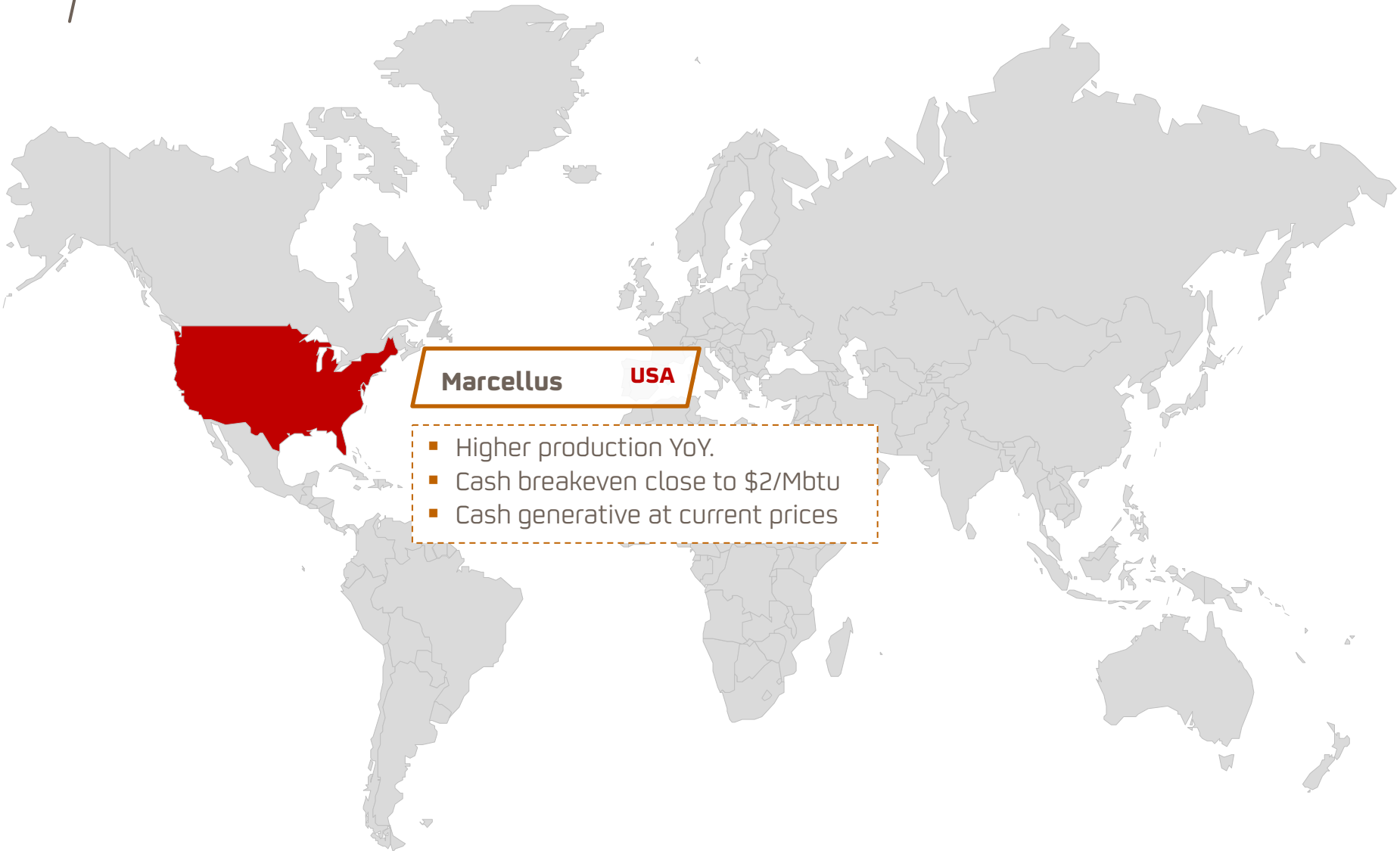
A world map in light gray with the United Kingdom highlighted in blue. A blue-bordered box is positioned over the UK, containing text about development projects. A dashed blue box extends from the bottom of this box across the map.

MonArb & Flyndre/Cawdor **UK**

- First oil expected in the first half of 2017

Operational activity

Development projects



Marcellus **USA**

- Higher production YoY.
- Cash breakeven close to \$2/Mbtu
- Cash generative at current prices

Operational activity

Development projects

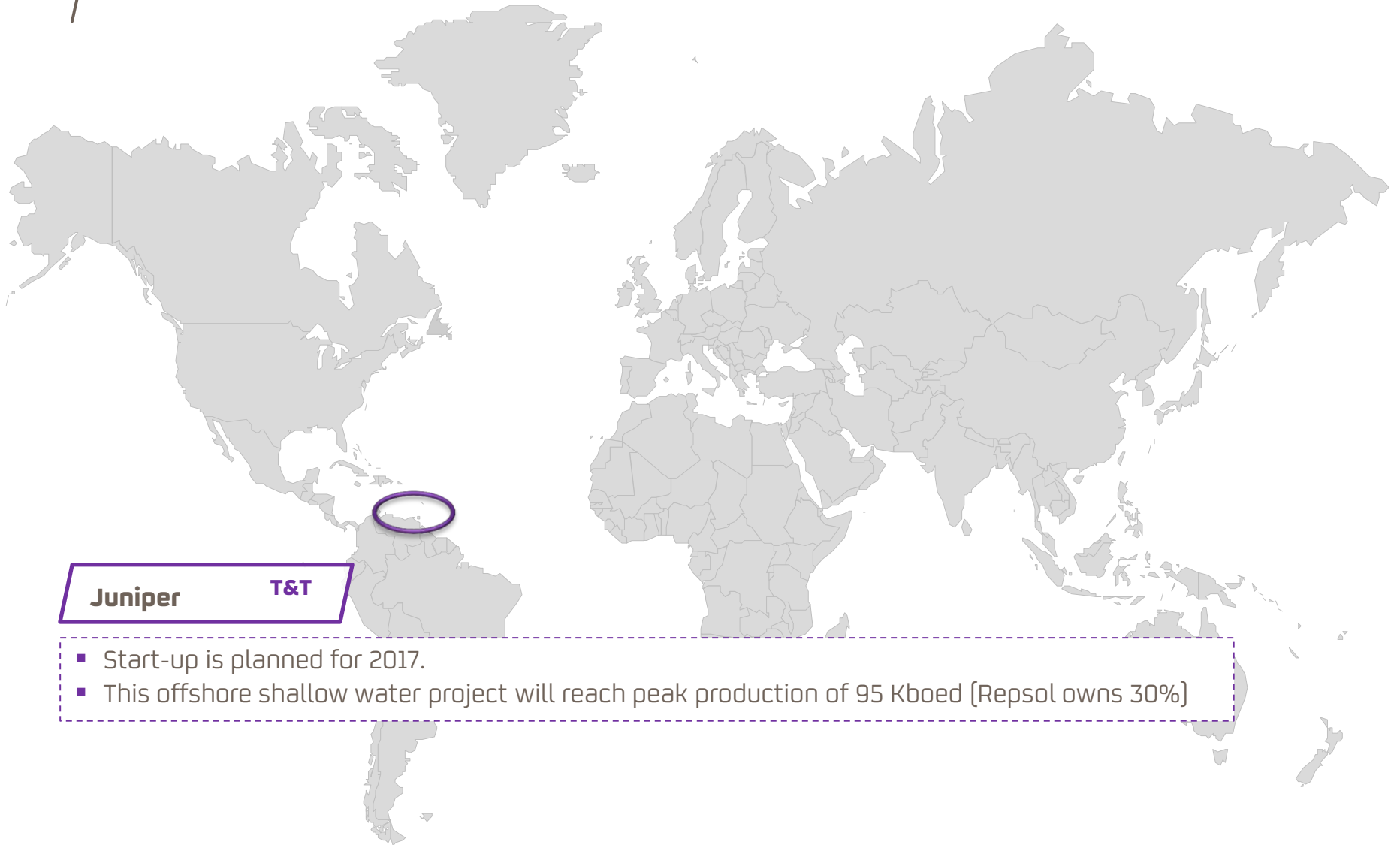


Kinteroni & Sagari Peru

- Production from **Kinteroni** increased in April to 160 million square cubic feet of gas per day
- In **Sagari** first gas planned for 2018.

Operational activity

Development projects



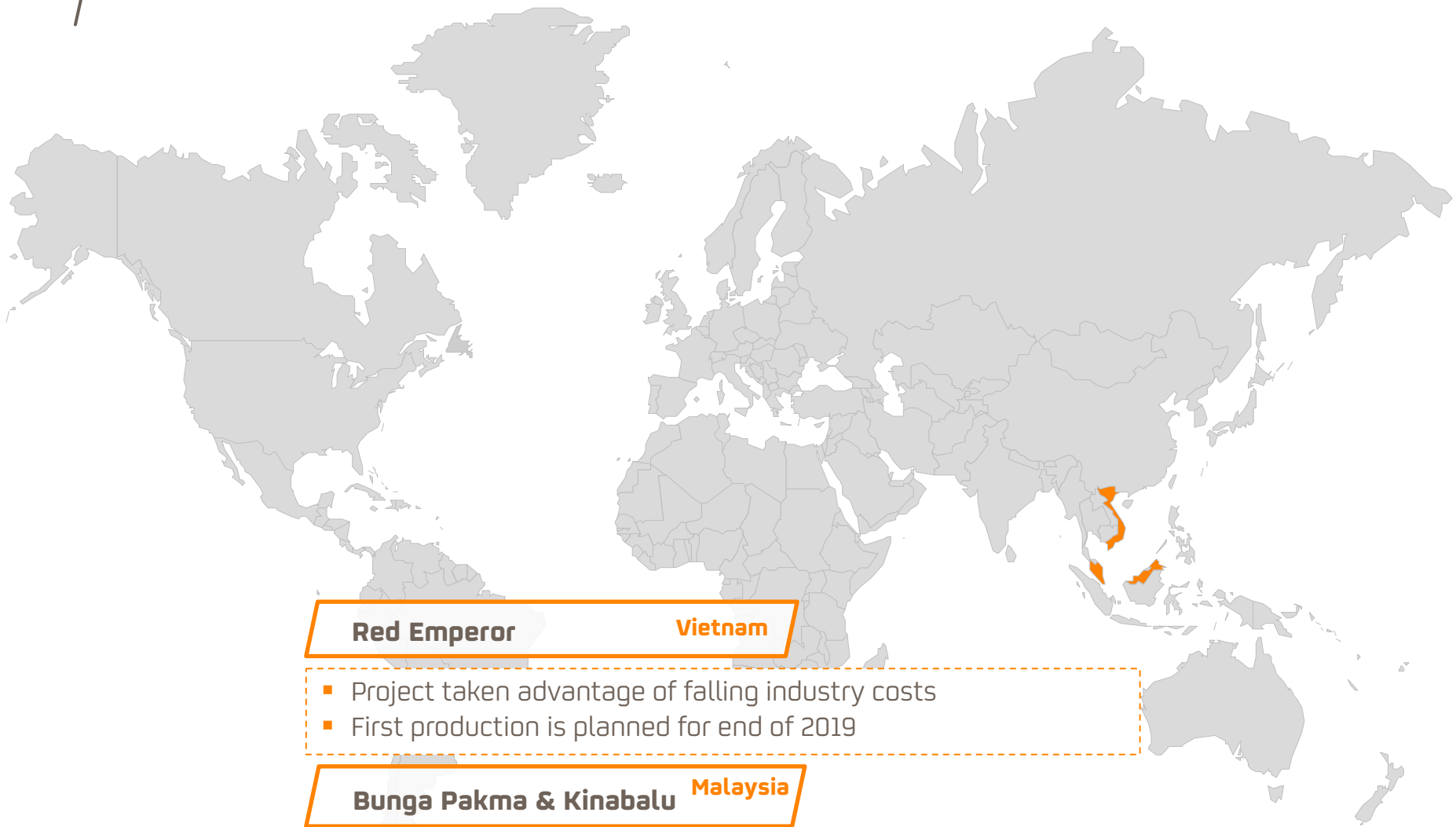
Juniper

T&T

- Start-up is planned for 2017.
- This offshore shallow water project will reach peak production of 95 Kboed [Repsol owns 30%]

Operational activity

Development projects



Red Emperor

Vietnam

- Project taken advantage of falling industry costs
- First production is planned for end of 2019

Bunga Pakma & Kinabalu

Malaysia

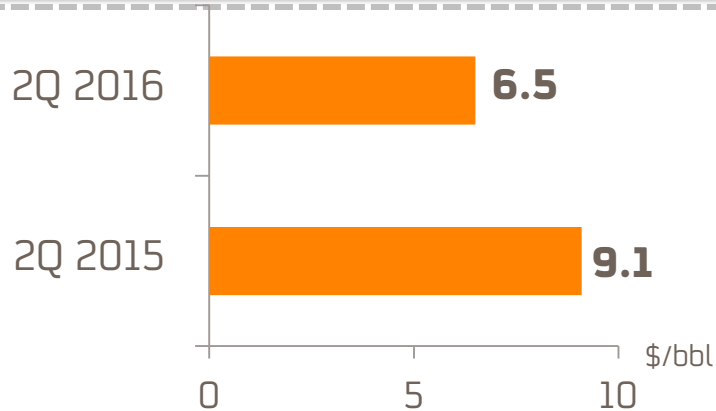
- First production projected for 2018 and 2019 respectively

Operational activity*

Downstream



Refining Margin Indicator

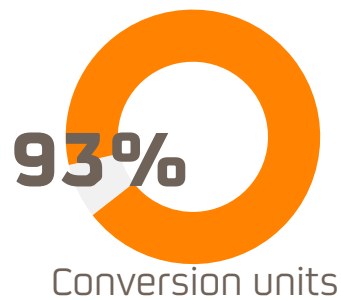
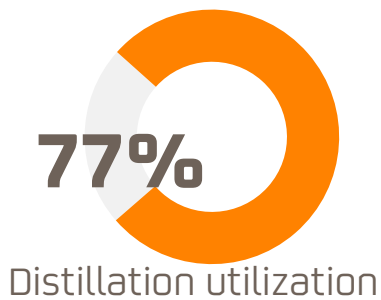


Petrochemicals businesses

- Strong performance thanks to:
 - Steady sales
 - Strong margins
 - Efficient processes

Utilization rates

2Q 2016



Commercial businesses

- **LPG** benefited from price adjustments of previous periods
- **Sales** in Service Stations increased due to seasonality

* Operational activity in refining during the quarter was affected by scheduled maintenance stoppages at Cartagena and Tarragona



Quarterly results

4

Second Quarter 2016 Results



2Q	2Q 2016	2Q 2015	% Variation
CCS Adjusted Net Income	345	312	+ 11%

Million €

	2Q 2016	2Q 2015	
Net Income	205	292	- 30%

Million €

1H	1H 2016	1H 2015	% Variation
CCS Adjusted Net Income	917	1,240	- 26%

Million €

	1H 2016	1H 2015	
Net Income	639	1,053	- 39%

Million €

Upstream Results

Adjusted Net Income



2Q 2016

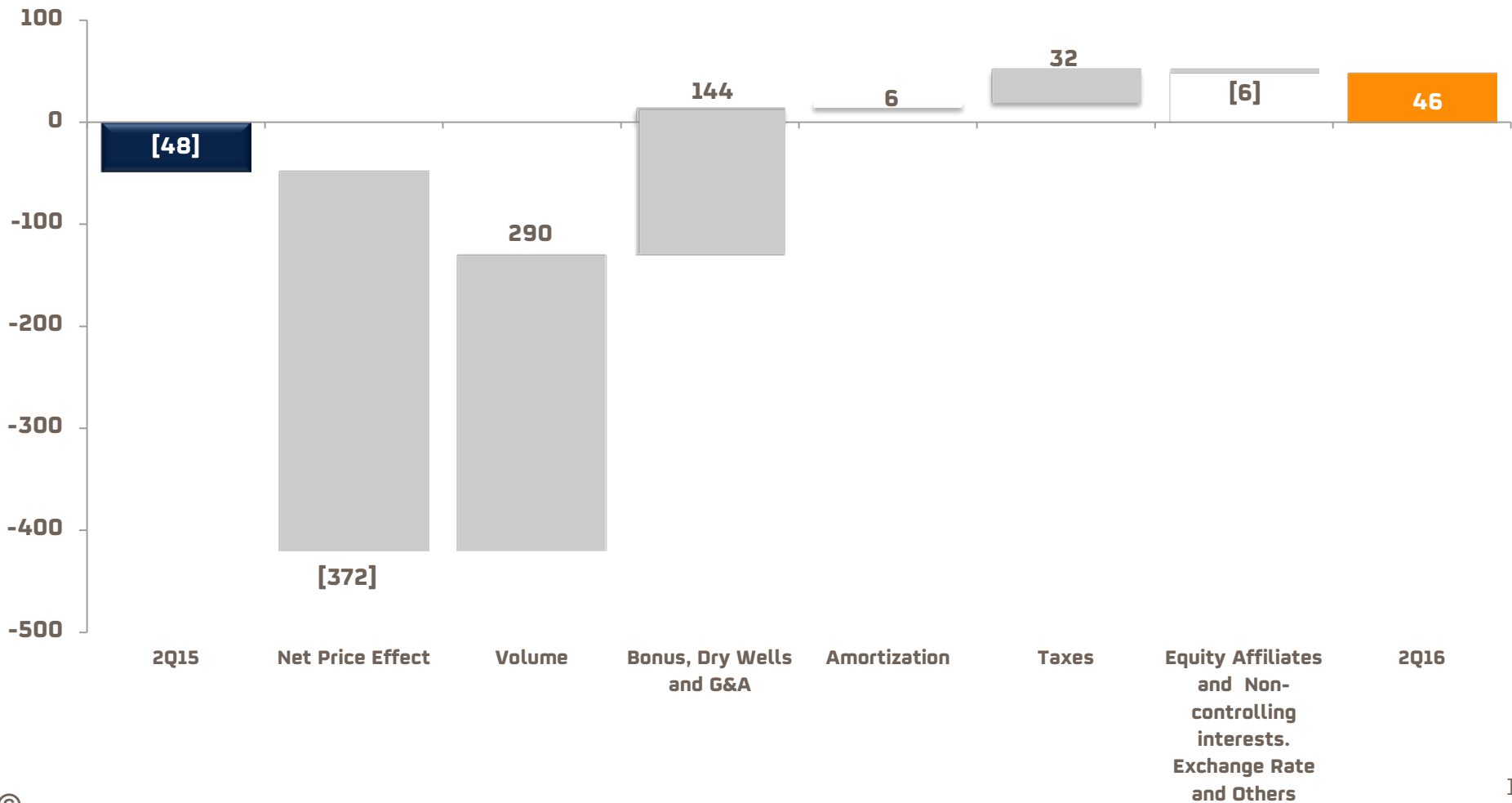
2Q 2015

Adjusted Net Income

46

-48

Million €



Downstream Results

Adjusted Net Income



2Q 2016

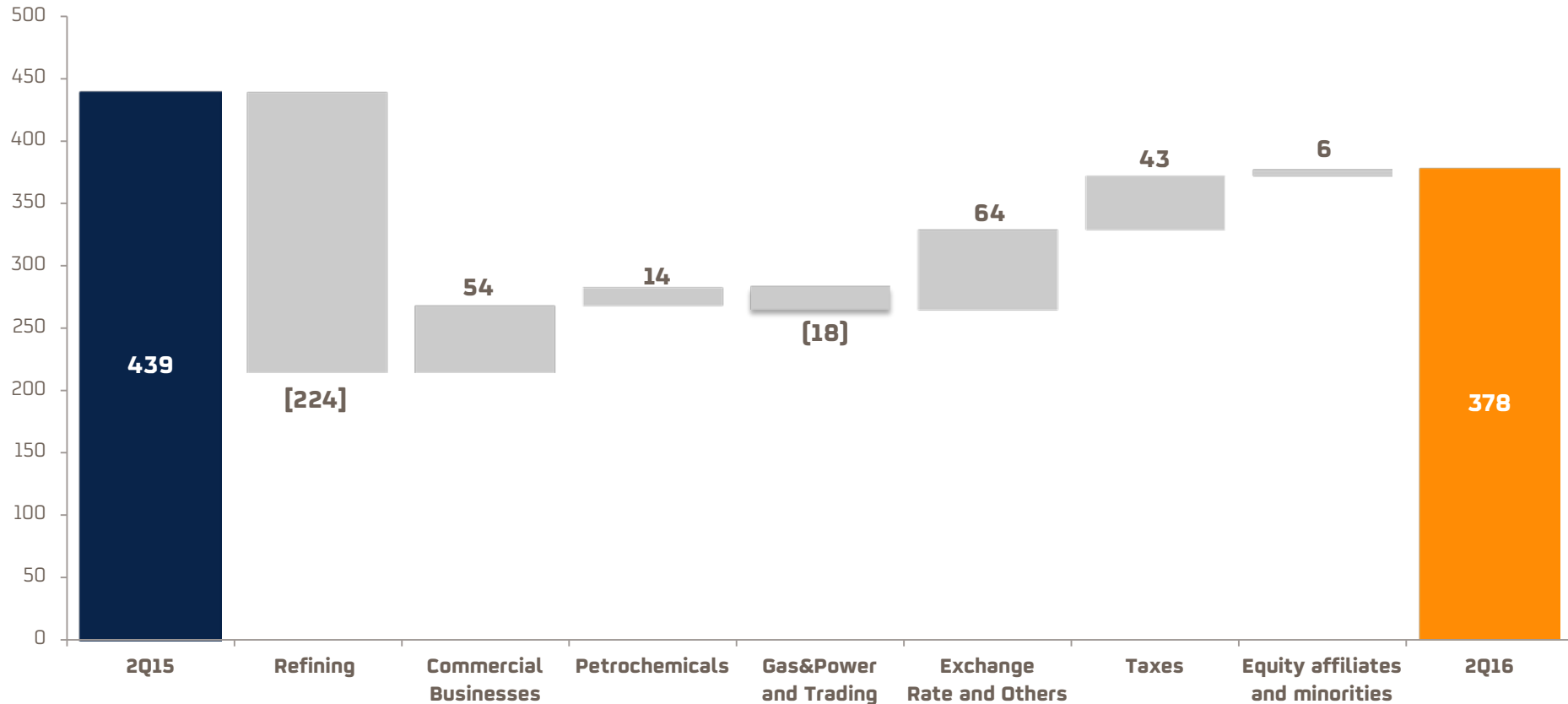
2Q 2015

CCS Adjusted Net Income

378

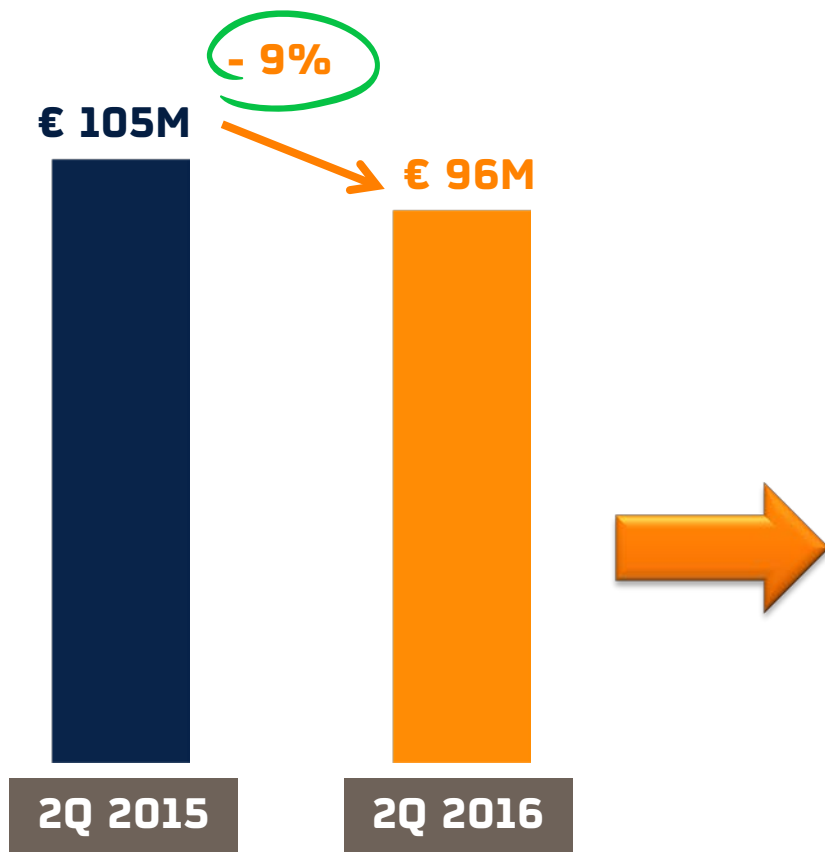
439

Million €



Gas Natural Fenosa Results

Adjusted Net Income



- Lower results from gas commercialization business

Financial Aspects



Million €

2Q 2016

2Q 2015

Net Financial Result

-185

-199

➤ Lower **interest payments** thanks to the repurchase of Talisman bonds

Million €

1Q 2016

2Q 2016

Net Financial Debt

11,978

11,709

Liquidity

~€6.7Bn



Covers 1.8 times our short term debt



Conclusions

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✓ Driving for **Cash Flow breakeven** neutrality at **\$40**

✓ **UPSTREAM**

- **Above breakeven** at the Adj. Net Income level at current prices
- Production **in line** with the Strategic Plan
- Opex and capex optimization → **Upstream FCF breakeven \$60 objective**

✓ **DOWNSTREAM**

- Major **maintenance** completed in our refineries will allow us to **capture all the potential** from our refining **conversion capacity** for the rest of the year

✓ **DIVESTMENTS**

- **Programme on track**, continuing to evaluate portfolio options

Q&A Session

Second Quarter 2016 Results

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