



## *ED Downstream*

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November 18th, 2005

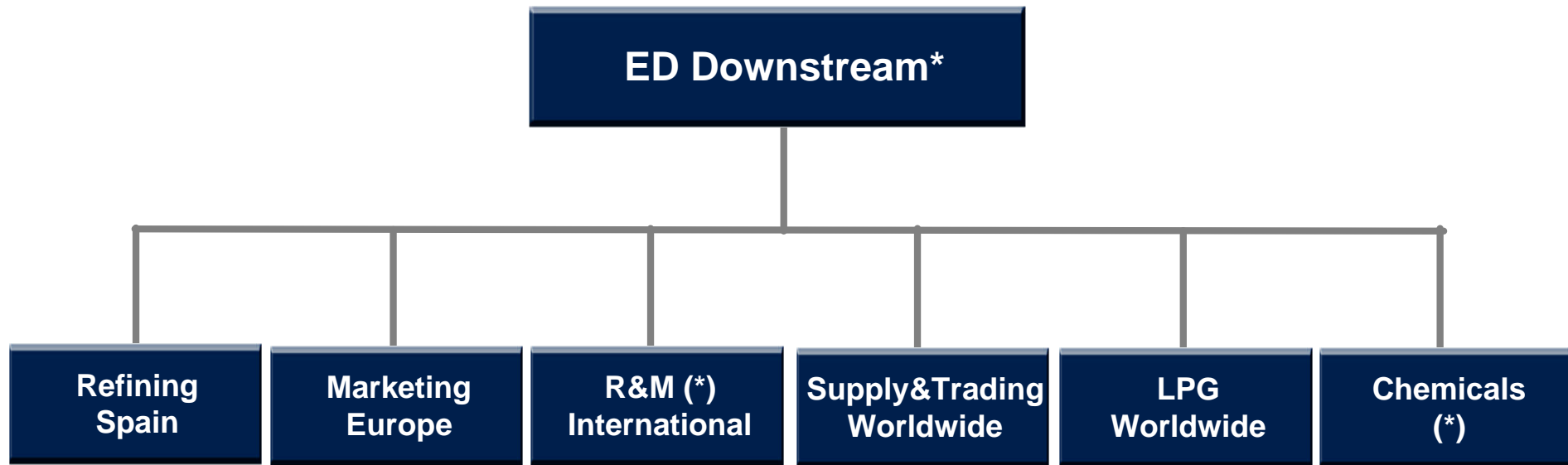
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***This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of Repsol YPF and its management, including statements with respect to trends affecting Repsol YPF's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures, cost savings, investments and dividend payout policies. These statements are not guarantees of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol YPF's control or may be difficult to predict.***

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***Repsol YPF does not undertake to publicly update or revise these forward looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.***

# ED Downstream structure



\* Excluding ABB

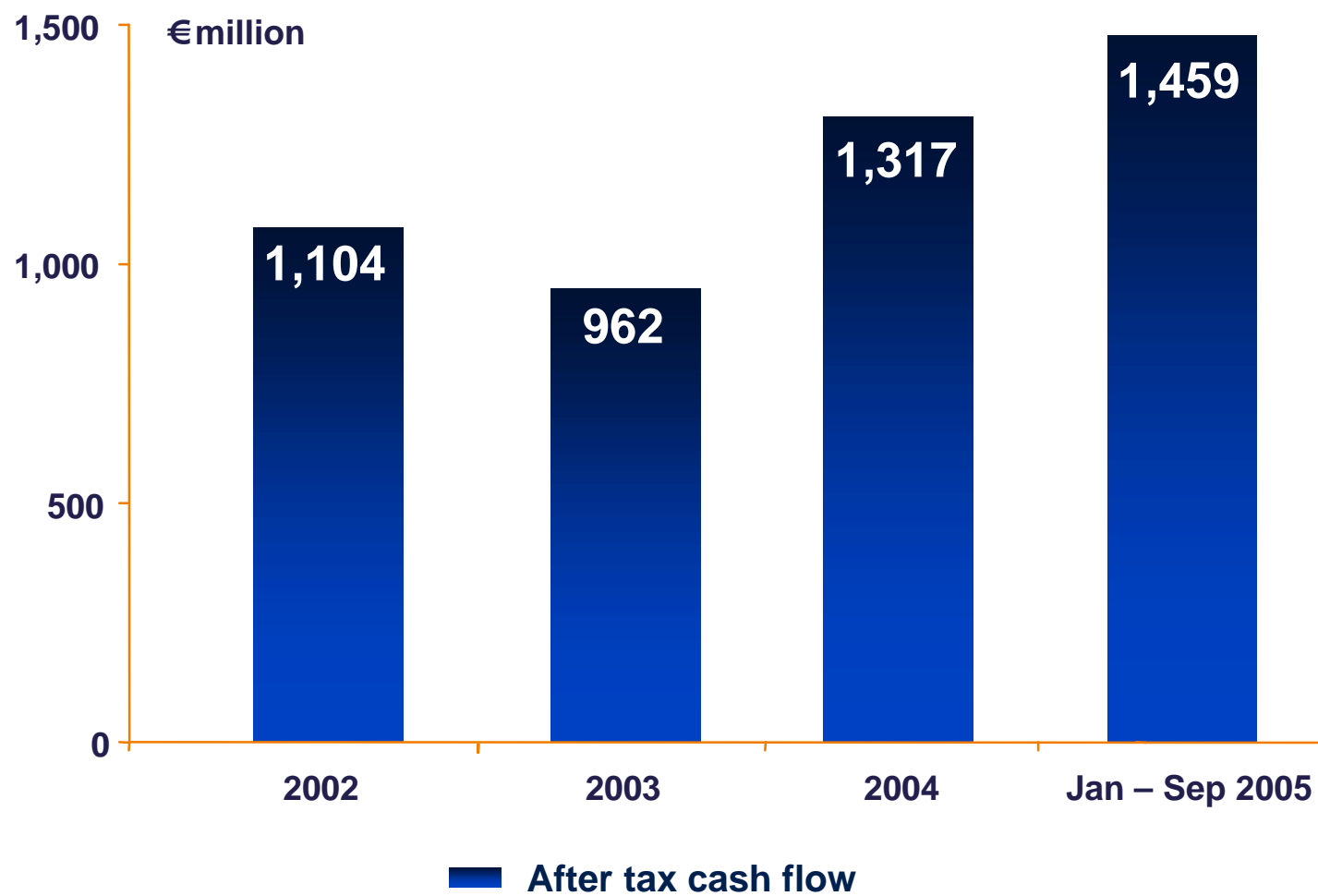
# Downstream highlights

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- **High margins and cash flow generation. Positive margins outlook**
  - Deeper conversion capacity
  - Ability to process heavier and sourer crude oils
  - Located in growing markets
  - Rising diesel imports
  - Advantages in the refining margin
- **Leadership positions in R&M with superior assets and logistics**
  - #1 Refiner in Spain and Perú
  - 5 Refineries in Spain in a single optimized system
  - #1 Marketer in Spain
  - Highly competitive retail network
- **Profitable, integrated chemical operation**
  - #1 in Petrochemicals in Spain and Portugal
- **Unique LPG position**
  - #1 LPG in Spain and Latam
  - #3 LPG Worldwide
- **Operating efficiency**

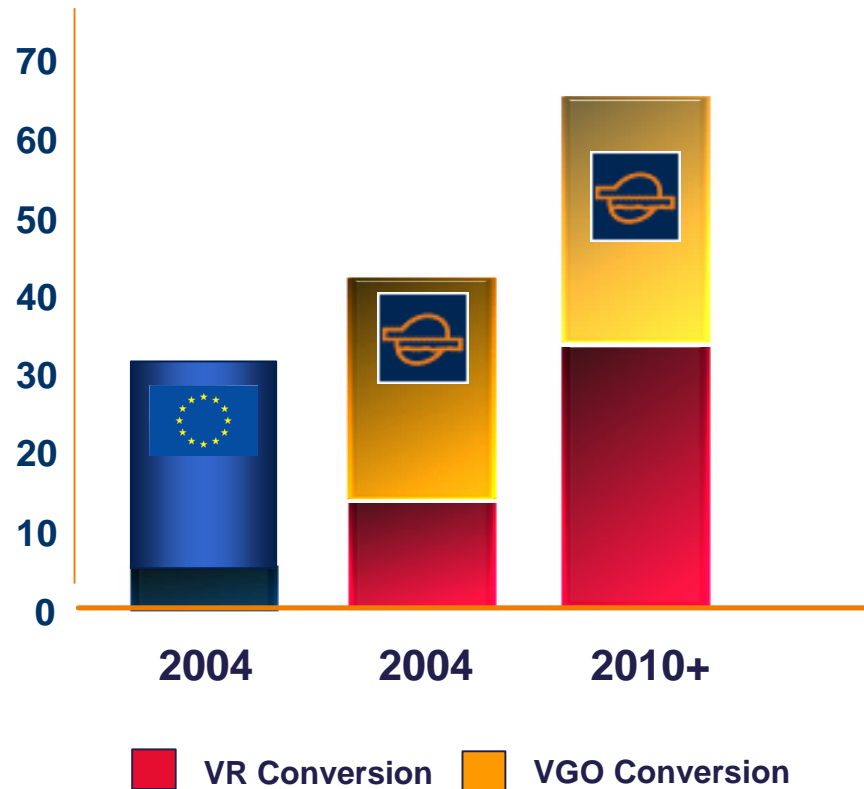
# Strong cash flow generation



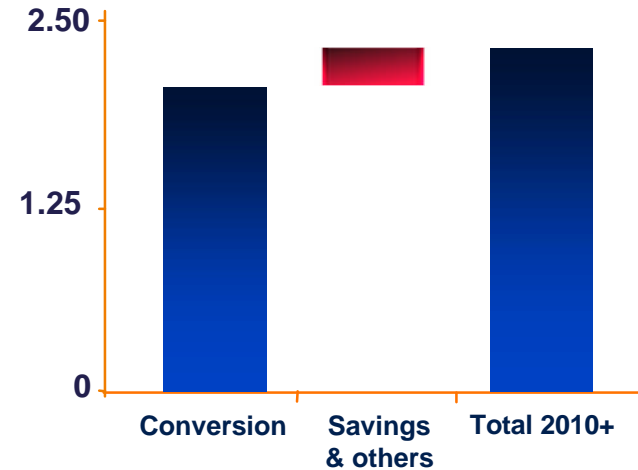
# Deeper conversion capacity creates opportunity for Repsol YPF



**Conversion Index**  
(% equivalent FCC capacity / topping)

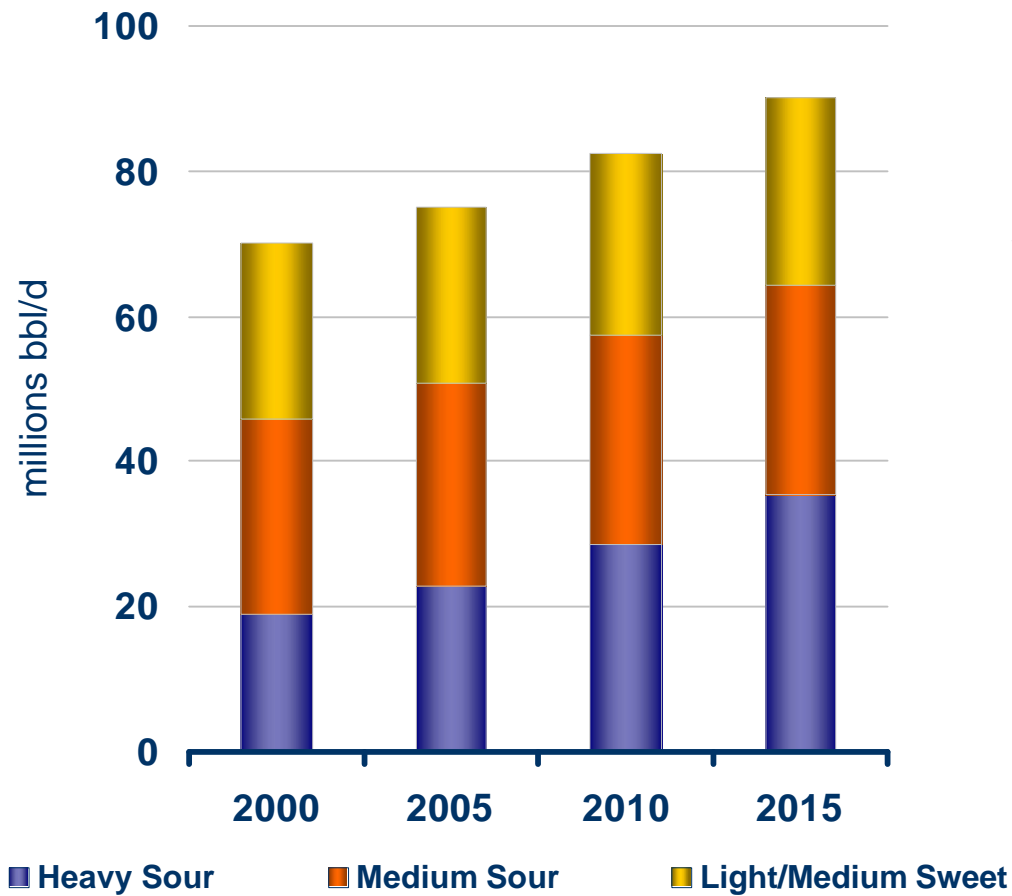


**2010+ vs. 2004**  
Refining margin improvement (\$/bbl)



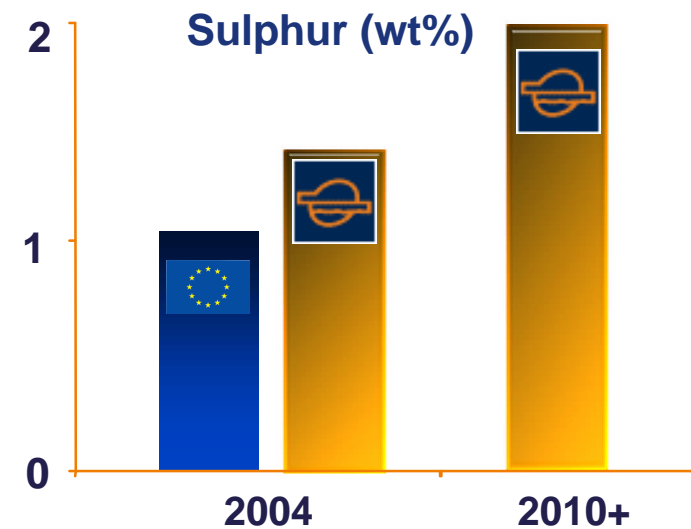
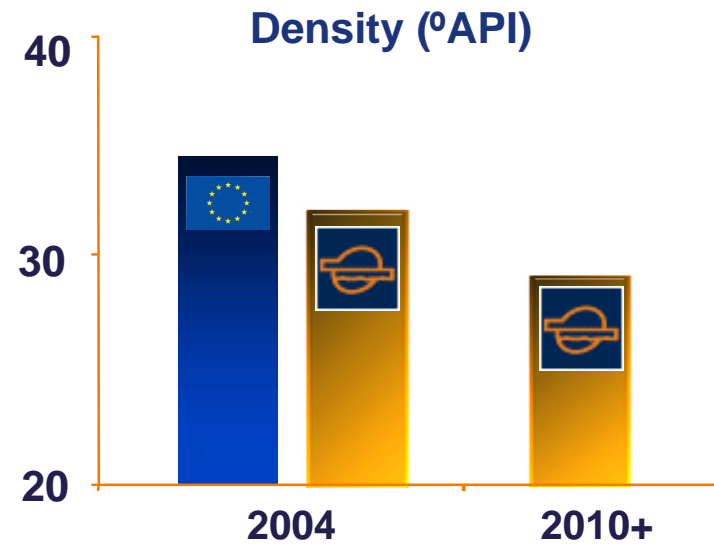
Source: Oil & Gas Journal & Repsol YPF in-house information

# Heavier crude slate creates opportunity for Repsol YPF

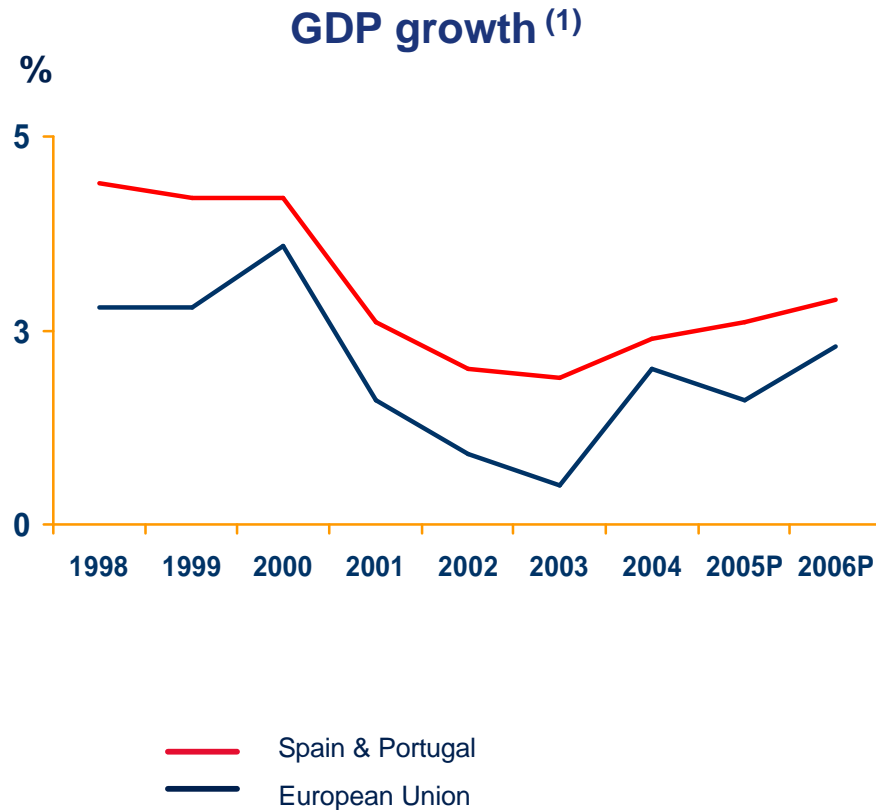


Source: Pira Energy Group

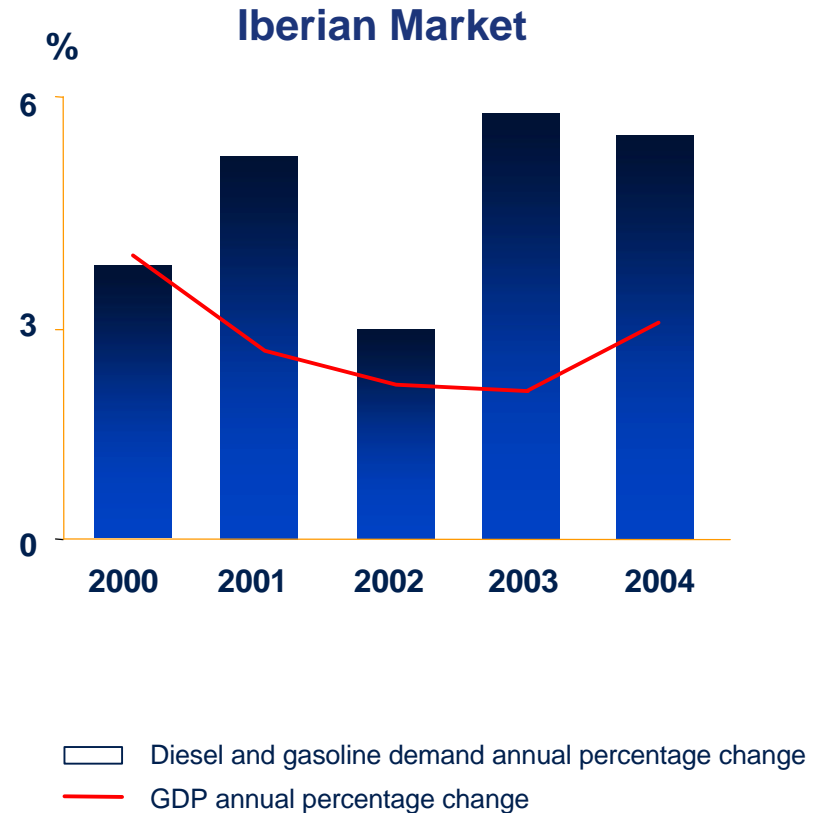
**Growth in world crude oil production will be mainly medium/heavy & sour**



# Growing Iberian market creates opportunity for Repsol YPF



Source: IMF. WEO April 2005  
 (1) Gross domestic product, constant prices, annual percentage change



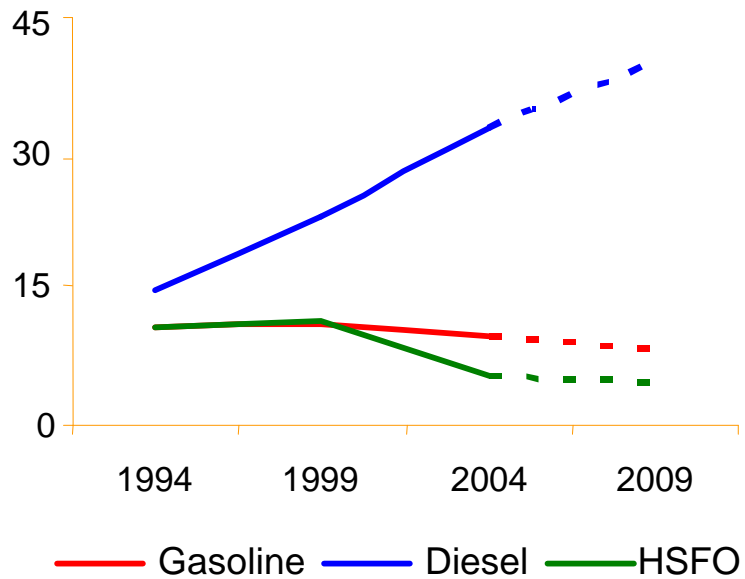
Source: PFC Energy (demand) and IMF WEO April 2005 (GDP)



# Rising diesel imports create opportunity for Repsol YPF margins

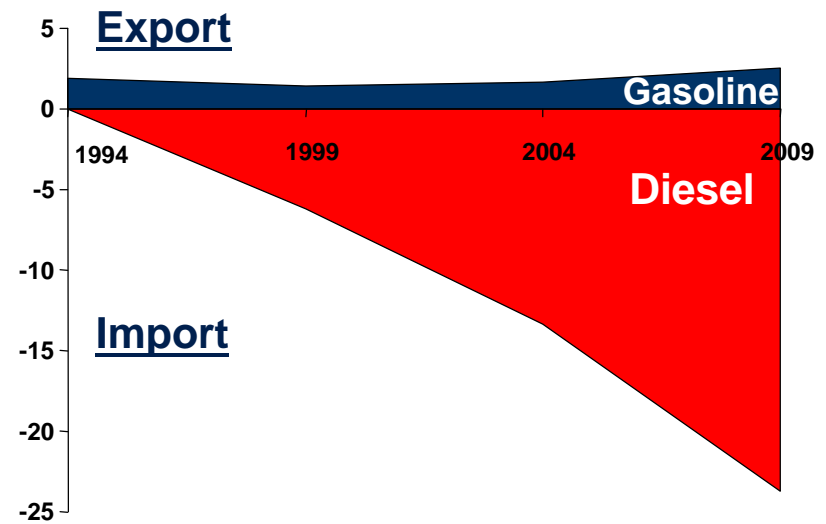


Oil Product Demand – Iberia (Mt)



Source: PFC Energy

Iberian Market (Mt/y)

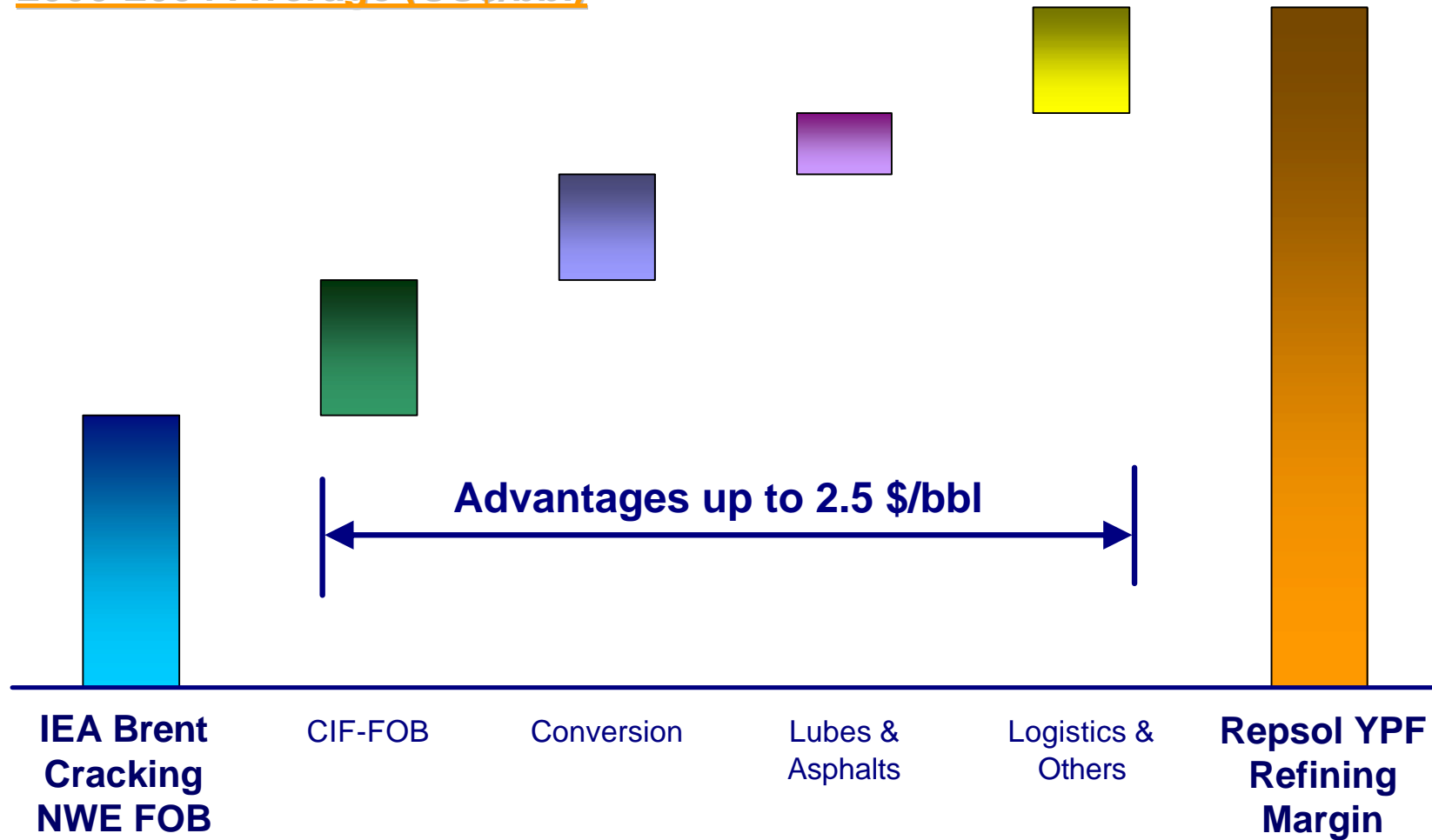


Source: IEA

# Advantages in refining margin creates opportunity for Repsol YPF



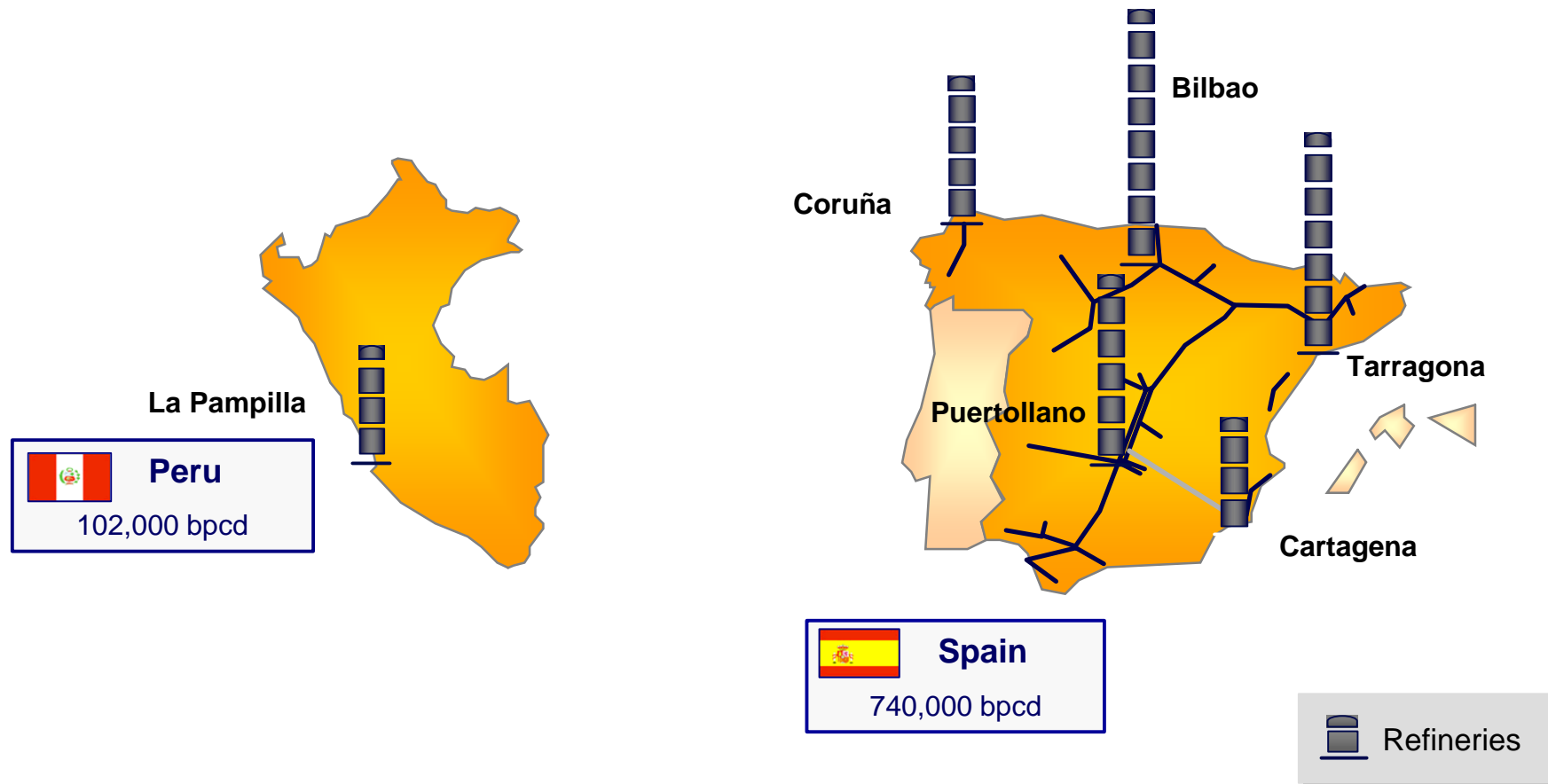
## 2000-2004 Average (US\$/bbl)



# Repsol YPF leadership position in Refining







#1 Refining in Spain (57% share) and Peru (52% share)



# Superior logistics in Spain: Five refineries in a single optimized system



Refinery Capacity (kbpd)	
Coruña	120
Bilbao	220
Tarragona	160
Cartagena	100
Puertollano	140
<b>Total</b>	<b>740</b>

-  Repsol YPF refinery
-  Other refineries
-  Product pipelines CLH
-  Oil pipeline Repsol YPF

**Investments well advanced to meet 2009 EU specifications**



## #1 Marketing in Spain (40%)



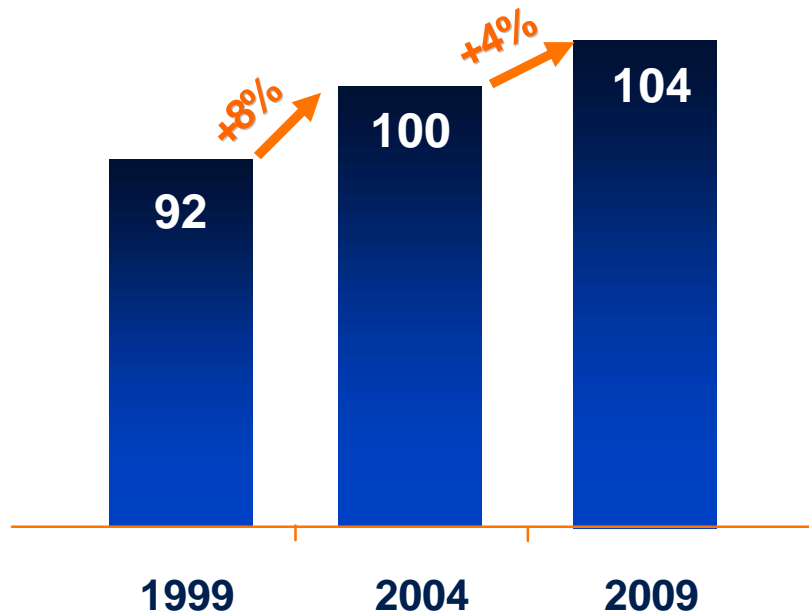
As of September 2005

# Highly competitive retail network



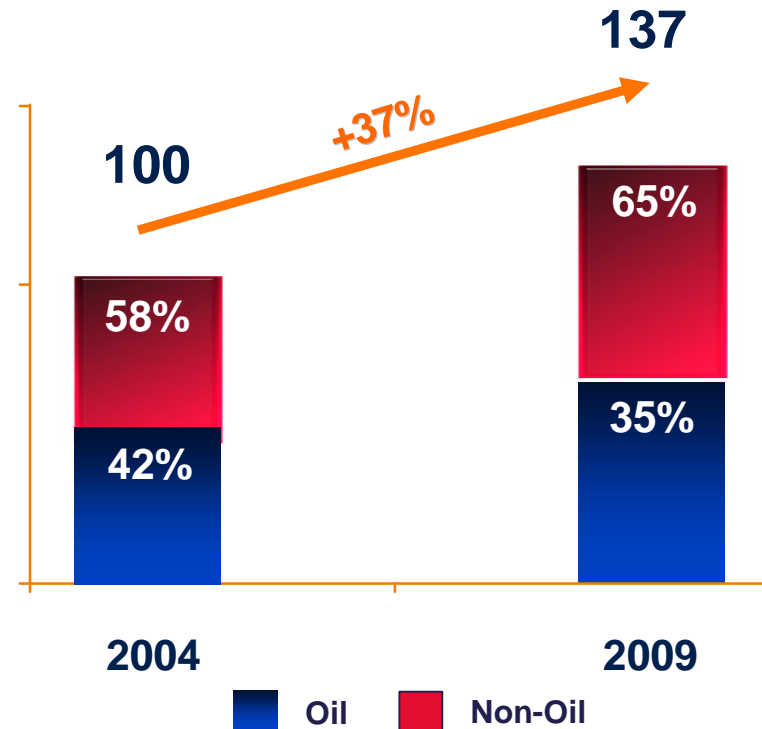
Sales market share / outlets market share (Spain)

% Index 2004=100

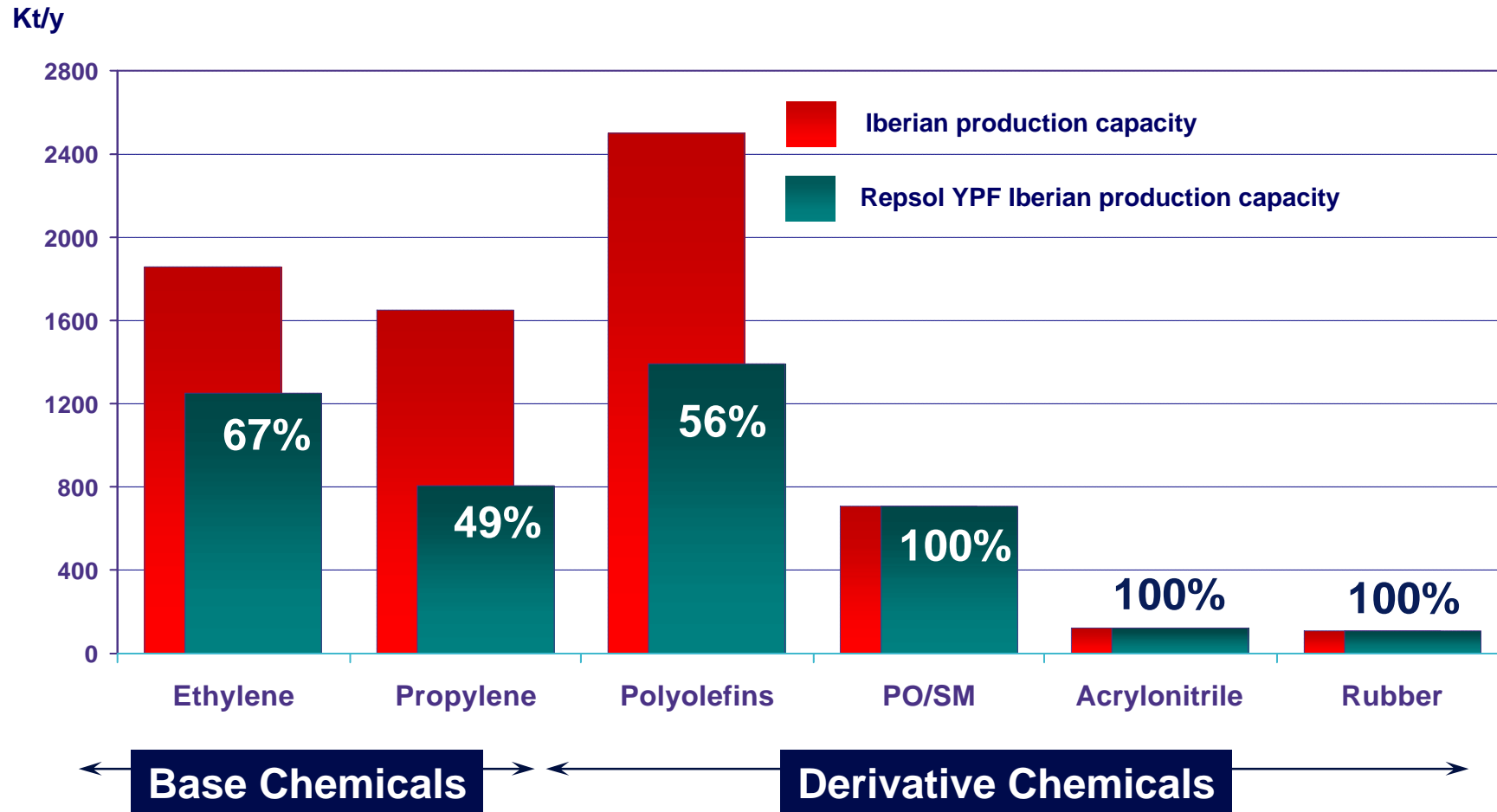


Company operated network operating revenues (Spain)

% Index 2004=100



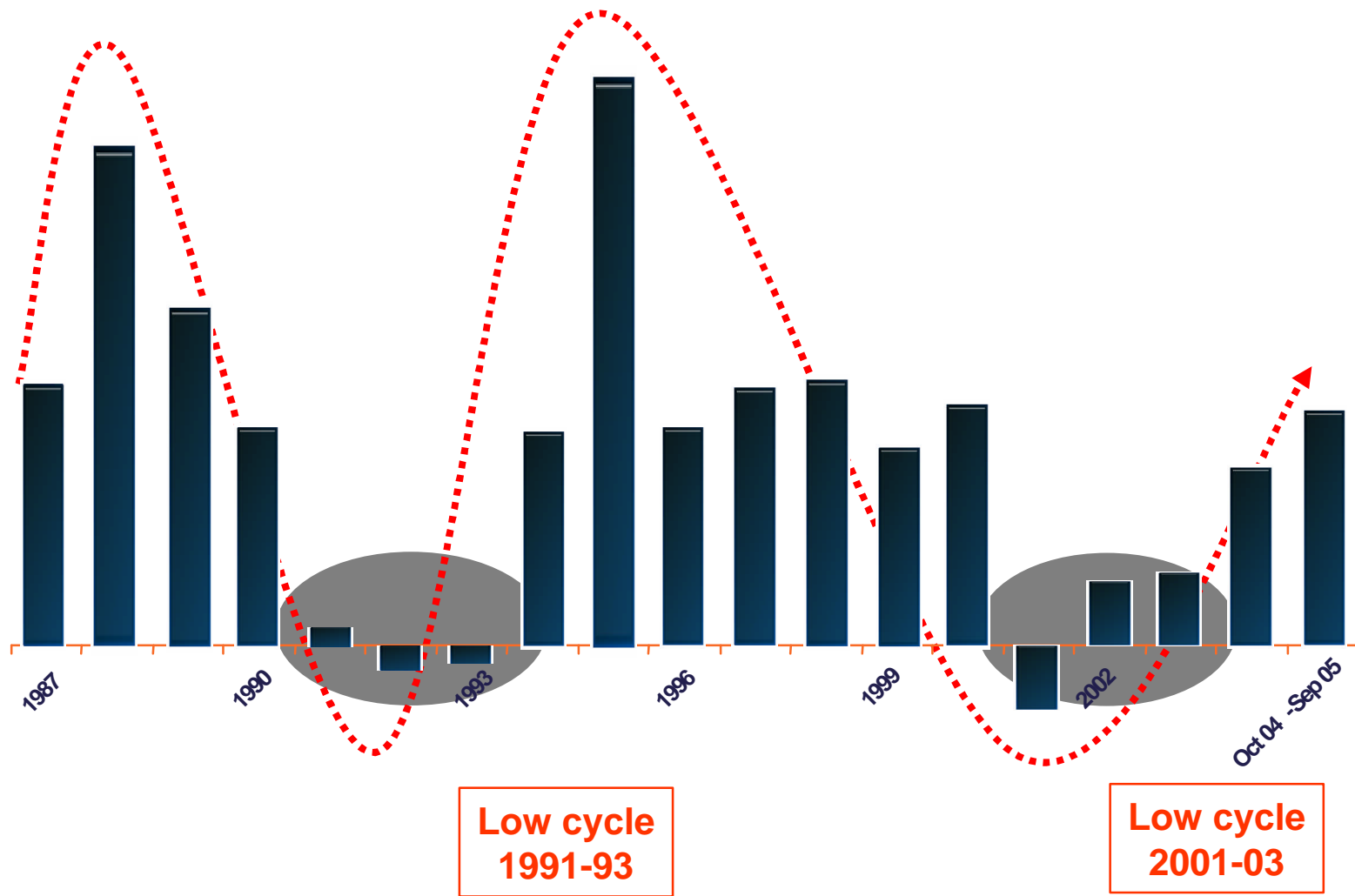
## #1 Petrochemicals in Spain and Portugal



# Chemicals cycle upturn

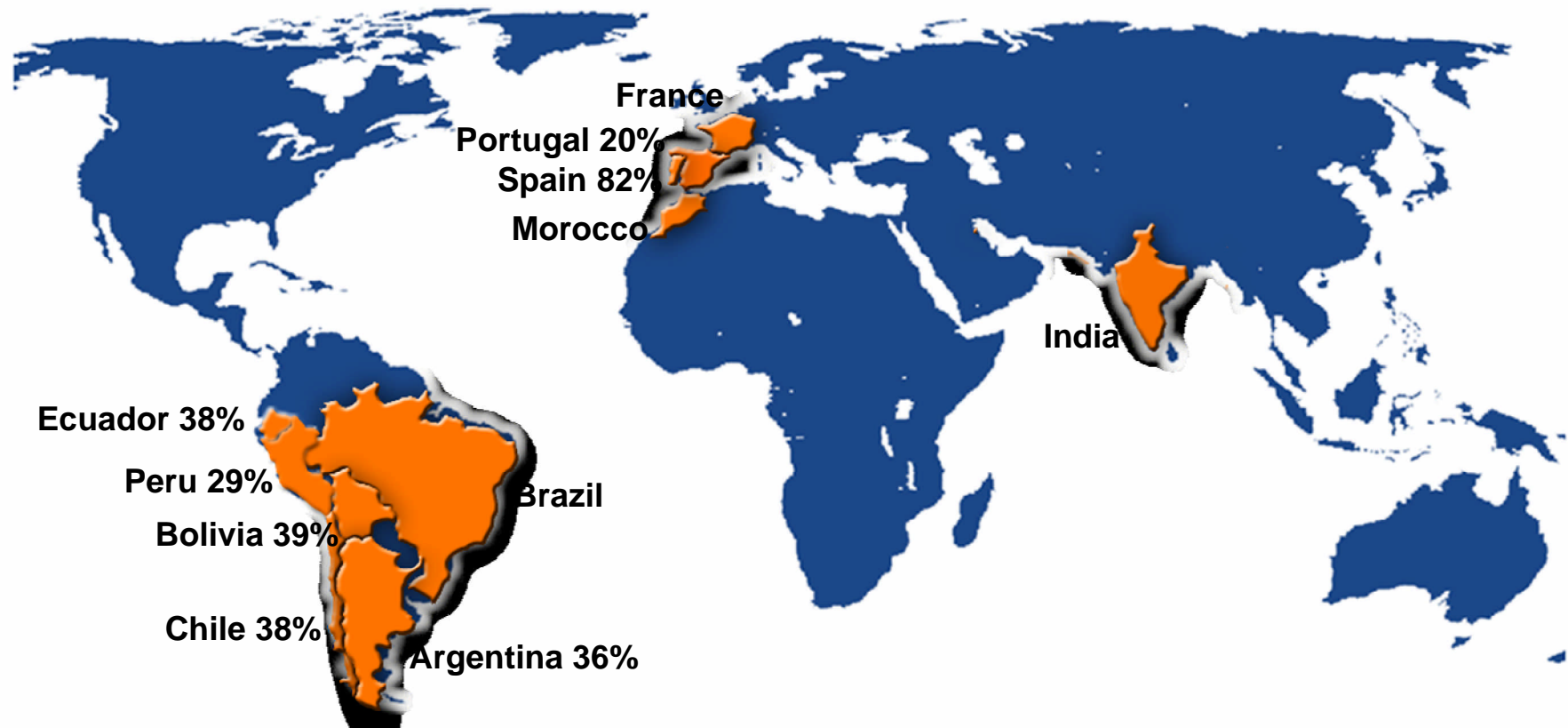


## Operating income





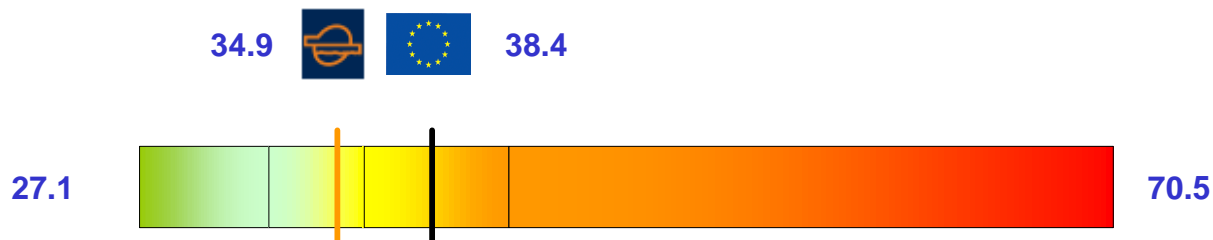
**#1 LPG in Spain (82% share) and Latam (30 - 40%)**



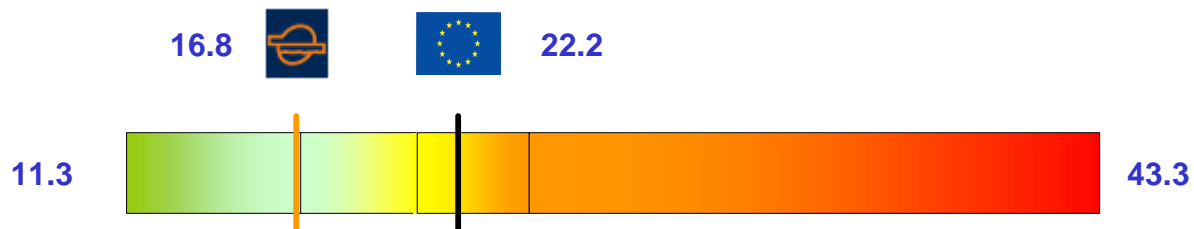
# Refining cost efficiency



**2004**  
**Total Cash Operating Expense**  
**(USD cents/UEDC)**



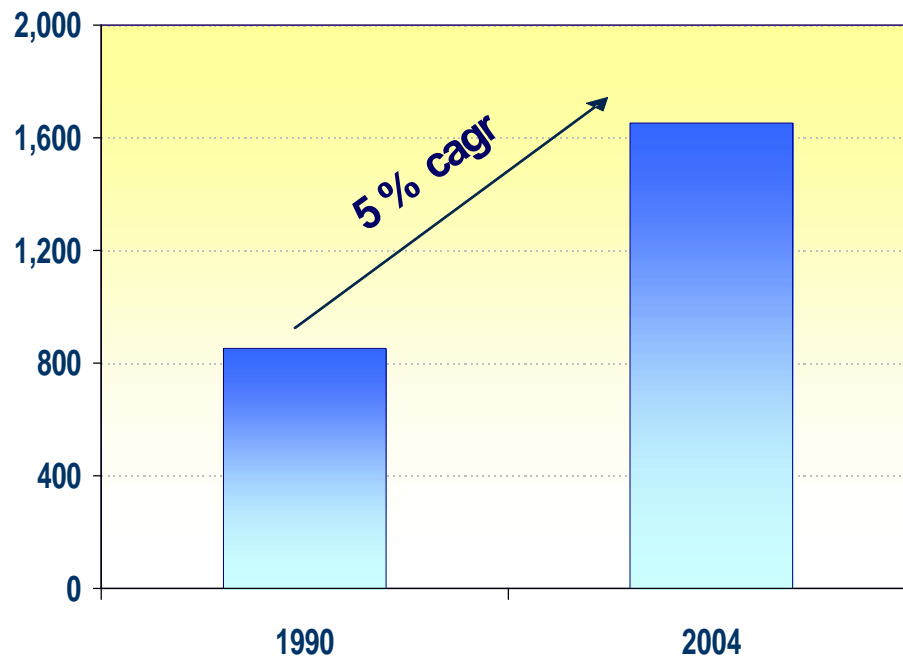
**2004**  
**Maintenance Index**  
**(USD/EDC)**



Source: Solomon Fuels Performance Analysis 2004

## Productivity improvement in LPG business: 5% cagr in the last 15 years

**Productivity of Repsol Butano (Spain)**  
(sales(t)/employee)



- Repsol Butano is the most efficient LPG distributor worldwide
- Best practices and management model for:
  - reducing operating costs
  - increasing productivity
- Know-how is being applied to Latin American operations

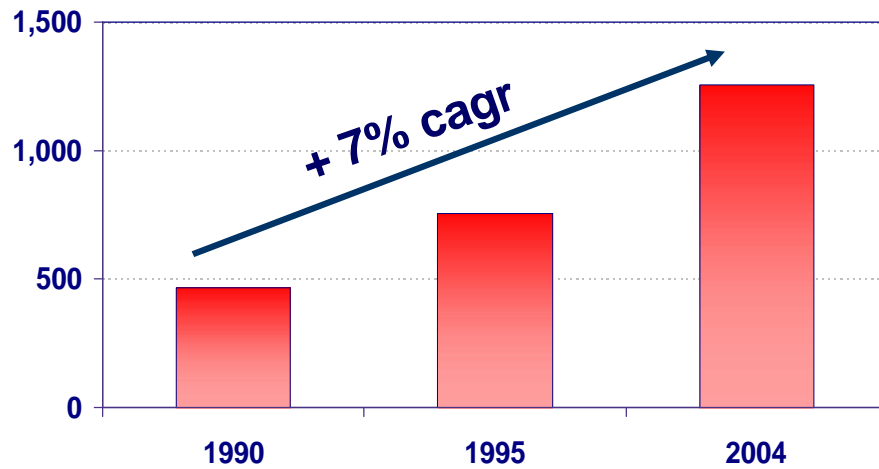
# Operating efficiency in Chemicals



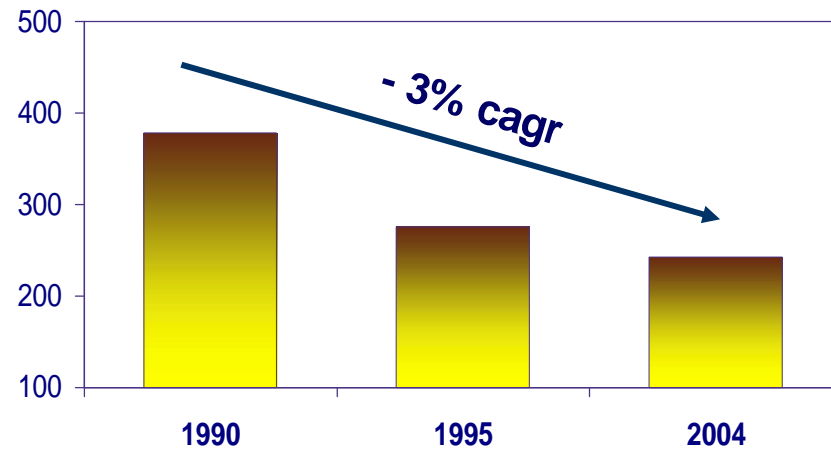
Productivity improved over 7%  
cagr in the last 15 years

Reduction in costs above  
3% cagr in the last 15 years

Sales (t)/employee

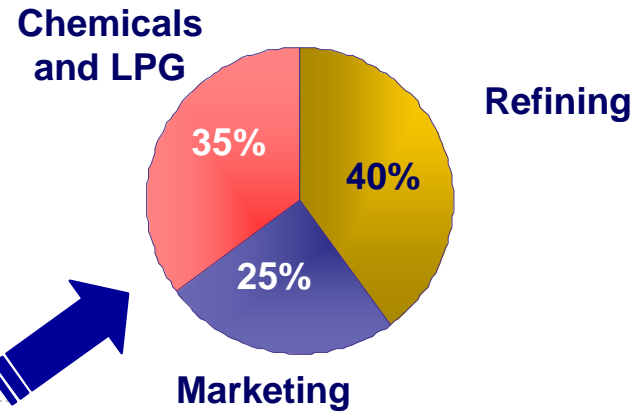
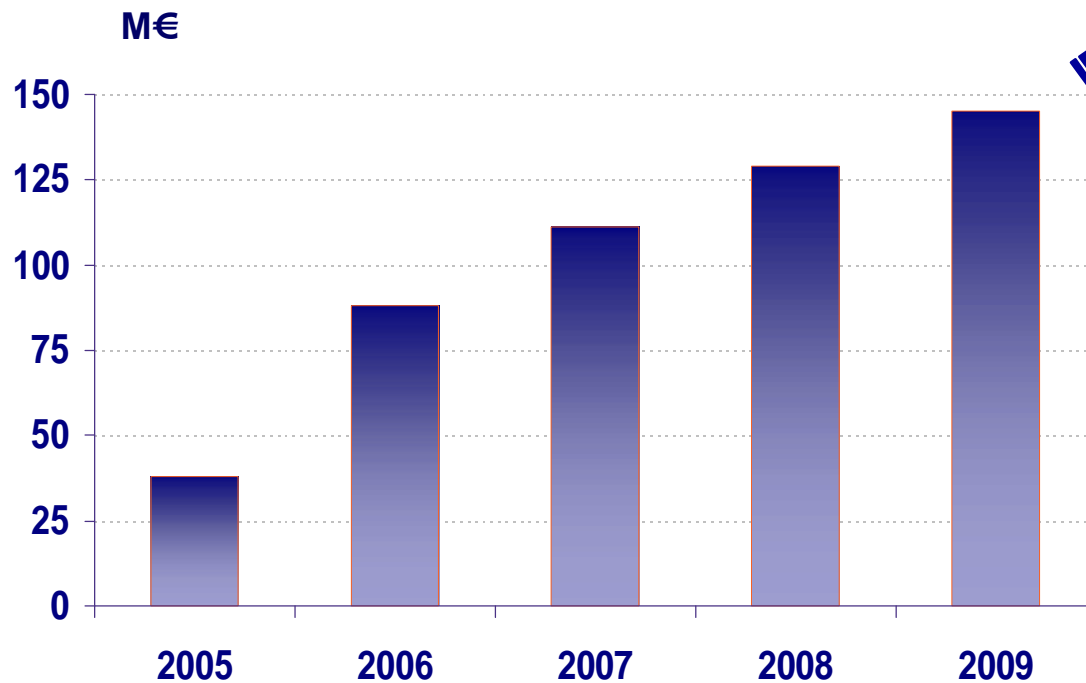


2004 Euro / sales (t)



# Cost reduction

**500 M€ cumulative  
5 years saving**



- Staff cost reduction
- Streamlining business process
- Improvement in energy efficiency
- Improve procurement function and optimize logistics

## ED Downstream strategy highlights

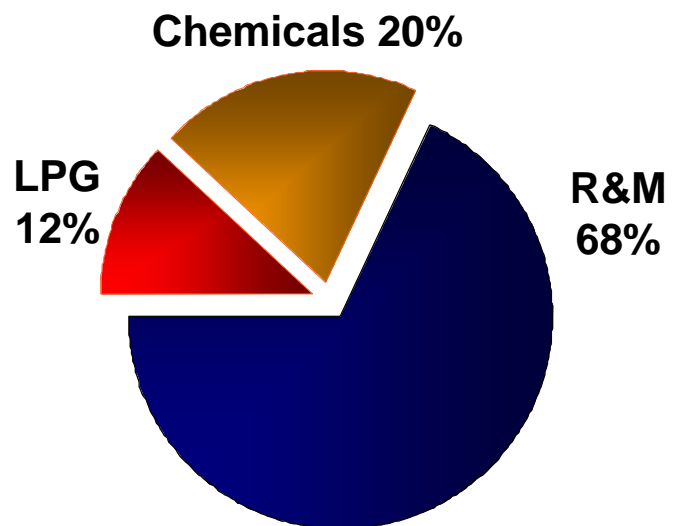
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- Leadership position through continuous updating of refining schemes, to guarantee compliance with specifications, demand coverage, enhanced product quality, and treatment of sourer and heavier crude oils.
- Leverage of refining and logistics positions. Balance in the coverage of refining capacity with own marketing.
- Consolidation of our position in the Iberian peninsula and growth in marketing in neighbouring countries
- Quality, loyalty schemes and customer satisfaction to bolster leading position
- Strengthening of Repsol YPF's presence in the global LPG market
- Chemicals strategy based on consolidation and growth in strategic businesses
- Maximize profitability and competitiveness

# ED Downstream capex 05-09

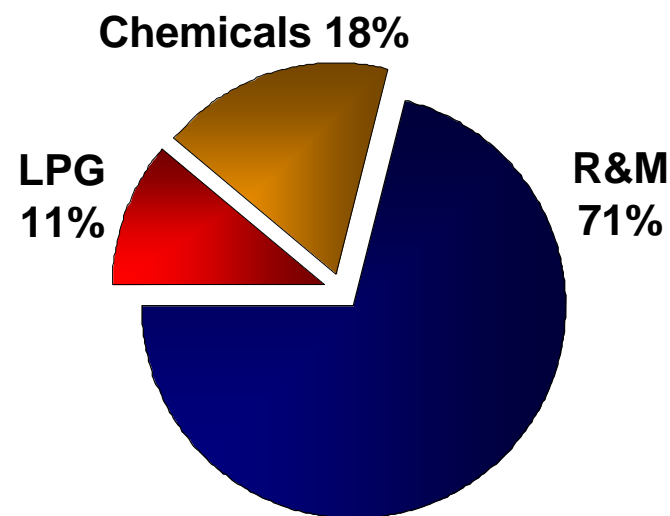


## Strategic Plan 05-09



€5,700 M

## Updated Capex 05-09 (1)

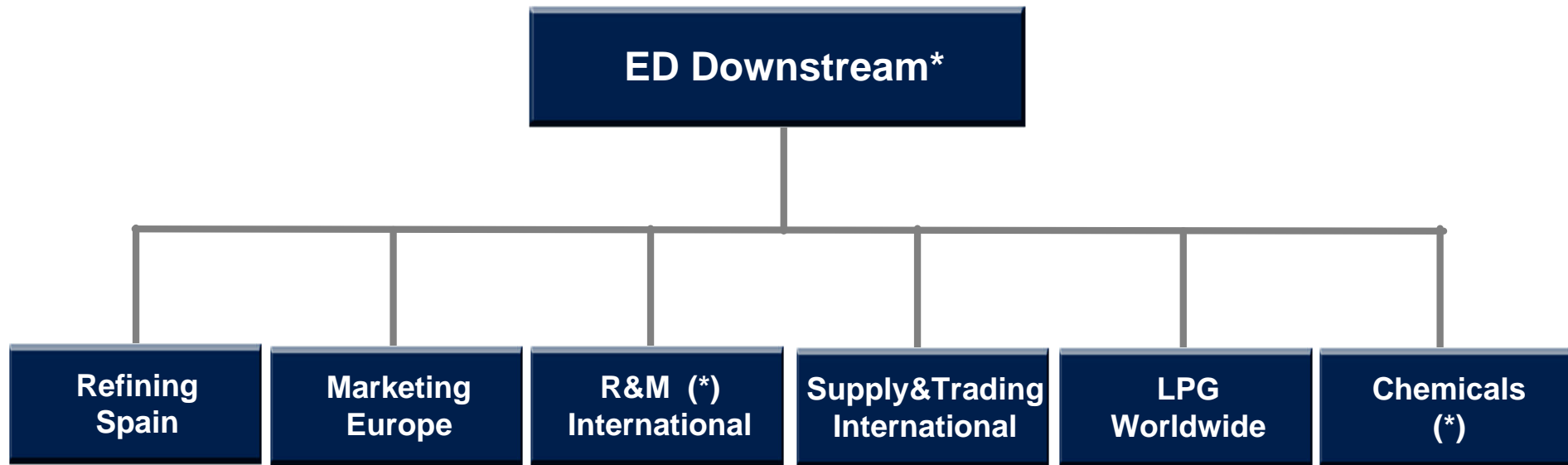


€6,200 M

+ 9 %

(1) Faster development of refining projects (similar total projects investment, but more capex concentrated in 05 – 09)

# ED Downstream organization



\* Excluding ABB