

# Q2 2019 RESULTS

July 24, 2019



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## 2Q19: Cash generation in a volatile environment

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Upstream	360	323	323	(10.3)	647	646	(0.2)
Downstream	337	404	311	(7.7)	762	715	(6.2)
Corporate and Others	(148)	(109)	(137)	(7.4)	(277)	(246)	(11.2)
<b>Adjusted Net Income</b>	<b>549</b>	<b>618</b>	<b>497</b>	<b>(9.5)</b>	<b>1,132</b>	<b>1,115</b>	<b>(1.5)</b>

### ADJUSTED NET INCOME

**€497 M [-9%]**

Adjusted net income in the 2Q19 was €497 million, 9% lower year-on-year.

### OPERATING CASH FLOW

**€1,369 M [+70%]**

Operating Cash Flow was €1,369 million in the 2Q19, 70% higher year-on-year.

### NET DEBT

**€3,662 M [€24 M lower]**

The Group's **net debt** at the end of the quarter stood at €3,662 million, €24 million lower than at the end of the first quarter of 2019. The **strong cash flow** from operating activities more than covered investments, dividends and interests as well as the discretionary acquisition of treasury shares.

Including leases, the net debt at the end of the 2Q19 stands at €7,464 million after the application of the IFRS 16.

### ADDITIONAL SHARE CAPITAL REDUCTION

**5% of the share capital**

On July 23, the Board of Directors of Repsol, S.A., resolved to submit for the approval of the next Annual Shareholders' Meeting a proposal to reduce the share capital by an amount equivalent to 5% of the Company's share capital as of 31 December 2018, through the cancellation of treasury shares, **in addition** to the capital reduction in the context of the shareholders' remuneration through scrip dividends.

### UPSTREAM

**€323 M [-10%]**

**Upstream production** reached an average of 694 kboe/d in the second quarter of 2019, 27 kboe/d lower year-on-year, primarily due to maintenance activities in Trinidad & Tobago and Peru, as well as a lower gas demand in Venezuela, the divestment of MidContinent (USA), the expiration of the Jambi Merang's license (Indonesia) and the natural decline of fields. This was partially compensated by the connection of new wells in Akacias (Colombia) and Duvernay (Canada), the acquisition of Mikkell (Norway) and the startup of Buckskin (USA).

Repsol and its partners achieved first oil in **Buckskin (USA)** during the quarter ahead of schedule and with a cost reduction of more than 40%. Once fully established, the Phase one production rate at Buckskin is anticipated to reach 30,000 gross barrels of oil per day.

Repsol signed a Memorandum of Understanding (MOU) on commercialization of natural gas from **Sakakemang** (Indonesia) Working Area with PGN.

The extension of the contract for the **Corridor** (Indonesia) natural gas block was announced in July. The existing contract, expiring in late 2023, will be extended by 20 years.

## DOWNSTREAM

**€311 M [-8%]**

In **Downstream**, adjusted net income was €311 million, 8% lower year-on-year mainly due to lower results in Refining. This was partially offset by the good performance of the Chemical business, Repsol Peru and the appreciation of the dollar against the euro.

Repsol has agreed the development of **two wind projects** in the Spanish regions of Aragon and Castilla y Leon and a **photovoltaic power plant** in Andalucia with a total installed capacity of **800 MW** which will be built and operated by its electricity and gas business. The company will achieve **90% of its target** capacity for low-emissions generation of 4,500 MW by 2025.

## CORPORATE & OTHERS

**€-137 M**

Holders of 72% free-of-charge allocation rights opted to receive new shares of Repsol within the July '19 **shareholder remuneration** "Repsol Flexible Dividend".

## KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Upstream	360	323	323	(10.3)	647	646	(0.2)
Downstream	337	404	311	(7.7)	762	715	(6.2)
Corporate and Others	(148)	(109)	(137)	(7.4)	(277)	(246)	(11.2)
<b>Adjusted Net Income</b>	<b>549</b>	<b>618</b>	<b>497</b>	<b>(9.5)</b>	<b>1,132</b>	<b>1,115</b>	<b>(1.5)</b>
Inventory effect	211	3	60	(71.6)	202	63	(68.8)
Special items	176	(13)	(32)	-	212	(45)	-
<b>Net Income</b>	<b>936</b>	<b>608</b>	<b>525</b>	<b>(43.9)</b>	<b>1,546</b>	<b>1,133</b>	<b>(26.7)</b>

Economic data (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
EBITDA	2,007	1,810	1,902	(5.2)	3,811	3,712	(2.6)
EBITDA CCS	1,713	1,803	1,819	6.2	3,529	3,622	2.6
Investments	647	598	870	34.5	1,245	1,468	17.9
Net Debt	2,706	3,686	3,662	35.3	2,706	3,662	35.3
Net Debt with leases	-	7,457	7,464	-	-	7,464	-
Net Debt / EBITDA CCS (x)	0.39	0.53 <sup>*</sup>	0.53 <sup>*</sup>	34.2	0.38	0.53	38.2

Operational data	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Liquids Production (Thousand bbl/d)	263	244	258	(1.9)	266	251	(5.6)
Gas Production <sup>(**)</sup> (Million scf/d)	2,577	2,561	2,446	(5.1)	2,574	2,504	(2.7)
<b>Total Production</b> (Thousand boe/d)	<b>722</b>	<b>700</b>	<b>694</b>	<b>(3.9)</b>	<b>724</b>	<b>697</b>	<b>(3.7)</b>
Crude Oil Realization Price (\$/bbl)	67.5	56.5	62.2	(7.9)	64.2	59.6	(7.2)
Gas Realization Price (\$/Thousand scf)	3.1	3.4	3.1	0.0	3.3	3.2	(3.0)
Distillation Utilization Spanish Refining (%)	88.4	92.8	85.9	(2.8)	90.4	89.3	(1.2)
Conversion Utilization Spanish Refining (%)	103.5	102.1	101.8	(1.6)	103.9	102.0	(1.8)
Refining Margin Indicator in Spain (\$/bbl)	7.2	5.3	3.5	(51.4)	6.9	4.4	(36.2)

<sup>(\*)</sup> EBITDA CCS excludes the leases effect arising from the new accounting regulation (IFRS 16). <sup>(\*\*)</sup> 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d.

### Second quarter 2019 results

**Adjusted net income** in the second quarter was €497 million, 9% lower year-on-year. **Net income** amounted to €525 million, 44% lower year-on-year mainly due to the net capital gain from the sale of the stake in Naturgy in the second quarter of 2018.

Quarterly results for the business segments are summarized as follows:

- In **Upstream**, adjusted net income was €323 million, €37 million lower than in the same period of 2018 mainly due to lower prices and volumes. This was partially offset by lower exploration costs and other costs and the appreciation of the dollar against the euro.
- In **Downstream**, adjusted net income was €311 million, 8% lower year-on-year mainly due to lower results in Refining. This was partially offset by the good performance of the Chemical business, Repsol Peru and the appreciation of the dollar against the euro.

- In **Corporate and others**, adjusted net income was €-137 million compared to €-148 million in the same period in 2018. In **Corporate** due to lower corporate expenses and in **Adjustments** mainly due to the positive impact of the lower adjustments within intra-group crude oil sales and own use, between the Upstream and Downstream segments. Furthermore, in the **Financial Results** as a consequence of lower net interest expenses that were able to compensate higher financial costs mainly due to the application of IFRS16 and lower results in the management of positions.

**EBITDA CCS** in the second quarter of 2019 was €1,819 million, 6% higher year-on-year.

The Group's **net debt** at the end of the quarter stood at €3,662 million, €24 million lower than at the end of the first quarter of 2019. The strong cash flow from operating activities more than covered investments, dividends and interests as well as the discretionary acquisition of treasury shares.

# NET INCOME PERFORMANCE BY BUSINESS SEGMENT

## Upstream

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
<b>Adjusted Net Income</b>	<b>360</b>	<b>323</b>	<b>323</b>	<b>(10.3)</b>	<b>647</b>	<b>646</b>	<b>(0.2)</b>
Operating income	681	562	612	(10.1)	1,236	1,174	(5.0)
Income tax	(323)	(247)	(300)	(7.1)	(594)	(547)	(7.9)
Income from equity affiliates and non-controlling interests	2	8	11	-	5	19	280.0
EBITDA	1,188	1,064	1,149	(3.3)	2,289	2,213	(3.3)
Investments	448	399	562	25.4	900	961	6.8
Effective Tax Rate (%)	48	44	49	1.0	48	47	(1.0)
<b>International prices</b>	<b>Q2 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>% Change Q2 19/Q2 18</b>	<b>Jan - June 2018</b>	<b>Jan - June 2019</b>	<b>% Change 2019/2018</b>
Brent (\$/bbl)	74.4	63.1	68.9	(7.4)	70.6	66.0	(6.5)
WTI (\$/bbl)	67.9	54.9	59.9	(11.8)	65.5	57.4	(12.4)
Henry Hub (\$/MBtu)	2.8	3.1	2.6	(7.1)	2.9	2.9	0.0
Average exchange rate (\$/€)	1.19	1.14	1.12	(5.9)	1.21	1.13	(6.6)
<b>Realization prices</b>	<b>Q2 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>% Change Q2 19/Q2 18</b>	<b>Jan - June 2018</b>	<b>Jan - June 2019</b>	<b>% Change 2019/2018</b>
Crude Oil (\$/bbl)	67.5	56.5	62.2	(7.9)	64.2	59.6	(7.2)
Gas (\$/Thousand scf)	3.1	3.4	3.1	0.0	3.3	3.2	(3.0)
<b>Exploration (€ Million) <sup>(*)</sup></b>	<b>Q2 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>% Change Q2 19/Q2 18</b>	<b>Jan - June 2018</b>	<b>Jan - June 2019</b>	<b>% Change 2019/2018</b>
G&A and Amortization of Bonus and Dry Wells	79	23	52	(34.2)	223	75	(66.4)
<b>Production</b>	<b>Q2 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>% Change Q2 19/Q2 18</b>	<b>Jan - June 2018</b>	<b>Jan - June 2019</b>	<b>% Change 2019/2018</b>
Liquids (Thousand bbl/d)	263	244	258	(1.9)	266	251	(5.6)
Gas <sup>(**)</sup> (Million scf/d)	2,577	2,561	2,446	(5.1)	2,574	2,504	(2.7)
<b>Total (Thousand boe/d)</b>	<b>722</b>	<b>700</b>	<b>694</b>	<b>(3.9)</b>	<b>724</b>	<b>697</b>	<b>(3.7)</b>

(\*) Only direct costs attributable to exploration projects. (\*\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d

### Second quarter 2019 results

**Adjusted net income** was €323 million, €37 million lower than in the same period of 2018 mainly due to lower prices and volumes. This was partially offset by lower exploration costs and other costs and the appreciation of the dollar against the euro.

The principal factors that explain the variations in the year-on-year performance in the Upstream division are as follows:

- Lower **realization prices** had a negative impact on the operating income of €129 million.
- Lower **volumes** impacted negatively the operating income by €57 million.
- Lower **exploration costs** had a positive impact on the operating income of €30 million.

- The **appreciation** of the US dollar against the euro had a positive impact on the operating income of €36 million.
- **Income tax** expense impacted the adjusted net income positively by €23 million due to a lower operating income.
- **Income from equity affiliates and non-controlling interests and others** explain the remaining differences.

Upstream **production** reached an average of 694 kboe/d in the second quarter of 2019, 27 kboe/d lower year-on-year, primarily due to maintenance activities in Trinidad & Tobago and Peru, as well as a lower gas demand in Venezuela, the divestment of MidContinent (USA), the expiration of the Jambi Merang's license (Indonesia) and the natural decline of fields. This was partially compensated by the connection of new wells in Akacias (Colombia) and Duvernay (Canada), the acquisition of Mikkel (Norway) and the startup of Buckskin (USA).

During the second quarter of 2019, 7 exploration wells and 2 appraisal wells were concluded. 5 were declared positive, 3 were deemed unsuccessful and the remaining well is currently under evaluation.

### Investments

**Investments** in Upstream in the second quarter of 2019 amounted to €562 million; €114 million higher than in the second quarter of 2018.

- **Development investment** accounted for 79% of the total investment and was concentrated mainly in the USA (41%), Norway (17%), Trinidad and Tobago (12%), UK (9%) and Algeria (4%).
- **Exploration investment** represented 20% of the total and was allocated primarily in the USA (34%), Bulgaria (18%), Colombia (8%), Bolivia (5%) and Greece (5%).

Investment in **Upstream** in the first half of 2019 amounted €961 million, €61 million higher than the first half of 2018.

- **Development investment** accounted for 82% of the total investment and was concentrated mainly in the USA (36%), Norway (16%), Trinidad and Tobago (16%), UK (8%), Algeria (5%) and Canada (4%);
- **Exploration investment** represented 17% of the total and was allocated primarily in the USA (30%), Bulgaria (12%), Bolivia (8%), Colombia (7%), Norway (6%), Indonesia (5%) and Greece (5%).

### January – June 2019 results

The **adjusted net income** for the first half of 2019 amounted to €646 million, in line year-on-year. Lower realization prices, lower production mainly due to a lower contribution from Libya were compensated by lower exploration costs and other costs, the appreciation of the US dollar against the euro and lower taxes as a result of a lower operating income.

**Average production** in the first half of 2019 reached 697 Kboe/d, 27 Kboe/d lower year-on-year due to the stoppage of production in Libya until March 4, 2019, lower demand of gas in Venezuela, maintenance activities in Trinidad & Tobago together with the divestment of MidContinent (USA), the expiration of the Jambi Merang license (Indonesia) and the natural decline of fields. This was partially compensated by the connection of new wells in Akacias (Colombia) and Duvernay (Canada), the acquisition of Mikkel and Visund (Norway) and the startup of Buckskin (USA).



## Downstream

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
<b>Adjusted Net Income</b>	<b>337</b>	<b>404</b>	<b>311</b>	<b>(7.7)</b>	<b>762</b>	<b>715</b>	<b>(6.2)</b>
Operating income	427	541	414	(3.0)	985	955	(3.0)
Income tax	(93)	(129)	(102)	9.7	(229)	(231)	0.9
Income from equity affiliates and non-controlling interests	3	(8)	(1)	-	6	(9)	-
<b>Average Weighted Cost Adjusted Net Income</b>	<b>548</b>	<b>407</b>	<b>371</b>	<b>(32.3)</b>	<b>964</b>	<b>778</b>	<b>(19.3)</b>
Inventory effect	211	3	60	(71.6)	202	63	(68.8)
EBITDA	916	800	780	(14.8)	1,649	1,580	(4.2)
EBITDA CCS	622	793	697	12.1	1,367	1,490	9.0
Investments	187	189	293	56.7	325	482	48.3
Effective Tax Rate (%)	21	24	25	4.0	23	24	1.0
Operational data	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Refining Margin Indicator in Spain (\$/bbl)	7.2	5.3	3.5	(51.4)	6.9	4.4	(36.2)
Distillation Utilization Spanish Refining (%)	88.4	92.8	85.9	(2.5)	90.4	89.3	(1.1)
Conversion Utilization Spanish Refining (%)	103.5	102.1	101.8	(1.7)	103.9	102.0	(1.9)
Oil Product Sales (Thousand tons)	13,121	12,341	11,910	(9.2)	25,217	24,251	(3.8)
Petrochemical Product Sales (Thousand tons)	625	755	703	12.5	1,313	1,458	11.0
LPG Sales (Thousand tons)	303	394	305	0.7	739	699	(5.4)
North America Natural Gas Sales (TBtu)	115.0	162.7	124.3	8.1	257.8	287.0	11.3
International prices (\$/Mbtu)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Henry Hub	2.8	3.1	2.6	(7.1)	2.9	2.9	0.0
Algonquin	3.3	5.1	2.3	(30.3)	5.7	3.7	(35.1)

### Second quarter 2019 results

**Adjusted net income** amounted to €311 million, €26 million lower compared to the second quarter of 2018.

The principal factors that explain the variations in the year-on-year performance in the Downstream business are as follows:

- In **Refining**, operating income was €205 million lower year on year mainly due to narrower middle distillates and naphtha spreads as well as lower differentials between heavy and light crude oils.
- In **Chemicals**, operating income was €46 million higher year-on-year mainly due to higher sales, higher use of LPG as feedstock for the crackers, as well as the positive impact from efficiency initiatives and the absence of stoppages during the quarter (stoppages impacted the Sines' cracker during the second quarter of 2018).
- In **Trading and Wholesale Gas**, operating income was €15 million higher year-on-year thanks to better commercialization margins.
- In **Mobility, Lubricants and LPG**, operating income was €8 million lower year-on-year mainly because of a lower result in the LPG business due to a milder weather.

- The **appreciation of the dollar against the euro** had a positive impact on the operating income of €16 million.
- Positive impact on the operating income from lower adjustments within **intra-group crude oil sales and own use** of €111 million.
- **Results in other activities, equity affiliates and non-controlling interests and taxes** cover the remaining difference.

### **Investment**

**Investments** in Downstream in the second quarter and first half of 2019 amounted to €293 million and €482 million respectively.

### **January – June 2019 results**

**Adjusted net income** for the first half of 2019 was €715 million, 6% lower year-on-year. Higher results in Chemicals, Trading and Repsol Peru could not fully compensate the lower contribution from Refining and Wholesale Gas.

## Corporate and others

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
<b>Adjusted Net Income</b>	<b>(148)</b>	<b>(109)</b>	<b>(137)</b>	(7.4)	<b>(277)</b>	<b>(246)</b>	(11.2)
Corporate result	(73)	(33)	(68)	(6.8)	(104)	(101)	(2.9)
Consolidation adjustments	(49)	(45)	19	-	(74)	(26)	(64.9)
Financial result	(61)	(97)	(131)	114.8	(175)	(228)	30.3
Income tax	36	67	43	19.4	77	110	42.9
Income from equity affiliates and non-controlling interests	(1)	(1)	0	-	(1)	(1)	0.0
<b>EBITDA</b>	<b>(97)</b>	<b>(54)</b>	<b>(27)</b>	<b>(72.2)</b>	<b>(127)</b>	<b>(81)</b>	<b>(36.2)</b>
Net Interests <sup>(*)</sup>	(72)	(65)	(48)	(33.3)	(144)	(114)	(20.8)
Investments	12	10	15	25.0	20	25	25.0
Effective Tax Rate (%)	(20)	(38)	(24)	(4.0)	(22)	(31)	(9.0)

(\*) Lease effect not included.

### Corporate and adjustments

At operating income level **Corporate** accounted for a net expense of €68 million during the **second quarter** of 2019 compared to a net expense of €73 million in the second quarter of 2018 mainly due to a lower corporate expenses.

At operating income level **Adjustments** was €19 million during the **second quarter** of 2019 compared to a net expense of €49 million in the second quarter of 2018 thanks to the positive impact of the lower adjustments within intra-group crude oil sales and own use, between the Upstream and Downstream segments.

At operating income level **Corporate** accounted for a net expense of €101 million during the **first half** of 2019 compared to a net expense of €104 million in the first half of 2018 mainly due to a lower corporate expenses.

At operating income level **Adjustments** accounted for a net expense of €26 million during the **first half** of 2019 compared to a net expense of €74 million in the first half of 2018 thanks to the positive impact of the lower adjustments within intra-group crude oil sales and own use, between the Upstream and Downstream segments.

### Financial results

The **financial result** in the **second quarter** of 2019 amounted to €-131 million compared with €-61 million in the second quarter of 2018. Lower net interest expenses were not able to compensate higher financial costs due to the application of IFRS16 and the higher results from management of positions in 2018.

The **financial result** in the **first half** of 2019 amounted to €-228 million compared with €-175 million in the same period of 2018. Lower net interest expenses were not able to compensate higher financial costs mainly due to the application of IFRS16 and the higher results from management of positions in 2018.

# NET INCOME ANALYSIS:

## SPECIAL ITEMS

### Special Items

(Unaudited figures)

Results (€ Million)	Q2 2018	Q1 2019	Q2 2019	% Change Q2 19/Q2 18	Jan - June 2018	Jan - June 2019	% Change 2019/2018
Divestments	5	30	1	(80.0)	7	31	342.9
Indemnities and workforce restructuring	(15)	(5)	(24)	60.0	(17)	(29)	70.6
Impairment of assets	(121)	(2)	(1)	(99.2)	(123)	(3)	(97.6)
Provisions and others	(37)	(36)	(8)	(78.4)	(67)	(44)	(34.3)
Discontinued operations	344	0	0	-	412	0	-
<b>Special Items</b>	<b>176</b>	<b>(13)</b>	<b>(32)</b>	-	<b>212</b>	<b>(45)</b>	-

**Special items** in the second quarter and in the first half of 2019 amounted to €-32 million and €-45 million respectively compared to €176 million and €212 million in the same periods of 2018. The difference corresponds mainly to the sale of Naturgy (€344 million of capital gain), extraordinary results from exchange rate positions and the write-down of assets related to Venezuela during the second quarter of 2018.

# CASH FLOW ANALYSIS:

## ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

(Unaudited figures)

	JANUARY - JUNE	
	2018	2019
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
EBITDA CCS	3,529	3,622
Changes in working capital <sup>1</sup>	(1,132)	(569)
Dividends received	4	17
Income taxes received/ (paid)	(490)	(463)
Other proceeds from/ (payments for) operating activities	(185)	(77)
	<b>1,726</b>	<b>2,530</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES</b>		
Payments for investment activities	(1,258)	(1,503)
Proceeds from divestments	3,838	66
	<b>2,580</b>	<b>(1,437)</b>
<b>FREE CASH FLOW (I. + II.)</b>	<b>4,306</b>	<b>1,093</b>
Payments for dividends and payments on other equity instruments	(196)	(201)
Net interest payments and leases	(280)	(287)
Treasury shares	(457)	(729)
<b>CASH GENERATED IN THE PERIOD</b>	<b>3,373</b>	<b>(124)</b>
Financing activities and others	(2,282)	(343)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,091</b>	<b>(467)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4,820</b>	<b>5,021</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5,911</b>	<b>4,554</b>

<sup>(1)</sup> Includes an inventory effect pretax of €83 million for 2Q19.

## NET DEBT ANALYSIS: NET DEBT EVOLUTION

This section presents the changes in the Group's adjusted net debt:

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q2 2019	Jan-Jun 2019
<b>NET DEBT AT THE START OF THE PERIOD</b>	<b>3,686</b>	<b>3,439</b>
IMPACT DUE TO LEASES <sup>(1)</sup>	3,771	3,727
<b>NET DEBT AT THE START OF THE PERIOD WITH LEASES</b>	<b>7,457</b>	<b>7,166</b>
EBITDA CCS	(1,819)	(3,622)
CHANGE IN WORKING CAPITAL <sup>(2)</sup>	0	569
INCOME TAX RECEIVED /PAID	379	463
NET INVESTMENT	882	1,449
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	(13)	201
FOREIGN EXCHANGE RATE EFFECT	(13)	20
INTEREST AND OTHER MOVEMENTS <sup>(3)</sup>	591	1,218
<b>NET DEBT AT THE END OF THE PERIOD WITH LEASES</b>	<b>7,464</b>	<b>7,464</b>
<b>NET DEBT AT THE END OF THE PERIOD</b>	<b>3,662</b>	<b>3,662</b>

  

RATIOS	2Q19	2Q19 with leases
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	34,697	38,391
NET DEBT / CAPITAL EMPLOYED (%)	10.6	19.4
ROACE (%)	7.6	7.0
NET DEBT / EBITDA CCS (x)	0.53 <sup>(4)</sup>	1.02

<sup>(1)</sup> It includes €1,624 million due to financial leases recognized in accordance with the previous accounting regulation and €2,103 million for new leases after the application of the IFRS 16.

<sup>(2)</sup> Includes an inventory effect pretax of €83 million in the second quarter of 2019.

<sup>(3)</sup> Principally includes new lease contracts, the market operations relating to own shares, interest expenses, dividends received, other receipts/payments and companies' acquisition/sale effect.

<sup>(4)</sup> EBITDA CCS excludes the leases effect arising from the new accounting regulation (IFRS 16).

The Group's **net debt** at the end of the second quarter stood at €3,662 million, €24 million lower than at the end of the first quarter of 2019. The strong cash flow from operating activities more than covered investments, dividends and interests as well as the discretionary acquisition of treasury shares.

The Group's **liquidity** at the end of the second quarter of 2019 was €7,832 million (including undrawn committed credit lines); representing 1.63 times short-term gross debt maturities.

## RELEVANT EVENTS

The main company-related events since the first quarter 2019 results release were as follows:

### UPSTREAM

- APR. 2019** In April, Repsol signed a new exploratory contract in Greece as operator of the Ionian offshore block (located in the Ionian Sea north of Kefalonia and west of the islands of Lefkada and Corfu), thus increasing the presence in this country where the Company already has other two onshore blocks. The Ionian block has an area of 6,671 km<sup>2</sup>. Repsol participates in this block with 50% (operator) together with the Greek company Hellenic, with the remaining 50%. The agreement is pending ratification by the Greek Parliament.
- APR. 2019** In April the acquisition of a 20% of the Khan Kubrat offshore exploration block in Bulgaria was announced, with Shell participating as operator with 50% and Woodside Petroleum with the remaining 30%.
- APR. 2019** In April, the drilling of the Pikka-C appraisal well was completed with positive result in the Alaska project in the United States. This project is shared with Oil Search company.
- JUN. 2019** In June, Blacktip-1 ST1 appraisal well was finished with positive results. The well is located in the Alaminos Canyon basin in the deep waters of the Gulf of Mexico (USA) Repsol, with 8.5%, participates in this exploratory project together with Shell (operator), Chevron and Equinor. This is the second discovery made in this Area along with the Blacktip exploratory well in April of this year.
- JUN. 2019** In June, hydrocarbon production began in the Buckskin deepwater project (where Repsol participates with 22.5%, with LLOG being the operator) in the Keathley Canyon area in the US Gulf of Mexico. Initial output is projected to reach 30,000 barrels gross of oil per day.
- JUN. 2019** In June, Repsol signed a Memorandum of Understanding (MOU) with Gazprom Neft and Shell to establish a joint venture to explore the frontier- licensed Leskinsky and Pukhutsyayakhsky blocks in the Gydan Peninsula in Northern Siberia (Russia). Gazprom Neft will hold a 50% working interest in the joint venture with Repsol and Shell each holding 25%. The deal is expected to be closed in 2020 once all necessary approvals have been obtained.
- JUN. 2019** In June, Mexico's National Hydrocarbons Commission CNH approved the 2019-2022 investments plans presented by Repsol (as operator) for the Áreas 10 (40% W.I.), 14 (50% W.I.) and 29 (30% W.I.). These areas, which were awarded in January 2018, are located in the deep waters of the Gulf of Mexico. These plans include the drilling of four exploratory wells in the period 2020-2021 along with geological studies.
- JUL. 2019** In July, Repsol signed Memorandum of Understanding (MOU) on commercialization of natural gas from Sakakemang Working Area with PGN. The signing of the MOU represents one key milestone for the Sakakemang development (Repsol is the operator with a 45% of W.I.).

## DOWNSTREAM

**MAY. 2019** On May 8 and 9, Repsol hosted its sell side analysts at its Downstream Day held at the Cartagena refinery. María Victoria Zingoni, Executive Managing Director of the Commercial Businesses and Chemicals, Juan Antonio Carrillo de Albornoz, Executive Director of the Industrial Businesses and Trading alongside business directors, experts and leaders explained in-depth the different businesses strategies within Downstream, as well as Repsol's competitive advantage towards the IMO effect.

**JUL. 2019** On July 1, Repsol announced the development of two wind projects in the Spanish regions of Aragon and Castilla y Leon and a photovoltaic power plant in Andalucia with a total installed capacity of 800 MW which will be built and operated by its electricity and gas unit. These projects represent a significant step in Repsol's strategic objective of strengthening its positioning as a low-emissions energy operator in a business with a high potential for organic growth and profitability, achieving 90% of its target capacity for low-emissions generation of 4,500 MW by 2025.

Repsol consolidates its position as a major player in the generation of low-emissions electricity on the Iberian Peninsula, with a total installed capacity of 2,952 MW, and on-going planned projects worth an additional 1,083 MW - two photovoltaic projects in Badajoz and Cadiz, two onshore wind farms in Zaragoza and Palencia-Valladolid, and one of the world's largest floating offshore wind farms.

## CORPORATION

**MAY. 2019** On May 31, the Ordinary General Shareholders' Meeting of Repsol, S.A, approved all of the proposals submitted by the Board of Directors, including the re-election of Mr. Antonio Brufau Niubó, Mr. Josu Jon Imaz San Miguel, Mr. José Manuel Loureda Mantiñán and Mr. John Robinson West, the ratification and re-election of Mr. Henri Philippe Reichstul as Director and the appointment of Ms. Aránzazu Estefanía Larrañaga and Ms. María Teresa García-Milà Lloveras as Directors. All of them for a statutory term of 4 years.

Additionally, the Ordinary General Shareholders' Meeting approved the reduction of the number of Board members to fifteen.

**MAY. 2019** On May 31, Repsol announced the expected timetable for the completion of its paid-up capital increase, approved in the framework of the "Repsol Flexible Dividend" program by the Shareholders' Meeting held on May 31, with respect to point five on the Agenda, to be implemented in June and July 2019.

**JUN. 2019** On June 4, in accordance with the resolutions passed by the General Shareholders' Meeting held on May 20th, 2016 within point seven of the Agenda, Repsol S.A. has launched the Ninth Cycle of the Share Acquisition Plan by the Beneficiaries of the Long Term Incentive Programs.

This Plan allows the beneficiaries of those programs (among which are included the Executive Directors and the members of the Executive Committee) to invest in Repsol,



S.A. shares up to 50% of the gross amount of the long-term incentive received. In case the beneficiary maintains the shares during a three-year period since the initial investment (“Consolidation Period”) and fulfil the other the conditions of the Plan, the Company will deliver he or she one additional share (“Additional Shares”) for every three shares initially acquired.

**JUN. 2019** On June 11, Repsol disclosed the Informative Document in connection with the paid-up capital increase approved by the 2019 Annual Shareholders’ Meeting under item five on the Agenda, as part of the shareholder remuneration program “Repsol Flexible Dividend” (scrip dividend).

**JUL. 2019** On July 8, Repsol announced the end, on July 4, 2019, of the trading period of the free-of-charge allocation rights corresponding to the paid up capital increase implementing the “Repsol Flexible Dividend” shareholders’ remuneration program.

Holders of 71.69% of free-of-charge allocation rights (a total of 1,117,576,824 rights) opted to receive new shares of Repsol. Therefore, the final number of shares of one (1) euro par value issued in the capital increase is 39,913,458, where the nominal amount of the increase is 39,913,458 euros, representing an increase of approximately 2.56% of Repsol’s share capital before the capital increase. Moreover, during the period established for that purpose, holders of 28.31% of free-of-charge allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol.

**JUL. 2019** On July 9, Repsol’s “Trading Statement” was published; which provides provisional information for the second quarter of 2019, including data on the economic environment as well as operational indicators during the period.

**JUL. 2019** On July 23, the Board of Directors of Repsol, S.A., resolved to submit for the approval of the next Annual Shareholders’ Meeting a proposal to reduce the share capital by an amount equivalent to 5% of the Company’s share capital as of 31 December 2018, through the cancellation of treasury shares. For this purpose, the Company may use shares from the following sources: (i) shares currently held in treasury stock; (ii) shares that may be acquired through the settlement of the derivative instruments on treasury shares registered in the balance sheet of the Company for the six-month period ended on June 30, 2019; and (iii) shares that may be acquired through a Company’s share buy-back program, under the Regulation (EU) No. 596/2014 and the Delegated Regulation (EU) 2016/1052.

The proposal of capital reduction is independent of that other proposal that may be submitted to the next Annual Shareholders’ Meeting in the context of the shareholders’ remuneration through scrip dividends.

**Madrid, July 24, 2019**

A conference call has been scheduled for research analysts and institutional investors for today, July 24, 2019 at 12:30 (CEST) to report on the Repsol Group’s second quarter 2019 results. Shareholders and other interested parties can follow the call live through Repsol’s corporate website ([www.repsol.com](http://www.repsol.com)). A full recording of the event will also be available to shareholders and investors and any other interested party at [www.repsol.com](http://www.repsol.com) for a period of no less than one month from the date of the live broadcast. Moreover Repsol will publish today the Interim consolidated financial statements for the first half of 2019 that will be available on Repsol’s corporate website as well as at the Spanish regulator CNMV (Comisión Nacional del Mercado de Valores).



**APPENDIX I – FINANCIAL  
METRICS AND OPERATING  
INDICATORS BY SEGMENT**

**Q2 2019**

## ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	Q2 2018							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	681	-	(323)	2	360	-	(108)	252
Downstream	427	-	(93)	3	337	211	(15)	533
Corporate & Others	(122)	(61)	36	(1)	(148)	-	299	151
<b>TOTAL</b>	<b>986</b>	<b>(61)</b>	<b>(380)</b>	<b>4</b>	<b>549</b>	<b>211</b>	<b>176</b>	<b>936</b>
<b>NET INCOME</b>							<b>176</b>	<b>936</b>

€ Million	Q1 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	562	-	(247)	8	323	-	34	357
Downstream	541	-	(129)	(8)	404	3	(32)	375
Corporate & Others	(78)	(97)	67	(1)	(109)	-	(15)	(124)
<b>TOTAL</b>	<b>1,025</b>	<b>(97)</b>	<b>(309)</b>	<b>(1)</b>	<b>618</b>	<b>3</b>	<b>(13)</b>	<b>608</b>
<b>NET INCOME</b>							<b>(13)</b>	<b>608</b>

€ Million	Q2 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	612	-	(300)	11	323	-	41	364
Downstream	414	-	(102)	(1)	311	60	(56)	315
Corporate & Others	(49)	(131)	43	-	(137)	-	(17)	(154)
<b>TOTAL</b>	<b>977</b>	<b>(131)</b>	<b>(359)</b>	<b>10</b>	<b>497</b>	<b>60</b>	<b>(32)</b>	<b>525</b>
<b>NET INCOME</b>							<b>(32)</b>	<b>525</b>

€ Million	January - June 2018							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	1,236	-	(594)	5	647	-	(132)	515
Downstream	985	-	(229)	6	762	202	(18)	946
Corporate & Others	(178)	(175)	77	(1)	(277)	-	362	85
<b>TOTAL</b>	<b>2,043</b>	<b>(175)</b>	<b>(746)</b>	<b>10</b>	<b>1,132</b>	<b>202</b>	<b>212</b>	<b>1,546</b>
<b>NET INCOME</b>							<b>212</b>	<b>1,546</b>

€ Million	January - June 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	1,174	-	(547)	19	646	-	75	721
Downstream	955	-	(231)	(9)	715	63	(88)	690
Corporate & Others	(127)	(228)	110	(1)	(246)	-	(32)	(278)
<b>TOTAL</b>	<b>2,002</b>	<b>(228)</b>	<b>(668)</b>	<b>9</b>	<b>1,115</b>	<b>63</b>	<b>(45)</b>	<b>1,133</b>
<b>NET INCOME</b>							<b>(45)</b>	<b>1,133</b>

**OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 18	Q1 19	Q2 19	2018	2019
<b>UPSTREAM</b>	<b>681</b>	<b>562</b>	<b>612</b>	<b>1,236</b>	<b>1,174</b>
Europe, Africa & Brazil	431	284	407	803	691
Latin America & Caribbean	144	174	141	341	315
North America	70	66	17	147	83
Asia & Russia	138	90	119	232	209
Exploration & Others	(102)	(52)	(72)	(287)	(124)
<b>DOWNSTREAM</b>	<b>427</b>	<b>541</b>	<b>414</b>	<b>985</b>	<b>955</b>
Europe	467	506	398	942	904
Rest of the World	(40)	35	16	43	51
<b>CORPORATE AND OTHERS</b>	<b>(122)</b>	<b>(78)</b>	<b>(49)</b>	<b>(178)</b>	<b>(127)</b>
<b>TOTAL</b>	<b>986</b>	<b>1,025</b>	<b>977</b>	<b>2,043</b>	<b>2,002</b>

**ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*(Unaudited figures)*

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 18	Q1 19	Q2 19	2018	2019
<b>UPSTREAM</b>	<b>360</b>	<b>323</b>	<b>323</b>	<b>647</b>	<b>646</b>
Europe, Africa & Brazil	202	137	198	358	335
Latin America & Caribbean	101	122	95	260	217
North America	55	51	14	115	65
Asia & Russia	79	51	68	132	119
Exploration & Others	(77)	(38)	(52)	(218)	(90)
<b>DOWNSTREAM</b>	<b>337</b>	<b>404</b>	<b>311</b>	<b>762</b>	<b>715</b>
Europe	362	382	298	723	680
Rest of the World	(25)	22	13	39	35
<b>CORPORATE AND OTHERS</b>	<b>(148)</b>	<b>(109)</b>	<b>(137)</b>	<b>(277)</b>	<b>(246)</b>
<b>TOTAL</b>	<b>549</b>	<b>618</b>	<b>497</b>	<b>1,132</b>	<b>1,115</b>

**EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 18	Q1 19	Q2 19	2018	2019
<b>UPSTREAM</b>	<b>1,188</b>	<b>1,064</b>	<b>1,149</b>	<b>2,289</b>	<b>2,213</b>
Europe, Africa & Brazil	544	427	566	1,028	993
Latin America & Caribbean	297	320	283	620	603
North America	162	181	130	327	311
Asia & Russia	219	178	210	402	388
Exploration & Others	(34)	(42)	(40)	(88)	(82)
<b>DOWNSTREAM <sup>(1)</sup></b>	<b>916</b>	<b>800</b>	<b>780</b>	<b>1,649</b>	<b>1,580</b>
Europe	918	714	744	1,544	1,458
Rest of the World	(2)	86	36	105	122
<b>CORPORATE AND OTHERS</b>	<b>(97)</b>	<b>(54)</b>	<b>(27)</b>	<b>(127)</b>	<b>(81)</b>
<b>TOTAL <sup>(1)</sup></b>	<b>2,007</b>	<b>1,810</b>	<b>1,902</b>	<b>3,811</b>	<b>3,712</b>
<b>EBITDA CCS €M <sup>(1)</sup></b>					
DOWNSTREAM	622	793	697	1,367	1,490
<b>TOTAL</b>	<b>1,713</b>	<b>1,803</b>	<b>1,819</b>	<b>3,529</b>	<b>3,622</b>

**INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - JUNE	
	Q2 18	Q1 19	Q2 19	2018	2019
<b>UPSTREAM</b>	<b>448</b>	<b>399</b>	<b>562</b>	<b>900</b>	<b>961</b>
Europe, Africa & Brazil	78	104	147	231	251
Latin America & Caribbean	54	99	99	98	198
North America	126	126	204	267	330
Asia & Russia	44	19	21	110	40
Exploration and Others	146	51	91	194	142
<b>DOWNSTREAM</b>	<b>187</b>	<b>189</b>	<b>293</b>	<b>325</b>	<b>482</b>
Europe	171	148	257	272	405
Rest of the World	16	41	36	53	77
<b>CORPORATE AND OTHERS</b>	<b>12</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>
<b>TOTAL</b>	<b>647</b>	<b>598</b>	<b>870</b>	<b>1,245</b>	<b>1,468</b>

**CAPITAL EMPLOYED BY BUSINESS SEGMENTS**

(Unaudited figures)

€ Million	CUMULATIVE DATA		
	4Q 18	2Q 19	2Q 19 with leases
Upstream	21,515	21,684	22,531
Downstream	11,338	11,796	14,579
Corporate and others	1,500	1,217	1,281
<b>TOTAL Capital employed in continued operations</b>	<b>34,353</b>	<b>34,697</b>	<b>38,391</b>
<b>ROACE (%)</b>		<b>7.6</b>	<b>-</b>
<b>ROACE (%) including leases (*)</b>		<b>-</b>	<b>7.0</b>

(\*) 2Q19 ROACE CCS is 6.7%





**OPERATING  
INDICATORS**

**Q2 2019**

## UPSTREAM OPERATING INDICATORS

	Unit	Q1 2018	Q2 2018	Jan - Jun 2018	Q3 2018	Q4 2018	Jan - Dec 2018	Q1 2019	Q2 2019	Jan - Jun 2019	% Variation 1H19/1H18
<b>HYDROCARBON PRODUCTION</b>	<b>kboe/d</b>	<b>727</b>	<b>722</b>	<b>724</b>	<b>691</b>	<b>722</b>	<b>715</b>	<b>700</b>	<b>694</b>	<b>697</b>	<b>(3.7)</b>
<b>Liquids production</b>	<b>kboe/d</b>	<b>269</b>	<b>263</b>	<b>266</b>	<b>250</b>	<b>263</b>	<b>261</b>	<b>244</b>	<b>258</b>	<b>251</b>	<b>(5.4)</b>
Europe, Africa & Brazil	kboe/d	139	134	137	129	133	134	111	134	123	(10.2)
Latin America & Caribbean	kboe/d	52	53	52	51	54	53	57	55	56	7.1
North America	kboe/d	50	47	49	44	50	48	48	44	46	(5.4)
Asia & Russia	kboe/d	28	28	28	26	27	27	27	26	26	(5.6)
<b>Natural gas production</b>	<b>kboe/d</b>	<b>458</b>	<b>459</b>	<b>458</b>	<b>441</b>	<b>459</b>	<b>454</b>	<b>456</b>	<b>436</b>	<b>446</b>	<b>(2.7)</b>
Europe, Africa & Brazil	kboe/d	28	28	28	28	42	31	45	43	44	57.1
Latin America & Caribbean	kboe/d	249	252	251	234	235	242	241	218	230	(8.4)
North America	kboe/d	128	127	128	125	130	127	124	125	124	(2.7)
Asia & Russia	kboe/d	53	51	52	54	53	53	47	50	48	(7.7)
<b>Natural gas production</b>	<b>(Million scf/d)</b>	<b>2,571</b>	<b>2,577</b>	<b>2,574</b>	<b>2,476</b>	<b>2,576</b>	<b>2,550</b>	<b>2,562</b>	<b>2,446</b>	<b>2,504</b>	<b>(2.7)</b>

## DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Jan - Dec 2018	Q1 2019	Q2 2019	Jan - Jun 2019	% Variation 1H19/1HTD18
<b>PROCESSED CRUDE OIL</b>	Mtoe	11.6	10.9	12.1	12.0	46.6	11.5	10.6	22.1	(1.4)
Europe	Mtoe	10.2	9.9	10.9	10.6	41.6	10.3	9.6	19.8	(1.3)
Rest of the world	Mtoe	1.3	1.0	1.3	1.4	5.0	1.2	1.1	2.3	(2.7)
<b>SALES OF OIL PRODUCTS</b>	kt	12,096	13,121	13,303	13,246	51,766	12,341	11,910	24,251	(3.8)
<b>Europe Sales</b>	kt	10,434	11,602	11,844	11,436	45,316	10,690	10,642	21,332	(3.2)
<b>Own network</b>	kt	5,250	5,596	5,615	5,293	21,754	5,098	5,271	10,369	(4.4)
Light products	kt	4,397	4,591	4,622	4,368	17,978	4,185	4,369	8,554	(4.8)
Other Products	kt	853	1,005	993	925	3,776	913	902	1,815	(2.3)
<b>Other Sales to Domestic Market</b>	kt	2,259	2,364	2,433	2,450	9,506	2,170	2,265	4,435	(4.1)
Light products	kt	2,216	2,325	2,404	2,392	9,337	2,130	2,223	4,353	(4.1)
Other Products	kt	43	39	29	58	169	40	42	82	-
<b>Exports</b>	kt	2,925	3,642	3,796	3,693	14,056	3,422	3,106	6,528	(0.6)
Light products	kt	1,147	1,394	1,689	1,673	5,903	1,319	1,401	2,720	7.0
Other Products	kt	1,778	2,248	2,107	2,020	8,153	2,103	1,705	3,808	(5.4)
<b>Rest of the world sales</b>	kt	1,662	1,519	1,459	1,810	6,450	1,651	1,268	2,919	(8.2)
<b>Own network</b>	kt	599	695	635	752	2,681	825	672	1,497	15.7
Light products	kt	550	637	594	692	2,473	789	624	1,413	19.0
Other Products	kt	49	58	41	60	208	36	48	84	(21.5)
<b>Other Sales to Domestic Market</b>	kt	331	325	327	375	1,358	329	318	647	(1.4)
Light products	kt	256	241	249	249	995	222	226	448	(9.9)
Other Products	kt	75	84	78	126	363	107	92	199	25.2
<b>Exports</b>	kt	732	499	497	683	2,411	497	278	775	(37.0)
Light products	kt	158	96	117	69	440	40	45	85	(66.5)
Other Products	kt	574	403	380	614	1,971	457	233	690	(29.4)
<b>CHEMICALS</b>										
<b>Sales of petrochemical products</b>	kt	688	625	622	674	2,610	755	703	1,458	11.0
<b>Europe</b>	kt	581	504	520	531	2,137	588	604	1,192	9.8
Base	kt	238	145	165	180	729	190	191	381	(0.6)
Derivative	kt	343	360	356	351	1,408	399	412	811	15.5
<b>Rest of the world</b>	kt	108	120	102	143	473	166	100	266	16.7
Base	kt	30	11	15	23	79	40	4	44	5.5
Derivative	kt	77	109	87	121	394	127	95	222	19.3
<b>LPG</b>										
<b>LPG sales</b>	kt	437	303	241	350	1,330	394	305	699	(5.4)
Europe	kt	431	296	235	343	1,305	386	298	684	(5.9)
Rest of the world	kt	6	6	6	7	26	8	7	15	21.9

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin



**APPENDIX II – CONSOLIDATED  
FINANCIAL STATEMENTS**

**Q2 2019**

## STATEMENT OF FINANCIAL POSITION

(Unaudited figures) (€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER	JUNE
	2018	2019
<b>NON-CURRENT ASSETS</b>		
Goodwill	3,011	3,022
Other intangible assets	2,085	2,213
Property, plant and equipment	25,431	27,077
Investment property	68	67
Investments accounted for using the equity method	7,194	7,355
Non-current financial assets :		
Non-current financial instruments	974	1,005
Others	129	127
Deferred tax assets	3,891	3,751
Other non-current assets	701	711
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	6	6
Inventories	4,390	4,777
Trade and other receivables	6,105	6,848
Other current assets	296	199
Other current financial assets	1,711	1,518
Cash and cash equivalents	4,786	4,302
<b>TOTAL ASSETS</b>	<b>60,778</b>	<b>62,978</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent company	30,628	30,655
Attributable to minority interests	286	272
<b>NON-CURRENT LIABILITIES</b>		
Non-current provisions	4,738	4,779
Non-current financial debt	10,818	10,737
Deferred tax liabilities	1,028	1,093
Other non-current liabilities	470	532
<b>CURRENT LIABILITIES</b>		
Liabilities related to non-current assets held for sale	0	0
Current provisions	500	515
Current financial liabilities	4,486	5,953
Trade payables and other payables:	7,824	8,442
<b>TOTAL LIABILITIES <sup>(1)</sup></b>	<b>60,778</b>	<b>62,978</b>

<sup>(1)</sup> December 2018 includes the necessary modifications in relation with the change of the presentations of leases after the application of the IFRS 16 (Please see Note 2.2.1 of the Interim consolidated financial statements for the first half of 2019 available on [www.repsol.com](http://www.repsol.com)).

## INCOME STATEMENT

(Unaudited figures) (€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA			JANUARY - JUNE	
	Q2 18	Q1 19	Q2 19	2018	2019
<b>Operating income</b>	<b>1,001</b>	<b>790</b>	<b>842</b>	<b>1,797</b>	<b>1,632</b>
Financial result	112	(81)	(88)	31	(169)
Income from equity affiliates	55	132	105	193	237
<b>Net income before tax</b>	<b>1,168</b>	<b>841</b>	<b>859</b>	<b>2,021</b>	<b>1,700</b>
Income tax	(562)	(224)	(331)	(868)	(555)
<b>Net income from continuing operations</b>	<b>606</b>	<b>617</b>	<b>528</b>	<b>1,153</b>	<b>1,145</b>
Net income from non-controlling interest	(14)	(9)	(3)	(19)	(12)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>592</b>	<b>608</b>	<b>525</b>	<b>1,134</b>	<b>1,133</b>
Net income for the year from discontinuing operations	344	0	0	412	0
<b>NET INCOME</b>	<b>936</b>	<b>608</b>	<b>525</b>	<b>1,546</b>	<b>1,133</b>
<b>Earning per share attributable to the parent company (*)</b>					
Euros/share (*)	0.57	0.39	0.34	0.93	0.73
USD/ADR	0.66	0.44	0.38	1.09	0.83
Average number of shares (**)	1,640,874,058	1,548,290,565	1,533,888,594	1,643,939,957	1,541,049,795
Exchange rates USD/EUR at the end of each quarter	1.17	1.12	1.14	1.17	1.14

(\*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes in Q2 18, Q1 19 and Q2 19) has been adjusted.

(\*\*) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in June 2018 and December 2018 and June 2019 accordingly. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

## CASH FLOW STATEMENT

(Unaudited figures) (€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - JUNE	
	2018	2019
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income before taxes	2,021	1,700
Adjustments to net income		
Depreciation and amortisation of non current assets	1,009	1,146
Other adjustments to results (net)	(27)	(79)
<b>EBITDA</b>	<b>3,003</b>	<b>2,767</b>
Changes in working capital	<b>(1,116)</b>	<b>(580)</b>
Dividends received	57	164
Income taxes received/ (paid)	(449)	(416)
Other proceeds from/ ( payments for) operating activities	(126)	(63)
<b>OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>(518)</b>	<b>(315)</b>
	<b>1,369</b>	<b>1,872</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES</b>		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(5)	(71)
Fixed assets, intangible assets and real estate investments	(1,111)	(1,133)
Other financial assets	(1,339)	(968)
Payments for investment activities	<b>(2,455)</b>	<b>(2,172)</b>
Proceeds from divestments	<b>3,836</b>	<b>1,060</b>
Other cashflow	<b>14</b>	<b>47</b>
	<b>1,395</b>	<b>(1,065)</b>
<b>III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>		
Issuance of own capital instruments	0	0
Proceeds from/(payments for) equity instruments	(457)	(729)
Proceeds from issue of financial liabilities	7,887	7,842
Payments for financial liabilities	(8,632)	(8,048)
Payments for dividends and payments on other equity instruments	(196)	(201)
Interest payments	(276)	(267)
Other proceeds from/(payments for) financing activities	24	90
	<b>(1,650)</b>	<b>(1,313)</b>
<b>Effect of changes in exchange rates from continued operations</b>	<b>7</b>	<b>22</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS</b>	<b>1,121</b>	<b>(484)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4,601</b>	<b>4,786</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5,722</b>	<b>4,302</b>



**APPENDIX III –  
RECONCILIATION OF  
NON-IFRS METRICS TO  
IFRS DISCLOSURES**

**Q2 2019**



## RECONCILIATION OF ADJUSTED RESULTS AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

Q2 2018						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	
Operating income	986	(106)	(173)	294	15	1,001
Financial result	(61)	20	153	-	173	112
Income from equity affiliates	10	45	-	-	45	55
<b>Net income before tax</b>	<b>935</b>	<b>(41)</b>	<b>(20)</b>	<b>294</b>	<b>233</b>	<b>1,168</b>
Income tax	(380)	41	(148)	(75)	(182)	(562)
<b>Net income from continued operations</b>	<b>555</b>	<b>-</b>	<b>(168)</b>	<b>219</b>	<b>51</b>	<b>606</b>
Income attributed to minority interests	(6)	-	-	(8)	(8)	(14)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>549</b>	<b>-</b>	<b>(168)</b>	<b>211</b>	<b>43</b>	<b>592</b>
Income from discontinued operations	-	-	344	-	344	344
<b>NET INCOME</b>	<b>549</b>	<b>-</b>	<b>176</b>	<b>211</b>	<b>387</b>	<b>936</b>

Q1 2019						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	
Operating income	1,025	(240)	(2)	7	(235)	790
Financial result	(97)	31	(15)	-	16	(81)
Income from equity affiliates	6	126	-	-	126	132
<b>Net income before tax</b>	<b>934</b>	<b>(83)</b>	<b>(17)</b>	<b>7</b>	<b>(93)</b>	<b>841</b>
Income tax	(309)	83	4	(2)	85	(224)
<b>Net income from continued operations</b>	<b>625</b>	<b>-</b>	<b>(13)</b>	<b>5</b>	<b>(8)</b>	<b>617</b>
Income attributed to minority interests	(7)	-	-	(2)	(2)	(9)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>618</b>	<b>-</b>	<b>(13)</b>	<b>3</b>	<b>(10)</b>	<b>608</b>
Income from discontinued operations	-	-	-	-	-	0
<b>NET INCOME</b>	<b>618</b>	<b>-</b>	<b>(13)</b>	<b>3</b>	<b>(10)</b>	<b>608</b>

Q2 2019						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	
Operating income	977	(238)	20	83	(135)	842
Financial result	(131)	37	6	-	43	(88)
Income from equity affiliates	11	94	-	-	94	105
<b>Net income before tax</b>	<b>857</b>	<b>(107)</b>	<b>26</b>	<b>83</b>	<b>2</b>	<b>859</b>
Income tax	(359)	107	(58)	(21)	28	(331)
<b>Net income from continued operations</b>	<b>498</b>	<b>-</b>	<b>(32)</b>	<b>62</b>	<b>30</b>	<b>528</b>
Income attributed to minority interests	(1)	-	-	(2)	(2)	(3)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>497</b>	<b>-</b>	<b>(32)</b>	<b>60</b>	<b>28</b>	<b>525</b>
Income from discontinued operations	-	-	-	-	-	0
<b>NET INCOME</b>	<b>497</b>	<b>-</b>	<b>(32)</b>	<b>60</b>	<b>28</b>	<b>525</b>

January - June 2018						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	2,043	(286)	(242)	282	(246)	1,797
Financial result	(175)	60	146	-	206	31
Income from equity affiliates	21	172	-	-	172	193
<b>Net income before tax</b>	<b>1,889</b>	<b>(54)</b>	<b>(96)</b>	<b>282</b>	<b>132</b>	<b>2,021</b>
Income tax	(746)	54	(104)	(72)	(122)	(868)
<b>Net income from continued operations</b>	<b>1,143</b>	<b>-</b>	<b>(200)</b>	<b>210</b>	<b>10</b>	<b>1,153</b>
Income attributed to minority interests	(11)	-	-	(8)	(8)	(19)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>1,132</b>	<b>-</b>	<b>(200)</b>	<b>202</b>	<b>2</b>	<b>1,134</b>
Income from discontinued operations	-	-	412	-	412	412
<b>NET INCOME</b>	<b>1,132</b>	<b>-</b>	<b>212</b>	<b>202</b>	<b>414</b>	<b>1,546</b>

January - June 2019						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	2,002	(478)	18	90	(370)	1,632
Financial result	(228)	68	(9)	-	59	(169)
Income from equity affiliates	17	220	-	-	220	237
<b>Net income before tax</b>	<b>1,791</b>	<b>(190)</b>	<b>9</b>	<b>90</b>	<b>(91)</b>	<b>1,700</b>
Income tax	(668)	190	(54)	(23)	113	(555)
<b>Net income from continued operations</b>	<b>1,123</b>	<b>-</b>	<b>(45)</b>	<b>67</b>	<b>22</b>	<b>1,145</b>
Income attributed to minority interests	(8)	-	-	(4)	(4)	(12)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>1,115</b>	<b>-</b>	<b>(45)</b>	<b>63</b>	<b>18</b>	<b>1,133</b>
Income from discontinued operations	-	-	-	-	-	0
<b>NET INCOME</b>	<b>1,115</b>	<b>-</b>	<b>(45)</b>	<b>63</b>	<b>18</b>	<b>1,133</b>

## RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures) (€ millions)

	DECEMBER 2018		
	Adjusted Net Debt	Reclassification of JV <sup>(1)</sup>	IFRS-EU
<b>NON-CURRENT ASSETS</b>			
Non-current financial instruments	87	887	974
<b>CURRENT ASSETS</b>			
Other current financial assets	1,630	81	1,711
Cash and cash equivalents	5,021	(235)	4,786
<b>NON-CURRENT LIABILITIES</b>			
Non-current financial debt	(6,625)	(2,767)	(9,392)
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	(3,827)	(462)	(4,289)
<b>CAPTIONS NOT INCLUDED IN THE BALANCE SHEET</b>			
Net mark-to-market valuation of financial derivatives, excluding exchange rate and others <sup>(2)</sup>	275	(227)	48
<b>NET DEBT</b>	<b>(3,439)</b>		<b>(6,162)</b>
	<b>JUNE 2019</b>		
	Adjusted Net Debt	Reclassification of JV <sup>(1)</sup>	IFRS-EU
<b>NON-CURRENT ASSETS</b>			
Non-current financial instruments	76	907	983
<b>CURRENT ASSETS</b>			
Other current financial assets	1,498	10	1,508
Cash and cash equivalents	4,554	(252)	4,302
<b>NON-CURRENT LIABILITIES</b>			
Non-current financial debt	(5,257)	(2,829)	(8,086)
<b>CURRENT LIABILITIES</b>			
Current financial liabilities	(4,834)	(697)	(5,531)
<b>CAPTIONS NOT INCLUDED IN THE BALANCE SHEET</b>			
Net mark-to-market valuation of financial derivatives, excluding exchange rate and others <sup>(2)</sup>	301	(237)	64
<b>NET DEBT</b>	<b>(3,662)</b>	<b>(3,098)</b>	<b>(6,760)</b>
Non-current Leases	(3,279)	650	(2,629)
Current Leases	(523)	111	(412)
<b>NET DEBT WITH LEASES</b>	<b>(7,464)</b>		<b>(9,801)</b>

<sup>(1)</sup> Mainly corresponding to the financial contribution by Repsol Sinopec Brasil which is detailed in the following captions:  
2018: "Cash and cash equivalents" amounting to €23 million and "Non-current financial debt" for intragroup loans amounting to €2,733 million, reduced in €179 million due to loans with third parties.  
2019: "Cash and cash equivalents" amounting to €39 million and "Non-current financial debt" for intragroup loans amounting to €2,857 million, reduced in €53 million due to loans with third parties and €653 million for leases.

<sup>(2)</sup> This caption eliminates net market value of financial derivatives other than exchange rate ones.

	January - June					
	2018			2019		
	Adjusted Cash flow	Reclassification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclassification of JV & Others	IFRS-EU
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>	1,726	(357)	1,369	<b>2,530</b>	(658)	<b>1,872</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES</b>	2,580	(1,185)	1,395	<b>(1,437)</b>	372	<b>(1,065)</b>
<b>FREE CASH FLOW (I. + II.)</b>	4,306	(1,542)	2,764	<b>1,093</b>	(286)	<b>807</b>
<b>III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS <sup>(1)</sup></b>	(3,215)	1,572	(1,643)	<b>(1,560)</b>	269	<b>(1,291)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,091	30	1,121	<b>(467)</b>	(17)	<b>(484)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4,820	(219)	4,601	<b>5,021</b>	(235)	<b>4,786</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	5,911	(189)	5,722	<b>4,554</b>	(252)	<b>4,302</b>

<sup>(1)</sup> This caption includes payments for dividends and payment on other equity instruments, interest payments, proceeds from/(payments for) equity instruments, proceeds from/ (payments for) issue of financial liabilities, other proceeds from/(payments for) financing activities and the effect of changes in the exchange rate.



**APPENDIX IV – IFRS 16  
IMPACT**

**Q2 2019**

## IFRS 16 IMPACT

(Unaudited figures)

M€	2Q19			January - June 2019		
	Previous criteria	IFRS 16 Impact	IFRS 16 Criteria	Previous criteria	IFRS 16 Impact	IFRS 16 Criteria
EBITDA	1,815	86	1,902	3,544	168	3,712
Operating Cash Flow	1,282	86	1,369	2,362	168	2,530
Net Debt				(3,662)	(3,802) <sup>(1)</sup>	(7,464)
Capital Employed				34,697	3,694 <sup>(1)</sup>	38,391
ROACE (%)				7.6	0,60 pb	7.0

M€	2Q19			
	Upstream	Downstream	Corporation	Total
EBITDA	44	41	1	86
DD&A	(37)	(36)	0	(73)
EBIT	7	5	1	13
Financial Results	0	0	(22)	(22)
Income Tax	(5)	(1)	5	(1)
Adjusted Net Income	2	4	(16)	(10)

M€	January - June 2019			
	Upstream	Downstream	Corporation	Total
EBITDA	86	79	3	168
DD&A	(69)	(70)	(2)	(141)
EBIT	17	9	1	27
Financial Results	0	0	(44)	(44)
Income Tax	(8)	(2)	11	1
Adjusted Net Income	9	7	(32)	(16)

<sup>(1)</sup> Include the financial leases effect recognized in accordance with the previous accounting regulation.



**APPENDIX V – BASIS  
OF PRESENTATION**

**Q2 2019**

## BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Group's operating segments are:

- **Upstream**, corresponding to exploration and production of crude oil and natural gas reserves and;
- **Downstream**, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) commercialization, transportation and regasification of natural gas and liquefied natural gas (LNG) and (v) generation of electricity and commercialization of energy and gas in Spain.

**Corporate and others** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses, net finance costs and inter-segment consolidation adjustments.

Repsol presents its operating segments' results by including the ones corresponding to its joint ventures and other managed companies operated as such, in accordance with the percentage interest held by the Group, considering their business and financial metrics in the same manner and with the same level of detail as for fully-consolidated companies. The Group considers that so doing adequately reflects the nature of its businesses and the way in which their performance is analyzed for decision-making purposes.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called **Adjusted Net Income**, which corresponds to net income from continuing operations at current cost of supply or CCS after taxes and minority interests and not including certain items of income and expense (**Special Items**).

Using the current cost of supply or CCS<sup>1</sup> method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called *Inventory Effect*. This *Inventory Effect* is presented separately, net of tax and minority interests, and corresponds to the difference between income at CCS and that arrived at using the Average Weighted Cost accounting method (AWC, which is an inventory valuation method used by the Company to determine its results in accordance with *European accounting regulations*).

Likewise, *Adjusted Net Income* does not include *Special Items*, i.e., certain significant items whose separate presentation is considered convenient to facilitate the monitoring of the ordinary business performance.

All of the information presented in this Q2 2019 *Results Earnings Release* has been prepared in accordance with the abovementioned criteria (further explanation may be found in Repsol's 2018 Consolidated financial statements), with the exception of the information provided in Appendix II "Consolidated Financial Statements" which has been prepared according to the *International Financial Reporting Standards adopted by the European Union (IFRS-EU)*.

Appendix III provides a reconciliation of the segment reported metrics and those presented in the Consolidated Financial Statements (IFRS-EU).

<sup>1</sup> Although this measure of profit (CCS), widely used in the industry to report the earnings generated in Downstream businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in European accounting standards it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels.



Information and disclosures related to APM<sup>2</sup> used on the present Q2 2019 *Results Earnings Release* are included in Appendix II “Alternative Performance Measures” of the *Integrated Management Report for the first half of 2019* and Repsol’s website.

### **IFRS 16 Leases:**

As a result of the new accounting treatment of leases under IFRS 16, the impact on the Group’s net income during the first half of 2019 has not been material. However, other financial aggregates have been affected and, for example, operating profit has increased (lower operating expenses) and financial result has decreased (higher finance expenses). The net change in cash has not been altered by the application of IFRS 16, but its classification has: Cash flow from operating activities has increased and cash flow from financing activities has decreased, to the same extent.

In relation to the Alternative Performance Measures used by the Group (see Appendix II of the *Integrated Management Report for the first half of 2019*), the application of IFRS 16 has had several effects: i) EBITDA (“Earnings Before Interest, Tax, Depreciation and Amortization”) has increased as it now includes the expense corresponding to the leases, either as amortization or finance expense; ii) cash flows from operations has also increased, since from now on it includes the cash outflows for leases in cash flows from financing activities; iii) the Group presents Net Debt, Capital Employed and the ROACE (“Return on average capital employed”) calculated as in previous years to make it easier to monitor the current Strategic Plan and the historic performance of return and debt; nevertheless Repsol will also publish these magnitudes including the effect of the lease liabilities (those recognized in accordance with the previous accounting standard and the new lease liabilities recognized due to the application of IFRS 16).

For further information, see Note 2.2.1 to the interim condensed consolidated financial statements for the first half of 2019.

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<sup>2</sup> 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.

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**Contact details**

Investor Relations

[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)

Tel: +34 917 53 62 52

Fax: +34 913 48 87 77

**REPSOL S.A.**

C/ Méndez Álvaro, 44

28045 Madrid (España)

[www.repsol.com](http://www.repsol.com)