



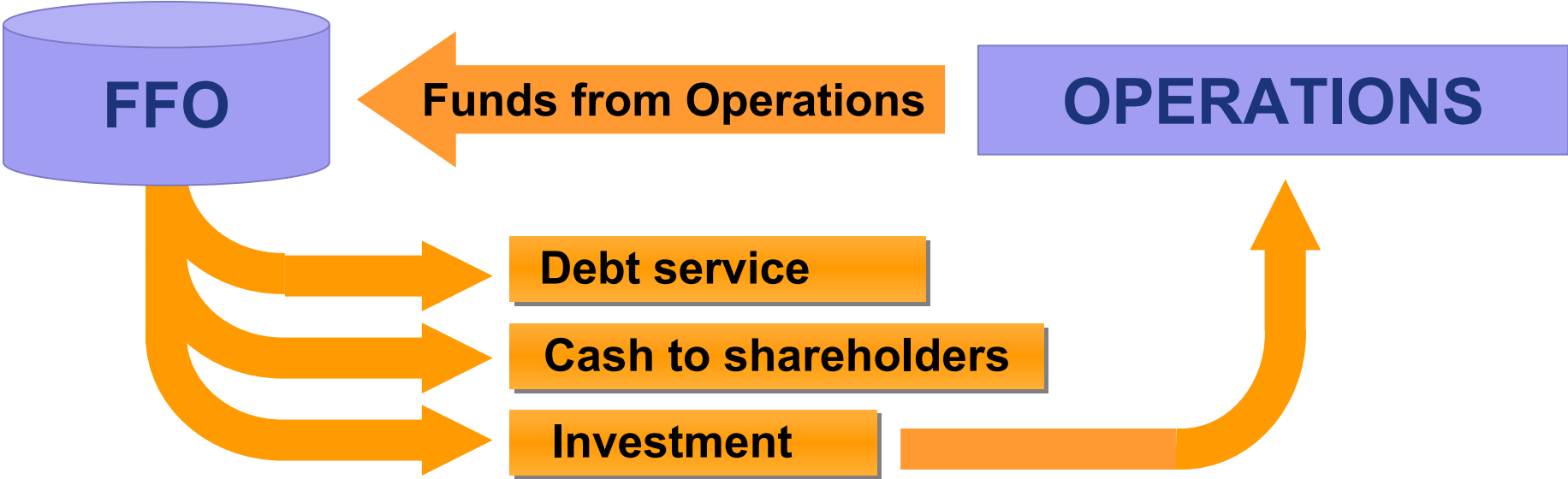
BOND AND RISK MANAGEMENT CONFERENCE

Barcelona, May 13th & 14th, 2004

- **Financial Strategy**
- **First Quarter 2004**
- **Argentina**
- **Financial Evolution**

FINANCIAL STRATEGY

Allocation of Funds generated by Operations



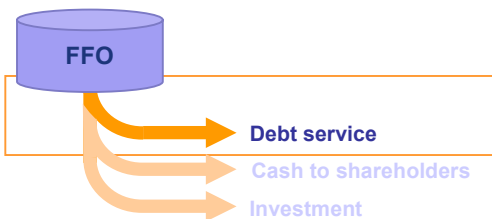
ALLOCATION PRINCIPLE

Balancing long term value and cash to shareholders



POLICIES

- Financial prudence
- Strict investment discipline



PRINCIPLES

- Cost of Capital Optimization
- Permanent Access to Capital Markets



OBJECTIVE

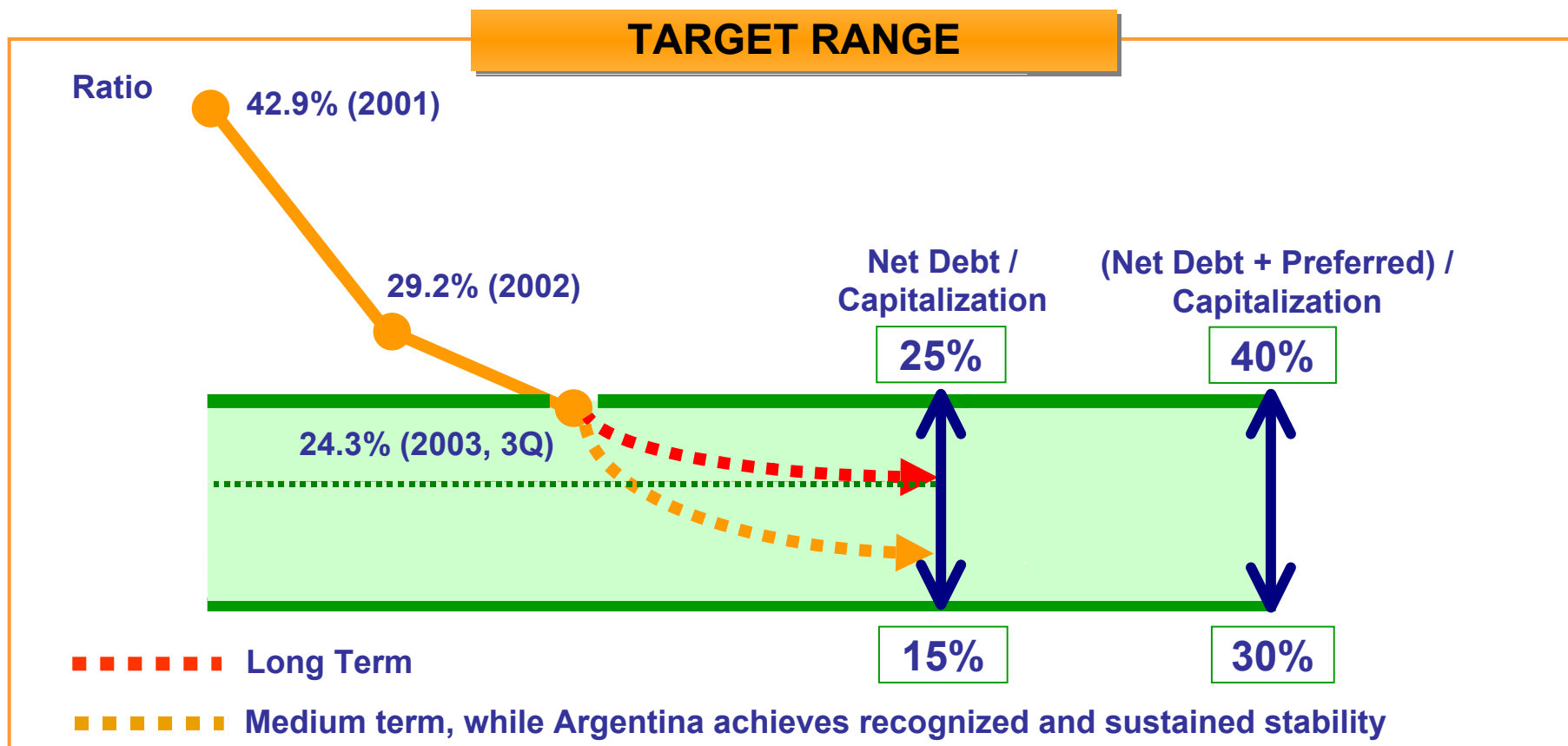
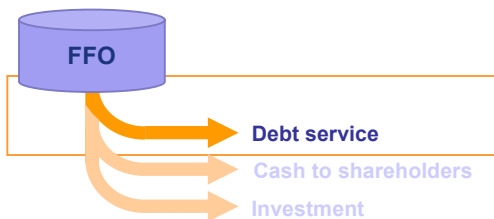
Maintain pre-YPF
Financial Strength

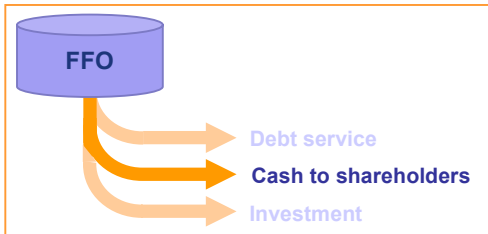


SENIOR DEBT TARGET RATIOS

- AA area for Group
- A area ex-Argentina

Financial Policy: Debt to Capitalization Ratio





PRINCIPLES

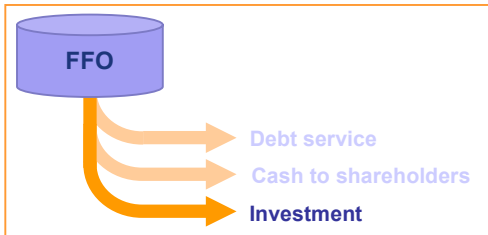
- Dividend should be payable under “acid”/low-cycle scenarios
- Buy backs as a complementary investment option

LONG TERM POLICY

- Dividend Payout band around 40% of Net Income at mid-cycle

NEXT STEP

- 2003: 0.40 €/share (+30%)



PRINCIPLE

Long-term sustainable value creation for shareholders



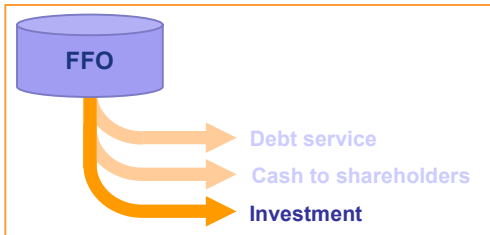
POLICY

Investment allocation based on strict IRR vs. WACC criteria

CAPITAL DISCIPLINE

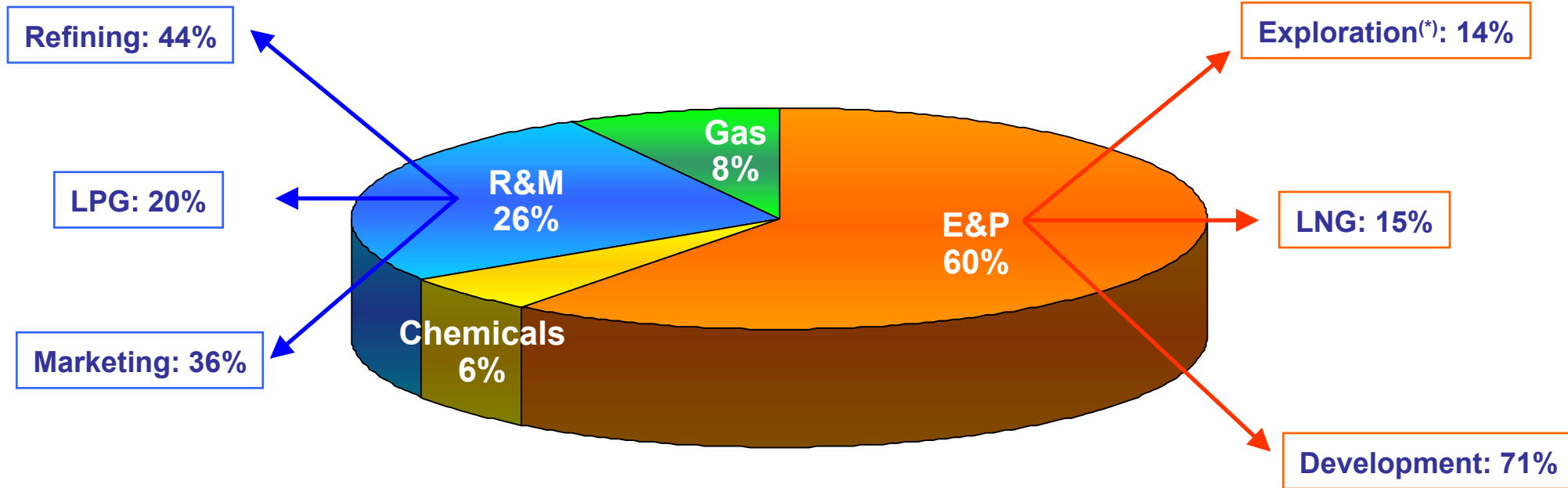
- Internal competition for capital
- Centralized allocation
- Strict project selection

Investment program summary (1)



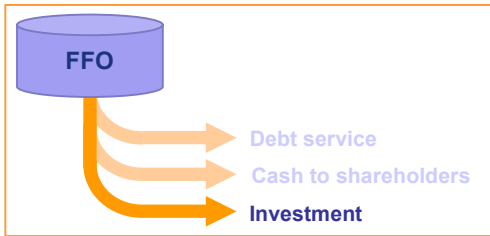
CAPEX 2003-2007

TOTAL = 18,800 M€

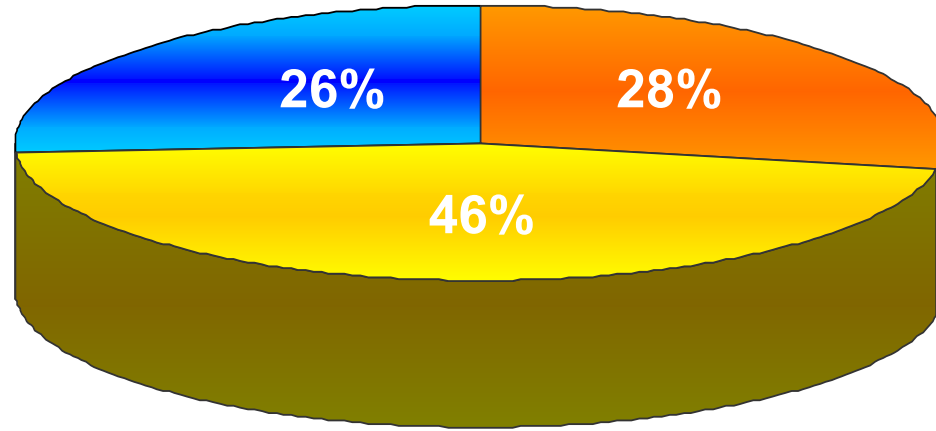


(*) Includes all exploration expenses

Investment program summary (2)



CAPEX BY REGION 2003-2007



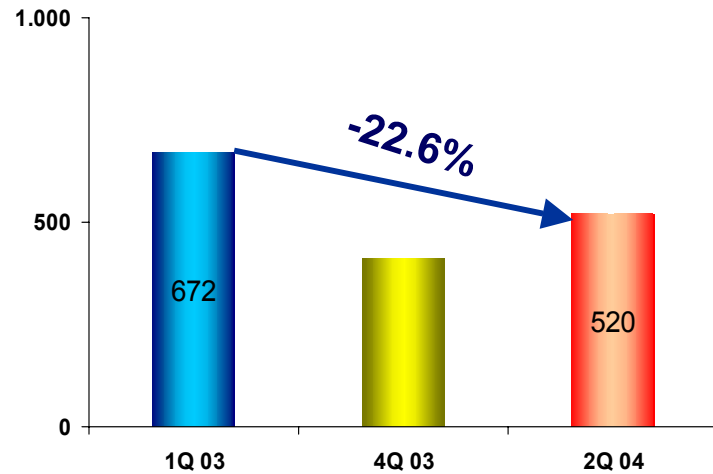
FIRST QUARTER 2004

- *12 % production growth in oil&gas*
- *Similar refining capacity utilisation despite turnarounds*
- *Higher marketing sales*
- *Worldwide LNG sales quadrupled*
- *Close to 60% growth in Atlantic LNG operations*
- *Tax rate increase to 38%*
- *Reduction of financial expenses*
- *Strong free cash flow generation*

| | Full Year 2003 | 1 st Quarter 2003 | 1 st Quarter 2004 |
|---------------------|-------------------|---------------------------------|---------------------------------|
| OPERATING INCOME | 3.860 | 1.129 | 1.001 |
| OPERATING CASH-FLOW | 6.156 | 1.689 | 1.552 |
| NET INCOME | 2.020 | 672 | 520 |
| NET CASH-FLOW | 4.477 | 1.257 | 1.161 |

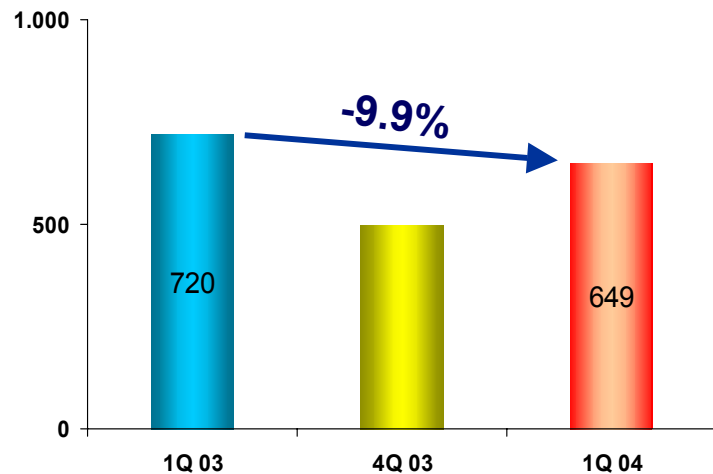
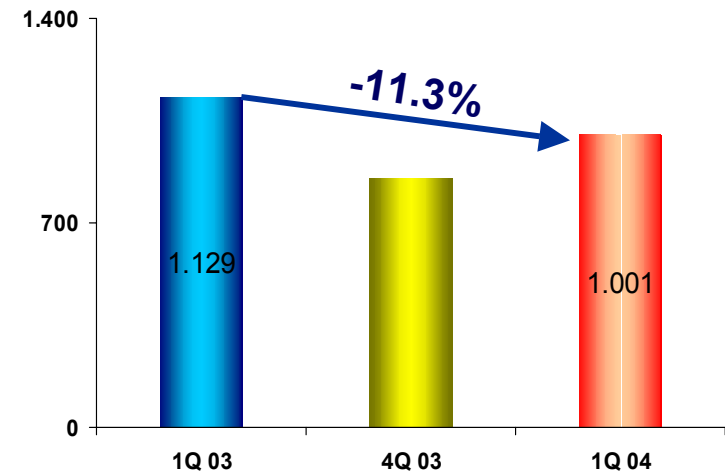
| | Full year 2003 | 1 st Quarter 2003 | 1 st Quarter 2004 |
|---|-------------------|---------------------------------|---------------------------------|
| OPERATING INCOME | | | |
| Exploration & Production | 2.352 | 642 | 566 |
| Refining & Marketing & LPG | 1.196 | 357 | 302 |
| Chemicals | 115 | 51 | 37 |
| Natural Gas & Electricity | 212 | 91 | 152 |
| Other | (55) | (12) | (56) |
| TOTAL OPERATING INCOME | 3.860 | 1.129 | 1.001 |
| FINANCIAL RESULTS | (400) | (88) | (61) |
| GOODWILL AMORTIZATION | (174) | (45) | (42) |
| PARTICIPATION IN AFFILIATES' EARNINGS | 146 | 46 | 23 |
| EXTRAORDINARY RESULTS | (154) | 26 | 5 |
| EARNINGS BEFORE TAXES & MINORITIES | 3.278 | 1.068 | 926 |
| TAXES | (1.048) | (342) | (352) |
| MINORITY INTERESTS | (210) | (54) | (54) |
| NET INCOME | 2.020 | 672 | 520 |

Net Income

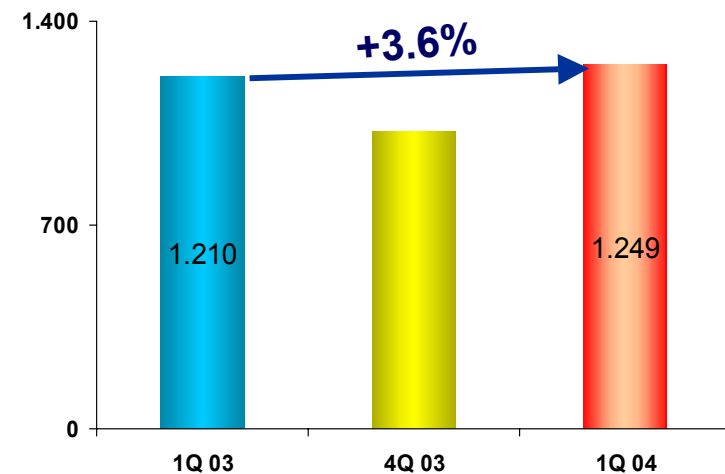


Million €

Operating Income

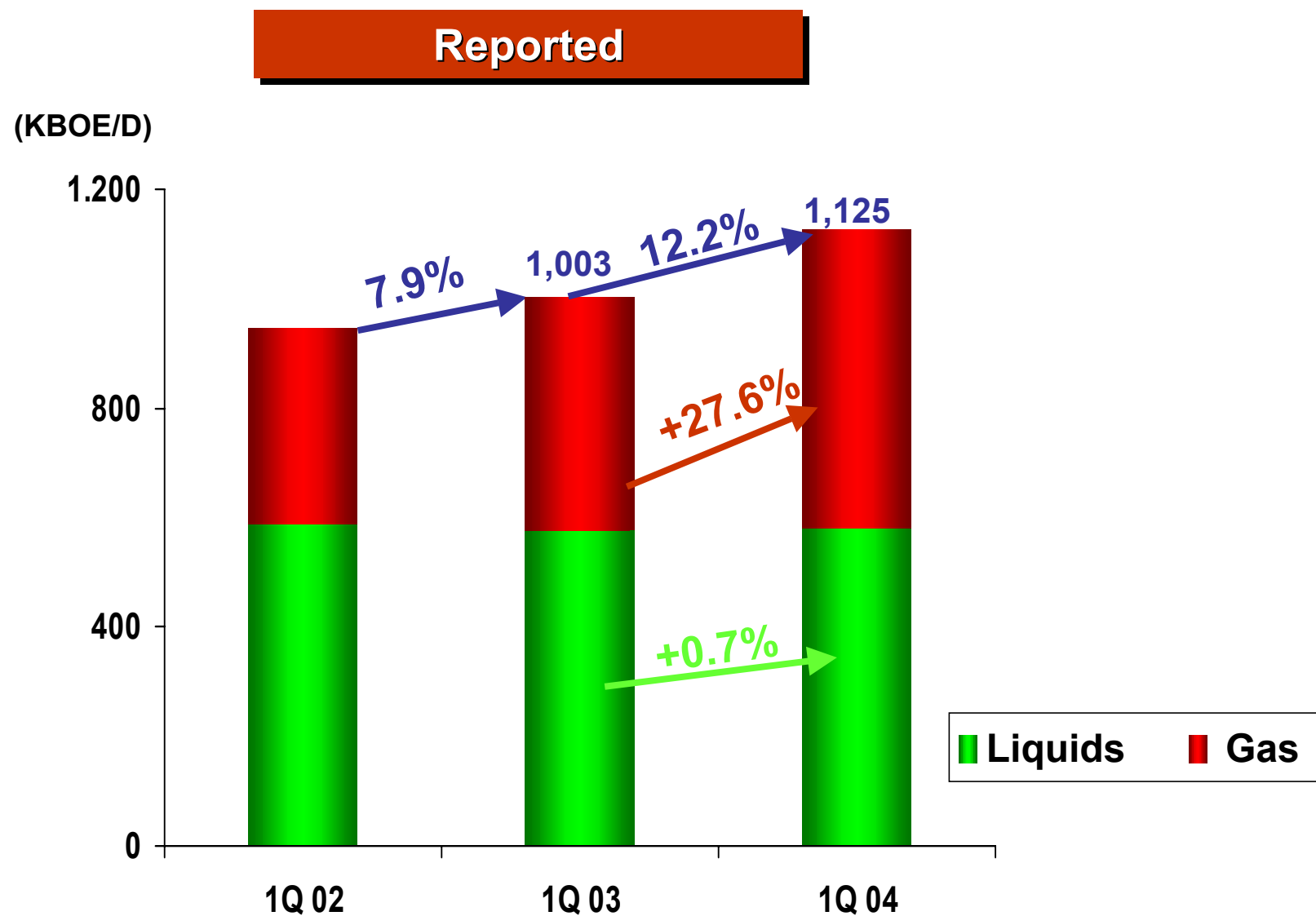


Million \$

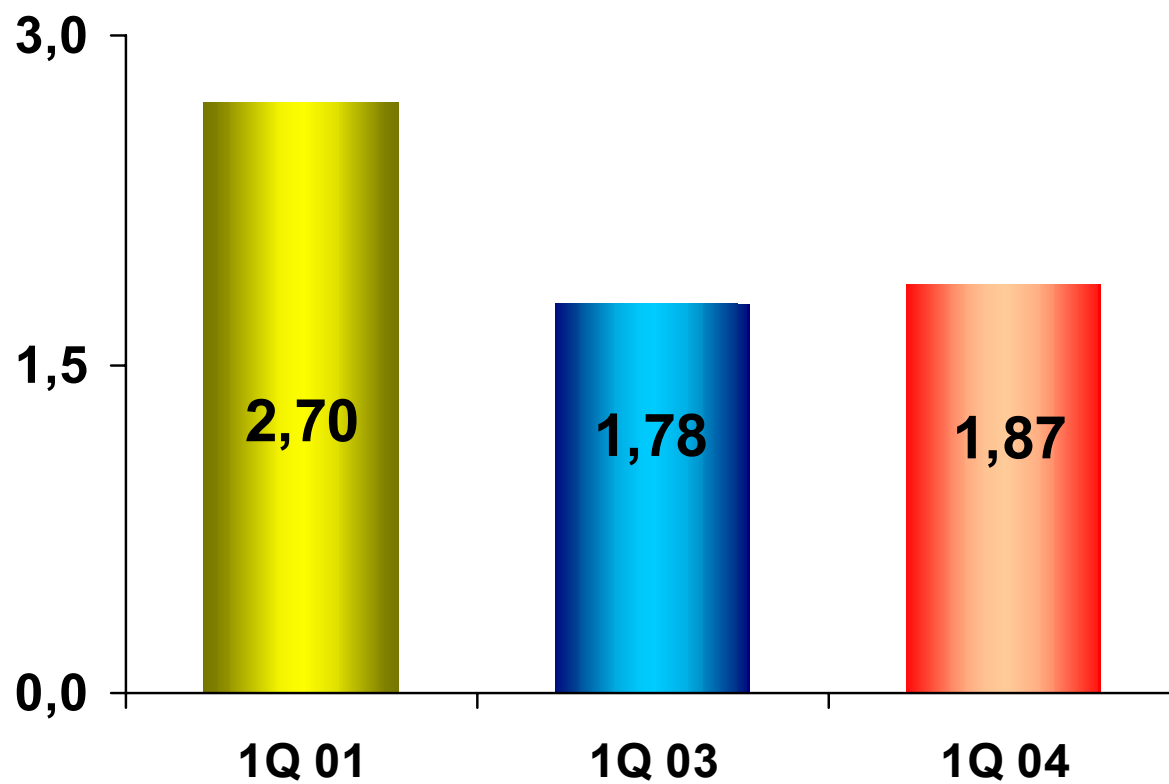


Comparison 1Q 40 VS. 1Q 03

| | REPORTED | + | Adj. by €/\$ Exchange Rate | + | Adj. by Tax Rate |
|----------------------------|-----------------|---|---|---|-----------------------------|
| Operating Income | -11.3% | | +3.2% | | +3.2% |
| Net Income | -22.6% | | -9.9% | | -0.4% |
| Adj. Net income | -15.9% | | -2.1% | | +6.7% |
| After tax Cash Flow | -7.6% | | +7.5% | | +13.3% |



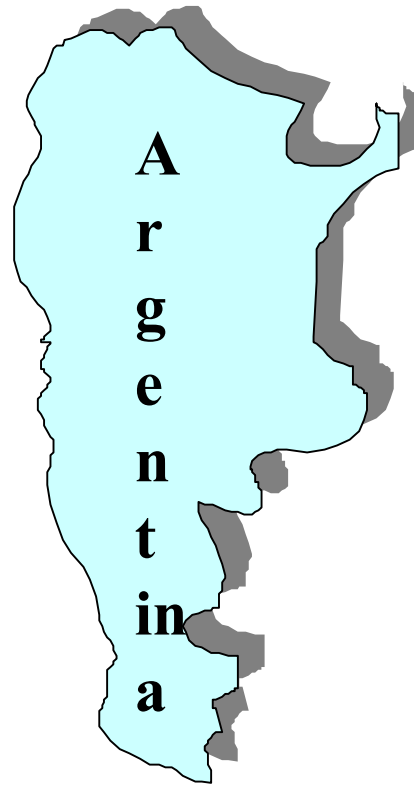
US\$/boe



ARGENTINA

POSITIVE FACTORS

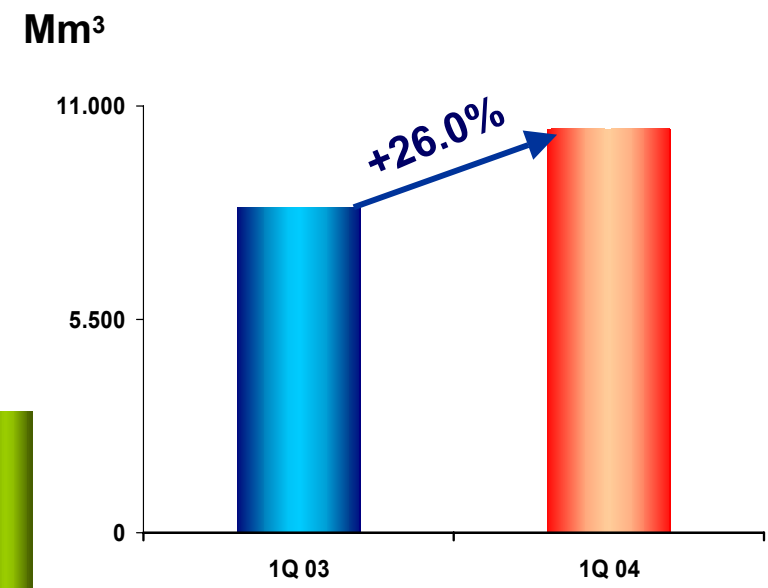
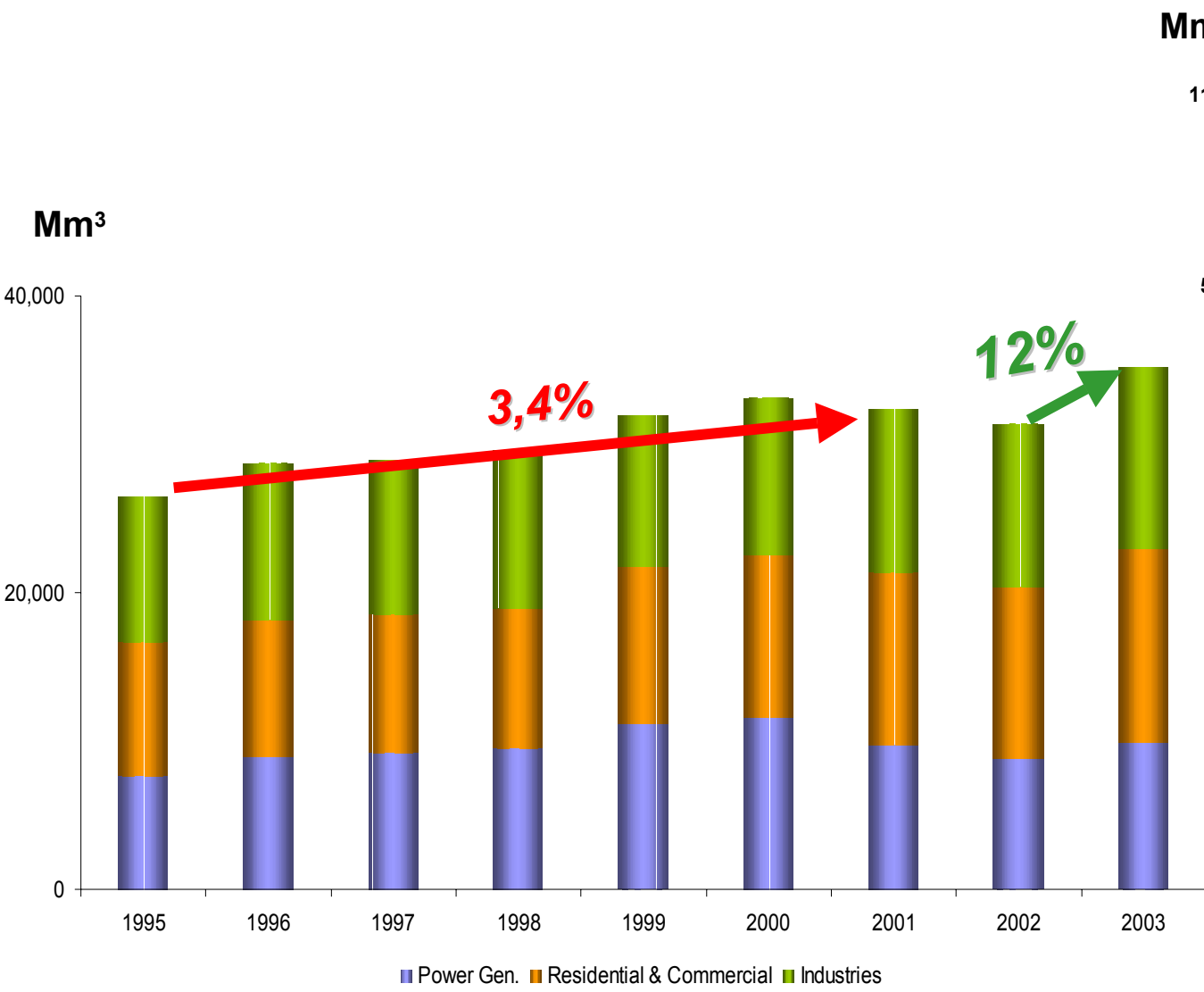
COST COMPETITIVENESS



NEGATIVE FACTORS

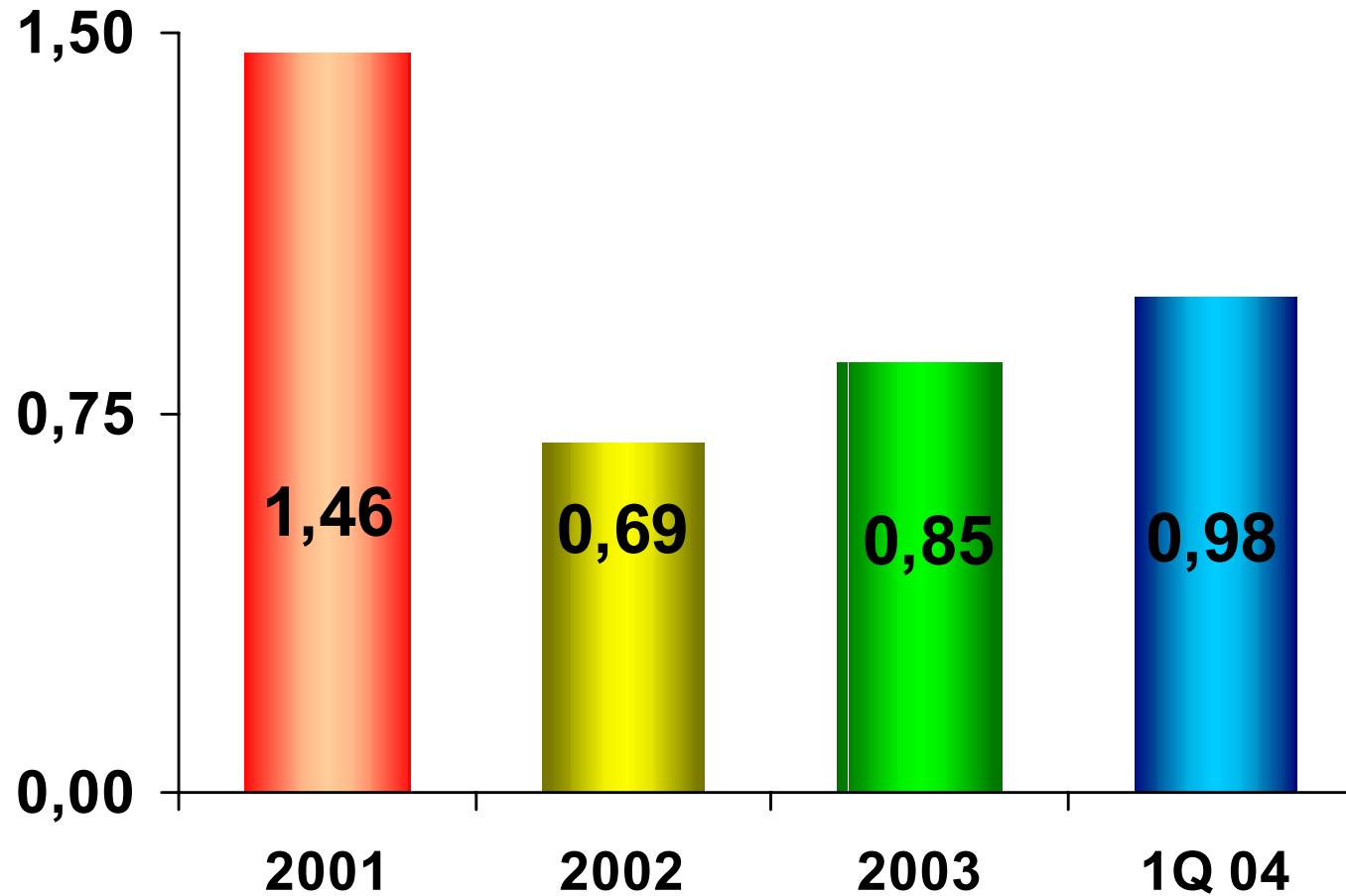
GAS PRICES

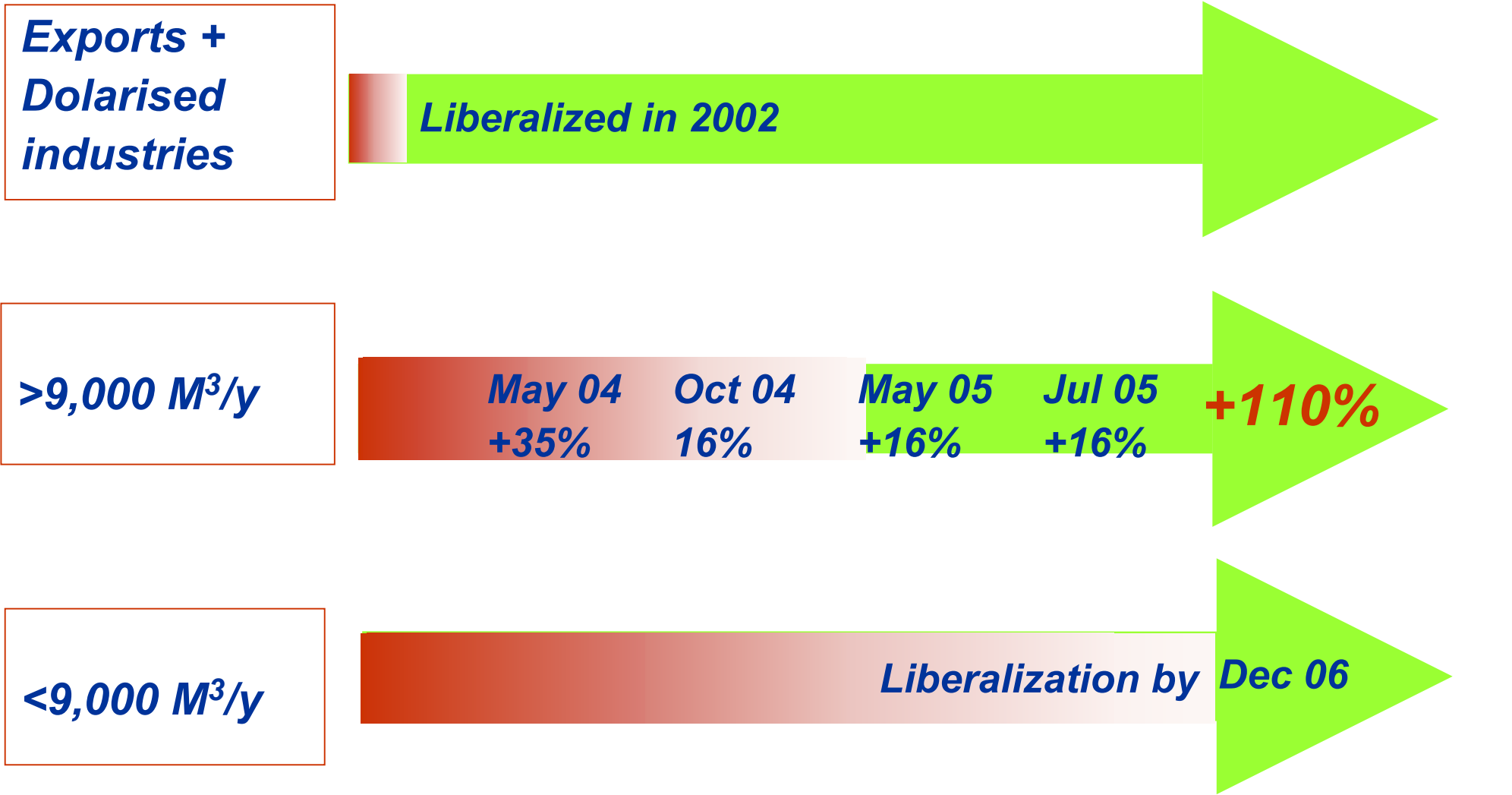
EXPORT TAXES



Evolution of Gas Price realisation

US\$/mscf





ARGENTINA

Free Availability

70% oil & gas
exports

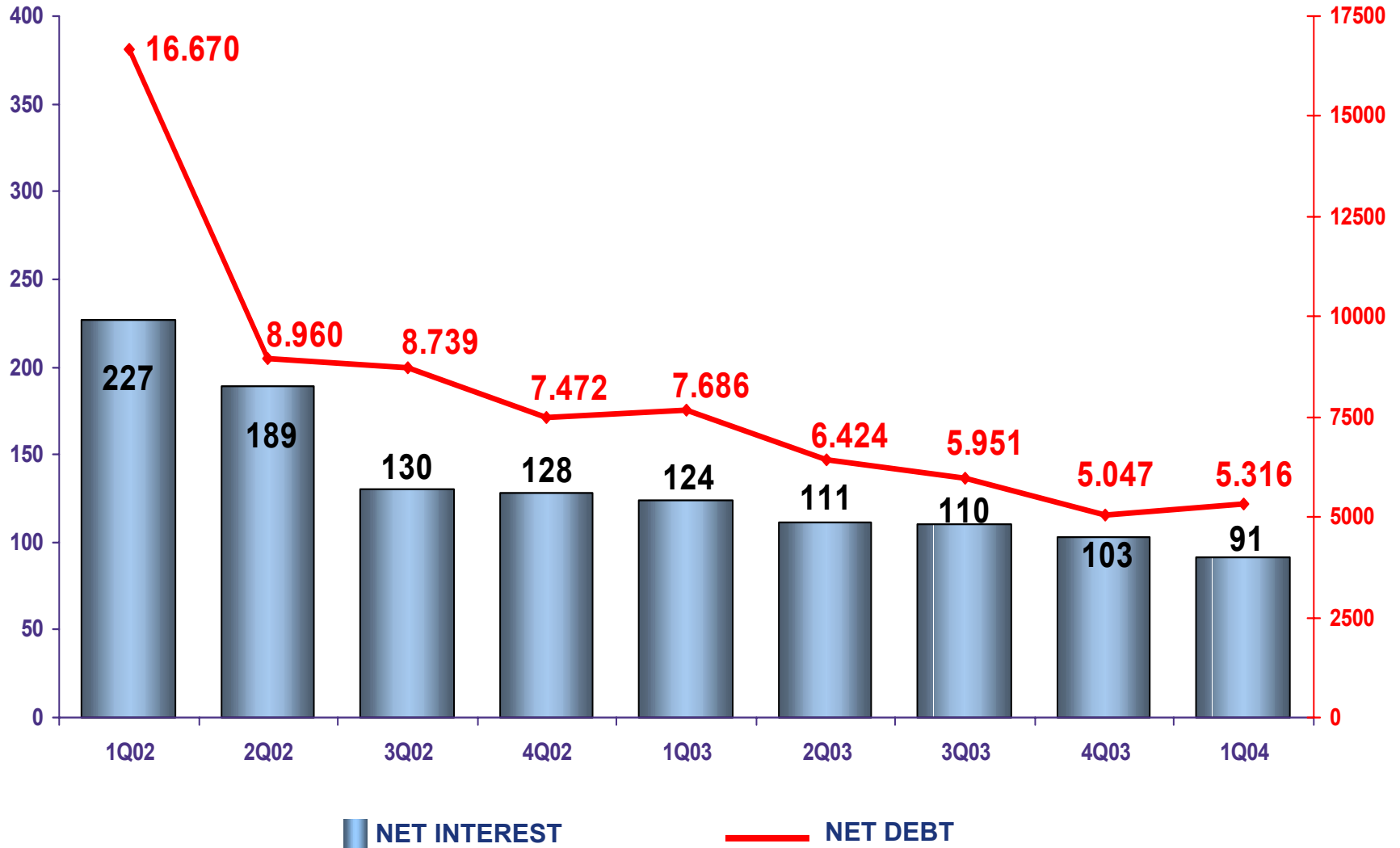


Free use of
cash-flows

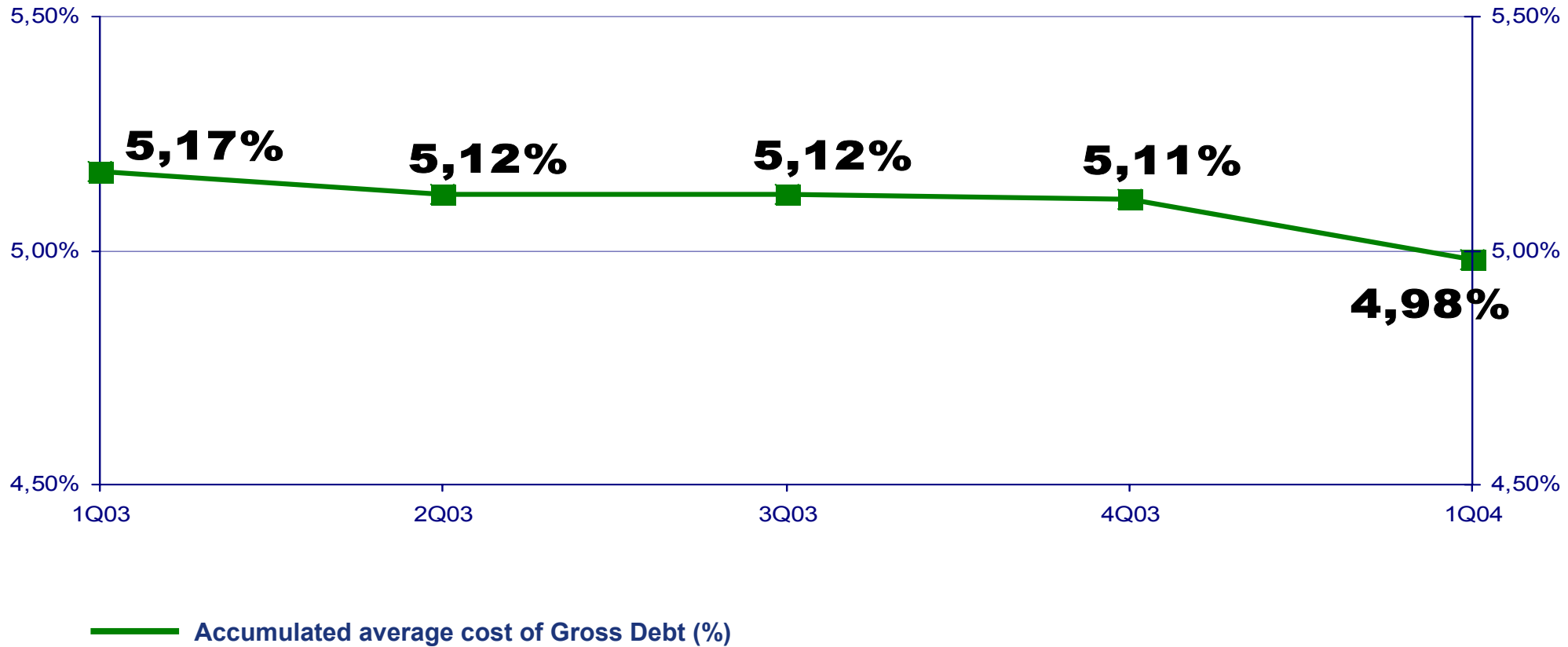
DIVIDENDS PAID BY YPF:
2003: 1.044 US\$ MILLION
April 2004: 1.239 US\$ MILLION

FINANCIAL EVOLUTION

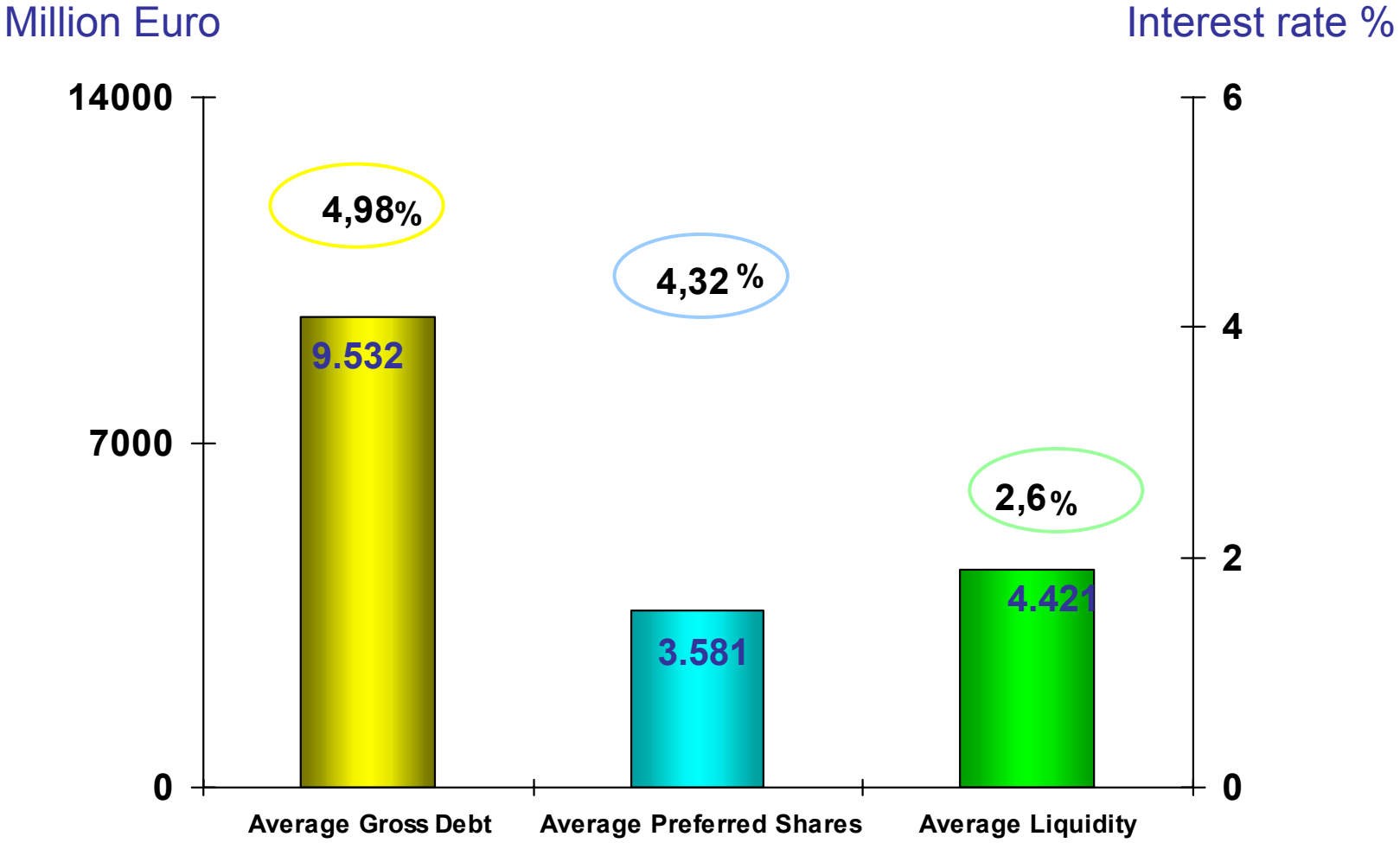
Net Debt Evolution



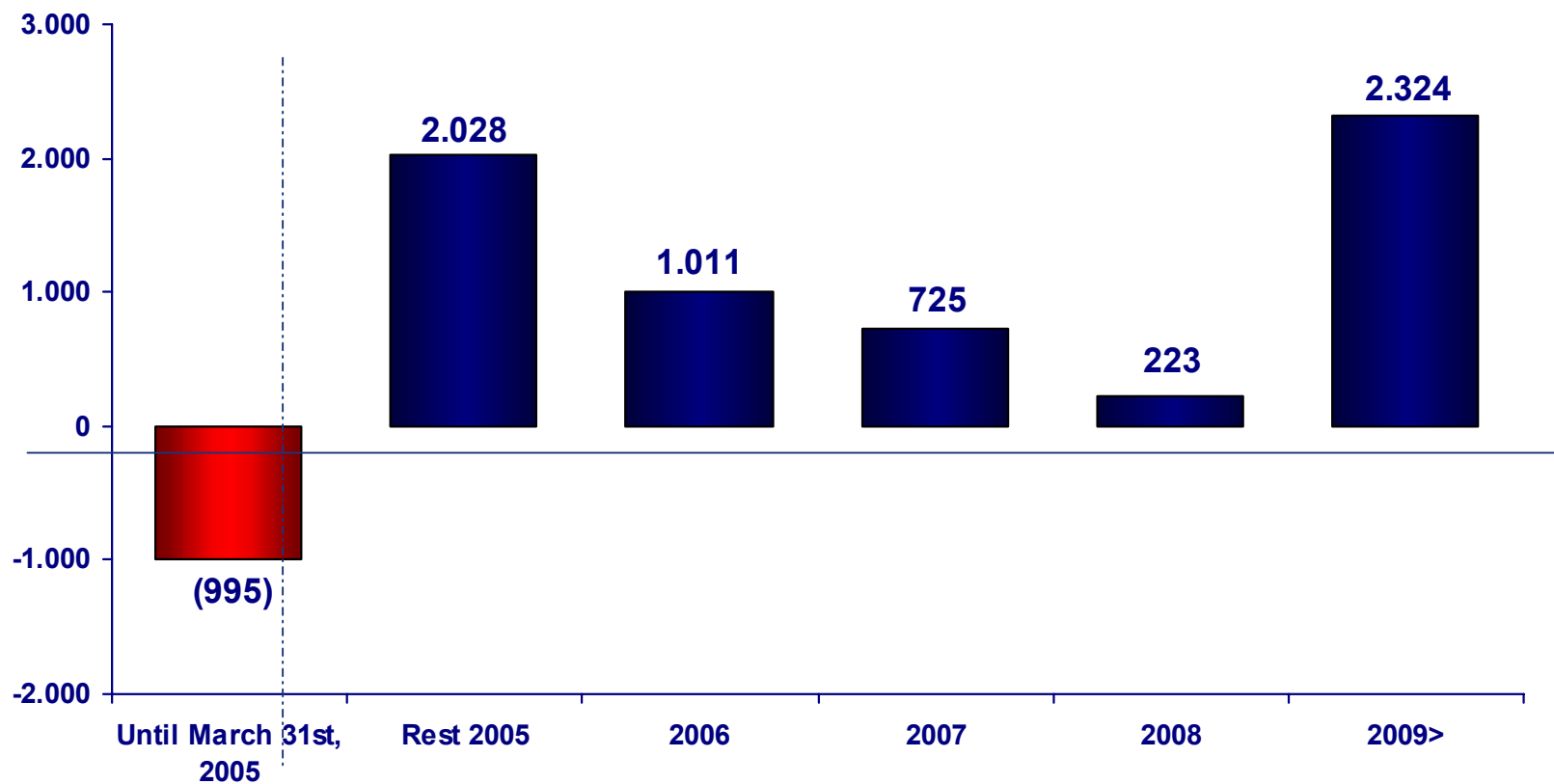
Financial Cost Evolution



Average Net Debt & Preferred Shares Interest rate

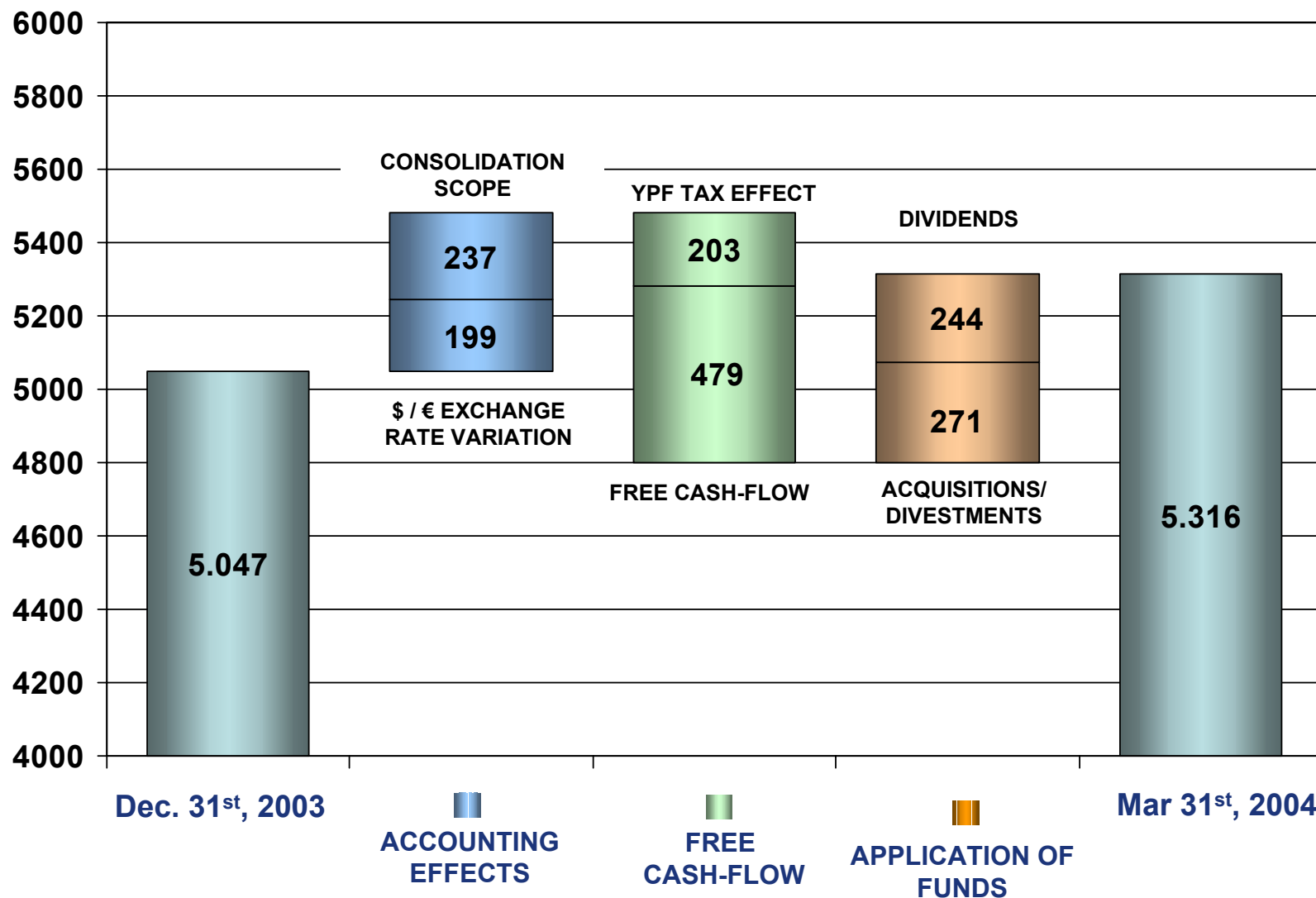


Net Debt : 5.316 MM€



Million euro

Net Debt Variation



Liquidity as of March 31st, 2004

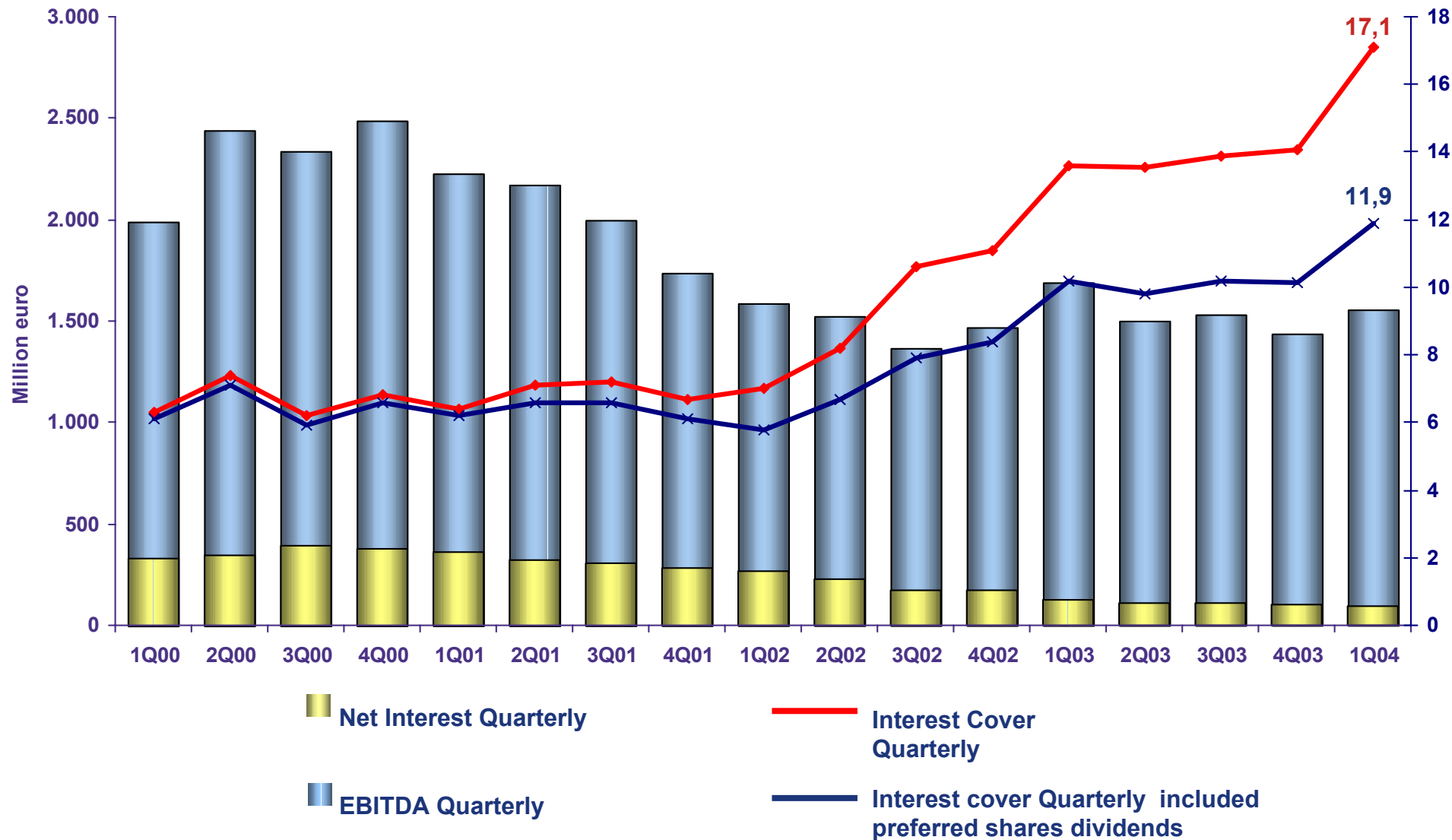
| | <u>MM Euro</u> |
|---|----------------|
| Cash and Cash equivalents | 2.361 |
| Other financial investments | 1.290 |
| Total Financial Investments | 3.651 |
| Committed Credit lines | 4.164 |
| Of which used | (101) |
| LIQUIDITY AS OF MARCH 31ST, 20004 | 7.714 |

Financial Ratios

| | 1Q03 | 4Q03 | 1Q04 |
|------------------------------------|--------|--------|--------|
| NET DEBT | 7,686 | 5,047 | 5,316 |
| BOOK CAPITALIZATION | 26,082 | 23,072 | 23,882 |
| NET DEBT / BOOK CAPITALIZATION (%) | 29.5 | 21.9 | 22.3 |
| EBITDA | 1,689 | 1,435 | 1,552 |
| NET DEBT / EBITDA (X) | 1.14 | 0.88 | 0.86 |
| NET CASH-FLOW | 1,257 | 935 | 1,161 |
| NET CASH-FLOW / NET DEBT (%) | 65.4 | 74.1 | 87.4 |
| NET INTEREST EXPENSES | 124 | 103 | 91 |
| EBITDA / NET INTEREST (X) | 13.6 | 14.1 | 17.1 |
| EBITDA (EX-YPF) / NET INTEREST (X) | 6.2 | 7.3 | 8.7 |

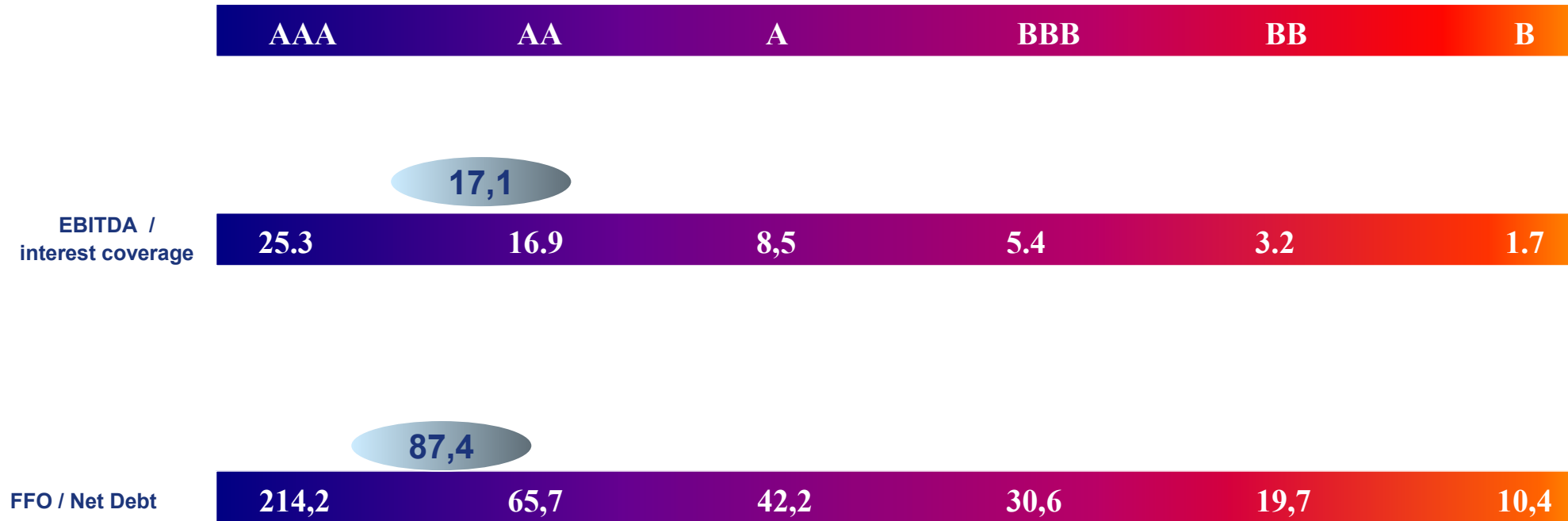
INTEREST COVER EVOLUTION

(Including preferred shares dividends)



COMPARABLE RATIOS

Repsol YPF Group

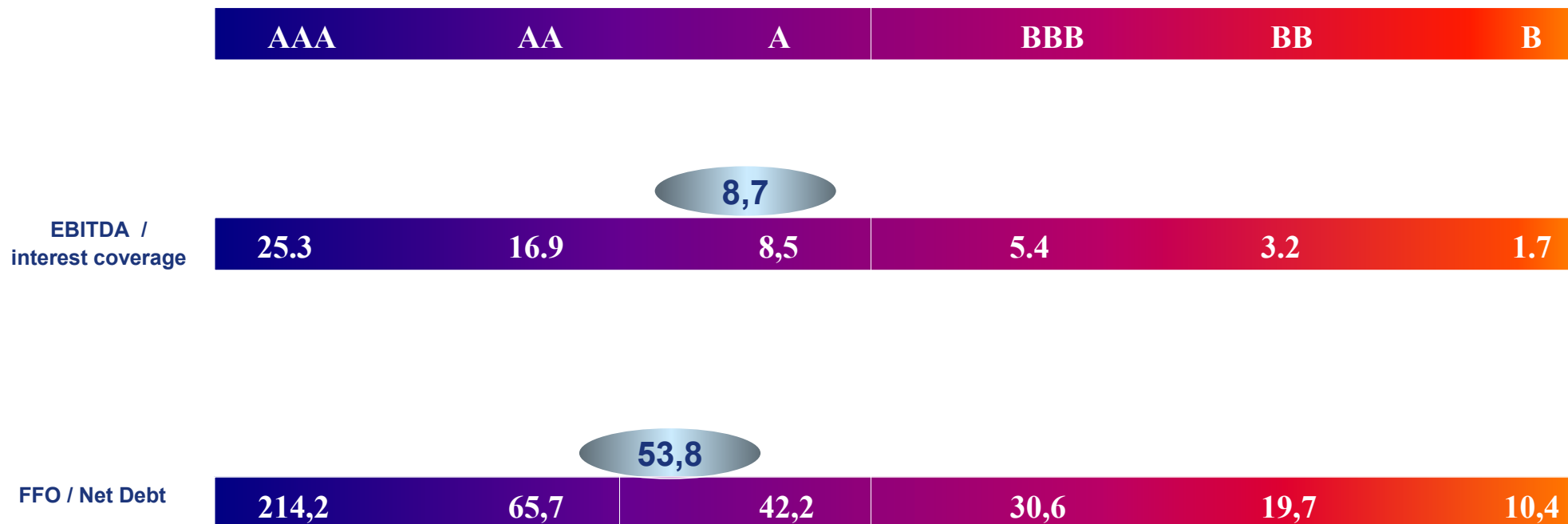


Repsol YPF Ratios

 As of _March 31st, 2004

COMPARABLE RATIOS

Repsol YPF Group without YPF Group



Repsol YPF Ratios



As of March 31st, 2004



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