REPSOL YPF

LPG Latin America

LPG Latin America
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What is Liquefied Petroleum Gas?

What is LPG?

By-products of oil distillation and gas separation processes
- Butane
- Propane

Characteristics
- Stored as liquid under moderate pressure
- Easily transported
- Clean Combustion
- Non pollutant
- High heating power
- Non perishable

USES

Residential
- Cooking
- Heating
- Water heating

Commercial
- Restaurants
- Hotels

Industrial
- Farming
- Manufacturing

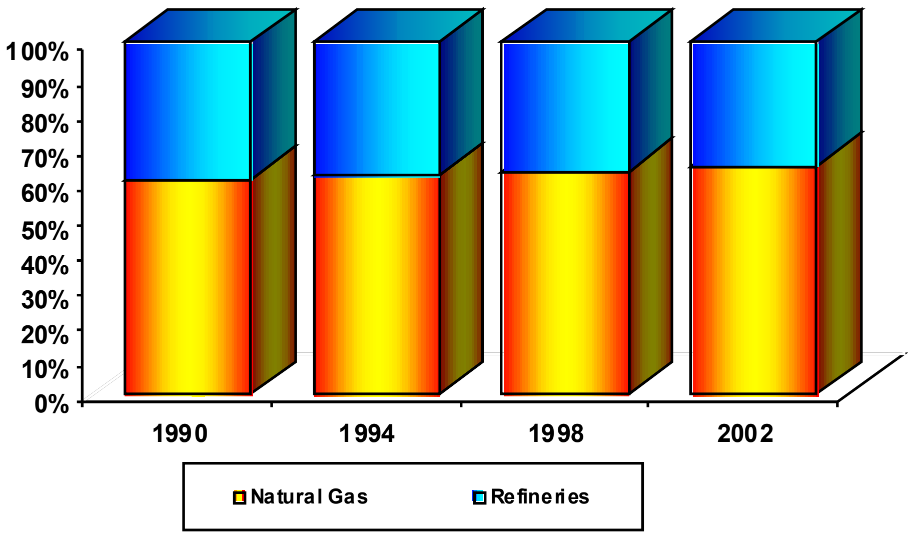
Propanized Gas Networks

Automotive

LPG worldwide

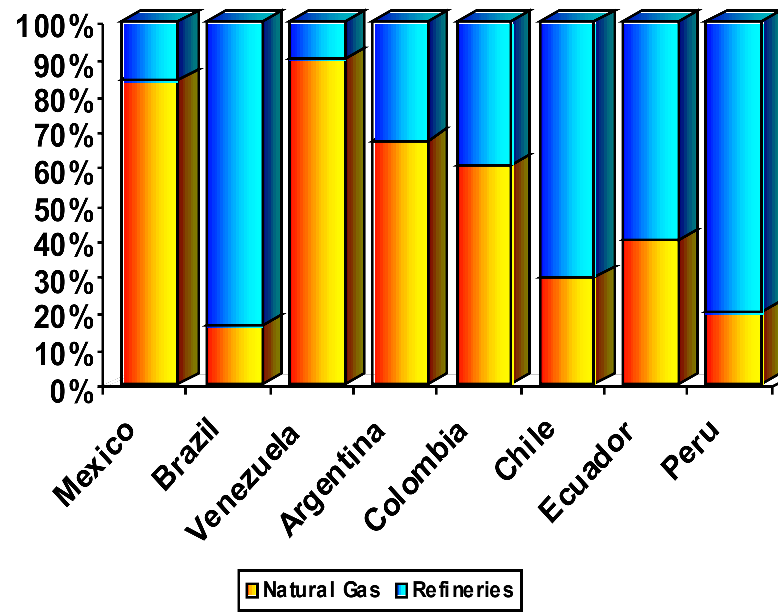
LPG sources

WORLDWIDE



LATIN AMERICA

(Year 2002)

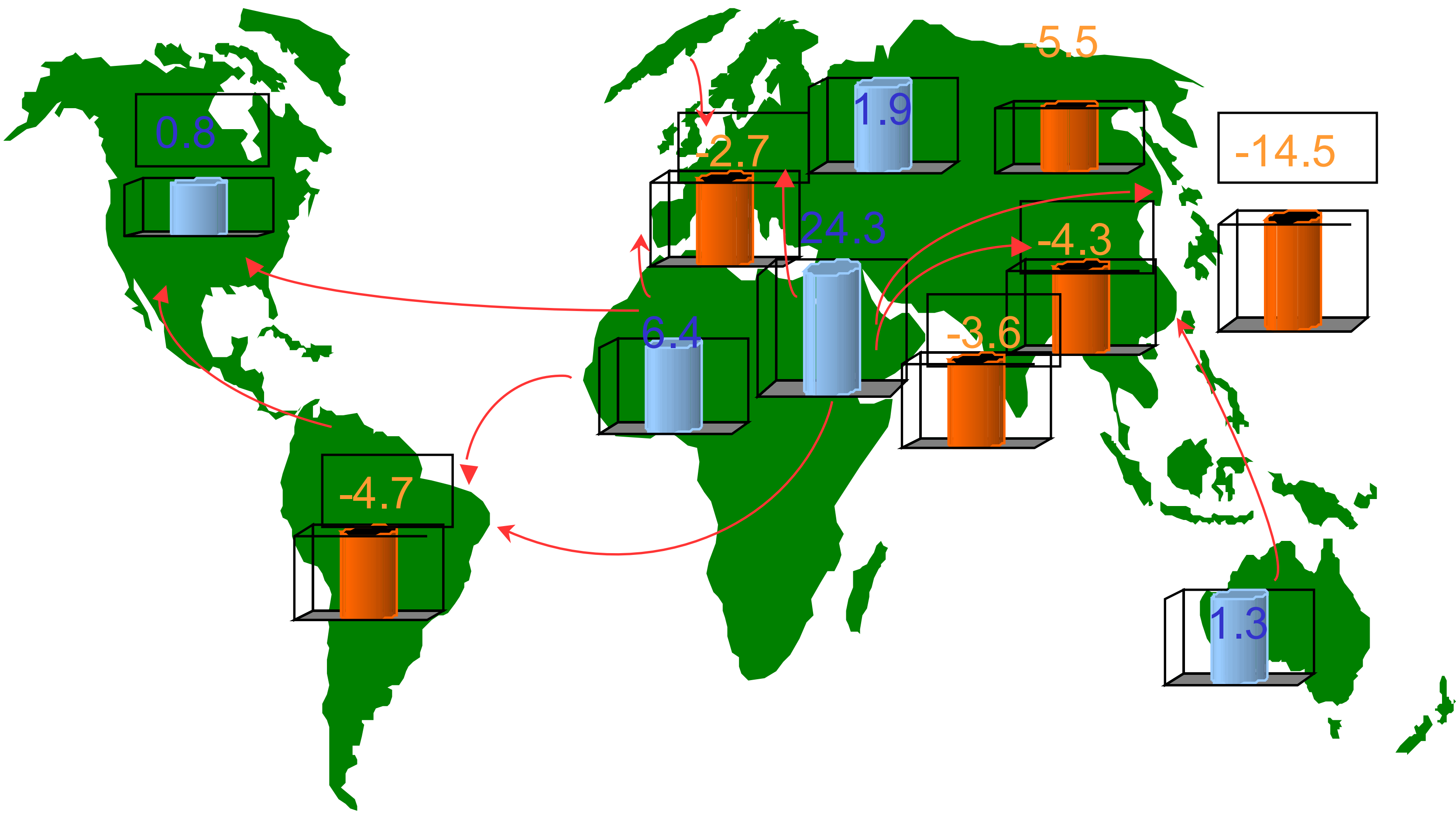


* Imports are not included

Source: Purvin & Gertz and MCH

LPG worldwide structure

1999 import-export balance

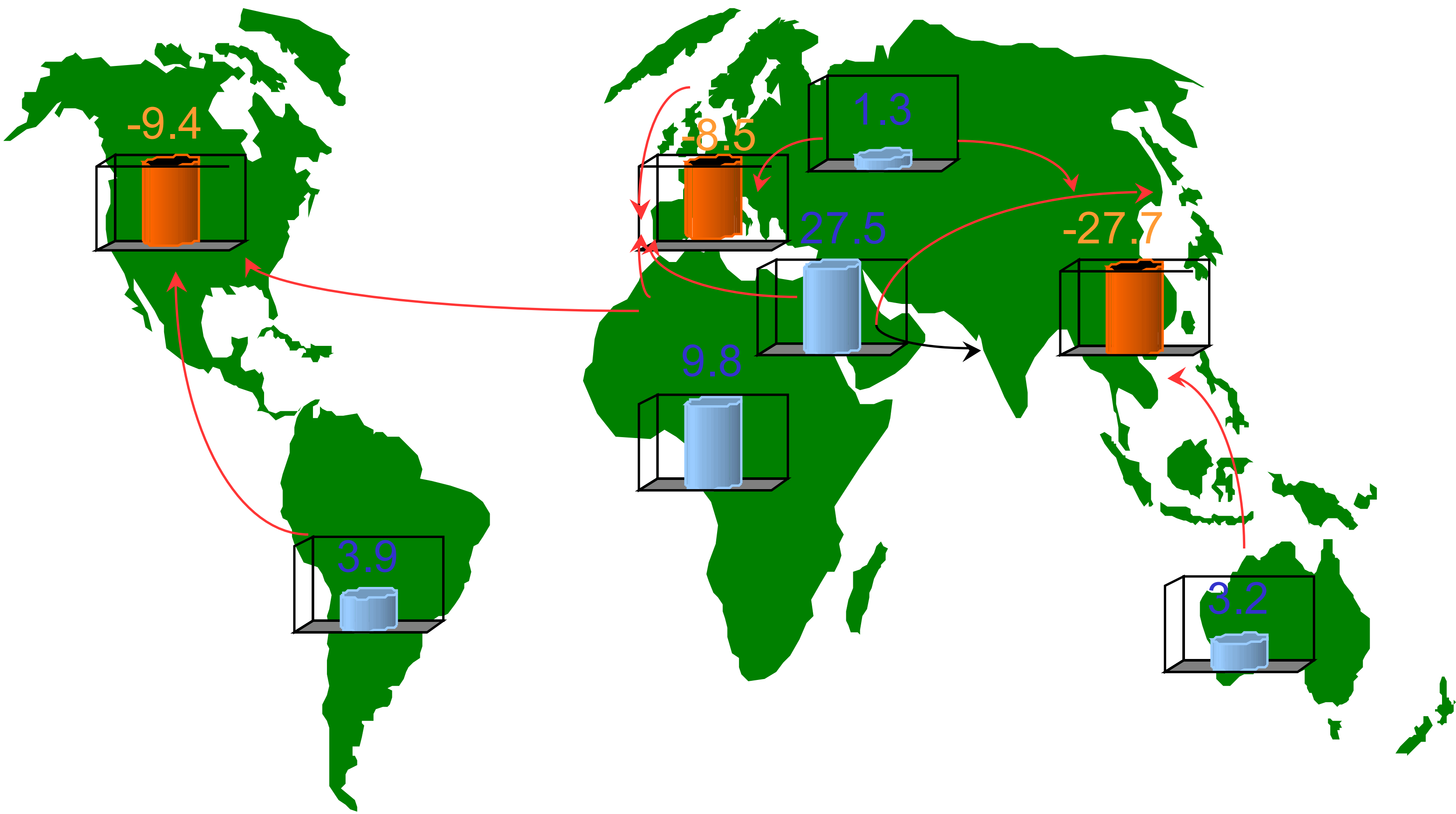


Figures in MM tons per year

Source: Repsol-YPF sources

LPG worldwide structure

2005 import-export balance

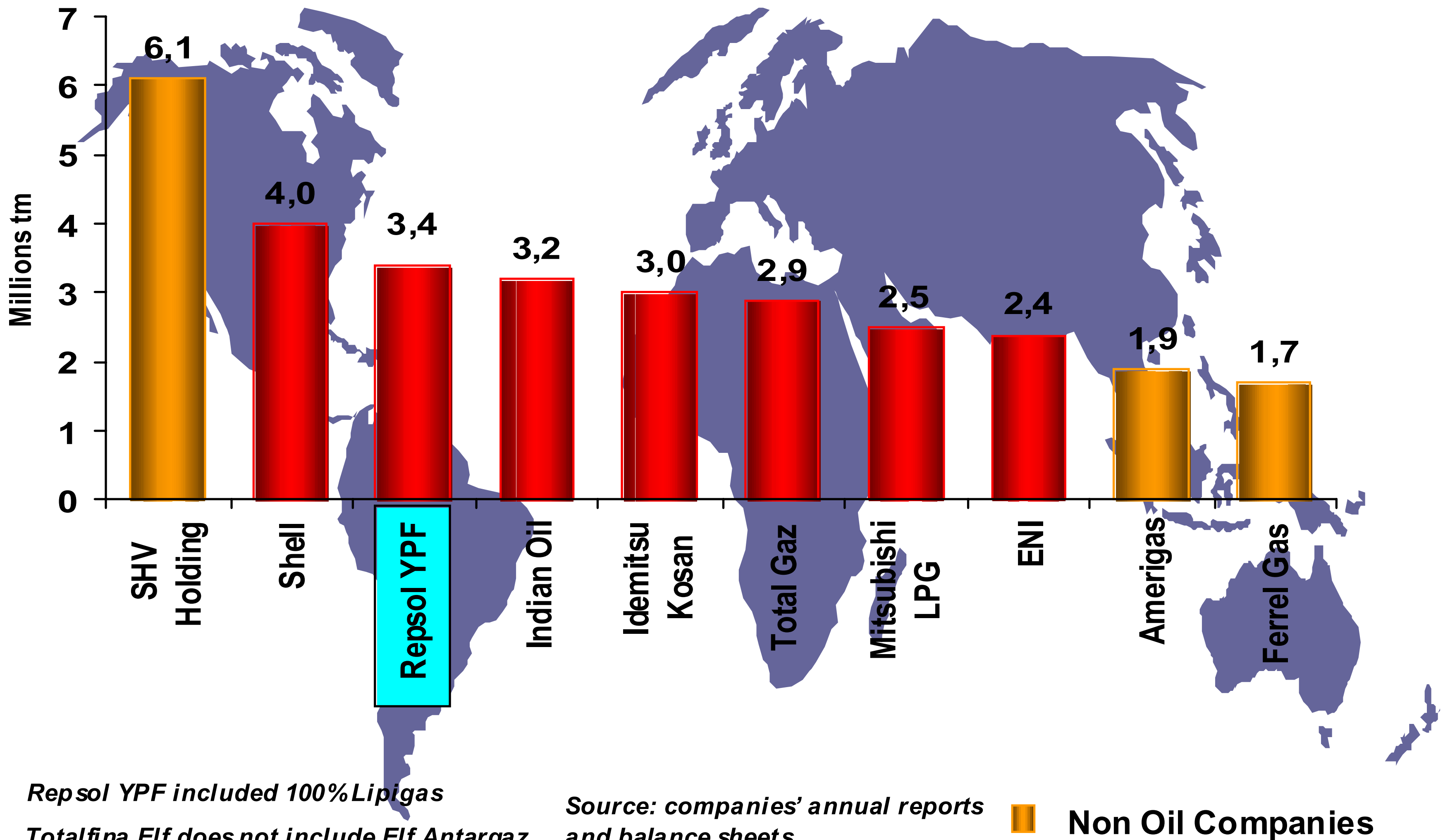


Figures in M tons per year

Source: Repsol-YPF sources

REPSOL YPF in the LPG market

Third largest LPG company worldwide in year 2002.



Repsol YPF included 100% Lipigas

Totalfina Elf does not include Elf Antargaz

Source: companies' annual reports and balance sheets

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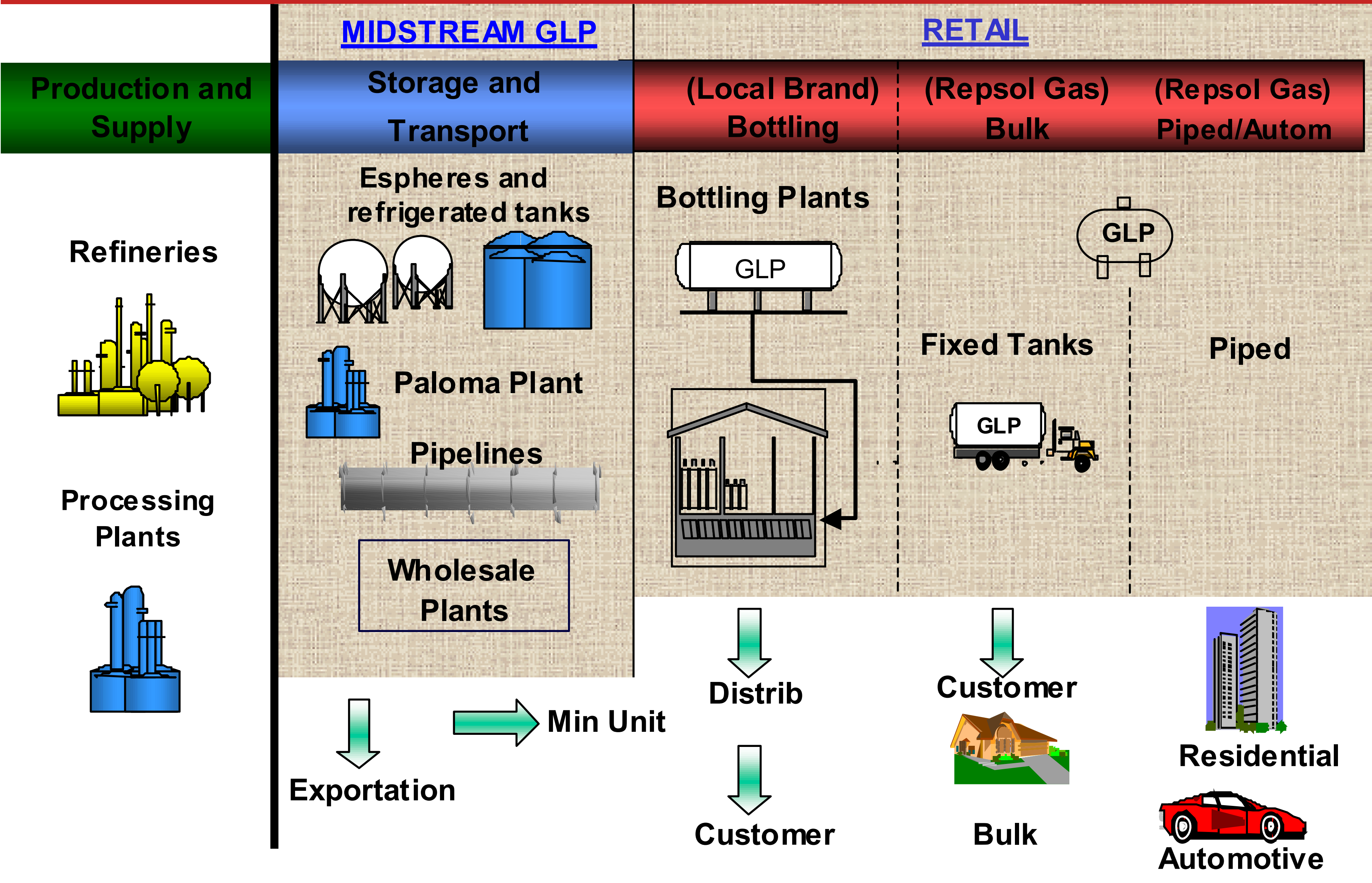
Business units structures implemented in Latin America



LPG Latin America

Value maximization in the LPG Business

THE INTERDEPENDENCE OF THESE THREE ASPECTS ENSURES THE MAXIMIZATION OF VALUE IN THE LPG BUSINESS IN LATIN AMERICA.

LPG Latin America

Current Situation

REPSOL YPF

Specific characteristics of the Latin American LPG market

- ✓ It is a highly competitive market, with a diversity of brand names.
- ✓ There is an oversupply of products with several operators WITHIN our activity hinterland. Gas reserves play a decisive role.
- ✓ There is unfair competition due to a deficient regulatory framework and to an uncontrolled use of non-Repsol YPF containers and brand names.
- ✓ Prices are impacted by different regulation levels and/or government subsidies.
- ✓ Differentiation on the basis of quality is difficult because of higher costs, which is therefore not appreciated.

LPG Latin America

Current Situation – Repsol YPF market share in retail

REPSOL YPF

TOTAL REPSOL YPF 1.3 MMton

- 39% share in countries with a presence.
- 6% share in the total Latin American market

Argentina — 970 Mton

Repsol-YPF	36%
Total F Elf	19%
Shell	8%
Others	37%

Bolivia — 282 Mton

YPFB	56%
Repsol-YPF	34%
Flama Gas	10%

Brazil — 6,609 Mton

SHV	23%
Agip	21%
Ultragaz	20%
Butano	19%
Copagaz	7%
Others	10%

Chile — 980 Mton

E. Lipigás *	37%
Abastible	33%
Gasco	26%
Others	4%

Ecuador — 657 Mton

Repsol-YPF	40%
Agip	36%
Congas	15%
Others	9%

Mexico — 10,145 Mton

Zaragoza Group	23%
Nieto Group	17%
Uribe Group	7%
Others	53%

Peru — 375 Mton

Repsol -YPF	32%
Limagas *	16%
Zetagas	15%
Others	37%

Venezuela — 3,476 Mton

VenGas	34%
Digas-Tropiven	20%
ServiGas	5%
Emegas	5%
Others	36%

* Joint Operation

Refineries and chemistry are not included

Source: Datamonitor and Repsol-YPF sources

LPG Latin America

Present Operations Objectives

Growth

- Local Partners

Efficiency

- Resource Optimization
- Leveraging economies of scale

Vertical integration

- Adding sources from partners

Value Maximization

- Focused on the retail business

Conclusions

- At present, LPG is a very important source of energy worldwide.
- Energy consumption forecasts indicate an increase in LPG consumption in the years to come.
- In the next few years, Latin America will experience changes in LPG flows, thus becoming a product exporter instead of a product importer.
- Repsol YPF differentiate from others in the LPG industry due to the fact that we have a very important role as LPG producers
- We expect to maintain important margins in our value chain. To capture part of them is one of our future steps.
- The environmental factor is now being used to encourage the use of LPG as a source of clean energy (automotive).

Conclusions

- At present, Repsol YPF is the third largest LPG marketing company worldwide. Possibly second if we compute LPG exportations.

- Repsol YPF is the market leader in Argentina, Peru, Chile, Bolivia and Ecuador and expects to grow, primarily in high-demand markets (Brazil and Mexico).

Anexos

Latin America LPG

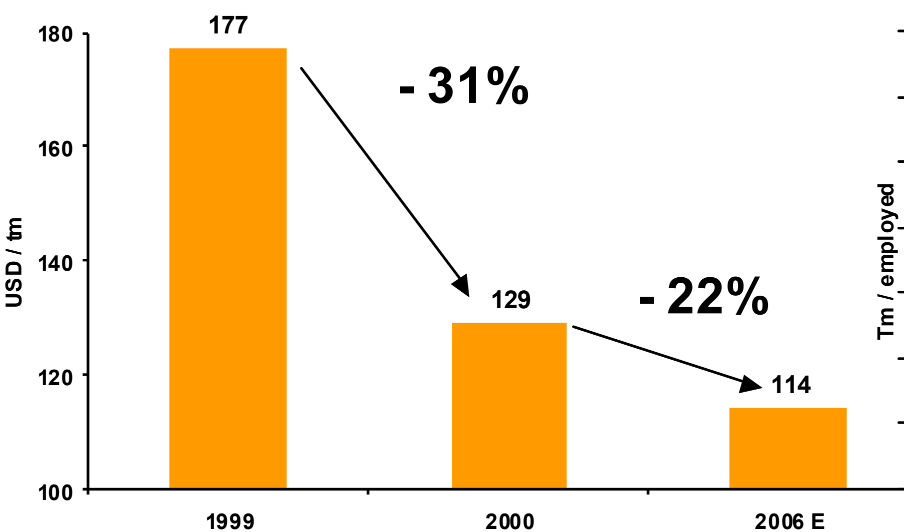
Local Administration legal framework and support

	OWNERSHIP OF BOTTLES	LAW ENFORCEMENT	BOTTLE REFILLING	EXCHANGE BOTTLE CENTER
BRAZIL	USER	Appropriate Strict penalties	INEXISTENT	Existing and fully operational
CHILE	Bottling plant Distributor	Appropriate Strict penalties	INEXISTENT	Carried out in plants
VENEZUELA	Bottling plant Distributor	Appropriate Strict penalties	MODERATE	UNNECESSARY
BOLIVIA	USER	Confusing, Weak Enforcement	INEXISTENT	UNNECESSARY
PERU	Bottling plant Distributor	Appropriate Weak Enforcement	HIGH	Existing and fully operational
ARGENTINA	BOTTLING PLANT	Appropriate Weak Enforcement	HIGH	Existing and fully operational
ECUADOR	USER	Confusing, Weak Enforcement	HIGH	Carried out in plants
MEXICO	Bottling plant Distributor	Confusing, Weak Enforcement	HIGH	INEXISTENT

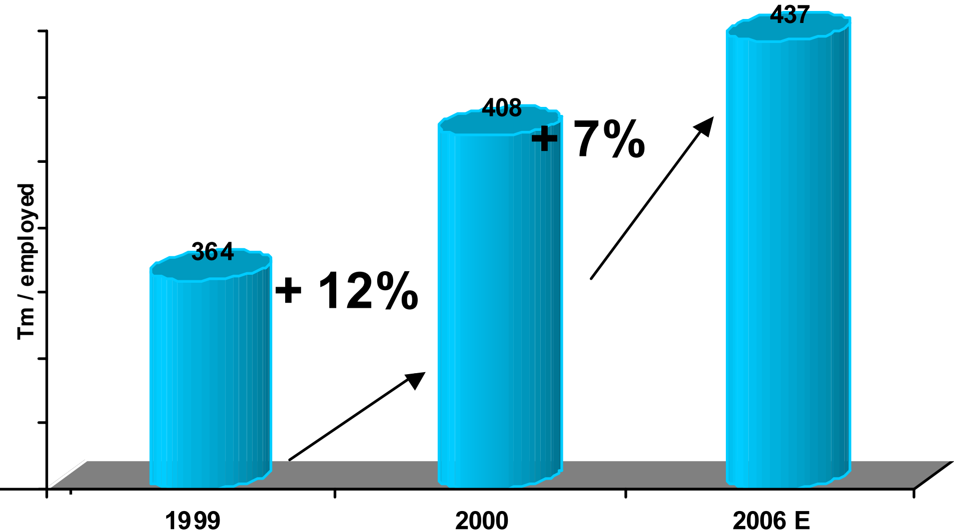
LPG Latin America

Ongoing Cost Reduction

Reduction of operating costs



Increase in productivity



Worldwide leader in productivity
Transfer of Know-How to Latin America

Production

Repsol YPF sources:
1,817 Mton

MIDSTREAM

Production Plant
(RTP)

Third party:
200 Mton

290 Mm3 Storage Capacity
3 Port Depots
Buoy Unloading
1,163 Km Pipelines
Use of Third Party Depots

Sales

Domestic Market: 52%

Export Market: 47%

Petrochemical Market: 1%

2002 year data

Production at 100%

Including MEGA

LPG Latin America
Strengthening Distribution

Potential to add higher VALUE by reaching end users