Q1 2017 RESULTS

4 May, 2017

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BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The definition of the Repsol Group´s operating segments is based on the different activities performed and from where the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management purposes. Using these segments as a reference point, Repsol's management team (the Corporate Executive, E&P and Downstream Committees) analyzes the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how Repsol ("the Company") is performing. In 2016, following the closing of the sale of 10% of *Gas Natural SDG, S.A* and termination of the shareholder agreement with *La Caixa* on September 21, 2016, *Gas Natural Fenosa* no longer qualifies as an operating segment. From that date on, the remaining interest in *Gas Natural Fenosa* is included under **Corporate and others**.

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, transport and regasification of natural gas and liquefied natural gas (LNG).

Finally, **Corporate and others** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses, earnings and other metrics related to the remaining interest in *Gas Natural SDG*[1], net finance costs and inter-segment consolidation adjustments.

The Group did not aggregate any operating segments for presentation purposes.

Repsol presents its operating segments results by including those corresponding to its joint ventures[2] and other managed companies operated as such[3], 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 believes 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***). Net finance cost is allocated to the **Corporate and others** segment's Adjusted Net Income/Loss.

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* but 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. In net income

[1] It includes the net income of the company according to the equity method. The other metrics (EBITDA, Free Cash Flow, etc.) only reflect the cash flows generated in the Group as shareholder of *Gas Natural SDG, S.A*.
[2] In Repsol Group´s operating segments model, joint ventures are consolidated proportionally in accordance with the Group's percent holding.
[3] It corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

from continuing operations *CCS*, 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 the so-called *Special Items*, i.e., certain significant items whose separate presentation is considered convenient to facilitate the monitoring of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring costs, impairments and relevant provisions for risks and expenses. Special Items are presented separately, net of the tax effect and minority interests.

All of the information presented in this Q1 2017 *Results Earnings Release* has been prepared in accordance with the abovementioned criteria, 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).

In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q1 2017 Results Earnings Release are included in Appendix IV “Alternative Performance Measures” of the Interim Condensed Consolidated Financial Statements for the 1Q 2017 and Repsol’s website.

Repsol will publish today the Interim Condensed Consolidated Financial Statements for the Q1 2017 and they will be available on Repsol´s and CNMV’s (Comisión Nacional del Mercado de Valores) websites.

KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
Upstream	17	17	224	-
Downstream	556	554	500	(10.1)
Corporate and others	(1)	127	(94)	-
ADJUSTED NET INCOME	**572**	**698**	**630**	**10.1**
Inventory effect	(157)	137	84	-
Special items	19	(219)	(25)	-
NET INCOME	**434**	**616**	**689**	**58.8**

Economic data (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
EBITDA	1,027	1,668	1,844	79.6
EBITDA CCS	1,242	1,475	1,731	39.4
NET INVESTMENT	709	107	544	(23.3)
NET DEBT	11,978	8,144	8,345	(30.3)
NET DEBT / EBITDA CCS (x)	2.41	1.38	1.21	(50.0)

Operational data	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
LIQUIDS PRODUCTION (Thousand bbl/d)	255	233	258	1.4
GAS PRODUCTION (*) (Million scf/d)	2,579	2,506	2,442	(5.3)
TOTAL PRODUCTION (Thousand boe/d)	**714**	**679**	**693**	**(2.9)**
CRUDE OIL REALIZATION PRICE ($/Bbl)	30.3	44.7	49.4	63.2
GAS REALIZATION PRICE ($/Thousand scf)	2.4	2.8	3.1	30.2
DISTILLATION UTILIZATION Spanish Refining (%)	85.8	97.4	86.9	1.1
CONVERSION UTILIZATION Spanish Refining (%)	103.0	109.2	97.0	(6.0)
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	6.3	7.2	7.1	12.7

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d.

KEY MILESTONES FOR THE FIRST QUARTER OF 2017

- **Adjusted net income** in the first quarter was €630 million, 10% higher year-on-year. **Net income** amounted to €689 million, 59% higher year-on-year.

- Quarterly results for the business units are summarized as follows:

  - In **Upstream,** adjusted net income was €224 million, €207 million higher than in the same period of 2016, mainly due to higher realized prices, resumption of production in Libya and lower production costs partially offset by lower volumes, higher exploration expenses and higher taxes due to higher results.

- In **Downstream**, adjusted net income was €500 million, 10% lower year-on-year mainly because of a fall in regulated LPG bottle margins, due to the pricing formula, and the sale of the piped LPG segment, as well as lower absolute results in Chemicals, although underlying margins remain strong. These effects were partially offset by better results in the Marketing, Trading and Gas & Power businesses.

- In **Corporate and others**, adjusted net income was €-94 million, €93 million lower than in the same period in 2016, principally due to higher financial expenses and the reduced equity stake in **Gas Natural Fenosa.** These effects were partially offset by lower corporate expenses**.**

- Upstream **production** reached an average of 693 kboe/d in the first quarter of 2017, 3% lower year-on-year mainly due to the sale of TSP and Tangguh in December 2016, the cessation of production in Varg in June 2016 and the decline of assets partially compensated by the resumption of production in Libya, higher production in Peru and the ramp up of Lapa in Brazil, on stream since the fourth quarter of 2016.

- **EBITDA CCS** in the first quarter of 2017 was €1,731 million, 39% higher compared to that of the first quarter of 2016.

- The Group's **net debt** at the end of the quarter stood at €8,345 million, €201 million higher than at the end of the fourth quarter 2016, mainly due to an increase of working capital. The **net debt to capital employed ratio** stood at 21.0%.

- Material progress was made towards our **Synergies and Efficiency** Strategic Targets, with the project expected to deliver €2.1 billion this year. In the first quarter projects already underway have realized and booked more than €0.5 billion of the 2017 target.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT

UPSTREAM

(Unaudited figures)

Results (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
ADJUSTED NET INCOME	**17**	**17**	**224**	**-**
Operating income	(95)	(72)	335	-
Income tax	106	101	(115)	-
Income from equity affiliates and non-controlling interests	6	(12)	4	(33.3)
EBITDA	404	637	921	128.0
NET INVESTMENT	638	164	455	(28.7)
EFFECTIVE TAX RATE (%)	(112)	(138)	34	146.0

International prices	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
Brent ($/Bbl)	33.9	49.3	53.7	58.4
WTI ($/Bbl)	33.6	49.3	51.8	54.2
Henry Hub ($/MBtu)	2.1	3.0	3.3	58.6
Average exchange rate ($/€)	1.10	1.08	1.06	(3.6)

Realization prices	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
CRUDE OIL ($/Bbl)	30.3	44.7	49.4	63.2
GAS ($/Thousand scf)	2.4	2.8	3.1	30.2

Exploration (*)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
G&A and Amortization of Bonus and Dry Wells	18	270	56	211.1

Production	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
LIQUIDS (Thousand bbl/d)	255	233	258	1.4
GAS (**) (Million scf/d)	2,579	2,506	2,442	(5.3)
TOTAL (Thousand boe/d)	**714**	**679**	**693**	**(2.9)**

(*) Only direct costs attributable to exploration projects. For more information about this change in the accounting policies, see the *Consolidated Financial Statements and Management Report* for the full year 2016. (**) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d

Adjusted net income in the quarter was €224 million, €207 million higher than in the same period in 2016, mainly due to higher realized prices, resumption of production in Libya, which had an impact of €26 million, and lower production costs partially offset by lower volumes, higher exploration expenses and higher taxes due to higher results.

The principle impacts on the year-on-year performance in the Upstream division excluding the contribution of Libya are as follows:

- Higher **crude oil and gas realization prices**, net of royalties, had a positive impact on the operating income of €482 million.
- Lower **volumes** contributed negatively to the operating income by €122 million.
- **Higher exploration expenses,** excluding the exchange rate effect, impacted the operating income negatively by €36 million, mainly as a result of higher amortization of dry wells.
- **Depreciation and amortization** charges were broadly in line mainly due to lower volumes in Indonesia and USA, lower rate and production in Colombia and lower rate in Norway, offset by higher amortization in the UK, Brazil and Malaysia.
- **Income tax expense** has impacted the adjusted net income negatively by €158 million, mainly due to the better results during this quarter.
- **Income of equity affiliates and non-controlling interests, exchange rate and others** explains the remaining differences compared to the first quarter of last year.

Upstream **production** reached an average of 693 kboe/d in the first quarter of 2017, 3% lower year-on-year mainly due to the sale of TSP and Tangguh in December 2016, the cessation of production in Varg in June 2016 and the decline of assets partially compensated by the resumption of production in Libya, higher production in Peru and the ramp up of Lapa in Brazil, on stream since the fourth quarter of 2016.

During the first quarter of 2017, two exploratory and two appraisal wells were concluded. The two wells drilled in Alaska (one exploratory and one appraisal) were declared positive and the two other wells were considered unsuccessful. Additionally, one well concluded in April 2017 was declared negative impacting the results of the first quarter. Moreover, three wells are currently in progress.

The Horseshoe-1 and 1A wells drilled during the winter campaign confirmed the potential of the Nanushuk play in Alaska's North Slope. The contingent resources identified with the existing data could amount to approximately 1.2 billion gross barrels of recoverable light oil on the acreage we share with Armstrong Energy. Next winter's appraisal programme will further define the discovery and allow finalization of a development plan with a projected start of production by 2022.

Net investment

Net investment in Upstream in the first quarter of 2017 amounted to €455 million; €183 million lower than the first quarter of 2016.

Excluding divestments, **Development investment** accounted for 89% of the total investment and was concentrated mainly in Trinidad and Tobago (26%), the U.S. (16%), Canada (13%), Algeria (10%), UK (8%), Brazil (8%) and Bolivia (6%); and **Exploration investment** represented 11% of the total and was allocated primarily in the U.S. (16%), Russia (16%), Colombia (14%), Bolivia (13%), Indonesia (10%), Peru (9%) and Algeria (7%).

DOWNSTREAM

(Unaudited figures)

Results (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
ADJUSTED NET INCOME	**556**	**554**	**500**	**(10.1)**
Operating income	718	716	663	(7.7)
Income tax	(156)	(155)	(164)	(5.1)
Income from equity affiliates and non-controlling interests	(6)	(7)	1	-
AVERAGE WEIGHTED COST ADJUSTED NET INCOME	**399**	**691**	**584**	**46.4**
Inventory effect	(157)	137	84	-
EBITDA	671	1,094	961	43.2
EBITDA CCS	886	901	848	(4.3)
NET INVESTMENT	86	(42)	91	5.8
EFFECTIVE TAX RATE (%)	22	22	25	2.8

Operational data	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	6.3	7.2	7.1	12.7
DISTILLATION UTILIZATION Spanish Refining (%)	85.8	97.4	86.9	1.1
CONVERSION UTILIZATION Spanish Refining (%)	103.0	109.2	97.0	(6.0)
OIL PRODUCT SALES (Thousand tons)	11,125	13,526	12,064	8.4
PETROCHEMICAL PRODUCT SALES (Thousand tons)	764	714	712	(6.8)
LPG SALES (Thousand tons)	631	368	436	(30.9)
NORTH AMERICA NATURAL GAS SALES (TBtu)	115.5	102.9	155.4	34.5

International prices ($/Mbtu)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
Henry Hub	2.1	3.0	3.3	57.1
Algonquin	3.3	3.8	4.4	33.3

Adjusted net income in the first quarter of 2017 amounted to €500 million, 10% lower compared to the first quarter of 2016.

The principal impacts, from the Downstream business activities, on the quarterly earnings performance year-on-year are:

- In **Refining**, a higher refining margin indicator offset by lower activity due to planned maintenance at La Coruña and Bilbao resulted in lower utilization rates in the conversion units generating a negative effect on the operating income of €25 million. The refining margin indicator increased in the period mainly thanks to better middle distillates and light-heavy crudes spreads.

- In **Chemicals**, lower sales, while still high, generated a negative effect on the operating income of €33 million. However, absolute operating income for the business remained strong and in line with fourth quarter 2016.

- In the commercial businesses, **Marketing, Lubricants and LPG**, operating income was €45 million lower in the first quarter of 2017 mainly due to lower results in the LPG business, mainly because of a fall in regulated LPG bottle margins, due to the pricing formula, and the sale of the piped LPG segment, compensated by better results in the Marketing business thanks to higher sales.

- In **Trading and Gas & Power**, the operating income was €41 million higher than the first quarter of 2016. Higher results in Gas & Power were mainly due to the improvement of this business in North America supported by the increase in volumes sold and the reduction of costs.

- **Results in other activities, equity affiliates and non-controlling interests, exchange rate and taxes** cover the remaining difference.

Net investment

Net investment amounted to €91 million, including €23 million of divestments proceeds received from the prior sale of part of the piped LPG businesses in Spain.

CORPORATE AND OTHERS

(Unaudited figures)

Results (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
ADJUSTED NET INCOME	**(1)**	**127**	**(94)**	-
Corporate and adjustments	(63)	(80)	(56)	11.1
Financial result	(77)	70	(155)	(101.3)
Income tax	40	51	57	42.5
Gas Natural Fenosa	99	86	60	(39.4)
EBITDA	(48)	(63)	(38)	20.8
NET INTERESTS	(115)	(98)	(95)	17.4
NET INVESTMENT	(15)	(15)	(2)	86.7
EFFECTIVE TAX RATE (%)	(29)	(522)	(27)	2.0

CORPORATE AND ADJUSTMENTS

Corporate and adjustments accounted for €-56 million in the first quarter of 2017, compared to €-63 million in the same quarter of the previous year mainly thanks to lower corporate costs.

FINANCIAL RESULTS

The financial result in the first quarter of 2017 amounted to €-155 million, lower than the first quarter of 2016 mainly due to exchange rate positions and the gain obtained from the second repurchase of ROGCI[4] bonds during the first quarter of 2016. These effects were partially offset by lower net interest in the first quarter of 2017.

GAS NATURAL FENOSA

Adjusted net income attributable to Repsol, in the first quarter of 2017, amounted to €60 million, 39% lower year-on-year principally due to the lower equity stake in the company since September 2016. Notwithstanding with this reduction, lower results during the quarter were due to lower electricity commercialization results, partially offset by higher gas distribution results in Latin America positively affected by the exchange rate effect.

4 ROGCI - Repsol Oil and Gas Canada Inc.

NET INCOME ANALYSIS: SPECIAL ITEMS

SPECIAL ITEMS

(Unaudited figures)

Results (€ Million)	Q1 2016	Q4 2016	Q1 2017	% Change Q1 17/Q1 16
Divestments	59	104	18	(69.5)
Indemnities and workforce restructuring	(29)	(22)	(4)	86.2
Impairment of assets	-	(400)	(28)	-
Provisions and others	(11)	99	(11)	-
SPECIAL ITEMS	**19**	**(219)**	**(25)**	**-**

Special items in the first quarter of 2017 resulted in a net expense of €25 million, mainly due to the impairment of exploratory assets, partially compensated by the reversal of the fiscal provisions and the sale of Groundbirch and Sturn, in Canada, and of the Ogan Komering block, in Indonesia.

CASH FLOW ANALYSIS: ADJUSTED CASH FLOW STATEMENT

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

(Unaudited figures)

	JANUARY - MARCH	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	**1,242**	**1,731**
Changes in working capital [1]	(572)	(762)
Dividends received	123	3
Income taxes received/ (paid)	269	(129)
Other proceeds from/ (payments for) operating activities	(119)	(126)
	943	**717**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities	(854)	(610)
Proceeds from divestments	112	13
	(742)	**(597)**
FREE CASH FLOW (I. + II.)	**201**	**120**
Payments for dividends and payments on other equity instruments	(271)	(138)
Net interest payments and leases	(300)	(247)
Treasury shares	(7)	(165)
CASH GENERATED IN THE PERIOD	**(377)**	**(430)**
Financing activities and others	373	(523)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(4)**	**(953)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**4,918**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,765**	**3,965**

(1) It includes an inventory effect pretax of €113 million and €-215 million for first quarter 2017 and 2016 respectively.

Free cash flow in the first quarter of 2017 amounted to €120 million; the improvement in EBITDA CCS and the reduction of investments have been offset by the increase in working capital and taxes.

NET DEBT ANALYSIS: NET DEBT EVOLUTION

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

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q1 2017
NET DEBT AT THE START OF THE PERIOD	**8,144**
EBITDA CCS	(1,731)
CHANGE IN WORKING CAPITAL (1)	762
INCOME TAX RECEIVED /PAID	129
NET INVESTMENT (2)	577
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	138
FOREIGN EXCHANGE RATE EFFECT	(95)
INTEREST AND OTHER MOVEMENTS (3)	421
NET DEBT AT THE END OF THE PERIOD	**8,345**

	2017
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	39,770
NET DEBT / CAPITAL EMPLOYED (%)	21.0
ROACE (%)	8.5
NET DEBT / EBITDA CCS (x)	1.21

(1) It includes an inventory effect pretax of €113 million and €-215 million for first quarter 2017 and 2016 respectively.
(2) As of 31 March 2017, there were net financial investments amounting to €20 million, not included in this caption.
(3) Principally includes interest expense on borrowings, dividends received, provisions used and companies' acquisition/sale effect.

The Group's **net debt** at the end of the quarter stood at €8,345 million, €201 million higher than at the end of the fourth quarter 2016, mainly due to an increase of working capital. The **net debt to capital employed ratio** stood at 21.0%.

The Group's **liquidity** at the first quarter of 2017 stood at €8,333 million (including undrawn committed credit lines); representing 1.9 times gross debt maturities in the short term.

RELEVANT EVENTS

Material company-related events since the fourth quarter 2016 results release were as follows:

In **Upstream**, on 9 March, Repsol and partner Armstrong Energy, announced the largest U.S. onshore conventional hydrocarbons discovery in 30 years in Alaska. The Horseshoe-1 and 1A wells drilled during the 2016-2017 winter campaign confirm the Nanushuk play as a significant emerging play in Alaska's North Slope. The contingent resources currently identified in the Nanushuk play in Alaska amount to approximately 1.2 billion barrels of recoverable light oil. Preliminary development concepts anticipate first production there from 2022, with a potential rate approaching 120,000 barrels of oil per day.

In **Corporation**, on 29 March, the Repsol Board of Directors agreed to call the Annual Shareholders' Meeting, which will take place, likely at second call, on May 19th, at the Palacio Municipal de Congresos, Avenida de la Capital de España-Madrid, Campo de las Naciones, Madrid.

Regarding shareholder remuneration and under points six and seven of the Agenda, the Board of Directors has agreed to propose to the Shareholders´ Meeting a continuation of the "Repsol Flexible Dividend" Program in substitution of the final 2016 dividend and the interim 2017 dividend. In particular, the Board has approved submitting to the Annual Shareholders' Meeting, under point six of the Agenda and in substitution of the final 2016 dividend, a proposal of a capital increase charged to voluntary reserves from retaining earnings, equivalent to a remuneration of approximately 0.45 gross euros per share.

The implementation of a CEO compensation scheme based on changes in Repsol's share price as compared to a sample of five comparable international companies will also be submitted for approval during the Annual General Meeting. In addition, following the recommendations of the Code of Good Governance and the best practices, the AGM will be asked to approve the delivery of shares to Executive Directors as part of the payment of their Long Term Multi-year Variable Remuneration.

The Board has also agreed to propose to the Annual General Meeting the re-election of Rene Dahan, Manuel Manrique Cecilia and Luis Suárez de Lezo Mantilla as Directors, as well as the ratification of the appointment of Antonio Massanell Lavilla by co-optation and re-election. The Board also will pose to shareholders the appointments of María Teresa Ballester Fornés, Isabel Torremocha Ferrezuelo and Mariano Marzo Carpio as independent external directors, replacing Javier Echenique Landiríbar, María Isabel Gabarró Miquel and Henri Philippe Reichstul. These appointments have duration of four years.

Additionally, the Board of Directors resolved to submit to the Annual General Meeting the re-election of Deloitte as the auditor of Repsol, S.A. and of the Group for 2017, and the appointment of PricewaterhouseCoopers Auditores, S.L. as the auditor of Repsol, S.A. and of the Group for 2018, 2019 and 2020.

On 10 April 2017, Repsol's "Trading Statement" was published; it provided provisional information for the first quarter of 2017, including data on the economic environment as well as company performance during the period.

Madrid, 4 May, 2017

A conference call has been scheduled for research analysts and institutional investors for today, 4 May 2017 at 13.00 (CET) to report on the Repsol Group's first quarter 2017 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (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 for a period of no less than one month from the date of the live broadcast.

APPENDIX I – FINANCIAL METRICS AND OPERATING INDICATORS BY SEGMENT

Q1 2017

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	Q1 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(95)	-	106	6	17	-	(38)	(21)
Downstream	718	-	(156)	(6)	556	(157)	48	447
Corporation & Others	(63)	(77)	40	99	(1)	-	9	8
TOTAL	**560**	**(77)**	**(10)**	**99**	**572**	**(157)**	**19**	**434**
NET INCOME							**19**	**434**

€ Million	Q4 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(72)	-	101	(12)	17	-	(517)	(500)
Downstream	716	-	(155)	(7)	554	137	(6)	685
Corporation & Others	(80)	70	51	86	127	-	304	431
TOTAL	**564**	**70**	**(3)**	**67**	**698**	**137**	**(219)**	**616**
NET INCOME							**(219)**	**616**

€ Million	Q1 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	335	-	(115)	4	224	-	(42)	182
Downstream	663	-	(164)	1	500	84	19	603
Corporation & Others	(56)	(155)	57	60	(94)	-	(2)	(96)
TOTAL	**942**	**(155)**	**(222)**	**65**	**630**	**84**	**(25)**	**689**
NET INCOME							**(25)**	**689**

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA Q1 16	Q4 16	Q1 17
UPSTREAM	**(95)**	**(72)**	**335**
Europe, Africa & Brazil	(21)	73	170
Latin America & Caribbean	40	57	178
North America	(103)	(8)	(11)
Asia & Russia	5	64	86
Exploration & Others	(16)	(258)	(88)
DOWNSTREAM	**718**	**716**	**663**
Europe	690	706	578
Rest of the World	28	10	85
CORPORATE AND OTHERS	**(63)**	**(80)**	**(56)**
TOTAL	**560**	**564**	**942**

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA		
	Q1 16	Q4 16	Q1 17
UPSTREAM	**17**	**17**	**224**
Europe, Africa & Brazil	24	58	82
Latin America & Caribbean	65	44	106
North America	(68)	134	(10)
Asia & Russia	6	(36)	53
Exploration & Others	(10)	(183)	(7)
DOWNSTREAM	**556**	**554**	**500**
Europe	528	550	446
Rest of the World	28	4	54
CORPORATE AND OTHERS	**(1)**	**127**	**(94)**
TOTAL	**572**	**698**	**630**

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA Q1 16	Q4 16	Q1 17
UPSTREAM	**404**	**637**	**921**
Europe, Africa & Brazil	65	164	299
Latin America & Caribbean	172	193	311
North America	77	167	182
Asia & Russia	106	144	195
Exploration & Others	(16)	(31)	(66)
DOWNSTREAM [1]	**671**	**1,094**	**961**
Europe	640	1,044	857
Rest of the World	31	50	104
CORPORATE AND OTHERS	**(48)**	**(63)**	**(38)**
TOTAL [1]	**1,027**	**1,668**	**1,844**

(1) EBITDA CCS M€	Q1 16	Q4 16	Q1 17
DOWNSTREAM	**886**	**901**	**848**
TOTAL	**1,242**	**1,475**	**1,731**

NET INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA		
€ Million	Q1 16	Q4 16	Q1 17
UPSTREAM	**638**	**164**	**455**
Europe, Africa & Brazil	113	150	91
Latin America & Caribbean	189	52	162
North America	169	128	115
Asia & Russia	22	(247)	46
Exploration and Others	145	81	41
DOWNSTREAM	**86**	**(42)**	**91**
Europe	52	(110)	77
Rest of the World	34	68	14
CORPORATE AND OTHERS	**(15)**	**(15)**	**(2)**
TOTAL	**709**	**107**	**544**

CAPITAL EMPLOYED BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	CUMULATIVE DATA Q4 16	CUMULATIVE DATA Q1 17
Upstream	23,853	23,865
Downstream	9,469	9,822
Corporate and others	5,933	6,083
TOTAL	**39,255**	**39,770**

	2017
ROACE (%)	**8.5**
ROACE at CCS (%)	**7.6**

OPERATING INDICATORS

Q1 2017

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	January - December 2016	Q1 2017	% Variation 2017/2016
HYDROCARBON PRODUCTION	**kboe/d**	**714**	**697**	**671**	**679**	**690**	**693**	**(2.9)**
Liquids production	**kboe/d**	**255**	**246**	**239**	**233**	**243**	**258**	**1.4**
Europe, Africa & Brazil	kboe/d	94	89	90	88	90	121	28.6
Latin America & Caribbean	kboe/d	69	69	66	67	68	60	(12.4)
North America	kboe/d	58	57	54	50	54	51	(12.2)
Asia & Russia	kboe/d	35	32	28	28	31	27	(22.5)
Natural gas production	**kboe/d**	**459**	**451**	**432**	**446**	**447**	**435**	**(5.3)**
Europe, Africa & Brazil	kboe/d	22	19	16	18	18	15	(30.6)
Latin America & Caribbean	kboe/d	233	238	227	238	234	229	(1.8)
North America	kboe/d	130	129	126	125	127	125	(3.5)
Asia & Russia	kboe/d	74	64	63	66	67	65	(11.9)
Natural gas production	**(Million scf/d)**	**2,579**	**2,530**	**2,423**	**2,506**	**2,509**	**2,442**	**(5.3)**

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Jan -Dec 2016	Q1 2017	% Variation 2017/ 2016
PROCESSED CRUDE OIL	**Mtoe**	**10.4**	**9.4**	**11.3**	**12.2**	**43.2**	**10.9**	**5.3**
Europe	Mtoe	9.6	8.6	10.3	11.0	39.4	9.6	0.4
Rest of the world	Mtoe	0.8	0.8	0.9	1.2	3.8	1.3	62.8
SALES OF OIL PRODUCTS	**kt**	**11,125**	**10,926**	**12,471**	**13,526**	**48,048**	**12,064**	**8.4**
Europe Sales	kt	**9,927**	**9,810**	**11,155**	**11,895**	**42,787**	**10,473**	**5.5**
Own network	kt	**4,854**	**5,109**	**5,319**	**5,186**	**20,468**	**5,042**	**3.9**
Light products	kt	4,021	4,260	4,506	4,327	17,114	4,280	6.4
Other Products	kt	833	849	813	859	3,354	762	(8.5)
Other Sales to Domestic Market	kt	**1,920**	**1,965**	**2,069**	**2,129**	**8,083**	**2,081**	**8.4**
Light products	kt	1,873	1,895	2,024	2,075	7,867	2,035	8.6
Other Products	kt	47	70	45	54	216	46	(2.1)
Exports	kt	**3,153**	**2,736**	**3,767**	**4,580**	**14,236**	**3,350**	**6.2**
Light products	kt	1,370	940	1,428	2,201	5,939	1,172	(14.5)
Other Products	kt	1,783	1,796	2,339	2,379	8,297	2,178	22.2
Rest of the world sales	kt	**1,198**	**1,116**	**1,316**	**1,631**	**5,261**	**1,591**	**32.8**
Own network	kt	**570**	**508**	**569**	**591**	**2,238**	**523**	**(8.2)**
Light products	kt	518	470	538	546	2,072	481	(7.1)
Other Products	kt	52	38	31	45	166	42	(19.2)
Other Sales to Domestic Market	kt	**312**	**328**	**341**	**360**	**1,341**	**353**	**13.1**
Light products	kt	252	271	286	297	1,106	288	14.3
Other Products	kt	60	57	55	63	235	65	8.3
Exports	kt	**316**	**280**	**406**	**680**	**1,682**	**715**	**126.3**
Light products	kt	128	130	126	177	561	215	68.0
Other Products	kt	188	150	280	503	1,121	500	166.0
CHEMICALS								
Sales of petrochemical products	kt	**764**	**713**	**702**	**714**	**2,892**	**712**	**(6.8)**
Europe	kt	**641**	**615**	**589**	**584**	**2,428**	**609**	**(5.0)**
Base	kt	238	224	213	218	893	215	(9.6)
Derivative	kt	402	391	376	366	1,535	393	(2.2)
Rest of the world	kt	**124**	**98**	**112**	**130**	**464**	**104**	**(16.2)**
Base	kt	35	21	18	27	101	19	(44.9)
Derivative	kt	89	76	95	103	363	85	(5.1)
LPG								
LPG sales	kt	**631**	**422**	**327**	**368**	**1,747**	**436**	**(30.9)**
Europe	kt	427	256	215	363	1,261	430	0.8
Rest of the world	kt	204	166	112	5	487	5	(97.5)

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

Exports: expressed from the country of origin

APPENDIX II – CONSOLIDATED FINANCIAL STATEMENTS

Q1 2017

STATEMENT OF FINANCIAL POSITION

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

	DECEMBER 2016	MARCH 2017
NON-CURRENT ASSETS		
Goodwill	3,115	3,079
Other intangible assets	1,994	2,032
Property, plant and equipment	27,297	26,762
Investment property	66	66
Investments accounted for using the equity method	10,176	10,256
Non-current financial assets :		
Non-current financial instruments	1,081	1,158
Others	123	126
Deferred tax assets	4,746	4,690
Other non-current assets	323	309
CURRENT ASSETS		
Non-current assets held for sale	144	129
Inventories	3,605	3,755
Trade an other receivables	5,885	5,427
Other current assets	327	283
Other current financial assets	1,280	1,309
Cash and cash equivalents	4,687	3,722
TOTAL ASSETS	**64,849**	**63,103**
TOTAL EQUITY		
Attributable to equity holders of the parent company	30,867	31,173
Attributable to minority interests	244	252
NON-CURRENT LIABILITIES		
Grants	4	3
Non-current provisions	6,127	6,091
Non-current financial debt	9,482	8,433
Deferred tax liabilities	1,379	1,364
Other non-current liabilities		
Non-current debt for finance leases	1,550	1,518
Other	459	444
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	146	144
Current provisions	872	689
Current financial liabilities	6,909	7,174
Trade payables and other payables:		
Current debt for finance leases	208	205
Other payables	6,602	5,613
TOTAL LIABILITIES	**64,849**	**63,103**

INCOME STATEMENT

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

	QUARTERLY DATA		
	Q1 16	Q4 16	Q1 17
Operating income	**342**	**493**	**844**
Financial result	(58)	54	(120)
Income from equity affiliates	159	(58)	140
Net income before tax	**443**	**489**	**864**
Income tax	(2)	(159)	(166)
Net income from continuing operations	**441**	**330**	**698**
Net income from non-controlling interest	(7)	(13)	(9)
NET INCOME FROM CONTINUING OPERATIONS	**434**	**317**	**689**
Net income for the year from discontinuing operations	-	299	-
NET INCOME	**434**	**616**	**689**
Earning per share attributible to the parent company (*)			
Euros/share (*)	0.29	0.41	0.46
USD/ADR	0.33	0.43	0.49
Average number of shares (**)	1,478,200,253	1,484,013,180	1,489,680,075
Exchange rates USD/EUR at the end of each quarter	1.14	1.05	1.07

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes in Q1 16, Q4 16 and Q1 17) has been adjusted.

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2015 and in January and December 2016 accordingly,thus share capital is currently represented by 1,496,404,851 shares. 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

(€ millions)

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

	JANUARY - MARCH	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	443	864
Adjustments to net income		
Depreciation and amortisation of non current assets	575	599
Other adjustments to results (net)	(178)	(4)
EBITDA	**840**	**1,459**
Changes in working capital	**(201)**	**(559)**
Dividends received	124	8
Income taxes received/ (paid)	251	(115)
Other proceeds from/ (payments for) operating activities	(112)	(114)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	**263**	**(221)**
	902	**679**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(171)	(50)
Fixed assets, intangible assets and real estate investments	(512)	(405)
Other financial assets	(96)	(97)
Payments for investment activities	**(779)**	**(552)**
Proceeds from divestments	**164**	**12**
Other cashflow	-	-
	(615)	**(540)**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	-	-
Proceeds from/(payments for) equity instruments	(7)	(165)
Proceeds from issue of financial liabilities	4,459	3,174
Payments for financial liabilities	(4,087)	(3,765)
Payments for dividends and payments on other equity instruments	(271)	(138)
Interest payments	(287)	(232)
Other proceeds from/(payments for) financing activities	(22)	23
	(215)	**(1,103)**
Effect of changes in exchange rates from continued operations	**(12)**	**(1)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	**60**	**(965)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,448**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,508**	**3,722**

(*) Cash flows from continued operations

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

Q1 2017

RECONCILIATION OF ADJUSTED RESULTS AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

	Q1 2016					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	560	(25)	22	(215)	(218)	342
Financial result	(77)	(3)	22	-	19	(58)
Income from equity affiliates	111	48	-	-	48	159
Net income before tax	**594**	**20**	**44**	**(215)**	**(151)**	**443**
Income tax	(10)	(20)	(25)	53	8	(2)
Net income from continued operations	**584**	**-**	**19**	**(162)**	**(143)**	**441**
Income attributed to minority interests	(12)	-	-	5	5	(7)
NET INCOME FROM CONTINUED OPERATIONS	**572**	**-**	**19**	**(157)**	**(138)**	**434**
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	**572**	**-**	**19**	**(157)**	**(138)**	**434**

	Q4 2016					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	564	214	(478)	193	(71)	493
Financial result	70	(63)	47	-	(16)	54
Income from equity affiliates	77	(135)	-	-	(135)	(58)
Net income before tax	**711**	**16**	**(431)**	**193**	**(222)**	**489**
Income tax	(3)	(16)	(90)	(50)	(156)	(159)
Net income from continued operations	**708**	**-**	**(521)**	**143**	**(378)**	**330**
Income attributed to minority interests	(10)	-	3	(6)	(3)	(13)
NET INCOME FROM CONTINUED OPERATIONS	**698**	**-**	**(518)**	**137**	**(381)**	**317**
Income from discontinued operations	-	-	299	-	299	299
NET INCOME	**698**	**-**	**(219)**	**137**	**(82)**	**616**

	Q1 2017					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	942	(125)	(86)	113	(98)	844
Financial result	(155)	31	4	-	35	(120)
Income from equity affiliates	73	67	-	-	67	140
Net income before tax	**860**	**(27)**	**(82)**	**113**	**4**	**864**
Income tax	(222)	27	57	(28)	56	(166)
Net income from continued operations	**638**	**-**	**(25)**	**85**	**60**	**698**
Income attributed to minority interests	(8)	-	-	(1)	(1)	(9)
NET INCOME FROM CONTINUED OPERATIONS	**630**	**-**	**(25)**	**84**	**59**	**689**
Income from discontinued operations	-	-	-	-		-
NET INCOME	**630**	**-**	**(25)**	**84**	**59**	**689**

RECONCILIATION OF OTHER ECONOMIC DAA AND THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

	DECEMBER 2016			MARCH 2017		
	Adjusted Net Debt	Reclasification of JV [1]	IFRS-EU	Adjusted Net Debt	Reclasification of JV [1]	IFRS-EU
NON-CURRENT ASSETS						
Non-current financial instruments	424	657	1,081	439	719	1,158
CURRENT ASSETS						
Other current financial assets	52	1,228	1,280	68	1,241	1,309
Cash and cash equivalents	4,918	(231)	4,687	3,965	(243)	3,722
NON-CURRENT LIABILITIES						
Non-current financial debt	(9,540)	58	(9,482)	(8,490)	57	(8,433)
CURRENT LIABILITIES						
Current financial liabilities	(4,085)	(2,824)	(6,909)	(4,412)	(2,762)	(7,174)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET						
Net mark-to-market valuation of financial derivaties (excluding exchange rate) [2]	87	-	87	85	-	85
NET DEBT	**(8,144)**		**(9,256)**	**(8,345)**		**(9,333)**

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brasil which is detailed in the following captions:
2016: "Cash and cash equivalents" amounting to €43 million and "Current financial liabilities" for intragroup loans amounting to €2,942 million, reduced in €344 million due to loans with third parties. 2017: "Cash and cash equivalents" amounting to €20 million; "Current financial liabilities" for intragroup loans amounting to €2,890 million, reduced in €393 million in loans with third parties.

(2) This caption does not consider net market value of financial derivatives other than exchange rate ones

	January - March					
	2016			2017		
	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES	**943**	**(41)**	**902**	**717**	**(38)**	**679**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES	**(742)**	**127**	**(615)**	**(597)**	**57**	**(540)**
FREE CASH FLOW (I. + II.)	**201**	**86**	**287**	**120**	**19**	**139**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS [1]	**(205)**	**(22)**	**(227)**	**(1,073)**	**(31)**	**(1,104)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(4)**	**64**	**60**	**(953)**	**(12)**	**(965)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**(321)**	**2,448**	**4,918**	**(231)**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,765**	**(257)**	**2,508**	**3,965**	**(243)**	**3,722**

(1) 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.

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Contact details

Investor Relations

investorsrelations@repsol.com

Tel: +34 917 53 55 48

Fax: +34 913 48 87 77

REPSOL S.A.

C/ Méndez Álvaro, 44

28045 Madrid (Spain)

www.repsol.com