

**REPSOL  
YPF**



**2006 Full Year  
PRELIMINARY RESULTS**

**WEBCAST-CONFERENCE CALL  
14.00 H CET**

**February, 27<sup>th</sup> 2007**

# Disclaimer



*This presentation contains forward-looking statements that are subject to risks associated with the oil, gas, power, chemicals and renewable energies businesses. It is believed that the expectations reflected in these statements are reasonable, but such expectations may be affected by a variety of factors which could cause actual results or trends to differ materially, including, but not limited to: oil and gas price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market share, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, tax and legal and regulatory developments, including potential litigation and regulatory effects arising from recategorization of reserves, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. For a further discussion of the factors that could affect our future results, see “Risk Factors” in the company’s Annual Report on Form 20-F for the year ended December 31st, 2005 on file with the US Securities and Exchange Commission.*

*In addition, this announcement also contains statements regarding estimates of proved oil and gas reserves of Repsol YPF. The estimation of proved reserves may involve complex judgments, including judgments about expected economic, technical and other operating conditions, and are subject to changes due to a variety of factors, many of which are beyond Repsol YPF’s control. These factors include but are not limited to changes in oil and gas prices, geological and operating data derived from exploration and production activities, technological developments, budgeting, investment and other financial decisions that we and other oil and gas companies may make, political events generally, changes in the applicable political, legal, regulatory and tax environments in which we operate, environmental risks, project delay or advancement, and technical factors associated with the exploration and production of hydrocarbons.*

## **Cautionary Note to US Investors:**

*The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions.*



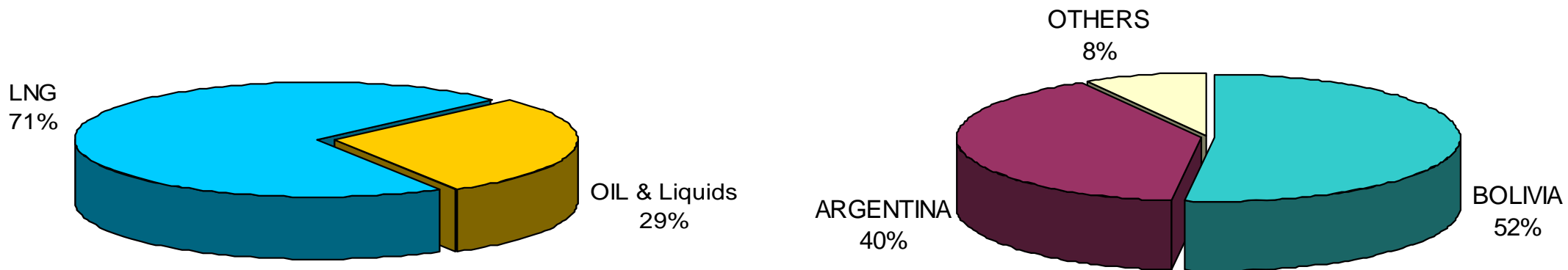
# 2006 HIGHLIGHTS

*Antonio Brufau*  
*Chairman & CEO*

## ***MAIN DEVELOPMENTS***

- ***Reserves downgrade***
- ***Migration of contracts in Venezuela***
- ***New contracts in Bolivia***
- ***Gulf of Mexico acquisitions***
- ***Development Plan for Field I/R in Libya***
- ***New core shareholder SACYR***

## 2005 Reserves downgrade: 1,254 Mboe



- *Adjustments of 2006 affect only Bolivia*
- *The economic impact, due to higher amortization, implied a penalization on our 2006 P&L of less than 300 Million Euro, compared with the year 2005.*
- *Concluded external audit of the rests of fields without negative surprise*

## *Venezuela*

### ***Migration of contracts in Venezuela: Joint Ventures with PDVSA:***

- *60%-40% for Mene Grande and Quiriquire (oil fields)*
- *40%-60% for Quiriquire Deep (gas field)*

### ***We maintain the value of our assets:***

- *Concessions extended to 20 years (Quiriquire & Mene Grande)*
- *Higher selling prices*
- *Compensation “voucher”*

## *Bolivia*

### **NEW CONTRACTS IN COMPLIANCE WITH NATIONALIZATION DECREE SIGNED BY REPSOL YPF**

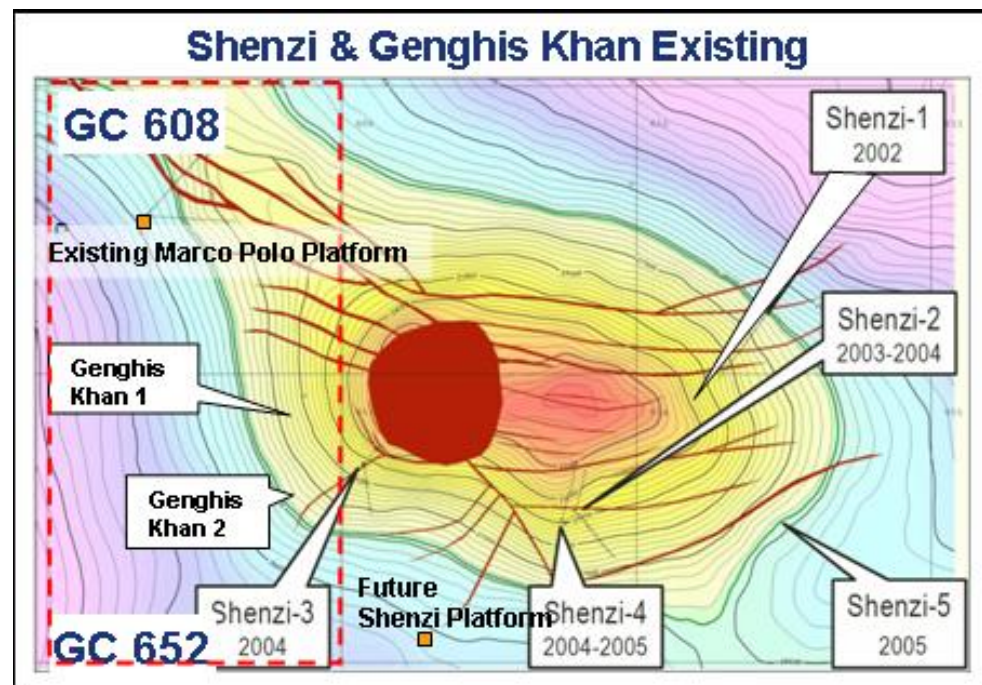
- ***YPFB holds the ownership of hydrocarbons***
- ***No material loss in the value of our assets***
- ***Negative impact on reserves and production :***
  - ✓ *Deconsolidation of Andina*
  - ✓ *Negative effect of royalties and IDH tax*
  - ✓ *Advanced downward revision: 467 Million Boe*

## *Gulf of Mexico*

### **Shenzi and Genghis Khan acquisition:**

- ✓ Geographically diversify our Upstream portfolio
- ✓ Develop a new core area

**Genghis Khan & Shenzi forms part of the same geological structure**



### ● **Genghis Khan:**

- ✓ 65 - 170 Mboe of P20 and P80 reserves
- ✓ On production in the 2<sup>nd</sup> half 2007
- ✓ Cost savings due to synergies with Shenzi

### ● **Shenzi**

- ✓ Start production in Mid 2009 (35,000 bpd)
- ✓ New exploratory and appraisal program in the North Flank of Shenzi (seismic data acquisition & interpretation 2007-2008)



## *Libya*

### **Field I/R:**

- *Field Development Plan presented in September 2006*
- *Total reserves in place 1,261 Mboe*
- *Total resources about 474 Million barrels*
- *Production and reserves from Libya will duplicate in the next few years*



### *Sacyr Vallehermoso new core shareholder*



- ***Largest, long term, stable shareholder; current total stake 20%***
- ***The entry is considered as a sign of their support to Repsol YPF's strategy***



# 2006 Year Review

*Antonio Brufau*  
*Chairman & CEO*

## ABB Results

### **BRAZIL**

- *Albacora Leste producing at full capacity (17,000 boepd net for Repsol YPF)*
- *Reviewing strategy in downstream*

### **BOLIVIA:**

- *Effects of the migration of the contracts that took place at the end of 2006,*
- *Loss of future production of around 100,000 boe*
- *Negligible bottom line effect*

### **ARGENTINA**

- *“Ley de Abastecimientos”*
- *Local market with regulated fixed prices do not correlated with international oil prices or refining margins*
- *Average gas prices increased by 22.4%*
- *Growth of consumption*

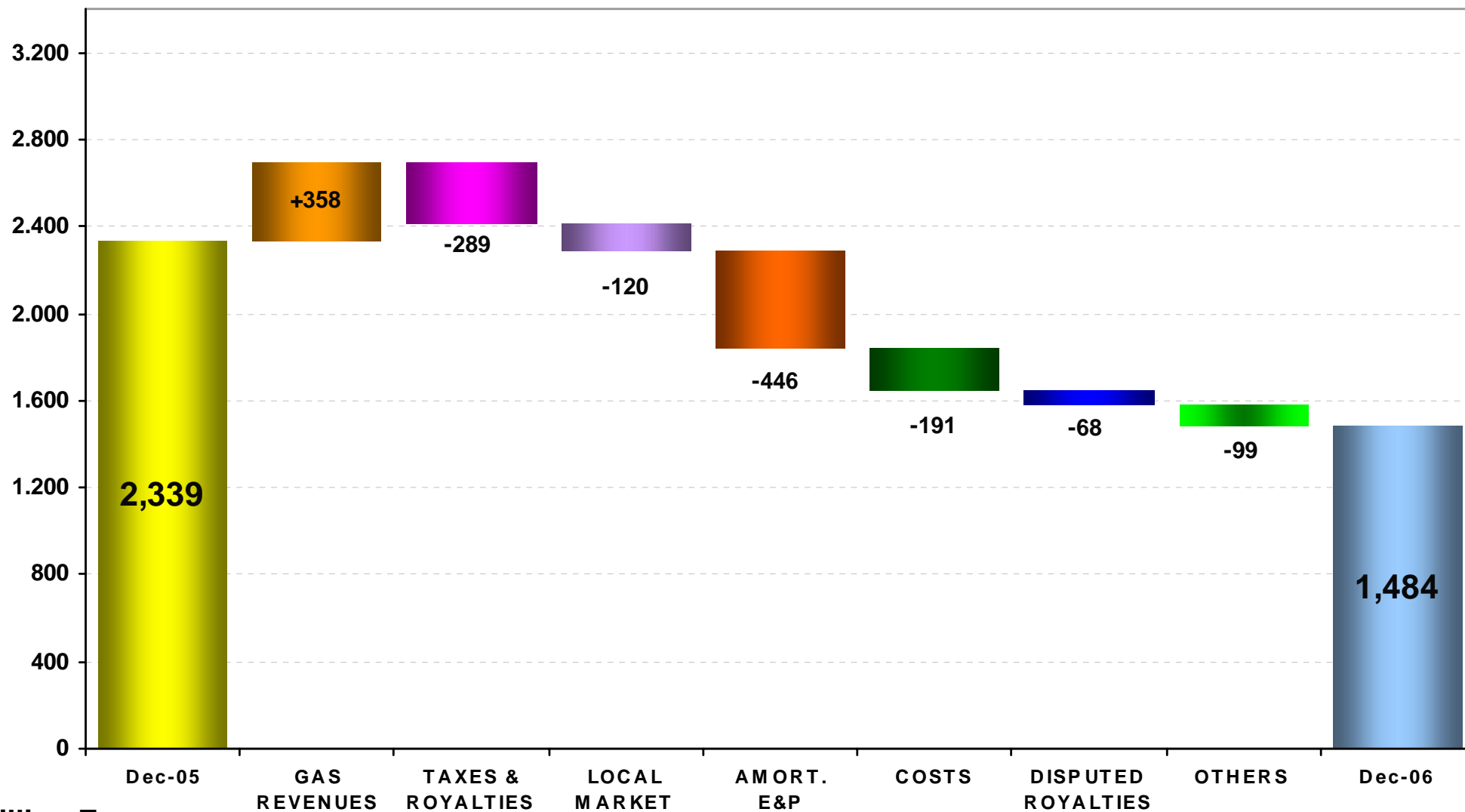
# 2006 Results: ABB



## Operating Income

	2005	2006
<i>TOTAL UPSTREAM</i>	3,246	3,286
<b>ABB</b>	<b>1,600</b>	<b>1,307</b>
<i>SPAIN</i>	21	33
<i>ROW</i>	1,625	1,946
<i>TOTAL R&amp;M / GLP</i>	2,683	1,855
<b>ABB</b>	<b>563</b>	<b>12</b>
<i>SPAIN</i>	1,980	1,714
<i>ROW</i>	140	129
<i>TOTAL CHEMICALS</i>	308	353
<b>ABB</b>	<b>176</b>	<b>165</b>
<i>SPAIN</i>	77	178
<i>ROW</i>	55	10
<b>TOTAL ABB</b>	<b>2,339</b>	<b>1,484</b>

## ABB: Income from Operations



Million Euro

# 2006 Results: UPSTREAM (ex-ABB)

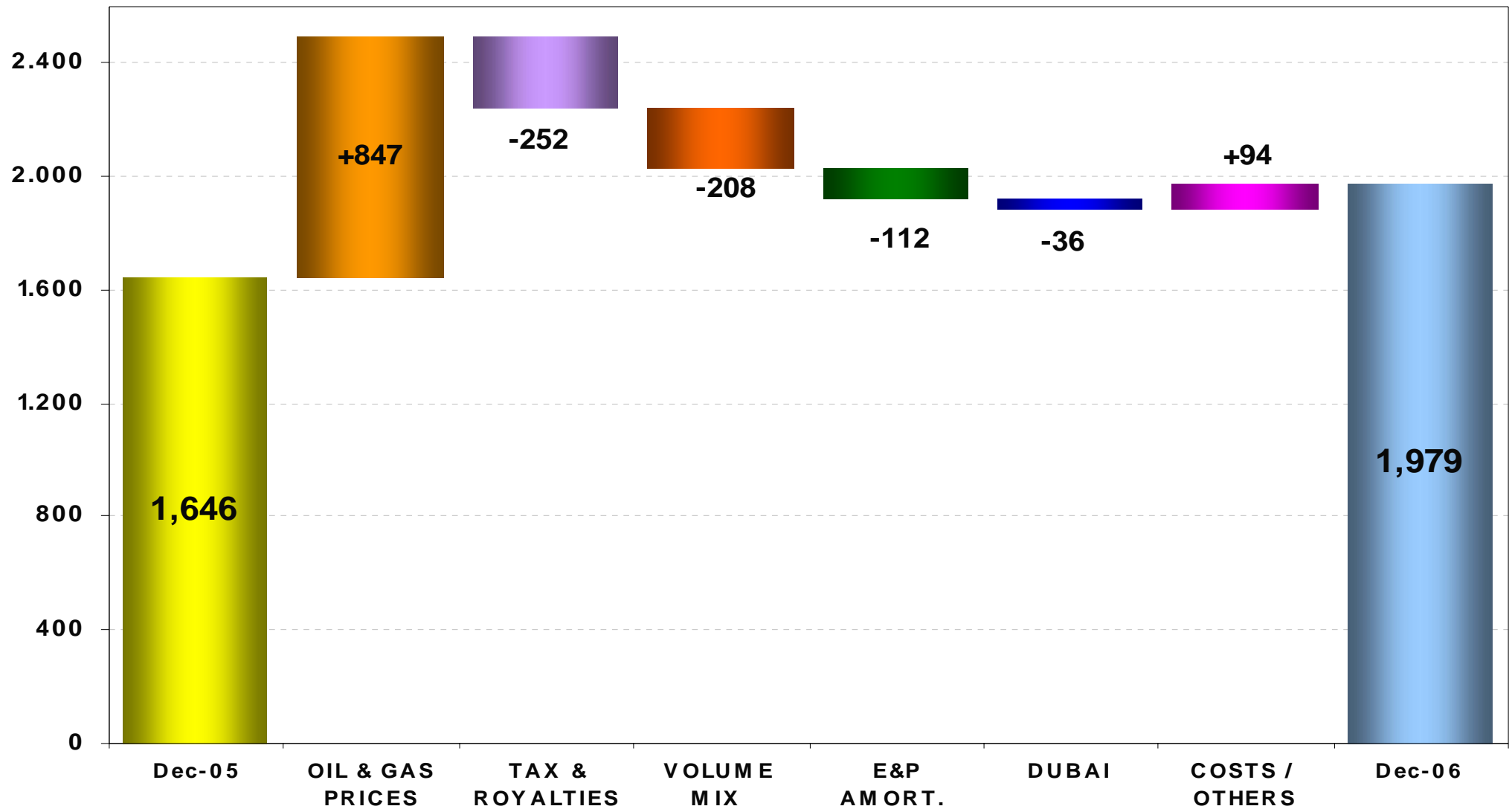


## Operating Income

	<i>2005</i>	<i>2006</i>
<i>TOTAL UPSTREAM</i>	3,246	3,286
<i>Upstream ABB</i>	1,600	1,307
<b>Upstream SPAIN</b>	<b>21</b>	<b>33</b>
<b>Upstream ROW</b>	<b>1,625</b>	<b>1,946</b>
<b>TOTAL</b>	<b>1,646</b>	<b>1,979</b>

# 2006 Results: UPSTREAM (ex-ABB)

## UPSTREAM: Income from operations



Million Euro



## UPSTREAM Results (ex-ABB)

- *Higher realizations prices*
- *Effects of transition to Joint Ventures in Venezuela*
- *Higher exploration activities and DD&A*

## **2006, positive year for E&P:**

- *Managing changes in Venezuela*
- *4<sup>th</sup> Train in T&T full year operative*
- *Progressing in LNG projects*

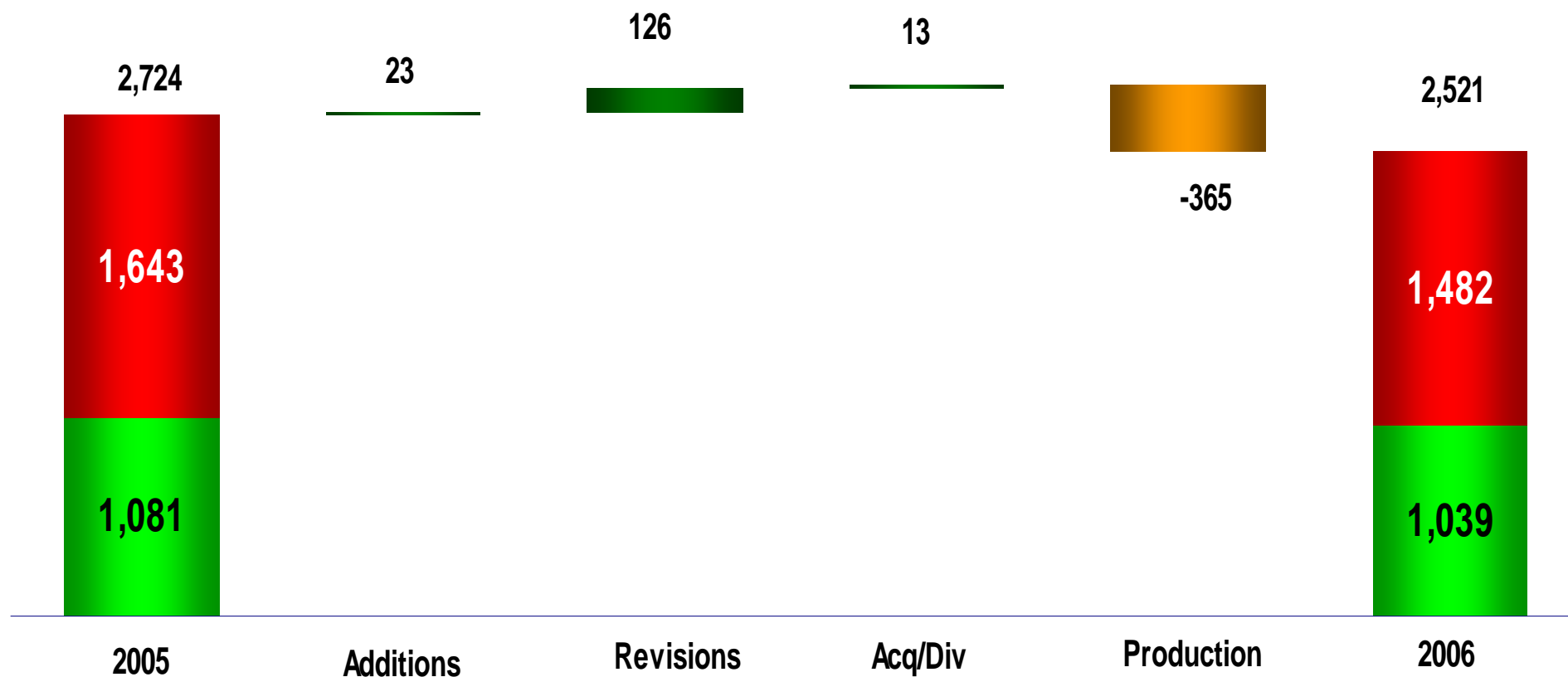
## **2007 Exploration:**

- *Investment 650 Million €*
- *53% in drilling activities*
- *High potential growth*

# 2006 Reserves: UPSTREAM (ex-BOLIVIA)



## Proved Reserves UPSTREAM (ex-BOLIVIA)



■ Liquids

■ Gas

Conversion Factor Gas 1 Boe = 5.615scf

- *Refining margins lower than in 2005*
- *Marketing and LPG margins improved in Europe*
- *Margin for basic petrochemical improved*

# 2006 Results: DOWNSTREAM

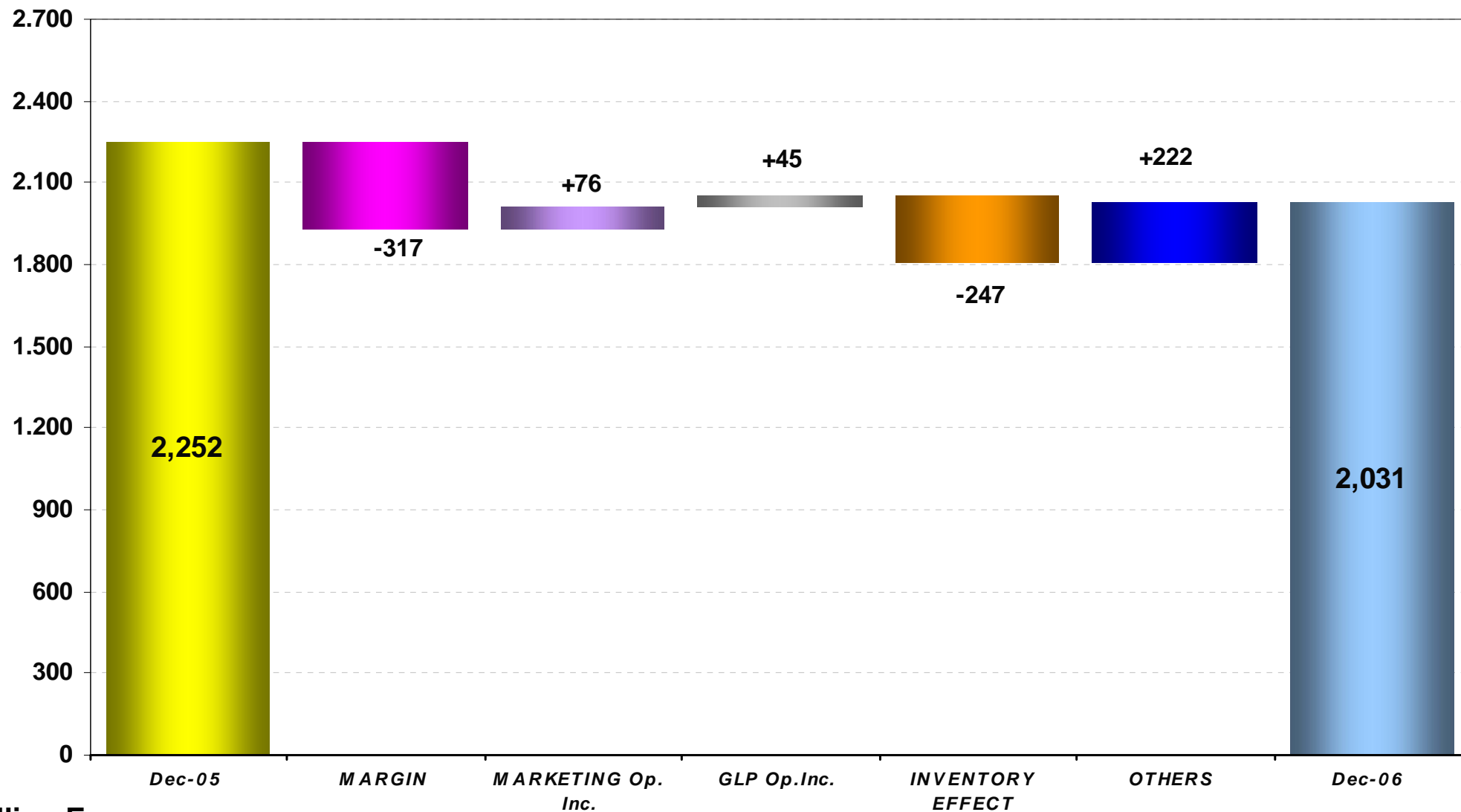


## Operating Income

	2005	2006
<i>TOTAL R&amp;M / GLP</i>	2,683	1,855
<b>SPAIN</b>	<b>1,980</b>	<b>1,714</b>
<b>ROW</b>	<b>140</b>	<b>129</b>
<i>ABB</i>	563	12
<i>TOTAL CHEMICALS</i>	308	353
<b>SPAIN</b>	<b>77</b>	<b>178</b>
<b>ROW</b>	<b>55</b>	<b>10</b>
<i>ABB</i>	176	165
<b>TOTAL</b>	<b>2,252</b>	<b>2,031</b>

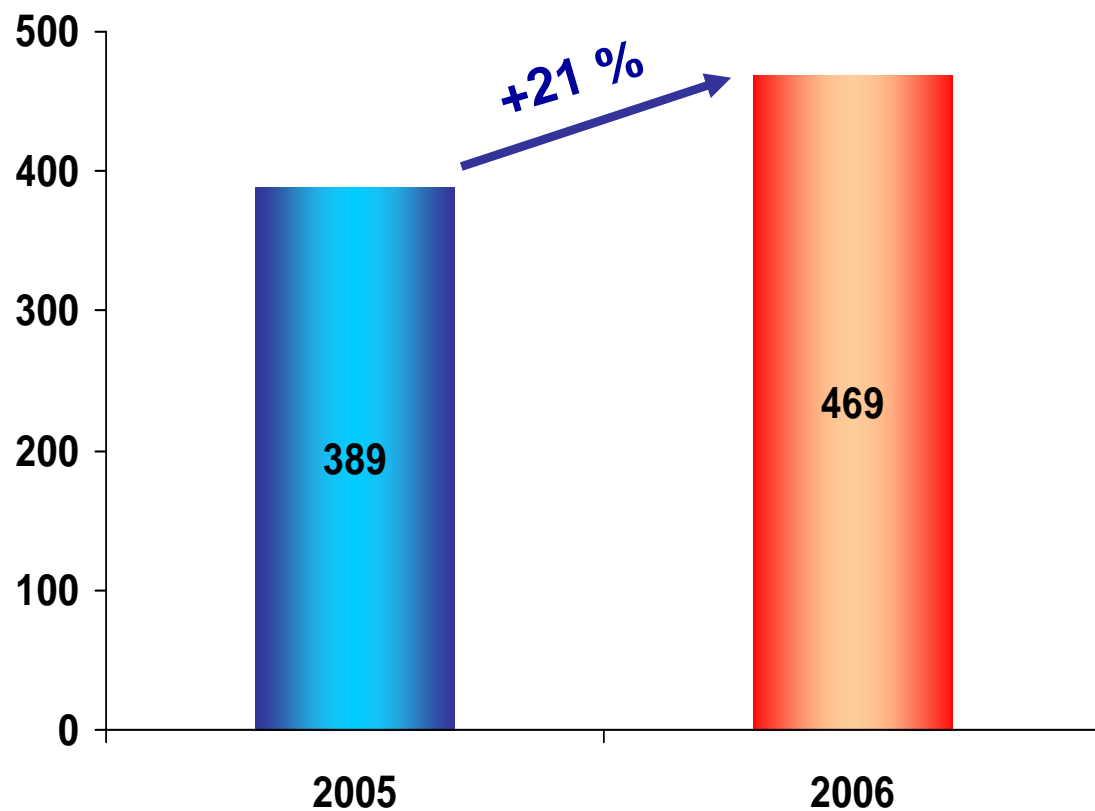
# 2006 Results: DOWNSTREAM (ex-ABB)

## DOWNSTREAM: Income from Operations



Million Euro

## G&P Income from operations



Million Euro

- *Improved performance by Gas Natural SDG*

**REPSOL**  
**YPF**



# Financial Evolution

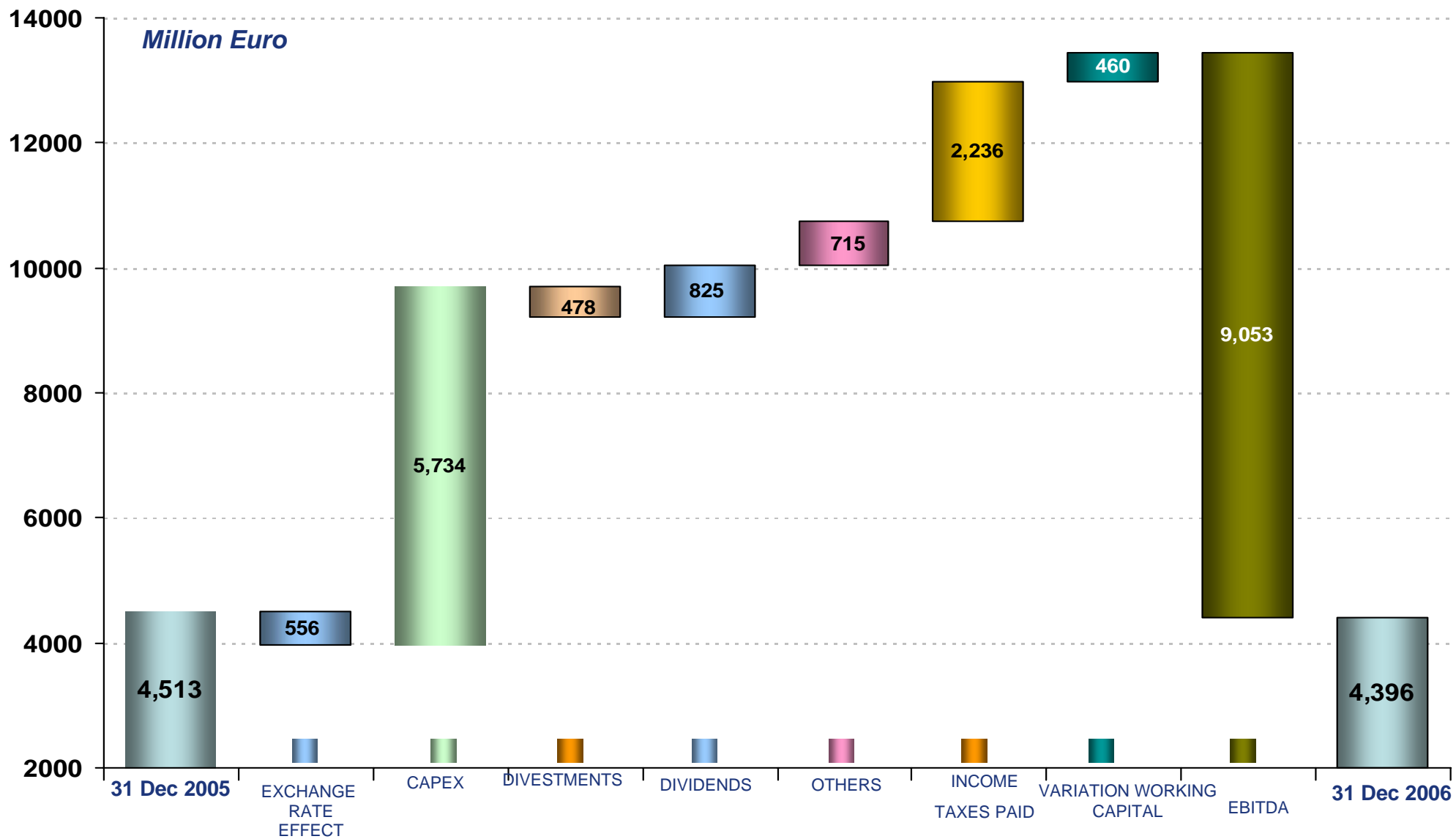
# CREDIT METRICS OVERVIEW



<i>Million Euro</i>	<b>Dec 31<sup>st</sup> 2005</b>	<b>Dec 31<sup>st</sup> 2006</b>
<b>NET DEBT</b>	<b>4,513</b>	<b>4,396</b>
<b>CAPITAL EMPLOYED</b>	<b>24,788</b>	<b>25,883</b>
<b>NET DEBT / CAPITAL EMPLOYED (%)</b>	<b>18.2%</b>	<b>17.0%</b>
<b>EBITDA</b>	<b>9,139</b>	<b>9,053</b>
<b>EBITDA / NET DEBT</b>	<b>2.03</b>	<b>2.06</b>
<b>NET INTEREST</b>	<b>394</b>	<b>359</b>
<b>NET INTEREST + DIVIDENDS PREFERRED SHARES</b>	<b>573</b>	<b>548</b>
<b>EBITDA / NET INTEREST</b>	<b>23.2</b>	<b>25.2</b>
<b>EBITDA / NET INTEREST + DIVIDENDS PREFERRED</b>	<b>15.9</b>	<b>16.5</b>



# NET DEBT EVOLUTION: FULL YEAR 2006





# FUTURE OUTLOOK

- **Strategic growth in upstream and LNG**

- **Focusing our efforts in North Africa and the Caribbean**

- **IN VENEZUELA**

- *Negotiating with PDVSA new fields*

- **IN NORTH AFRICA: Libya:**

- ✓ *Increasing production*
- ✓ *Construction of a new pipeline*
- ✓ *Field Development Plan of NC-115 & NC-186*

- **Reserves coming from Gasi Touil or Persian LNG are not included**

- **High potential of booking future reserves from Shenzi, Genghis Khan, Algeria (Reggane), Libya (Fields J, K and I/R) and Peru**



# FUTURE OUTLOOK: LNG

## ***IN PERU, Camisea LNG Project :***

- *Strengthen our gas position in the Southern Cone*
- *Come on stream in 2010*

## ***IN CANADA, Canaport re-gasification plant:***

- *Strategic gateway into premium areas*
- *Going ahead as planned*

## ***IN IRAN, South Pars Field***

- *Phases 13 and 13A*
- *Final Investment Decision, most likely in 2008*

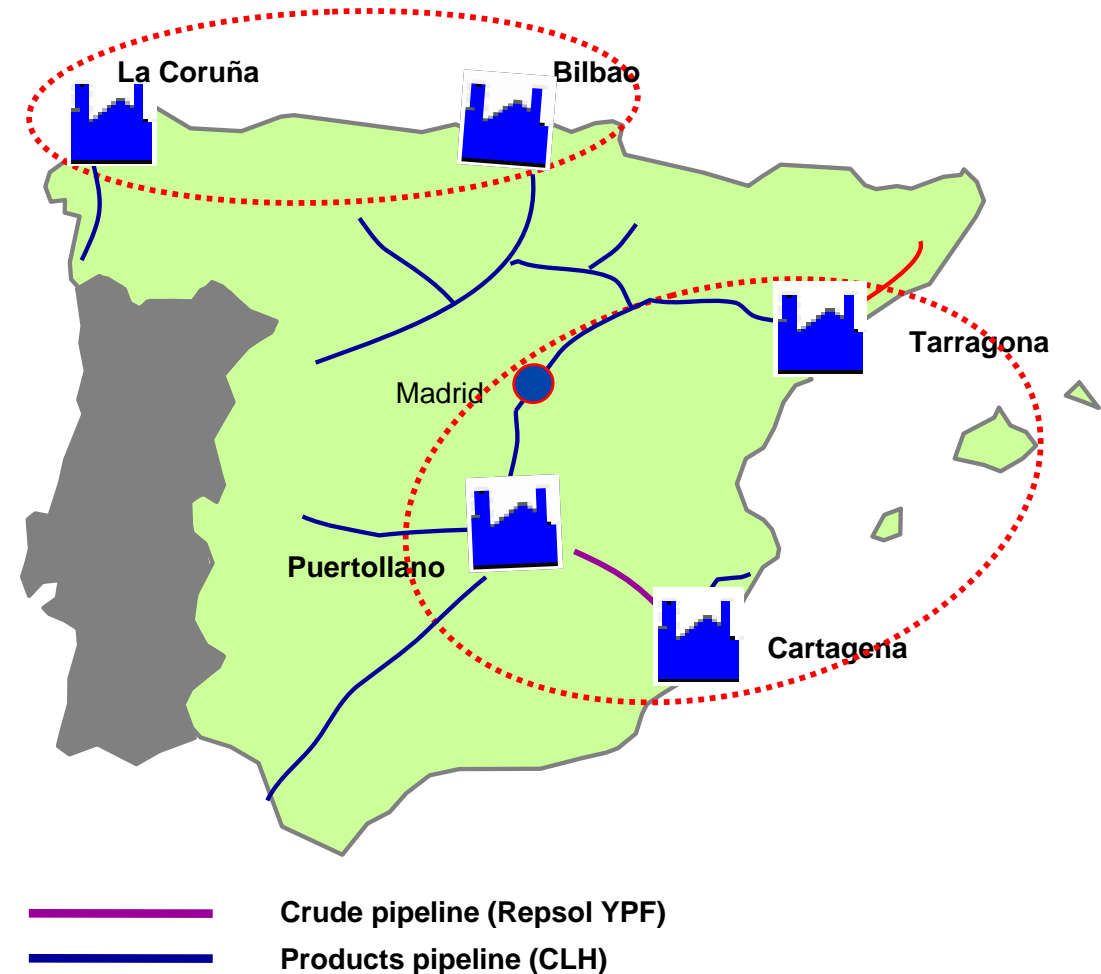
## ***ALGERIA, Gassi Touil:***

- *Renegotiating conditions of agreement*



## DOWSTREAM

- *Continuing with investment program*
- *Rationalisation of our downstream operations in some Latin-American countries*



## **TO LEVERAGE OUR STRONG STRATEGIC POSITION FOR LONG-TERM VALUE CREATION AND RISK REDUCTION.**

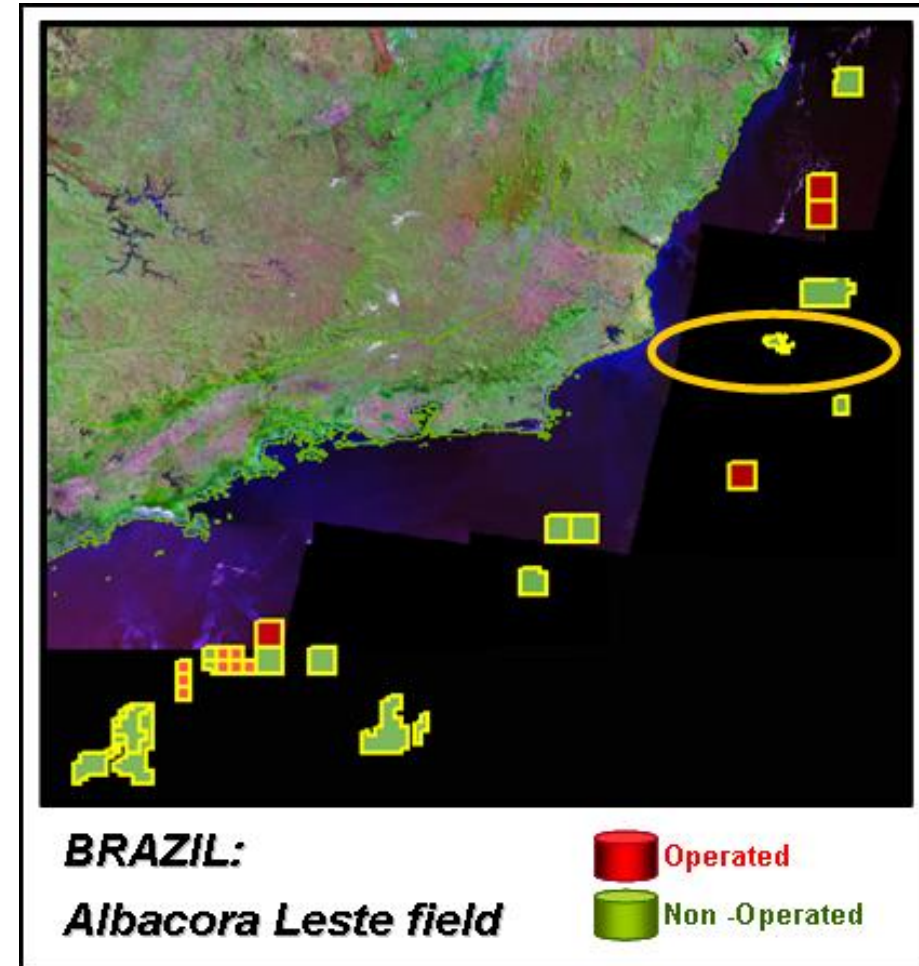
- ***In ARGENTINA:***
  - ✓ *Investment program will improve production and recover reserves*
  - ✓ *IPO of YPF*
  - ✓ *Transition process to international prices*
  - ✓ *Cost control policy*

- **IN BOLIVIA:**

- ✓ *Managing our business under a complex situation*
- ✓ *Continuing our operations at reasonable returns*
- ✓ *Natural gas supply agreement to Argentina*

- **IN BRAZIL**

- ✓ *Albacora Leste started production in 2006*
- ✓ *Exploration blocks accessed in the last rounds*



*REPSOL YPF 4th QUARTER & FULL YEAR 2006 PRELIMINARY RESULTS*

**PLEASE KINDLY TAKE NOTE OF THE DETAILS OF THE CONFERENCE CALL AND WEBCAST:**

**Tuesday, 27th February 2007**

14.00h (Madrid) 13.00h (London)

**SUMMARY:**

*Listen only mode Intervention followed by a Questions and Answer Session*

*Dial in number (on Spain): +34 91 789 51 40*

*Dial in number (rest of countries): +44 (0) 207 107 0685*

*Access code not needed*

*The conference call will be available for 7 days after the 27th February 2007 (until March 6th 2007) on the following number:*

**Replay details**

**Dial in on: +34 91 787 96 70**

**Pin number: 183152#**

*On our website replay will be available for the next 6 months. For any further information please contact the Investor Relations team:*

**Tlf: 34-91-3485548**

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**REPSOL  
YPF**



***4Q & Full Year 2006  
PRELIMINARY RESULTS***

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