



Chemicals

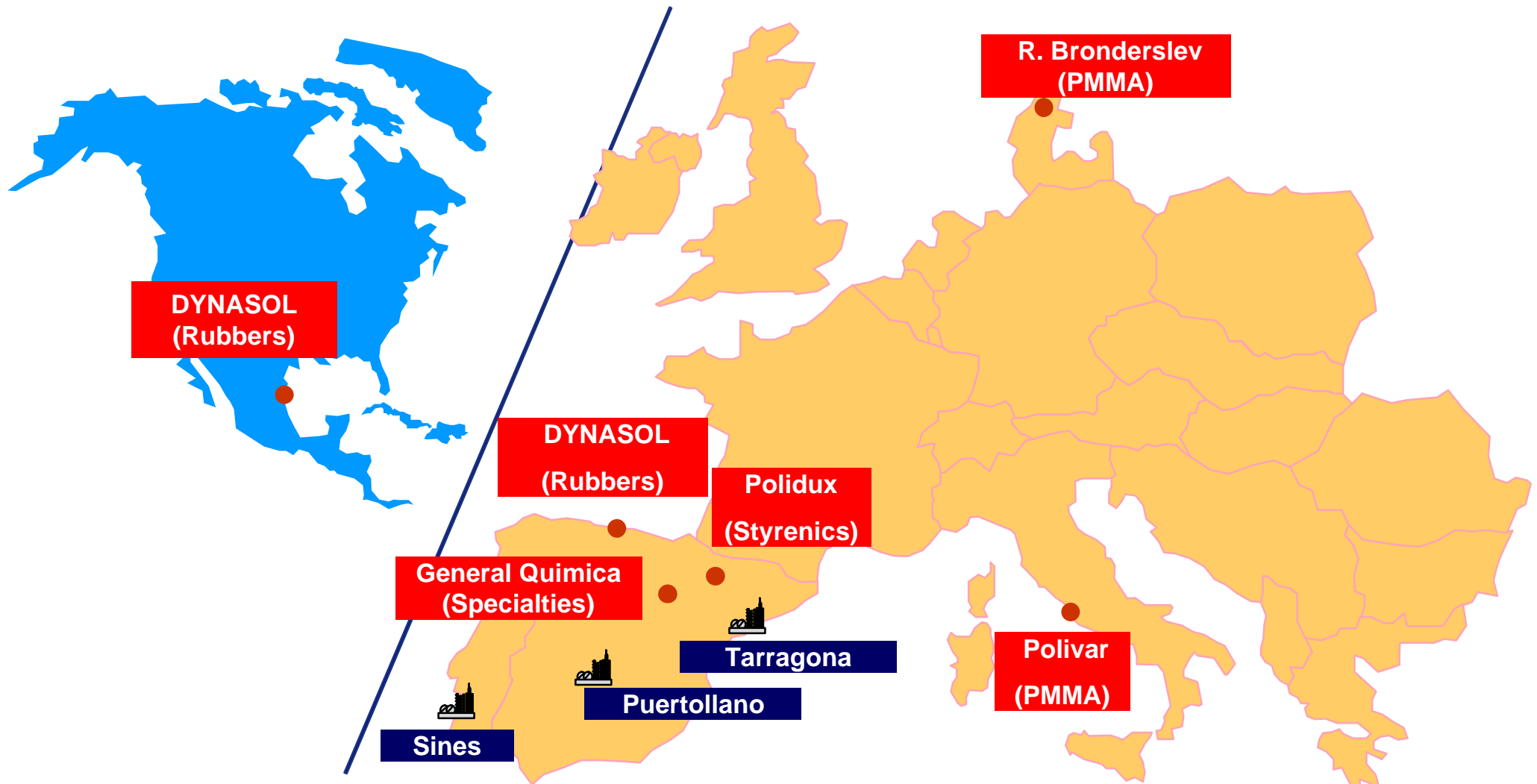
Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of Repsol YPF and its management, including statements with respect to trends affecting Repsol YPF's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures, cost savings, investments and dividend payout policies. These statements are not guarantees of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol YPF's control or may be difficult to predict.

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Repsol YPF does not undertake to publicly update or revise these forward looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.

Repsol YPF Chemical sites in Europe and Mexico



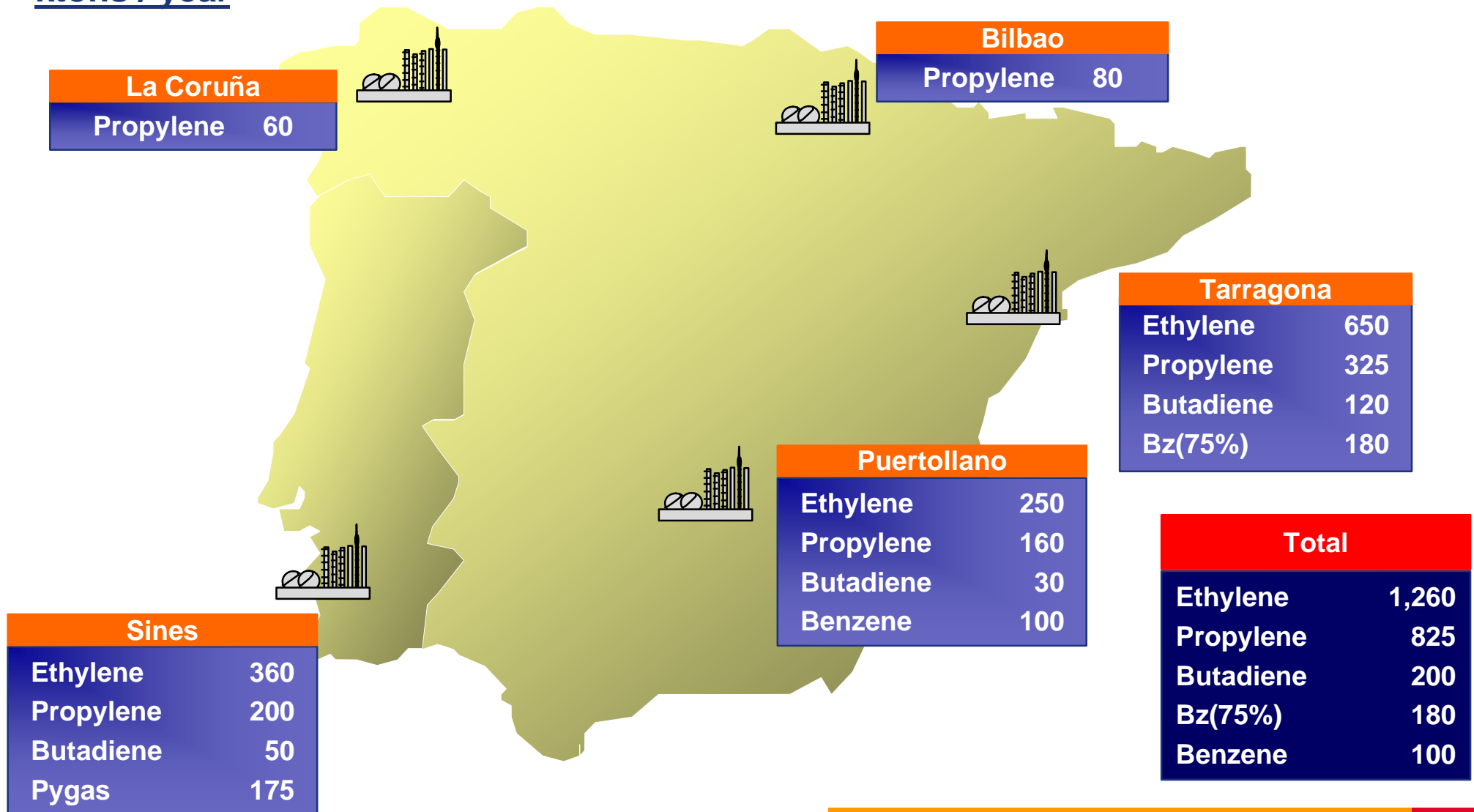
 Cracker & Derivatives

● Subsidiaries

Repsol YPF : Base petrochemical sites in Iberia



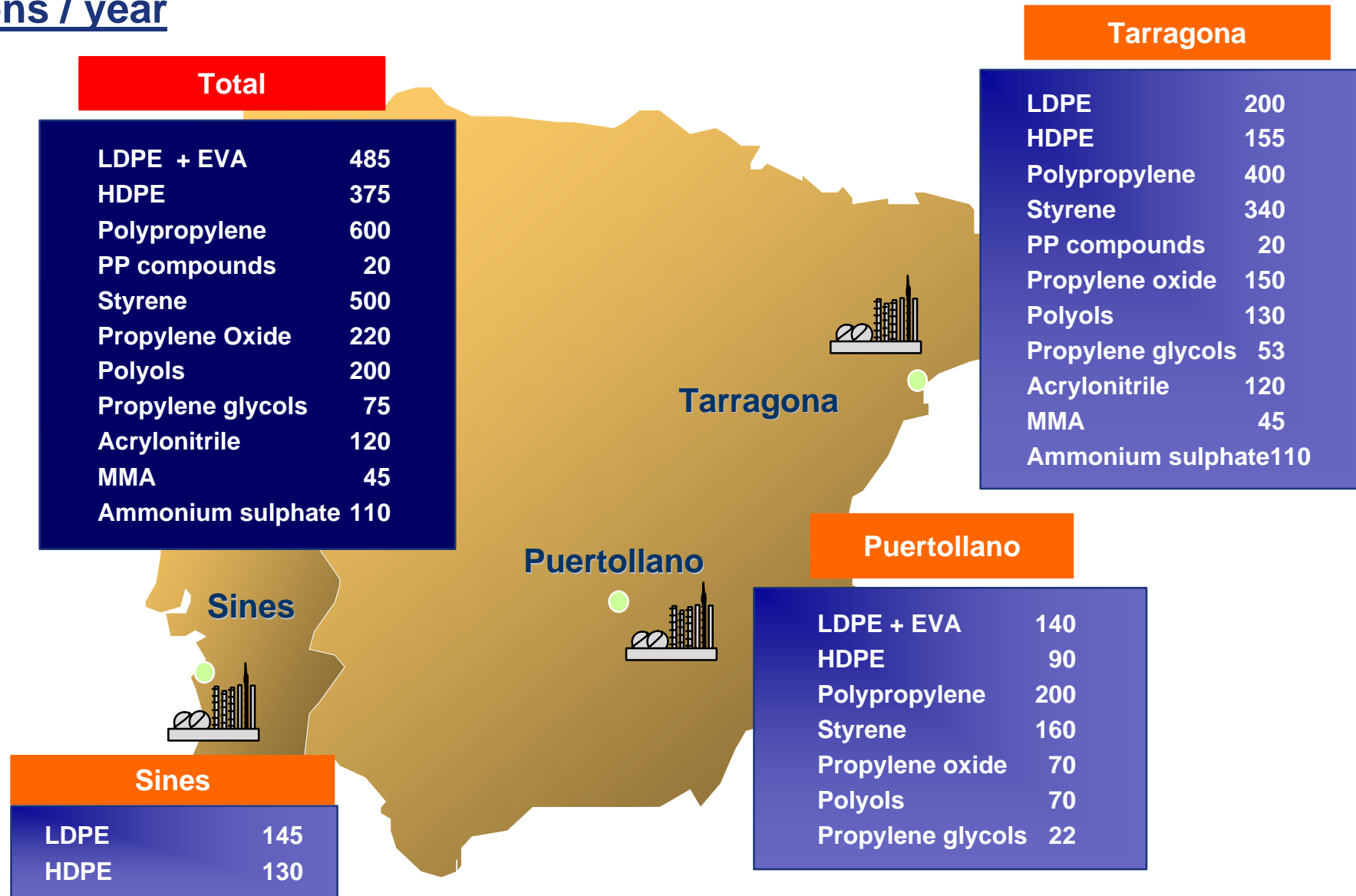
ktons / year



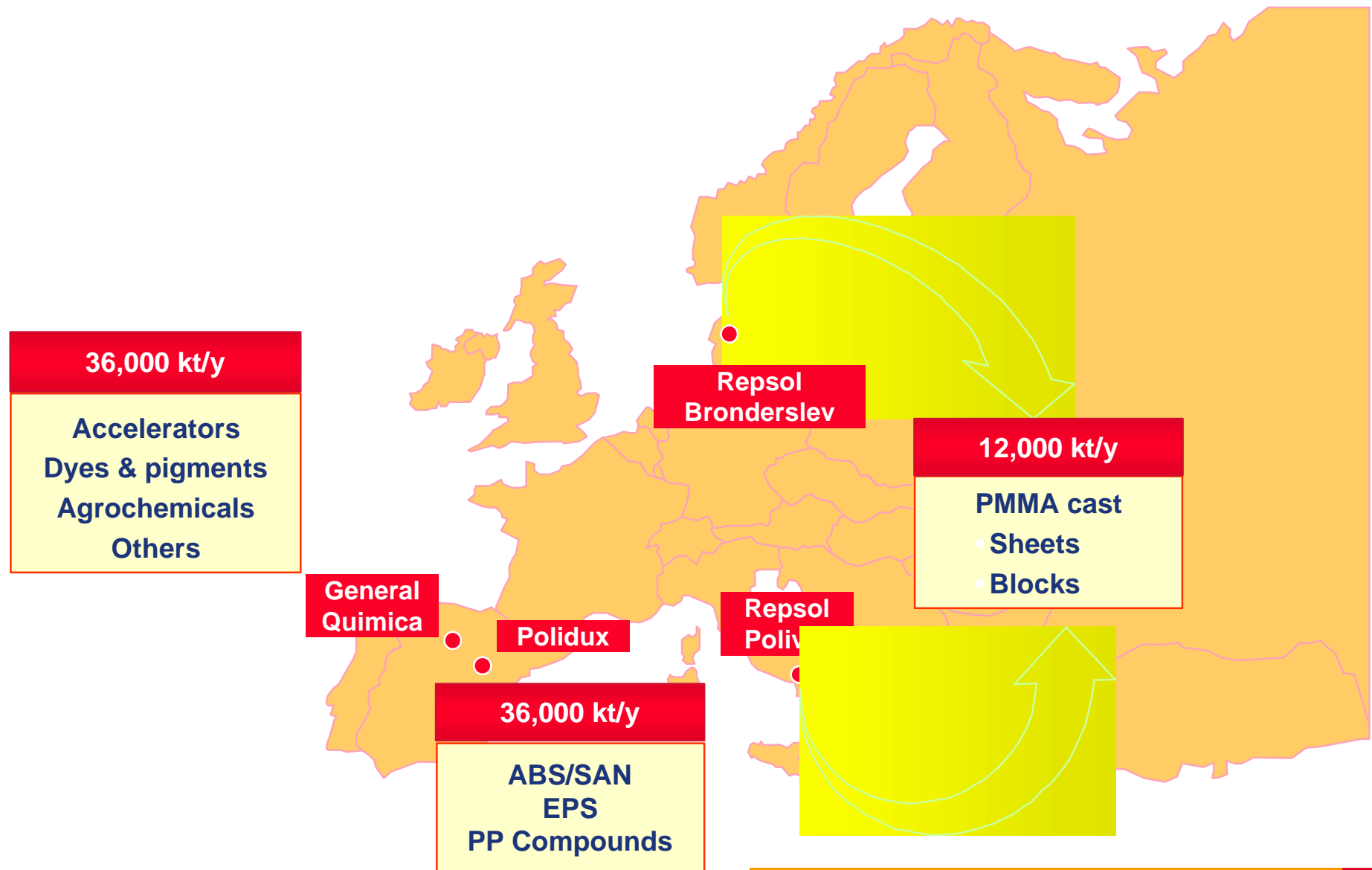
Repsol YPF: Derivative chemical sites in Iberia



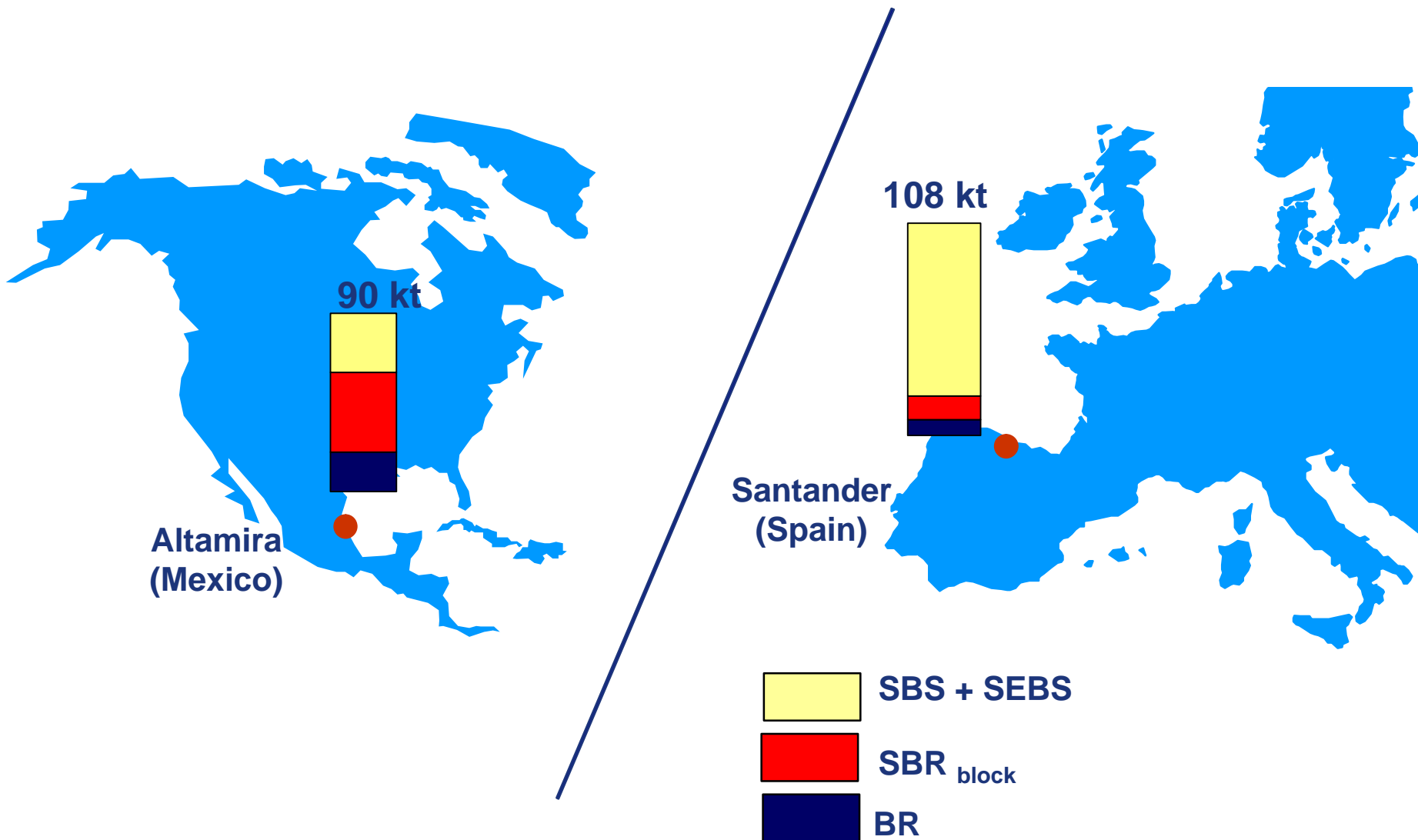
ktons / year



Repsol YPF : Chemical subsidiaries in Europe



DYNASOL (J/V 50-50 in the rubber business)



Repsol YPF : Chemical production capacities in Europe



kt / year

2,740

BASE CHEMICALS	
OLEFINS	AROMATICS
2,285	100
ETHYLENE 1,260	BENZENE
PROPYLENE 825	180
BUTADIENE 200	BENZENE (75%)
	175
	PYROLYSIS GASOLINE

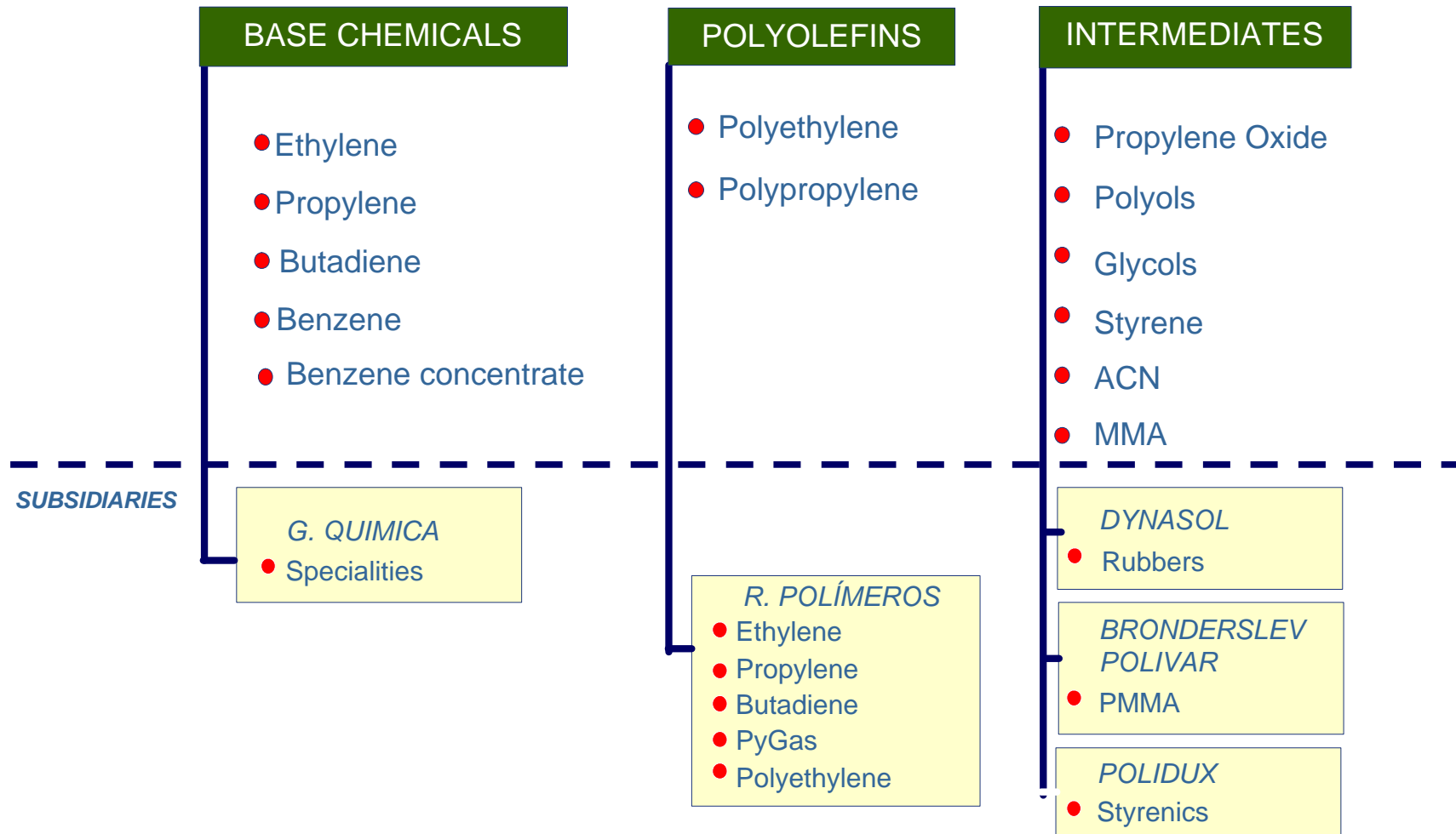
2,724

DERIVATIVES & SUBSIDIARIES		
POLYOLEFINS	INTERMEDIATES	SPECIALTIES
1,480	1,160	36
LDPE + EVA 485	STYRENE 500	
HDPE 375	PO 220	
PP 600	GLYCOLS 75	
PP COMPOUNDS 20	POLYOLS 200	
	ACN 120	
	MMA 45	
OTHER PLASTICS		
48		
ABS/SAN/EPS 36		
PMMA 12		

Repsol YPF chemicals

- **Chemical business within an integrated oil/gas company**
- **Management by Business Units**
- **Integration between Base and Derivative Petrochemicals. Key importance of managing the integrated margin**
- **The relative size of Repsol YPF's Petrochemical business is in line with that of other IOCs**
- **Profitable business historically, but cyclical**
- **Focused on :**
 - **Businesses with strategic advantages**
 - **Natural markets: Iberian Peninsula/South of Europe**
 - **Improving the sales mix : increase in differentiated products**
 - **Businesses with a good technological position**
- **Emphasis on cost reduction, productivity increase and customer satisfaction**

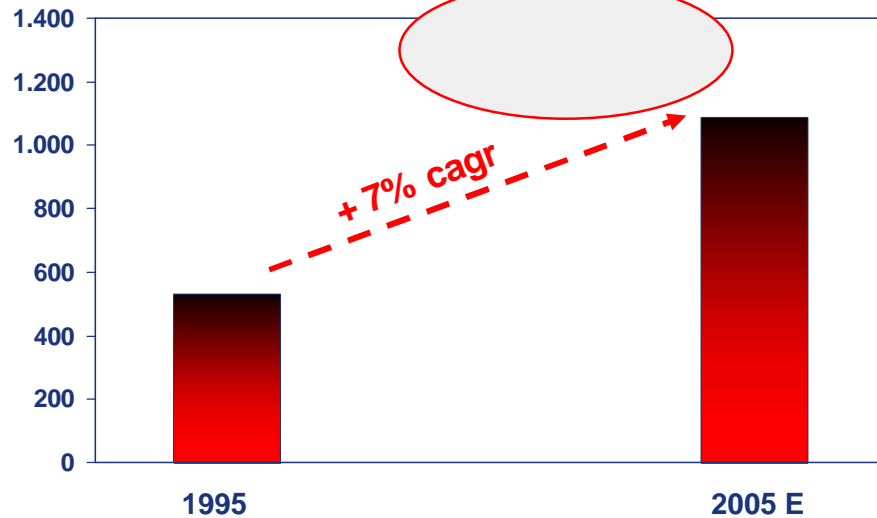
Management by business units



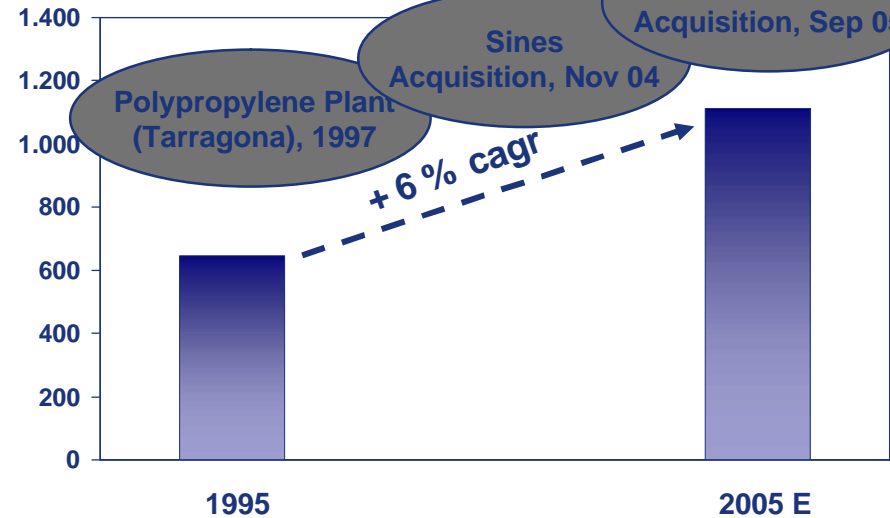
Repsol YPF Chemicals sales growth

Thousands of tonnes

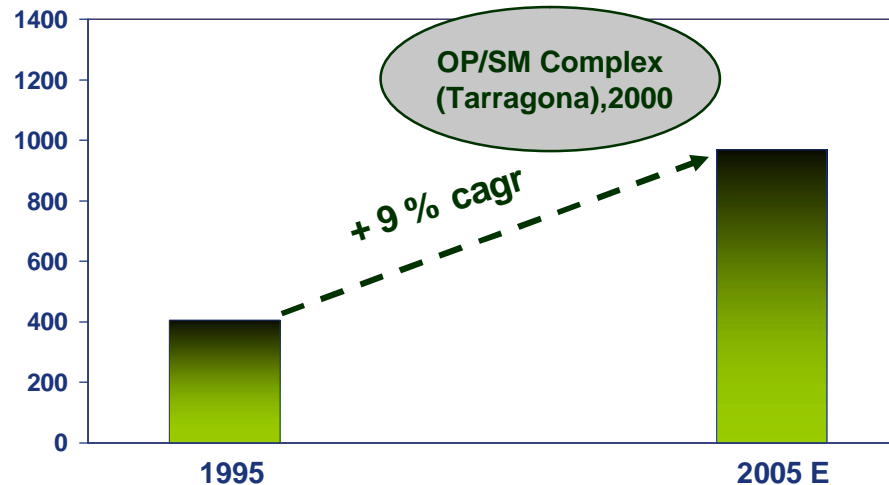
BASE PETROCHEMICALS



POLYOLEFINS

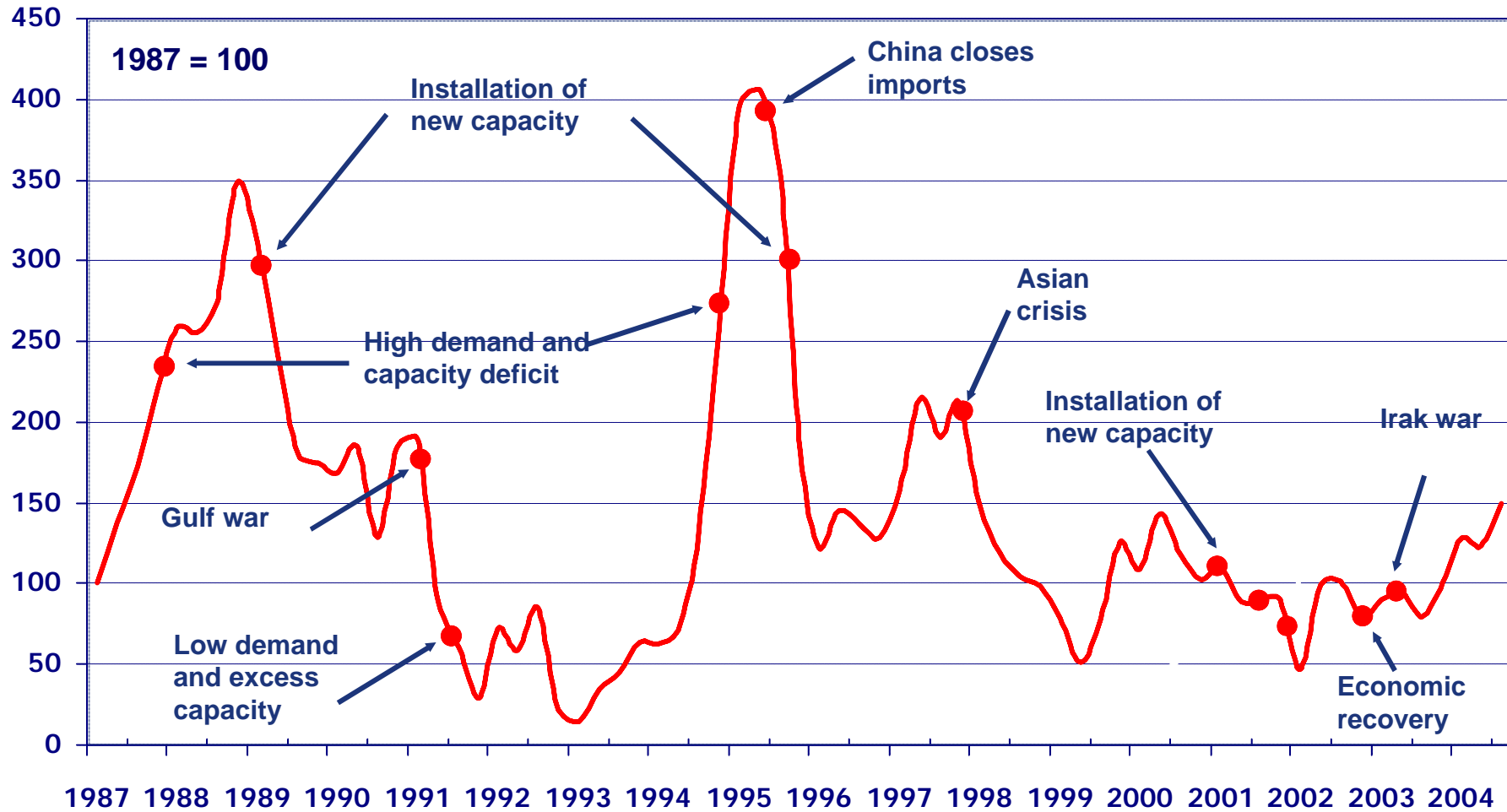


INTERMEDIATES

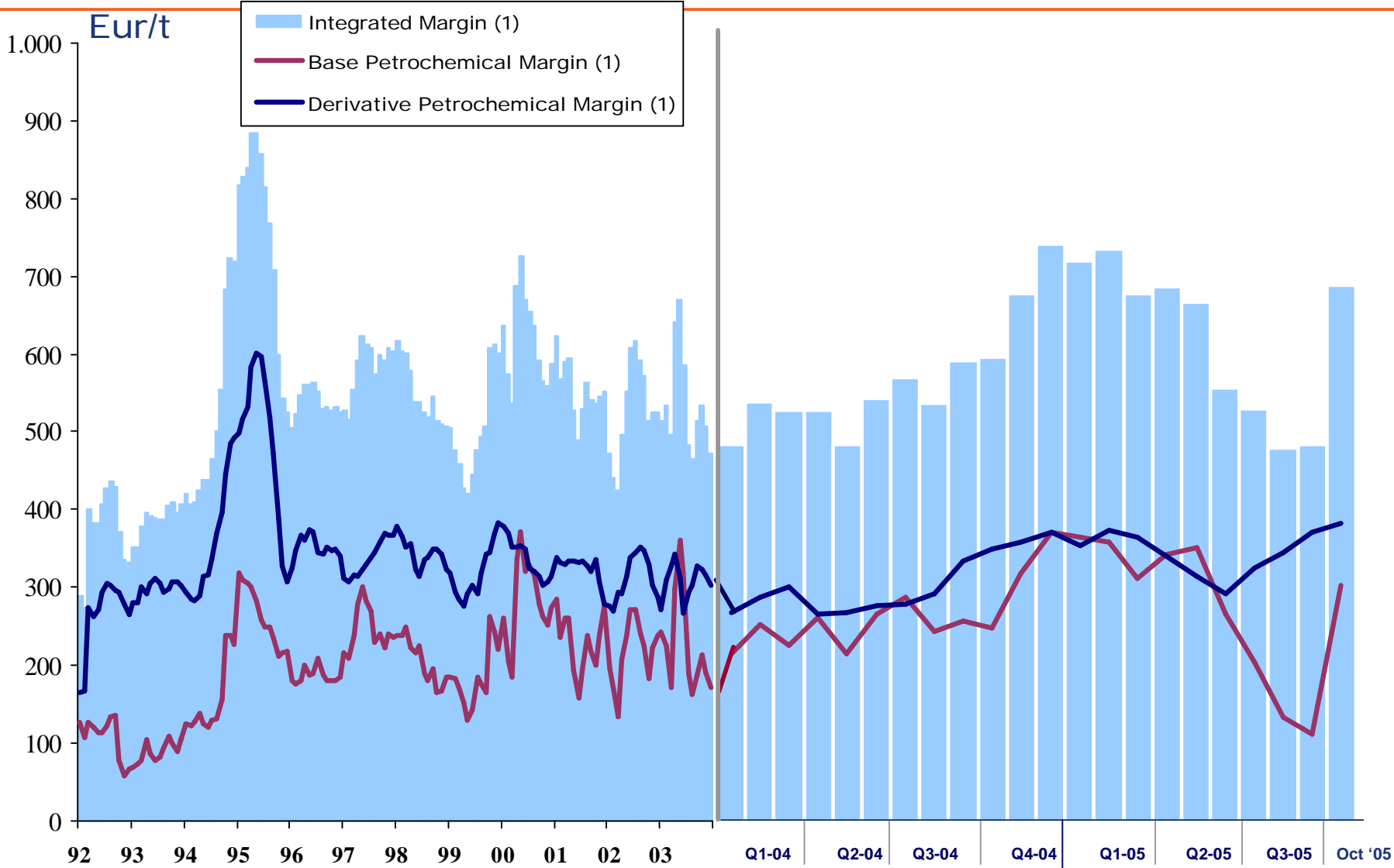


Chemicals: Cyclical business

Petrochemicals Profitability ratio in Western Europe

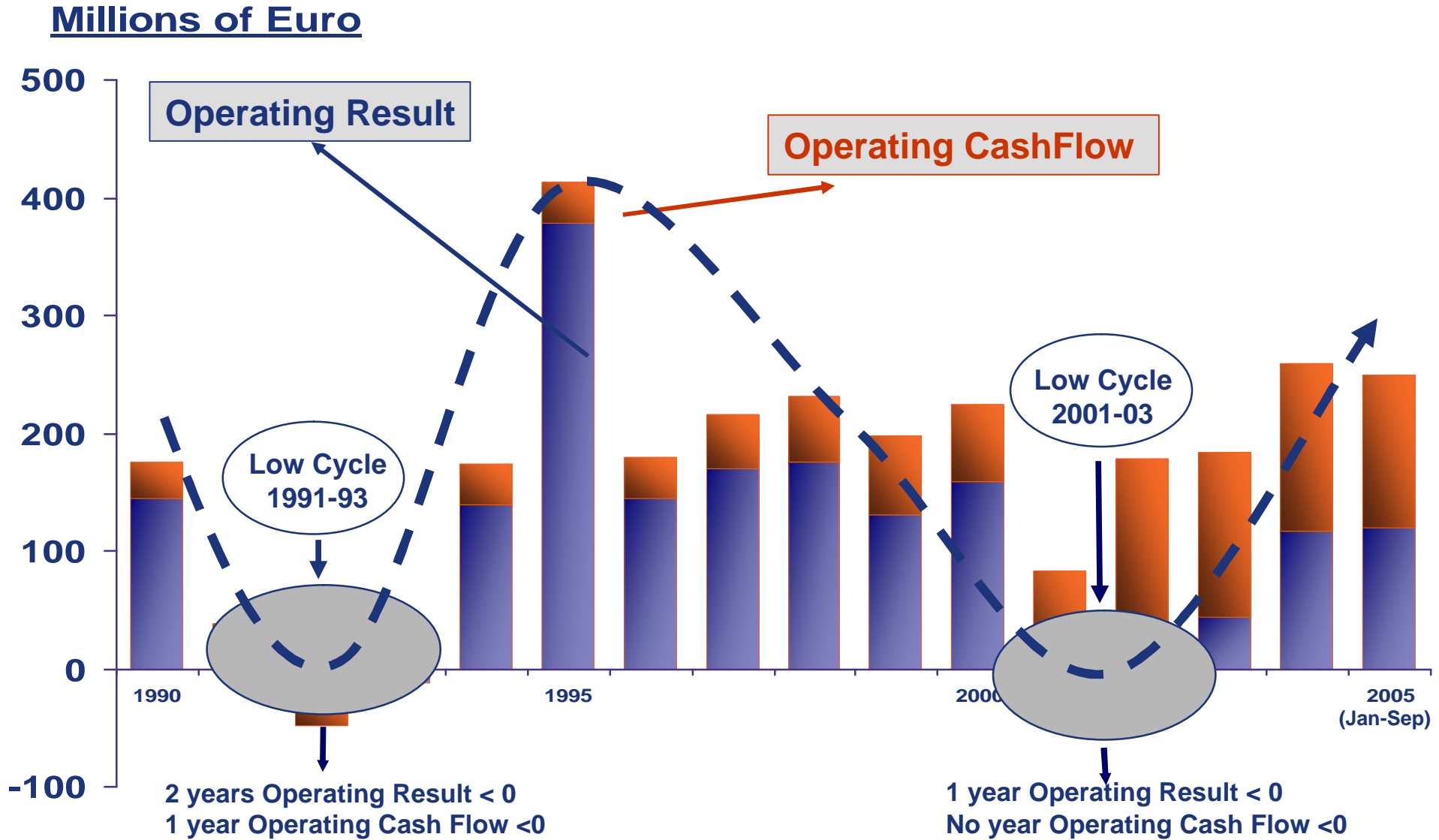


Repsol YPF integrated chemical margin

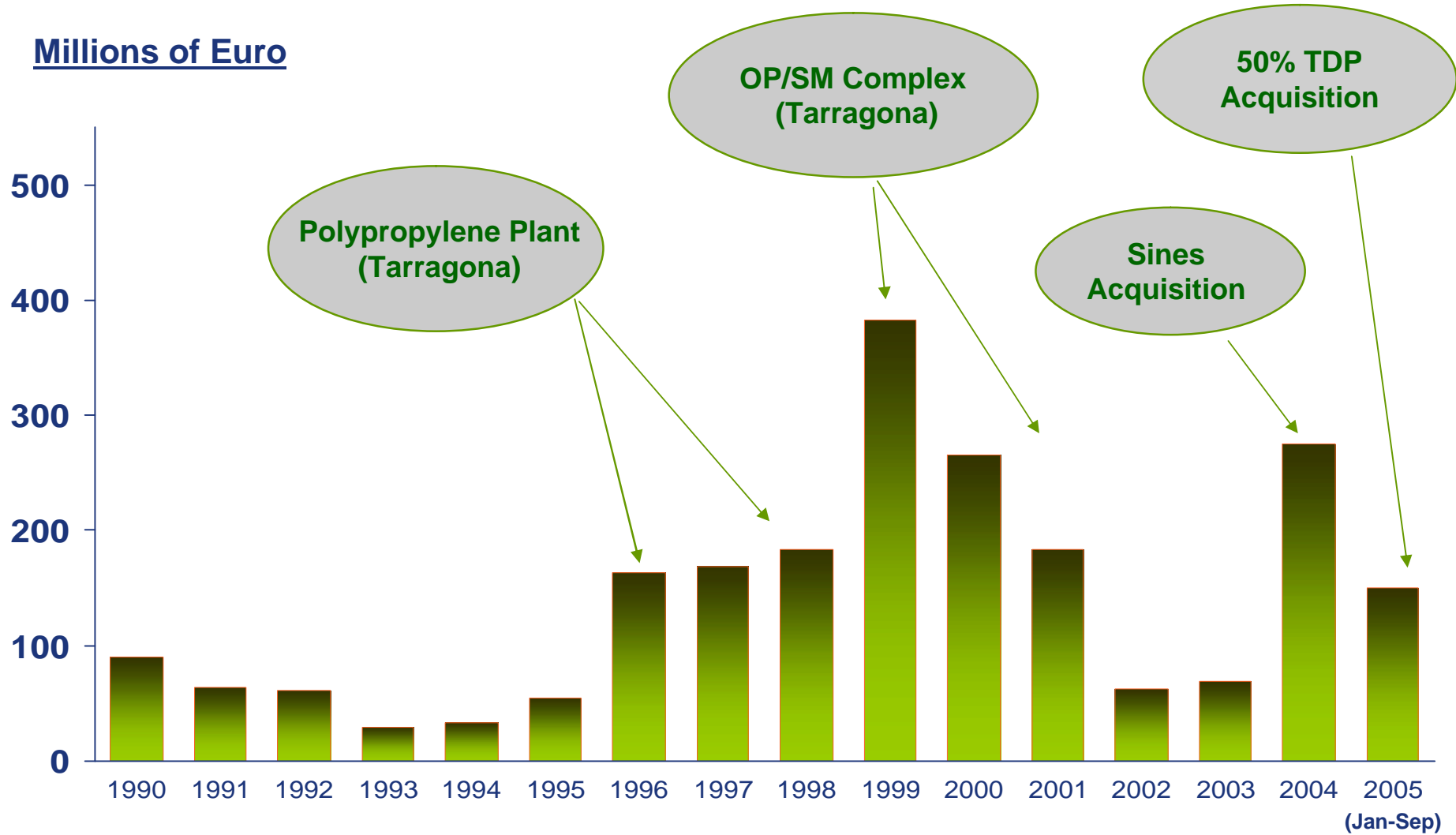


(1) Margin per Derivative tonnes at international prices

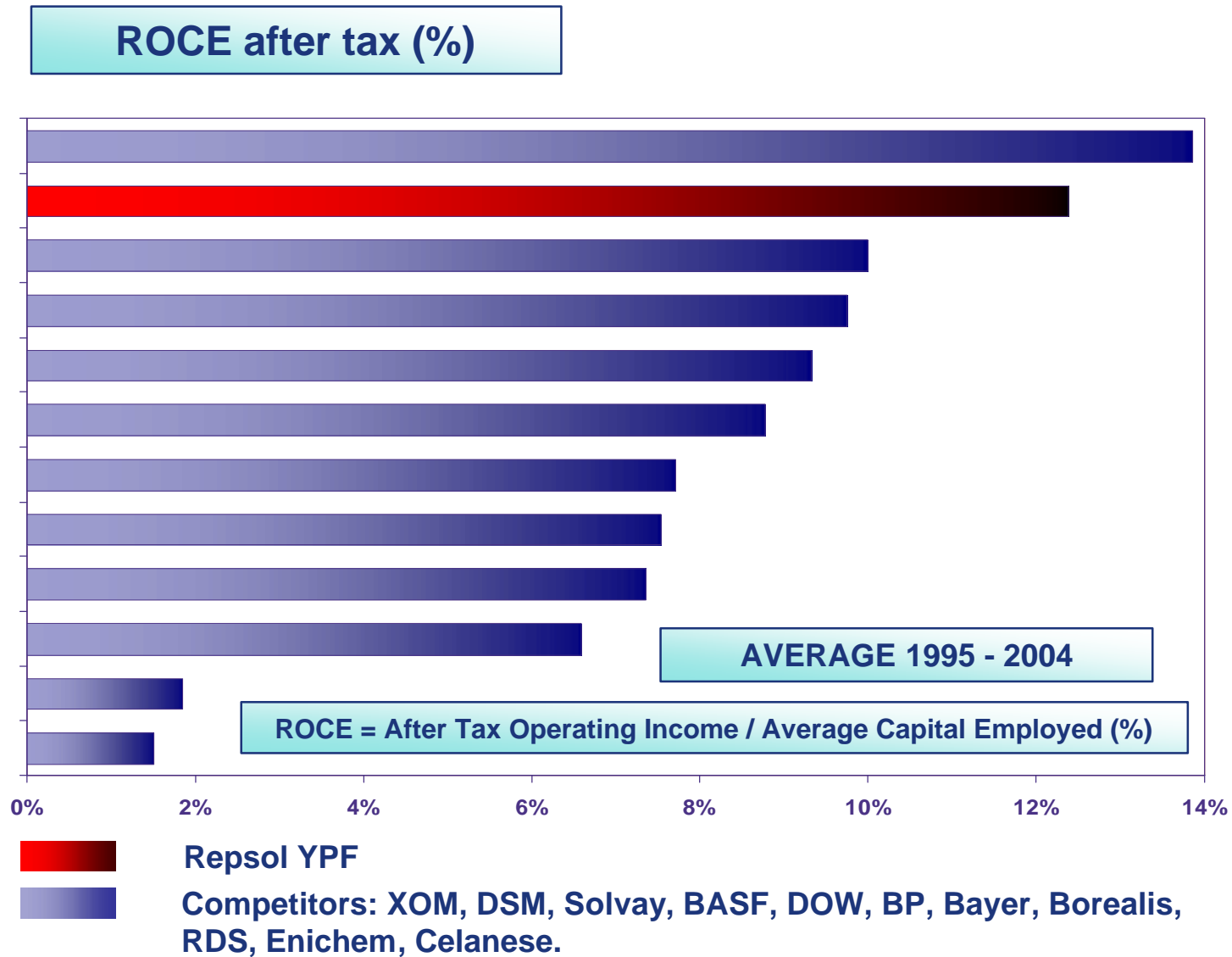
Repsol YPF Chemical operating results



Repsol YPF investment in chemicals

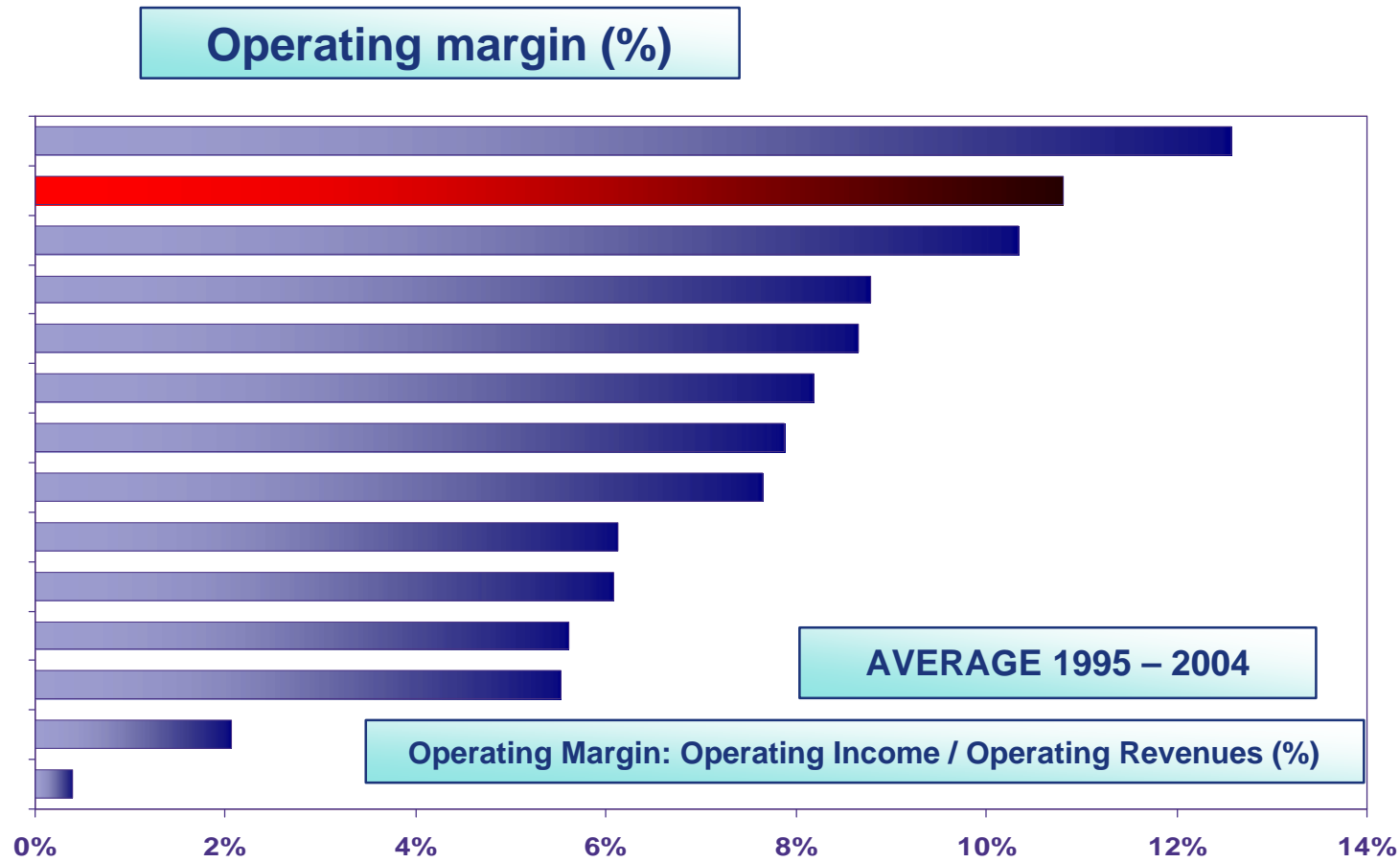


Repsol YPF Chemicals profitability



Source: Annual reports

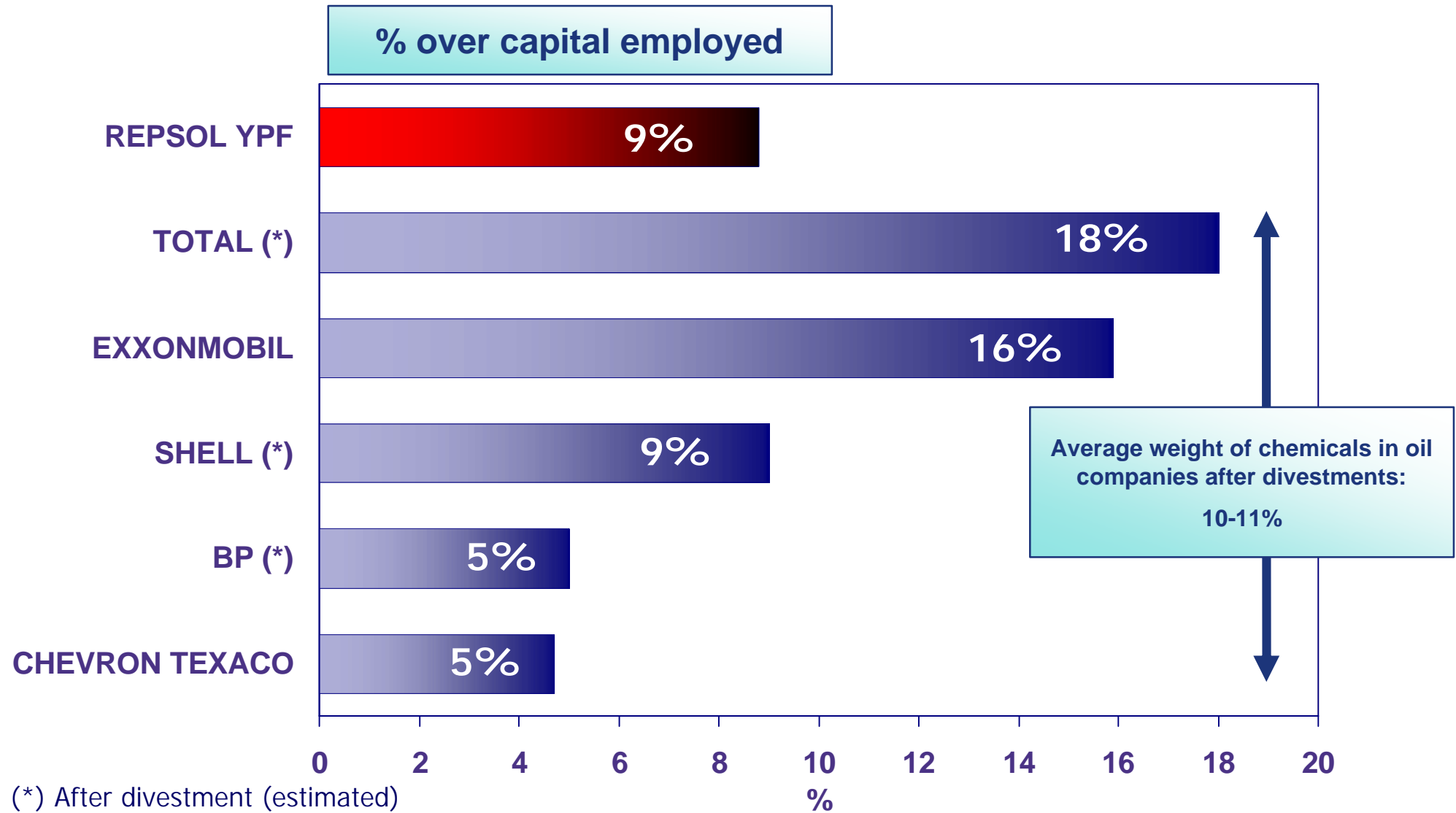
Repsol YPF Chemicals - profitability



■ Repsol YPF
■ Competitors: XOM, DOW, BASF, DSM, Solvay, BP, Bayer, Total, CVX, RDS, Borealis, Celanese, Enichem.

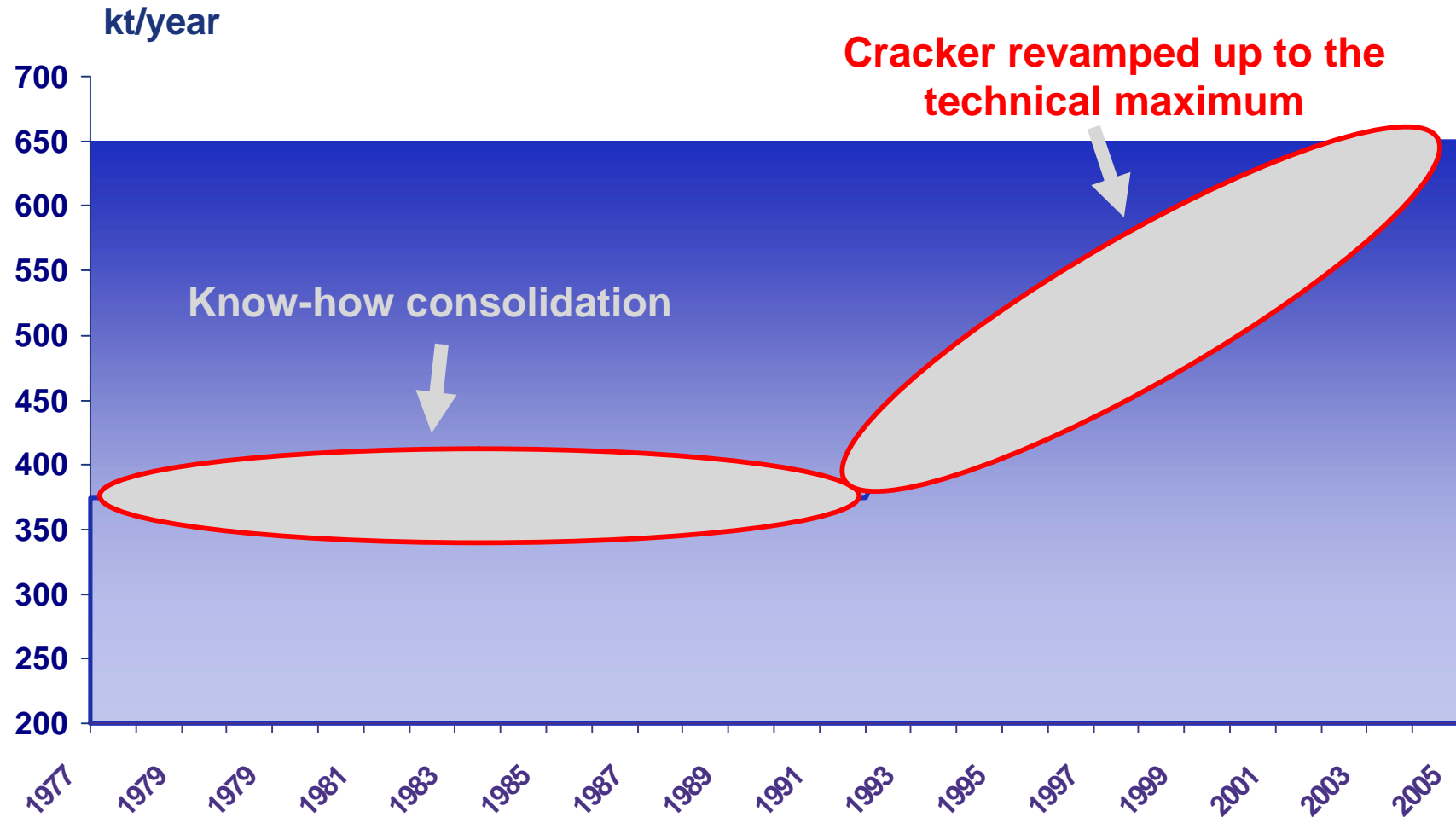
Source: Annual reports

IOCs' chemical business size



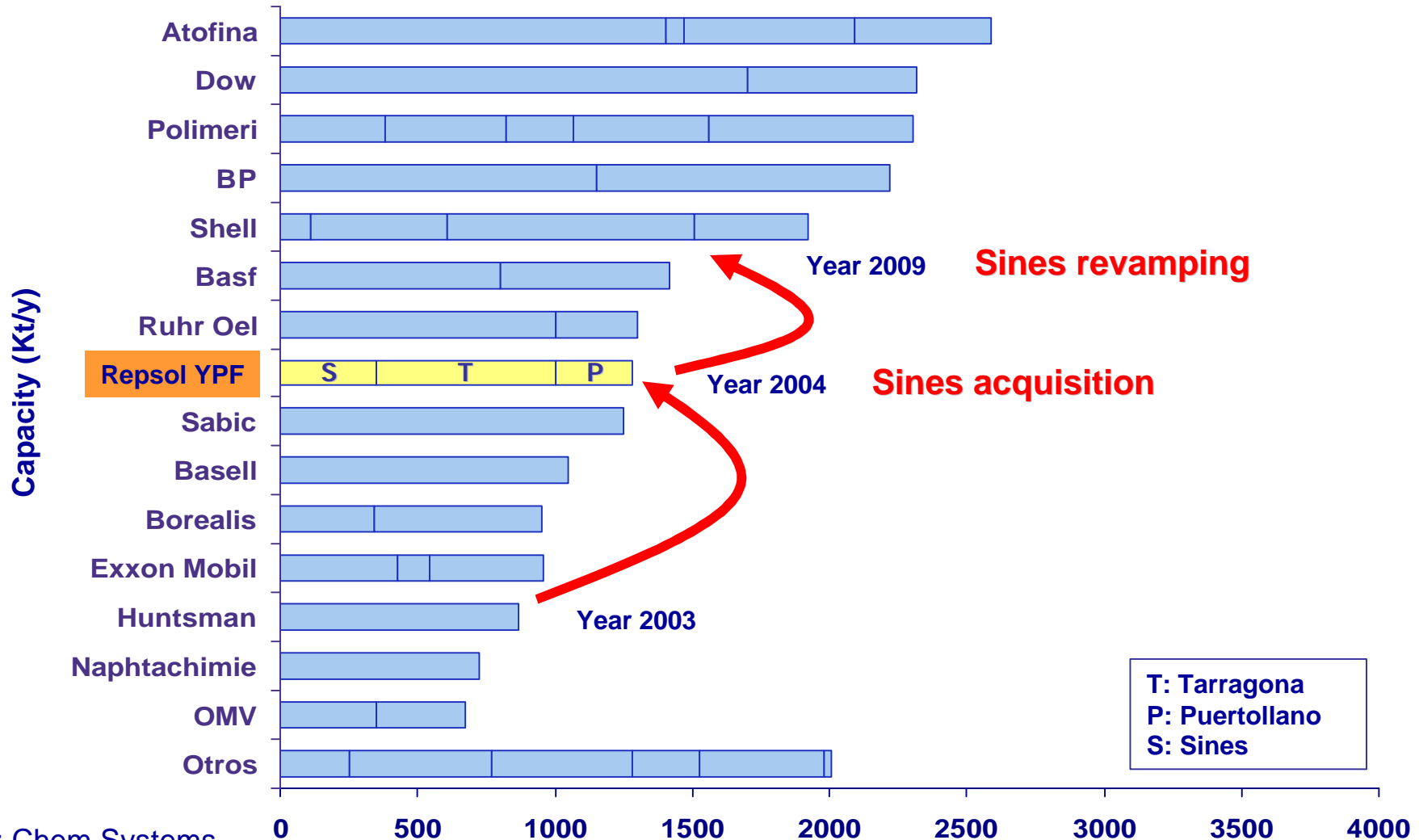
Source: Annual reports

Tarragona cracker capacity evolution



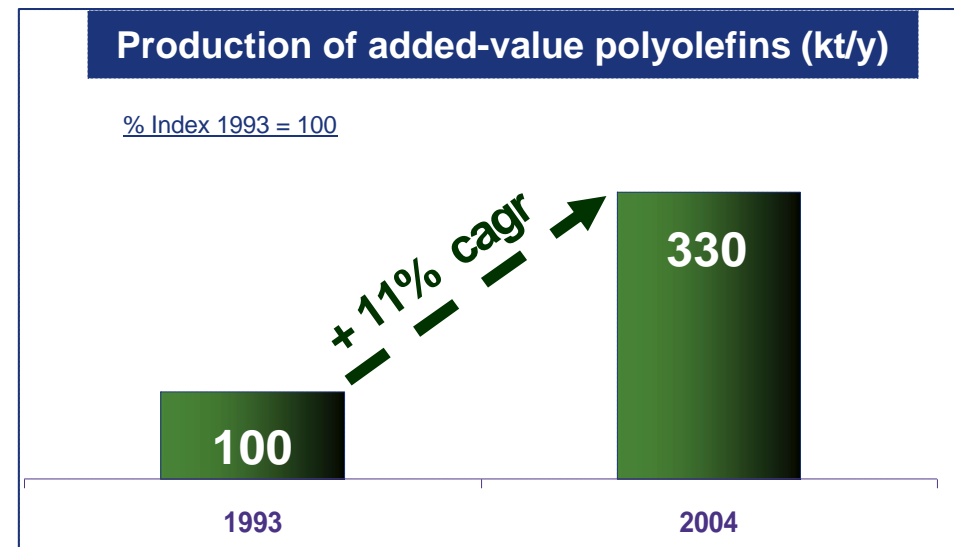
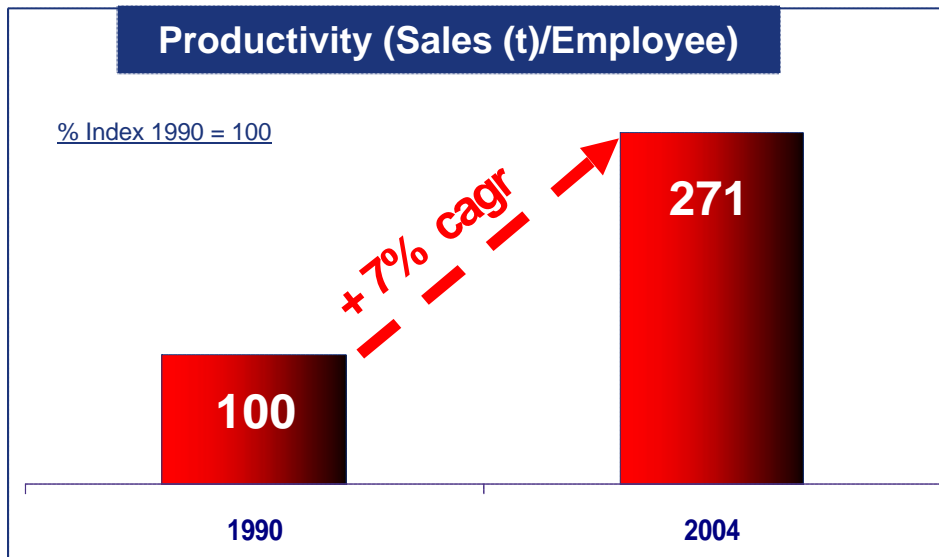
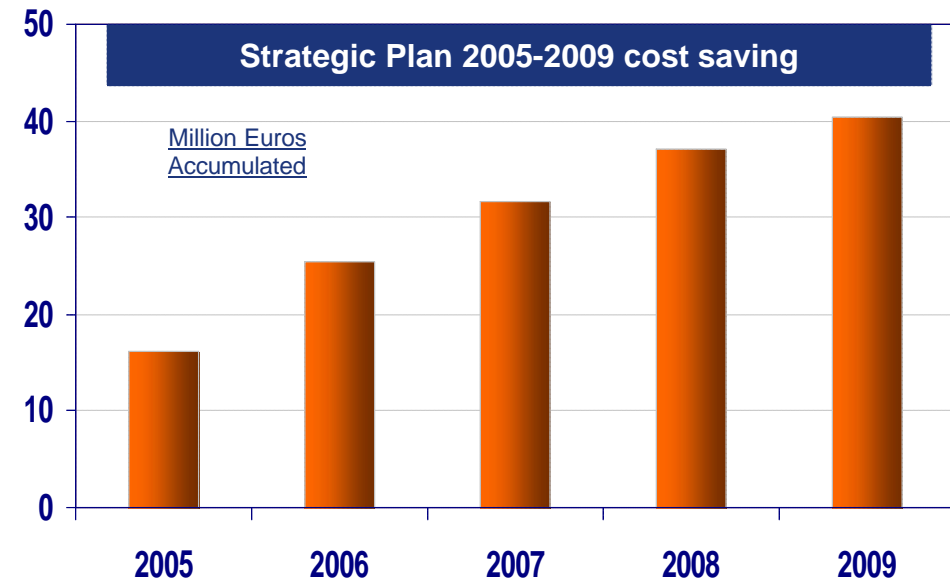
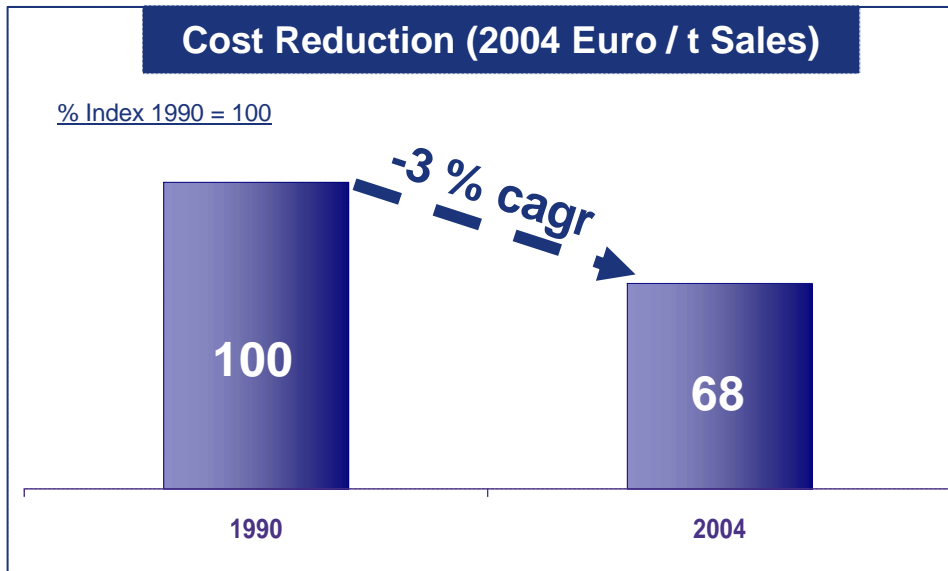
Strategic growth in Iberia

Ethylene producers' ranking in WE



Source: Chem Systems

Repsol YPF Chemicals: Emphasis on cost reduction, productivity increase and added-value products



Repsol YPF Chemicals - strategic objectives



- **Total investment 05-09 = 1,100 Million €**

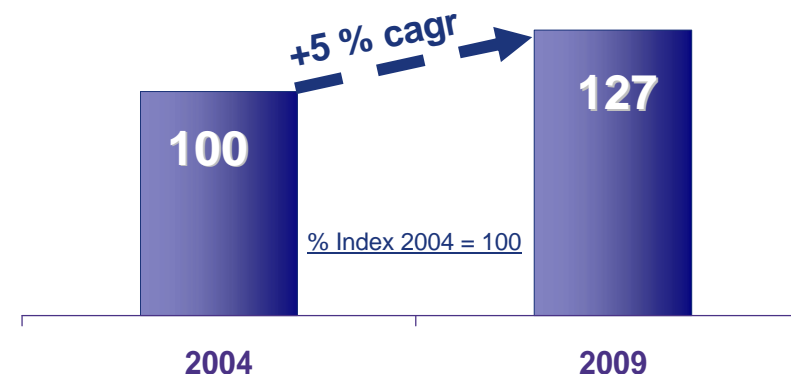
- OP/SM Tarragona:

- Revamping to world-scale size
- Technological strength
- Growth in “hinterland” markets

- Sines site opportunity:

- Growth in Base petrochemicals and Polyolefins
- Increased presence in strategic markets of Iberian Peninsula and Southern Europe
- Complementary product portfolio, adding new higher added-value applications
- High profitability: Acquisition cost + capacity growth investment \Rightarrow cost per installed tonne of ethylene + polyethylene half the cost of a new world-scale complex.

Intermediates sales growth



Polyolefins sales growth

