

JANUARY-SEPTEMBER 2017 EARNINGS

Press release
Madrid, November 3rd, 2017
6 pages

REPSOL NET INCOME INCREASES BY 41%

- Repsol earned a net profit of 1.583 billion euros in the first nine months of 2017, 41% more than during the same period of the previous year.
- Adjusted net income increased by 39% to 1.702 billion euros, and EBITDA grew by 32% to 4.715 million.
- These results reflect the strength of the company's businesses, bolstered by the efficiency measures put in place to address the current context of low oil prices.
- There was a significant improvement in earnings for the Upstream unit (Exploration and Production) with net income reaching 487 million euros in a period when the company also announced significant exploratory successes in the United States and in Trinidad and Tobago.
- The Downstream area (Refining, Chemicals, Marketing, Lubricants, Trading, LPG and Gas & Power) reported a result of 1.431 billion euros, 8% higher than the same period last year.
- The refining margin indicator in Spain was 6.8 dollars per barrel, compared to 6 dollars per barrel in the first nine months of the previous year.
- In May, Repsol became the world's first company in its sector to issue a certified green bond, to finance more than 300 initiatives aimed at reducing CO₂ emissions.

Repsol earned a net profit of 1.583 billion euros in the first nine months of 2017, 41% more than during the same period of the previous year, in which the company earned 1.12 billion euros. The positive results the company has achieved through September demonstrate the company's strength, its capacity to adapt to depressed price scenarios and the success of the measures it has implemented to increase efficiency.

International raw material benchmark prices remained in a low range throughout the period, although in September Brent crude reached 59 dollars per barrel, a level that hadn't been seen since July 2015. Between January and September Brent averaged 51.8 dollars per barrel while the Henry Hub price averaged 3.2 dollars per Mbtu.

The strength of Repsol's integrated business model has allowed the company to respond effectively to the situation facing the sector. Therefore, adjusted net income stood at 1.702 billion euros, a 39% increase over the 1.224 billion euros in the same period of 2016.

The Upstream unit continued to improve, posting a result of 487 million euros, achieved by improvements in efficiency, the resumption of activity in Libya and the increase in international benchmark prices.

The Downstream business, a strong generator of cash for the company, obtained a result of 1.431 billion euros, surpassing its earnings in the same period of 2016. The Refining, Marketing, Trading and Gas & Power areas improved their performance while the Chemicals unit continued to show strength and resilience.

Repsol's EBITDA reflected this positive performance, with an increase of 32%, to reach 4.715 billion euros.

The company continued to reduce its net financial debt by 30% in the last 12 months, reaching 6.972 billion euros compared to the 9.988 billion registered at September 30th, 2016.

On the other hand, at the end of September Repsol had achieved 80%, or 2.1 billion euros, of the targeted synergy and efficiency objectives set for 2017.

In May, Repsol issued a certified green bond and became the world's first company in its sector to use this type of asset, which will be used to finance more than 300 initiatives aimed at improving energy efficiency and reducing CO₂ emissions.

UPSTREAM

EARNINGS INCREASE AND NEW DISCOVERIES

The adjusted net income of the Upstream unit reached 487 million euros, an increase of 452 million euros from the 35 million registered in the first nine months of 2016.

The measures implemented by the company in its synergy and efficiency program have allowed it to take advantage of the slight recovery of raw material benchmark prices to improve the financial results of this business area.

Average production during this period reached 687,700 barrels of oil equivalent per day (boe/d), in line with the objective of 680,000 boe/d established by the company for this year. Repsol increased its production in Brazil, Trinidad and Tobago and the United Kingdom, as well as in Libya, where the company resumed activity in December of last year.

In August production of gas began in Juniper, Trinidad and Tobago, which has total resources estimated at 1.2 trillion cubic feet. Additionally, in September the company installed a new platform in the PM3 block offshore Malaysia that will enable a production increase of an estimated 160 million cubic feet of gas per day. It is the second platform Repsol has installed in Malaysia this year, following that of Kinabalu-D in June.

In September, Repsol and its partners announced the start of development of Buckskin, a large-scale project set in the deepwater Gulf of Mexico in the United States.

In terms of exploratory activity, in the first nine months of the year the most prominent milestones have been the significant discoveries made in the United States and Trinidad and Tobago.

Repsol made the greatest hydrocarbon find on US soil in the past 30 years, with contingent resources estimated at 1.2 billion recoverable barrels of light crude oil in the formation where the discovery occurred.

The company discovered the largest volume of gas of the last five years in Trinidad and Tobago. It is estimated that the resources found are equivalent to two years gas consumption in Spain.

DOWNSTREAM

STRONG CASH GENERATION AND GROWING RESULTS

The Downstream business increased its adjusted net income to 1.431 billion euros, compared to the 1.329 billion euros it recorded between January and September of 2016.

Excellent performance in the Refining, Trading, Gas & Power and Marketing units, as well as the strength of the Chemicals business, contributed to this growth and the business's continued strength as a cash generator for Repsol.

This positive result for the Downstream unit is especially remarkable considering that, during the first half of the year, the company completed the main planned maintenance shutdowns for the entire year at its refineries. This work, carried out at the Cartagena, Bilbao and A Coruña facilities, introduced improvements in innovation, efficiency and productivity, which allows Repsol to remain at the forefront of the sector in Europe.

During this period, the refining area unit increased distilled volume and improved its refining margin indicator in Spain to 6.8 dollars per barrel, a 13% increase from the 6 dollars per barrel recorded during the same period of the previous year. In Peru, this was supported by the installation of a new low-sulfur diesel unit at the La Pampilla refinery.

The Marketing unit improved its performance thanks to a sales increase due to greater demand in Spain and Portugal, while the Chemicals business maintained the strong performance established in recent periods.

The contribution from the Trading and Gas & Power areas was also greater, supported by more positive performance in North America and in trading activity, aided by higher demand and better margins.

REPSOL RESULTS BY SEGMENT (*) (Unaudited Figures)

Million euros	JANUARY- SEPTEMBER		Variation (%)
	2016	2017	
Upstream	35	487	
Downstream	1,329	1,431	
Corporate and others	(140)	(216)	
ADJUSTED NET INCOME	1,224	1,702	39 %
Inventory effect	(4)	(50)	
Special items	(100)	(69)	
NET INCOME	1,120	1,583	41 %

KEY BUSINESS FIGURES (*) (Unaudited Figures)

	JANUARY - SEPTEMBER		Variation (%)
	2016	2017	
Oil and gas production (Thousand boepd)	693.8	687.7	(0.9)
Crude processed (million tons)	31.0	35.0	12.9
Sales of oil products (Thousand tons)	34,522	38,513	11.6
Sales of petrochemical products (Thousand tons)	2,178	2,148	(1.4)
LPG sales (Thousand tons)	1,379	997	(27.7)

(*) The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies.

AVERAGE PRODUCTION BY GEOGRAPHICAL AREA JANUARY – SEPTEMBER 2017

(Barrels of oil equivalent per day)

Europe, Africa and Brazil	136.5 kboe/d
Latin America and Caribbean	292.7 kboe/d
North America	172.7 kboe/d
Asia & Russia	85.8 kboe/d
TOTAL PRODUCTION	687.7 kboe/d

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In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. The information and breakdowns relative to the APMs used in this press release are included in Appendix IV "Alternative Performance Measures" of the Interim Condensed Consolidated Financial Statements for Q3 17 and the nine-month period ended 30 September 2017 and Repsol's website.

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