

REPSOL



Presentation to Fixed Income Investors

[Fernando Ramirez – CFO]

Repsol YPF
Non-Deal Roadshow

January 2009

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Agenda



Introduction

Company Overview

Strategic Plan

Financial Overview

Key Credit Strengths

Introduction



- **Repsol is an international oil and gas company with upstream and downstream business as well as meaningful positions in LNG and natural gas distribution.**
 - **Dominant in the Spanish downstream business.**
 - **Growing Upstream business.**
 - **Highly operating cash flow generative.**
 - **Financial discipline policy**
 - **Liquidity and credit metrics exceeding the average for its ratings band**
- **Presenting:**
Fernando Ramirez, CFO

Agenda



Introduction

Company Overview

Strategic Plan

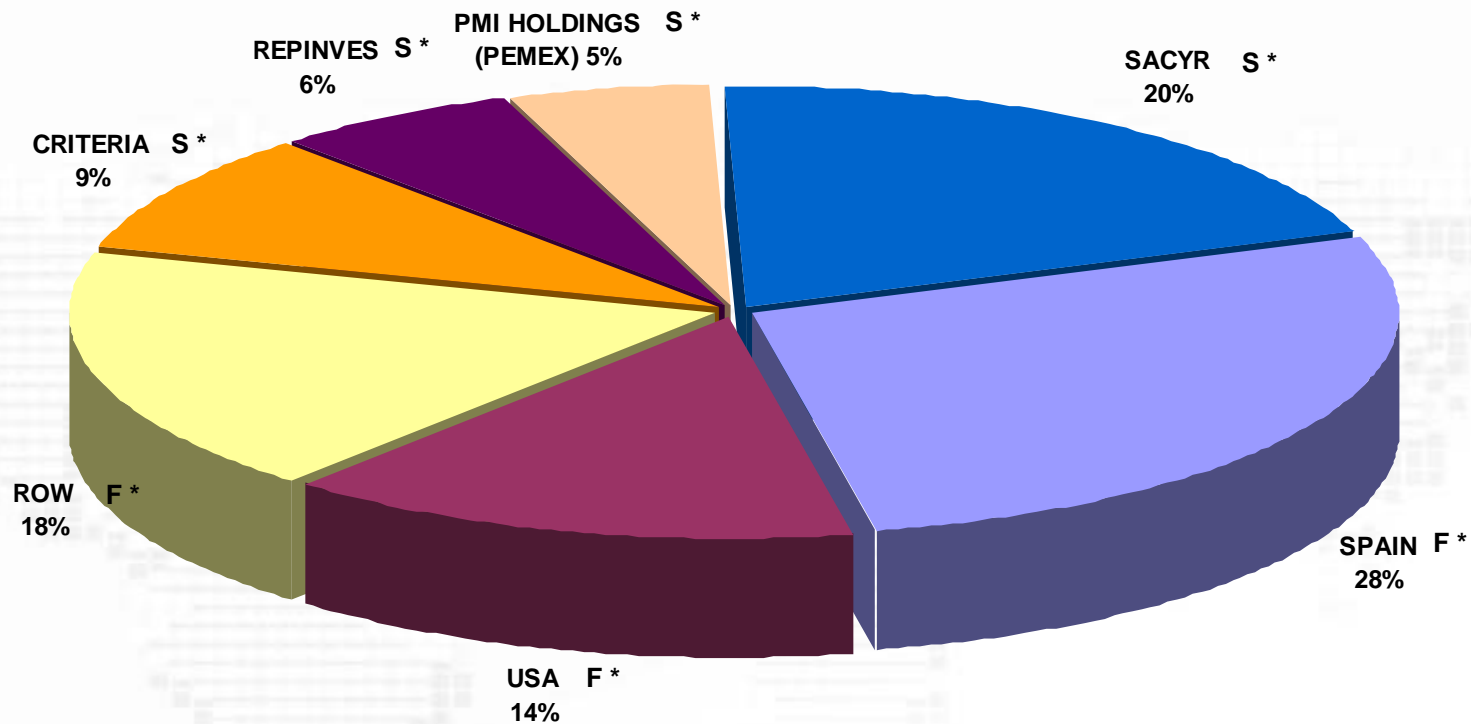
Financial Overview

Key Credit Strengths



Ownership Structure

As of May 2008



Number of Shares: 1,220.8 million shares. @ 60% free float

Sources: IBERCLEAR data for Annual Shareholder Meeting 2008 + Own estimates.

** S = Stable , F = Floating*

Key Businesses



Geographical Split

UPSTREAM
 • Production = 1.6 Kboepd

POWER
 • Gas Customers (*) = 1.1 million (Mexico)

LNG
GAS NATURAL



UPSTREAM
 • Production = 2.2 Kboepd (Spain)

DOWNSTREAM
 • Ref. Capacity (*) = 740 Kboepd
 • Crude processed = 25.7 Mtoe
 • LPG sales = 1,296 Kt (Europe)
 • Service Stations (*) = 3,568 (Spain)
 + 551 (Europe)

CHEMICALS
 • Sales = 1,898 Kt

POWER
 • Gas Customers (*) = 6.0 million

LNG
GAS NATURAL



UPSTREAM
 • Production = 265.3 Kboepd

DOWNSTREAM
 • Ref. Capacity (*) = 102 Kboepd
 • Crude processed = 4.6 Mtoe
 • Service Stations (*) = 867

CHEMICALS
POWER
 • Gas Customers (*) = 2.6 million

LNG
GAS NATURAL



UPSTREAM
 • Production = 621.2 Kboepd

DOWNSTREAM
 • Ref. Capacity (*) = 320 Kboepd
 • Crude processed = 12.5 Mtoe
 • LPG sales = 289 Kt
 • Service Stations (*) = 1,731

CHEMICALS: Sales = 1,171 Kt

POWER: Gas Customers = 1.4 million

LNG
GAS NATURAL

UPSTREAM
 (Exploration)
LNG

UPSTREAM
 • Production = 64.4 Kboepd
LNG



Operating highlights REPSOL (ex-YPF)

UPSTREAM

As of September 2008

PRODUCTION (K BOEPD)

US & Brazil

16

North Africa

64

ROW

253

TOTAL

334

As of December 2007

RESERVES (MBOE)

86

145

887

1,117

DOWNSTREAM

As of December 2007

REFINING CAPACITY (K BOEPD)

SPAIN

740

ROW

160

TOTAL

900

CONVERSION INDEX (% FCC)

43%

33%

41%

SERVICE STATION (Number)

3,568

1,215

4,783

CHEMICAL CAPACITY (KT)

4,491

1,029

5,520

As of Sept. 2008. New reporting structure

LPG SALES (KT)

EUROPE

1,296

ROW

1,069

TOTAL

2,365

Operating highlights YPF



UPSTREAM

PRODUCTION (K BOEPD) (2)

623

RESERVES (MBOE) (1)

1,294

DOWNSTREAM

REFINING CAPACITY
(K BOEPD) (1)

333

CONVERSION INDEX
(% FCC) (1)

74%

CHEMICAL CAPACITY (KT) (1)

2,115

SERVICE STATION (#) (1)

1,692

LPG SALES (KT) (2)

289

(1) As of December 2007

(2) As of Sept. 2008. New reporting structure

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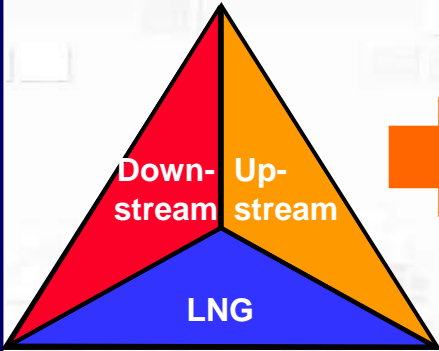
Financial Overview

Key Credit Strengths

Our vision and strategic priorities 2008-2012



Integrated core business



- Optimize profitability of current operations
- Focused growth through 10 key projects
- Divest non-performing assets

Operated Key Shareholding



- Partial divestment to improve and rebalance portfolio
- Local partner and anticipated additional free float critical to increase value. Local focus within the framework of a global company
- Improve performance by capturing opportunities in an expanding energy market

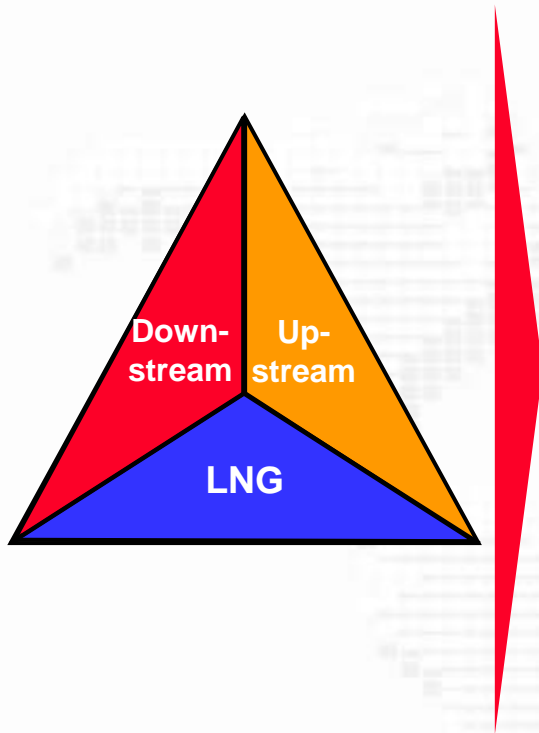
Non-operated Key Shareholding



- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

Focused Management for Profitability and Growth: Shareholder and stakeholder returns

Ten key growth projects plus exploration drive organic growth of Core businesses



Downstream



Bilbao (Spain)

700 M€



Cartagena (Spain)

3,200 M€



Sines (Portugal)

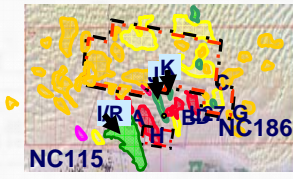
850 M€

Upstream



GK/Shenzi (GoM)

700 M€



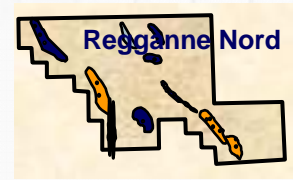
Libya I/R

100 M€



Block 39 (Peru)

350 M€



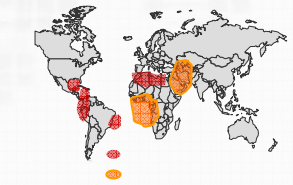
Reggane (Algeria)

450 M€



Carioca (Brazil)

500 M€



Exploration

575 ⁽¹⁾ M€pa

LNG



Peru LNG

400 M€



Canaport (Canada)

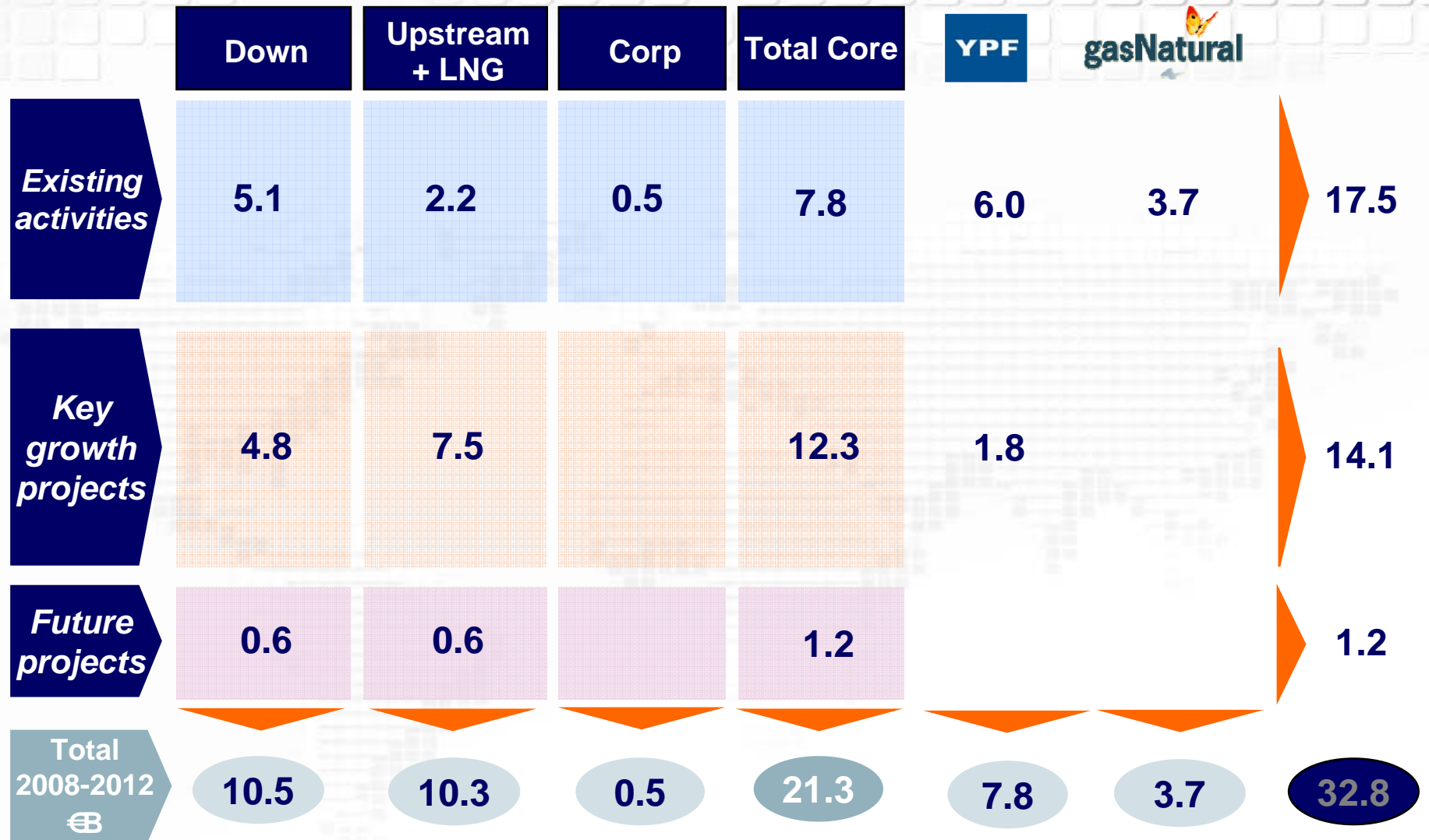
300 M€

Combined CapEx for key growth projects + exploration: €12.3 B
High rate of return of 10 key growth projects: IRR > 15%

X CapEx 2008-2012

(1) Does not include €1.9B development investment associated to exploration discoveries

Key Growth projects plus Exploration: Significant contribution to growth in 2008-2012

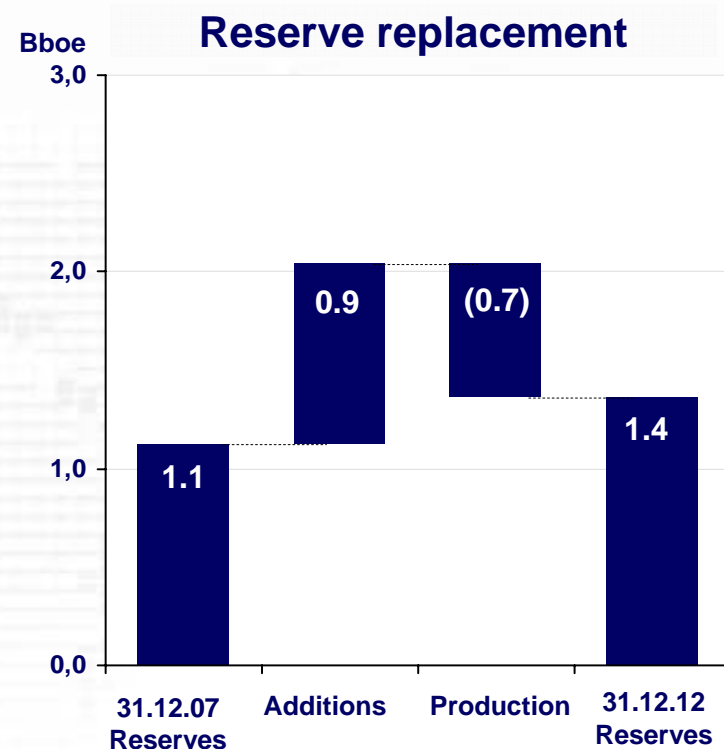
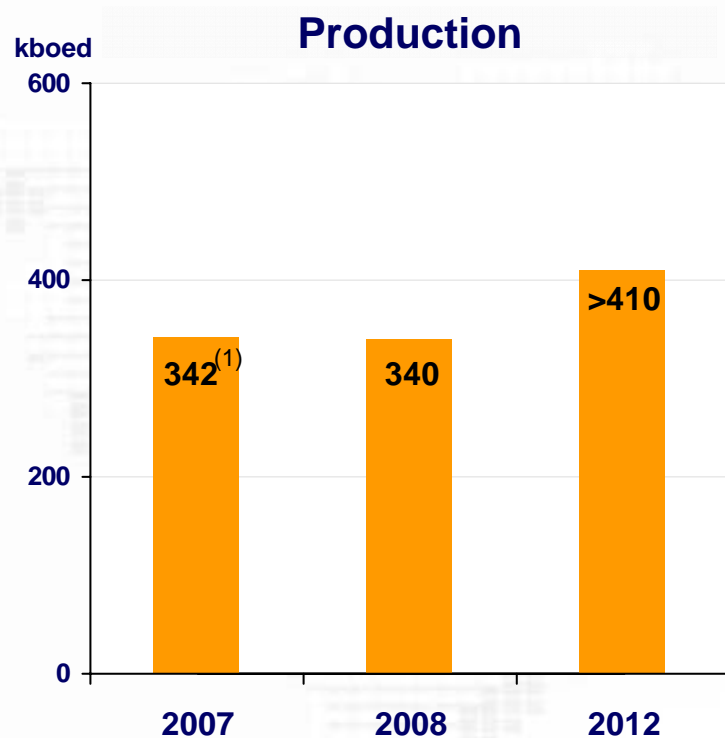




Strategic targets 2012: Upstream

**Production Growth 2008-12:
>5% p.a.**

RRR: > 125%

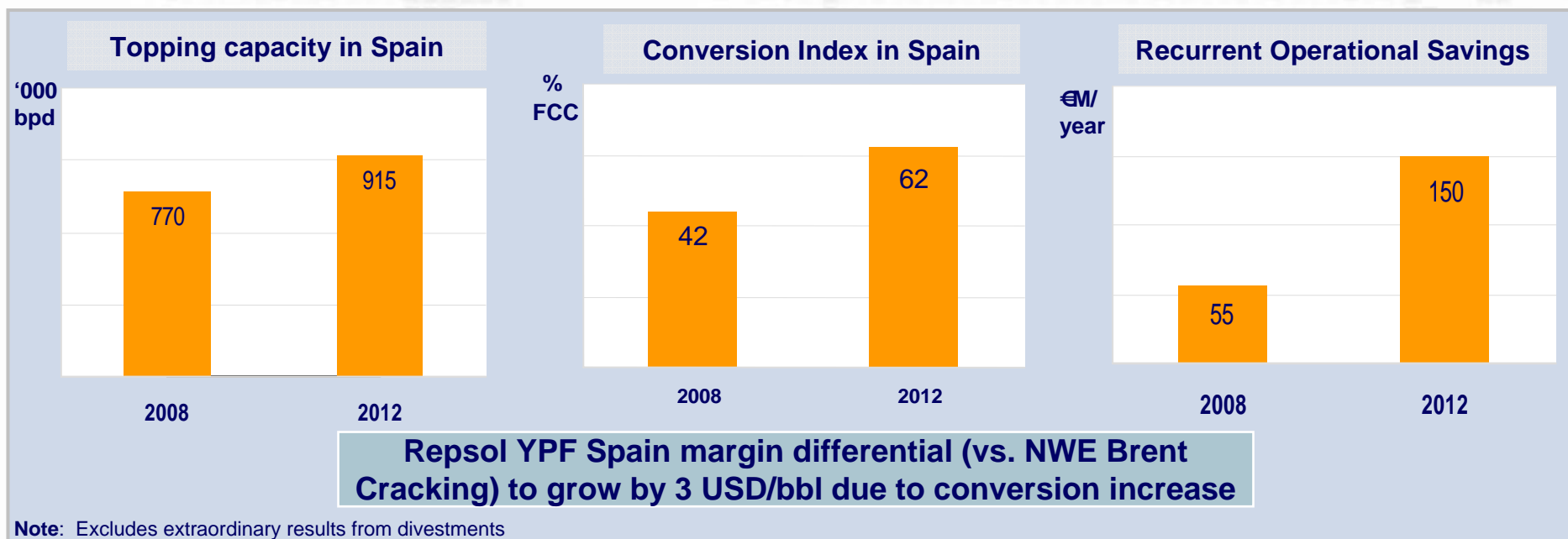
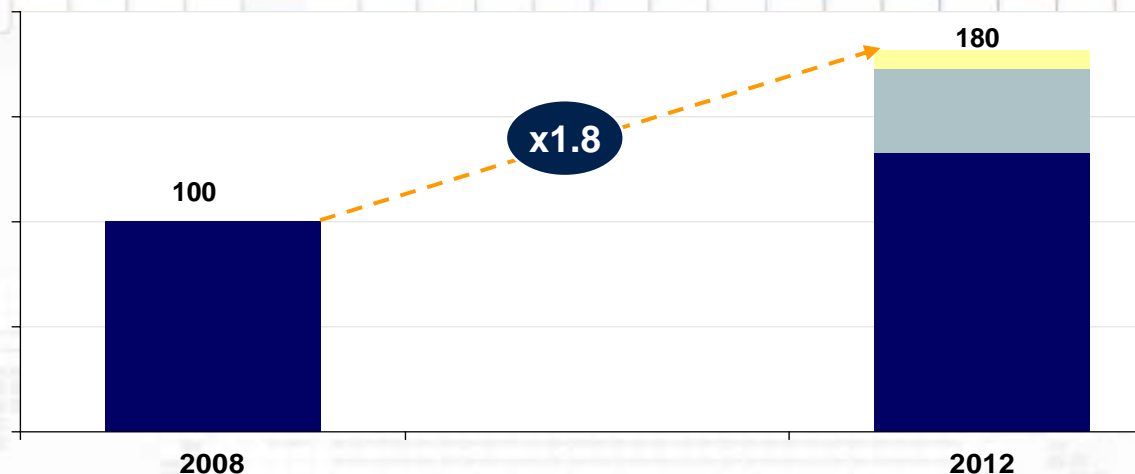


(1) Adjusted for new contracts in Bolivia

Note: All figures exclude Argentina

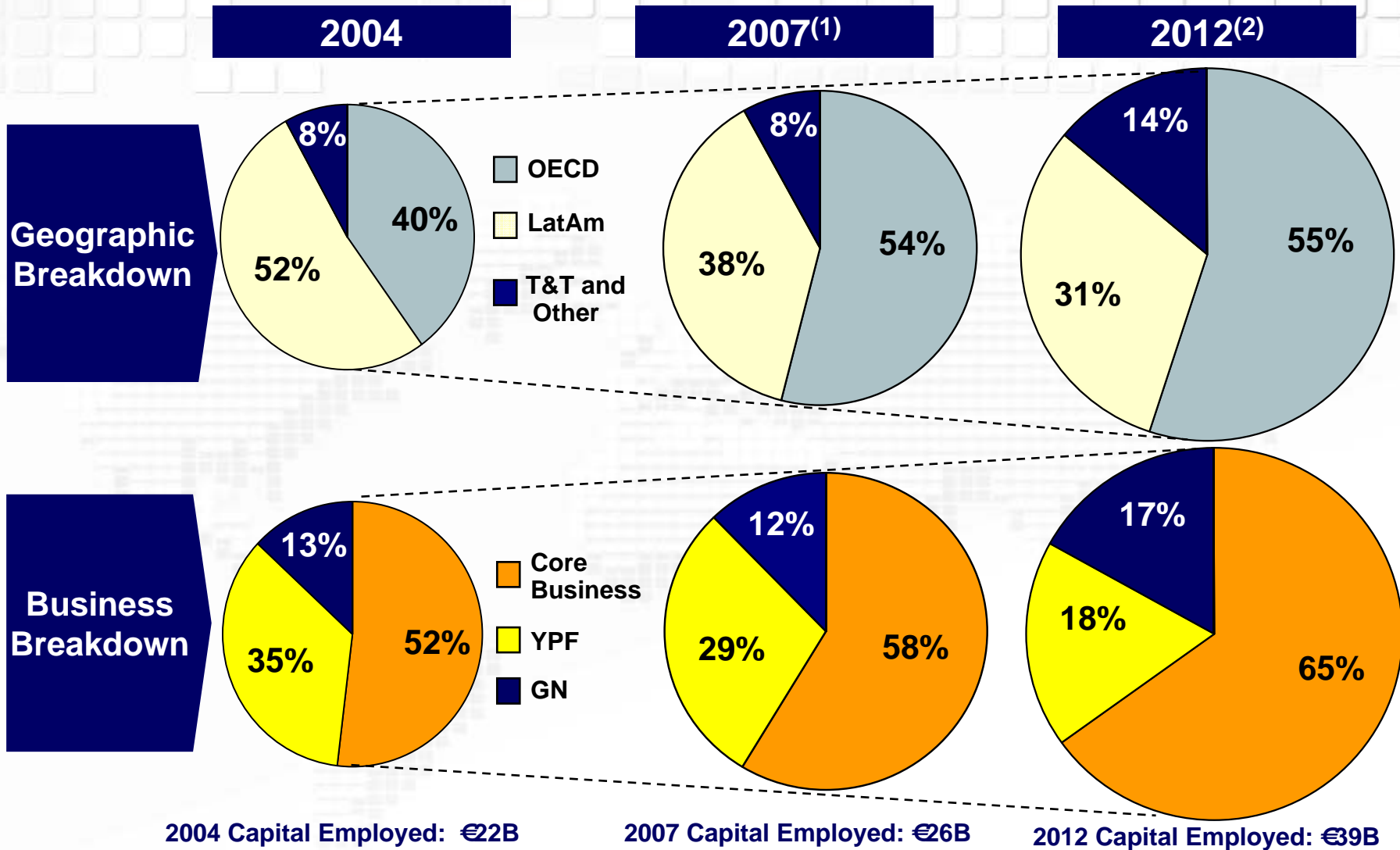
Strategic Targets 2012: Downstream

Downstream Operating Income (index 2008=100)



Note: Excludes extraordinary results from divestments

Rebalance Group portfolio towards OECD and core businesses



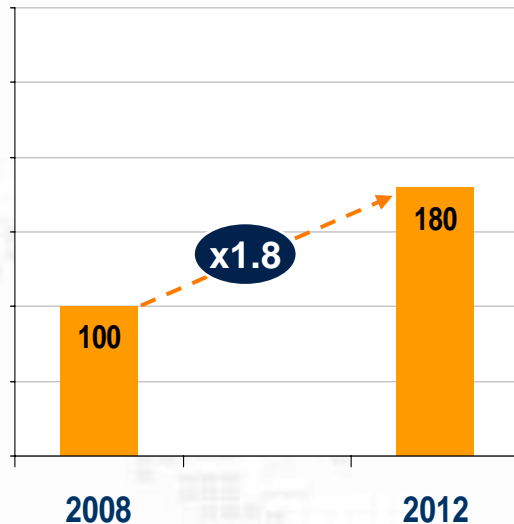
(1) Calculations assume divestment of 15% of YPF to local partner
 (2) Calculations assume divestment of 45% of YPF

Focused Management for Profitability and Growth



Group EBITDA

Index: 2008=100



Group Operating income

Index: 2008=100



Group Net income (1)

Index: 2008=100



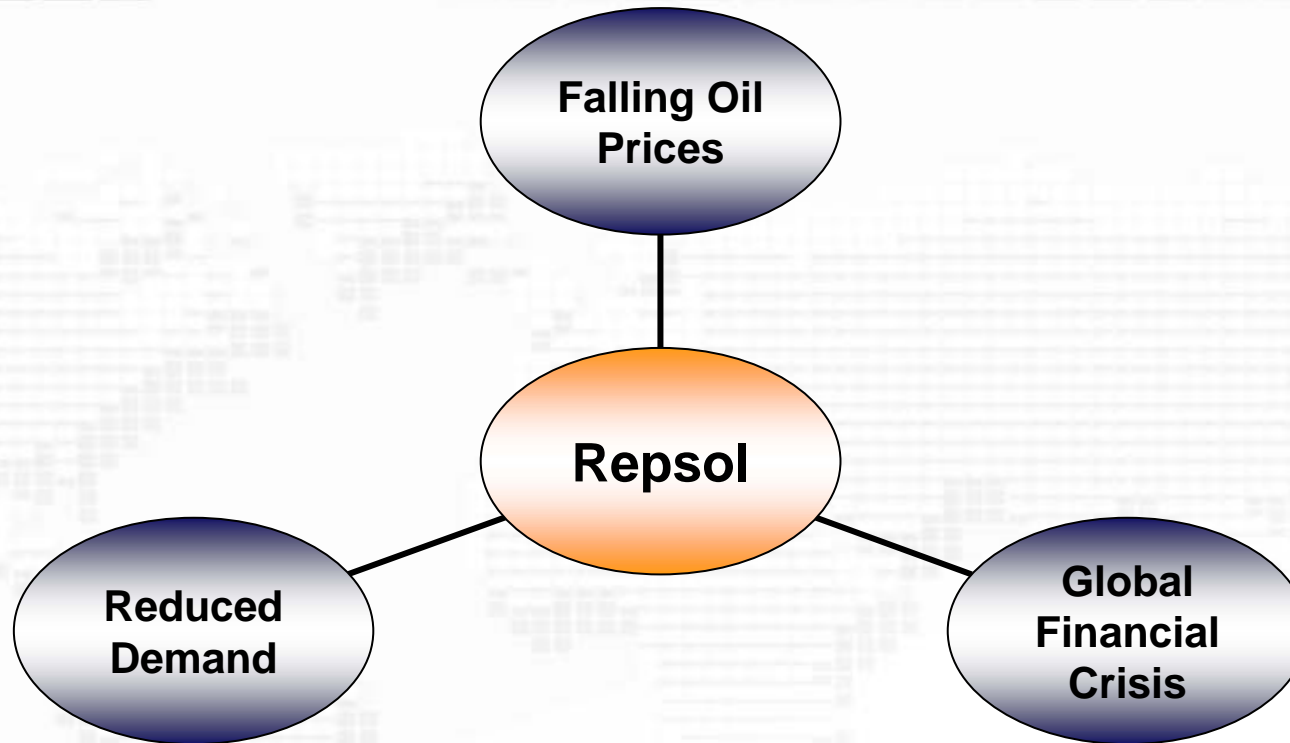
Strong focus on profitability of capital employed

- Increasing ROCE of existing assets: from 11% in 2008 to more than 15% in 2012
- High rate of return of 10 key growth projects: IRR > 15%

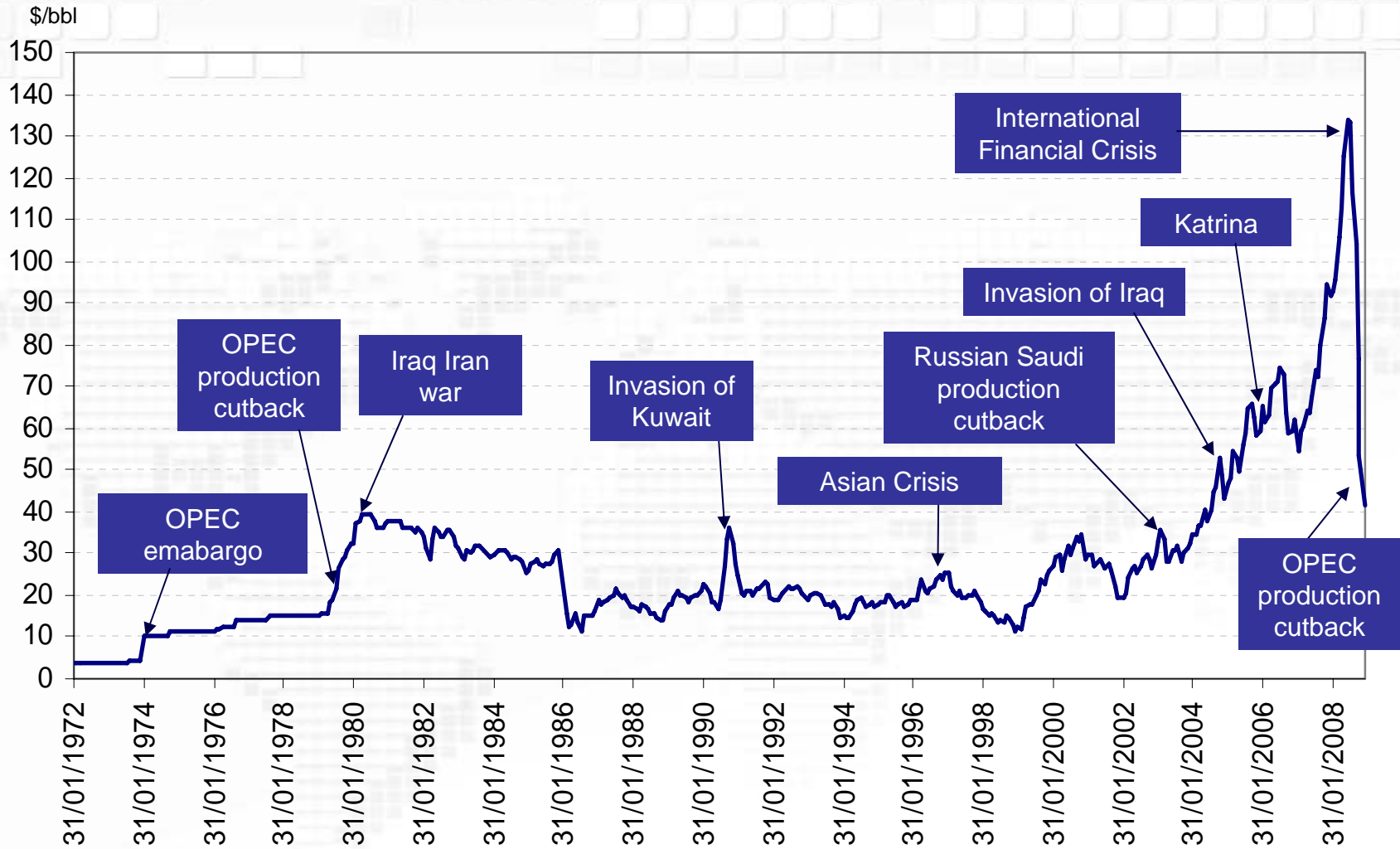
Brent price assumption: \$55/bbl in 2008 and \$60/bbl in 2012

Note: Excludes extraordinary results from divestments
(1) Net income after minority interests

Where could we be wrong?



Oil Price Evolution



Drop in oil prices



The Strategic Plan contemplated a conservative oil price scenario, however, current price is below that number.

Therefore, we are revisiting our capex and opex and renegotiating contracts in order to reduce the impact on free cash flow levels.

	Actual			Strategic Plan	
	2008 Average	3Q 2008 Average	4Q 2008 Average	2008	2012
Brent (US\$/bbl)	97	111.1	54.9	55	60
Henry Hub (US\$/MBtu)	8.9	9	6.4	7.00	7.60
Refining Margin⁽¹⁾ (US\$/bbl)	4.91	4.91	4.93	4.00	4.70

(1) Brent cracking NWE FOB

Outlook for GDP growth worsened in all regions (demand reduction)

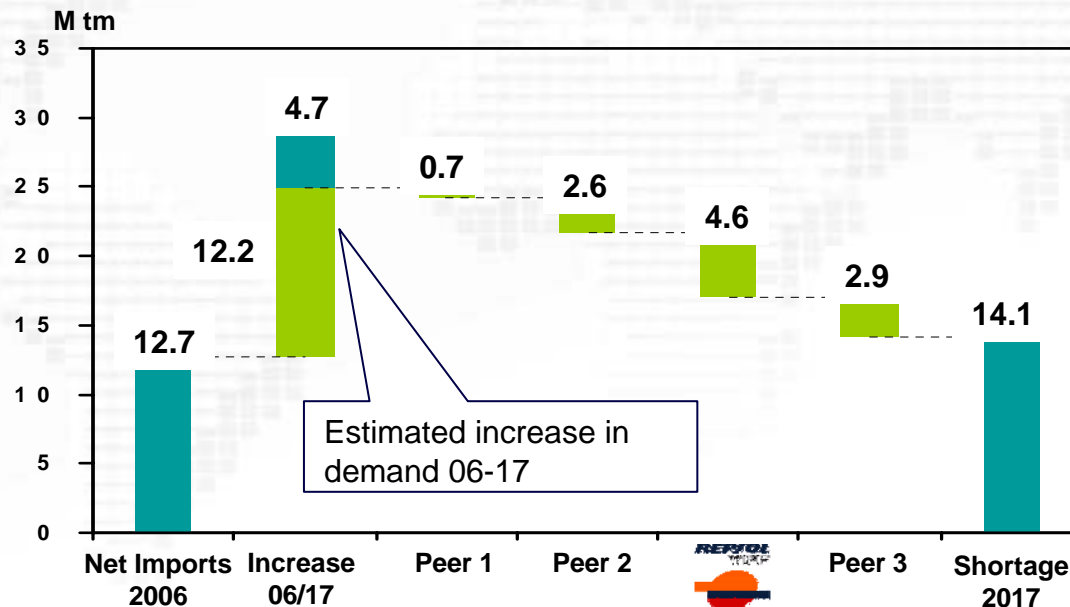


Falling demand could affect the sale of end products, particularly with regards to our positioning in Europe.

Marketing, which contributed 6.8% of the Group's EBIT in January-September 2008, could be the most affected.

The local situation with regards to the Refining business validates investments, despite falling demand, due to the shortage of medium distillates. However, the lower demand of Gasolines in the US could also affect the NWEBC margin.

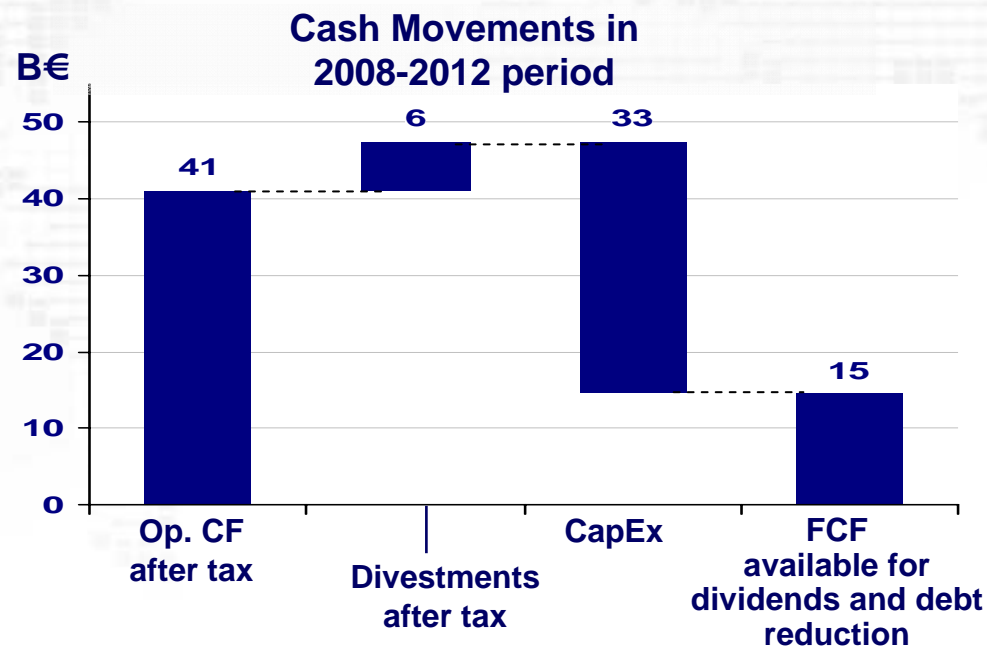
The global economic contraction is also affecting the demand for petrochemicals.



The increase in demand includes bio diesel.

Capex program

- Operating cash flow affected by economic downturn as compared to the Strategic Plan.
- Two events that came up afterwards:
 - YPF's IPO had to be postponed
 - Support of Gas Natural rise in capital
- The free cash flow obtained at the end of the period is back loaded.
- As a consequence we are revisiting the projects, investments and opex as contemplated in the Strategic Plan in order to manage the ups and downs of the cash flow needs in the interim periods.



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Repsol YPF at a glance



Million Euro

	Jan – Sept 08		Jan – Sept 08
Market Cap. (1)	18,437	EBITDA	7,358
Capital Employed	29,770	EBIT	5,072
Net Debt	4,399	Net Income	2,816
Preferred	3,451	Adjusted Net Income (2)	2,570
Equity	21,920	Investments	3,786

(1) As of September 30, 2008

(2) Net Income before goodwill charges, adjusted for non-recurring and extraordinary items

Credit Ratios Overview



Million Euro

	31 Dec 2007	30 Sep 2007	30 Sep 2008
NET DEBT	3,493	3,936	4,399
CAPITAL EMPLOYED	26,073	26,738	29,770
NET DEBT / CAPITAL EMPLOYED (%)	13.4%	14.7%	14.8%
EBITDA	8,573	6,381	7,358
EBITDA / NET DEBT	2.5	2.2	2.2
NET INTEREST	302	230	156
NET INTEREST + DIVIDENDS PREFERRED SHARES	493	372	311
EBITDA / NET INTEREST	28.4	27.8	47.1
EBITDA / NET INTEREST + DIVIDENDS PREFERRED	17.4	17.2	23.7

Balance Sheet



Repsol's conservative financial profile is supported by a combination of ample liquidity, stable financial debt and small gearing

<i>Million Euro</i>	Dec 2006	Dec 2007	Sep 2008
Goodwill	3,422	3,308	2,809
Property, plant and equipment	23,475	23,676	24,562
Current assets	13,913	15,623	18,152
Total Assets	45,201	47,164	50,943
Total Equity	18,042	19,162	21,920
Non-current financial debt	7,038	10,065	9,916
Current liabilities	9,778	11,355	12,123
Total Liabilities	45,201	47,164	50,943
Net Debt	4,396	3,493	4,399
Gearing*	19%	15%	16%

* Gearing calculated on a net basis (net debt/ (shareholder's equity+net debt))

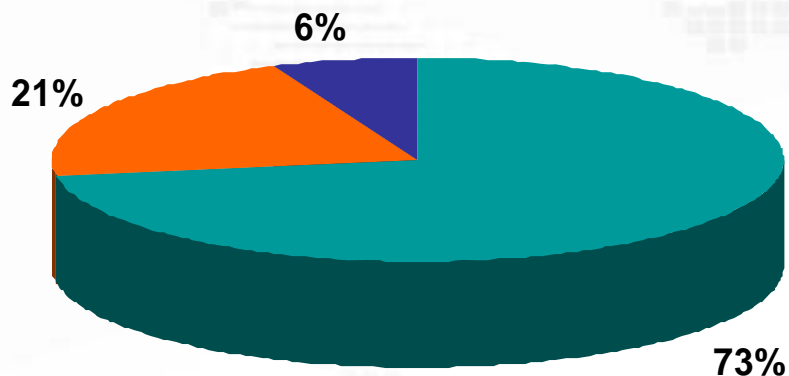
Gross Debt and Liquidity – As of 31th Dec. 08

Overview



Gross Debt Split for Repsol (ex Gas Natural)

	Million Euros
Capital Markets	4,535
Bank Loans	1,331
Institutional Finance	159
Credits	52
Project Finance	318
Others	(132)
Gross Debt	6,263



■ Capital Markets ■ Banks ■ Others

External Financing available (ex Gas Natural)

	Million Euros
Cash and Equivalents	2,590
Total Committed Credit Lines	3,578
Long term	2,062
Short term	1,516
Used Credit Lines	(52)
Total liquidity available	6,116
Total financial investments	1,681
Availability+ Financial Investments	7,797

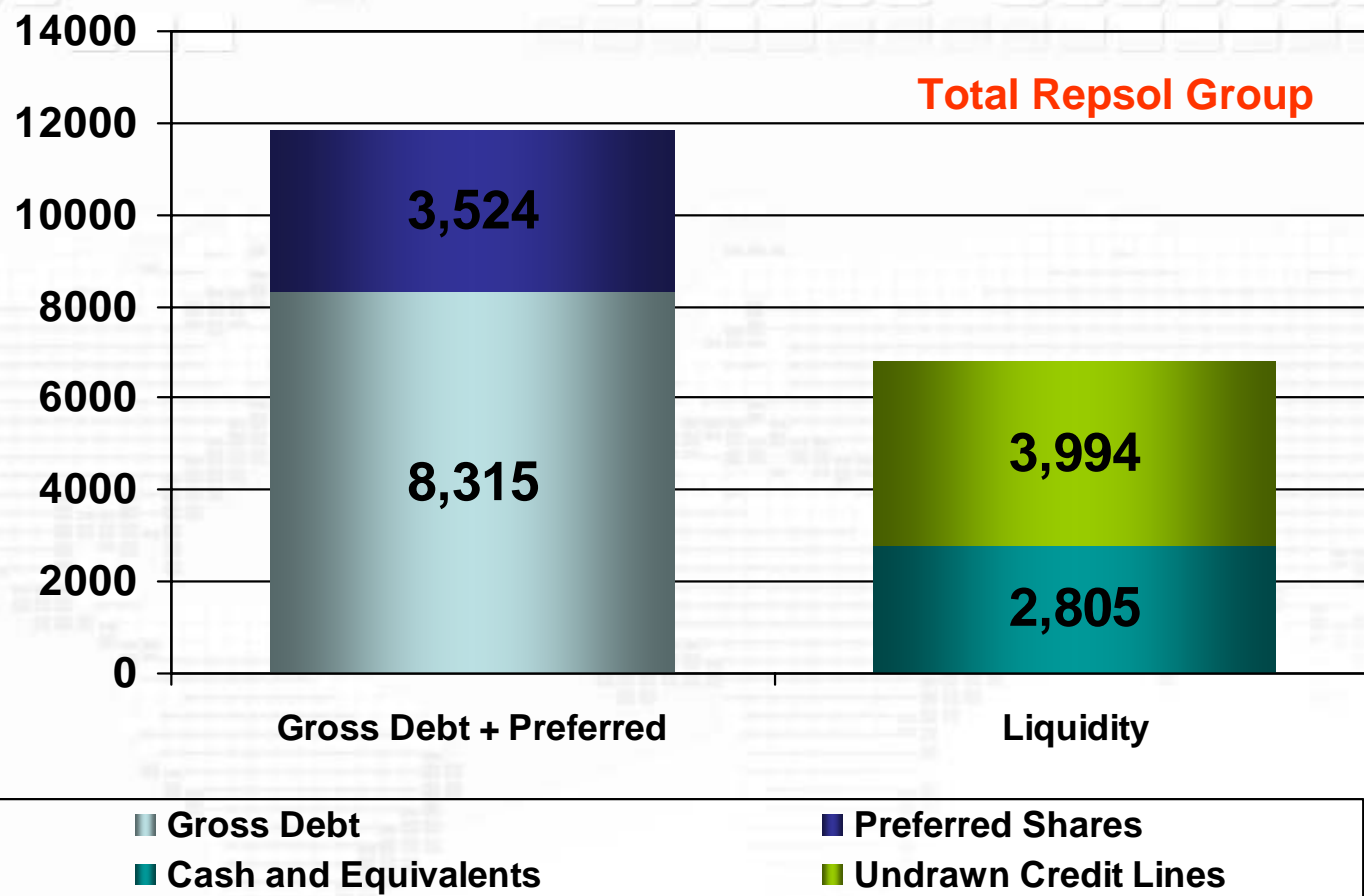
External financing availability – As of 31th Dec. 08

(Million Euro)

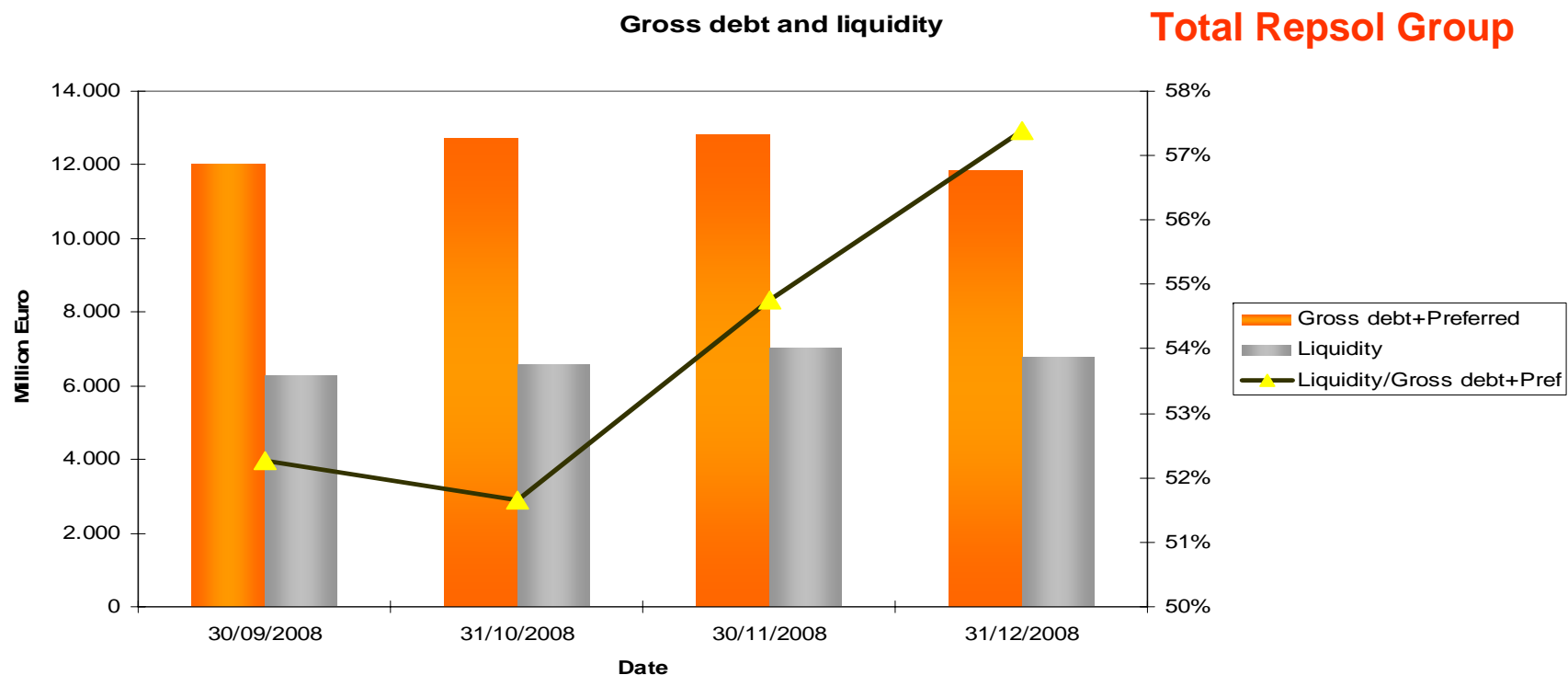


	31 Dec 2008	
	Total Group	Total Group ex Gas Natural
Cash and Equivalents	2,805	2,590
Total Committed Credit Lines	4,147	3,578
Long Term	2,343	2,062
Short Term	1,804	1,516
Used	(153)	(52)
Total liquidity available	6,799	6,116
Total Financial Investments	1,702	1,681
Availability + Financial Investments	8,501	7.797

Gross Debt and Liquidity – As of 31th Dic. 08 (Million Euro)



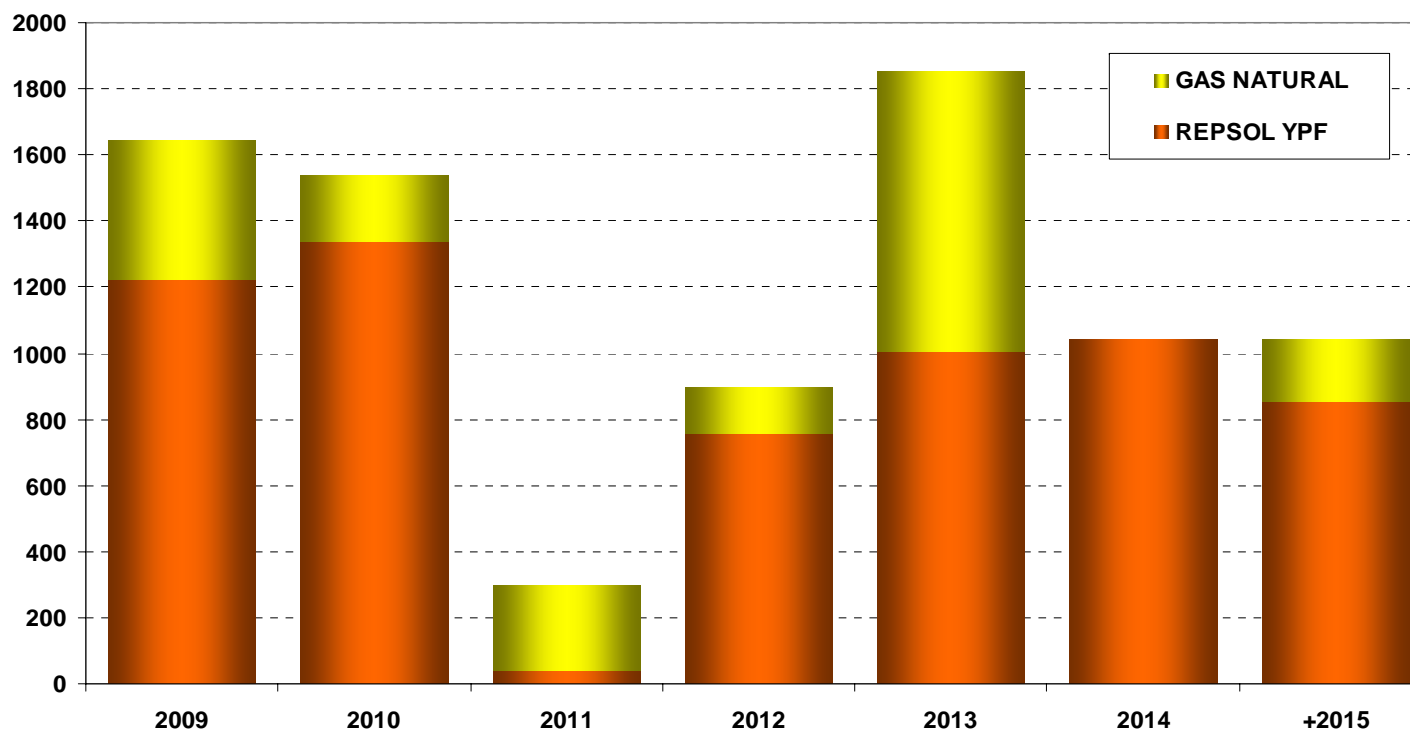
Gross Debt and Liquidity (Million Euro)



	30 Sept. 2008	31 Oct. 2008	30 Nov. 2008	31 Dec. 2008
Preferred	3,451	3,563	3,560	3,524
Gross Debt	8,569	9,183	9,243	8,315
Gross debt + Preferred	12,020	12,746	12,803	11,839
Undrawn Credit lines	3,757	3,958	3,928	3,994
Cash and Equivalents	2,525	2,626	3,082	2,805
Liquidity	6,282	6,584	7,010	6,799
Liquidity / Gross debt + Pref.	52%	52%	55%	57%

Maturities

As of 31th Dec. 08 (Million Euro)



Group / Year	2009	2010	2011	2012	2013	2014	+2015
REPSOL YPF	1225	1337	39	758	1007	1043	856
GAS NATURAL	419	202	257	137	849	0	187
Total (M)	1644	1539	296	895	1856	1043	1043

Credit Rating – BBB/BBB+ Ratings - All Stable

Investment grade ratings					
STANDARD & POOR'S		FITCH		MOODY'S	
Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
A-1+	AAA	F1+	AAA	P-1	Aaa
	AA+		AA+		Aa1
	AA		AA		Aa2
	AA-		AA-		Aa3
A-1	A+	F-1	A+	P-1	A1
	A		A		A2
	A-		A-		A3
A-2	BBB+	F-2	BBB+	P-2	Baa1
A-3	BBB	F-3	BBB	P-3	Baa2
	BBB-		BBB-		Baa3

Last report

25th November 2008

“...ratings reflect its very solid domestic downstream operations, strong liquidity, continued strong expected dividends from 85%-owned YPF S.A. and moderate financial policies.”

Last report

26 October 2007

“...supported by Repsol’s leadership positions in Spain and Argentina, its integrated business profile, ample liquidity, and conservative financial targets

Last report

July 2008

“...ratings remain underpinned by the strong regional positions enjoyed by its upstream businesses, cash generative Spanish downstream business, growing prospects in LNG...”

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Key Credit Strengths

Key Credit Strengths - Summary



S&P

- Low-risk, extensive and profitable Spanish refining, distribution, and liquid petroleum gas operations
- Cost-competitive production operations in Argentina, North Africa, and Trinidad and Tobago
- Prudent liquidity management
- Likely strong medium-term potential of upstream operations in offshore Brazil

Moody's

- Strong regional positions enjoyed by its upstream businesses
- Cash generative Spanish downstream business
- Growing prospects in LNG through its joint venture with Gas Natural
- Global position in stable LPG
- Good financial performance in recent years
- Management's prudent financial policy

Fitch

- Leadership positions in Spain and Argentina
- Integrated business profile
- Ample liquidity
- Conservative financial targets

Conclusion

- **Solid financial position.**
- **Revisit of the Strategic Plan to manage cash flows in the interim periods.**
- **Some potential pressure in the short term, still confident in the long run.**

REPSOL



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[Fernando Ramirez – CFO]

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