

**REPSOL  
YPF**



**1<sup>st</sup> QUARTER 2006  
PRELIMINARY RESULTS**

***WEBCAST-CONFERENCE CALL  
14.00 H CET***

***May, 11<sup>th</sup> 2006***

# Disclaimer

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*This presentation contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewable businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, fiscal 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, 2004 on file with the US Securities Exchange Commission.*

*In particular, this announcement also contains statements regarding revisions to previous estimates of the proved oil and gas reserves of Repsol YPF and the estimated financial impact of these revisions. These revisions are being made in connection with the estimation of proved reserves at December 31, 2005. In addition, the audit committee of Repsol YPF is conducting an independent review of the circumstances regarding these revisions. The estimation of proved reserves involves complex judgments, including judgments about expected economic, technical and other operating conditions, and are subject 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. In addition, the statements contained in this announcement or prior dates may be revised in light of the results of the independent review being conducted by the audit committee.*

## **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.*



# HIGHLIGHTS

*1<sup>st</sup> QUARTER 2006*

*Antonio Brufau*  
*Chairman & CEO*

# Highlights

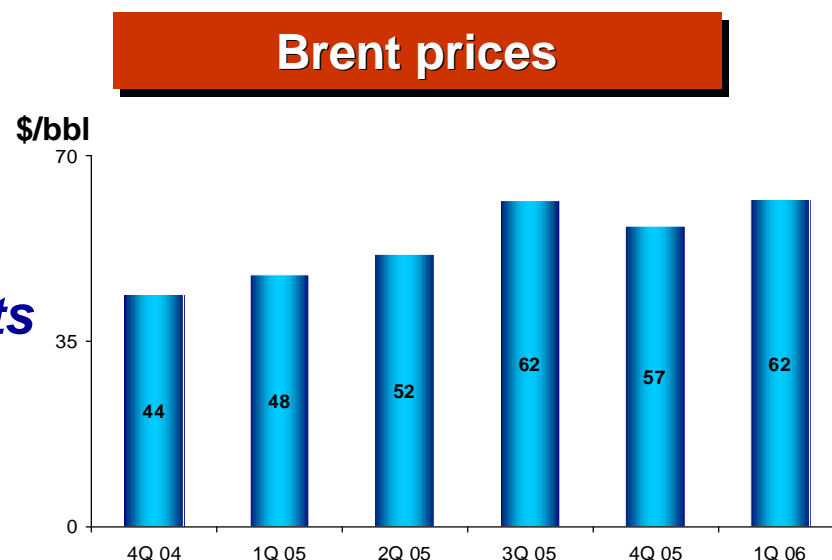
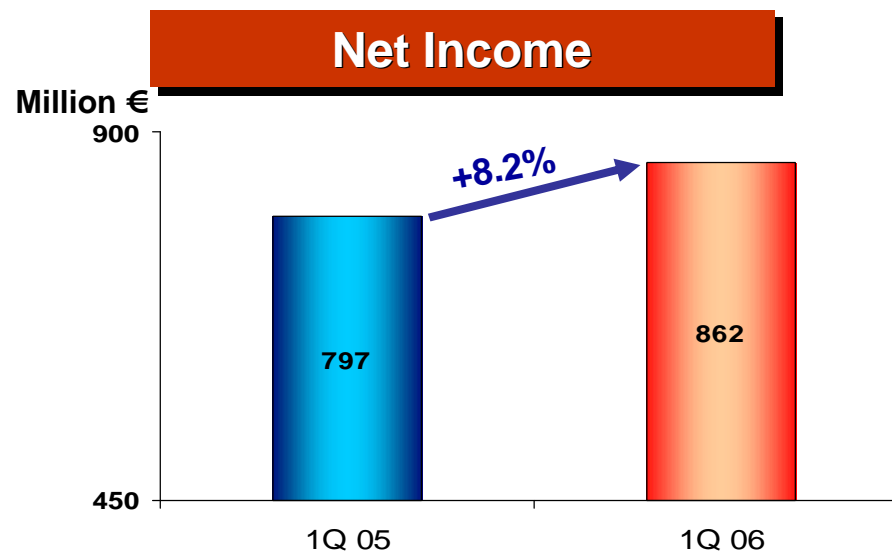
## Results

### Strong 1Q Results:

- **EBIT €1,604 million**
- **Net Result €862 million**

### Trading environment:

- **Strong international oil prices**
- **Only partially transmitted to oil products**
- **Weak chemical & marketing margins**



# Highlights: E&P (ex-ABB)

## North Africa

- **Libya**

- ❖ *Approval for the commercialization of the B & H fields in the Murzuq area*
- ❖ *Estimated gross production plateau of 12,000 and 40,000 boepd respectively*



## Highlights: E&P (ex-ABB)

### Caribbean

- **Trinidad & Tobago**
  - ❖ *4th Atlantic LNG train has started production*
  - ❖ *Will run at full capacity by the end of Q2*
  - ❖ *TSP fields have increased production*
  - ❖ *Production added 1Q06 by both 16,800 boepd*



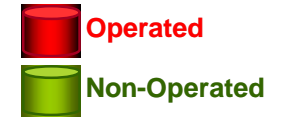
# Highlights: E&P (ex-ABB)

## Venezuela

- **Signing of Joint Ventures**

- ❖ **Maintaining the value of our assets:**

- *Extended concessions in Quiriquire and Mene Grande*
    - *Higher selling prices*
    - *“Voucher” to compensate value of returned fields (mainly Quiamare)*
    - *Opportunity in Barua-Motatán*
    - *Negative effect on production: 47,000 boepd in 06; decreasing to 20,000 boepd in 09*

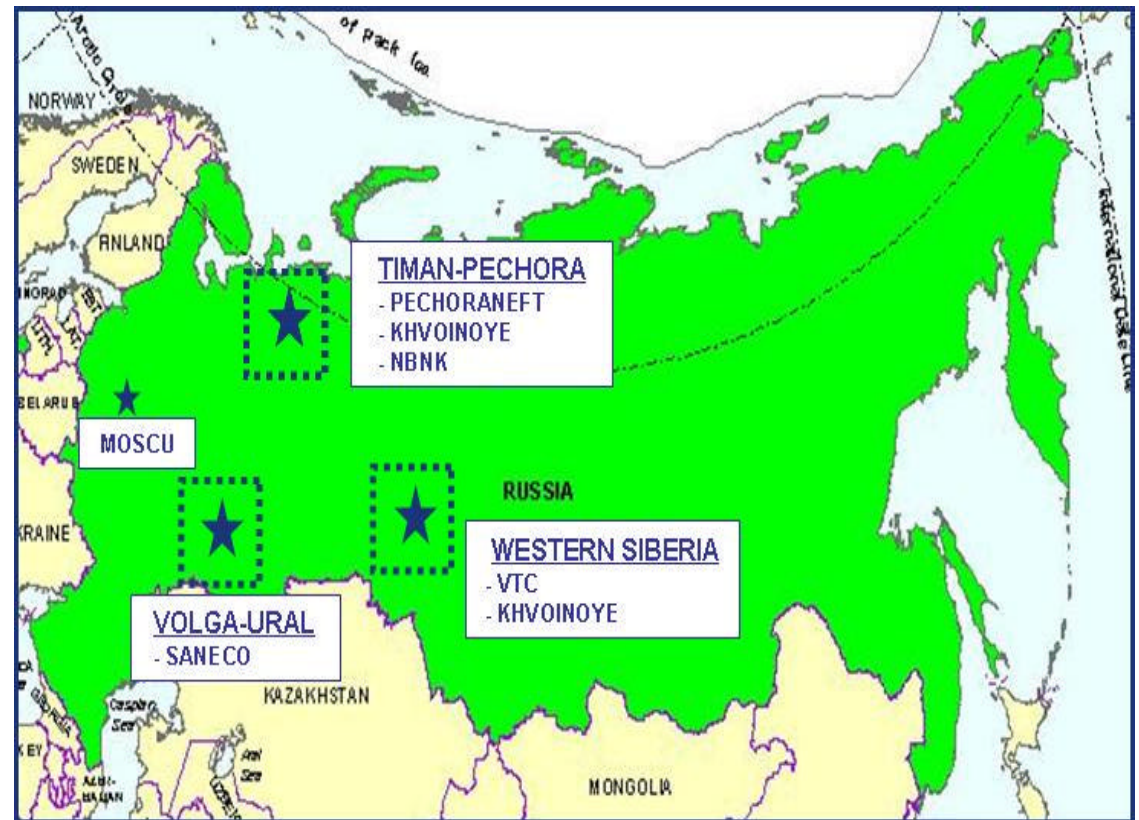




# Highlights: E&P (ex-ABB)

## Third Core Area

- **Russian Federation**
  - ❖ **Acquisition of a 10% stake of West Siberian Resources**
  - ❖ **Progress in geographical diversification**
  - ❖ **Growth**
  - ❖ **Possibility of developing new projects in Russia**





## Highlights: E&P (ex-ABB)

### LNG

- **Growth in LNG**

- ❖ *Re-gasification plant in Canada: Final Investment Decision within the next few days; on track to be in operation by 4Q08/1Q09*
- ❖ *Gassi Touil: on track to be in operation by 4Q09*
- ❖ *Nigeria LNG: Memorandum of Understanding signed with Nigerian Authorities, together with Gas Natural SDG, to develop integrated LNG project*



# Highlights: ABB

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## **Bolivia**

- **Nationalization of hydrocarbons**

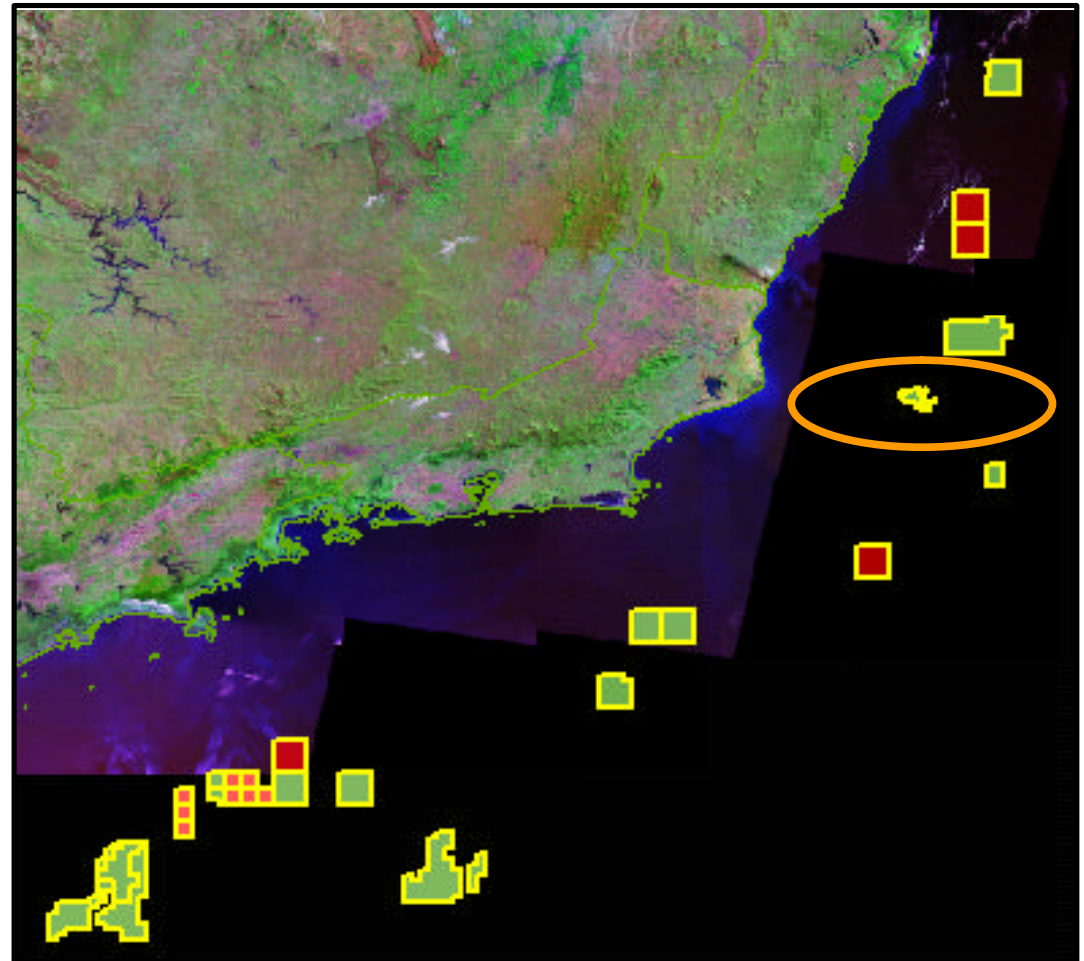
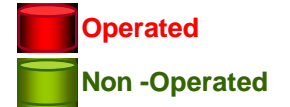
- ❖ *Many questions arise: the Decree is brief; there is a 180-day period of negotiation*
- ❖ **Two alternatives:**
  - *No possible agreement: our objective will be the defense of shareholders' interests and the value of investments in the country*
  - *Adaptation to new legal framework: if compatible with preserving value of investments*

# Highlights: ABB

## Brazil

- **Albacora Leste**

- ❖ *Largest offshore rig in Brazil*
- ❖ *Started production recently*
- ❖ *Peak production of 145,000 bpd (Repsol YPF's stake: 10%)*

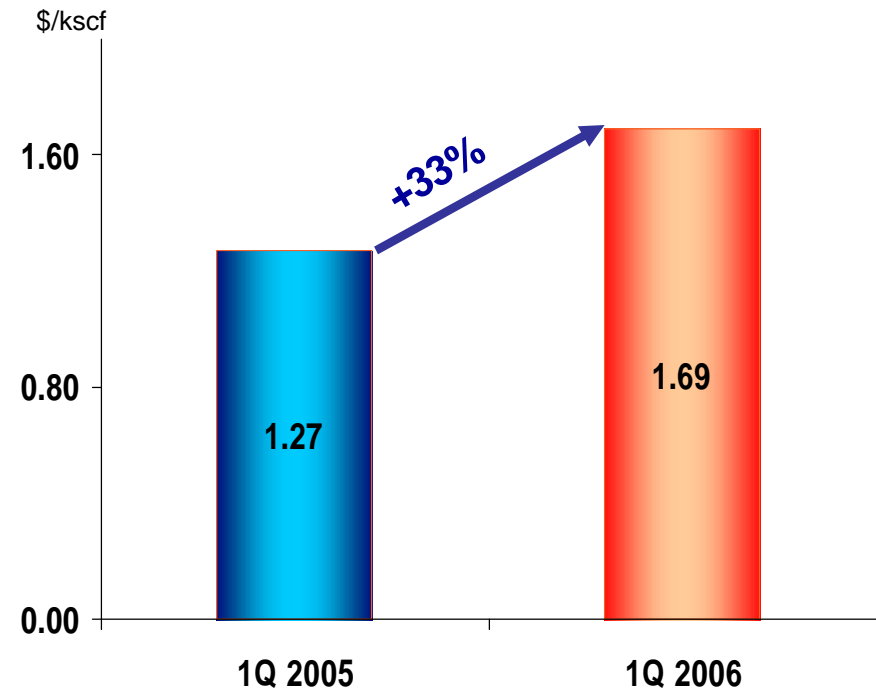


# Highlights: ABB

## Argentina

- **Gas prices**
  - ❖ *Domestic gas prices continue improving*
  - ❖ *1Q06 price compares positively with that at the end of 2001*

### Argentine Gas Prices



# Highlights: *Downstream*

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## ***Downstream***

- ***Optimize Downstream***

- ❖ ***Renewable energies:***

- *Investment of €300 million to build 6 bio-diesel plants in order to market 1 million tonnes by 2010*
    - *Development of similar approach in Argentina leveraging on country's agricultural resources*

- ❖ ***Competition in the Spanish service stations market: Repsol YPF's commitments to the EU:***

- *Relegation of procedures for exclusive supply agreements*
    - *490 service stations may rescind supply contracts before expiry date in exchange for a compensation*

## Highlights: *Reserves Revision*

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### ***Reserves Revision***

- ***Internal review conducted by independent Law firm King & Spalding***
- ***No inquiries or notifications received from SEC or Spanish CNMV***
- ***The audit of remaining 47% of reserves not externally audited in 2005 will start in mid 2Q 2006. No major adjustments are expected***

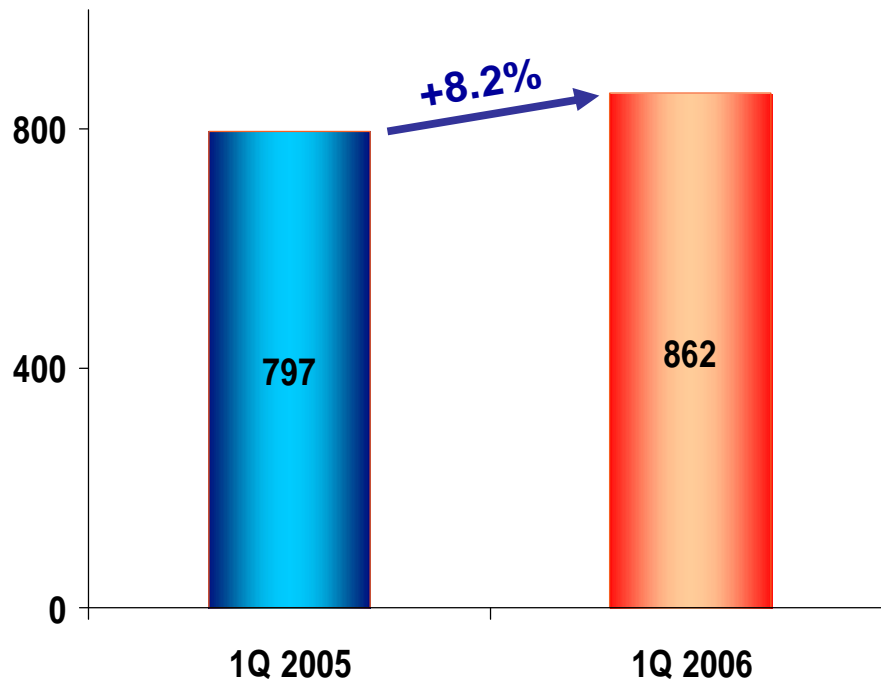


# 1<sup>st</sup> Quarter Results

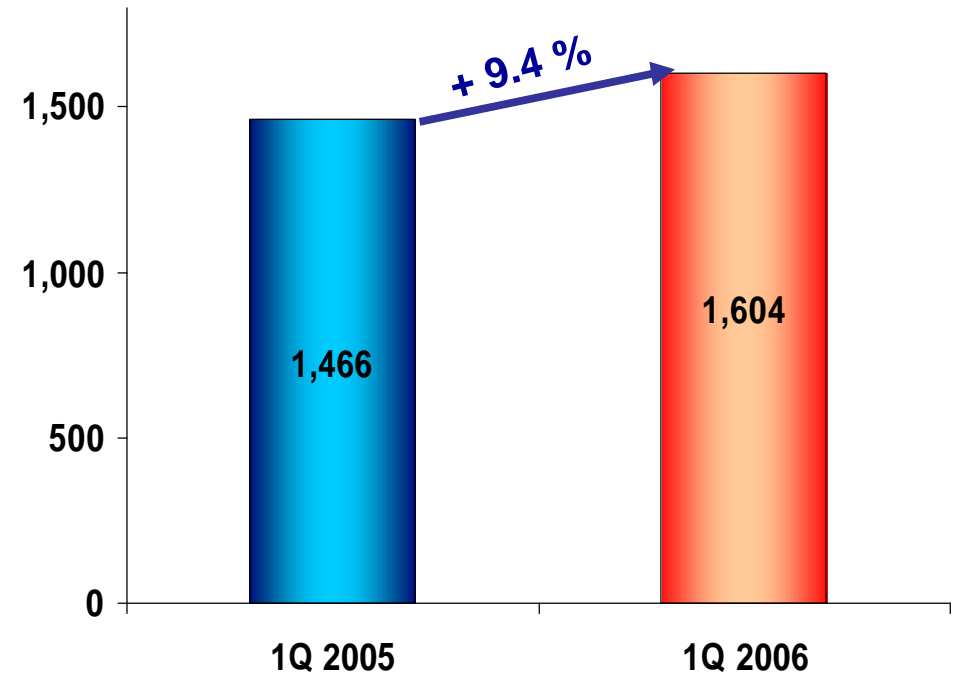
*Antonio Brufau*  
*Chairman & CEO*



## Net Income

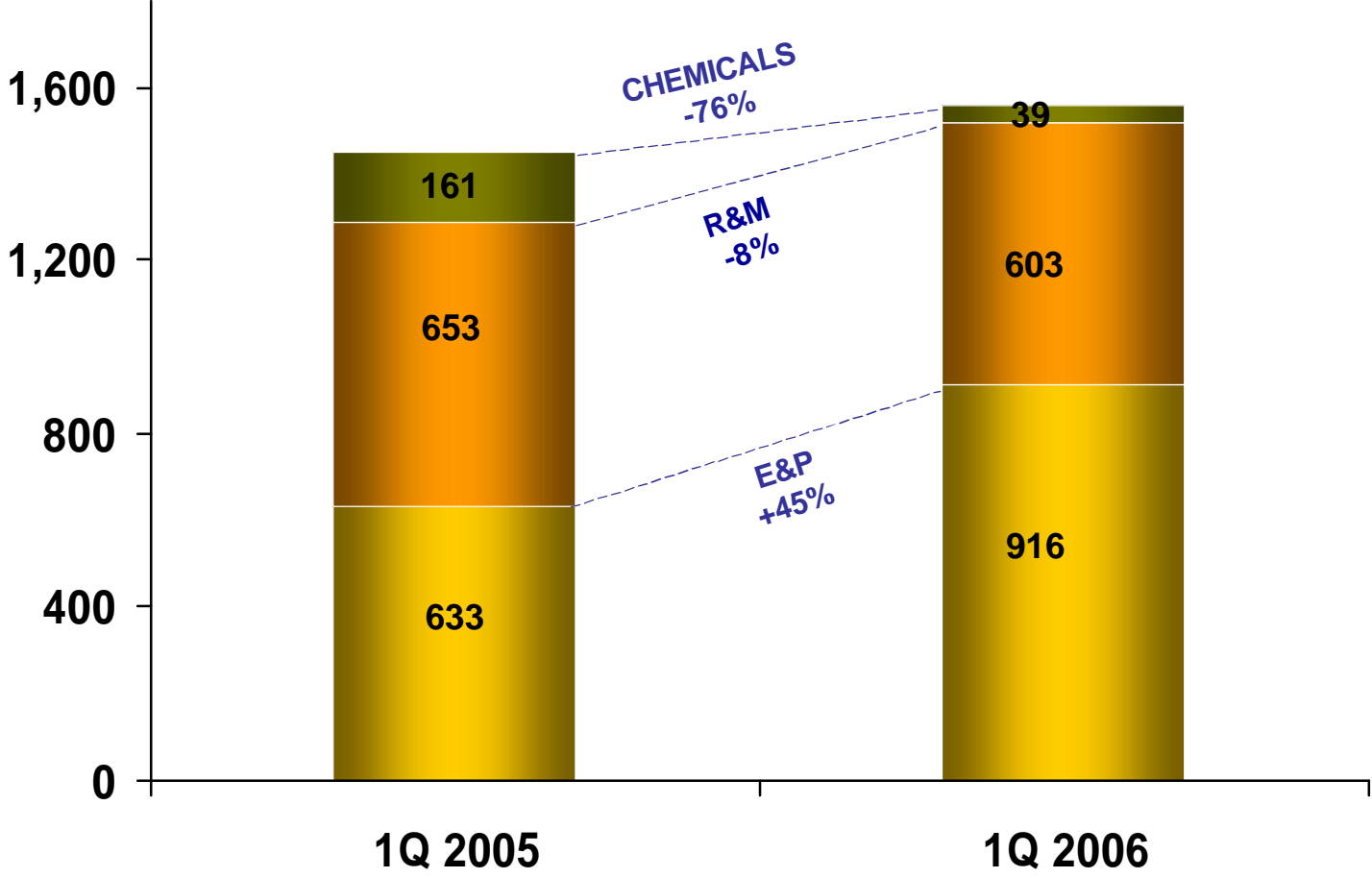


## Income from Operations



Million Euro

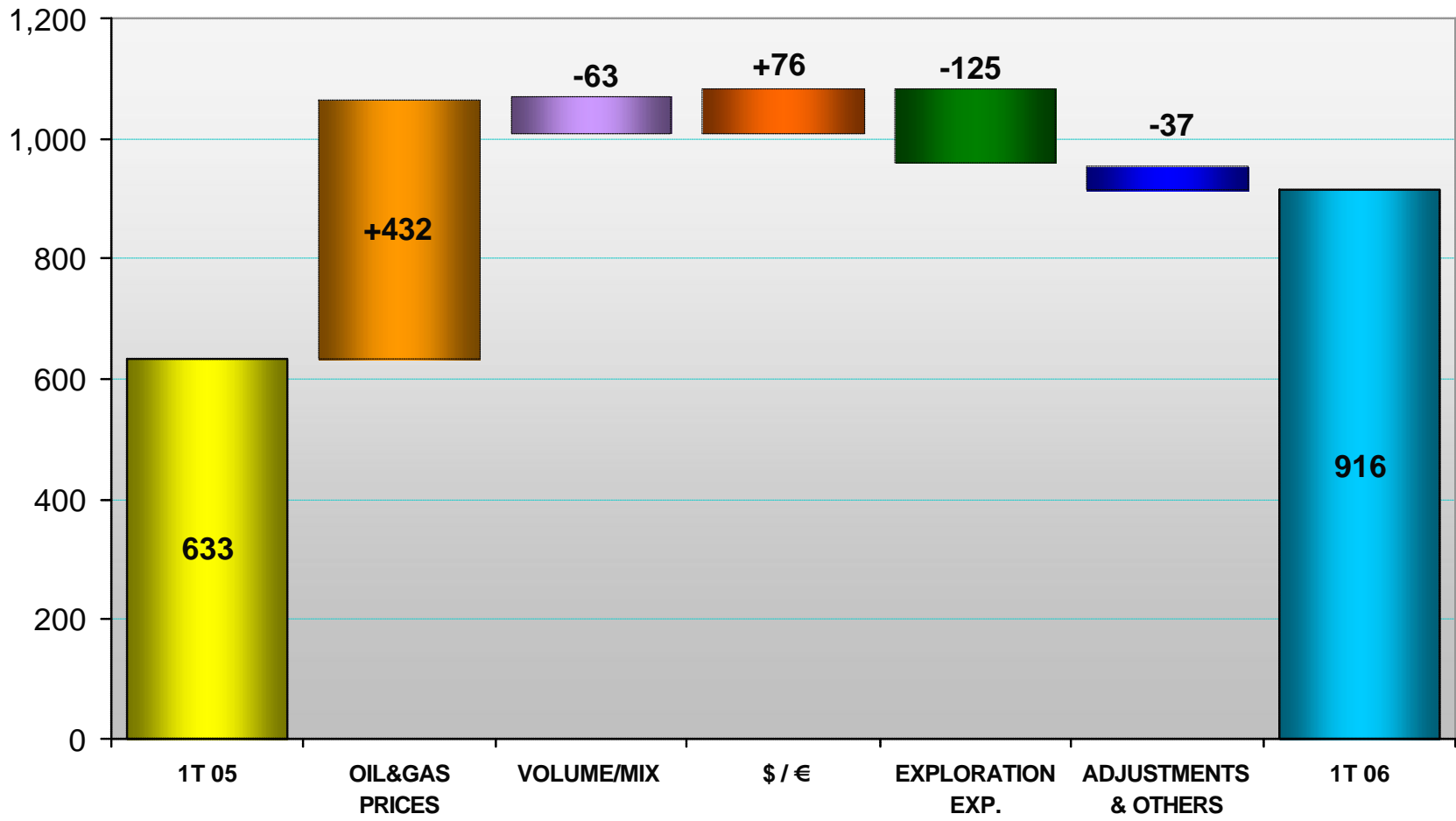
## Income from Operations



Million Euro

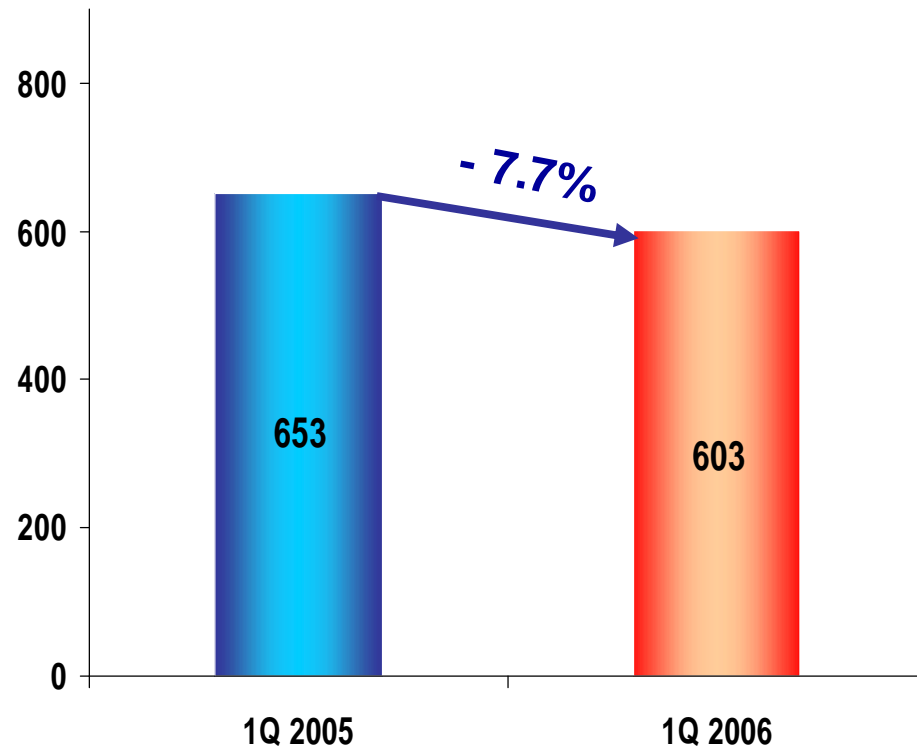
E&P R&M CHEMICALS

## Income from Operations

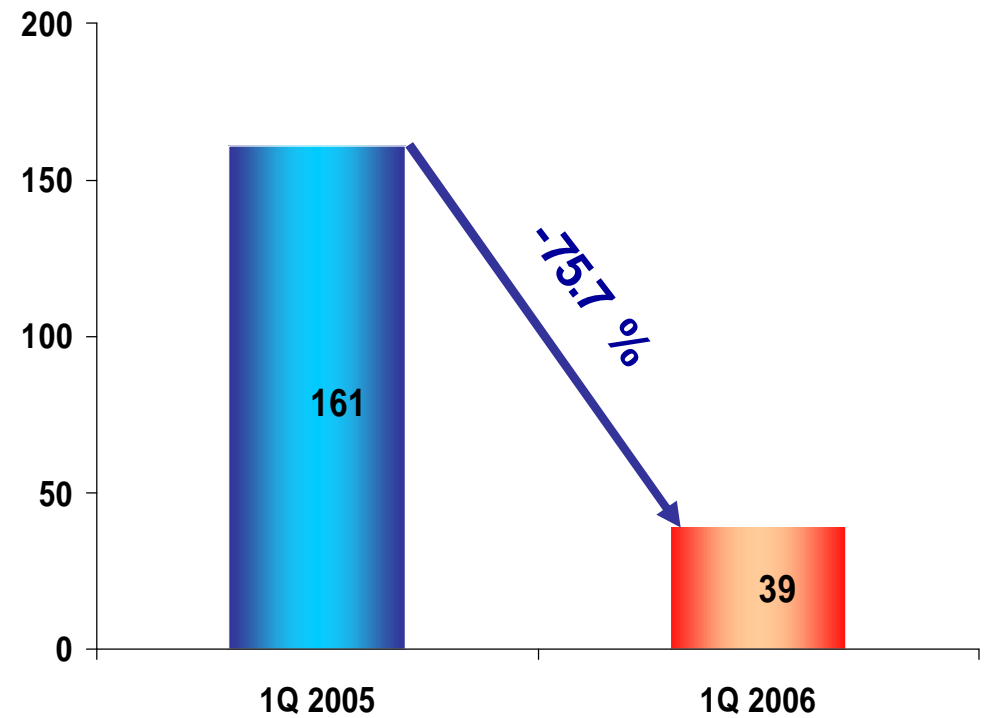


Million Euro

## R&M Income from operations



## Chem. Income from operations

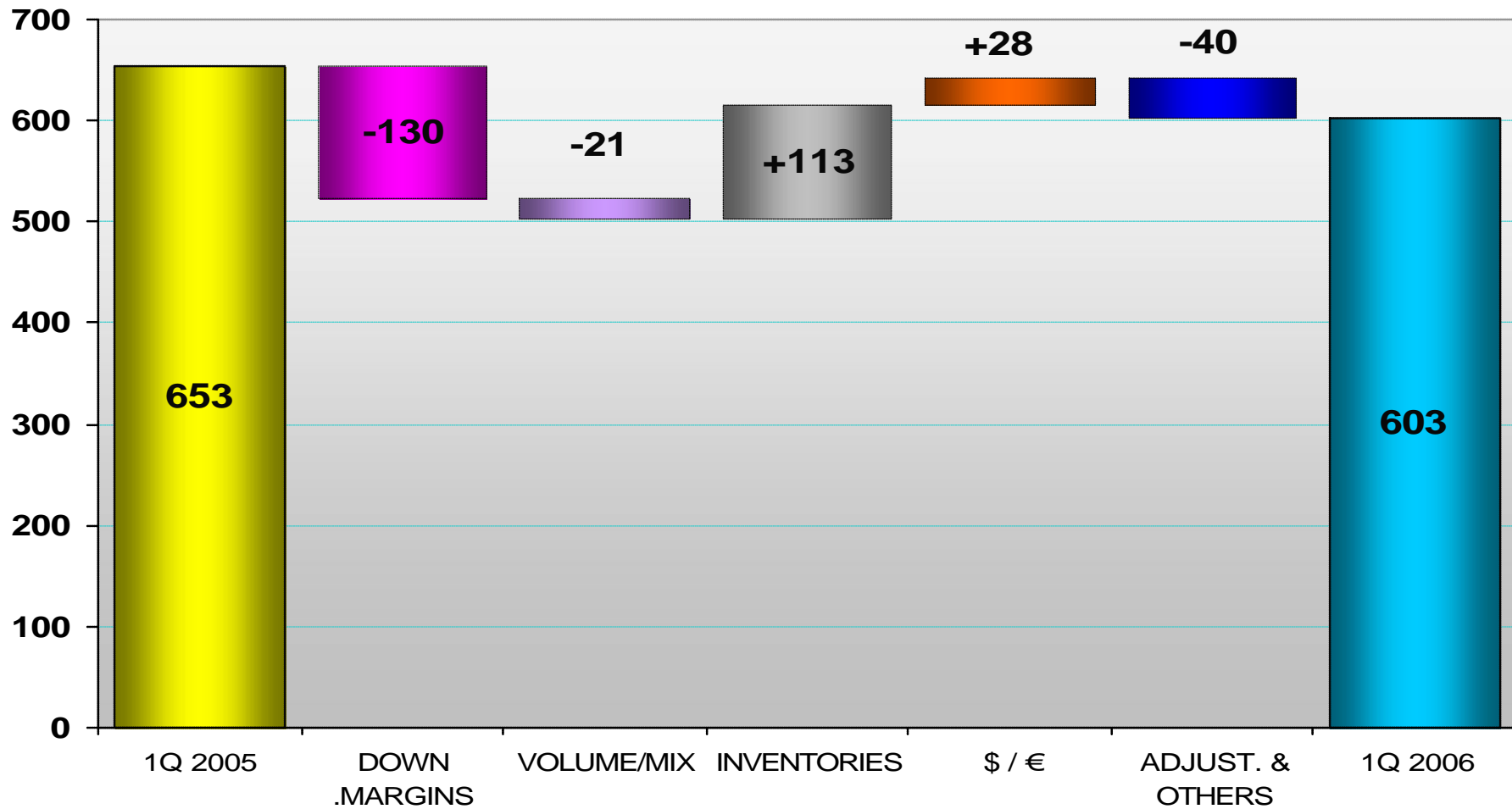


Million Euro

# Downstream Results

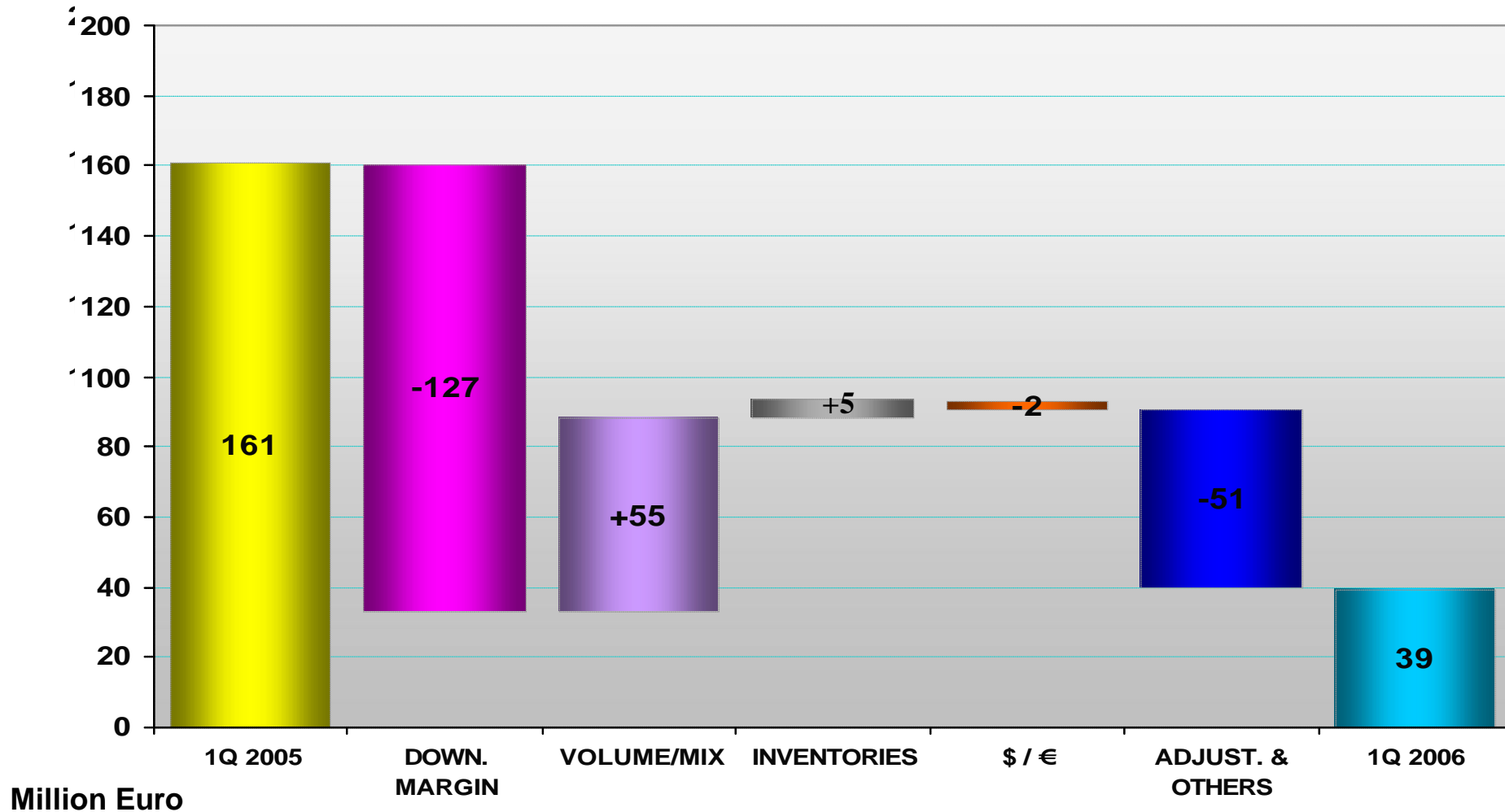


## R&M Income from operations



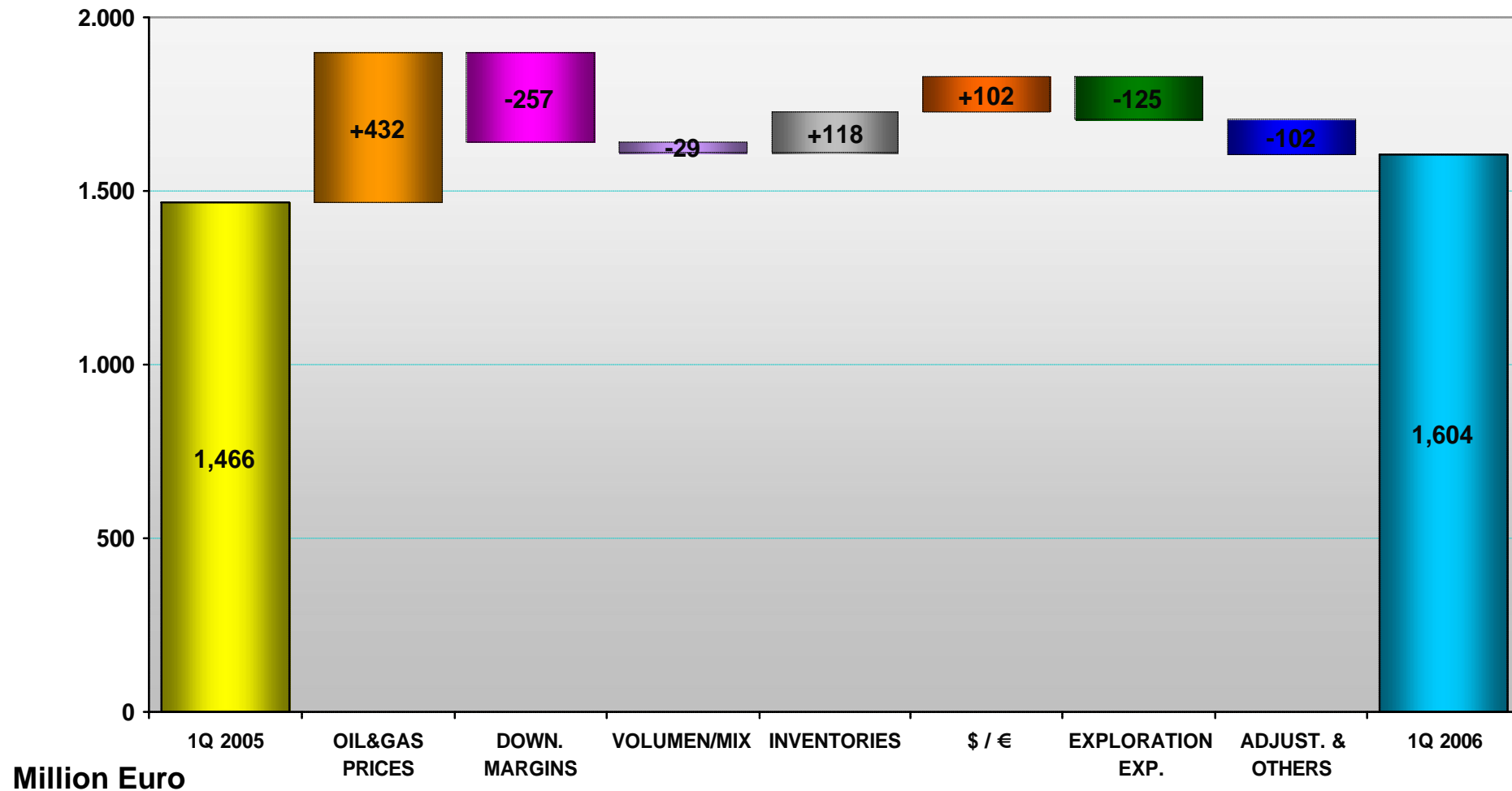
Million Euro

## Chem. Income from operations



# Variance Analysis

## Income from operations







## 2005 Financial Evolution

# DEBT RATIOS



Million Euro

	Dec 31 <sup>st</sup> 2005	Mar 31 <sup>st</sup> 2005	Mar 31 <sup>st</sup> 2006
NET DEBT	4,513	4,965	4,893
BOOK CAPITALIZATION	24,988	22,928	26,329
NET DEBT / BOOK CAPITALIZATION (%)	18.1%	21.6%	18.6%
EBITDA	9,139	2,048	2,354
NET DEBT / EBITDA	0.49	0.61	0.52
NET INTEREST	394	98	94
NET INTEREST + DIVIDENDS PREFERRED SHARES	573	142	140
EBITDA / NET INTEREST	23.2	20.9	25.0
EBITDA / NET INTEREST + DIVIDENDS PREFERRED	15.9	14.4	16.8



# CONCLUSIONS

## CONCLUSIONS

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- ***Environment of high oil prices***
- ***Refining margins still strong, though below those of last year, with scope for further improvement***
- ***High political uncertainty in some Latin American countries***
- ***Negotiation with Venezuela successfully addressed, preserving the value of our assets***
- ***Waiting for outcome in Bolivia where we will defend our shareholders' interests***

**REPSOL  
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