

WEBCAST – CONFERENCE CALL Fourth Quarter 2015 Results

February 25th, 2015



REPSOL

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1. Main events of 2015
2. Progress of our Strategic Plan
3. Projects activity in 2016
4. Quarterly and full year results
5. Conclusions



Main events of 2015

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Main events of 2015

Highlights



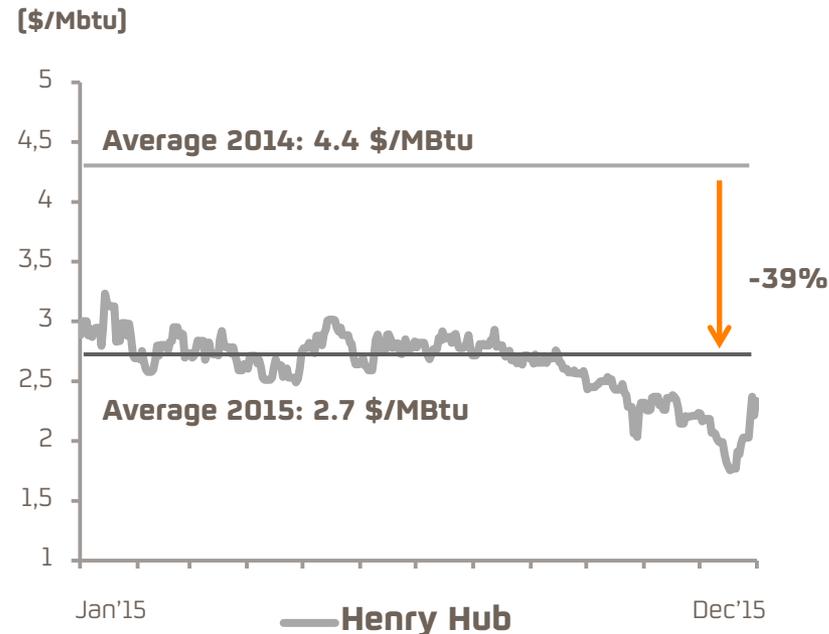
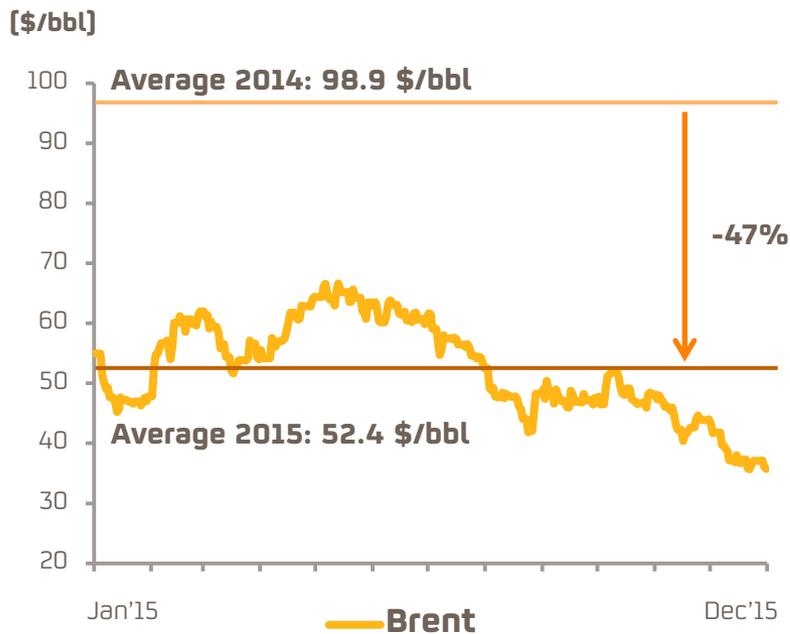
- Integration of **Talisman**
- Strategic Plan 2016-2020: **Value and Resilience**
- Challenging **macro scenario**
- EBITDA CCS of **€5Bn**
- Cash Flow from operating activities of **€5.4Bn**
- Cash neutrality **break-even** below 50\$ in 2015
- **Debt reduction** of €1Bn excluding the effect of the Talisman acquisition

Main events of 2015

Prices continued negative trend



// 2015 Brent and Henry Hub //



Brent averaged 47 \$/bbl less in 2015 vs 2014

Henry Hub averaged 1.7 \$/Mbtu less in 2015 vs 2014

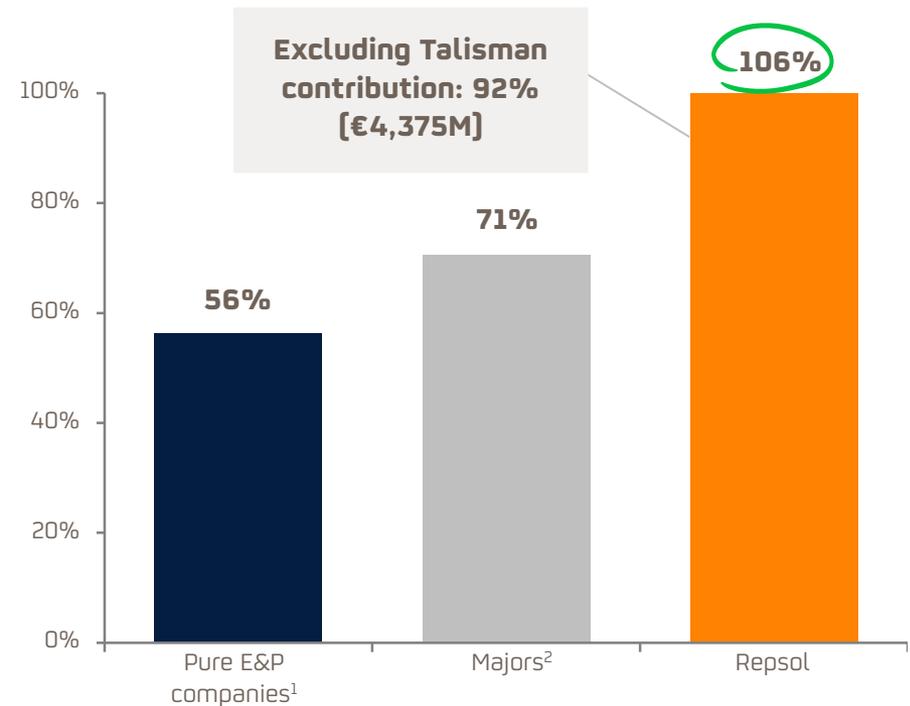
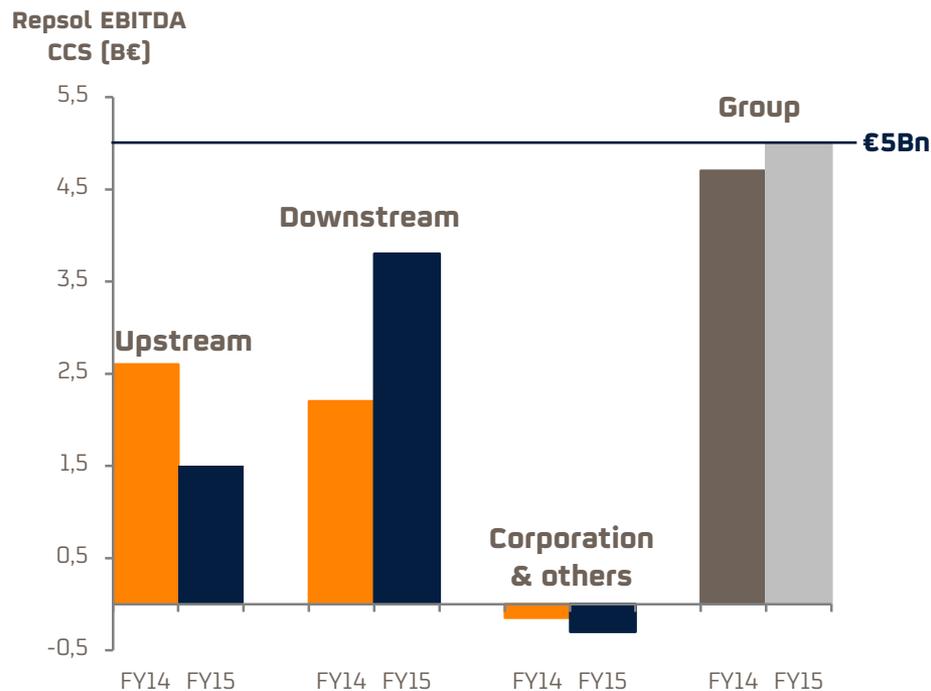
Main events of 2015

Strong cash generation in a challenging scenario



**// Maintaining EBITDA CCS 2015 vs. 2014
at much lower crude prices //**

// EBITDA CCS FY 2015 / FY 2014 [%] //



1. Peers included in Pure E&P are ConocoPhillips, Anadarko, Devon and Occidental
2. Peers included in Majors and Integrated are Chevron, Total, Shell, Exxon, BP, BG and Statoil

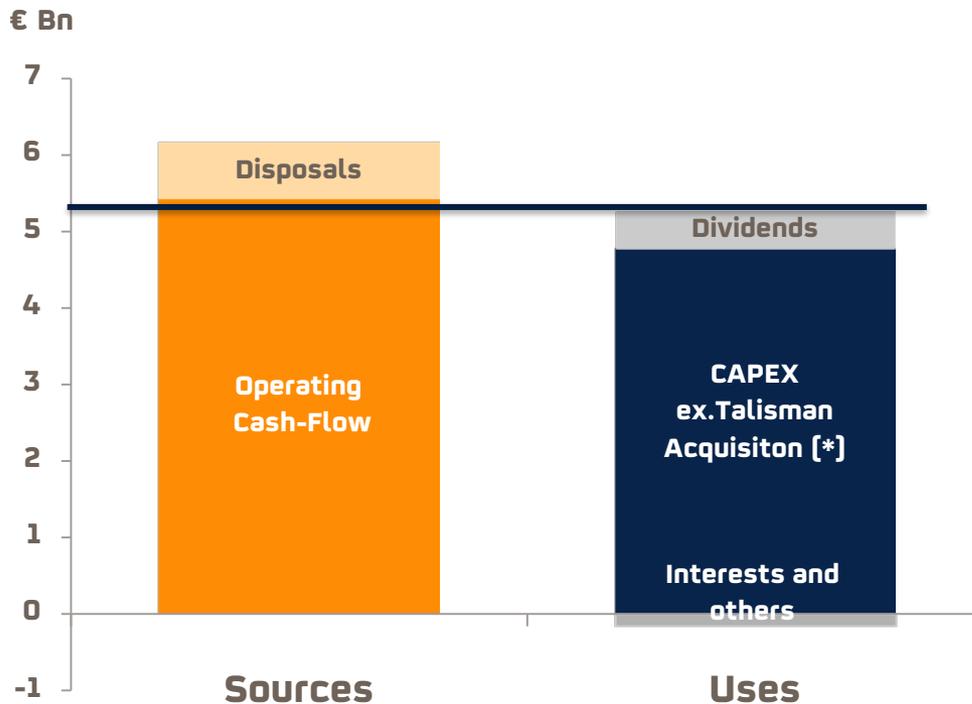
In 2015, even under this macro scenario we maintain our EBITDA CCS stable compared to 2014

Main events of 2015

Sources and Uses of cash



// Sources and Uses of cash in 2015 //



- Repsol integrated model delivering strong results in difficult Upstream environment
- Downstream acting counter-cycle leveraging:
 - Increased oil product demand
 - Higher industry margins
 - Privileged Repsol asset base
- Upstream impact partially mitigated by PSC's and fixed prices, plus gassy production mix
- GNF provides stable dividends

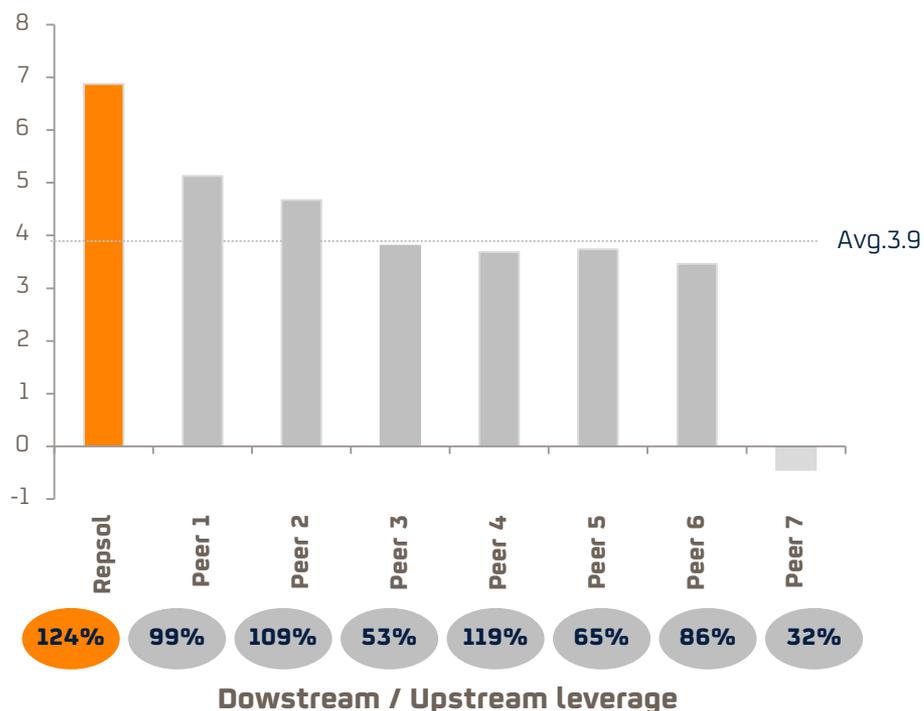
**Positive Free Cash Flow in 2015 reduces Net Debt in €1 Billion.
2015 FCF breakeven after dividends lower than 50 \$/Bbl**

* Capex 2015 excluding the payment for the acquisition of Talisman

Main events of 2015

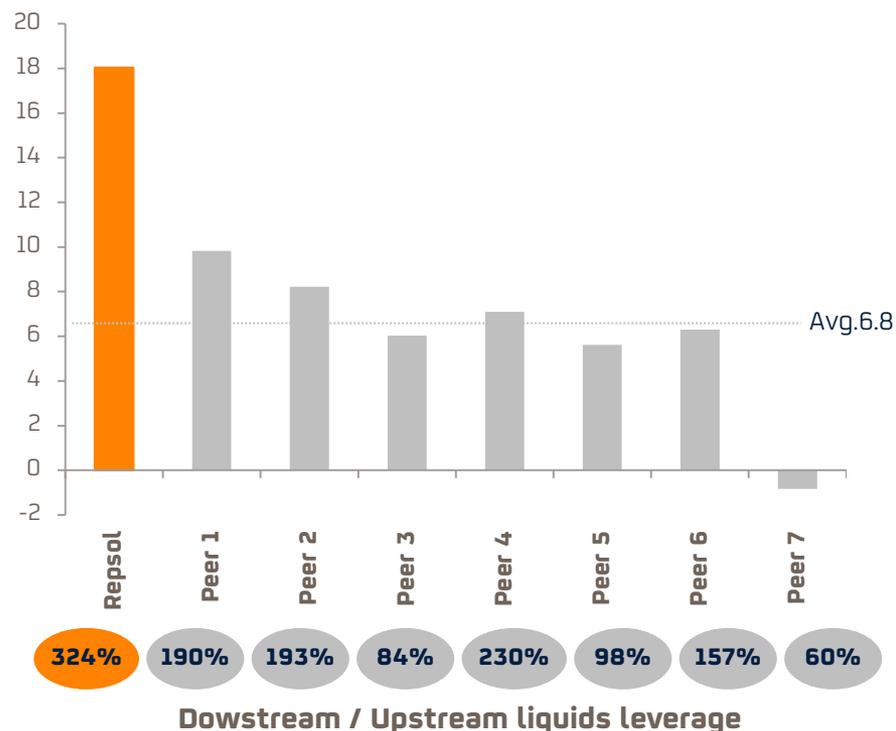
Repsol profits from a high Downstream/Upstream leverage

// Avg 2010-15 R&M integrated margin ⁽¹⁾ x 2015E
Downstream / Upstream leverage (\$/bbl) //



2015E Refining distillation / Upstream total production [%]

// Avg 2010-15 R&M integrated margin ⁽¹⁾ x 2015E
Downstream / Upstream liquids leverage (\$/bbl) //



2015E Refining distillation / Total Liquids production [%]

⁽¹⁾ Figures based on 3Q15 reported information. R&M operating profit is a proxy of the impact in FCF breakeven under the assumption that Investments=Depreciation. Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed [excludes petrochemicals business]. Source: company filings

* Peers companies considered: BP, Shell, Chevron, Total, Exxon, OMV and ENI



Progress of our Strategic Plan

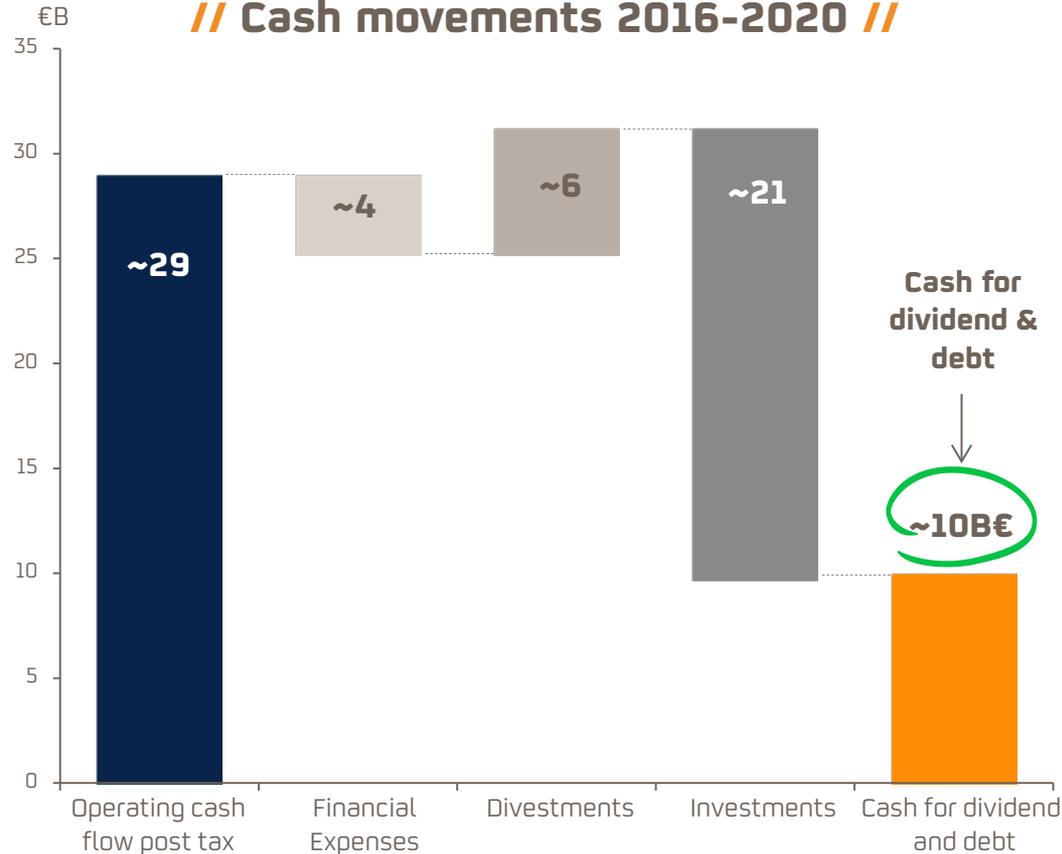
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Progress of our Strategic Plan

Stress Case under revisited price deck



// Cash movements 2016-2020 //



- Reduction of our capex budget in 2016 below €4Bn
- Investment reduction for 2016 and 2017 around €1.8Bn
- Acceleration of efficiency and synergy target in 2016 → €1.1Bn
- Reduction of Group FCF breakeven to 40\$

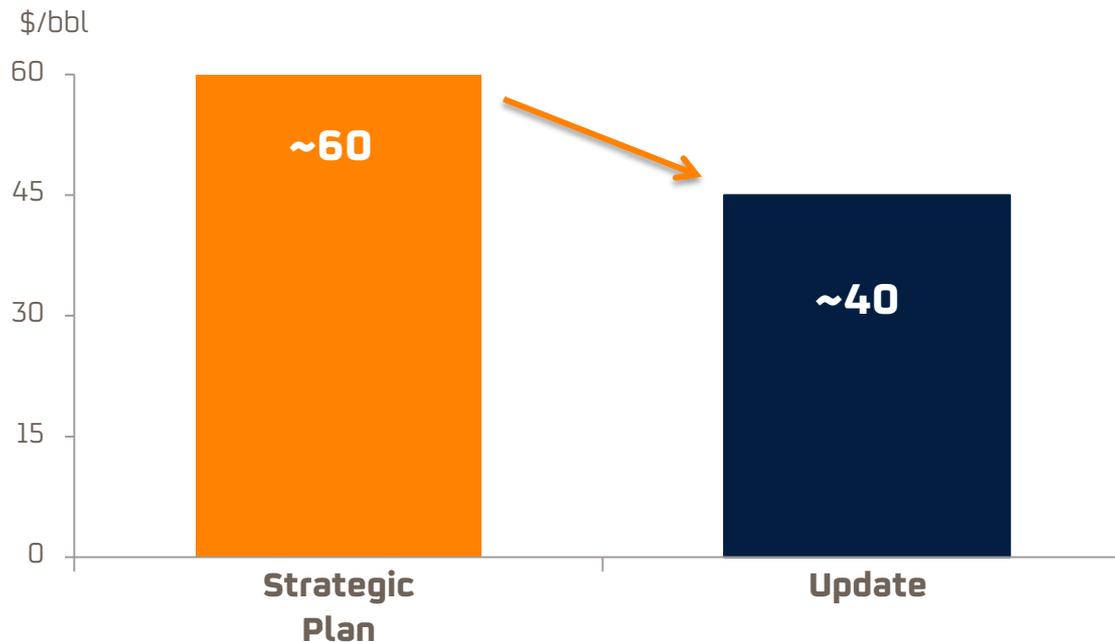
Sensitivities [5 years accumulated]	FCF	Adj. Net Income
Brent +/- \$5/bbl	€1.5B -€1.5B	€1.3B -€1.3B
Henry Hub +/- \$0.5/Mbtu	€0.8B -€0.8B	€0.6B -€0.6B
Refining Margin +/- \$1/bbl	€0.8B -€0.9B	€1.1B -€1.1B

Progress of our Strategic Plan

Group's Break even of 40\$/bbl in 2016-2017



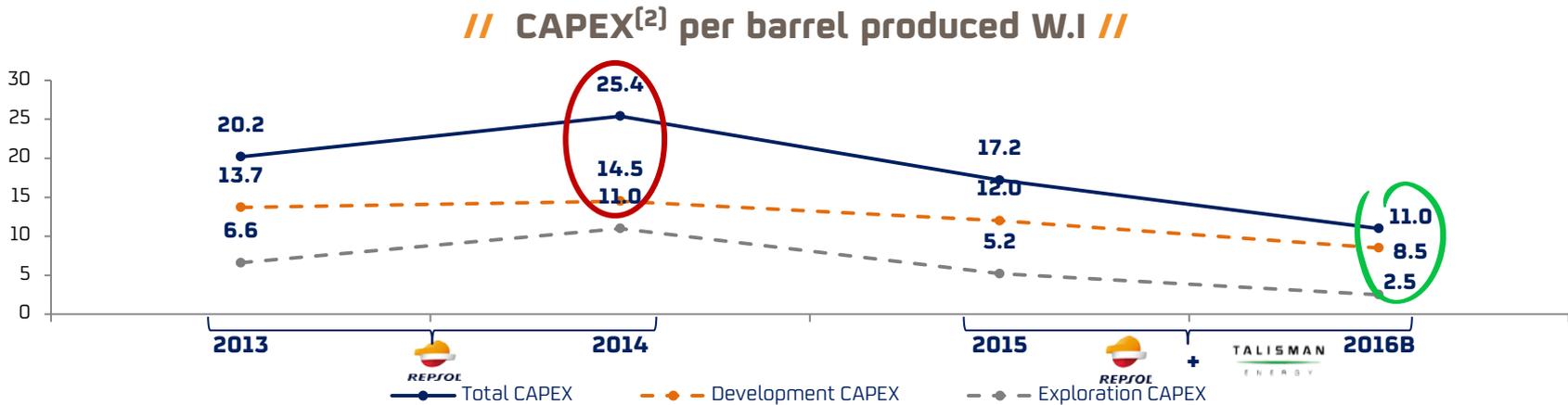
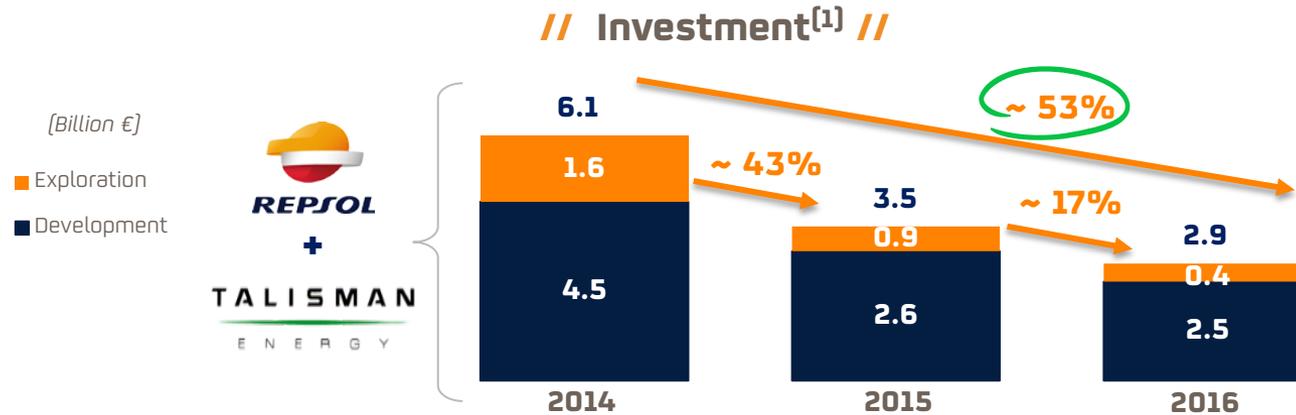
// Group FCF breakeven after dividends and interests
[2016-2017] //



Resilience: \$40/bbl free cash flow breakeven after dividend and interests

Progress of our Strategic Plan

Investments and Capex reduction in the Upstream Business



Capex per barrel produced decreases significantly in 2016 after Talisman acquisition: exploration is reduced and development Capex is compensated by increased production

⁽¹⁾ Investment excluding G&G and G&A from exploration and including efficiencies.

⁽²⁾ CAPEX including G&G and G&A from exploration and including efficiencies

Progress of our Strategic Plan

Status of the Efficiency Plan



Pre-tax cash savings

// 2016 // // 2018 //

Synergies	€0.2 B	€0.3 B
Upstream Opex & Capex efficiency	€0.6 B	€1.1 B
Downstream profit improvement and efficiency	€0.2 B	€0.5 B
Corporation right-sizing	€0.1 B	€0.2 B
	€1.1 B	€2.1 B

- Recurrent synergies target increased to 400M\$
- 50% of synergies already implemented
- Upstream program ahead of schedule [700 efficiency initiatives identified]
- Downstream and Corporate on track
- Upstream unit Opex reduction of 13% in 2016

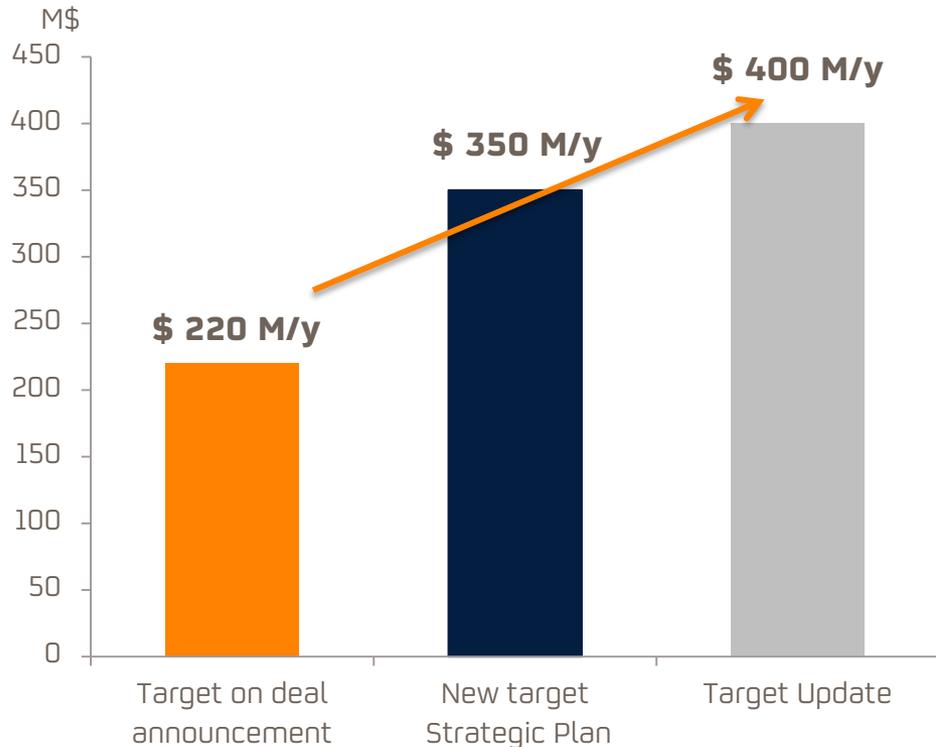
More than 50% of the efficiency plus synergies target in 2018 to be achieved in 2016

Progress of our Strategic Plan

New synergy target



// >\$250M in 2016 of which ~225M already captured //



- \$88M Finance:** repurchase of Talisman bonds and joint financial optimization
- \$69M People and Organization:** workforce and contractor reduction from overlaps
- \$34M IT:** application & infrastructure rationalization
- \$21M Exploration:** highgrading of Talisman portfolio
- \$13M Joint insurance program**

Repsol increases recurrent synergy target derived from Talisman Integration up to 400 M\$ pre-tax

Progress of our Strategic Plan

Transactions closed in the last months



Wind Power

Sale of our offshore wind power business in the UK for 238 million euros

- After tax capital gain of 109M€



CLH

Sale of Repsol's 10% stake in CLH

- We sold our stake in CLH for 325 million Euros
- Around 300 million Euros of capital gains



Piped LPG

Sale of the Piped LPG business for 788 M€

- Generating an estimated pre-tax capital gain of ~470 M€
- Will be cashed-in mostly in 2016. Capital gains also to be booked mainly in 2016



Alaska dilution

Agreement with our partner Armstrong to dilute our position in North Slope

- Positive impact on our cash flow of around 700 million Euros



E.F. Gudrun

Eagle Ford divestment and acquisition of Norwegian producing assets

- Significant improvement in the cash flow generation in 2015-2017
- Improvement of operations through the nomination of a single operator



Yme

Transfer of our 60 per cent stake in the Yme field to OKEA

- Saving 200 million euros of decommissioning costs in the 2016-2020 period



TLM Bonds

Repsol amortizes part of TLM's debt and reduces its financing costs by >65M\$/year

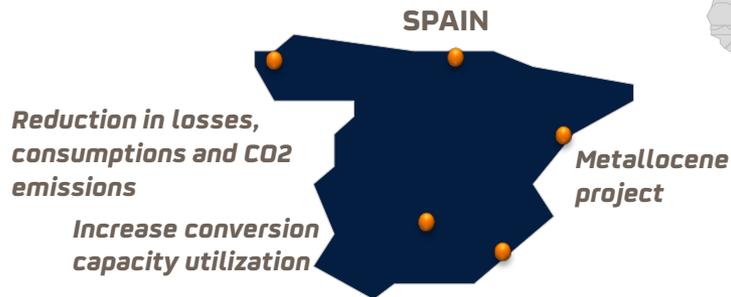
- Repsol amortizes TLM bonds in the amount of 1.7 billion dollars in transactions that will provide the Group a net present value of more than 1 B\$
- Total capital gain of 243 M\$



Projects activity in 2016

3

Projects activity in 2016



* Additional exploration activity in Angola, Romania, Bulgaria and PNG.



Quarterly and full year
results

4

Quarterly and FY 2015 Results



Q4 2015

Q4 2014

Q4 2015

% Variation

CCS Adjusted Net Income

370

461

+ 25%

Million €

Q4 2014

Q4 2015

Net Income

-34

-2,059

Million €

FY 2015

2014

2015

% Variation

CCS Adjusted Net Income

1,707

1,860

+9%

Million €

2014

2015

Net Income

1,612

-1,227

Million €

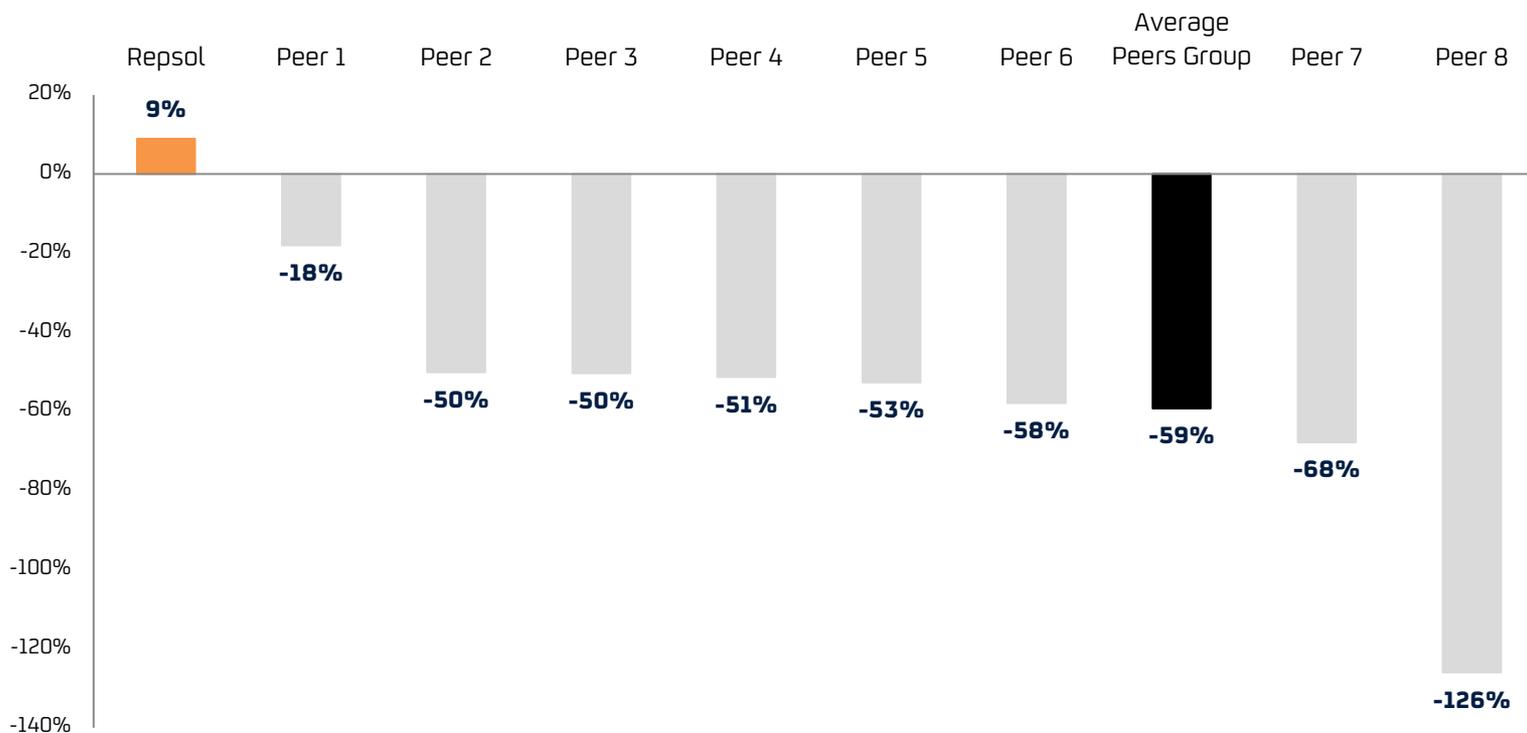
Cash Flow from operations stood at €5.4Bn in 2015, of which around €4Bn comes from the Downstream

Quarterly and FY 2015 Results

Comparison with our peers



// Adjusted Net Income 2015 vs 2014 //



* Peers companies are those that have already published their full year result: (BP, Statoil, BG, ConocoPhillips, Total, ExxonMobil, Chevron and RD Shell).

Resilient results under a much lower crude oil & gas prices

Upstream Results

Adjusted Net Income

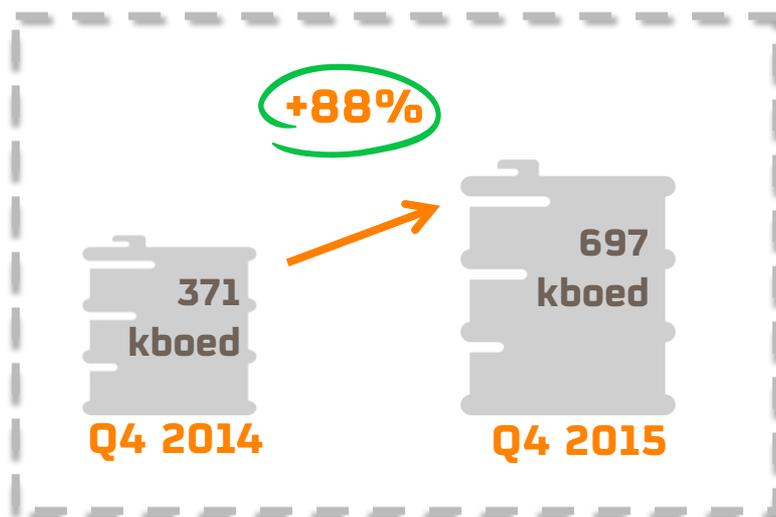
Q4 2014 Q4 2015

Adjusted Net Income

4

-276

Million €



- Ramp-ups in Sapinhoá (Brazil) and Cardón IV (Venezuela)
- Production increase in UK

Current Production **>700 Kboed**

Organic RRR* 2015 **159%**

• Excluding Reserves from the Talisman acquisition and other inorganic transactions.
 • Including Reserves from Talisman RRR would be >500%

Upstream Results

Adjusted Net Income

Q4 2014

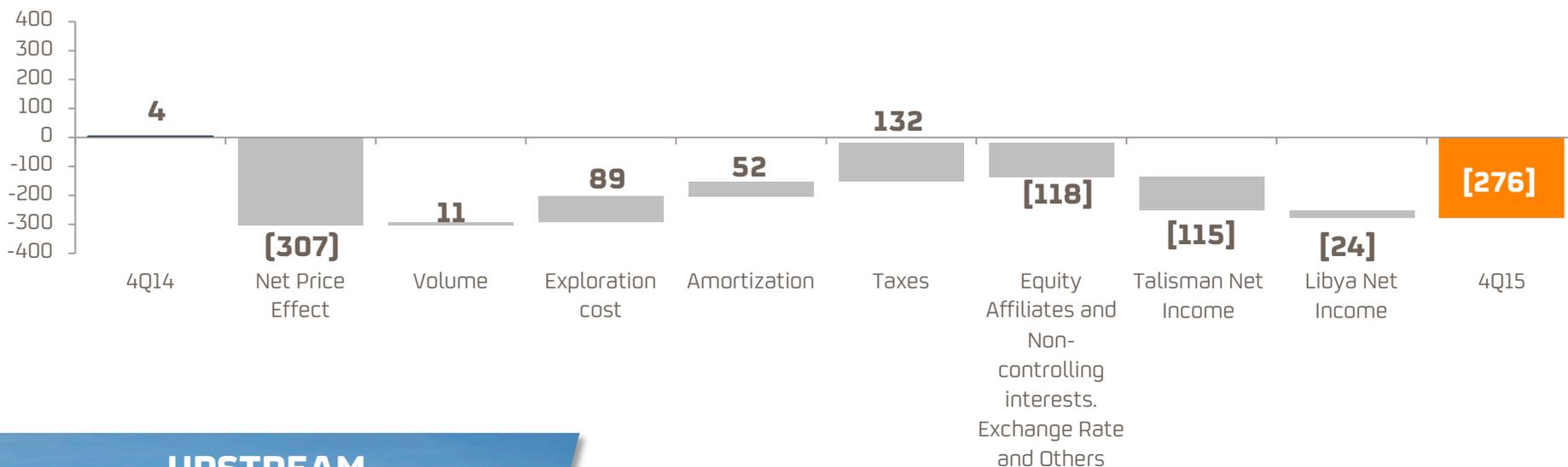
Q4 2015

Adjusted Net Income

4

-276

Million €



UPSTREAM



- Low oil and gas prices

- Extraordinary impairments

{ 4Q15 → €2.4Bn
 FY 2015 → €2.9Bn⁽¹⁾

⁽¹⁾ Includes impairments in G&P booked in the first 9 months of 2015



Upstream Results

Examples of improvements in Talisman legacy assets **REPSOL**

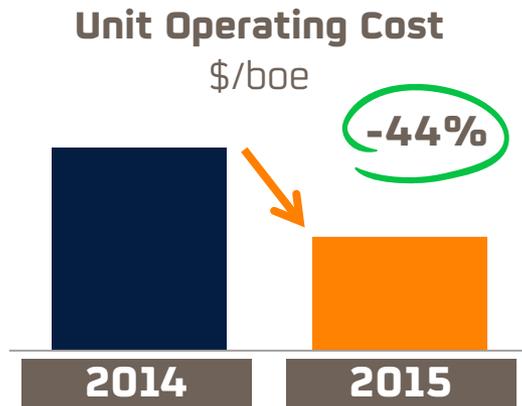
UK

Improved Recovery Factor:

- Develop a prioritized inventory of qualifying capital projects to be used in the asset strategy definition.

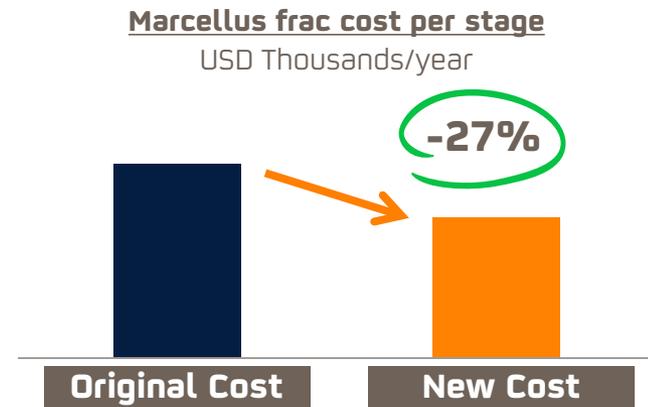
Improved Operational Efficiency:

- Contribute to the stretch objective of TSEUK producing >50kboe/d, with significant improvement in the per barrel profitability.
- Optimize Capex and Opex



MARCELLUS

Marcellus Fracking pricing:



Marcellus commercialization:

- Practice of **selling excess capacity** has been **replaced with purchase of gas from 3rd parties**, leveraging Repsol Trading capabilities in North America.
- Lower effective transport cost through positive net revenues from buy/sell margins, underpinning business profitability.

Downstream Results

Adjusted Net Income



Q4 2014

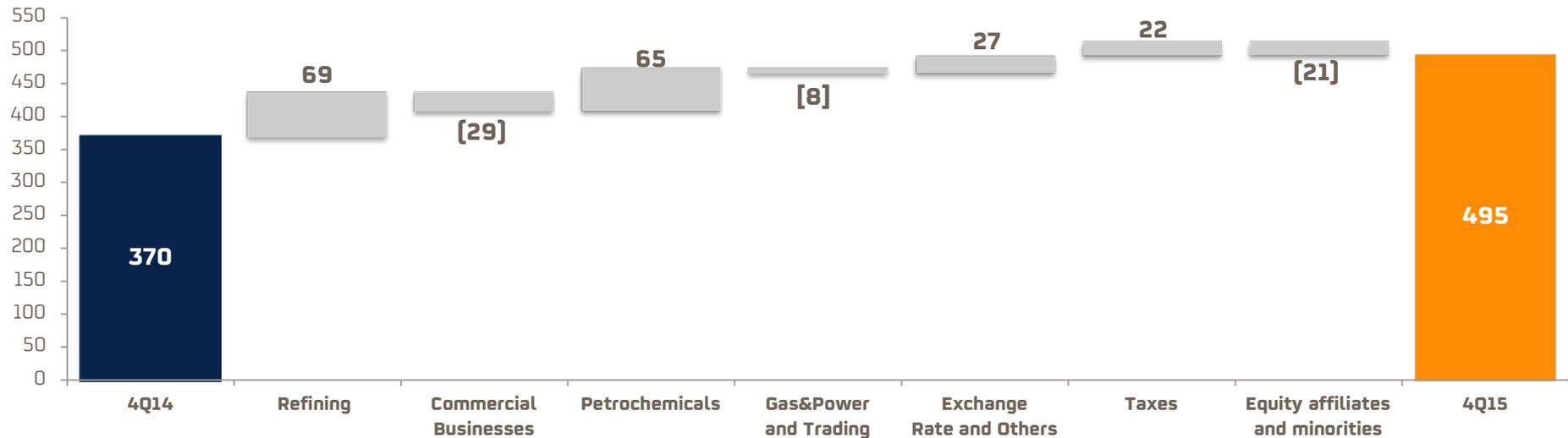
Q4 2015

CCS Adjusted Net Income

370

495

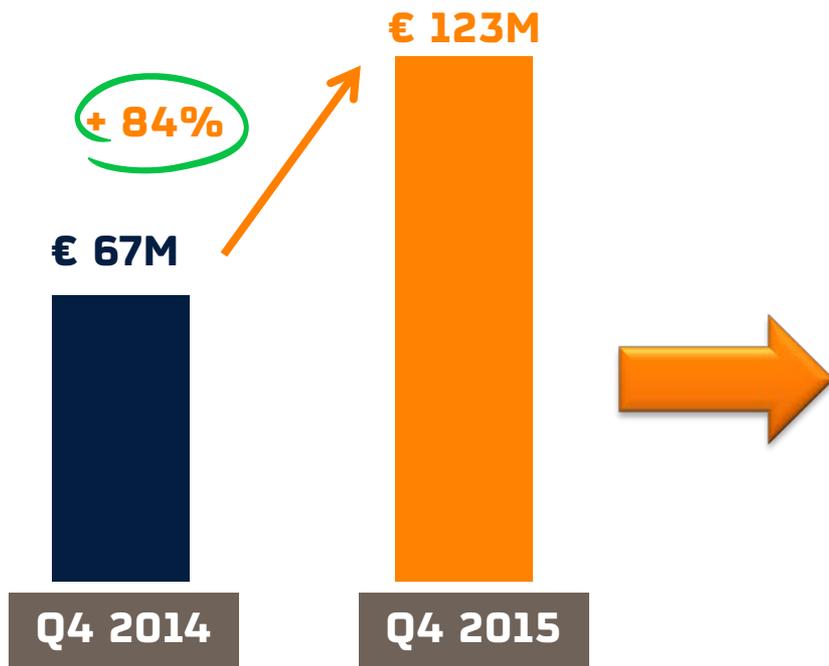
Million €



- FY Adjusted Net Income **113%** higher YoY
- Strong **Chemicals**
- 4Q15 Refining Margin Indicator → **7.3 \$/bbl**

Gas Natural Fenosa Results

Adjusted Net Income



- Positive contribution to results of CGE Chile during 4Q15
- Stable dividend (269M€ in 2014 and 274M€ in 2015)

Financial Aspects



Million €

Q4 2014

Q4 2015

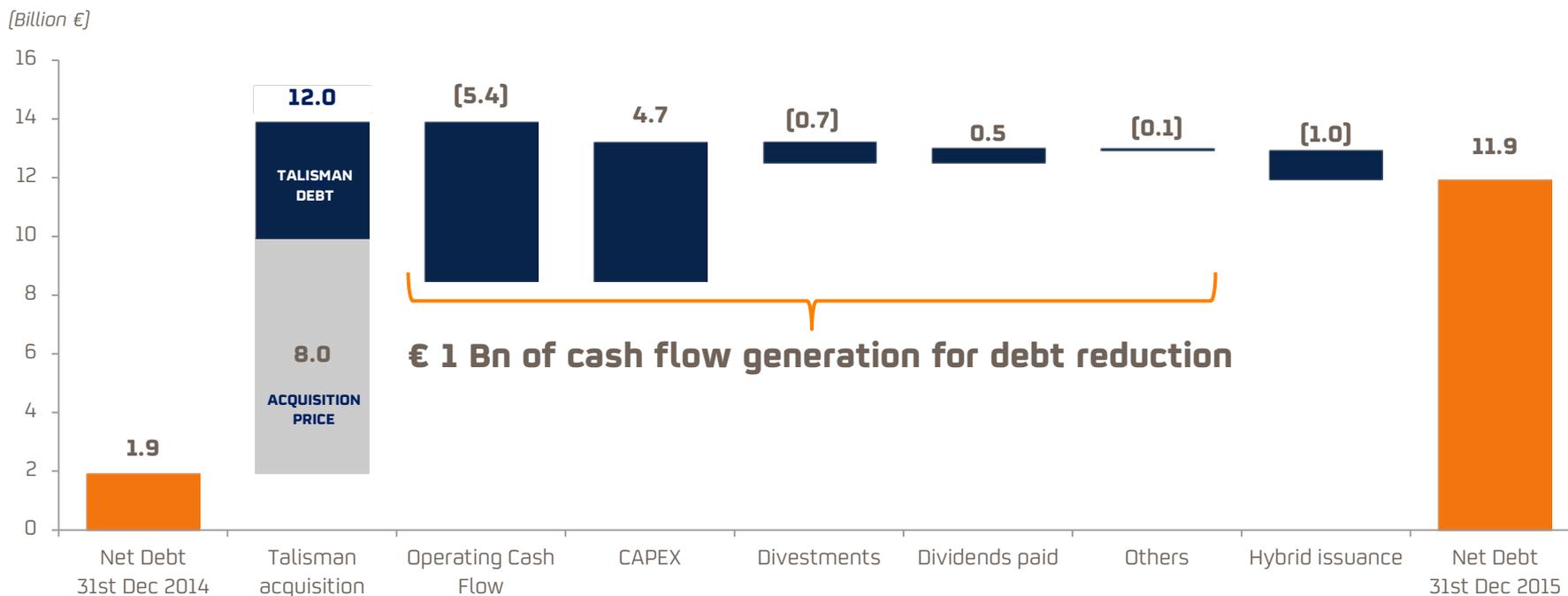
Net Financial Result

-85

0

- Positive results from **Exchange rate** positions
- Increase in **interest** of debt because the Consolidation of Talisman's debt
- Repsol will pay a **shareholder remuneration** with the scrip option equivalent to €0.30 gross per share in July

Liquidity Position
Above €9Bn
Covers our short term
maturities by more than 2 times





Conclusions

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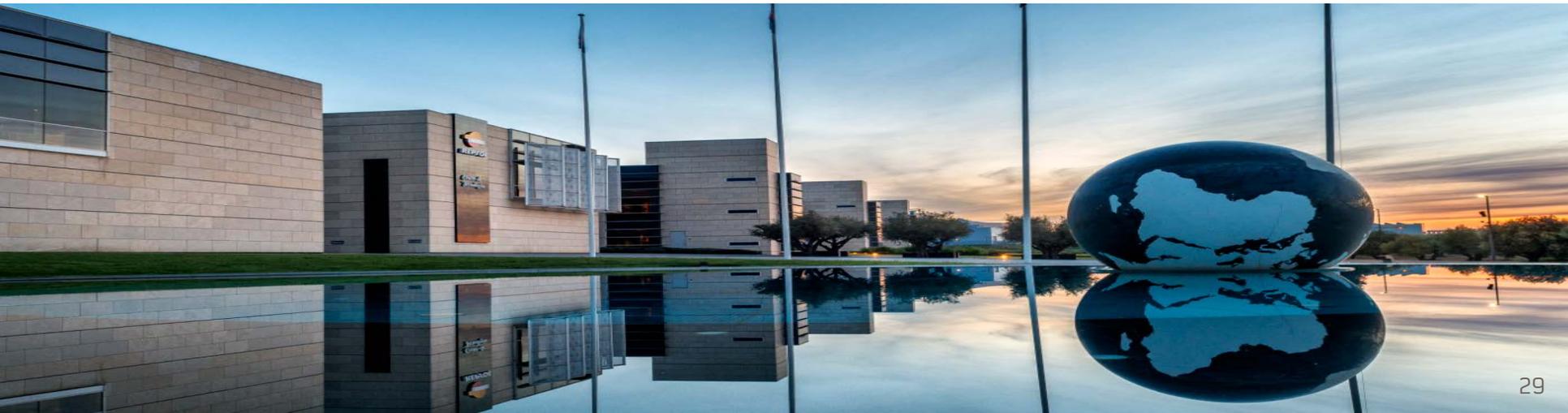
Conclusions



Talisman provides flexibility and the right balance among businesses

For 2016:

- ✓ Capex and Opex optimization
- ✓ Efficiency targets anticipation
- ✓ One of the lowest cash **break-evens** among peers
- ✓ Progress in our **divestment program**



Q&A Session

Fourth Quarter 2015 Results

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