



# Growing from our strengths

## Strategic Plan 2012-2016

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Repsol: A transformation story

YPF expropriation

2012-2016 Group Strategy: Growing from our strengths

Our businesses strategy : 2012-2016

Upstream

LNG

Downstream

Gas Natural Fenosa

Financial outlook

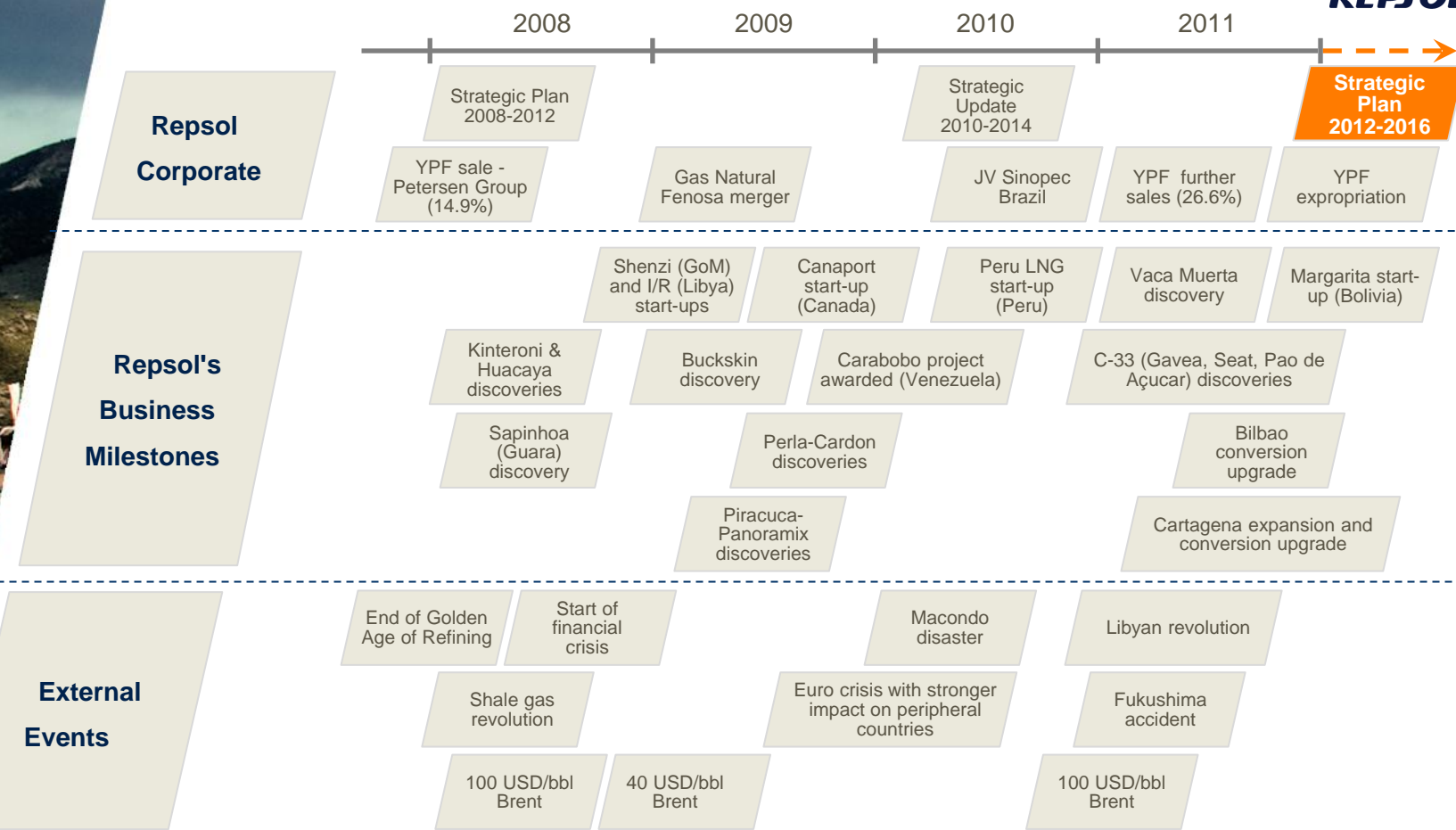
Summary

Appendix

# Repsol: A transformation story



# 2008-2011: Key milestones



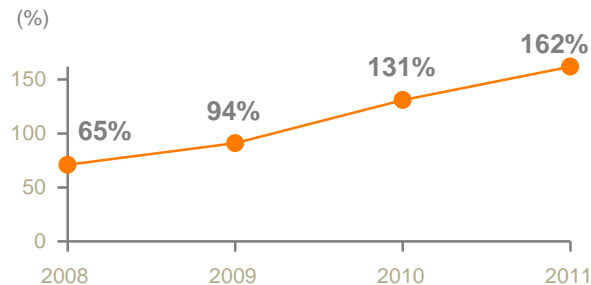
2008-2011:

## Transformation into a world-class explorer



- World-class exploration success
  - 30 discoveries in 2008-2011 (17 operated by Repsol)
  - 4 discoveries among annual top 5 in 2008 – 2011<sup>(2)</sup>
- Developed a sizeable position in world's most attractive basins
- Built strong growth project pipeline

### Leading RRR<sup>(1)</sup> : 162% in 2011



### Discoveries in global annual top 5<sup>(2)</sup> since 2008

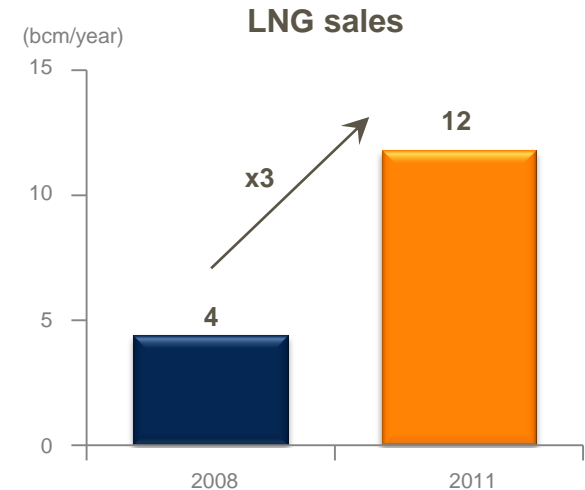
Country	Basin	Field	Operator
Brazil	Santos	Sapinhoa (Guara)	Petrobras
Peru	Ucayali	Kinteroni 1X	Repsol
Bolivia	Chaco	Huacaya	Repsol
Venezuela	Upper Guajira	Perla 1X-Cardon	Repsol - others
Brazil	Campos	Pão Açucar <sup>(3)</sup>	Repsol-Sinopec

## 2008-2011: A consolidated and profitable LNG business



Repsol has a global and flexible LNG business able to deliver strong value

- Developed a global LNG marketing position
- Access to the Atlantic and Pacific basins
- Delivery of the Peru LNG project, holding 100% of the off-take

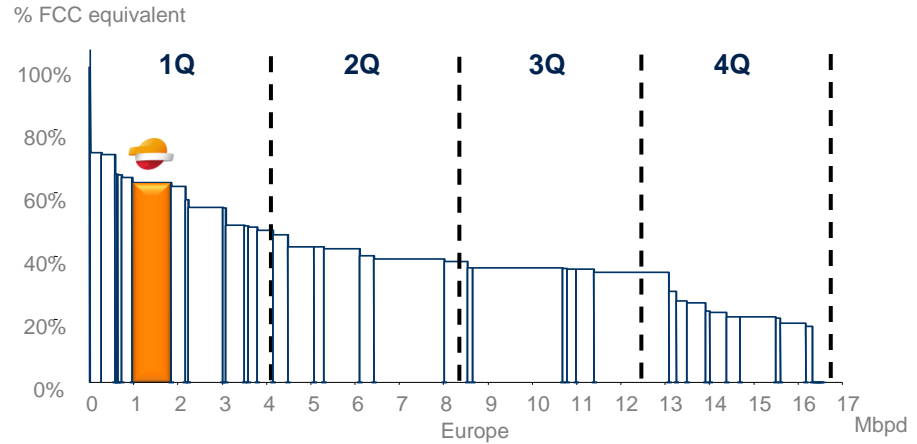


Profitable portfolio of LNG supply contracts of 12 bcm/y

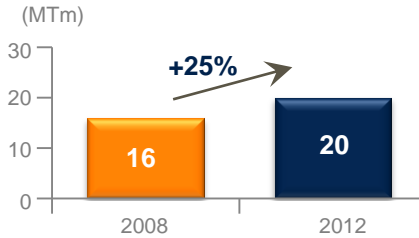
# 2008-2011: Increased competitiveness of Downstream business



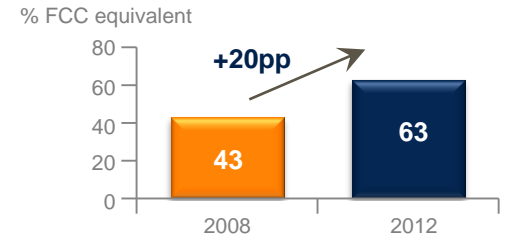
- Increased competitiveness of refining assets
- Highest integrated R&M margin among European peers along the cycle
- Divested non-core / low return assets (€1.4<sup>(1)</sup>bn)



## Middle distillates production



## Conversion



## Improved competitiveness of refining assets

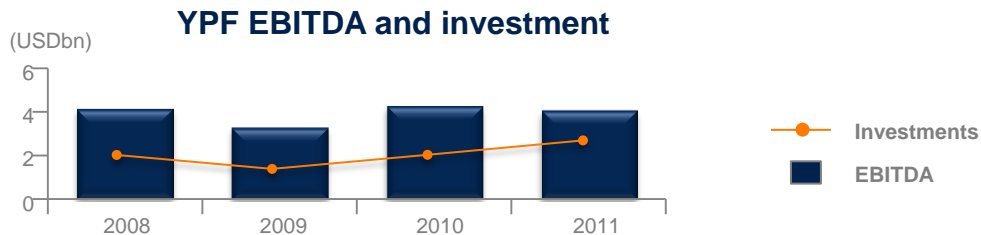
1. Includes sale of 15% of CLH, non-integrated Downstream in LatAm (Chile, Brazil and Ecuador), PMMA Petrochemicals, Refap in Brazil and LPG France, some of them executed in Dec. 2007



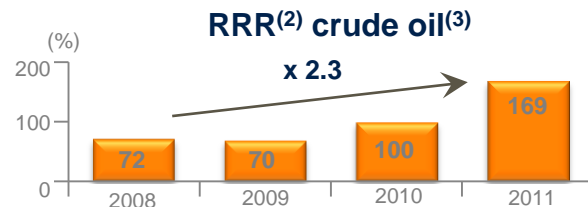
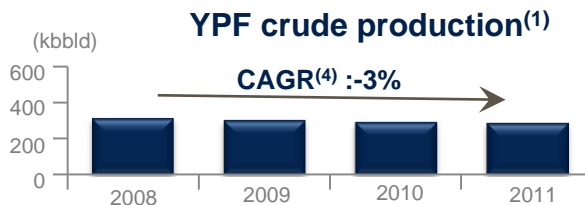
## 2008-2011:

# YPF - A solid company before the expropriation

### YPF key financials



### YPF crude production and reserve replacement



### Vaca Muerta discovery

Outstanding value creation through exploration in unconventional

- Vaca Muerta discovery among global top-5<sup>(5)</sup>, with 1,525 Mboe gross contingent resources and 21,167 Mboe gross prospective resources in 8,071 km<sup>2</sup> audited
  - Repsol net acreage of 12,000 km<sup>2</sup>
- Intense unconventional exploration plan in Argentina

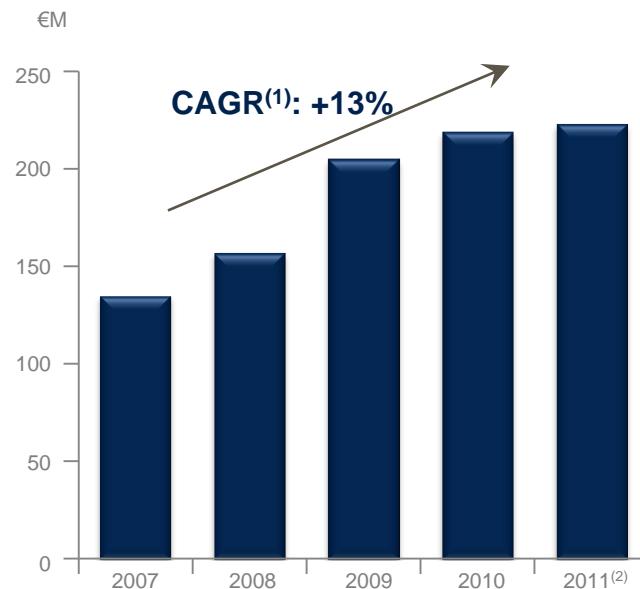
## 2008-2011: Gas Natural Fenosa vertically integrated market leader in Gas & Power



### Gas Natural Fenosa accomplishments

- Gas Natural's standalone strategic goals achieved 4 years in advance via the acquisition of Union Fenosa (July 2008)
- Execution of the acquisition process completed as planned
- Significant debt reduction and full refinancing of the acquisition credit facility
- Successful execution of the divestment program
- Better than expected integration synergies achieved
- Solid business performance despite a challenging environment

### Dividends received by Repsol



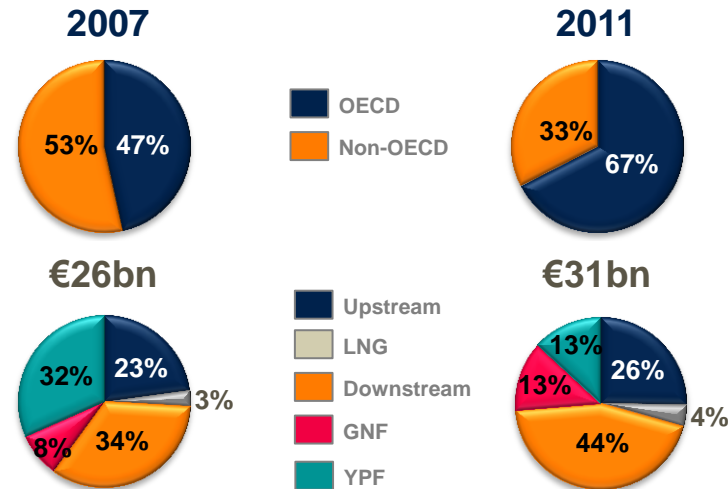
**Gas Natural Fenosa has successfully completed its integration with higher than expected synergies, providing a strong dividend stream to Repsol**

# 2008-2011: An evolving portfolio



- Implemented a value creation growth strategy
- Increased share of capital employed in OECD<sup>(1)</sup>
- Successfully executed portfolio management strategy
  - €8.1bn in divestments

## Capital<sup>(2)</sup> Employed



## Portfolio Management

- JV with Sinopec in Brazil: Sinopec's 40% capital contribution (USD 7.1bn)
- Divestments of YPF (41.6%)
  - Between 2008 and 2011
- Sale of non-core or non-integrated assets (€2.6bn)
  - Non-integrated downstream positions (e.g. Refap, Marketing Chile)
  - Full-value regulated and non-core assets: 15% CLH, 82% Gaviota, 25% BBG
  - Others

**Investment cycle completed in Downstream and LNG**

2008-2011:

## Enhanced human and organizational capabilities



- Evolution of the organizational structure and processes
- Renewal of the management team
- Evolution of people management and career development, guaranteeing the required profiles and skills in the short and long term
- International talent management strategy
- Multidisciplinary approach in strategic projects
- Learning capacity, innovation and readiness for change
- Higher efficiency, and market oriented organization
- Stronger technical capabilities in areas of high degree of specialization and/or growth, such as Upstream

# 2010 - 2014 Strategy Update: Delivering on our commitments



## Corporate

### Portfolio Management

Status at 2nd year of Plan



Divestment of additional YPF equity share and non-performing / non-core assets to rebalance portfolio  
Options to materialize value from our balance sheet through selective divestments



## Upstream and LNG

### Accomplishing the transformation of Repsol Upstream into the Group's growth engine



Deliver key growth development projects

- Production growth of 3-4% p.a. to 2014 and higher to 2019
- Around 90% of production increase to 2014 based on projects already in development

Leveraging very successful exploration activity

- Presence in some of the most attractive upstream areas worldwide: Brazil & GoM

Reserve Replacement Ratio for the period above 110%



## Downstream

### Optimize return on capital and improve competitiveness through targeted conversion expansion



Leading competitive position as an integrated player in Spain

Completion of two key growth projects (Cartagena and Bilbao) by end of 2011

- Repsol will be among the European companies with highest conversion (63% FCC eq)
- Increase middle distillates production by 25% to serve the Spanish market, with structural gasoil deficit

From 2012 on, leveraged to capitalize the upside and solid cash generation from premier integrated position in the European downstream



Capturing the hidden value of YPF with less risk and higher profit

Expropriation



Creating a vertically integrated leader in gas and power



# YPF expropriation



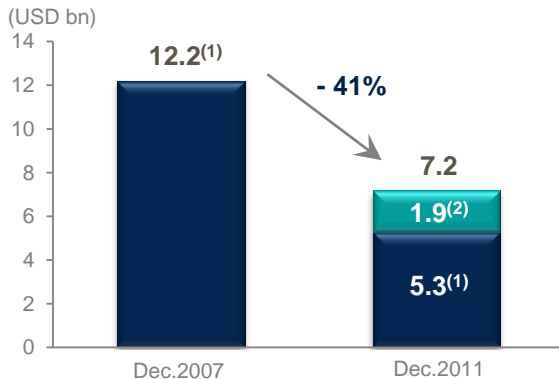
## Financial impact

### 2008-11 risk mitigation

#### Reduction of the exposure of the Group to YPF

- Divestment of 41.6% of YPF

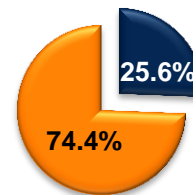
#### Exposure to YPF



### Financial impact (2011)

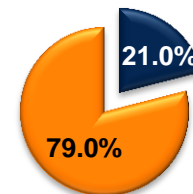
#### Operating Income

- €1.2bn
- 25.6%



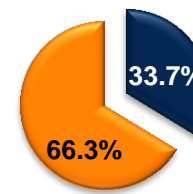
#### Net income

- €0.5bn
- 21.0%



#### Investments

- €2.2bn
- 33.7%



■ YPF ■ Repsol ex-YPF

The unlawful expropriation of YPF does not affect the growth capacity of any of Repsol's businesses outside Argentina

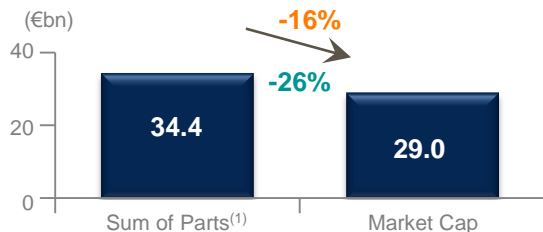
1. Book value of YPF as of December 2007 and December 2011 2. Corresponding to shareholders loan in Dec. 2011, 6% of YPF shares as collateral

# Share price over-penalized by YPF expropriation, despite strong fundamentals

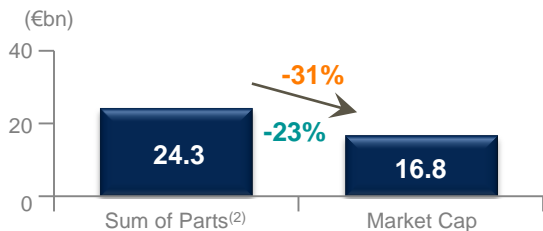


## Sum of the parts

Dec 2011: before YPF expropriation  
Equity value



May 2012: after YPF expropriation  
Equity Value

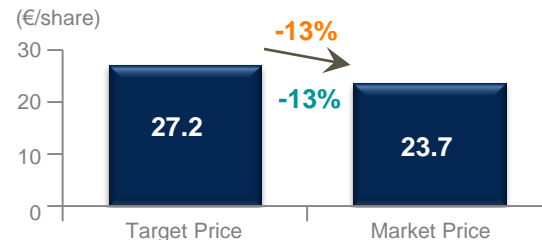


x% Repsol's discount

x% Average peers' discount

## Target price

Dec 2011: before YPF expropriation



May 2012: after YPF expropriation



## High potential for additional value recognition

1. Including YPF. Treasury shares: 5% valued at 21.1€/share, remaining 5% at 15.0€/share 2. Excluding YPF. Treasury shares: 5% valued at 15.0€/share  
Note: sum of parts analysis excludes Petersen loan (€1.5bn) in "after YPF expropriation" scenario, Gas Natural Fenosa stake valued at market price. Source: analyst reports, Bloomberg



# 2012-2016 Group Strategy

## Growing from our strengths



## 2012 - 2016 Group strategy Growing from our strengths

- Upstream as growth engine
  - Production and reserves growth
  - Higher exposure to OECD countries
- Increase capex
- Exploration capex per boe of production among industry leaders

**High  
growth in  
Upstream**

**Financial strength**

- Self-financed strategic plan, resilient to stress scenarios
- Commitment to maintain investment grade

- Maximize profitability and cash from premium asset base
- Fully invested assets
- Operational excellence

**Maximize return on  
capital  
Downstream & LNG**

**Competitive  
shareholder  
compensation**

- Competitive pay-out ratio within industry

# 2012 - 2016 Key strategic targets

## Growing from our strengths

2012-2016 Group strategy:  
Growing from our strengths

- Production growth 2011-16<sup>(1)</sup> : **> 7% CAGR<sup>(2)</sup>**
- Production 2016: **~500 kbpd**
- RRR<sup>(3)</sup> 2011-2016: **> 120%**
- Upstream average capex: **€2.9bn/year<sup>(4)</sup>**  
(+120% vs. average 2008-11)

**High  
growth in  
Upstream**

**Financial strength**

- **Self-financed plan generating € 8.1-8.6 bn** cash for dividends & debt reduction in base case, resilient to stress scenario
- **Maintain investment grade** rating
- Divestments & treasury stock:  
**up to € 4-4.5 bn in 2012-2016<sup>(5)</sup>**

- Downstream average Free Cash Flow:  
**€1.2bn/year**
- Downstream average capex:  
**€0.7bn/year** (-50% vs. avg. 2008-11)

**Maximize return on  
capital  
Downstream & LNG**

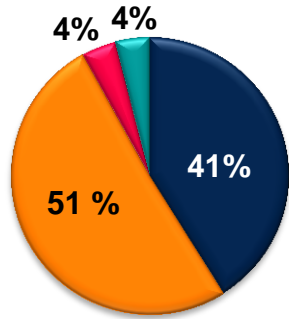
**Competitive  
shareholder  
compensation**

- Dividend 2011: **1.16 €/share** (scrip option)
- 2012 onwards: **40-55% pay-out ratio**

# Value growth and increasing exposure to Upstream

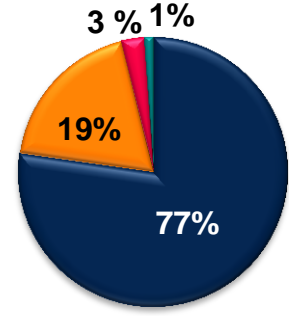
Capex<sup>(1)</sup>

Cumulative Capex (2008-2011)



€3.2bn/year

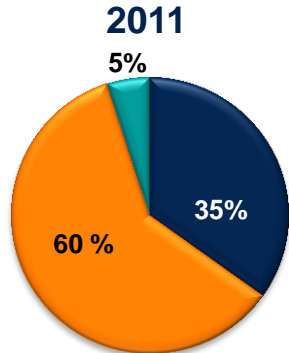
Cumulative Capex (2012-2016)



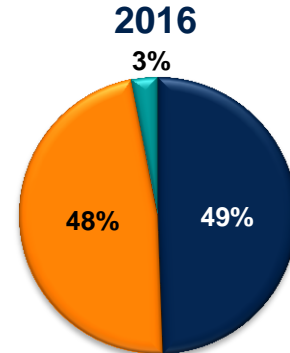
€3.8bn/year

- Upstream
- Downstream
- Corporate
- LNG

Capital employed<sup>(2)</sup>



€22.8bn



€25.0bn

1. Net Capex figures excluding G&G and G&A 2. Considering Upstream, LNG and Downstream only (without Corporate) Note: All calculations ex-Gas Natural Fenosa and ex-YPF

## Strategic Plan 2012 – 2016 base case scenario



	2012	2013	2014	2015	2016
<b>Brent oil (USD/bbl)</b>	107	95	97	100	102
<b>Henry Hub (USD/MMBtu)</b>	2.5	3.5	4.0	4.5	4.5
<b>NWE Brent Cracking (USD/bbl)</b>	2.3	2.4	2.5	2.6	2.8
<b>Exchange rate (USD/€)</b>	1.3	1.3	1.3	1.3	1.3

# Our businesses strategy: 2012-2016

## Upstream



## Upstream: Strategy 2012-2016

### Focus on Exploration

- Average investment above USD 1.0bn/year<sup>(1)</sup>
  - 6.5 USD/boe produced, among industry leaders

### Delivering growth

- Producing assets
  - Production decline below 1.7% p.a.
- 10 key growth projects on course
  - >200 kboed of incremental net production by 2016
- Key strategic targets
  - >7% CAGR<sup>(2)</sup> net production growth
  - Upstream net production 2016: ~500 kboed
  - Reserve Replacement Ratio >120%

### Reshaping portfolio

- Growing exposure to attractive areas, crude oil prices and increasing share of OECD

1. Including G&G and G&A 2. Compound annual growth rate

## Upstream: Asset portfolio

### Producing Assets (39)

- In production before end of 2011

### Growth Projects (10)

- Development assets with pre-2015 FID and delineated
  - Margarita, Mid-Continent, Lubina-Montanazo, Kinteroni, Cardon IV, Carabobo, Sapinhua (Guara), Reggane, Carioca, and Russia (SK, YK, Saneco, TNO)

### Contingent resources (9)

- Already drilled resources, in delineation phase
  - Alaska, C-33 (Pão de Açucar, Gavea y Seat), Albacora Pre-salt (Arapuçã), Sierra Leone, Buckskin, Malombe, Iguaçú, Piracuca-Panoramix-Vampira, NC200

### Prospective resources

- Current mining acreage with risk assessment and access to new areas acreage, estimated to be drilled in the strategic plan period.



## Focus on Exploration: Setting the basis for the new waves of growth

Our businesses  
strategy:  
2012-2016  
Upstream

### Strong exploration investment plan of more than USD 1.0 bn/year<sup>(1)</sup>

- Intensity of exploration investment above industry average (USD 6.5 per barrel produced)

#### Focus on our technical themes

- Atlantic break-up analogies
- Off-shore carbonates
- Underexplored folded belts

#### Preference for exploration in our core areas and those where Repsol can be among first movers

- 50% of total exploration investment in core areas (GoM, Brazil, North of LatAm, North of Africa)
- Avoid expensive late-entrant strategies

#### Active risk management through diversification and target limits

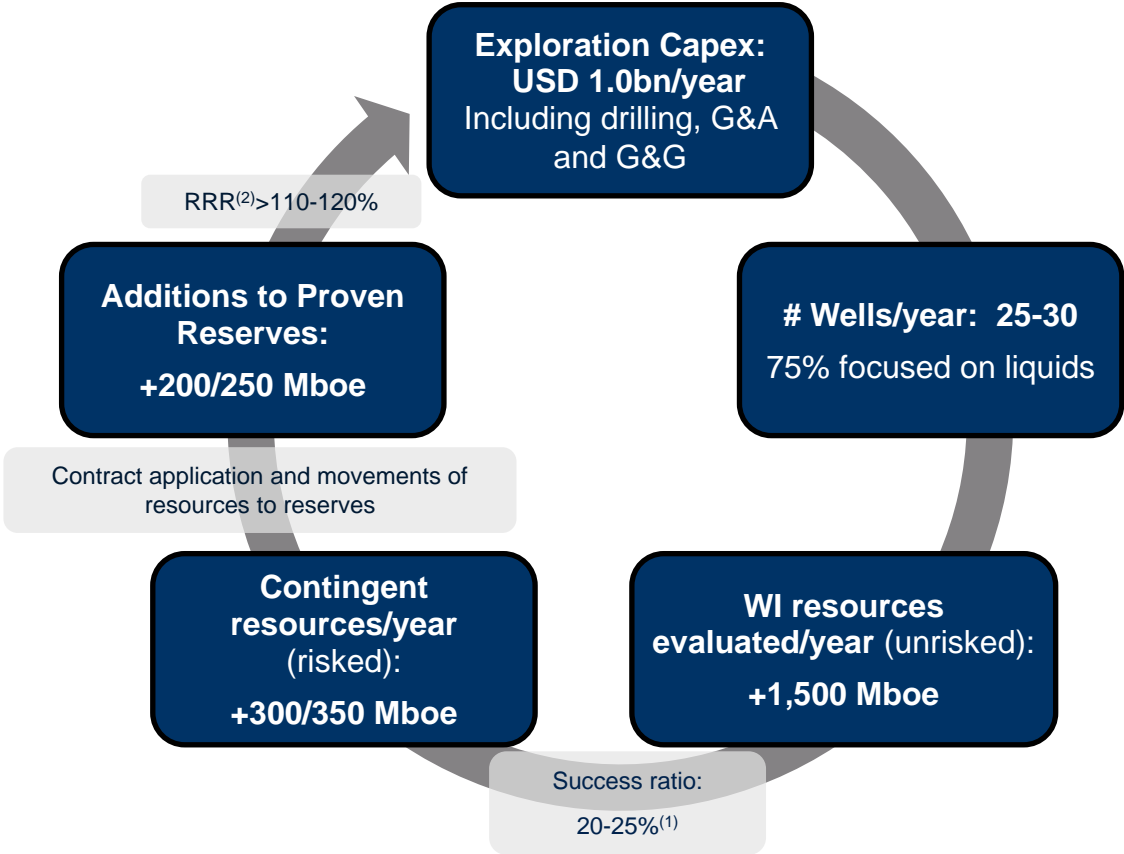
- Average target exposure under 30% WI, up to 40% as operator

### Active portfolio management

- Focused value-creating asset acquisition strategy to access high potential plays and significant upside

# Focus on Exploration: Setting the basis for the new waves of growth

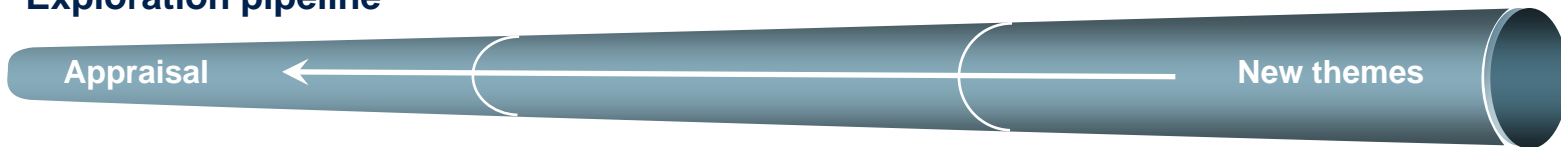
Our businesses  
strategy:  
2012-2016  
Upstream



1. Historical success ratio above 30% 2. RRR (Reserve Replacement Ratio) beyond 2016

# Focus on Exploration: Strong pipeline

## Exploration pipeline



- **Med Spain**
- **Carioca**
- **Piracuca**
- **Brazil**
  - Panoramix
  - Vampira
  - Presalt Albacora
  - C33 (Seat, Gavea, Pao de Açucar)
- **GoM**
  - Buckskin
- **West Africa**
  - Sierra Leone (Jupiter & Mercury)
  - Liberia
- **GoM & Onshore Louisiana**
- **West Africa:**
  - Angola
  - Namibia
- **Libya & Algeria**
- **North Latam** (Peru 57, Colombia, Bolivia & Guyana)
- **Alaska**
- **North Atlantic Margins** (NE Canada, Norway, Ireland & Portugal)
- **North Africa** (Morocco & Mauritania)
- **Russia**
  - West Siberia
  - Carbonates Timan Pechora
- **Atlantic break-up analogies**
- **Carbonates in offshore**
  - E.g.: Indonesia
- **Under-explored folded belts**
  - Peru
  - Tunisia
  - Iraq



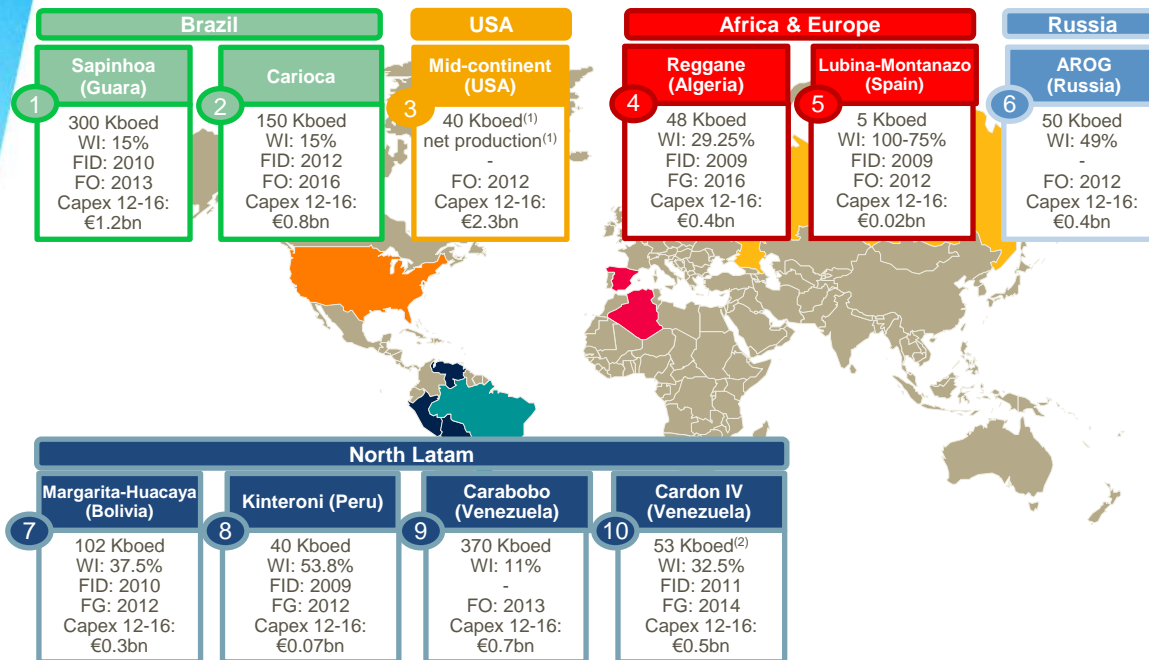
Maturity



# Delivering Growth

## 10 key growth projects in 2012-2016

Our businesses strategy:  
2012-2016  
Upstream



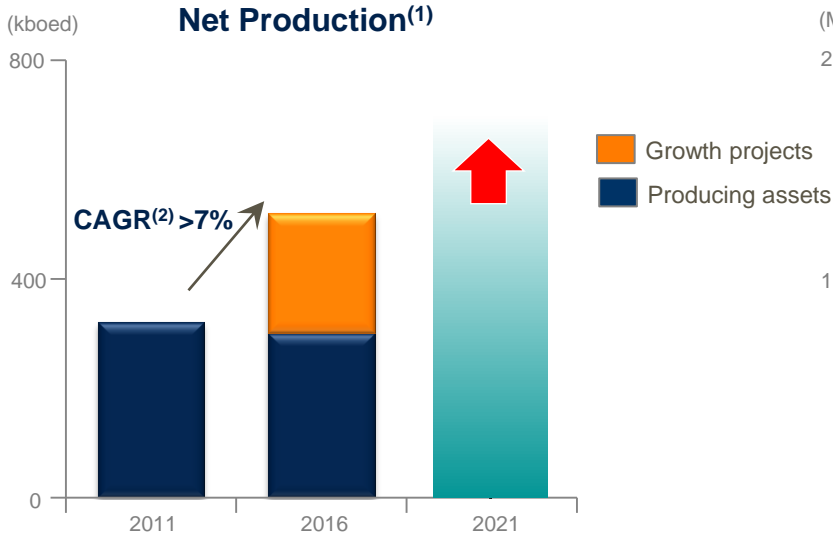
### Exploration

- Contingent resources
  - Alaska
  - C-33 (Seat, Gavea, Pao de Açucar)
  - Presalt Albacora
  - Sierra Leone
  - Buckskin
  - Malombe
  - Iguaçu
  - Piracuca-Panoramix-Vampira
  - NC200
- Prospective resources
  - GoM
  - Beaufort Sea
  - Louisiana
  - East Canada
  - Campos, Santos & Espiritu Santo
  - Colombia RC11, RC12 & Tayrona
  - Guyana Jaguar I
  - Angola and Namibia
  - Spain and Portugal
  - Norway offshore
  - Ireland Dunquin
  - Peru: Mapi, Mashira & Sagari
  - ...

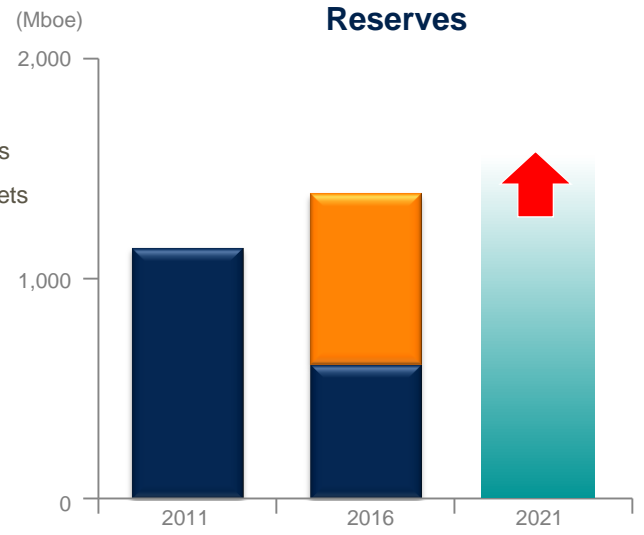
Key growth projects increasing Repsol net production: more than 200 Kboed in 2016

## Delivering Growth: Targets

~500 kboed in 2016



2012-2016 Reserve Replacement Ratio (RRR) > 120%



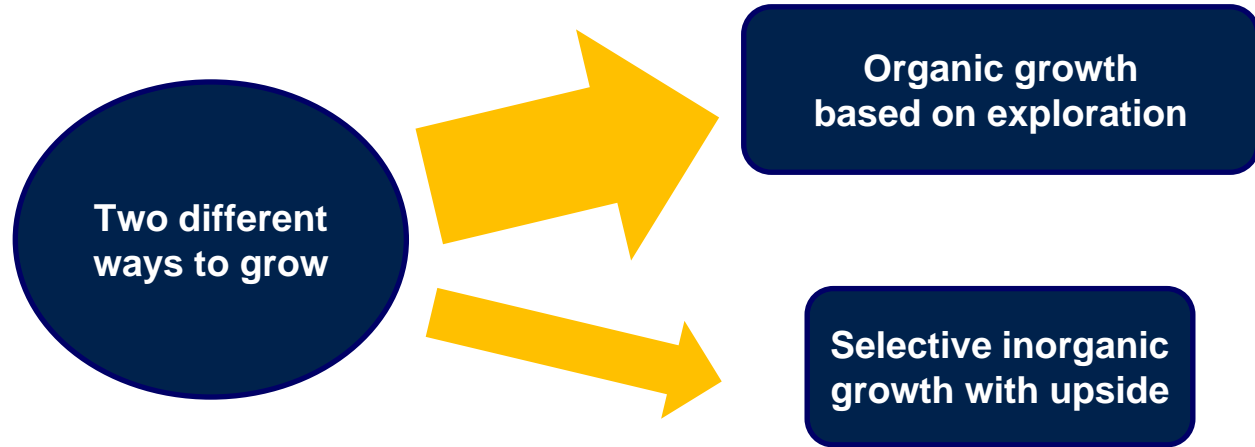
**Production 2012-2016 entirely based on current assets + growth projects**  
2016 production target not built neither on contingent nor prospective resources from exploration

**Annual addition of contingent resources through exploration: +300/350 Mboe<sup>(3)</sup>**

1. 2011 production adjusted for Libyan revolution: it considers 2010 Libya production (14.7Mboe) instead of Libya 2011 production (3.4Mboe)  
2. Compound annual growth rate 3. Risked resources

## Reshaping portfolio: Active portfolio management

Our businesses  
strategy:  
2012-2016  
Upstream



**Potential to monetize value from exploration success in different project stages**

### Three main criteria

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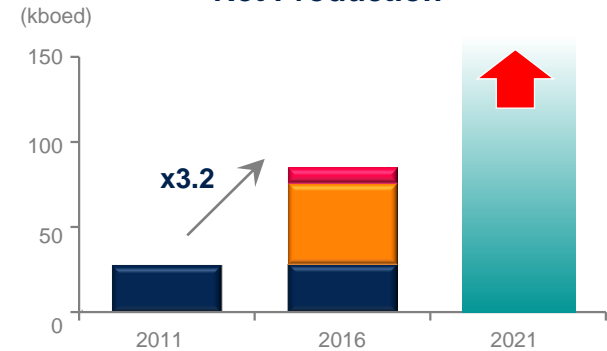
- ✓ Market value of our assets
- ✓ Internal value of our assets
- ✓ Financial restrictions

## Portfolio: North America (USA + Canada)

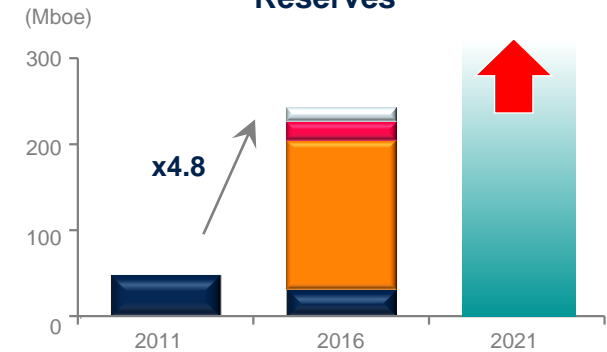
Our businesses strategy:  
2012-2016  
Upstream

- Shenzi: Plateau > 100 kboed gross<sup>(1)</sup> throughout 2012-2016
- Strong growth in production and reserves through Mid Continent development
- Exploration investment effort in Alaska and GoM
  - Already working on Buckskin

### Net Production



### Reserves

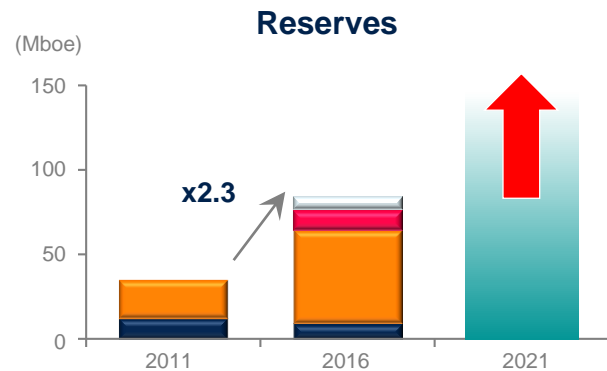
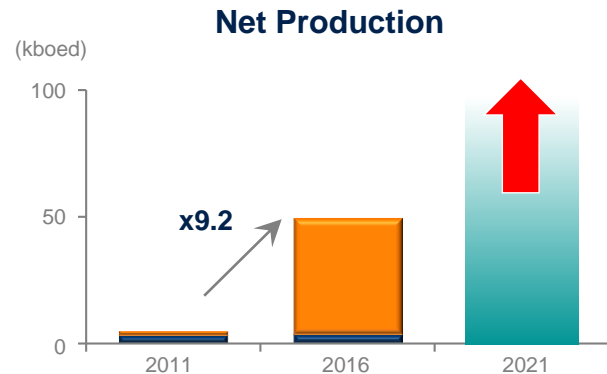


■ Shenzi ■ Mid Continent ■ Alaska ■ Rest

## Portfolio: Brazil

Our businesses  
strategy:  
2012-2016  
Upstream

- Brazil is one of Repsol's main growth areas
- Value realization from a unique position in a top tier play
- Development of Sapinhoa (Guara) and Carioca
- Fully financed development of reserves and contingent resources
- Strong pipeline of contingent and prospective resources



■ ABL<sup>(1)</sup>
■ Sapinhoa
 ■ Carioca
 ■ Rest

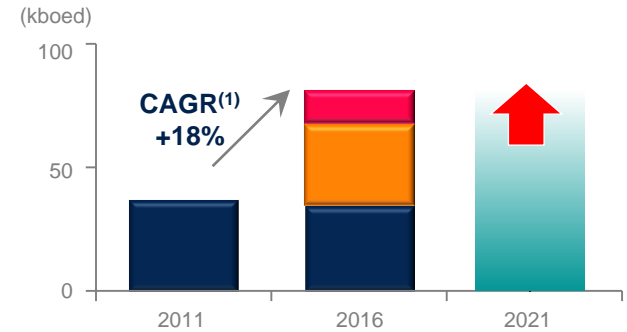


## Portfolio: Venezuela

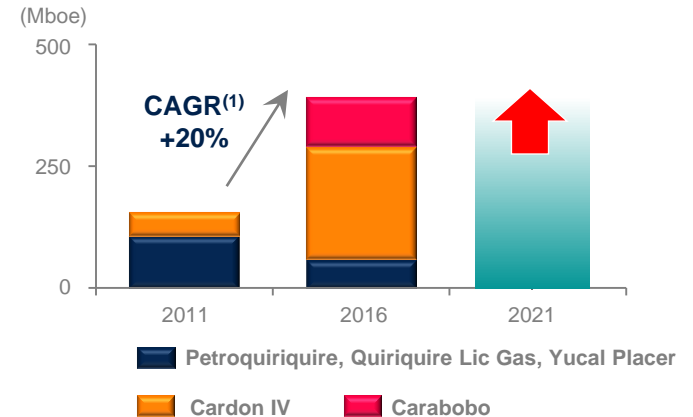
Our businesses strategy:  
2012-2016  
Upstream

- Strong growth in production and reserves based on key growth projects
- Presence in a very prolific region
- Investment efforts in Cardon IV and Carabobo

### Net Production



### Reserves

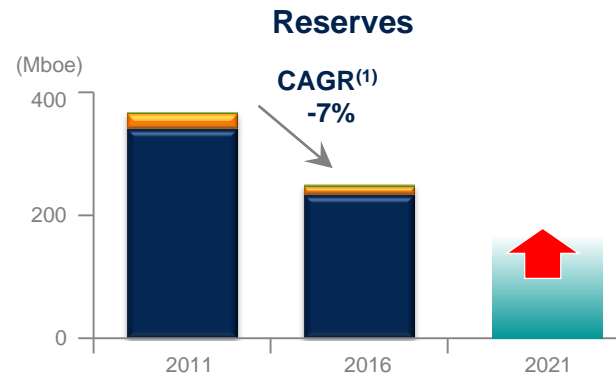
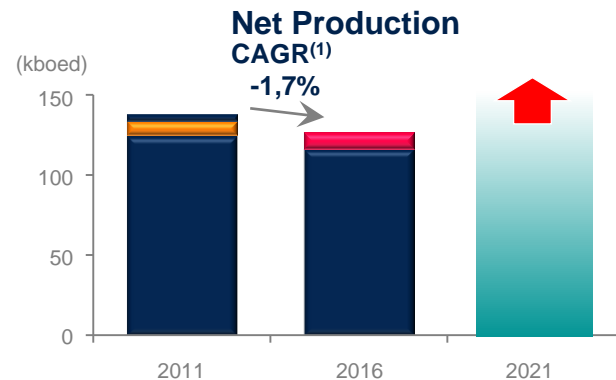


1. Compound annual growth rate

## Portfolio: Trinidad, Colombia and Others Caribbean

Our businesses  
strategy:  
2012-2016  
Upstream

- Maintenance of production plateau in Trinidad
- Exploration potential in gas and oil resources (Trinidad, Colombia, Guyana)



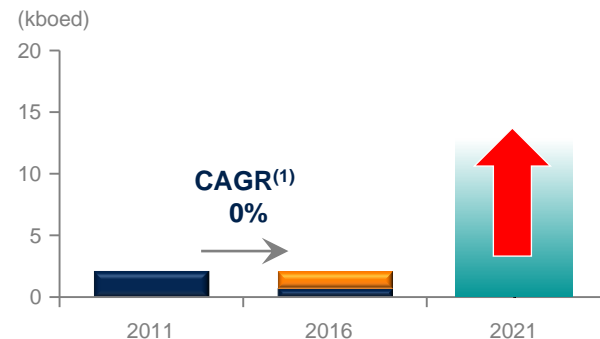
■ BPTT<sup>(2)</sup> ■ TSP<sup>(3)</sup> ■ Colombia

## Portfolio: Europe

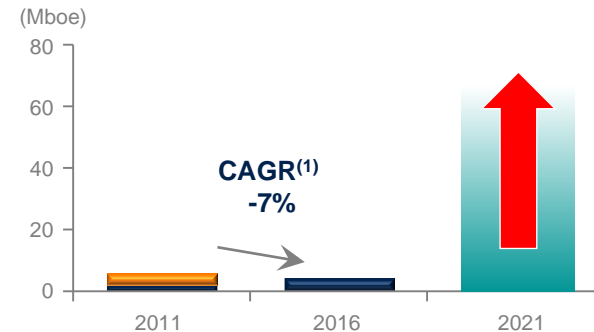
Our businesses strategy:  
2012-2016  
Upstream

- Start-up of Lubina and Montanazo allows to expand Mediterranean assets' life
- Future growth opportunities in Europe through a diversified drilling portfolio (Norway, Portugal, Ireland, Spain)
- Growth potential delivered after 2016

### Net Production



### Reserves

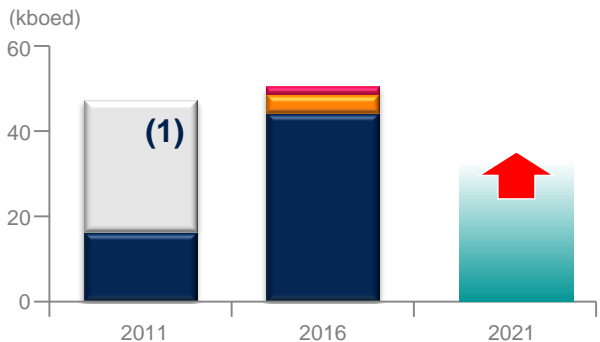


Spain Lubina and Montanazo

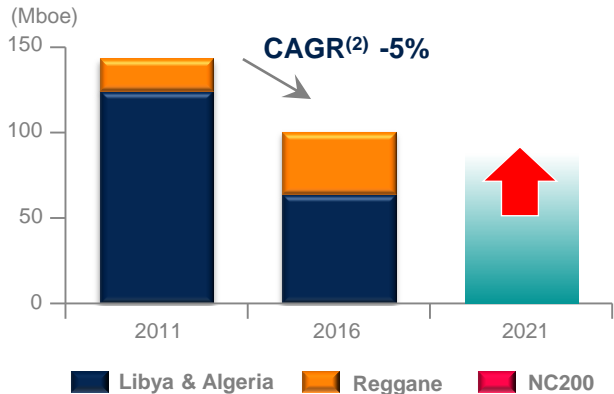
## Portfolio: North Africa

- Recovery of production in Libya after the conflict
- Exploration efforts in other North Africa areas beyond Libya and Algeria (Morocco, Mauritania, Tunisia)
- Reggane: Starting production in 2016 and adding reserves during 2012-2016
- Substantial exploratory activity

### Net Production



### Reserves



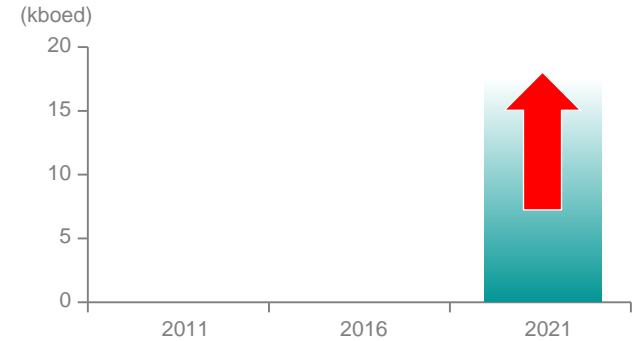
■ Libya & Algeria ■ Reggane ■ NC200

1. Homogenized production in 2011: considers Libya's actual production in 2010 (14.7 Mboe) instead of 2011 actual production (3.4 Mboe). 2. Compound annual growth rate

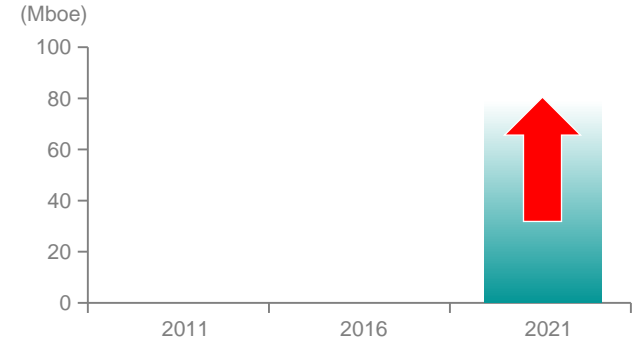
## Portfolio: West Africa

- Area with high potential for future growth from prospective positions
  - Angola, Namibia, Sierra Leone and Liberia
  
- Potential production and reserve additions beyond 2016

### Net Production



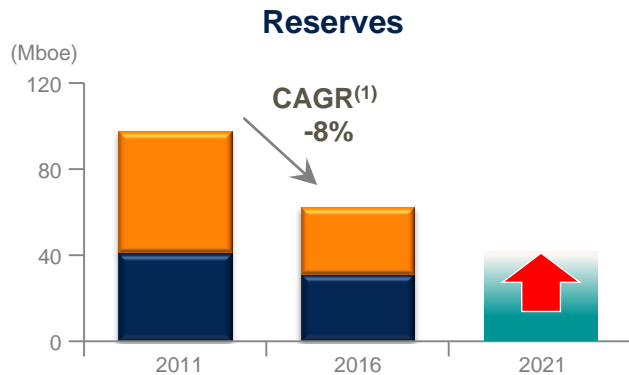
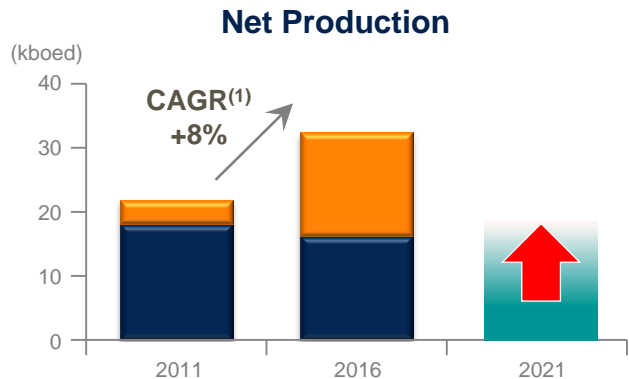
### Reserves



## Portfolio: Bolivia

Our businesses  
strategy:  
2012-2016  
Upstream

- Production growth through Margarita-Huacaya until 2014: phase I already started
- Investment focused on Margarita, San Alberto and San Antonio

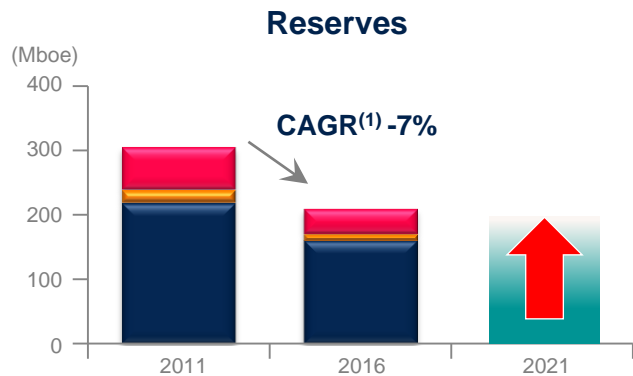
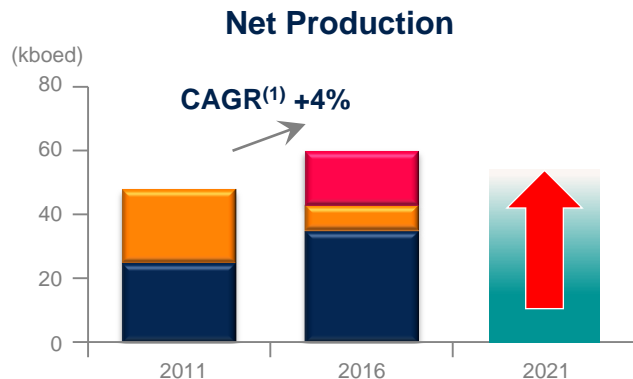


■ Bolivia ■ Margarita - Huacaya

## Portfolio: Peru and Ecuador

Our businesses strategy:  
2012-2016  
Upstream

- Kinteroni development and production start-up in Q4-2012
- Production growth in 2012-2016, linked to Kinteroni
- Exploratory potential surrounding Kinteroni and Camisea



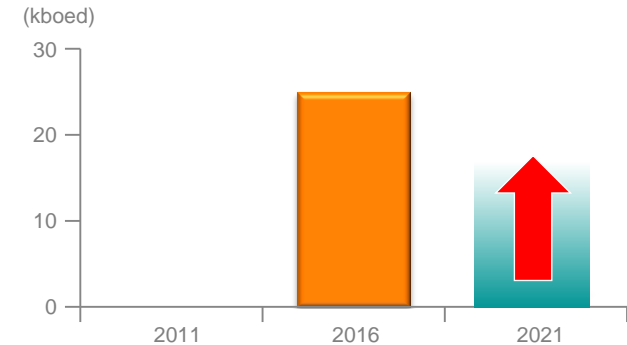
■ Peru ■ Ecuador ■ Kinteroni

1. Compound annual growth rate

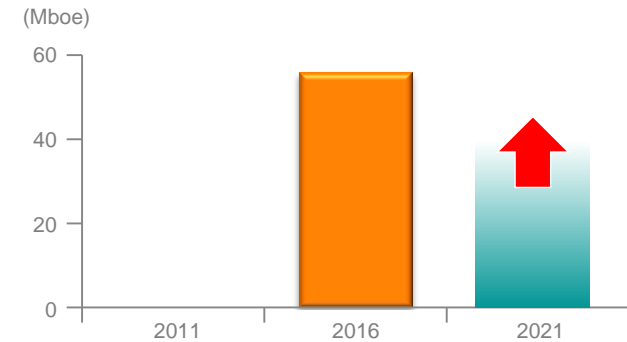
## Portfolio: Russia, Iraq and Indonesia

- Quick growth of production and reserves in Russia based on JV with Alliance
- Development phase of key growth projects in Russia (Saneco, TNO, SK and YK)
- High exploration potential in Russia, Iraq and Indonesia

### Net Production



### Reserves



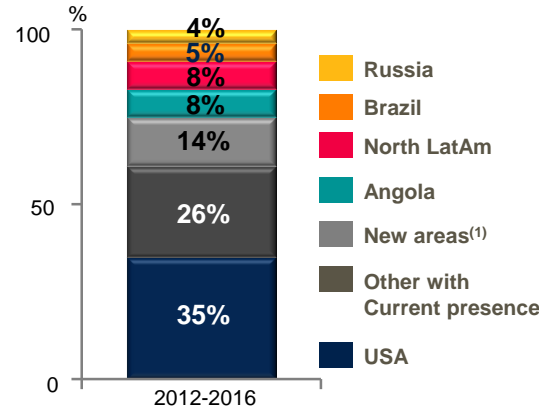
 Russia



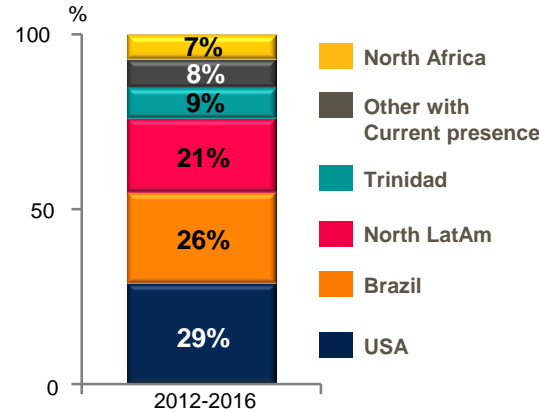
# Exploration and Development investment figures

## 2012-16 Capex breakdown

### Exploration

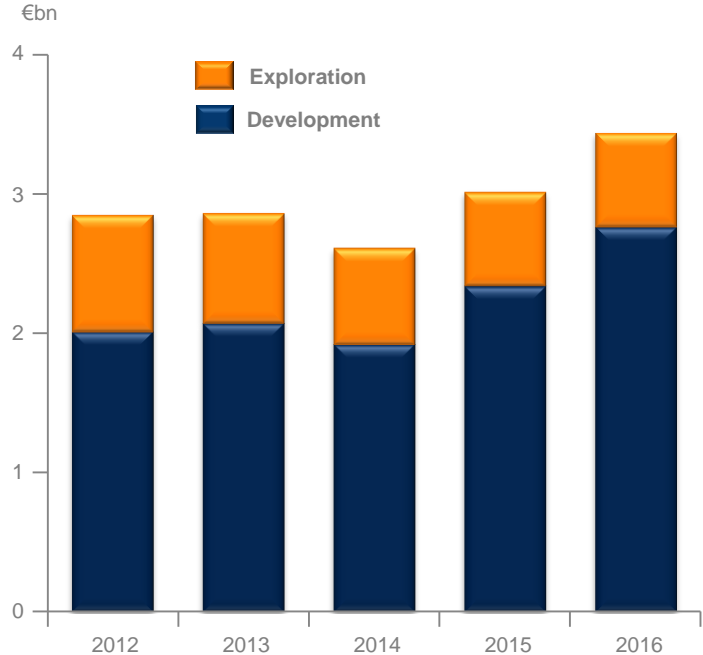


### Development



## Capex evolution

Total Upstream Capex: €2.9bn/year average  
> 50% in USA & Brazil



1. Areas where Repsol is not currently present Note: exploration Capex excluding G&G and G&A

## More balanced Upstream geographical portfolio

### Production: Higher weight of USA & Brazil

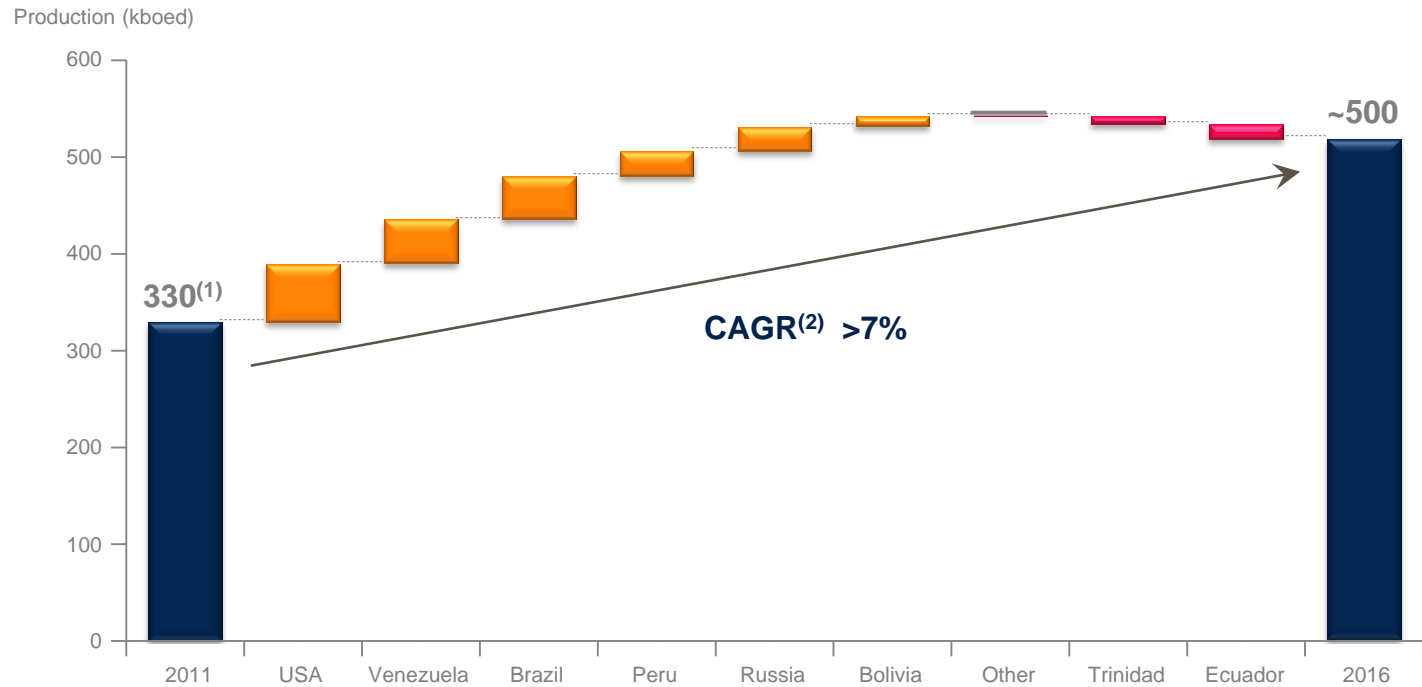
	Production <sup>(1)</sup> (%)	
	2011	2016
Trinidad	41%	24%
USA ↑	8%	17%
Venezuela ↑	11%	16%
Peru ↑	8%	10%
Brazil ↑	2%	10%
Libya	12%	8%
Bolivia	7%	6%
Russia ↑	-	5%
Others	11%	4%

### Capital employed: > 50% in USA & Brazil

	Capital employed (%)	
	2011	2016
USA	32%	29%
Brazil ↑	12%	22%
Venezuela	14%	15%
Peru	9%	5%
Libya	8%	5%
Algeria	5%	5%
Trinidad	7%	4%
Bolivia	7%	4%
Russia	3%	4%
Others ↑	4%	7%
<b>Total</b>	<b>€7.9bn</b>	<b>€12.3bn</b>

1. Homogenized production in 2011: considers Libya's actual production in 2010 (14.7 Mboe) instead of 2011 actual production (3.4 Mboe)

## 2012-2016: Aggregated production figures

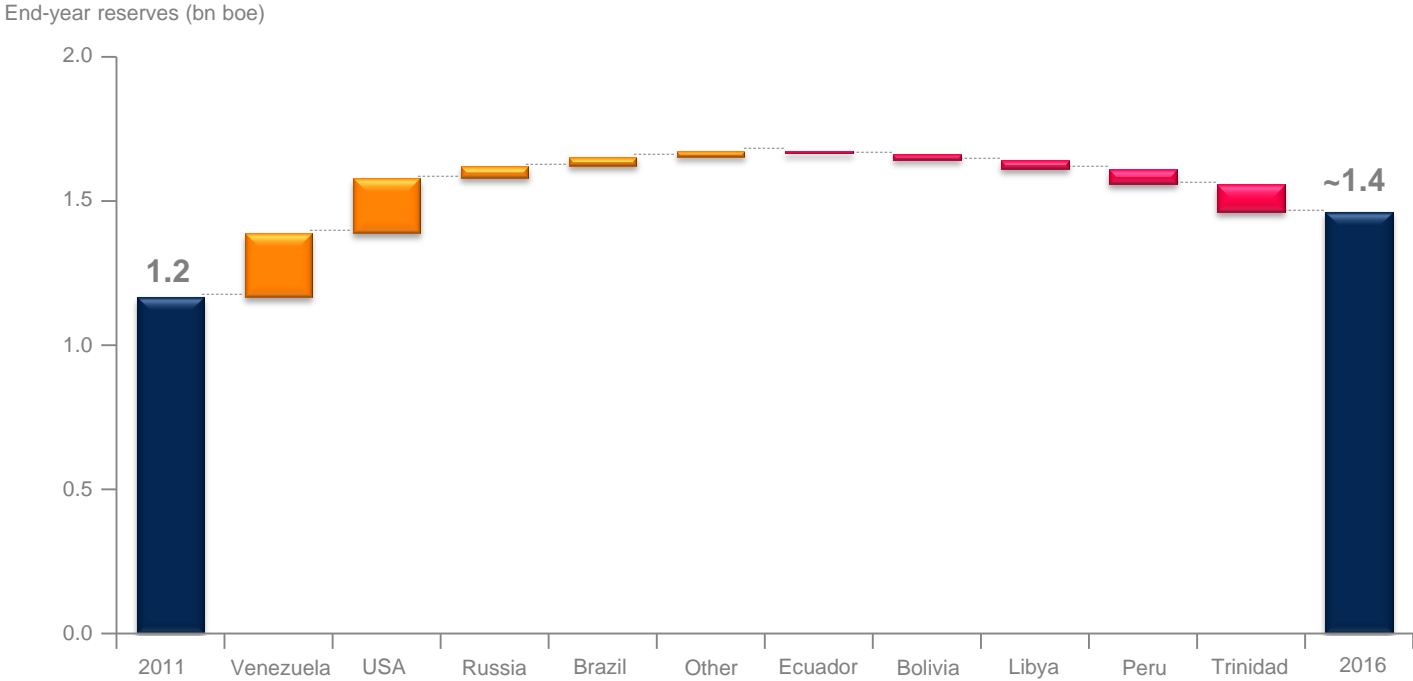


**~500 kboed in 2016**  
Average decline in current fields: 1.7% p.a.

1. Homogenized production in 2011: considers Libya's actual production in 2010 (14.7 Mboe) instead of 2011 actual production (3.4 Mboe) 2. Compound Annual Growth Rate

## 2012-2016: Aggregated reserve figures

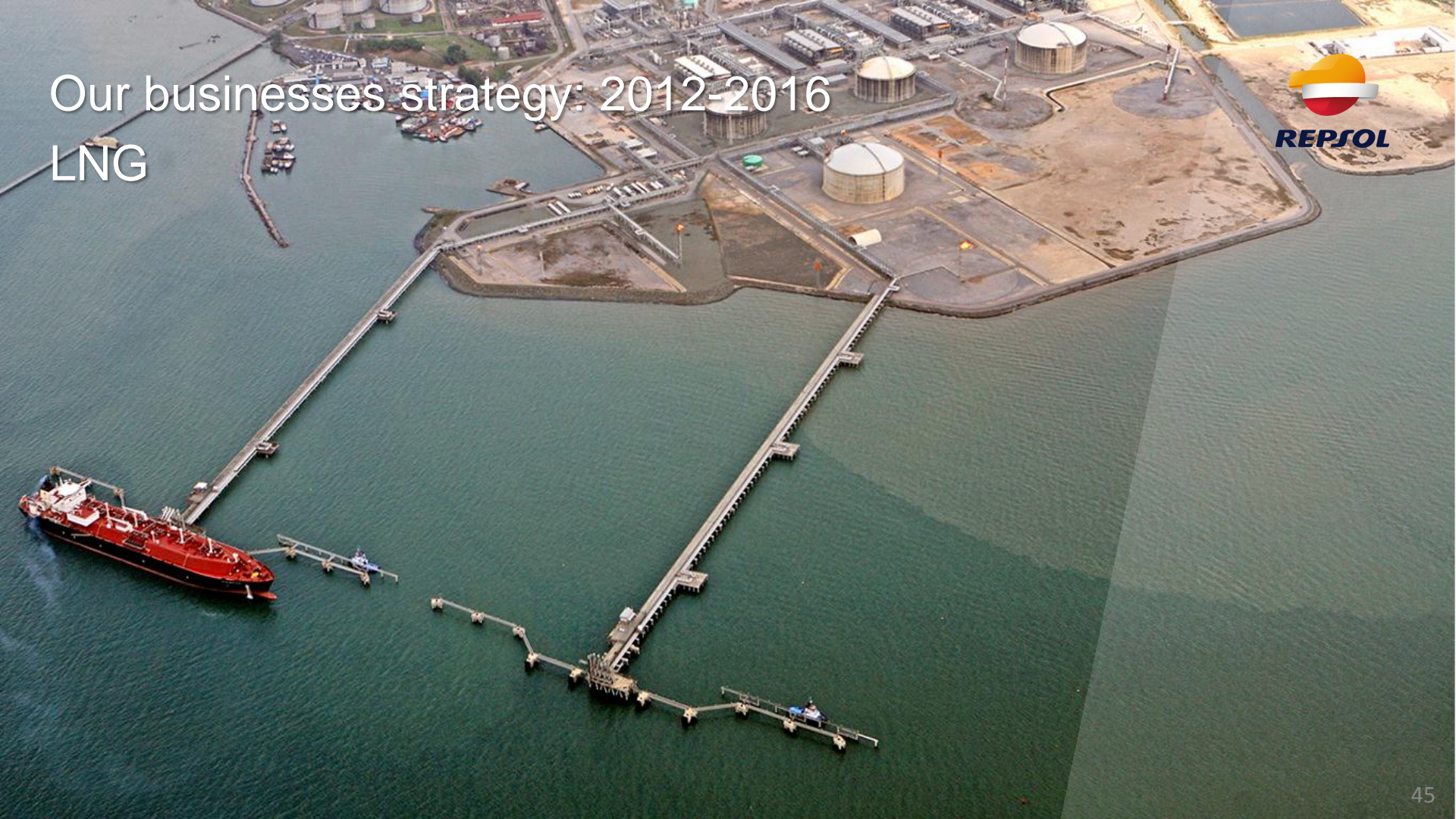
### Replacement of reserves through growth projects



2012-16 Reserve Replacement Ratio >120%

# Our businesses strategy: 2012-2016

## LNG



# LNG strategy 2012-2016: Leverage integration and flexibility of LNG business to maximize returns

Our businesses strategy:  
2012-2016  
LNG

- Leverage integration across the whole value chain
  - Fully invested asset portfolio
  - Off-take of more than 12 bcm/year of LNG, mainly from integrated projects

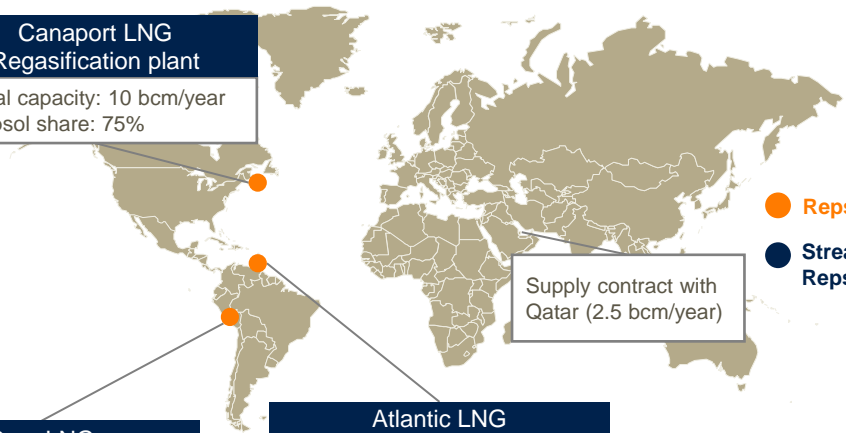
**Canaport LNG Regasification plant**  
Total capacity: 10 bcm/year  
Repsol share: 75%

**Peru LNG 1 liquefaction train**  
Total capacity: 5.9 bcm/year  
Repsol share in liquids: 20%  
Off-take: 5.9 bcm FOB with free destination

**Atlantic LNG 4 liquefaction trains**  
Total capacity: 21 bcm/year  
Repsol share: 23%  
Off-take: 4.4 bcm/year FOB with free destination

Supply contract with Qatar (2.5 bcm/year)

- Repsol LNG assets
- Stream: JV with GNF  
Repsol share: 50%



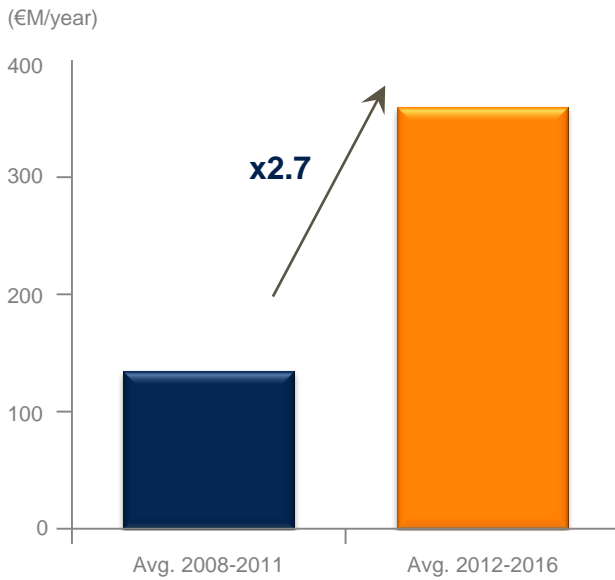
Fully invested asset portfolio both in the Atlantic and Pacific basins

# Maximizing returns from the business

## Investment cycle already completed

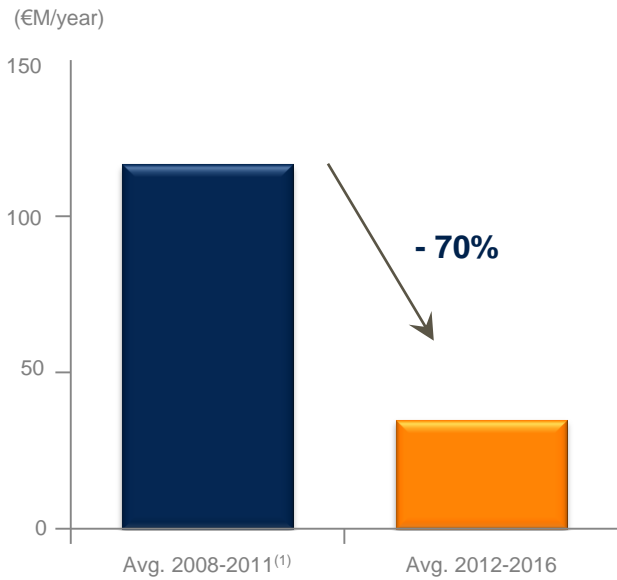
Our businesses  
strategy:  
2012-2016  
LNG

### LNG Free Cash Flow



**Strong increase of LNG Free Cash Flow**

### LNG CAPEX



**Reduction of CAPEX after completion of key projects**

1. Includes € 0.3 bn of cumulative capex in Canaport LNG for the period 2008-2011 (€ 0,4 bn of total cumulative capex before 2008)

# Our businesses strategy: 2012-2016

## Downstream





## Downstream strategy: Maximize return on investment and cash generation



### Fully invested asset portfolio and portfolio management

- Refining margin to increase approx. 3 USD/bbl in 2016 due to new projects
- Leading middle-distillate yield in a short market
- Continue selective divestments of non-core assets during 2012-2016 period

### Maximize margins and return on investment

- Investment in Downstream of €0.7bn/year in 2012-16 (vs. €1.6bn/year in 2008-11)
- Downstream to generate +€1.2bn/year on average of free cash flow 2012-2016

### Profit improvement through operational excellence and efficiency

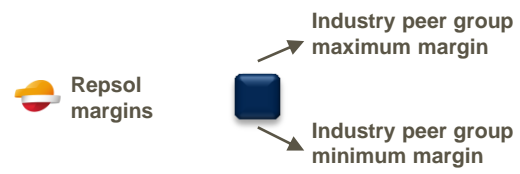
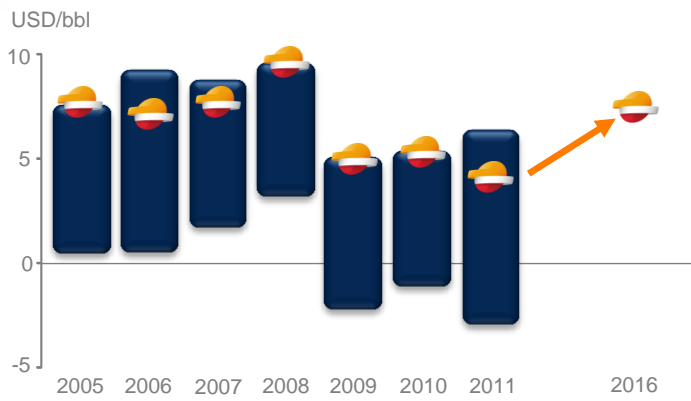
- Operational excellence and debottlenecking initiatives
- Integrated margin enhancement
- Working capital reduction program

### Exploit focused high-value growth options with low capital requirements

- Leverage our premium portfolio to exploit in high return niche opportunities

## Downstream: Premium asset base

### Integrated R&M margin (Repsol vs. Sector)



- Presence in a premium market for refining
- Completion of expansion and conversion projects
- Integrated refining portfolio, working as a unique system
- Efficient integration between the refining and marketing businesses

**Competitive Downstream business, linked to quality assets and geographical situation**

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit of the R&M Segment divided by the total volume of crude processed (excludes petrochemical business) of a 14-peer-group. Based on annual reports and Repsol's estimates. Source: Company filings

# Improve Downstream profitability through operational excellence and efficiency

Our businesses strategy:  
2012-2016  
Downstream

## Refining

- Reduce energy costs
  - Fuel consumption & losses down by 6% at 2016
- Reduce CO<sub>2</sub> emissions by 15% at 2016
- Operational excellence program in refineries

## Petrochemicals

- Maximize value of integration with refining
- Continue cost reduction program
- Efficiency program
- Higher-value applications

## Marketing

- Maximize value of marketing assets and competitive position
- Optimize retail asset portfolio
- Increase non-oil margins
- Increase international margin from lubricants and specialties

## LPG

- Adequate production and commercial capacity to market conditions in Spain
- Profit growth in Latam with best-in-class operations
- Optimize portfolio

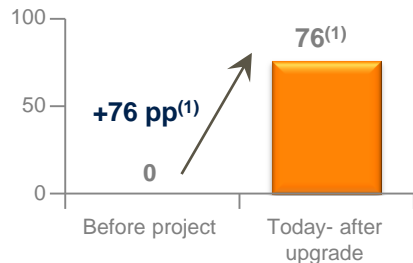
Maximization of Integrated Margin in Downstream

# Refining: New projects heavily contributing to improve refining business EBIT

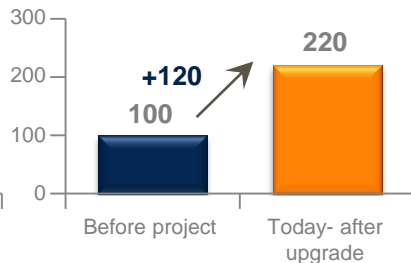
Our businesses strategy:  
2012-2016  
Downstream

## Cartagena

FCC eq (%)

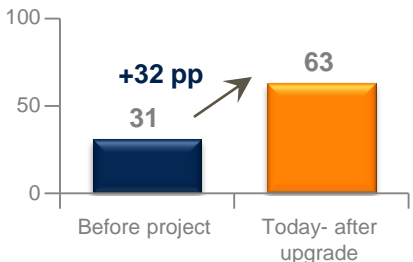


Refining capacity (Kbpd)

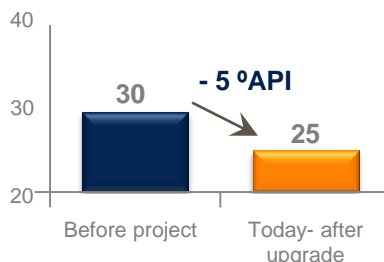


## Bilbao

FCC eq (%)

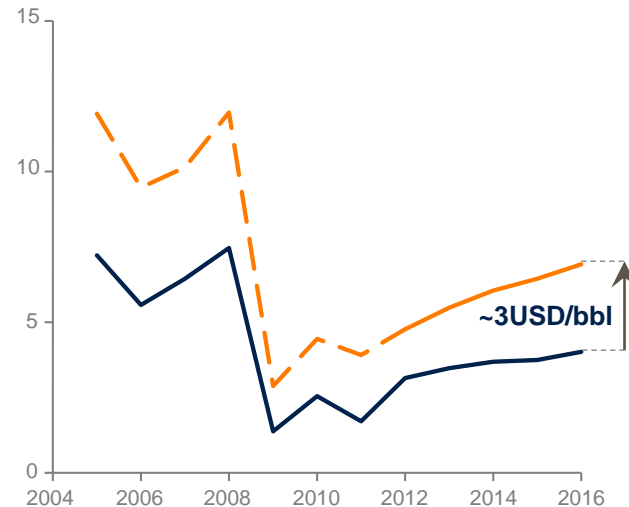


°API



## Margin Index

(USD/bbl)



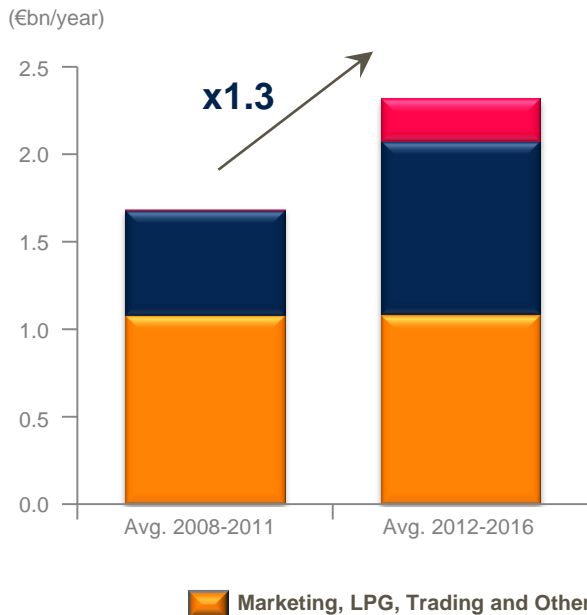
— Without Cartagena and Bilbao projects  
- - - With Cartagena and Bilbao projects

**Cartagena and Bilbao refinery upgrades implemented adding ~3USD/bbl of margin in 2016 to Repsol's refining system in Spain**

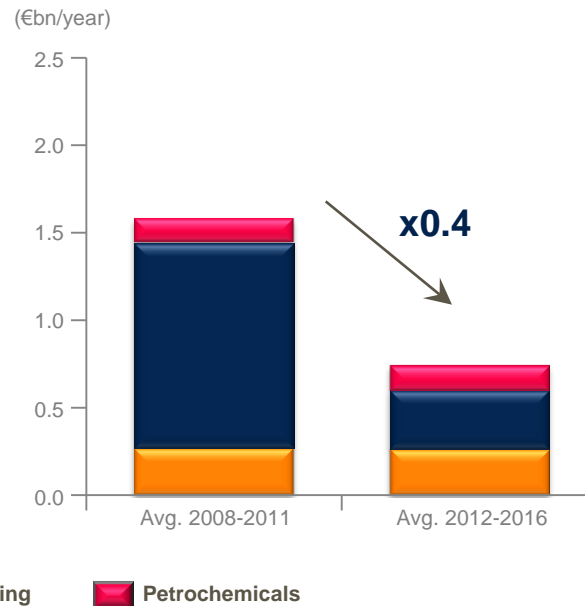
# Maximizing returns from the business and capital discipline

Our businesses strategy:  
2012-2016  
Downstream

## Downstream EBITDA



## Downstream CAPEX

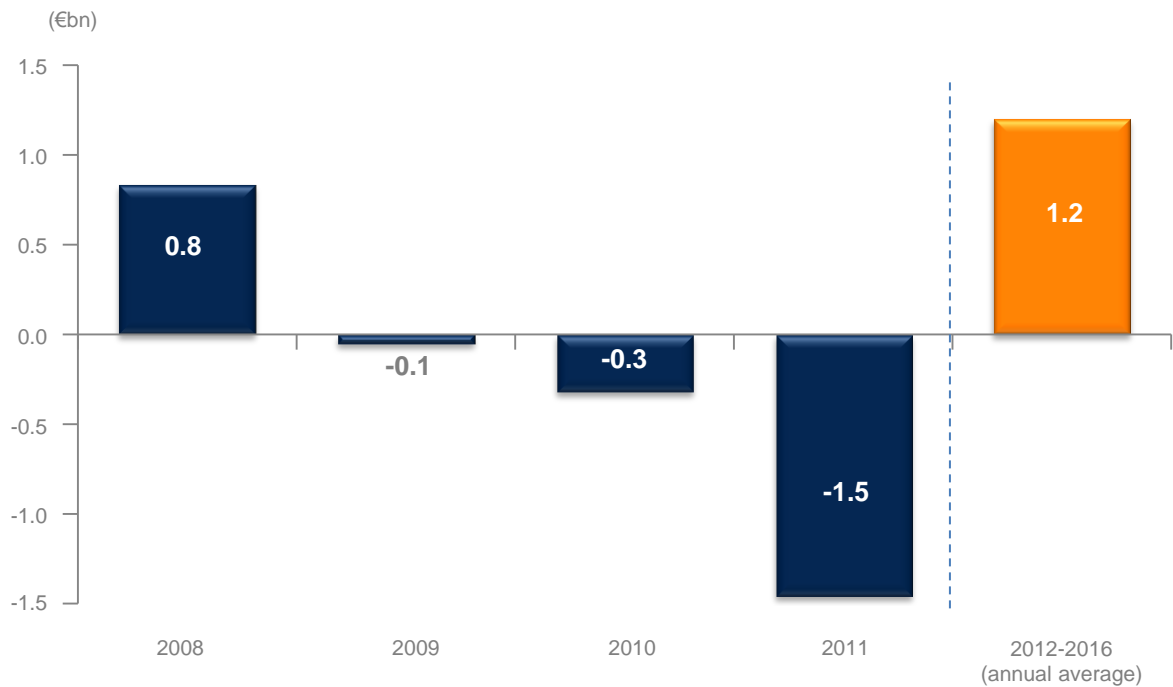


Higher margins largely derived from expansion and conversion projects

Downstream investment cycle already finalized

## Higher Free Cash Flow generation

### Free Cash Flow after taxes vs. 2008-2011



**Transformation from cash consumer into cash generator business with fully invested assets**

# Our businesses strategy: 2012-2016

## Gas Natural Fenosa



Gas Natural Fenosa



## Gas Natural Fenosa

### A liquid asset, with long-term value and strategic benefits

#### Strategically

A good opportunity as an industrial package with a strategic value of its own

#### Operationally

GNF portfolio of activities highly complementary to Repsol's portfolio

#### Risk-management

Regulated markets offer risk diversification and stability for credit rating purposes

#### Financially

Strong cash stream for Repsol via dividend that is expected to increase in the short term

- GNF has forecasted to reach €5bn EBITDA by 2012

**Diversification, stability and strong cash generation**



# Financial outlook

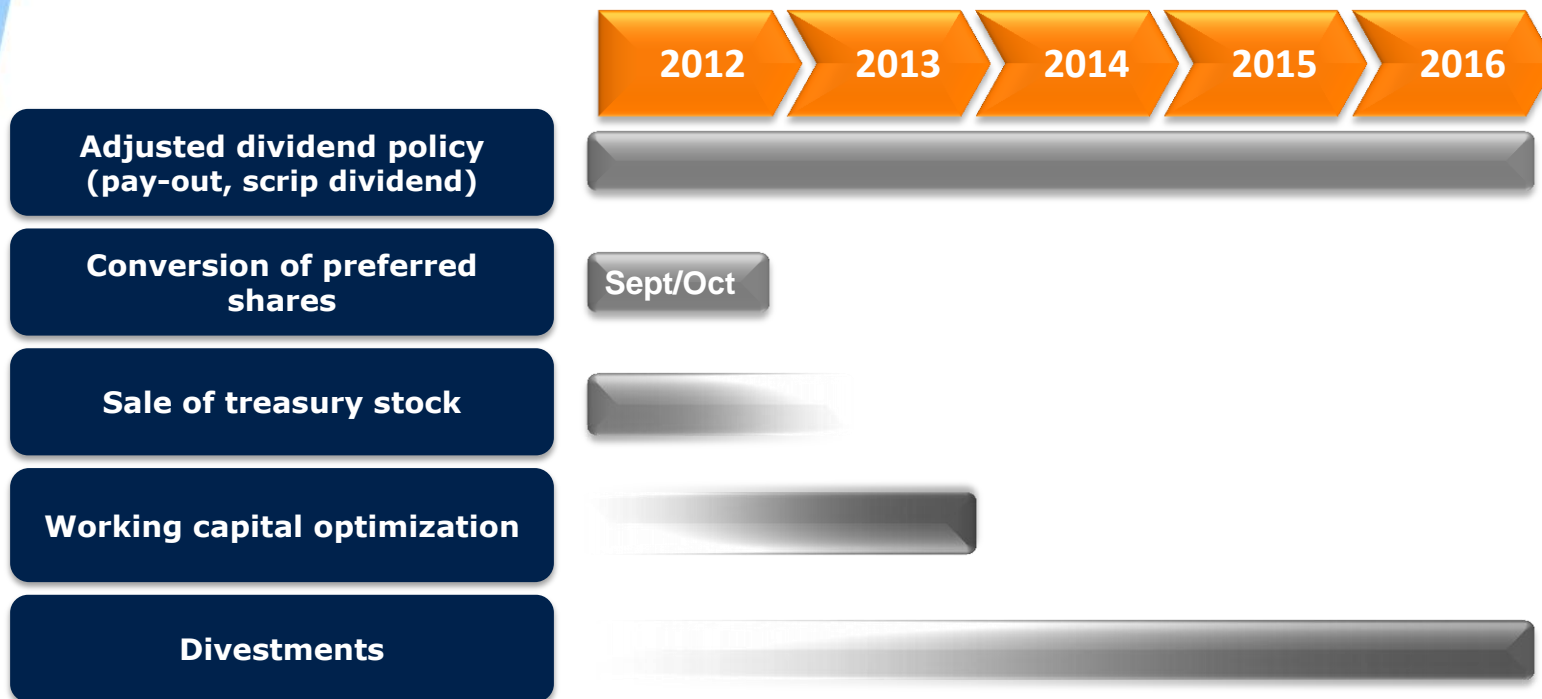


## Financial strategy

- ✓ • **Strong commitment to maintain investment grade**
  - Alternatives to ensure solid financial targets in 2012 and beyond
- ✓ • **Maintain high liquidity**
  - Liquidity position is 3.8 times short term debt<sup>(1)</sup>
  - 76% of gross debt is currently covered by liquidity<sup>(1)</sup>
- ✓ • **Self-financed Strategic Plan**
  - Self-financed even under stress test scenario
- ✓ • **Competitive compensation to shareholders**

## Commitment to maintain investment grade

### Multiple optional levers available for Repsol



**These measures would allow a debt reduction of up to € 7-9 bn**

## Divestments reinforcing value creation and portfolio enhancement



### Divestments up to €4-4.5bn in 2012-2016<sup>(1)</sup>

- **€1.36bn of treasury stocks already divested in 1Q 2012**
  - Representing 5% of total capital
- **Remaining 5% under evaluation**
- **Other divestments under assessment**

### Selection criteria for asset rotation

- Non-strategic, non-core assets
- High risk exposure
- Low ROCE assets
- Market value perception
- Financial impact

# Repsol strategic plan 2012-16: €19bn focused capex program



## Cumulative Capex<sup>(1)</sup> (2012-2016) – €bn

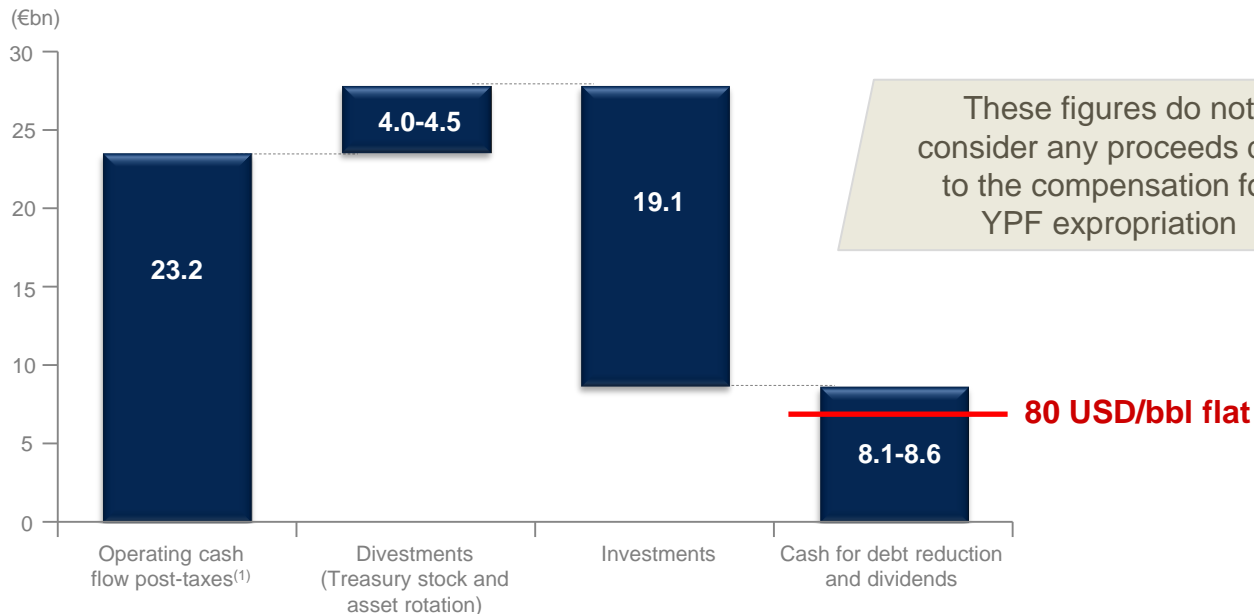
	Upstream	LNG	Down-stream	Corpora-tion	Total
<i>Producing assets</i>	2.7	0.2	3.1	0.5	6.5
<i>Growth projects &amp; Future developments <sup>(2)</sup> &amp; Exploration</i>	12.0		0.6		12.6
	14.7	0.2	3.7	0.5	19.1

**77% CAPEX in Upstream**

1. Net Capex, excluding G&G and G&A 2. Future developments include projects with start-up of production beyond 2016  
Note: All calculations ex-Gas Natural Fenosa and ex-YPF

## Strategic plan 2012-2016 self-financed

### Cash movements in 2012-2016



**Self financing maintained in a stress test scenario of 80 USD/bbl flat**

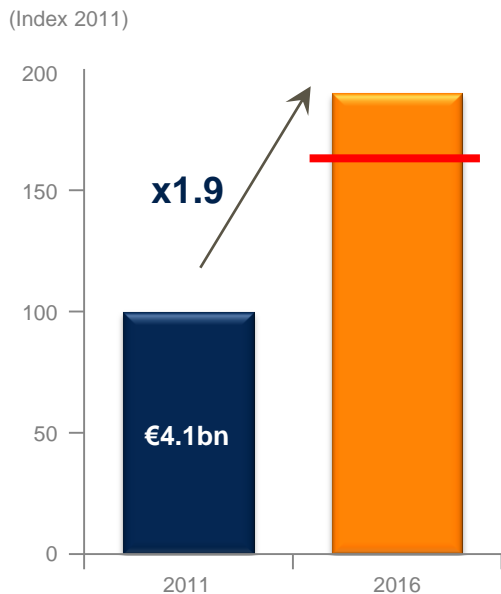
1. Includes dividends from associates and dividends to minorities

Note 1: Assumed base scenario. Brent crude (USD/bbl): 107 (2012), 95 (2013), 97 (2014), 100 (2015), 102 (2016); Henry Hub (USD/MMBtu): 2.5 (2012), 3.5 (2013), 4.0 (2014), 4.5 (2015), 4.5 (2016); NWE Brent Cracking margin (USD/Bbl): 2.3 (2012), 2.4 (2013), 2.5 (2014), 2.6 (2015), 2.8 (2016); Exchange rate: 1.30 USD/€ (2012-2016) Note 2: All calculations ex-YPF and with GNF under equity method.

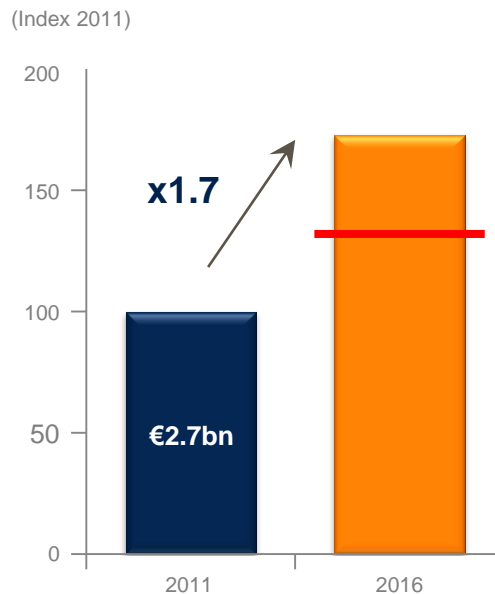
# Repsol 2012-2016: Growing from our strengths



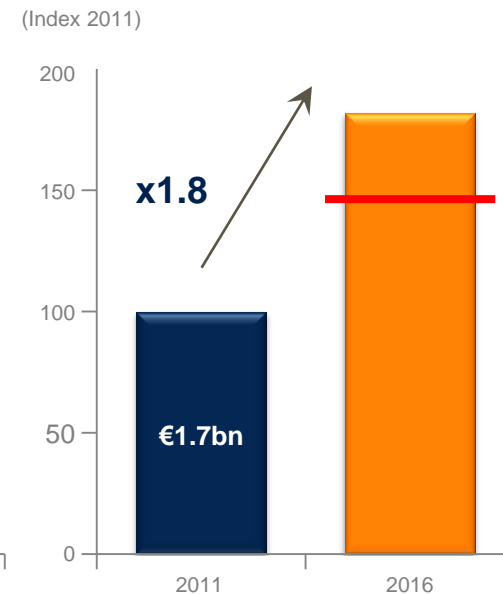
## x1.9 EBITDA



## x1.7 EBIT



## x1.8 Net Income



— 80 USD/bbl flat

Note: Assumed base scenario. Brent crude (USD/bbl): 107 (2012), 95 (2013), 97 (2014), 100 (2015), 102 (2016); Henry Hub (USD/MMBtu): 2.5 (2012), 3.5 (2013), 4.0 (2014), 4.5 (2015), 4.5 (2016); NWE Brent Cracking margin (USD/Bbl): 2.3 (2012), 2.4 (2013), 2.5 (2014), 2.6 (2015), 2.8 (2016); Exchange rate: 1.30 USD/€ (2012-2016)  
 Note 2: All calculations ex-YPF and with GNF under equity method (2011 and 2016)



**REPSOL**

# Summary



# 2012 - 2016 Key strategic targets

## Growing from our strengths

- Production growth 2011-16<sup>(1)</sup> : > **7% CAGR**<sup>(2)</sup>
- Production 2016: ~**500 kbpd**
- RRR<sup>(3)</sup> 2011-2016: > **120%**
- Upstream average capex: **€2.9bn/year**<sup>(4)</sup>  
(+120% vs. average 2008-11)

**High  
growth in  
Upstream**

**Financial strength**

- **Self-financed plan generating € 8.1-8.6 bn** cash for dividends & debt reduction in base case, resilient to stress scenario
- **Maintain investment grade** rating
- Divestments & treasury stock:  
**up to € 4-4.5 bn** in 2012-2016<sup>(5)</sup>

- Downstream average Free Cash Flow:  
**€1.2bn/year**
- Downstream average capex:  
**€0.7bn/year** (-50% vs. avg. 2008-11)

**Maximize return on  
capital  
Downstream & LNG**

**Competitive  
shareholder  
compensation**

- Dividend 2011: **1.16 €/share** (scrip option)
- 2012 onwards: **40-55% pay-out ratio**

## 2012-2016: Growing from our strengths

### Positioned for growth

- Upstream as growth engine
- Focus on exploration
- Delivery based on projects in development phase

### Profitability

- Maximize return on investment
- Operational excellence
- Fully invested assets in Downstream and LNG

### Sound financial position

- Self-financed strategic plan, resilient to stress scenarios
- Commitment to maintain investment grade
- Competitive dividend pay-out

**Clear path to value-creation for shareholders**



# Growing from our strengths

## Strategic Plan 2012-2016



**REPSOL**

## Appendix

- Energy Outlook
- Upstream geographical breakdown
- Other financials



**REPSOL**

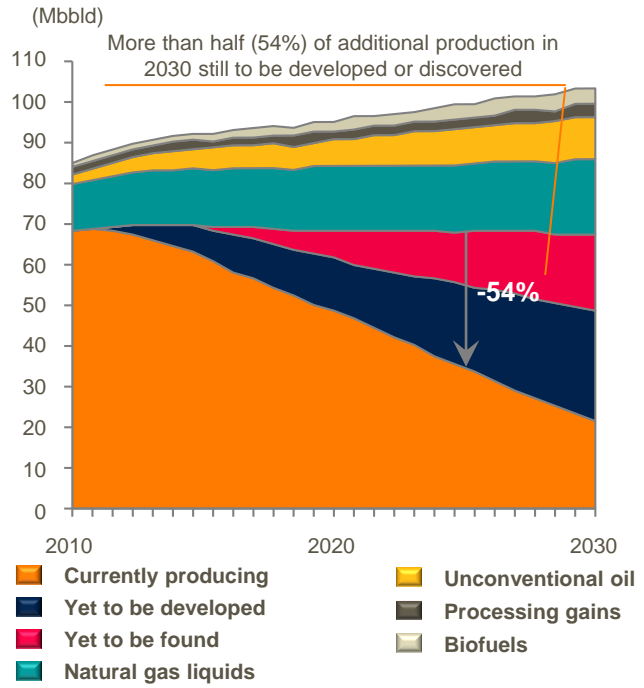
## Appendix

- Energy Outlook
- Upstream geographical breakdown
- Other financials

# Strong fundamentals for oil production

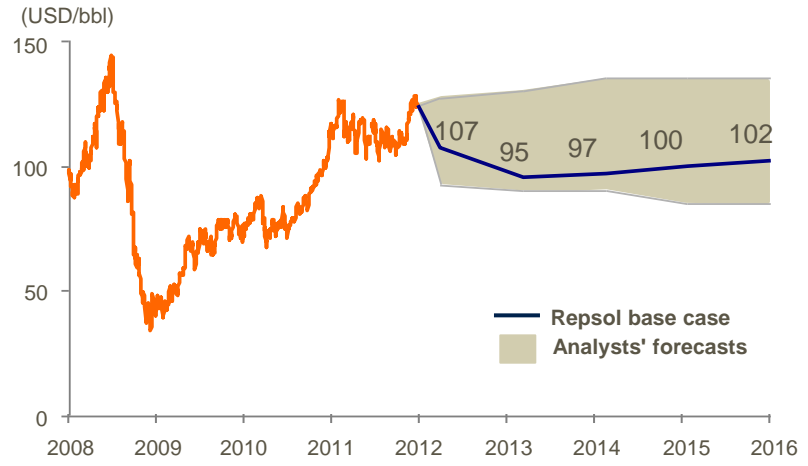
**Production decline requiring strong investment in oil exploration to ensure production matches growing demand**

## World oil supply-demand balance



## Oil prices expected to remain high in the short-mid term

### Brent barrel spot price



- Several dynamics keeping pressure on the oil price
  - Increasing demand
  - OPEC market power and available spare capacity
  - Geopolitical instability
- Reserve replacement costs driving oil prices in the long term

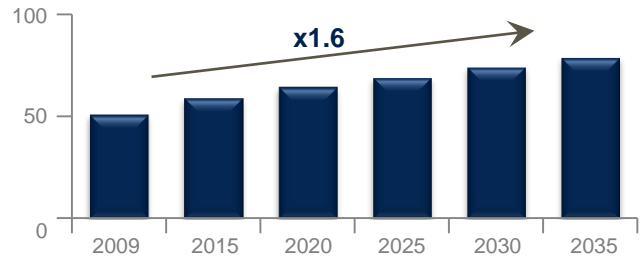
Source: IEA – World Energy Outlook 2011, Analysts' reports

# Growing role of gas in energy landscape and more complex pricing dynamics



## Growing gas demand

World gas demand forecast (Mboed)

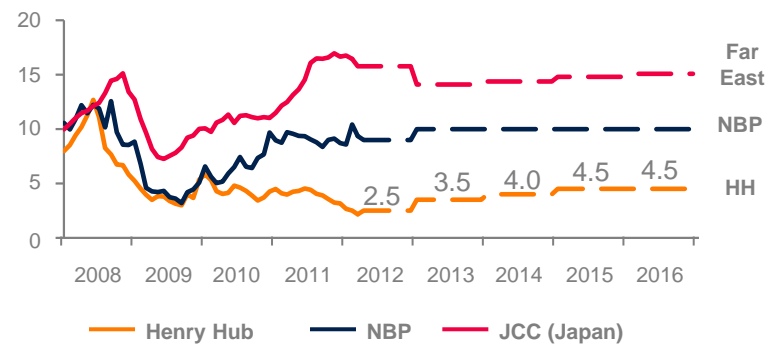


- Strong worldwide gas demand growth
  - Clean power generation
  - Nuclear freeze in several key markets

- Shale & tight gas revolution

## Decoupling of gas prices

(USD/MMBtu)



- Strong decoupling of gas prices in different markets fostering the value of arbitrage & trading

- High growth LNG market with tight demand-supply situation and premium spot prices

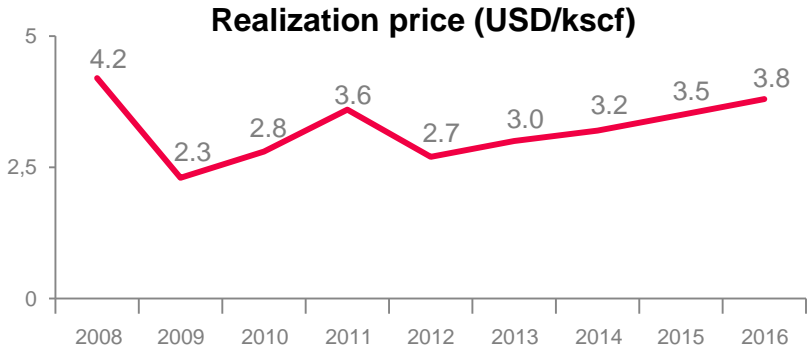
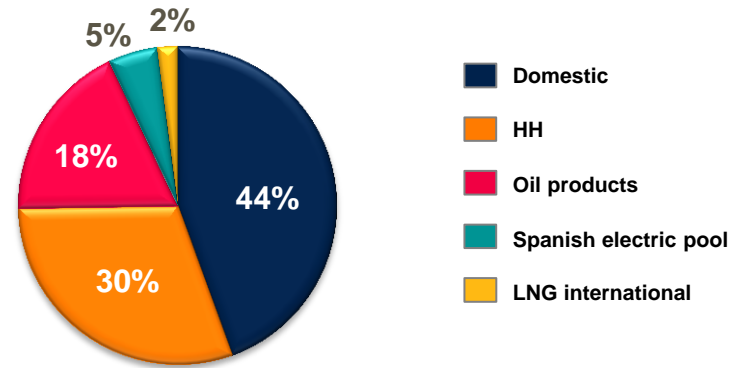
Source: CEDIGAZ

# Repsol upstream gas price references

## Natural gas price references

- **Venezuela:** Regulated domestic price
- **Russia:** Regulated domestic price
- **Trinidad:** Price indexed to Henry Hub, Brent, Spanish electric pool, and regulated domestic price
- **Peru:** Price indexed to Henry Hub, international LNG price and regulated domestic price
- **Bolivia:** Price indexed to Brent and regulated domestic price
- **USA:** Price indexed to Henry Hub
- **Brazil:** Price indexed to Brent (Citygate Brazil)
- **Algeria:** Price indexed to Brent

## Breakdown of natural gas production by price reference



Note: Q1-2012 data



# Refining to continue under a challenging context

Further refining industry rationalization of capacity in Europe

- 9 shutdowns<sup>(1)</sup> between 2010 and 2012 and one announced closure (~1.1 Mbpd)
- 14 additional refineries accounting for ~1.3 Mbpd at risk of closure

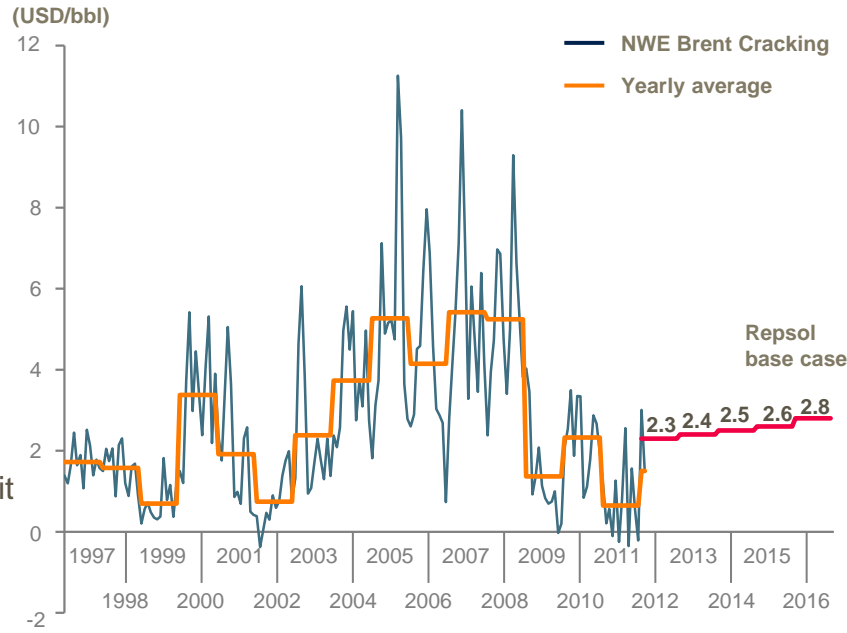
Global refined products demand remains positive

- ~1% CAGR<sup>(2)</sup> refined products world demand growth<sup>(3)</sup> expected in 2012-2020
- OECD economic recovery providing additional upside

Growing trend in Light-Heavy differentials to benefit high conversion

Middle-distillate supply-demand balance to remain tighter than gasoline

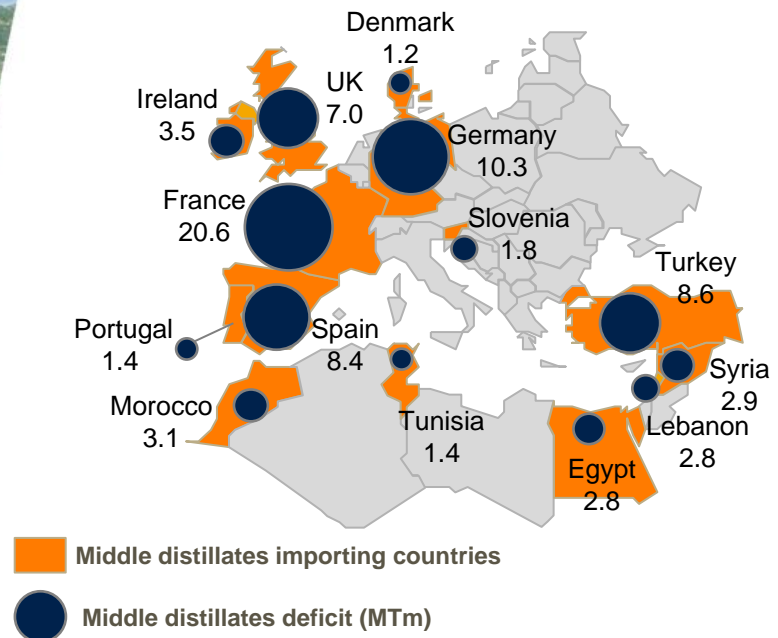
### NWE Brent Cracking



1. Including capacity reduction in Gonfreville (France) refinery from 339 kbpd to 260 kbpd 2. Compound annual growth rate 3. 2011 EIA forecasts  
 Source: IEA, analysts' reports, WoodMckenzie

# Regional differences in refining markets

## High demand of middle distillates across Europe

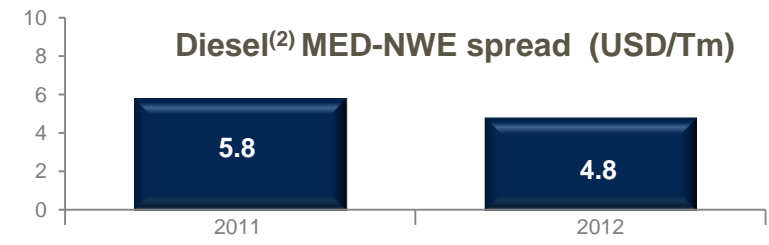
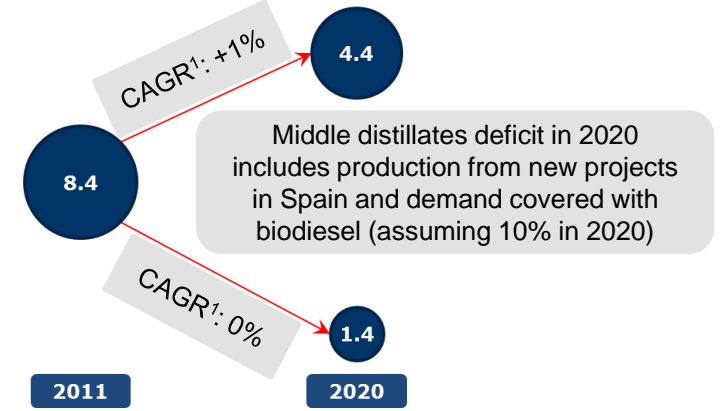


Net imports represent ~17% of middle distillates demand in Europe

- Those for Iberia are ~21% out of total

## Premium MED and Spanish markets to continue to show deficit

### Middle distillates deficit in Spain (Mtm)



Spanish market is 40% NWE & 60% MED; Cartagena is located in MED region

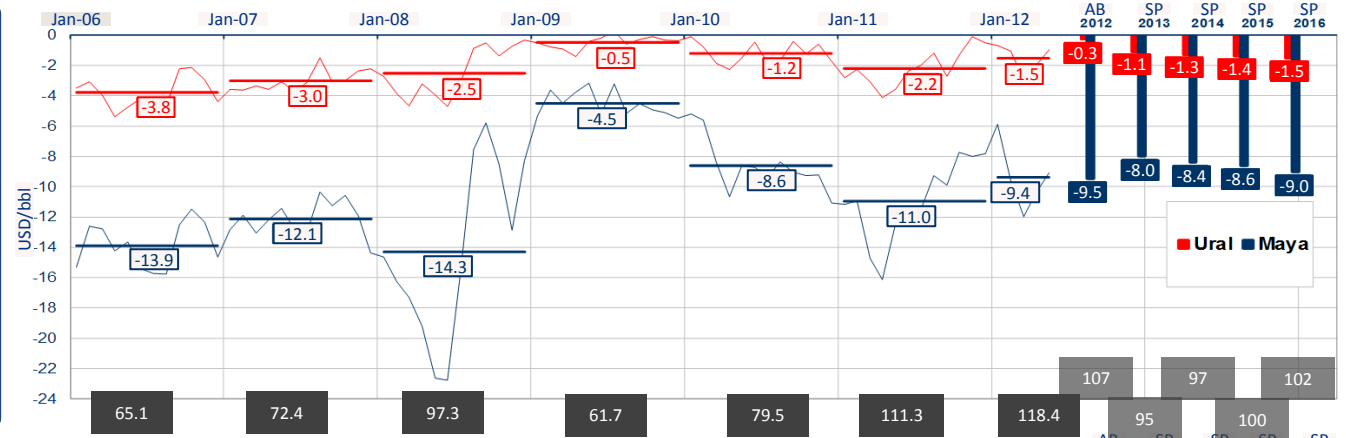
1. Compound annual growth rate 2. Based on ULSD (Ultra Low Sulfur Diesel) prices Source: CORES, IEA, Eurostat

# Refining: Crude and Fueloil spread

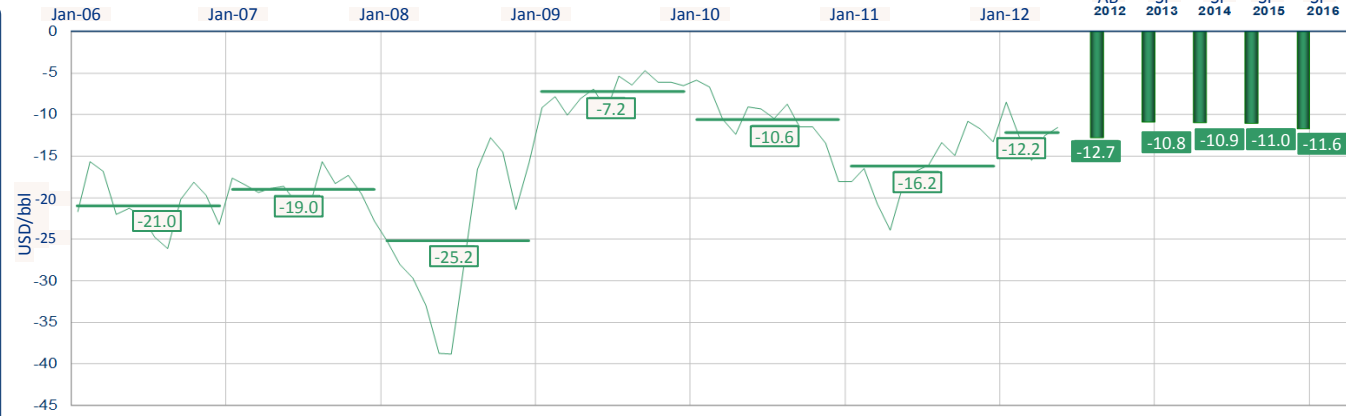
Forecasts 2012 - 2016



Crudes vs Brent (USD/bbl)



HSFO vs Brent (USD/bbl)



Brent

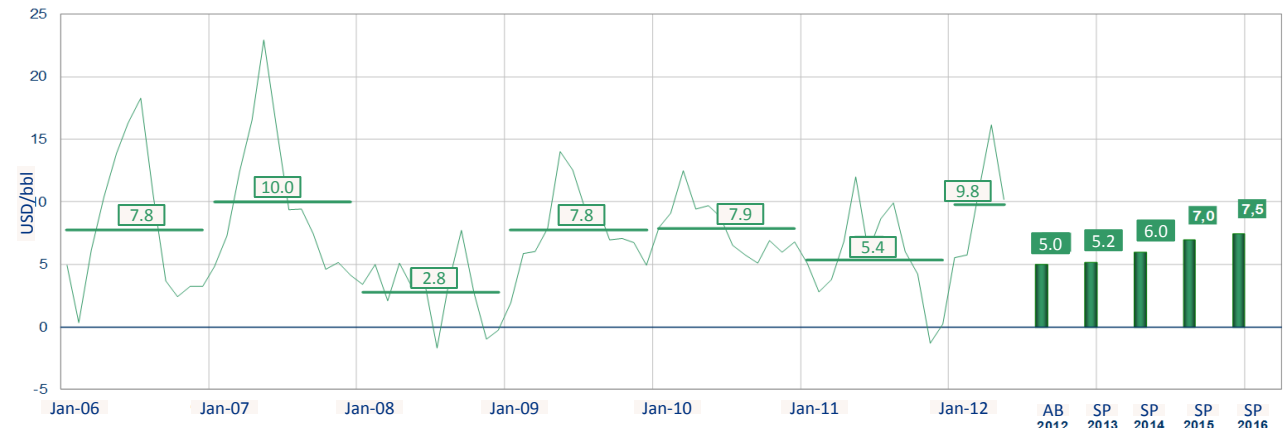
Note: AB – Annual Budget; SP – Strategic Plan

# Refining: Light products spread

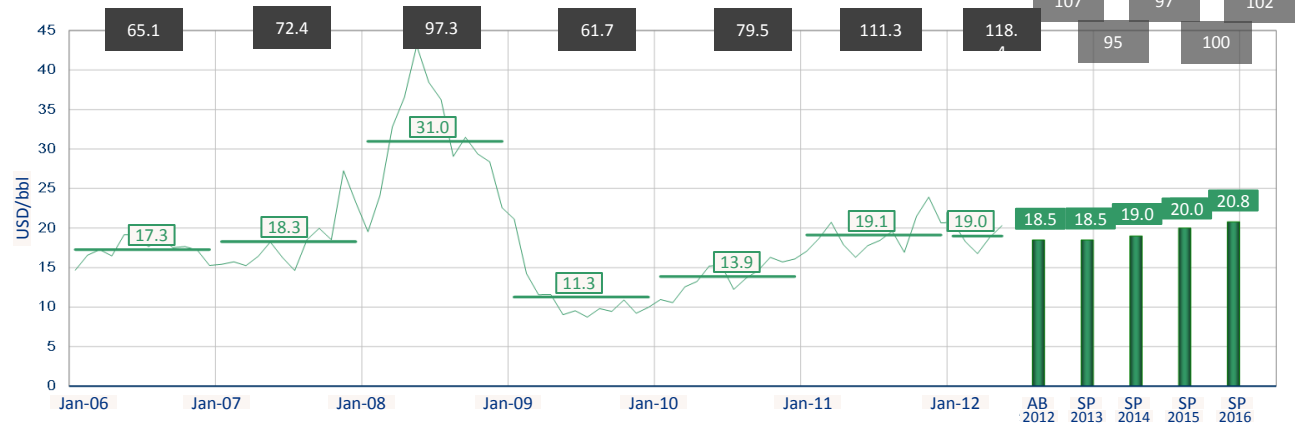
Forecasts 2012 - 2016



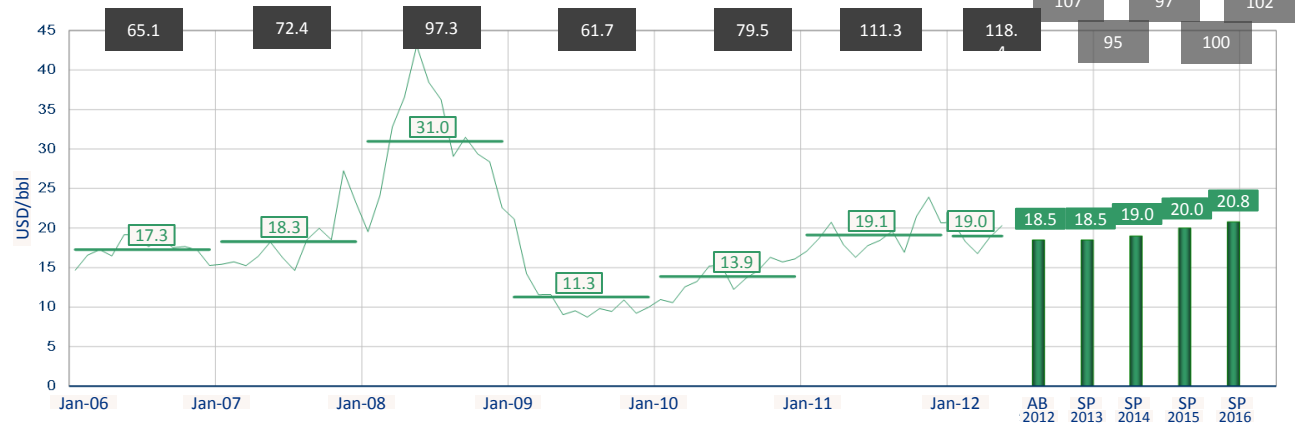
Gasoline vs Brent (USD/bbl)



Diesel vs Brent (USD/bbl)



Brent



Note: AB – Annual Budget; SP – Strategic Plan



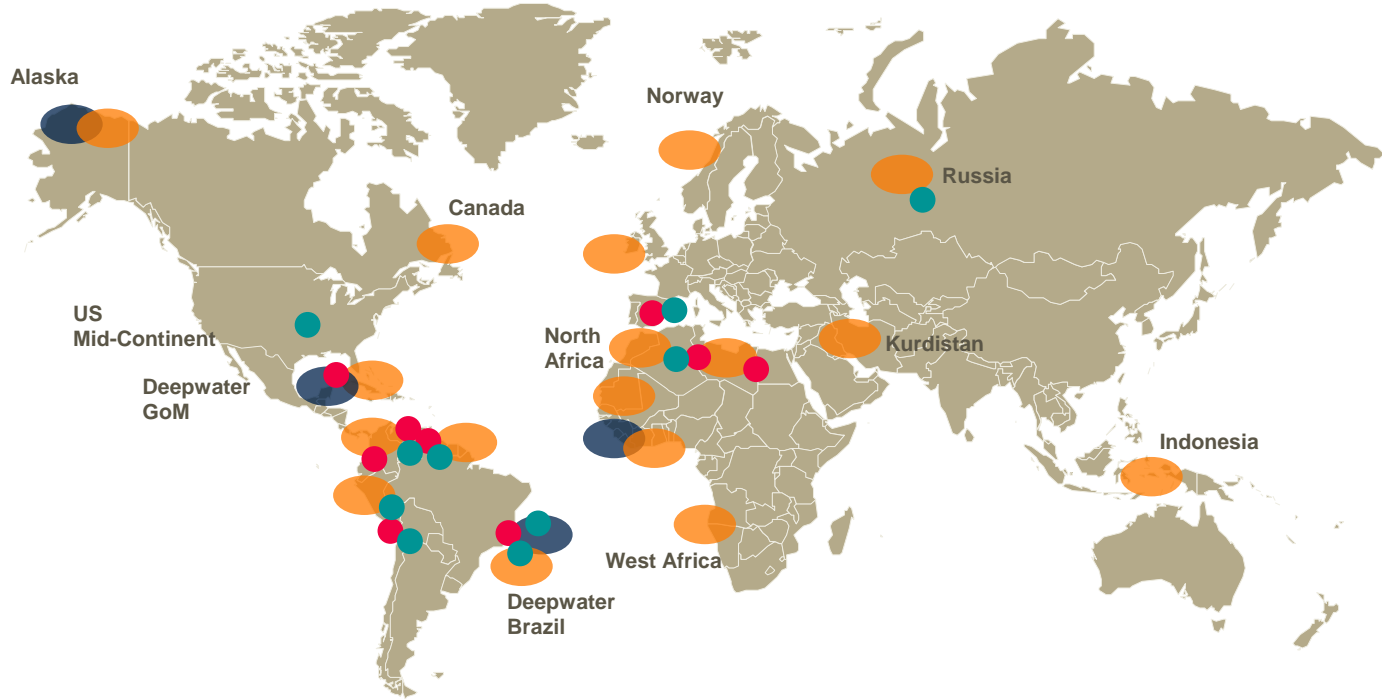
**REPSOL**

## Appendix

- Energy Outlook
- Upstream geographical breakdown
- Other financials

# Upstream: Global footprint

Privileged position with exposure to some of the most attractive plays in the world



## Producing and growth projects

- Producing assets
- Key growth projects

## Exploration

- Contingent resources
- Prospective resources

## Portfolio: North America (USA + Canada) (I)

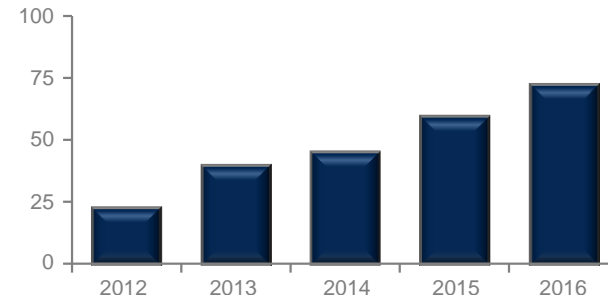


### Growth projects

- **Mid Continent** (average WI 19.8%)
  - Since January 2012, 363,000 Repsol net acres (1,500 km<sup>2</sup>) in the Mississippian Lime
  - Start of production: 2Q 2012
  - Production: >40 kboed net (royalty discounted) in 2016
  - 200 wells drilled in 2012, 2,850 producing wells by the end of 2016
  - Cost per completed well of USD 3.5m, below that of other basins



Drilling rigs end of year



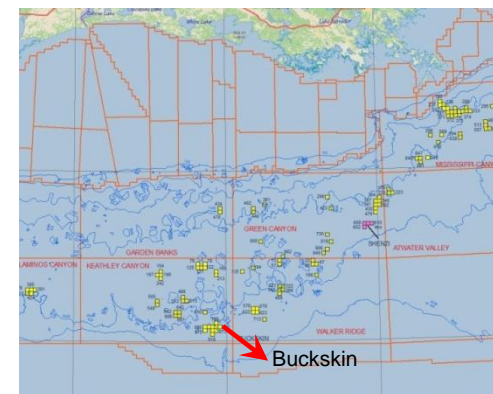
## Portfolio: North America (USA + Canada) (II)

### Contingent Resources

- **Alaska North Slope** (WI 70%)
  - High potential producing area (surface >2,000 km<sup>2</sup> gross)
  - 2 winter wells (2011/12) and two horizons with oil found
  - 3/4 wells expected in winter 2012/13
  - First Oil: 2016/17
- **Buckskin** (WI 12.5%)
  - High volume (≈500Mbbbl) of resources in delineation 2012/13
  - First Oil: 2018/19

### Prospective resources

- Exploration areas: Mainly GOM, but also Beaufort Sea (Alaska), Louisiana and East Canada
- Mature portfolio: 2/3 average annual drillings and investments of USD 190M/year
- No production within the strategic plan period

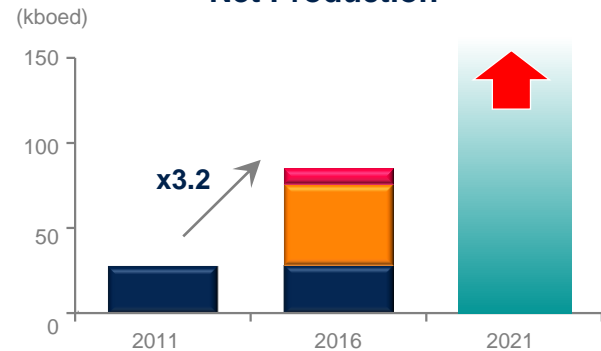




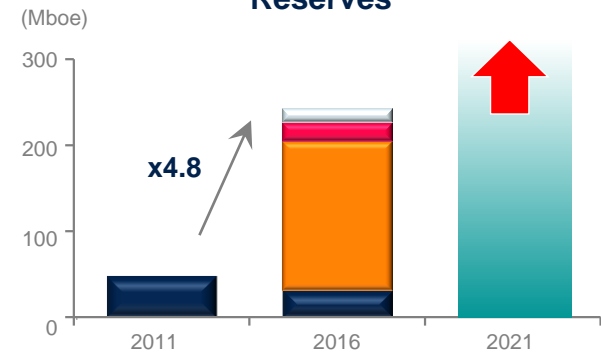
## Portfolio: North America (USA + Canada) (III)

- Shenzhi: Plateau > 100 kboed gross<sup>(1)</sup> throughout 2012-2016
- Strong growth in production and reserves through Mid Continent development
- Exploration investment effort in Alaska and GoM
  - Already working on Buckskin

### Net Production



### Reserves



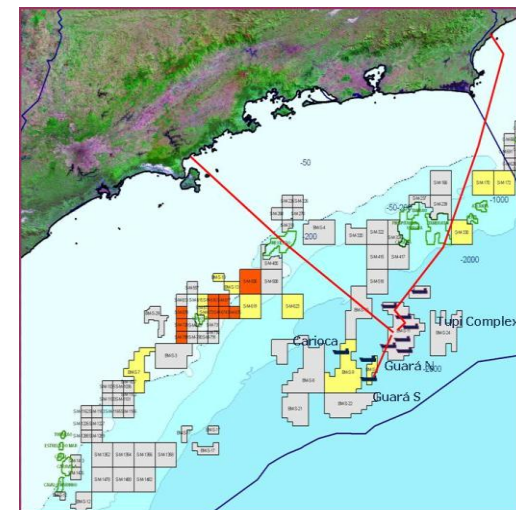
■ Shenzhi ■ Mid Continent ■ Alaska ■ Rest

## Portfolio: Brazil (I)



### Growth Projects

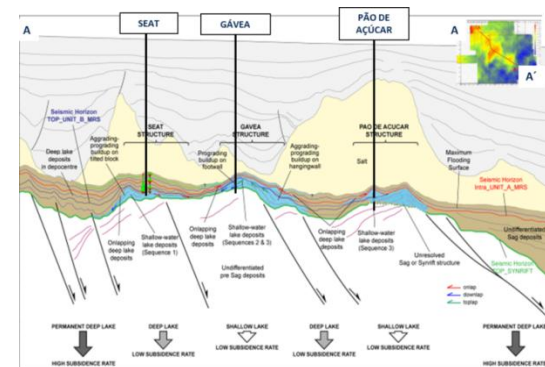
- **Sapinhoa (Guara) (WI 15%)**
  - Commercial viability declaration: Dec-2011
  - Start of production in 2013 (1st FPSO in Sapinhoá Sur)
  - Production peak 300 kboed gross (270 kbod) in 2016 with the 2nd FPSO
  - F&D: 10 USD/boe
  - FPSO leasing 8 USD/boe, other Opex 7 USD/Boe
  - Capex&Opex 25 USD/boe
- **Carioca (WI 15%)**
  - Production: Plateau 150 kboed gross, with one FPSO
  - Start of production 2016



## Portfolio: Brazil (II)

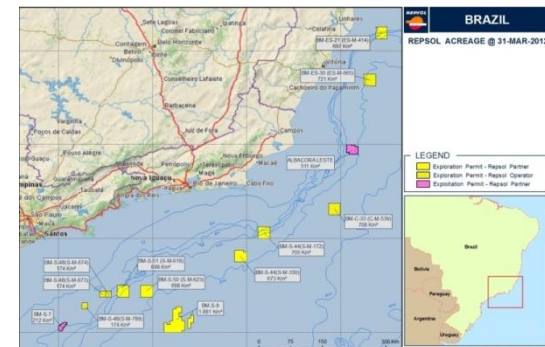
### Contingent Resources (First Oil post 2016)

- **Campos 33** (WI 21%)
  - Seat + Gavea + Pao de Açúcar >1,000 Mboe
  - Pao de Açúcar: 3rd largest discovery in 2012 (IHS)
- **Piracucá-Panoramix-Vampira** (WI 22/24%)
  - Being evaluated with appraisal drillings in 2012-14
- **Albacora Presalt (Arapuçã)** (WI 6%), Iguaçú (WI 15%), Malombe (WI 7%)
  - Discoveries in delineation and development definition phase



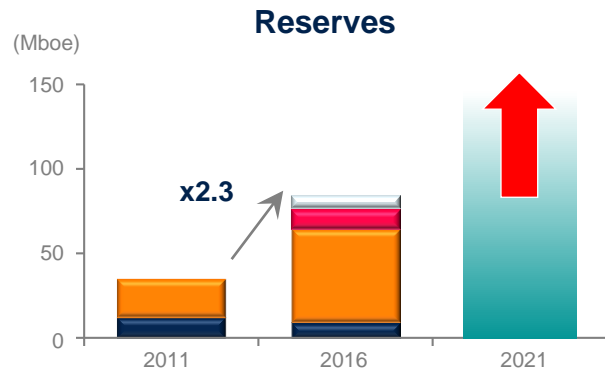
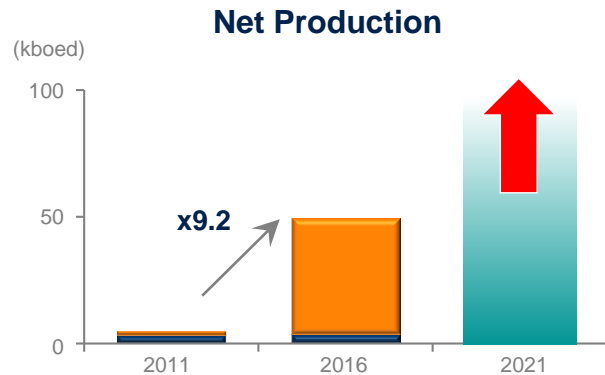
### Prospective Resources

- Average 2 wells per year in 2012-16
- Significant portfolio of exploration blocks in the Santos, Campos and Espiritu Santo basins



## Portfolio: Brazil (III)

- Brazil is one of Repsol's main growth areas
- Value realization from a unique position in a top tier play
- Development of Sapinhoa (Guara) and Carioca
- Fully financed development of reserves and contingent resources
- Strong pipeline of contingent and prospective resources

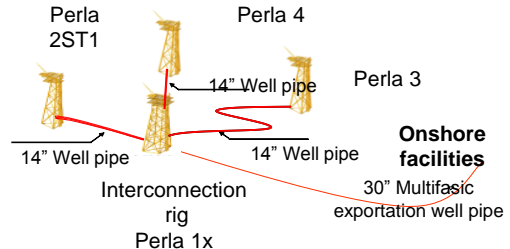
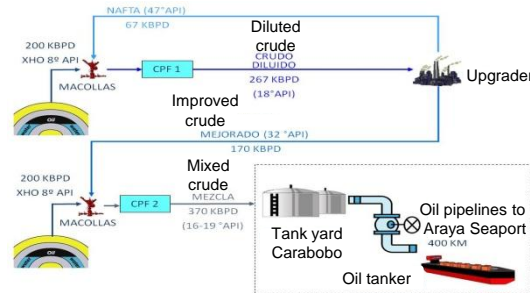


■ ABL<sup>(1)</sup>
■ Sapinhoa
 ■ Carioca
 ■ Rest

# Portfolio: Venezuela (I)

## Growth Projects

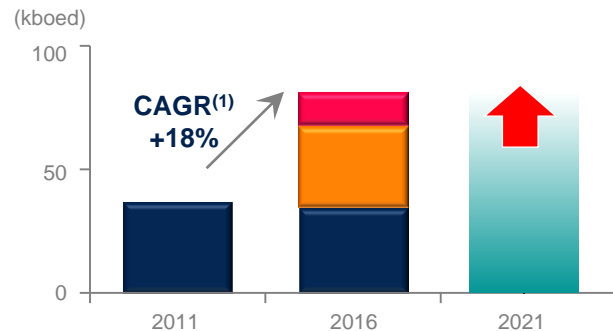
- **Carabobo** (WI 11%)
  - Production period of 37 years (22+15 years extension)
  - 3D seismic analysis started and 3 wells already drilled in 2012
  - Early production: 2013 (mixed with light crude)
  - Upgrader 32° API: FID in 2013/14
    - Start-up in 2019
    - Plateau of 370 kboed of blended 16-19° API crude
  - 165 kboed exported to Repsol's refining system
  
- **Cardon IV** (WI 32.5%)
  - Discovery in 2009 in shallow water
  - 8.7 tcf already contracted in December 2011. Take or Pay for 100% of production
  - High volume of additional contingent resources
  - Export options under study together with PDVSA
  - 5 wells drilled and EPC contracts awarded in 2012, LLI ordered
  - Development in phases: 8.5 Mm3/d in 2014, up to 22.7 Mm3/d in 2016 and a plateau of 34.0 Mm3/d from 2019 onwards (23 years production)



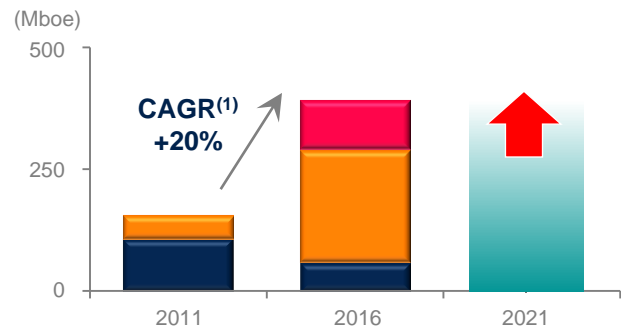
## Portfolio: Venezuela (II)

- Strong growth in production and reserves based on key growth projects
- Presence in a very prolific region
- Investment efforts in Cardon IV and Carabobo

### Net Production



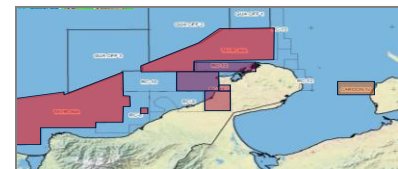
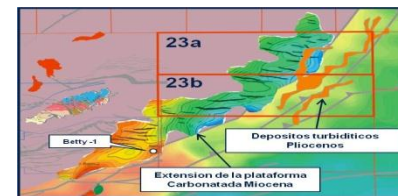
### Reserves



Petroquiriquire, Quiriquire Lic Gas, Yucal Placer  
 Cardon IV   
  Carabobo

### Prospective resources

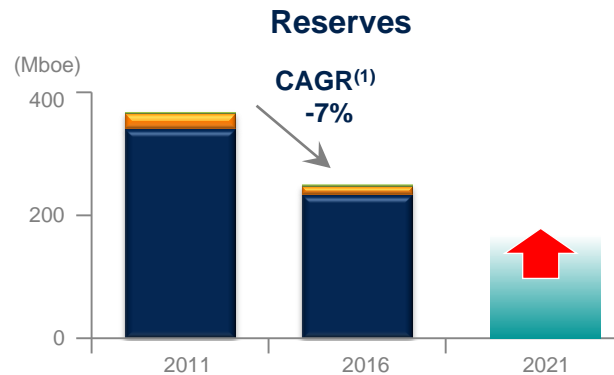
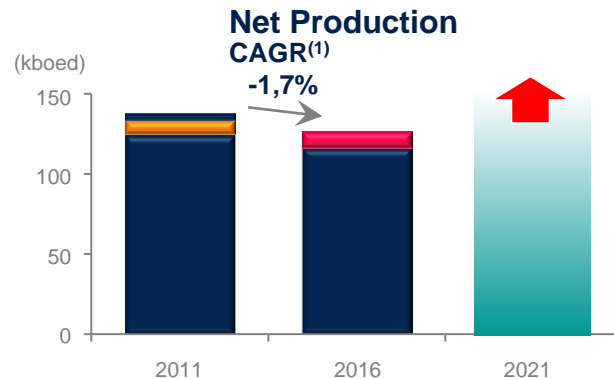
- **Trinidad**
  - New 23b block in deep water (Angostura area) with first drilling planned for 2016 depending on the seismic analysis
- **Colombia**
  - Offshore exploration blocks RC11, RC12 and Tayrona represent the most direct analogy in the Caribbean of the Perla discovery (Cardon IV)
- **Guyana**
  - Jaguar-1: being drilled in shallow water, targeting deep Cretaceous
  - Complex well, with high temperatures. Would open a new “exploration play” in case hydrocarbons are confirmed



## Portfolio: Trinidad, Colombia and Others Caribbean (II)

Our businesses  
strategy:  
2012-2016  
Upstream

- Maintenance of production plateau in Trinidad
- Exploration potential in gas resources (Trinidad, Colombia, Guyana)



■ BPTT<sup>(2)</sup> ■ TSP<sup>(3)</sup> ■ Colombia



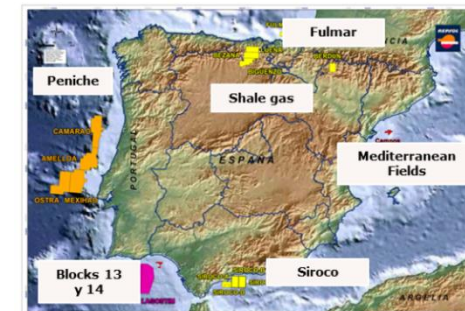
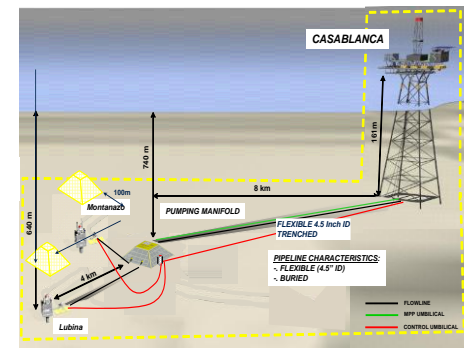
## Portfolio: Europe (I)

### Growth projects

- **Spain: Lubina and Montanazo**
  - Discovered in 2009, connected (3 km) to Casablanca platform
  - Will allow extension of Mediterranean fields production and delay their abandonment
  - First Oil: 4Q 2012
  - Initial production: 5 kboed (32°API)

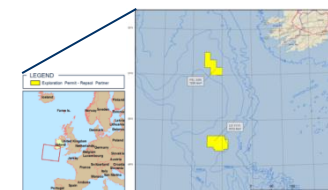
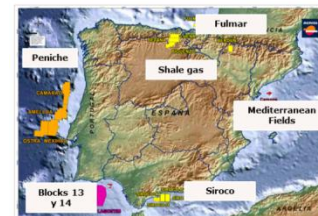
### Prospective resources

- **Spain**
  - Siroco (South Mediterranean) and Fulmar (North of Spain, Atlantic) gas resources to be drilled in 2013/14
  - Canary Islands: exploration potential with a large volume of resources under evaluation
  - Shale gas concessions in the North of Spain: under study and to be drilled between 2013 and 2015



### Prospective resources

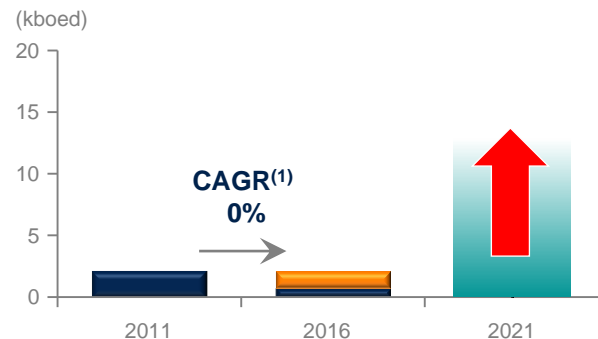
- **Portugal**
  - Blocks 13 and 14: Offshore blocks, in front of Algarve, with drilling gas resources with medium risk. Seismic analysis ongoing and drilling planned from 2014 on.
  - Peniche: 4 crude and gas cross-border blocks in deep water; a well drilling planned for 2013
- **Norway**
  - Participation in 14 offshore licenses (3 operated)
  - It is estimated that it would be possible to participate in at least two wells per year in 2012-2016
- **Ireland**
  - Dunquin (WI 25%): Offshore blocks with two prospects under evaluation



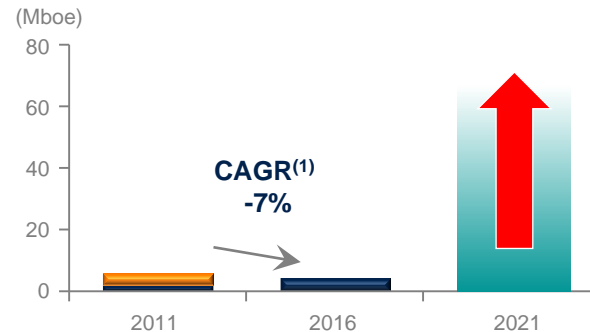
## Portfolio: Europe (III)

- Start-up of Lubina and Montanazo allows to expand Mediterranean assets' life
- Future growth opportunities in Europe through a diversified drilling portfolio (Norway, Portugal, Ireland, Spain)
- Growth potential delivered after 2016

### Net Production



### Reserves



Spain Lubina and Montanazo

## Portfolio: North Africa (I)

### Growth projects

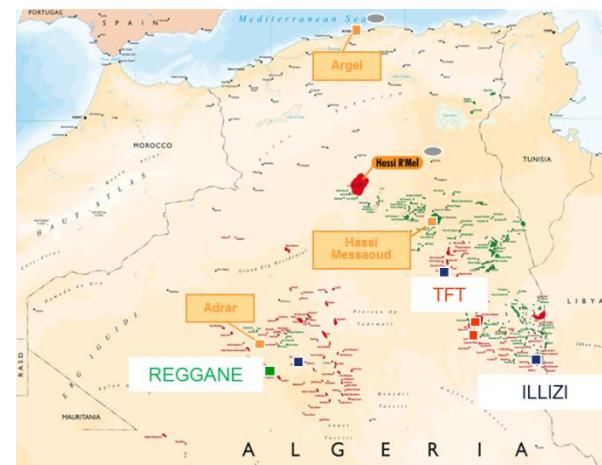
- **Algeria: Reggane (WI 29.3%)**
  - Ongoing development of 6 dry gas fields discovered between 2005 and 2009
  - 1.7 Tcf
  - Plateau of 7.7 Mm<sup>3</sup> /day with production in 2016

### Contingent resources

- **Libya: NC200 (WI 60%)**
  - Plans to develop E, G & H fields
  - Production: 15 kboed gross

### Prospective resources

- **Libya: Remaining potential in NC115, NC186 & NC200.**  
More than 16 wells to be drilled in the next years
- **Algeria: Sud Est Illizi Block (WI 25.7%)**
  - Seismic analysis made and gas resources estimated
  - In 2012 a 5- well drilling campaign starts

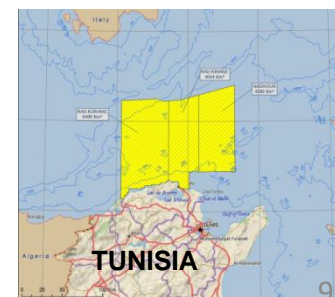
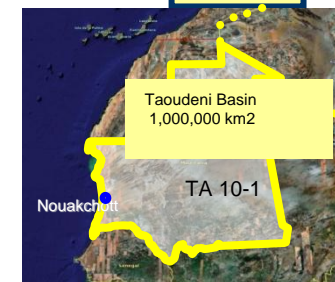
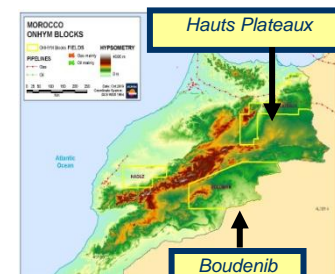


## Portfolio: North Africa (II)



### Prospective resources

- **Morocco: Boudenib and Hauts Plateaux Blocks** (WI 100%)
  - High potential of non conventional resources - Shale Gas - in a large area under study (more than 57,000 km<sup>2</sup>)
- **Mauritania: Ta10 Block** (WI 70%, operator)
  - 21,665 km<sup>2</sup> area with oil resources
  - Drilling in 2013 (agreement with other operators taking advantage of synergies)
- **Tunisia: Offshore blocks Ras Korane, Ras Rihane & Nadhour** (WI 100%)
  - 15,000 km<sup>2</sup>, seismic study in 2012/13

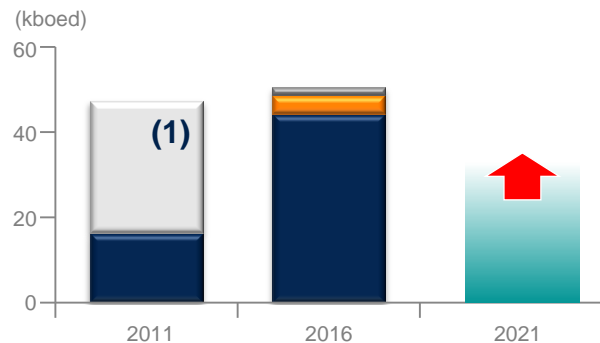


## Portfolio: North Africa (III)

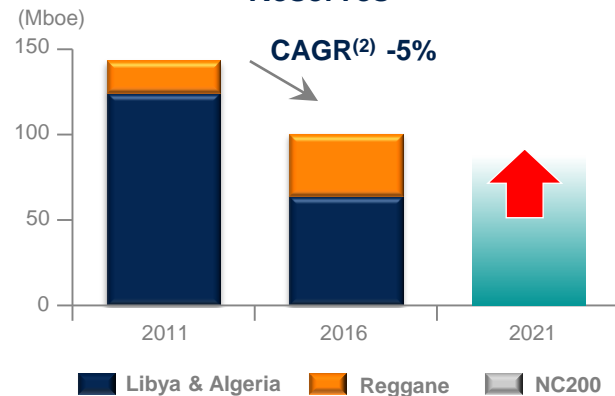
Our businesses  
strategy:  
2012-2016  
Upstream

- Recovery of production in Libya after the conflict
- Exploration efforts in other North Africa areas beyond Libya and Algeria (Morocco, Mauritania, Tunisia)
- Reggane: Starting production in 2016 and adding reserves during 2012-2016
- Substantial exploratory activity

### Net Production



### Reserves



1. Homogenized production in 2011: considers Libya's actual production in 2010 (14.7 Mboe) instead of 2011 actual production (3.4 Mboe). 2. Compound annual growth rate

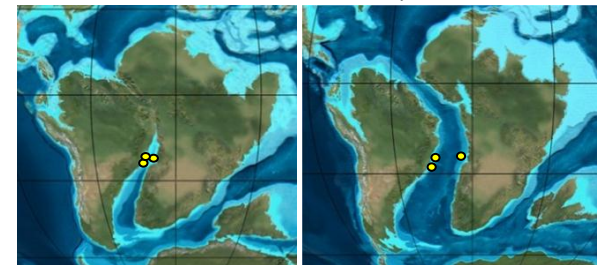
## Portfolio: West Africa (I)



### Prospective resources

- **Angola** (WI 20-30%)
  - Prospective position: B22 (WI 30%), B35 (WI 25%) and B37 (WI 20%)
    - The geological context is analogous to Santos Basin pre-salt
    - Recent Maersk discovery at the South and Cobalt discovery at the North part of B22
  - 3D seismic in 2012 (2,500 km<sup>2</sup> in B22 and B35 and 3,000 km<sup>2</sup> in B37) and 2 wells at pre-salt in each block
- **Namibia** (WI 44%, operator)
  - Repsol enters as operator in 2012 with license # 0010
  - First exploratory well planned for 2012/14

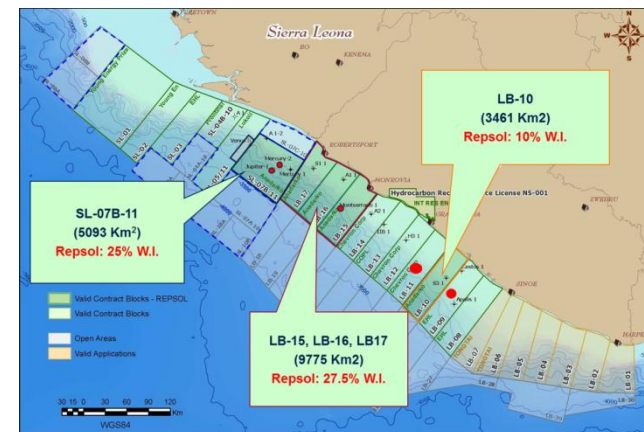
120 M years: Aptiense Pre-salt      105 M years: Albiense Post-salt



## Portfolio: West Africa (II)

### Prospective resources

- **Sierra Leone SL-07B (WI 25%)**
  - Resources in evaluation phase
  - 4 discoveries (Venus, Mercury 1, Jupiter 1 and Mercury 2). Jupiter possible commercial quantities
  - Additional exploration potential
- **Liberia Blocks 15, 16 and 17 (WI 27.5%) and 10 (WI 10%):**
  - The Montserrado well found hydrocarbons but not in commercial quantities
  - Crude prospective resources in evaluation

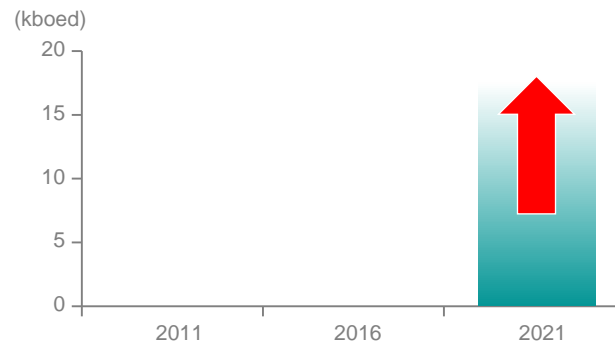




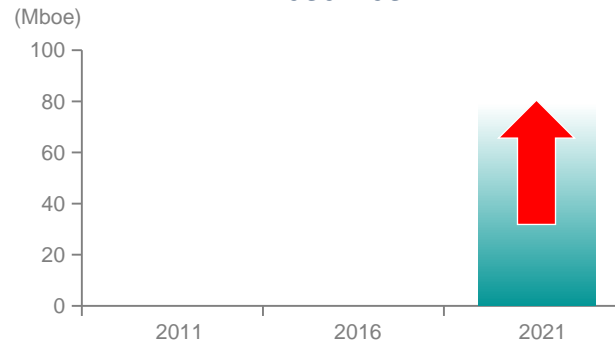
## Portfolio: West Africa (III)

- Area with high potential for future growth from prospective positions
  - Angola, Namibia, Sierra Leone and Liberia
  
- Potential production and reserve additions beyond 2016

Net Production



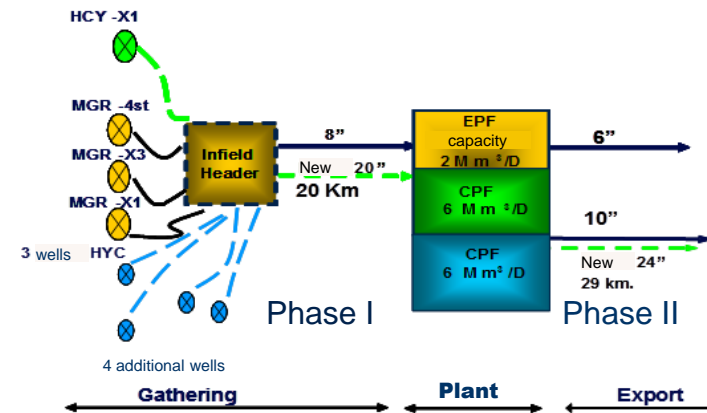
Reserves



## Portfolio: Bolivia (I)

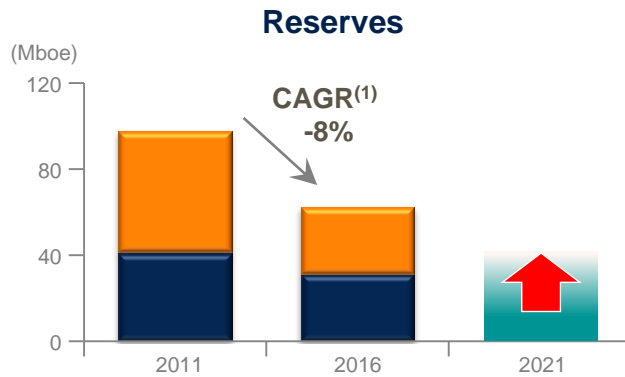
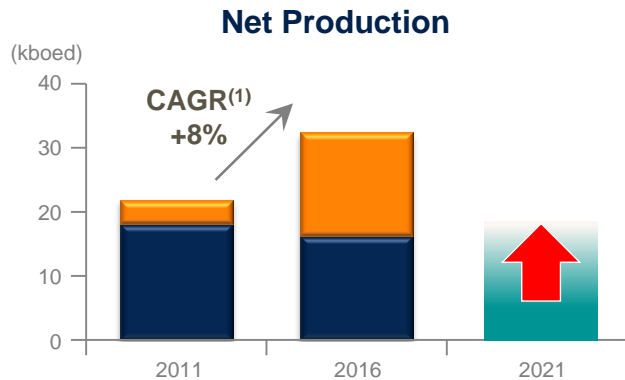
### Growth projects

- **Margarita-Huacaya** (WI 37.5%, operator)
  - Gas field with 16% liquids
  - Existing facilities module with 3 Mm<sup>3</sup>/d capacity
  - ✓ Phase I (completed April 2012):  
new 6 Mm<sup>3</sup>/d plant. Reserves associated with 4 existing wells
  - Phase II (2014): plateau increased up to 15 Mm<sup>3</sup>/d. New 6Mm<sup>3</sup>/d module associated with 4 new wells
  - Gas destination through YPFB: Argentina, Brazil and Bolivia



## Portfolio: Bolivia (II)

- Production growth through Margarita-Huacaya until 2014: phase I already started
- Investment focused on Margarita, San Alberto and San Antonio



■ Bolivia ■ Margarita - Huacaya

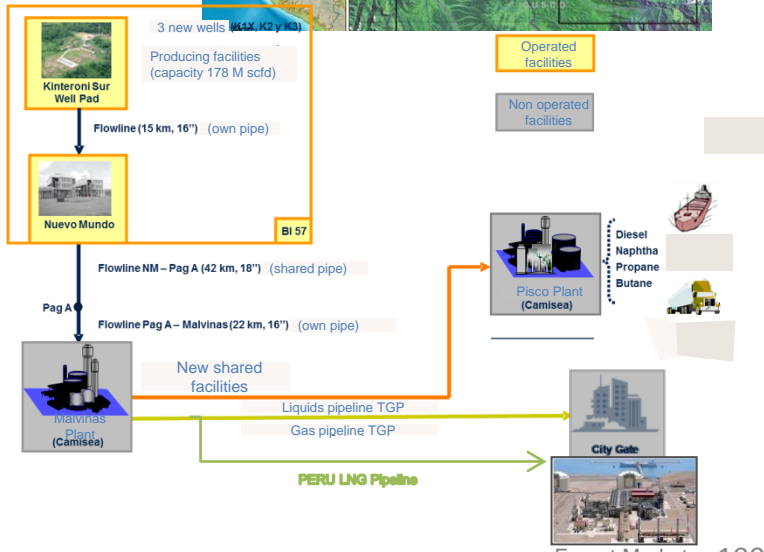
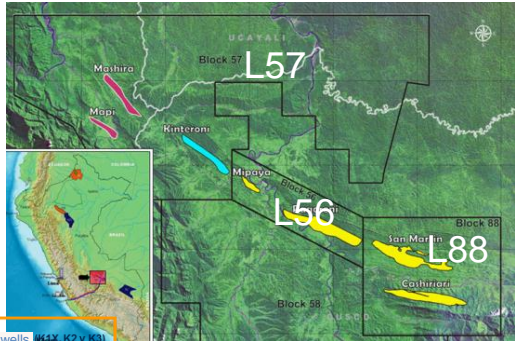
1. Compound annual growth rate

# Portfolio: Peru and Ecuador (I)



## Growth projects

- **B57: Kinteroni** (WI 53.8%)
  - Discovered in January 2008
  - First gas: 4Q 2012
  - Gross plateau of 4.53 Mm<sup>3</sup>/d and 10 Kboed of liquids
  - 3 producing wells and facilities
  - Gas delivered to CityGate (Lima) and Peru LNG, and Liquids delivered to Pisco



## Portfolio: Peru and Ecuador (II)

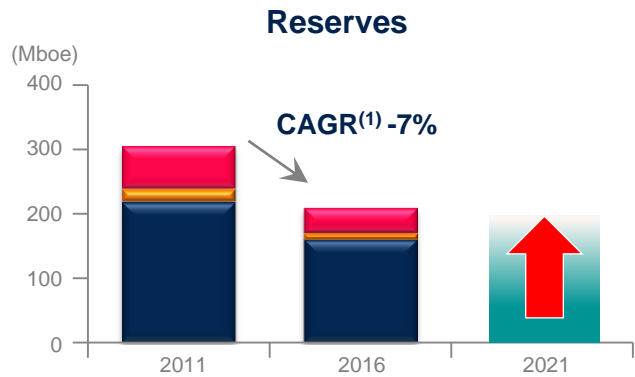
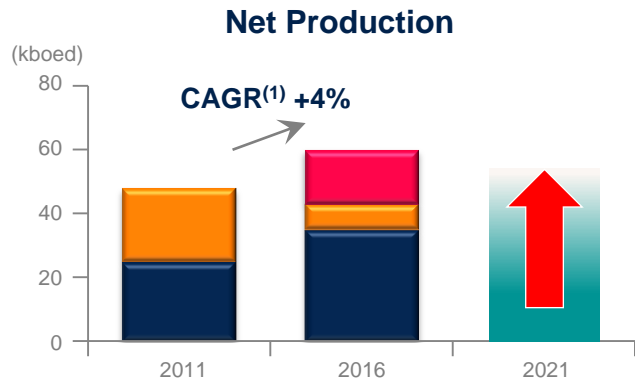
### Prospective resources

- **B57: Mapi, Mashira and Sagari** (WI 53.8%, operator)
  - Prospective block in the Northern part of the Kinteroni structure: Mapi, Mashira, Sagari
  - Resources to be drilled in 2012-13
- **B76** (WI 50%)
  - Block located in Southeast of Camisea
  - 460 km of 2D seismic to date
  - Several gas prospects > 1 Tcf
  - 3 wells planned (Dahuene, Pinquiri and Cupodnoe)
- **B39** (55%), **B103** (WI 30%) and **B109** (WI 100%): seismic and further studies



## Portfolio: Peru and Ecuador (III)

- Kinteroni development and production start-up in Q4-2012
- Production growth in 2012-2016, linked to Kinteroni
- Exploratory potential surrounding Kinteroni and Camisea



■ Peru ■ Ecuador ■ Kinteroni

1. Compound annual growth rate

## Portfolio: Russia, Iraq and Indonesia (I)



### Growth Projects

- **Repsol and Alliance Oil Company signed an agreement to jointly explore and produce hydrocarbons in Russia (June 2011)**
- **Saneco and TNO (WI 49%)**
  - Volga-Ural fields: immediate access to gross production (22 kboed)
  - 14 new wells in Saneco and 106 in TNO
  - Good access to crude commercialization
- **SK and YK (WI 49%)**
  - Gas fields located in West Siberia, acquired from Eurotek in December 2011
  - SK plateau: 1.42 Mm<sup>3</sup>/d in 2013
  - YK: first gas 2015, 3.28 Mm<sup>3</sup>/d
  - Investments in production wells (8 in SK and 20 in YK), completion of a CPF<sup>1</sup> of 2.69 Mm<sup>3</sup>/d in SK and construction of facilities of 3.54 Mm<sup>3</sup>/d in YK; connection lines with Gazprom's system



## Portfolio: Russia, Iraq and Indonesia (II)



### Prospective Resources

- **Russia - West Siberia** (WI 74.9%, operator)
  - Karabashsky 1&2 blocks: two exploration wells in 2013
  - 8 additional study licenses
- **Iraq - Kurdistan** (WI 100%)
  - Piramagrun and Qala Dze blocks
  - Proven basin with large recent discoveries
  - Ongoing seismic analysis
- **Indonesia - West Papua** (WI 45%-50%)
  - 1 operated block (Cendrawasih II) and 4 non-operated (Seram, East Bula, Cendrawasih III and IV)
  - Frontier basins
  - Seismic under analysis and potential drilling during the Plan Period



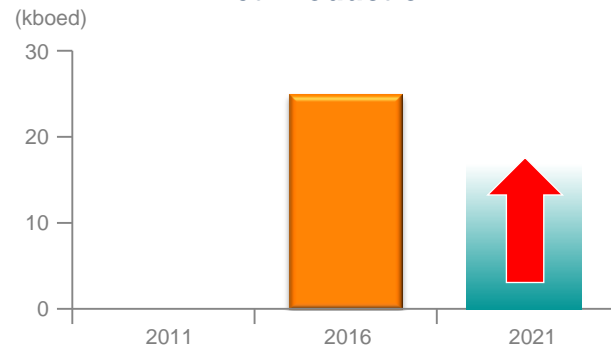


## Portfolio: Russia, Iraq and Indonesia (III)

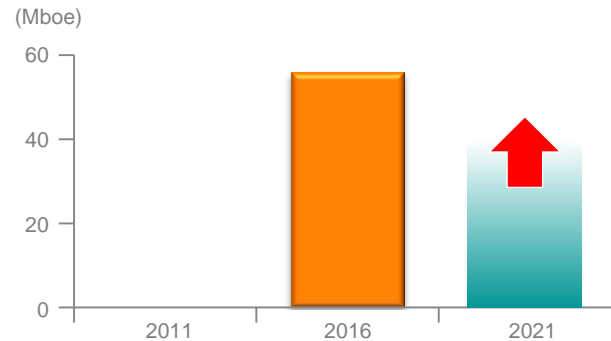
Our businesses  
strategy:  
2012-2016  
Upstream

- Quick growth of production and reserves in Russia based on JV with Alliance
- Development phase of key growth projects in Russia (Saneco, TNO, SK and YK)
- High exploration potential in Russia, Iraq and Indonesia

### Net Production



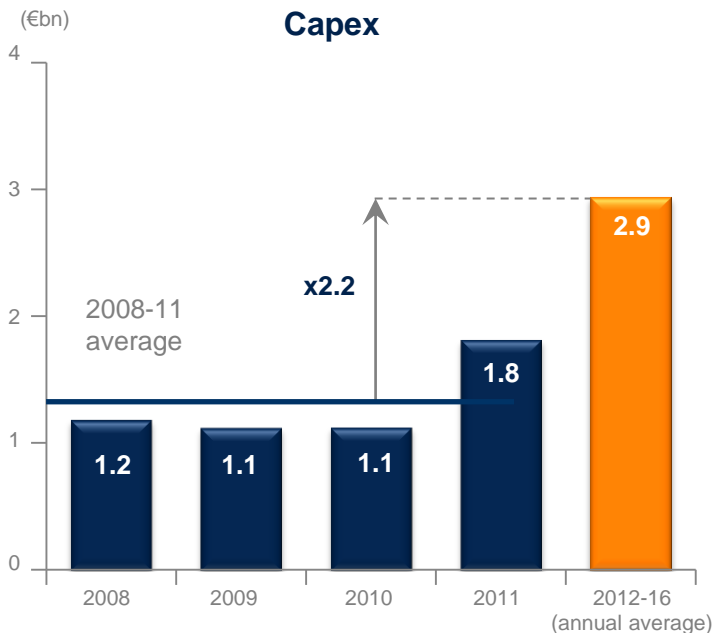
### Reserves



 Russia

# Upstream Capex close to €3bn/year in 2012-16, more than doubling 2008-2011

Capex<sup>(1)</sup> intensity in Upstream will increase x2.2 in 2012-16 vs. 2008-11



€14.7bn 2012-2016

Capex<sup>(1)</sup> of each key growth project in the 2012 – 2016 period

Project	Expected Capex (€bn)
Mid Continent	2.3
Sapinhoa (Guara)	1.2
Carioca	0.8
Carabobo	0.7
Cardon IV	0.5
Russia	0.4
Reggane	0.4
Margarita	0.3
Kinteroni	0.1
Lubina-Montanazo	0.02 <sup>(2)</sup>
<b>Key Growth Projects</b>	<b>6.6<sup>(3)</sup></b>

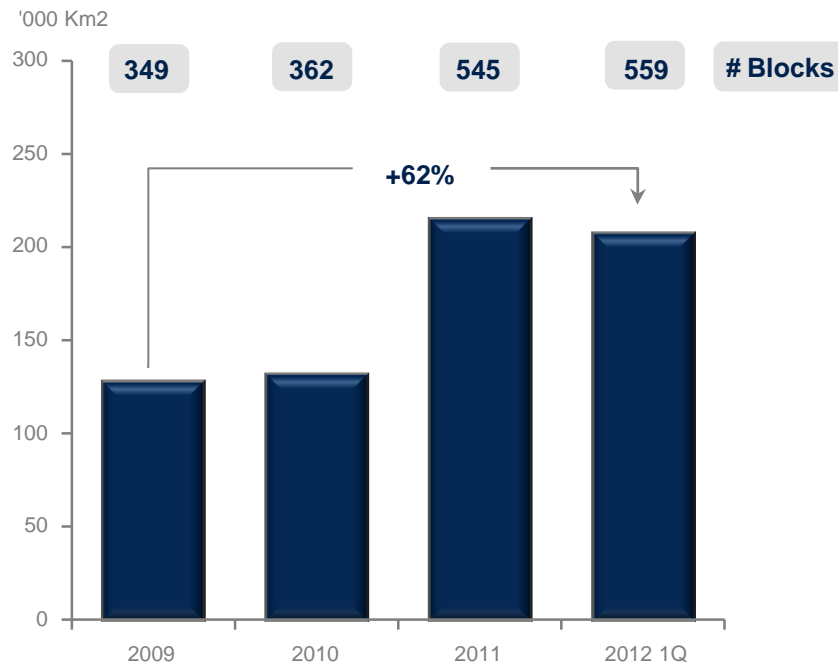
1. Net Capex, excluding G&G and G&A 2. Net investments by Dec 31st 2011: USD 94M 3. Total Upstream Capex 2012-2016: €14.7bn (remaining €8.1bn Capex includes producing assets and other exploration and development not linked to key growth projects)

## Focus on Exploration: Our technical themes

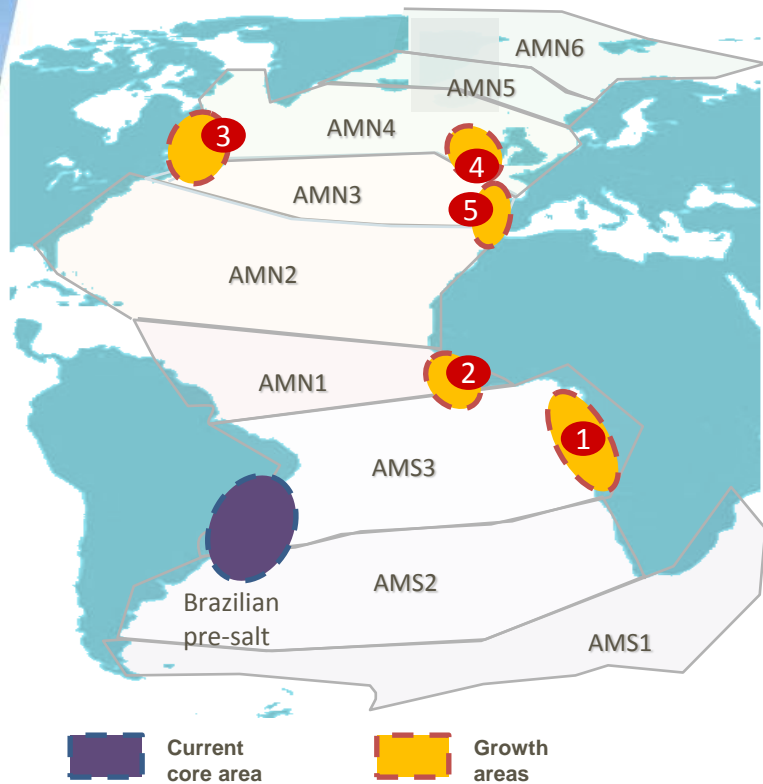
### New grounds based on knowledge

- Analogies in both sides of the Atlantic basin
  - New blocks in Norway, Canada, Ireland, Portugal, Angola, Namibia
- Offshore carbonates
  - New blocks in Ireland, Colombia, Angola, Namibia
- Underexplored folded belts
  - New blocks in Peru, Iraq, Indonesia

### Upstream Net acreage evolution



## Atlantic break-up analogies



- ✓ AMN: Atlantic Margin North
- ✓ AMS: Atlantic Margin South

- Our studies highlight the differences (post-rift) and similarities (pre-rift) in the development of conjugate belts
  - Additional overlap with some of our traditional exploration themes

- Recent moves to
  - 1 Angola
  - 2 Sierra Leone / Liberia
  - 3 Canada
  - 4 Ireland
  - 5 Portugal

## Off-shore carbonates

- We are among the first companies to have focused on offshore underestimated carbonate reservoir targets, and we continue screening similar plays worldwide



## Underexplored folded belts

- We have entered into several underexplored folded belt plays, with the view of advancing in issues related to difficult logistics and poor subsurface image





**REPSOL**

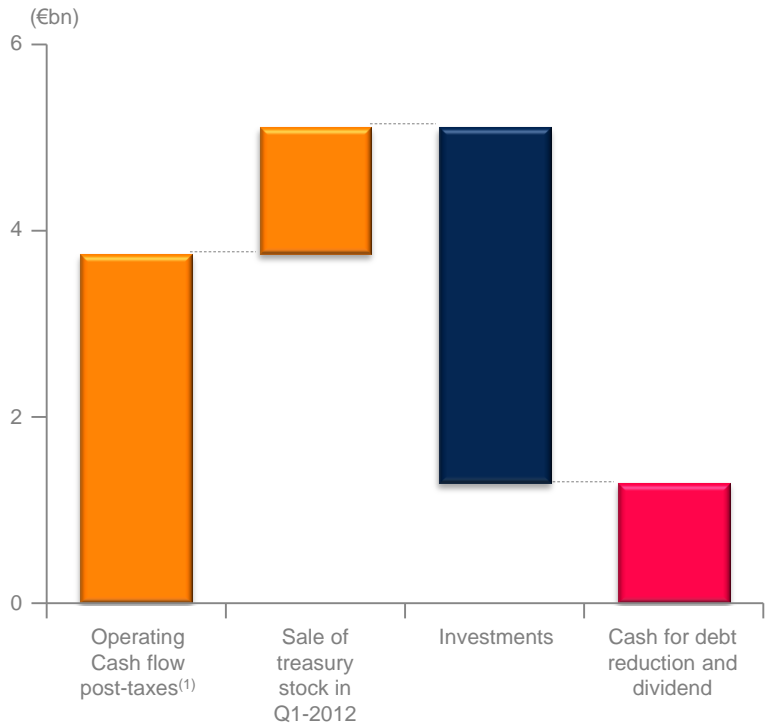
## Appendix

- Energy Outlook
- Upstream geographical breakdown
- Other financials

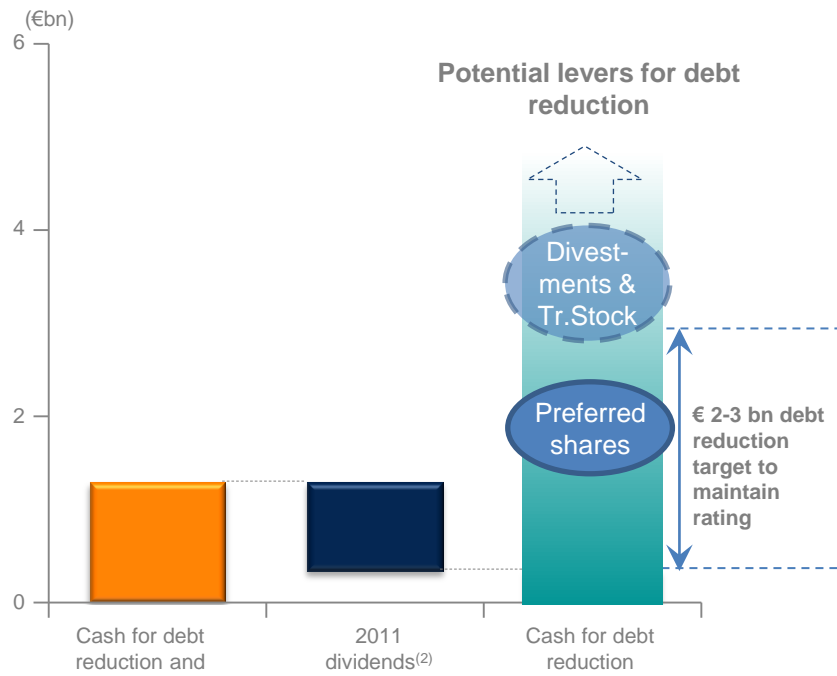
# Short-term financial levers exceed requirements for investment grade



## 2012 Cash Movements



## Impact on debt



1. Includes GNF dividend. Includes also dividends to minorities 2. Assuming scrip dividend; subject to Annual General Meeting (AGM) approval and scrip acceptance

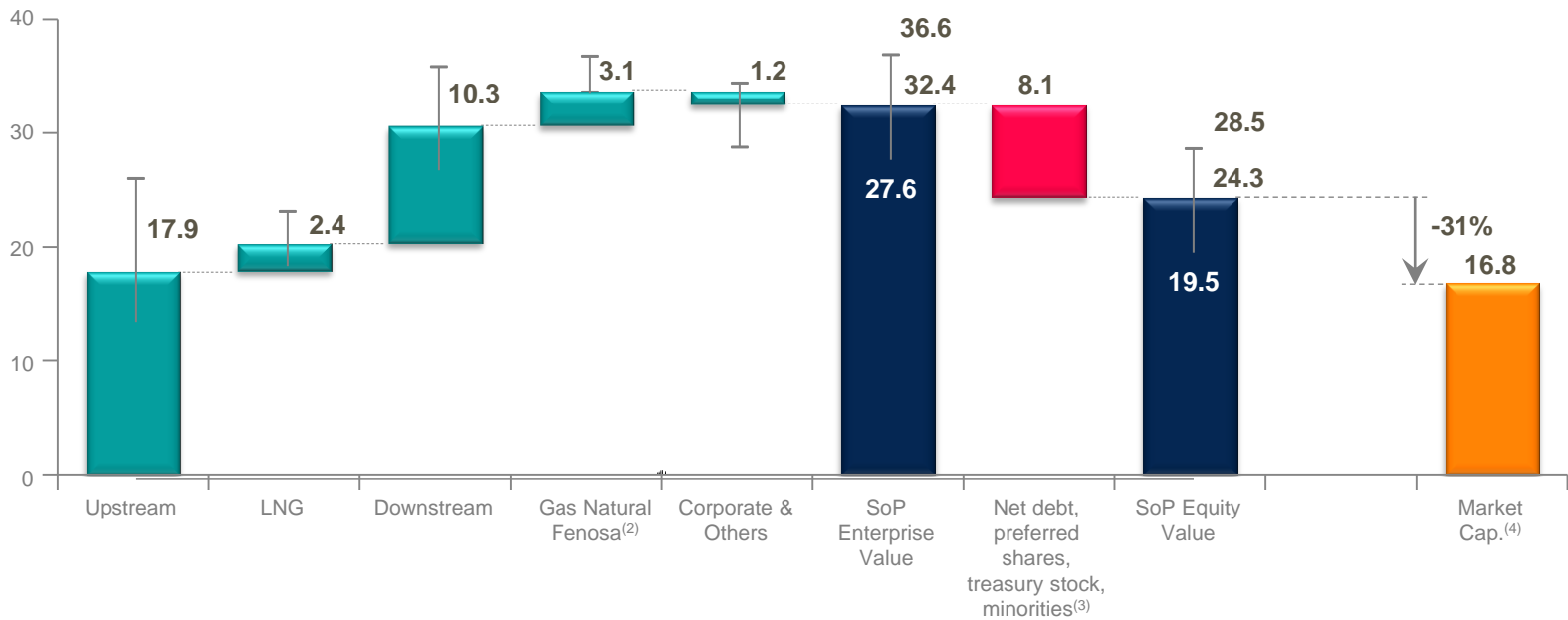


# Repsol's sum of the parts valuation

May 2012: after YPF expropriation



### Sum of the Parts<sup>(1)</sup> vs. Market Cap (€bn)

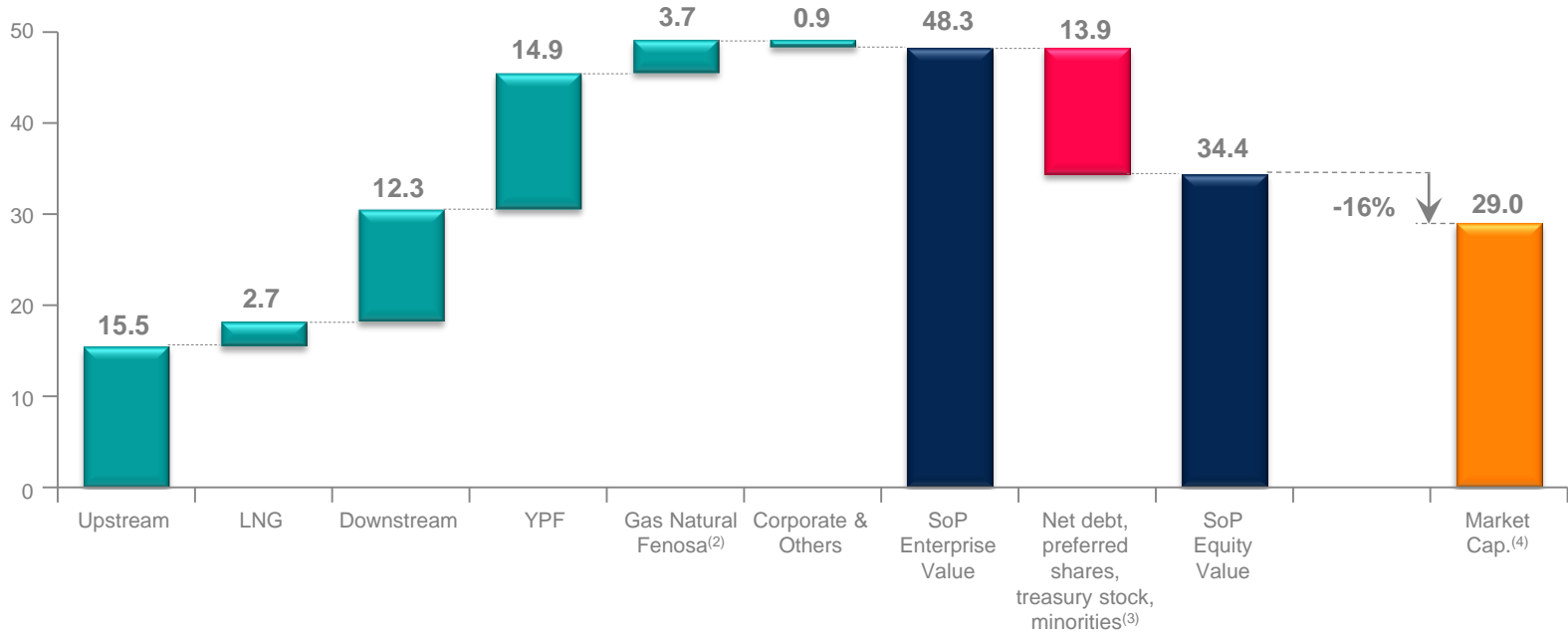


1. Average of 1Q2012 sum of parts analysis, excluding YPF given by analysts minorities: €0.3bn; treasury stock (15€/share): €0.9bn; Petersen loan €1.5bn  
 2. Considering GNF 10.33€/share, range estimated with analysts' target prices  
 3. Net debt + preferred shares exGNF: €7.2bn  
 4. Market cap as of May 14th 2012. Source: Analysts' reports, Bloomberg

# Repsol's sum of the parts valuation

End of 2011: before YPF expropriation

### Sum of the Parts<sup>(1)</sup> vs. Market Cap (€bn)



1. Average of 4Q2011 sum of parts analysis, including YPF given by analysts 2. Considering GNF 12.4€/share 3. Net debt + preferred shares exGNF: €9.8bn; minorities: €6.3bn; treasury stock (5% at 15€/share, 5% at 21.1€/share): €2.2bn; 4. Market cap at 2011 year end. Source: Analysts' reports, Bloomberg



# Growing from our strengths

## Strategic Plan 2012-2016