

# WEBCAST – CONFERENCE CALL

## Second Quarter 2017 Results

July 27th, 2017



# Disclaimer



ALL RIGHTS ARE RESERVED

© REPSOL, S.A. 2017

*Repsol, S.A. is the exclusive owner of this document. No part of this document may be reproduced (including photocopying), stored, duplicated, copied, distributed or introduced into a retrieval system of any nature or transmitted in any form or by any means without the prior written permission of Repsol, S.A.*


*This document does not constitute an offer or invitation to purchase or subscribe shares, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.*

*This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors and circumstances described in the filings made by Repsol and its affiliates with the Comisión Nacional del Mercado de Valores in Spain and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.*

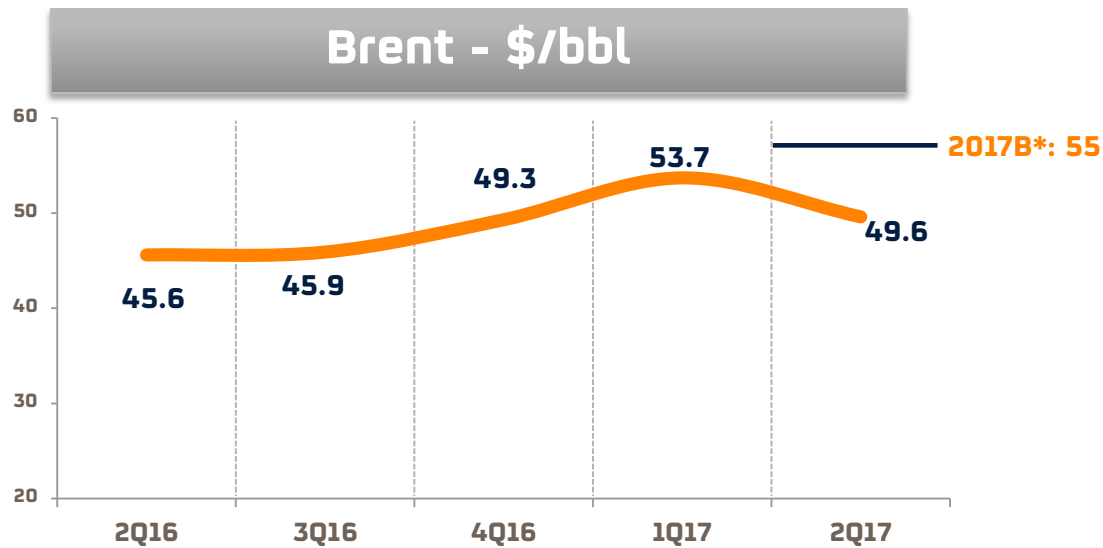
*Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.*

*This document mentions resources which do not constitute proved reserves and will be recognized as such when they comply with the formal conditions required by the system "SPE/WPC/AAPG/SPEE Petroleum Resources Management System" (SPE-PRMS) (SPE – Society of Petroleum Engineers).*

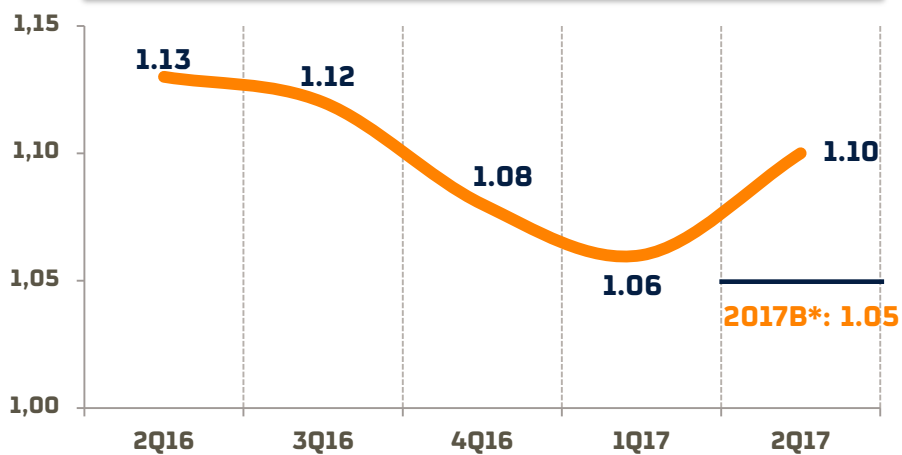
*This document does not constitute an offer or invitation to purchase or subscribe shares, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction. The information contained in the document has not been verified or revised by the External Auditors of Repsol.*

- 1. Key messages from second quarter of 2017**
  - 2. Operational results**
  - 3. Financial results**
  - 4. Progress of key strategic objectives**
  - 5. Conclusions**
- 
- An aerial photograph of an offshore oil rig in the middle of the ocean. The rig is a complex structure with a central tower and various platforms, surrounded by a dark blue sea. The rig is positioned in the center-left of the slide, partially overlapping the second agenda item.

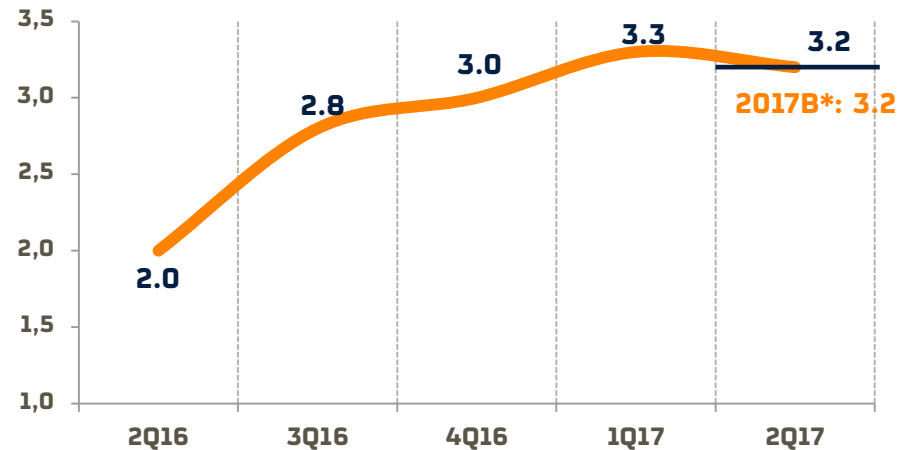
# Market environment



### Exchange Rate - \$/€



### Henry Hub - \$/Mbtu



\*Budget for 2017

# Key messages from second quarter of 2017



- ✓ Focus on **delivering strategic objectives**
- ✓ **Net debt** reduced to **<€7.5Bn**
- ✓ **Efficiency** and **synergy programme** delivering lower costs

## Upstream

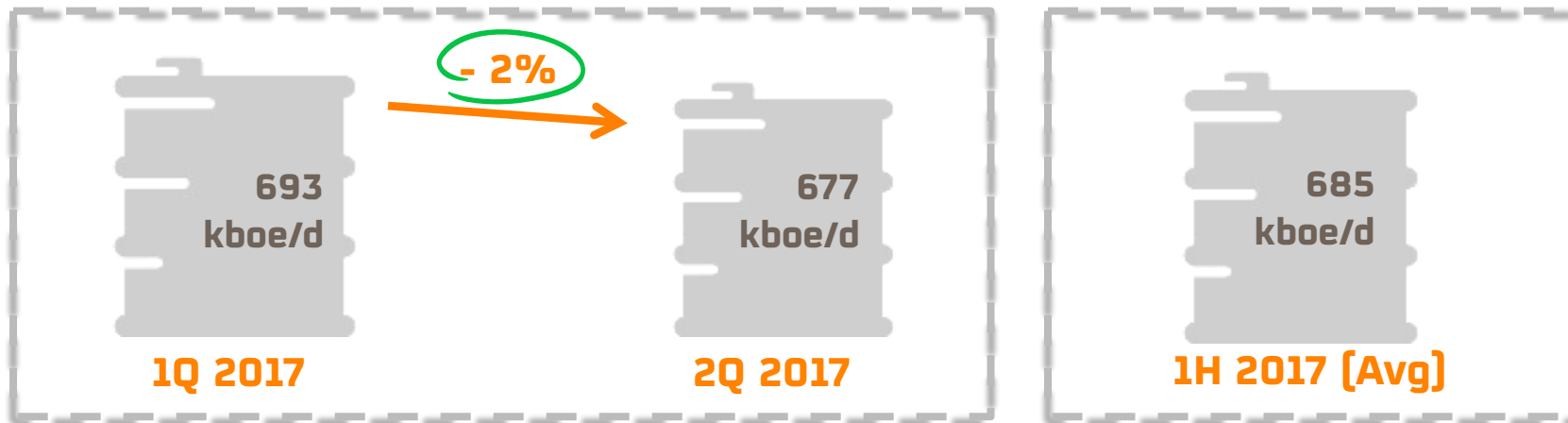
- ✓ **Production** volumes in line with guidance → **677 kboe/d**
- ✓ **Exploration program:** continued positive results

## Downstream

- ✓ **Refining:** major planned maintenance for the year completed on time and on budget
- ✓ Outstanding quarter for **Chemicals**
- ✓ **Commercial businesses:** consistent delivery

# Operational Activity

## Upstream



**[+]** Higher than budgeted production in Libya

- (-)** Sale of Ogan Komering (Indonesia)
- (-)** Fluctuating gas demand in Indonesia

### Development activity:

- ✓ First production from **MonArb** (UK North Sea)
- ✓ Hook-up of an additional production well at **Lapa** (Brazil) → Gross Production at **60 kboe/d**
- ✓ **Juniper** (T&T): first gas expected in 3Q17
- ✓ **Kinabalu** (Malaysia): start-up in 4Q17

### Exploration program:

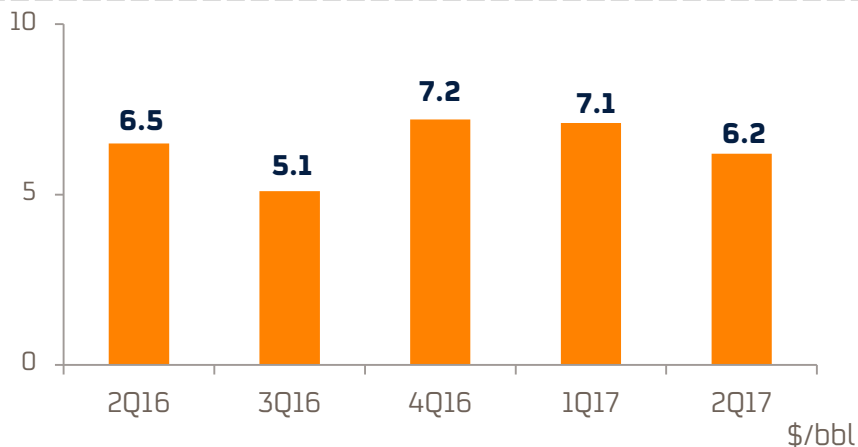
- ✓ 5 exploratory (**2 positive**) and 1 appraisal (**1 positive**) wells completed

# Operational activity

Downstream



## Refining Margin Indicator



## Petrochemicals

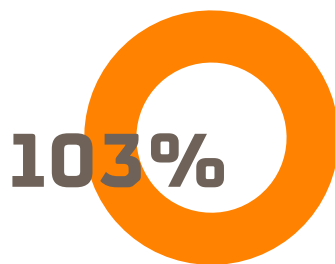
- Lower Naphtha pricing
- Resilience in international prices
- EBIT >180M€ in line with record levels of 2016

## Utilization rates

2Q 2017



Distillation



Conversion units

## Commercial businesses

### Marketing

- Higher volumes due to increasing demand in Spain and Portugal

# Quarterly Results



	Q2 2017	Q2 2016	% Variation
<b>CCS Adjusted Net Income</b>	496	345	+ 44%
<b>Net Income</b>	367	205	+ 79%
<b>EBITDA CCS</b>	1,463	1,167	+ 25%

Million €

<b>UPSTREAM</b>	Q2 2017	Q2 2016	% Variation
<b>CCS Adjusted Net Income</b>	115	46	+ 150%

Million €

<b>DOWNSTREAM</b>	Q2 2017	Q2 2016	
<b>CCS Adjusted Net Income</b>	429	378	+ 14%

Million €

<b>CORPORATION</b>	Q2 2017	Q2 2016	
<b>CCS Adjusted Net Income</b>	-48	-79	+ 39%

Million €



# Progress of key strategic objectives



	2017 Guidance	
<b>Efficiency &amp; Synergies [€Bn]</b>	<b>2.1</b>	<ul style="list-style-type: none"> <li>• 50% of the target achieved</li> <li>• 90% of 2020 synergies already captured</li> </ul>
<b>Group Capex [€Bn]</b>	<b>3.2-3.6</b>	<ul style="list-style-type: none"> <li>• Lower than guidance in 1H17</li> <li>• Capital intensity increasing in 2H17</li> </ul>
<b>Production [kboe/d]</b>	<b>~680</b>	<ul style="list-style-type: none"> <li>• Potential to go above guidance depending on Libya</li> <li>• 2H17: Start-up Kinabalu (Malaysia) and Juniper (T&amp;T)</li> <li>• Sagari and Reggane start-up end 2017/early 2018</li> </ul>
<b>Refining Margin Indicator [\$/bbl]</b>	<b>6.4</b>	<ul style="list-style-type: none"> <li>• Margins strengthening into 2H17</li> </ul>
<b>Net Debt [€Bn]</b>	<b>&lt; 7.0</b>	<ul style="list-style-type: none"> <li>• S&amp;P upgrade to positive outlook</li> <li>• Targeting BBB stable from each rating agencies</li> </ul>

# Conclusions - delivering strategic objectives



## ✓ UPSTREAM

- **Cost efficiency, project management** and **portfolio optimization**
- On track to deliver average production of **680 kboe/d**
- Optimization of **capital investment**

## ✓ DOWNSTREAM

- Completion of planned refinery maintenance → Improve **utilization** and **conversion factors** → Generation of **significant premium** to margin indicator in 2H17

## ✓ CORPORATION

- **Synergy and efficiency**: on track to deliver **€2.1Bn** in savings
- Secure a **BBB stable** rating
- Lower Group's FCF breakeven to **40\$/bbl**

# Q&A Session

## Second Quarter 2017 Results

Repsol Investor Relations

[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)





# WEBCAST – CONFERENCE CALL

## Second Quarter 2017 Results

July 27th, 2017

