



# **4<sup>th</sup> QUARTER & FULL YEAR 2004 PRELIMINARY RESULTS**

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

***February, 22<sup>nd</sup> 2005***

***Safe harbor statement under the Private Securities Litigation Reform Act of 1995:***

***This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of Repsol YPF and its management, including with respect to trends affecting Repsol YPF's financial condition, results of operations, business, strategy, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures and investments. These statements are not guarantees of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol YPF's control or may be difficult to predict.***

***Repsol YPF's future financial condition, results of operations, business, strategy, production volumes, reserves, capital expenditures and investments could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental and regulatory considerations and general economic and business conditions, as well as those factors described in the filings made by Repsol YPF and its affiliates with the Comisión Nacional del Mercado de Valores in Spain, the Comisión Nacional de Valores in Argentina and the Securities and Exchange Commission in the United States; in particular, those described in Section 1.3 "Key Information about Repsol YPF? Risk Factors" and Section 3 "Operating and Financial Review and Prospects" in Repsol YPF's annual report on Form 20-F for the fiscal year ended December 31, 2003 filed with the Securities and Exchange Commission.***

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

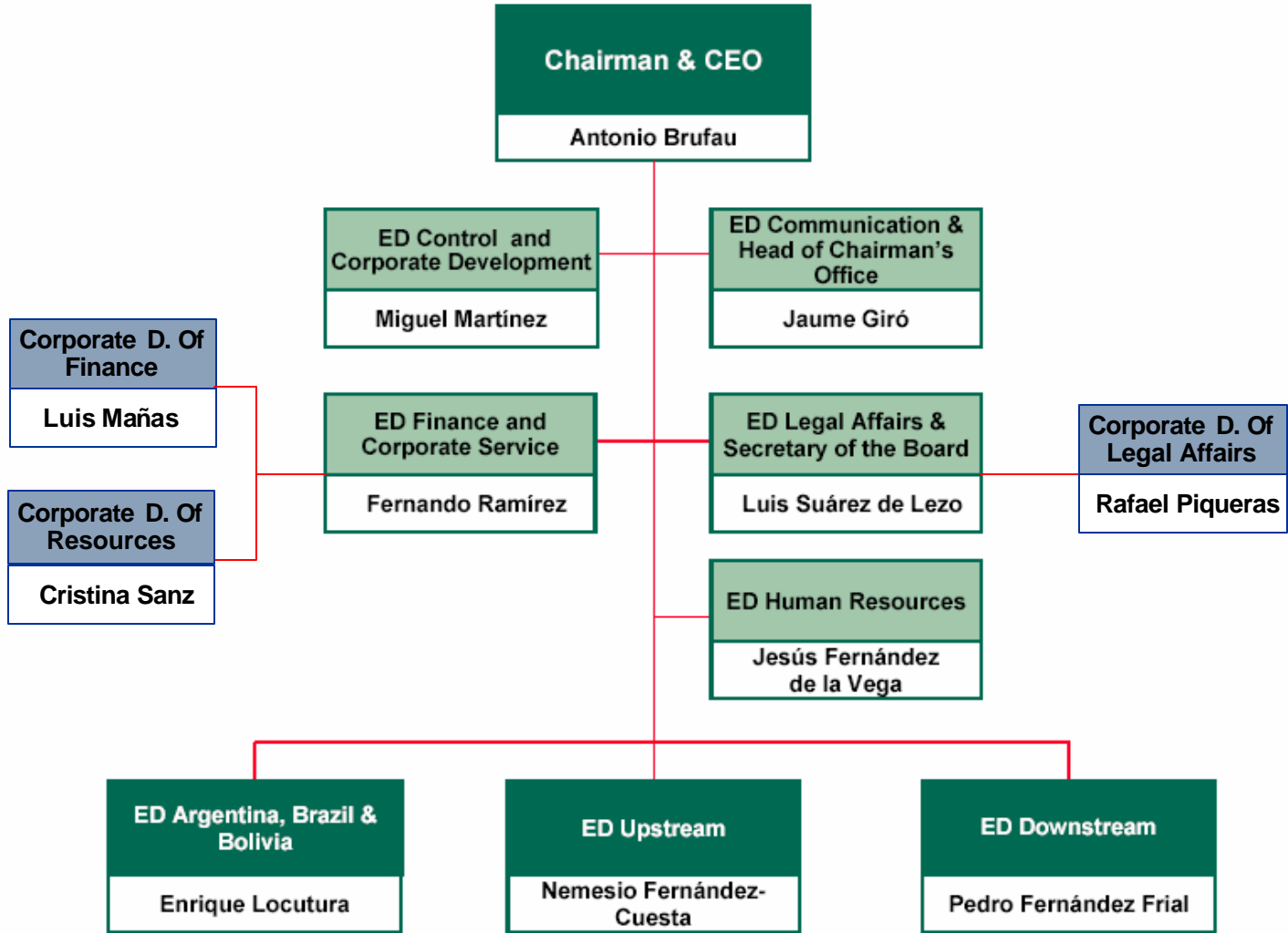


# HIGHLIGHTS

*Antonio Brufau*  
*Chairman & CEO*

- ***Company oriented to results and target fulfilment***
- ***Decision making process decentralized***
- ***Increasing managers' direct responsibility for earnings***
- ***Enhancing empowerment to foster cost cutting***
- ***Reducing the size of the corporation***

# New Organization

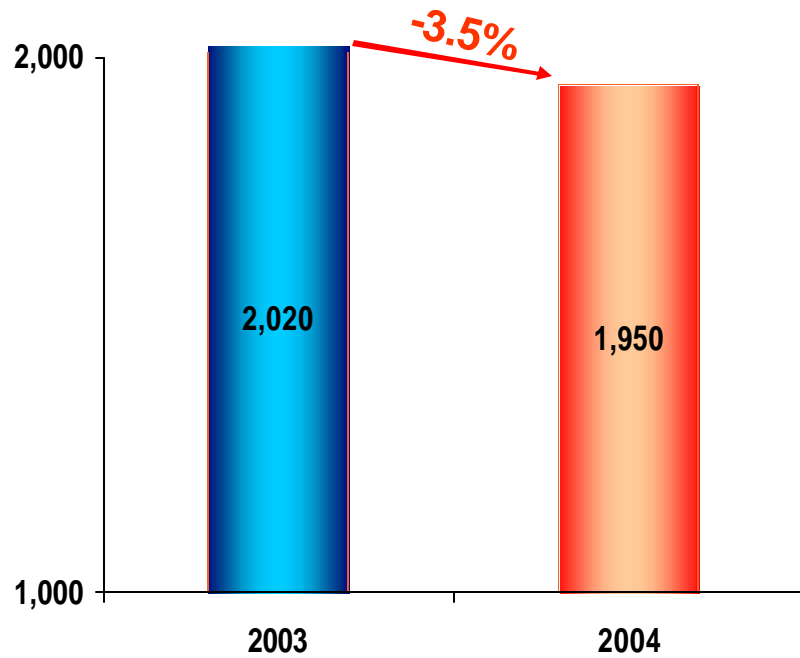


- 
- *Well balanced between Upstream and Downstream*
  - *Good reserves to production ratio, particularly in gas*
  - *Ample possibilities for growth*
  - *Unique relationship with Gas Natural sdg*
  - *Leadership in Latin America*
  - *Very cost efficient operator*
  - *Low organic replacement ratio in 2003 and 2004*
  - *Limited E&P diversification*

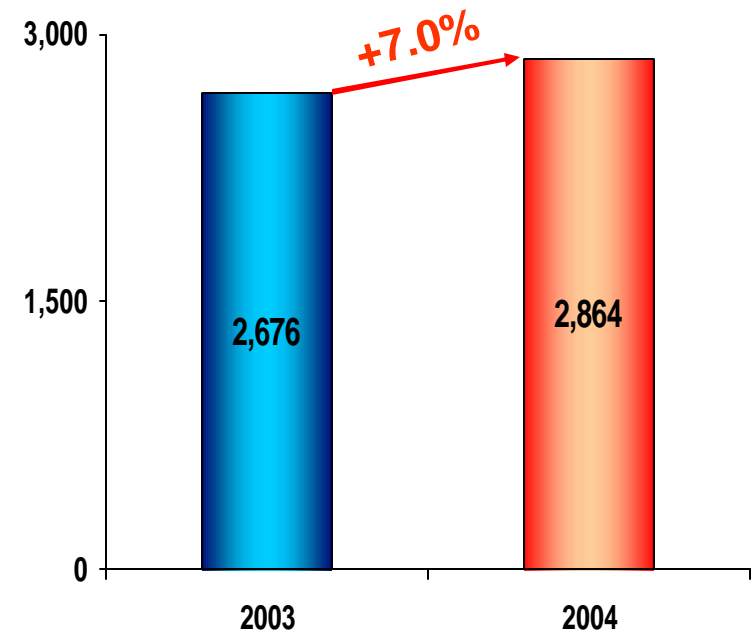
- ***Selective growth strategy***
- ***Geographical diversification***
- ***Larger investment in new upstream projects***
- ***Capital discipline and cost contention***
- ***Committed to continuing as a low-cost operator***

***Strategy Day in May 2005***

## Net Income



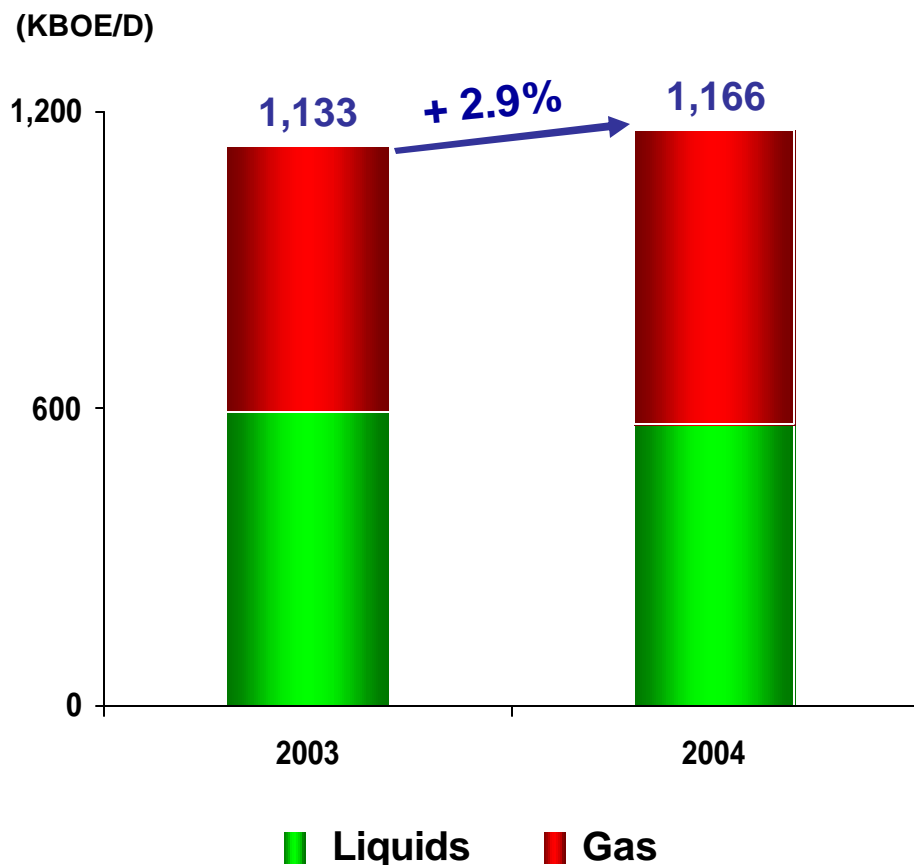
## Adjusted Net Income



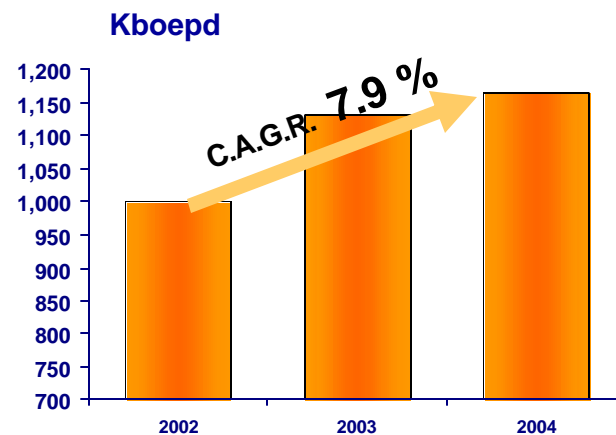
Million Euro



## Reported



## REPORTED PRODUCTION 2002-2004



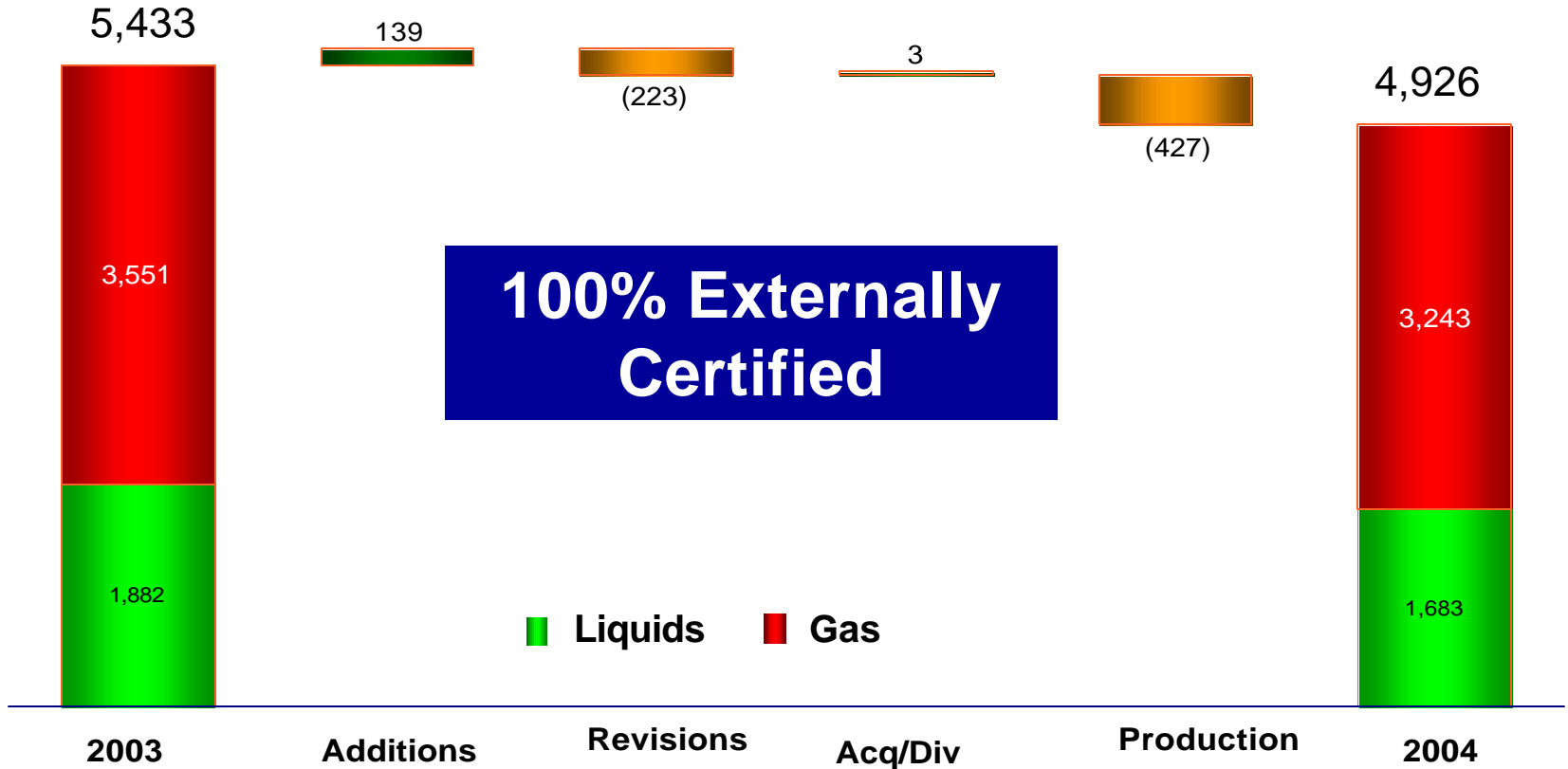
- € 2.6 Billion Operating Income
- 2.9% Total Production Growth

# Reserves at December 31<sup>st</sup>



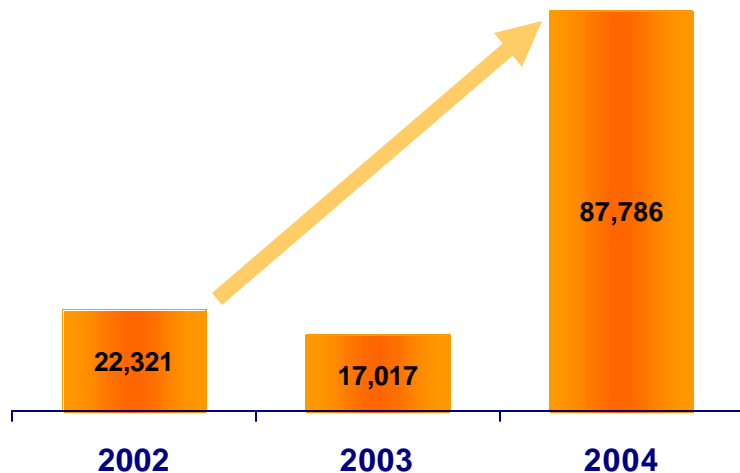
(MBOE)

## Proved Reserves

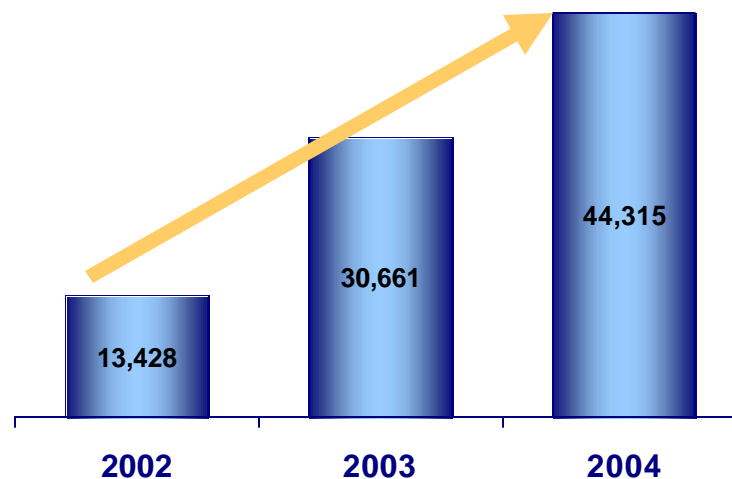


Conversion Factor Gas 1 Boe = 5.615scf

## 2D Seismic Km



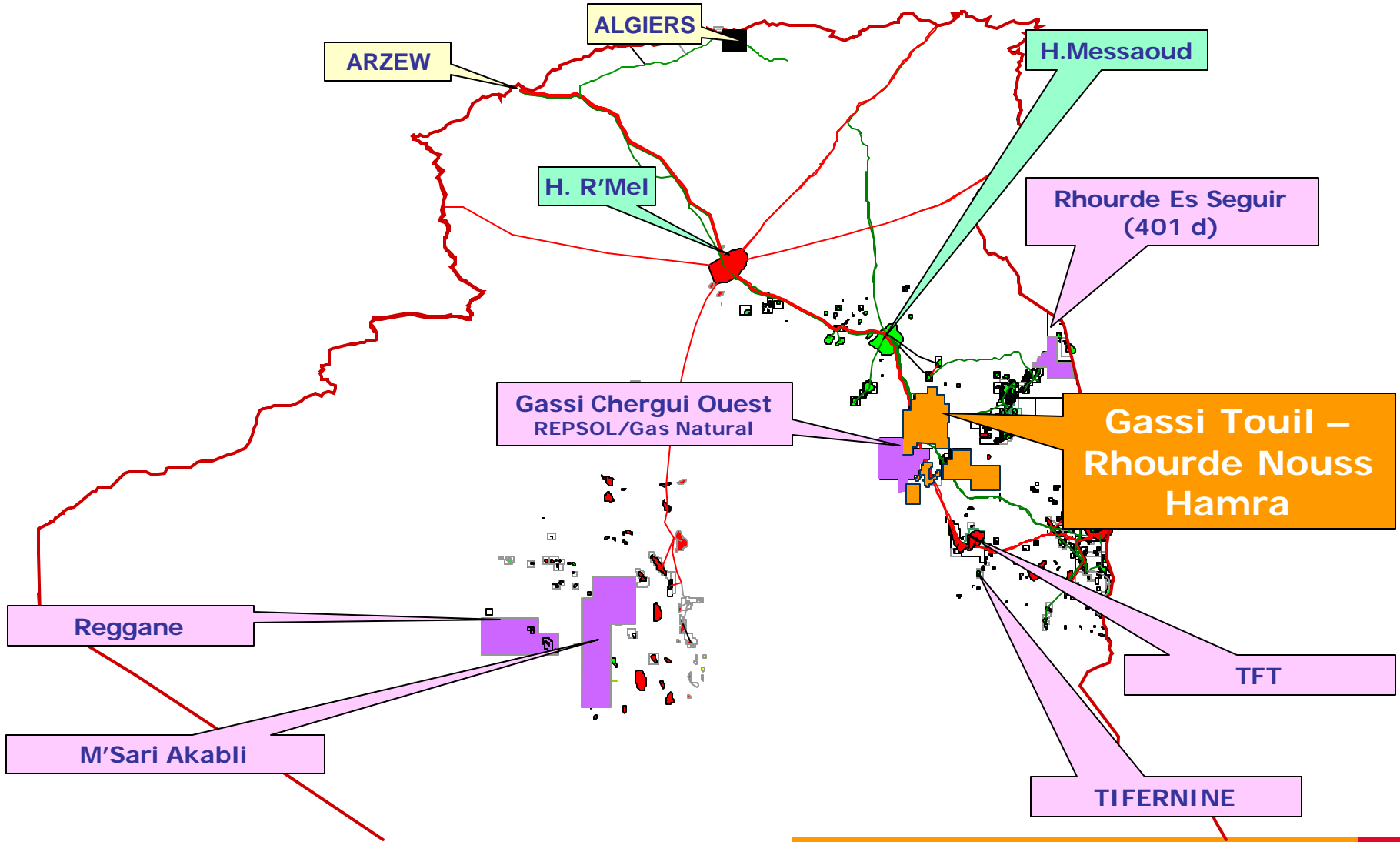
## 3D Seismic Km<sup>2</sup>



- *Total acreage up 77% since 2002 to 487,000 Km<sup>2</sup>*
- *2005 Exploration Capex: 450 M\$*

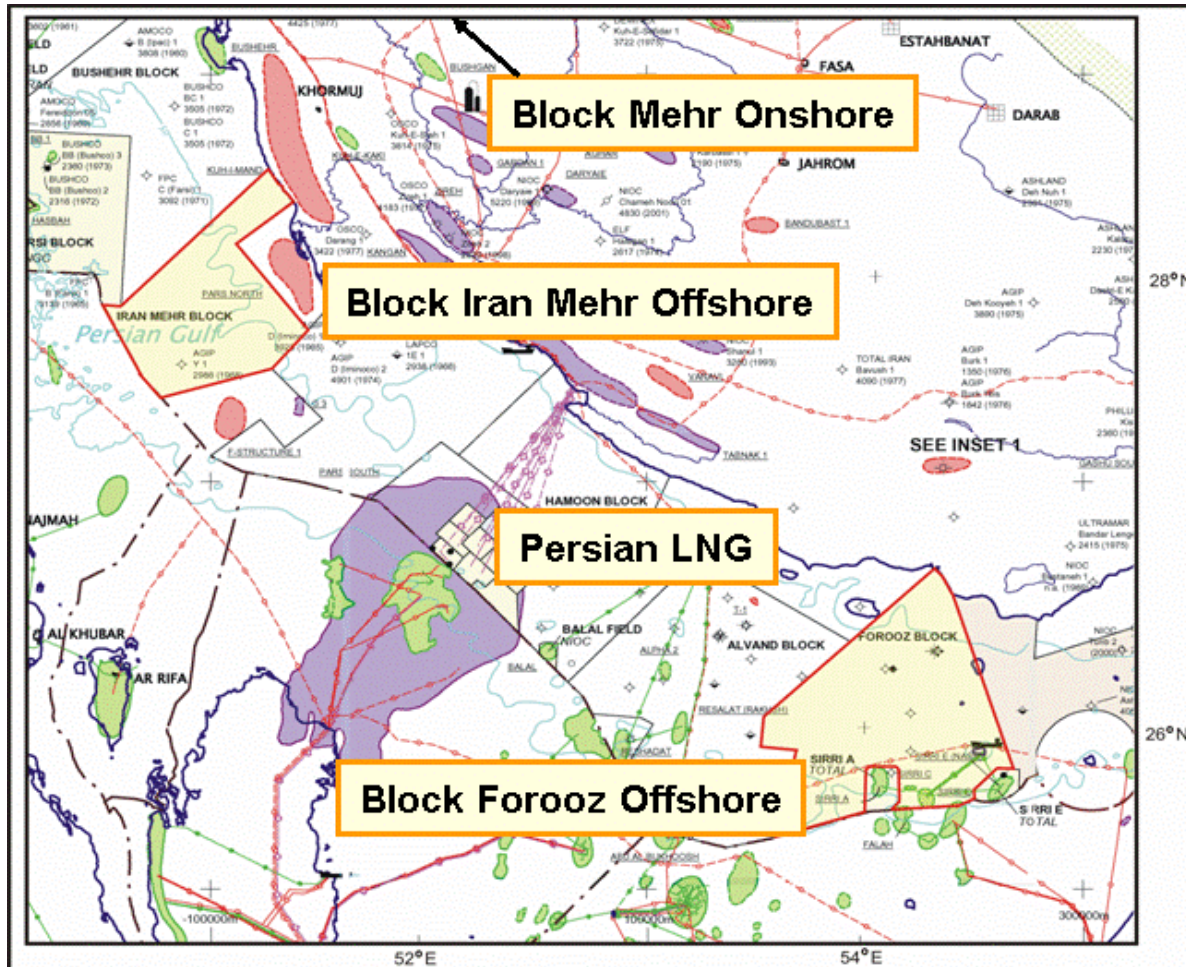
# New Projects

## Algeria



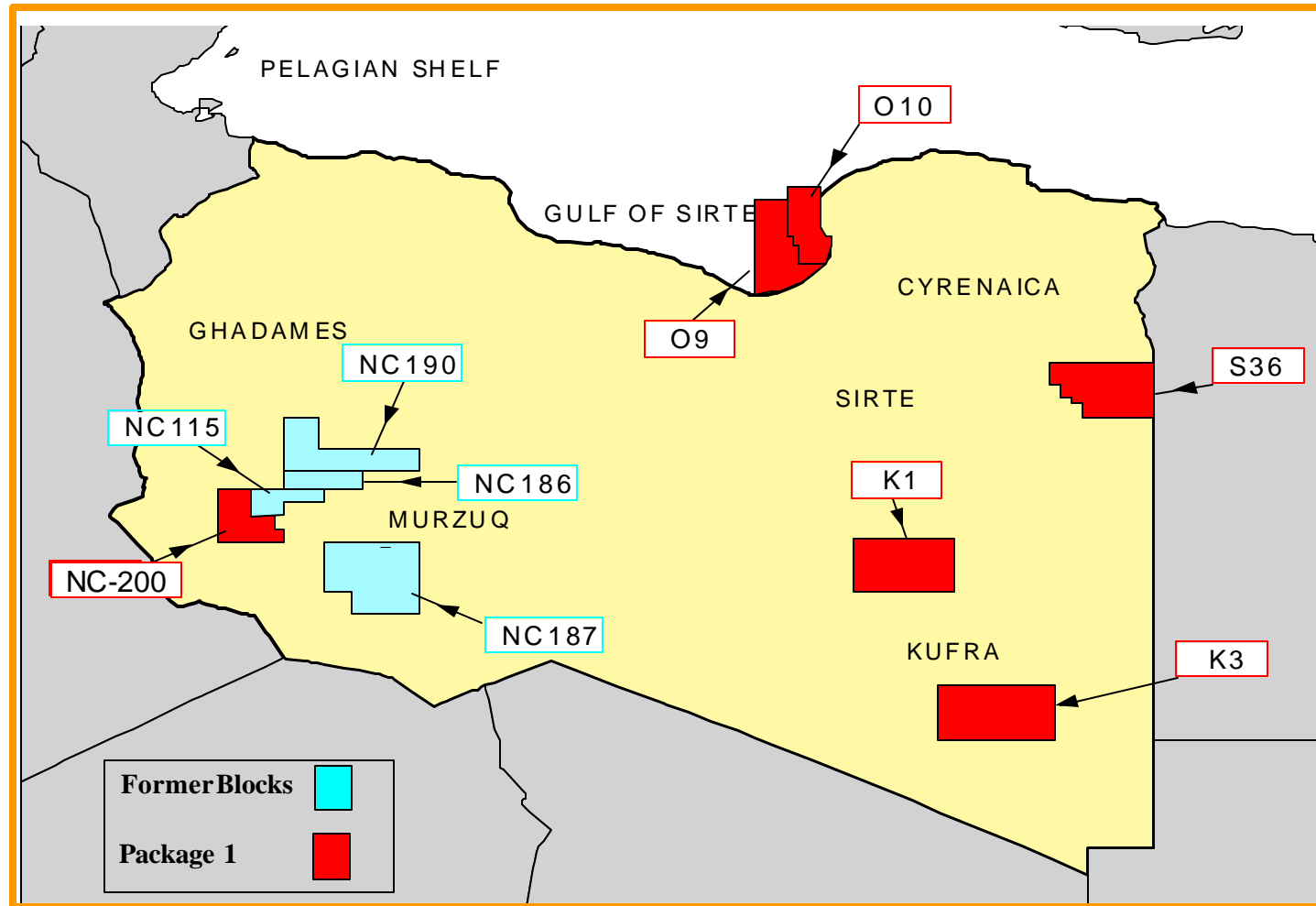
# New Projects

## Iran

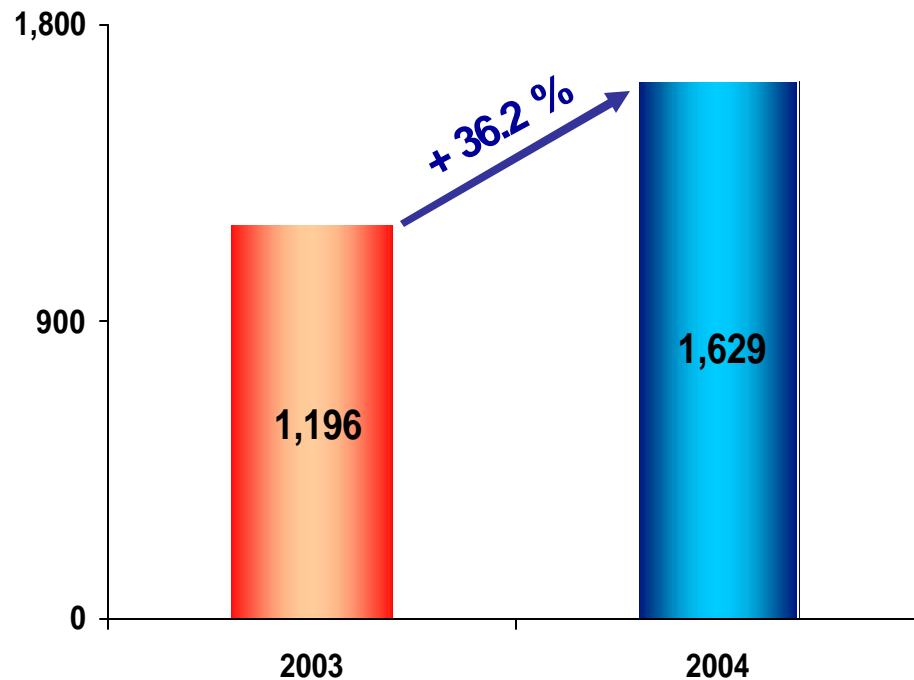


# New Projects

## Libya



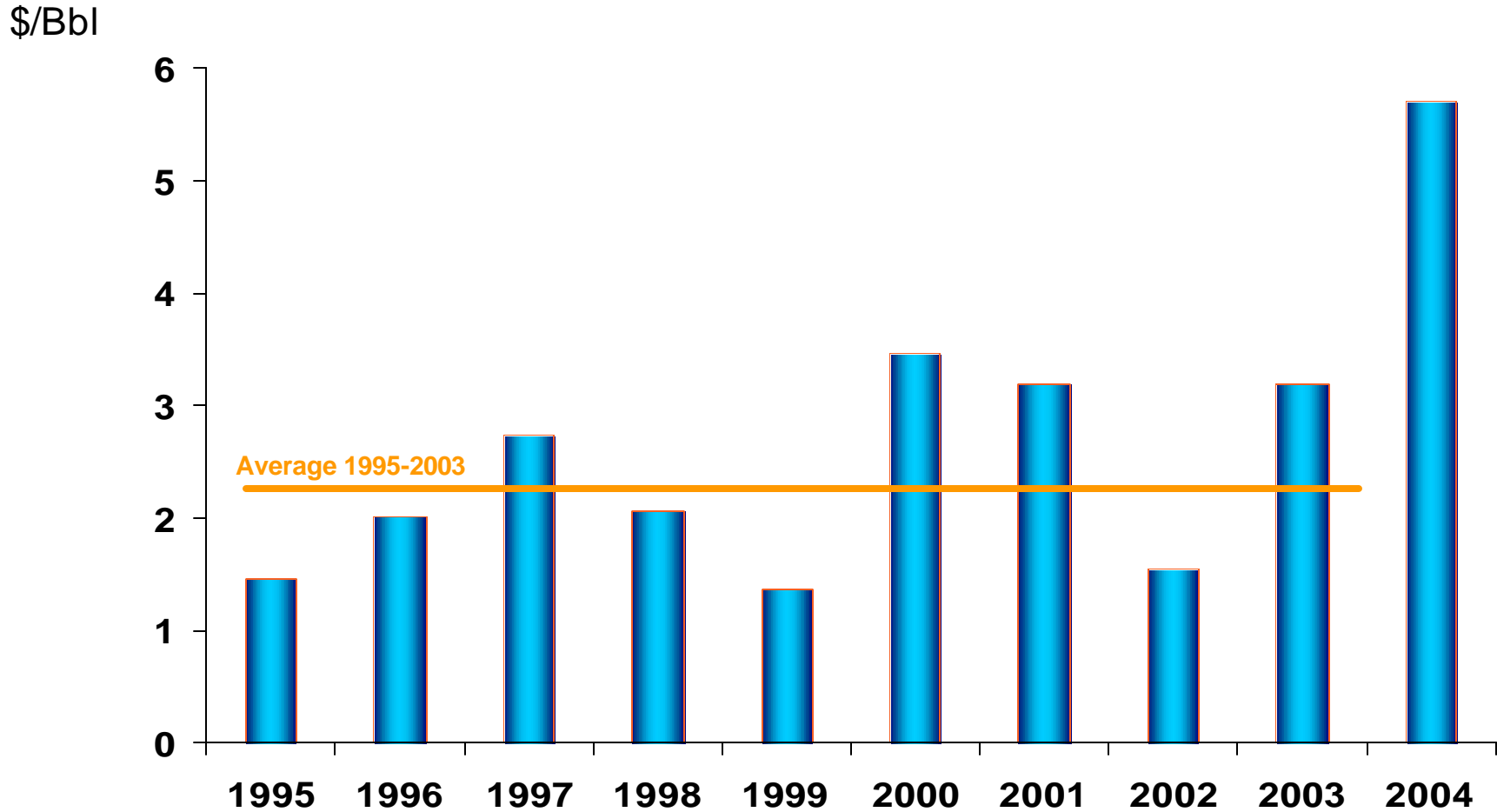
## Operating Income



Million Euro

- *Record refining margins*
- *Average mid-cycle petrochemicals margins*
- *Lower LPG and marketing margins in Europe*
- *Negative marketing margins in Argentina*

# Repsol YPF's Historic Refining Margins





- ***303 Service Stations***
- ***Borealis Petrochemical Plan***
- ***LPG assets from Shell***



- *Structural change in natural gas market over last years*
- *Natural gas price increases in Argentina, scheduled for May and July 2005*
- *Increase in Bolivian natural gas export prices to Argentina, up to more than \$2.14/mscf at the border*
- *Argentina nears agreement with debtors and IMF*
- *Bolivian Hydrocarbon Law still pending*

- *Production growth 2002-2004 above 5% targeted for 2002-2007*
- *Record downstream operating results*
- *Record EBITDA in Chemicals, in a mid-cycle year*
- *Strong cash flow generation*
- *25% dividend increase*

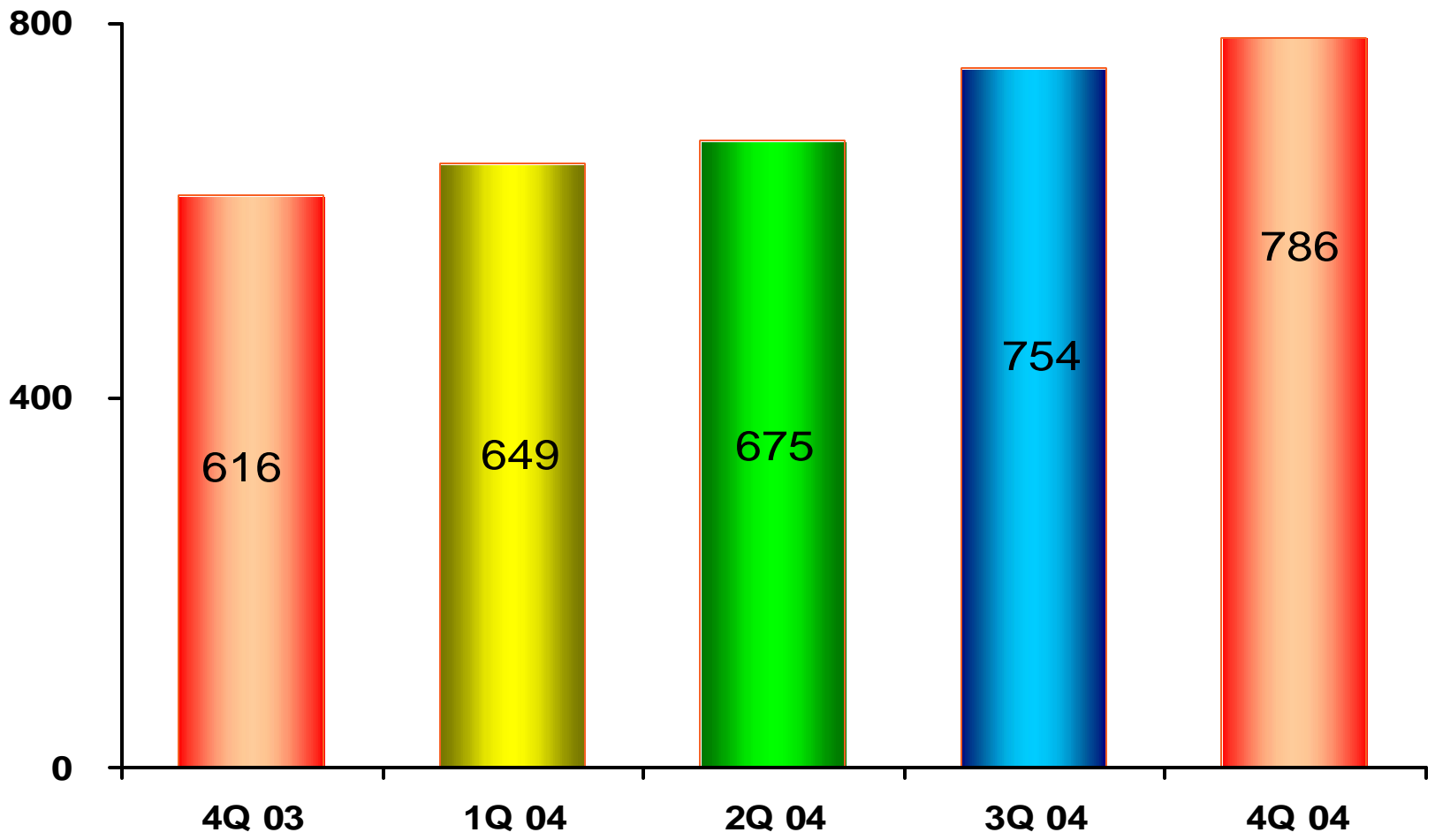
- *Normalization of Argentina*
- *Oil price stable above 40\$/bbl*
- *Downstream margins above historical levels*
- *Strong gas demand in the Southern Cone*
- *Two major LNG projects in the Mediterranean and Far East*



# RESULTS

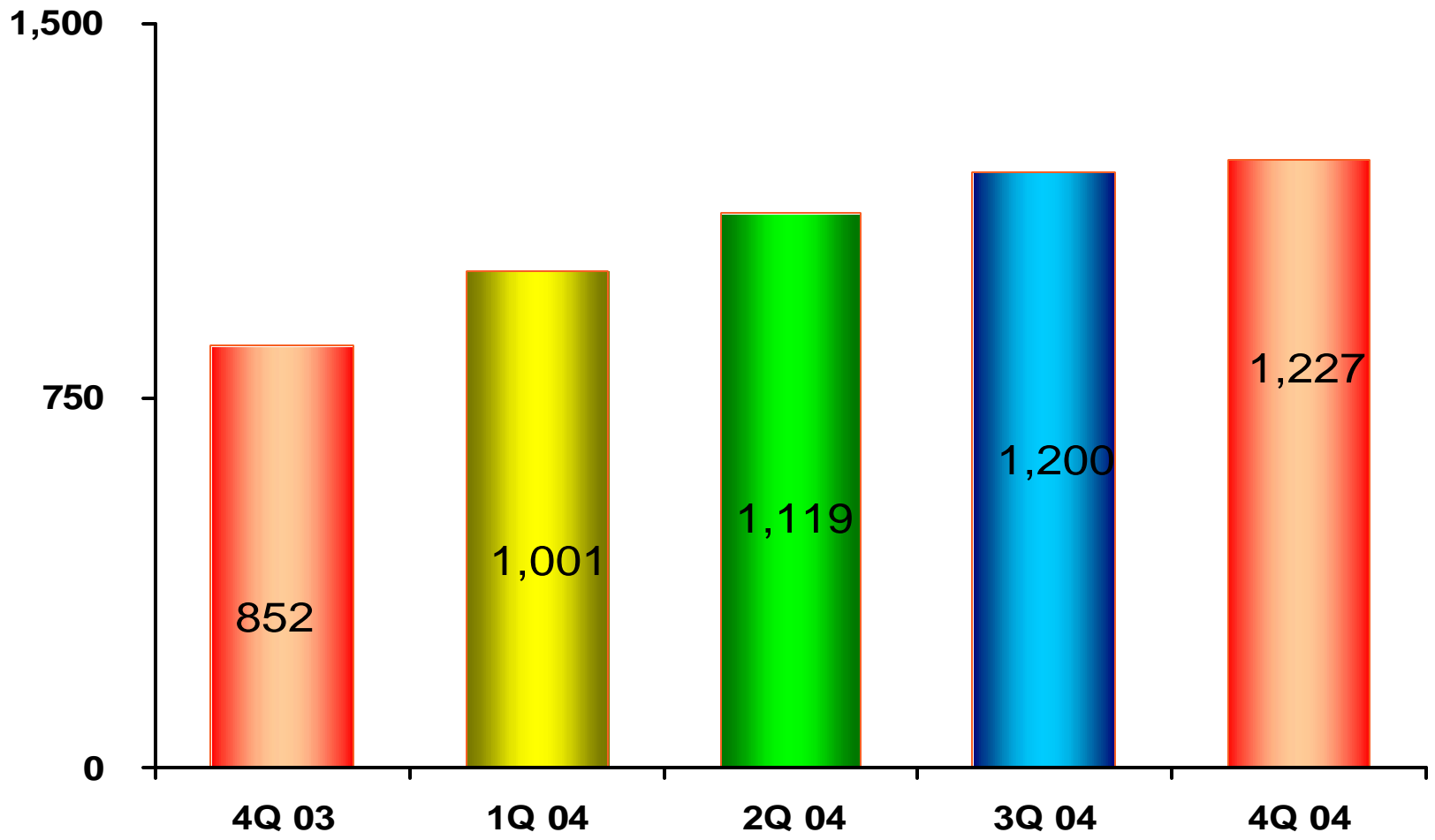
*Luis Mañas*  
**CFO**

# Adjusted Net Income



Million euro

# Operating Income



Million euro

# Year on Year Comparison



	<b>REPORTED</b>	+	<b>Adj. by €\$ Exchange Rate</b>	+	<b>Adj. by Tax Rate</b>
<b>Operating Income</b>	<b>17.8%</b>		<b>29.5%</b>		<b>29.5%</b>
<b>Net Income</b>	<b>-3.5%</b>		<b>6.1%</b>		<b>16.6%</b>
<b>Adj. Net Income</b>	<b>7.0%</b>		<b>17.6%</b>		<b>26.2%</b>
<b>Net Cash Flow</b>	<b>19.9%</b>		<b>31.8%</b>		<b>37.3%</b>

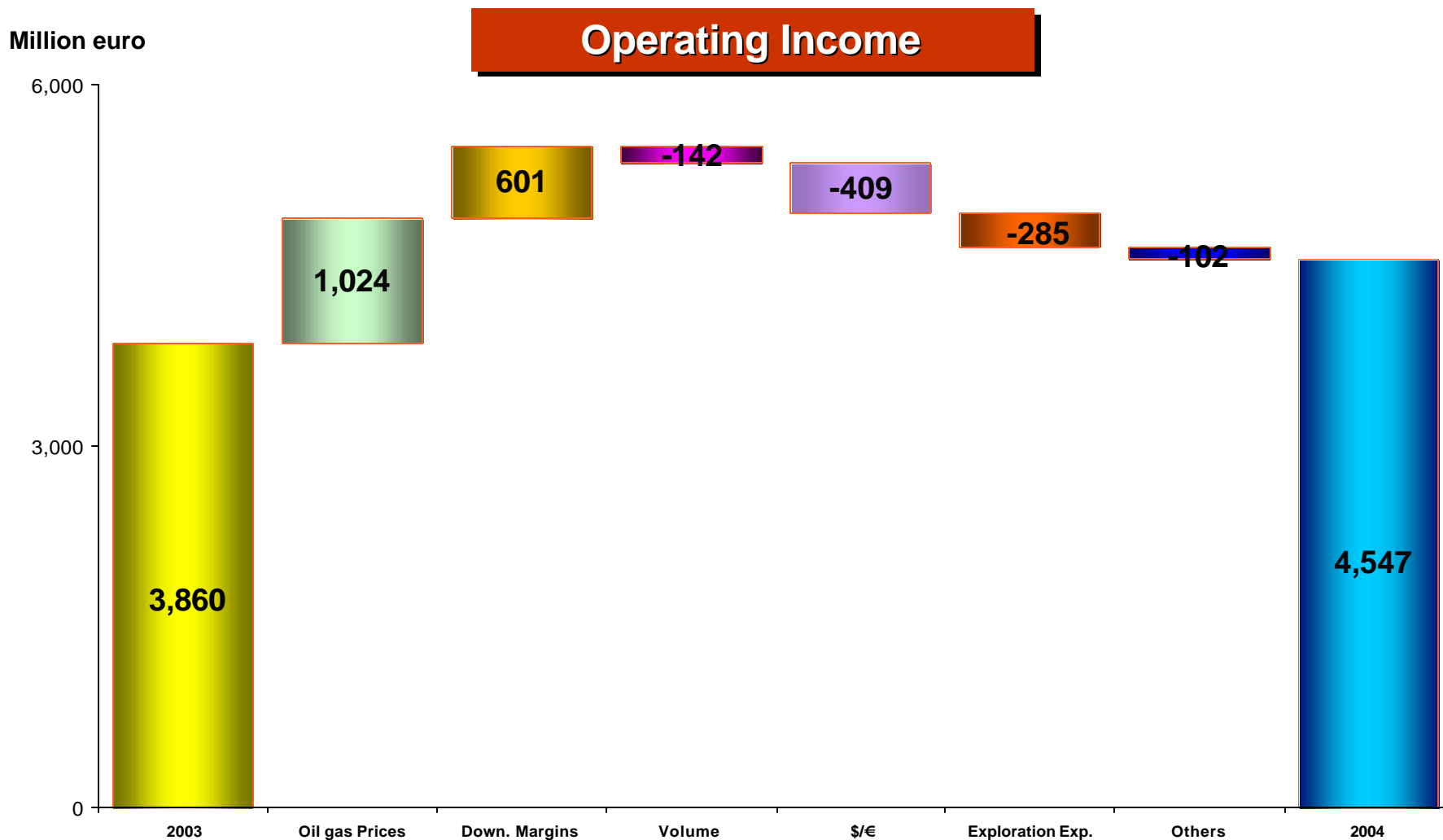


# Quarter on Quarter Comparison



	<b>REPORTED</b>	+	<b>Adj. by €\$ Exchange Rate</b>	+	<b>Adj. by Tax Rate</b>
<b>Operating Income</b>	<b>44.0%</b>		<b>54.8%</b>		<b>54.8%</b>
<b>Net Income</b>	<b>-38.3%</b>		<b>-30.5%</b>		<b>-27.3%</b>
<b>Adj. Net Income</b>	<b>27.4%</b>		<b>37.3%</b>		<b>41.2%</b>
<b>Net Cash Flow</b>	<b>68.2%</b>		<b>79.3%</b>		<b>82.7%</b>

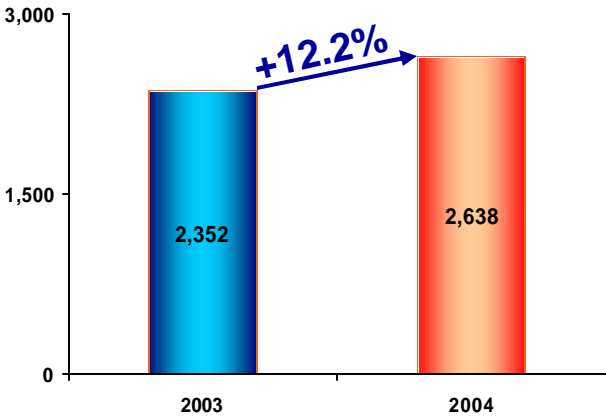
# Full Year Results



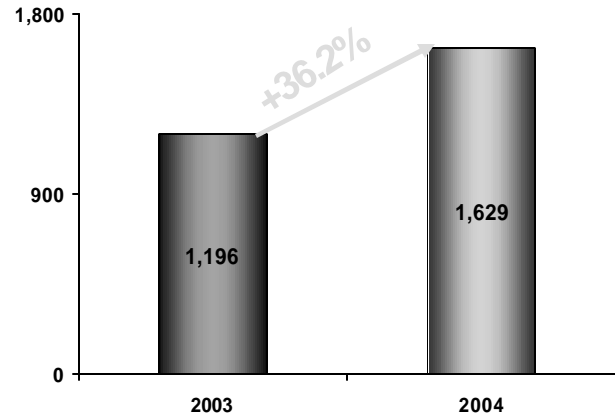
# Operating income by business areas



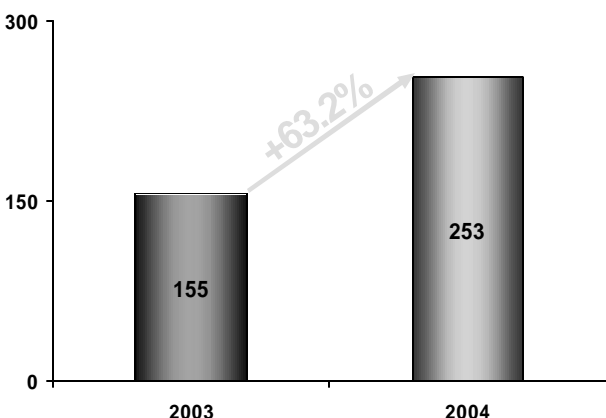
## E&P



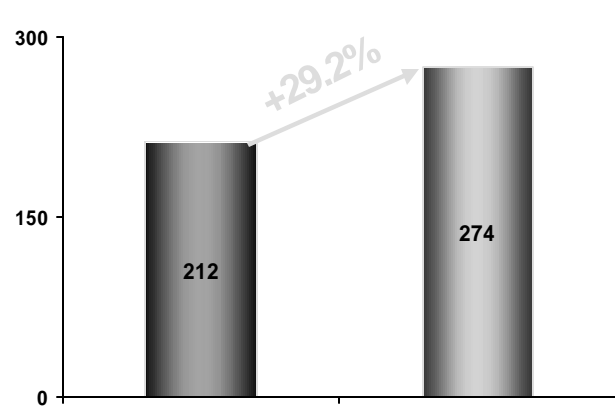
## R&M



## Chemicals

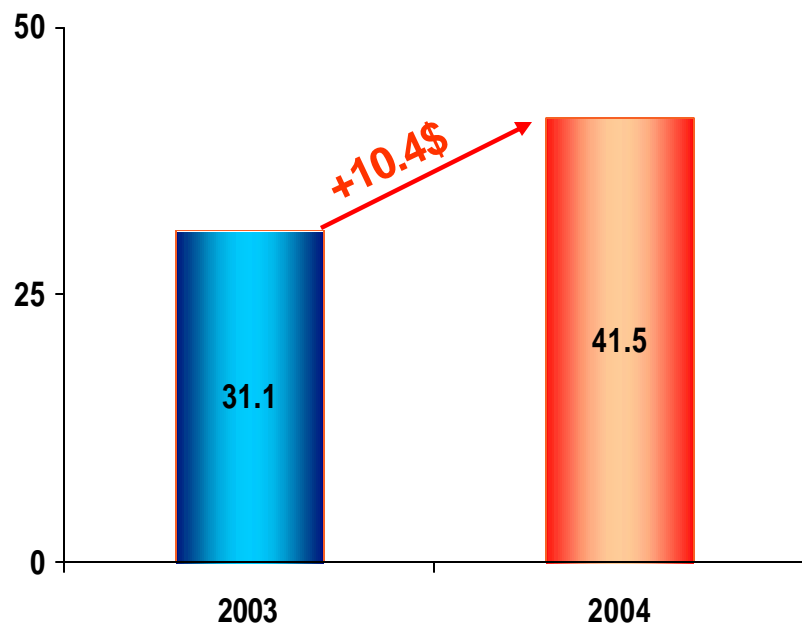


## G&P

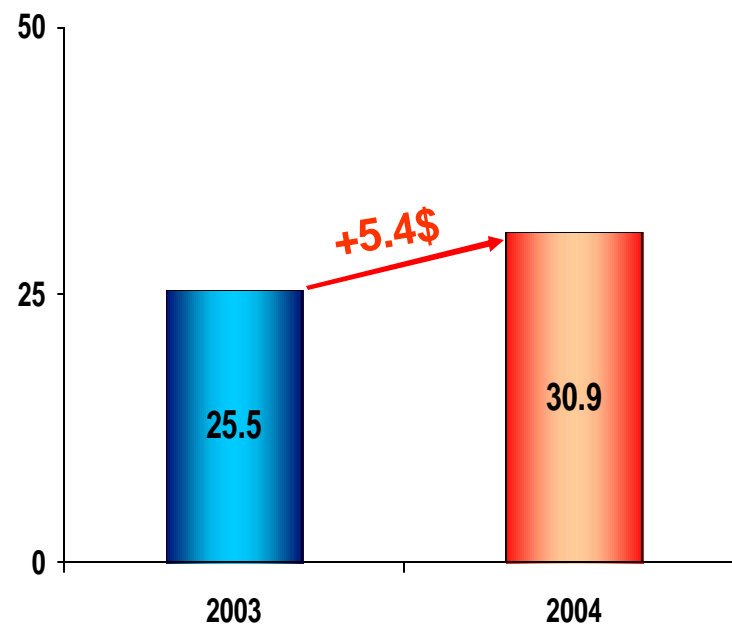


Million euro

## WTI



## Repsol YPF



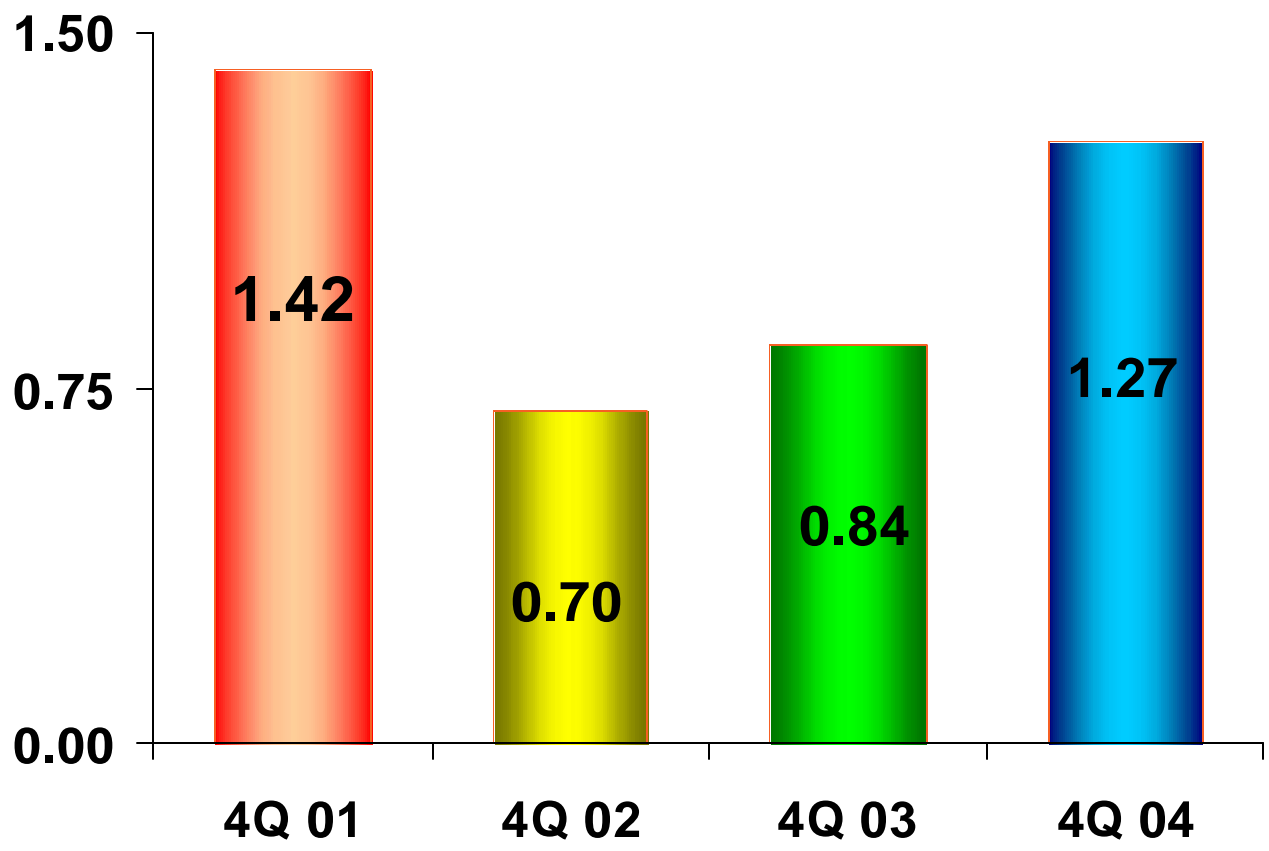
- *Wider differentials for heavy crudes*
- *Higher discounts on internal sales in Argentina*

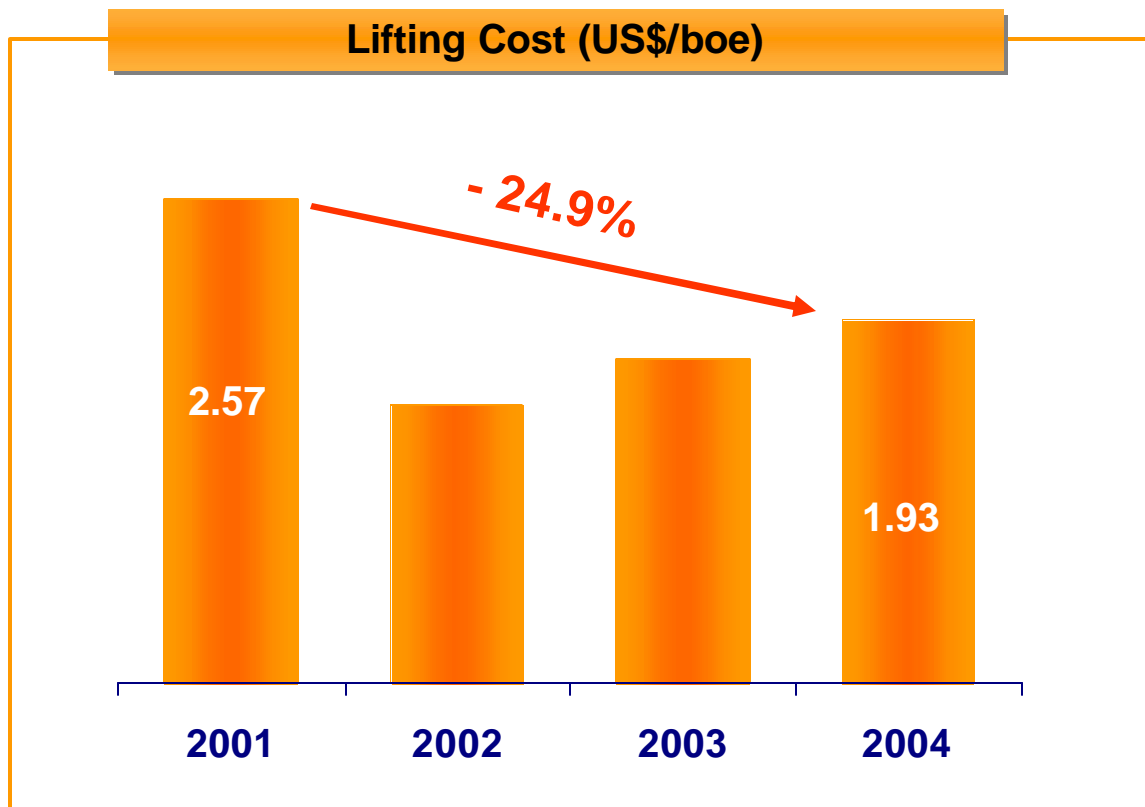
\$/bbl

# Evolution of Gas Price realisation



US\$/mscf

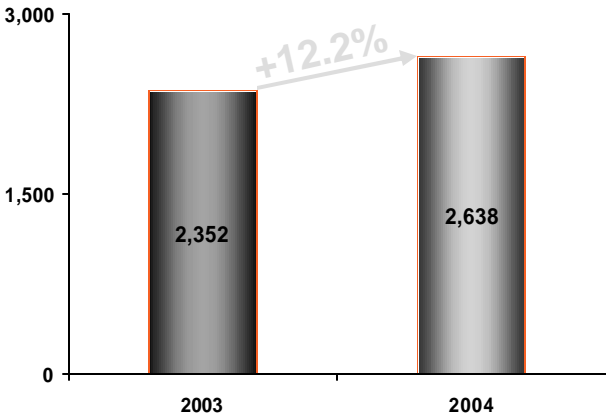




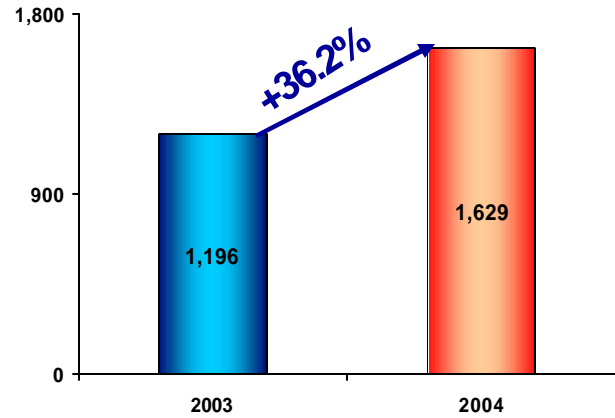
# Operating income by business areas



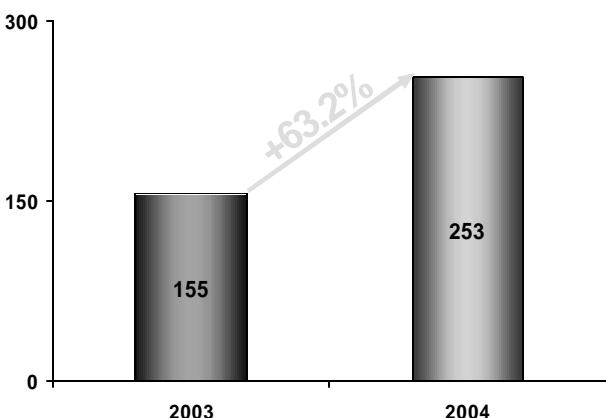
E&P



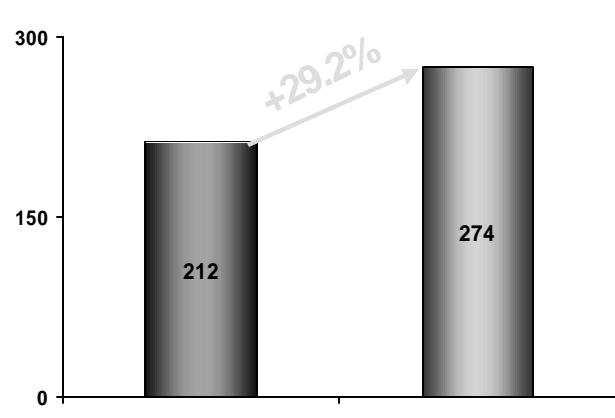
R&M



Chemicals

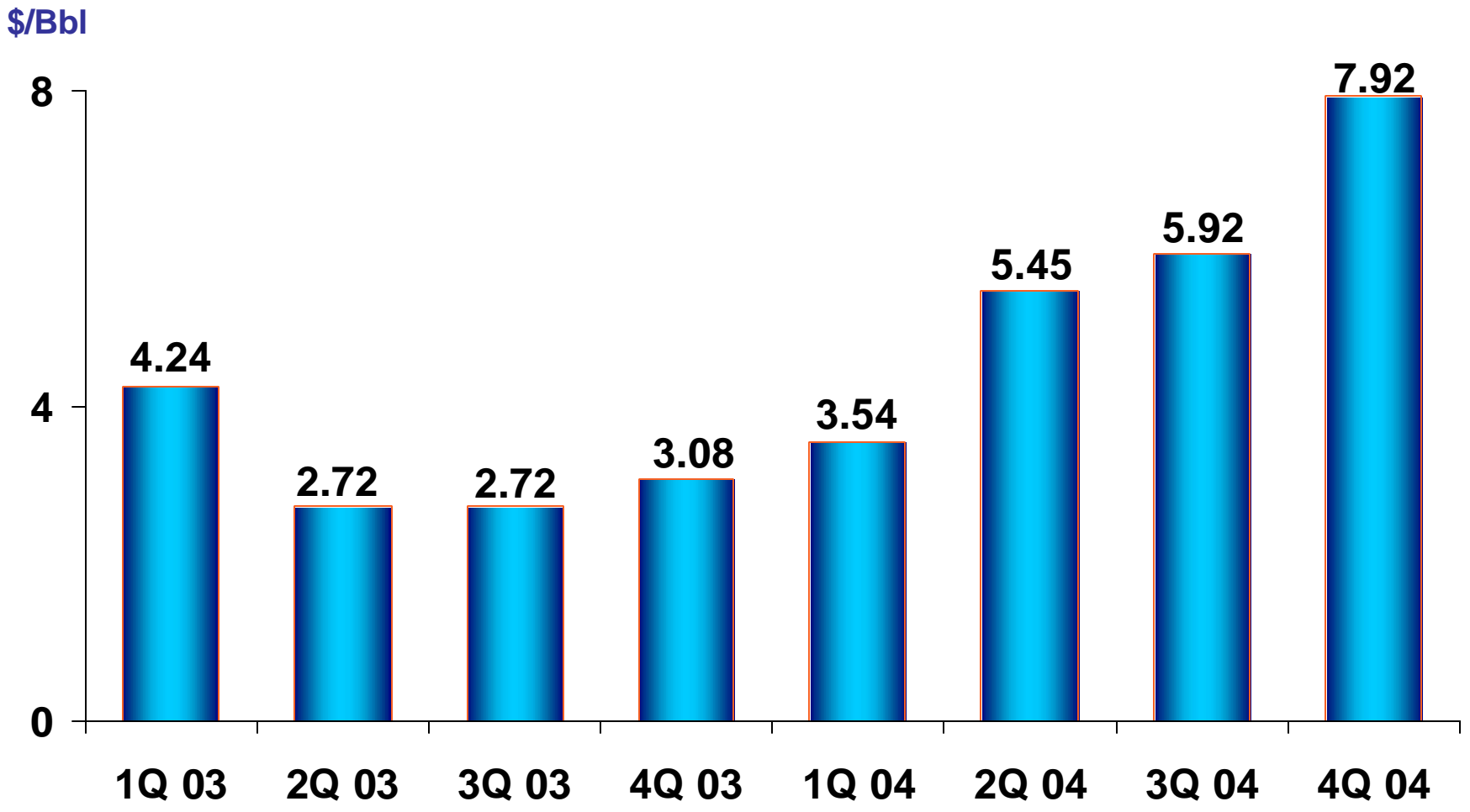


G&P



Million euro

# Refining Margins

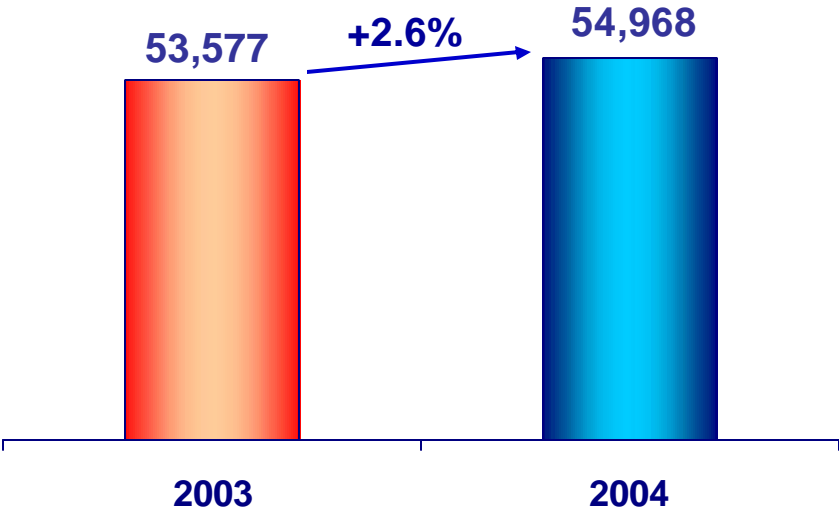




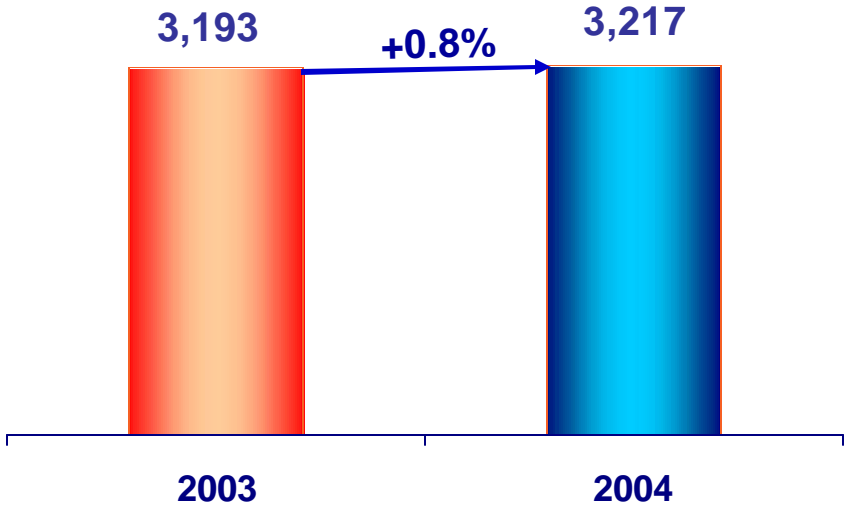
# Volume Growth



## Sales of Oil Products



## Sales of LPG

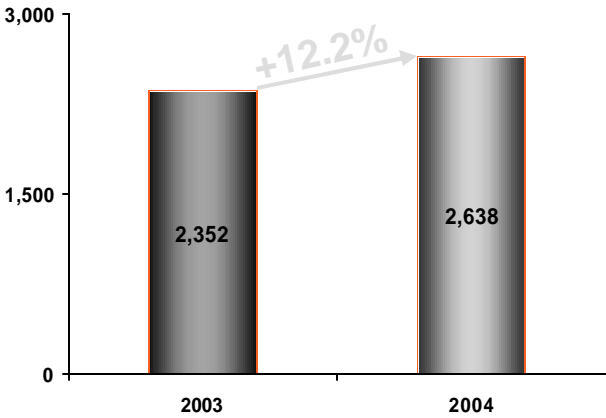


Thousand Tons

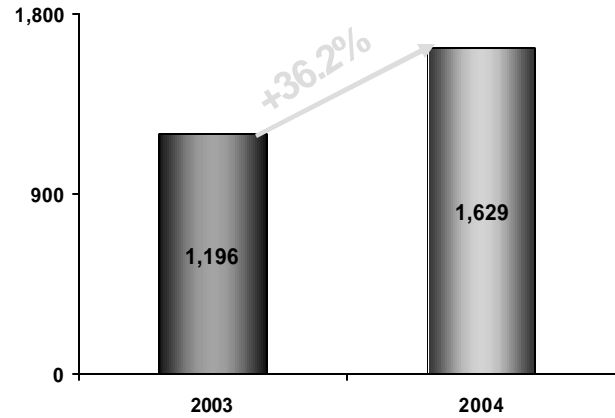
# Operating income by business areas



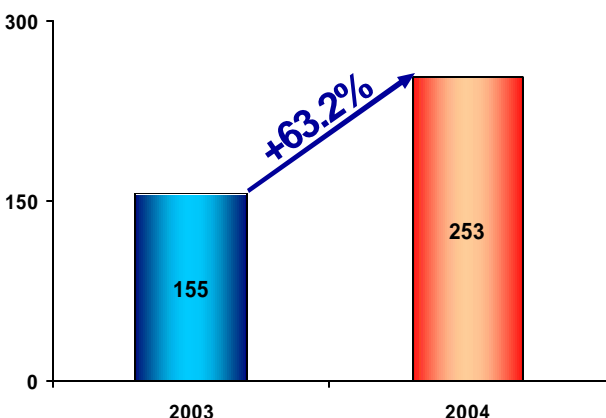
## E&P



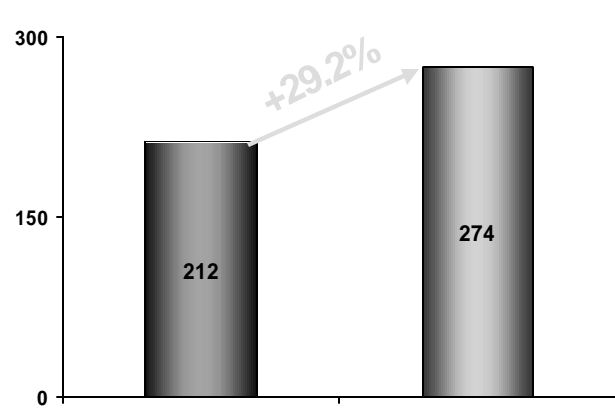
## R&M



## Chemicals

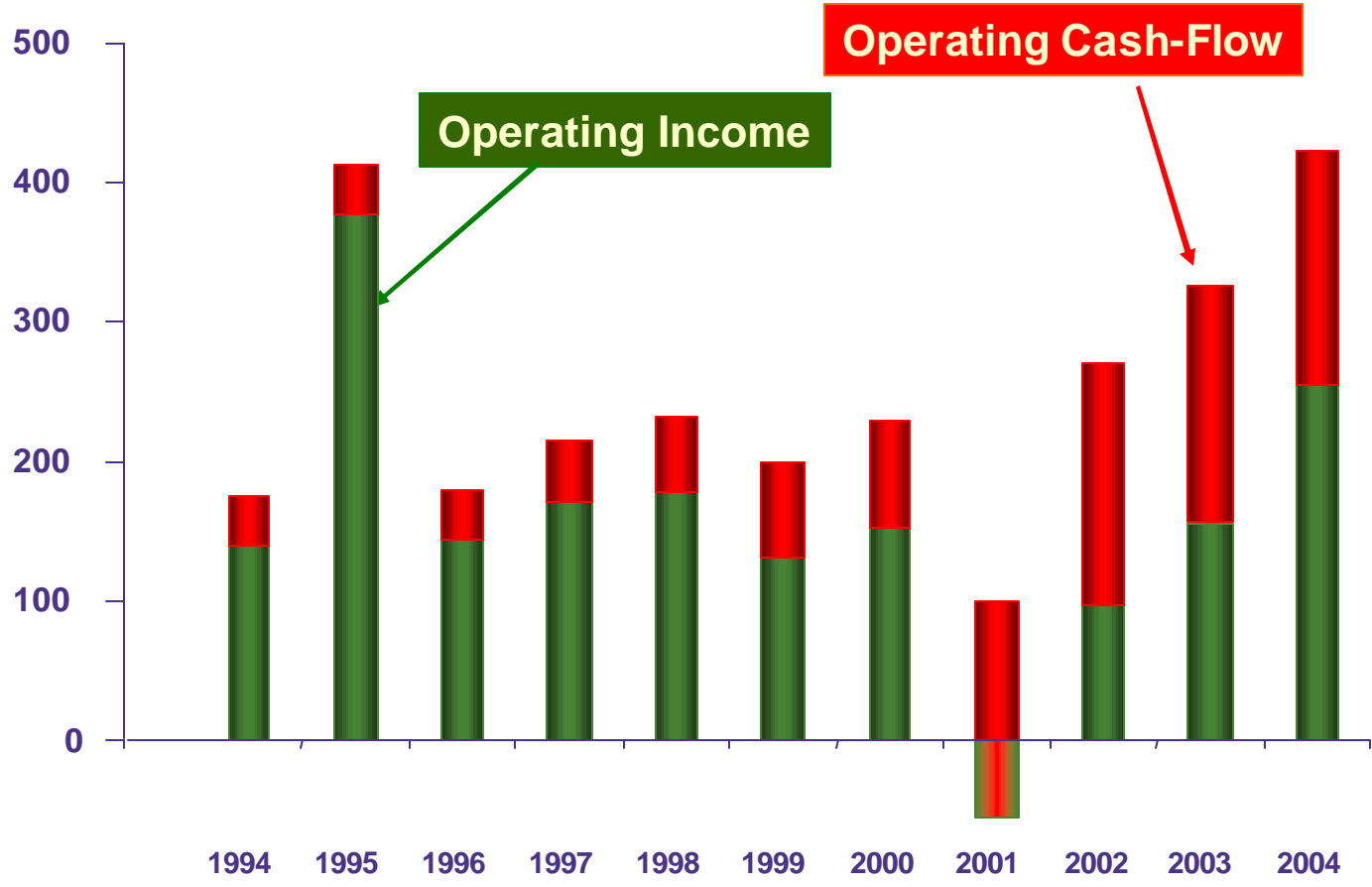


## G&P



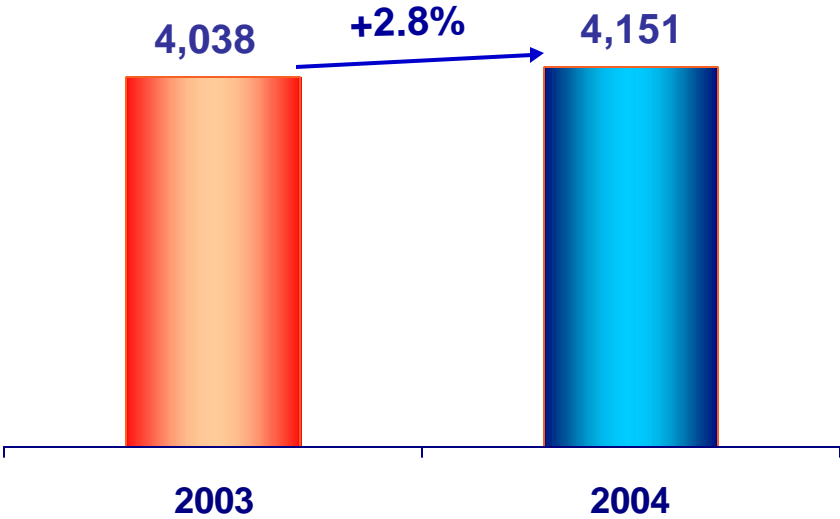
Million euro

# Chemicals operating income and Cash Flow



Million euro

## Petrochemical Sales

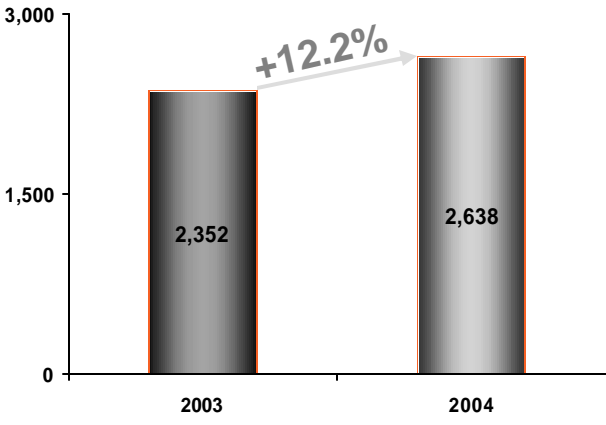


Thousand Tons

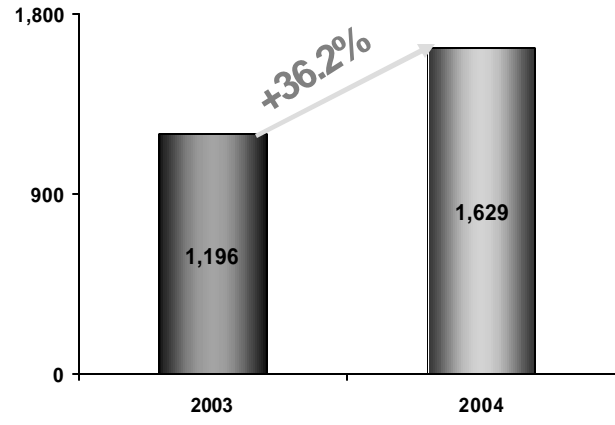
# Operating income by business areas



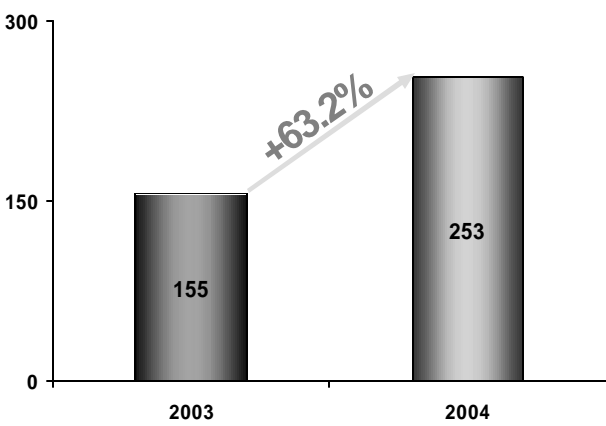
E&P



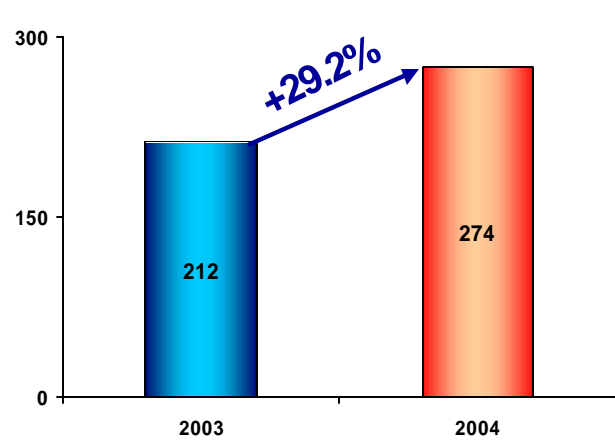
R&M



Chemicals



G&P

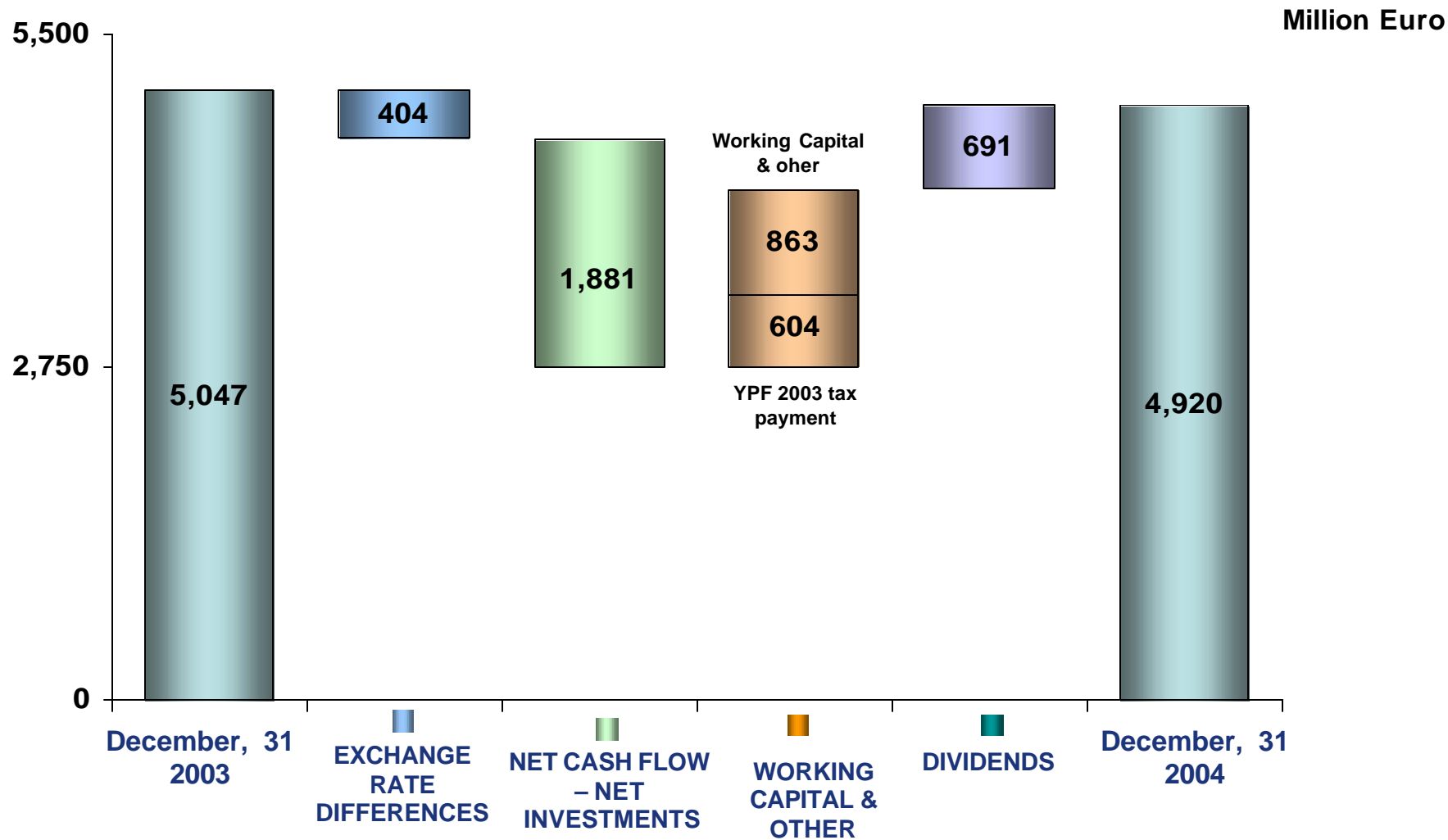


Million euro

**Total extraordinary items in the quarter were -667 M€:**

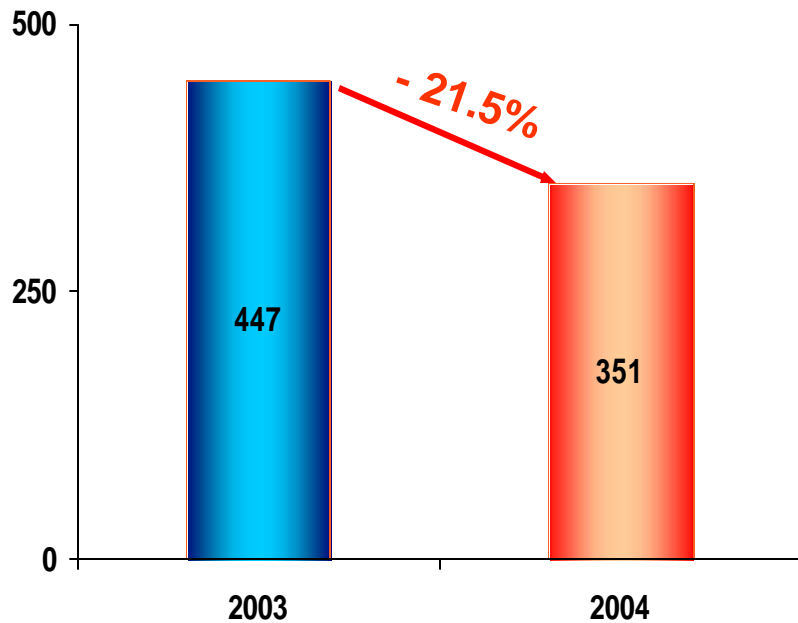
- **-411 M€: Provisions for fiscal contingencies in Spain and Latin America**
- **-229 M€: Asset and Contract depreciation**
- **-220 M€: Other provisions for legal claims in Argentina, labour restructuring and pensions, etc**
- **+193M€: Revision of ceiling test provisions, asset sales**

# Net Debt Variation of 2004

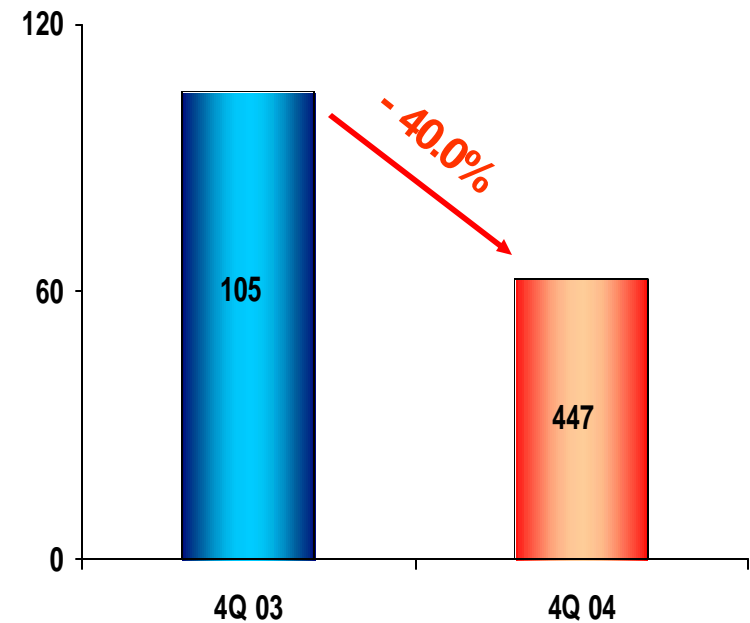


(\* ) Excluding financial investments or divestments that don't affect net debt.

## Net Interest Expenses



## Financial Result



Million Euro



# Financial Ratios



	31 Dec 2003	30 Sep 2004	31 Dec 2004
<b>NET DEBT</b>	5,047	5,598	4,920
<b>BOOK CAPITALIZATION</b>	23,072	25,346	23,777
<b>NET DEBT / BOOK CAPITALIZATION (%)</b>	21.9	22.1	20.7
<b>EBITDA</b>	6,156	5,144	7,058
<b>NET DEBT / EBITDA (X)</b>	0.82	0.82	0.70
<b>NET CASH-FLOW</b>	4,477	3,794	5,367
<b>NET CASH-FLOW / NET DEBT (%)</b>	88.7	90.4	109.1
<b>NET INTEREST EXPENSES</b>	447	257	351
<b>EBITDA / NET INTEREST (X)</b>	13.8	20.0	20.4

- ***Fully detailed presentation on March 31<sup>st</sup> 2005***
- ***Important effects for Repsol YPF, primarily due to treatment of:***
  - ✓ Deferred taxes (IAS 12)
  - ✓ Goodwill amortization (IFRS 3)
  - ✓ Provisions for asset depreciation (IAS 36)
  - ✓ Valuation of financial instruments (IAS 39)
- ***OUTCOME:***

- ✓ Reduction of shareholders equity and capital employed
  - ✓ Increase in net income
  - ✓ Increase in return metrics (ROCE, ROE, ...)

**REPSOL  
YPF**



## **4<sup>th</sup> QUARTER & FULL YEAR 2004 RESULTS**

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