Repsol YPF Fourth Quarter & Full Year 2008 Results

WEBCAST – CONFERENCE CALL
February 26th, 2009

ROADSHOW ONE-ON-ONE BOOK
March 5th – 18th, 2009

February - March 2009

Disclaimer

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Finally, please note that the information contained in the document has not been verified or revised by the Auditors of Repsol YPF.

Agenda

Present Situation

4th Q 2008 and Annual Results

Financial Overview

Main Developments

2009 Perspectives

Strategic Delivery

Economic and financial crisis

Economic Crisis → Oil price slump

Financial Crisis → Credit Crunch

Year 2008: Good set of results

Positives

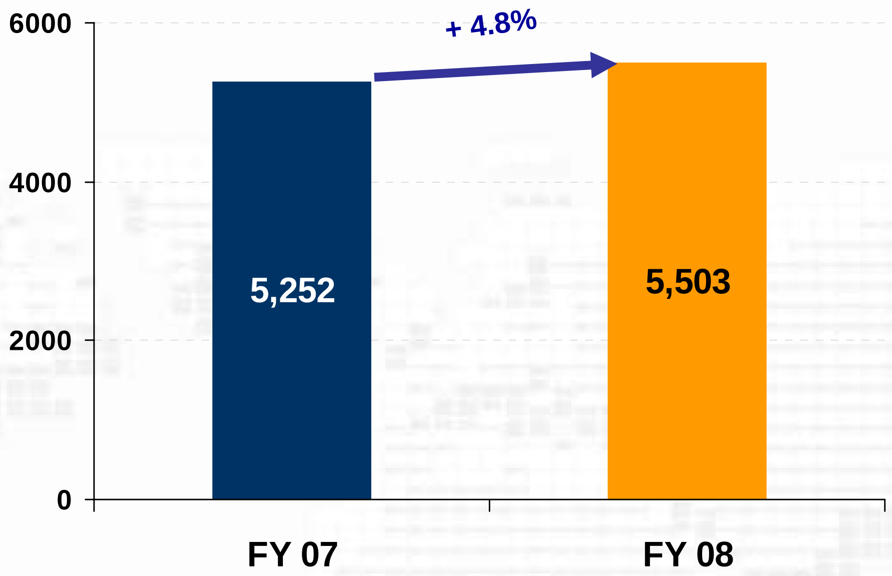
- High oil prices in the first half of the year.
- Strong refining margins.
- Higher retail prices at YPF.

Negatives

- Weak demand for petrochemicals.
- Abrupt drop in oil prices in second half of the year.

Present Situation – 2008 Results

CCS Adjusted Operating Income

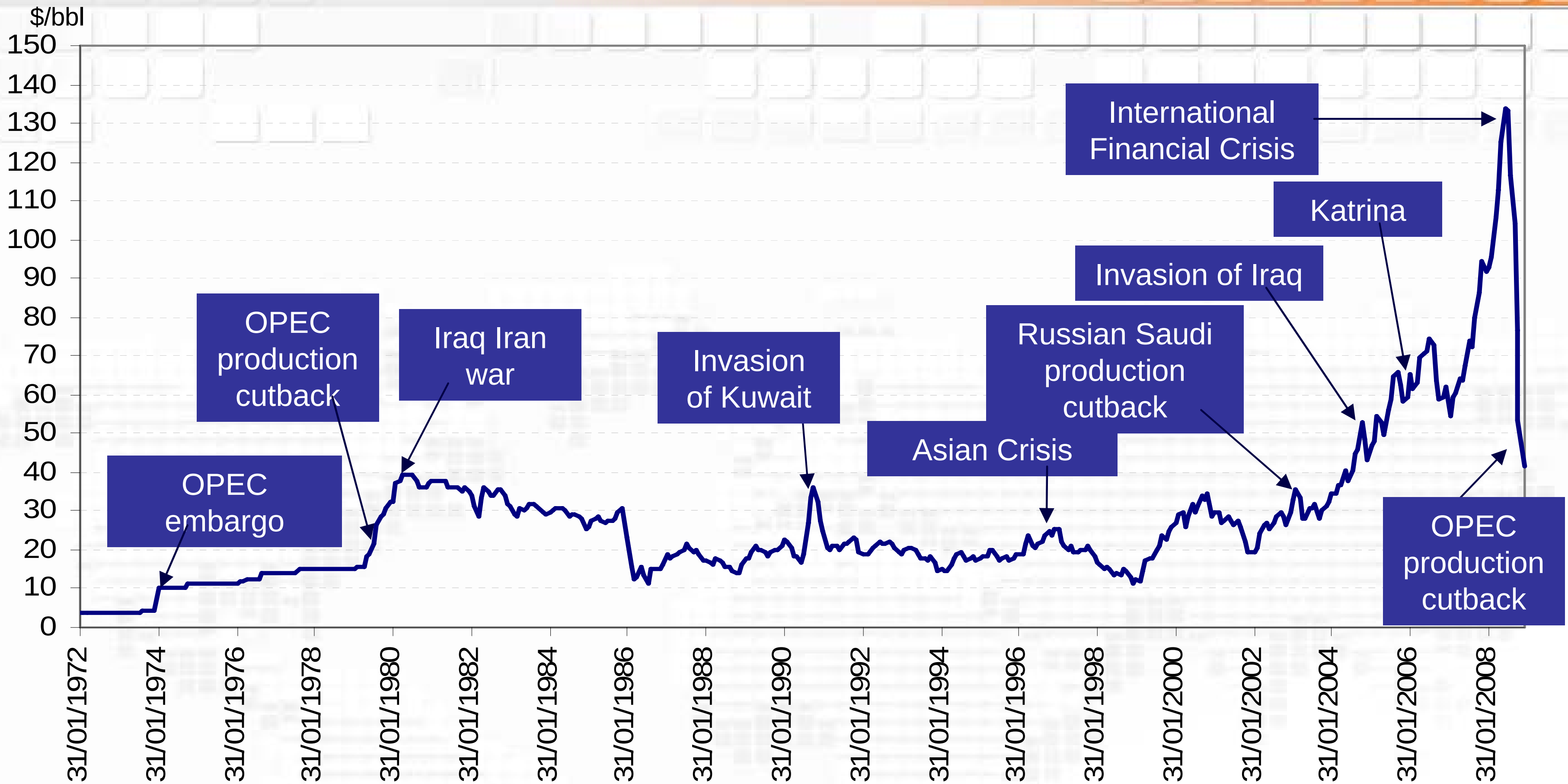


- Less volatile cash flow generation due to a more balance business structure.
- Good results in all business lines with exception in Chemical.

Full Year 2008 Reported Results

Million euro	2007	2008
UPSTREAM	1,882	2,258
DOWNSTREAM (CCS)	1,970	1,606
GNL	107	125
YPF	1,228	1,159
GAS NATURAL SDG.	516	555
Corporation and adjustments	(129)	(125)
Operating Income (CCS)	**5,574**	**5,578**
Effect of Inventories	234	(495)
Operating Income (MIFO)	**5,808**	**5,083**
Financial expenses	(224)	(372)
Income before income tax and income of associates	**5,584**	**4,711**
Income for the period	**3,355**	**2,837**
Minority interests	(167)	(126)
Equity holders of the parent	**3,188**	**2,711**

Oil Price Evolution – Impact in P&L

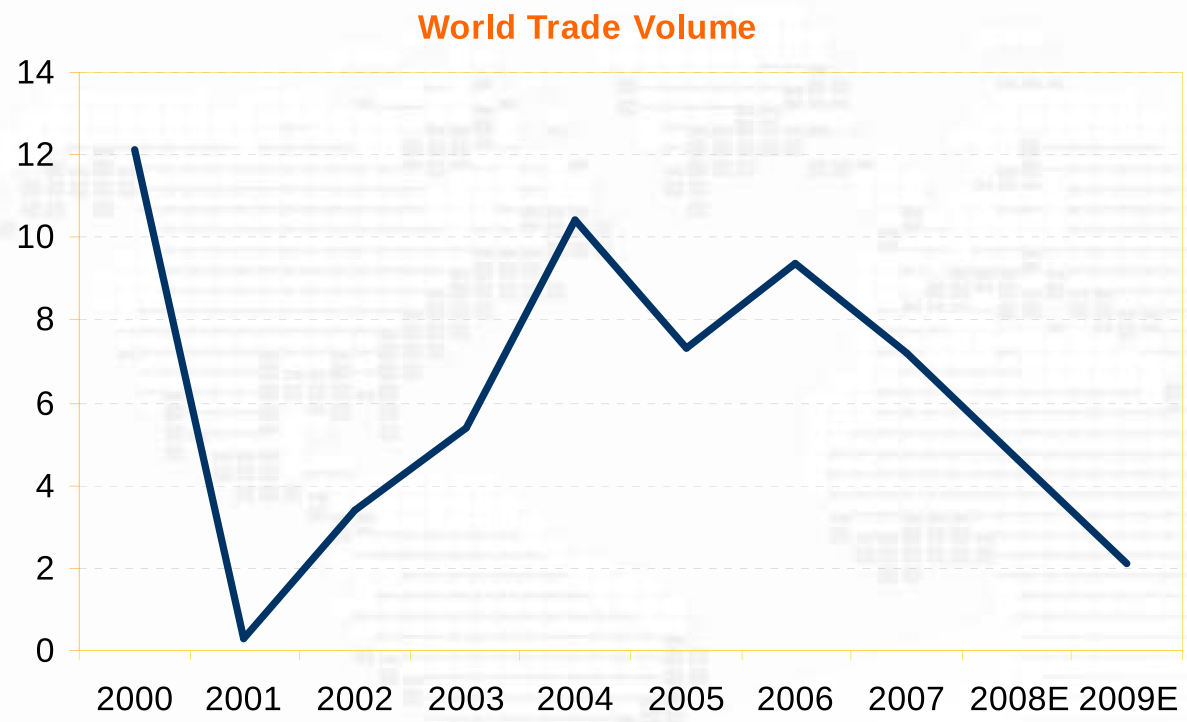


- **Only one third of Upstream production is oil.**
- **Average realization gas prices went up in the year more than the oil price while, during the quarter fell down less sharply.**
- **Non cash impact Inventory effects.**
- **Non material impairment**

The Economic Crisis
Decrease in demand

%

% change in Traded volume Good and Services



- **Marginal impact in Marketing at EBIT level.**
- **More significant effect on the chemical business**

Source: World economy perspective, IMF

The Financial Crisis

Solvency problems in the financial system

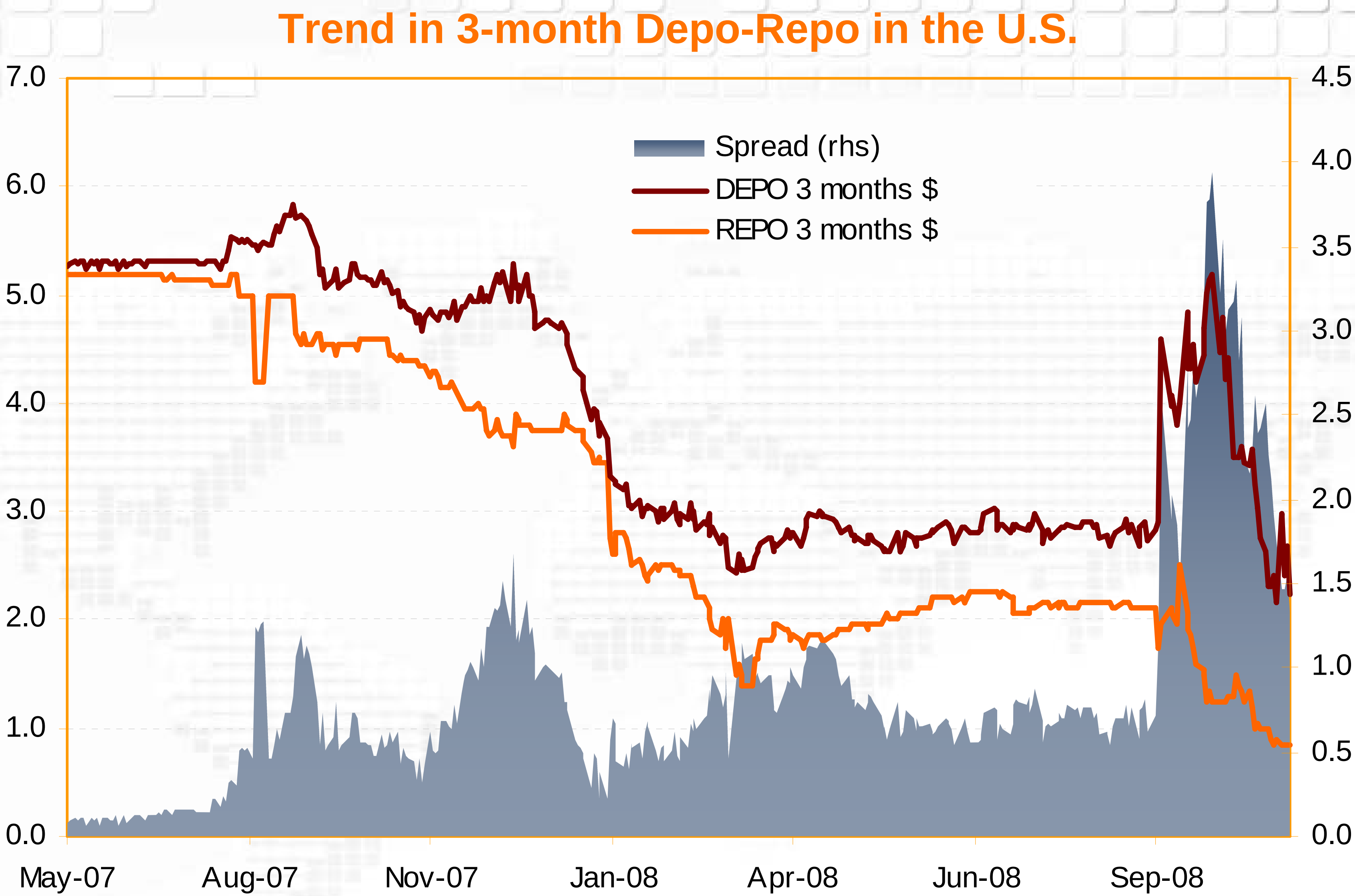
Liquidity difficulties

Credit Crunch

Financial entities need to recapitalize its financial structure

- Private Funds
- Public Funds
- Balance sheet reduction
- Strenghten the balance sheet

Credit crunch consequences
Markets' lack of confidence



Source: Reuters and Economic Research Department of Repsol

Impact of financial crisis
Strong Liquidity position

Million Euro	30/09/2008	31/10/2008	30/11/2008	31/12/2008
Cash and Equivalents	2,525	2,626	3,082	2,891
Undrawn Credit lines	3,757	3,958	3,928	3,916
Total liquidity available	**6,282**	**6,584**	**7,010**	**6,807**

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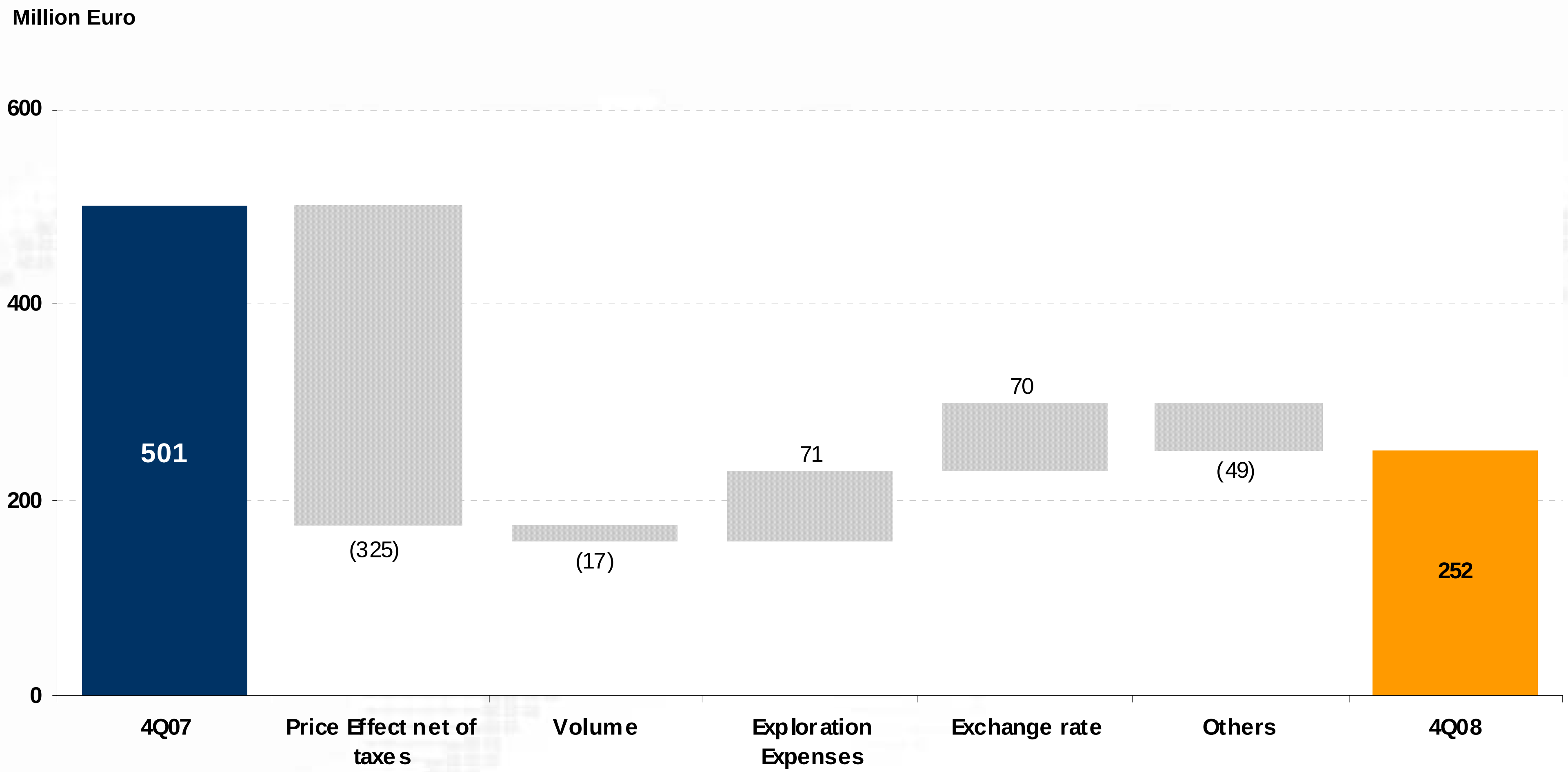
4th Q 2008 Upstream Results

UPSTREAM: Adjusted Operating Income



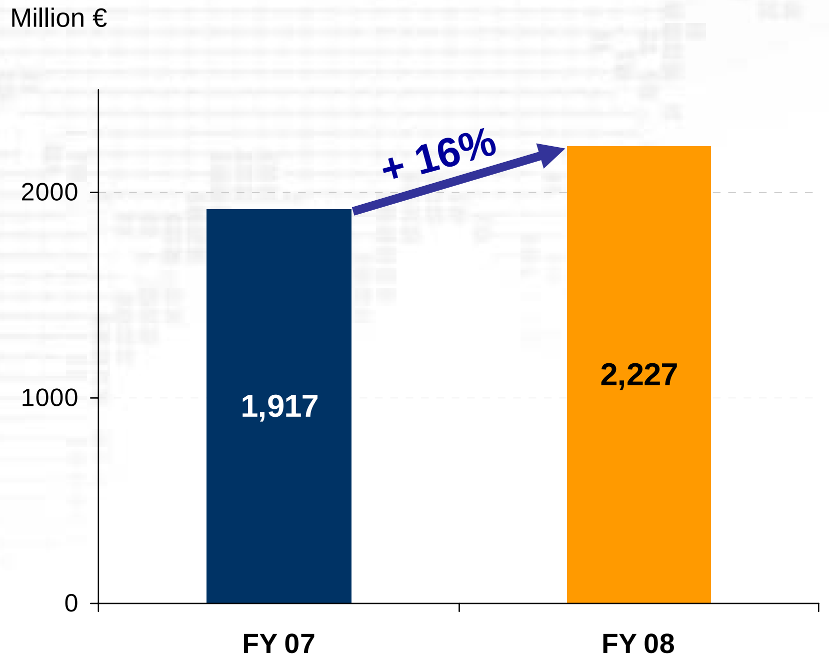
***NOTE*: 1 M € rounding up (down) adjustment**

2008 Results - Upstream

The 2.2 B€ of adjusted operating income was 16% higher than previous year as a consequence mainly of:

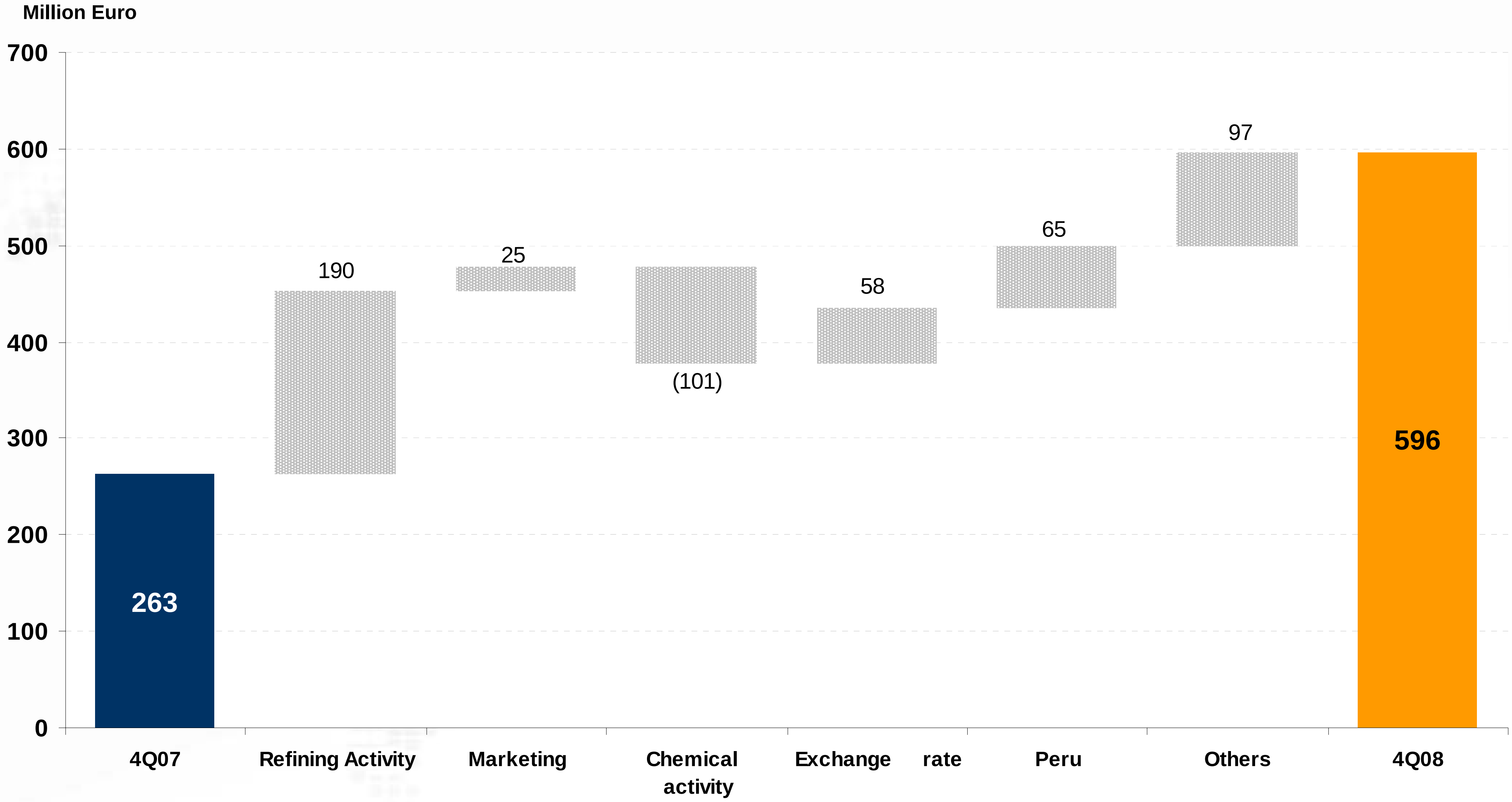
- **Average oil prices 35% higher.**
- **Withholding tax effect and negative impact of exchange rate.**

2008 ADJUSTED OPERATING INCOME



4th Q 2008 Downstream Results

DOWNSTREAM: Adjusted Operating Income at CCS

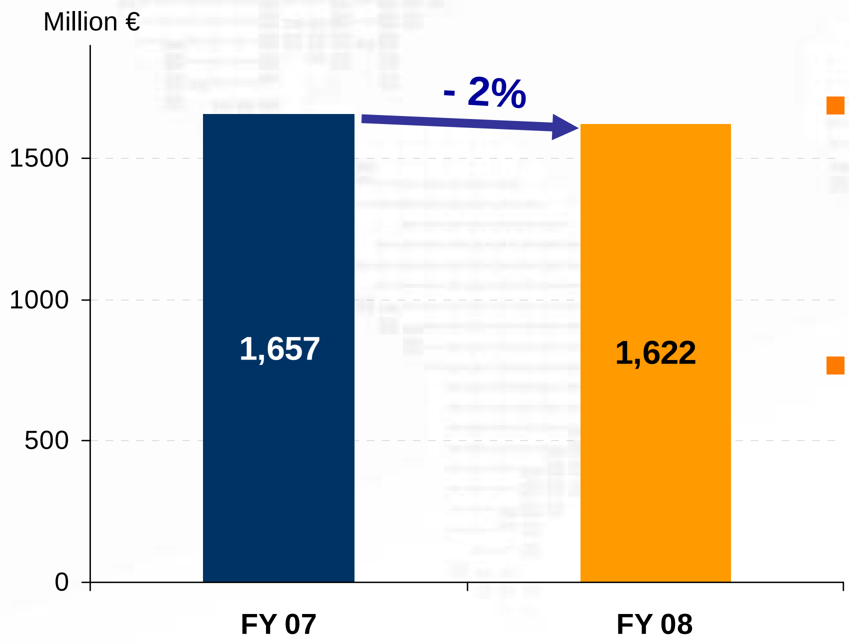


***NOTE*: 1 M € rounding up (down) adjustment**

2008 Results – Downstream

The 1.6 B€ of adjusted operating income were a consequence of:

2008 ADJUSTED
OPERATING INCOME at CCS

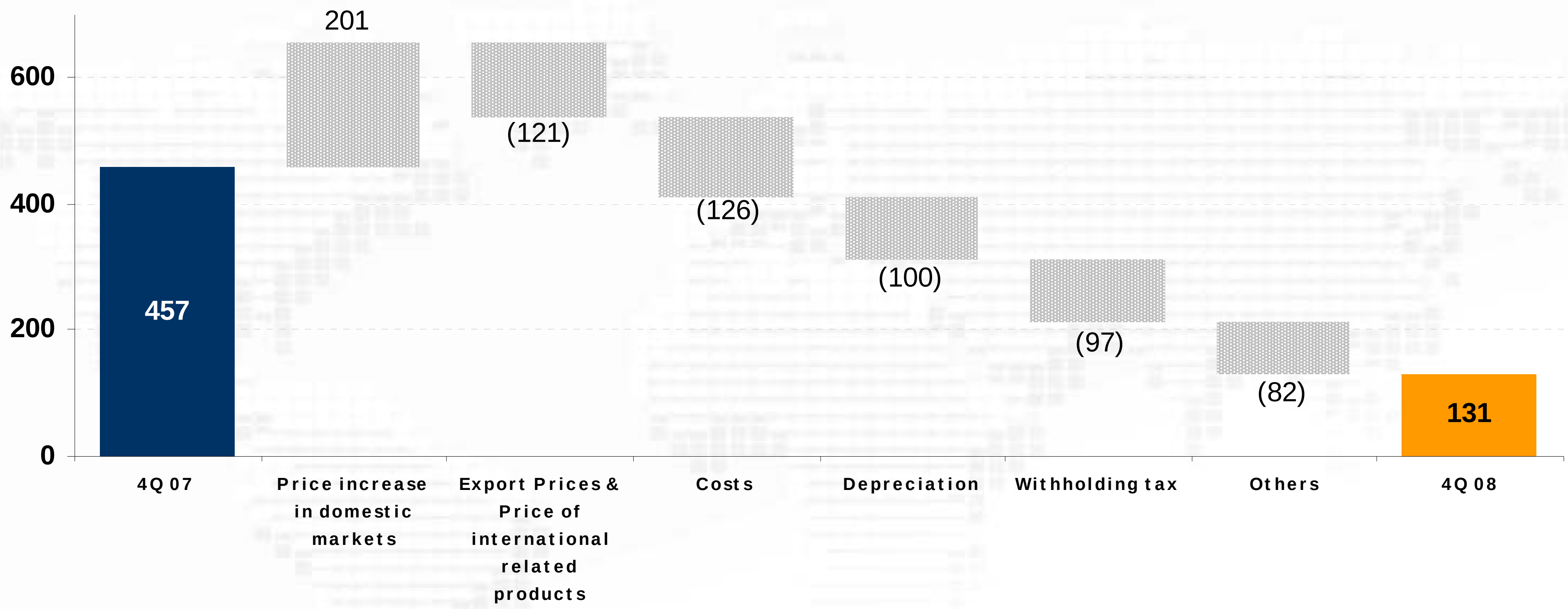


- **Wide refining margins, an average of 7.4 U$S/bbl, 15% higher year-on-year.**
- **Premium of 2.5 US$/Bbl on top of the NWE Brent cracking margin for the whole year**
- **Lower chemical prices and declining petrochemical demand because of the economic crisis.**
- **Strong Marketing performance despite the 4% drop in oil product sales.**

4th Q 2008 YPF Results

YPF: Adjusted Operating Income

Million Euro



***NOTE*: 1 M € rounding up (down) adjustment**

2008 Results – YPF

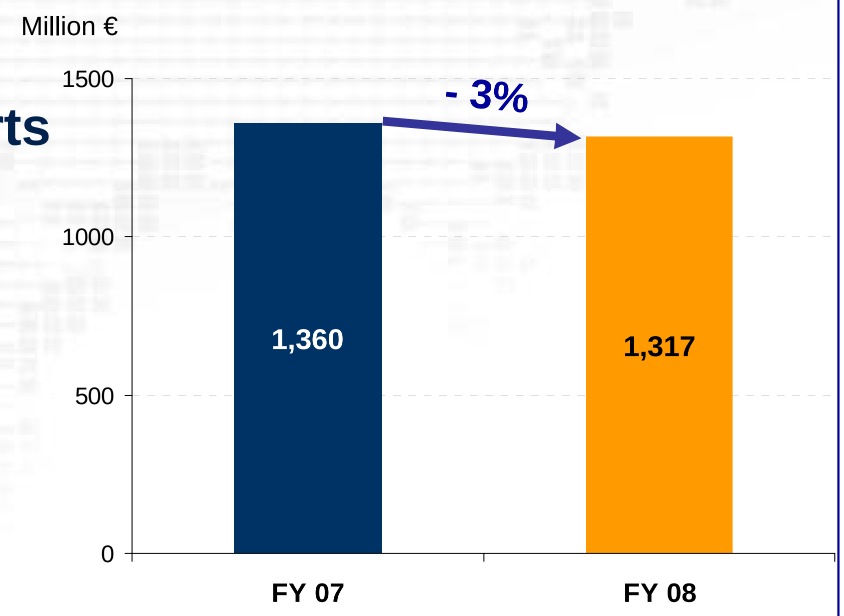
The 131 M€ of adjusted operating income were a consequence of:

- **Higher prices in the local market.**

	Gas	Gasoil	Gasoline
Price Change 2007 - 2008	39%	17%	30%

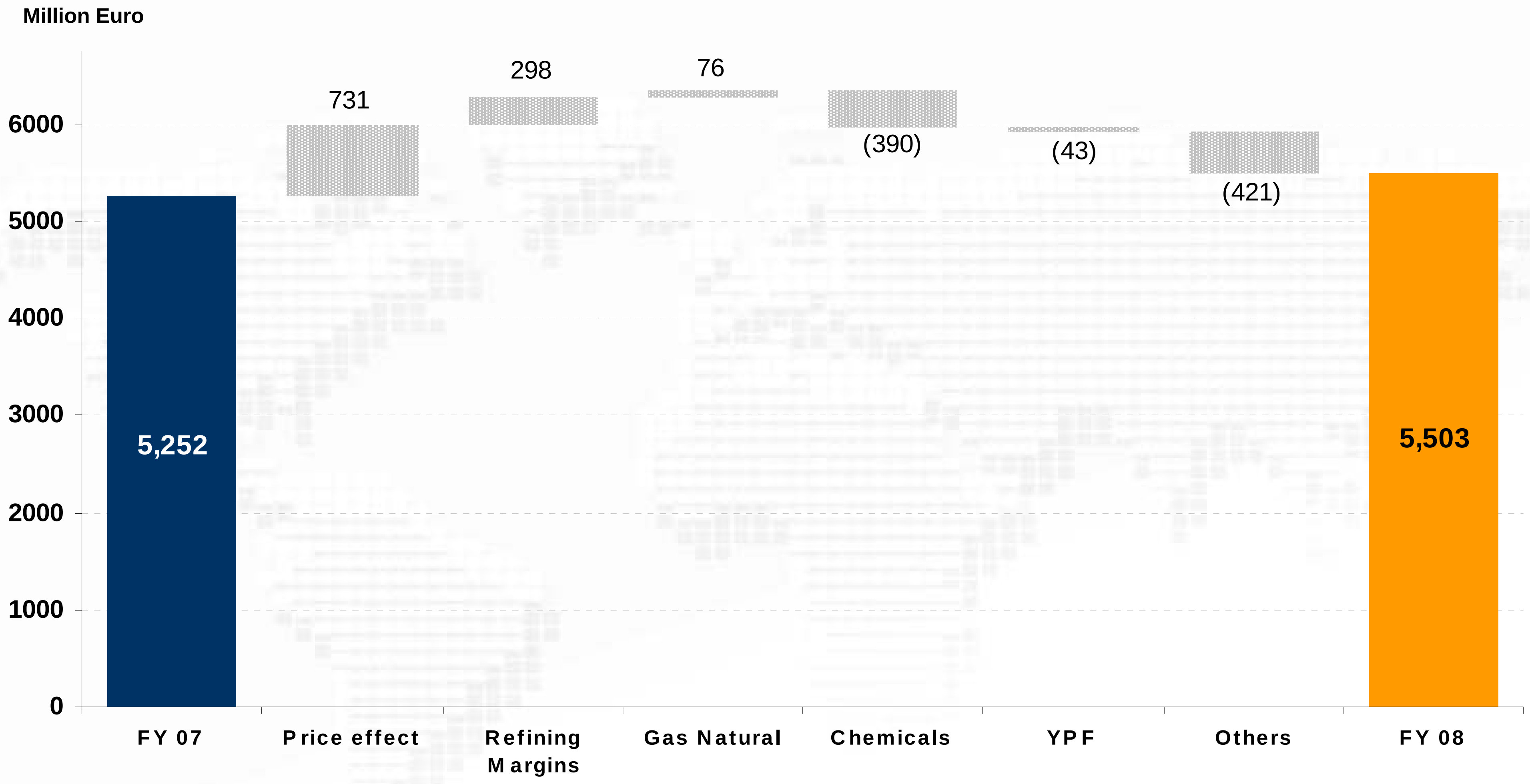
- **Revenues affected by the price drop of exports and related international oil price products in last Q.**
- **Cost increases.**
- **Withholding tax effect.**
- **Exchange rate impact.**

2008 ADJUSTED OPERATING INCOME



REPSOL YPF FY 2008 Results

Adjusted Operating Income at CCS



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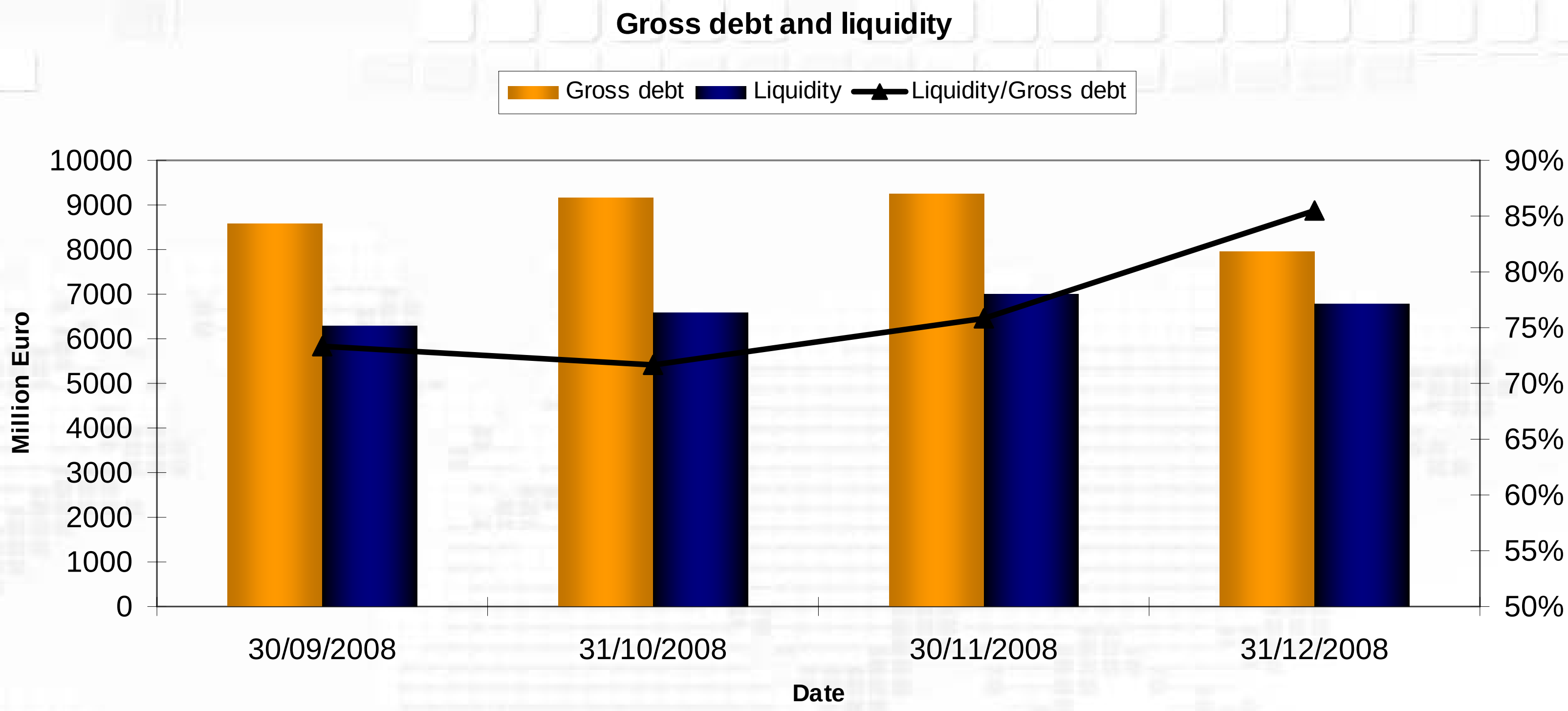
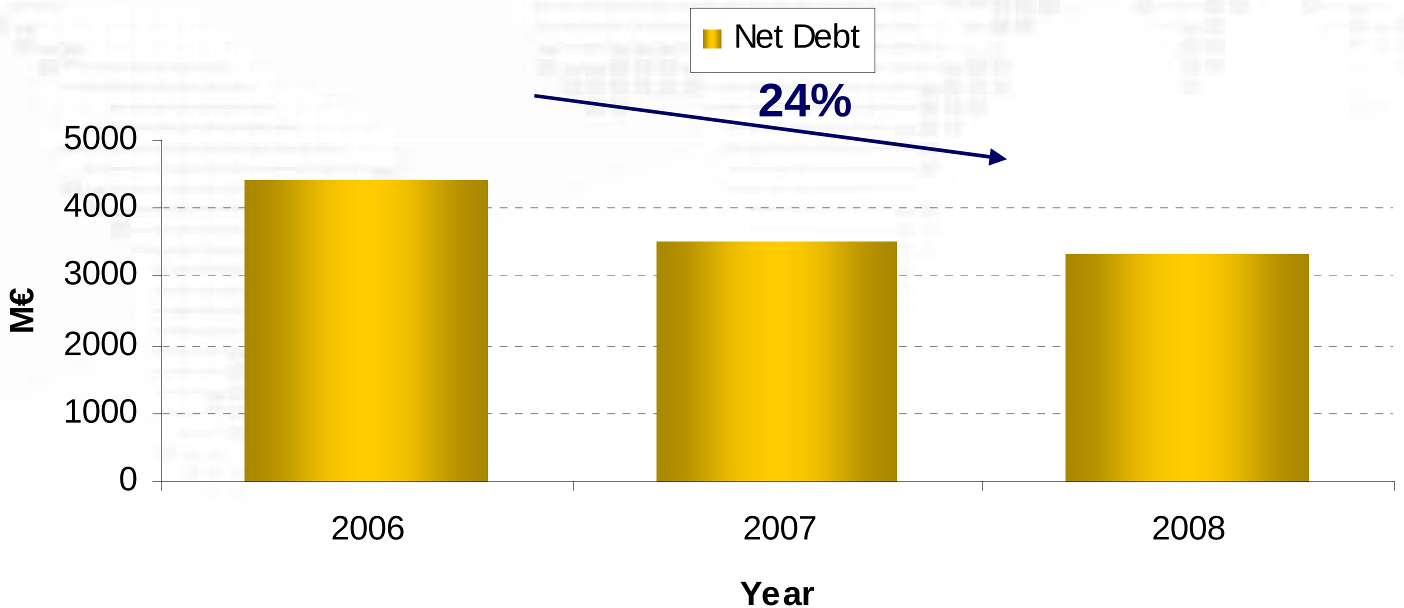
Debt and liquidity evolution



Million Euro	30/09/2008	31/10/2008	30/11/2008	31/12/2008
Gross Debt	8,569	9,183	9,243	7,959
Undrawn Credit lines	3,757	3,958	3,928	3,916
Cash and Equivalents	2,525	2,626	3,082	2,891
Liquidity	**6,282**	**6,584**	**7,010**	**6,807**
Liquidity/Gross debt	**73%**	**72%**	**76%**	**86%**

Credit Ratios Overview

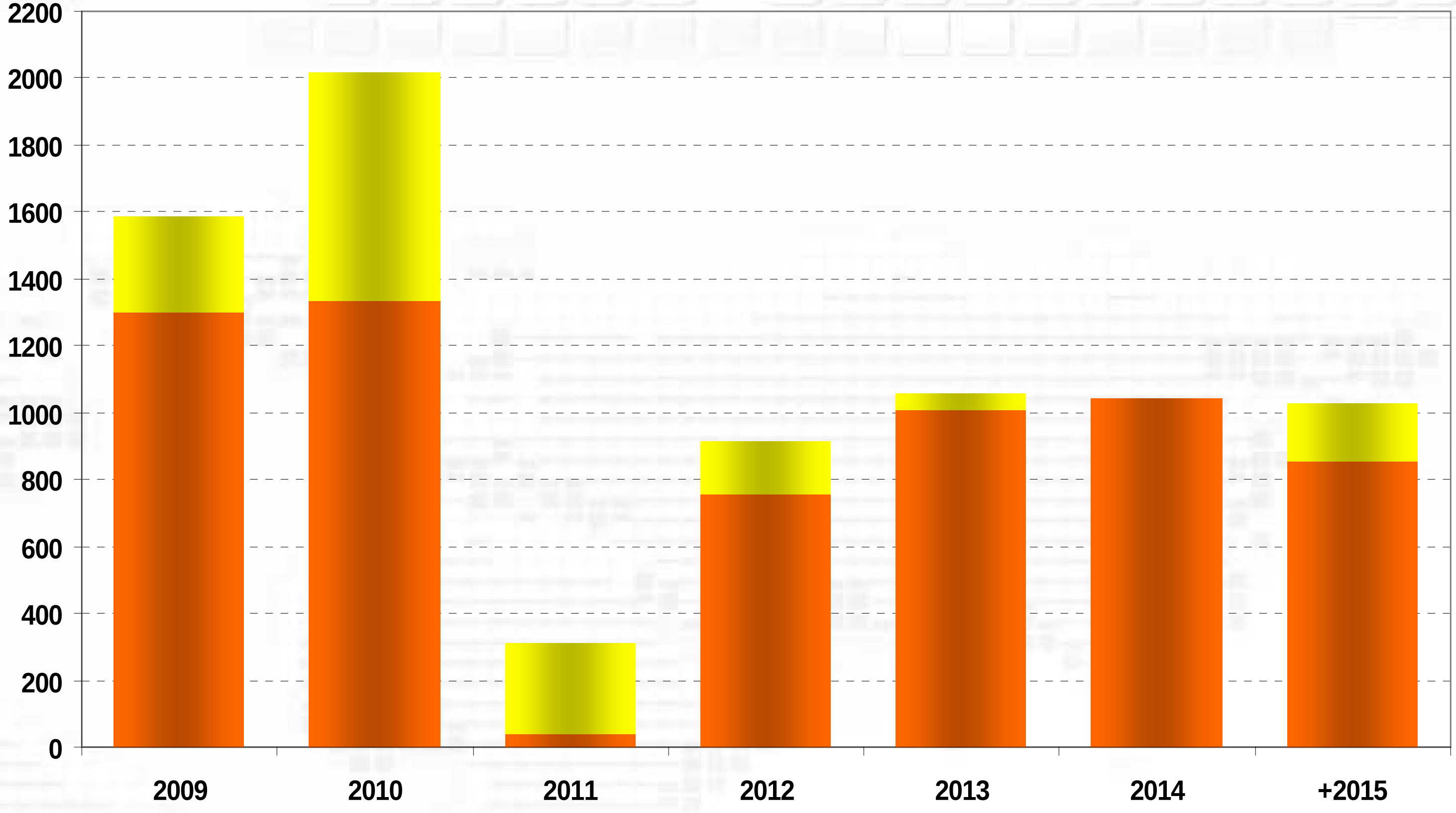
Million Euro	31 Dec 2007	30 Sep 2008	31 Dic 2008
NET DEBT	3,493	4,399	3,334
CAPITAL EMPLOYED	26,073	29,770	28,128
NET DEBT / CAPITAL EMPLOYED (%)	13.4%	14.8%	11.9%
EBITDA	8,573	7,358	8,160
EBITDA / NET DEBT	2.5	2.2	2.4



Maturities

As of 31st Dec. 08 (Million Euro)

58% of 2009 maturities are revolving and trade finance credit lines



	2009	2010	2011	2012	2013	2014	+2015
Repsol YPF	1,301	1,334	39	757	1,007	1,043	855
GAS NATURAL	285	683	273	157	50		175
Total	1,586	2,017	312	914	1,057	1,043	1,030

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Strategic Delivery

Repsol's exploration successes:
Among the greatest discoveries in the world

3 of Repsol's discoveries are among the 5 largest ones made worldwide in 2008.

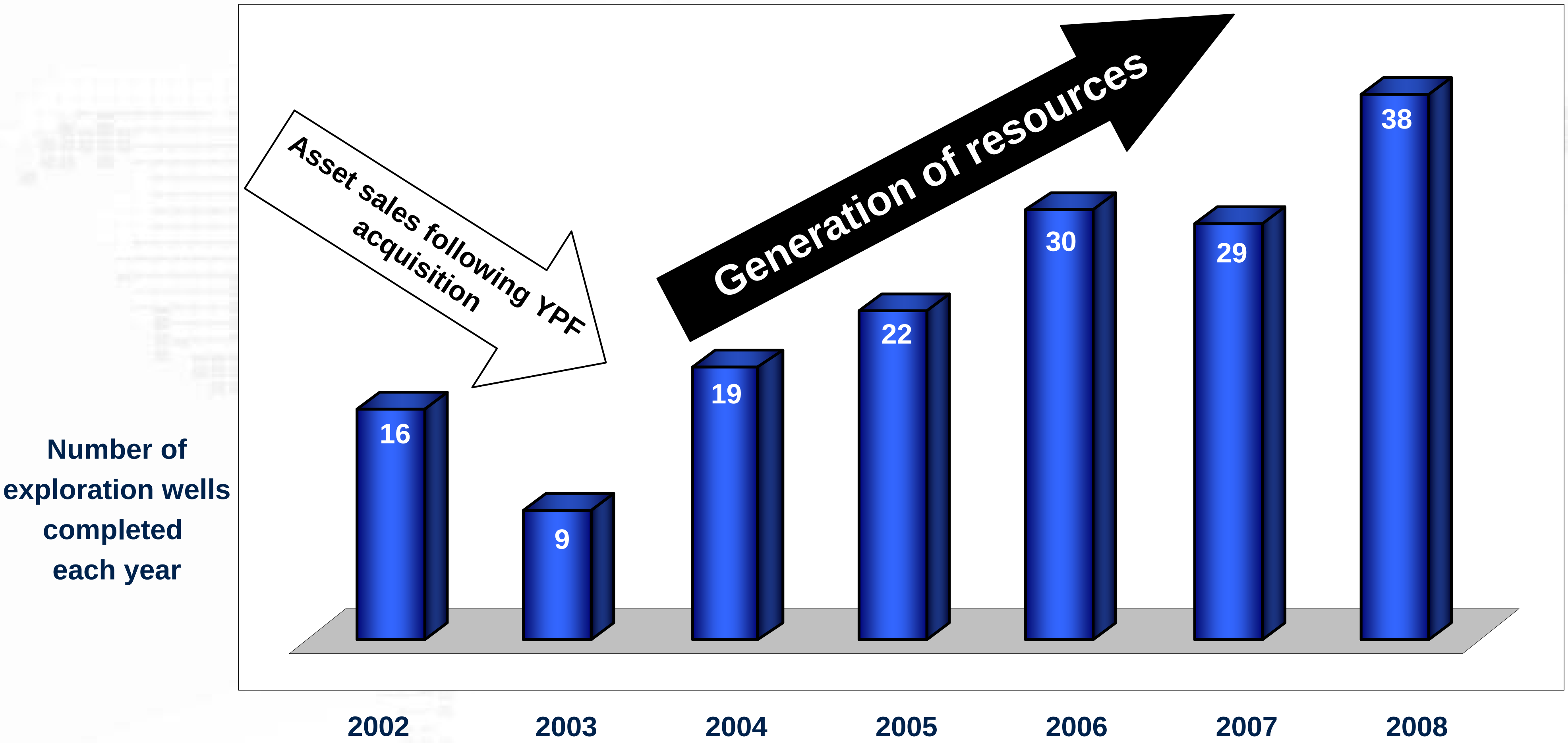
The 10 largest discoveries made in the world in 2008*

Country	Basin	Block/Field
Brazil	Santos Basin	Iara
Brazil	Santos Basin	Jupiter
Brazil	**Santos Basin**	**Guara**
Peru	**Ucayali Basin**	**Kinteroni 1X**
Bolivia	**Chaco Basin**	**Huacaya**
Brazil	Santos Basin	Bem-te-vi
Iran	Zagros Province	Balaroud 1
Australia	Bonaparte Basin	Blackwood (MEO) 1
Egypt	Nile Delta Basin	Satis 1
Russia	Mangyshlak Basin	Tsentralnoye

***Ranking published in Upstream magazine**

Growth in exploration activities: Drilled exploration wells (2002-2008)

As of 2009, the goal is to maintain an average of 35 exploration wells per year



Incorporation of Resources in Reserves.
Upstream Net Figures at 31-Dec-08 (YPF not included)

SEC Proved Reserves Upstream (at 31-Dec-08) 1,067 Mboe

Production 2008: 122 Mboe

8.8 Years

IMPROVEMENT IN RESERVE REPLACEMENT FACTOR:

2007: 35%

2008: 65%

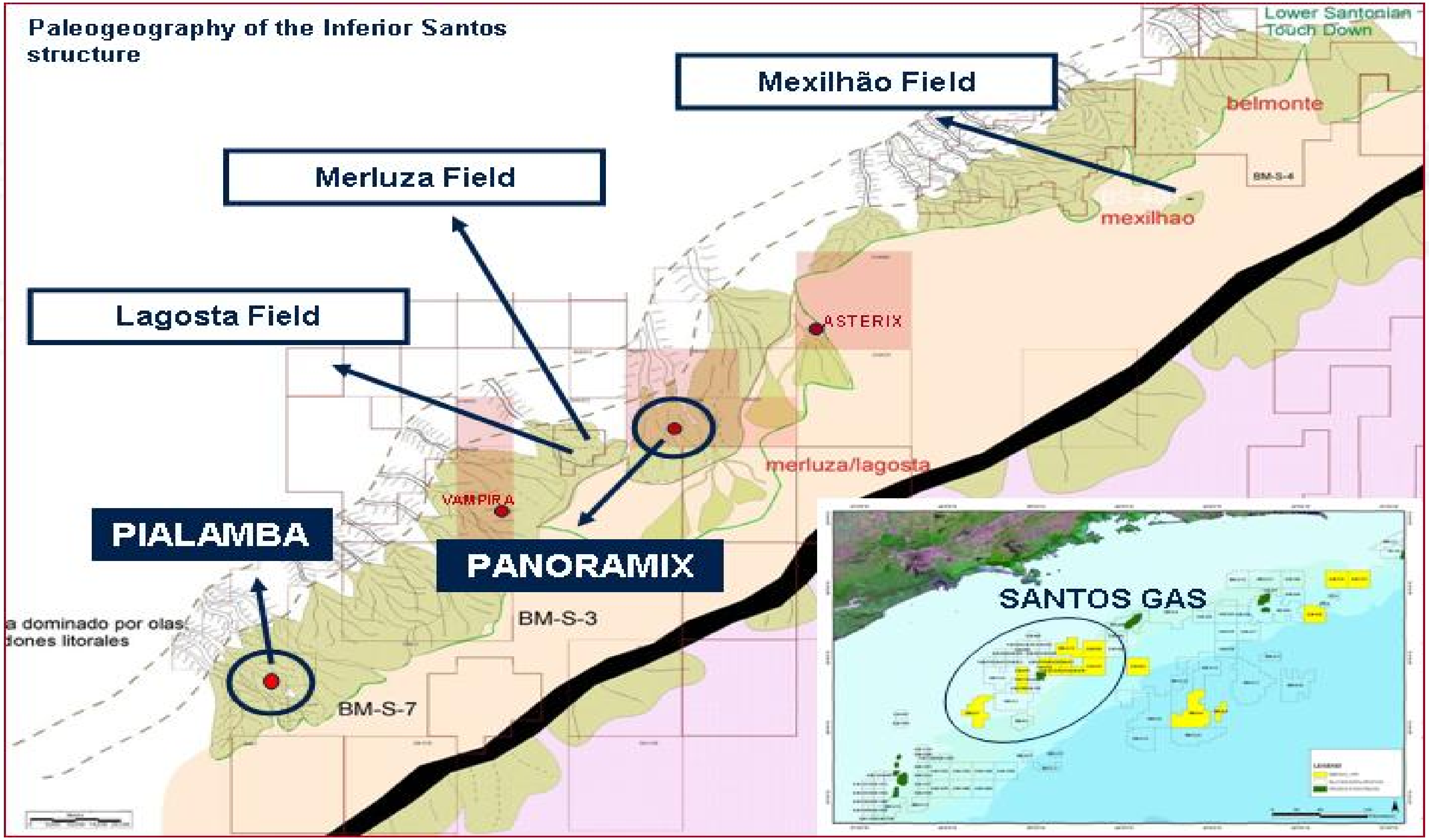
Contingent Resources 2008 : 485 Mboe

Contingent Resources 2007 : 241 Mboe

Contingent Resources 2006 : 114 Mboe

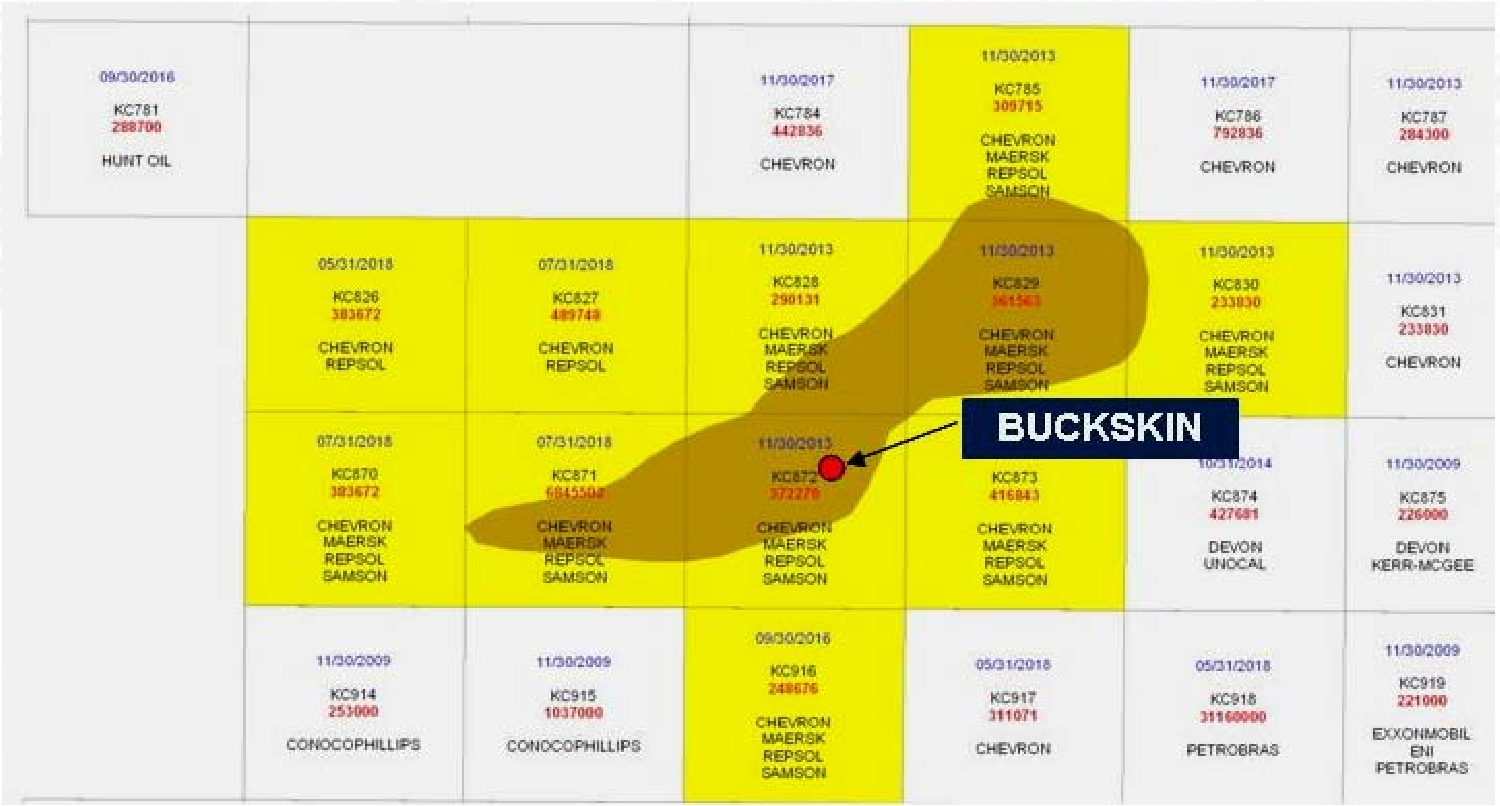
Brazil: Two new gas discoveries in the Santos Basin

- Production tests are currently being conducted at the Panoramix (operated by Repsol) and Pialamba (operated by Petrobras) wells in the Santos Basin.

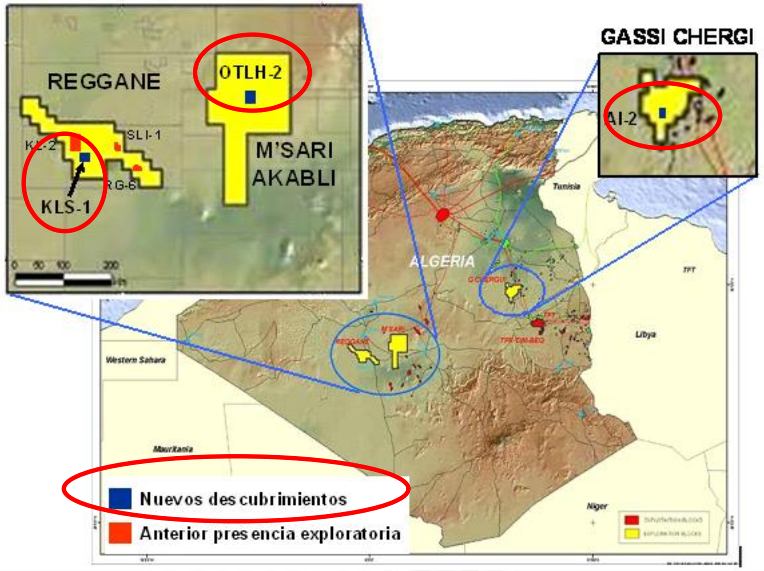


Gulf of Mexico: Buckskin well discovery

- Repsol is the operator in the exploration phase.
- The partners in the Buckskin well are Repsol (12.5%), Chevron (55%), Maersk (20%), and Samson (12.5%).
- The well is 10,000 m deep and has a 2,000 m sheet of water.
- Buckskin is adjacent to and has a geological structure similar to the Jack field in which Chevron is the operator.



North Africa: Algeria
Repsol discovers three new gas fields



- Repsol made its fourth gas discovery in the Reggane block (KLS-1) in one of the most prolific basins in the Algerian Sahara.
- The company also made a gas discovery in the Ahnet basin (OTLH-2), adjacent to the Reggane Block.
- The third discovery was made in the Gassi Chergui (AI-2) area in central Algeria.
- Repsol is the operator in all of the wells.
- Reggane is proving to be one of the geographical areas offering the strongest growth potential for Repsol's gas production.
- These discoveries confirm the gas potential of Algeria as one of the most important areas in North Africa.

Looking at the future

Traditional Core Areas
… difficulties for further growth

New Core Areas
… opportunities

Medium/long-term Growth areas …

North Africa

Limited available mining rights and profitability of new projects due to new contractual terms and conditions.

Northern Latin America

Unstable tax scenario (Venezuela, Ecuador, Bolivia)

Trinidad: discreet available potential

Peru: good mining rights offering strong potential for the future

Colombia: opportunities with limited potential. .

Cuba, Guyana and Surinam: assessing its potential. Good strategic location in the event of success. .

Gulf of Mexico-USA

High potential blocks awarded in exploration rounds 205 and 206.

Very active market, offering opportunities of entering new projects.
Great technical knowledge of this area: Kaleidoscope Project.

Brazil

Second company in terms of mining rights. Strategic positioning in areas with high “Pre-Saline” potential. Carioca-Guará discoveries. Gas discoveries in the Santos Basin (Pialamba and Panoramix)

Alaska

Good positioning thanks to a large number of exploration wells.

Canada and Norway

3 blocks awarded in Newfoundland and Labrador in offshore Canada. Bids submitted in Exploration Round 20 and APA 2008 in Norway.

Western Africa

Exploration blocks in interesting areas (Sierra Leone, Liberia, similar to the Mahogany area)

Gas in Peru, Brazil and Bolivia

Other main events in 2008

- **YPF**
  - In February we concluded the sale of a 14.9% stake to the Petersen Group, in order to rebalance the weight in our portfolio between OECD and Non OECD countries.
  - We maintain our vision of divesting an additional 25%.

- **GAS NATURAL:**
  - In July, Gas Natural reached an agreement to the acquisition of Unión Fenosa.
  - Speed up the fulfillment of its 2008-2012 Strategic Plan.
  - We subscribe the increase in capital to support the deal.

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2009 Perspectives – Three aspects to deal with

Revenues

- **Upstream** impacted by oil prices.
- Strong **Refining** margins.
- **Chemical** business depending on demand.
- **YPF** country conditions to go on with price recovery. Affected by exports and currency risk depreciation.
- **LNG**: Canaport and Camisea start up. T&T 4th train at full capacity

Opex & Capex

- 1,500 M € **saving plan.**
- Contracts **renegotiation**.
- Strong **commitment** all over the company.

Financial Situation

- Financial facilities to **cover 5.7 B€ Investments**.
- **No material refinance needed.**
- Goal to maintain a **comfortable financial position.**

Current situation and cash generation levels allow to continue with our investment commitment

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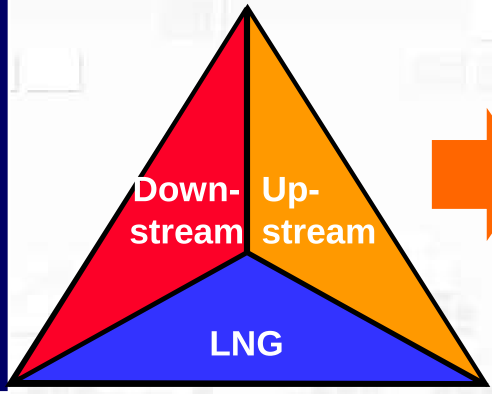
Our vision and strategic priorities 2008-2012

Integrated core business



- Optimize profitability of current operations
- Focused growth through 10 key projects
- Divest non-performing assets

Operated Key Shareholding

YPF

- Partial divestment to improve and rebalance portfolio
- Local partner and anticipated additional free float critical to increase value. Local focus within the framework of a global company
- Improve performance by capturing opportunities in an expanding energy market

Non-operated Key Shareholding

gasNatural

- Growth of operations via Stream JV
- Growth and leverage maximization
- Open options and flexibility for the future

Focused Management for Profitability and Growth: Shareholder and stakeholder returns

Strategic Plan Assumptions

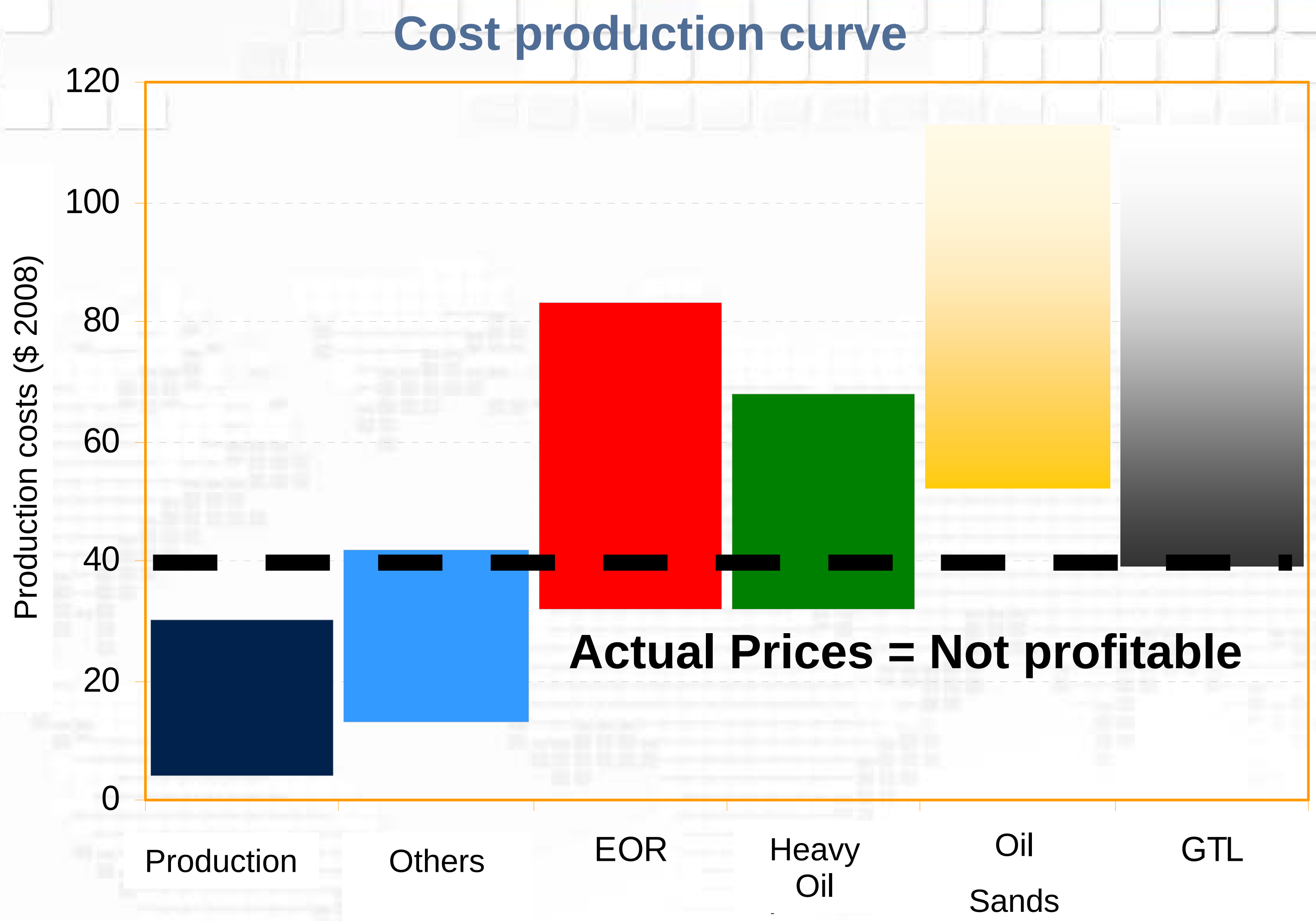
The Strategic Plan contemplated a conservative oil price scenario, however, current price is below that number.

Assumptions are still valid in the medium to long term.

	Actual			Strategic Plan	
	2008 Average	3th Q 2008 Average	4th Q 2008 Average	2008	2012
Brent (US$/bbl)	97.3	115.1	55.5	55	60
Henry Hub (US$/MBtu)	8.9	9.7	6.4	7.00	7.60
Refining Margin[(1)] (US$/bbl)	4.91	5.58	4.89	4.00	4.70

(1) Brent cracking NWE FOB

Cost production curve

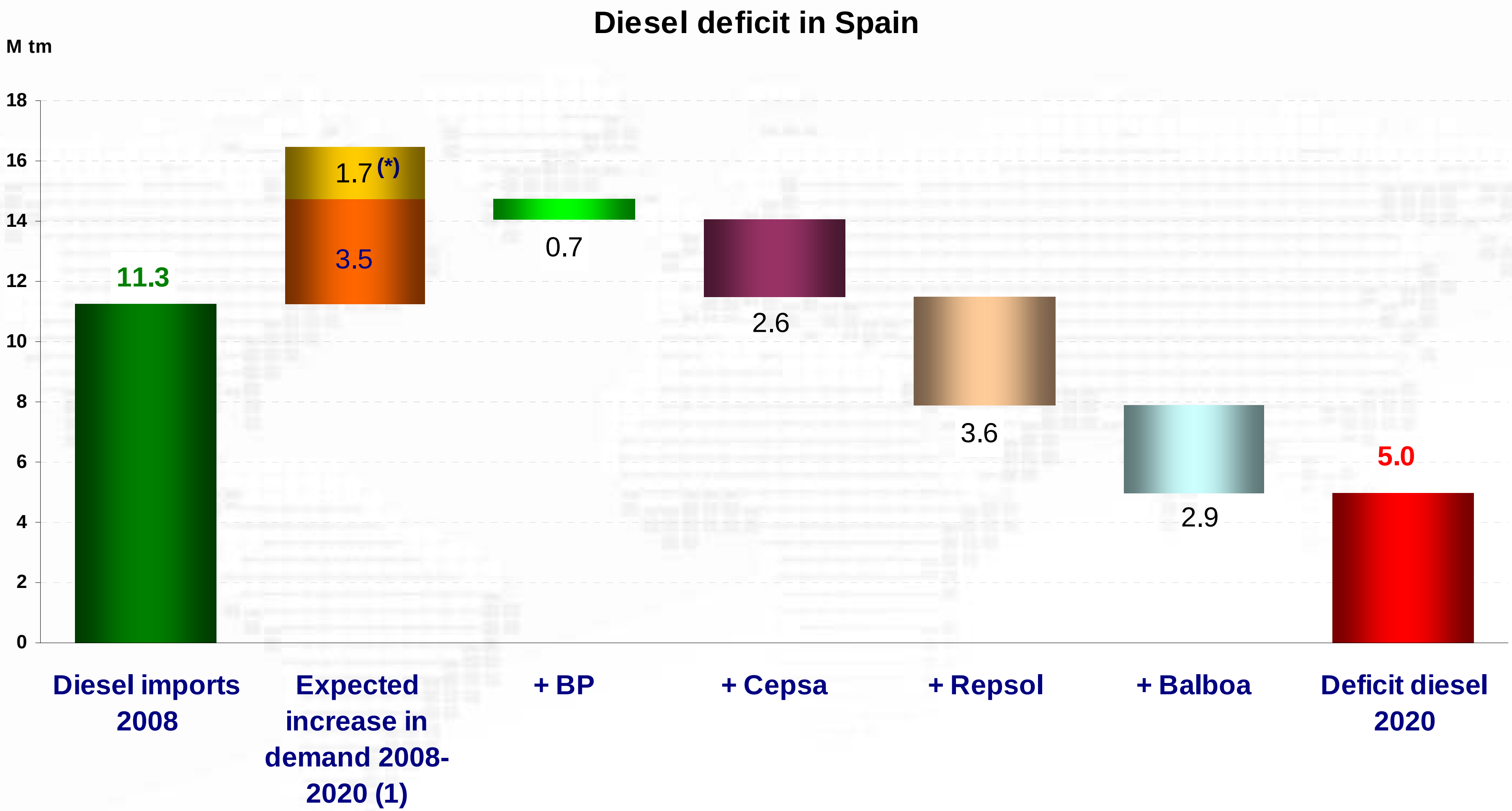


Source: AIE and Repsol´s Dirección de Estudios y Análisis del Entorno

The new oil production necessary in the upcoming years to compensate the increase in demand and the depletion of existing fields should come from specific projects like oil sands, Enhance Oil Recovery (EOR), Improve Oil Recovery, Gas to Liquid, Coal to Liquid, among others. However, these projects are not profitable under the actual oil price.

Refining Investments Still Valid

The local situation with regards to the Refining business validates investments, despite falling demand, due to the shortage of medium distillates.

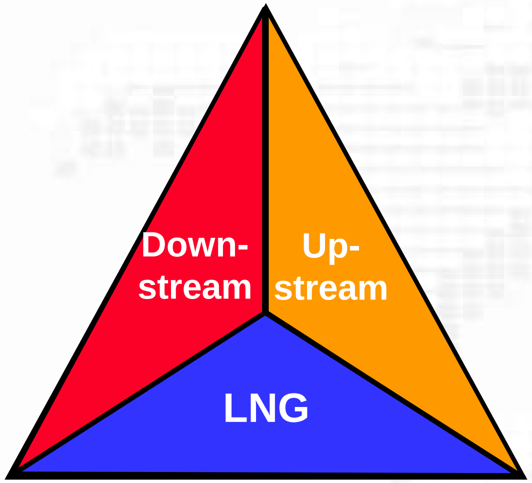


(1) It has been assumed a 3% annual drop in 2009 and 2010. It has also been assumed a 3% growth in 2011 - 2020 (1997 - 2007 average growth of 6%).

(2) (*) Demand covered with biodiesel (7% in 2020)

Ten key growth projects plus exploration drive organic growth of Core businesses

REPSOL



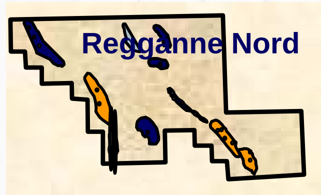
Downstream	Upstream		LNG

Bilbao (Spain)

700 M€

GK/Shenzi (GoM)

700 M€

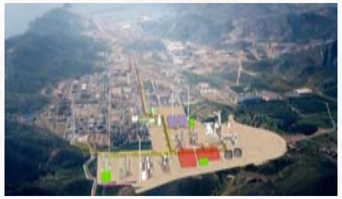


Reggane (Algeria)

450 M€

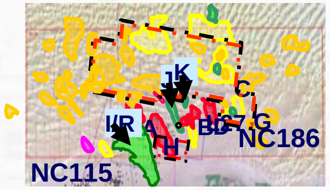
Peru LNG

400 M€



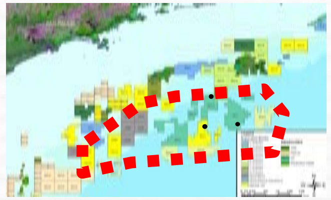
Cartagena (Spain)

3,200 M€



Libya I/R

100 M€



Carioca (Brazil)

500 M€

Canaport (Canada)

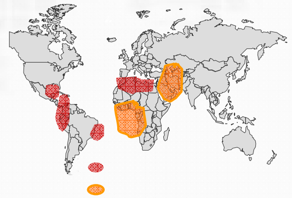
300 M€

Sines (Portugal)

850 M€

Block 39 (Peru)

350 M€



Exploration

575 (1) M€ pa

Combined CapEx for key growth projects + exploration: € 12.3 B
High rate of return of 10 key growth projects: IRR > 15%

x CapEx 2008-2012

(1) Does not include €1.9B development investment associated to exploration discoveries

Conclusion

- Solid financial position.
- Strong financial discipline with the objective of positive net cash flow each year.
- Strategic Plan still valid.
- Ten key growth projects on track and delivering results.

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