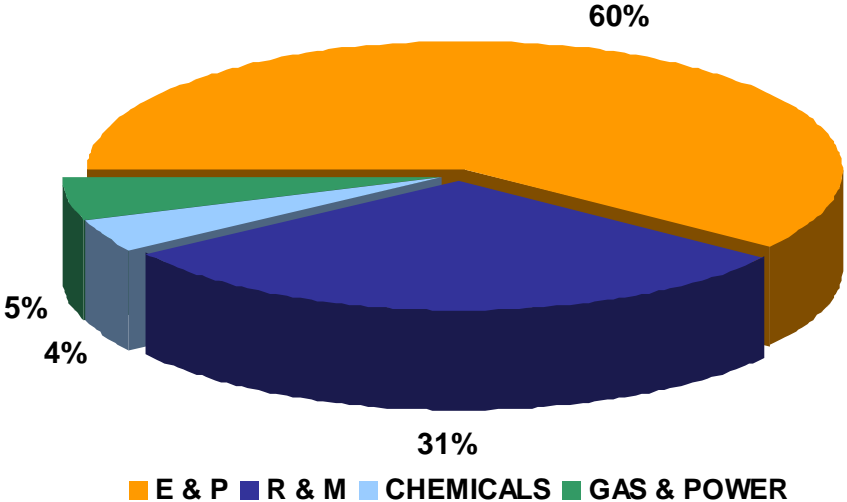
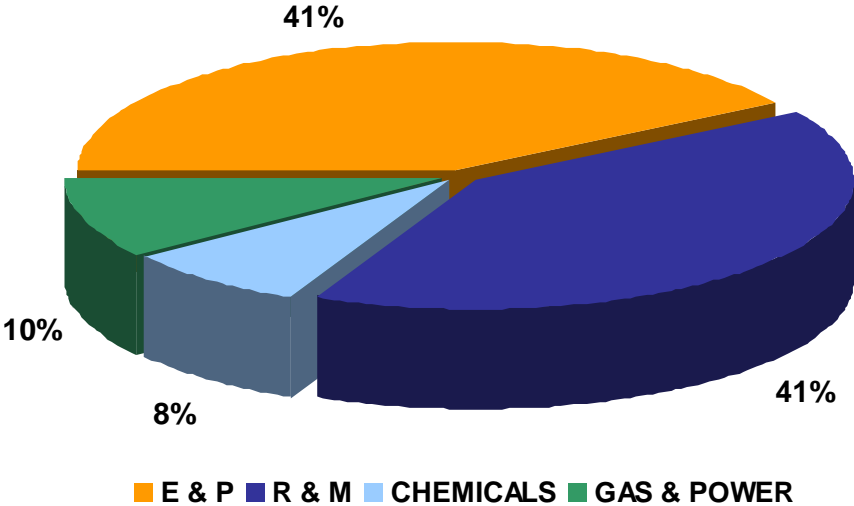


# ***UBS Downstream Conference***

***May 2004***

## % OF TOTAL ASSETS



## OPERATING INCOME BY ACTIVITIES

**High-growth markets**

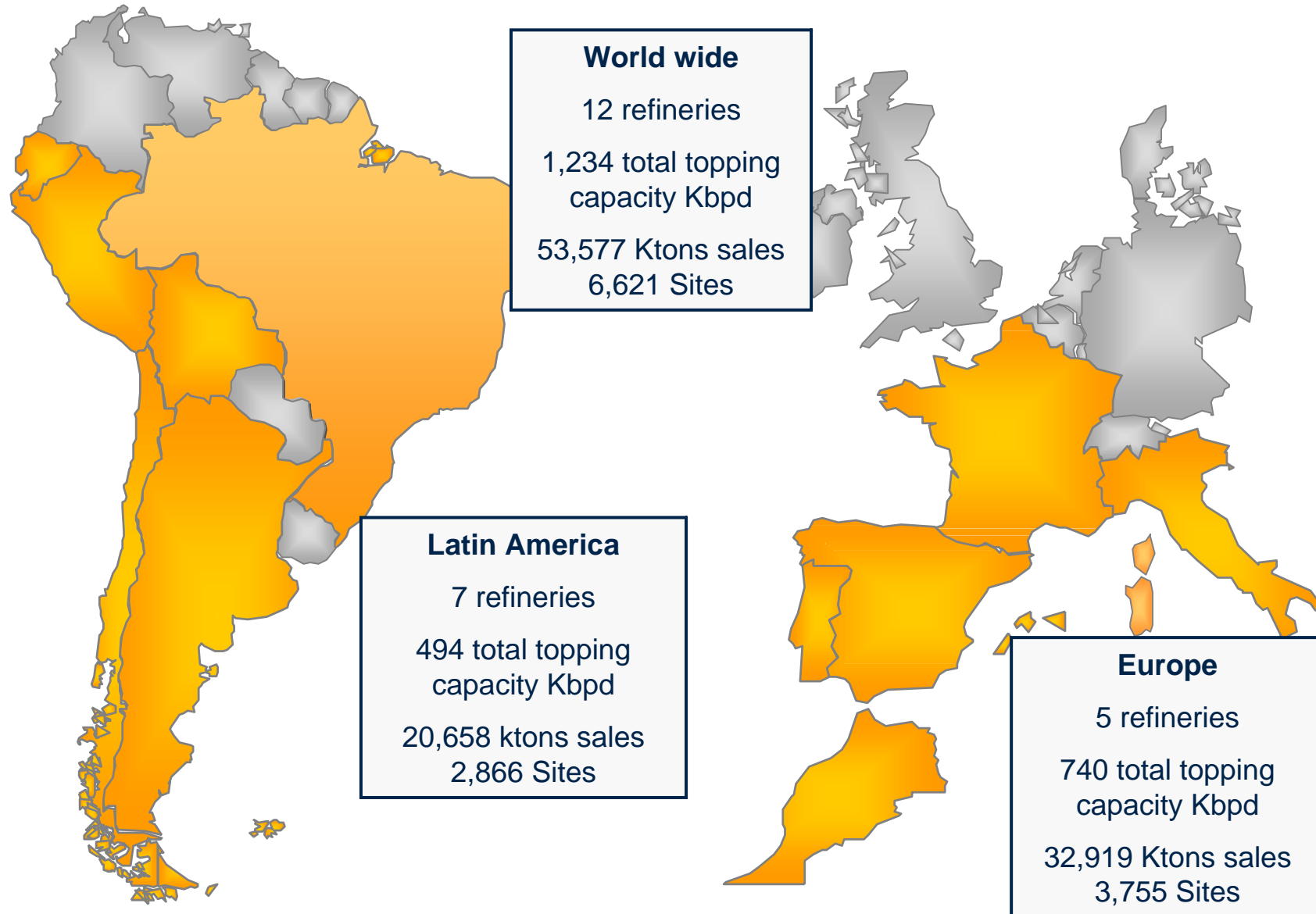
**+**

**Leading positions**



**Quality Earnings**

# Refining and Marketing Portfolio



**High-growth markets**

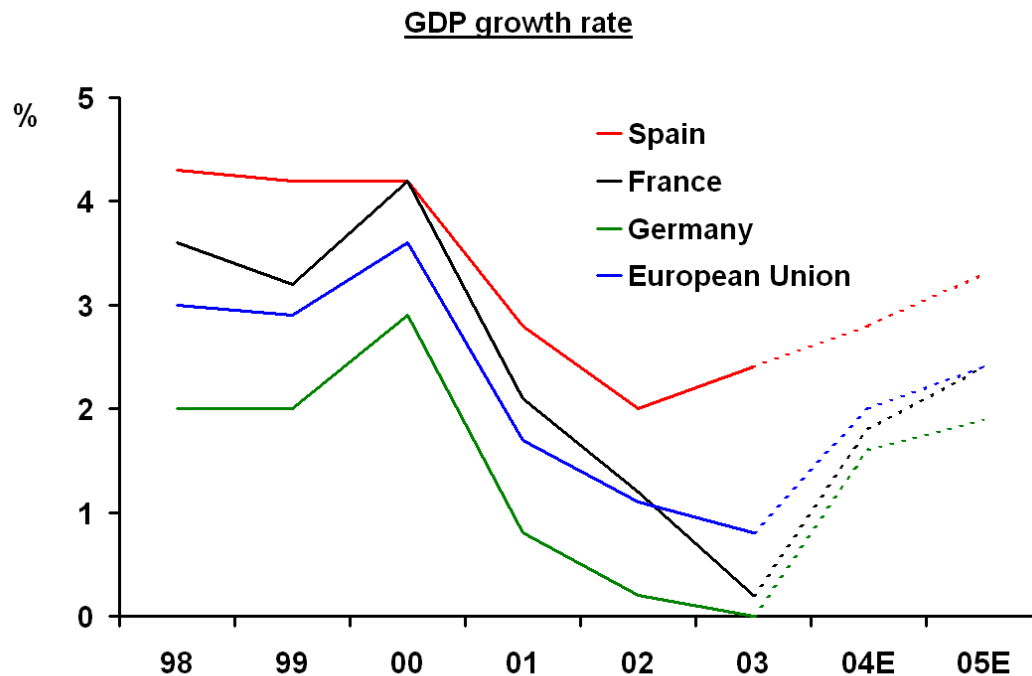
+

Leading positions



Quality Earnings

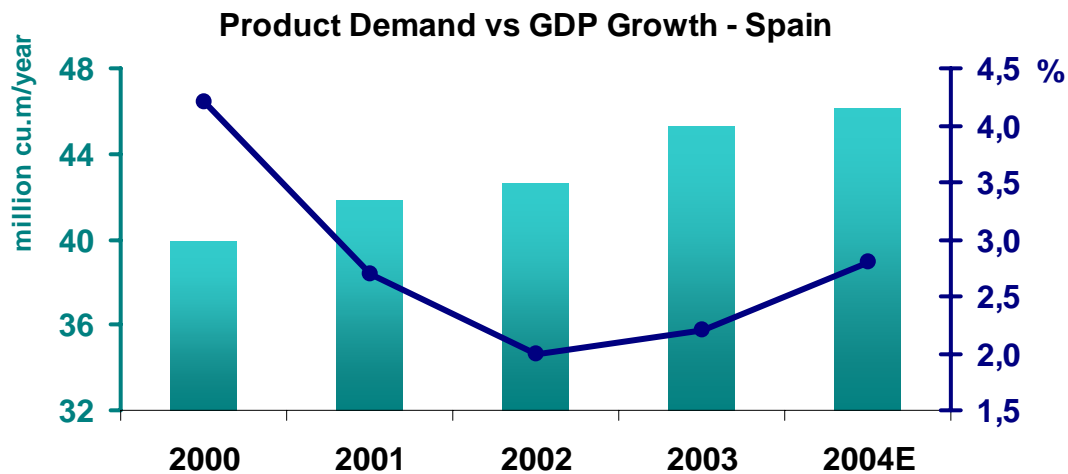
# Favorable Spanish Macroeconomics...



- Dynamic economy with solid macroeconomic fundamentals
- Historically strong GDP growth
- Future expansion expected to continue outstripping more mature markets

Source: International Monetary Fund (IMF).  
World Economic Outlook. April 2004

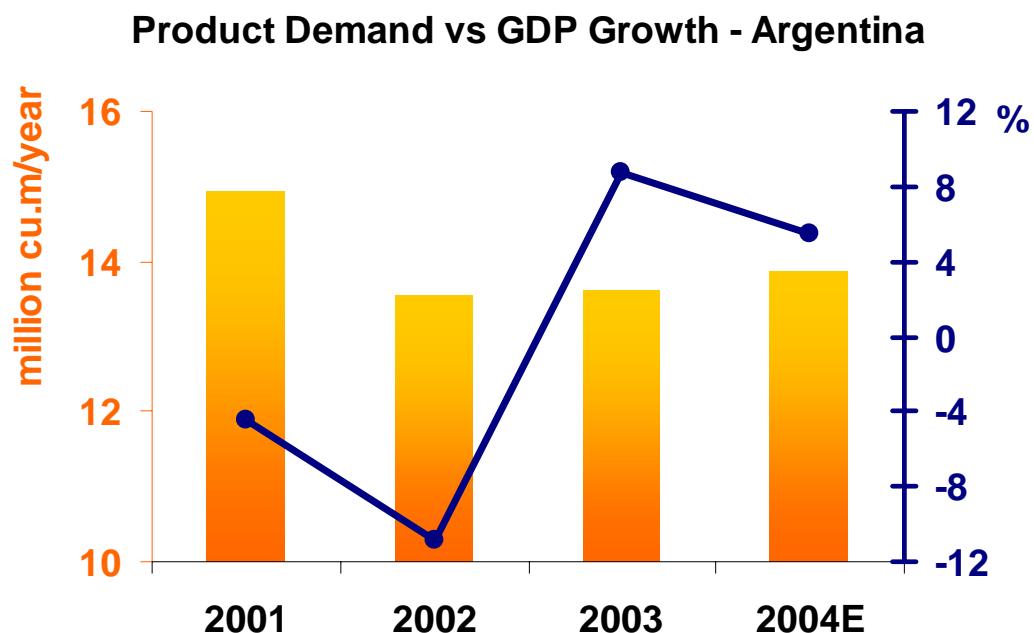
# ...are Driving Strong Fuel Demand Growth



Source: Cores, IMF

- Growth in product demand in line with strong economic expansion
- Strong middle distillate growth offsets gasoline decline
- The shift to gas in non-transport uses will primarily affect coal, but also HFO
- Demand for rest of EU-15 only growing at a rate of ~1.0%

# Argentina is Starting to Rebound



- The economy is expanding again, with growth of nearly 5.5% in 2004
- Product demand is growing, in line with economic recovery
- Further demand upturn expected, linked to recovery in miles driven per car, following recent drop of 30%

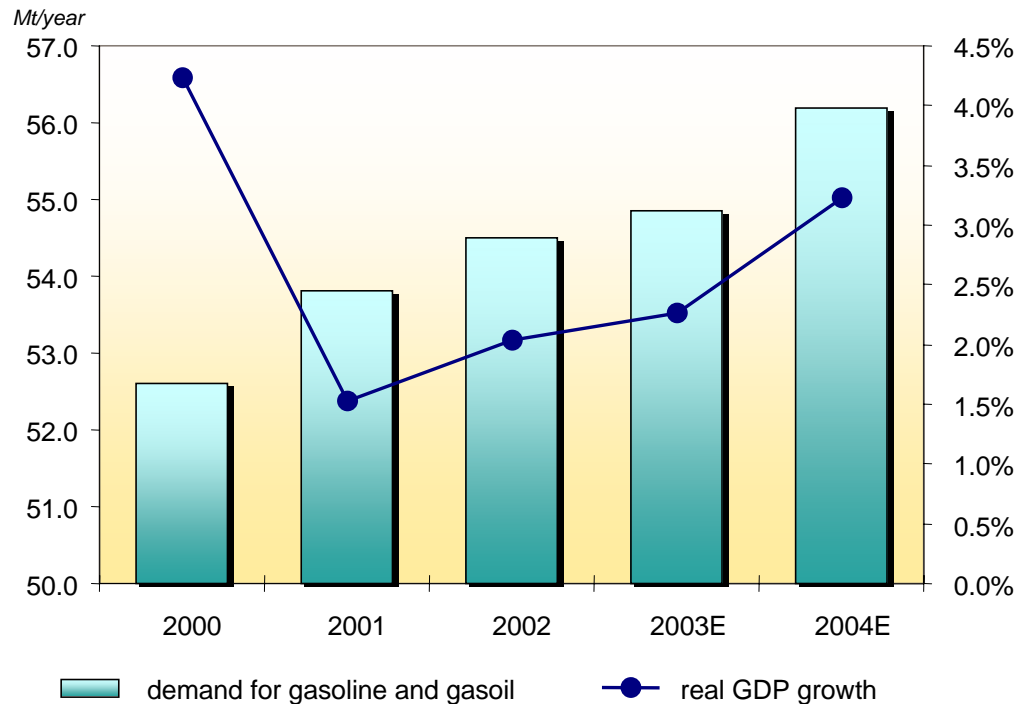
Source: PFC Energy and own projections; IMF



# Other LatAm Positions Also Provide Growth



Product Demand vs Real GDP Growth –  
Other Latam Interests

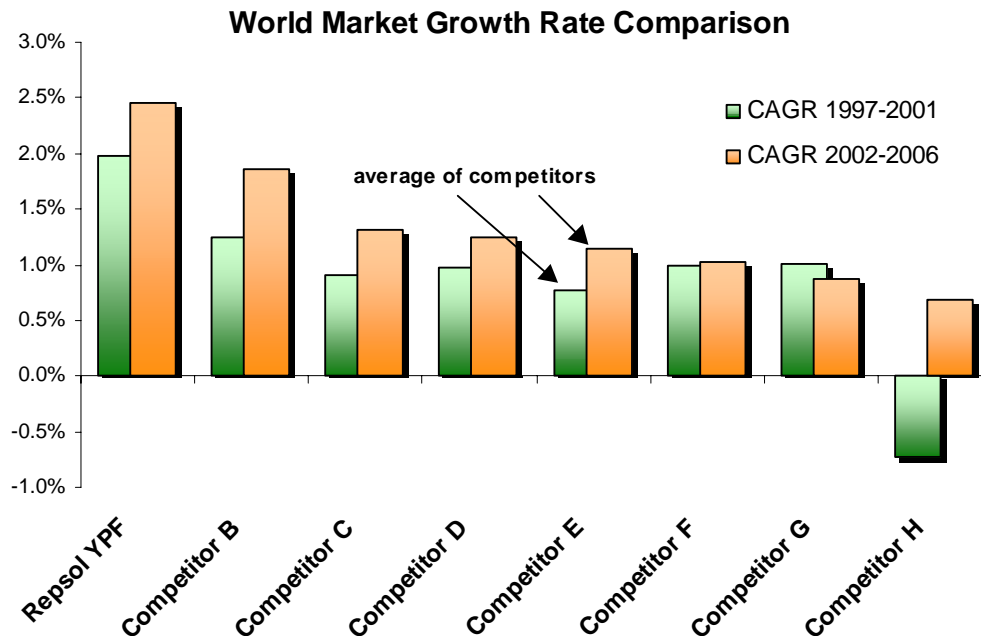


Aggregate data for Brazil, Chile, Ecuador and Peru

Source: PFC Energy, IMF

- Other LatAm market positions also associated with solid demand growth
  - Brazil
  - Chile
  - Peru
  - Ecuador
- Economies will continue to expand at a modest level
- Product demand has higher gearing to GDP growth than mature markets

# Greater Growth Potential than Competitors



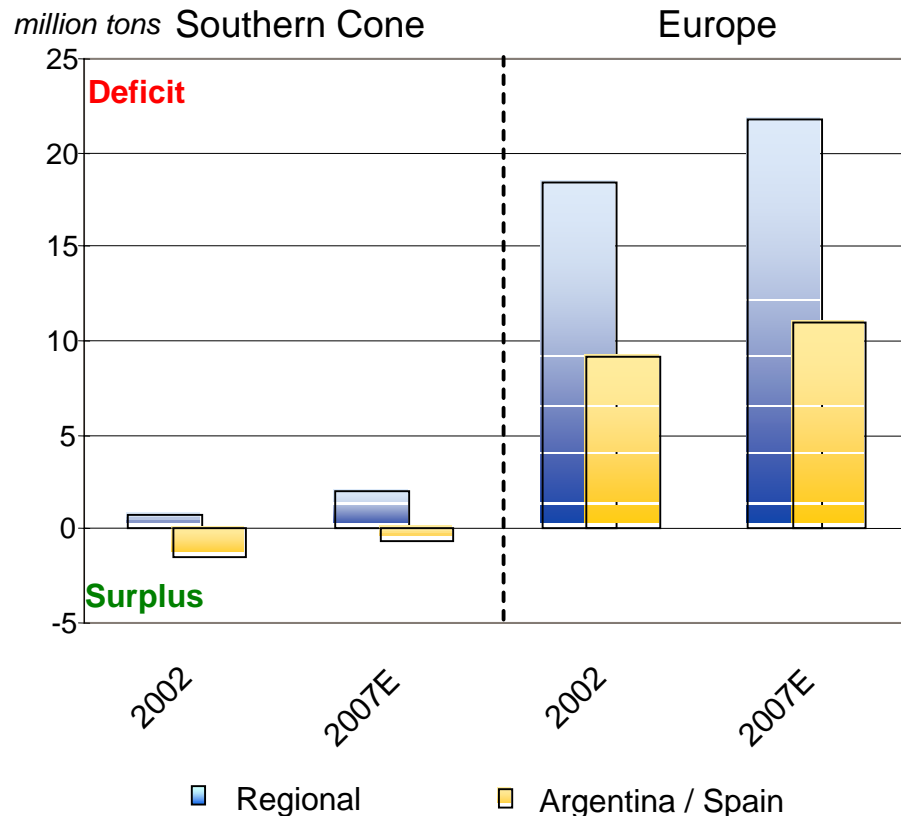
Growth in demand for gasoline and gasoil, based on only those markets where the companies are present. Companies in sample are: ENI, Total, Shell, ExxonMobil, ChevronTexaco, ConocoPhillips, BP

Source: PFC Energy

- The markets in which Repsol-YPF has a retail position...
- ...have shown strong combined growth of 2.0% in recent years, despite the downturn in Argentina
- Key competitors' market portfolios experienced less than half this growth rate
- The trend is expected to continue, as competitors are focus more heavily on mature markets

# Favorable S/D Situation

## Net Import Requirement – Middle Distillates



Source: Government agencies, PFC Energy

Europe refers to EU-15; Southern Cone includes Argentina, Bolivia, Uruguay, Paraguay, and the 3 southern states of Brazil (Rio Grande do Sul, Santa Catarina, and Parana)

- Favorable market conditions for middle distillate in Spain and Europe, given the growing deficits
- The Southern Cone region is also in a deficit situation
- Represents significant regional opportunity for Repsol YPF

High-growth markets

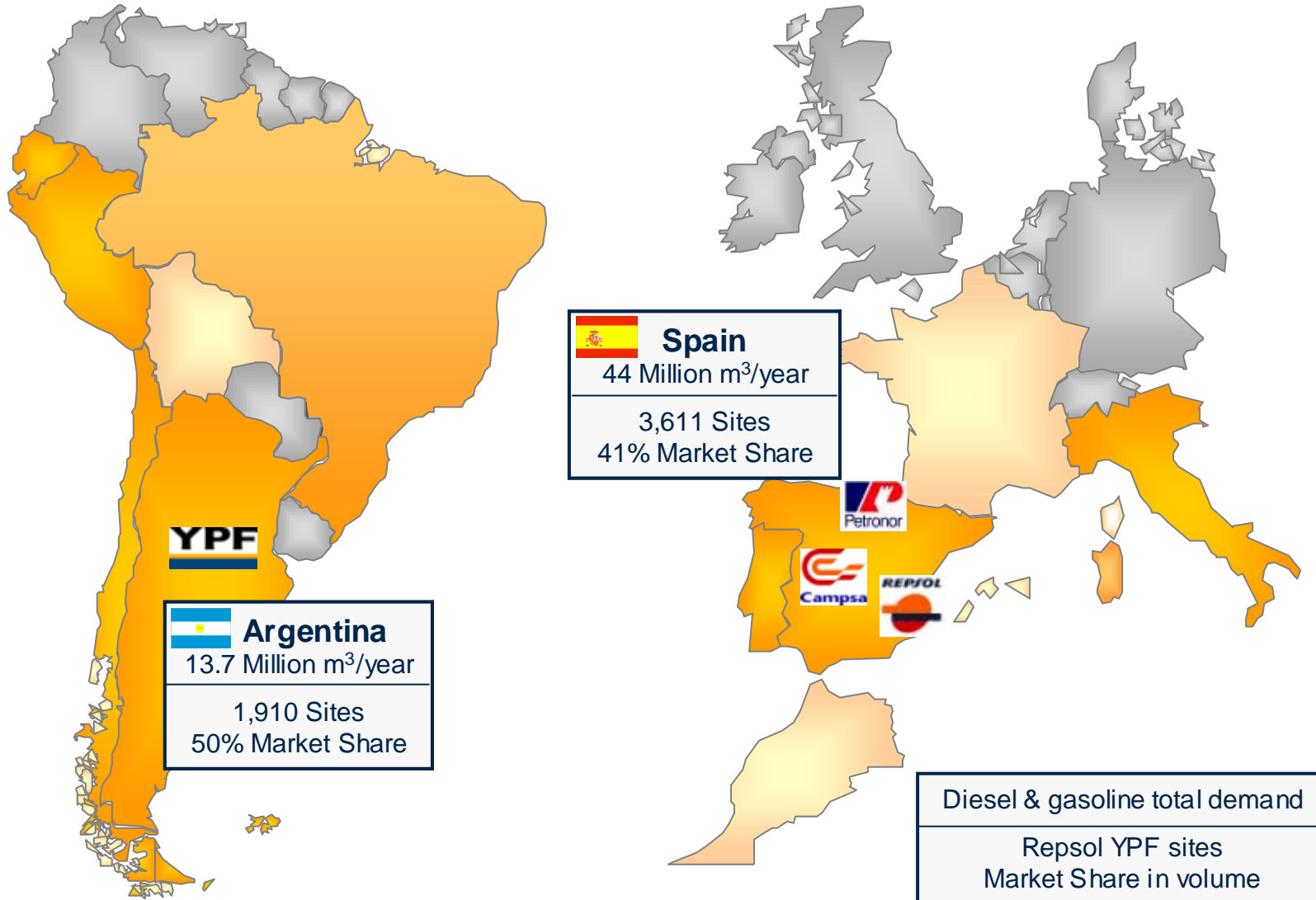
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**Leading positions**



Quality Earnings

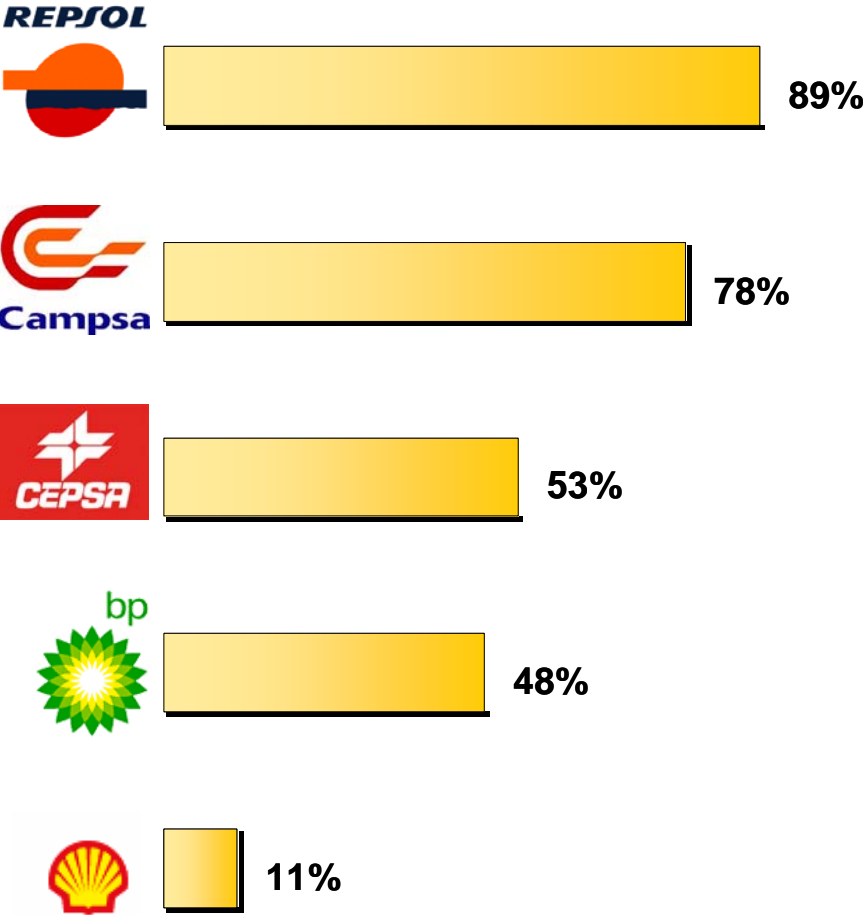
# Building on Strengths in Core Markets



# Strong Brand Preference

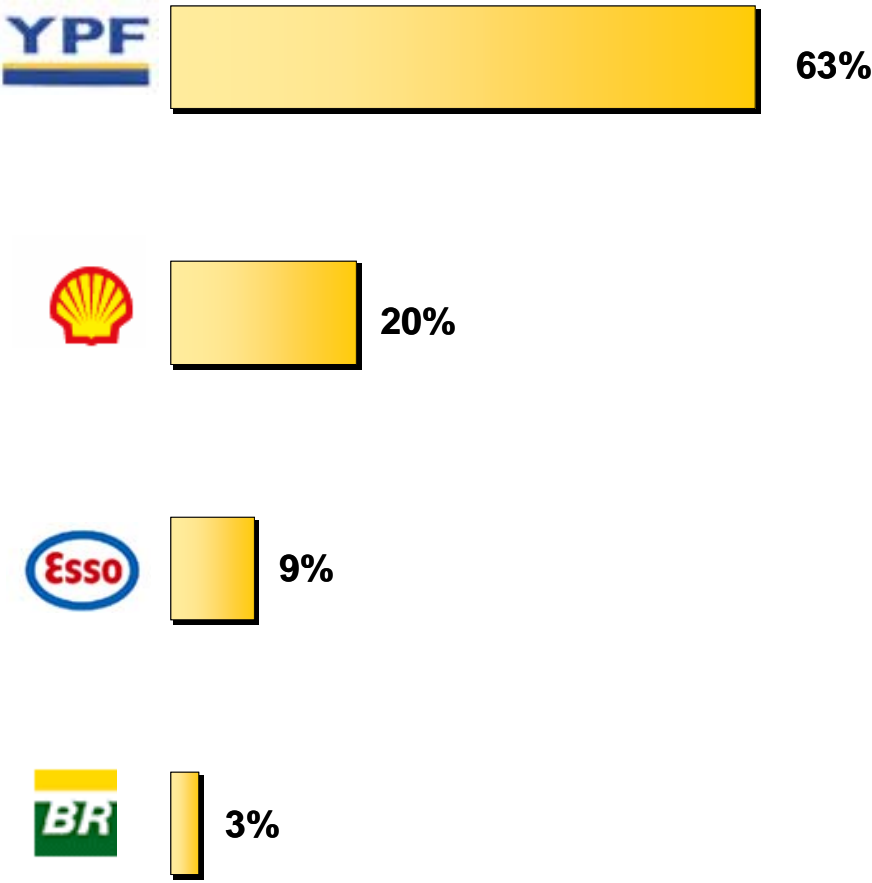


## Spain – ‘Total mentions’



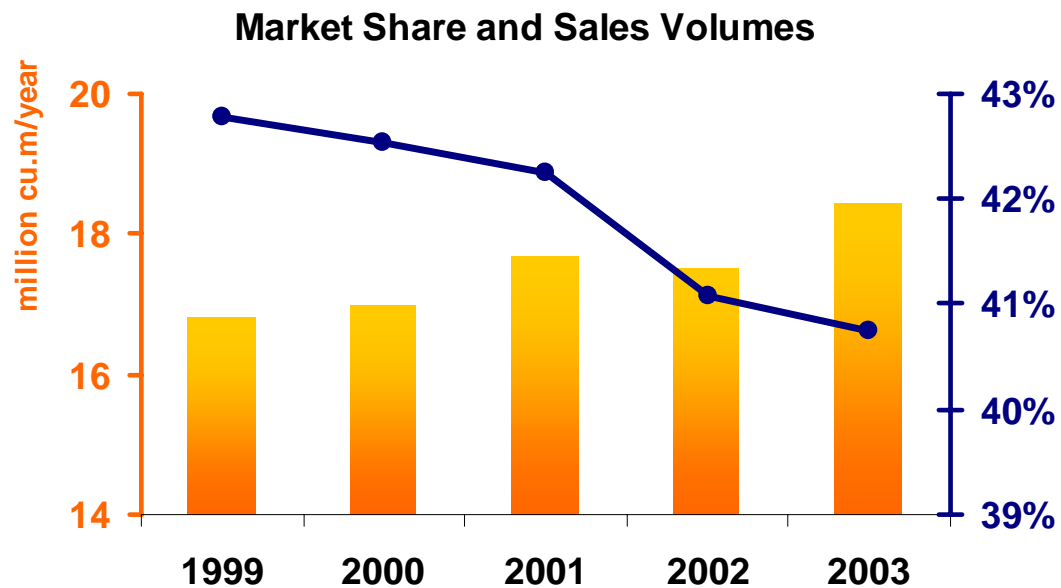
Source: Millward Brown

## Argentina – ‘1st mentioned brand’



Source: CEOP

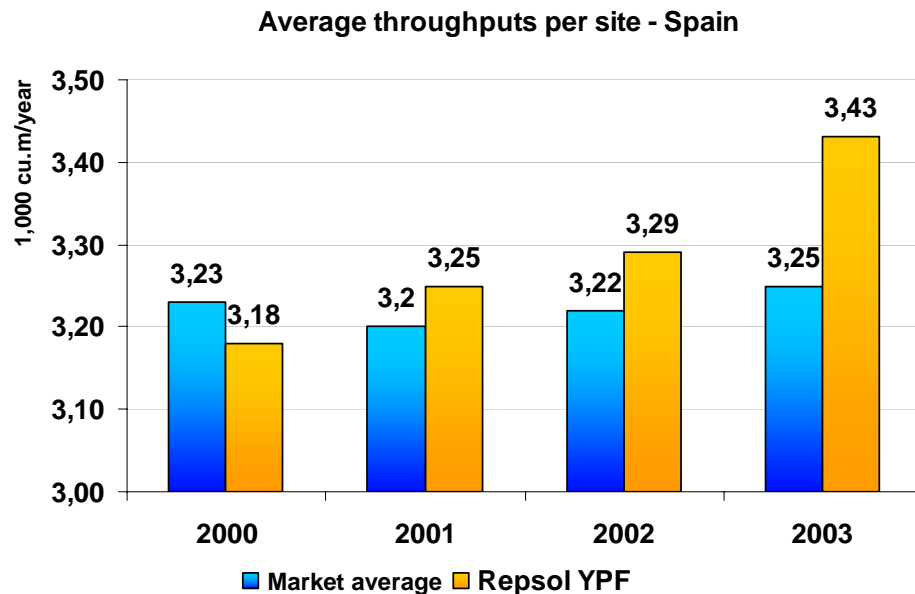
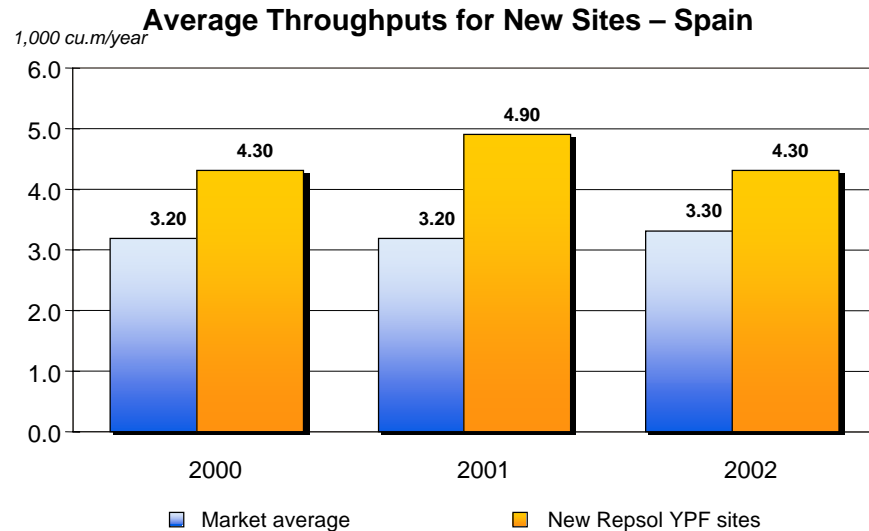
# Sustainable Retail Scale in Spain...



- Market share is stable, and remains above 40%
- Fuel volumes continue to show strong growth
- Cumulative growth of nearly 15% from 1999 to 2003

Source: CORES

# ...with Improving Retail Network



Source: Own data and estimations (market)

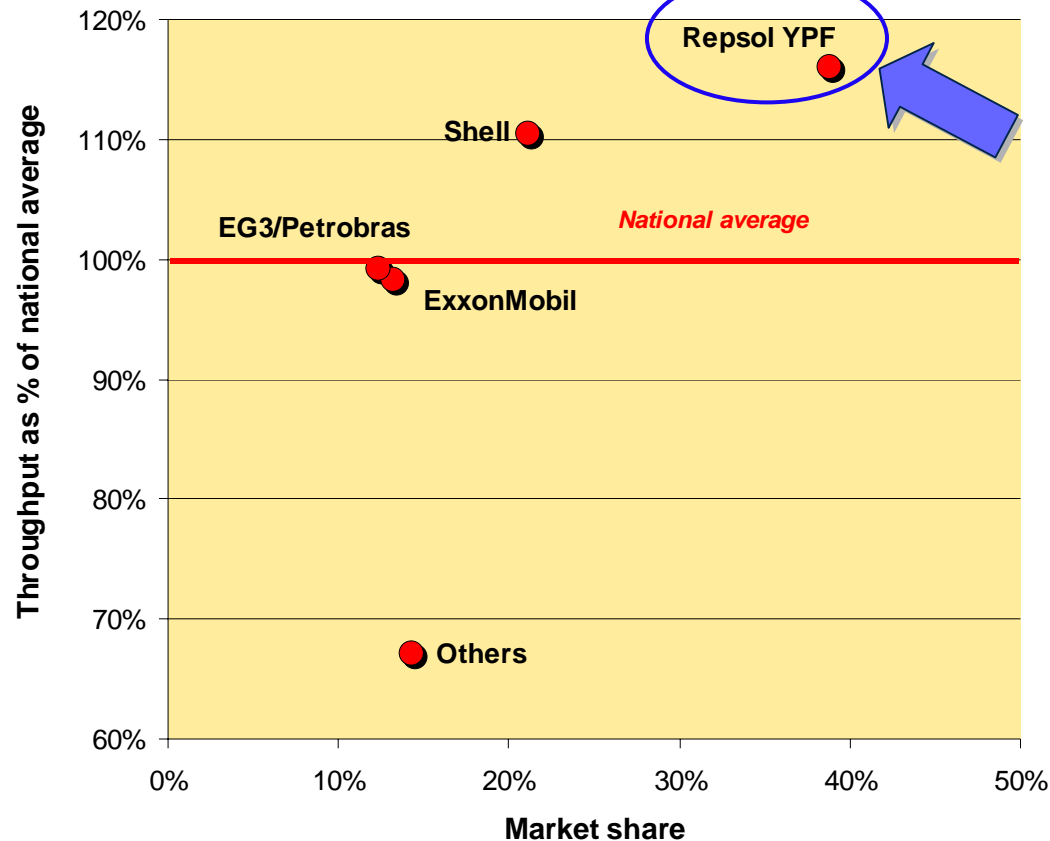
- Selective retail investments continue to drive positive results
- New retail sites have much higher throughput than those of competitors
- Competitive position continues to improve
- The network throughput per site advantage is widening over rest of industry



# Superior Retail Position in Argentina



Retail Efficiency and Market Share – Argentina

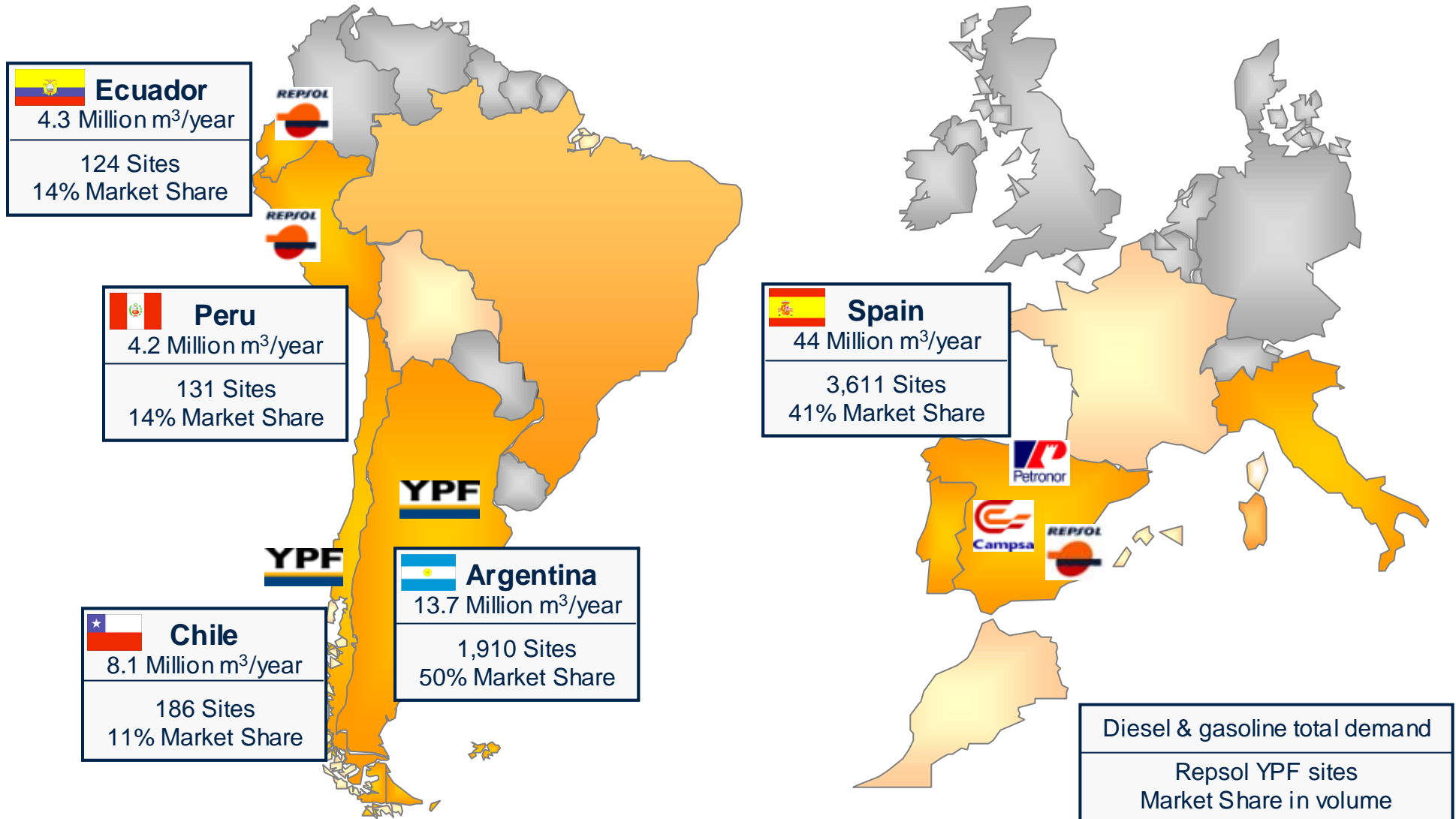


Throughputs and market shares are expressed on a combined gasoline and diesel basis.

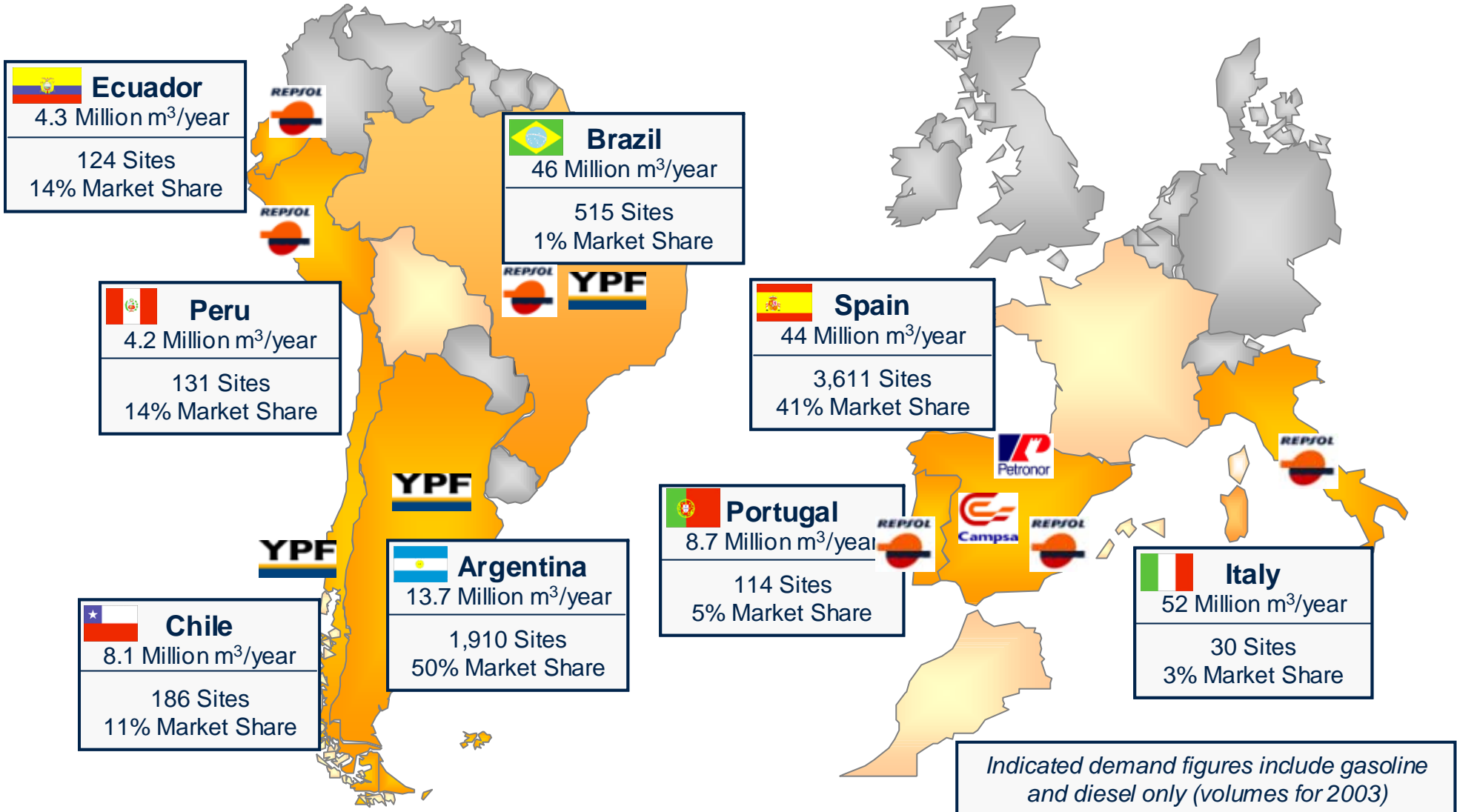
Source: PFC Energy

- Significant market share advantage...
- ...coupled with strong throughput per site advantage
  - 20% above industry average
  - indication of quality and location advantage of retail sites

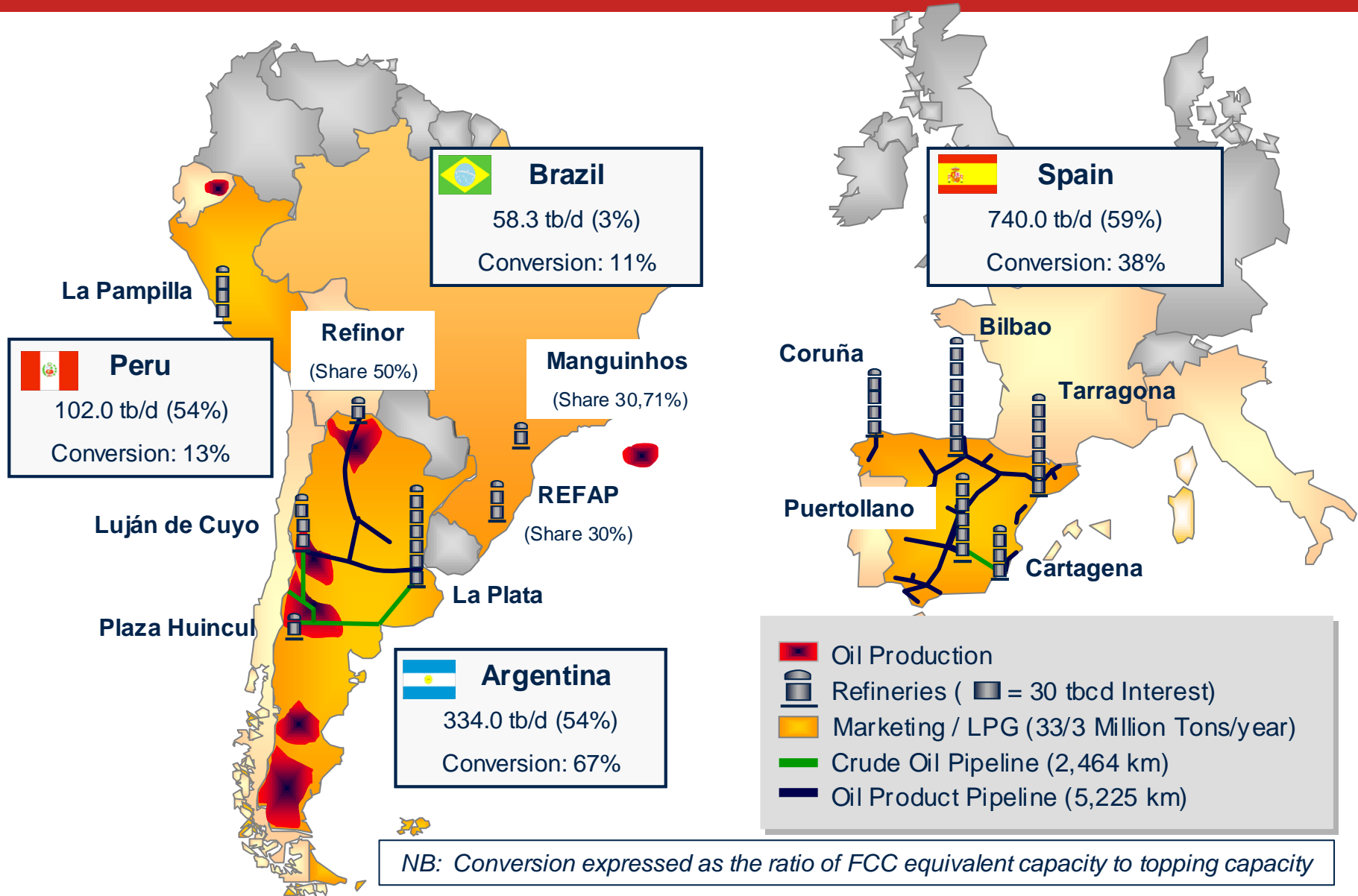
# Building on Strengths in Core Markets



# Building on Strengths in Core Markets



# Flexible & Integrated Refining Systems



# Flexible & Integrated Refining Systems



## Global

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- ✓ **Global scale refining assets**
- ✓ **Above average conversion indices**
- ✓ **Integrated with petrochemicals and lube oils**

## Latin America

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- ✓ **Strong structural position**
- ✓ **Superior logistics**
- ✓ **Integration with crude supply**

## Europe

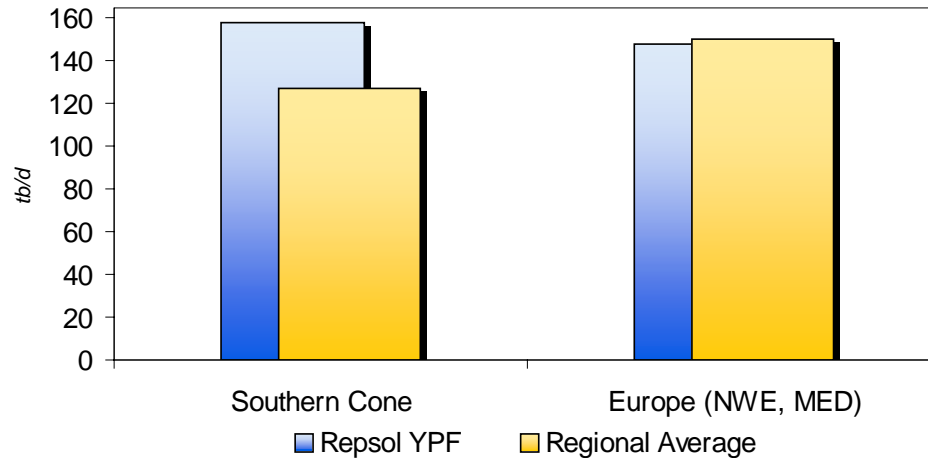
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- ✓ **Market and location advantages**
- ✓ **Less exposed to gasoline surplus**
- ✓ **More flexible crude slate**

# Refineries of Global Scale & Complexity

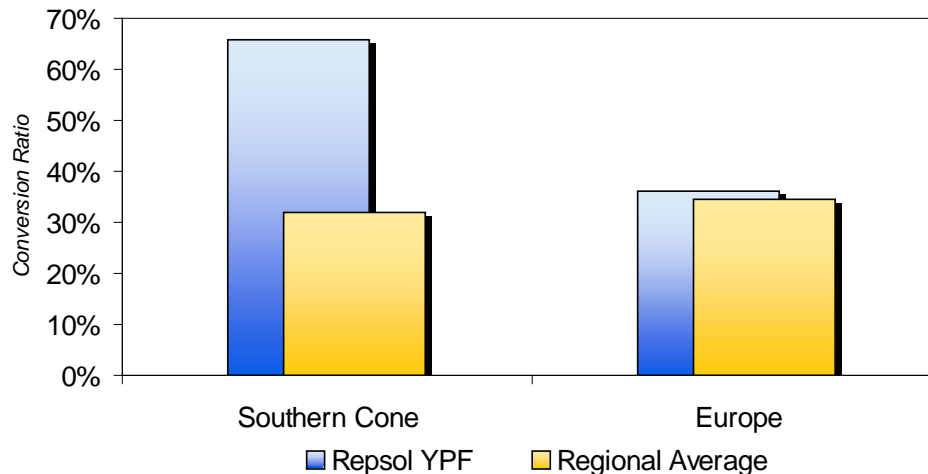


### Average Topping Capacity



- Overwhelming advantage in Southern Cone
- On par in Europe, even with significant presence of super-majors
- Advantage also in terms of relative profitability, and in terms of relative preparedness for future EU product specs

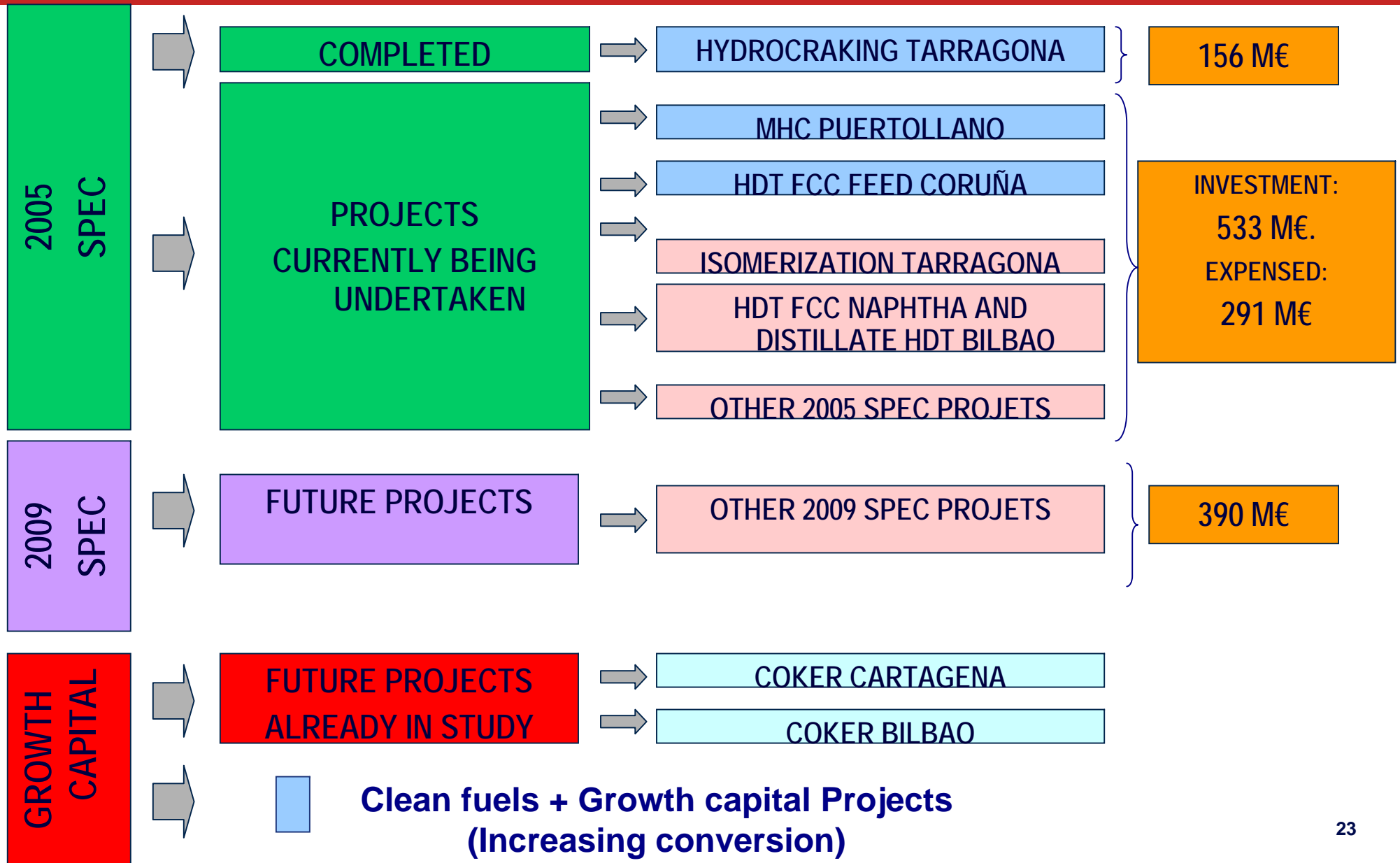
### FCC-Equivalent Conversion Ratio



Repsol YPF indices include all assets with more than 30 tb/cd of consolidated topping capacity

Source: WE and Latin America Average based on capacities from O&G Journal 2003

# Investment in Clean Fuels/Conversion

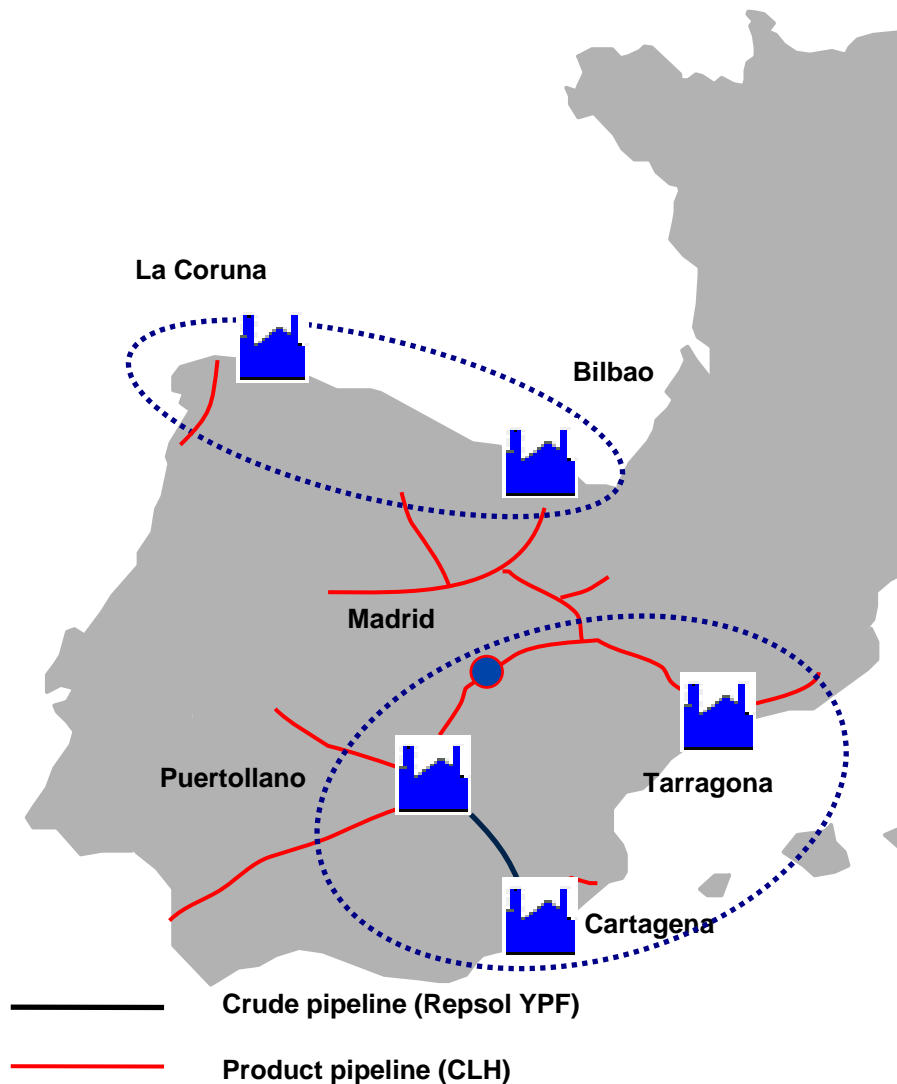


# Integration Across Downstream

 Repsol YPF Refineries	Refining Integration			
	 Marketing	 Chemicals	 Lube Oils	Asphalt
<b>SPAIN</b>				
Cartagena	●		●	●
La Coruña	●			●
Puertollano	●	●	●	●
Tarragona	●	●		●
Bilbao	●			●
<b>ARGENTINA</b>				
La Plata	●	●	●	●
Luján de Cuyo	●			●
Plaza Huincul	●	●		●
Refinor	●			●
<b>BRAZIL</b>				
REFAP	●			●
Manguinhos	●			●
<b>PERU</b>				
La Pampilla	●			●



# Market and Location Advantages in Spain

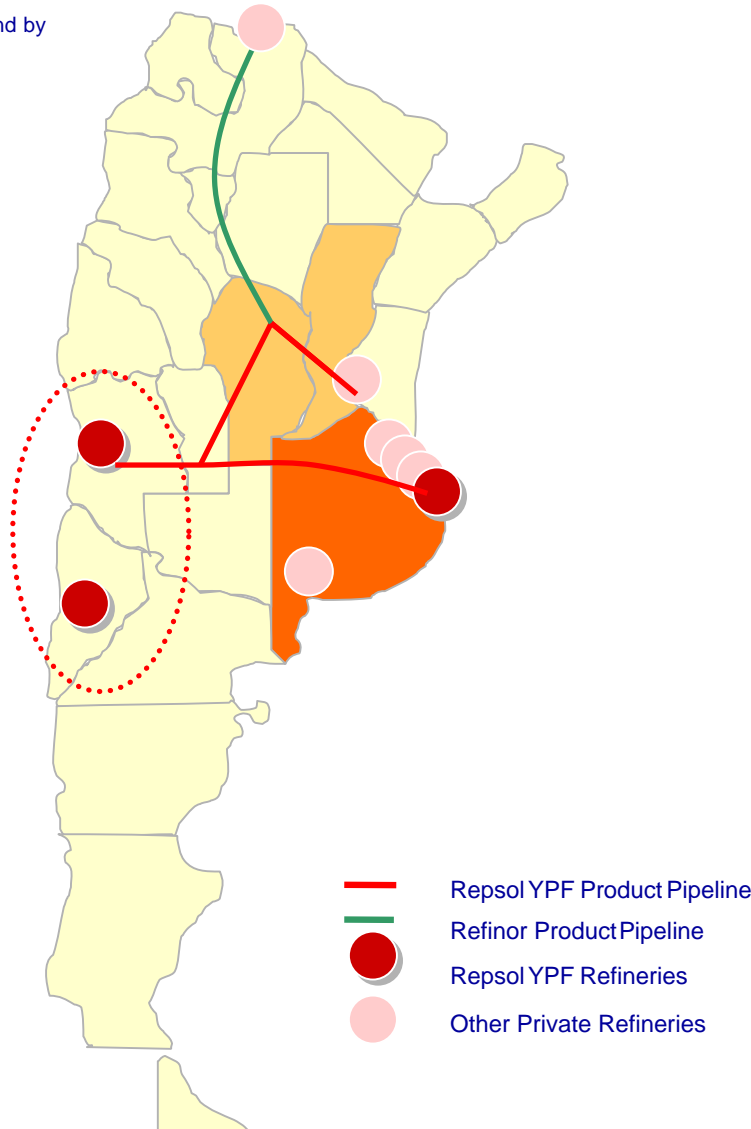
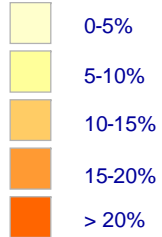


- Well-positioned to serve favorable Spanish market
- Extensive inland logistics with coastal refineries
  - allow for optimization of refining portfolio
  - provide access to export markets
  - support flexible crude slate
- 25% of CLH belongs to Repsol YPF. CLH carries 83% of total inland and Balears logistics.

# Strong Structural Position in Argentina

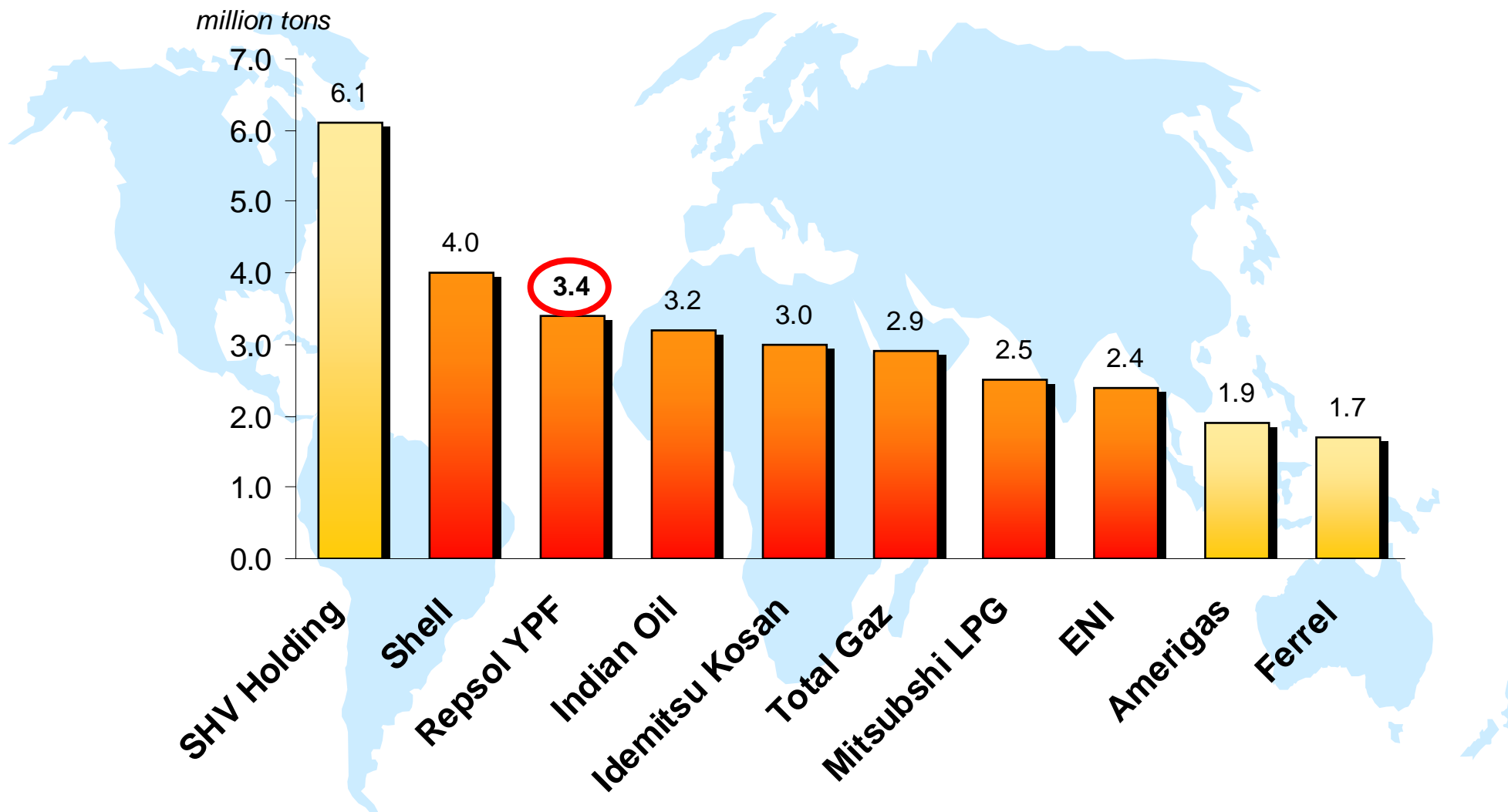


MotorFuel Demand by Region



- Superior refining assets
- High degree of integration with crude sources
- Well-positioned logistically
  - major demand centers
  - western regions
  - export markets

# A Leading Player in World LPG Market



Repsol YPF includes 100% of Lipigas

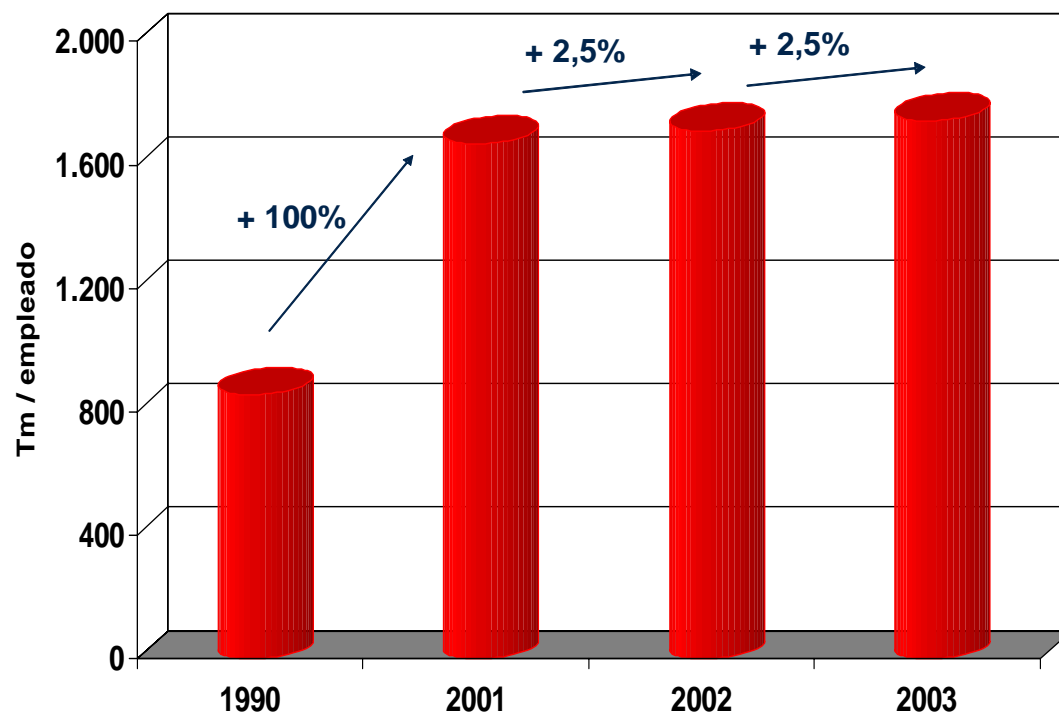
Sources: Company sources and own data

 Non petroleum companies

# LPG – Most Efficient LPG Distributor



**Productivity of Repsol Butano  
Tons/employee**



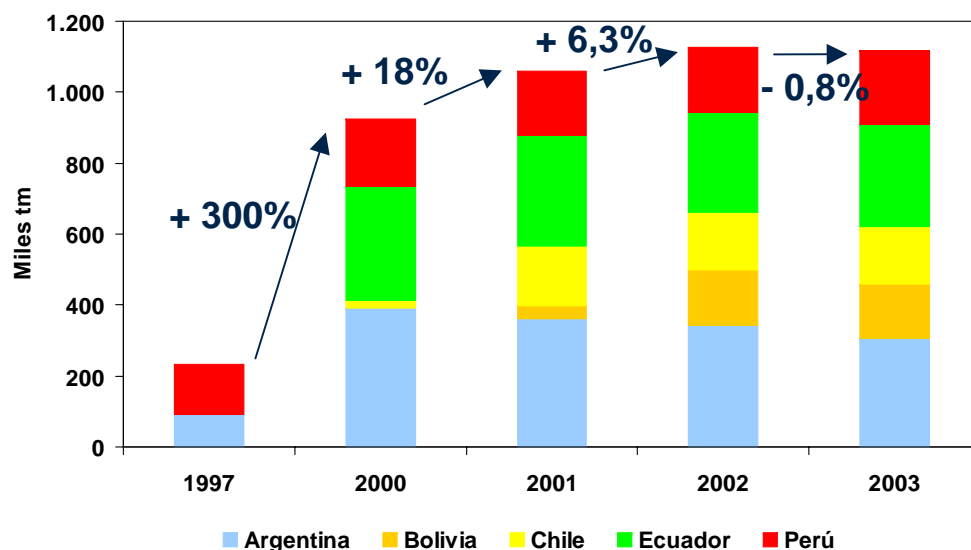
Source: Own data and published data of competitors

- Repsol Butano is the world's most efficient LPG distributor
- Best practices and management model for
  - reducing operating costs
  - increasing productivity
- Knowledge is being applied to Latin American operations
- New markets are being analyzed

# LPG -- Growing Presence in LatAm



## Repsol YPF Sales of LPG



Country	Market share
Argentina	34,5%
Bolivia	39,5%
Chile	39,2%
Ecuador	37,8%
Perú	27,9%

- Expansion of operations in emerging markets offsets maturing market conditions in Spain
- Latin American presence enables Repsol YPF to take full advantage of vertical integration
- Growth through acquisition and also organic growth in non-bottle LPG – bulk and pipe
- Latin America now represents about 1/3 of total LPG business
- Targeting Brazil, Mexico and similar markets for future growth

- Leverage refining and logistic positions and growth in marketing in neighbouring countries.
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and in neighbouring countries

# Leverage Refining and Logistics Assets

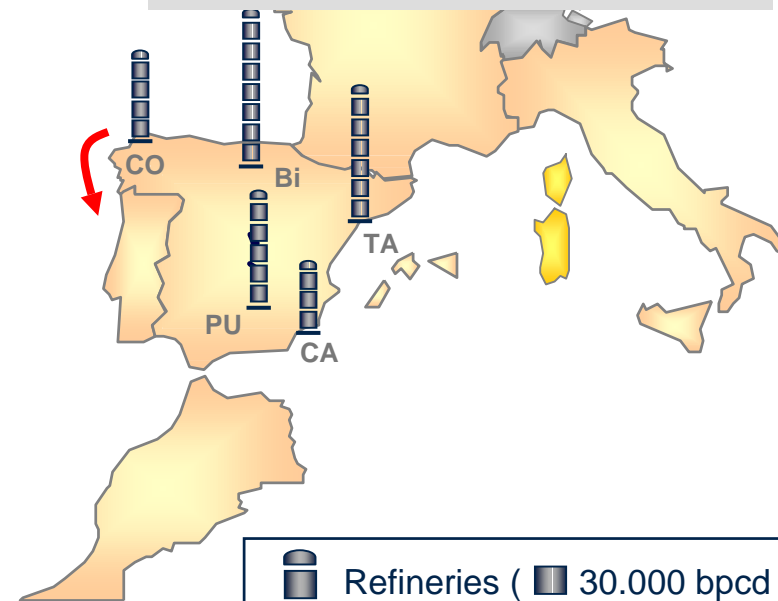


**Benefit from position to develop activities in neighboring countries**



- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries

**Develop retail activities in Portugal & Italy**



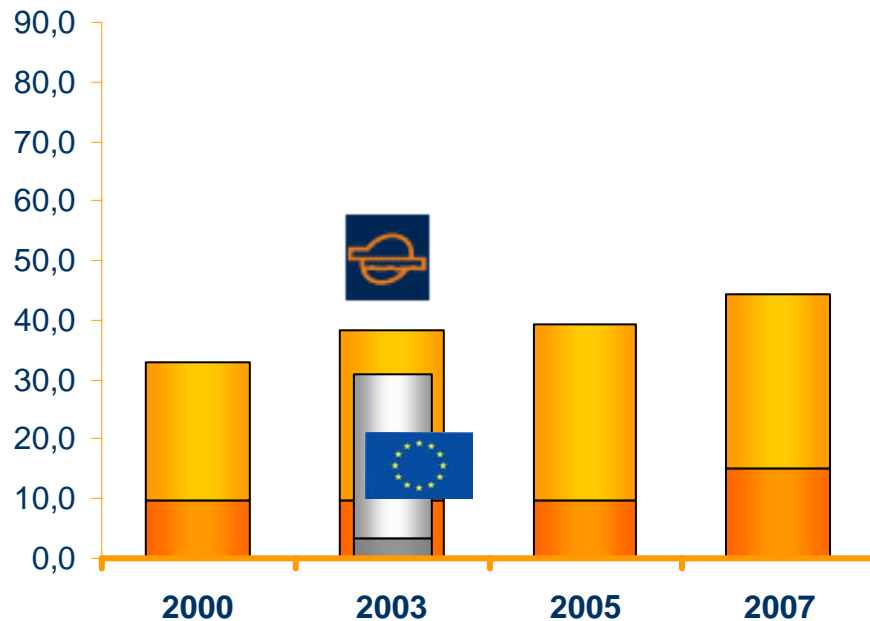
- Refineries ( ■ 30.000 bpcd Interest)
- Marketing / LPG

# Increase Refining Complexity

## Conversion Index

(%, equivalent FCC capacity / topping)

- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries



Western Europe



Latin America

Repsol YPF Indices include all assets with more than 30.000 bpd of consolidated topping capacity

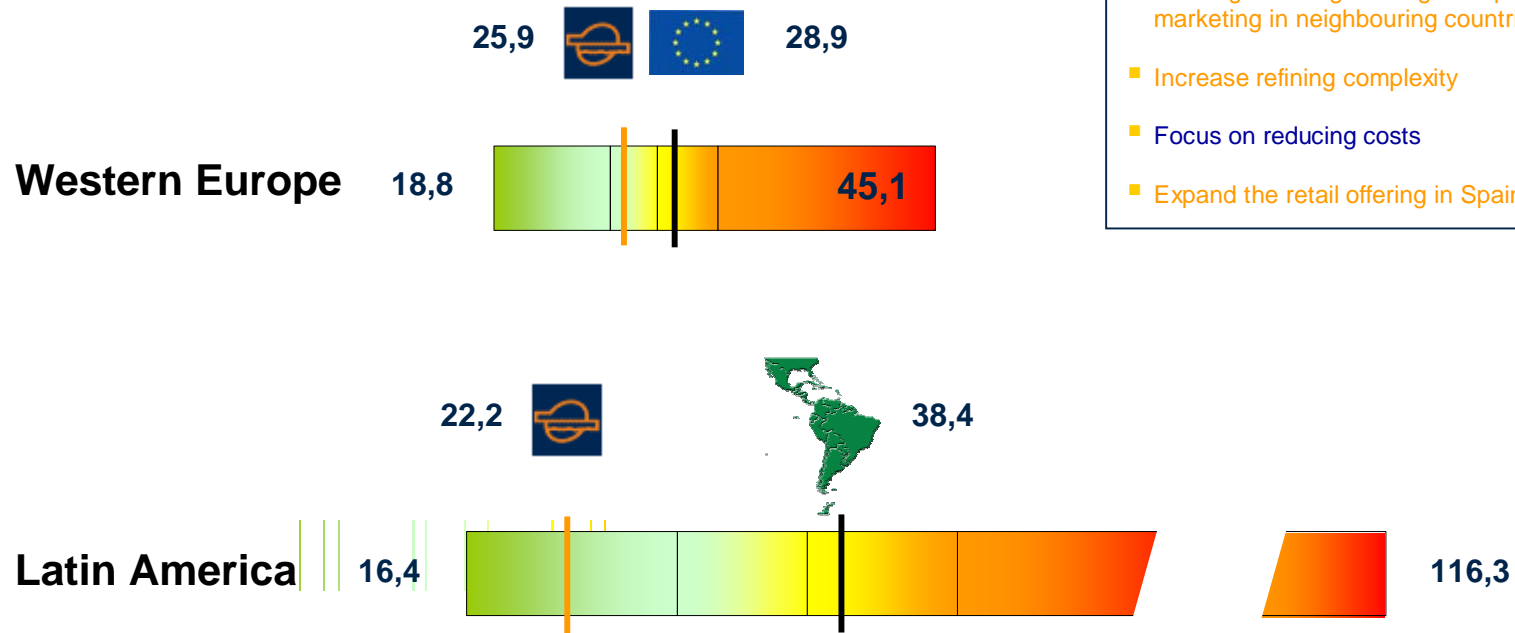
Source: WE and Latin America Average based on capacities from O&G Journal 2003



# Sustain Refining Cost Leadership



## Cash Operating Cost (US ¢ / UEDC)



- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries

Source: Solomon Fuels Performance Analysis 2002

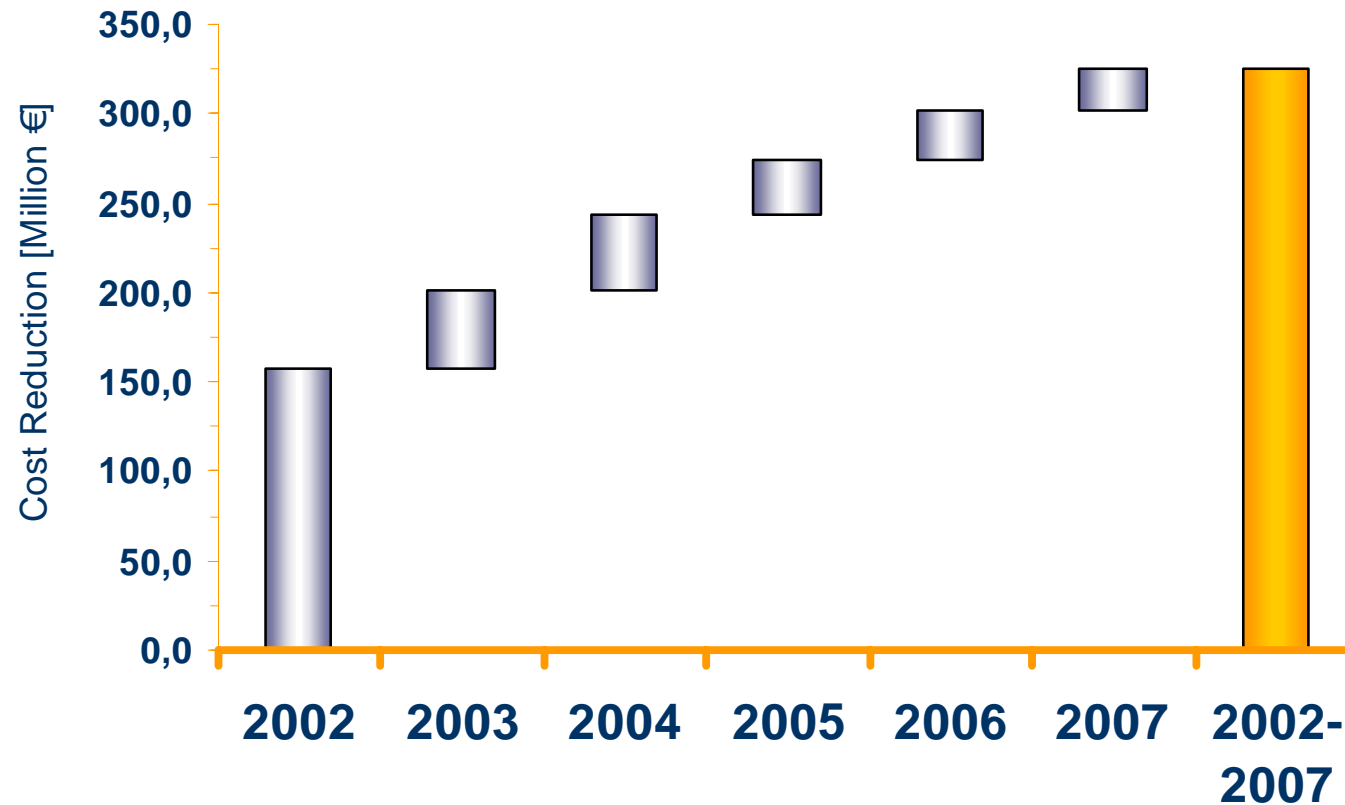
- Above average performance in cash operating cost in Spain and Latin America
- Continue to focus on cost reduction programs

# Focus on Reducing Costs



## COST REDUCTION PROGRAM - REFINING, MARKETING & LPG

- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries



# Expand the Retail Offering in Spain...



## Joint-venture 50/50

- New way of operating a site and the shop



## To expand sales through co-branding

- 4 million El Corte Inglés cardholders
- Accepted at all Repsol-YPF sites

## Differentiated products



## To provide a differentiated fuel

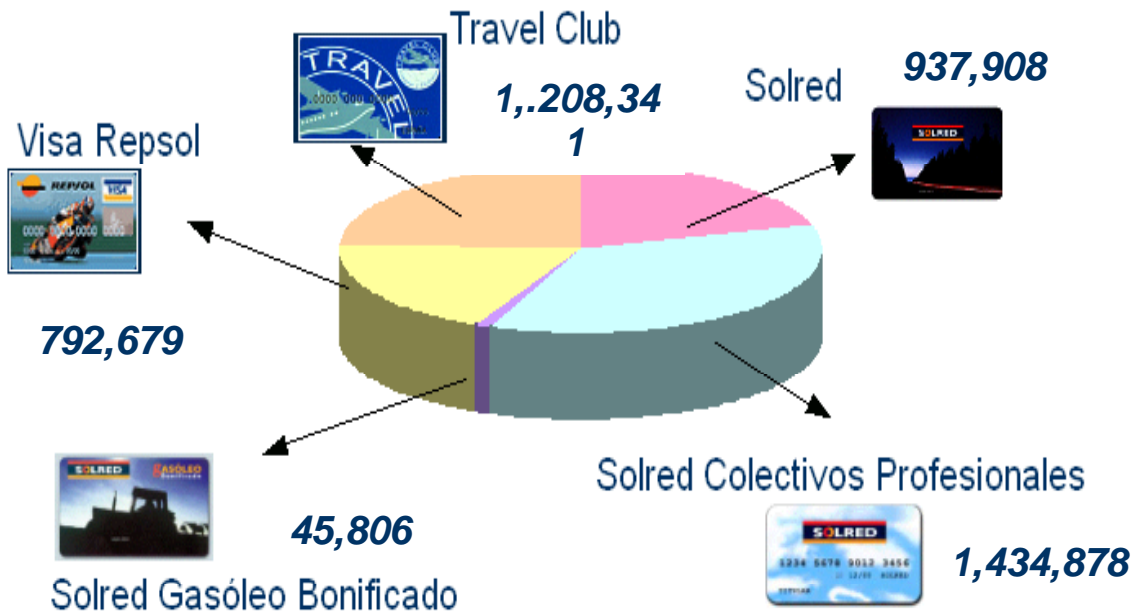
- New additive package
- Better engine performance
- Reduced emissions
- 50 and 10 ppm Sulfur



## To provide a full range of services

- Travel assistance
- In partnership with AON and MMA
- Insurance
- Travel agency


# ...and Leverage Strong Loyalty Schemes



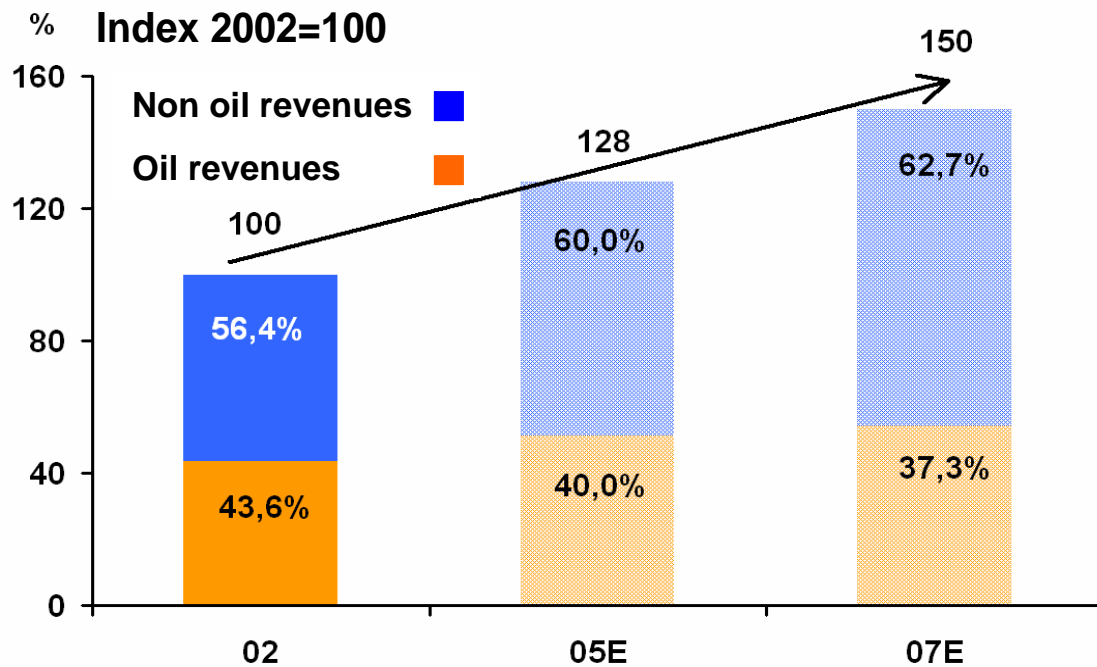
Number of cards. December 2003

**More than one-third of fuel volume is sold through loyalty programs in Spain**

- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries

- Focus on a wide range of customers
  - largest network and geographical reach
  - choice of loyalty schemes to suit both individual and commercial customers
- Renewed momentum through launch of new AutoClub offer
- High share of sales through loyalty cards supports use of CRM techniques
- 65,456 Solred Portugal 

# ...to Increase Non-Oil revenues in Spain



Source: Repsol-YPF projections

- Leverage refining and logistics positions and growth in marketing in neighbouring countries
- Increase refining complexity
- Focus on reducing costs
- Expand the retail offering in Spain and neighbouring countries

## COCOs

- Growth supported by expanding product range...
- ...and introduction of new services
  - New & better c-stores
  - Do-it-yourself carwash

## CODOs & DODOs

- Development of franchised sites also supports high growth in non-oil income

E & P

REFINING

LPG

CHEMICALS

## RYTTSA

RYTTSA operates in the international markets as the company of the Repsol YPF Group in charge of:

- Exploration and Production crude oil marketing.
- Crude oil supply for Refining activities and international Marketing (Import/Export) of oil products to optimize Downstream operations.
- LPG supply in Europe and Latin America.
- International transport of oil products.
- Providing an appropriate hedging to the Group.
- Acting as a trading player in the international markets.

### STRUCTURE AND OFFICES

RYTTSA

163 employees

GLOBAL LLC (51%)

84 employees

- Madrid
- Buenos Aires
- Singapore
- Boston (Global)

# ***RYTTSA: Main Figures***



**RYTTSA**

<b>Crude Marketing:</b>	<b>170,000 BPD</b>
<b>Crude and Feedstock Supply:</b>	<b>720,000 BPD</b>
<b>Buying/Selling Refining Products:</b>	<b>330,000 BPD</b>
<b>Crude and Products Trading:</b>	<b>225,000 BPD</b>
<b>Marine Transport:</b>	<b>1,350 Op./year</b>
<b>Paper Markets:</b>	<b>530,000 BPD</b>
<b>Bunkering:</b>	<b>40,000 BPD</b>
<b>Vetting:</b>	<b>2,500 Op./year</b>
<b>Global LLC (51%):</b>	<b>100,000 BPD</b>

High-growth markets

+

Leading positions

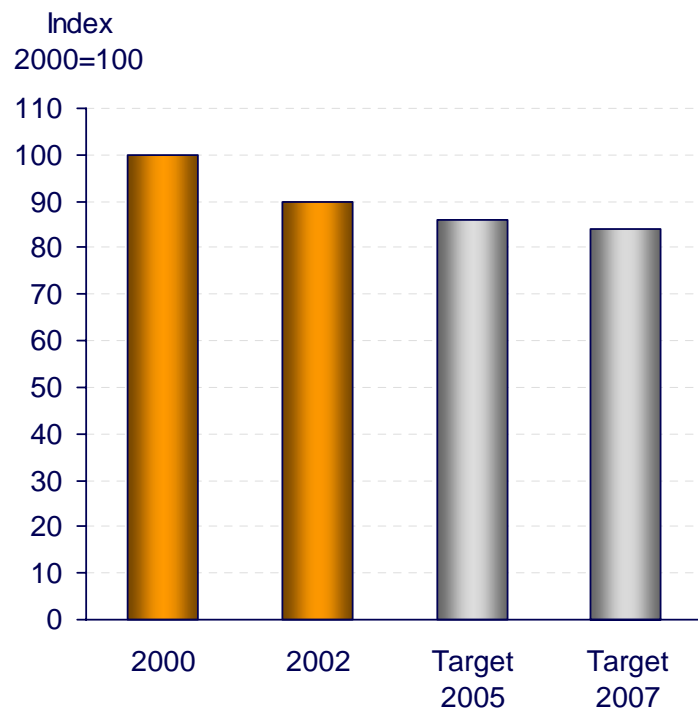


**Quality Earnings**



## Refining Cash Operating Expenses

(US ¢ / UEDC)



- Efforts to cut costs include
  - improvement in energy efficiency
  - maintenance cost rationalization
- Saving efforts enhanced by the peso devaluation

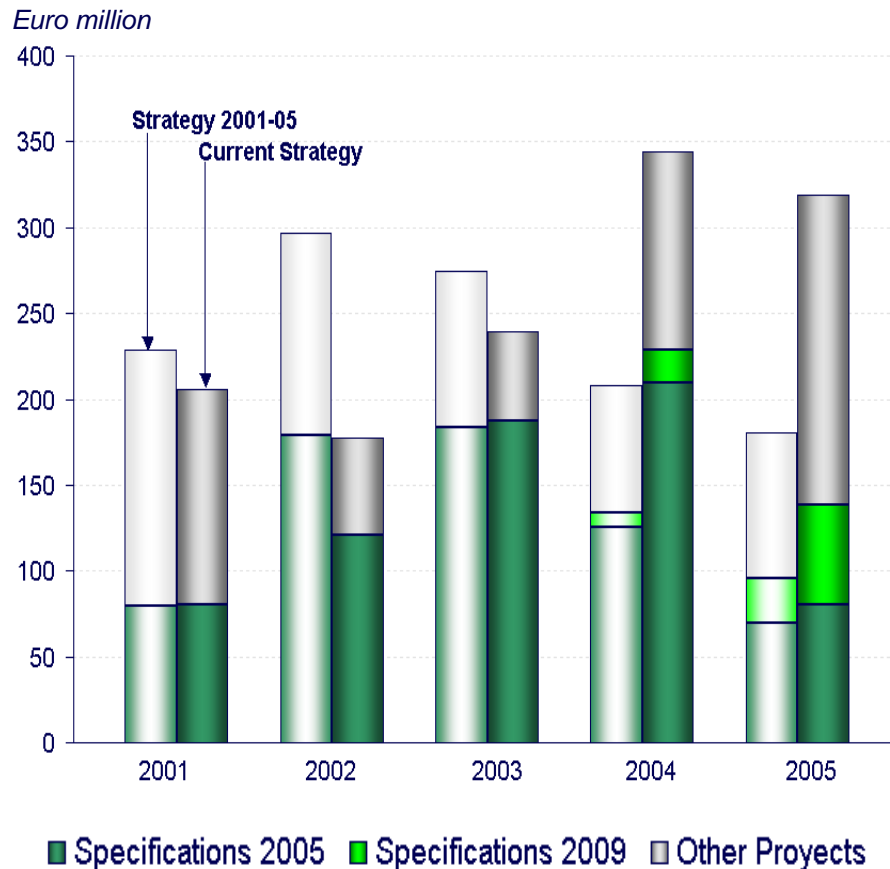
*Note: Energy at 2002 prices*

*Source: Real Data Solomon Fuels Performance Analysis 2002*

# Disciplined Investment Approach



## Spanish Annual Capex (€million)



- Strategy 2001-2005 is from document prepared in July 2001
- Actual plan is the projected capex based on actual expenditures and current plans

- Repsol YPF will continue to closely manage refining investments
- Repsol YPF will not only invest on time for EU 2005 specs, but will be ready in advance for 2009 specs
- The investment program to meet EU product specifications includes high-return projects that increase conversion capacity

# Spanish Refining Investments 2005-2009 Specifications



## Completed Projects

- Hydrocracking Unit in Tarragona refinery

## Projects currently being undertaken

- Mild Hydrocracking Unit in Puertollano refinery
- Mild Hydrocracking in La Coruña refinery
- FCC Naphtha Hydrotreater and distillate Hydrotreater in Bilbao refinery  
(Adaptation to 10 ppm)
- Other Projects targeted on 2005 specifications
- Isomerization Unit in Tarragona refinery

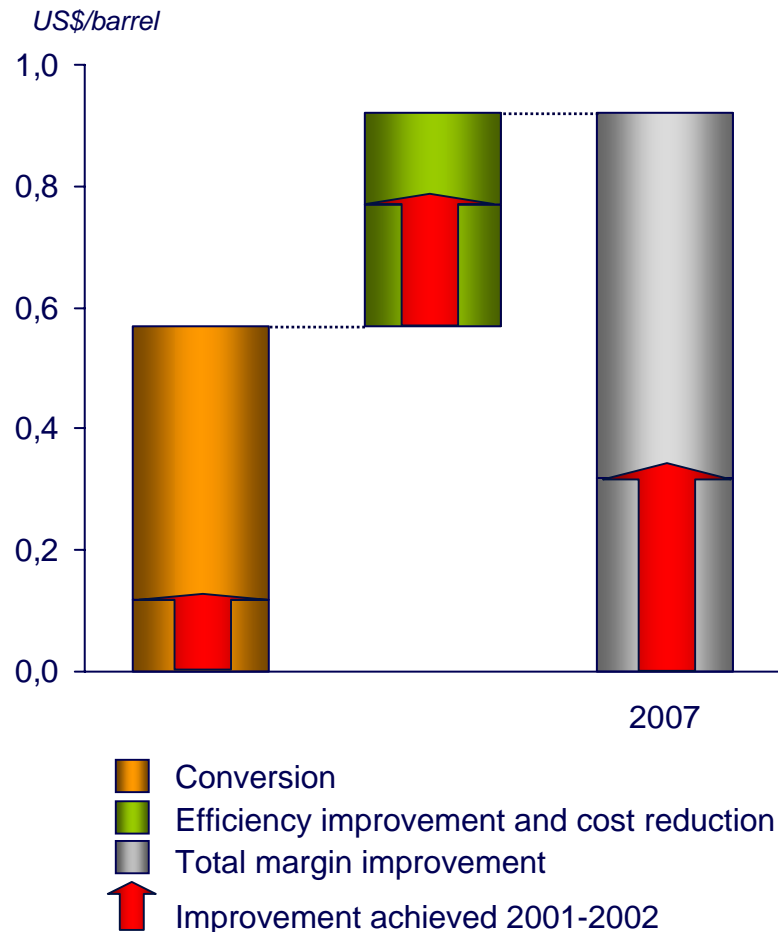
## Future projects

- Others Projects targeted on 2009/2012 specifications

**Total investment: 1,079 M€**

# Refining Margin Growth

## Growth in Refining Margin



- The most important investments are designed to improve efficiency and safety, and upgrade capacity to meet the new EU fuel specifications
- The investment program to meet the 2005 specs includes
  - hydrocracker at Tarragona (start-up 2002)
  - mild hydrocrackers in Puertollano and Coruña (start-up mid 2004 and end 2004, respectively)
- Upgrading projects are also being developed in La Pampilla, REFAP and Cartagena refineries (start-up 2004, 2005 and 2007 respectively)

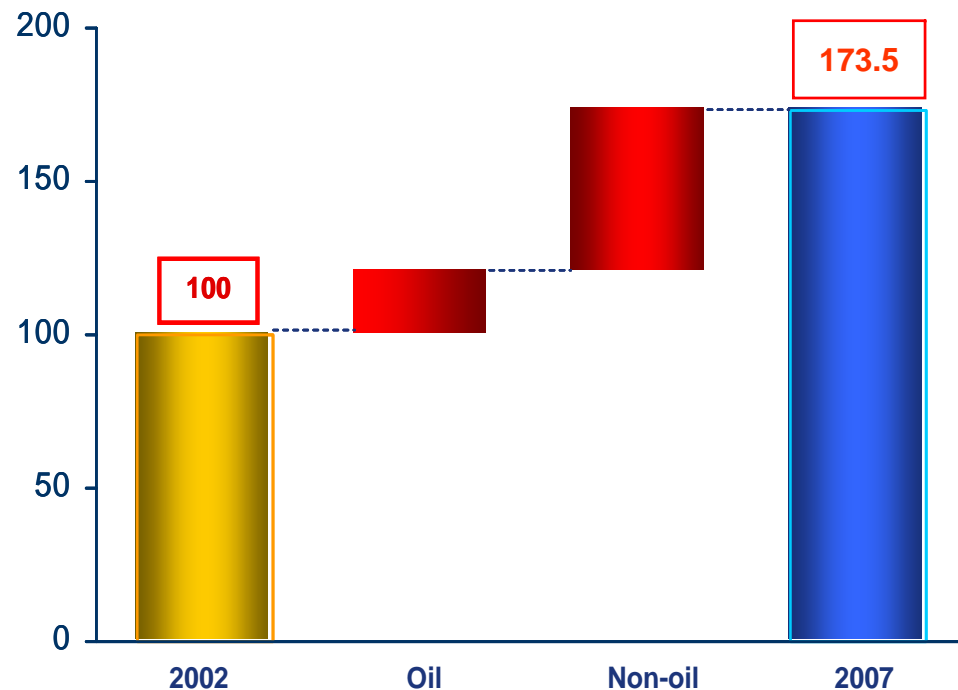
# Spanish Retail Improvements



## Operating income

### Spanish Company-operated retail sites

Index 100 = Year 2002



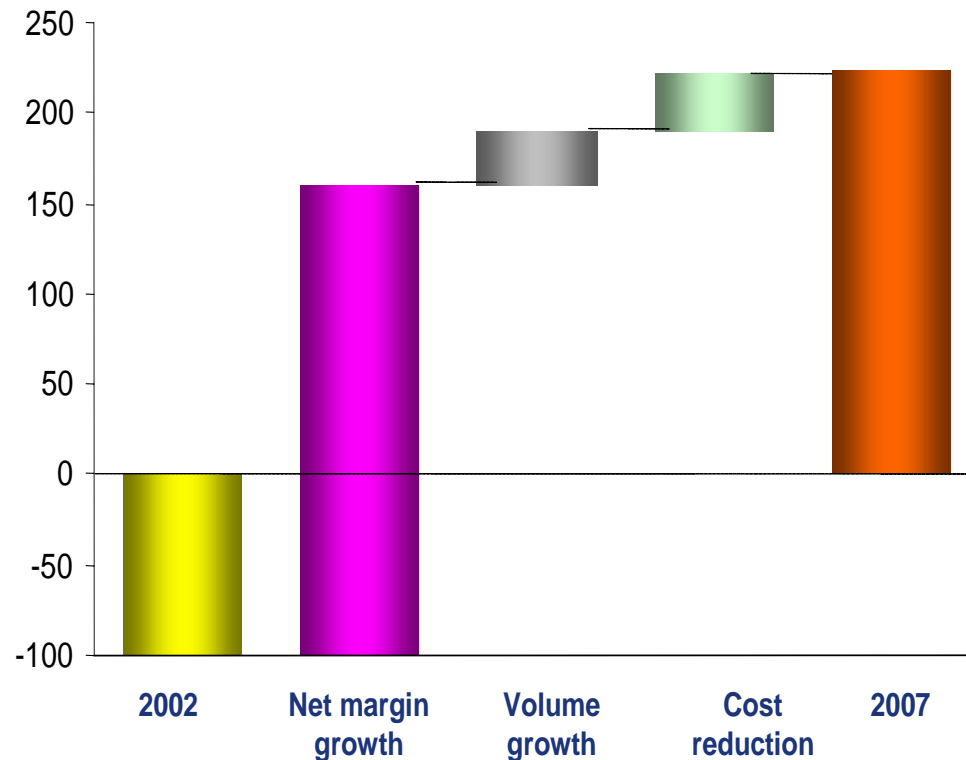
- Focusing on improving performance of company-operated sites
  - Network efficiency
  - Expand product offering
- Leveraging experience in company-operated sites through franchise program

# Argentine Marketing Uplift



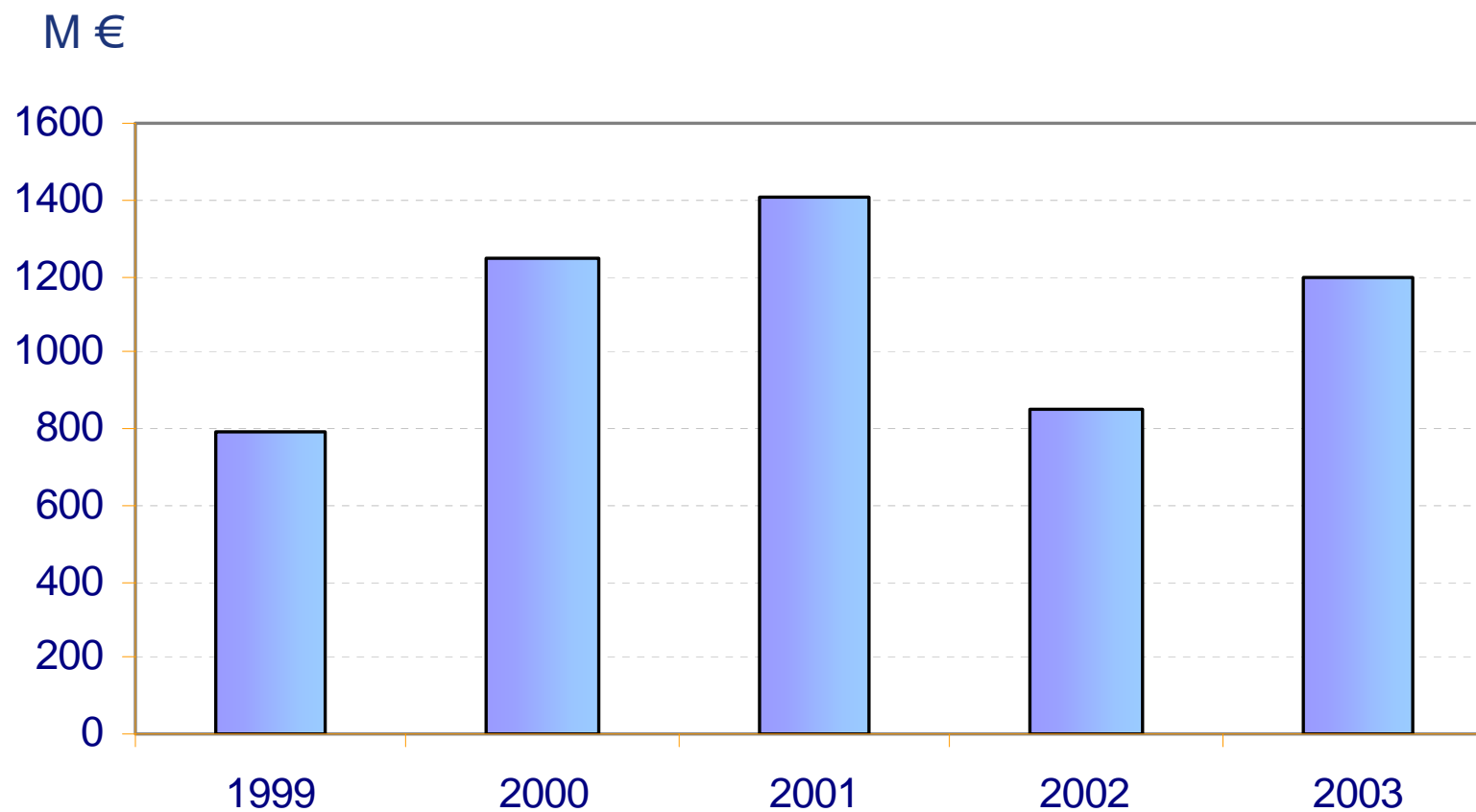
## Operating income for Argentine Marketing

Index = Year 2002

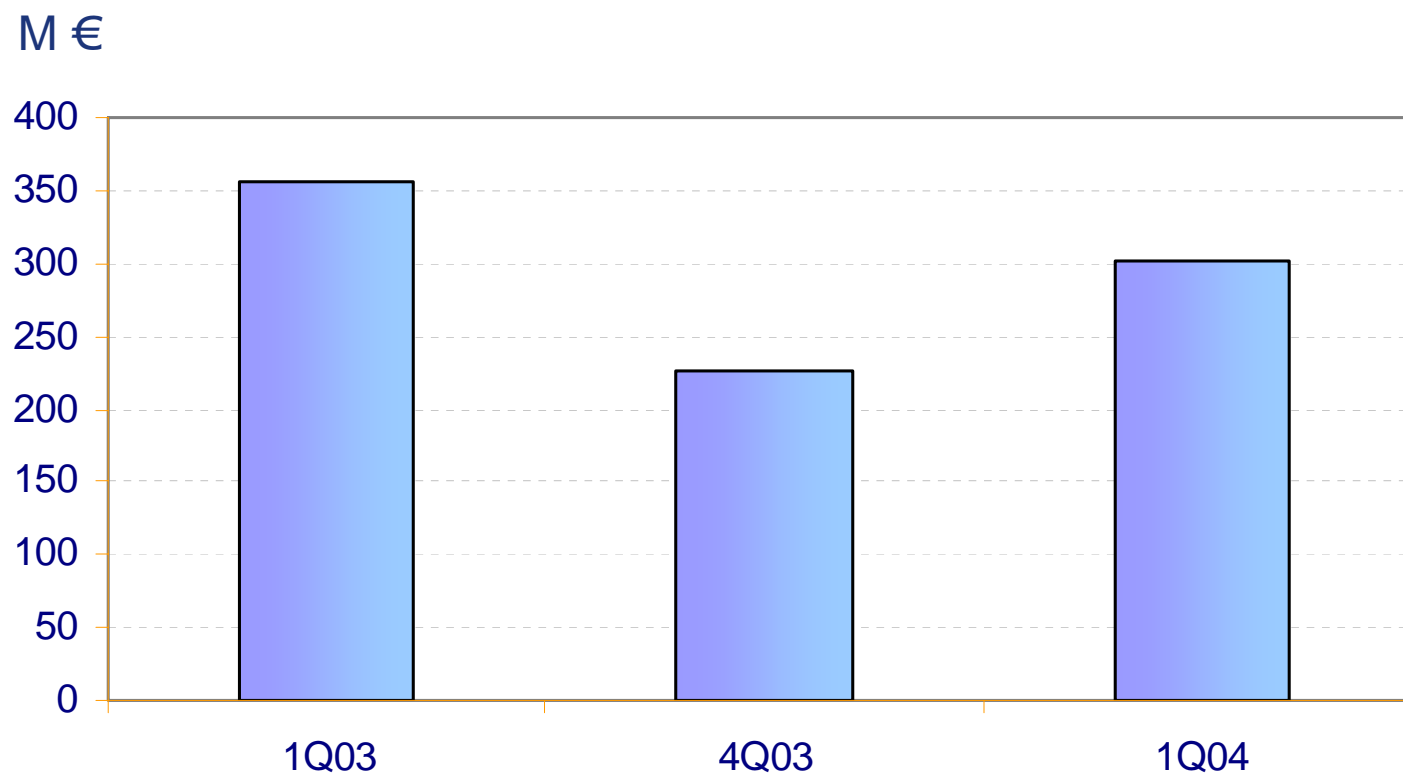


- Significant improvement in marketing margins reflects the economic recovery
- Volume growth
  - improvements in retail network drive greater throughputs / site
  - increase in direct sales
- Cost reduction
  - 50% from COCO sites
  - 50% from rest of network

# Evolution of the Operating Income: R&M&LPG



# Operating Income : R&M&LPG

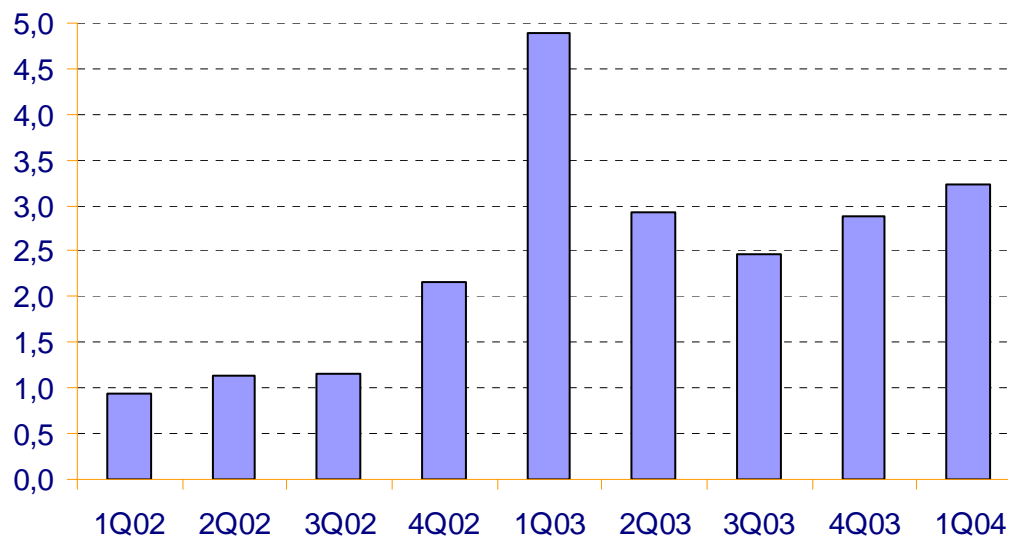




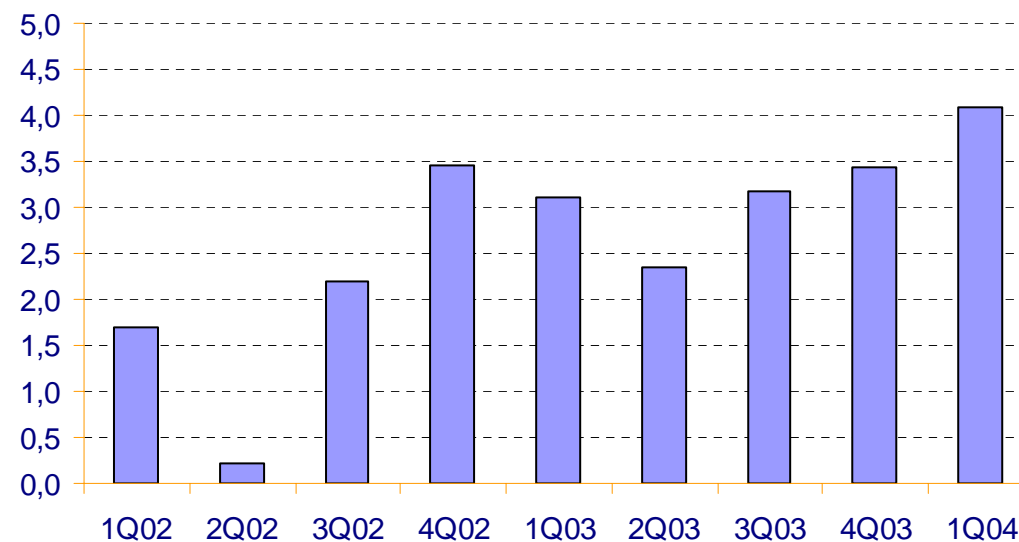
# Refining Margins



## Spanish Refining Margins (US\$/bbl)



## LatAm Refining Margins (US\$/bbl)



**High-growth markets**

**+**

**Leading positions**



**Quality Earnings**