

**REPSOL  
YPF**



**2005 Full Year  
PRELIMINARY RESULTS**

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

***February, 24<sup>th</sup> 2006***

# Disclaimer



*This presentation contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewable businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, fiscal and regulatory developments including potential litigation and regulatory effects arising from recategorization of reserves, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. For a further discussion of the factors that could affect our future results, see “Risk Factors” in the company’s Annual Report on Form 20-F for the year ended December 31st, 2004 on file with the US Securities Exchange Commission.*

*In particular, this announcement also contains statements regarding revisions to previous estimates of the proved oil and gas reserves of Repsol YPF and the estimated financial impact of these revisions. These revisions are being made in connection with the estimation of proved reserves at December 31, 2005. In addition, the audit committee of Repsol YPF is conducting an independent review of the circumstances regarding these revisions. The estimation of proved reserves involves complex judgments, including judgments about expected economic, technical and other operating conditions, and are subject to a variety of factors, many of which are beyond Repsol YPF’s control. These factors include but are not limited to changes in oil and gas prices, geological and operating data derived from exploration and production activities, technological developments, budgeting, investment and other financial decisions that we and other oil and gas companies may make, political events generally, changes in the applicable political, legal, regulatory and tax environments in which we operate, environmental risks, project delay or advancement, and technical factors associated with the exploration and production of hydrocarbons. In addition, the statements contained in this announcement or prior dates may be revised in light of the results of the independent review being conducted by the audit committee.*

## **Cautionary Note to US Investors:**

*The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions.*

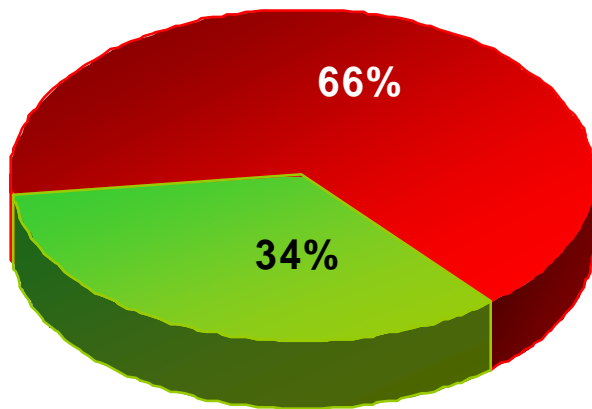


## HIGHLIGHTS

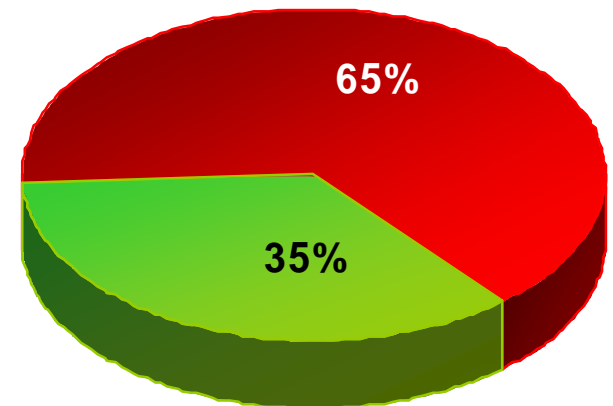
*First Year On The Job*

*Antonio Brufau  
Chairman & CEO*

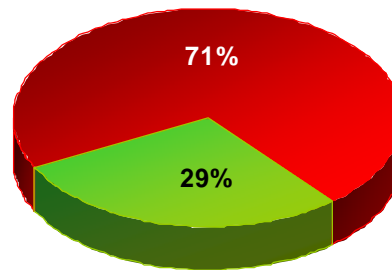
## December 31, 2004



## December 31, 2005



### Revisions



**71% of revisions are gas**

## Reserves revisions

- Proved reserves at end-2005 expected to be revised downward by 1,254 Mboe

Mboe	<b>Argentina</b>	<b>Bolivia</b>	<b>RoW</b>	<b>Total</b>
<b>December 31, 2004</b> (c)	<b>2,364</b>	<b>1,309</b>	<b>1,253</b>	<b>4,926</b> (a)
Revisions	(509)	(659)	(86)	(1,254) (b)

(a) Includes 621 Mboe relating to the minority interest of Empresa Petrolera Andina, S.A.

(b) Includes 333 Mboe relating to the minority interest of Empresa Petrolera Andina, S.A.

(c) All reserves as of December 31st, 2004 were audited according to the triennial plan started in 2002

**Economic and Financial Impact: €37 million in 2005**

## ***Update on latest developments:***

- ***Internal review in progress (independent Law firm King & Spalding)***
- ***All public information filed to the SEC, the Spanish CNMV and the Argentinean CNV the day of the announcement***
- ***We do not expect any further negative revision on closing of 2005***

***I will discuss personally all issues surrounding reserves revision once the review has been concluded***

***During 2006 we will externally audit the remaining 47% of the fields. Among these:***

- ***Fields operated by third parties: Brazil, Dubai and T&T (20% of the total reserves of the company and already externally audited in 2004)***
- ***Fields operated by Repsol YPF: North Africa and Venezuela (ex-Mene Grande and Barrancas, already externally audited in 2005)***

## **Commitment with our 2005-2009 Strategy Plan**

- **In E&P (ex-ABB)**

- ❖ **New organization in place:** new skilled staff incorporated in the Company
- ❖ **Building on our presence in the Caribbean:** 4<sup>th</sup> Train and acquisition of TSP fields in T&T, and new agreement with PDVSA in Venezuela.
- ❖ **Growth E&P in North Africa:** low risk exploration in Gassi Touil and a positive track record in exploration in Libya
- ❖ **Development of a third core area:** acquisition of 10% of West Siberian Resources in the Russian Federation
- ❖ **Improvement in exploration:** addition of 200 MBOE of contingent resources through discoveries and 50% success rate in exploration outside of ABB



## Commitment with our 2005-2009 Strategy Plan

- **In LNG...**
  - ❖ *Creation of Midstream company with Gas Natural SDG*
  - ❖ *Strengthening our gas position in Southern Cone through the Camisea LNG project (Peru)*
  - ❖ *Re-gasification plant in Canaport (Canada)*
  - ❖ *Gassi Touil on track, accelerating exploration program*
  
- **In ABB...**
  - ❖ *The challenge is to manage transition from domestic pricing to international conditions*
  - ❖ *In Argentina we are capturing a positive net refining and marketing margin and in gas prices we see steady price increases.*
  - ❖ *In Bolivia we want to introduce business rationality*
  - ❖ *In Brazil the Albacora Leste field will start production soon and we have accessed important exploration blocks in the 7th Round*

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## ***Commitments with our 2005-2009 Strategy Plan***

- ***In DOWNSTREAM...***
  - ❖ ***Update of Downstream strategy***
  - ❖ ***Establish a more integrated and complex refining system in the Iberian Peninsula***
  - ❖ ***Increasing topping capacity***



## 2005 FY Results

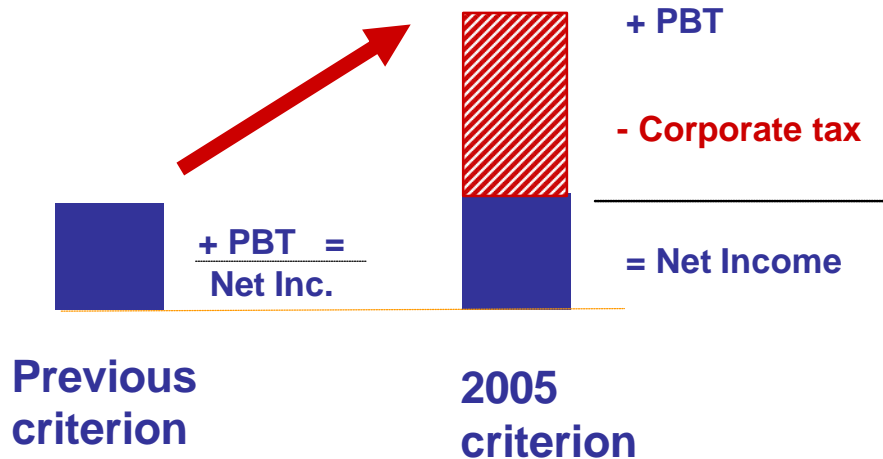
*Antonio Brufau*  
*Chairman & CEO*

# 2005 Results: initial considerations

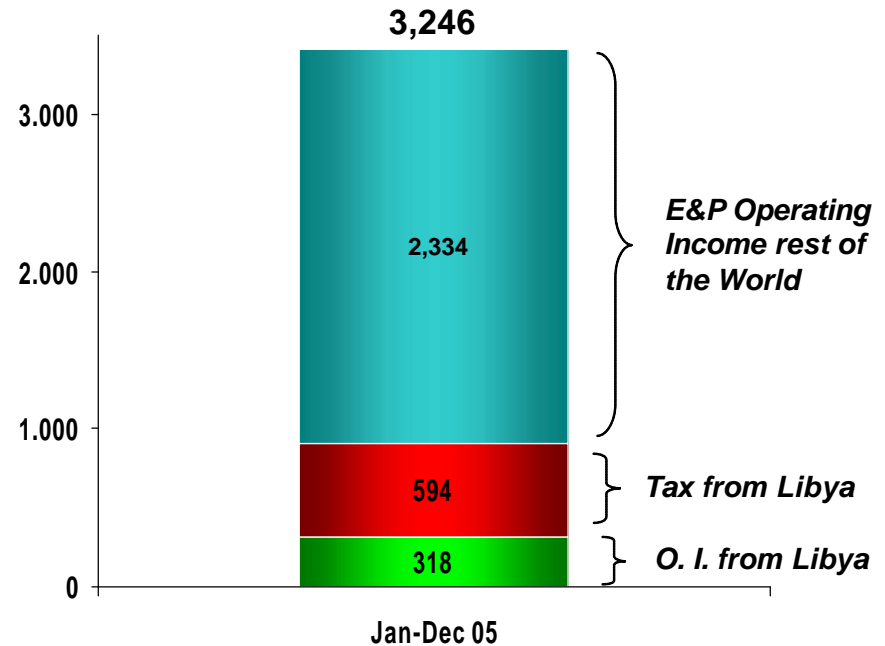


## Change in accounting treatment of the taxation of the Libyan operations

**Libyan Corporate Tax: 594 million €**

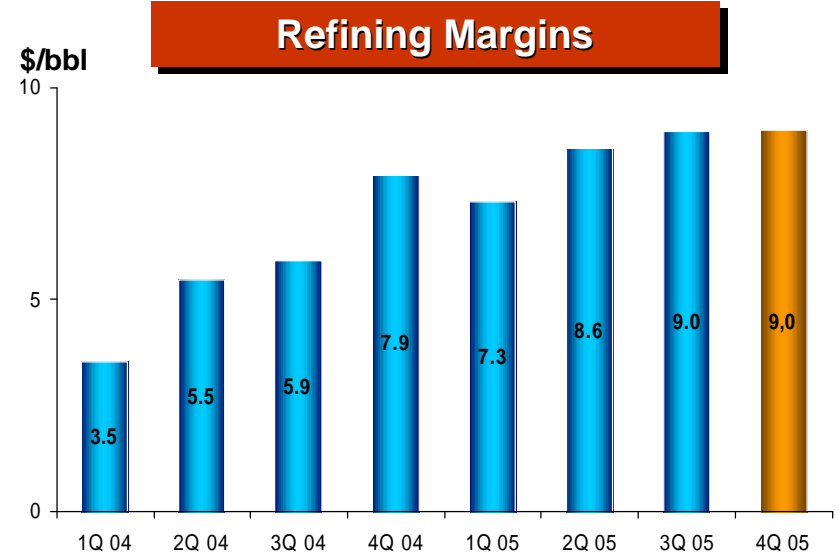
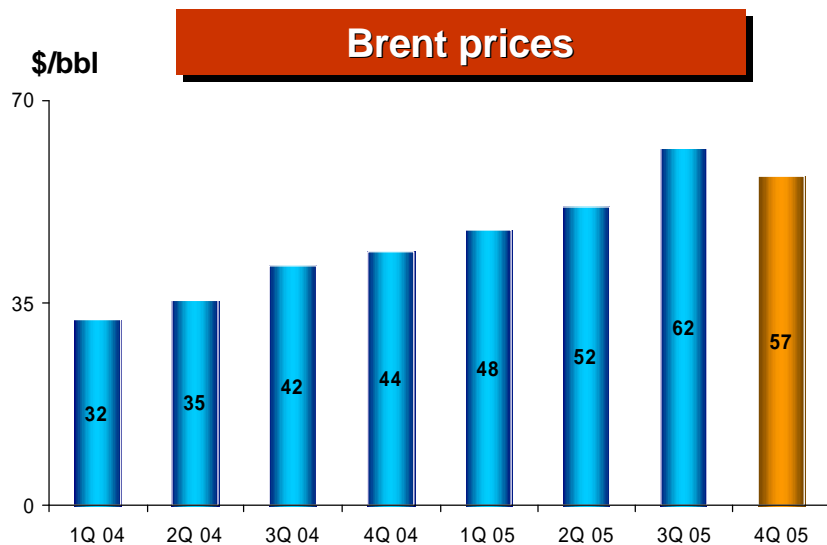


2005	
D	PBT
D	Corp. tax
= Net Income	



## Trading environment

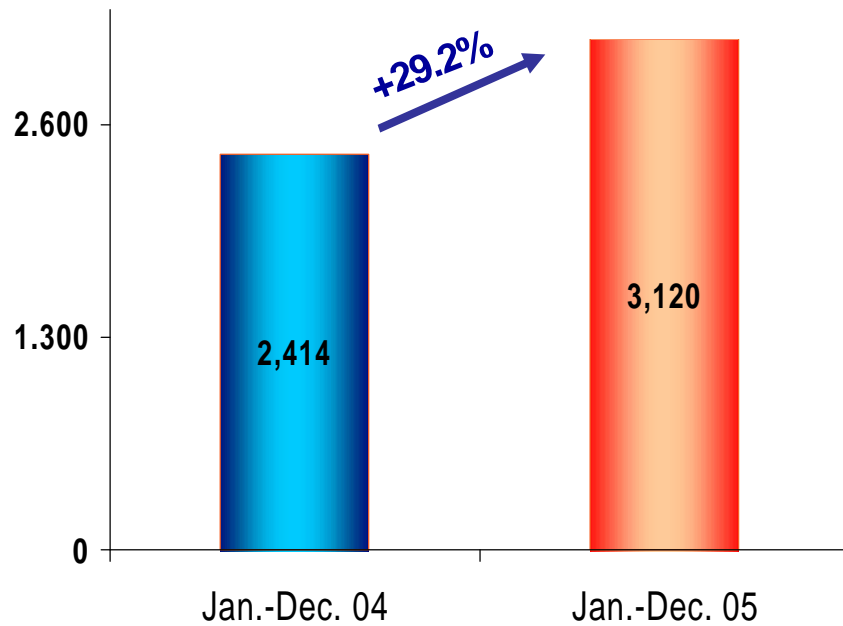
- **Strength of international oil & gas prices**
- **Record refining margins**
- **Stronger US dollar**
- **Higher tax rate**



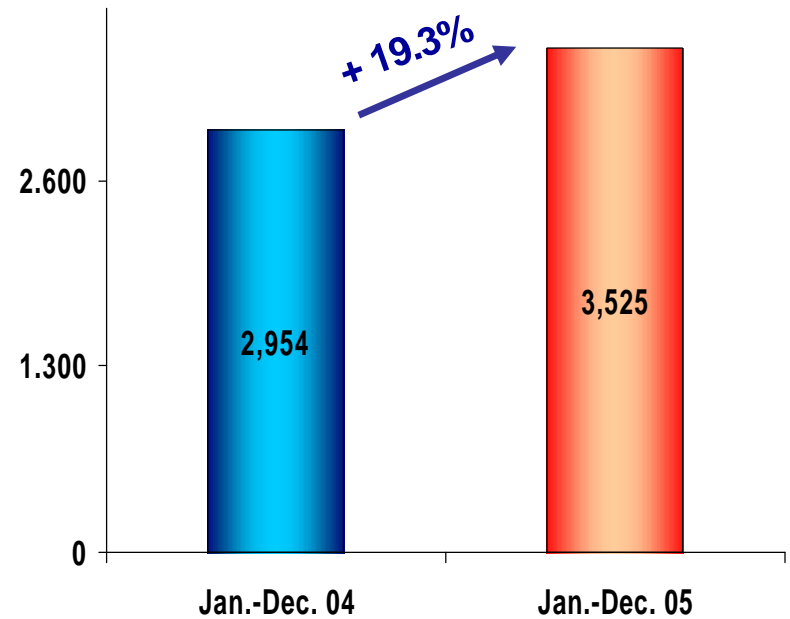
# 2005 FY results



## Net Income



## Adj. Net Income

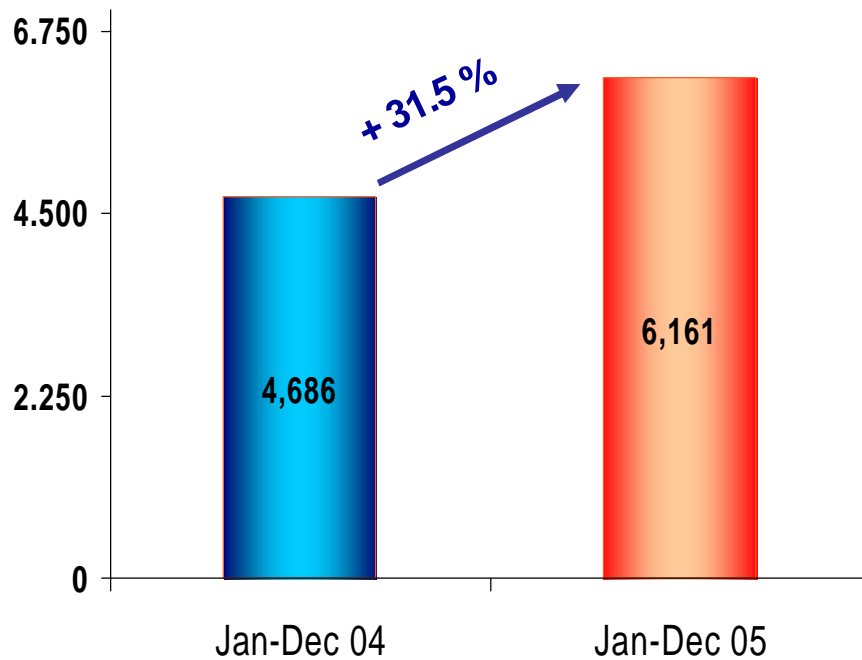


Million Euro

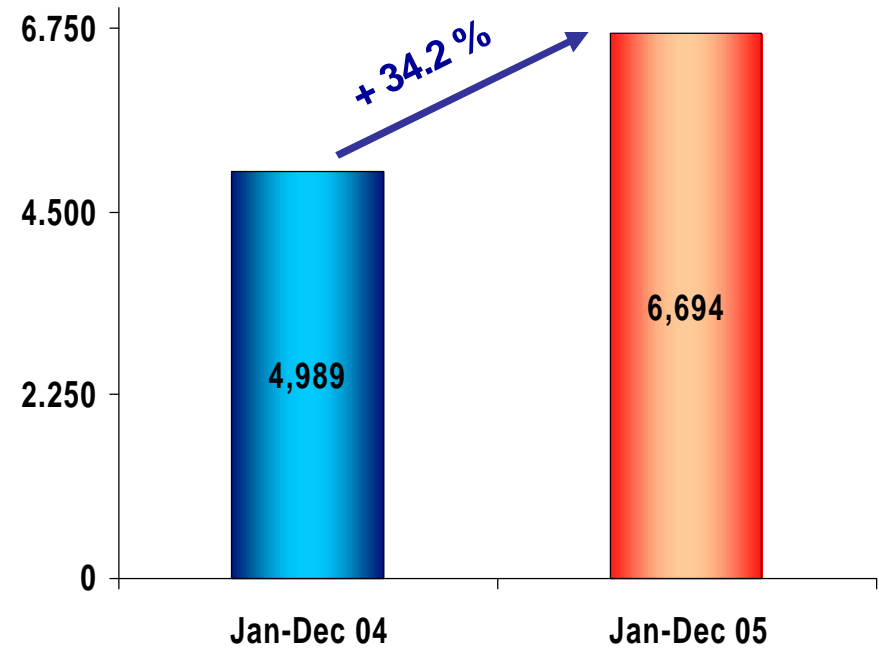
# 2005 FY results



## Income from operations



## Adj. Income from operations



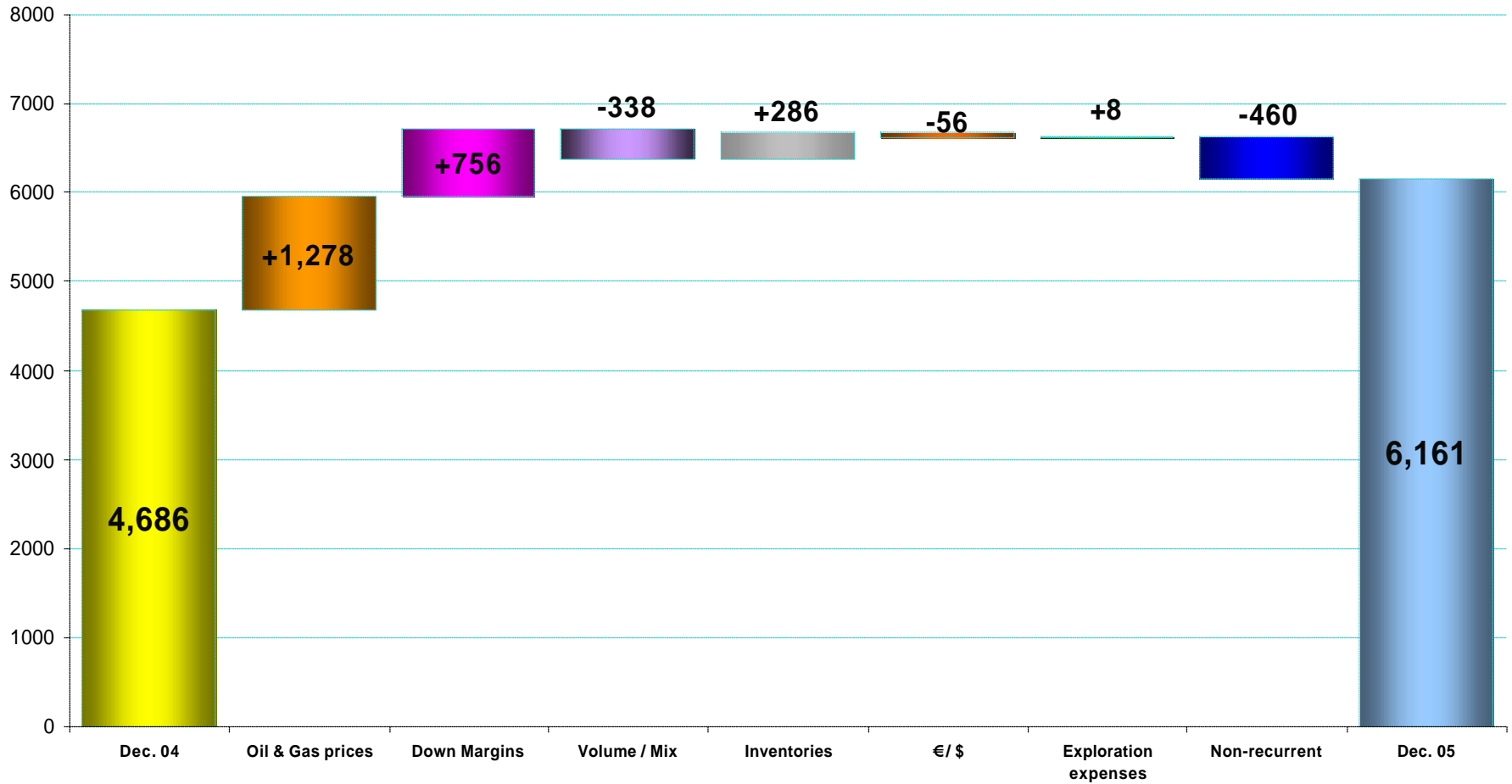
Million Euro

# 2005 FY results



## Income from operations

Million €

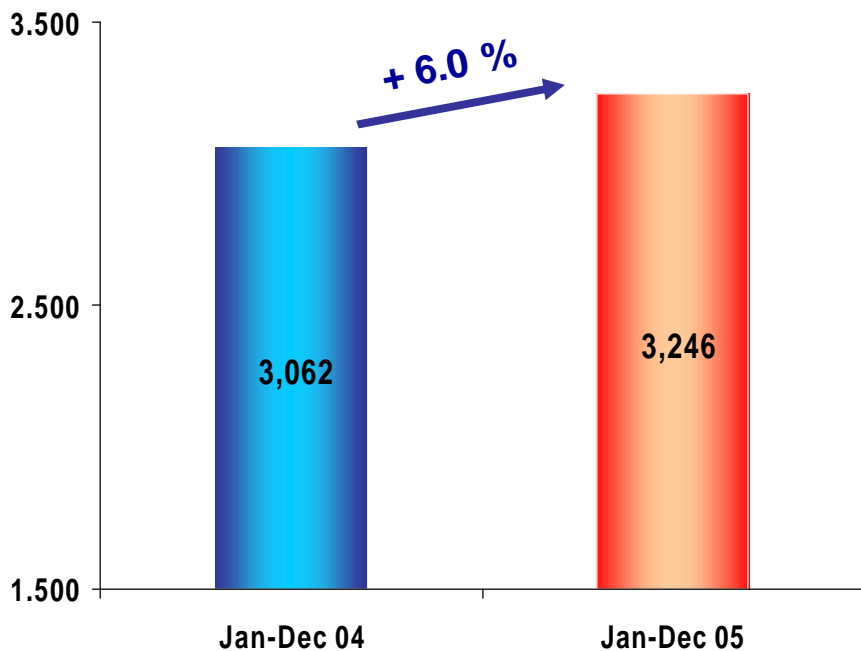




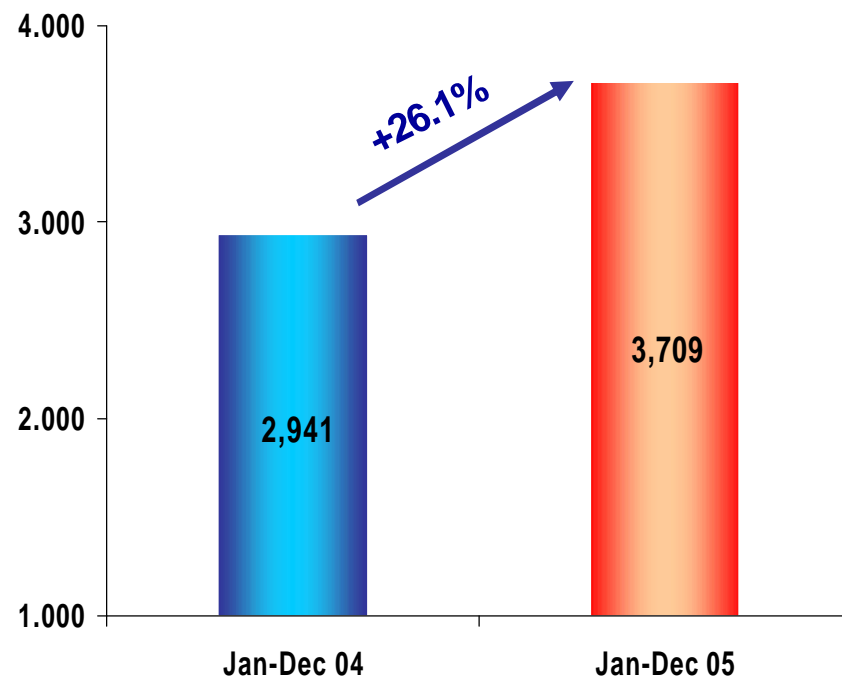
# Upstream results



## Income from operations



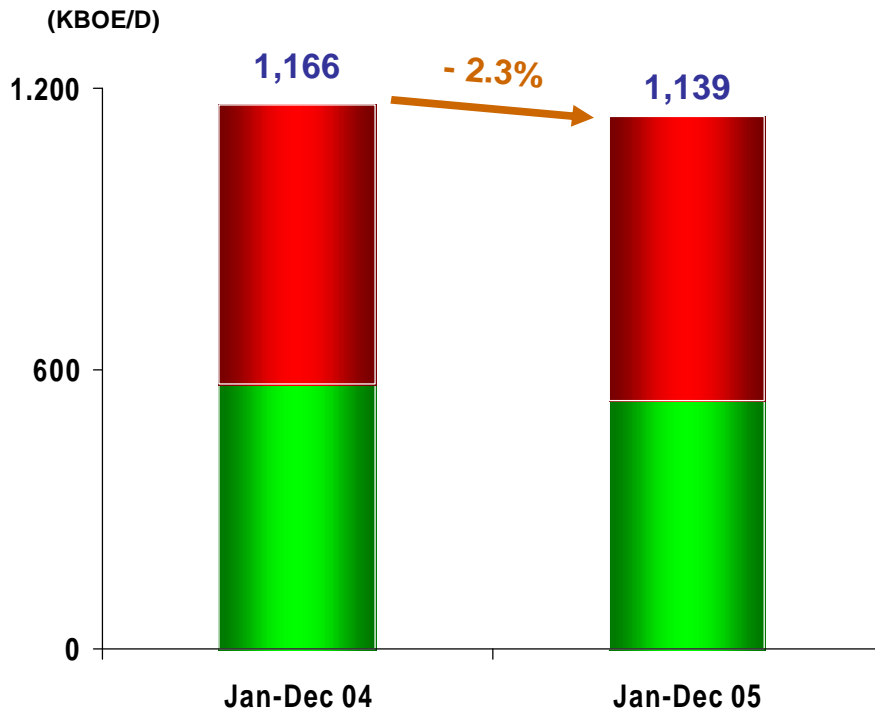
## Adj. Income from operations



Million Euro

# Hydrocarbon Production

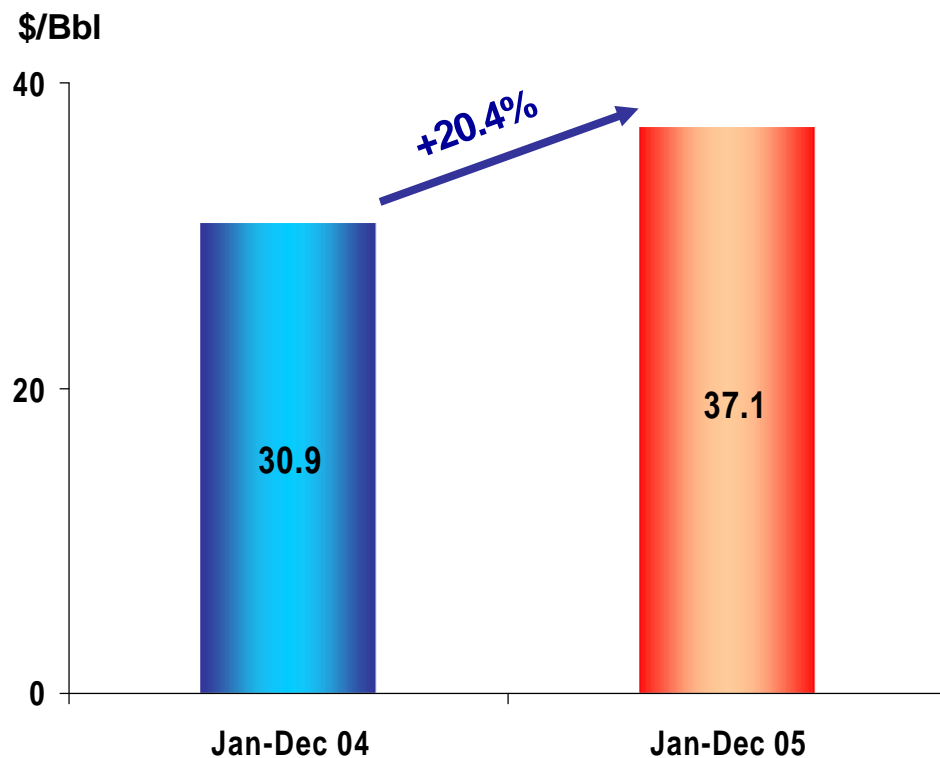
**Reported**



- *Production drop in Argentina*
- *Higher gas production in Bolivia*
- *Higher production in T & T*
- *Start-up production in new Libyan fields*

# Liquids realization prices

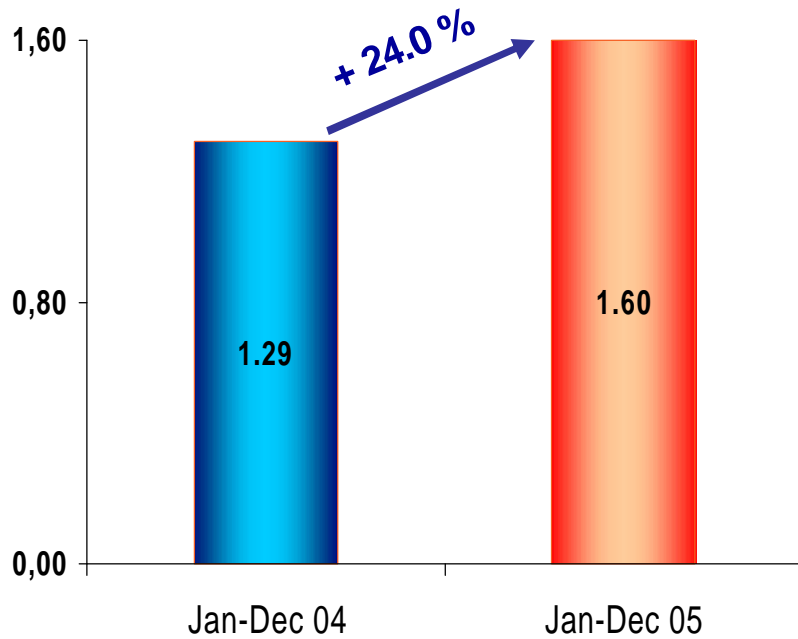
Jan - Dec



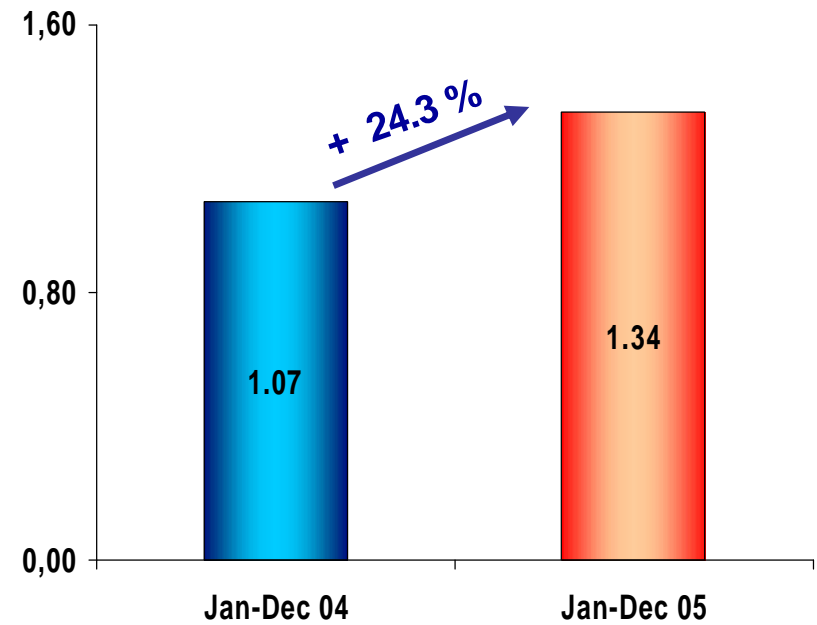
- *Higher reference oil prices*
- *Higher export taxes in Argentina*
- *Higher internal discount on international prices in Argentina*

# Gas realization prices

## Group Average



## Argentina



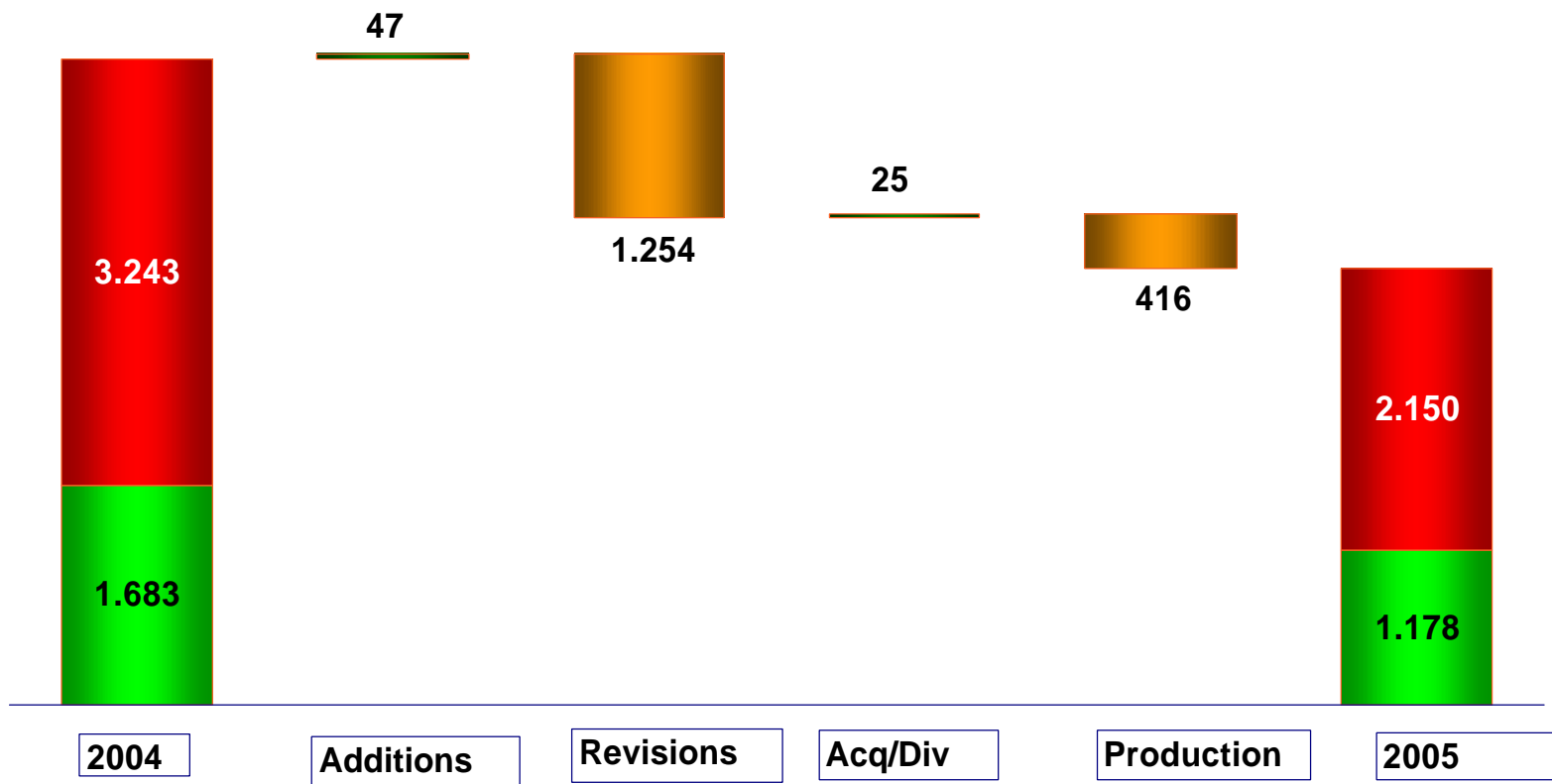
US\$/Mscf

# Reserves



(MBOE)

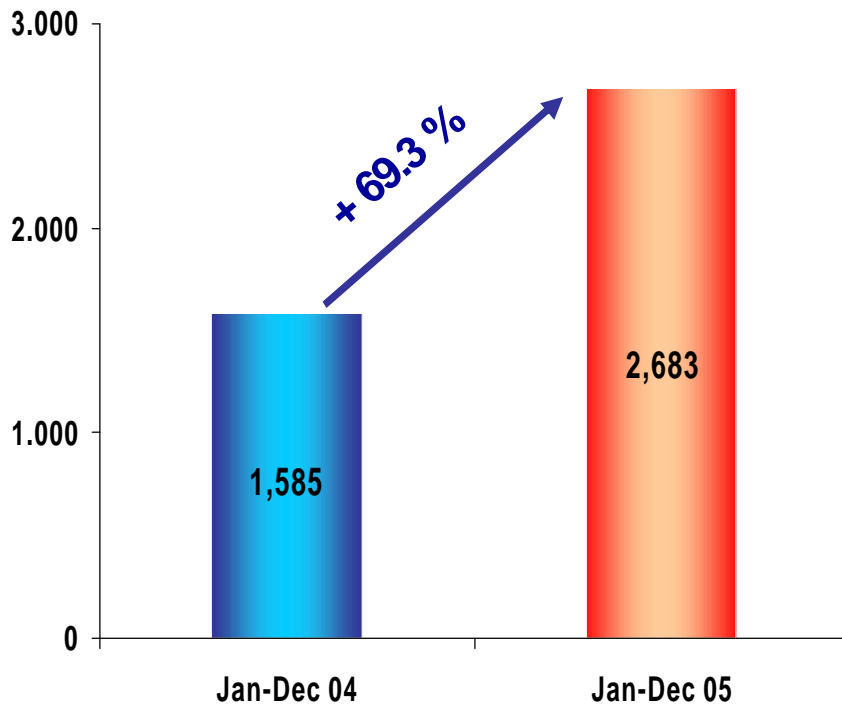
## Proved Reserves



■ Liquids   ■ Gas

Conversion Factor Gas 1 Boe = 5.615scf

## R&M Income from operations



Million Euro

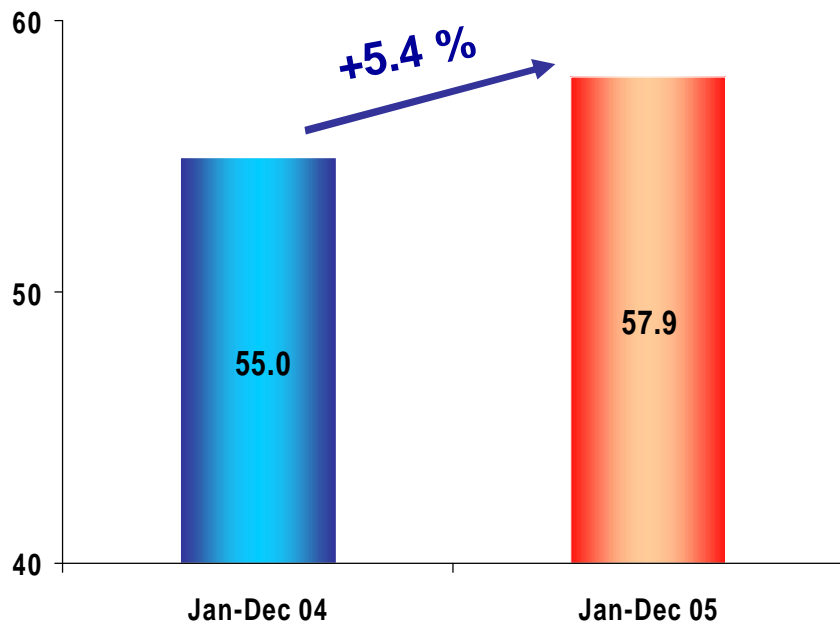
- *High refining margins*
- *Lower than usual LPG and marketing margins in Europe*
- *Weak Marketing & LPG margins in Europe*
- *Negative Marketing margins in Argentina*
- *Mid-cycle levels for Petrochemicals*

# Downstream results

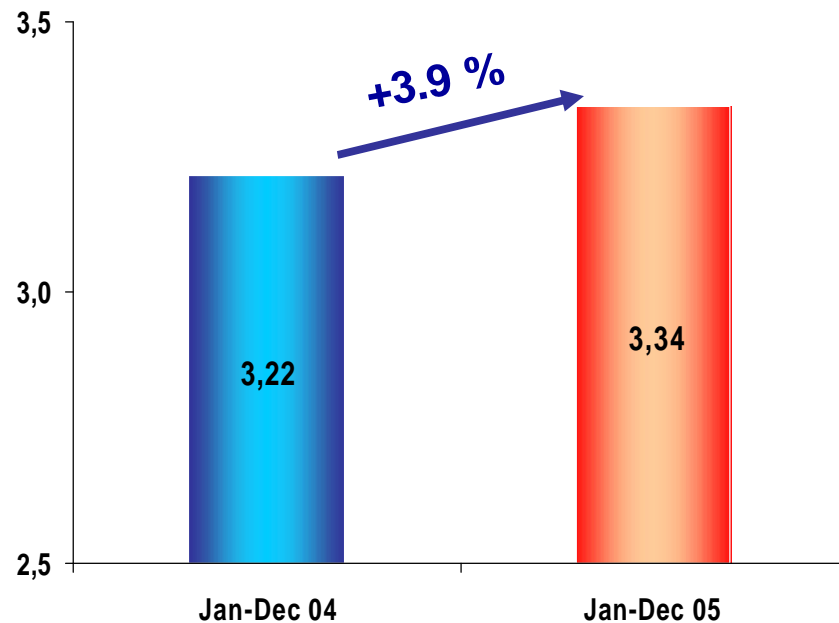


## TOTAL SALES

### MARKETING



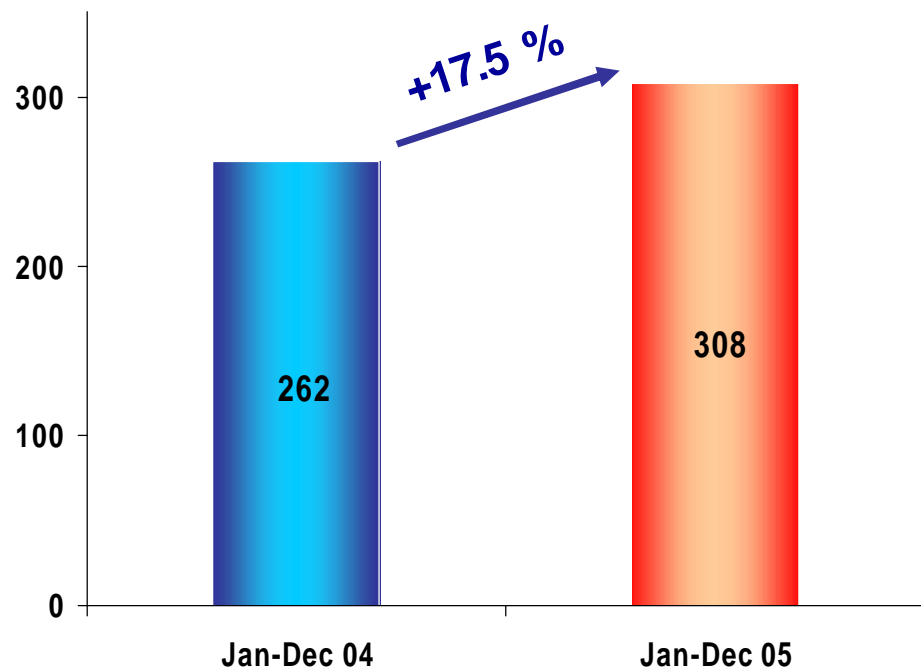
### LPG



Million Tons

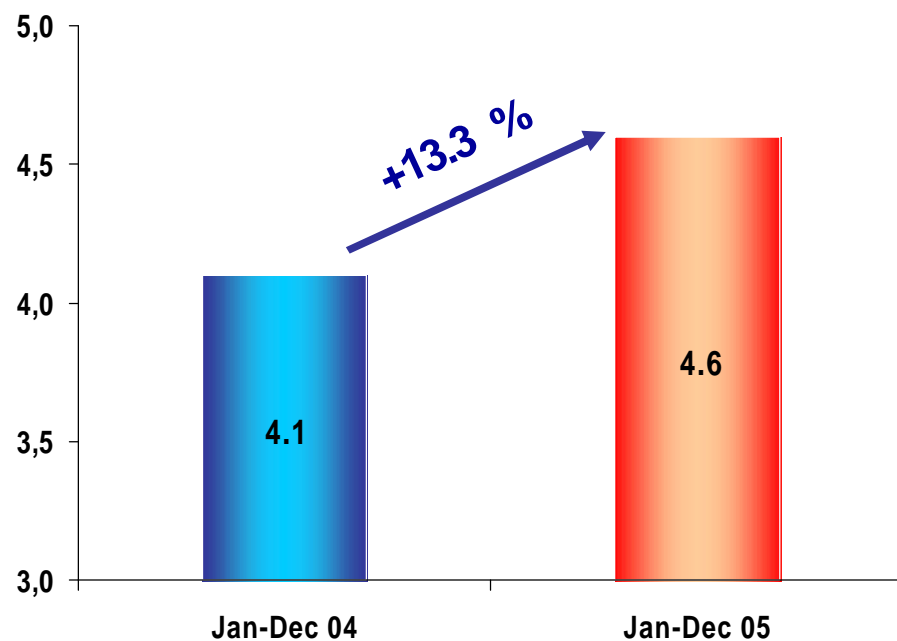
# Chemical results

## Income from operations



Million Euro

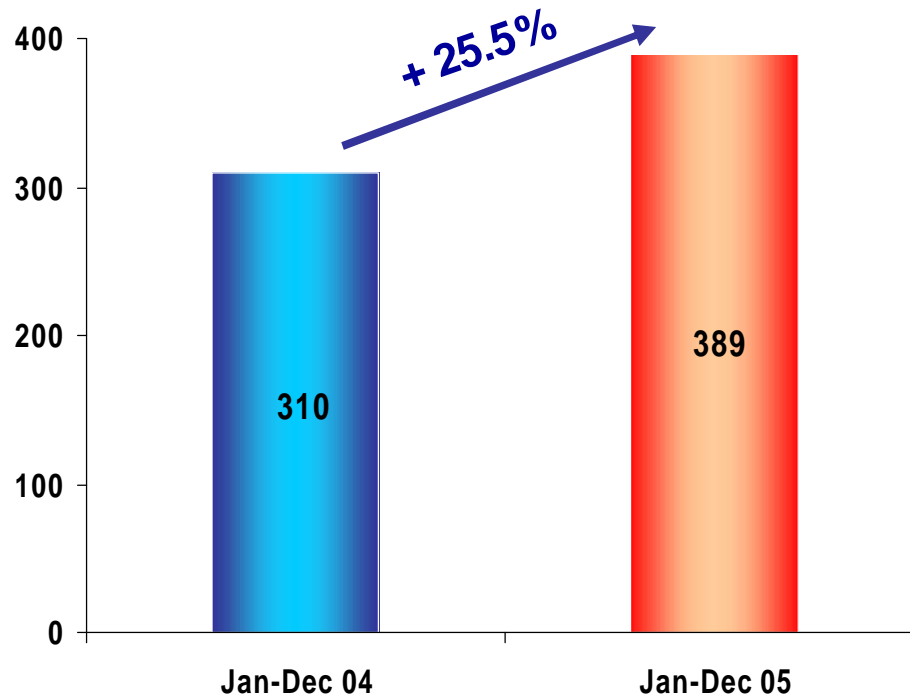
## Sales



Million Tons



## Income from operations

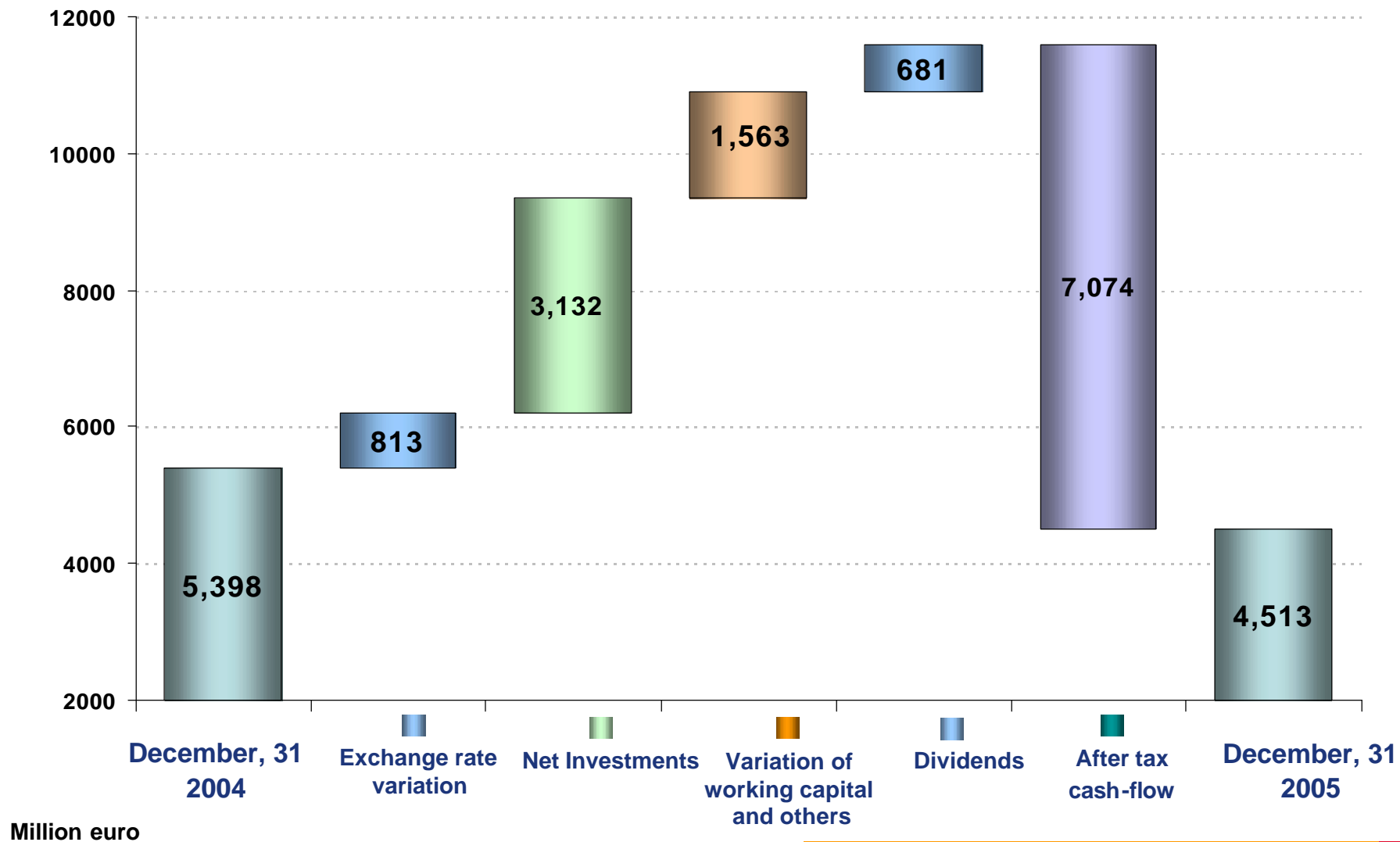


Million Euro



## 2005 Financial Evolution

# Net debt variation

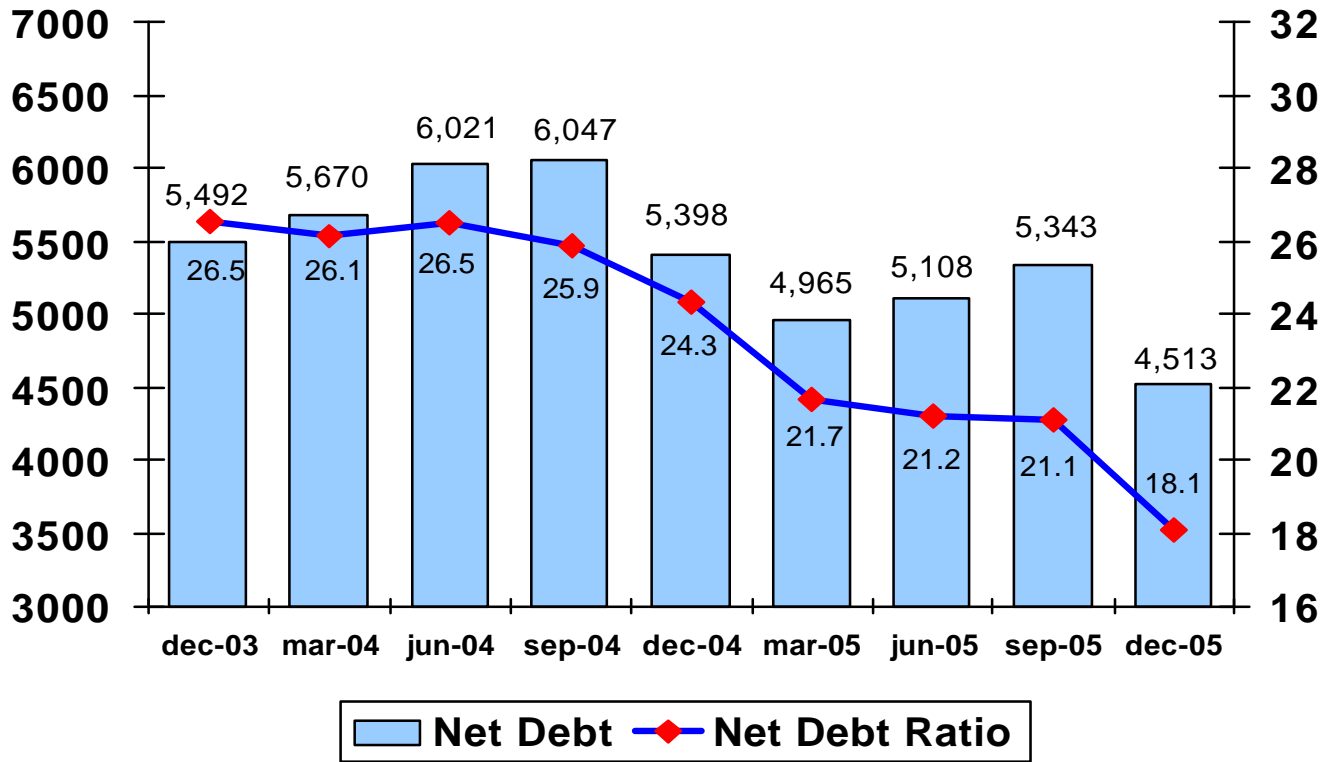


Million euro

# Net Financial Debt



Million euro

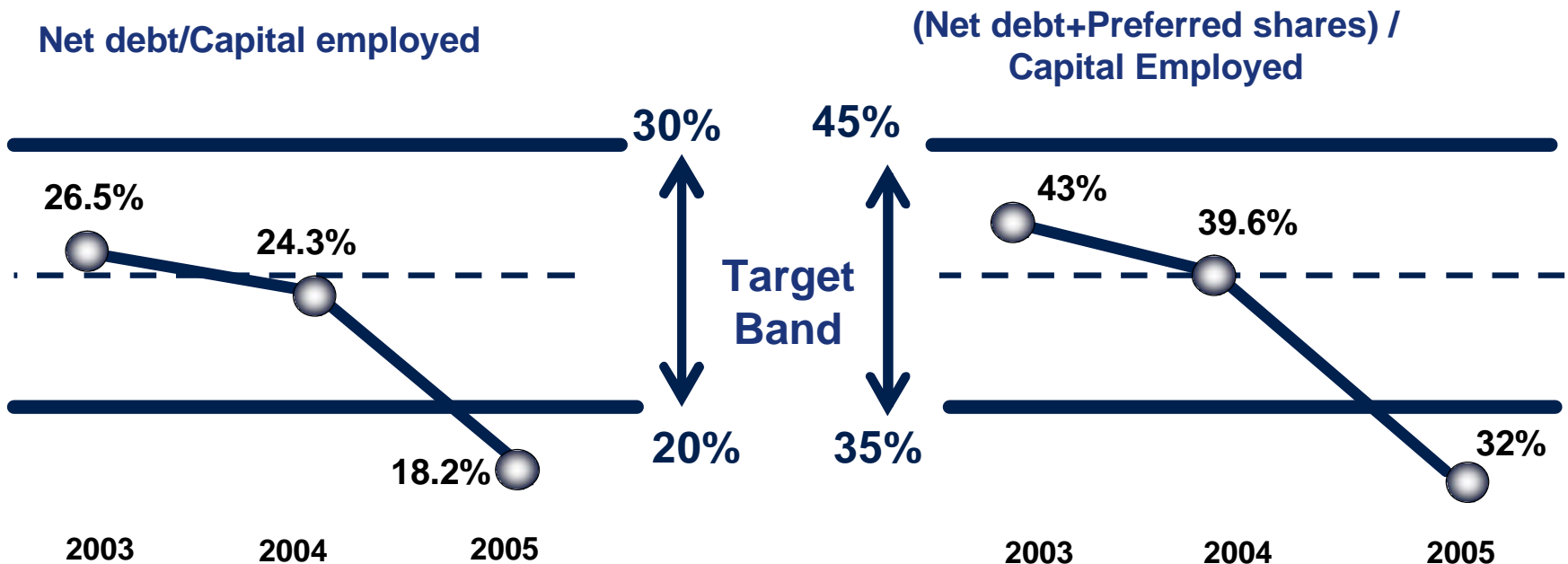


Net Debt/ Capitalization

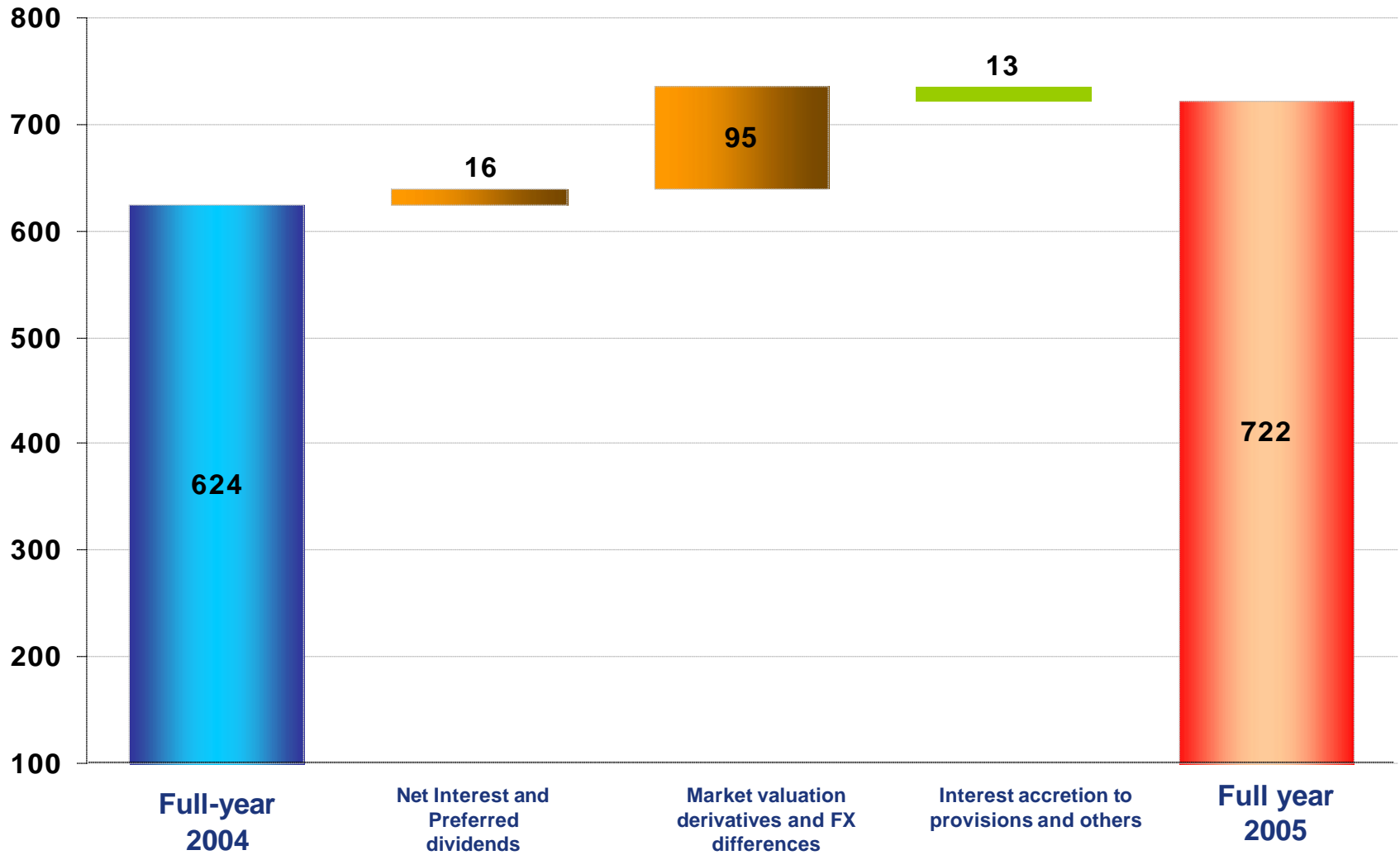
**Net Debt Ratio  
Dec.05:  
18.1%**

# Delivering financial commitments

## Achieving gearing targets rescaled under IFRS metrics



# Financial Charges



Million euro

# Financial Ratios



	END 2004	END 2005
NET DEBT	5,398	4,513
BOOK CAPITALIZATION	22,208	24,988
NET DEBT/BOOK CAPITALIZATION (%)	24.31%	18.06%
EBITDA	7,297	9,139
NET DEBT / EBITDA	0.74	0.49
AFTER TAX CASH-FLOW	4,697	7,074
AFTER TAX CASH-FLOW / NET DEBT (%)	87.01%	156.75%
NET INTEREST EXPENSES	379	394
NET INTEREST EXPENSES + DIVIDENDS PREFERRED	557	573
EBITDA / NET INTEREST	19.3	23.2
EBITDA / NET INTEREST + DIVIDENDS PREFERRED	13.1	15.9

Million euro



# CONCLUSIONS



- **2005 a year of strong operating performance:**
  - ❖ *Important reserves revision*
  - ❖ *Implementation of new organization*
  - ❖ *Definition of a new strategic plan*
  - ❖ *Optimistic outlook in refining*
- **UPSTREAM:**
  - ❖ *Set basis for future growth*
  - ❖ *Progress in LNG projects*
- **ABB:**
  - ❖ *Gas price increases*
- **DOWSTREAM:**
  - ❖ *Strong business with way for improvement*

## **REPSOL YPF: A SOLID COMPANY**

- **Sound asset base → Able to generate a strong cash flow**
- **Large market shares → Able to achieve high return**
- **Good portfolio for long term projects → Guarantee our future**
- **Strong financial situation → Allow weather out any adverse scenario**
- **Dedicated set of professionals**

**CREATING SHAREHOLDER VALUE IN THE FUTURE**

**REPSOL  
YPF**



## **2005 Full Year PRELIMINARY RESULTS**

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