

Q3 2019 RESULTS

October 31, 2019



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3Q19: Strong Operating Cash Flow generation

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Upstream	368	323	218	(40.8)	1,015	864	(14.9)
Downstream	336	311	372	10.7	1,098	1,087	(1.0)
Corporate and Others	(116)	(137)	(68)	41.4	(393)	(314)	20.1
Adjusted Net Income	588	497	522	(11.2)	1,720	1,637	(4.8)

JOSU JON IMAZ, CEO: “Accumulated Operating Cash Flow 22% higher year-on-year”

Repsol’s **strong cash flow performance** during the year demonstrates the strength of our strategy. Even with weaker market conditions, Repsol has been able to **increase its accumulated Operating Cash Flow by 22% year-on-year**. As we move forward, we will keep our focus on disciplined growth, with efficient project execution and safe and reliable operations.

**ADJUSTED NET
INCOME**

€522 M [-11%]

EBITDA CCS

€1,764 M [-9%]

Adjusted net income in the 3Q19 was €522 million, 11% lower year-on-year.

EBITDA CCS was €1,764 million in the 3Q19, 9% lower year-on-year.

NET DEBT

€3,836 M

The Group’s **net debt** at the end of the quarter stood at €3,836 million, €174 million higher than at the end of the second quarter of 2019, including Treasury stock transactions for €-565 million. The **strong cash flow** from operating activities more than covered investments, dividends and interests.

Including leases, net debt at the end of the 3Q19 stood at €7,751 million after the application of the IFRS 16*.

UPSTREAM

€218 M [-41%]

Upstream **production** reached an average of 711 kboe/d in the third quarter of 2019, 19 kboe/d higher year-on-year, primarily due to the connection of new wells in Marcellus and Eagle Ford (USA), Akacias (Colombia) and Duvernay (Canada), the startup of Buckskin (USA) and the acquisition of Mikkel (Norway). This was partially compensated due to operational issues and maintenance activity in Trinidad & Tobago, lower production in Libya due to the impact of *force majeure* periods, lower gas demand in Bolivia and Malaysia together with the divestment of MidContinent (USA), the expiration of the Jambi Merang license (Indonesia) and the natural decline of fields.

Repsol was awarded in the 16th exploratory bidding round (October), four new offshore exploration blocks in the pre-salt zone of Brazil.

DOWNSTREAM**€372 M [+11%]**

In **Downstream**, adjusted net income was €372 million, 11% higher year-on-year. The improved performance of the Commercial businesses (Mobility, Lubricants and LPG), Repsol Peru and the appreciation of the dollar against the euro more than compensated lower results in Refining.

CORPORATE & OTHERS**€-68 M**

Repsol International Finance, B.V. closed an **issuance of a 750 million euro 8-year bond** with a price of 99.684% and annual fixed coupon of 0.25%.

Fitch Ratings announced in July its decision to **upgrade Repsol's Short-Term Issuer Default Rating (IDR)** to F2 from F3.

KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Upstream	368	323	218	(40.8)	1,015	864	(14.9)
Downstream	336	311	372	10.7	1,098	1,087	(1.0)
Corporate and Others	(116)	(137)	(68)	41.4	(393)	(314)	20.1
Adjusted Net Income	588	497	522	(11.2)	1,720	1,637	(4.8)
Inventory effect	67	60	(123)	-	269	(60)	-
Special items	(30)	(32)	(66)	(120.0)	182	(111)	-
Net Income	625	525	333	(46.7)	2,171	1,466	(32.5)

Economic data (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
EBITDA	2,022	1,902	1,597	(21.0)	5,833	5,309	(9.0)
EBITDA CCS	1,930	1,819	1,764	(8.6)	5,459	5,386	(1.3)
Investments	774	870	837	8.1	2,019	2,305	14.2
Net Debt	2,304	3,662	3,836	66.5	2,304	3,836	66.5
Net Debt with leases	-	7,464	7,751	-	-	7,751	-
Net Debt / EBITDA CCS (x)	0.30	0.53 *	0.52 *	73.7	0.32	0.51	61.1

Operational data	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Liquids Production (Thousand bbl/d)	250	258	252	0.8	261	251	(3.8)
Gas Production ^(**) (Million scf/d)	2,476	2,446	2,576	4.0	2,541	2,528	(0.5)
Total Production (Thousand boe/d)	691	694	711	2.9	713	702	(1.6)
Crude Oil Realization Price (\$/bbl)	66.9	62.2	55.3	(17.3)	65.1	58.1	(10.8)
Gas Realization Price (\$/Thousand scf)	3.3	3.1	2.6	(21.2)	3.3	3.0	(9.1)
Distillation Utilization Spanish Refining (%)	96.3	85.9	89.5	(6.8)	92.4	89.4	(3.0)
Conversion Utilization Spanish Refining (%)	108.9	101.8	104.9	(4.0)	105.6	102.9	(2.7)
Refining Margin Indicator in Spain (\$/bbl)	6.7	3.5	5.5	(17.9)	6.9	4.8	(30.4)

^(*) EBITDA CCS excludes the leases effect arising from the new accounting regulation (IFRS 16). ^(**) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d.

Third quarter 2019 results

Adjusted net income in the third quarter was €522 million, 11% lower year-on-year. **Net income** amounted to €333 million, €292 million lower year-on-year.

Quarterly results for the business segments are summarized as follows:

- In **Upstream**, adjusted net income was €218 million, €150 million lower than in the same period of 2018 mainly due to lower oil and gas realization prices. This was partially offset by higher production, lower exploration costs, the appreciation of the dollar against the euro and lower taxes as a result of a lower operating income.
- In **Downstream**, adjusted net income was €372 million, 11% higher year-on-year. The improved performance of the Commercial businesses (Mobility, Lubricants and LPG), Repsol Peru and the appreciation of the dollar against the euro more than compensated lower results in Refining.

- In **Corporate and others**, adjusted net income was €-68 million compared to €-116 million in the same period in 2018. In **Corporate** due to lower corporate expenses and in **Adjustments** mainly due to the positive impact of the adjustments within intra-group crude oil sales and own use, between the Upstream and Downstream segments in the third quarter of 2018. Also with lower **Financial Results** as a consequence of lower net interest expenses and higher results from exchange and interest rate positions that were able to compensate higher financial costs mainly due to the application of IFRS16.

EBITDA CCS in the third quarter of 2019 was €1,764 million, 9% lower year-on-year.

The Group's **net debt** at the end of the quarter stood at €3,836 million, €174 million higher than at the end of the second quarter of 2019, including Treasury stock transactions for €-565 million. The **strong cash flow** from operating activities more than covered investments, dividends and interests.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT

Upstream

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Adjusted Net Income	368	323	218	(40.8)	1,015	864	(14.9)
Operating income	640	612	460	(28.1)	1,876	1,634	(12.9)
Income tax	(281)	(300)	(244)	13.2	(875)	(791)	9.6
Income from equity affiliates and non-controlling interests	9	11	2	(77.8)	14	21	50.0
EBITDA	1,288	1,149	984	(23.6)	3,577	3,197	(10.6)
Investments	523	562	553	5.7	1,423	1,514	6.4
Effective Tax Rate (%)	44	49	53	9.0	47	48	1.0

International prices	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Brent (\$/bbl)	75.2	68.9	62.0	(17.6)	72.1	64.6	(10.4)
WTI (\$/bbl)	69.4	59.9	56.4	(18.7)	66.8	57.1	(14.5)
Henry Hub (\$/MBtu)	2.9	2.6	2.2	(24.1)	2.9	2.7	(6.9)
Average exchange rate (\$/€)	1.16	1.12	1.11	(4.3)	1.19	1.12	(5.9)

Realization prices	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Crude Oil (\$/bbl)	66.9	62.2	55.3	(17.3)	65.1	58.1	(10.8)
Gas (\$/Thousand scf)	3.3	3.1	2.6	(21.2)	3.3	3.0	(9.1)

Exploration (€ Million) ^(*)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
G&A and Amortization of Bonus and Dry Wells	132	52	10	(92.4)	355	85	(76.1)

Production	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Liquids (Thousand bbl/d)	250	258	252	0.8	261	251	(3.8)
Gas ^(**) (Million scf/d)	2,476	2,446	2,576	4.0	2,541	2,528	(0.5)
Total (Thousand boe/d)	691	694	711	2.9	713	702	(1.5)

(*) Only direct costs attributable to exploration projects. (**) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

Third quarter 2019 results

Adjusted net income was €218 million, €150 million lower than in the same period of 2018 mainly due to lower oil and gas realization prices. This was partially offset by higher production, lower exploration costs, the appreciation of the dollar against the euro and lower taxes as a result of a lower operating income.

The principal factors that explain the variations in the year-on-year performance in the Upstream division are as follows:

- Lower **realization prices** had a negative impact on the operating income of €377 million.
- **Higher volumes** impacted positively the operating income by €14 million.

- **Depreciation and amortization** charges were €42 million higher mainly due to the application of the IFRS 16.
- Lower **exploration costs** had a positive impact on the operating income of €124 million.
- The **appreciation of the US dollar** against the euro had a positive impact on the operating income of €21 million.
- **Income tax** expense impacted the adjusted net income positively by €36 million due to a lower operating income.
- **Income from equity affiliates and non-controlling interests and others** explain the remaining differences.

Upstream **production** reached an average of 711 kboe/d in the third quarter of 2019, 19 kboe/d higher year-on-year, primarily due to the connection of new wells in Marcellus and Eagle Ford (USA), Akacias (Colombia) and Duvernay (Canada), the startup of Buckskin (USA) and the acquisition of Mikkel (Norway). This was partially compensated due to operational issues and maintenance activity in Trinidad & Tobago, lower production in Libya due to the impact of *force majeure* periods, lower gas demand in Bolivia and Malaysia together with the divestment of MidContinent (USA), the expiration of the Jambi Merang license (Indonesia) and the natural decline of fields.

During the third quarter of 2019, 1 appraisal well was finished and it is currently under evaluation.

Investments

Investments in Upstream in the third quarter of 2019 amounted to €553 million, €30 million higher than in the third quarter of 2018.

- **Development investment** accounted for 76% of the total investment and was concentrated mainly in the USA (46%), Trinidad and Tobago (14%), Norway (13%) and UK (6%).
- **Exploration investment** represented 20% of the total and was allocated primarily in the USA (60%), Indonesia (8%), Bolivia (5%) and Norway (4%).

Investment in **Upstream** in the first nine months of 2019 amounted €1,514 million, €91 million higher than the first half of 2018.

- **Development investment** accounted for 80% of the total investment and was concentrated mainly in the USA (39%), Norway (15%), Trinidad and Tobago (15%) and UK (7%).
- **Exploration investment** represented 18% of the total and was allocated primarily in the USA (42%), Bolivia (7%), Indonesia (7%), Bulgaria (6%), Norway (5%), Colombia (5%) and Greece (4%).

January – September 2019 results

The **adjusted net income** for the first nine months of 2019 amounted to €864 million, 15% lower year-on-year mainly due to lower oil and gas realization prices and lower production primarily due to a lower contribution from Libya. This was partially compensated by lower exploration costs and other costs, the appreciation of the US dollar against the euro and lower taxes as a result of a lower operating income.

Average production for the first nine months of 2019 reached 702 Kboe/d, 11 Kboe/d lower year-on-year due to the impact of *force majeure* periods in Libya, lower gas demand in Venezuela, operational issues and maintenance activities in Trinidad & Tobago together with the divestment of MidContinent (USA), the expiration of the Jambi Merang license (Indonesia) and the natural decline of fields. This was partially compensated by the connection of new wells in Marcellus and Eagle Ford (USA), Akacias (Colombia) and Duvernay (Canada), the acquisition of Mikkel and Visund (Norway) and the startup of Buckskin (USA).

Downstream

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Adjusted Net Income	336	311	372	10.7	1,098	1,087	(1.0)
Operating income	442	414	498	12.7	1,427	1,453	1.8
Income tax	(106)	(102)	(115)	(8.5)	(335)	(346)	(3.3)
Income from equity affiliates and non-controlling interests	0	(1)	(11)	-	6	(20)	-
Average Weighted Cost Adjusted Net Income	403	371	249	(38.2)	1,367	1,027	(24.9)
Inventory effect	67	60	(123)	-	269	(60)	-
EBITDA	741	780	655	(11.6)	2,390	2,235	(6.5)
EBITDA CCS	649	697	822	26.7	2,016	2,312	14.7
Investments	235	293	267	13.6	560	749	33.8
Effective Tax Rate (%)	23	25	23	0.0	23	24	1.0
Operational data	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Refining Margin Indicator in Spain (\$/bbl)	6.7	3.5	5.5	(17.9)	6.9	4.8	(30.4)
Distillation Utilization Spanish Refining (%)	96.3	85.9	89.5	(6.8)	92.4	89.4	(3.0)
Conversion Utilization Spanish Refining (%)	108.9	101.8	104.9	(4.0)	105.6	102.9	(2.7)
Oil Product Sales (Thousand tons)	13,333	11,910	13,121	(1.6)	38,520	37,372	(3.0)
Petrochemical Product Sales (Thousand tons)	622	703	678	9.0	1,935	2,136	10.4
LPG Sales (Thousand tons)	241	305	226	(6.2)	980	925	(5.6)
North America Natural Gas Sales (TBtu)	131.0	124.3	149.2	13.9	388.8	436.2	12.2
International prices (\$/Mbtu)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Henry Hub	2.9	2.6	2.2	(24.1)	2.9	2.7	(6.9)
Algonquin	3.0	2.3	2.1	(30.0)	4.8	3.2	(33.3)

Third quarter 2019 results

Adjusted net income amounted to €372 million, €36 million higher compared to the third quarter of 2018.

The principal factors that explain the variations in the year-on-year performance in the Downstream business are as follows:

- In **Refining**, operating income was €55 million lower year on year. A higher middle distillate spread was not able to compensate narrower gasoline, fuel oil and naphtha spreads as well as lower differentials between heavy and light crude oils.
- In **Chemicals**, operating income was in line year-on-year as higher costs were compensated by the positive impact from efficiency initiatives, mainly due to the increase of LGP utilization in the crackers.
- In **Trading and Wholesale Gas**, operating income was €20 million higher year-on-year due to better commercialization margins.
- In **Mobility, Lubricants and LPG**, operating income was €46 million higher year-on-year mainly because of higher contributions from the marketing businesses in Spain and Portugal as well as better margins in the LPG business.
- The **appreciation of the dollar against the euro** had a positive impact on the operating income of €17 million.

- **Results in other activities, equity affiliates and non-controlling interests and taxes** cover the remaining difference.

Investments

Investments in Downstream in the third quarter and for the first nine months of 2019 amounted to €267 million and €749 million respectively.

January – September 2019 results

Adjusted net income for the first nine months of 2019 was €1,087 million, in line year-on-year. Lower contribution from Refining and Wholesale Gas were almost compensated by higher results in Chemicals, Repsol Peru, Trading and Mobility.

Corporate and others

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Adjusted Net Income	(116)	(137)	(68)	41.4	(393)	(314)	20.1
Corporate result	(70)	(68)	(44)	37.1	(174)	(145)	16.7
Consolidation adjustments	41	19	(20)	-	(33)	(46)	(39.4)
Financial result	(115)	(131)	(14)	87.8	(290)	(242)	16.6
Income tax	28	43	11	(60.7)	105	121	15.2
Income from equity affiliates and non-controlling interests	0	0	(1)	-	(1)	(2)	(100.0)
EBITDA	(7)	(27)	(42)	-	(134)	(123)	8.2
Net Interests (*)	(71)	(48)	(49)	31.0	(215)	(163)	24.2
Investments	16	15	17	6.3	36	42	16.7
Effective Tax Rate (%)	(20)	(24)	(15)	5.0	(21)	(28)	(7.0)

(*) Lease effect not included.

Corporate and adjustments

At operating income level **Corporate and Adjustments** accounted for a net expense of €64 million during the **third quarter** of 2019 compared to a net expense of €29 million in the third quarter of 2018 mainly due to lower corporate expenses and the positive impact of the adjustments within intra-group crude oil sales and own use, between the Upstream and Downstream segments in the third quarter of 2018.

At operating income level **Corporate and Adjustments** accounted for a net expense of €191 million during the **first nine months** of 2019 compared to a net expense of €207 million in the first nine months of 2018 mainly due to lower corporate expenses.

Financial results

The **financial result** in the **third quarter** and in the **first nine months** of 2019 amounted to €-14 million and €-242 million respectively compared with €-115 million and €-290 million in the same periods of 2018. Lower net interest expenses, as well as higher results from interest rate and exchange rate positions were able to compensate higher financial costs mainly due to the application of IFRS16.

NET INCOME ANALYSIS:

SPECIAL ITEMS

Special Items

(Unaudited figures)

Results (€ Million)	Q3 2018	Q2 2019	Q3 2019	% Change Q3 19/Q3 18	Jan - Sep 2018	Jan - Sep 2019	% Change 2019/2018
Divestments	52	1	14	(73.1)	59	45	(23.7)
Indemnities and workforce restructuring	(25)	(24)	(4)	84.0	(42)	(33)	21.4
Impairment of assets	(2)	(1)	(1)	50.0	(125)	(4)	96.8
Provisions and others	(55)	(8)	(75)	(36.4)	(122)	(119)	2.5
Discontinued operations	0	0	0	-	412	0	-
Special Items	(30)	(32)	(66)	(120.0)	182	(111)	-

Special items in the **third quarter** of 2019 amounted to €-66 million compared to €-30 million in the same period of 2018 and correspond mainly to currency exchange effect on tax positions and credit risk provisions in Venezuela.

Special items in the **first nine months** of 2019 amounted to €-111 million compared €182 million in the same period of 2018 and correspond mainly to the sale of Naturgy, currency exchange effect on tax positions and credit risk provisions in Venezuela.

CASH FLOW ANALYSIS:

ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

(Unaudited figures)

	JANUARY - SEPTEMBER	
	2018	2019
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	5,459	5,386
Changes in working capital ¹	(1,101)	(496)
Dividends received	20	42
Income taxes received/ (paid)	(756)	(690)
Other proceeds from/ (payments for) operating activities	(271)	(168)
	3,351	4,074
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities	(2,005)	(2,351)
Proceeds from divestments	3,854	89
	1,849	(2,262)
FREE CASH FLOW (I. + II.)	5,200	1,812
Payments for dividends and payments on other equity instruments	(297)	(408)
Net interest payments and leases	(336)	(365)
Treasury shares	(844)	(1,224)
CASH GENERATED IN THE PERIOD	3,723	(185)
Financing activities and others	(3,046)	(870)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	677	(1,055)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,820	5,021
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,497	3,966

⁽¹⁾ Includes an inventory effect pretax of €-167 million for 3Q19.

NET DEBT ANALYSIS:

NET DEBT EVOLUTION

This section presents the changes in the Group's adjusted net debt:

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q3 2019	Jan-Sep 2019
NET DEBT AT THE START OF THE PERIOD	3,662	3,439
IMPACT DUE TO LEASES ⁽¹⁾	3,802	3,727
NET DEBT AT THE START OF THE PERIOD WITH LEASES	7,464	7,166
EBITDA CCS	(1,764)	(5,386)
CHANGE IN WORKING CAPITAL ⁽²⁾	(73)	496
INCOME TAX RECEIVED /PAID	227	690
NET INVESTMENT	823	2,272
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	207	408
FOREIGN EXCHANGE RATE EFFECT	43	63
INTEREST AND OTHER MOVEMENTS ⁽³⁾	824	2,042
NET DEBT AT THE END OF THE PERIOD WITH LEASES	7,751	7,751
NET DEBT AT THE END OF THE PERIOD	3,836	3,836

RATIOS	3Q19	3Q19 with leases
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	35,547	39,351
NET DEBT / CAPITAL EMPLOYED (%)	10.8	19.7
ROACE (%)	6.4	5.9
NET DEBT / EBITDA CCS (x)	0.51 ⁽⁴⁾	1.08

⁽¹⁾ It includes €1,624 million due to financial leases recognized in accordance with the previous accounting regulation and €2,103 million for new leases recognized with the application of the IFRS 16.

⁽²⁾ Includes an inventory effect pretax of €-167 million in the third quarter of 2019.

⁽³⁾ Principally includes new lease contracts, the market operations relating to treasury shares, interest expenses, dividends received, other receipts/payments and companies' acquisition/sale effect.

⁽⁴⁾ EBITDA CCS excludes the leases effect arising from the new accounting regulation (IFRS 16).

The Group's **net debt** at the end of the quarter stood at €3,836 million, €174 million higher than at the end of the second quarter of 2019, including Treasury stock transactions for €-565 million. The **strong cash flow** from operating activities more than covered investments, dividends and interests.

The Group's **liquidity** at the end of the third quarter of 2019 was €8,386 million (including undrawn committed credit lines); representing 1.74 times short-term gross debt maturities.

RELEVANT EVENTS

The main company-related events since the second quarter 2019 results release were as follows:

UPSTREAM

- AUG. 2019** In August 2019, Norwegian authorities approved the Life Time extension of the Rev Facility (Repsol is the operator and has a 70% W.I.) until April 1, 2021 when the current Production License expires.
- OCT. 2019** In October 2019 Repsol was awarded in the 16th exploratory bidding round, four new offshore exploration blocks in the pre-salt zone of Brazil. Three of the blocks are located in the Campos basin and one in the Santos basin. Repsol will explore block C-M-795, located in the Campos basin in the state of Rio de Janeiro, with a 100% working interest and will be the operator of the C-M-825 block also in Campos basin, with a 60% working interest in a consortium with Chevron (40%). The third field in Campos is C-M-845 (Repsol 40%, Chevron 40% and Wintershall Dea 20%). The fourth field acquired in the bid was S-M-766 in the Santos basin (Repsol 40%, Chevron 40% and Wintershell Dea 20%).

DOWNSTREAM

- SEP. 2019** On September 30, Repsol announced a Joint Venture with United Global Limited after buying a 40% stake in its Singapore-based lubricants manufacturer and distributor United Oil Company. This will expand Repsol's presence in Asia Pacific and especially Indonesia, the region's largest lubricants markets. The expansion of this business is part of Repsol's Strategic Plan 2018–2020 goals to grow and internationalize the downstream unit, for which Repsol has allocated 1.5 billion euros, including the service stations, petrochemicals, lubricants and trading businesses.
- OCT. 2019** On October 7, Repsol opened the most powerful electric vehicle charging station in Europe. The facility, located at the Repsol service station in Ugaldebieta (Biscay), is the first in Europe to enable vehicle charging with 400 kW of power.
- OCT. 2019** In October, WindFloat Atlantic began the offshore installation of the first floating wind farm in continental Europe. The project will speed up the commercial deployment of innovative WindFloat® technology that harnesses the wealth of wind resources in transitional and deep waters, which were previously inaccessible. WindFloat Atlantic project marks an important milestone for the industry as this is the first semi-submersible floating wind farm in the world.

CORPORATION

- JUL. 2019** On July 26, Repsol International Finance, B.V. closed an issuance of a 750 million euro 8-year bond with a price of 99.684% and annual fixed coupon of 0.25%, to be listed on the regulated market of the Luxembourg Stock Exchange.
- JUL. 2019** On July 31, Fitch Ratings announced its decision to upgrade Repsol's Short-Term Issuer Default Rating (IDR) to F2 from F3. Long-term IDR is affirmed at BBB, with a positive outlook.
- AUG. 2019** On August 29, Repsol resolved to start implementing the buy-back program of the Company's own shares (the "Buy-back Programme") authorized by the Annual Shareholders' Meeting held on May 31, 2019, under item seven of the agenda (the "Shareholders' Meeting Resolution").
- The Buy-back Programme is implemented with the objective of reducing the share capital of Repsol through the cancellation of own shares, contributing to the Company's shareholder remuneration by increasing the profit per share.
- The maximum number of shares (the "MNS") to be acquired under the Buy-back Programme is set at 70,368,868 Repsol's shares¹, representing approximately 4.40% of Repsol's share capital as of today. In accordance with the formula provided for in the Shareholders' Meeting Resolution, the Maximum Investment of the Buy-back Programme will be 1,149,651,380.95 euros.
- The Buy-back Programme commenced on 30 August 2019 and will remain in force until 20 December 2019. Notwithstanding the above, Repsol reserves the right to terminate earlier the Buy-back Programme if, prior to the last effective date (i.e., 20 December 2019), its purpose has been fulfilled.
- Repsol has informed regularly about the transactions that have been carried out under the Buy-back Programme.
- OCT. 2019** On October 8, Repsol's Trading Statement was published. It provided provisional information for the third quarter of 2019, including data on the economic environment as well as company performance during the period.

Madrid, October 31, 2019

A conference call has been scheduled for research analysts and institutional investors for today, October 31, 2019 at 12:30 (CET) to report on the Repsol Group's third quarter 2019 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (www.repsol.com). A full recording of the event will also be available to shareholders and investors and any other interested party at www.repsol.com for a period of no less than one month from the date of the live broadcast. Moreover Repsol will publish today the *In interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019* that will be available on Repsol's corporate website as well as at the Spanish regulator CNMV (Comisión Nacional del Mercado de Valores).

¹ Number according to the Joint Limit, as it is defined in the Shareholders' Meeting Resolution.



**APPENDIX I – FINANCIAL
METRICS AND OPERATING
INDICATORS BY SEGMENT**

Q3 2019

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	Q3 2018							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	640	-	(281)	9	368	-	(4)	364
Downstream	442	-	(106)	-	336	67	3	406
Corporate & Others	(29)	(115)	28	-	(116)	-	(29)	(145)
TOTAL	1,053	(115)	(359)	9	588	67	(30)	625
NET INCOME							(30)	625

€ Million	Q2 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	612	-	(300)	11	323	-	41	364
Downstream	414	-	(102)	(1)	311	60	(56)	315
Corporate & Others	(49)	(131)	43	-	(137)	-	(17)	(154)
TOTAL	977	(131)	(359)	10	497	60	(32)	525
NET INCOME							(32)	525

€ Million	Q3 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	460	-	(244)	2	218	-	(51)	167
Downstream	498	-	(115)	(11)	372	(123)	(10)	239
Corporate & Others	(64)	(14)	11	(1)	(68)	-	(5)	(73)
TOTAL	894	(14)	(348)	(10)	522	(123)	(66)	333
NET INCOME							(66)	333

€ Million	January - September 2018							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	1,876	-	(875)	14	1,015	-	(136)	879
Downstream	1,427	-	(335)	6	1,098	269	(15)	1,352
Corporate & Others	(207)	(290)	105	(1)	(393)	-	333	(60)
TOTAL	3,096	(290)	(1,105)	19	1,720	269	182	2,171
NET INCOME							182	2,171

€ Million	January - September 2019							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	1,634	-	(791)	21	864	-	24	888
Downstream	1,453	-	(346)	(20)	1,087	(60)	(98)	929
Corporate & Others	(191)	(242)	121	(2)	(314)	-	(37)	(351)
TOTAL	2,896	(242)	(1,016)	(1)	1,637	(60)	(111)	1,466
NET INCOME							(111)	1,466

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 18	Q2 19	Q3 19	2018	2019
UPSTREAM	640	612	460	1,876	1,634
Europe, Africa & Brazil	395	407	314	1,198	1,005
Latin America & Caribbean	179	141	113	520	428
North America	76	17	2	223	85
Asia & Russia	145	119	68	377	277
Exploration & Others	(155)	(72)	(37)	(442)	(161)
DOWNSTREAM	442	414	498	1,427	1,453
Europe	476	398	521	1,418	1,425
Rest of the World	(34)	16	(23)	9	28
CORPORATE AND OTHERS	(29)	(49)	(64)	(207)	(191)
TOTAL	1,053	977	894	3,096	2,896

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 18	Q2 19	Q3 19	2018	2019
UPSTREAM	368	323	218	1,015	864
Europe, Africa & Brazil	231	198	125	589	460
Latin America & Caribbean	113	95	82	373	299
North America	57	14	3	172	68
Asia & Russia	84	68	34	216	153
Exploration & Others	(117)	(52)	(26)	(335)	(116)
DOWNSTREAM	336	311	372	1,098	1,087
Europe	359	298	394	1,082	1,074
Rest of the World	(23)	13	(22)	16	13
CORPORATE AND OTHERS	(116)	(137)	(68)	(393)	(314)
TOTAL	588	497	522	1,720	1,637

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 18	Q2 19	Q3 19	2018	2019
UPSTREAM	1,288	1,149	984	3,577	3,197
Europe, Africa & Brazil	583	566	455	1,611	1,448
Latin America & Caribbean	317	283	275	937	878
North America	183	130	130	510	441
Asia & Russia	245	210	154	647	542
Exploration & Others	(40)	(40)	(30)	(128)	(112)
DOWNSTREAM ⁽¹⁾	741	780	655	2,390	2,235
Europe	754	744	657	2,298	2,115
Rest of the World	(13)	36	(2)	92	120
CORPORATE AND OTHERS	(7)	(27)	(42)	(134)	(123)
TOTAL ⁽¹⁾	2,022	1,902	1,597	5,833	5,309
(1) EBITDA CCS €M					
DOWNSTREAM	649	697	822	2,016	2,312
TOTAL	1,930	1,819	1,764	5,459	5,386

INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS
(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 18	Q2 19	Q3 19	2018	2019
UPSTREAM	523	562	553	1,423	1,514
Europe, Africa & Brazil	85	147	124	316	375
Latin America & Caribbean	121	99	80	219	278
North America	204	204	209	471	539
Asia & Russia	32	21	26	142	66
Exploration and Others	81	91	114	275	256
DOWNSTREAM	235	293	267	560	749
Europe	185	257	234	457	639
Rest of the World	50	36	33	103	110
CORPORATE AND OTHERS	16	15	17	36	42
TOTAL	774	870	837	2,019	2,305

CAPITAL EMPLOYED BY BUSINESS SEGMENTS
(Unaudited figures)

€ Million	CUMULATIVE DATA		
	4Q 18	3Q 19	3Q 19 with leases
Upstream	21,515	22,203	23,084
Downstream	11,338	11,169	14,033
Corporate and others	1,500	2,175	2,234
TOTAL Capital employed in continued operations	34,353	35,547	39,351
ROACE (%)		6.4	-
ROACE (%) including leases ^(*)		-	5.9

() 3Q19 ROACE CCS is 6.1%*



**OPERATING
INDICATORS**

Q3 2019

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2018	Q2 2018	Q3 2018	Jan - Sept 2018	Q4 2018	Jan - Dec 2018	Q1 2019	Q2 2019	Q3 2019	Jan - Sept 2019	% Variation YTD19/YTD18
HYDROCARBON PRODUCTION	kboe/d	727	722	691	713	722	715	700	694	711	702	(1.6)
Liquids production	kboe/d	269	263	250	261	263	261	244	258	252	251	(3.5)
Europe, Africa & Brazil	kboe/d	139	134	129	134	133	134	111	134	126	124	(7.6)
Latin America & Caribbean	kboe/d	52	53	51	52	54	53	57	55	55	56	7.2
North America	kboe/d	50	47	44	47	50	48	48	44	48	47	(0.7)
Asia & Russia	kboe/d	28	28	26	27	27	27	27	26	23	25	(8.2)
Natural gas production	kboe/d	458	459	441	452	459	454	456	436	459	450	(0.5)
Europe, Africa & Brazil	kboe/d	28	28	28	28	42	31	45	43	41	43	53.0
Latin America & Caribbean	kboe/d	249	252	234	245	235	242	241	218	234	231	(5.7)
North America	kboe/d	128	127	125	127	130	127	124	125	137	129	1.6
Asia & Russia	kboe/d	53	51	54	53	53	53	47	50	46	47	(10.1)
Natural gas production	(Million scf/d)	2,571	2,577	2,476	2,541	2,576	2,550	2,562	2,446	2,576	2,528	(0.5)

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2018	Q2 2018	Q3 2018	Jan - Sep 2018	Q4 2018	Jan - Dec 2018	Q1 2019	Q2 2019	Q3 2019	Jan - Sep 2019	% Variation YTD19/YTD18
PROCESSED CRUDE OIL	Mtoe	11.6	10.9	12.1	34.6	12.0	46.6	11.5	10.6	11.2	33.3	(3.7)
Europe	Mtoe	10.2	9.9	10.9	31.0	10.6	41.6	10.3	9.6	10.1	29.9	(3.3)
Rest of the world	Mtoe	1.3	1.0	1.3	3.6	1.4	5.0	1.2	1.1	1.1	3.3	(6.8)
SALES OF OIL PRODUCTS	kt	12,096	13,121	13,303	38,520	13,246	51,766	12,341	11,910	13,121	37,372	(3.0)
Europe Sales	kt	10,434	11,602	11,844	33,880	11,436	45,316	10,690	10,642	11,557	32,889	(2.9)
Own network	kt	5,250	5,596	5,615	16,461	5,293	21,754	5,098	5,271	5,725	16,094	(2.2)
Light products	kt	4,397	4,591	4,622	13,610	4,368	17,978	4,185	4,369	4,752	13,306	(2.2)
Other Products	kt	853	1,005	993	2,851	925	3,776	913	902	973	2,788	(2.2)
Other Sales to Domestic Market	kt	2,259	2,364	2,433	7,056	2,450	9,506	2,170	2,265	2,211	6,646	(5.8)
Light products	kt	2,216	2,325	2,404	6,945	2,392	9,337	2,130	2,223	2,170	6,523	(6.1)
Other Products	kt	43	39	29	111	58	169	40	42	41	123	10.8
Exports	kt	2,925	3,642	3,796	10,363	3,693	14,056	3,422	3,106	3,621	10,149	(2.1)
Light products	kt	1,147	1,394	1,689	4,230	1,673	5,903	1,319	1,401	1,585	4,305	1.8
Other Products	kt	1,778	2,248	2,107	6,133	2,020	8,153	2,103	1,705	2,036	5,844	(4.7)
Rest of the world sales	kt	1,662	1,519	1,459	4,640	1,810	6,450	1,651	1,268	1,564	4,483	(3.4)
Own network	kt	599	695	635	1,929	752	2,681	825	672	807	2,304	19.4
Light products	kt	550	637	594	1,781	692	2,473	789	624	766	2,179	22.3
Other Products	kt	49	58	41	148	60	208	36	48	41	125	(15.5)
Other Sales to Domestic Market	kt	331	325	327	983	375	1,358	329	318	341	988	0.5
Light products	kt	256	241	249	746	249	995	222	226	266	714	(4.3)
Other Products	kt	75	84	78	237	126	363	107	92	75	274	15.6
Exports	kt	732	499	497	1,728	683	2,411	497	278	416	1,191	(31.1)
Light products	kt	158	96	117	371	69	440	40	45	63	148	(60.1)
Other Products	kt	574	403	380	1,357	614	1,971	457	233	353	1,043	(23.1)
CHEMICALS												
Sales of petrochemical products	kt	688	625	622	1,935	674	2,610	755	703	678	2,136	10.4
Europe	kt	581	504	520	1,606	531	2,137	588	604	565	1,757	9.4
Base	kt	238	145	165	548	180	729	190	191	226	607	10.7
Derivative	kt	343	360	356	1,058	351	1,408	399	412	339	1,150	8.8
Rest of the world	kt	108	120	102	329	143	473	166	100	112	378	14.8
Base	kt	30	11	15	57	23	79	40	4	1	45	(20.8)
Derivative	kt	77	109	87	273	121	394	127	95	112	334	22.2
LPG												
LPG sales	kt	437	303	241	980	350	1,330	394	305	226	925	(5.6)
Europe	kt	431	296	235	962	343	1,305	386	298	219	903	(6.1)
Rest of the world	kt	6	6	6	19	7	26	8	7	7	22	18.6

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin



**APPENDIX II – CONSOLIDATED
FINANCIAL STATEMENTS**

Q3 2019

STATEMENT OF FINANCIAL POSITION

(Unaudited figures) (€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER	SEPTEMBER
	2018	2019
NON-CURRENT ASSETS		
Goodwill	3,011	3,132
Other intangible assets	2,085	2,408
Property, plant and equipment	25,431	27,729
Investment property	68	67
Investments accounted for using the equity method	7,194	7,684
Non-current financial assets :		
Non-current financial instruments	974	1,179
Others	129	130
Deferred tax assets	3,891	3,979
Other non-current assets	701	768
CURRENT ASSETS		
Non-current assets held for sale	6	5
Inventories	4,390	4,272
Trade and other receivables	6,105	5,828
Other current assets	296	200
Other current financial assets	1,711	2,620
Cash and cash equivalents	4,786	3,703
TOTAL ASSETS	60,778	63,704
TOTAL EQUITY		
Attributable to equity holders of the parent company	30,628	31,319
Attributable to minority interests	286	281
NON-CURRENT LIABILITIES		
Non-current provisions	4,738	5,069
Non-current financial debt	10,818	11,770
Deferred tax liabilities	1,028	1,115
Other non-current liabilities	470	542
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	0	0
Current provisions	500	603
Current financial liabilities	4,486	6,171
Trade payables and other payables:	7,824	6,834
TOTAL LIABILITIES ⁽¹⁾	60,778	63,704

⁽¹⁾ December 2018 includes the necessary modifications in relation with the change of the presentations of leases after the application of the IFRS 16 (Please see Note 2.2.1 of the interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019 and available on www.repsol.com).

INCOME STATEMENT

Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 18	Q2 19	Q3 19	2018	2019
Operating income	934	842	599	2,731	2,231
Financial result	(95)	(88)	(3)	(64)	(172)
Income from equity affiliates	201	105	32	394	269
Net income before tax	1,040	859	628	3,061	2,328
Income tax	(406)	(331)	(288)	(1,274)	(843)
Net income from continuing operations	634	528	340	1,787	1,485
Net income from non-controlling interest	(9)	(3)	(7)	(28)	(19)
NET INCOME FROM CONTINUING OPERATIONS	625	525	333	1,759	1,466
Net income for the year from discontinuing operations	0	0	0	412	0
NET INCOME	625	525	333	2,171	1,466
Earning per share attributable to the parent company (*)					
Euros/share (*)	0.37	0.34	0.22	1.31	0.94
USD/ADR	0.45	0.38	0.24	1.48	1.03
Average number of shares (**)	1,649,117,371	1,533,888,594	1,508,621,435	1,645,684,726	1,530,121,556
Exchange rates USD/EUR at the end of each quarter	1.19	1.14	1.09	1.14	1.09

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes in Q3 18, Q2 19 and Q3 19) has been adjusted.

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in June 2018 and December 2018 and June 2019 accordingly. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

In November 2018 a share capital reduction was carried out by means of cancellation of 68,777,683 own shares. Thus share capital is currently represented by 1,598,791,040 shares.

CASH FLOW STATEMENT

(Unaudited figures) (€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - SEPTEMBER	
	2018	2019
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before taxes	3,061	2,328
Adjustments to net income		
Depreciation and amortisation of non current assets	1,581	1,743
Other adjustments to results (net)	(90)	(119)
EBITDA	4,552	3,952
Changes in working capital	(1,193)	(294)
Dividends received	341	213
Income taxes received/ (paid)	(702)	(638)
Other proceeds from/ (payments for) operating activities	(179)	(126)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	(540)	(551)
	2,819	3,107
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(28)	(77)
Fixed assets, intangible assets and real estate investments	(1,728)	(1,830)
Other financial assets	(1,790)	(2,236)
Payments for investment activities	(3,546)	(4,143)
Proceeds from divestments		
Companies of the Group, equity affiliates and business units	3,831	16
Fixed assets, intangible assets and real estate investments	19	60
Other financial assets	382	1,107
Proceeds from divestments	4,232	1,183
Other cashflow	23	61
	709	(2,899)
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Issuance of own capital instruments	0	0
Proceeds from/(payments for) equity instruments	(844)	(1,224)
Proceeds from issue of financial liabilities	14,047	11,847
Payments for financial liabilities	(15,468)	(11,267)
Payments for dividends and payments on other equity instruments	(297)	(408)
Interest payments	(333)	(333)
Other proceeds from/(payments for) financing activities	63	43
	(2,832)	(1,342)
Effect of changes in exchange rates from continued operations	4	51
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	700	(1,083)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,601	4,786
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,301	3,703



**APPENDIX III –
RECONCILIATION OF
ADJUSTED METRICS TO
IFRS DISCLOSURES**

Q3 2019

RECONCILIATION OF ADJUSTED RESULTS AND THE CORRESPONDING IFRS-EU CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

Q3 2018						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	1,053	(307)	96	92	(119)	934
Financial result	(115)	31	(11)	-	20	(95)
Income from equity affiliates	18	183	-	-	183	201
Net income before tax	956	(93)	85	92	84	1,040
Income tax	(359)	93	(116)	(24)	(47)	(406)
Net income from continued operations	597	-	(31)	68	37	634
Income attributed to minority interests	(9)	-	1	(1)	-	(9)
NET INCOME FROM CONTINUED OPERATIONS	588	-	(30)	67	37	625
Income from discontinued operations	-	-	-	-	-	0
NET INCOME	588	-	(30)	67	37	625

Q2 2019						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	977	(238)	20	83	(135)	842
Financial result	(131)	37	6	-	43	(88)
Income from equity affiliates	11	94	-	-	94	105
Net income before tax	857	(107)	26	83	2	859
Income tax	(359)	107	(58)	(21)	28	(331)
Net income from continued operations	498	-	(32)	62	30	528
Income attributed to minority interests	(1)	-	-	(2)	(2)	(3)
NET INCOME FROM CONTINUED OPERATIONS	497	-	(32)	60	28	525
Income from discontinued operations	-	-	-	-	-	0
NET INCOME	497	-	(32)	60	28	525

Q3 2019						
€ Million	Adjusted result	ADJUSTMENTS			Total adjustments	Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect		
Operating income	894	(175)	47	(167)	(295)	599
Financial result	(14)	22	(11)	-	11	(3)
Income from equity affiliates	(1)	34	(1)	-	33	32
Net income before tax	879	(119)	35	(167)	(251)	628
Income tax	(348)	119	(101)	42	60	(288)
Net income from continued operations	531	-	(66)	(125)	(191)	340
Income attributed to minority interests	(9)	-	-	2	2	(7)
NET INCOME FROM CONTINUED OPERATIONS	522	-	(66)	(123)	(189)	333
Income from discontinued operations	-	-	-	-	-	0
NET INCOME	522	-	(66)	(123)	(189)	333

January - September 2018						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	
Operating income	3,096	(593)	(146)	374	(365)	2,731
Financial result	(290)	91	135	-	226	(64)
Income from equity affiliates	39	355	-	-	355	394
Net income before tax	2,845	(147)	(11)	374	216	3,061
Income tax	(1,105)	147	(220)	(96)	(169)	(1,274)
Net income from continued operations	1,740	-	(231)	278	47	1,787
Income attributed to minority interests	(20)	-	1	(9)	(8)	(28)
NET INCOME FROM CONTINUED OPERATIONS	1,720	-	(230)	269	39	1,759
Income from discontinued operations	-	-	412	-	412	412
NET INCOME	1,720	-	182	269	451	2,171

January - September 2019						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	
Operating income	2,896	(653)	65	(77)	(665)	2,231
Financial result	(242)	90	(20)	-	70	(172)
Income from equity affiliates	16	254	(1)	-	253	269
Net income before tax	2,670	(309)	44	(77)	(342)	2,328
Income tax	(1,016)	309	(155)	19	173	(843)
Net income from continued operations	1,654	-	(111)	(58)	(169)	1,485
Income attributed to minority interests	(17)	-	-	(2)	(2)	(19)
NET INCOME FROM CONTINUED OPERATIONS	1,637	-	(111)	(60)	(171)	1,466
Income from discontinued operations	-	-	-	-	-	0
NET INCOME	1,637	-	(111)	(60)	(171)	1,466

RECONCILIATION OF ADJUSTED NET DEBT AND CASH FLOWS AND THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures) (€ millions)

	DECEMBER 2018		
	Adjusted Net Debt	Reclassification of JV ⁽¹⁾	IFRS-EU
NON-CURRENT ASSETS			
Non-current financial instruments	87	887	974
CURRENT ASSETS			
Other current financial assets	1,630	81	1,711
Cash and cash equivalents	5,021	(235)	4,786
NON-CURRENT LIABILITIES			
Non-current financial debt	(6,625)	(2,767)	(9,392)
CURRENT LIABILITIES			
Current financial liabilities	(3,827)	(462)	(4,289)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET			
Net mark-to-market valuation of financial derivatives, excluding exchange rate and others ⁽²⁾	275	(227)	48
NET DEBT	(3,439)		(6,162)
SEPTEMBER 2019			
	Adjusted Net Debt	Reclassification of JV ⁽¹⁾	IFRS-EU
NON-CURRENT ASSETS			
Non-current financial instruments	205	952	1,157
CURRENT ASSETS			
Other current financial assets	2,608	2	2,610
Cash and cash equivalents	3,966	(263)	3,703
NON-CURRENT LIABILITIES			
Non-current financial debt	(6,042)	(2,974)	(9,016)
CURRENT LIABILITIES			
Current financial liabilities	(4,908)	(845)	(5,753)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET			
Net mark-to-market valuation of financial derivatives, excluding exchange rate and others ⁽²⁾	335	(271)	64
NET DEBT	(3,836)	(3,399)	(7,235)
Non-current Leases	(3,427)	695	(2,732)
Current Leases	(488)	80	(408)
NET DEBT WITH LEASES	(7,751)		(10,375)

⁽¹⁾ Mainly corresponding to the financial contribution by Repsol Sinopec Brasil which is detailed in the following captions:
2018: "Cash and cash equivalents" amounting to €52 million and "Non-current financial debt" for intragroup loans amounting to €2,772 million, reduced in €145 million due to loans with third parties.
2019: "Cash and cash equivalents" amounting to €32 million and "Non-current financial debt" for intragroup loans amounting to €3,005 million, reduced in €659 million for leases.

⁽²⁾ This caption eliminates net market value of financial derivatives other than exchange rate ones.

	January - September					
	2018			2019		
	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES	3,351	(532)	2,819	4,074	(967)	3,107
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES	1,849	(1,140)	709	(2,262)	(637)	(2,899)
FREE CASH FLOW (I. + II.)	5,200	(1,672)	3,528	1,812	(1,604)	208
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS ⁽¹⁾	(4,523)	1,695	(2,828)	(2,867)	1,576	(1,291)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	677	23	700	(1,055)	(28)	(1,083)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,820	(219)	4,601	5,021	(235)	4,786
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,497	(196)	5,301	3,966	(263)	3,703

⁽¹⁾ This caption includes payments for dividends and payment on other equity instruments, interest payments, proceeds from/(payments for) equity instruments, proceeds from/ (payments for) issue of financial liabilities, other proceeds from/(payments for) financing activities and the effect of changes in the exchange rate.



**APPENDIX IV – IFRS 16
IMPACT**

Q3 2019

IFRS 16 IMPACT

(Unaudited figures)

M€	3Q19			January - September 2019		
	Previous criteria	IFRS 16 Impact	IFRS 16 Criteria	Previous criteria	IFRS 16 Impact	IFRS 16 Criteria
EBITDA	1,511	86	1,597	5,055	254	5,309
Operating Cash Flow	1,458	86	1,544	3,820	254	4,074
Net Debt				(3,836)	(3,915) ⁽¹⁾	(7,751)
Capital Employed				35,547	3,804 ⁽¹⁾	39,351
ROACE (%)				6.4	0,5 p.b.	5.9

M€	3Q19			
	Upstream	Downstream	Corporation	Total
EBITDA	37	48	1	86
DD&A	(25)	(47)	(2)	(74)
EBIT	12	1	(1)	12
Financial Results	0	0	(24)	(24)
Income Tax	(2)	(1)	6	3
Adjusted Net Income	10	0	(19)	(9)

M€	January - September 2019			
	Upstream	Downstream	Corporation	Total
EBITDA	123	127	4	254
DD&A	(94)	(117)	(4)	(215)
EBIT	29	10	0	39
Financial Results	0	0	(68)	(68)
Income Tax	(10)	(3)	17	4
Adjusted Net Income	19	7	(51)	(25)

⁽¹⁾ Include the financial leases effect recognized in accordance with the previous accounting regulation.



**APPENDIX V – BASIS
OF PRESENTATION**

Q3 2019

BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Group's operating segments are:

- **Upstream**, corresponding to exploration and production of crude oil and natural gas reserves and;
- **Downstream**, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) commercialization, transportation and regasification of natural gas and liquefied natural gas (LNG) and (v) generation of electricity and commercialization of energy and gas in Spain.

Corporate and others includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses, net finance costs and inter-segment consolidation adjustments.

Repsol presents its operating segments' results by including the ones corresponding to its joint ventures and other managed companies operated as such, in accordance with the percentage interest held by the Group, considering their business and financial metrics in the same manner and with the same level of detail as for fully-consolidated companies. The Group considers that so doing adequately reflects the nature of its businesses and the way in which their performance is analyzed for decision-making purposes.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called **Adjusted Net Income**, which corresponds to net income from continuing operations at current cost of supply or CCS after taxes and minority interests and not including certain items of income and expense (**Special Items**).

Using the current cost of supply or CCS² method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called *Inventory Effect*. This *Inventory Effect* is presented separately, net of tax and minority interests, and corresponds to the difference between income at CCS and that arrived at using the Average Weighted Cost accounting method (AWC, which is an inventory valuation method used by the Company to determine its results in accordance with *European accounting regulations*).

Likewise, *Adjusted Net Income* does not include *Special Items*, i.e., certain significant items whose separate presentation is considered convenient to facilitate the monitoring of the ordinary business performance.

All of the information presented in this Q3 2019 *Results Earnings Release* has been prepared in accordance with the abovementioned criteria (further explanation may be found in Note 5 of the Repsol's 2018 Consolidated financial statements, with the exception of the information provided in Appendix II "Consolidated Financial Statements" which has been prepared according to the *International Financial Reporting Standards adopted by the European Union (IFRS-EU)*).

Appendix III provides a reconciliation of the segment reported metrics and those presented in the Consolidated Financial Statements (IFRS-EU).

² Although this measure of profit (CCS), widely used in the industry to report the earnings generated in Downstream businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in European accounting standards it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance.

Information and disclosures related to Alternative Performance Measures (APM)³ used on the present Q3 2019 *Results Earnings Release* are included in Appendix III “Alternative Performance Measures” of the interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019 and Repsol’s website.

IFRS 16 Leases:

The new accounting treatment of leases did not have a significant impact on the Group's net income during the first nine months of 2019. However, other financial aggregates have been affected and, for example, operating profit has increased (lower operating expenses) and financial result has decreased (higher finance expenses). The net change in cash has not been altered by the application of IFRS 16, but its classification has: Cash flow from operating activities has increased and cash flow from financing activities has decreased, to the same extent.

In relation to the Alternative Performance Measures (APM) used by the Group (see Appendix III of the *interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019*), the application of IFRS 16 has had several effects: i) EBITDA (“Earnings Before Interest, Tax, Depreciation and Amortization”) has increased as it now includes the expense corresponding to the leases as amortization and finance expense; ii) cash flows from operations have also increased, since from now on they include the cash outflows for leases in flows from financing activities; iii) from January 1, 2019, the calculation of Net debt, Capital employed and the ROACE (“Return on average capital employed”) includes lease liabilities (those recognized in accordance with the previous accounting standard and the new lease liabilities recognized due to the application of IFRS 16); and, to make it easier to monitor the current Strategic Plan and the historic performance of return and debt, the Group also presents these magnitudes excluding the effect of the lease liabilities (criteria followed by the Group up until December 31, 2018).

For further information, see Note 2.2.1 to the *interim condensed consolidated financial statements corresponding to the period ended 30th of September 2019*.

³ In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016.

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The information included in this document is published pursuant to the provision of article 226 of the Spanish Securities Market Law.

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