

WEBCAST – CONFERENCE CALL First Quarter 2016 Results

May 5th, 2016



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First Quarter 2016 Results

AGENDA

1. Progress of the Strategic Plan
2. Market Environment and operational highlights
3. Quarterly results
4. Conclusions



Progress of Strategic Plan

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Progress of Strategic Plan

Update



- ✓ Challenging **macro scenario**
- ✓ **Integrated model** strength
- ✓ Strategic Plan 2016-2020: **Value and Resilience**
 - Capex Optimization
 - Efficiencies and synergies
 - Cash neutrality **break-even ~40\$** in 2016-2017
 - Preservation of **Net Debt** levels after paying dividends

Progress of Strategic Plan

Strategic Commitments Follow up



Efficiency & Synergies Program

	Target 2016	2016 Estimate
Synergies	0.2	0.2
Efficiencies	0.9	1.0
Total [B€]	1.1	1.2

Capex Flexibility^[3]

	Target 16-17	Actual
Repsol Capex [B€]	~3.9	0.8

[3] Target excluding G&G and G&A.

Divestments & Management Portfolio

	Target 16-17	Actual
Divestments [B€]	3.1	2.8^[1]
Production [kboed]	706 ^[2]	714

[1] Includes projected proceed on agreed transactions and other operations.
 [2] 2016 Annual Budget.

Value & Resilience

	Target	Actual
CF Neutrality BE [\$ /boe] ^[4]	~40	~40
E&P FCF BE [\$ /boe]	~65	~65

[4] FCF after interests and dividends (0.5€/share out of 0.8 €/share expected for this year)

Finance Commitments

	Target	Actual
Investment Grade	Maintain	Maintain

Progress of Strategic Plan



Capex in 2016

- ✓ ↓ Exploration
- ✓ Deferral of **non-critical investments**
- ✓ Capture of sector wide **deflation**
- ✓ **Re-visit on-going development** projects

€3.9Bn

Efficiency & Synergies

- ✓ Target represents more than half of the 2018 objective
- ✓ **Upstream:**
 - ✓ 2016 Opex per barrel: ↓ 13%
- ✓ **Downstream:** in line with our targets
- ✓ **Corporation:** in line with our targets

€1.2Bn

Cash Neutrality
break-even

- ✓ Capex reduction
- ✓ Opex efficiency targets
- ✓ Synergies capture

~40\$/bbl

Progress of Strategic Plan

Divestment program



Piped LPG

Sale of another portion of the piped LPG business for 136 M€

- Including September transaction → 800 M€ of proceeds (38M€ in this quarter)
- Will be cashed-in before the end of 2016



Wind Power

Sale of our offshore wind power business in the UK for 238 M€

- Cash from this sale is expected to be received during 2Q 2016



LPG Business

Sale of LPG business in Ecuador and Peru for 335 M\$

- A multiple of approximately 8 times EBITDA

**Repsol has confirmed transactions totaling
€2.8 Bn, close to the target set in the Strategic Plan for 2016-2017**



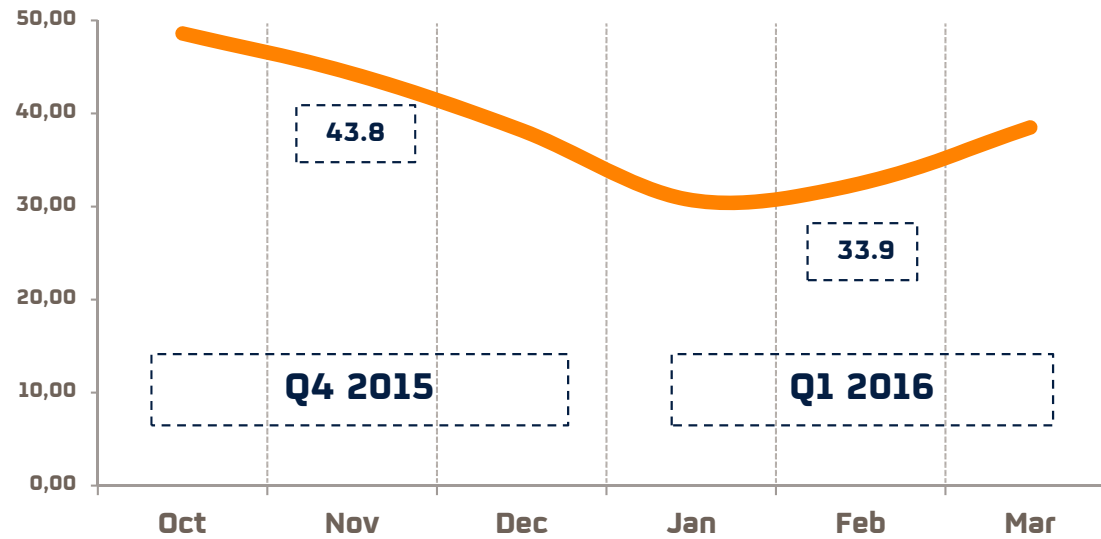
Market environment and
operational activity

2

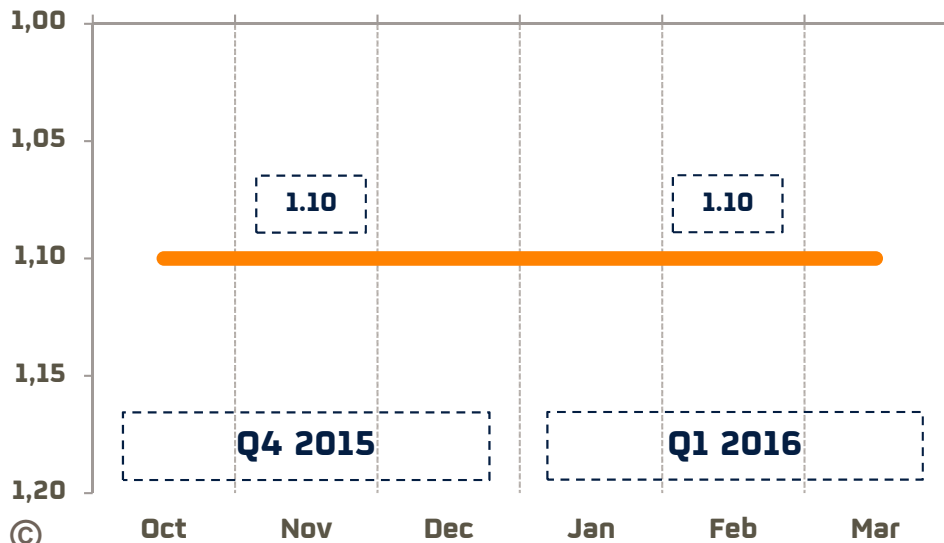
Market environment



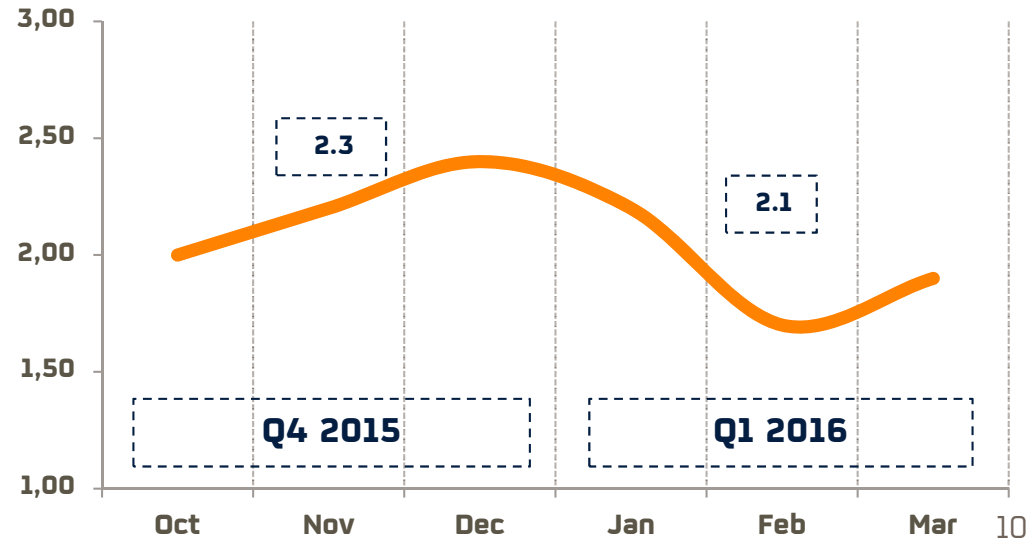
Brent evolution - \$/boe



Exchange Rate - \$/€

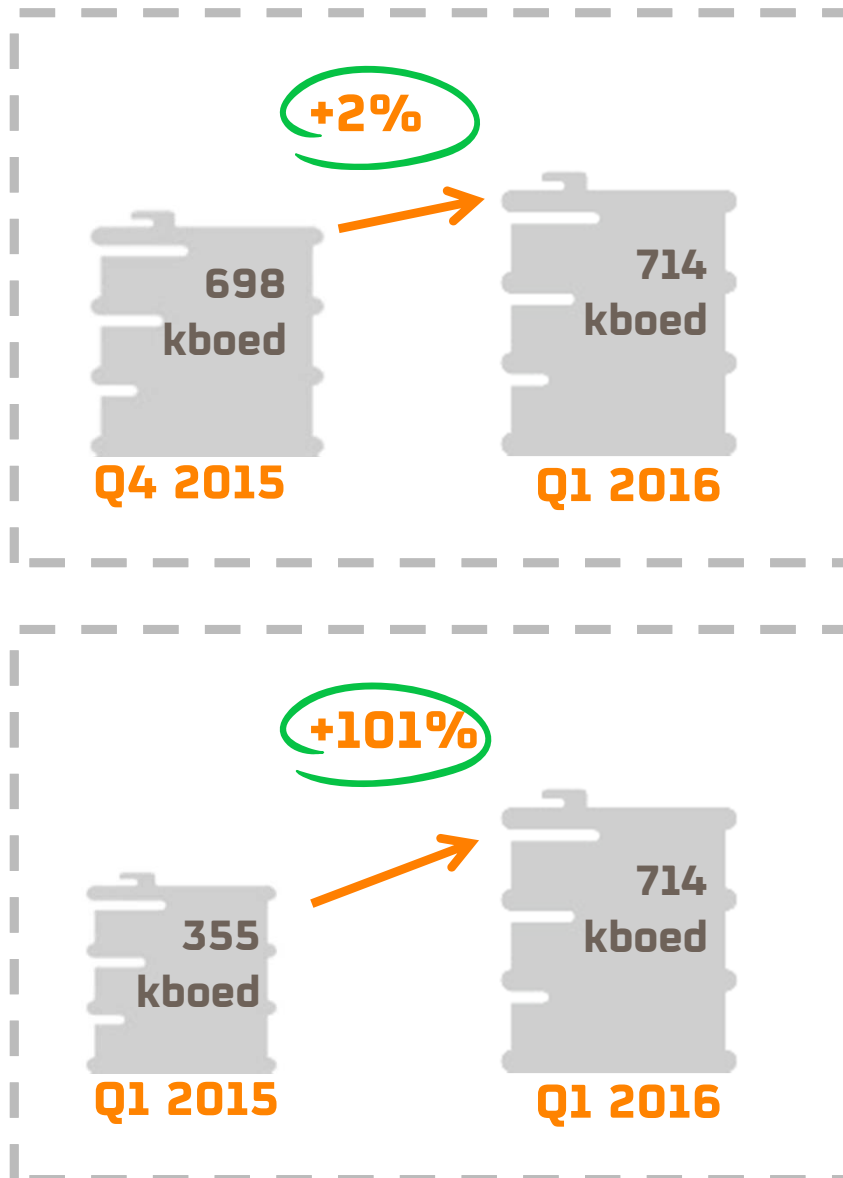


Henry Hub - \$/Mbtu



Operational Activity

Production



-
- Start-up Cardón IV (Venezuela)
 - Ramp-up of Sapinhoá (Brazil)
 - Consolidation of acquired assets
-

Operational activity

Development projects



Sapinhoá

Brazil

- Ramp-up of the second FPSO in Sapinhoá North was completed in April.
- The project has reached a plateau of 270 kboed gross (40Kboed for Repsol)

Operational activity

Development projects



Mon-arb & Flyndre Cawdor **UK**

- Focus on cost efficiency and capex optimization.
- First oil expected in 2017.

Operational activity

Development projects



Alaska

- Armstrong exercised its option to acquire an additional 6% in the development area of the North Slope [assuming operationship]

Operational activity

Exploration



3 exploratory and 2 appraisal wells were completed (1 appraisal with positive results)

IN APRIL:

GAVEA A-1

- ✓ 175m hydrocarbon column
- ✓ Successfully tested
- ✓ Producing:
 - 16 mscf of gas
 - 4 Kboes

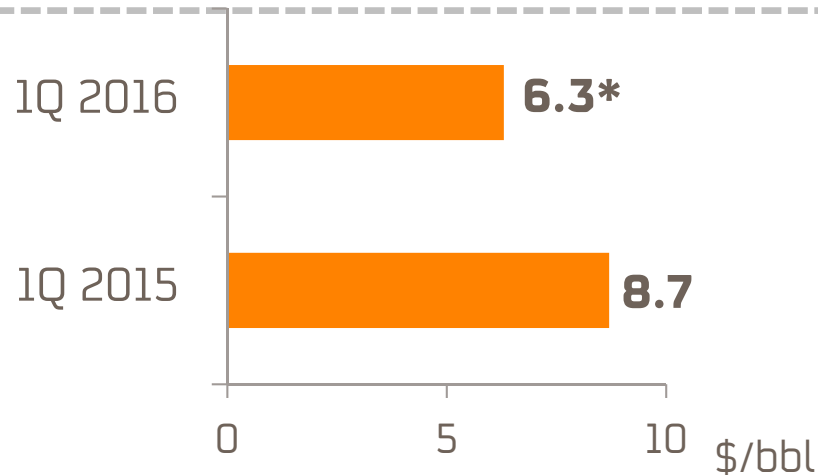


Operational activity

Downstream



Refining Margin Indicator



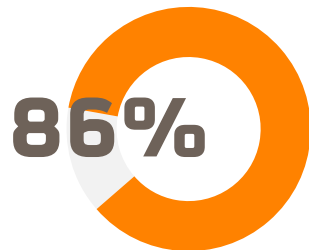
* Actual Refining Margin: 7.3 \$/bbl

Petrochemicals businesses

- High margins and volumes thanks to:
 - Operational improvements
 - Better environment

Utilization rates

1Q 2016



Distillation utilization



Conversion units

Gas & Power

- At break-even level

Commercial businesses

- In line with Q1 15



Quarterly results

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First Quarter 2016 Results



Q1 2016

CCS Adjusted Net Income

Q1 2015

928

Q1 2016

572

% Variation

- 38%

Million €

Net Income

Q1 2015

761

Q1 2016

434

- 43%

Million €

Price environment affects Upstream Results

Strong performance of the Downstream business specially in Chemicals and Refining

Q1 15 results benefited from exchange rate positions maintained as a result of the compensation received from Argentina

Upstream Results

Adjusted Net Income



Q1 2015

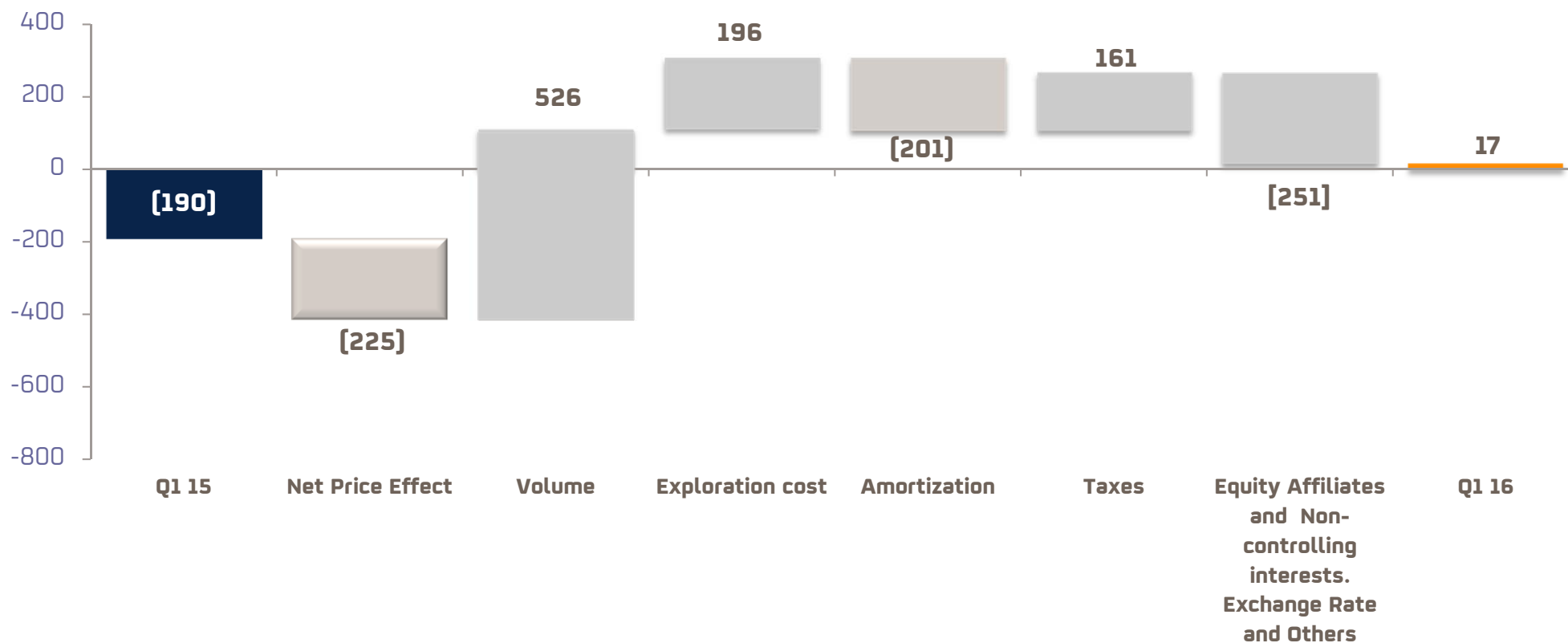
Q1 2016

Adjusted Net Income

-190

17

Million €



Downstream Results

Adjusted Net Income



Q1 2015

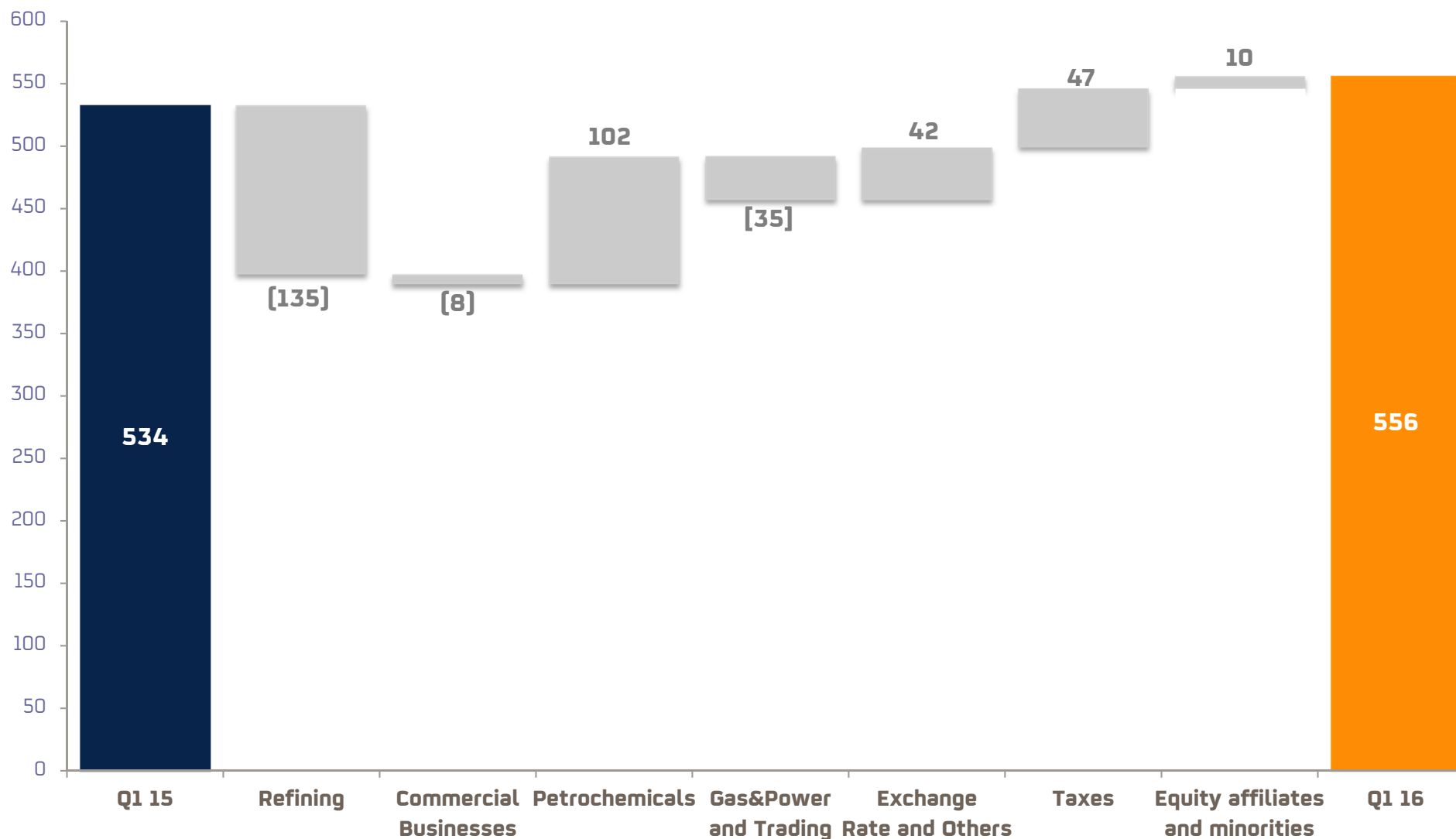
Q1 2016

CCS Adjusted Net Income

534

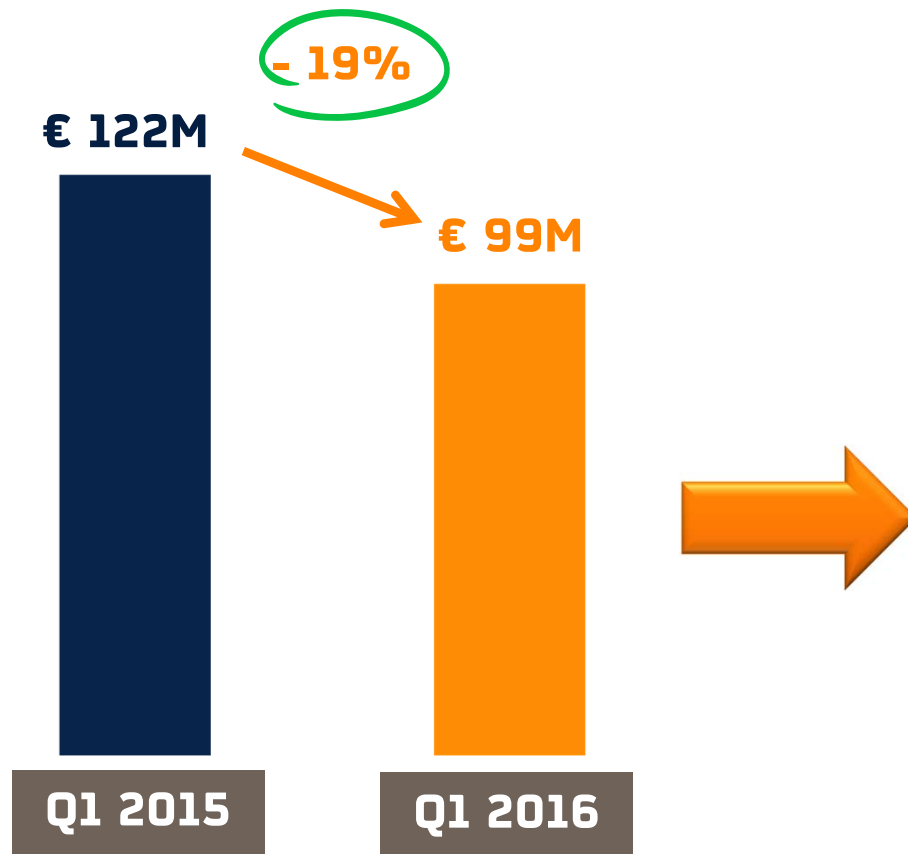
556

Million €



Gas Natural Fenosa Results

Adjusted Net Income



- Lower results in the gas commercialization business

Financial Aspects



Million €

Q1 2015

Q1 2016

Net Financial Result

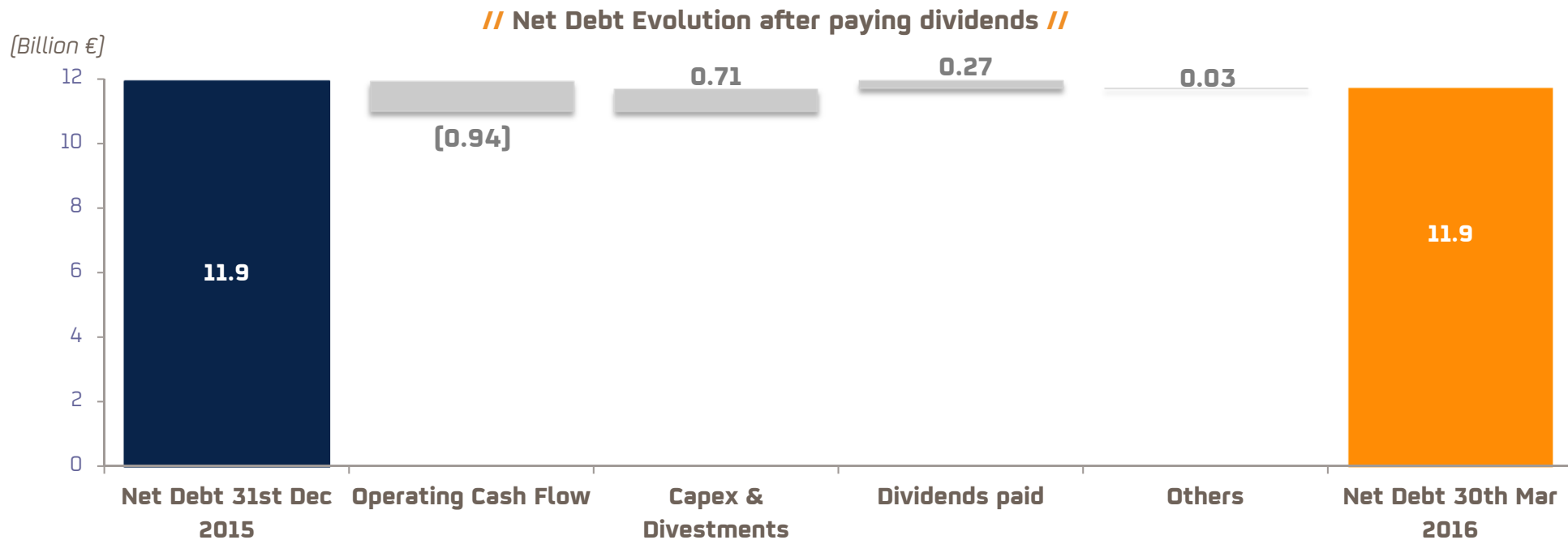
655

-77

- Positive results from **Exchange rate** positions in 1Q15

Fitch, Standard and Poor's and Moodys confirmed Repsol Investment Grade

S&P revised its assessment on Repsol's 2Bn€ hybrids bonds and restored the "intermediate equity" content





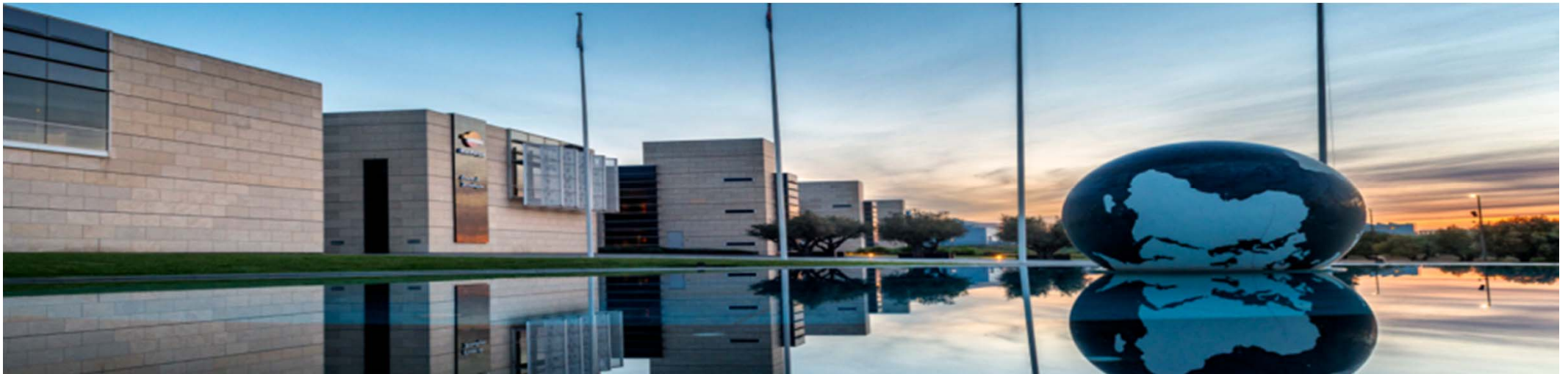
Conclusions

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Conclusions



- ✓ **Net Income:** Strong in a volatile market
- ✓ **Net Debt:** Stable post dividends
- ✓ **Strategy:** On target and making progress
- ✓ **Production:** Double compared to Q1 15
- ✓ **Cash Flow:** Downstream as FCF generator
- ✓ **Portfolio:** As of today €2.8 Billion in disposals



Q&A Session

First Quarter 2016 Results

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