



# *Repsol YPF Downstream Business*

---

---

November 18th, 2005

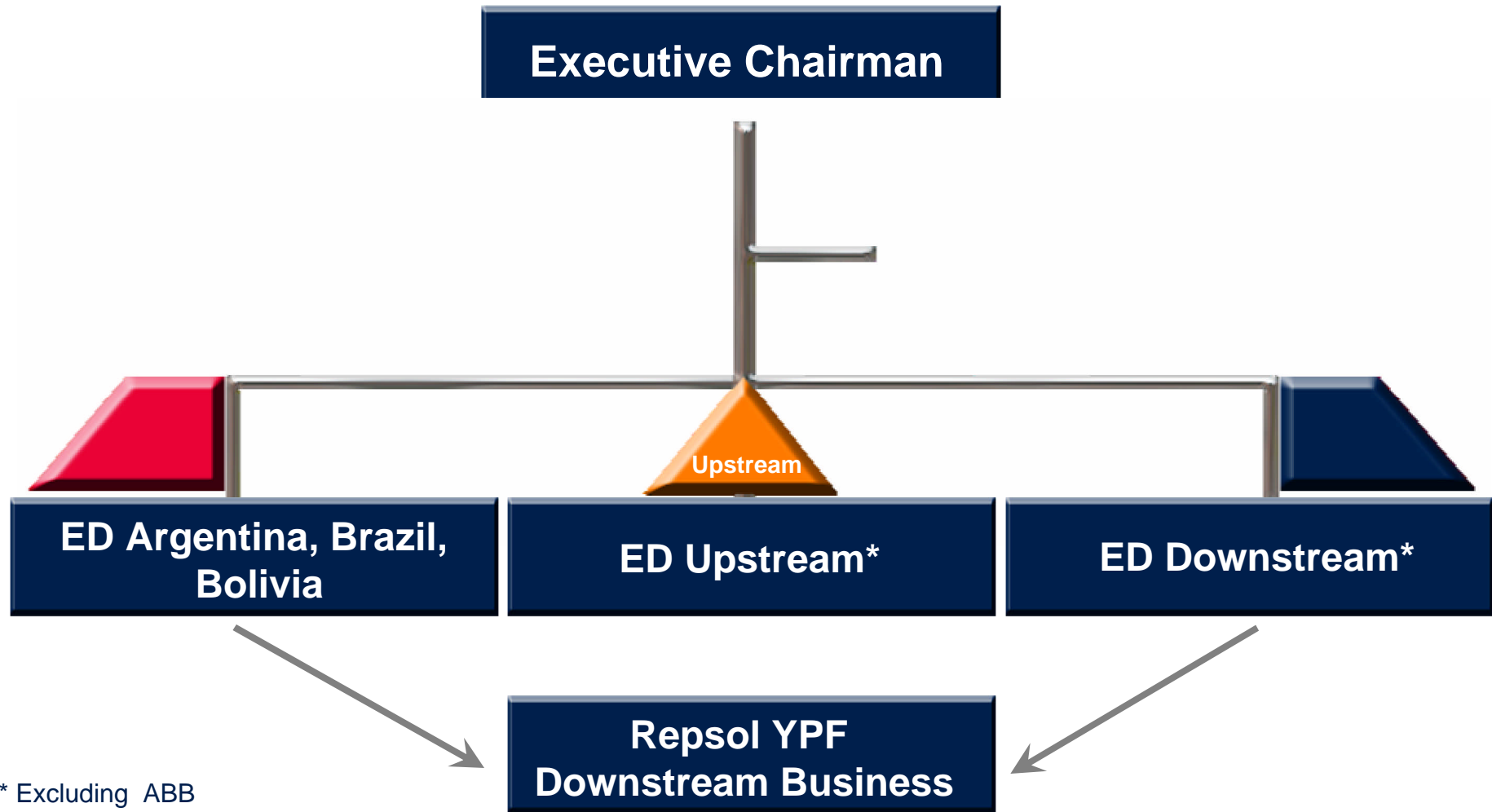
***Safe harbor statement under the Private Securities Litigation Reform Act of 1995:***

***This document contains statements that Repsol YPF believes constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may include statements regarding the intent, belief or current expectations of Repsol YPF and its management, including statements with respect to trends affecting Repsol YPF's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures, cost savings, investments and dividend payout policies. These statements are not guarantees of future performance and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol YPF's control or may be difficult to predict.***

***Repsol YPF's future financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volumes, reserves, capital expenditures, cost savings, investments and dividend payout could differ materially from those expressed or implied in any such forward-looking statements. Such factors include, but are not limited to, currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental and regulatory considerations and general economic and business conditions, as well as those factors described in the filings made by Repsol YPF and its affiliates with the Comisión Nacional del Mercado de Valores in Spain, the Comisión Nacional de Valores in Argentina and the Securities and Exchange Commission in the United States; in particular, those described in Section 1.3 "Key Information about Repsol YPF? Risk Factors" and Section 3 "Operating and Financial Review and Prospects" in Repsol YPF's annual report on Form 20-F for the fiscal year ended December 31, 2004 filed with the Securities and Exchange Commission.***

***Repsol YPF does not undertake to publicly update or revise these forward looking statements even if experience or future changes make it clear that the projected results or condition expressed or implied therein will not be realized.***

# New organization



\* Excluding ABB

# Repsol YPF Downstream: Consolidated figures



2004 figures

ED ABB

+

ED Downstream

=

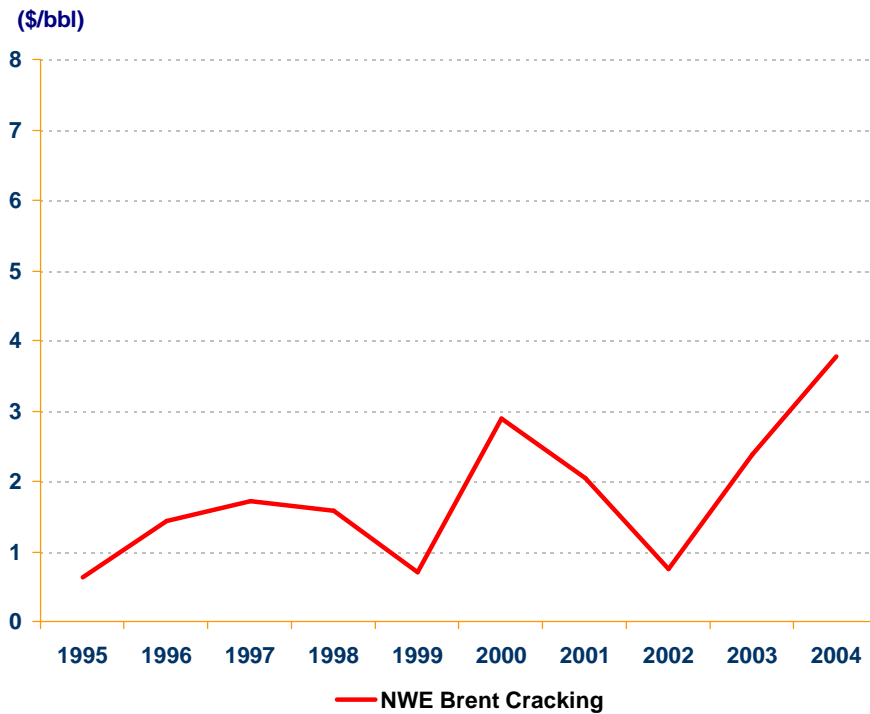
TOTAL

Refining capacity (kbpd)	392	842	1,234
Conversion Index (% FCC)	65	38	47
Number of outlets	2,370	4,543	6,913
Marketing sales volume (kt)	15,073	39,895	54,968
LPG sales volume (kt)		3,217	3,217
Chemicals sales volume (kt)	1,803	2,301	4,104

# Positive momentum

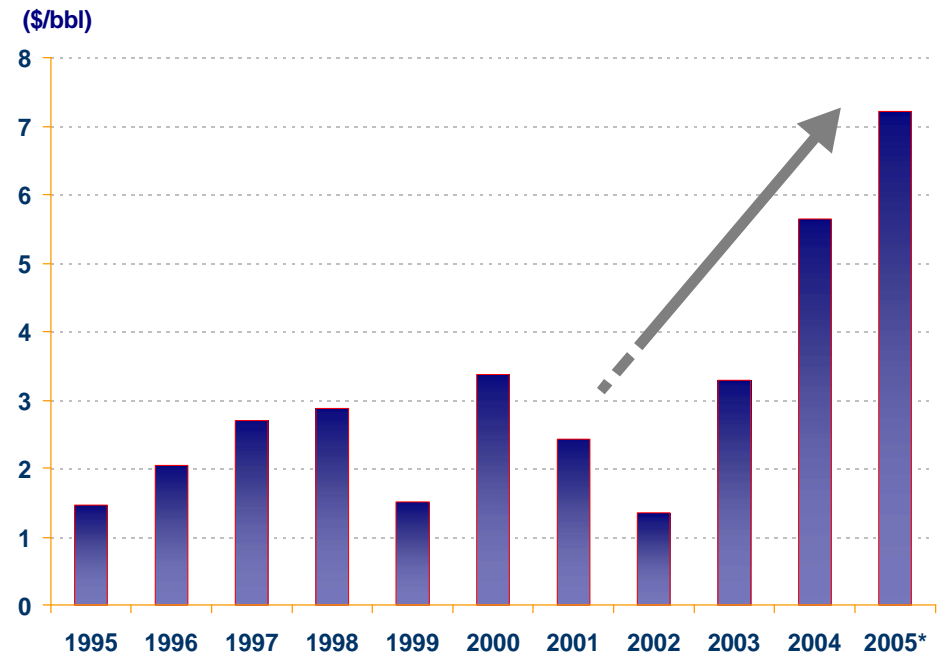


### Refining margin evolution



Source: Oil Market Report

### Repsol YPF refining margin (\*)



(\*) Refining margin index in Spain. Year 2005: Jan-Sep

# Improved business environment

---



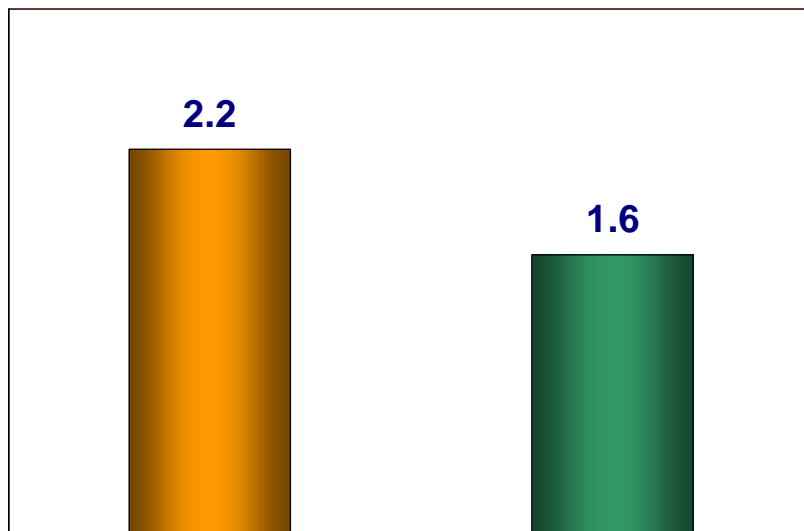
- High crude oil prices (supply constraints, large product demand, freights, ...)
- Available crude oils evolve to poorer quality. Higher light-heavy crude oil spreads
- Demand for light petroleum products will continue increasing, above all in middle distillates. Higher light-heavy product spreads
- Existing refining capacity saturation. Utilization rates close to technical maximum, above all in EU and USA
- Need for larger conversion capacity, to balance middle distillates production and demand
- Deficit of demand coverage, worsened by the tightening of product specifications
- Demand for chemical products will rise more than GDP

**Positive Margins outlook**

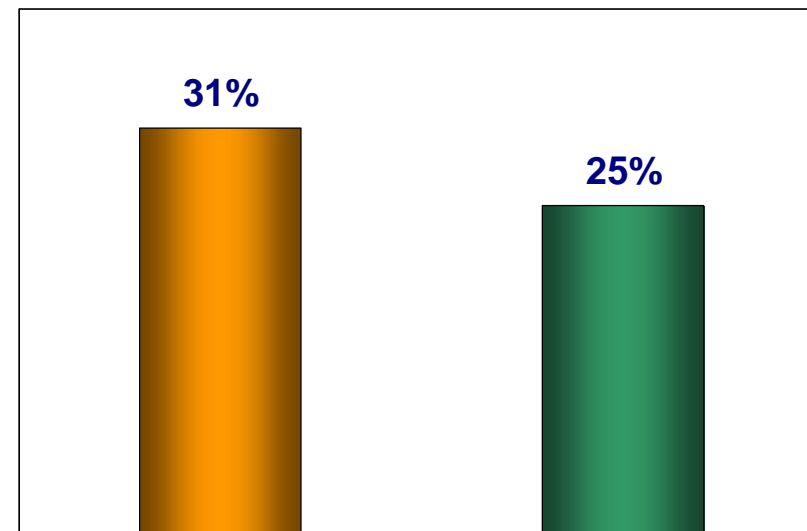
# Downstream relevant in the Repsol YPF portfolio



Refining capacity / Crude Oil production (2004)



% Capital employed in Downstream (1) (2004)



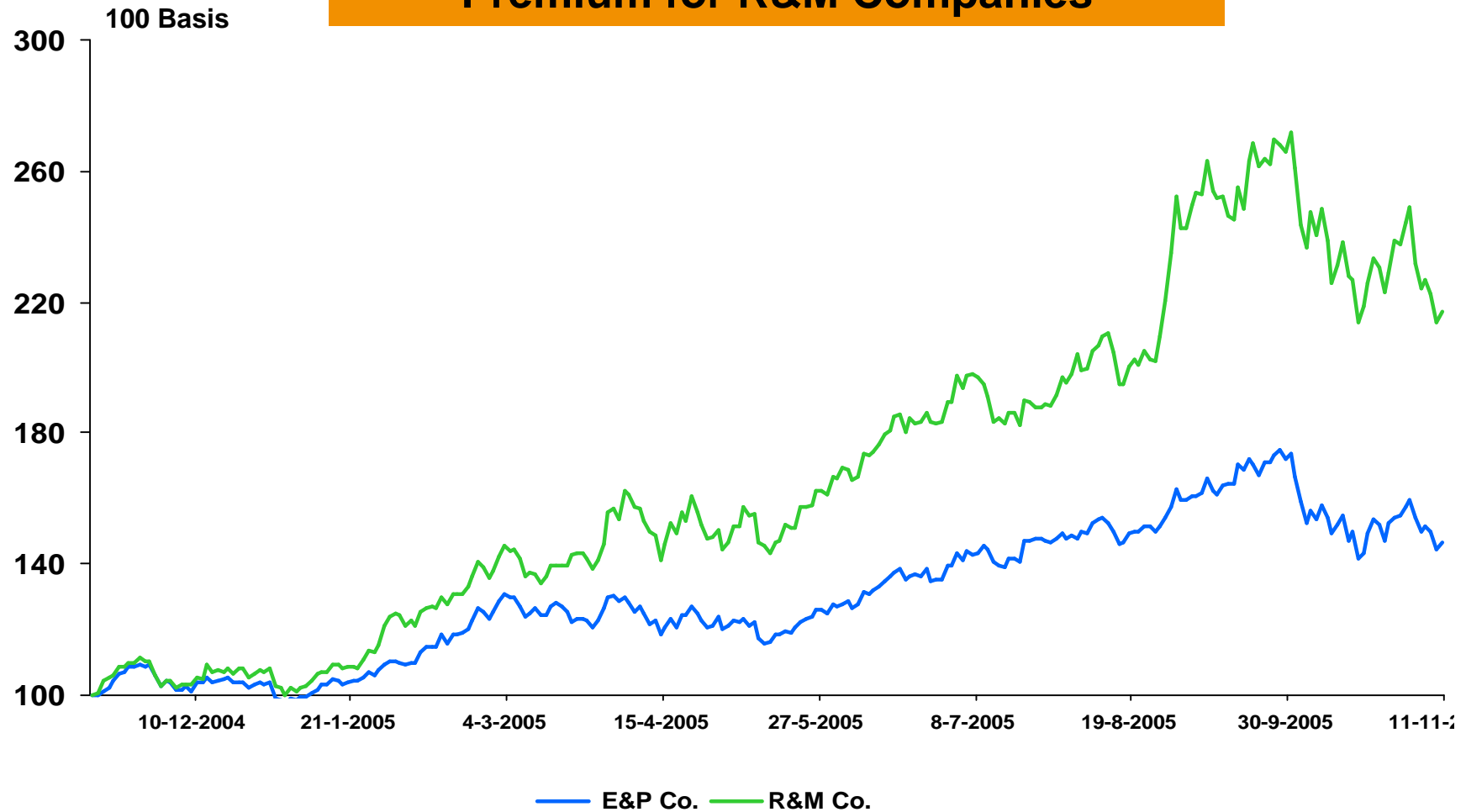
Repsol YPF



IOC's average (XOM, RDS, BP, COP, Total, CVX, ENI, STO)

(1) Chemicals not included

## Premium for R&M Companies



E&P Co. includes: Noble, Occidental, EOG, Amerada Hess, Burlington, Pioneer, Apache, Devon, Anadarko, Kerr McGee  
R&M Co. includes: Frontier, Valero, Sunoco, Tesoro



## Strengths

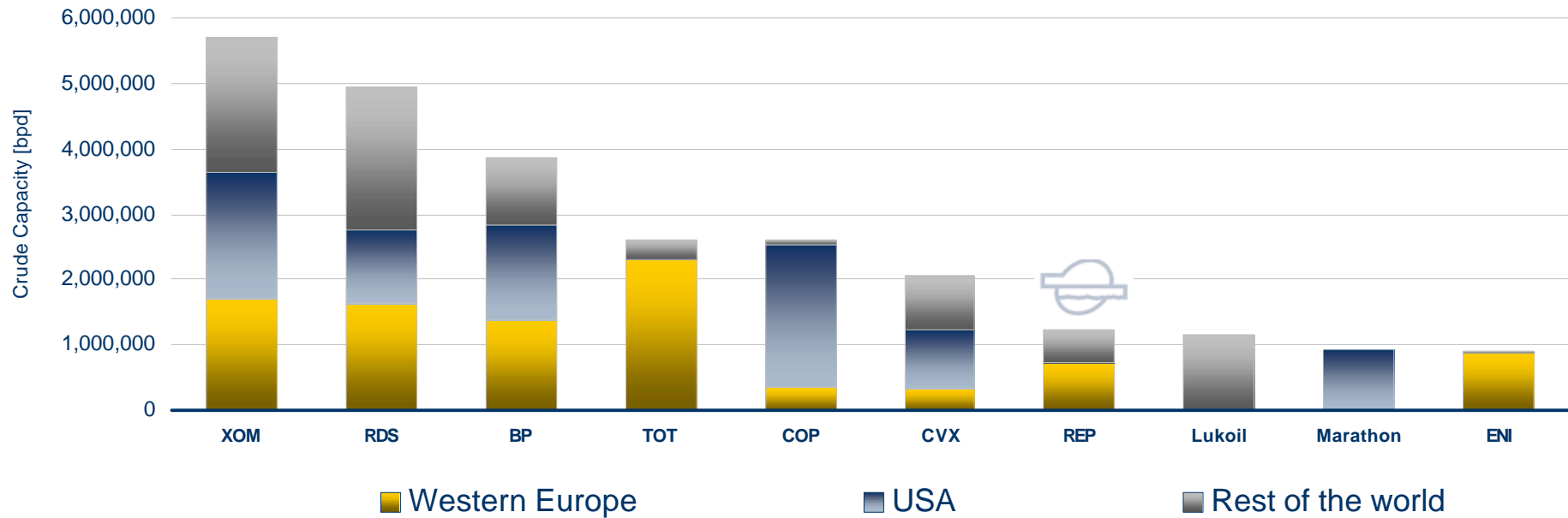
- People quality
- Integrated business in two large areas
- **Leading and high performance downstream positions**
- Atlantic Basin LNG; Gas Natural relationship
- Unique position in an improving Argentina
- Strong North African portfolio
- Excellent NOC relations in key areas

## Challenges

- Increase shareholder returns
- Replace reserves
- Improve margins
- Reinvest successfully
- Diversify geographically
- Reinforce credibility
- Become outward looking, more commercial and international
- Attract and retain talent

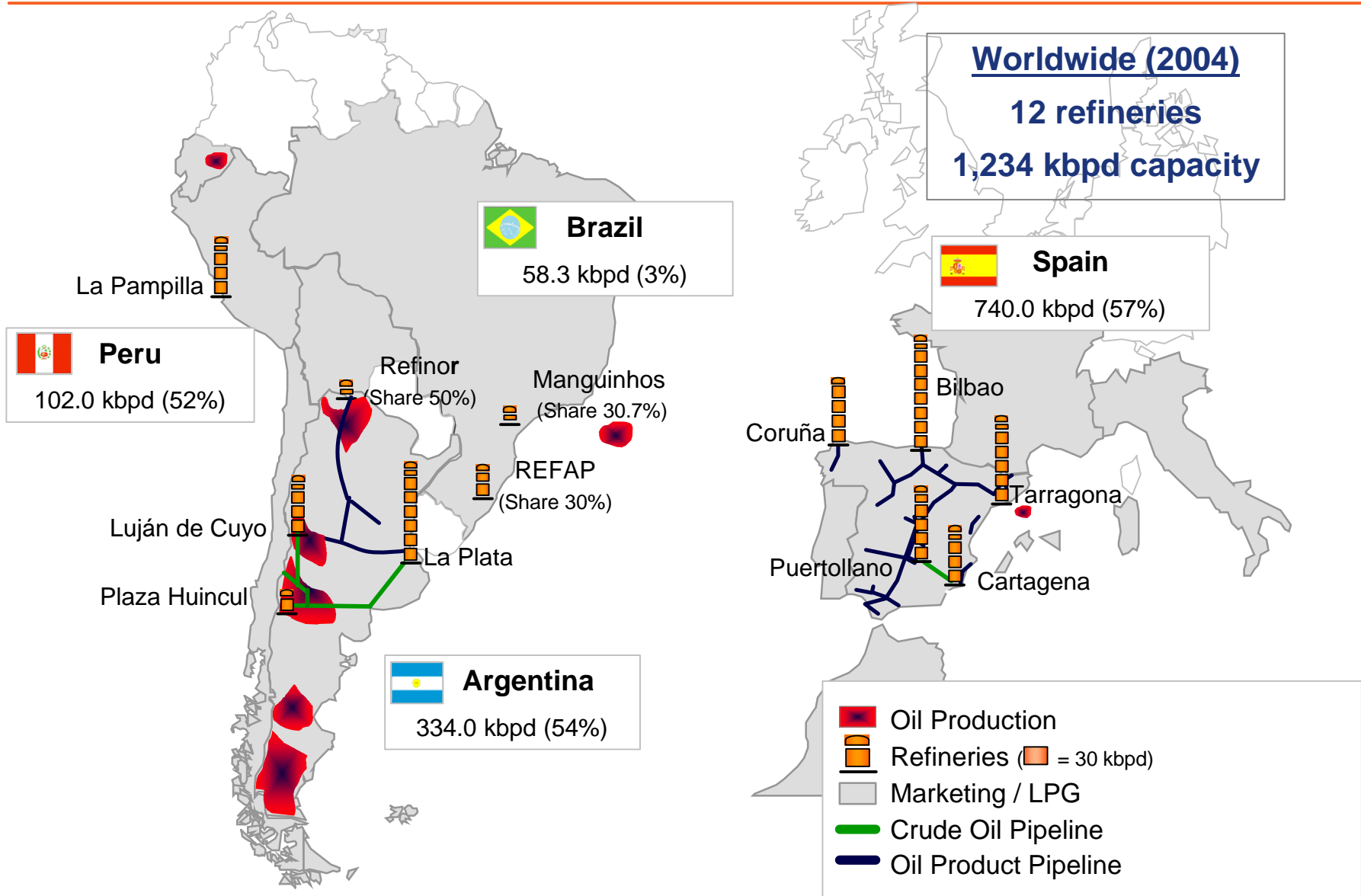
**Transformation is a must**

# IOC's refining capacity



Source: Oil & Gas Journal (as of January 1, 2005)

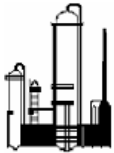



# Flexible & integrated refining systems



(%): Country production share

# Integration across Downstream



 <b>Repsol YPF Refineries</b>	Refining Integration			
	 <b>Marketing</b>	 <b>Chemicals</b>	 <b>Lube Oils</b>	<b>Asphalt</b>
<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	●			●

# Refining system advantages

---



## Global

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

## Europe

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

## Latin America

- Strong structural position**
- Superior logistics**
- Integration with crude oil own production**

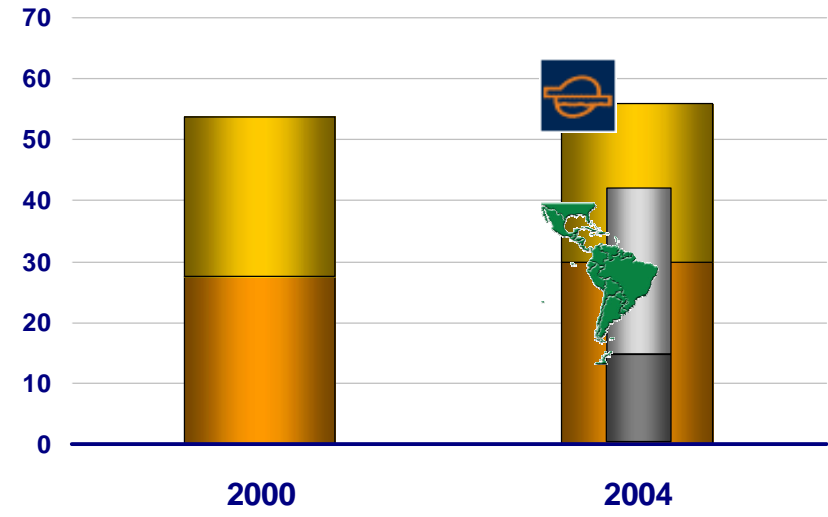
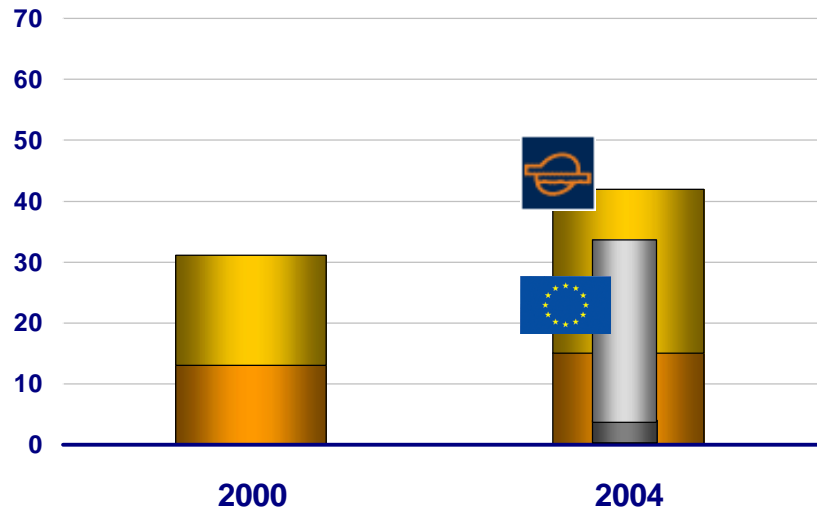
# Refineries worldwide & high complexity



## Conversion Index (%, equivalent FCC capacity / topping)

### Western Europe

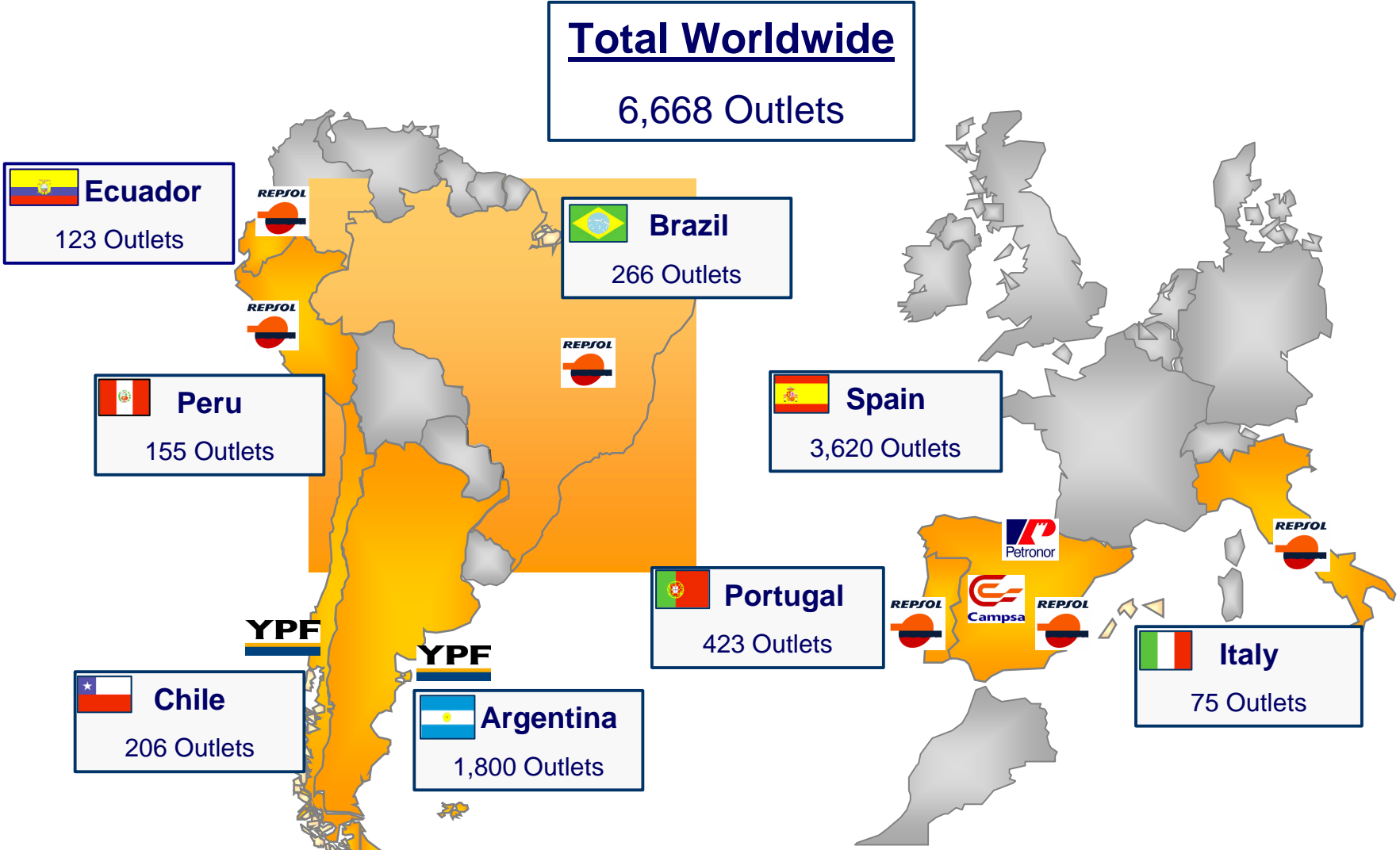
### Latin America



Residue conversion
  Vacuum Gas oil conversion

Repsol YPF indices include all assets with more than 25,000 bpd of consolidated topping capacity  
 Source: WE and Latin America Average based on capacities from O&G Journal 2004

# Repsol YPF position in Marketing

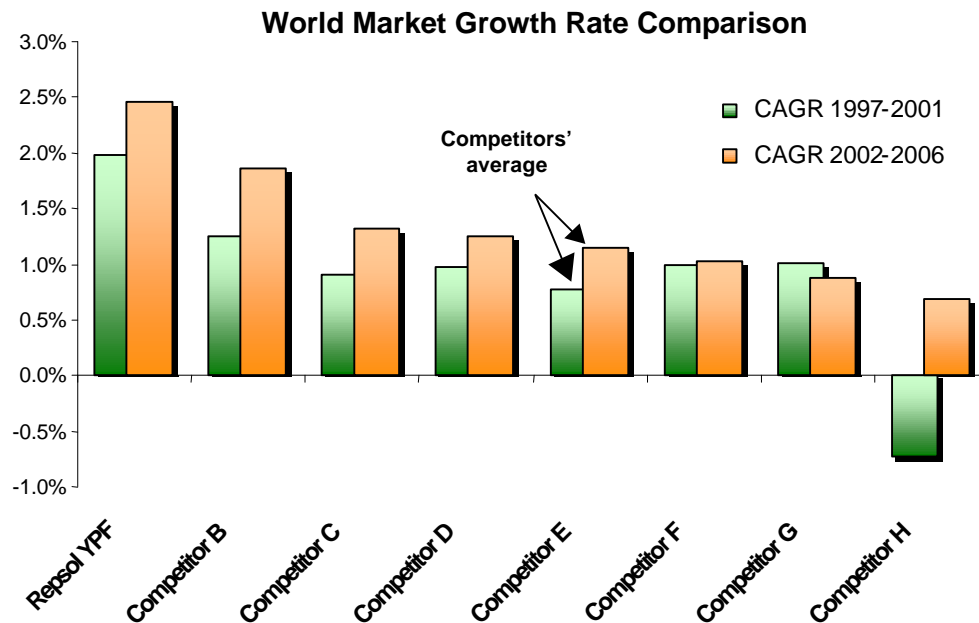


As of September 2005

# Marketing location advantages



## Higher Growth Potential than Competitors



- The markets in which Repsol YPF has a retail position have shown a strong combined growth of 2.0% in recent years
- Key competitors' market portfolios experienced less than half this growth rate

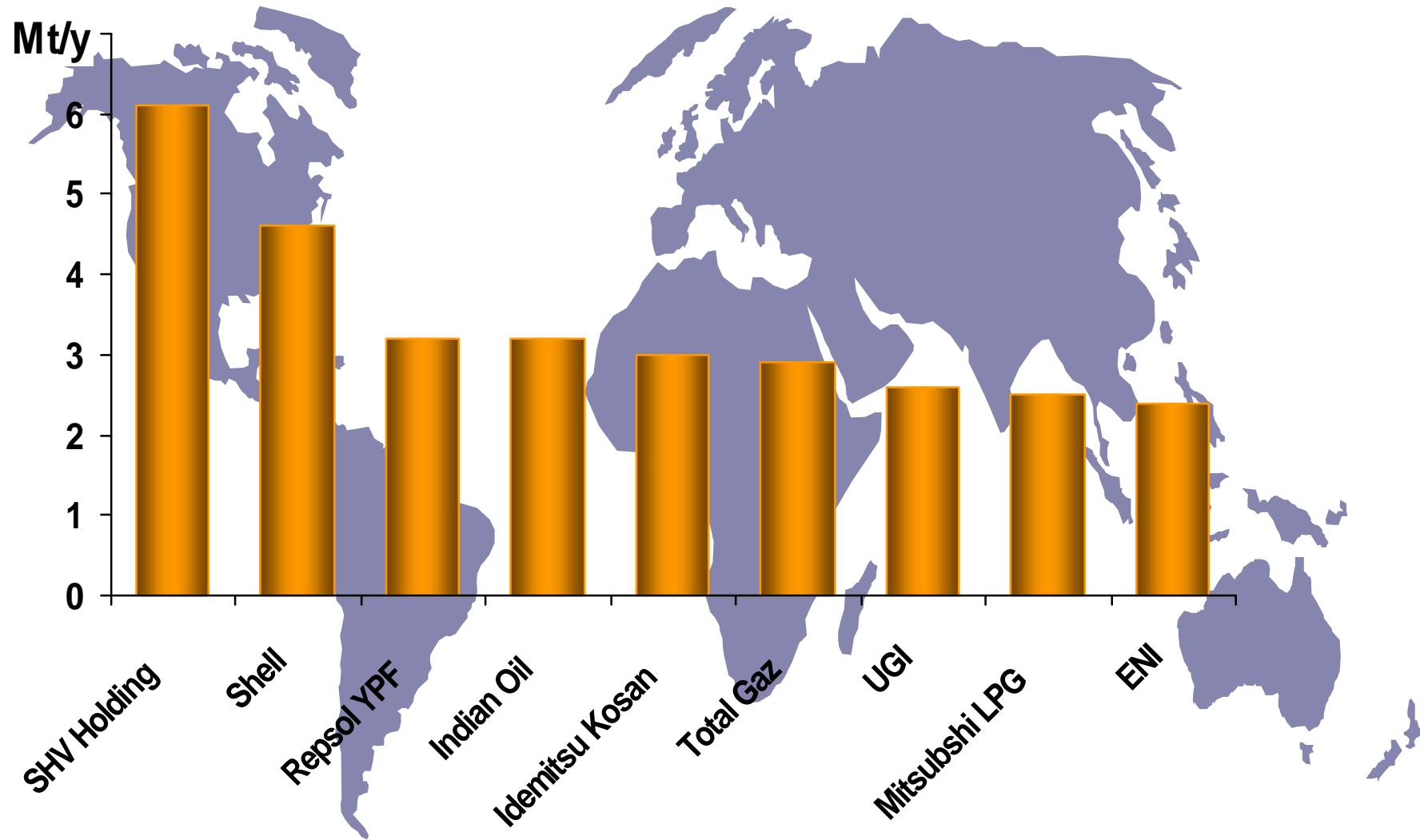
*Growth in demand for gasoline and gas-oil, based on only those markets where the companies are present. Companies in «average» are: ENI, Total, RDS, XOM, CVX, COP, BP*

Source: PFC Energy



LPG:

#3 worldwide with integration possibilities

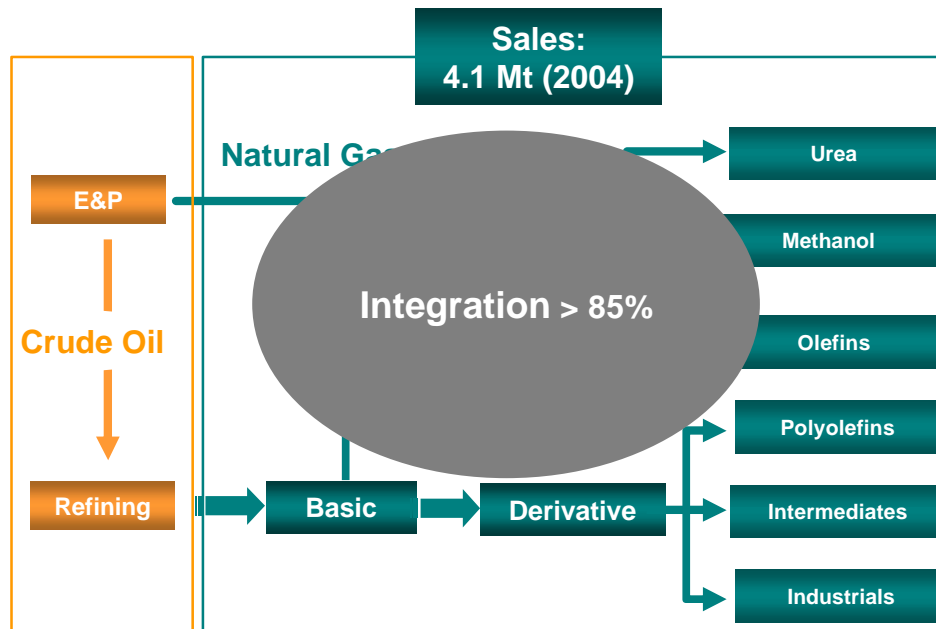


Source : Companies annual report

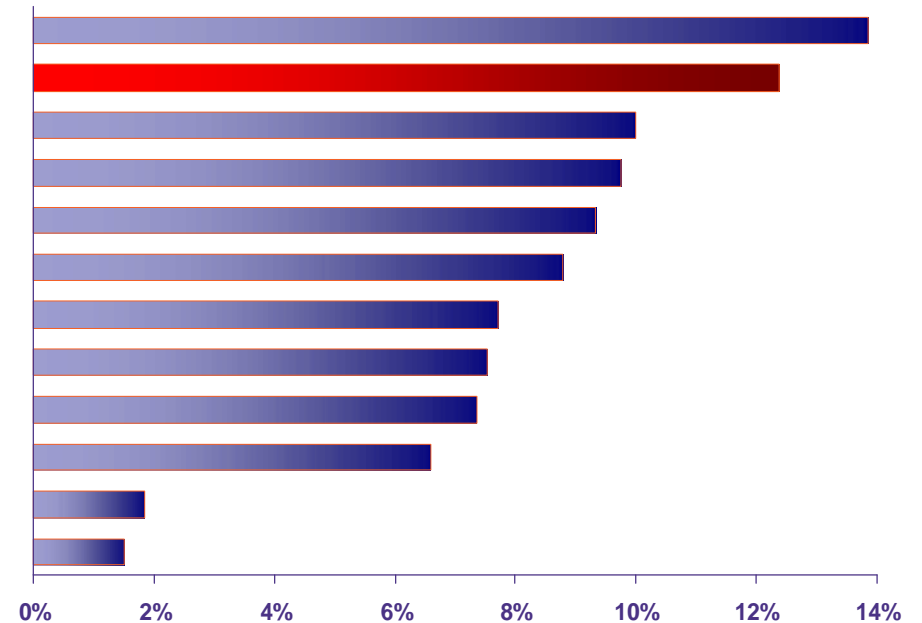
# Chemicals: focused on integration & profitability



## Integration: From Oil & Gas to Derivatives



## ROCE after taxes (%) (Average 1995-2004)



ROCE = After Tax Operating Income / Average Capital Employed

- Repsol YPF
- Competitors: XOM, DSM, Solvay, BASF, DOW, BP, Bayer, Borealis, RDS, Enichem, Celanese

# Repsol YPF Downstream: A future of growing profitability



## Organic growth

- Focus on upgrading and expansion of existing sites to meet demand and capture improving margins
- High marginal profitability on the incoming projects (cokers, hydrocrackers, distillation capacity, ...)

## New opportunities

- Complementing the existing asset base with new projects in Mediterranean & Atlantic basins
- Demanding hurdle rates to ensure value creation (Tupras,...)
- Several opportunities under study (Shell LPG, Morocco, ...)

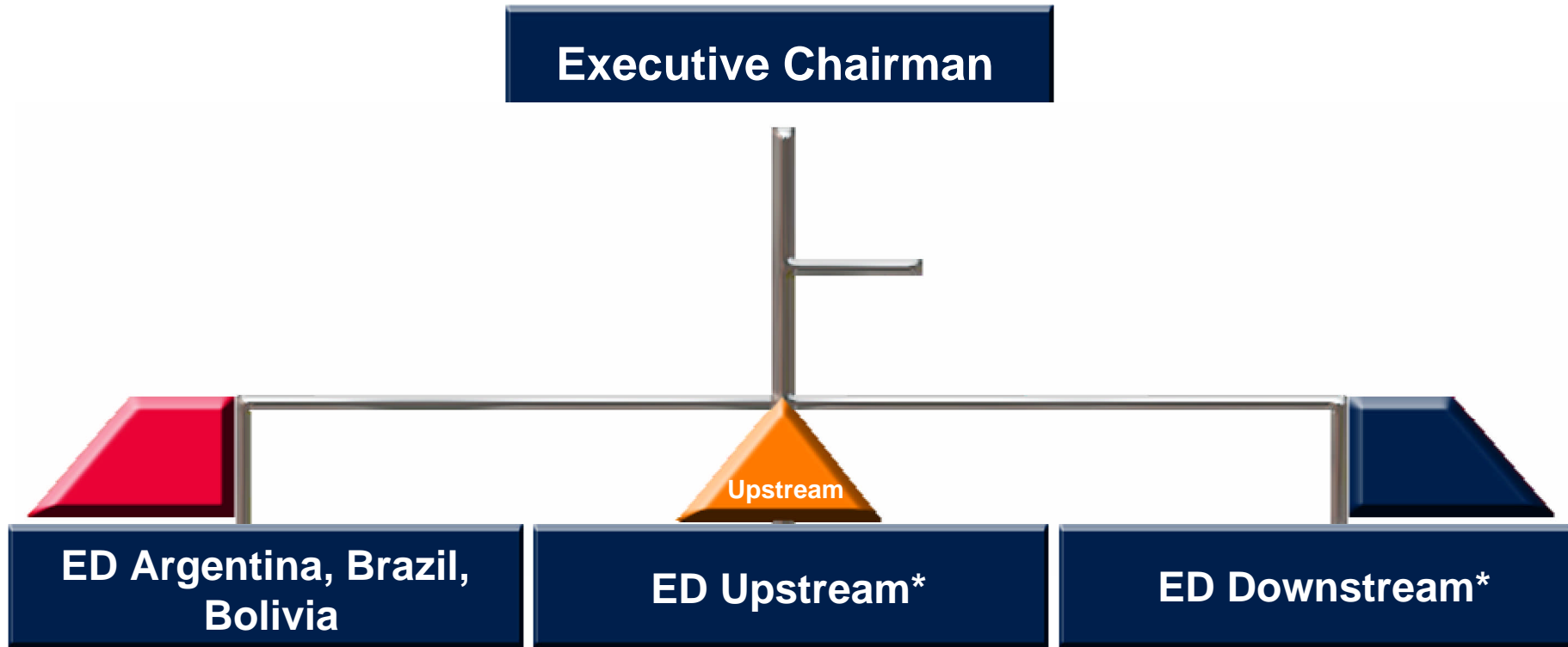
## Improving the portfolio

- Reshuffling business in some countries
- Divesting non strategic/low profitability assets

## Maximizing competitiveness

- Intensification of cost savings
- Synergies based on integration
- Reduction in raw material “mix” cost (heavier & sourer crude oils)
- Increase of sales price “mix” (natural markets & product differentiation)
- Technological development
- Operating excellence

# New organization



\* Excluding ABB