

**REPSOL  
YPF**



**1<sup>st</sup> QUARTER 2005  
PRELIMINARY RESULTS**

**WEBCAST-CONFERENCE CALL  
14.00 H CET**

**May, 12<sup>th</sup> 2005**

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*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 with respect to trends affecting Repsol YPF's financial condition, results of operations, business, strategy, production volume and reserves, as well as Repsol YPF's plans with respect to capital expenditures and investments. 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.*

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*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.*

*The financial information presented in this document has been prepared on the basis of all International Financial Reporting Standards (IFRSs) and Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) effective for the year ended 31 December 2005 and it has not been audited. In this respect, all of the following should be noted:*

- This information has been prepared on the assumption that current IFRSs will all be timely endorsed by the European Commission (EC). The failure of the EC to endorse some of these standards and interpretations could result in the need to make changes to the information presented in this document.*
- Standards currently in issue and adopted by the European Union are subject to interpretations issued from time to time by the IFRIC. Also, further standards might be issued by the IASB that may be applicable for financial years beginning on or after 1 January 2005.*
- IFRSs have recently undergone a significant revision process and are currently being applied in the European Union and in a large number of countries simultaneously for the first time. Accordingly, there is not yet a significant body of well established practice and detailed regulation on which to base the resolution of certain technical issues occasionally arising during the application of these standards to fact patterns not specifically addressed by IFRSs.*
- Changes arising from any of the above listed items or from the evolution of industry practice might also impact certain decisions and interpretations currently adopted by the Repsol YPF Group for the preparation of the information contained in this document.*





# 1<sup>st</sup> Quarter Results

*Luis Mañas*  
*Director Corporativo Financiero*



***Strategy Day on 31<sup>st</sup> May 2005***

### ❑ Repsol YPF particularly affected:

- Key magnitudes:  Initial net worth ↓↓  
Net income ↑↑
- Ratios with accounting values:  Debt Ratio ↑↑  
ROCE, ROE ↑↑

- ❑ IFRSs do not have an impact on cash flows. Therefore, strategy, Valuation and Financial strength will remain unchanged
- ❑ Objectives will need to be restated according to new accounting magnitudes

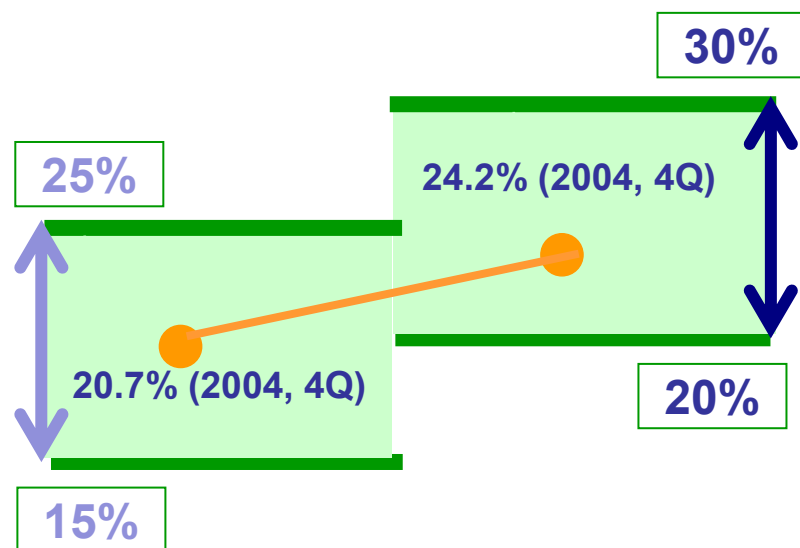
# Financial structure and debt ratios

Redefining net debt/Book capitalization objectives

## Net Debt

Spanish  
GAAP

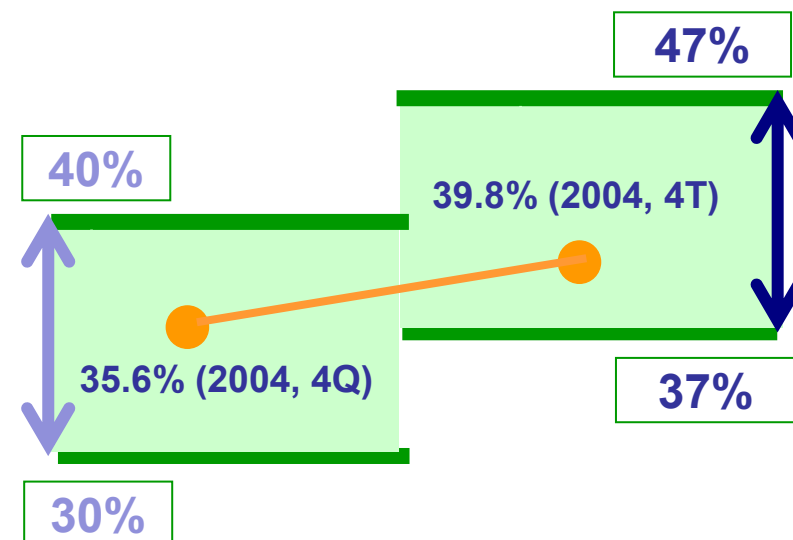
IFRS's



## Net Debt + Pref. shares

Spanish  
GAAP

IFRS's



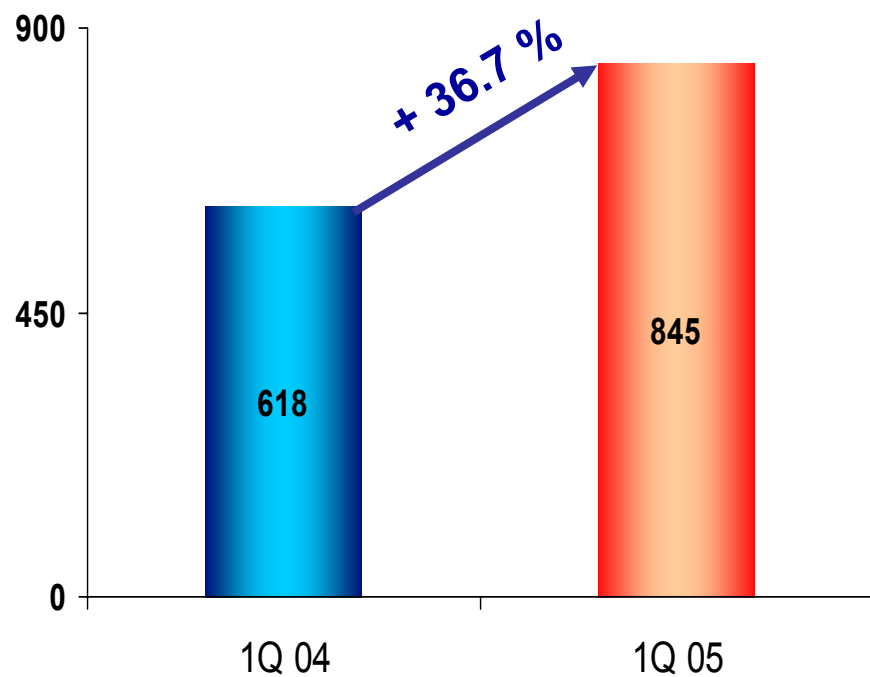
The exact translation of indicative ranges results in the following figures:

- Net debt / Book capitalization: 20.2% – 30.7%
- (Net debt + Pref. shares) / Book capitalization: 37.5% – 47.5%

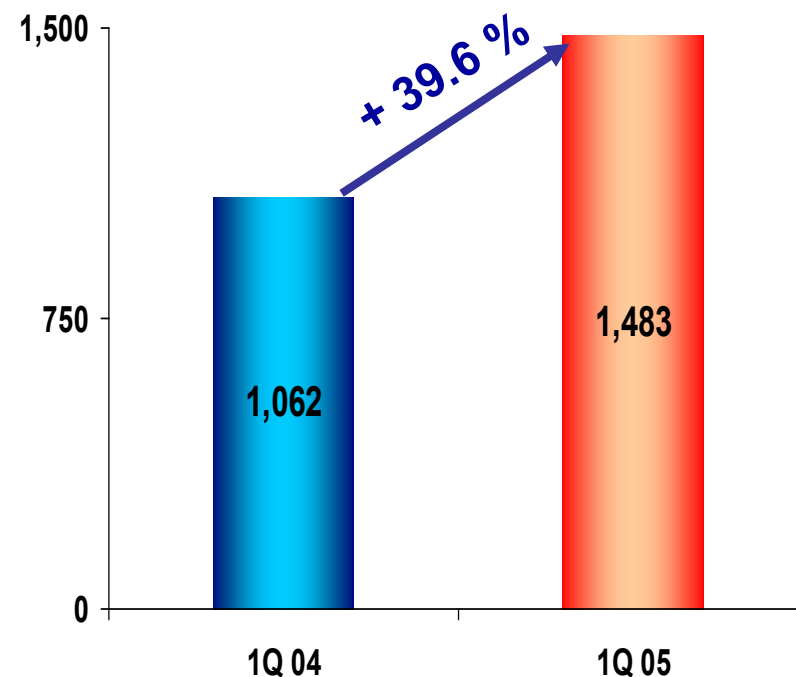
- *Strong operating performance*
- *Volume growth in all our business*
- *High crude oil prices*
- *Historically high refining margins*
- *Petrochemical margins above mid-cycle*
- *Weaker marketing and LPG margins*
- *Slightly higher tax rate*



## Net Income

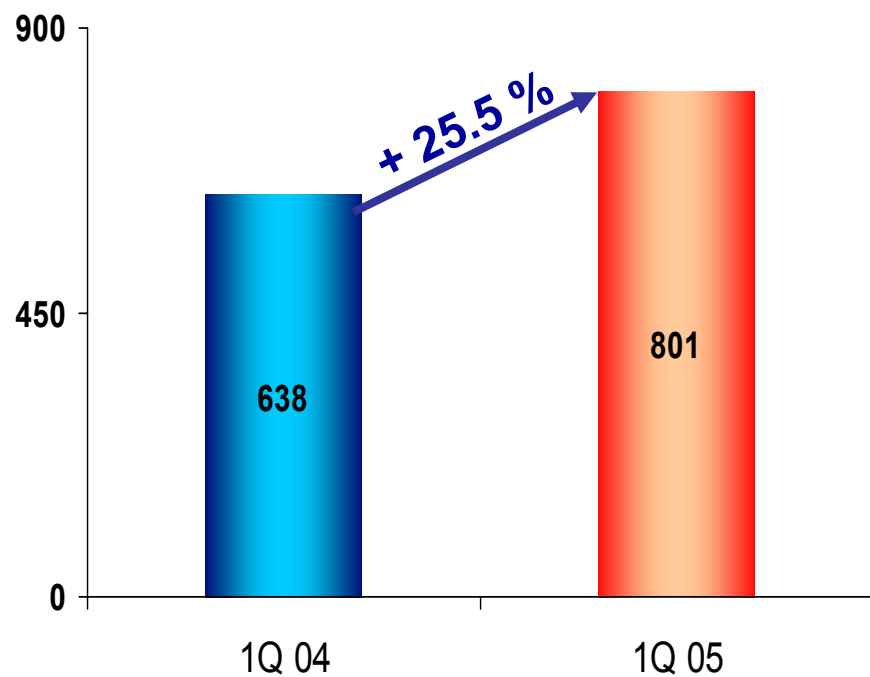


## Income from operations

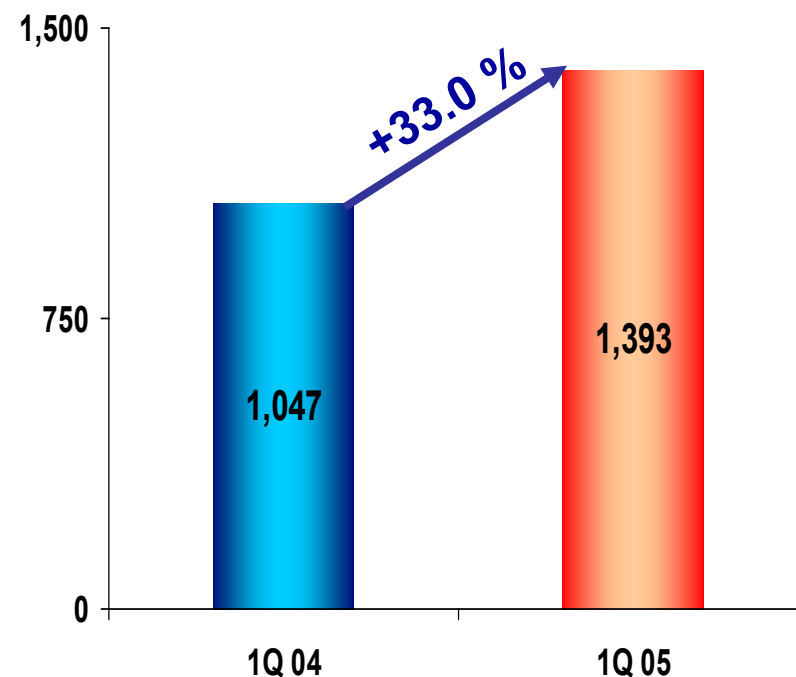


Million Euro

## Adj. Net Income

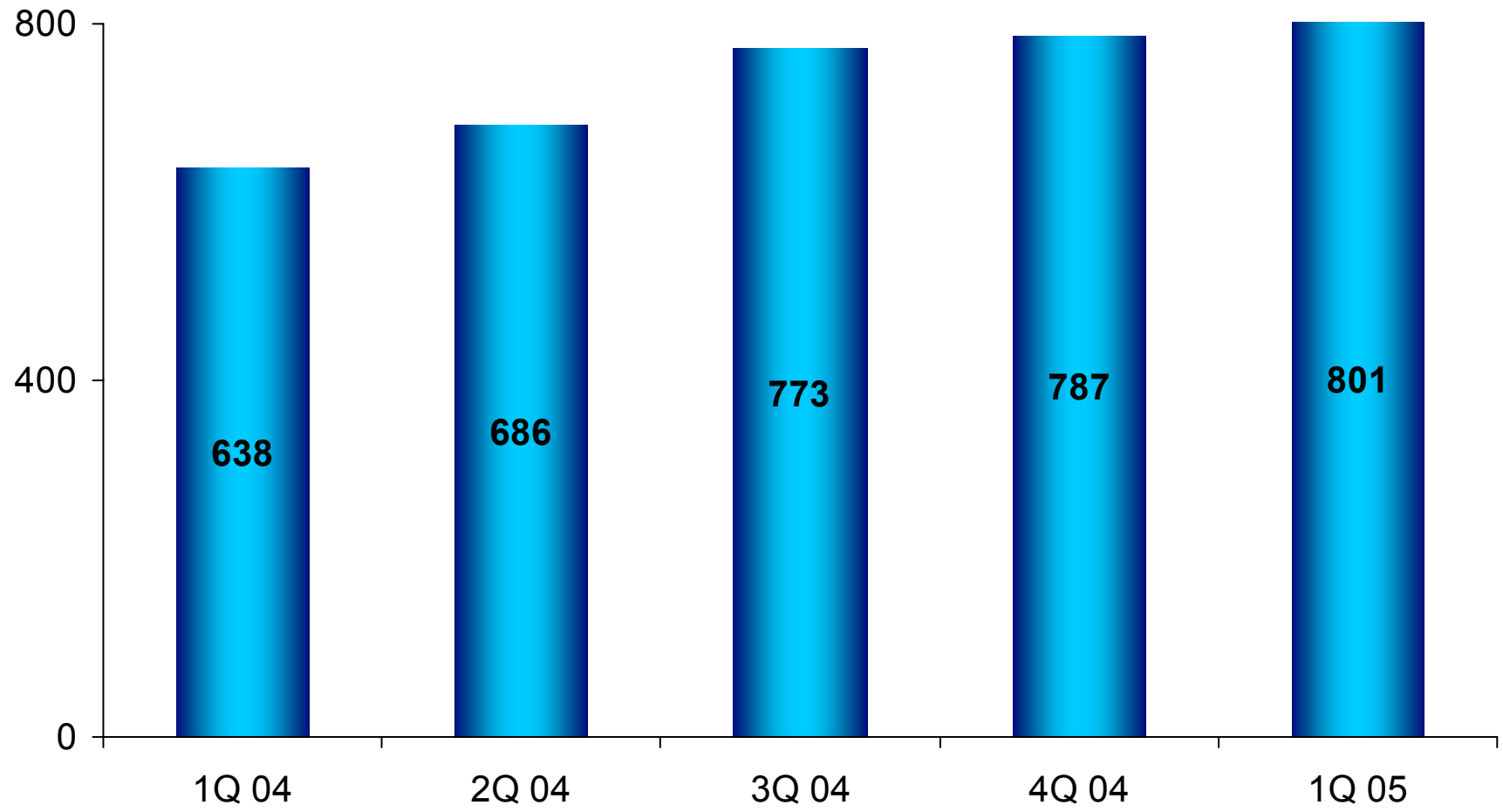


## Adj. Income from operations

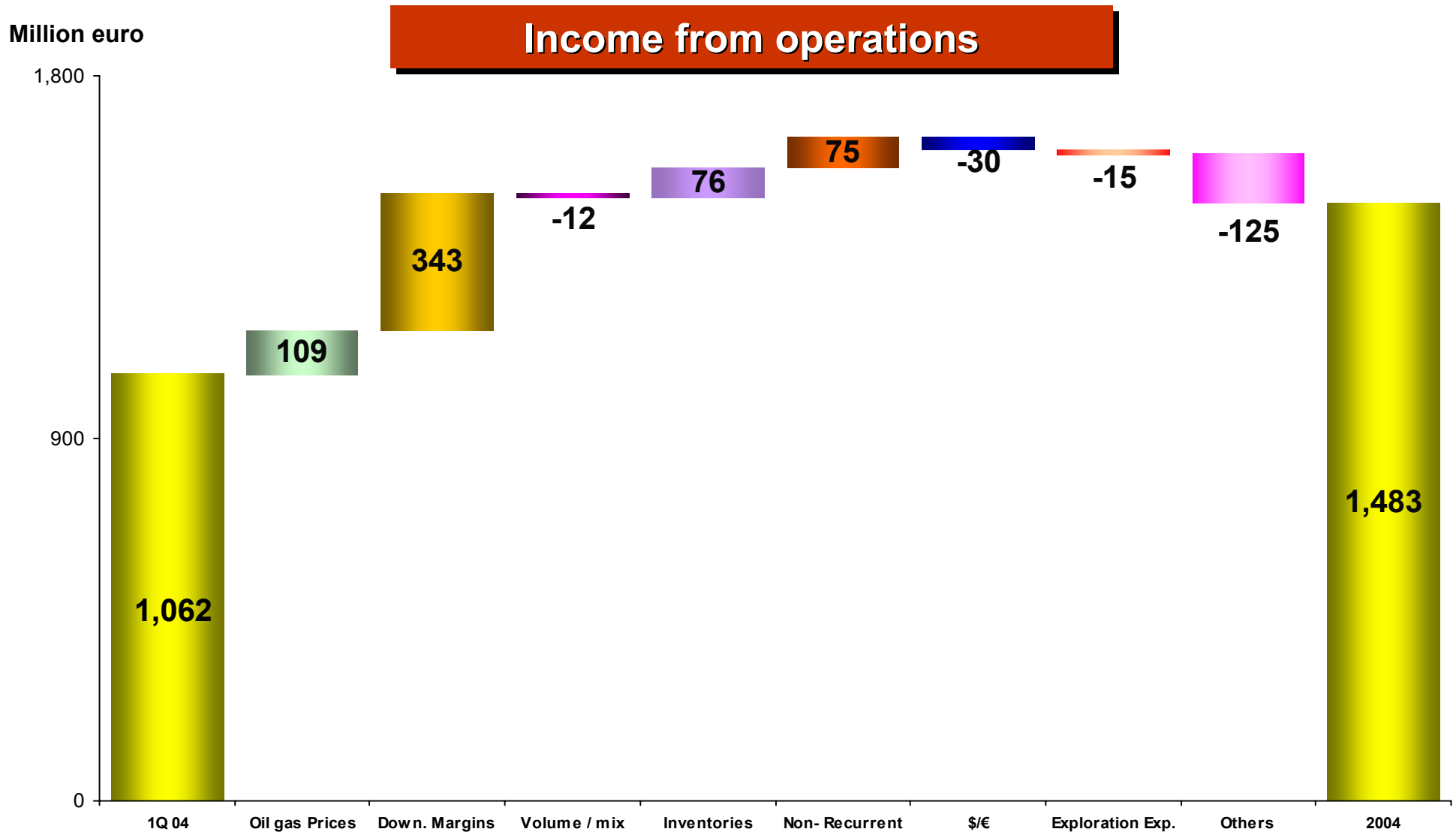


Million Euro

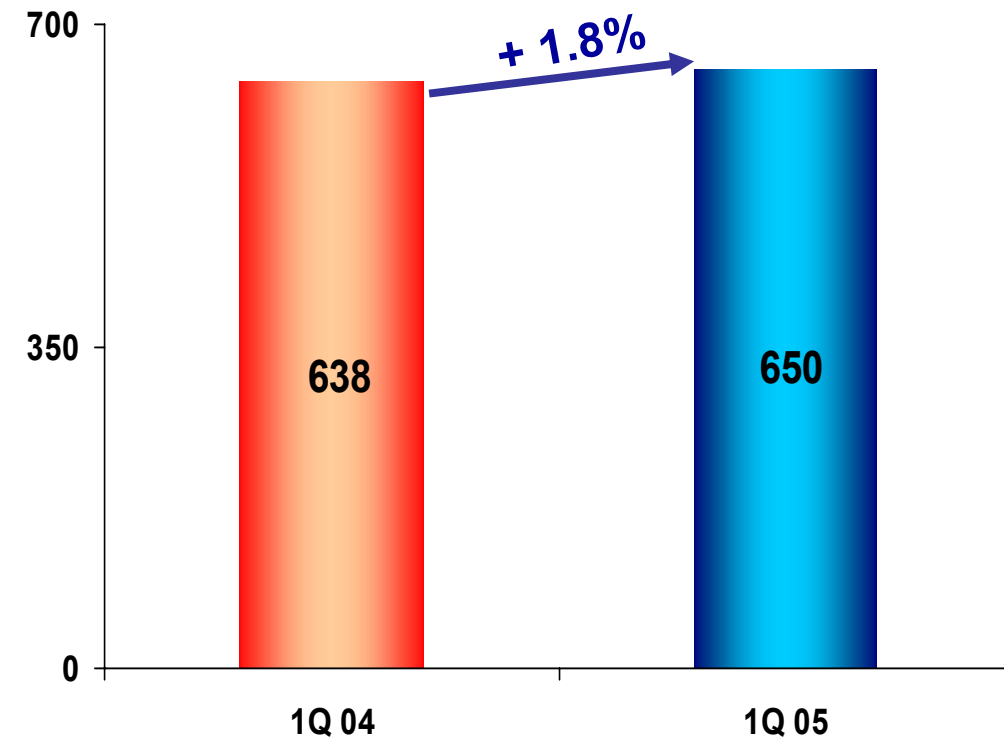
## Adj. Net Income



Million Euro

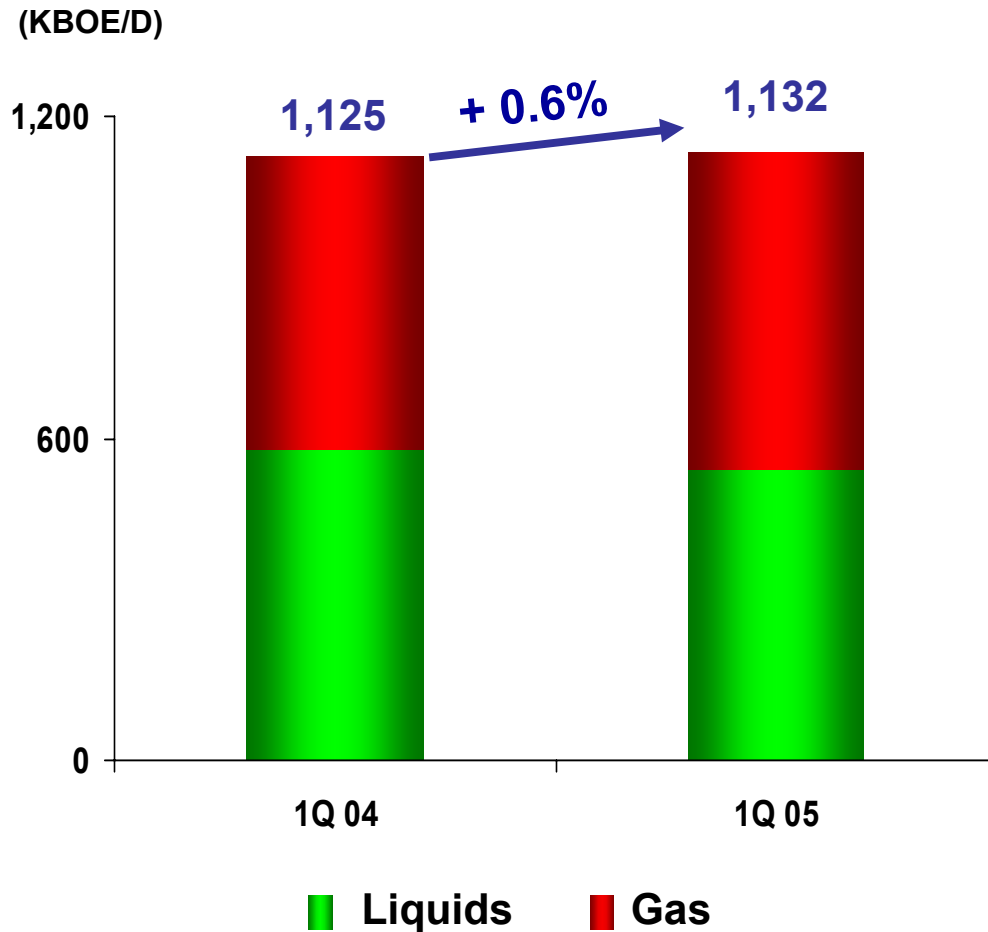


## Income from operations

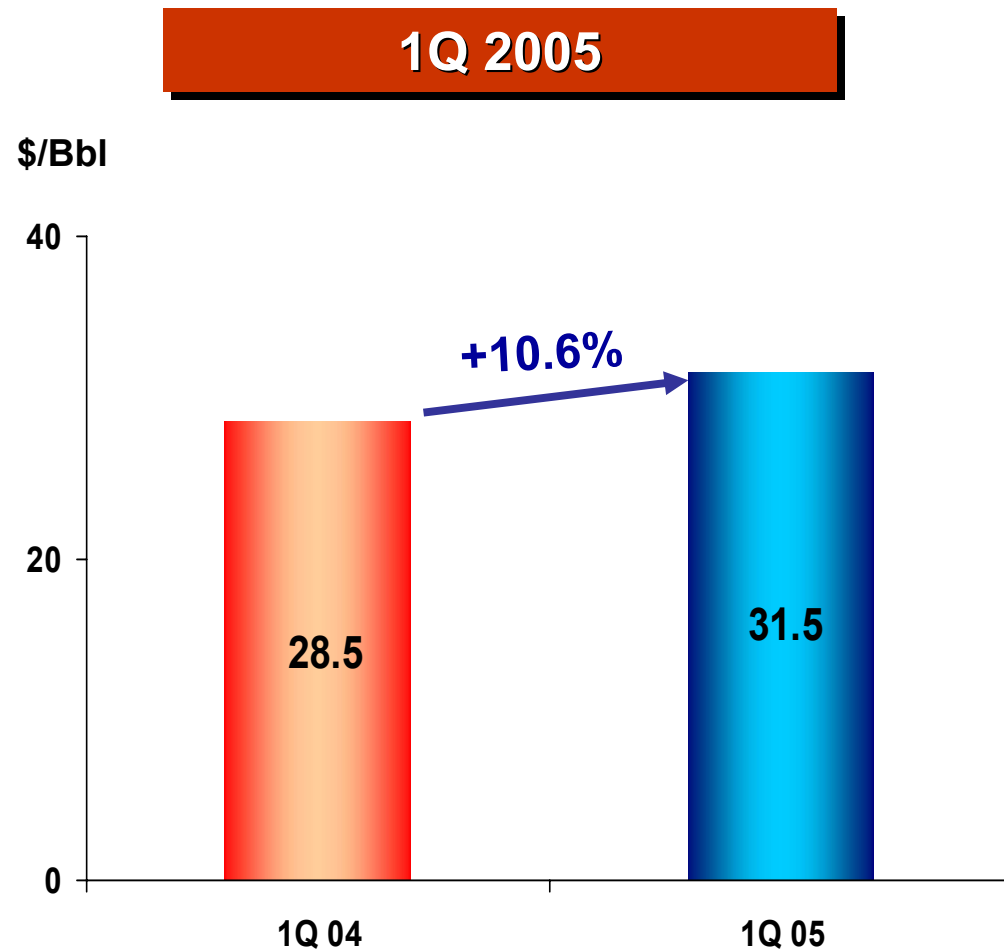


- Higher oil prices
- Higher Hydrocarbon production
- Appreciation of the €/€
- Higher export taxes in Argentina with effects on domestic sales prices

**Reported**



- *Hydrocarbon production excluding PSC up 1.1%*
- *Higher gas production in Bolivia, T&T and Venezuela*
- *Liquids decline in Argentina and Dubai*

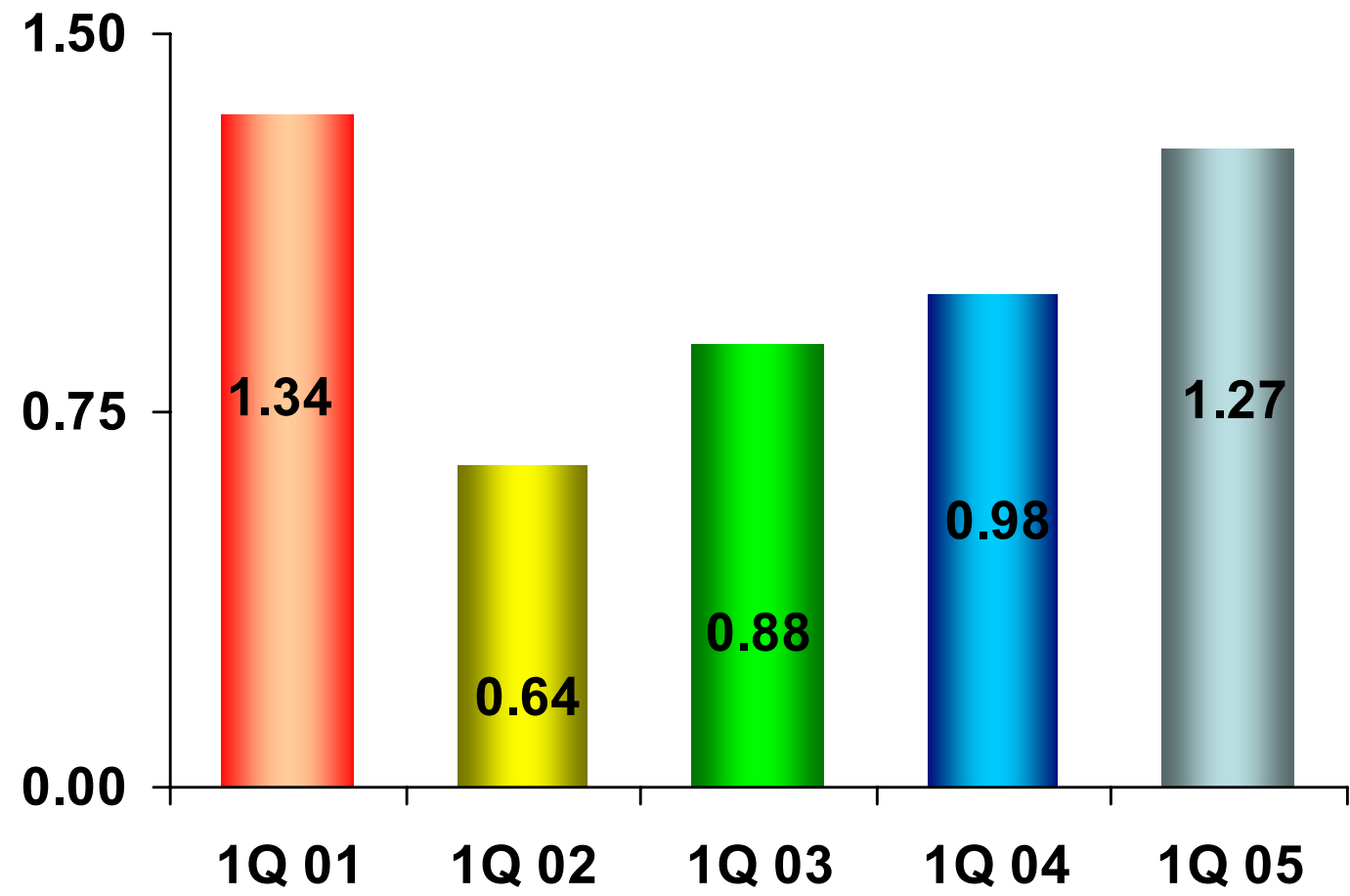


- *Wider heavy crude oil differentials*
  - *Higher export taxes in Argentina*
- ↓
- *Higher internal discount in Argentina to international prices*

# Gas realisation prices

Argentina

US\$/mscf





## Agreement with PDVSA and Chevron



- *New venture with PDVSA to incorporate assets to operate jointly*
- *Participation in Gran Mariscal Sucre LNG project*
- *Agreement with Chevron to develop heavy oil block and to construct a refinery to treat heavy oil*

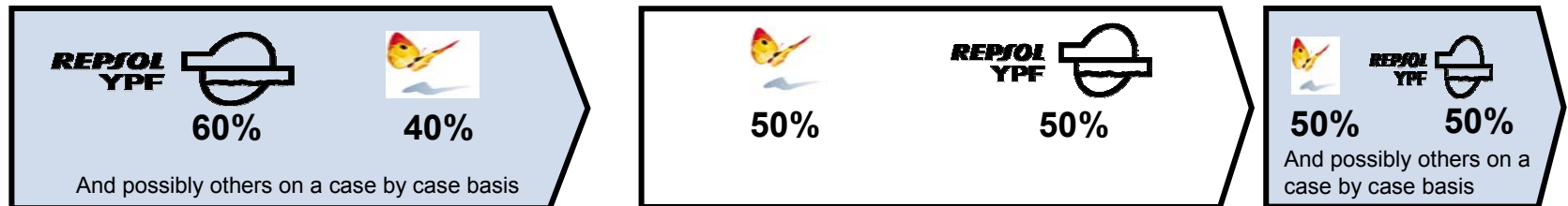
## Agreement with Gas Natural sdg



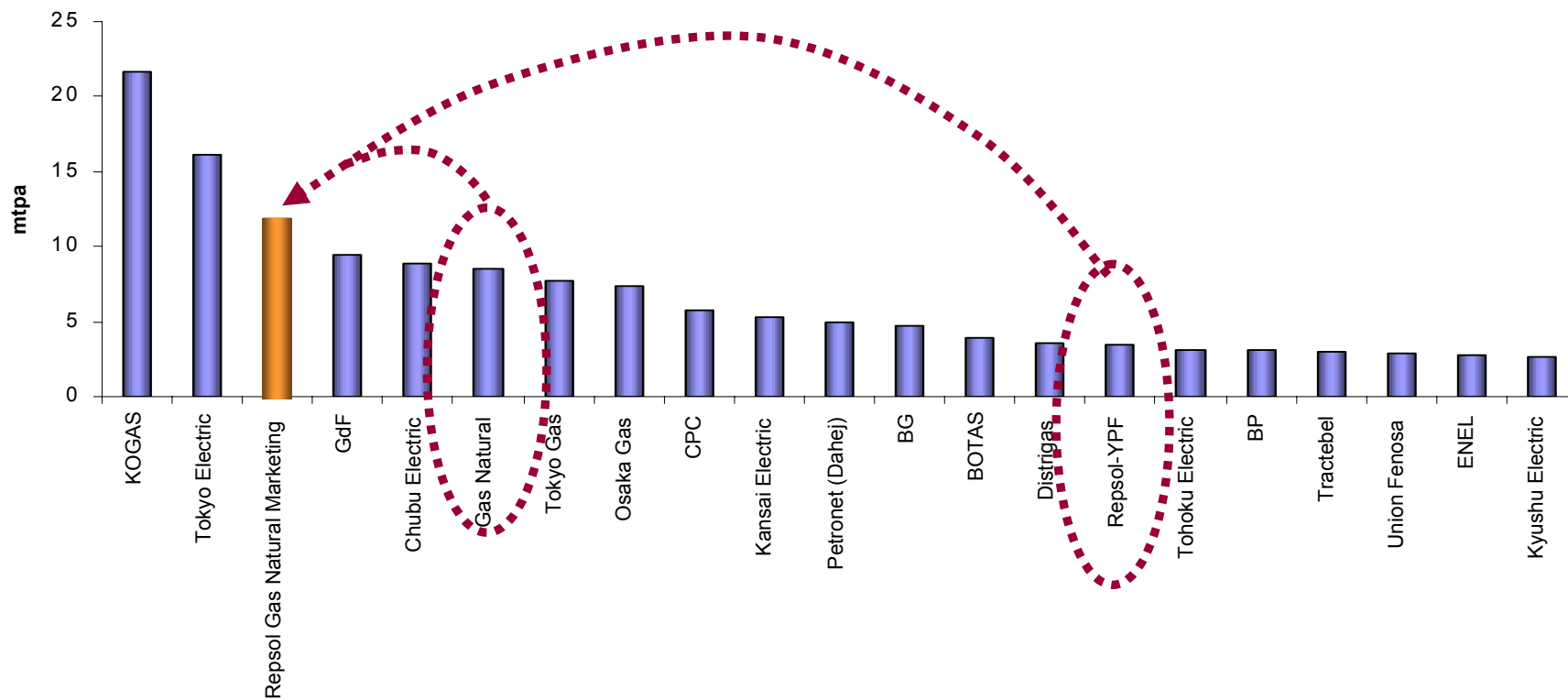
Management instrument



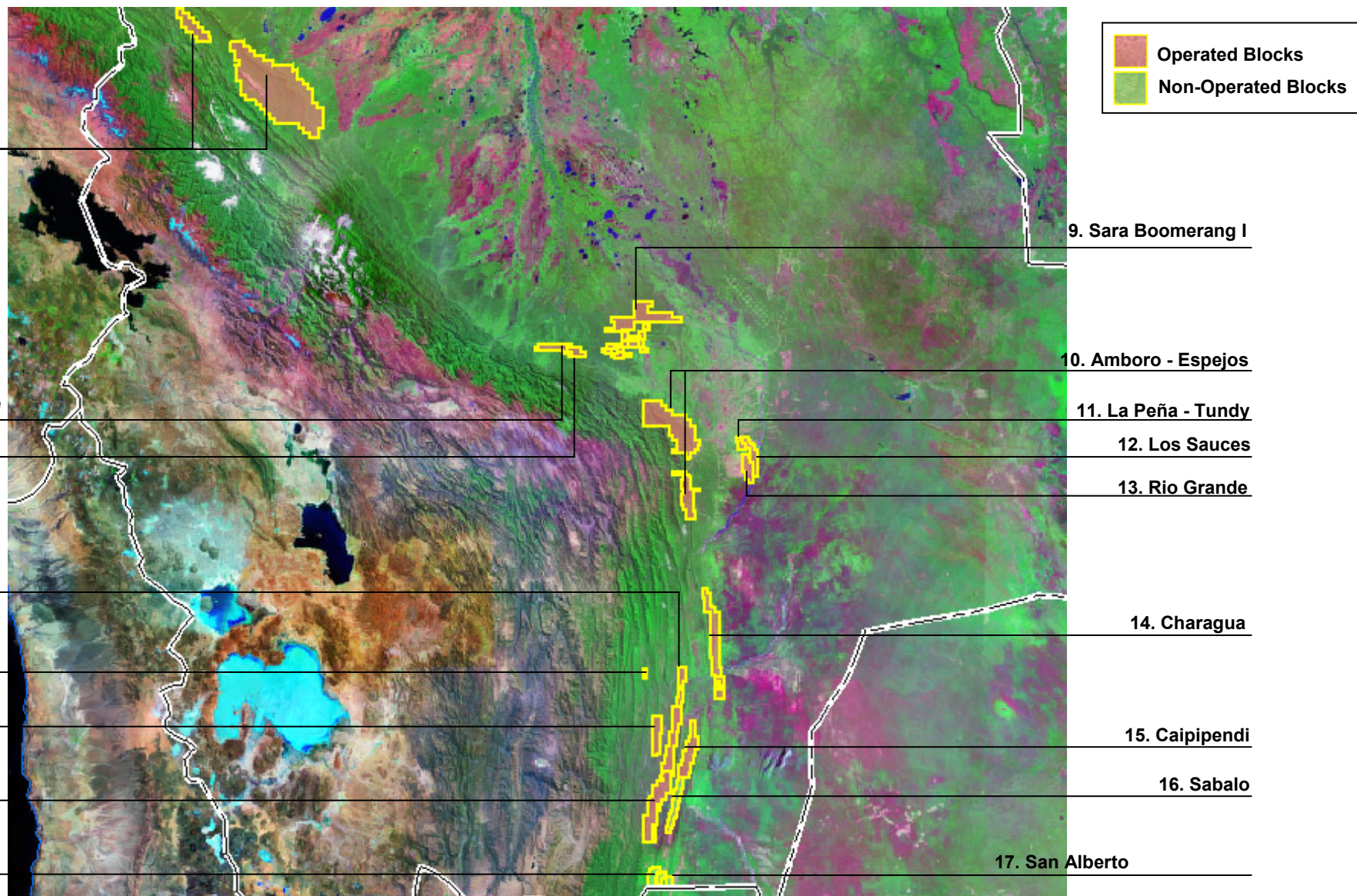
Assets



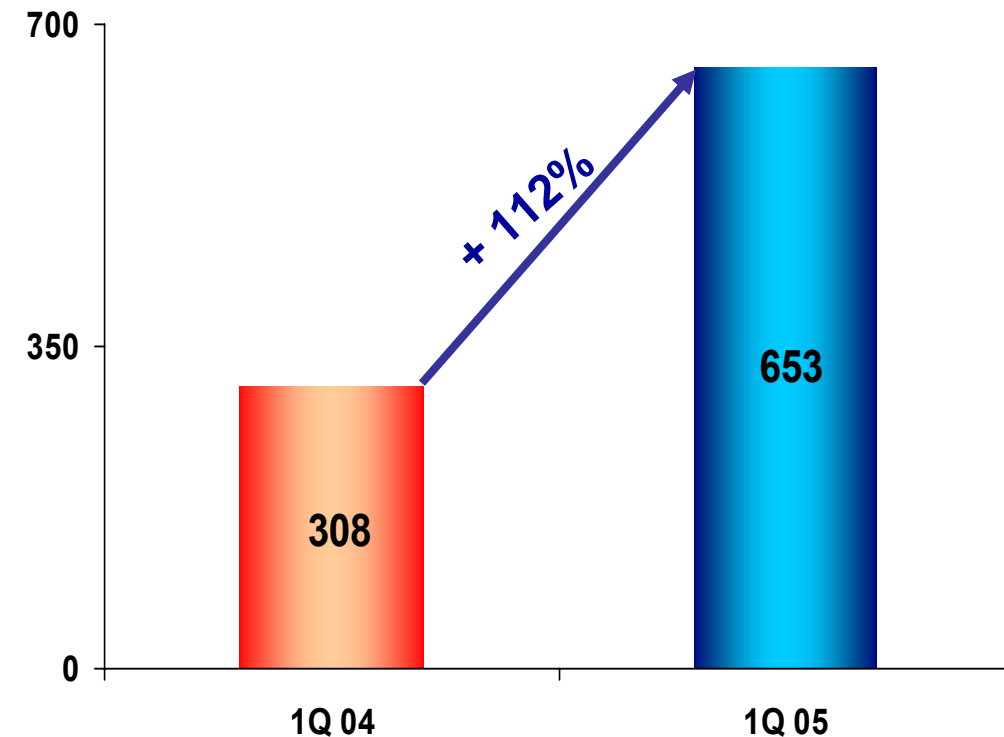
## Joint Venture/ World ranking



Source: Wood Mackenzie



## R&M Income from operations

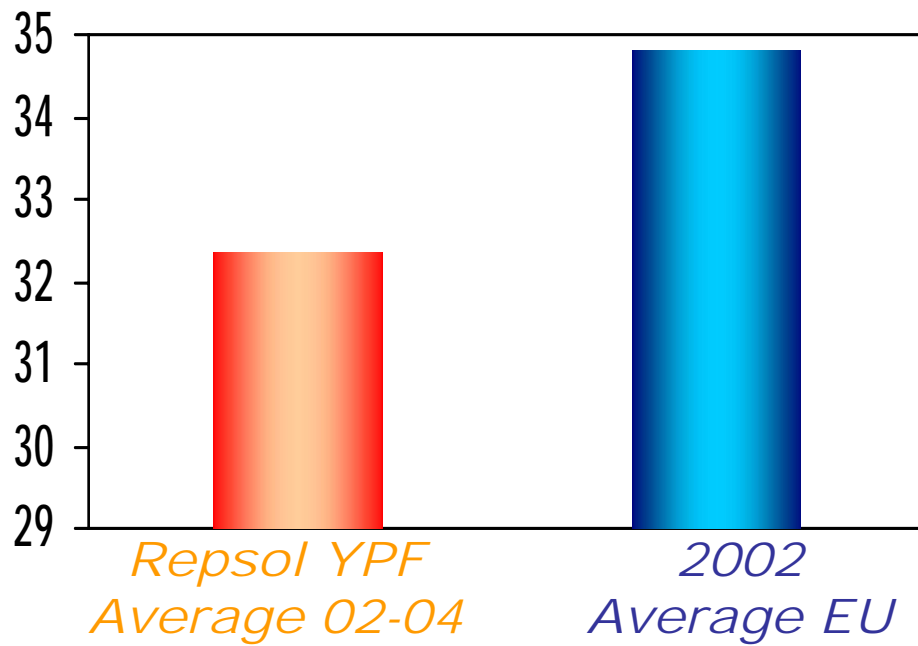


- *High refining margins*
- *Above average mid-cycle petrochemicals margins*
- *Lower LPG and marketing margins in Europe*
- *Negative marketing margins in Argentina*
- *Volume increases*

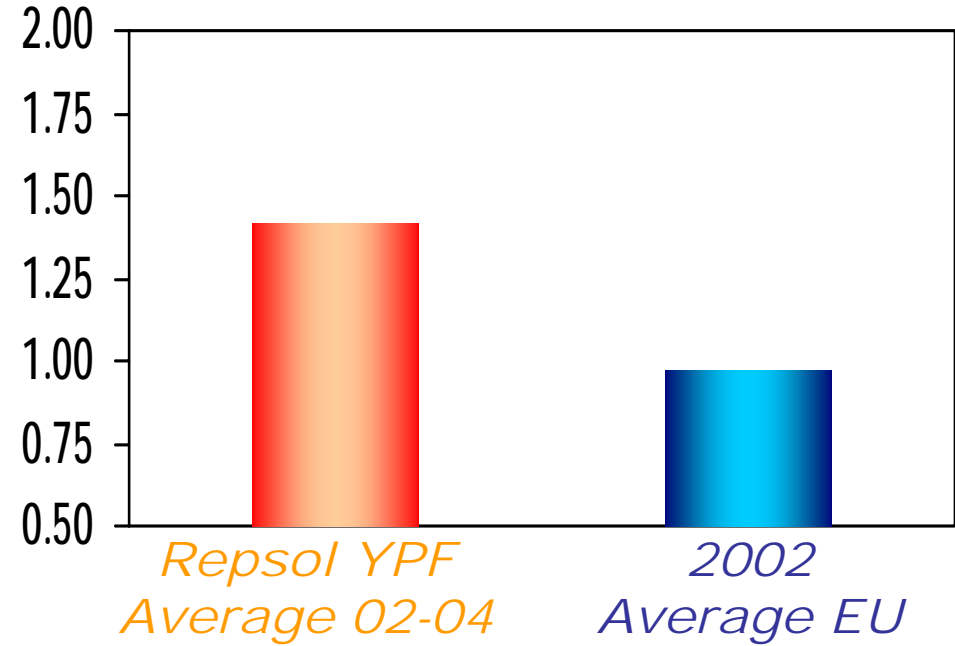
# Crude oil processed

Refining – Spain

## Density [°API]

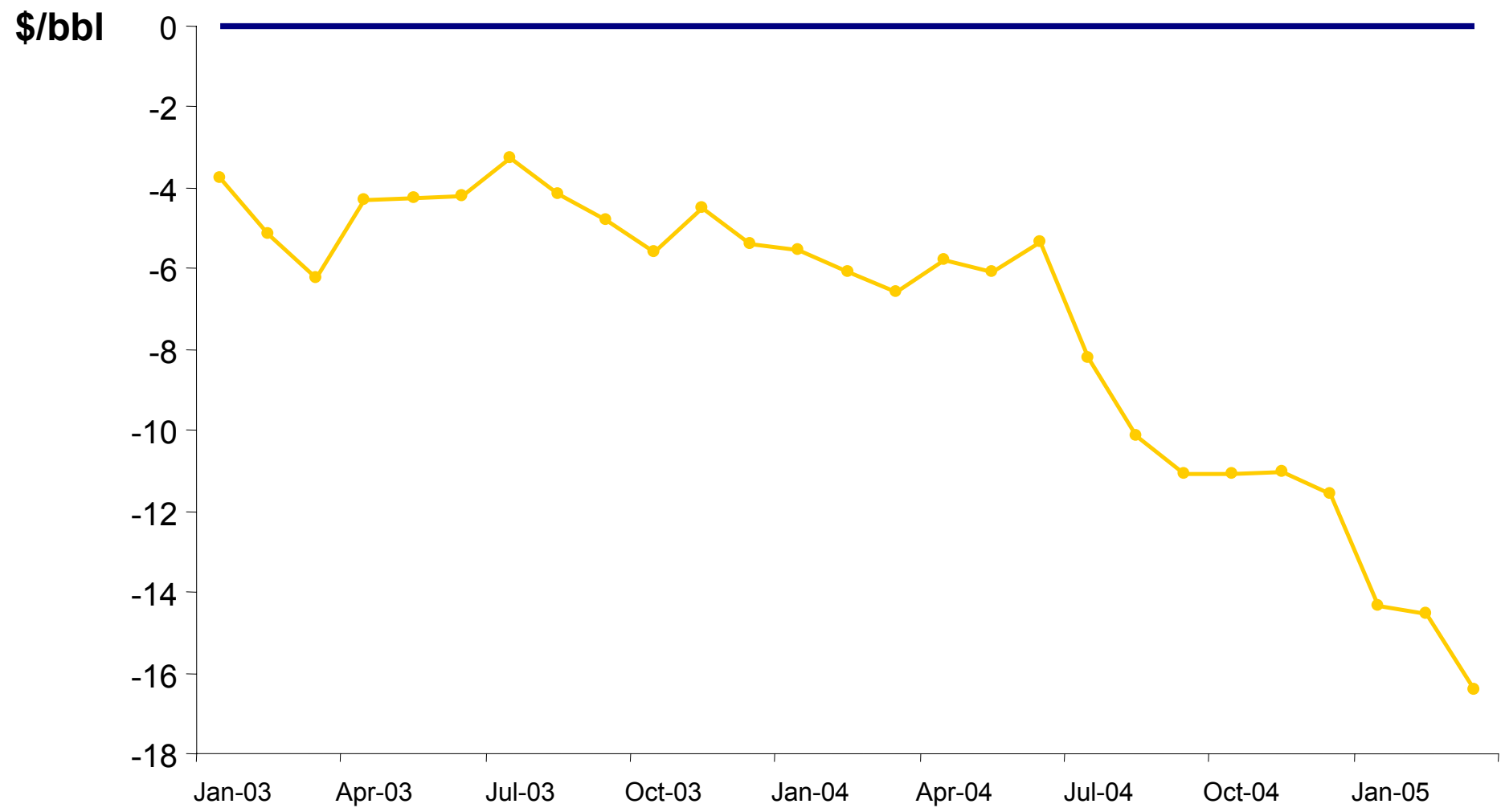


## Sulphur [%]

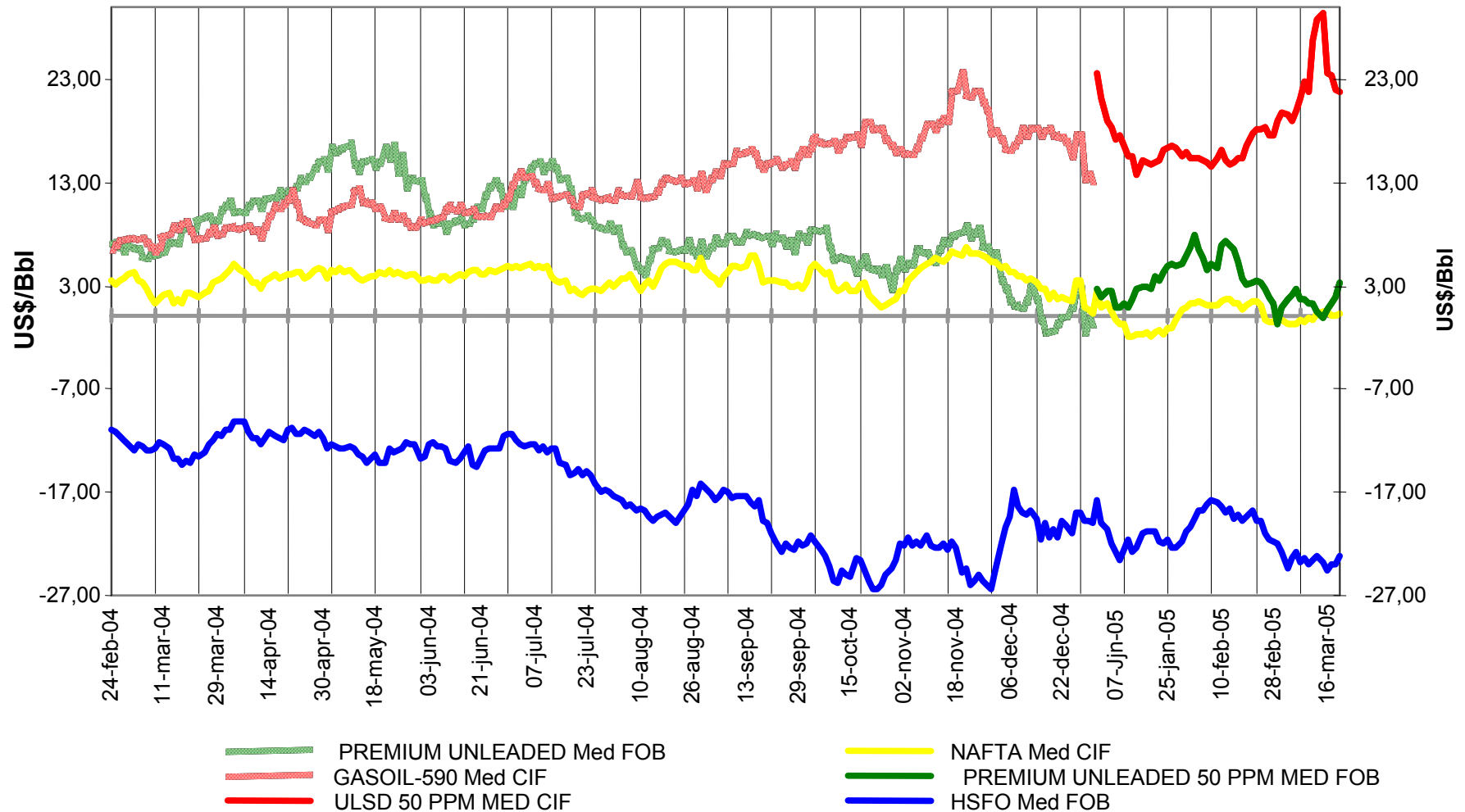


# Heavy crude oil differentials

## Maya vs Brent

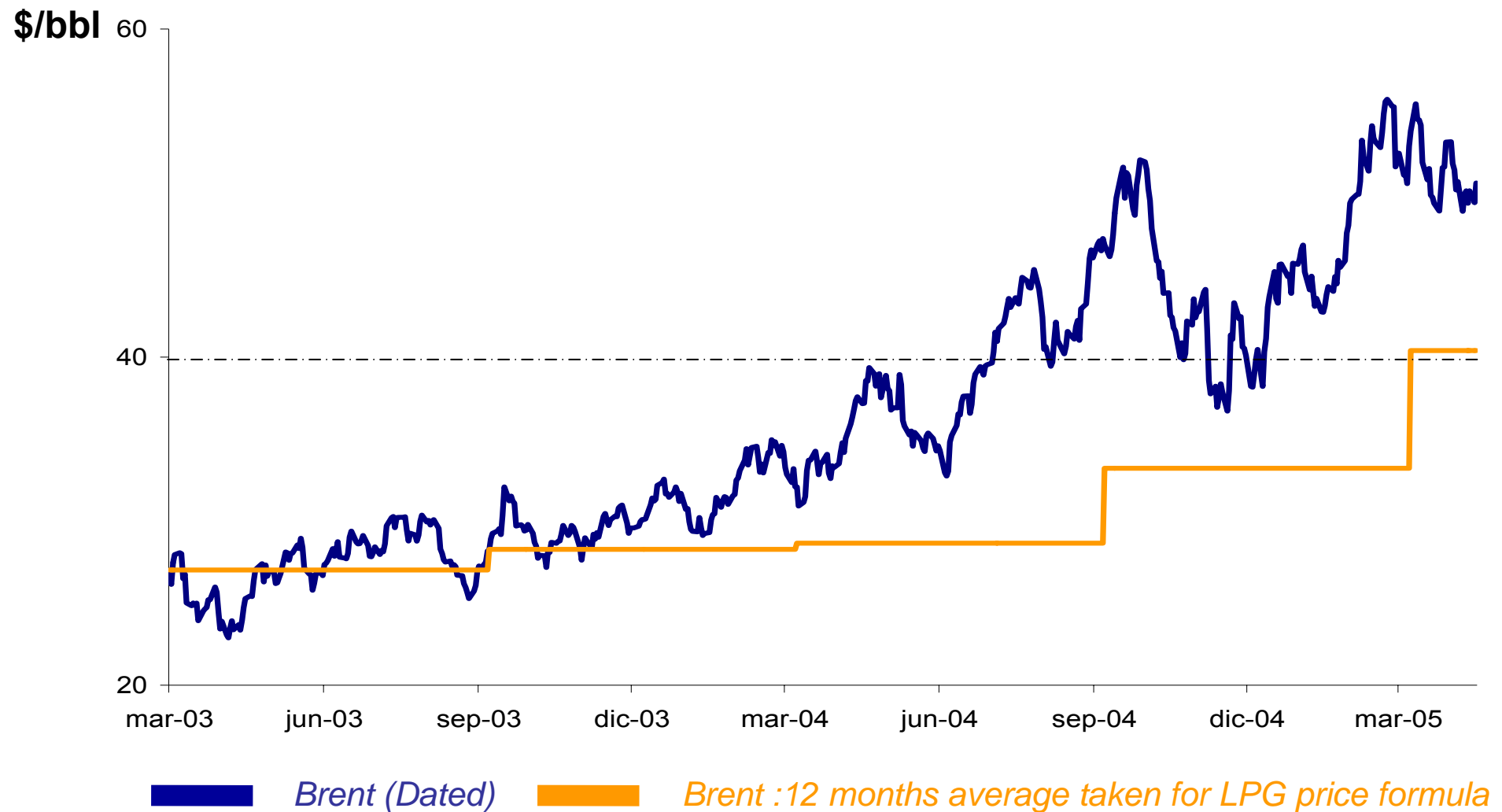


# Oil products differentials

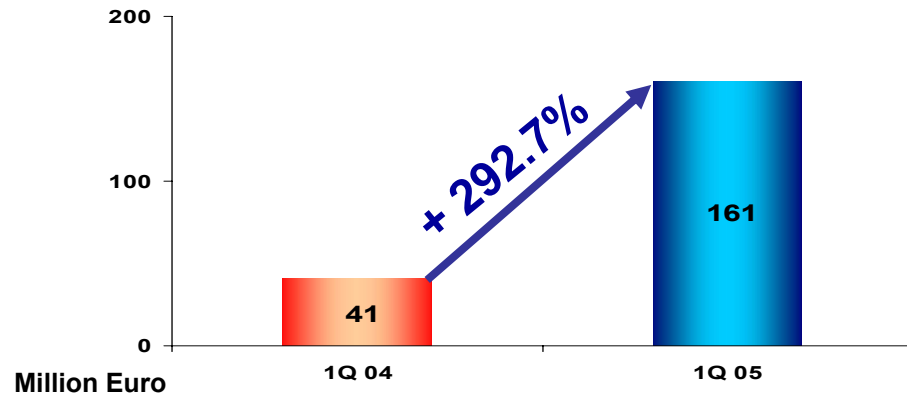




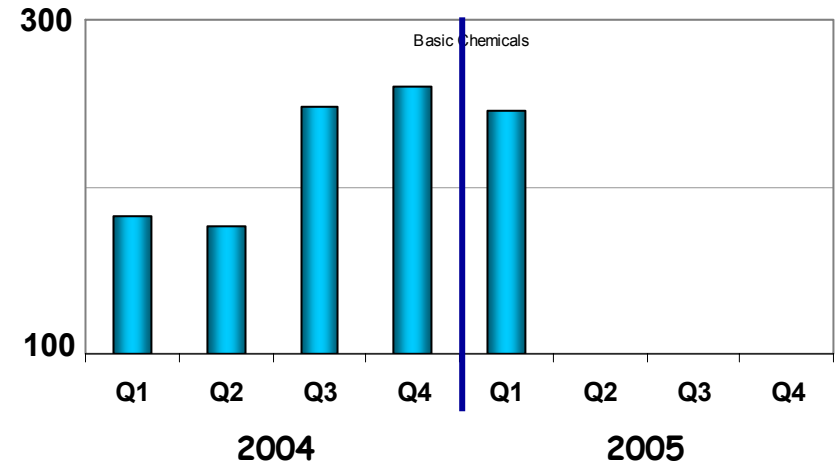
# Spanish bottled LPG price



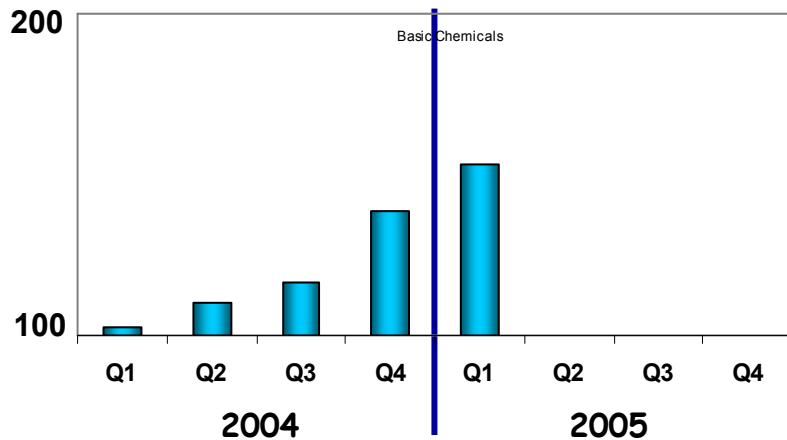
## Income from operations



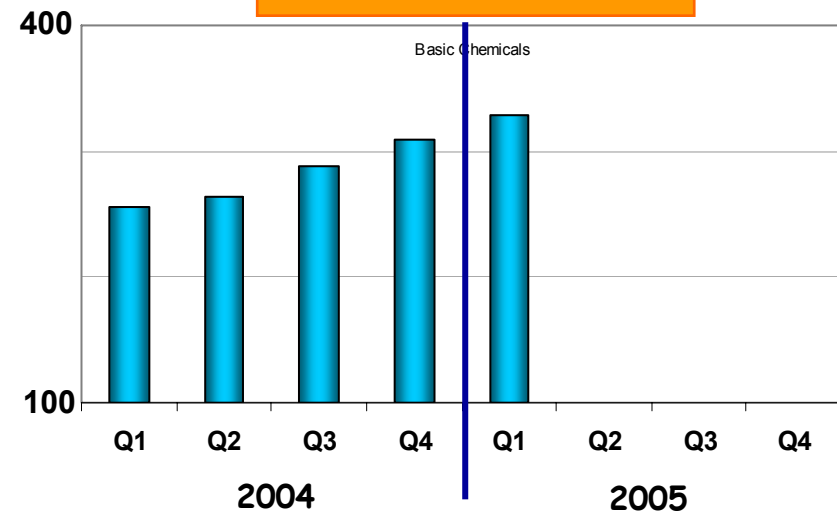
## UREA MARGIN



## BASIC PETROCHEMICALS MARGINS

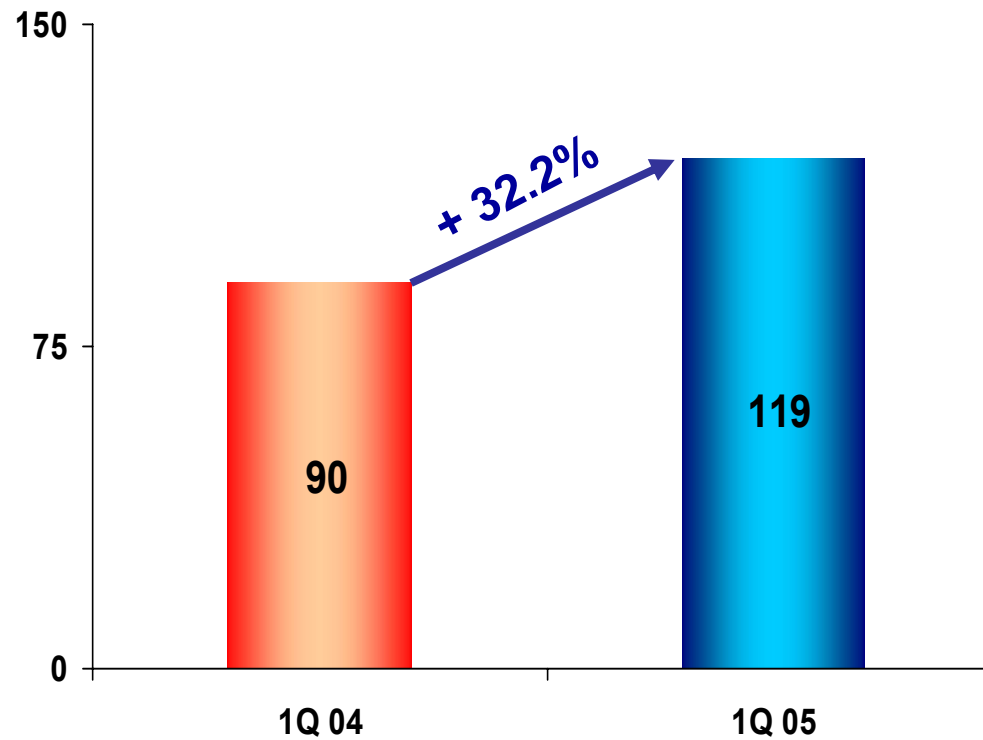


## METHANOL MARGIN

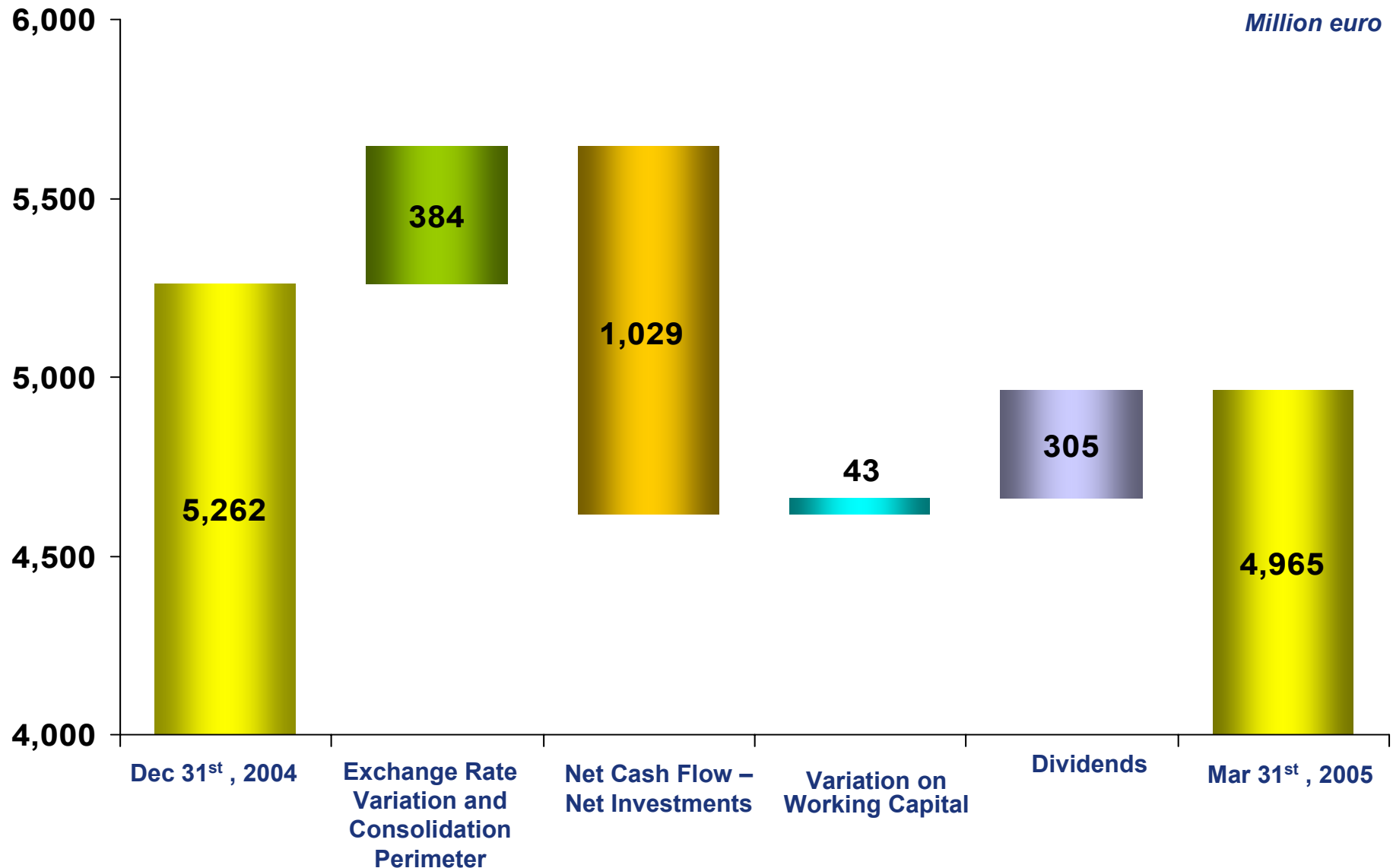


100 = Average cycle used for our strategic plan

## Income from operations



# Net debt variation



(\*) Excluding financial investments or divestments that don't affect net debt.

Million euro

	END 2004	1Q 2004	1Q 2005
NET DEBT	5.262	5.517	4.965
BOOK CAPITALIZATION	21,752	21,163	22,596
NET DEBT/BOOK CAPITALIZATION (%)	24.2	26.1	22.0
EBITDA	7,002	1,566	1,952
NET DEBT / EBITDA	0.75	0.88	0.64
AFTER CASH-FLOW	4,697	1,250	1,509
AFTER CASH-FLOW* / NET DEBT (%)	89.3	90.6	121.6
NET INTEREST EXPENSES	373	97	98
NET INTEREST EXPENSES + DIVIDENDS PREFERRED	551	142	142
EBITDA / NET INTEREST	18.8	16.2	19.9
EBITDA / NET INTEREST + DIVIDENDS PREFERRED	12.7	11.1	13.7

\* Annualized

**REPSOL  
YPF**



**1<sup>st</sup> QUARTER 2005  
PRELIMINARY RESULTS**

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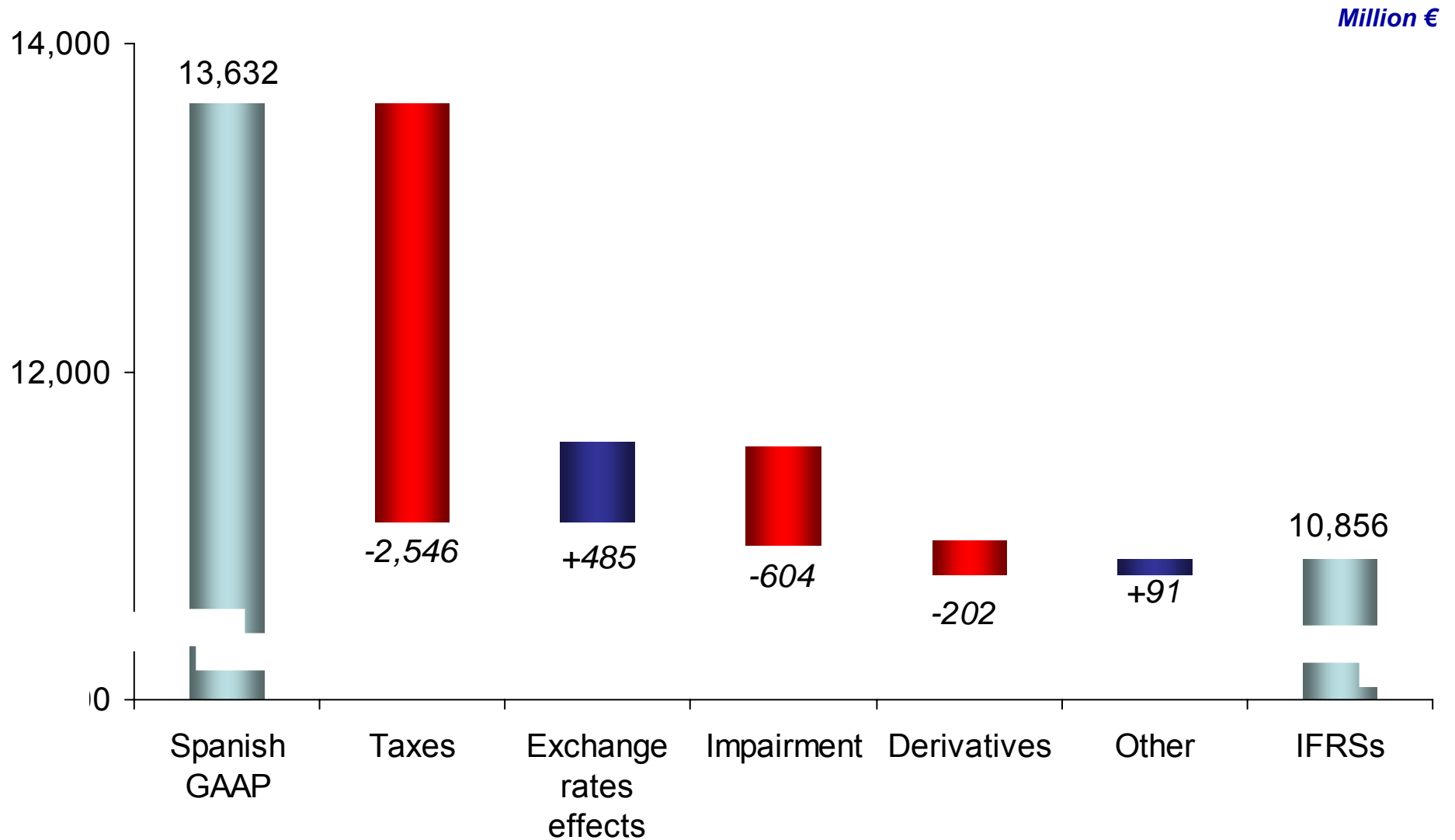


## 2004 IFRS's Appendix

# Opening Balance Sheet: Main impacts



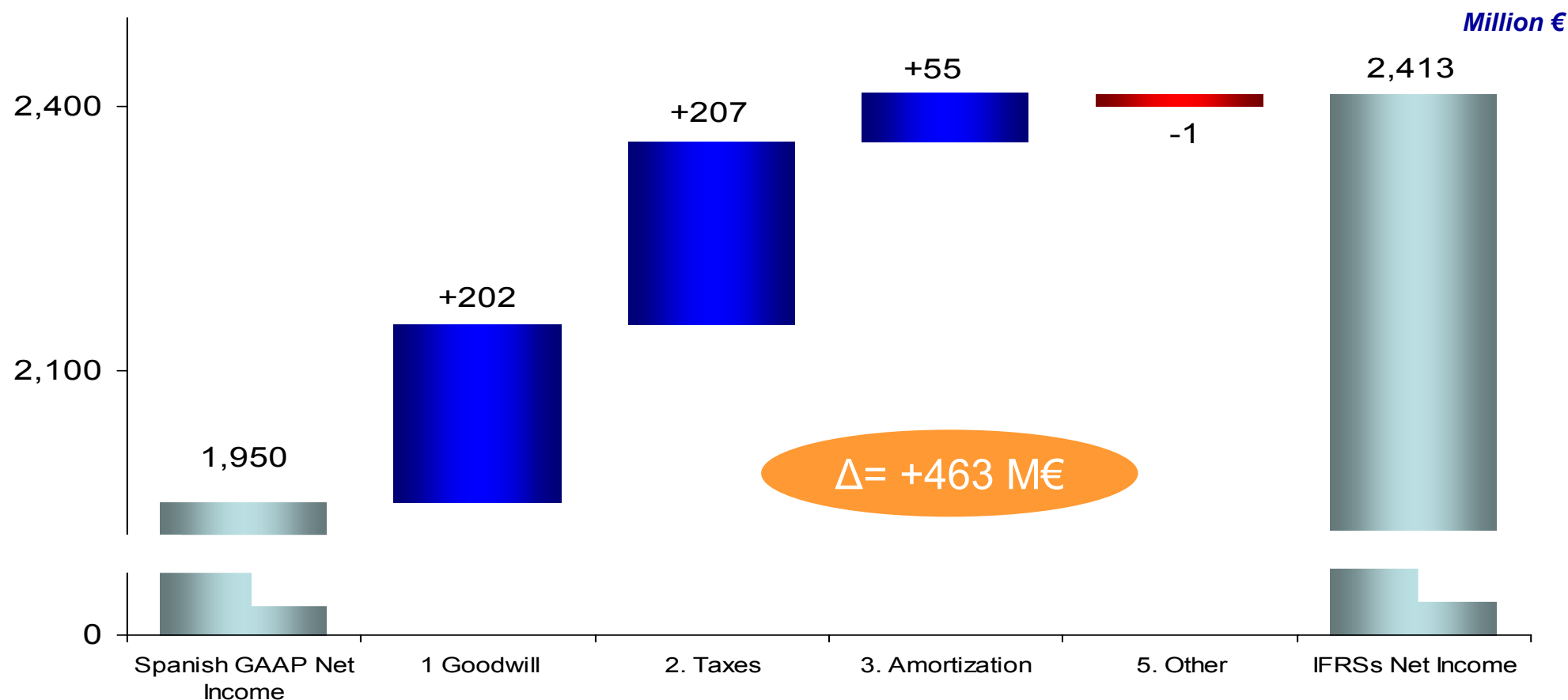
Changes in net attributable equity





# 2004 Income Statement

## Net Income reconciliation with IFRS's



- (1) No goodwill amortization.
- (2) Application of deferred taxes as of transition date.
- (3) Impact on amortization from the impairment adjustment as at the transition date.
- (4) Valuation of financial instruments according to IAS 39 (mainly derivatives that do not meet hedge accounting requirements).
- (5) Other impacts.