Investor Update 2017

2016 – 2020 Value & Resilience
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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. Information and disclosures related to APM used on the present document are included in Appendix I “Alternative Performance Measures” of the Management Report for the full year 2016.
2016-2020
Value & Resilience

1. Company overview and strategy
2. Upstream
3. Downstream
4. Gas Natural Fenosa
5. Financing
6. 2017 Outlook
Company overview and strategy
**Key messages 1Q 2017**

Company overview and strategy

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**Continued delivery on strategic objectives**

<table>
<thead>
<tr>
<th>Bn€</th>
<th>~6.5</th>
<th>~6.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.7</td>
<td></td>
</tr>
</tbody>
</table>

**Strong EBITDA CCS generation**

<table>
<thead>
<tr>
<th>Bn€</th>
<th>~6.5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.1</td>
</tr>
</tbody>
</table>

**Net Debt/EBITDA in line with projections**

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**Upstream**

<table>
<thead>
<tr>
<th>Kboe/d</th>
<th>~680</th>
<th>693</th>
</tr>
</thead>
</table>

**Production volumes ahead of plan**

**Downstream**

<table>
<thead>
<tr>
<th>USD/Bbl</th>
<th>6.4</th>
<th>7.1</th>
</tr>
</thead>
</table>

**Refining margin indicator in line with expectations**

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[1] Refining Margin Indicator

[2017 Budget] [1Q17 actual] [2017 guidance]
## Operational highlights 1Q 2017

Company overview and strategy

### Upstream

**Production:**
- **1Q17** = 693 Kboe/d → 2% increase QoQ
- Return of **Libya** → 20 Kboe/d in the quarter
- Full-quarter contribution from **Lapa**

**Exploration program:**
- 5 exploratory & appraisal wells completed [2 positive]
- **Alaska** → confirmed the potential of the Nanushuk play
- 2017 program: **17 wells (15 exploratory & 2 appraisal)**

### Downstream

**Refining:**
- Strong refining margin indicator **7.1 USD/Bbl** in 1Q17
- Planned maintenance in La Coruña and Bilbao
  - 87% → Utilization of the distillation units
  - 97% → Utilization of the conversion units

**Petrochemicals:**
- Strong performance → EBIT in line with 4Q16

**Marketing:**
- Strong retail environment in Spain

### Corporate and others

**Synergies and efficiencies:**
- **1Q17** → cash savings > **€0.5 Bn**
- 2017 target **€2.1 Bn**

**Corporation:**
- **1Q17** Net debt **€8.3 Bn**
- Net Debt / EBITDA [x] = **1.1**
- Objective → Credit rating **BBB stable**

(1) 4 in 1Q17, 1 post quarter end  
(2) Estimated FY 2017
Through the value chain and across the globe

Company overview and strategy

Core businesses: Upstream and Downstream

~700 kboepd production

~1 Million bpd refining capacity

~2.4 billion boe proved reserves (*)

20% stake in GNF

Our shareholders

(* As at 31/12/2016
2016 - A year of strategic progress
Company overview and strategy

Group FCF breakeven

- Target ~40
- $/Bbl

Divestments

- 10% stake in GNF
- Piped LPG
- Tangguh
- TSP
- Others (eg: LPG Ecuador and Peru)

TOTAL CASH RECEIVED

€ 3.6 Bn

Net Debt

- €11.9 Bn
- €8.1 Bn
- €3.8 Bn

Key Metrics

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA CCS (Bn€)</td>
<td>5.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Brent price ($/Bbl)</td>
<td>52.4</td>
<td>43.7</td>
</tr>
<tr>
<td>HH ($/MBtu)</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Refining margin Indicator ($/Bbl)</td>
<td>8.5</td>
<td>6.3</td>
</tr>
<tr>
<td>Exchange rate ($/€)</td>
<td>1.11</td>
<td>1.11</td>
</tr>
</tbody>
</table>
Challenge: a volatile, uncertain and complex environment

**Strategic Plan 2016-2020**

- **Portfolio Management**
  - Capex flexibility
  - Portfolio rationalization

- **Efficiency**
  - Synergies and company-wide Efficiency Program

- **Value**
  - Shift from growth to value delivery
  - Competitive and sustainable shareholder remuneration

- **Resilience**
  - Integrated model
  - Self-financing strategy even in a stress scenario
  - FCF breakeven reduction

**Long term value capture**

- Keep financial and operating discipline: synergies and efficiencies
- Consolidate and extract the current value of our assets
- Manage portfolio to capture maximum value
- Review of projects with a long-term pay back
- Be ready to diversify/adapt traditional businesses

**Transformation Program**

2016 to 2020: Value and Resilience
Company overview and strategy
## Delivery on commitments

Company overview and strategy

<table>
<thead>
<tr>
<th>IMPLEMENTATION</th>
<th>2016 DELIVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>In 2016 0.3B€ already achieved. New target of 0.4B€</td>
</tr>
<tr>
<td>Efficiencies</td>
<td>0.8B€ in 2016; 1.8B€ in 2018</td>
</tr>
<tr>
<td>Capex flexibility</td>
<td>~3.9 B€ average per annum</td>
</tr>
<tr>
<td>Portfolio Management</td>
<td>3.1B€ by 2017</td>
</tr>
<tr>
<td>Reduce FCF Breakeven</td>
<td>$40 /Bbl Brent</td>
</tr>
<tr>
<td>Financial strength</td>
<td>Maintain investment grade</td>
</tr>
</tbody>
</table>

(*): It includes cash proceeds and benefits
(**): Organic breakeven (divestments not included)
# Efficiencies and Synergies Update

Company overview and strategy

## Pre-tax cash savings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>€0.2 B</td>
<td>€0.3 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td>Upstream Opex &amp; Capex efficiency</td>
<td>€0.6 B</td>
<td>€0.8 B</td>
<td>€1.2 B</td>
</tr>
<tr>
<td>Downstream profit improvement and efficiency</td>
<td>€0.2 B</td>
<td>€0.3 B</td>
<td>€0.4 B</td>
</tr>
<tr>
<td>Corporation rightsizing</td>
<td>€0.1 B</td>
<td>€0.2 B</td>
<td>€0.2 B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€1.1 B</strong></td>
<td><strong>€1.6 B</strong></td>
<td><strong>€2.1 B</strong></td>
</tr>
</tbody>
</table>

2018 target accelerated into 2017
Resilience in the lower part of the cycle

Company overview and strategy

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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upstream Break Even ($/Bbl)</strong></td>
<td>~94(*)</td>
<td>~61</td>
</tr>
<tr>
<td><strong>Refining margin Indicator ($/Bbl)</strong></td>
<td>8.5</td>
<td>6.3</td>
</tr>
</tbody>
</table>

**EBITDA CCS** (Billion €)

- **Upstream:** Lower cash breakeven.
- **Downstream:** Strong integrated margin.
- **Group FCF** breakeven after dividend and interest reduced to $42/Bbl.

Portfolio management
Company overview and strategy

Completed

- 10 % Stake GNF
- Eagle Ford-Gudrun
- LPG Peru & Ecuador
- Piped LPG
- 10 % Stake CLH
- Exploratory licences Canada
- Alaska dilution
- UK wind power
- Brynhild Norway

....Latest transactions

- Tangguh
- TSP

TOTAL DIVESTED 5.1 B€
### Self-financed SP 2016-2020 - 40% net cash delivered

Company overview and strategy

#### Cash movements 2016-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution</th>
<th>Divestments</th>
<th>Investments</th>
<th>Cash for dividend and debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.8</td>
<td>-0.3</td>
<td>3.6</td>
<td>-3.2</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td>4.0</td>
<td></td>
</tr>
</tbody>
</table>

#### Sensitivities 5 years accumulated

<table>
<thead>
<tr>
<th>Parameter</th>
<th>FCF</th>
<th>Adj. Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent $/bbl</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>HH $/MBtu</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Refining margin $/bbl</td>
<td>0.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>

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Note 1: This figure does not consider non-cash debt movements such as exchange rate effect and other effects.
3 core regions in the portfolio

Upstream

**North America: Growth**
- Production 2016: ~182 kboepd
- Operatorship: ~79%
- Gas production (2016): 71%
  - Unconventional portfolio
  - Operatorship
  - Valuable midstream positions

**SouthEast Asia: FCF & Growth**
- Production 2016: ~98 kboepd
- Operatorship: ~37%
- Gas production (2016): 77%
  - Self-financed growth
  - Relationship with governments/NOCs
  - High potential exploration blocks

**Latin America: FCF**
- Production 2016: ~302 kboepd
- Operatorship: ~20%
- Gas production (2016): 70%
  - Regional scale
  - Exploration track record
  - Cultural fit

*NOTE: Europe, Africa & Brazil: Production 2016 ~ 108 kboepd

(*) Post disposals of ~17 Kboepd from TSP and Tangguh in 2016
(**) Organic 
(***) Long term average

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong> [kboepd]</td>
<td>690</td>
<td>~680</td>
</tr>
<tr>
<td><strong>1P Reserves</strong> [Mboe]</td>
<td>2,382</td>
<td></td>
</tr>
<tr>
<td><strong>RRR [%]</strong></td>
<td>124[**]</td>
<td>~100[**]</td>
</tr>
</tbody>
</table>
2016 Upstream Results

Upstream

RESERVES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1P Reserves (Mboe)</td>
<td>1,539</td>
<td>2,373</td>
<td>2,382</td>
</tr>
<tr>
<td>RRR (%)</td>
<td>118</td>
<td>159</td>
<td>124</td>
</tr>
</tbody>
</table>

(*) Organic RRR

EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>M€</td>
<td>1,611</td>
<td>2,072</td>
</tr>
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</table>

+29%

PRODUCTION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>kboepd</td>
<td></td>
<td>559</td>
<td>690</td>
</tr>
</tbody>
</table>

+57%

+23%

PROJECTS

- Ramp-up Cardón IV (Venezuela)
- Ramp-up of Sapinhoá (Brazil)
- First oil of Lapa (Brazil)
- Production restarted in Libya

(*** It includes Talisman since the 8th of May of 2015)
**Assets & Projects**

**Upstream**

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**Contingent resources**
- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP09 & Niscota
- Alaska: Colville High
- GOM: Leon and Buckskin
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: GAP

**Prospective resources**
- Brazil: Santos Basin & Espirito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria

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“As is” organic portfolio potential of more than 900 kboepd

First production 2017  
Ramping up in 2017
Capex optimization

Upstream

Organic RRR [%]

118%  159%  124%  ~100%

Average 2017-2020

Exploration Capex  Development Capex  Average Capex 2018-2020
Efficiency program: delivering our target

Upstream

- **2016 Original Target**: 550 M€
- **2016 Savings already achieved in 2016 impacting in 2017**: ~800 M€
- **New Savings to be achieved in 2017**: ~350 M€
- **2017 Savings Target [accelerated from 2018]**: ~1,200 M€

- **2017 Original Target**: 850 M€

Note: Excluding synergies
* It does not include ~ 200 M€ of one-off
3

Downstream
Sustainable cash flow generator

Downstream

**Refining**
- ~1 million barrels of refining capacity per day.
- Top quartile position among European peers along the cycle.
- 63% FCC equivalent.
- 5 refineries optimized as a single operation system.

**Petrochemicals**
- All three sites are managed as a single petrochemical hub
- Chemical sites and crackers strategically located to supply Southern Europe and Mediterranean markets.
- Logistic flexibility to enhance competitive feedstock imports at Tarragona and Sines.

**Marketing**
- 4,715 service stations throughout Spain, Portugal, Peru, and Italy.
- 3,501 service stations in Spain → 70% have a strong link to the company and 29% directly managed.

**LPG**
- One of the leading retail distributors of LPG in the world, ranking first in Spain and is of the leading companies in Portugal.
- We distribute LPG in bottles, in bulk and AutoGas.

**Trading and G&P**
- G&P: transportation, marketing, trading and regasification of liquefied natural gas.
- Trading & Transport: trading and supply of crude oil and products

Objective to generate FCF ~ €1.7B per annum (average 2016-2020)
2016 Downstream Results

Downstream

European Integrated Margin of R&M

- Industry peer group
- Repsol position

FCF

Operating Cash Flow
Divestments
Capex
Free Cash Flow

€2.2Bn
€1.2Bn
-€0.7Bn
€2.7Bn

Integrated Model

- Top quartile position among European peers.
- Fully-invested assets

EBITDA CCS(*)

* Cumulative

Source: Company filings.

Peers: Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil
Maximizing value and cash generation leveraged on fully invested assets

Downstream resilience reinforced by the integration of commercial and industrial businesses

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business) of a 10-member peer group. Based on annual reports and Repsol's estimates. Source: Company filings. Peer group: Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil.
Repsol’s refining margin indicator

Downstream

<table>
<thead>
<tr>
<th>Year</th>
<th>Refining Margin Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.2</td>
</tr>
<tr>
<td>2017</td>
<td>2.7</td>
</tr>
<tr>
<td>2018</td>
<td>0.7</td>
</tr>
<tr>
<td>2019</td>
<td>6.4</td>
</tr>
<tr>
<td>2020</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Base Repsol Crack Index  
Additional margin from projects pre-SP  
Efficiency and margin improvement program
Gas Natural Fenosa
Gas Natural Fenosa

Rationale

10% stake sold

- €1.9Bn proceeds

- Executed with no discount to market price at 19€/share → 8.6% above GNF’s unaffected market price of 17.5/€share

- 7.8x EV/EBITDA 2016E → above comparable trading multiples

20% remaining stake

- Liquid investment provides financial optionality

- Strong profitability performance through dividend stream

- Strategic stake in a leading gas & power company

- Window into role of gas and renewables in energy mix

[1] 6 months volume weighted average share price
FINANCING
Financial Strategic Plan 2016-2020

Financing

- Sound track record in managing adverse conditions
- Resilient Plan with stronger business profile
- Conservative financial policy

Commitment to reduce debt and maintain investment grade

The three Rating Agencies, Standard & Poor’s, Moody’s and Fitch, confirmed and maintained our ratings, BBB-, Baa2 and BBB respectively.

Commitment to maintain shareholder compensation in line with current company level
Net Debt Evolution

Financing

Breakeven at $42 per barrel

Targeting FCF Breakeven at $40/Bbl
Strong liquidity position

Financing

Liquidity as of 31st Dec 2016

- Cash & Equivalents: 4.9
- Operating committed Credit Lines: 3.9
- Structural committed Credit Lines: 0.5

Short Term:
- 1.5 ECP
- 1.2 Bonds
- 0.7 Loans
- 0.5 Credits

Liquidity covers long term debt maturities beyond 2020
Cash exceeds 1.3x short term maturities
Delivery of Commitments

Financing

Divestments
- Piped Gas Business, Offshore Wind, TSP, Tangguh
- E&P portfolio management: Alaska, Norway

GNF monetization
- Sale of 10% participation in GNF

Dividend
- Repsol dividend reduction
- Scrip dividend

Synergies and Efficiencies
- Efficiencies and synergies accelerated

Debt reduction
- Debt reduced by €3.8Bn as at December 2016

Maintenance of investment grade is fundamental to our long term strategy
2017 OUTLOOK
### Outlook for 2017

#### 2017 Outlook

#### Our assumptions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017B (*)</th>
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<tbody>
<tr>
<td>Brent price ($/Bbl)</td>
<td>43.7</td>
<td>55.0</td>
</tr>
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<td>HH ($/MBtu)</td>
<td>2.5</td>
<td>3.2</td>
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<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refining Margin ($/Bbl)</td>
<td>6.3</td>
<td>6.4</td>
</tr>
<tr>
<td>Exchange rate ($/€)</td>
<td>1.11</td>
<td>1.05</td>
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#### Guidance

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<th>2017B</th>
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<tr>
<td>Production (KBoepd)</td>
<td>690</td>
<td>~680</td>
</tr>
<tr>
<td>Capex (Bn€)</td>
<td>3.2</td>
<td>~3.6</td>
</tr>
<tr>
<td>Synergies and</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Efficiencies (Bn€)</td>
<td></td>
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<td>42</td>
<td>~40 (*)</td>
</tr>
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<td>Net Debt/EBITDA [x]</td>
<td>1.6</td>
<td>1.1</td>
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(*) Budget  (***) Long term objective
Investor Update 2017
2016 – 2020 Value & Resilience