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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 Q2 2016 Webcast Presentation are included in Appendix I “Alternative Performance Measures” of the Interim Management Report for the six-month period ended 30 June 2016.
2016-2020 Value & Resilience

1. Company Overview
2. Key strategic lines 2016-2020
3. Progress of Strategic Plan
4. Upstream
5. Downstream
6. Gas Natural Fenosa
7. Financial Outlook
8. 2016 Outlook
Company overview

2Q16 key messages

✓ Driving for Cash Flow breakeven neutrality at $40.

✓ **UPSTREAM**

  • **Above breakeven** at the Adj. Net Income level at current prices
  • Production **in line** with the Strategic Plan
  • Opex and capex optimization → **Upstream FCF breakeven $60 objective**

✓ **DOWNSTREAM**

  • Major **maintenance** completed in our refineries will allow us to **capture all the potential** from our refining **conversion capacity** for the rest of the year

✓ **DIVESTMENTS**

  • **Programme on track**, continuing to evaluate portfolio options [*].

[*) In September 2016, Repsol and Criteria Caixa, reached an agreement with GIP to sell a combined 20% stake in Gas Natural SDG, S.A. for total aggregate consideration of €3.8Bn.]
Company overview

Repsol today - An integrated company operating across the entire value chain

- ~2.4 billion boe proved reserves (*)
- ~700 kboepd production
- ~1 million bpd refining capacity
- Core businesses: Upstream and Downstream
- 20% stake in Non-operated shareholding: GNF
- Tier 1 Downstream
- Delivery on commitments
- Diversified and global portfolio
- World-class explorer
- Capable and talented workforce

(*) As at 31/12/2015
Company overview

Repsol’s shareholders

Total number of shares as of July 2016: 1,466 million
Key strategic lines 2016-2020

Value and resilience

**VALUE**
- Shift from growth to value delivery, prepared for the next growth wave
- Commitment to maintain shareholder compensation in line with current company level

**RESILIENCE**
- Top tier resilience among integrated companies
- Self-financing strategy even in a stress scenario
- FCF breakeven after dividends at $40/bbl Brent[^1]

**PORTFOLIO MANAGEMENT**
- Capex flexibility
- (~46% Investment reduction vs. 2014) [^2]
- Creating value through portfolio management
- (>50% target to be achieved in 2016)

**EFFICIENCY**
- Synergies and company-wide Efficiency Program with strict accountability[^3]:
- €2.1 B/y savings target in 2018
  - (€1.5 B Opex + €0.6 B Capex)
  - >50% target to be achieved in 2016

[^1]: Repsol released a FCF Breakeven at $50/Bbl on strategic plan 2016-2020 presentation. FCF breakeven at $40/bbl with the revised scenario.
[^3]: By the end of the second quarter projects have commenced that will secure approximately 70 per cent of savings target for 2016.
[^4]: The 2016-2017 target has been already reached. As of September 2016, €4.7B of divestments have been delivered.
Key strategic lines 2016-2020

Shift from growth to value

Achieved critical mass in E&P business

Extensive portfolio of assets and development projects

Optionality to improve portfolio value by divestments

Achieving optimal size and portfolio mix
Key strategic lines 2016-2020

Additional Investment reduction for 2016 and 2017 around €1.8B

- Investment optimization and implementation of our efficiency measures.
- Low Downstream capital requirements.
- Deferring non-critical investment in development and producing assets.
- Keeping in 2016 our production level at around 700,000 barrels per day.

Repsol shows flexibility in this challenging environment

1. Investment does not include G&G and G&A from exploration.
2. 2014 Investment figure includes Repsol and Talisman.
Key strategic lines 2016-2020

Strict accountability on Efficiency Program

Pre-tax cash savings

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>€0.2 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td>Upstream Opex &amp; Capex efficiency</td>
<td>€0.6 B</td>
<td>€1.1 B</td>
</tr>
<tr>
<td>Downstream profit improvement and efficiency</td>
<td>€0.2 B</td>
<td>€0.5 B</td>
</tr>
<tr>
<td>Corporation right-sizing</td>
<td>€0.1 B</td>
<td>€0.2 B</td>
</tr>
</tbody>
</table>

• Recurrent synergies target increased to 400M$

• 90% of the run-rate target for 2016 synergies and 70% of the planned synergies by 2020 already implemented.

• Upstream program ahead of schedule [700 efficiency initiatives identified]

• Downstream and Corporate on track.

More than 50% of the efficiency plus synergies target in 2018 to be achieved in 2016

(*) Latest projection for 2016: €1.2B
Key strategic lines 2016-2020

Synergies from Talisman integration are already being delivered

\[250\text{M in 2016 of which } \sim 200\text{M already captured}\]

- **Finance:** repurchase of Talisman bonds and joint financial optimization
- **People and Organization:** workforce and contractor reduction from overlaps
- **IT:** application & infrastructure rationalization
- **Exploration:** highgrading of Talisman portfolio
- **General services:** joint insurance program

Repsol increases recurrent synergy target derived from Talisman Integration up to 400 M$ pre-tax
Breakevens

// Group FCF breakeven after dividends and interests [2016-2017](*) //

Resilience: $40/bbl free cash flow breakeven after dividend and interests

[⁎] Scenario used to estimate breakevens: [Stress case]: Brent price of 40 $/bbl for 2016 – 2017, and 50 $/bbl flat 2018 – 2020; HH price of $2.6/Mbtu for 2016 – 2017, and 3.5 $/Mbtu 2018 – 2020; Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished in 2015.

Repsol’s Base case is: Brent price of 40, 55, 65, 75 and 85 $/bbl from 2016 to 2020 respectively, HH price of 2.6, 3.2, 3.7, 4.2, 4.8 $/Mbtu from 2016 to 2020 respectively and Repsol refining margin indicator of 6.9 $/bbl for 2016 and 6.4 $/bbl from 2017 onwards.
Key strategic lines 2016-2020

Repsol profits from a high Downstream/Upstream leverage

Avg 2010-15 R&M integrated margin $^{[1]}$ x 2015E
Downstream / Upstream leverage ($/bbl)

Avg 2010-15 R&M integrated margin $^{[1]}$ x 2015E
Downstream / Upstream liquids leverage ($/bbl)

Downstream / Upstream leverage

2015E Refining distillation / Upstream total production [%]

124% 99% 109% 53% 119% 65% 86% 32%

Avg 3.9

Downstream / Upstream liquids leverage

2015E Refining distillation / Total Liquids production [%]

324% 190% 193% 84% 230% 98% 157% 60%

Avg 6.8

$^{[1]}$ Figures based on 3Q15 reported information. R&M operating profit is a proxy of the impact in FCF breakeven under the assumption that Investments=Depreciation. 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]. Source: company filings

* Peers companies considered: BP, Shell, Chevron, Total, Exxon, OMV and ENI
Key strategic lines 2016-2020

Self-financed Strategic Plan even under the stress scenario

// Cash movements 2016-2020 //</>

- Reduction of our investment budget in 2016 below €4B
- Investment reduction for 2016 and 2017 around €1.8B
- Acceleration of efficiency and synergy target in 2016 → €1.2B
- Reduction of Group FCF breakeven to 40$

<table>
<thead>
<tr>
<th>Sensitivities</th>
<th>FCF</th>
<th>Adj. Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent +/- $5/bbl</td>
<td>€1.5B</td>
<td>€1.3B</td>
</tr>
<tr>
<td></td>
<td>-€1.5B</td>
<td>-€1.3B</td>
</tr>
<tr>
<td>Henry Hub +/- $0.5/Mbtu</td>
<td>€0.8B</td>
<td>€0.6B</td>
</tr>
<tr>
<td></td>
<td>-€0.8B</td>
<td>-€0.6B</td>
</tr>
<tr>
<td>Refining Margin +/- $1/bbl</td>
<td>€0.8B</td>
<td>€1.1B</td>
</tr>
<tr>
<td></td>
<td>-€0.9B</td>
<td>-€1.1B</td>
</tr>
</tbody>
</table>

(*) The 2017 target has been already reached. As of September 2016, €4.7B of divestments have been delivered.
Progress of Strategic Plan
Progress of Strategic Plan

Strategic Commitments Follow up

Investment in 2016
- Exploration
- Deferral of non-critical investments
- Capture of sector wide deflation
- Re-visit on-going development projects

Efficiency & Synergies
- Target represents more than half of the 2018 objective:
  - Upstream: 1H16 achieved more than 50% of our full year objective.
  - Downstream: in line with our targets
  - Corporation: in line with our targets
- Pre-tax cash impact in 1H16 more than 600 million Euros

Cash Neutrality break-even
- Investment reduction
- Opex efficiency targets
- Synergies capture

(*) Latest projection for 2016: Euros 1.2B
Progress of Strategic Plan

Strategic Commitments Follow up

Efficiency & Synergies Program

<table>
<thead>
<tr>
<th></th>
<th>Target 2016</th>
<th>2016 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Synergies</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Efficiencies</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>Total [€]</td>
<td>1.1</td>
<td>1.2</td>
</tr>
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</table>

Investment Flexibility

<table>
<thead>
<tr>
<th></th>
<th>Target 16-17</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repsol Investment [€]</td>
<td>~3.9</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Divestments & Management Portfolio

<table>
<thead>
<tr>
<th></th>
<th>Target 16-17</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divestments [€]</td>
<td>3.1</td>
<td>2.8(1)</td>
</tr>
<tr>
<td>Production [kboed]</td>
<td>706 (2)</td>
<td>705</td>
</tr>
</tbody>
</table>

Value & Resilience

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>1H16</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF Neutrality BE [$/boe]</td>
<td>~40</td>
<td>~40</td>
</tr>
<tr>
<td>E&amp;P FCF BE [$/boe]</td>
<td>~65</td>
<td>~65</td>
</tr>
</tbody>
</table>

Finance Commitments

<table>
<thead>
<tr>
<th></th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Grade</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
</tbody>
</table>

Notes:

(1) Includes projected proceeds on agreed transactions and other operations. It does not include the sale of the 10% stake of Gas Natural Fenosa.
(2) 2016 Annual Budget.
(3) FCF after interests and dividends (~0.8 €/share for this year)
Progress of Strategic Plan

Portfolio management

Sale of a 10% stake in Gas Natural Fenosa to Global Infrastructure Partners (“GIP”)
  - Around €1.9bn of proceeds.
  - The capital gain that this disposition generates is approximately 246 million euros.

Sale of our offshore wind power business in the UK for 238 million euros
  - After tax capital gain of 109M€
  - Cash from this sale is expected to be received during 2Q 2016

Sale of Repsol’s 10% stake in CLH
  - We sold our stake in CLH for 325 million Euros
  - Around 300 million Euros of capital gains

Sale of the Piped LPG business for 788 M€
  - Generating an estimated pre-tax capital gain of ~470 M€
  - Will be cashed-in mostly in 2016. Capital gains also to be booked mainly in 2016

Sale LPG businesses in Peru and Ecuador
  - Agreement with Abastible company totalling 335 million dollars transaction
  - A multiple of approximately 8 times EBITDA

Agreement with our partner Armstrong to dilute our position in North Slope
  - Positive impact on our cash flow of around 700 million Euros

Eagle Ford divestment and acquisition of Norwegian producing assets
  - Significant improvement in the cash flow generation in 2015-2017
  - Improvement of operations thorough the nomination of a single operator

Transfer of our 60 per cent stake in the Yme field to OKEA
  - Saving 200 million euros of decommissioning costs in the 2016-2020 period

Repsol amortizes part of TLM’s debt and reduces its financing costs by >80M$/year
  - Repsol amortizes TLM bonds in the amount of approximately 2.7 billion dollars
  - Total capital gain of approximately 300 M$ pre tax
UPSTREAM

3 core regions in the portfolio

**Latin America: FCF**
Production 2016: ~304 kboepd
Operatorship: ~20%
Gas production (2016): 70%
- Regional scale
- Exploration track record
- Cultural fit

**North America: Growth**
Production 2016: ~187 kboepd
Operatorship: ~79%
Gas production (2016): 71%
- Unconventional portfolio
- Operatorship
- Valuable midstream positions

**SouthEast Asia: FCF & Growth**
Production 2016: ~102 kboepd
Operatorship: ~37%
Gas production (2016): 77%
- Self-financed growth
- Relationship with governments/NOCs
- High potential exploration blocks

**Main Figures**
- **Current Production** ~ 700 Kboed
- **1P Reserves (*)** 2,373 MMboed

NOTE: Europe, Africa & Brazil ~ 112 kboe/day
(*) As at 31/12/2015
An extensive pipeline of organic opportunities

**Exploration**

**Contingent resources**
- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP09 & Niscota
- Alaska: Colville High
- GoM: Leon
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: PDL10

**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

"As is" organic portfolio potential of more than 900 kboepd

(*) The PM3 PSC extension agreement was signed on the 6th April, 2016. Repsol equity interest in PM3 is going to be 35%
UPSTREAM

Projects activity in 2016

**NORTH AMERICA**
- Duvernay/G. Edson
- Marcellus
- Eagle Ford
- Gulf of Mexico

**NORTH SEA**
- Redevelopment Mon-Arb and Flyndre Cawdor

**ALGERIA**
- Reganne & Sud-Est-Illizi

**BRAZIL**
- Plateau Sapinhoá
- First Oil Lapa Appraisals

**COLOMBIA**
- Akacias

**VIETNAM**
- Red Emperor

**MALAYSIA**
- Redevelopment Kinabalu and Bunga Pakma

**INDONESIA**
- Exploration Activity

* Additional exploration activity in Angola, Romania, Bulgaria and PNG.
Operational activity. Development projects

**Brazil: Sapinhoá & Lapa**
- **Sapinhoá**: Plateau is expected in second half of 2016
- **Lapa**: First oil is expected in 3Q16 (ahead of schedule).

**UK: MonArb & Flyndre/Cawdor**
- First oil expected in the first half of 2017

**Malaysia: Bunga Pakma & Kinabalu**
- First production projected for 2018 and 2019 respectively

**Vietnam: Red Emperor**
- Project taken advantage of falling industry costs
- First production is planned for end of 2019

**USA: Marcellus**
- Higher production YoY.
- Cash breakeven close to $2/Mbtu
- Cash generative at current prices

**Peru: Kinteroni & Sagari**
- Production from Kinteroni increased in April to 160 million square cubic feet of gas per day
- In Sagari first gas planned for 2018.

**T&T: Juniper**
- Start-up is planned for 2017.
- This offshore shallow water project will reach peak production of 95 Kboed (Repsol owns 30%)
Upstream Investments

Investment excluding G&G and G&A from exploration and including efficiencies

2016 Investment €2.9 Bn (exchange rate 1.07 $/€)

CAPEX per barrel produced W.I.

CAPEX including G&G and G&A from exploration and including efficiencies
Capex optimization will have no impact on production because of the previous investment cycle from Repsol's legacy assets [Average RRR 2011-2013: 214 %]

RRR: 118%

RRR: 159% [*]

[*] Organic Reserve ratio excluding the acquisition of Talisman and other inorganic transactions [RRR 500% inorganic]
UPSTREAM

E&P Cost Efficiency Program

// Levers //

Business units (Opex & Operational Capex)

- Technical standardization
- Operational uptime increase
- Procurement & logistics optimization
- Organizational right-sizing

Large capital projects

- Post-FID projects: Efficiency gains, scope challenge
- Pre-FID projects: Lean and cost-efficient engineering and supply chain design, collaborative approach with contractors, integrated project execution, ...

Exploration & drilling

- Simplification of geological targets, coring, testing
- Well design standardization
- Planning and execution efficiencies
- Procurement & logistics optimization
- Organizational right-sizing

Support functions

- Ongoing analysis of added value for every task
- Organization right-sizing
- Optimize support functions

More than 50% of the efficiency target in 2018 to be achieved in 2016

~€0.6 B/y savings by 2016.
UPSTREAM

Examples of improvements in Talisman legacy assets

UK

Improved Recovery Factor:
• Develop a prioritized inventory of qualifying capital projects to be used in the asset strategy definition.

Improved Operational Efficiency:
• Contribute to the stretch objective of TSEUK producing >50kboe/d, with significant improvement in the per barrel profitability.
• Optimize Capex and Opex.

Marcellus Fracking pricing:

<table>
<thead>
<tr>
<th>Marcellus frac cost per stage</th>
<th>USD Thousands/year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Cost</td>
<td>-27%</td>
</tr>
<tr>
<td>New Cost</td>
<td></td>
</tr>
</tbody>
</table>

Marcellus commercialization:
• Practice of selling excess capacity has been replaced with purchase of gas from 3rd parties, leveraging Repsol Trading capabilities in North America.
• Lower effective transport cost through positive net revenues from buy/sell margins, underpinning business profitability.
Downstream to provide sustainable value

Maximize performance
- Taking advantage of the integration between refining and marketing businesses with focus on reliability

Capital discipline
- Discipline in capital allocation
- Divestments of non-core assets for value creation

Margin improvement & Efficiency Program
- Optimizing integrated margin across businesses
- Strong focus on reducing energy cost and CO$_2$ emissions

Objective to generate FCF $\sim$ €1.7 B/y [average 2016-2020]
Repsol’s refining margin indicator evolution

Margins back to a mid cycle scenario

**Base Repsol Crack Index**

- High margins: 2005-08: 6.6
- Low margins: 2009-14: 1.5
- Average 2005-2020: 3.6

**Repsol Refining margin index evolution**

- 2015 Refining Margin: 4.3
- Estimated refining margin 2016-20: 3.0

1. Without taking into account margin from projects and efficiency improvement program

**Note:** Since the start up of the Bilbao and Cartagena projects, the premium went up from 1.6$/bbl in 2012 to 2.8$/bbl in 2014 and 4.3$/bbl in the first three quarters of 2015

(*) 2016 Budget assumption: 6.9 $/bbl
### DOWNSTREAM

Fundamentals support sustained Repsol refining margins

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lower Opex</strong></td>
<td>✓ Lower oil and gas prices</td>
</tr>
</tbody>
</table>
| **Growing refined products demand** | ✓ Average demand growth of 1.2% for 2016-2020 on top of strong 2015 demand  
  ✓ Spain fuels demand growth at 4% in 2015 |
| **European refineries at high utilization of effective capacity** | ✓ Lower EU effective capacity due to low maintenance activity in recent years  
  ✓ Low Brent-WTI and NBP-HH gaps and low $/€ exchange rate |
| **Restarts unlikely in EU** | ✓ Restarts unlikely due to required investment in working capital and fixed costs with long-term uncertainties remaining for less competitive refineries in EU |
| **Refining project delays and cancellations** | ✓ Capacity-addition delays and cancellations due to stressed cash position of integrated companies and NOCs |
| **Demand vs. effective capacity tighter than previous years** | ✓ Capacity additions offset by growing demand |
| **Light-Heavy differentials** | ✓ Marpol (1) increases diesel demand, while lowering fuel oil demand and price  
  ✓ Large increase in production of heavy crudes |

---

1 Marpol: International convention for the prevention of pollution from ships.
Downstream efficiency and margin improvement program

~€0.5 B/y from Downstream efficiency improvement in 2018

// Projects //
- **Refining**
  - Energy cost reduction
  - Improved planning to increase crude supply flexibility
  - Operations optimization including fixed-cost reductions
  - Increased asphalt production in Peru

- **Integrated margin**
  - Optimization of integrated margin across the value chain with: optimization of crackers supply, processing challenging crude...

- **Commercial businesses**
  - Network structure optimization
  - Logistics and planning improvements

- **Chemicals**
  - Operational improvement focused on raw material flexibility and facilities reliability
  - Optimization of pricing strategy

// Levers //

// EBIT increase by 2018 //

- ~€250 M/y
- ~€100 M/y
- ~€100 M/y
- ~€50 M/y

Total target of ~€0.5 B/y

Downstream efficiency program on track: ~€0.2 B/y savings by 2016
Maximizing value and cash generation leveraged on fully invested assets

// Sustainable value from quality assets //
Repsol in leading position among european peers

// Investment discipline //

European Integrated Margin of R&M

Downstream resilience reinforced by commercial business integration with industrial businesses

Gas Natural Fenosa

Strong profitability with long term vision

20% of valuable stake in a leading gas & power company

Stable dividend with growth potential (*)

Strong profitability performance (well above wacc and not linked to oil price)

Provides strategic optionality for stronger role of gas and renewables in energy mix

Liquid investment that provides financial optionality

(*) Dividends received in 2012-2015 period ~ €1.1 b
Financial outlook

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

Commitment to reduce debt

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

Commitment to maintain shareholder compensation in line with current company level
Financial outlook

1H2016 Net Debt evolution

// Net Debt Evolution after paying dividends //

[Billion €]

- 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.

(*) Investments: €1.7 B for 1H16
Divestments: it does not include the €1.9 B proceeds from the sale of a 10% stake in Gas Natural Fenosa
2016 Outlook

✓ **Divestment program** progressing well with 2017 target already delivered, proceeds over €2.6 B in the 2nd half of 2016.

✓ **Downstream** projected to deliver ~€3 billion free cash flow in 2016.

✓ Production volumes in line with Strategic Plan at ~700,000 barrels per day.

✓ **Capex and Opex** company wide optimization is helping drive free cash flow breakeven below $45 per barrel.

✓ **Efficiency and Synergy** project set to deliver €1.2 billion benefit in 2016.

  ✓ Making excellent progress in 2016, on track to deliver on longer term strategic targets and by the end of the second quarter, projects have commenced that will secure approximately 70% of our projected target for 2016.

✓ Exploration program focus on **appraisals** and **lower risk prospects** leading to reduced results volatility, Upstream has delivered positive EBIT for the last two quarters.

✓ **Refining** major **maintenance program** for 2016 **completed**, projecting real refining margins ~$1 per barrel above indicator.