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Strategic Plan 2016-2020: Agenda

- 2012-2016 Strategic Plan delivery
- Key strategic lines 2016-2020: Value & Resilience
- Financial outlook
- Summary
- Repsol 3Q 2015 Results
Strategic Plan 2016-2020: Agenda

- 2012-2016 Strategic Plan delivery
- Key strategic lines 2016-2020: Value & Resilience
- Financial outlook
- Summary
- Repsol 3Q 2015 Results
2012-2016 Strategic Plan delivery

2012-2015 Milestones

2012-2016 Strategic Plan: Growth and Delivery

### 2012
- YPF expropriation
- Cartagena & Petronor refineries upgrade
- Discoveries: Pão de Açúcar and Sagari
- Start-ups: Margarita & Mid Continent

### 2013
- LNG business divestment
- Start-ups: Carabobo and Sapinhoa
- Discoveries: Brazil, Alaska and Russia

### 2014
- YPF settlement and full monetization
- New CEO appointment
- Discoveries: T&T and Gulf of Mexico
- Start-up: Kinteroni

### 2015
- Talisman Acquisition
- Hybrid bonds issuance
- Start-up: Perla
- Extraordinary dividend

Extraordinary dividend

2012-2016 Strategic Plan delivery
### 2012-2016 Strategic Plan targets achieved

<table>
<thead>
<tr>
<th>High growth in Upstream</th>
<th>// Targets //</th>
<th>// Delivery //</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream as growth engine</td>
<td>CAGR &gt; 7%</td>
<td>&gt; 25%/y (1)</td>
</tr>
<tr>
<td></td>
<td>Prod 2016 ~500 kboepd</td>
<td>~650 kboepd</td>
</tr>
<tr>
<td>Reserves Replacement</td>
<td>RRR &gt; 120%</td>
<td>190% (2011-2014)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maximize Downstream profitability</th>
<th>// Targets //</th>
<th>// Delivery //</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize profitability and cash</td>
<td>€1.2 B/y</td>
<td>€1.3 B/y (2)</td>
</tr>
<tr>
<td>Fully-invested assets</td>
<td>€0.7 B/y</td>
<td>€0.7 B/y (2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitive shareholder compensation</th>
<th>// Targets //</th>
<th>// Delivery //</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive pay-out ratio</td>
<td>Stable dividend of €1/share</td>
<td>~€1/share per year (3)</td>
</tr>
<tr>
<td>Dividend ~ €1/share</td>
<td>Extraordinary dividend in 2014</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial strength</th>
<th>// Targets //</th>
<th>// Delivery //</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-financed plan</td>
<td>Self-financed</td>
<td>Leverage increase (Talisman acquisition)</td>
</tr>
<tr>
<td>Commitment to maintain investment grade</td>
<td>Maintain investment grade</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

---

1. 25% CAGR estimated with 2015 production of 650 kboed (average daily production with Talisman integrated all year). Organic growth with a CAGR of ~7% excluding Libya’s impact (3% with it).
2. Downstream figures do not include any LNG business figures.
3. Dividend paid of €1/share every year with scrip dividend option. Extraordinary dividend of €1/share paid in 2014 after YPF agreement compensation.
Repsol today
An integrated company operating across the entire value chain

~2.2 billion boe proved reserves

Integrated business model

Delivery on commitments

~650 kboepd production

Diversified and global portfolio

~1 million bpd refining capacity

World-class explorer

Core businesses: Upstream and Downstream

Capable and talented workforce

Non-operated shareholding: GNF

Tier 1 Downstream

// Talisman acquisition //
May 2015: closing

- Transformative deal with a long-term view
- Competitive multiples: EV/2P reserves ~$10/bbl
- E&P portfolio and competitiveness upgrade
- Global scale and diversification
- Generates new opportunities
- Enhanced value-creation capabilities

2012-2016
Strategic Plan delivery
Strategic Plan 2016-2020: Agenda

2012-2016 Strategic Plan delivery

Key strategic lines 2016-2020: Value & Resilience

Financial outlook

Summary

Repsol 3Q 2015 Results
Key strategic lines 2016-2020

**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 $50/bbl Brent

**PORTFOLIO MANAGEMENT**
- Capex flexibility (~40% Capex reduction vs. 2014)
- Creating value through portfolio management
  - (€6.2 B divestments)

**EFFICIENCY**
- Synergies and company-wide Efficiency Program with strict accountability:
  - €2.1 B/y savings
  - (€1.5 B Opex + €0.6 B Capex)

Creating value even in a stress scenario through efficiency and portfolio management
Scenario assumptions

**Stress scenario 2016-2020**

- **Brent price** $50/bbl flat
- **Henry Hub price** $3.5/Mbtu flat
- **Repsol refining margin indicator** $6.4/bbl flat

**Base scenario 2016-2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>Brent price ($/bbl)</th>
<th>Henry Hub price ($/Mbtu)</th>
<th>Repsol refining margin indicator ($/bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>65.0</td>
<td>3.5</td>
<td>6.4</td>
</tr>
<tr>
<td>2017</td>
<td>75.0</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>85.0</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>90.0</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>91.8</td>
<td>4.8</td>
<td></td>
</tr>
</tbody>
</table>

Key strategic lines 2016-2020: Value & Resilience
Key strategic lines 2016-2020:
Value & Resilience

Shift from growth to value

// Upstream production evolution //

- 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
1. All figures in dollars using an exchange rate of $/€ 1.1 for the whole period. Capex does not include G&G and G&A from exploration, includes efficiency program.

2. Repsol and Talisman were two separate companies in 2014. In 2015 there are effects of the combined company. Figures include proportional share of JVs.

3. Exploration expense includes G&G and G&A.

Key strategic lines 2016-2020: Value & Resilience

Capex reduction as a key lever

- Upstream assets in an advanced stage of investment
- Limited presence in capital-intensive new developments
- High share of unconventionals (price responsive Capex)
- Investment portfolio prioritization after Talisman integration
- Exploration with limited commitments
  - Expense (3) reduced from ~$2.1 B/y (2011-2014) to ~$0.9 B/y (2016-2020)
- Low Downstream capital requirements

High flexibility to manage investments
Key strategic lines 2016-2020: Value & Resilience

Enlarged portfolio allows divestments

// Asset divestment plan of €3.1 B in 2016-2017 and €3.1 B in 2018-2020 //

- €1 B in divestments commitment, after Talisman acquisition, fully achieved

- Finding natural owners of assets willing to pay full value
  - 2015 CLH and piped LPG divestments

- Sales focus on assets not linked to oil prices, subscale and high-cost/high-breakeven positions to improve portfolio value
  - With time flexibility to sell at right price

Creating value and strengthening balance sheet

2. Sale of piped LPG to generate €0.7 B (€0.1 B in 2015 and €0.6 B to be accounted for 2016.)
Synergies and Efficiency Program to reach €2.1 B/y in 2018
Strict accountability on Efficiency Program delivery for the management team

- Savings from combining the organizations: €0.3 B
- Benefits from enhanced portfolio
- Other savings

Upstream Opex & Capex efficiency
- Capture of cost deflation
- Efficiency improvement
- Cultural change: €0.5 B

Downstream profit improvement and efficiency
- Integration value maximization
- Operational optimization
- Reliability of industrial facilities: €0.5 B

Corporation right-sizing
- Optimization of key support functions
- Simplification: focus on value creation: €0.2 B

Total:
- 2018 Opex Impact: €1.5 B
- 2018 Capex Impact: €0.6 B

50% of Opex savings already under implementation
Reduction of 1,500 Group employees already announced
Synergies from Talisman integration are already being delivered

// Integration synergies //

$220 M/y

+ $130 M/y

$350 M/y

Target on deal announcement

New target 2018

// Selected examples //

• Workforce and contractors reduction from overlaps
• Removal of duplications in general services, helpdesk support, communications, office events, etc.
• Removal of duplicate boards/committees and external services
• Cost of debt savings from joint financial optimization
• Improved liquids commercialization from Talisman production using Repsol trading capabilities

New synergies target of $350 M/y by 2018
(Raised from $220 M/y at the time of the acquisition announcement)

>30% of synergies already implemented
Breakevens

1. Scenario used to estimate breakevens of HH $3.5/Mbtu and Repsol refining margin indicator of $6.4/bbl, both flat from 2016 to 2020. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished (piped LPG sale of €0.7 B in September 2015, with €0.6 B to be accounted for in 2016).


---

Resilience: $50/bbl free cash flow breakeven after dividend

1. Scenario used to estimate breakevens of HH $3.5/Mbtu and Repsol refining margin indicator of $6.4/bbl, both flat from 2016 to 2020. Breakeven does not include any proceeds from divestments, with the exception of the piped LPG sale already accomplished (piped LPG sale of €0.7 B in September 2015, with €0.6 B to be accounted for in 2016).

Repsol’s FCF breakeven reduction capacity well positioned within industry

// Company FCF breakeven in 2016 (after dividends)\(^{(1)} \) //

$\text{/bbl}$

<table>
<thead>
<tr>
<th>Repsol</th>
<th>Majors(^{(2)})</th>
<th>Integrated companies(^{(3)})</th>
<th>Pure E&amp;P(^{(4)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downstream cash generation</td>
<td>Exploration</td>
<td>Rest of businesses</td>
<td>2016 breakeven after dividends</td>
</tr>
</tbody>
</table>

Repsol's strong Downstream significantly contributes to lowering breakeven
Exploration provides high flexibility to reduce breakeven

---

3. Integrated companies: OMV, ENI.
4. Pure E&P: Chesapeake, Anadarko, Apache, Devon, Oxy, EOG and CNRL.
Key strategic lines 2016-2020: Value & Resilience

Self-financed Strategic Plan

// Cash movements 2016-2020 (accumulated) //</br>(Stress scenario) (1)

- Operating cash flow post tax: ~32 €B
- Financial expenses: ~5 €B
- Divestments: ~6 €B
- Investments (3): ~23 €B
- Cash for dividend and debt: ~10 (4) €B

Cash for dividend and debt in base scenario (2): ~20 €B

Self-financed Strategic Plan even under the stress scenario ($50/bbl flat)

2. Base case scenario starting at Brent = $65/bbl and HH = $3.5/Mbtu in 2016, increasing to $75/bbl and $4.0/Mbtu in 2017, $85/bbl and $4.6/Mbtu in 2018, $90/bbl and $4.7/Mbtu in 2019 and $91.8/bbl and $4.8/Mbtu in 2020, with a constant refining margin of $6.4/bbl.
3. From the ~€23 B investments, ~€19 B are from Upstream and ~€4 B from Downstream.
4. FCF sensitivities (5 years accumulated): Brent +$5/bbl = €1.5 B; HH +$0.5/Mbtu = €0.7 B; Repsol refining margin indicator +$1/bbl = €1.1 B.
Upstream

Downstream

Corporation
// Starting point //
(Repsol + Talisman)

• Broad geographic footprint with some subscale positions
• Long pipeline of organic growth opportunities
• Unconventionals portfolio

// Strategic positioning //

Efficiency Program

• Opex
• Capex

Portfolio management

• Exploration optimization
• Investment rationalization
• Divestments

• Lower Capex intensity and improved value
• More resilient with FCF Upstream breakeven down to ~$75/bbl in 2016-2017 and ~$60/bbl in 2018-2020
• Geographically and play-type focused (3 regions, 3 play types)
• Production scaled at 700-750 kboepd sustained by the right reserve base
3 core regions in the portfolio

North America: Growth
- Production 2016: ~180 kboepd
- Operatorship: ~79%
- Gas production (2016): 71%
- Unconventional portfolio
- Operatorship
- Valuable midstream positions

Latin America: FCF
- Production 2016: ~360 kboepd
- Operatorship: ~20%
- Gas production (2016): 70%
- Regional scale
- Exploration track record
- Cultural fit

SouthEast Asia: FCF & Growth
- Production 2016: ~85 kboepd
- Operatorship: ~37%
- Gas production (2016): 77%
- Self-financed growth
- Relationship with governments/NOCs
- High potential exploration blocks

Key strategic lines 2016-2020: Value & Resilience
Key strategic lines 2016-2020: Value & Resilience

An extensive pipeline of organic opportunities

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

// Exploration //

Contingent resources
- Brazil: Campos-33, Albacora Leste, Sagitario
- Russia: Karabashky
- Colombia: CPO9 & Niscota
- Alaska: Colville High
- GOM: Buckskin & Leon
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- Unconventional North America
- PNG: PDL10

Prospective resources
- Brazil: Santos Basin & Espírito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG: gas aggregated project
- Bulgaria
Portfolio management: Production

// 2020 Production ~700-750 kboepd //

// Focus: 3 regions, 3 play types //

<table>
<thead>
<tr>
<th>Region</th>
<th>Production 2016-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore shallow</td>
<td>33%</td>
</tr>
<tr>
<td>Onshore core plays</td>
<td>35%</td>
</tr>
<tr>
<td>Unconventional</td>
<td>23%</td>
</tr>
<tr>
<td>Non-operated Offshore deep</td>
<td>9%</td>
</tr>
</tbody>
</table>

~90% of production from core areas (2016-2020)

A larger and more focused E&P portfolio
Key strategic lines 2016-2020: Value & Resilience

Portfolio management: Capex

// Capex reduction 2016-2020 //
(Average annual Capex) \(^{(1)}\)

// Capex prioritization driven by value and strategic fit //

- Development Capex reduction based on value optimization:
  - Fulfill contractual minimum commitments
  - Slowdown of projects with lower value
  - Modulate unconventional Capex to oil price

- Exploration Capex reduction while ensuring sustained resource additions
  - Focus on core regions/plays
  - Reduce highest-cost development exposure

- Divestment of non-core assets

1. Not including G&G and G&A from exploration and including efficiencies.
2. Figures include proportional share of JVs.

Reduction in Capex while preserving value
### Portfolio management: Exploration

**Lower exploration intensity, more focused, lower risk**

(Exploration expense)\(^{(1)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Exploration Intensity ($/boe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Av. 2011-2014 (Repsol + Talisman)</td>
<td>8.8</td>
</tr>
<tr>
<td>2016</td>
<td>3.9</td>
</tr>
<tr>
<td>2017-2020</td>
<td>3.2</td>
</tr>
</tbody>
</table>

**Unconventionals will complement exploration for reserve replacement**

<table>
<thead>
<tr>
<th>R RR (2) (~100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unconventional</td>
</tr>
<tr>
<td>Conventional</td>
</tr>
</tbody>
</table>

**Key strategic lines 2016-2020:**

- **Value & Resilience**
  - RRR \(~100\%)\(^{(2)}\)

1. Exploration expense include G&G/G&A.
2. Reserves replacement ratio.
More than 80% of 2020 production coming from today’s reserves

Production guaranteed with current reserves and resources
E&P Cost Efficiency Program
Focused on structural efficiency gains and industry deflation capture

// 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

~$1.2 B/y savings by 2018
~$0.6 B/y Capex
~$0.6 B/y Opex
### E&P Cost Efficiency Program

Selected examples of Upstream saving initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Status</th>
<th>Yearly impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marcellus (US) well cost optimization</td>
<td>Cost reduction program in well drilling and completion by contract renegotiations</td>
<td>Under implementation</td>
<td>~$66 M Opex</td>
</tr>
<tr>
<td>Brazil efficiency program</td>
<td>Program to reduce lifting and structural costs</td>
<td>Under implementation</td>
<td>~$49 M Capex</td>
</tr>
<tr>
<td>Staff right-sizing</td>
<td>First wave of global headcount and cost reduction</td>
<td>Under implementation</td>
<td>~$44 M Opex</td>
</tr>
<tr>
<td>UK helicopters optimization</td>
<td>Optimization of helicopter use and contracts renegotiation</td>
<td>Under implementation</td>
<td>~$22 M Opex</td>
</tr>
<tr>
<td>UK maintenance contract</td>
<td>Optimizing offshore maintenance contracts and renegotiation with suppliers</td>
<td>Under implementation</td>
<td>~$7 M Opex</td>
</tr>
<tr>
<td>Transport optimization in Trinidad &amp; Tobago</td>
<td>Transfer of logistics base closer to offshore platforms</td>
<td>Under implementation</td>
<td>~$3 M Opex</td>
</tr>
<tr>
<td>Akacias (Colombia) well cost optimization</td>
<td>Cost reduction program in development wells drilling in Akacias, Colombia</td>
<td>To be launched</td>
<td>~$33 M Capex</td>
</tr>
</tbody>
</table>

Key strategic lines 2016-2020: Value & Resilience
Program implemented from 2014 delivering in 2015:

- After more than 10 years of decline, production to increase 15% in 2015
- Reduction of 25% Capex & Opex vs. 2014
- 35% year-on-year reduction in unitary lifting costs
- Key MonArb development project realigned to deliver additional production by mid-2017

Repsol drives a step-change involvement in the JV and a new business plan:

- Operational efficiency improvement
- Improve recovery factor with new developments
- Optimize decommissioning
- Fiscal optimization
Upstream metrics improvement in 2016-2020
Commitments

// Capex (1) //

Capex

$B

2014
6.7

2016-2020
4.1

~ 40%

// Efficiency //

Efficiency

// Upstream FCF breakeven //

Resilience

$/bbl

2016-2017
~75

2018-2020
~60

// Opex & Capex savings //

Opex

Capex

2018

$B

1.2

0.6

0.6

// ROACE (2) increase //

Value

2.7

2.3

2020

~5 p.p.

Portfolio management

Efficiency

1. Capex not including G&G and G&A cost from exploration.
2. ROACE increase figures estimated with the stress scenario.
Upstream

Downstream

Corporation
Key strategic lines 2016-2020: Value & Resilience

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 CO₂ emissions

Objective to generate FCF ~ €1.7 B/y (average 2016-2020)
2016-2020 Downstream strategy: Maximizing value and cash generation leveraged on fully invested assets

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

// Investment discipline //

Downstream resilience reinforced by commercial business integration with 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 9-member peer group. Based on annual reports and Repsol’s estimates. Source: Company filings.

Repsol’s refining margin indicator evolution
Margins back to a mid cycle scenario

Key strategic lines 2016-2020: Value & Resilience

Base Repsol Crack Index\(^1\) 2005-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Base Repsol Crack Index ($)</th>
<th>Additional margin from projects pre-SP ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-08</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>2009-14</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>2016-20</td>
<td>2.7</td>
<td></td>
</tr>
</tbody>
</table>

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

Repsol Refining margin index evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Refining Margin ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>8.8 (-28%)</td>
</tr>
<tr>
<td>2016-20</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Notes:
- Without taking into account margin from projects and efficiency improvement program

\(^1\) Without taking into account margin from projects and efficiency improvement program
### Key strategic lines 2016-2020: Value & Resilience

- **Fundamentals support sustained Repsol refining margins**

#### Lower Opex
- Lower oil and gas prices

#### 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.
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

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

~€500 M/y from Downstream efficiency improvement

Total target of ~€0.5 B/y
### Selected examples: Downstream

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Status</th>
<th>Impact on EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Petronor steam reduction</strong></td>
<td>Minimize use of turbines, repair leaks, maximize condensate return, optimize steam ratios and pressures</td>
<td>Under implementation</td>
<td>€41 M/y</td>
</tr>
<tr>
<td><strong>Cartagena hot standby boilers</strong></td>
<td>Technical upgrades allowing reduced consumption and improved safety of supply</td>
<td>Under implementation</td>
<td>€9 M/y</td>
</tr>
<tr>
<td><strong>Processing more challenging crudes</strong></td>
<td>Margin integration along the supply chain to maximize CPC blend crude oil processing (CPC contaminates LPG to be cracked by chemicals) (1)</td>
<td>Under implementation</td>
<td>€8 M/y</td>
</tr>
<tr>
<td><strong>Commercial plan for coke</strong></td>
<td>Optimize coke trading and commercialization</td>
<td>Under implementation</td>
<td>€4 M/y</td>
</tr>
<tr>
<td><strong>Logistics optimization</strong></td>
<td>Optimization of the benzene logistics, from road to railway, with further reduction of emissions of CO₂ by more than 800 t/y</td>
<td>Under implementation</td>
<td>€2 M/y</td>
</tr>
<tr>
<td><strong>Crackers: Flexibility of raw material</strong></td>
<td>Introduce flexibility of raw material fed to crackers, swapping Naphtha for LPG</td>
<td>To be launched</td>
<td>€25 M/y</td>
</tr>
</tbody>
</table>

1. Negative impact for Chemicals and LPG BUs but positive for Refining and Trading, with overall positive impact.
Key strategic lines 2016-2020: Value & Resilience

Downstream metrics improvement in 2016-2020

Commitments

// Improvement in EBIT //

Efficiency Program

\[ \text{EB} \approx 0.5 \]

2018+

// D&A //

Run-rate Capex

\[ \text{EB/y} = 0.8 \]

Avg. 2016-2020

// Capex //

\[ \text{EB/y} = 0.8 \]

Avg. 2016-2020

// FCF //

Performance improvement

\[ 1.3 \rightarrow 1.7 \]


// ROACE //

Value

\[ >15\% \]

2016-2020
Key strategic lines 2016-2020: Value & Resilience

Talisman adding ~ €0.4 B/year corporate cost that will be offset by synergies and efficiency programs

Synergies from integration + Corporate Efficiency Program

Reduction of corporate cost in 3 years equivalent to entire Talisman corporation

1. Included in the $350 M/y synergies total target.
**Carbon strategy – Facing the issues**

- **Carbon pricing**
  - Cost of CO₂ applied to all investment decisions

- **Energy efficiency**
  - Efficiency programs ongoing to reduce energy consumption by 12%\(^{(1)}\)

- **CO₂ reduction**
  - Objective: 13%\(^{(1)}\) reduction in 2020
  - 12.7% achieved by the end of 2014\(^{(2)}\)

**Safety, a non-negotiable value in Repsol**

- Goal to achieve zero accidents by 2020
- Strong commitment to total safety embedded in the cost efficiency program

---

(1) Reduction corresponding to the 2014-2020 period referenced to 2010 level.
(2) CO₂ reduction achieved for the 2011-2014 period referenced to 2010 level.
Gas Natural Fenosa strategic stake
Strong profitability with long term strategic vision

30% 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)

Group’s renewables platform

Provides strategic optionality for a stronger role of gas in energy mix

Liquid investment that provides financial optionality
Strategic Plan 2016-2020: Agenda

- 2012-2016 Strategic Plan delivery
- Key strategic lines 2016-2020: Value & Resilience
- Financial outlook
- Summary
- Repsol 3Q 2015 Results
Financial outlook

Financial Strategic Plan 2016-2020

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

Commitment to reduce debt
Commitment to maintain investment grade rating
Commitment to maintain shareholder compensation in line with current company level
Capital structure actions driven by conservative financial policy and investment-grade rating commitment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2 years accumulated)</td>
<td>(3 years accumulated)</td>
</tr>
<tr>
<td>Hybrid issuance (1)</td>
<td>€3.0 B</td>
<td>€2.2 B</td>
</tr>
<tr>
<td>Scrip dividend (2)</td>
<td>€1.4 B</td>
<td>€2.2 B</td>
</tr>
<tr>
<td>Synergies</td>
<td>€0.3 B</td>
<td>€1.0 B</td>
</tr>
<tr>
<td>Divestments</td>
<td>€3.1 B</td>
<td>€3.1 B</td>
</tr>
<tr>
<td>Efficiency plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opex</td>
<td>€1.2 B</td>
<td>€4.0 B</td>
</tr>
<tr>
<td>Capex</td>
<td>€0.9 B</td>
<td>€1.4 B</td>
</tr>
</tbody>
</table>

Focus on early delivery in first two years (2016-2017)

1. Hybrid non-dilutive to shareholders. (50% equity content as considered by the rating agencies.)
2. Assumption for the Strategic Plan of 50% acceptance (historic level of acceptance >60%).
Strategic Plan 2016-2020: Agenda

2012-2016 Strategic Plan delivery

Key strategic lines 2016-2020: Value & Resilience

Financial outlook

Summary

Repsol 3Q 2015 Results
Strategy 2016-2020: Value and Resilience

**Synergies and efficiency**
- **€2.1 B/y**
  Pre-tax cash savings by 2018 (Opex & Capex)
- **€1.5 B**
  Opex
- **€0.6 B**
  Capex

**Capex flexibility**
- **Up to 40%**
  2016-2020 Capex reduction in Upstream vs. 2014
- **€1.5 B**
- **€0.6 B**

**Active portfolio management**
- **700-750 kboed**
- **€6.2 B**
  divestments
  E&P and Downstream assets

**Breakeven**
- ~$50/bbl
  Group FCF breakeven (post dividend) 2016-2020
- ~$60/bbl
  E&P FCF breakeven 2018+

**EBITDA(1)**
- **Base scenario**
  2015E: 5.4
  2020: 11.5 (x2)
- **Stress scenario**
  2015E: 5.4
  2020: 7.9 (x1.5)

**Cash for Dividends & Debt (2016-2020)**
- **Base scenario**
  ~€20 B
- **Stress scenario**
  ~€10 B

---

1. EBITDA at CCS (Current Cost of Supplies.)
Repsol 2020

- Fully-integrated business model
- World-class explorer
- Optimized Upstream portfolio focused on core areas and play types
- Technical capabilities (unconventionals, operatorship...)
- Tier 1 Downstream
- Technology and know-how
- Safety & sustainability
- Highly-committed and talented workforce
- Track record of dealing with complex environments
- Highly efficient and resilient company
- Increasing earnings
- Sound financial position

...and as always...delivering on our commitments
Strategic Plan 2016-2020: Agenda

2012-2016 Strategic Plan delivery

Key strategic lines 2016-2020: Value & Resilience

Financial outlook

Summary

Repsol 3Q 2015 Results
Repsol 3Q 2015 Results

### 3Q 2015 RESULTS

(Unaudited figures)

<table>
<thead>
<tr>
<th>Results (€ Million)</th>
<th>Q3 2014</th>
<th>Q2 2015</th>
<th>Q3 2015</th>
<th>% Change Q3 15/Q3 14</th>
<th>January - September 2014</th>
<th>January - September 2015</th>
<th>% Change 2015/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>185</td>
<td>(48)</td>
<td>(395)</td>
<td>-</td>
<td>585</td>
<td>(633)</td>
<td>-</td>
</tr>
<tr>
<td>Downstream</td>
<td>190</td>
<td>439</td>
<td>682</td>
<td>258.9</td>
<td>642</td>
<td>1,655</td>
<td>157.8</td>
</tr>
<tr>
<td>Gas Natural Fenosa</td>
<td>92</td>
<td>105</td>
<td>103</td>
<td>12.0</td>
<td>374</td>
<td>330</td>
<td>(11.8)</td>
</tr>
<tr>
<td>Corporate and others</td>
<td>(52)</td>
<td>(184)</td>
<td>(231)</td>
<td>-</td>
<td>(264)</td>
<td>47</td>
<td>-</td>
</tr>
<tr>
<td><strong>ADJUSTED NET INCOME</strong></td>
<td>415</td>
<td>312</td>
<td>159</td>
<td>(61.7)</td>
<td>1,337</td>
<td>1,399</td>
<td>4.6</td>
</tr>
<tr>
<td>Inventory effect</td>
<td>(63)</td>
<td>83</td>
<td>(272)</td>
<td>-</td>
<td>(117)</td>
<td>(329)</td>
<td>(181.2)</td>
</tr>
<tr>
<td>Non-recurring income</td>
<td>(32)</td>
<td>(103)</td>
<td>(108)</td>
<td>(237.5)</td>
<td>159</td>
<td>(238)</td>
<td>-</td>
</tr>
<tr>
<td>Income from discontinued operations</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>267</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>319</td>
<td>292</td>
<td>(221)</td>
<td>-</td>
<td>1,646</td>
<td>832</td>
<td>(49.5)</td>
</tr>
</tbody>
</table>

**Note:** Repsol Group made the decision in 2014, prompted by the business reality and in order to make its disclosures more comparable with those in the sector, to disclose as a measure of the result of each segment the recurring net operating profit at current cost of supply (CCS) after tax of continuing operations (“Adjusted Net Income”), which excludes both non-recurring net income and the inventory effect.
### 3Q 2015 RESULTS

#### Unaudited figures

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,047</td>
<td>1,421</td>
<td>1,011</td>
<td>(3.4)</td>
<td>3,249</td>
<td>3,394</td>
<td>4.5</td>
</tr>
<tr>
<td>EBITDA CCS</td>
<td>1,150</td>
<td>1,297</td>
<td>1,417</td>
<td>23.2</td>
<td>3,433</td>
<td>3,888</td>
<td>13.3</td>
</tr>
<tr>
<td>NET CAPITAL EXPENDITURE</td>
<td>909</td>
<td>9,069</td>
<td>695</td>
<td>(23.5)</td>
<td>2,360</td>
<td>10,696</td>
<td>-</td>
</tr>
<tr>
<td>NET DEBT</td>
<td>1,998</td>
<td>13,264</td>
<td>13,123</td>
<td>-</td>
<td>1,998</td>
<td>13,123</td>
<td>-</td>
</tr>
<tr>
<td>NET DEBT (x) / EBITDA CCS</td>
<td>-</td>
<td>-</td>
<td>2.32</td>
<td>-</td>
<td>0.44</td>
<td>2.47</td>
<td>-</td>
</tr>
</tbody>
</table>

#### Operational data

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GAS PRODUCTION (*) (Million scf/d)</td>
<td>1,261</td>
<td>1,811</td>
<td>2,298</td>
<td>82.3</td>
<td>1,222</td>
<td>1,790</td>
<td>46.5</td>
</tr>
<tr>
<td><strong>TOTAL PRODUCTION</strong> (Thousand boe/d)</td>
<td>366</td>
<td>525</td>
<td>653</td>
<td>78.6</td>
<td>349</td>
<td>512</td>
<td>46.8</td>
</tr>
<tr>
<td>CRUDE OIL REALIZATION PRICE ($/Bbl)</td>
<td>84.3</td>
<td>55.7</td>
<td>44.4</td>
<td>(47.3)</td>
<td>85.9</td>
<td>48.3</td>
<td>(43.8)</td>
</tr>
<tr>
<td>GAS REALIZATION PRICE ($/Thousand scf)</td>
<td>3.6</td>
<td>3.2</td>
<td>2.8</td>
<td>(22.2)</td>
<td>3.9</td>
<td>2.9</td>
<td>(25.6)</td>
</tr>
<tr>
<td>DISTILLATION UTILIZATION Spanish Refining (%)</td>
<td>84.8</td>
<td>89.1</td>
<td>94.5</td>
<td>11.4</td>
<td>81.0</td>
<td>88.8</td>
<td>9.6</td>
</tr>
<tr>
<td>CONVERSION UTILIZATION Spanish Refining (%)</td>
<td>106.6</td>
<td>105.1</td>
<td>106.4</td>
<td>(0.2)</td>
<td>101.4</td>
<td>103.5</td>
<td>2.1</td>
</tr>
<tr>
<td>REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)</td>
<td>3.9</td>
<td>9.1</td>
<td>8.8</td>
<td>125.6</td>
<td>3.6</td>
<td>8.9</td>
<td>147.2</td>
</tr>
</tbody>
</table>

(*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d
Repsol 3Q 2015 Results

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

<table>
<thead>
<tr>
<th></th>
<th>QUARTERLY DATA</th>
<th>JANUARY - SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 14</td>
<td>Q2 15</td>
</tr>
<tr>
<td><strong>€ Million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UPSTREAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Africa &amp; Brazil</td>
<td>424</td>
<td>(46)</td>
</tr>
<tr>
<td>South America</td>
<td>204</td>
<td>(14)</td>
</tr>
<tr>
<td>North America</td>
<td>234</td>
<td>118</td>
</tr>
<tr>
<td>Asia &amp; Russia</td>
<td>88</td>
<td>(9)</td>
</tr>
<tr>
<td>Exploration &amp; Others</td>
<td>10</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>(112)</td>
<td>(192)</td>
</tr>
<tr>
<td><strong>DOWNSTREAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>276</td>
<td>622</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>300</td>
<td>641</td>
</tr>
<tr>
<td></td>
<td>(24)</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>CORPORATE AND OTHERS</strong></td>
<td>(63)</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>637</td>
<td>522</td>
</tr>
</tbody>
</table>

[Unaudited figures]
## ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

### [Unaudited figures]

<table>
<thead>
<tr>
<th></th>
<th>QUARTERLY DATA</th>
<th>JANUARY - SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 14</td>
<td>Q2 15</td>
</tr>
<tr>
<td><strong>UPSTREAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Africa &amp; Brazil</td>
<td>185</td>
<td>(48)</td>
</tr>
<tr>
<td>South America</td>
<td>139</td>
<td>60</td>
</tr>
<tr>
<td>North America</td>
<td>56</td>
<td>(6)</td>
</tr>
<tr>
<td>Asia &amp; Russia</td>
<td>7</td>
<td>25</td>
</tr>
<tr>
<td>Exploration &amp; Others</td>
<td>(73)</td>
<td>(141)</td>
</tr>
<tr>
<td><strong>DOWNSTREAM</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>190</td>
<td>439</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>(23)</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>GAS NATURAL FENOSA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>92</td>
<td>105</td>
</tr>
<tr>
<td><strong>CORPORATE AND OTHERS</strong></td>
<td>(52)</td>
<td>(184)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>415</td>
<td>312</td>
</tr>
</tbody>
</table>
## Repsol 3Q 2015 Results

### EBITDA by Business Segments and Geographical Areas

(Unaudited figures)

<table>
<thead>
<tr>
<th>Segment</th>
<th>QUARTERLY DATA</th>
<th>JANUARY - SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3 14</td>
<td>Q2 15</td>
</tr>
<tr>
<td><strong>UPSTREAM (1)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, Africa &amp; Brazil</td>
<td>242</td>
<td>107</td>
</tr>
<tr>
<td>South America</td>
<td>358</td>
<td>274</td>
</tr>
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<td>North America</td>
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<tr>
<td>Asia &amp; Russia</td>
<td>20</td>
<td>121</td>
</tr>
<tr>
<td>Exploration &amp; Others</td>
<td>(62)</td>
<td>(70)</td>
</tr>
<tr>
<td><strong>DOWNSTREAM (2)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>385</td>
<td>914</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>(24)</td>
<td>17</td>
</tr>
<tr>
<td><strong>CORPORATE AND OTHERS</strong></td>
<td>(42)</td>
<td>(132)</td>
</tr>
<tr>
<td><strong>TOTAL (2)</strong></td>
<td>1,047</td>
<td>1,421</td>
</tr>
</tbody>
</table>

(1) Contribution of Talisman’s assets was €233 million in Q2 2015 and €466 million in the first 9 months of 2015.

(2) EBITDA CCS M€

<table>
<thead>
<tr>
<th>Segment</th>
<th>QUARTERLY DATA</th>
<th>JANUARY - SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOWNSTREAM</strong></td>
<td>464</td>
<td>807</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,150</td>
<td>1,297</td>
</tr>
</tbody>
</table>

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54