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
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

(*) As at 31/12/2016
2016 - A year of strategic progress

Company overview and strategy

**Group FCF breakeven**

- 2015: $48 per Bbl (~13%)
- 2016: $42 per Bbl
- Target: $40 per Bbl

**Divestments**
- 10% stake in GNF: €1.9 Bn
- Piped LPG: €0.7 Bn
- Tangguh: €0.3 Bn
- TSP: €0.1 Bn
- Others (e.g., LPG Ecuador and Peru): €0.6 Bn

**TOTAL CASH RECEIVED**: €3.6 Bn

**Net Debt**

- 2015: €11.9 Bn
- 2016: €8.1 Bn
- Total reduction: €3.8 Bn

**Key Metrics**

<table>
<thead>
<tr>
<th>Metric</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><strong>COMMITMENT</strong></th>
<th><strong>2016 DELIVERY</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synergies</strong></td>
<td>0.3B€ impact in 2018</td>
</tr>
<tr>
<td><strong>Efficiencies [Opex &amp; Capex]</strong></td>
<td>0.8B€ in 2016; 1.8B€ in 2018</td>
</tr>
<tr>
<td><strong>Capex flexibility</strong></td>
<td>~3.9 B€ average per annum</td>
</tr>
<tr>
<td><strong>Portfolio Management</strong></td>
<td>3.1B€ by 2017 6.2B€ by 2020</td>
</tr>
<tr>
<td><strong>Reduce FCF Breakeven</strong></td>
<td>$40 /Bbl Brent</td>
</tr>
<tr>
<td><strong>Financial strength</strong></td>
<td>Maintain investment grade</td>
</tr>
</tbody>
</table>

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

### Company overview and strategy

<table>
<thead>
<tr>
<th></th>
<th></th>
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<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 right-sizing</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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<tr>
<td>HH ($/MBtu)</td>
<td>2.7</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Upstream Break Even ($/Bbl)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>~94 (*)</td>
<td>~61</td>
<td></td>
</tr>
</tbody>
</table>

Repsol

EBITDA CCS (Billion €)

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

Includes Talisman Energy Inc. figures since 8th of May 2015. Excludes any 2015 Upstream disposal.
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

- Operating cash flow post tax
- Financial expenses
- Divestments
- Investments
- Cash for dividend and debt

Sensitivities 5 years accumulated

- Brent +/- $5/bbl
- HH +/- $0.5/Mbtu
- Refining marging +/- $1/bbl

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>Production (Kboepd)</td>
<td>690</td>
<td>~680(*)</td>
</tr>
<tr>
<td>1P Reserves (Mboe)</td>
<td>2,382</td>
<td></td>
</tr>
<tr>
<td>RRR (%)</td>
<td>124(**)</td>
<td>~100[***]</td>
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</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>
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<tr>
<td>RRR (%)</td>
<td>118</td>
<td>159</td>
<td>124</td>
</tr>
</tbody>
</table>

(*) Organic RRR

PRODUCTION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>kboepd</td>
<td>355</td>
<td>559</td>
<td>690</td>
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</table>

+57%    +23%

[**] It includes Talisman since the 8th of May of 2015

EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>2016</th>
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<tbody>
<tr>
<td>M€</td>
<td>1,611</td>
<td>2,072</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+29%

[***] Cumulative

PROJECTS

- Ramp-up Cardón IV (Venezuela)
- Ramp-up of Sapinhoá (Brazil)
- First oil of Lapa (Brazil)
- Production restarted in Libya
“As is” organic portfolio potential of more than 900 kboepd
Capex optimization
Upstream

RRR [%](*)

118% 159% 124% ~100%

Average 2017-2020

Bn$

8

7

6

5

4

3

2

1

0


Exploration Capex
Development Capex

(*) Organic RRR
Efficiency program: delivering our target

Upstream

M€

~400

~800 (*)

~50

~350

~1,200

2016
Original Target
550 M€

Savings already achieved in 2016 impacting in 2017

New Savings to be achieved in 2017

2017 Savings Target (accelerated from 2018)

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

2016

2017
Original Target
850 M€
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

European Integrated Margin of R&M

EBITDA CCS (*)

Integrated Model

- Top quartile position among European peers.
- Fully-invested assets
2016-2020 Downstream strategy

Downstream

Maximizing value and cash generation leveraged on fully invested assets

European Integrated Margin of R&M

Average investments

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

2016 Refining Margin Indicator
- Base Repsol Crack Index: 2.7
- Additional margin from projects pre-SP: 3.2
- Estimated Refining Margin Indicator 2017-2020
- Efficiency and margin improvement program: 6.4
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

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(1) 6 months volume weighted average share price
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

Targeting FCF Breakeven at $40/Bbl

Breakeven at $42 per barrel
**Strong liquidity position**

Financing

<table>
<thead>
<tr>
<th>Year/Category</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquidity as of 31st Dec 2016</strong></td>
<td>9.3</td>
<td>3.9</td>
<td>1.6</td>
<td>1.7</td>
<td>2.0</td>
<td>1.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Cash &amp; Equivalents</strong></td>
<td>4.9</td>
<td>3.9</td>
<td>1.6</td>
<td>1.7</td>
<td>2.0</td>
<td>1.4</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Operating committed Credit Lines</strong></td>
<td>0.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Structural committed Credit Lines</strong></td>
<td></td>
<td>3.9</td>
<td>1.6</td>
<td>1.7</td>
<td>2.0</td>
<td>1.4</td>
<td>0.1</td>
</tr>
</tbody>
</table>

**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

#### Our assumptions

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017B (*)</th>
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<tbody>
<tr>
<td>Brent price ($/Bbl)</td>
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<td>3.2</td>
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<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refining Margin ($/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

<table>
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<tr>
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<th>2017B</th>
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<tr>
<td>Capex (Bn€)</td>
<td>3.2</td>
<td>~3.6</td>
</tr>
<tr>
<td>Synergies and Efficiencies (Bn€)</td>
<td>1.6</td>
<td>2.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCF Breakeven ($/Bbl)</td>
<td>42</td>
<td>~40 (**)</td>
</tr>
<tr>
<td>Net Debt/EBITDA (x)</td>
<td>1.6</td>
<td>1.1</td>
</tr>
</tbody>
</table>

(*) Budget  (**) Long term objective