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

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2. Upstream
3. Downstream
4. Gas Natural Fenosa
5. Financing
6. 2017 Outlook
Company overview and strategy
Key messages 9M 2017
Company overview and strategy

Continued delivery on strategic objectives

Bn€ ~6.5 ~6.5 [X] 1.1 ~1.1

Strong EBITDA CCS generation
Net Debt/EBITDA in line with projections

Upstream

Kboe/d ~680 685-690 688

Production volumes in line with guidance

Downstream

USD/Bbl 6.4 6.8

Refining margin indicator in line with expectations

[1] Refining Margin Indicator
# Key messages Q3 2017

Company overview and strategy

## Upstream

### Production:
- Q3 17 = 693Kboe/d → 3% increase YoY
- Libya → ~25 Kboe/d in the quarter
- Startup of Juniper [T&T], ramp up of Flyndre and MonArb in the UK and Lapa and Sapinhoa in Brazil

### Exploration program:
- 3 exploratory wells completed [1 positive]
- As of 30th Sept. 8 exploratory and 1 appraisal in progress
- 2017 program: 17 wells [15 exploratory & 2 appraisal]

## Downstream

### Refining:
- Refining margin indicator 7.0 USD/Bbl in Q3 17
- Planned maintainance for the year completed in 1H17:
  - 3Q17 Utilization of the distillation units = 99%
  - 3Q17 Utilization of the conversion units = 104%

### Petrochemicals:
- Strong performance → EBIT ~180M€ in line with record levels in early 2016

### Marketing:
- Higher volumes and margins in Service Stations

### FCF:
- Generation above 2 Bn€

## Corporate and others

### Synergies and efficiencies:
- 2017 target €2.1 Bn
- Accelerated delivery of 2018 target

### Capex:
- ~3 Bn€ without impacting production volumes

### Corporation:
- Q3 17 Net debt €6,972 Mn€
- Net Debt / EBITDA [x] = 1.1[1]
- Objective → Credit rating BBB stable

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[1] 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

(*) As at 31/12/2016

Our shareholders

Caixabank S.A. 9.84%
Sacyr Vallehermoso, S.A. 8.20%
Temasek 4.77%
Free Float 77.19%
Minorities 19.76%
2016 - A year of strategic progress

Company overview and strategy

Group FCF breakeven

- Target ~40
- ~50
- ~42

Divestments

- 10% stake in GNF: €1.9 Bn
- Piped LPG: €0.7 Bn
- Tangguh: €0.3 Bn
- TSP: €0.1 Bn
- Others (eg: LPG Ecuador and Peru): €0.6 Bn

TOTAL CASH RECEIVED: €3.6 Bn

Net Debt

- €11.9 Bn in 2015
- €8.1 Bn in 2016
- €3.8 Bn decrease

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>
2016 to 2020: Value and Resilience
Company overview and strategy

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
### 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>Synergies</td>
<td>0.3B€ impact in 2018</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficiencies</strong></td>
<td><strong>Opex &amp; Capex</strong></td>
</tr>
<tr>
<td>0.8B€ in 2016; 1.8B€ in 2018</td>
<td>2016: 1.3B€; 2017 1.8B€</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></td>
<td>6.2B€ by 2020</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>
<tr>
<td></td>
<td>Maintained, targeting BBB stable</td>
</tr>
</tbody>
</table>

- **Ahead of plan**: ✔✔
- **On target**: ✔

(*) 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>
</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>€0.8 B</td>
</tr>
<tr>
<td>Downstream profit improvement and efficiency</td>
<td>€0.2 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td>Corporation right-sizing</td>
<td>€0.1 B</td>
<td>€0.2 B</td>
</tr>
</tbody>
</table>

**Total:** €1.1 B €1.6 B €2.1 B

2018 target accelerated into 2017
Resilience in the lower part of the cycle
Company overview and strategy

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<th>2015</th>
<th>2016</th>
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<tbody>
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</tr>
<tr>
<td>HH ($/MBtu)</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Upstream Break Even ($/Bbl)</td>
<td>~94(*)</td>
<td>~61</td>
</tr>
<tr>
<td>Refining margin Indicator ($/Bbl)</td>
<td>8.5</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Earnings before interest, taxes, depreciation and amortisation (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
Ogan Komering
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>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.8</td>
</tr>
<tr>
<td>2017</td>
<td>-0.3</td>
</tr>
<tr>
<td>2018</td>
<td>3.6</td>
</tr>
<tr>
<td>2019</td>
<td>-3.2</td>
</tr>
<tr>
<td>2020</td>
<td>4.0</td>
</tr>
</tbody>
</table>

### Sensitivities 5 years accumulated

<table>
<thead>
<tr>
<th>Scenario</th>
<th>FCF</th>
<th>Adj. Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent +/- $5/bbl</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>HH +/- $0.5/MBtu</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Refining margining +/- $1/bbl</td>
<td>0.8</td>
<td>1.1</td>
</tr>
</tbody>
</table>


Note 1: This figure does not consider non-cash debt movements such as exchange rate effect and other effects.

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Notes:

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

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(*) 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>685-690(*)</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>
</tr>
</tbody>
</table>
2016 Upstream Results

Upstream

RESERVES

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

(* ) Organic RRR

PRODUCTION

![Graph showing production growth from 2014 to 2016 with percentages +57% and +23%]

EBITDA

![Graph showing EBITDA growth from 2015 to 2016 with a +29% increase]

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

(*) Organic RRR

[***] Cumulative
“As is” organic portfolio potential of more than 900 kboepd

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

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
- Bulgaria
Capex optimization

Upstream

Organic RRR [%]

118%  159%  124%

Average 2017-2020

~100%

Bn$


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

Upstream

2016 Original Target 550 M€

~800 (*)

Savings already achieved in 2016 impacting in 2017

~50

New Savings to be achieved in 2017

~400

~1,200

2017 Savings Target [accelerated from 2018]

~350

2016

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.

**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.

**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.

**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

EBITDA CCS (*)

- 3,788
- 3,173

Source: Company filings.
Peers: Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil

FCF

Operating Cash Flow: €2.2Bn
Divestments: €1.2Bn
Capex: -€0.7Bn
Free Cash Flow: €2.7Bn

Integrated Model

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

Maximizing value and cash generation leveraged on fully invested assets

**European Integrated Margin of R&M**

- **Repsol position**
- **Industry peer group maximum margin**
- **Industry peer group minimum margin**

**Average investments**

- **Caraganza and Petronor projects**

**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

- Base Repsol Crack Index: 2.7
- Additional margin from projects pre-SP: 3.0
- Efficiency and margin improvement program: 0.7

RPS Indicator

$/Bbl

6.3

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
FINANCING
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: 0.5
Structural committed Credit Lines: 3.9

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
# Outlook for 2017

## 2017 Outlook

### Our assumptions

<table>
<thead>
<tr>
<th></th>
<th>2017B (*)</th>
<th>9M17</th>
<th>2017B</th>
<th>9M17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brent price ($/Bbl)</td>
<td>55.0</td>
<td>51.8</td>
<td>6.4</td>
<td>6.8</td>
</tr>
<tr>
<td>HH ($/MBtu)</td>
<td>3.2</td>
<td>3.2</td>
<td>1.05</td>
<td>1.11</td>
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</table>

### Guidance

<table>
<thead>
<tr>
<th></th>
<th>2017B</th>
<th>9M17</th>
<th>2017E (**)</th>
</tr>
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<tbody>
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<td>Production (KBoepd)</td>
<td>~680</td>
<td>688</td>
<td>685-690</td>
</tr>
<tr>
<td>Capex (Bn€)</td>
<td>3.2-3.6</td>
<td>1.8</td>
<td>~3.0</td>
</tr>
<tr>
<td>Synergies and</td>
<td>2.1</td>
<td>~1.8</td>
<td>2.1</td>
</tr>
<tr>
<td>Efficiencies (Bn€)</td>
<td></td>
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</tbody>
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<table>
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<td>~40</td>
<td>~40</td>
<td></td>
</tr>
<tr>
<td>ND/EBITDA (x)</td>
<td>1.1</td>
<td>1.1</td>
<td></td>
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</table>

(*) Budget  **(*) Long term objective  (***) Estimated