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In October 2015, the European Securities Markets Authority [ESMA] published the Guidelines on Alternative Performance Measures [APM], of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present document are included in Appendix I “Alternative Performance Measures” of the Management Report for the full year 2016.
2016-2020 Value & Resilience

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

Company overview and strategy

Continued delivery on strategic objectives

- Bn€: ~6.5
- ~6.5
- 3.2

Strong EBITDA CCS generation

Net Debt/EBITDA in line with projections

Upstream

- Kboe/d: ~680
- 685

Production volumes in line with guidance

Downstream

- USD/Bbl: 6.4, 6.6

Refining margin indicator in line with expectations

[1] Refining Margin Indicator

2017 Budget  1H17 actual  2017 guidance
## Key messages Q2 2017

Company overview and strategy

### Upstream

#### Production:
- Q2 17 = 677Kboe/d → 2% decrease YoY (Sale of assets and fluctuating gas demand in Indonesia and Bolivia)
- Libya → ~20 Kboe/d in the quarter
- First production from MonArb (UK North Sea), ramp up of Lapa and Sapinhoa in Brazil.

#### Exploration program:
- 5 exploratory & 1 appraisal completed [3 positive]
- 2017 program: 17 wells (15 exploratory & 2 appraisal)

### Downstream

#### Refining:
- Refining margin indicator 6.2 USD/Bbl in Q2 17
- Planned maintainance for the year completed:
  - 2Q17 Utilization of the distillation units = 92%
  - 2Q17 Utilization of the conversion units = 103%

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

#### Marketing:
- Higher volumes due to increased demand in Spain and Portugal

### Corporate and others

#### Synergies and efficiencies:
- 1H 17 → 50% of the initial full year target has been posted in the financial statements.
- 2017 target €2.1 Bn

#### Corporation:
- Q2 17 Net debt €7.5 Bn
- Net Debt / EBITDA [x] = 1.1
- Objective → Credit rating BBB stable

[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

Our shareholders

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

Group FCF breakeven

Divestments

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

TOTAL CASH RECEIVED €3.6 Bn

Net Debt

Key Metrics

- EBITDA CCS (Bn€) 2015 2016
- 5.1 5.0
- Brent price ($/Bbl) 52.4 43.7
- HH ($/MBtu) 2.7 2.5
- Refining margin Indicator($)Bbl 8.5 6.3
- Exchange rate ($/€) 1.11 1.11
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

### IMPLEMENTATION

<table>
<thead>
<tr>
<th>COMMITMENT</th>
<th>2016 DELIVERY</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  (***) Organic breakeven (divestments not included)
## Efficiencies and Synergies Update

Company overview and strategy

### Pre-tax cash savings

<table>
<thead>
<tr>
<th></th>
<th>COMMITMENT 2016 BUDGET</th>
<th>DELIVERY 2016</th>
<th>ESTIMATED 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Synergies</strong></td>
<td>€0.2 B</td>
<td>€0.3 B</td>
<td>€0.3 B</td>
</tr>
<tr>
<td><strong>Upstream Opex &amp; Capex efficiency</strong></td>
<td>€0.6 B</td>
<td>€0.8 B</td>
<td>€1.2 B</td>
</tr>
<tr>
<td><strong>Downstream profit improvement and efficiency</strong></td>
<td>€0.2 B</td>
<td>€0.3 B</td>
<td>€0.4 B</td>
</tr>
<tr>
<td><strong>Corporation rightsizing</strong></td>
<td>€0.1 B</td>
<td>€0.2 B</td>
<td>€0.2 B</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>€1.1 B</td>
<td>€1.6 B</td>
<td>€2.1 B</td>
</tr>
</tbody>
</table>

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

#### Company overview and strategy

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<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>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream Break Even ($/Bbl)</td>
<td>~94(*)</td>
<td>~61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refining margin Indicator ($/Bbl)</td>
<td>8.5</td>
<td>6.3</td>
</tr>
</tbody>
</table>

### EBITDA CCS (Billion €)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upstream</td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td>Downstream</td>
<td>3.8</td>
<td>3.2</td>
</tr>
<tr>
<td>Corporate &amp; Others</td>
<td>-0.3</td>
<td>-0.2</td>
</tr>
<tr>
<td>Repsol</td>
<td>5.1</td>
<td>5.0</td>
</tr>
</tbody>
</table>

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

Portfolio management
Company overview and strategy

Completed

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

Latest transactions

- Tangguh
- TSP

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

Company overview and strategy

Cash movements 2016-2020[^1]

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating cash flow post tax</th>
<th>Financial expenses</th>
<th>Divestments</th>
<th>Investments</th>
<th>Cash for dividend and debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>3.8</td>
<td>-0.3</td>
<td>3.6</td>
<td>-3.2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Sensitivities 5 years accumulated

<table>
<thead>
<tr>
<th>Factor</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 margin +/− $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.
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</td>
<td>690</td>
<td>~680(*)</td>
</tr>
<tr>
<td>1P Reserves</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

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITDA (M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,611</td>
</tr>
<tr>
<td>2015</td>
<td>2,072</td>
</tr>
</tbody>
</table>

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

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

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

First production 2017
Ramping up in 2017
**Capex optimization**

**Upstream**

Organic RRR [%]

- 118%
- 159%
- 124%

Average 2017-2020: ~100%

---

![Graph showing exploration and development capex from 2014 to 2020](chart.png)
Efficiency program: delivering our target

Upstream

M€

2016 Original Target 550 M€

~800 (*)

Savings already achieved in 2016 impacting in 2017

~50

~350

New Savings to be achieved in 2017

~1,200

2017 Savings Target (accelerated from 2018)

Note: Excluding synergies
* It does not include ~ 200 M€ of one off
3 Downstream
Sustainable cash flow generator

**Downstream**

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

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

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

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

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

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

**Downstream**

### European Integrated Margin of R&M

- **Industry peer group**
- **Repsol position**

![Graph showing European Integrated Margin of R&M with data points for 2014 to 2016.](image)

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

### EBITDA CCS(*)

![Graph showing EBITDA CCS with data points for 2015 to 4Q16.](image)

- **3,788**
- **3,173**

*Cumulative*

### Free Cash Flow (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
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

Estimated Refining Margin Indicator 2017-2020

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

2016 Refining Margin Indicator

- $/Bbl

6.3

6.4

2.7

0.4

0.7

3.2

3.0

2.7
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

---

[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

Breakeven at $42 per barrel

Targeting FCF Breakeven at $40/Bbl
Strong liquidity position

Financing

Liquidity as of 31st Dec 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 (Bn€)</th>
<th>2017 (Bn€)</th>
<th>2018 (Bn€)</th>
<th>2019 (Bn€)</th>
<th>2020 (Bn€)</th>
<th>2021 (Bn€)</th>
<th>2022 (Bn€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</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>Operating committed Credit Lines</td>
<td>3.9</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>Structural committed Credit Lines</td>
<td>0.5</td>
<td>0.5</td>
<td>0.7</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</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
### Outlook for 2017

#### 2017 Outlook

#### Our assumptions

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017B (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brent price ($/Bbl)</strong></td>
<td>43.7</td>
<td>55.0</td>
</tr>
<tr>
<td><strong>HH ($/MBtu)</strong></td>
<td>2.5</td>
<td>3.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Refining Margin ($/Bbl)</strong></td>
<td>6.3</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Exchange rate ($/€)</strong></td>
<td>1.11</td>
<td>1.05</td>
</tr>
</tbody>
</table>

#### Guidance

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production (KBoepd)</strong></td>
<td>690</td>
<td>~680</td>
</tr>
<tr>
<td><strong>Capex (Bn€)</strong></td>
<td>3.2</td>
<td>3.2-3.6</td>
</tr>
<tr>
<td><strong>Synergies and Efficiencies (Bn€)</strong></td>
<td>1.6</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>FCF Breakeven ($/Bbl)</strong></td>
<td>42</td>
<td>~40 (**)</td>
</tr>
<tr>
<td><strong>Net Debt/EBITDA (x)</strong></td>
<td>1.6</td>
<td>1.1</td>
</tr>
</tbody>
</table>

(*) Budget  (**) Long term objective