First half results 2016

Repsol's adjusted net profit was

572 million Euros

REPSOL

Good performance *across whole business (Upstream & Downstream), despite volatile oil and gas prices.*

Average oil production reached 714,200 barrels of oil equivalent a day, ***doubling*** *that obtained in the first three months of 2015.*

/ Solid Results

Repsol has achieved in the first quarter of 2016 **one of the best results in the sector**.

/ Upstream

Adjusted net income of €17M, **€207M higher** than the same period in 2015. Mainly due to lower exploration costs, efficiency and synergy programmes and increased production.

/ Downstream

Thanks to the strength of the petrochemical business and efficient management of the company:

- The adjusted net income was **4% higher** versus the same period in 2015.
- The use of the conversion capacity reached **103%** and the actual refining margin was $7.3/bbl.

2016-2020 **Strategic Plan**

Value and Resilience

We are making progress towards the objectives set by the Strategic Plan 2016-2020:

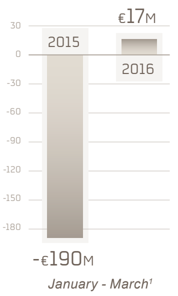
- In the first quarter of 2016 synergies and efficiencies projects are in place to secure 62% of the €1,100M 2016 target.
- At the end of the first quarter 22% of the 2016 annual objective, has been realized and captured.
- In recent months the company has made significant progress in the achievement of divestments of non-strategic assets.

These measures are allowing the company to **reduce the point of cash neutrality towards $40/bbl** .

Our main businesses[1]

Upstream

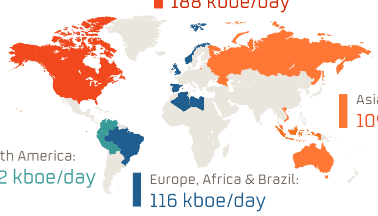
(Exploration and Production)



- The Upstream adjusted net income in the first quarter of 2016 rose to €17M, €207M higher than that recorded in the same period of 2015, mainly due to:
  - Higher production volumes.
  - Lower exploration expenses, cost savings and our efficiency program.
- Production reached **714 kboe/day** during the quarter, which represents an increase of 101% over the same period of 2015.

101%

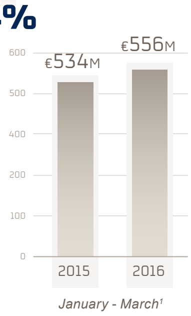
Geographic breakdown of production in the first quarter:
714 Kboe/d
of oil equivalent per day.



Downstream

(Refining, Chemical, Marketing, LPG & Trading)

4%



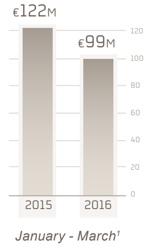
- Better result in **Chemicals** due to increased efficiency as a result of operational improvements at our sites, higher sales and better margins thanks to the international environment, resulting in an increase of €102M over the same period in 2015.
- In **Refining**, business indicators continue to reflect the strength and the high competitiveness of refining assets after the investments performed in recent years to increase efficiency and production of fuels with higher added value.

Gas Natural Fenosa[2]

(30% stake)

19%

- Mainly due to lower results from the gas marketing business, and from gas and electricity distribution in Latin America.



Solid financial position

CSS EBITDA in the first quarter of 2016 was **€1,242M, 6% higher** than the same period in 2015.

6%

Net debt and liquidity

Despite low oil and gas prices and after paying dividends, the Group's net financial debt at the end of the first quarter of 2016 stood at €11,978M, in line with the net debt recorded at the end of 2015.

Repsol maintains liquidity of **€8,940M** which covers more than twice the maturity of the short-term gross debt.

[1] The company carries out a good part of its activities through joint ventures. This means that, when it comes to making decisions on fund allocation or performance assessment, the operating and financial figures of joint ventures are analysed from the same perspective and as thoroughly as those of companies consolidated by global integration. This is the reason why all sector figures include, according to percentage shares, those of joint ventures or companies managed as such.

In fiscal year 2014, Repsol decided to take into account the current business environment and use an accounting method for better comparison with the results of other companies in the same industry. Now, Repsol reports its recurring net income based on restocking costs of continued operations (adjusted net income), excluding both discontinued operations and inventory effects.

[2] From 1 January 2014, Gas Natural results are no longer reported in Repsol statements using a consolidated method. The equity accounting method is used instead.