

WEBCAST – CONFERENCE CALL First Quarter 2016 Results

May 5th, 2016



Disclaimer



ALL RIGHTS ARE RESERVED

© REPSOL, S.A. 2016

Repsol, S.A. is the exclusive owner of this document. No part of this document may be reproduced (including photocopying), stored, duplicated, copied, distributed or introduced into a retrieval system of any nature or transmitted in any form or by any means without the prior written permission of Repsol, S.A.

This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the Spanish Securities Market Law [Law 24/1988, of July 28, as amended and restated] and its implementing regulations. In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.

This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors and circumstances described in the filings made by Repsol and its affiliates with the Comisión Nacional del Mercado de Valores in Spain and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.

Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.

First Quarter 2016 Results

AGENDA

1. Progress of the Strategic Plan
2. Market Environment and operational highlights
3. Quarterly results
4. Conclusions



Progress of Strategic Plan

1

Progress of Strategic Plan

Update



- ✓ Challenging **macro scenario**
- ✓ **Integrated model** strength
- ✓ Strategic Plan 2016-2020: **Value and Resilience**
 - Capex Optimization
 - Efficiencies and synergies
 - Cash neutrality **break-even ~40\$** in 2016-2017
 - Preservation of **Net Debt** levels after paying dividends

Progress of Strategic Plan

Strategic Commitments Follow up



Efficiency & Synergies Program

	Target 2016	2016 Estimate
Synergies	0.2	0.2
Efficiencies	0.9	1.0
Total [B€]	1.1	1.2

Capex Flexibility^[3]

	Target 16-17	Actual
Repsol Capex [B€]	~3.9	0.8

[3] Target excluding G&G and G&A.

Divestments & Management Portfolio

	Target 16-17	Actual
Divestments [B€]	3.1	2.8^[1]
Production [kboed]	706 ^[2]	714

[1] Includes projected proceed on agreed transactions and other operations.
 [2] 2016 Annual Budget.

Value & Resilience

	Target	Actual
CF Neutrality BE [\$ /boe] ^[4]	~40	~40
E&P FCF BE [\$ /boe]	~65	~65

[4] FCF after interests and dividends (0.5€/share out of 0.8 €/share expected for this year)

Finance Commitments

	Target	Actual
Investment Grade	Maintain	Maintain

Progress of Strategic Plan



Capex in 2016

- ✓ ↓ Exploration
- ✓ Deferral of **non-critical investments**
- ✓ Capture of sector wide **deflation**
- ✓ **Re-visit on-going development** projects

€3.9Bn

Efficiency & Synergies

- ✓ Target represents more than half of the 2018 objective
- ✓ **Upstream:**
 - ✓ 2016 Opex per barrel: ↓ 13%
- ✓ **Downstream:** in line with our targets
- ✓ **Corporation:** in line with our targets

€1.2Bn

Cash Neutrality
break-even

- ✓ Capex reduction
- ✓ Opex efficiency targets
- ✓ Synergies capture

~40\$/bbl

Progress of Strategic Plan

Divestment program



**Piped
LPG**

Sale of another portion of the piped LPG business for 136 M€

- Including September transaction → 800 M€ of proceeds (38M€ in this quarter)
- Will be cashed-in before the end of 2016



**Wind
Power**

Sale of our offshore wind power business in the UK for 238 M€

- Cash from this sale is expected to be received during 2Q 2016



**LPG
Business**

Sale of LPG business in Ecuador and Peru for 335 M\$

- A multiple of approximately 8 times EBITDA

**Repsol has confirmed transactions totaling
€2.8 Bn, close to the target set in the Strategic Plan for 2016-2017**



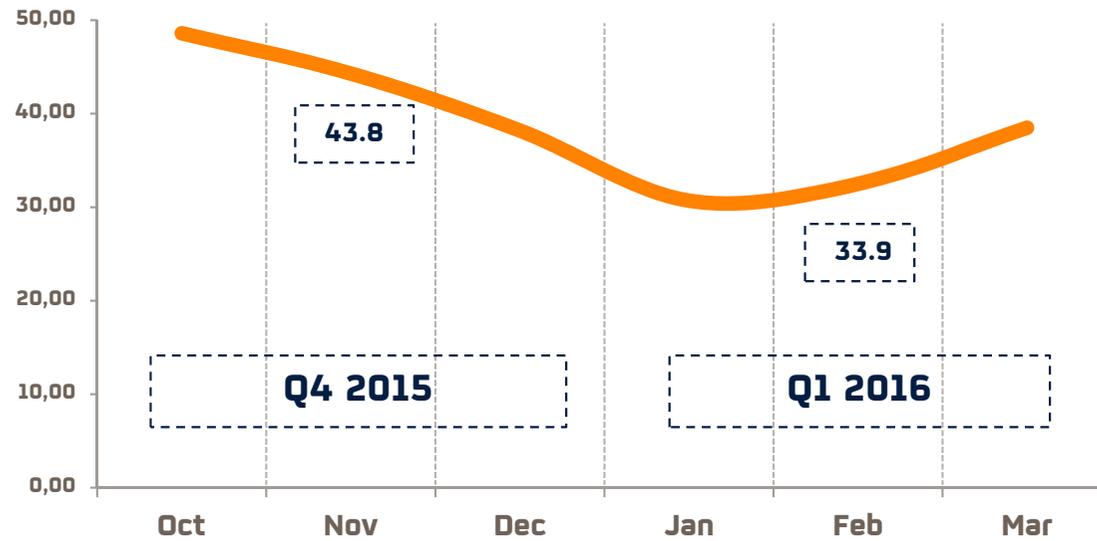
Market environment and
operational activity

2

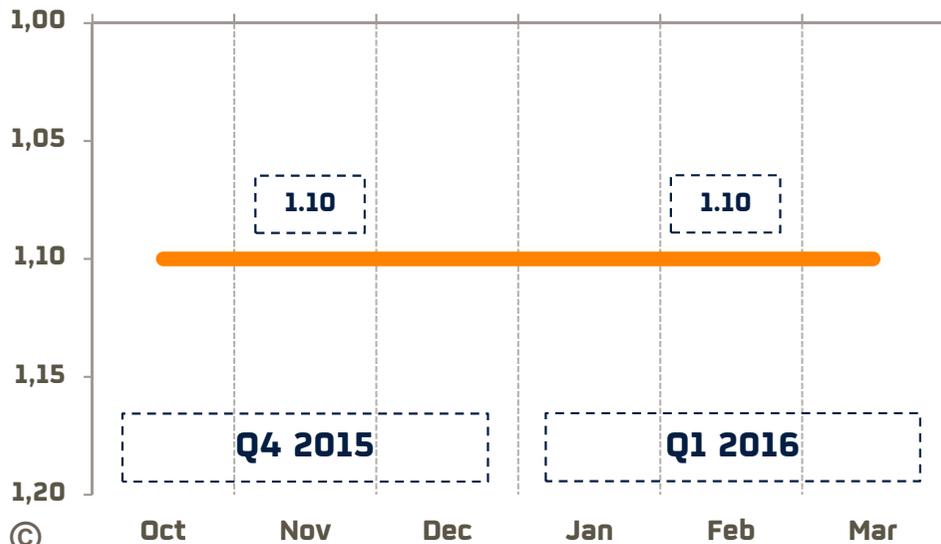
Market environment



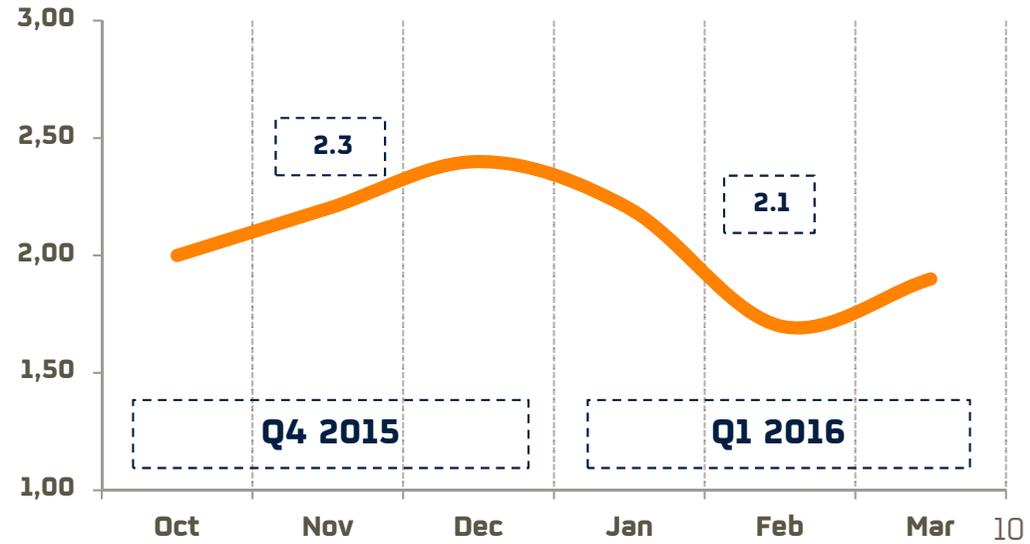
Brent evolution - \$/boe



Exchange Rate - \$/€

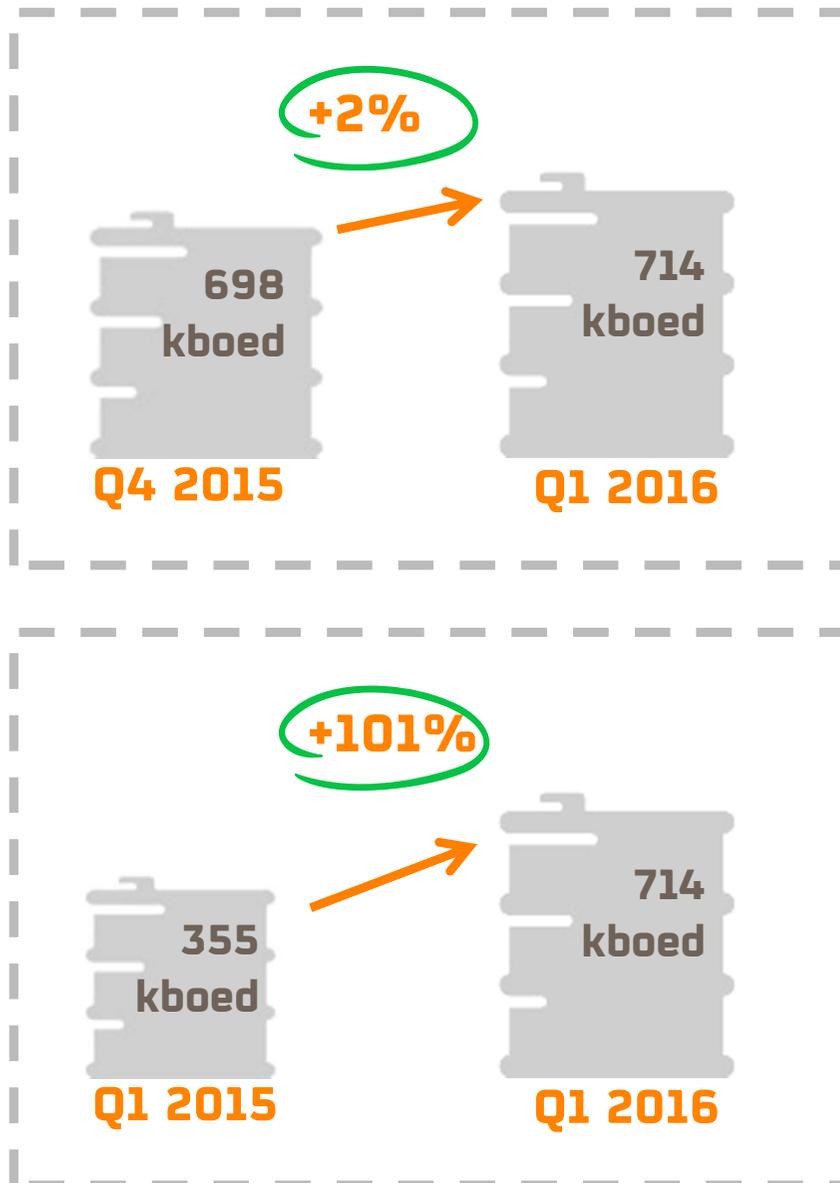


Henry Hub - \$/Mbtu



Operational Activity

Production



-
- Start-up Cardón IV (Venezuela)
 - Ramp-up of Sapinhoá (Brazil)
 - Consolidation of acquired assets
-

Operational activity

Development projects



Sapinhoá

Brazil

- Ramp-up of the second FPSO in Sapinhoá North was completed in April.
- The project has reached a plateau of 270 kboed gross (40Kboed for Repsol)

Operational activity

Development projects



Mon-arb & Flyndre Cawdor **UK**

- Focus on cost efficiency and capex optimization.
- First oil expected in 2017.

Operational activity

Development projects



Alaska

- Armstrong exercised its option to acquire an additional 6% in the development area of the North Slope [assuming operationship]

Operational activity

Exploration



3 exploratory and 2 appraisal wells were completed (1 appraisal with positive results)

IN APRIL:

GAVEA A-1

- ✓ 175m hydrocarbon column
- ✓ Successfully tested
- ✓ Producing:
 - 16 mscf of gas
 - 4 Kboes

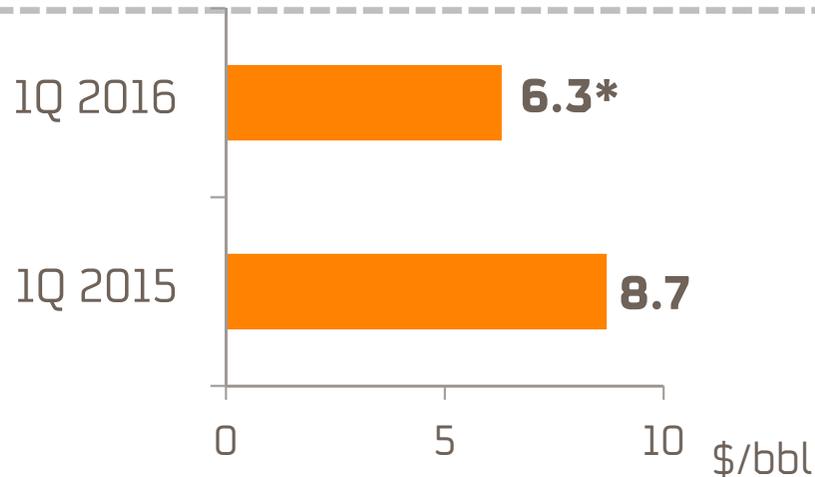


Operational activity

Downstream



Refining Margin Indicator



* Actual Refining Margin: 7.3 \$/bbl

Petrochemicals businesses

- High margins and volumes thanks to:
 - Operational improvements
 - Better environment

Utilization rates

1Q 2016



Distillation utilization



Conversion units

Gas & Power

- At break-even level

Commercial businesses

- In line with Q1 15



Quarterly results

4

First Quarter 2016 Results



Q1 2016

	Q1 2015	Q1 2016	% Variation
CCS Adjusted Net Income	928	572	- 38%

Million €

	Q1 2015	Q1 2016	% Variation
Net Income	761	434	- 43%

Million €

Price environment affects Upstream Results

Strong performance of the Downstream business specially in Chemicals and Refining

Q1 15 results benefited from exchange rate positions maintained as a result of the compensation received from Argentina

Upstream Results

Adjusted Net Income



Q1 2015

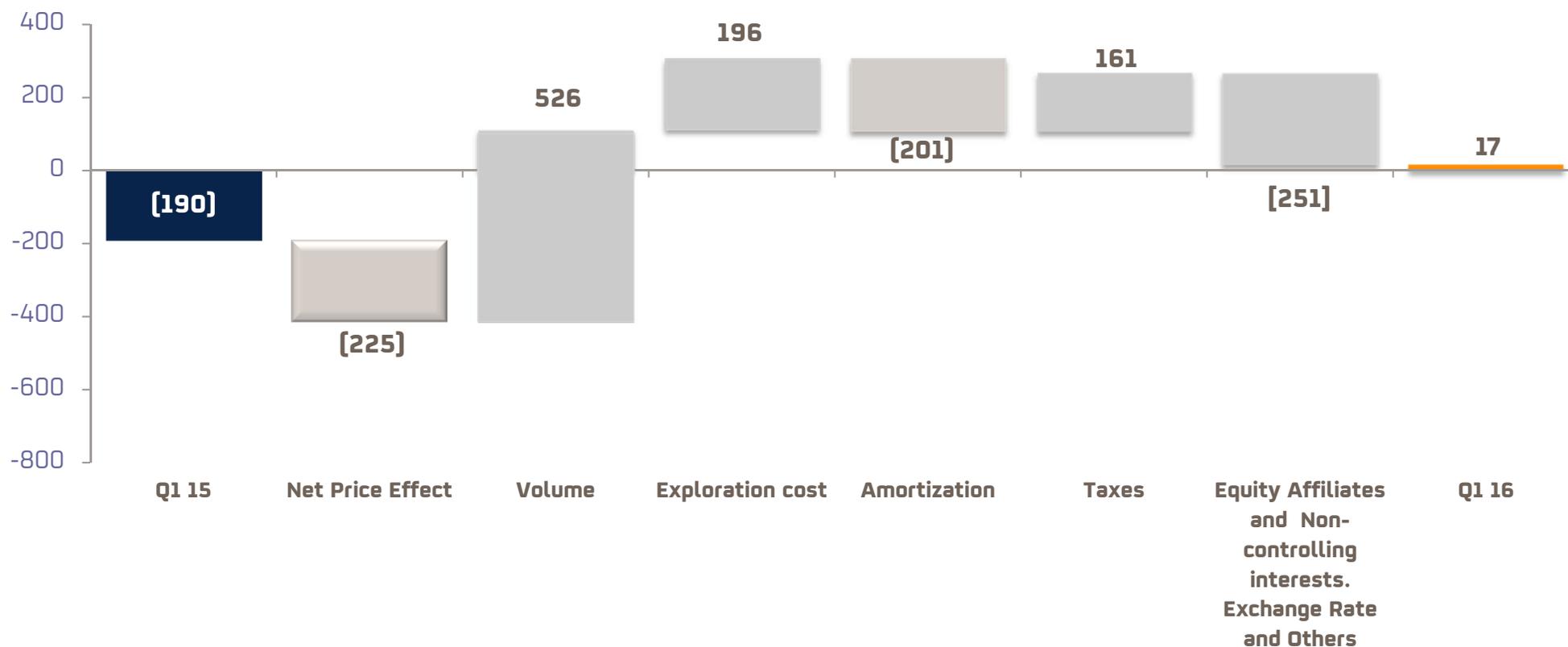
Q1 2016

Adjusted Net Income

-190

17

Million €



Downstream Results

Adjusted Net Income



Q1 2015

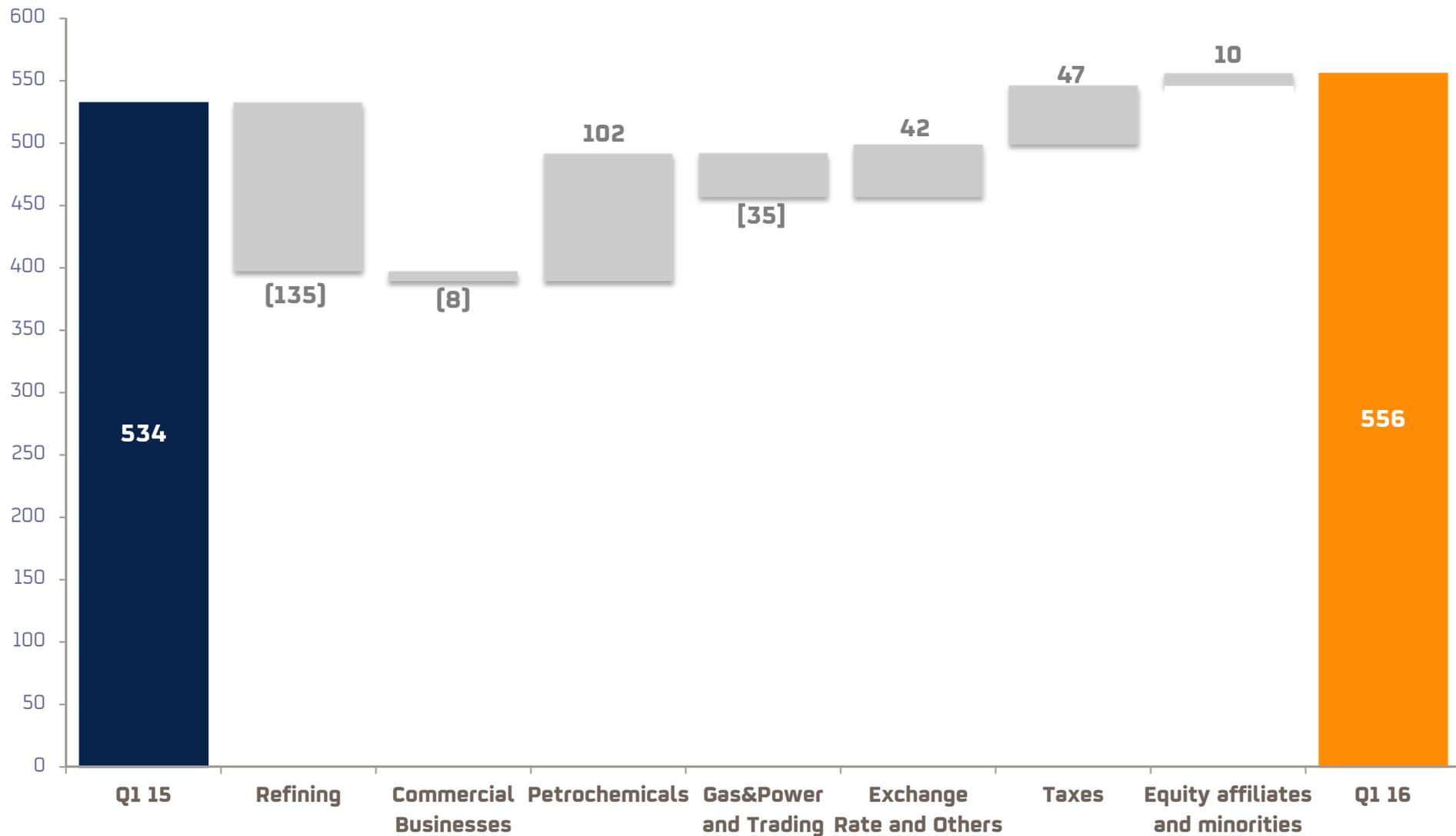
Q1 2016

CCS Adjusted Net Income

534

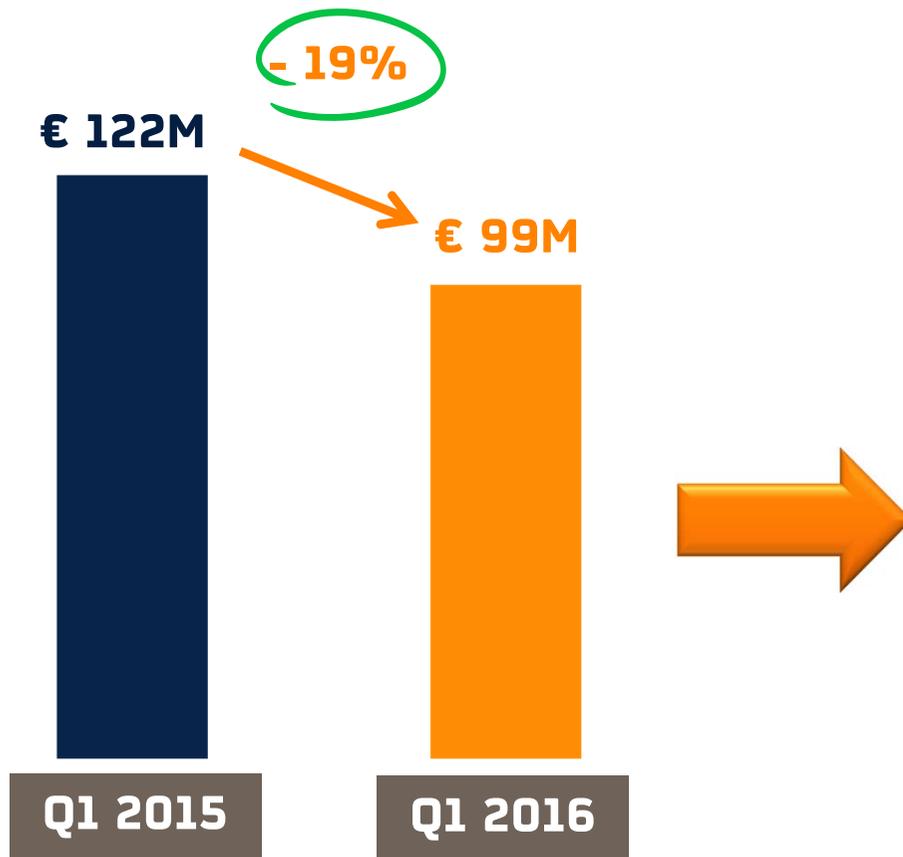
556

Million €



Gas Natural Fenosa Results

Adjusted Net Income



- Lower results in the gas commercialization business

Financial Aspects



Million €

Q1 2015

Q1 2016

Net Financial Result

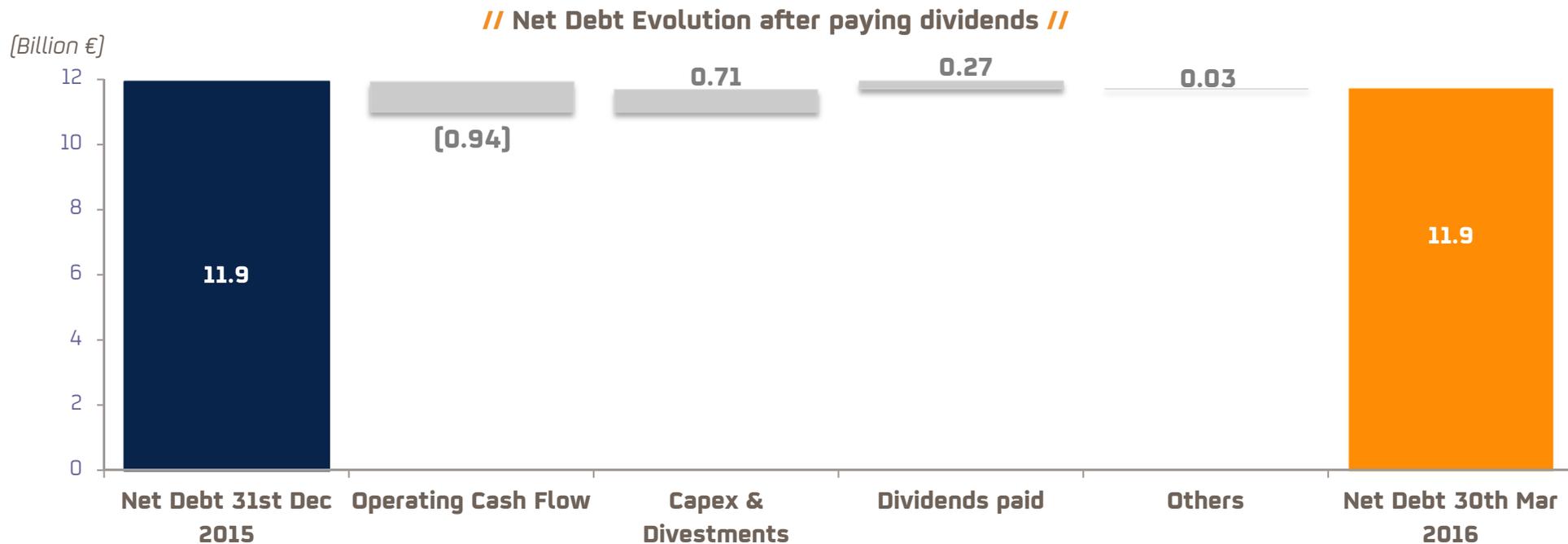
655

-77

- Positive results from **Exchange rate** positions in 1Q15

Fitch, Standard and Poor's and Moodys confirmed Repsol Investment Grade

S&P revised its assessment on Repsol's 2Bn€ hybrids bonds and restored the "intermediate equity" content





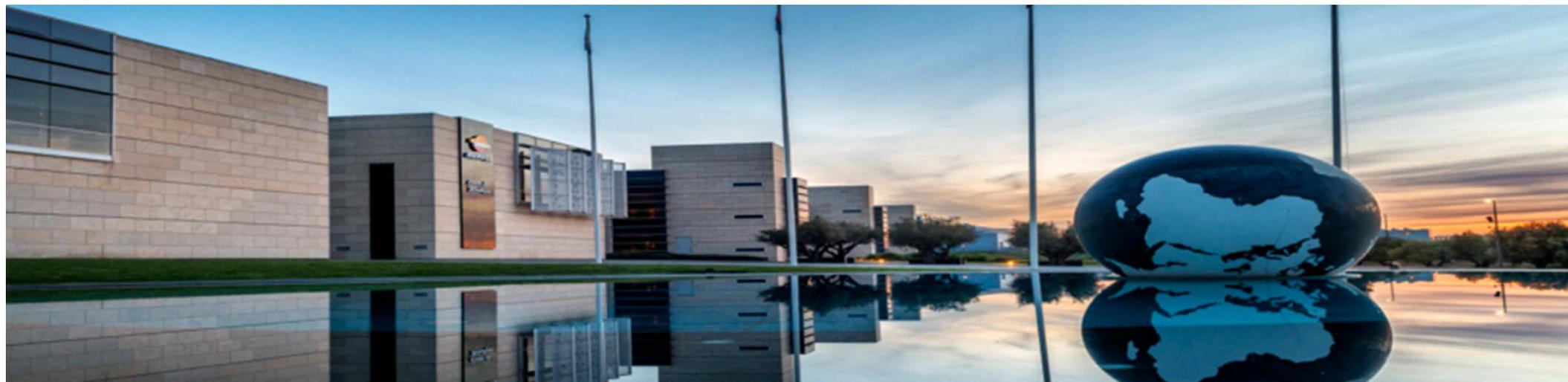
Conclusions

4

Conclusions



- ✓ **Net Income:** Strong in a volatile market
- ✓ **Net Debt:** Stable post dividends
- ✓ **Strategy:** On target and making progress
- ✓ **Production:** Double compared to Q1 15
- ✓ **Cash Flow:** Downstream as FCF generator
- ✓ **Portfolio:** As of today €2.8 Billion in disposals



Q&A Session

First Quarter 2016 Results

Repsol Investor Relations

investorsrelations@repsol.com



WEBCAST – CONFERENCE CALL First Quarter 2016 Results

May 5th, 2016

