Q3 2017 RESULTS

3 November, 2017

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BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The definition of the Repsol Group´s operating segments is based on the different activities performed and from where the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management purposes. Using these segments as a reference point, Repsol's management team (the Corporate Executive, E&P and Downstream Committees) analyzes the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how Repsol ("the Company") is performing.

The Group's operating segments are:

- Upstream, corresponding to exploration and production of crude oil and natural gas reserves and;
- Downstream, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) commercialization, transport and regasification of natural gas and liquefied natural gas (LNG).

Finally, **Corporate and others** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses, net finance costs and earnings and other metrics related to the remaining interest in *Gas Natural SDG*[1] and inter-segment consolidation adjustments.

The Group did not aggregate any operating segments for presentation purposes.

Repsol presents its operating segments results by including the ones corresponding its joint ventures[2] and other managed companies operated as such[3], in accordance with the percentage interest held by the Group, considering their business and financial metrics in the same manner and with the same level of detail as for fully-consolidated companies. The Group considers that so doing adequately reflects the nature of its businesses and the way in which their performance is analyzed for decision-making purposes.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called **Adjusted Net Income**, which corresponds to net income from continuing operations at current cost of supply or *CCS* after taxes and minority interests and not including certain items of income and expense (***Special Items***). Net finance cost is allocated to the **Corporate and others** segment's Adjusted Net Income/Loss.

Although this measure of profit (CCS), widely used in the industry to report the earnings generated in Downstream businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in *European accounting standards* but it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the

[1] It includes the net income of the company according to the equity method. The other metrics (EBITDA, Free Cash Flow, etc.) only reflect the cash flows generated in the Group as shareholder of *Gas Natural SDG, S.A* (dividends).

[2] In Repsol Group´s operating segments model, joint ventures are consolidated proportionally in accordance with the Group's percent holding. See Note 8 of the interim condensed consolidated financial statements for the third quarter and the nine-month period ended September 30, 2017 and Appendix I of the consolidated financial statements for 2016, where the Group's main joint ventures are identified.

[3] It corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

so-called *Inventory Effect*. This *Inventory Effect* is presented separately, net of tax and minority interests, and corresponds to the difference between income at *CCS* and that arrived at using the Average Weighted Cost accounting method (*AWC*, which is an inventory valuation method used by the Company to determine its results in accordance with *European accounting regulations*).

Likewise, *Adjusted Net Income* does not include the so-called *Special Items*, i.e., certain significant items whose separate presentation is considered convenient to facilitate the monitoring of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring costs, impairments and relevant provisions for risks and other relevant expenses. Special Items are presented separately, net of the tax effect and minority interests.

All of the information presented in this Q3 2017 *Results Earnings Release* has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in Appendix II "Consolidated Financial Statements" which has been prepared according to the *International Financial Reporting Standards adopted by the European Union (IFRS-EU)*.

Appendix III provides a reconciliation of the segment reported metrics and those presented in the consolidated financial statements (IFRS-EU).

Information and disclosures related to APM[4] used on the present Q3 2017 Results Earnings Release are included in Appendix IV "Alternative Performance Measures" of the *Interim Condensed Consolidated Financial Statements* for Q3 17 and the nine-month period ended 30 September 2017 and Repsol's website.

Repsol will publish today the *Interim Condensed Consolidated Financial Statements* for Q3 17 and the nine-month period ended 30 September 2017 and they will be available on Repsol´s and CNMV's (Comisión Nacional del Mercado de Valores) websites.

[4] 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.

KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
Upstream	(28)	115	148	-	35	487	-
Downstream	395	429	502	27.1	1,329	1,431	7.7
Corporate and others	(60)	(48)	(74)	(23.3)	(140)	(216)	(54.3)
ADJUSTED NET INCOME	**307**	**496**	**576**	**87.6**	**1,224**	**1,702**	**39.1**
Inventory effect	(6)	(144)	10	-	(4)	(50)	-
Special items	180	15	(59)	-	(100)	(69)	31.0
NET INCOME	**481**	**367**	**527**	**9.6**	**1,120**	**1,583**	**41.3**

Economic data (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
EBITDA	1,141	1,264	1,607	40.8	3,558	4,715	32.5
EBITDA CCS	1,148	1,463	1,587	38.2	3,557	4,781	34.4
NET INVESTMENT	(1,645)	630	645	-	(607)	1,819	-
NET DEBT	9,988	7,477	6,972	(30.2)	9,988	6,972	(30.2)
NET DEBT / EBITDA CCS (x)	2.18	1.28	1.10	(49.5)	2.11	1.09	(48.1)

Operational data	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
LIQUIDS PRODUCTION (Thousand bbl/d)	239	253	252	5.3	247	254	3.1
GAS PRODUCTION (*) (Million scf/d)	2,423	2,381	2,477	2.2	2,510	2,433	(3.1)
TOTAL PRODUCTION (Thousand boe/d)	**671**	**677**	**693**	**3.3**	**694**	**688**	**(0.9)**
CRUDE OIL REALIZATION PRICE ($/Bbl)	41.5	44.1	47.7	15.1	37.2	47.1	26.7
GAS REALIZATION PRICE ($/Thousand scf)	2.2	2.8	2.7	21.4	2.3	2.9	24.2
DISTILLATION UTILIZATION Spanish Refining (%)	91.8	91.6	98.7	7.5	84.9	92.4	8.8
CONVERSION UTILIZATION Spanish Refining (%)	106.9	102.9	104.3	(2.4)	100.8	101.4	0.6
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	5.1	6.2	7.0	37.3	6.0	6.8	13.3

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d.

KEY MILESTONES FOR THE THIRD QUARTER OF 2017

- **Adjusted net income** in the third quarter was €576 million, €269 million higher year-on-year. **Net income** amounted to €527 million, 10% higher year-on-year.

- Quarterly results for the business units are summarized as follows:

  - In **Upstream,** adjusted net income was €148 million, €176 million higher than in the same period of 2016, mainly due to higher realized oil and gas prices, resumption of production in Libya and lower exploration expenses. These effects were partially offset by higher technical amortization. Lower effective tax rates as a result of income mix and local currency exchange rate evolution impacted the net income positively.

  - In **Downstream**, adjusted net income was €502 million, 27% higher year-on-year as a consequence of higher margins and higher distillation utilization in Refining in Spain and Peru, as well as higher sales in Chemicals, better results in Trading, higher contribution from the Marketing business and better performance in the LPG business.

- In **Corporate and others**, adjusted net income was €-74 million, €14 million lower than in the same period in 2016, principally due to a lower contribution from **Gas Natural Fenosa** following a reduction in the equity stake in 2016, partially offset by lower corporate costs and reduced interest expenses.

- Upstream **production** reached an average of 693 Kboe/d in the third quarter of 2017, 3% higher year-on-year mainly due the resumption of production in Libya, the startup of production in Juniper (Trinidad and Tobago), Lapa (Brazil), Flyndre, Shaw and Cayley (UK) and the startup of wells in Sapinhoa North (Brazil). This was partially compensated by the sale of TSP (Trinidad and Tobago), Tangguh (Indonesia) and Ogan Komering (Indonesia), the natural decline of fields and the impact of fluctuating gas demand in Peru and Bolivia.

- **EBITDA CCS** in the third quarter of 2017 was €1,587 million, 38% higher compared to that of the third quarter of 2016. **EBITDA CCS** in the first nine months of 2017 was €4,781 million, 34% higher than the same period in 2016.

- The Group's **net debt** at the end of the quarter stood at €6,972 million, €505 million lower than at the end of the second quarter of 2017, mainly due to the strong cash flow generation from operating activities, which more than covered net investment, financial interest and dividend payments. At the end of the quarter the **net debt to capital employed ratio** stood at 18.8%.

- Progress continues to be made towards our **Synergies and Efficiency** Targets, with the project expected to deliver €2.1 billion in cash savings in 2017. Year to date by the end of the third quarter 80% of the initial full year target has been posted in the financial statements. Savings mainly come from reductions in external services, personnel expenses and development costs.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT

UPSTREAM

[Unaudited figures]

Results (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
ADJUSTED NET INCOME	**(28)**	**115**	**148**	**-**	**35**	**487**	**-**
Operating income	64	168	180	181.3	(15)	683	-
Income tax	(91)	(61)	(41)	54.9	46	(217)	-
Income from equity affiliates and non-controlling interests	(1)	8	9	-	4	21	-
EBITDA	502	745	755	50.4	1,435	2,421	68.7
NET INVESTMENT	444	466	474	6.8	1,725	1,395	(19.1)
EFFECTIVE TAX RATE (%)	140	36	24	(116.0)	(317)	32	-
International prices	**Q3 2016**	**Q2 2017**	**Q3 2017**	**% Change Q3 17/Q3 16**	**January - Sept 2016**	**January - Sept 2017**	**% Change 2017/2016**
Brent ($/Bbl)	45.9	49.6	52.1	13.5	41.9	51.8	23.6
WTI ($/Bbl)	44.9	48.1	48.2	7.3	41.5	49.4	19.0
Henry Hub ($/MBtu)	2.8	3.2	3.0	7.1	2.3	3.2	38.5
Average exchange rate ($/€)	1.12	1.10	1.17	4.5	1.12	1.11	(0.9)
Realization prices	**Q3 2016**	**Q2 2017**	**Q3 2017**	**% Change Q3 17/Q3 16**	**January - Sept 2016**	**January - Sept 2017**	**% Change 2017/2016**
CRUDE OIL ($/Bbl)	41.5	44.1	47.7	15.1	37.2	47.1	26.7
GAS ($/Thousand scf)	2.2	2.8	2.7	21.4	2.3	2.9	24.2
Exploration (*)	**Q3 2016**	**Q2 2017**	**Q3 2017**	**% Change Q3 17/Q3 16**	**January - Sept 2016**	**January - Sept 2017**	**% Change 2017/2016**
G&A and Amortization of Bonus and Dry Wells	108	85	69	(36.1)	173	210	21.4
Production	**Q3 2016**	**Q2 2017**	**Q3 2017**	**% Change Q3 17/Q3 16**	**January - Sept 2016**	**January - Sept 2017**	**% Change 2017/2016**
LIQUIDS (Thousand bbl/d)	239	253	252	5.3	247	254	3.1
GAS (**) (Million scf/d)	2,423	2,381	2,477	2.2	2,510	2,433	(3.1)
TOTAL (Thousand boe/d)	**671**	**677**	**693**	**3.3**	**694**	**688**	**(0.9)**

(*) Only direct costs attributable to exploration projects. (**) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d

Adjusted net income was €148 million, €176 million higher than in the same period of 2016, mainly due to higher realized oil and gas prices, resumption of production in Libya and lower exploration expenses. These effects were partially offset by higher technical amortization. Lower effective tax rates as a result of income mix and local currency exchange rate evolution impacted the net income positively.

The principle impacts on the year-on-year performance in the Upstream division excluding the contribution of Libya are as follows:

- Higher crude **oil and gas realization prices**, net of royalties, had a positive impact on the operating income of € 193 million.
- **Lower volumes,** contributed negatively to the operating income by €25 million.

- **Exploration expenses,** excluding exchange rate effect, impacted the operating income positively by €36 million, mainly as a result of lower amortization of bonus.
- **Depreciation and amortization** charges were €55 million higher mainly due to higher production in Brazil and Trinidad and Tobago, partially offset by the sales of TSP (Trinidad and Tobago) and Tangguh (Indonesia).
- **Income tax expense** has impacted the adjusted net income positively by €88 million, mainly due to the mix of nominal rates applicable and local currency impacts principally in Brazil, Venezuela and Colombia.
- **Income of equity affiliates and non-controlling interests, exchange rate and others** explains the remaining differences.

The impact of **Libya** during the quarter was €63 million and €26 million in the operating income and adjusted net income, respectively.

Upstream **production** reached an average of 693 Kboe/d in the third quarter of 2017, 3% higher year-on-year mainly due the resumption of production in Libya, the startup of production in Juniper (Trinidad and Tobago), Lapa (Brazil), Flyndre, Shaw and Cayley (UK) and the connection of wells in Sapinhoa North (Brazil). This was partially compensated by the sale of TSP (Trinidad and Tobago), Tangguh (Indonesia) and Ogan Komering (Indonesia), the natural decline of fields and the impact of fluctuating gas demand in Peru and Bolivia.

During the third quarter of 2017, three exploratory wells were concluded. One well was declared positive, while the remaining two were deemed unsuccessful. At the end of the period, eight exploratory wells and an appraisal were in progress, out of which one well was concluded in October 2017 with a negative outcome, impacting the results of the third quarter.

January – September 2017 results

The **adjusted net income** for the first nine months of 2017 amounted to €487 million, €452 million higher than in the same period of 2016, mainly due to higher realized oil and gas prices, the resumption of production in Libya and lower overall costs, partially offset by lower production volumes and higher exploration expenses. Additionally, higher income tax had a negative impact due to better results and the evolution of local currencies exchange rates.

Average production in the first nine months of 2017 reached 688 Kboe/d, in line with the same period in 2016. The restart of production in Libya, the startup and the ramp-up of Lapa (Brazil) and the completion of new wells at Sapinhoa North (Brazil) and the startup of production at Juniper (Trinidad and Tobago), offset by asset sales, natural decline, lower gas demand and price effect in the PSC contracts, mainly in Bolivia and Indonesia, and the cessation of production at Varg in Norway.

Net investment

Net investment in Upstream in the third quarter of 2017 amounted to €474 million; €30 million higher than the third quarter of 2016.

Excluding divestments, **Development investment** accounted for 81% of the total investment and was concentrated mainly in the U.S. (25%), Canada (14%), Trinidad and Tobago (13%), Malaysia (6%), UK (6%), Brazil (6%), Algeria (5%), Vietnam (5%) and Peru (5%); and **Exploration investment** represented 18% of the total and was allocated primarily in Vietnam (25%), Indonesia (23%), Colombia (13%), Algeria (8%) and Bolivia (6%).

Net investment in Upstream in the first nine months of 2017 amounted to €1,395 million; €330 million lower than the first nine months of 2016.

Excluding divestments, **Development investment** accounted for 82% of the total investment and was concentrated mainly in the U.S. (21%), Trinidad and Tobago (19%), Canada (11%), UK (8%), Algeria (7%), Brazil (7%), Malaysia (4%), Peru (4%) and Bolivia (4%); and **Exploration investment** represented 17% of the total and was allocated primarily in Colombia (18%), Vietnam (15%), Indonesia (9%), Bolivia (8%), Trinidad and Tobago (7%), Algeria (7%) and Norway (6%).

DOWNSTREAM

(Unaudited figures)

Results (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
ADJUSTED NET INCOME	**395**	**429**	**502**	**27.1**	**1,329**	**1,431**	**7.7**
Operating income	522	571	686	31.4	1,751	1,920	9.7
Income tax	(129)	(137)	(172)	(33.3)	(410)	(473)	(15.4)
Income from equity affiliates and non-controlling interests	2	(5)	(12)	-	(12)	(16)	(33.3)
AVERAGE WEIGHTED COST ADJUSTED NET INCOME	**389**	**285**	**512**	**31.6**	**1,325**	**1,381**	**4.2**
Inventory effect	(6)	(144)	10	-	(4)	(50)	-
EBITDA	688	557	904	31.4	2,273	2,422	6.6
EBITDA CCS	695	756	884	27.2	2,272	2,488	9.5
NET INVESTMENT	(196)	154	163	-	(454)	408	-
EFFECTIVE TAX RATE (%)	25	24	25	-	23	25	2.0

Operational data	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	5.1	6.2	7.0	37.3	6.0	6.8	13.3
DISTILLATION UTILIZATION Spanish Refining (%)	91.8	91.6	98.7	7.5	84.9	92.4	8.8
CONVERSION UTILIZATION Spanish Refining (%)	106.9	102.9	104.3	(2.4)	100.8	101.4	0.6
OIL PRODUCT SALES (Thousand tons)	12,471	13,007	13,442	7.8	34,522	38,513	11.6
PETROCHEMICAL PRODUCT SALES (Thousand tons)	702	695	740	5.5	2,178	2,148	(1.4)
LPG SALES (Thousand tons)	327	315	247	(24.6)	1,379	997	(27.7)
NORTH AMERICA NATURAL GAS SALES (TBtu)	89.9	110.3	110.1	22.5	310.7	375.7	20.9

International prices ($/Mbtu)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
Henry Hub	2.8	3.2	3.0	7.1	2.3	3.2	38.5
Algonquin	2.8	2.9	2.3	(17.9)	2.9	3.2	11.9

Adjusted net income in the third quarter of 2017 amounted to €502 million, 27% higher compared to the third quarter of 2016.

The principal impacts year-on-year in the Downstream business are:

- In **Refining**, higher margin and higher utilization rates in the distillation units, together with high utilization rates in the conversion units, generated a positive effect on the operating income of €150 million. Stronger product spreads were partially compensated by narrower light-heavy crudes spreads.

- In **Chemicals**, higher sales generated a positive effect on the operating income of €10 million. The business continues to show a resilient performance despite a minor reduction in margins as a consequence of higher naphtha prices and higher energy costs.

- In the commercial businesses, **Marketing, Lubricants and LPG**, operating income was €22 million higher in the third quarter of 2017 mainly due to higher contribution from the Marketing business and better performance in the LPG business.

- In **Trading and Gas & Power**, the operating income was €19 million higher than the third quarter of 2016, mainly as a result of better results in Trading.

- **Results in other activities, equity affiliates and non-controlling interests, exchange rate and taxes** cover the remaining difference.

January – September 2017 results

Adjusted net income for the first nine months of 2017 was €1,431 million, 8% higher year-on-year due to higher margins and utilization in Refining both in Spain and Peru, higher results in Trading and Gas & Power, and better performance in the Marketing business, partially compensated by lower contribution from the LPG business following disposals in 2016.

Net investment

Net investment in Downstream in the third quarter and the first nine months of 2017 amounted to €163 and €408 million respectively.

CORPORATE AND OTHERS

(Unaudited figures)

Results (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
ADJUSTED NET INCOME	**(60)**	**(48)**	**(74)**	**(23.3)**	**(140)**	**(216)**	**(54.3)**
Corporate and adjustments	(80)	(68)	(72)	10.0	(233)	(196)	15.9
Financial result	(123)	(74)	(110)	10.6	(385)	(339)	11.9
Income tax	63	44	59	(6.3)	203	160	(21.2)
Gas Natural Fenosa	80	50	49	(38.8)	275	159	(42.2)
EBITDA	(49)	(38)	(52)	(6.1)	(150)	(128)	14.7
NET INTERESTS	(104)	(89)	(85)	18.3	(328)	(268)	18.3
NET INVESTMENT	(1,893)	10	8	-	(1,878)	16	-
EFFECTIVE TAX RATE (%)	(31)	(30)	(33)	(2.0)	(33)	(30)	3.0

CORPORATE AND ADJUSTMENTS

Corporate and adjustments accounted for €-72 million in the third quarter of 2017, compared to €-80 million in the same quarter of the previous year mainly thanks to lower corporate costs.

In the first nine months of 2017, **Corporate and adjustments** accounted for a net expense of €196 million which compares to a net expense of €233 million in the same period of last year thanks to lower corporate costs.

FINANCIAL RESULTS

The **financial result** in the third quarter of 2017 amounted to €-110 million, €13 million better than the third quarter of 2016 mainly due to lower financial interest expense in 2017.

The **financial result** in the first nine months of 2017 was €-339 million, €46 million better than in the same period of last year principally due to lower financial interests and higher results from exchange rate positions, partially offset by the gains obtained from repurchase in 2016 of Talisman bonds.

GAS NATURAL FENOSA

Adjusted net income attributable to Repsol, in the third quarter of 2017, amounted to €49 million, 39% lower year-on-year principally due to the lower equity stake in the company since September 2016 and lower contribution from the gas and electricity commercialization businesses, partially offset by higher gas distribution results in Latin America.

Adjusted net income for the first nine months of 2017 was €159 million, 42% lower year-on-year, mainly due to the lower equity stake in the company since September 2016, and lower gas and electricity commercialization results, partially offset by higher gas distribution results in Latin America.

NET INCOME ANALYSIS: SPECIAL ITEMS

SPECIAL ITEMS

(Unaudited figures)

Results (€ Million)	Q3 2016	Q2 2017	Q3 2017	% Change Q3 17/Q3 16	January - Sept 2016	January - Sept 2017	% Change 2017/2016
Divestments	383	5	(2)	-	633	21	(96.7)
Indemnities and workforce restructuring	(25)	(34)	(13)	48.0	(370)	(49)	86.8
Impairment of assets	(24)	2	1	-	(34)	(25)	26.5
Provisions and others	(154)	42	(45)	70.8	(329)	(16)	95.1
SPECIAL ITEMS	**180**	**15**	**(59)**	**-**	**(100)**	**(69)**	**31.0**

Special items in the third quarter of 2017 resulted in a net loss of €59 million, mainly due to provisions and workforce indemnities.

Special items in the first nine months of 2017 resulted in a net loss of €69 million principally as a result of workforce indemnities, impairments and fiscal provisions, partially offset by the reversal of environmental provisions.

CASH FLOW ANALYSIS: ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

(Unaudited figures)

	JANUARY - SEPTEMBER	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	**3,557**	**4,781**
Changes in working capital [1]	(1,071)	(602)
Dividends received	383	203
Income taxes received/ (paid)	54	(507)
Other proceeds from/ (payments for) operating activities	(493)	(298)
	2,430	**3,577**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities	(2,260)	(1,931)
Proceeds from divestments	2,722	30
	462	**(1,901)**
FREE CASH FLOW (I. + II.)	**2,892**	**1,676**
Payments for dividends and payments on other equity instruments	(415)	(332)
Net interest payments and leases	(466)	(414)
Treasury shares	(114)	(222)
CASH GENERATED IN THE PERIOD	**1,897**	**708**
Financing activities and others	(1,094)	(796)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**803**	**(88)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**4,918**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,572**	**4,830**

(1) It includes an inventory effect pretax of €-67 million and €1 million for 2017 and 2016 respectively.

NET DEBT ANALYSIS: NET DEBT EVOLUTION

This section presents the changes in the Group's adjusted net debt:

[Unaudited figures]

NET DEBT EVOLUTION (€ Million)	Q3 2017	January - Sept 2017
NET DEBT AT THE START OF THE PERIOD	**7,477**	**8,144**
EBITDA CCS	(1,587)	(4,781)
CHANGE IN WORKING CAPITAL [1]	129	602
INCOME TAX RECEIVED /PAID	127	507
NET INVESTMENT	670	1,902
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	189	332
FOREIGN EXCHANGE RATE EFFECT	(52)	(278)
INTEREST AND OTHER MOVEMENTS [2]	19	544
NET DEBT AT THE END OF THE PERIOD	**6,972**	**6,972**

	2017
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	37,028
NET DEBT / CAPITAL EMPLOYED (%)	18.8
ROACE (%)	6.7
NET DEBT / EBITDA CCS (x)	1.09

(1) It includes an inventory effect pretax of €19 million and €-67 million for third quarter 2017 and first nine months of 2017 respectively.
(2) Principally includes interest expense on borrowings, dividends received, provisions used and companies' acquisition/sale effect.

The Group's **net debt** at the end of the quarter stood at €6,972 million, €505 million lower than at the end of the second quarter of 2017, mainly due to strong cash flow generation from operating activities, which more than covered net investment, financial interest and dividend payments. At the end of the quarter **net debt to capital employed ratio** stood at 18.8%.

The Group's **liquidity** at the end of the first nine months of 2017 was approximately €7.7 billion (including undrawn committed credit lines); representing 1.8 times gross debt maturities in the short term.

The Group has a liquidity position of €7.7 billion (including cash, committed and unused credit lines, and deposits at financial institutions with immediate availability), sufficient to cover short-term debt maturities 1.8 times.

RELEVANT EVENTS

Material company-related events since the second quarter 2017 results release were as follows:

In **Upstream**, in July, Repsol was awarded by the Mexican authorities the exploration block 11 within the second shallow waters Exploratory Round held in June. Repsol is the operator (60% W.I.) in a partnership with the Mexican company Sierra (40% W.I.).

On August 16, in the Lease Sale 249 in the US Gulf of Mexico, Repsol (50% W.I.), in a partnership with Ecopetrol (50% W.I.) was awarded four new exploration blocks (blocks 77, 78, 121 and 122) in the Garden Banks offsore Basin.

On September 7, Repsol and its partners announced that several key steps to begin execution of the previously-approved Buckskin Project have been taken. This large-scale deepwater development project has been delineated by multiple prior wells and will be a six-mile subsea tieback to the Anadarko-operated Lucius Spar and is located on Keathley Canyon blocks 785, 828, 829, 830, 871 and 872 in the Gulf of Mexico in approximately 6,800 feet of water.

On October 4, it was announced that within the scheduled works of the sixth phase of the CAA PM-3 block development project in Malaysia, the installation of a new platform (Wellhead platform) in the area North of this offshore field was concluded successfully. The new platform (Bunga Pakma) will allow production levels to be increased by mid-2018 after the completion of commissioning, as well as development drilling activities.

On October 9, National Petroleum Agency (ANP) of Brazil announced Repsol was awarded as the operator company an exploration block in the 14th Bid Round. The new exploration block (ES-M-667) is located in the Espirito Santo basin and is the first exploration block Repsol acquires in Brazil since 2005.

In **Corporation**, on 11 October 2017, Repsol's "Trading Statement" was published; it provided provisional information for the third quarter of 2017, including data on the economic environment as well as company performance during the period.

Madrid, 3 November, 2017

A conference call has been scheduled for research analysts and institutional investors for today, 3 November 2017 at 13.00 (CET) to report on the Repsol Group's third quarter 2017 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (www.repsol.com). A full recording of the event will also be available to shareholders and investors and any other interested party at www.repsol.com for a period of no less than one month from the date of the live broadcast.

APPENDIX I – FINANCIAL METRICS AND OPERATING INDICATORS BY SEGMENT

Q3 2017

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	Q3 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	64	-	(91)	(1)	(28)	-	(286)	(314)
Downstream	522	-	(129)	2	395	(6)	159	548
Corporate & Others	(80)	(123)	63	80	(60)	-	307	247
TOTAL	**506**	**(123)**	**(157)**	**81**	**307**	**(6)**	**180**	**481**
NET INCOME							**180**	**481**

€ Million	Q2 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	168	-	(61)	8	115	-	53	168
Downstream	571	-	(137)	(5)	429	(144)	3	288
Corporate & Others	(68)	(74)	44	50	(48)	-	(41)	(89)
TOTAL	**671**	**(74)**	**(154)**	**53**	**496**	**(144)**	**15**	**367**
NET INCOME							**15**	**367**

€ Million	Q3 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	180	-	(41)	9	148	-	(19)	129
Downstream	686	-	(172)	(12)	502	10	(1)	511
Corporate & Others	(72)	(110)	59	49	(74)	-	(39)	(113)
TOTAL	**794**	**(110)**	**(154)**	**46**	**576**	**10**	**(59)**	**527**
NET INCOME							**(59)**	**527**

€ Million	January - September 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(15)	-	46	4	35	-	(496)	(461)
Downstream	1,751	-	(410)	(12)	1,329	(4)	267	1,592
Corporate & Others	(233)	(385)	203	275	(140)	-	129	(11)
TOTAL	**1,503**	**(385)**	**(161)**	**267**	**1,224**	**(4)**	**(100)**	**1,120**
NET INCOME							**(100)**	**1,120**

€ Million	January - September 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	683	-	(217)	21	487	-	(8)	479
Downstream	1,920	-	(473)	(16)	1,431	(50)	21	1,402
Corporate & Others	(196)	(339)	160	159	(216)	-	(82)	(298)
TOTAL	**2,407**	**(339)**	**(530)**	**164**	**1,702**	**(50)**	**(69)**	**1,583**
NET INCOME							**(69)**	**1,583**

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
€ Million	Q3 16	Q2 17	Q3 17	2016	2017
UPSTREAM	**64**	**168**	**180**	**(15)**	**683**
Europe, Africa & Brazil	170	141	123	151	434
Latin America & Caribbean	12	105	122	181	405
North America	(13)	(23)	(36)	(181)	(70)
Asia & Russia	25	46	54	63	186
Exploration & Others	(130)	(101)	(83)	(229)	(272)
DOWNSTREAM	**522**	**571**	**686**	**1,751**	**1,920**
Europe	530	581	676	1,774	1,835
Rest of the World	(8)	(10)	10	(23)	85
CORPORATE AND OTHERS	**(80)**	**(68)**	**(72)**	**(233)**	**(196)**
TOTAL	**506**	**671**	**794**	**1,503**	**2,407**

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
€ Million	Q3 16	Q2 17	Q3 17	2016	2017
UPSTREAM	**(28)**	**115**	**148**	**35**	**487**
Europe, Africa & Brazil	51	59	79	109	220
Latin America & Caribbean	18	53	107	190	266
North America	(11)	(15)	(25)	(125)	(50)
Asia & Russia	13	21	38	32	112
Exploration & Others	(99)	(3)	(51)	(171)	(61)
DOWNSTREAM	**395**	**429**	**502**	**1,329**	**1,431**
Europe	405	437	498	1,345	1,381
Rest of the World	(10)	(8)	4	(16)	50
CORPORATE AND OTHERS	**(60)**	**(48)**	**(74)**	**(140)**	**(216)**
TOTAL	**307**	**496**	**576**	**1,224**	**1,702**

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
€ Million	Q3 16	Q2 17	Q3 17	2016	2017
UPSTREAM	**502**	**745**	**755**	**1,435**	**2,421**
Europe, Africa & Brazil	102	238	243	261	780
Latin America & Caribbean	148	224	270	572	805
North America	174	164	142	376	488
Asia & Russia	118	135	142	345	472
Exploration & Others	(40)	(16)	(42)	(119)	(124)
DOWNSTREAM (1)	**688**	**557**	**904**	**2,273**	**2,422**
Europe	670	546	863	2,219	2,266
Rest of the World	18	11	41	54	156
CORPORATE AND OTHERS	**(49)**	**(38)**	**(52)**	**(150)**	**(128)**
TOTAL (1)	**1,141**	**1,264**	**1,607**	**3,558**	**4,715**

(1) EBITDA CCS M€					
DOWNSTREAM	**695**	**756**	**884**	**2,272**	**2,488**
TOTAL	**1,148**	**1,463**	**1,587**	**3,557**	**4,781**

NET INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
€ Million	Q3 16	Q2 17	Q3 17	2016	2017
UPSTREAM	**444**	**466**	**474**	**1,725**	**1,395**
Europe, Africa & Brazil	149	86	87	444	264
Latin America & Caribbean	122	128	104	526	394
North America	61	102	145	255	362
Asia & Russia	23	87	57	130	190
Exploration and Others	89	63	81	370	185
DOWNSTREAM	**(196)**	**154**	**163**	**(454)**	**408**
Europe	(195)	108	119	(332)	304
Rest of the World	(1)	46	44	(122)	104
CORPORATE AND OTHERS	**(1,893)**	**10**	**8**	**(1,878)**	**16**
TOTAL	**(1,645)**	**630**	**645**	**(607)**	**1,819**

CAPITAL EMPLOYED BY BUSINESS SEGMENTS

(Unaudited figures)

	CUMULATIVE DATA	
€ Million	Q4 16	Q3 17
Upstream	23,853	22,163
Downstream	9,469	9,477
Corporate and others	5,933	5,388
TOTAL	**39,255**	**37,028**

	2017
ROACE (%)	**6.7**
ROACE at CCS (%)	**6.9**

OPERATING INDICATORS

Q3 2017

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	January - December 2016	Q1 2017	Q2 2017	3Q 2017	January - September 2017	% Variation 2017/2016
HYDROCARBON PRODUCTION	**kboe/d**	**714**	**697**	**671**	**679**	**690**	**693**	**677**	**693**	**688**	**(0.9)**
Liquids production	**kboe/d**	**255**	**246**	**239**	**233**	**243**	**258**	**253**	**252**	**254**	**3.1**
Europe, Africa & Brazil	kboe/d	94	89	90	88	90	121	120	123	121	32.8
Latin America & Caribbean	kboe/d	69	69	66	67	68	60	59	58	59	(13.4)
North America	kboe/d	58	57	54	50	54	51	49	48	49	(12.5)
Asia & Russia	kboe/d	35	32	28	28	31	27	25	24	25	(19.8)
Natural gas production	**kboe/d**	**459**	**451**	**432**	**446**	**447**	**435**	**424**	**441**	**433**	**(3.1)**
Europe, Africa & Brazil	kboe/d	22	19	16	18	18	15	15	16	15	(17.8)
Latin America & Caribbean	kboe/d	233	238	227	238	234	229	229	243	234	0.5
North America	kboe/d	130	129	126	125	127	125	123	123	124	(3.6)
Asia & Russia	kboe/d	74	64	63	66	67	65	57	59	60	(10.1)
Natural gas production	**(Million scf/d)**	**2,579**	**2,530**	**2,423**	**2,506**	**2,509**	**2,442**	**2,381**	**2,477**	**2,433**	**(3.1)**

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Jan -Dec 2016	Q1 2017	Q2 2017	Q3 2017	Jan - Sept 2017	% Variation 2017/ 2016
PROCESSED CRUDE OIL	**Mtoe**	**10.4**	**9.4**	**11.3**	**12.2**	**43.2**	**10.9**	**11.6**	**12.4**	**35.0**	**12.8**
Europe	Mtoe	9.6	8.6	10.3	11.0	39.4	9.6	10.2	11.1	31.0	8.8
Rest of the world	Mtoe	0.8	0.8	0.9	1.2	3.8	1.3	1.4	1.3	4.0	57.3
SALES OF OIL PRODUCTS	**kt**	**11,125**	**10,926**	**12,471**	**13,526**	**48,048**	**12,064**	**13,007**	**13,442**	**38,513**	**11.6**
Europe Sales	kt	**9,927**	**9,810**	**11,155**	**11,895**	**42,787**	**10,473**	**11,321**	**11,711**	**33,505**	**8.5**
Own network	kt	**4,854**	**5,109**	**5,319**	**5,186**	**20,468**	**5,042**	**5,287**	**5,543**	**15,872**	**3.9**
Light products	kt	4,021	4,260	4,506	4,327	17,114	4,280	4,478	4,632	13,390	4.7
Other Products	kt	833	849	813	859	3,354	762	809	911	2,482	(0.5)
Other Sales to Domestic Market	kt	**1,920**	**1,965**	**2,069**	**2,129**	**8,083**	**2,081**	**2,044**	**2,227**	**6,352**	**6.7**
Light products	kt	1,873	1,895	2,024	2,075	7,867	2,035	1,996	2,162	6,193	6.9
Other Products	kt	47	70	45	54	216	46	48	65	159	(1.9)
Exports	kt	**3,153**	**2,736**	**3,767**	**4,580**	**14,236**	**3,350**	**3,990**	**3,941**	**11,281**	**16.8**
Light products	kt	1,370	940	1,428	2,201	5,939	1,172	1,580	1,734	4,486	20.0
Other Products	kt	1,783	1,796	2,339	2,379	8,297	2,178	2,410	2,207	6,795	14.8
Rest of the world sales	kt	**1,198**	**1,116**	**1,316**	**1,631**	**5,261**	**1,591**	**1,686**	**1,731**	**5,008**	**38.0**
Own network	kt	**570**	**508**	**569**	**591**	**2,238**	**523**	**566**	**605**	**1,694**	**2.9**
Light products	kt	518	470	538	546	2,072	481	502	543	1,526	0.0
Other Products	kt	52	38	31	45	166	42	64	62	168	38.8
Other Sales to Domestic Market	kt	**312**	**328**	**341**	**360**	**1,341**	**353**	**327**	**356**	**1,036**	**5.6**
Light products	kt	252	271	286	297	1,106	288	273	291	852	5.3
Other Products	kt	60	57	55	63	235	65	54	65	184	7.0
Exports	kt	**316**	**280**	**406**	**680**	**1,682**	**715**	**793**	**770**	**2,278**	**127.3**
Light products	kt	128	130	126	177	561	215	147	214	576	50.0
Other Products	kt	188	150	280	503	1,121	500	646	556	1,702	175.4
CHEMICALS											
Sales of petrochemical products	kt	**764**	**713**	**702**	**714**	**2,892**	**712**	**695**	**740**	**2,148**	**(1.4)**
Europe	kt	**641**	**615**	**589**	**584**	**2,428**	**609**	**581**	**640**	**1,829**	**(0.8)**
Base	kt	238	224	213	218	893	215	206	245	667	(1.3)
Derivative	kt	402	391	376	366	1,535	393	374	395	1,162	(0.5)
Rest of the world	kt	**124**	**98**	**112**	**130**	**464**	**104**	**114**	**100**	**318**	**(4.7)**
Base	kt	35	21	18	27	101	19	17	22	58	(21.2)
Derivative	kt	89	76	95	103	363	85	98	78	260	(0.0)
LPG											
LPG sales	kt	**631**	**422**	**327**	**368**	**1,747**	**436**	**315**	**247**	**997**	**(27.7)**
Europe	kt	427	256	215	363	1,261	430	310	242	983	9.5
Rest of the world	kt	204	166	112	5	487	5	5	4	15	(97.0)

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin

APPENDIX II – CONSOLIDATED FINANCIAL STATEMENTS

Q3 2017

STATEMENT OF FINANCIAL POSITION

(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER 2016	SEPTEMBER 2017
NON-CURRENT ASSETS		
Goodwill	3,115	2,810
Other intangible assets	1,994	1,828
Property, plant and equipment	27,297	24,741
Investment property	66	65
Investments accounted for using the equity method	10,176	9,388
Non-current financial assets :		
Non-current financial instruments	1,081	1,073
Others	123	118
Deferred tax assets	4,746	4,393
Other non-current assets	323	266
CURRENT ASSETS		
Non-current assets held for sale	144	21
Inventories	3,605	3,589
Trade an other receivables	5,885	6,263
Other current assets	327	228
Other current financial assets	1,280	1,360
Cash and cash equivalents	4,687	4,588
TOTAL ASSETS	**64,849**	**60,731**
TOTAL EQUITY		
Attributable to equity holders of the parent company	30,867	29,790
Attributable to minority interests	244	266
NON-CURRENT LIABILITIES		
Grants	4	3
Non-current provisions	6,127	5,424
Non-current financial debt	9,482	8,008
Deferred tax liabilities	1,379	1,064
Other non-current liabilities		
Non-current debt for finance leases	1,550	1,364
Other	459	449
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	146	3
Current provisions	872	707
Current financial liabilities	6,909	6,999
Trade payables and other payables:		
Current debt for finance leases	208	189
Other payables	6,602	6,465
TOTAL LIABILITIES	**64,849**	**60,731**

INCOME STATEMENT

Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA			JANUARY - SEPTEMBER	
	Q3 16	Q2 17	Q3 17	2016	2017
Operating income	**740**	**413**	**653**	**1,418**	**1,910**
Financial result	(92)	(65)	(83)	(288)	(268)
Income from equity affiliates	40	83	178	252	401
Net income before tax	**688**	**431**	**748**	**1,382**	**2,043**
Income tax	(198)	(60)	(203)	(232)	(429)
Net income from continuing operations	**490**	**371**	**545**	**1,150**	**1,614**
Net income from non-controlling interest	(9)	(4)	(18)	(30)	(31)
NET INCOME FROM CONTINUING OPERATIONS	**481**	**367**	**527**	**1,120**	**1,583**
Net income for the year from discontinuing operations	-	-	-	-	-
NET INCOME	**481**	**367**	**527**	**1,120**	**1,583**
Earning per share attributible to the parent company (*)					
Euros/share (*)	0.32	0.24	0.34	0.73	1.03
USD/ADR	0.35	0.27	0.40	0.81	1.21
Average number of shares (**)	1,503,587,903	1,519,471,462	1,522,658,876	1,506,310,890	1,520,940,363
Exchange rates USD/EUR at the end of each quarter	1.12	1.14	1.18	1.12	1.18

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes in Q3 16, Q2 17 and Q3 17) has been adjusted.

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2016, December 2016 and June 2017 accordingly,thus share capital is currently represented by 1,527,393,053 shares. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

CASH FLOW STATEMENT

(€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - SEPTEMBER	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	1,382	2,043
Adjustments to net income		
Depreciation and amortisation of non current assets	1,758	1,965
Other adjustments to results (net)	(137)	(266)
EBITDA	**3,003**	**3,742**
Changes in working capital	**(756)**	**(115)**
Dividends received	385	334
Income taxes received/ (paid)	69	(470)
Other proceeds from/ (payments for) operating activities	(459)	(223)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	**(5)**	**(359)**
	2,242	**3,268**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(629)	(152)
Fixed assets, intangible assets and real estate investments	(1,379)	(1,391)
Other financial assets	(142)	(375)
Payments for investment activities	**(2,150)**	**(1,918)**
Proceeds from divestments	**2,995**	**21**
Other cashflow	**(1)**	**(4)**
	844	**(1,901)**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	0	0
Proceeds from/(payments for) equity instruments	(114)	(222)
Proceeds from issue of financial liabilities	10,115	7,930
Payments for financial liabilities	(11,164)	(8,469)
Payments for dividends and payments on other equity instruments	(415)	(332)
Interest payments	(463)	(412)
Other proceeds from/(payments for) financing activities	(96)	71
	(2,137)	**(1,434)**
Effect of changes in exchange rates from continued operations	**(10)**	**(32)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	**939**	**(99)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,448**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,387**	**4,588**

(*) Cash flows from continued operations

APPENDIX III – RECONCILIATION OF NON-IFRS METRICS TO IFRS DISCLOSURES

Q3 2017

RECONCILIATION OF ADJUSTED RESULTS AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

	Q3 2016					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	506	(8)	249	(7)	234	740
Financial result	(123)	(89)	120	-	31	(92)
Income from equity affiliates	88	(48)	-	-	(48)	40
Net income before tax	**471**	**(145)**	**369**	**(7)**	**217**	**688**
Income tax	(157)	145	(188)	2	(41)	(198)
Net income from continued operations	**314**	**-**	**181**	**(5)**	**176**	**490**
Income attributed to minority interests	(7)	-	(1)	(1)	(2)	(9)
NET INCOME FROM CONTINUED OPERATIONS	**307**	**-**	**180**	**(6)**	**174**	**481**
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	**307**	**-**	**180**	**(6)**	**174**	**481**

	Q2 2017					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	671	(96)	37	(199)	(258)	413
Financial result	(74)	8	1	-	9	(65)
Income from equity affiliates	62	21	-	-	21	83
Net income before tax	**659**	**(67)**	**38**	**(199)**	**(228)**	**431**
Income tax	(154)	67	(23)	50	94	(60)
Net income from continued operations	**505**	**-**	**15**	**(149)**	**(134)**	**371**
Income attributed to minority interests	(9)	-	-	5	5	(4)
NET INCOME FROM CONTINUED OPERATIONS	**496**	**-**	**15**	**(144)**	**(129)**	**367**
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	**496**	**-**	**15**	**(144)**	**(129)**	**367**

	Q3 2017					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arrangements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	794	(132)	(29)	20	(141)	653
Financial result	(110)	11	16	-	27	(83)
Income from equity affiliates	60	116	2	-	118	178
Net income before tax	**744**	**(5)**	**(11)**	**20**	**4**	**748**
Income tax	(154)	5	(48)	(6)	(49)	(203)
Net income from continued operations	**590**	**-**	**(59)**	**14**	**(45)**	**545**
Income attributed to minority interests	(14)	-	-	(4)	(4)	(18)
NET INCOME FROM CONTINUED OPERATIONS	**576**	**-**	**(59)**	**10**	**(49)**	**527**
Income from discontinued operations	-	-	-	-		-
NET INCOME	**576**	**-**	**(59)**	**10**	**(49)**	**527**

€ Million	January - September 2016					
		ADJUSTMENTS				
	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	1,503	(116)	30	1	(85)	1,418
Financial result	(385)	(5)	102	-	97	(288)
Income from equity affiliates	294	(42)	-	-	(42)	252
Net income before tax	**1,412**	**(163)**	**132**	**1**	**(30)**	**1,382**
Income tax	(161)	163	(233)	(1)	(71)	(232)
Net income from continued operations	**1,251**	**-**	**(101)**	**-**	**(101)**	**1,150**
Income attributed to minority interests	(27)	-	1	(4)	(3)	(30)
NET INCOME FROM CONTINUED OPERATIONS	**1,224**	**-**	**(100)**	**(4)**	**(104)**	**1,120**
Income from discontinued operations	-	-	-	-	-	-
ADJUSTED NET INCOME	**1,224**	**-**	**(100)**	**(4)**	**(104)**	**1,120**

€ Million	January - September 2017					
		ADJUSTMENTS				
	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	2,407	(353)	(78)	(66)	(497)	1,910
Financial result	(339)	50	21	-	71	(268)
Income from equity affiliates	195	204	2	-	206	401
Net income before tax	**2,263**	**(99)**	**(55)**	**(66)**	**(220)**	**2,043**
Income tax	(530)	99	(14)	16	101	(429)
Net income from continued operations	**1,733**	**-**	**(69)**	**(50)**	**(119)**	**1,614**
Income attributed to minority interests	(31)	-	-	-	-	(31)
NET INCOME FROM CONTINUED OPERATIONS	**1,702**	**-**	**(69)**	**(50)**	**(119)**	**1,583**
Income from discontinued operations	-	-	-	-	-	-
ADJUSTED NET INCOME	**1,702**	**-**	**(69)**	**(50)**	**(119)**	**1,583**

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

	DECEMBER 2016			SEPTEMBER 2017		
	Adjusted Net Debt	Reclasification of JV [1]	IFRS-EU	Adjusted Net Debt	Reclasification of JV [1]	IFRS-EU
NON-CURRENT ASSETS						
Non-current financial instruments	424	657	1,081	374	699	1,073
CURRENT ASSETS						
Other current financial assets	52	1,228	1,280	238	1,122	1,360
Cash and cash equivalents	4,918	(231)	4,687	4,830	(242)	4,588
NON-CURRENT LIABILITIES						
Non-current financial debt	(9,540)	58	(9,482)	(8,155)	147	(8,008)
CURRENT LIABILITIES						
Current financial liabilities	(4,085)	(2,824)	(6,909)	(4,334)	(2,665)	(6,999)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET						
Net mark-to-market valuation of financial derivaties (excluding exchange rate) [2]	87	0	87	75	0	75
NET DEBT	**(8,144)**		**(9,256)**	**(6,972)**		**(7,911)**

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brasil which is detailed in the following captions:
2016: "Cash and cash equivalents" amounting to €43 million and "Current financial liabilities" for intragroup loans amounting to €2,942 million, reduced in €344 million due to loans with third parties. 2017: "Cash and cash equivalents" amounting to €20 million; "Current financial liabilities" for intragroup loans amounting to €2,647 million, reduced in €347 million in loans with third parties.

(2) This caption does not consider net market value of financial derivatives other than exchange rate ones

	January - September					
	2016			2017		
	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES	**2,430**	**(188)**	**2,242**	**3,577**	**(309)**	**3,268**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES	**462**	**382**	**844**	**(1,901)**	**0**	**(1,901)**
FREE CASH FLOW (I. + II.)	**2,892**	**194**	**3,086**	**1,676**	**(309)**	**1,367**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS [1]	**(2,089)**	**(58)**	**(2,147)**	**(1,764)**	**298**	**(1,466)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**803**	**136**	**939**	**(88)**	**(11)**	**(99)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**(321)**	**2,448**	**4,918**	**(231)**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,572**	**(185)**	**3,387**	**4,830**	**(242)**	**4,588**

(1) This caption includes payments for dividends and payment on other equity instruments, interest payments, proceeds from/(payments for) equity instruments, proceeds from/ (payments for) issue of financial liabilities, other proceeds from/(payments for) financing activities and the effect of changes in the exchange rate.

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