

## FIRST QUARTER RESULTS 2017

Press release  
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### **REPSOL'S NET INCOME INCREASES BY 59%**

- Repsol earned a net income of 689 million euros in the first quarter of 2017, a 59% increase from the same period the previous year, following the implementation of plans to boost and make more flexible its businesses in the current context of low crude oil prices.
- The adjusted net profit reached 630 million euros, a 10% increase over the same period of 2016.
- EBITDA rose to 1.844 billion euros, which constitutes an 80% increase over the first quarter of 2016.
- Average hydrocarbon production between January and March was 693,400 barrels of oil equivalent per day, an increase over the production average reached at the end of 2016 thanks to contributions from Brazil, Libya and the United Kingdom.
- The Upstream area (Exploration and Production) had an outstanding performance and increased its income by 207 million euros over the same period of the previous year, to 224 million euros.
- In March, the company announced the largest discovery of hydrocarbons on U.S. soil in the last 30 years.
- The Downstream area (Refining, Chemicals, Marketing, Lubricants, Trading, LPG and Gas & Power) obtained an income of 500 million euros and was a major cash generator for the company.
- The refining margin indicator in Spain was 7.1 dollars per barrel, consolidating the excellent performance in this area during the last two years.

Repsol achieved net income of 689 million euros in the first quarter of 2017, 59% greater than the 434 million euros obtained in the same period last year. This increase can be attributed to improvements to the resilience and flexibility of the company's business activity in the current environment of low prices.

During the quarter, the international indices for gas and crude oil prices averaged 53.7 dollars per barrel in the case of Brent, and 3.3 dollars per MBtu for Henry Hub.

Repsol's adjusted net income was 630 million euros, compared with 572 million in the first quarter of 2016. The company's businesses' positive performance continued. This was especially significant in upstream, where at 224 million euros, its income increased by 207 million euros from the first quarter of 2016.

The Downstream business remained a significant cash generator for the company and achieved an income of 500 million euros - in line with the first quarter of 2016 - with improvements in Trading, Gas & Power, Marketing and refining in Peru, the latter a result of the start-up in the last quarter of 2016 of the low sulfur diesel unit.

The strength of Repsol's businesses was reflected in the company's EBITDA, which reached 1.844 billion euros, 80% greater than in the same period the previous year.

Also, the synergies and efficiencies program materialized and produced more than 500 million euros of the goal set for 2017 in just the first quarter. This year, the program is expected to yield a total of 2.1 billion euros.

Average production for the quarter was 693,400 barrels of oil equivalent per day, an increase over the production average reached at the end of 2016, due to contributions from the United Kingdom, Libya and Brazil. In Brazil, the startup of the Lapa reservoir contributed to a new production record for Repsol in Brazil.

In terms of exploration activity, Repsol achieved new success in early 2017 when it discovered the largest hydrocarbon deposit on U.S. soil in the last 30 years.

Also, in late March the Repsol Board of Directors agreed to convene the company's Annual General Meeting, which will take place on May 19th, likely at second call.

## **UPSTREAM**

### **STRONG EARNINGS INCREASE AND LARGE DISCOVERY IN THE U.S.**

The adjusted net income of the Upstream area reached 224 million euros, an increase of 207 million euros over the 17 million euros registered in the first quarter of 2016.

The efficiency and synergies program, together with the partial recovery of international raw materials price indices, helped to boost earnings for the business.

Average production for the quarter was 693,400 barrels of oil equivalent per day, an increase over the production average reached at the end of 2016 and in line with the goal set by the company in its strategic plan.

Repsol increased its average production mainly due to activity in the United Kingdom, resumed activity in Libya and the startup of the Lapa reservoir in Brazil. This project in Brazil, which began producing in December 2016, contributed considerably to the company's new record for production in that country, set in March of this year.

In terms of exploration activity, in March, Repsol announced the largest conventional hydrocarbon discovery on U.S. soil in the last 30 years, in the North Slope borough of Alaska. It is estimated that the contingent resources of the area where the discovery was made, known as Nanushuk, will total approximately 1.2 billion recoverable barrels of light crude oil.

## **DOWNSTREAM**

### **STRONG CASH GENERATION**

The net adjusted result for the Downstream area totaled 500 million euros, in line with the 556 million euros obtained in the first quarter of 2016.

In the first quarter of the year, the area maintained its solid cash generation, which reflects the competitive advantages of the integrated business model and the quality of Repsol's assets.

The commercial and chemicals businesses continued to demonstrate their strength this quarter, in addition to improved activities in Trading and Gas & Power, Marketing and refining in Peru.

The refining margin indicator in Spain was 7.1 dollars per barrel, yet another strong quarter to consolidate the strength seen in the last two years, surpassing the 6.3 dollars per barrel obtained in the first quarter of 2016.

These results are especially positive considering that during the first quarter of 2017, planned maintenance shutdowns were carried out at the refineries in Bilbao and A Coruña. These halts have allowed the company to implement improvements in innovation, efficiency and productivity at its facilities, to maintain Repsol as one of Europe's leading refining companies.

### **REPSOL RESULTS BY SEGMENT (\*)** *(Unaudited figures)*

Million euros	JANUARY- MARCH		Variation (%)
	2016	2017	
Upstream	17	224	
Downstream	556	500	
Corporate and others	(1)	(94)	
<b>ADJUSTED NET INCOME</b>	<b>572</b>	<b>630</b>	<b>10%</b>
Inventory effect	(157)	84	
Special items	19	(25)	
<b>NET INCOME</b>	<b>434</b>	<b>689</b>	<b>59%</b>

(\*) The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies.

## **KEY BUSINESS FIGURES (\*)** *(Unaudited figures)*

	JANUARY - MARCH		Variation (%)
	2016	2017	
Oil and gas production (Thousand boe/d)	714	693	(2.9)
Crude processed (million tons)	10.4	10.9	5.3
Sales of oil products (Thousand tons)	11,125	12,064	8.4
Sales of petrochemical products (Thousand tons)	764	712	(6.8)
LPG sales (Thousand tons)	631	436	(30.9)

## **AVERAGE PRODUCTION BY GEOGRAPHICAL AREA** *(Barrels of oil equivalent per day)*

Europe, Africa and Brazil	136 kboe/d
Latin America and Caribbean	289.2 kboe/d
North America	176 kboe/d
Asia & Russia	92.2 kboe/d
<b>TOTAL PRODUCTION</b>	<b>693.4 kboe/d</b>

(\*) The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies.

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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 press release are included in Appendix IV "Alternative Performance Measures" of the Interim Condensed Consolidated Financial Statements for the 1Q 2017 and Repsol's website.*

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