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FIRST-HALF 2013 EARNINGS

PRESS RELEASE
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Pages 9

Repsol's oil and gas production continues to rise, gaining 12% in the first half of the year

REPSOL POSTS NET INCOME OF 1.054 BILLION EUROS

- **Net income during the first half of 2013 rose 2.6% to 1.054 billion euros. The increase is especially significant as the year-earlier period included earnings from YPF.**

- **Hydrocarbons output increased 12% during the first half to 359,700 barrels of oil equivalent per day. In 2013, Repsol has started up production from important projects in Russia and Brazil.**

- **In the first half of the year Repsol has made new discoveries in Alaska Brazil, Russia and Algeria which have allowed the company to meet the resources incorporation target for the whole of 2013 in only six months. Repsol is also carrying out an intense exploration campaign in Brazil, Canada, the Unites States, Libya, Colombia and Indonesia.**

- **The Upstream unit consolidates the trend of earlier quarters, posting operating profit of 1.161 billion euros due to increased output.**

- **The Downstream unit's operating income increased 9.9% to 311 million euros at current cost of supply.**

- **The fall in sales volumes and sales margins at forecourts has been compensated by greater distillation volumes and efficiency at refineries.**

- **Financial discipline has allowed Repsol (ex Gas Natural Fenosa) to end the period with significant financial liquidity. Debt stood at 6.320 billion euros, 1.112 billion euros less than at the end of 2012.**

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- **Repsol maintained its “Repsol Flexible Dividend” shareholder remuneration policy which has been widely taken up by shareholders. The company also launched a preference shares buyback which had an acceptance rate of more than 97% of holders.**

- **During the first half of the year, Repsol agreed to sell LNG assets to Shell and sold treasury shares to Temasek of Singapore.**

Repsol posted net income of 1.054 billion euros in the first half of 2013, a rise of 2.6% from the year-earlier period calculated at current cost of supply. Calculated based on MIFO criteria, net income was 901 million euros. These earnings are especially significant as the first quarter of 2012 included earnings from YPF.

The improved results are based on a strong performance from all of the company’s business units. Net income from continued operations rose 4.7% to 945 million euros.

The Upstream unit (exploration and production) continued its growth trend and, despite the weak worldwide economic environment, improved earnings by 1.5% following the start-up of new projects that are the result of the exploratory success of previous years.

During the first half, the company started up important projects in Russia and Brazil, meeting the timing and costs targets laid out in the 2012-2016 Strategic Plan.

Additionally, Repsol made relevant discoveries in Alaska, Algeria, Russia and Brazil in the first six months that allowed the company to meet its resources incorporation gaols for the whole year.

The downstream unit (refining, marketing, trading, chemicals and LPG) continued to be affected by the weakness in the Spanish local market which caused a fall in sales volumes and margins at forecourts, which were compensated by increased distillation at refineries.

In the first half of the year the company reinforced its financial strength with the sale of 1.2 billion euros of bonds at what was then the lowest coupon seen amongst Spanish corporates since the start of the Euro.

Additionally, the company surpassed its 2012-2016 divestment goals at the end of February following the agreement to sell to Shell LNG (liquefied natural gas) assets for $6.653 billion. The transaction is expected be complete in the fourth quarter of the year.

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In March, Repsol sold treasury shares amounting to five percent of the company's stock to Temasek of Singapore for 1.036 billion euros. At the Annual General Shareholders' meeting on May 31, Rene Duhan was appointed board member of Repsol nominated by Temasek, which now owns 6.4% of Repsol's shares.

At the end of the quarter, the Repsol Group (excluding Gas Natural Fenosa) had significant liquidity and the company's net financial debt fell 1.112 billion euros from the end of 2012 to 6.320 million euros at the end of the first half of 2013.

On May 31, the AGM voted to continue with the "Repsol Flexible Dividend" formula. This remuneration system allows shareholders to choose between paid up new shares or a payment in cash through the sale to the company of free allocation rights at a guaranteed price. Almost 60% of shareholders chose to receive their dividend in shares from the new share issue carried out to replace the traditional final dividend from 2012 earnings.

In the first half the company made an offer to repurchase its preference shares for 97.5% of their face value in conditions more favorable than those offered in the market. The repurchase offer had an acceptance rate of more than 97%.

UPSTREAM: NEW PROJECTS, MORE OUTPUT AND RESOURCES

In the first half of 2013, the Upstream unit's operating income was 1.161 billion euros, 1.5% more than the same period of 2012.

Repsol's ongoing exploratory success and the development of associated projects have allowed production to rise 12% from the previous year to 359,700 barrels of oil equivalent per day. The rise is due to the contribution of five of the key projects from the 2012-2016 strategic plan already producing: Lubina and Montanazo (Spain), Sapinhoá (Brazil), Mid-Continent (United States), AROG in Russia and Margarita (Bolivia).

At the start of 2013, Repsol began commercial production at the giant Sapinhoá field in Brazil, which will reach an output of 120,000 barrels of oil equivalent in the first development phase. This project will contribute decisively to the company's growth goals in coming years.

Also significant is the start of commercial production at the Syskonsyninskoye (SK) field in Russia.

During the first half of the year, Repsol announced new and significant finds, including the three good quality discoveries in the North Slope of Alaska and the second gas find in Algeria's Illilzi basin. These finds, together with positive well results in Russia and Brazil, allowed the company to meet in only six months its 2013 resources addition goals of 300 million barrels of oil equivalent. Repsol is carrying out

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exploration activity in Brazil Libya, Indonesia, Canada, Colombia and the United States. The company has also acquired new acreage in Norway, Guyana and Indonesia.

Repsol's crude realization prices behaved better than Brent crude due to the new production mix, weighted toward Brazil and the United States. Gas realization prices were penalized by the sales mix.

Investment in the area during the first half of 2013 was 1.151 billion euros, 4% more than the previous year. Project development accounted for 72% of total spending, mainly in United States (36%), Brazil (18%), Venezuela (13%) and Trinidad and Tobago (12%.) Exploration investment represented 20% of the total, spent mainly in the US (42%), Brazil (15%), Norway (9%) and Russia (6%.)

The quarterly earnings are especially positive as they were obtained amidst falling international prices, with a 5.1% fall in Brent and an 8.3% decline in WTI. Conversely, the company's gas realization prices improved 25.7% compared with a 22.2% rise in the Henry Hub price.

The LNG business posted operating income of 481 million euros in the first half of 2013, a rise of 103% from the year-earlier period.

DOWNSTREAM: EFFICIENCY IN AN ENVIRONMENT OF NARROWER MARGINS

The Downstream unit's operating income was 311 million euros in the first half at current cost of supply, an improvement of 9.9% from the first half of 2012.

Taking into account the value of the stocks, which generated a negative effect of 232 million euros in the first half of last year, the unit's earnings calculated under MIFO criteria fell 71.5% to 79 million euros.

International refining margins fell significantly in the second quarter so that the average for the first half was $3.2 per barrel, 17.9% narrower than in 2012.

Despite the unfavourable environment, once the investments in the group's refineries in Spain have been completed, the units increased utilization rates to 80% compared with 67% in the previous year. The utilization of conversion units (with the ability to produce high value fuels) rose to 100% from 83% in 2012.

The volume of processed crude grew 15.5% to 19.3 million tons of oil equivalent. Sales at forecourts in Spain fell 9% and margins narrowed.

Investments in the downstream totalled 220 million euros in the first half of 2013.

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GAS NATURAL FENOSA

The operating income of Gas Natural Fenosa was 464 million euros in the first half of 2013, a fall of 2.3% as higher wholesale gas sales margins were unable to make up for the lower contribution from Union Fenosa Gas and lower earnings of the electricity business in Spain due to the new tax regime.

Investment in Gas Natural during the first half was 178 million euros, spent mainly on electricity and gas distribution in Spain and Latin America.

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REPSOL SUMMARISED INCOME STATEMENT
(Million Euros)
(Unaudited figures)

	January – June		Change
	2012	2013	2012
EBITDA	**3,331**	**3,376**	1.4
Operating revenue	29,078	29,244	0.6
Operating income	1,966	1,991	1.3
Financial expenses	(433)	(385)	(11.1)
Share in income from companies carried by the equity method-Net of tax	66	74	12.1
Income before income tax	1,599	1,680	5.1
Income tax	(674)	(717)	(6.4)
Income for the period from continued operations	925	963	4.1
Income attributable to minority interests from continued operations	(22)	(18)	(18.2)
NET INCOME FROM CONTINUED OPERATIONS	**903**	**945**	**4.7**
Net income from interrupted operations (*)	133	(44)	-
NET INCOME (MIFO)**	**1,036**	**901**	**(13)**
Inventory effect net of taxes	(9)	153	-
NET INCOME (CCS***)**	**1,027**	**1,054**	**2.6**

(*) Includes income net of tax and from external partners contributed by YPF S.A., YPF Gas S.A. and their participated companies in each period and the loans made to Petersen as well as the effects of the expropriation of the shares in YPF S.A. and YPF Gas S.A.

(**) Middle In, First Out

(***) Current Cost of Supply

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BREAKDOWN OF REPSOL OPERATING PROFIT, BY BUSINESSES

(Million Euros)

(Unaudited figures)

	January - June		Change
	2012	2013	2012
Upstream	1,144	1,161	1.5
LNG	237	481	103.0
Downstream	283	311	9.9
Gas Natural Fenosa	475	464	(2.3)
Corporate & adjustments	(167)	(194)	16.2
Operating income CCS	1,972	2,223	12.7
Inventory effect	(6)	(232)	-
Operating income MIFO	1,966	1,991	1.3

OPERATING HIGHLIGHTS

(Unaudited figures)

	January – June		Change
	2012	2013	%
Oil and gas production (Thousand boepd)	322	360	11.9
Crude processed (million tons)	16.7	19.3	15.5
Sales of oil products (Thousand tons)	19,977	21,290	6.6
Sales of petrochemical products (Thousand tons)	1,134	1,197	5.6
LPG sales (ex YPF Gas) (Thousand tons)	1,388	1,273	(8.3)

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REPSOL COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures) (IFRS)

	DECEMBER 2012	JUNE 2013
NON-CURRENT ASSETS		
Goodwill	2.678	2.673
Other intangible assets	2.836	2.747
Property, plant & equipment	28.227	28.614
Investment property	25	24
Equity-accounted financial investments	737	813
Non-current assets classified as held for sale subject to expropriation	5.392	5.436
Non-current financial assets		
Non-current financial assets	672	676
Others	641	654
Deferred tax assets	3,310	3,546
Other non-current financial assets	242	235
CURRENT ASSETS		
Non-current assets classified as held for sale	340	173
Inventories	5,501	5,268
Trade and other receivables	7,781	8,080
Other current assets	221	257
Other current financial assets	415	388
Cash and cash equivalents	5,903	7,693
TOTAL ASSETS	**64,921**	**67,277**
TOTAL EQUITY		
Attributable to equity holders of the parent	26,702	28,528
Attributable to minority interests	770	736
NON-CURRENT LIABILITIES		
Subsidies	61	60
Non-current provisions	2,258	2,369
Non-current financial debt	15,300	14,309
Deferred tax liabilities	3,063	3,137
Other non-current liabilities		
Non-current debt for finance leases	2,745	2,750
Others	712	739
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	27	37
Current provisions	291	242
Current financial liabilities	3,790	5,070
Trade debtors and other payables		
Current debt for finance leases	224	230
Other trade debtors and payables	8,978	9,070
TOTAL LIABILITIES	**64,921**	**67,277**

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