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2019 1st HALF-YEAR RESULTS
Press release
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7 pages

Increased shareholder remuneration proposal

REPSOL POSTS NET INCOME OF 1.133 BILLION EUROS IN THE FIRST HALF OF 2019

- **The company's net income was 1.133 billion euros in the first six months, compared with 1.546 billion in the same period of the previous year that included a capital gain of 344 million euros from the sale of its interest in Naturgy.**
- **Adjusted net income, which specifically measures the performance of the businesses, was 1.115 billion euros, in line with the 1.132 billion euros in the first six months of 2018.**
- **These strong earnings were achieved in a context of lower crude oil prices, a decline in international refining margins and the suspension of production in Libya during nearly half the period.**
- **The strength of the earnings and the company's ability to generate cash have motivated the Board of Directors to propose to the next Annual General Meeting (AGM) the increase of shareholder remuneration through the amortization of 5% of the company's outstanding shares.**
- **The Upstream business posted profit of 646 million euros, similar to that of the first half of 2018. The company made the world's largest on-shore discovery in 2019 and started production in the Buckskin project in the U.S. Gulf of Mexico.**
- **The Downstream unit earned 715 million euros, compared with 762 million in the same period of 2018. The commercial business continued pursuing innovative activity and opened the first ultra-fast electric charging point on the Iberian Peninsula. It also added three renewable energy projects under development with a total capacity of 800 MW to its portfolio.**

1.115 billion euros
Adjusted net income similar to that of the first half of 2018

5% Share buyback and cancellation
Higher shareholder remuneration

800 MW of total capacity
Three new renewable energy projects under development

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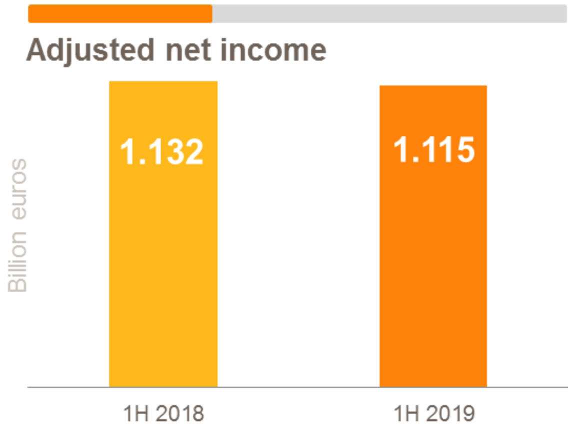
Repsol achieved a net income of 1.133 billion euros in the first six months of 2019 compared to 1.546 billion in the first half of the previous year, when it recorded capital gains of 344 million euros after completing the sale of its interest in Naturgy (previously Gas Natural SDG, S.A.) in May of 2018.

Adjusted net income, which specifically measures the performance of the company's businesses (as it excludes the accounting effect of the value of inventories and specific income), was 1.115 billion euros, in line with the 1.132 billion euros in the same period of 2018.



The company maintained the strength of its results in the context of raw materials prices that were lower than those recorded between January and June of 2018, with exceptionally low international refining margins, and with Libyan production suspended during practically half the period, which showcases the company's capacity for resilience and value-creation in any scenario.

As regards international reference commodities, Brent crude oil was trading at an average price of 66 dollars per barrel, 7% less than in the first six months of 2018, while West Texas Intermediate was 12% lower, averaging of 57.4 dollars per barrel during the period.

Repsol has maintained its results in a context of lower crude oil prices and smaller international refining margins

In this international price environment, the Upstream unit (Exploration and Production) achieved earned 646 million euros, very similar to the 647 million of the previous year, which reflects the effectiveness of the efficiency measures implemented by the company. Other relevant milestones in the period for this business include the Sakakemang discovery in Indonesia, considered the world's largest on-shore discovery so far this year, and the start of production of Buckskin in the U.S. Gulf of Mexico.

The Downstream unit (Refining, Chemicals, Mobility, Lubricants, LPG, Trading, Gas Wholesale, and Repsol Electricidad y Gas) posted profit of 715 million euros, with improved performances from the Chemicals, Trading and Repsol Peru businesses.

In line with its commitment to innovation, in April the company opened the first ultra-fast EV charging station on the Iberian Peninsula and continued to develop new products and services. In addition, Repsol continued to expand its portfolio of electricity and gas customers, and on 1 July announced the addition to its low-emissions asset portfolio of three new renewable energy projects under development, with a combined capacity of approximately 800 MW.

Repsol is committed to fighting climate change and, accordingly, is pursuing an efficient and sustainable energy transition. The company is taking significant steps to be a key transition player by evolving its traditional businesses, reducing its emissions and growing as a multi-energy operator.

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Furthermore, on 3 July, the company announced the launch, through its Foundation, of a social impact investment fund with capital of 50 million euros to be used for investment in a portfolio of economically sustainable social enterprises focused on the energy transition and the inclusion of vulnerable groups in Spain. The objective is to invest in these companies during their initial development stage and help them to grow and become profitable by using Repsol's strengths and capacities.

Increased shareholder remuneration: Cancellation of 5% of outstanding shares.

The strength of the company's earnings and cash flow generation, higher than was estimated in the Strategic Plan, have motivated the decision to propose an increase in shareholder remuneration. To this end the Board of Directors will propose to the next AGM a cancellation of 5% of the company's outstanding shares in addition to those already linked to the scrip dividend.

The increased cash flow capacity demonstrated by the company from effective asset management and higher prices than contemplated in the Strategic Plan presents an opportunity for share buybacks, which will increase shareholder remuneration.

This decision is in addition to the improvement to the company's dividend which, with an annualized growth of 8% since 2017, will reach 1 euro per share in 2020 though scrip dividends linked to equivalent share buybacks to avoid dilution.

Upstream: efficiency in management and a major discovery in Indonesia

The Upstream unit posted an adjusted net profit of 646 million euros, in line with the 647 million in the same period in 2018. The business had a positive performance thanks to its management and to the success of the efficiency and digitalization programs in a context of lower prices than in the first six months of the previous year.

Average production between January and June stood at 697,200 barrels of oil equivalent per day (boe/d), compared with 724,100 boe/d in the same period last year, due mainly to the temporary suspension of activity in Libya until 4 March, maintenance activities in Trinidad and Tobago, divestment in Midcontinent (United States), and expiration of the Jambi Merang license (Indonesia).

646 million euros: strong performance in a context of lower prices than the year-ago period

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In the six-month period, the company connected new wells in Marcellus (United States), Duvernay (Canada) and Akacias (Colombia), acquired an interest in Mikkel (Norway), and installed the Angelin platform (Trinidad and Tobago).

Additionally, Repsol started oil production in Buckskin, in the U.S. Gulf of Mexico, months earlier than anticipated and with a cost reduction of over 40% with respect to the original project. In its initial phase, the project will reach a total output of 30,000 barrels of oil per day.

In exploration, Repsol drilled 16 wells in the first six months of the year, nine of which were positive and two or which are still under evaluation.

The most notable well in the period was drilled in the Sakakemang block, in Indonesia, where Repsol made the largest on-shore discovery worldwide so far this year. The well is also the country's largest gas discovery in 18 years, with a preliminary estimate of at least two trillion cubic feet (TCF) of recoverable resources.

Major discovery in Indonesia, with an estimated 2 trillion cubic feet of gas

Downstream: consolidating excellence and growing in the low-emissions business

The Downstream business posted an adjusted net profit of 715 million euros, compared with 762 million euros between January and June of 2018. The Chemicals, Trading, and Repsol Peru areas showed stronger performance, while the Refining, Gas and LPG businesses posted lower income, the first of these impacted by the aforementioned decline in international margins and the second two by lower sales related to milder temperatures in Spain and the United States.

During the first half year, the Refining unit carried out scheduled shutdowns in the Bilbao refineries, in which it invested 52 million euros; and La Coruña, where over 60 million were invested. Improved efficiency and safety technologies were added during the halts, which will continue for the rest of the year in the facilities in Spain to ensure maximum availability when the new international marine fuel regulations (IMO) come into force, which will work to the company's competitive advantage.

Repsol is ensuring maximum availability of its refineries before the entry into force of the new international marine fuel regulations

The Chemicals area increased its sales and further developed its differentiation strategy, with new products like the polymers for use as a raw material in 3D printing. For its part, the Lubricants business showed stronger results thanks to an increase in its international activity.

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Since June, the Waylet app can be used to pay in El Corte Inglés centers

In the Electricity and Gas business, Repsol has continued to enlarge its customer portfolio. In March, the company expanded its partnership with El Corte Inglés, which now offers customers at 22 of its centers the possibility of contracting Repsol electricity and gas with an attractive offer of leading-edge digital solutions and exclusive benefits. In addition, Repsol is the main energy supplier for a number of establishments of the distribution group, to which it is adding the option of using its mobile payment application, Waylet, in El Corte Inglés establishments starting in June.

As regards electricity generation, after the end of the period Repsol announced on 1 July that it had added to its portfolio and will develop three new renewable energy projects, two wind and one solar with a combined capacity of approximately 800 MW, enough to supply some 650,000 households per year. With these projects, which will enter into operation in the next four years, on top of those of Valdesolar (Badajoz) and WindFloat (Portugal) and its current assets (2,952 MW), Repsol will achieve 90% of its strategic low-emissions generation capacity target, set at around 4,500 MW in 2025.

During the first half of the year, the company continued to strengthen its position as a leader in mobility and to innovate in the services it offers its customers. To that end, on 1 April of this year, it opened the first ultra-fast charging point for electric vehicles on the Iberian Peninsula and one of the first in southern Europe. This technology, which Repsol expects to install soon in other parts of its network, can recharge vehicle batteries that support its maximum power in a time of between five and ten minutes, similar to that of conventional refueling.

With three new renewable energy projects under development, Repsol will achieve 90% of its strategic general capacity target of 4,500 MW

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Repsol results by segment [1]

Million euros	1H 2018	1H 2019	Variation
Upstream	647	646	
Downstream	762	715	
Corporate and others	(277)	(246)	
ADJUSTED NET INCOME	**1,132**	**1,115**	**(1.5%)**
Inventory effect	202	63	
Special items	212	(45)	
NET INCOME	**1,546**	**1,133**	**(26.7)%**

Key business figures [1]

	1H 2018	1H 2019	Variation
Oil and gas production (kboe/d)	724	697	(3.7)%
Crude processed (Mtoe)	22.4	22.1	(1.4)%
Sales of oil products (kt)	25,217	24,251	(3.8%)
Sales of petrochemical products (kt)	1,313	1,458	11%
LPG sales (kt)	739	699	(5.4%)

Average H1 2019 production by geographic area

(Barrels of oil equivalent per day)

Europe, Africa & Brazil	167 kboe/d
Latin America & Caribbean	286 kboe/d
North America	170 kboe/d
Asia & Russia	74 kboe/d
TOTAL PRODUCTION	**697 kboe/d**

(1) The results for each segment and the main figures 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 level of detail as for fully consolidated companies. For more information see Note 5 of the consolidated financial statements for the year 2018, available at www.repsol.com.

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In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. Information and disclosures related to APM used on the present press release are included in Appendix II "Alternative Performance Measures" of the Management Report for the first half of 2019 and Repsol's website

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