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Press release
Madrid, October 15th, 2015
6 pages

Following the successful completion of the previous Strategic Plan

REPSOL UNVEILS ITS 2016-2020 STRATEGIC PLAN: VALUE AND RESILIENCE

- **The 2016-2020 Strategic Plan guarantees Repsol's strength and ability to create value even with low oil prices.**

- **The company's increased size and improved makeup, following the achievement of the 2012-2016 strategic plan's goals and the transformative integration of Talisman, allow Repsol to extract value from that growth to increase efficiency and resilience and take advantage of the opportunities that arise from the energy environment.**

- **To meet its value-creation objective under any price scenario, the company will focus on efficiency and asset portfolio management.**

- **Repsol's demonstrated ability to create value will allow the company to finance its own development, reduce debt, and maintain a competitive shareholder compensation. The dividend yield is among the highest on Spain's Ibex-35 stock market index.**

- **After a period of growth culminating in the purchase of Talisman, the 2016-2020 Strategic Plan will implement a series of initiatives which aim to double EBITDA (at CCS) to 11.5 billion euros.**

- **The plan includes an ambitious efficiency program with specific actions and commitments (some of which are already implemented) with which it will obtain 2.1 billion euros a year of savings and synergies.**

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- **With the integration of Talisman, Repsol has incorporated high quality assets that require less investments, maintaining a stable production and a reserve replacement ratio of about 100%.**

- **The flexibility, strength, and adaptability of its asset portfolio will allow Repsol to undertake divestments of 6.2 billion in non-strategic assets and cut spending by 38% without altering its company profile.**

- **The efficiency in the Downstream unit (Refining, LPG, Marketing, Chemicals, and Gas & Power), improved with investments in refineries in Cartagena and Bilbao, places Repsol at the head of European integrated companies in efficiency, value creation, and resilience.**

- **The plan includes a broader integration of refining and marketing activity, with divestments in non-strategic assets and a clear goal of reducing energy costs and CO_2 emissions.**

- **"We are presenting a Plan with a clear vision, and measurable commitments. This plan not only shows our solidity and resilience, but also how far we can go in terms of creating value and strength for our company," said Repsol CEO Josu Jon Imaz.**

Repsol today presented its 2016-2020 Strategic Plan, with which the company enters a new phase in which it will extract value from the growth achieved after achieving the targets set in its previous Strategic Plan.

The company has achieved a new scale and makeup after the transformative growth resulting from acquisition of Talisman that has greatly increased the flexibility to take decisions, with a high-quality asset portfolio focused on more stable OECD countries.

To meet the value-creation objectives from the 2016-2020 Strategic Plan under any circumstances and to increase its resilience, the company will focus on efficiency and asset portfolio management.

The Plan is based on Repsol's demonstrated ability to create value from management efficiency, even with low oil prices. This will allow the company to be self-financed, maintain its competitive shareholder compensation, and reduce its debt.

The Talisman acquisition, which was completed in May, concluded the execution of the previous Strategic Plan and afforded Repsol a scale that is ideal to take on this new chapter.

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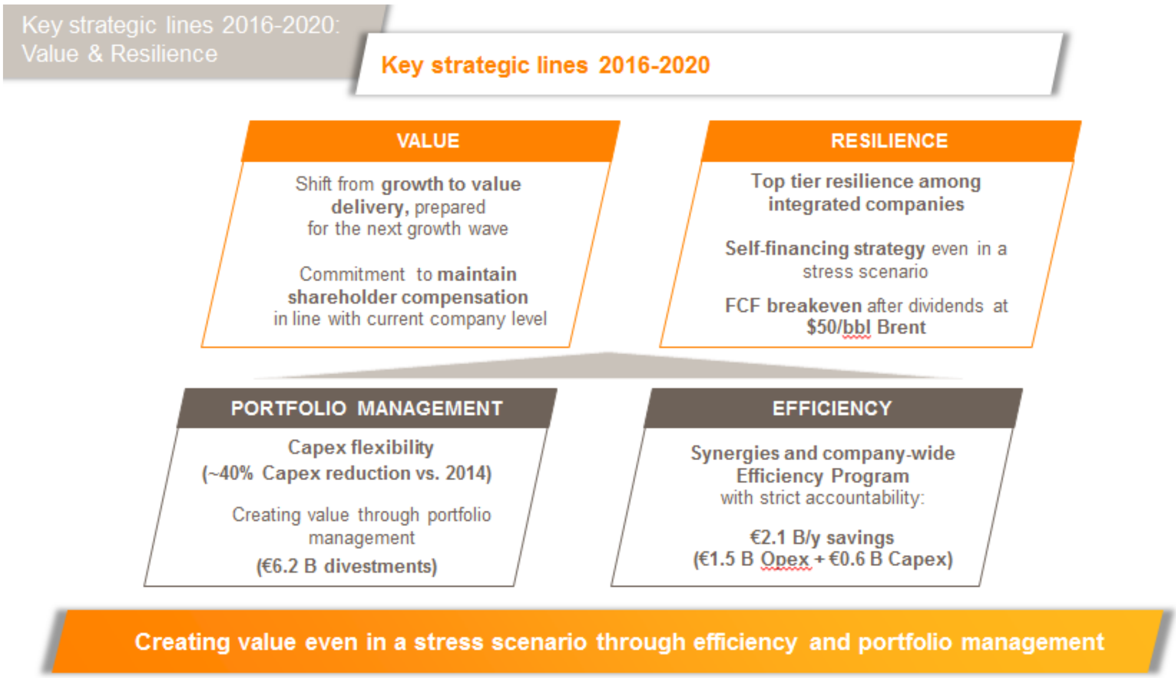

Value and Resilience, the basic lines that define the Strategic Plan, are supported by asset portfolio management and the maximization of efficiency.

This will allow Repsol to double its EBITDA at CCS to 11.5 billion euros in 2020.

The flexibility, strength, and adaptability of its asset portfolio will allow Repsol to undertake divestments of 6.2 billion in non-strategic assets and cut spending by 38% without altering its company profile.

Along with lower investment, asset portfolio management will allow for divestments of 6.2 billion euros between 2016 and 2020, half of which will be executed in the next two years.

Furthermore, five months after the Talisman integration, new synergies have been identified that allow Repsol to raise its savings target resulting from the integration to 350 million dollars from the 220 million dollars initially expected.

These synergies supplement the efficiency program included in the Strategic Plan. This program will be applied to the entire company and will lead to cost savings, including synergies, of 2.1 billion euros per year from 2018.

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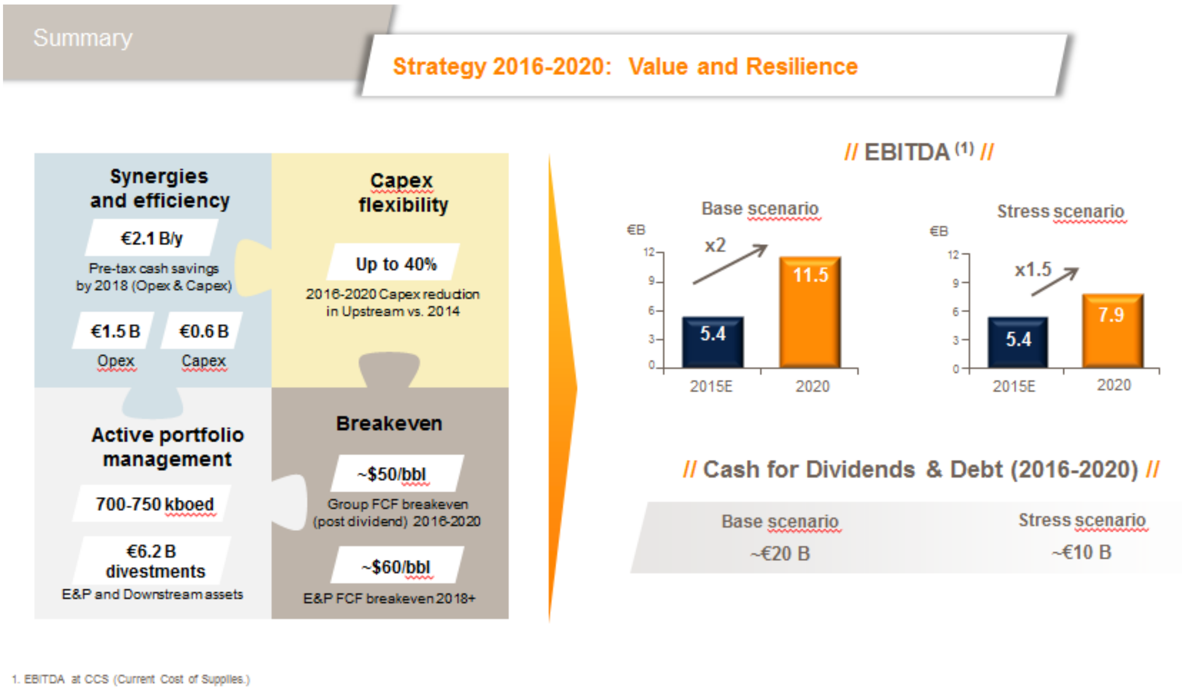
Commitment to dividends and rating

One of the core aspects of the 2016-2020 Strategic Plan is a commitment to the shareholder compensation policy, one of the best dividend yields on Spain's Ibex-35 index. Repsol allocates one euro per share and distributes this as scrip dividends.

Dividend payment will be possible throughout the entire period contemplated in the strategic plan, even with crude prices remaining at 50 dollars per barrel for the duration. At that Brent price, Repsol will be able to generate cash flow to finance its investment needs, maintain dividends, and pay off debt. Furthermore, it will be able to maintain its investment grade rating.



Optimal Upstream size

Following the Talisman acquisition, Repsol's Exploration and Production unit will focus on three strategic regions: North America, Latin America, and South-East Asia, with high potential for organic development.

From this starting point, the Strategic Plan sets out a process of optimization and asset portfolio management that will reflect lower exploration expenses, a reduction of 40% in investment levels, and production of between 700,000 and 750,000 barrels of oil equivalent per day, guaranteed by current reserves.

All of this will allow this business area to reduce the free chasflow breakeven price. This will generate positive cash flow along with an increase in ROACE.

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Downstream strength

Greater efficiency in the Upstream area will be complemented by the demonstrated strengths of the Downstream area which have reaffirmed Repsol's advantages as an integrated company.

The investments made in the Cartagena and Bilbao refineries and the corresponding improvement in integrated refining margins have placed Repsol at the head of European integrated companies in efficiency, guaranteed value creation, and resilience in the face of depressed oil prices.

The Strategic Plan includes a broader integration of refining and marketing activities, with divestments in non-strategic assets for the Downstream unit and a clear goal of reducing energy costs and CO_2 emissions. This allows the company to set the Downstream unit's target for free cash flow generation for the next five years at an average of 1.7 billion euros per year.

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