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Press release
Madrid, 31 October 2019
6 pages

REPSOL POSTS NET INCOME OF 1.466 BILLION EUROS

- **Repsol posted net income of 1.466 billion euros in the first nine months of the year, compared with 2.171 billion in the same period of last year.**
- **The absence of any capital gains, such as that corresponding to the sale in 2018 of its interest in Naturgy, and the lower valuation of hydrocarbon inventories due to the drop in crude oil prices, had a comparatively negative effect of over 600 million euros relative to the previous year.**
- **Adjusted net income, which specifically measures the performance of the company's businesses, was 1.637 billion euros, compared with 1.720 billion achieved between January and September 2018.**
- **Operating cash flow increased 22% to 4.074 billion euros. For Repsol CEO Josu Jon Imaz, "the robust performance of cash flow in a weaker macroeconomic environment demonstrates the soundness of our strategy."**
- **The strength of the company's earnings and its cash-generating capacity led the Board of Directors to agree to propose further improvement of shareholder compensation through the amortization of 5% of the share capital.**
- **The Upstream business posted earnings of 864 million euros and continued its successful operating performance, a major highlight of which was the largest on-shore discovery of the year, in Indonesia, and the start of production at the Buckskin project (USA).**
- **Downstream earnings stood at 1.087 billion euros. The unit advanced in the international expansion of its business, with the creation of a new joint venture to produce and distribute lubricants in Asia, and added to its portfolio three renewables projects, in an initial development phase, with a total capacity of 800 MW.**

1.637 billion euros
Adjusted net income

+22%
Increase in operating cash flow

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

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Repsol posted net income of 1.466 billion euros in the first nine months of the year, compared with 2.171 billion in the same period of last year. The year-ago earnings included a capital gain of 344 million posted from the sale, in May 2018, of its stake in Naturgy (formerly Gas Natural SDG, S.A.). In addition, the valuation of the hydrocarbon inventories the company holds was higher between January and September 2018 due to higher crude and gas prices than this year, which represented an effect of 329 million euros.

Josu Jon Imaz: "The robust performance of Repsol's cash flow during the year demonstrates the soundness of our strategy"

Adjusted net income, which specifically measures the performance of the company's businesses, as it excludes the aforementioned effect of the inventory valuation, was 1.637 billion euros, compared with the 1.720 billion achieved between January and September 2018.

Repsol demonstrated its capacity for generating value and adaptation to achieve these results in a context marked by a drop in raw materials prices compared with those recorded in 2018, in a weak environment for refining and with activity in Libya suspended during part of the year.

As regards raw materials, Brent crude averaged 64.6 dollars per barrel between January and September, with a drop of over 10% compared to the average price in the same period in 2018. WTI crude had a 15% lower average price, 57.1 dollars per barrel, while the Henry Hub gas benchmark stood at an average of 2.7 dollars per MBtu, a 7% drop compared with the first nine months of 2018.

In this context, the company has continued to generate value and increased its operating cash flow by 22% over the year, to 4.074 billion euros. In the words of Repsol CEO Josu Jon Imaz, "the robust performance of cash flow, in a weaker market environment, demonstrates the soundness of our strategy."

Additional proposal to increase shareholder compensation through the reduction of 5% of the share capital

This strength of cash flow and of company results led the Board of Directors, in July of this year, to agree to propose to the next General Shareholders' Meeting an increase of shareholder compensation through the amortization of 5% of the share capital as of December 2018, which will be added to the amortizations carried out in conjunction with the different scrip dividends.

The decision comes on top of the dividend improvement which, with an annualized 8% increase with respect to 2017, will reach 1 euro gross per share in 2020 under the scrip dividend formula and the corresponding buyback to avoid any dilution.

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Upstream: major discovery in Indonesia and start of production at Buckskin

The Upstream business (Exploration and Production) posted a result of 864 million euros in the first nine months of the year, compared with 1.015 billion in 2018, influenced by lower crude and gas prices and the production shutdowns in Libya. The efficiency and digitalization measures established by the company enabled the business to successfully adapt to this context and continue to generate value.

Repsol produced 702,000 boe/d in the period, with new barrels from the United States, Canada, Colombia and Norway

Average production in the first nine months of the year was 702,000 barrels of oil equivalent per day (boe/d), compared with 713,000 boe/d in the same year-ago period. This lower production figure was due to the temporary interruptions of activity in Libya, the maintenance work carried out in Trinidad and Tobago, the disinvestment of Midcontinent (United States) and the expiry of the Jambi Merang license (Indonesia).

During the period, the company obtained new barrels from the connection of wells in Marcellus and Eagle Ford (United States), Duvernay (Canada) and Akacias (Colombia), as well as the acquisition of Mikkel and Visund (Norway).

This comes in addition to the start of production at Buckskin, a significant project in the United States' Gulf of Mexico, whose output in this initial phase has reached 30,000 barrels of oil per day. Its startup was achieved months earlier than anticipated and with a cost reduction of 40% compared with the original project.

Repsol drilled 17 exploration wells in the first nine months of the year, nine of which were positive. Three are still under evaluation.

A major highlight is the discovery in the Sakakemang block, in Indonesia, considered the largest on-shore discovery worldwide so far this year. This is also the country's largest gas discovery in the last 18 years, and recoverable resources are preliminarily estimated to be at least two trillion cubic feet (TCF), equivalent to two years of consumption in Spain.

It is estimated that the major discovery in Indonesia holds a gas volume equivalent to two years of consumption in Spain

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Downstream: internationalization, innovation and growth in renewables

The Downstream business (Refining, Chemicals, Mobility, Lubricants, LPG, Trading, Gas Wholesale, and Repsol Electricidad y Gas) achieved a result of 1.087 billion euros, in line with the 1.098 billion posted between January and September last year. The Chemicals, Peru, Trading and Mobility areas showed better performance, whilst the refining unit was influenced by an adverse international climate.

In Refining, the planned shutdowns carried out at the refineries in Bilbao and A Coruna, with a combined investment of 112 million euros, were used to incorporate improvements in technology, energy efficiency and safety. In November, in Puertollano, the company will carry out the last planned shutdown of the year to ensure maximum availability of its facilities once the new international marine fuel (IMO) regulation comes into force, on 1 January 2020, which will benefit Repsol competitively.

The Chemicals unit boosted its earnings thanks mainly to an increase in sales and gains from the efficiency initiatives implemented in the business. In addition, it continued to deploy its differentiation strategy with the launch of new products, such as the polymers for 3D printing and polyolefines obtained from oil from chemically recycled plastic waste.

The Lubricants area advanced its international growth plan after signing, in late September, an agreement to acquire 40% of the United Oil Company lubricants company, which will produce and distribute the Repsol product range in Singapore, Indonesia, Malaysia and Vietnam. This agreement will enable Repsol to increase its presence in Southeast Asia, one of the largest and fastest-growing lubricants markets in the world.

Repsol has created a joint venture in Asia that will produce and distribute its lubricants range in Singapore, Indonesia, Malaysia and Vietnam

New milestones achieved in the electricity and gas business

As regards electricity generation, Repsol announced, on 1 July, the addition to its portfolio of three new renewable energy projects, two wind and one solar, which, once developed, will represent a combined capacity of approximately 800 MW, with capacity to produce enough electricity for some 650,000 households. When these projects start production, in combination with those of Valdesolar (Badajoz) and WindFloat (Portugal), the installation of which started this month, and its current assets (2,952 MW), Repsol will achieve 90% of its strategic low-emissions generation capacity target of around 4,500 MW in 2025.

The company also continued to add electricity and gas clients, so that it currently has more than 965,000 customers who are benefiting from an attractive and unique offer in the market, with cutting-edge digital solutions and exclusive advantages. Additionally, the electricity sold by the company is certified as 100% low in emissions.

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At two of its service stations, the company boasts the first ultra-fast charging points in Spain

Repsol continued to innovate in mobility, with cutting-edge projects that strengthen the company's position as a leader on the Iberian Peninsula. In this vein, it opened Spain's first two ultra-fast charging points for electric vehicles, which will make it possible to recharge vehicle batteries that support its maximum power in five to ten minutes, a time similar to that needed for conventional refueling. One of them, which is located in Ugaldebieta (Biscay), has the most powerful charging station in Europe.

Repsol results by segment [1]

Million euros	9M 2018	9M 2019	Variation
Upstream	1,015	864	
Downstream	1,098	1,087	
Corporate and others	(393)	(314)	
ADJUSTED NET INCOME	**1,720**	**1,637**	**(4.8)%**
Inventory effect	269	(60)	
Special items	182	(111)	
NET INCOME	**2,171**	**1,466**	**(32.5)%**

Key business figures [1]

	9M 2018	9M 2019	Variation
Oil and gas production (kboe/d)	713	702	(1.6)%
Crude processed (Mtoe)	34.6	33.3	(3.7)%
Sales of oil products (kt)	38,520	37,372	(3.0)%
Sales of petrochemical products (kt)	1,935	2,136	10.4%
LPG sales (kt)	980	925	(5.6)%

(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 further information, see Note 5 of the Consolidated Annual Accounts for the 2018 financial year, available at www.repsol.com

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Average production between January and September 2019

(Barrels of oil equivalent per day)

Europe, Africa & Brazil	167 kboe/d
Latin America & Caribbean	287 kboe/d
North America	175 kboe/d
Asia & Russia	73 kboe/d
TOTAL PRODUCTION	**702 kboe/d**