

JANUARY-SEPTEMBER 2013 EARNINGS

PRESS RELEASE

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The company increased output by 8.2% year-on-year

REPSOL POSTS NET INCOME OF 1.41 BILLION EUROS

- Net income during the first nine months of 2013 was 1.41 billion euros compared with 1.706 billion euros in the same period of 2012. The decline is the result of production interruptions in Libya and narrower refining margins due to the weakness of the European market.
- Hydrocarbons output increased 8.2% during the first 9 months of the year to 354,300 barrels of oil equivalent per day. In 2013, Repsol started up production from large projects in Bolivia, Russia and Brazil.
- During the year, the company has made 10 hydrocarbon discoveries, comfortably exceeding its resource addition targets for the whole year.
- The Upstream unit (exploration and production), the biggest contributor to the group's earnings, posted operating profit of 1.545 billion euros, despite being negatively affected by the interruptions in Libyan crude output.
- The start-up of the expanded Margarita-Huacaya facilities in Bolivia began to have a positive effect on gas realization prices, which will become more significant in coming quarters.
- The Downstream unit (refining, marketing, trading, chemicals and liquid petroleum) posted operating income of 435 million euros. Especially positive was the higher degree of conversion capacity utilization rates at the company's refineries which partially compensates for the weakened economic climate in Europe.

- **Spanish forecourts' sales volumes and sales margins fell 6.9% through September, although in the third quarter there is a slight increase in gasoline and diesel sales.**
- **The Repsol Group, (ex Gas Natural Fenosa), has significant financial liquidity, 6.99 billion euros to September 30, which practically triples short-term debt maturities.**

Repsol posted net income of 1.41 billion euros in the first nine months of 2013, calculated at current cost supply (CCS), 17.4% lower than the same period of the previous year. Adjusted net income from continuing operations was 1.572 billion euros, up 9.4% from the year-ago period.

The company's businesses have performed well despite the negative effect of economic weakness in Europe on refining margins and the temporary production shutdowns in Libya. In this context, Repsol has continued to add production and resources and increasing its exploratory acreage.

The Upstream unit (exploration and production) continued to exhibit a strong performance, adding value to the company. In line with previous quarters, hydrocarbons production maintained its growth through to September to 354,300 barrels of oil equivalent per day (bopd), 8.2% higher than that obtained in the first nine months of 2012.

During the past 12 months, Repsol started up a number of important projects from the 2012-2016 Strategic Plan that have helped increase production: Sapinhoa (Brazil), Sandridge (US), SK (Russia), Lubina and Montanazo (Spain) and the Margarita-Huacaya expansion (Bolivia).

Together with these producing projects, the recent discovery of hydrocarbons in Libya adds to those made in the first half of the year in Alaska, Algeria, Russia, Colombia and Brazil, which have allowed the company to exceed the resource-incorporation goals set for the whole of 2013. In addition, the company has continued its strategy of geographic diversification and growth, acquiring new blocks and operating in new areas such as offshore Eastern Canada or Nicaragua.

In the Downstream unit (refining, marketing, trading, chemicals and liquid petroleum), improved earnings from chemicals and LPG partially offset lower refining margins, amid a weak economic environment in Europe, as well and the decline in sales volumes and margins at forecourts.

The company took advantage of a market opportunity in recent months to issue a 1 billion-euro 8-year bond, which was oversubscribed four-fold. This bond issue adds to that of the second quarter, which was issued with the lowest corporate interest rate since the introduction of the euro.

As at 30 September 2013, the Repsol Group (excluding Gas Natural Fenosa) had liquidity of 6.99 million euros, almost tripling its short-term debt maturities.

During the third quarter, the company has continued to work on the sale of its LNG (liquefied natural gas) assets to Shell, to be completed, as planned, in the coming months. As part of this process Repsol in October sold its stake in Bahia de Bizkaia Electricidad (BBE) to BP, as the latter exercised its pre-emptive right over the stake.

UPSTREAM: PRODUCTION INCREASES 8.2%

The Upstream unit's operating income at the end of the first nine months of 2013 was 1.545 billion euros, 14.2% less than the same period of 2012, mainly due to the temporary disruptions to production in Libya.

Despite this, production reached 354,300 barrels of oil equivalent per day in the first nine months, 8.2% more than the same period of 2012, due to the start-up of important projects in Bolivia, Russia, Spain and Brazil, which have made up for lower production in Libya and the sale of producing assets in Ecuador.

Repsol has already begun production of five of the key projects laid out in the Strategic Plan 2012-2016: Lubina and Montanazo (Spain), Sapinhua (Brazil), Mid-Continent (United States), AROG (Russia) and Margarita (Bolivia). In addition, the start-up of the Kinteroni project, in Peru is expected in the coming months.

At the beginning of 2013, Repsol began producing at the Sapinhua field in Brazil, which in its first phase will reach an output of 120,000 barrels of oil equivalent per day. The start-up of commercial gas production in the Syskonsyninskoye (SK) field in Russia is also significant in this respect.

During the year, Repsol announced new and significant finds including the discovery in block NC115 in Libya, three wells of good quality oil in the North Slope of Alaska and the second gas find in Algeria's Illizi basin. These finds, together with positive well results in Russia and Brazil, allowed the company to comfortably exceed its annual resource addition target of 300 million barrels of oil equivalent.

In line with the strategy of diversifying the company's portfolio, during 2013 Repsol acquired new rights over mining domain in Norway, USA, Guyana, Gabon and Indonesia.

Repsol's crude realization price rose 1.1% showing a better performance than Brent crude (-3.3%) due to the new production mix, weighted toward Brazil and the United States. Gas realization prices increased 8.1% thanks to the start-up of the Margarita-Huacaya expansion project in Bolivia.

Investment in the Upstream unit was 1.709 billion euros, 5% more than during the same period in 2012. Project development investments accounted for 70% of the total spending, mainly in the United States (36%), Brazil (16%), Venezuela (14%) and Trinidad and Tobago (12%). Exploration Investment represented 25% of the total, spent mainly in the United States (25%), Brazil (17%), Norway (10%) Iraq (10%), Ireland (8%), Canada (8%).

The LNG business posted operating income of 610 million euros in the first 9 months of 2013, a rise of 43.5% compared to the year-earlier period.

DOWNSTREAM: INCREASED EFFICIENCY AGAINST EUROPEAN CRISIS

The Downstream unit's operating income in the first nine months of 2013 was 435 million euros, representing a 44% decrease compared to the same period in 2012, because of the negative effect on refining margins of the European slowdown and the absence of one-time capital gains included in the year-ago period.

The investments made in recent years in refining have added more than \$2/barrel to the company's margin so that it is amongst the best in Europe. Conversion units increased their utilization rates to full capacity.

Spanish forecourt sales fell 6.9% through September, although positive indicators were observed in gasoline and diesel demand in the third quarter.

Finally, the volume of crude oil processed between January and September increased 9.5%, to 29.3 million tonnes of oil equivalent, while operating investments in the Downstream unit were 359 million euros.

GAS NATURAL FENOSA

Gas Natural Fenosa posted operating income in the first nine months of 2013 of 682 million euros, a 2.7% decline, as the lower contribution from Unión Fenosa Gas, in addition to lower earnings of the electricity business in Spain due to the new tax regime offset higher wholesale gas margins and better results in Latin America.

Investment in Gas Natural during the first half of 2013 was 270 million euros, spent mainly on electricity and gas distribution in Spain and Latin America.

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

	January – September		Change 2012
	2012	2013	
EBITDA	5,405	4,929	(8.8)
Operating revenue	44,687	44,019	(1.5)
Operating income	3,543	2,835	(20)
Financial expenses	(655)	(577)	11.9
Share in income from companies carried by the equity method- Net of tax	93	102	9.7
Income before income tax	2,981	2,360	(20.8)
Income tax	(1,270)	(994)	21.7
Income for the period from continued operations	1,711	1,366	(20.2)
Income attributable to minority interests from continued operations	(56)	(37)	(33.9)
NET INCOME FROM CONTINUED OPERATIONS	1,655	1,329	(19.7)
Net income from interrupted operations (*)	141	(42)	-
NET INCOME (MIFO**)	1,796	1,287	(28.3)
Inventory effect net of taxes	(90)	123	-
NET INCOME (CCS***)	1,706	1,410	(17.4)
ADJUSTED NET INCOME (CCS) CONTINUING OPERATIONS	1,437	1,572	9.4

(*) 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

BREAKDOWN OF REPSOL
OPERATING PROFIT, BY BUSINESSES
(Million Euros)
(Unaudited figures)

	January - September		Change 2012
	2012	2013	
Upstream	1,801	1,545	(14.2)
LNG	425	610	43.5
Downstream	777	435	(44.0)
Gas Natural Fenosa	701	682	(2.7)
Corporate & adjustments	(277)	(250)	9.7
Operating income CCS	3,427	3,022	(11.8)
Inventory effect	116	(187)	-
Operating income MIFO	3,543	2,835	(20.0)

OPERATING HIGHLIGHTS
(Unaudited figures)

	January–September		Change %
	2012	2013	
Oil and gas production (Thousand boepd)	327	354	8.2
Crude processed (million tons)	26.8	29.3	9.5
Sales of oil products (Thousand tons)	31,096	32,430	4.3
Sales of petrochemical products (Thousand tons)	1,672	1,810	8.2
LPG sales (ex YPF Gas) (Thousand tons)	1,896	1,797	(5.2)

REPSOL COMPARATIVE BALANCE SHEET

(Million Euros)

(Unaudited figures) (IFRS)

	DECEMBER 2012	SEPTEMBER 2013
NON-CURRENT ASSETS		
Goodwill	2,678	2,659
Other intangible assets	2,836	2,736
Property, plant & equipment	28,227	28,288
Investment property	25	24
Equity-accounted financial investments	737	805
Non-current assets classified as held for sale subject to expropriation	5,392	5,264
Non-current financial assets		
Non-current financial assets	672	663
Others	641	841
Deferred tax assets	3,310	4,270
Other non-current financial assets	242	246
CURRENT ASSETS		
Non-current assets classified as held for sale	340	192
Inventories	5,501	5,698
Trade and other receivables	7,781	7,817
Other current assets	221	271
Other current financial assets	415	420
Cash and cash equivalents	5,903	4,765
TOTAL ASSETS	64,921	64,959
TOTAL EQUITY		
Attributable to equity holders of the parent	26,702	28,468
Attributable to minority interests	770	741
NON-CURRENT LIABILITIES		
Subsidies	61	60
Non-current provisions	2,258	3,071
Non-current financial debt	15,300	13,715
Deferred tax liabilities	3,063	3,114
Other non-current liabilities		
Non-current debt for finance leases	2,745	2,656
Others	712	732
CURRENT LIABILITIES		
Liabilities associated with non-current assets held for sale	27	48
Current provisions	291	245
Current financial liabilities	3,790	3,542
Trade debtors and other payables		
Current debt for finance leases	224	225
Other trade debtors and payables	8,978	8,342
TOTAL LIABILITIES	64,921	64,959

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