

# WEBCAST – CONFERENCE CALL

## Second Quarter 2018 Results

July 26<sup>th</sup> 2018



# Disclaimer



ALL RIGHTS ARE RESERVED  
© REPSOL, S.A. 2018

*Repsol, S.A. is the exclusive owner of this document. No part of this document may be reproduced (including photocopying), stored, duplicated, copied, distributed or introduced into a retrieval system of any nature or transmitted in any form or by any means without the prior written permission of Repsol, S.A.*

*This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", "estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors and circumstances described in the filings made by Repsol and its affiliates with the Comisión Nacional del Mercado de Valores and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.*

*Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.*

*This document does not constitute an offer or invitation to purchase or subscribe shares, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23<sup>rd</sup> of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.*

*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. The information and breakdowns relative to the APMs used in this press release are included in Annex 2 "Alternative Performance Measures" in the interim Management Report for 1H 2018 and the Repsol website.*

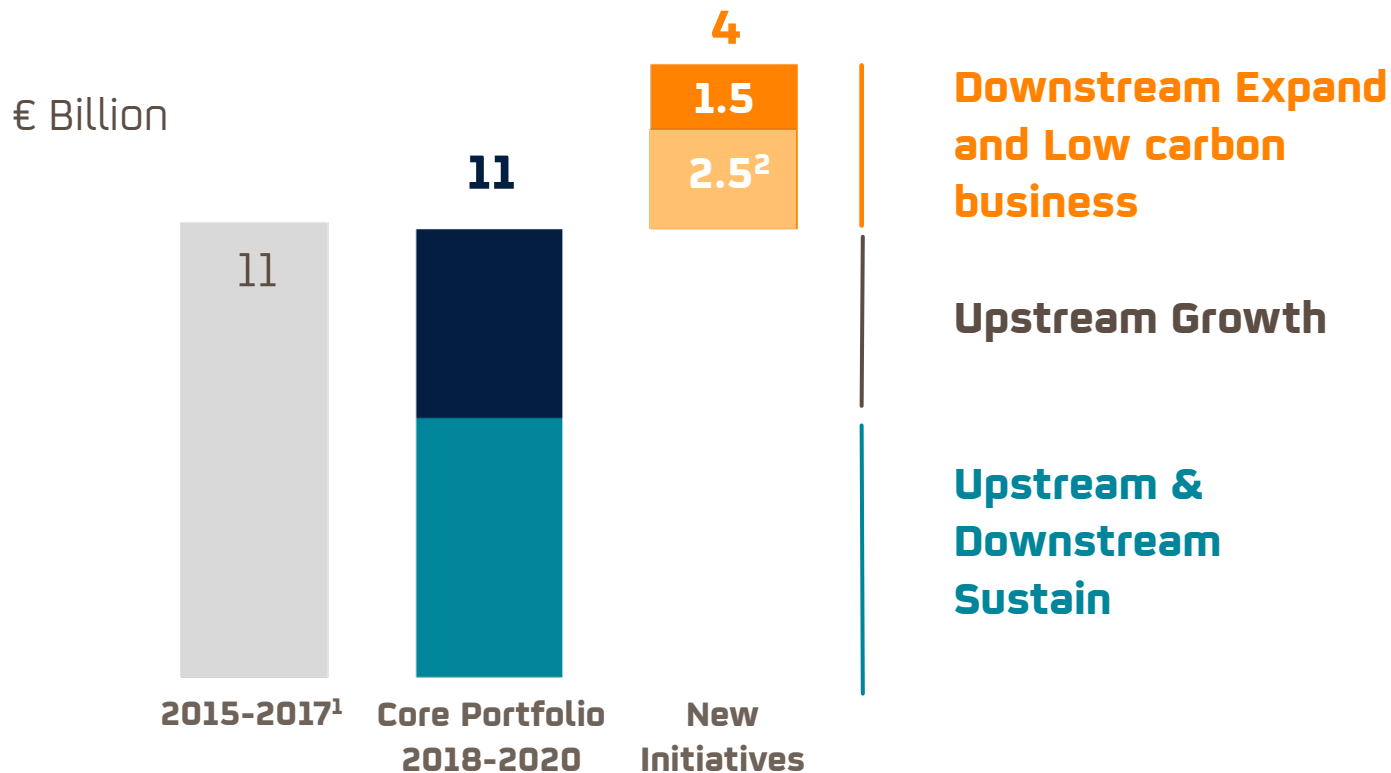
*The information contained in the document has not been verified or revised by the Auditors of Repsol.*



- 1. Key messages**
- 2. Operational activity**
- 3. Financial results**
- 4. Outlook for 2018**
- 5. Conclusions**

# Key messages

## 2018-2020 Capex breakdown



1. Excluding Capex from Talisman acquisition.

2. Includes €750M from Viesgo acquisition

**Net Debt: €2.7Bn**

**EBITDA**

**2Q 2018**

**€2Bn**

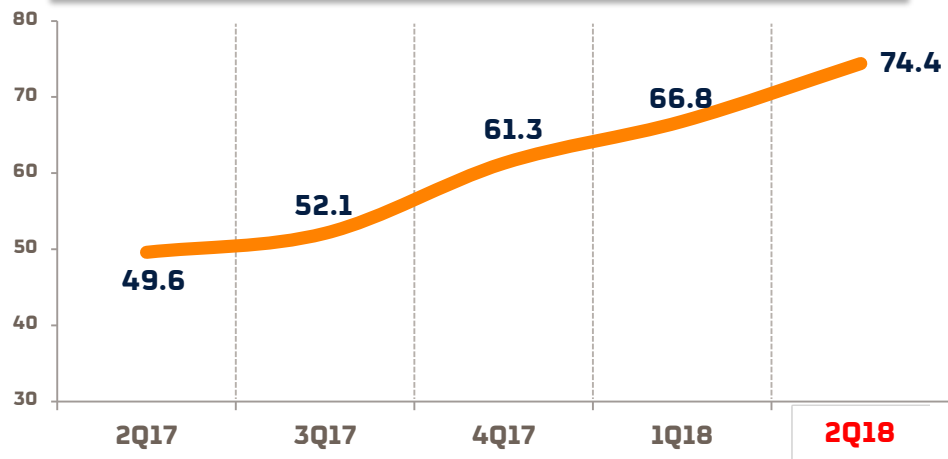
**1H 2018**

**€3.8n**

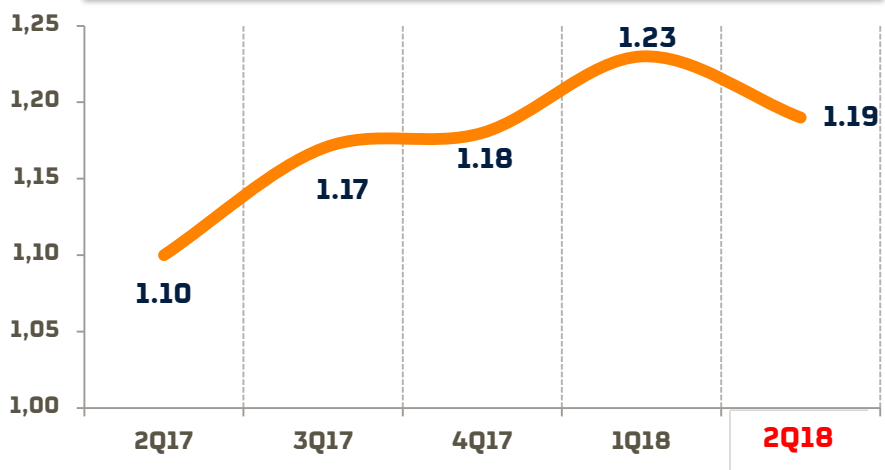
# Market environment



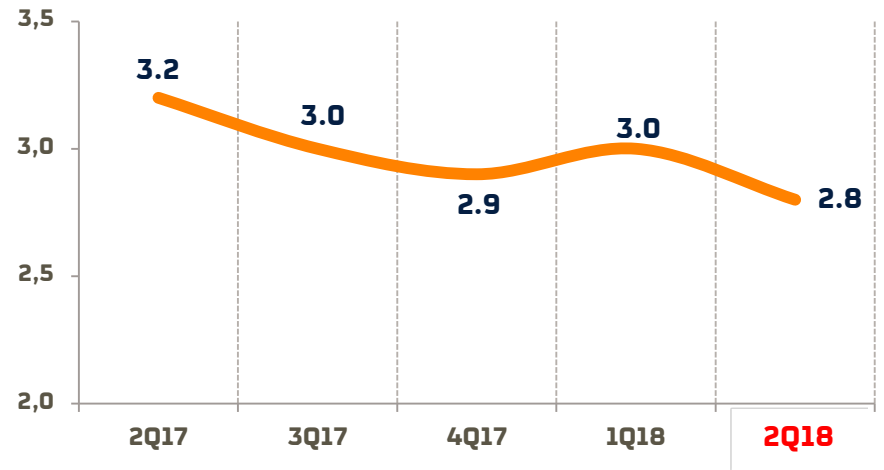
### Brent - \$/bbl



### Exchange Rate - \$/€

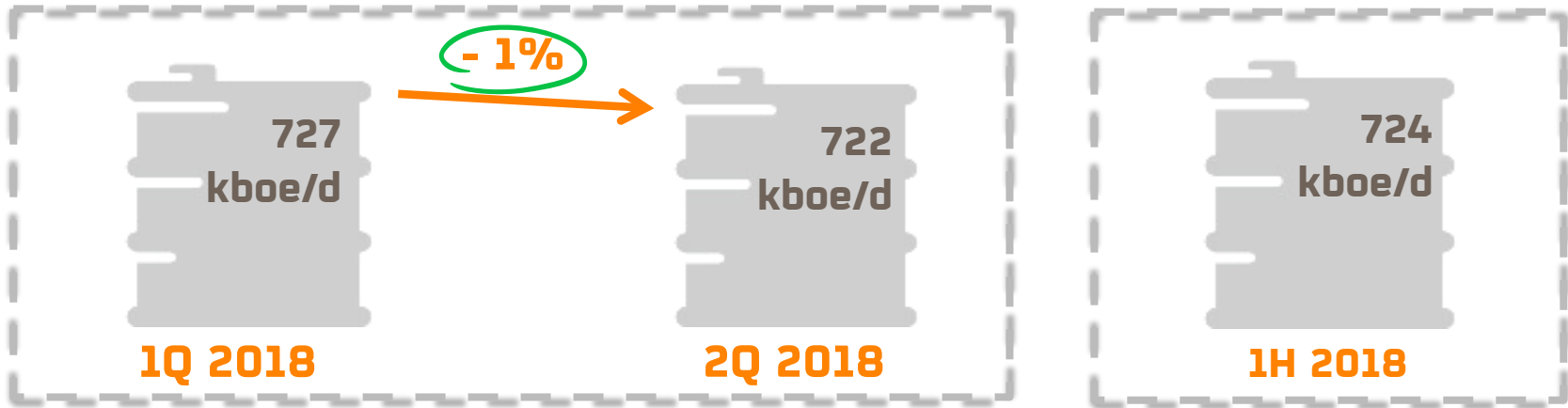


### Henry Hub - \$/Mbtu



# Operational Activity

## Upstream



### 2Q18 volumes were supported by:

- Higher production in Peru
- Increased volumes in Marcellus
- Ramp-up in Reggane
- **Libya** → **38 kboe/d** net

### Exploration program:

- ✓ **5** exploratory wells completed [**3 positive**]

### Development activity:

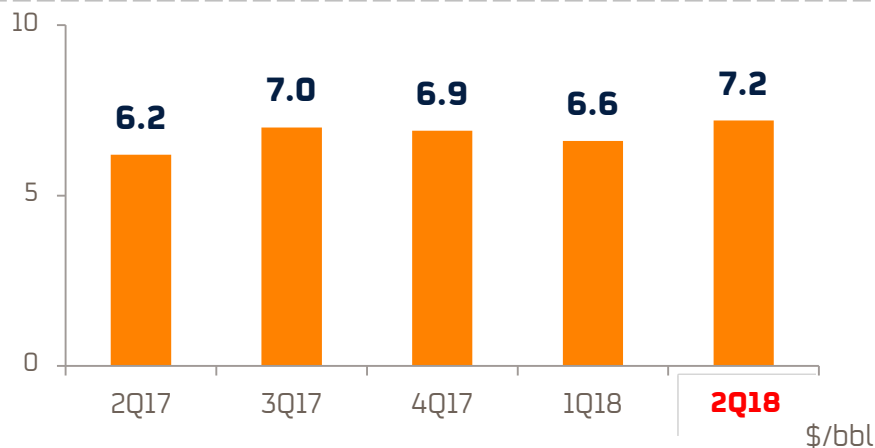
- ✓ Bunga Pakma (**Malaysia**) first production reached early in July

# Operational activity

Downstream



## Refining Margin Indicator

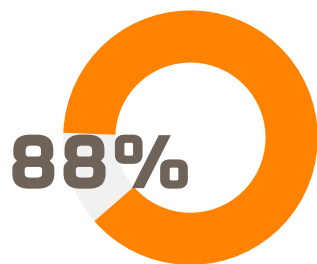


## Petrochemicals

- Worse international environment
- Multiannual turnaround of Sines cracker

## Utilization rates

2Q 2018



Distillation



Conversion units

## Commercial businesses

- **Marketing business:**
  - Higher activity in our Services Stations in Spain
- **LPG and G&P:**
  - Negatively impacted by seasonality

# Financial Results



	Q2 2018	Q2 2017	Variation %
<b>CCS Adjusted Net Income</b>	549	445	+ 23%
<b>Net Income</b>	936	367	+ 155%

UPSTREAM	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	360	115	+ €245M

Million €

DOWNSTREAM	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	337	429	- €92M

Million €

CORPORATE & OTHERS	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	-148	-99	- €49M

Million €



# Outlook for 2018



- ✓ **Capex guidance:** full-year forecast of **~€4Bn**
  - Upstream → **€2.2Bn**
  - Downstream → **€0.9Bn**
  - Low carbon business → **€0.8Bn**
  - Corporation → **€0.1Bn**
  
- ✓ **Production:** **~715 kboe/d** subject to fluctuations in Libya
  
- ✓ **Downstream:**
  - Full year Refining Margin Indicator **~7\$/bbl** with a premium in CCS margin
  - Chemical business: Sines cracker on operation since July, significant improvement expected in 2H18 and with a FY EBIT of **~€350M**
  
- ✓ **Digitalization:** On track [**120 ongoing projects**]
  
- ✓ **Efficiency programs:** On track [**45%** of FY business savings target posted in 1H18]
  
- ✓ **Financials:**
  - Full-year **EBITDA** forecast at **~€7.9Bn**
  - **Share capital reduction:** **6 million** shares purchased in 1H18. Remaining shares to be purchased through **buyback program**

# Conclusions



- ✓ **On track to deliver 2018 targets**
- ✓ **Value growth based on:**
  - **Improved shareholder returns**
  - **Increased profitability across portfolio**
  - **Building a low-carbon Gas and Power business**
- ✓ **Organic cash flow generation and proceeds from Gas Nat we will allow to :**
  - **Increase capex**
  - **Grow shareholder remuneration 8% annually**
  - **Share buyback to offset the scrip dilution**
- ✓ **Stronger contribution from Downstream expected in 2H18**

# Q&A Session

Second Quarter 2018 Results

Repsol Investor Relations

[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)





# WEBCAST – CONFERENCE CALL

## Second Quarter 2018 Results

July 26<sup>th</sup> 2018

