

WEBCAST – CONFERENCE CALL

Fourth Quarter 2017 Results

February 28th 2018



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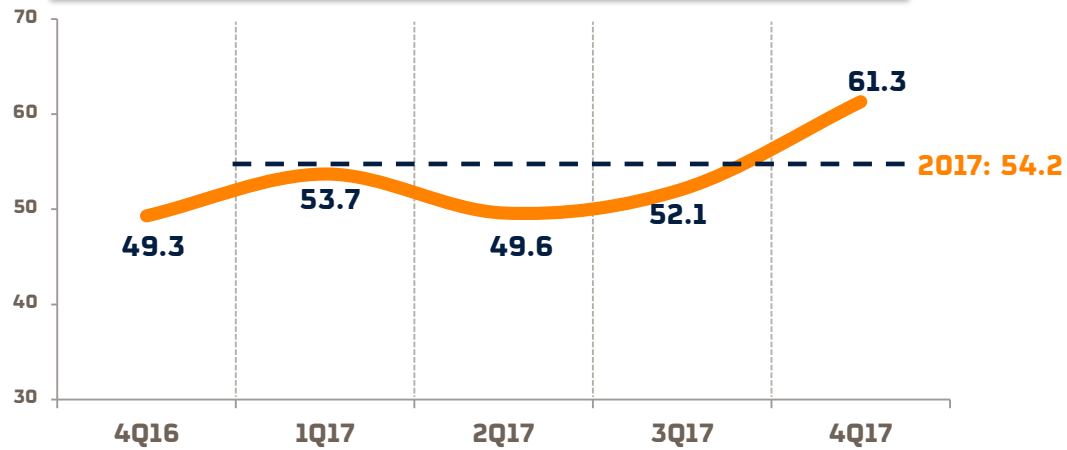
The information contained in the document has not been verified or revised by the Auditors of Repsol.

- 1. Delivery of strategic objectives**
- 2. Operational highlights**
- 3. Financial results**
- 4. Outlook for 2018**
- 5. Conclusions**

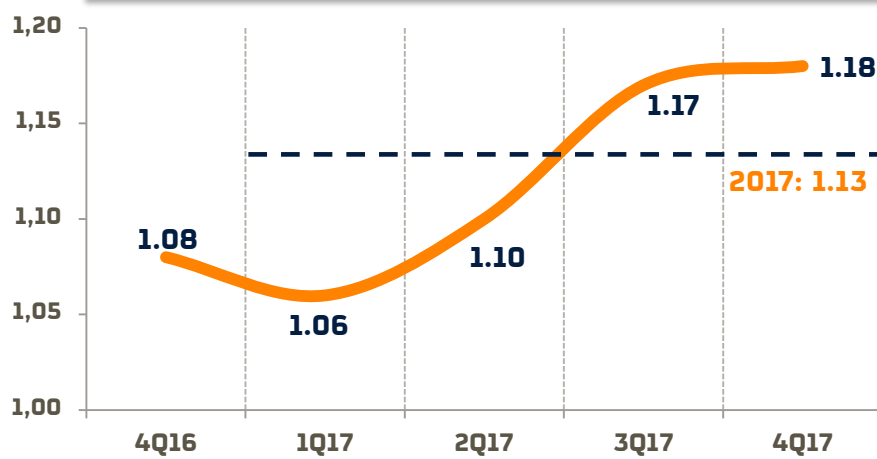
Market environment



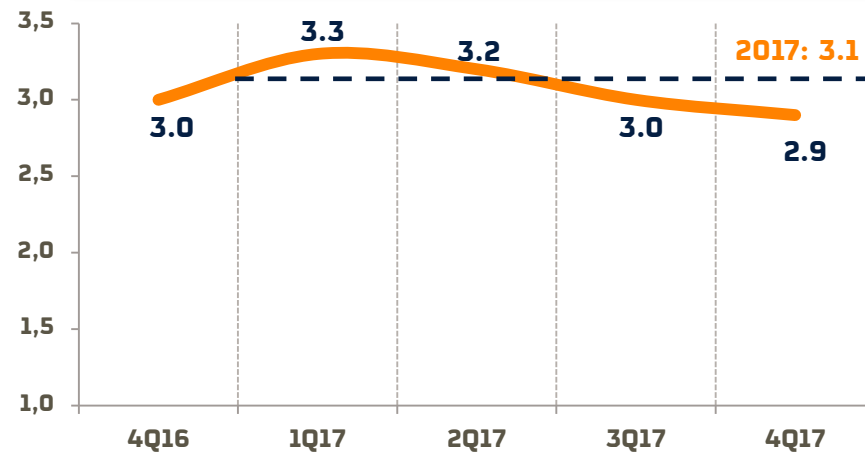
Brent - \$/bbl



Exchange Rate - \$/€



Henry Hub - \$/Mbtu



Delivery of strategic objectives



Synergies and efficiencies: €2.4Bn per annum by the end 2017

Capex Optimization: ~€3Bn in 2017 without compromising safety, volumes & reserves

Divestment of non core assets: >€5Bn benefit by the end of 2016

Group FCF Breakeven: ~40\$/bbl by the end of 2017

Reducing debt & stabilizing our investment grade: Stable BBB

Upstream: Positive FCF in 2017

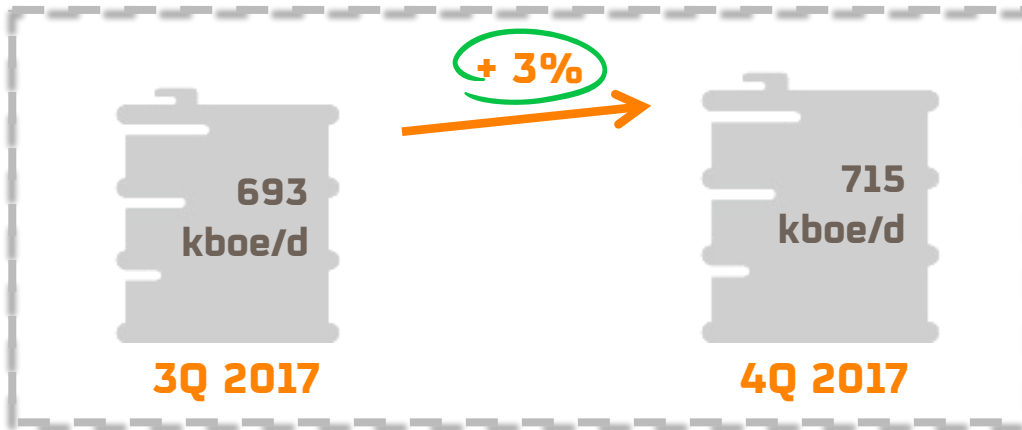
Downstream: top quartile assets generated €1.8Bn of FCF

Operational Activity

Upstream

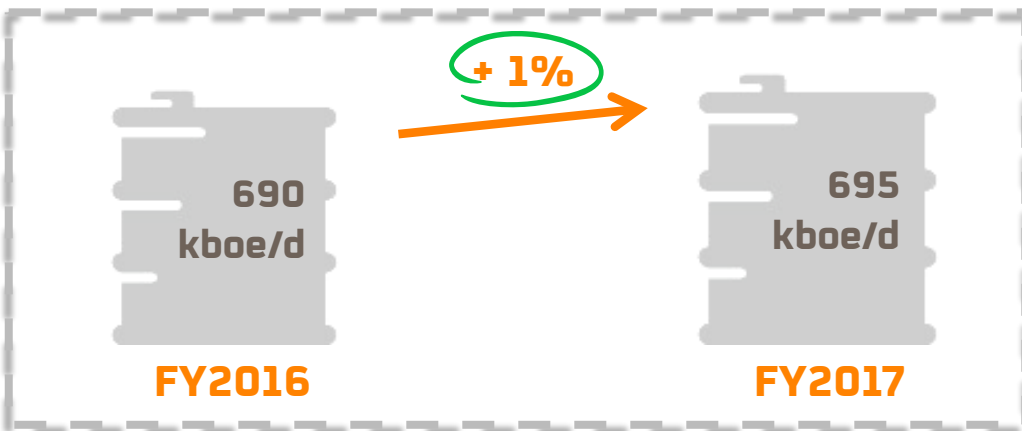


QUARTER AVG PRODUCTION



➤ Higher volumes in **Libya**

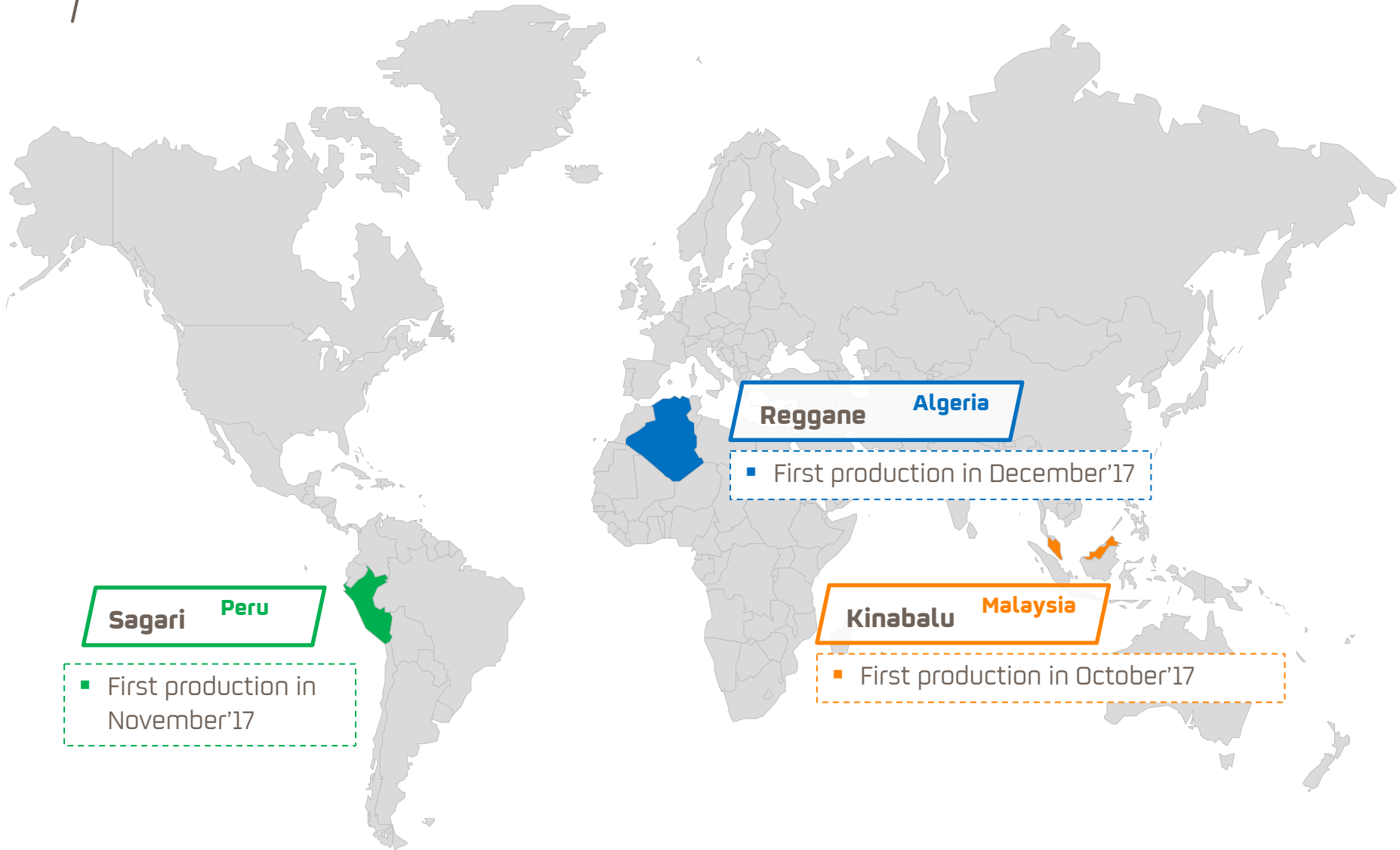
FULL YEAR AVG PRODUCTION



➤ Ramp-up **Trinidad & Tobago**

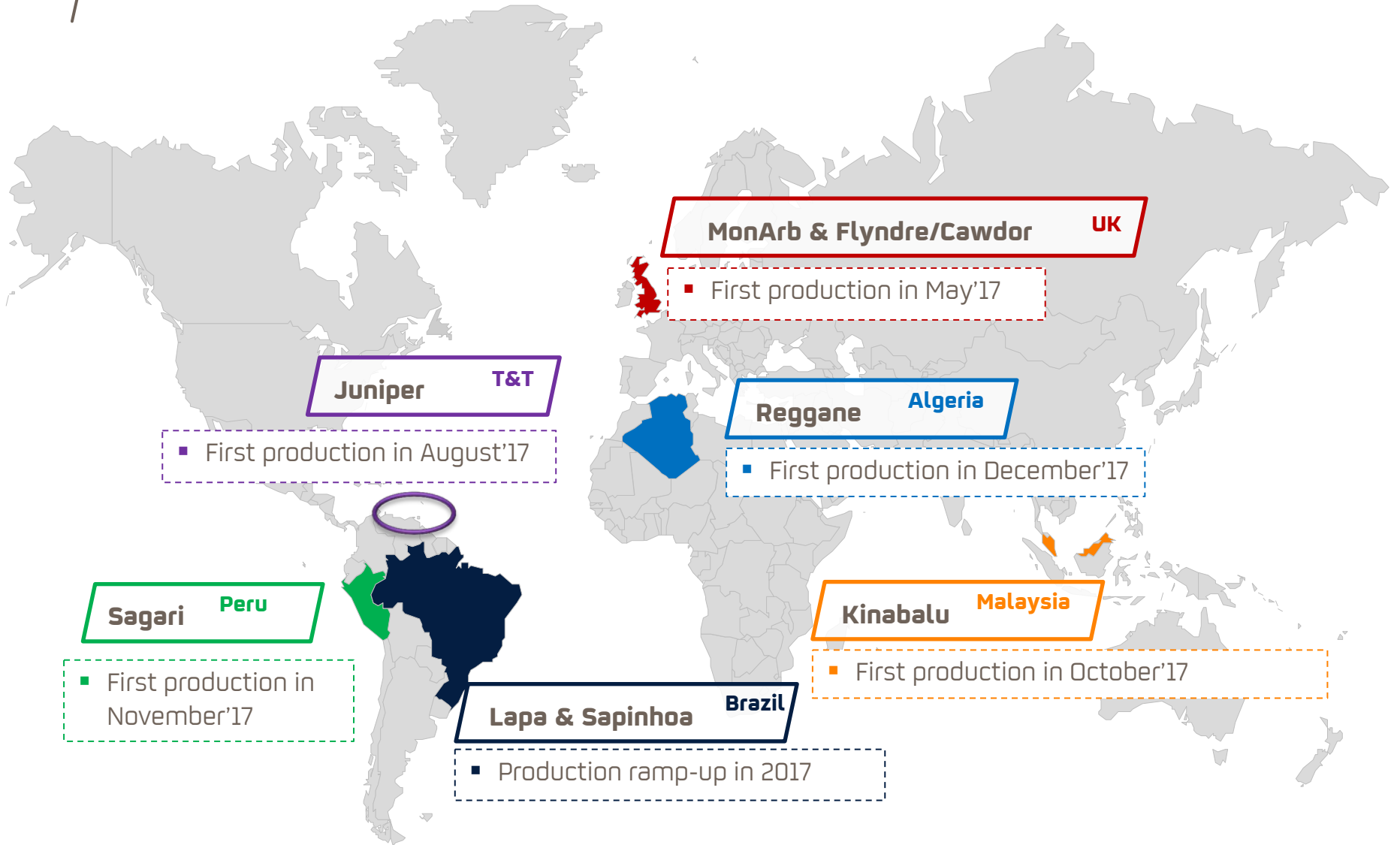
Operational activity

Upstream



Operational activity

Upstream



DEVELOPMENT SANCTIONS IN 2017

- ✓ **Buckskin** in the Gulf of Mexico
- ✓ **CRD Red Emperor** in Vietnam
- ✓ **YME** in Norway
- ✓ **Angelin** in Trinidad & Tobago
- ✓ **MLN field** in Algeria

NEW DISCOVERIES IN 2017

- ✓ **Horseshoe** in Alaska
- ✓ **Savannah and Macadamia** in Trinidad & Tobago

EXPLORATORY SUCCESS IN 2017

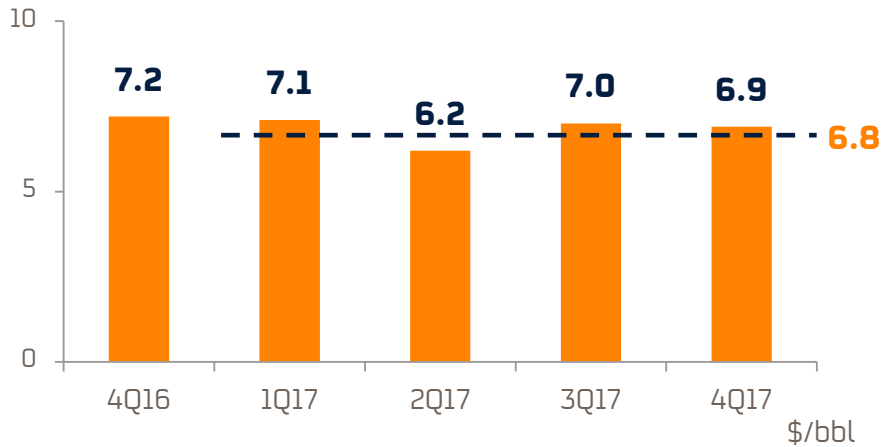
- ✓ **6** wells were positive (**16** drilled)

Operational activity

Downstream



Refining Margin Indicator

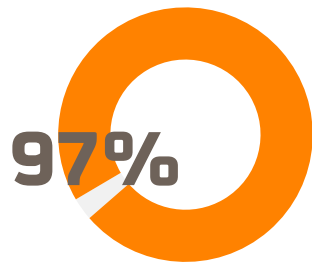


Petrochemicals

- Favorable trading **environment**
- Higher **Naphtha prices**
- FY Operating Income: **€600M**

Utilization rates

4Q 2017



Distillation



Conversion units

Commercial businesses

- In line with 2016
- Growing sales and retail volumes

Financial Results



	Q4 2017	Q4 2016	FY2017	FY2016
CCS Adjusted Net Income	703	698	2,405	1,922
Net Income	538	616	2,121	1,736
EBITDA CCS	1,799	1,475	6,580	5,032

Million €

UPSTREAM	Q4 2017	Q4 2016	FY2017	FY2016
CCS Adjusted Net Income	145	17	632	52

Million €

DOWNSTREAM	Q4 2017	Q4 2016	FY2017	FY2016
CCS Adjusted Net Income	446	554	1,877	1,883

Million €

Gas Natural Transaction



Agreement to sell our **20%** stake in Gas Natural to CVC

Price: **19€/share** → **€3.8Bn**

Capital Gain: **€400M**

Entering new gas businesses

Leverage our capabilities and existing client base

Looking for new opportunities in high return Gas & Power businesses

Investing prudently and for higher net returns

Outlook for 2018



	2018 Budget*	
Group Organic Capex [€Bn]	3.4	<ul style="list-style-type: none"> Upstream Division: €2.4Bn Downstream Division: 10% increase
Production (kboe/d)	>700	<ul style="list-style-type: none"> New projects and ramp-ups offsetting decline and divestments
Refining Margin Indicator (\$/bbl)	>6.4	<ul style="list-style-type: none"> Scheduled maintenance in our refineries includes: <ul style="list-style-type: none"> Currently in progress at Puertollano Tarragona in 2Q18
EBITDA CCS Group [€Bn]	~7.0	<ul style="list-style-type: none"> Downstream Division: €3.1Bn Upstream Division: €4.2Bn
Shareholder remuneration (€/share)	0.90	<ul style="list-style-type: none"> Proposal of dividend increase and full buyback

* Assumptions: Brent 59\$/bbl, HH 3.5\$/Mbtu

Outlook for 2018

Strategy Update- Early look



UPSTREAM BUSINESS

Growing margins rather than just volumes

Increase **production** by **~50 Kboed** between now and 2020

DOWNSTREAM BUSINESS

Refining & Petrochemicals: Leading margins

Marketing, G&P, LPG: Potential for expansion

DIGITALIZATION-THE NEXT PHASE OF EFFICIENCIES

Expected **incremental FCF** of **~€300M** by 2020

Affects every part of Repsol: Upstream, Downstream and Corporation

Conclusions



- ✓ **Adjusted Net Income** increase year on year by **25%**
- ✓ **Net Debt** reduced by **~€2Bn**, continued deleverage in 2018
- ✓ **CF breakeven** of **~50\$/bbl** covering dividends or repurchase of dilution from 2017/18 onwards
- ✓ Stable **capital investment** maintaining upstream volumes and reserves
- ✓ Savings from **efficiencies & synergies** delivering **€2.4Bn** in benefits
- ✓ Secure **Investment Grade** rating and **financial flexibility**

Repsol is ready to set itself new strategic targets

Q&A Session

Fourth Quarter 2017 Results

Repsol Investor Relations

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