Q4 & FY 2017 RESULTS

28 February, 2018

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BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The definition of the Repsol Group´s operating segments is based on the different activities performed and from where the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management purposes. Using these segments as a reference point, Repsol's management team (the Corporate Executive, E&P and Downstream Committees) analyzes the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how Repsol ("the Company") is performing.

As of December 31st of 2017 the Group's operating segments are:

- Upstream, corresponding to exploration and production of crude oil and natural gas reserves and;
- Downstream, corresponding, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) commercialization, transportation and regasification of natural gas and liquefied natural gas (LNG).

Finally, **Corporate and others** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses, net finance costs and earnings and other metrics related to the remaining interest in *Gas Natural SDG*[1] and inter-segment consolidation adjustments.

The Group did not aggregate any operating segments for presentation purposes.

Repsol presents its operating segments' results by including the ones corresponding to its joint ventures[2] and other managed companies operated as such[3], in accordance with the percentage interest held by the Group, considering their business and financial metrics in the same manner and with the same level of detail as for fully-consolidated companies. The Group considers that so doing adequately reflects the nature of its businesses and the way in which their performance is analyzed for decision-making purposes.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called **Adjusted Net Income**, which corresponds to net income from continuing operations at current cost of supply or *CCS* after taxes and minority interests and not including certain items of income and expense (***Special Items***). Net finance cost is allocated to the **Corporate and others** segment's Adjusted Net Income/Loss.

Although this measure of profit (CCS), widely used in the industry to report the earnings generated in Downstream businesses which necessarily work with significant volumes of inventories that are subject to constant price fluctuations, is not accepted in *European accounting standards* it does facilitate comparison with the earnings of sector peers and enables analysis of the underlying business performance by stripping out the impact of price fluctuations on reported inventory levels. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. As a result, Adjusted Net Income does not include the so-called

[1] It includes the net income of the company according to the equity method. The other metrics (EBITDA, Free Cash Flow, etc.) only reflect the cash flows generated in the Group as shareholder of *Gas Natural SDG, S.A* (dividends).
[2] In Repsol Group´s operating segments model, joint ventures are consolidated proportionally in accordance with the Group's percent holding. See Note 12 and the Appendix I of the consolidated financial statements for 2017, where the Group's main joint ventures are identified.
[3] It corresponds to Petrocarabobo, S.A., (Venezuela), an associated entity of the Group.

Inventory Effect. This *Inventory Effect* is presented separately, net of tax and minority interests, and corresponds to the difference between income at *CCS* and that arrived at using the Average Weighted Cost accounting method (*AWC*, which is an inventory valuation method used by the Company to determine its results in accordance with *European accounting regulations*).

Likewise, *Adjusted Net Income* does not include *Special Items*, i.e., certain significant items whose separate presentation is considered convenient to facilitate the monitoring of the ordinary business performance. It includes gains/losses on disposals, personnel restructuring costs, impairments and relevant provisions for risks and other relevant expenses. Special Items are presented separately, net of the tax effect and minority interests.

All of the information presented in this Q4 2017 *Results Earnings Release* has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in Appendix II "Consolidated Financial Statements" which has been prepared according to the *International Financial Reporting Standards adopted by the European Union (IFRS-EU)*.

Appendix III provides a reconciliation of the segment reported metrics and those presented in the Consolidated Financial Statements (IFRS-EU).

Information and disclosures related to APM[4] used on the present Q4 2017 Results Earnings Release are included in Appendix I "Alternative Performance Measures" of the *Consolidated Management Report* for 2017 and Repsol's website.

Repsol publish today the *consolidated Financial Statements* and the consolidated Management Report for 2017 available on Repsol´s and CNMV's (Comisión Nacional del Mercado de Valores) websites.

[4] In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016.

KEY METRICS FOR THE PERIOD

(Unaudited figures)

Results (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
Upstream	17	148	145	-	52	632	-
Downstream	554	502	446	(19.5)	1,883	1,877	(0.3)
Corporate and others	127	(74)	112	(11.8)	(13)	(104)	-
ADJUSTED NET INCOME	**698**	**576**	**703**	**0.7**	**1,922**	**2,405**	**25.1**
Inventory effect	137	10	154	12.4	133	104	(21.8)
Special items	(219)	(59)	(319)	(45.7)	(319)	(388)	(21.6)
NET INCOME	**616**	**527**	**538**	**(12.7)**	**1,736**	**2,121**	**22.2**

Economic data (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
EBITDA	1,668	1,607	2,008	20.4	5,226	6,723	28.6
EBITDA CCS	1,475	1,587	1,799	22.0	5,032	6,580	30.8
NET INVESTMENT	107	645	1,037	-	(500)	2,856	-
NET DEBT	8,144	6,972	6,267	(23.0)	8,144	6,267	(23.0)
NET DEBT / EBITDA CCS (x)	1.38	1.10	0.87	(36.9)	1.62	0.95	(41.2)

Operational data	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
LIQUIDS PRODUCTION (Thousand bbl/d)	233	252	257	10.4	243	255	4.8
GAS PRODUCTION (*) (Million scf/d)	2,506	2,477	2,572	2.6	2,509	2,468	(1.6)
TOTAL PRODUCTION (Thousand boe/d)	**679**	**693**	**715**	**5.3**	**690**	**695**	**0.7**
CRUDE OIL REALIZATION PRICE ($/Bbl)	44.7	47.7	56.6	26.7	39.0	49.6	27.1
GAS REALIZATION PRICE ($/Thousand scf)	2.8	2.7	3.0	10.4	2.4	2.9	20.3
DISTILLATION UTILIZATION Spanish Refining (%)	97.4	98.6	97.1	(0.3)	88.0	93.6	5.6
CONVERSION UTILIZATION Spanish Refining (%)	109.2	104.3	113.1	3.9	102.9	104.4	1.4
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	7.2	7.0	6.9	(4.2)	6.3	6.8	7.9

(*) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d.

KEY MILESTONES FOR THE FULL YEAR 2017 & FOURTH QUARTER 2017

FULL YEAR 2017

- **Adjusted net income** in 2017 was €2,405 million, 25% higher year-on-year. **Net income** amounted to €2,121 million, 22% higher compared to previous year.

- Full year results for the business segments are summarized as follows:

  - Adjusted net income from **Upstream** was €632 million, €580 million higher than in the same period in 2016, mainly due to higher realized oil and gas prices, the resumption of production in Libya and lower operating costs. These effects were partially offset by higher amortization rates and higher taxes as a result of higher operating income.

    Upstream **production** averaged 695 kboe/d, around 5 kboe/d higher year-on-year. This was primarily due to the resumption of production in Libya, the ramp-up and start-up of new projects: Juniper (Trinidad &Tobago), Lapa and Sapinhoa (Brazil) and Shaw, Cayley and Flyndre (UK). This was offset by the sale of assets, principally TSP (Trinidad and Tobago), Tangguh (Indonesia) and Ogan Komering (Indonesia), as well as the natural decline of fields, the impact of higher prices in PSC contracts and lower gas demand, mainly in Bolivia and Indonesia.

The **Organic Reserve Replacement Ratio** in the year 2017 stood at 93%.

- In **Downstream**, adjusted net income was €1,877 million, broadly in line with the prior year. Better results from the Refining business due to increased margins and higher utilization rates in the distillation and conversion units, better performance in the Marketing business due to higher volumes sold and better results in Trading and Gas & Power were offset by a lower contribution from LPG, post the divestment of piped LPG assets, and from Chemicals, mainly due to lower margins.

- In **Corporate and others**, adjusted net income was € -104 million compared to €-13 million in the same period of 2016. Lower annual interest expenses and corporate costs in 2017 did not offset prior year one off gains from the repurchase of Talisman bonds, higher results from exchange rate positions taken in 2016 and the lower contribution of ***Gas Natural Fenosa*** since September 2016 after the sale of a 10% stake.

- **EBITDA CCS** was €6,580 million in 2017, 31% higher compared with the same period of 2016, principally due to the benefit of higher commodity prices and production volumes in the Upstream and lower overall costs as a result of the positive impact of the synergies and efficiencies program.

- **Cash flow from operating activities** more than covered investments, dividends and interest during 2017 reducing the Group's **net debt** to €6,267 million, €1,877 million lower than at the end of 2016.

- At the end of the year the **net debt to capital employed ratio** was 17.3% versus 20.7% at the end of 2016.

- Our **Synergies and efficiencies** program delivered around €2.4 billion in savings in 2017, ahead of our original target of €2.1 billion previously expected by the end of 2018. Savings mainly came from reductions in external services, personnel expenses and development costs.

FOURTH QUARTER 2017

- **Adjusted net income** in the fourth quarter was €703 million, in line with fourth quarter of 2016. **Net income** amounted to €538 million, 13% lower year-on-year.

- Quarterly results for the business segments are summarized as follows:

  - In **Upstream,** adjusted net income was €145 million, €128 million higher than in the same period of 2016, mainly due to higher realized oil and gas prices, resumption of production in Libya and lower operating costs. These effects were partially offset by higher technical amortization and higher taxes as a result of higher operating income.

  - In **Downstream**, adjusted net income was €446 million, 19% lower year-on-year due to lower results in Refining and Chemicals. Both the Refining and Chemicals businesses experienced a more challenging trading environment due to higher energy and input costs and increased competitive supply.

  - In **Corporate and others**, adjusted net income was €112 million compared to €127 million in the same period in 2016. Lower interest expenses, lower corporate costs and a higher contribution from **Gas Natural Fenosa** were more than offset by the impact from exchange rate positions in 2016.

- Upstream **production** reached an average of 715 kboe/d in the fourth quarter of 2017, 36 kboe/d higher year-on-year, mainly as a result of the resumption of production in Libya, the startup of production in Juniper (Trinidad and Tobago), Flyndre, Shaw and Cayley (UK), and new wells on-stream at Sapinhoa North and Lapa (Brazil) and in the Marcellus (USA). This was partially compensated by the sale of TSP (Trinidad and Tobago), Tangguh (Indonesia), Ogan Komering (Indonesia) and the SK field (Russia), the impact of prices on PSC contracts and lower gas demand, mainly in Bolivia. Reggane (Algeria), Sagari (Peru) and Kinabalu (Malasya) started up production during the quarter.

- **EBITDA CCS** in the fourth quarter of 2017 was €1,799 million, 22% higher compared to that of the fourth quarter of 2016.

- The Group's **net debt** at the end of the quarter stood at €6,267 million, €705 million lower than at the end of the third quarter of 2017, mainly due to strong cash flow generation from the business segments.

NET INCOME PERFORMANCE BY BUSINESS SEGMENT

UPSTREAM

(Unaudited figures)

Results (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
ADJUSTED NET INCOME	**17**	**148**	**145**	**-**	**52**	**632**	**-**
Operating income	(72)	180	326	-	(87)	1,009	-
Income tax	101	(41)	(191)	-	147	(408)	-
Income from equity affiliates and non-controlling interests	(12)	9	10	-	(8)	31	-
EBITDA	637	755	1,086	70.5	2,072	3,507	69.3
NET INVESTMENT	164	474	677	-	1,889	2,072	9.7
EFFECTIVE TAX RATE (%)	(138)	24	58	196.0	(168)	40	208.0
International prices	**Q4 2016**	**Q3 2017**	**Q4 2017**	**% Change Q4 17/Q4 16**	**Jan - Dec 2016**	**Jan - Dec 2017**	**% Change 2017/2016**
Brent ($/Bbl)	49.3	52.1	61.3	24.2	43.7	54.2	23.9
WTI ($/Bbl)	49.3	48.2	55.3	12.2	43.5	50.9	17.0
Henry Hub ($/MBtu)	3.0	3.0	2.9	(1.7)	2.5	3.1	26.3
Average exchange rate ($/€)	1.08	1.17	1.18	8.9	1.11	1.13	2.1
Realization prices	**Q4 2016**	**Q3 2017**	**Q4 2017**	**% Change Q4 17/Q4 16**	**Jan - Dec 2016**	**Jan - Dec 2017**	**% Change 2017/2016**
CRUDE OIL ($/Bbl)	44.7	47.7	56.6	26.7	39.0	49.6	27.1
GAS ($/Thousand scf)	2.8	2.7	3.0	10.4	2.4	2.9	20.3
Exploration (*)	**Q4 2016**	**Q3 2017**	**Q4 2017**	**% Change Q4 17/Q4 16**	**Jan - Dec 2016**	**Jan - Dec 2017**	**% Change 2017/2016**
G&A and Amortization of Bonus and Dry Wells	270	69	247	(8.5)	443	457	3.2
Production	**Q4 2016**	**Q3 2017**	**Q4 2017**	**% Change Q4 17/Q4 16**	**Jan - Dec 2016**	**Jan - Dec 2017**	**% Change 2017/2016**
LIQUIDS (Thousand bbl/d)	233	252	257	10.4	243	255	4.8
GAS (**) (Million scf/d)	2,506	2,477	2,572	2.6	2,509	2,468	(1.6)
TOTAL (Thousand boe/d)	**679**	**693**	**715**	**5.3**	**690**	**695**	**0.7**

(*) Only direct costs attributable to exploration projects. (**) 1,000 Mcf/d = 28.32 Mm^3/d = 0.178 Mboe/d

Adjusted net income in the fourth quarter was €145 million, €128 million higher than in the same period of 2016, mainly due to higher realized oil and gas prices, resumption of production in Libya and lower operating costs. These effects were partially offset by higher technical amortization and higher taxes as a result of higher operating income.

The principle variance in year-on-year performance in the Upstream division excluding the contribution of Libya are as follows:

- Higher crude **oil and gas realization prices**, net of royalties, had a positive impact on the operating income of € 273 million.
- **Lower volumes,** contributed negatively to the operating income by €31 million.

- **Exploration expenses,** excluding exchange rate effect, impacted the operating income positively by €12 million, as a result of lower G&G and G&A costs and lower amortization of bonds, partially compensated by higher amortization of dry wells.

- **Depreciation and amortization** charges were €41 million higher mainly due to higher production in Brazil and Trinidad and Tobago and higher amortization rates.

- **Income tax expense** impacted the adjusted net income negatively by €211 million, as a result of higher operating income.

- **Income from equity affiliates and non-controlling interests, exchange rate and others** explains the remaining differences.

The contribution from **Libya**, in variance year-on-year, was €136 million and €54 million at the operating income and adjusted net income, respectively.

Upstream **production** reached an average of 715 kboe/d in the fourth quarter of 2017, 36 kboe/d higher year-on-year, mainly as a result of the resumption of production in Libya, the startup of production in Juniper (Trinidad and Tobago), Flyndre, Shaw and Cayley (UK), and new wells on-stream at Sapinhoa North and Lapa (Brazil) and in the Marcellus (USA). This was partially compensated by the sale of TSP (Trinidad and Tobago), Tangguh (Indonesia), Ogan Komering (Indonesia) and the SK field (Russia), the impact of prices in PSC contracts and the lower gas demand, mainly in Bolivia. Reganne (Algeria), Sagari (Peru) and Kinabalu (Malasya) started up production during the quarter.

During the fourth quarter of 2017, three wells (two exploratory and one appraisal) were concluded and all have been deemed unsuccessful. Throughout 2017, a total of sixteen wells – fourteen exploratory and two appraisals – have been drilled, out of which six were declared positive while the remaining ten were written off. Significant discoveries were made at Horseshoe-1 and Horseshoe-1A wells in Alaska and at Savannah and Macadamia in Trinidad and Tobago.

Full year 2017 results

Adjusted net income for 2017 from Upstream was €632 million, €580 million higher than in the same period in 2016, mainly due to higher realized oil and gas prices, the resumption of production in Libya and lower operating costs, partially offset by higher amortization rates, higher taxes as a result of higher operating income.

Upstream **production** averaged 695 kboe/d, around 5 kboe/d higher year-on-year. Primarily due to the resumption of production in Libya, the ramp-up and start-up of new projects: Juniper (Trinidad &Tobago), Lapa and Sapinhoa (Brazil) and Shaw, Cayley and Flyndre (UK). This was offset by the sale of assets, principally TSP (Trinidad and Tobago), Tangguh (Indonesia) and Ogan Komering (Indonesia), as well as the natural decline of fields, the impact of prices in PSC contracts and lower gas demand, mainly in Bolivia and Indonesia.

The **Organic Reserve Replacement Ratio** in the year 2017 stood at 93%.

Net investment

Net investment in Upstream in the fourth quarter of 2017 amounted to €677 million. Excluding divestments, investments in Upstream in the fourth amounted to € 716 million, € 117 million higher than in the fourth quarter of 2016.

Development investment accounted for 67% of the total investment and was distributed as follows in the U.S. (22%), Canada (15%), Brazil (13%), Algeria (11%), Norway (9%), Trinidad and Tobago (8%) and Malaysia (5%); and **Exploration investment** represented 26% of the total and was allocated primarily in Bulgaria (15%), Trinidad and Tobago (15%), the U.S. (11%), Bolivia (10%), Mexico (9%), Indonesia (8%), Romania (6%) and Colombia (6%).

Net investment in Upstream for full year of 2017 amounted to €2,072 million. Excluding divestments, investments in Upstream for full year 2017 amounted to €2,089 million; €275 million lower than in 2016.

Development investment accounted for 77% of the total investment and was concentrated mainly in the U.S. (21%), Trinidad and Tobago (16%), Canada (12%), Brazil (9%), Algeria (8%), UK (6%) and Malaysia (5%); and **Exploration investment** represented 20% of the total and was allocated primarily in Colombia (13%), Trinidad and Tobago (11%), Bolivia (9%), Indonesia (8%), Vietnam (8%), Bulgaria (8%), the U.S. (6%) and Algeria (5%).

DOWNSTREAM

(Unaudited figures)

Results (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
ADJUSTED NET INCOME	**554**	**502**	**446**	**(19.5)**	**1,883**	**1,877**	**(0.3)**
Operating income	716	686	547	(23.6)	2,467	2,467	-
Income tax	(155)	(172)	(99)	36.1	(565)	(572)	(1.2)
Income from equity affiliates and non-controlling interests	(7)	(12)	(2)	71.4	(19)	(18)	5.3
AVERAGE WEIGHTED COST ADJUSTED NET INCOME	**691**	**512**	**600**	**(13.2)**	**2,016**	**1,981**	**(1.7)**
Inventory effect	137	10	154	12.4	133	104	(21.8)
EBITDA	1,094	904	964	(11.9)	3,367	3,386	0.6
EBITDA CCS	901	884	755	(16.2)	3,173	3,243	2.2
NET INVESTMENT	(42)	163	349	-	(496)	757	-
EFFECTIVE TAX RATE (%)	22	25	18	(4.0)	23	23	-

Operational data	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
REFINING MARGIN INDICATOR IN SPAIN ($/Bbl)	7.2	7.0	6.9	(4.2)	6.3	6.8	7.9
DISTILLATION UTILIZATION Spanish Refining (%)	97.4	98.6	97.1	(0.3)	88.0	93.6	5.6
CONVERSION UTILIZATION Spanish Refining (%)	109.2	104.3	113.1	3.9	102.9	104.4	1.4
OIL PRODUCT SALES (Thousand tons)	13,526	13,442	13,323	(1.5)	48,048	51,836	7.9
PETROCHEMICAL PRODUCT SALES (Thousand tons)	714	740	708	(0.9)	2,892	2,855	(1.3)
LPG SALES (Thousand tons)	368	247	378	2.7	1,747	1,375	(21.3)
NORTH AMERICA NATURAL GAS SALES (TBtu)	102.9	110.1	120.5	17.1	413.6	496.2	20.0

International prices ($/Mbtu)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
Henry Hub	3.0	3.0	2.9	(1.7)	2.5	3.1	26.3
Algonquin	3.8	2.3	5.3	37.0	3.1	3.7	19.7

Adjusted net income in the fourth quarter of 2017 amounted to €446 million, 19% lower compared to the fourth quarter of 2016.

The principal variance year-on-year in the Downstream business are:

- In **Refining**, operating income was €54 million lower. Stronger middle distillates spreads were offset by higher energy costs and narrower light-heavy crude spreads generating lower margins.

- In **Chemicals**, a challenging trading environment due to higher energy and input costs and increased supply had a negative impact on the operating income of €55 million.

- In the commercial businesses, **Marketing, Lubricants and LPG**, operating income was €13 million higher than in the fourth quarter of 2016, mainly as a result of higher margins and higher sales in Marketing.

- In **Trading and Gas & Power**, operating income was in line with the fourth quarter of 2016.

- **Results in other activities, equity affiliates and non-controlling interests, exchange rate and taxes** cover the remaining difference.

Full year 2017 results

Adjusted net income for 2017 was €1,877 million, broadly in line with the prior year. Improved results in the Refining business due to better margins and higher utilization rates in the distillation and conversion units, better performance in the Marketing business due to higher volumes and better results in Trading and Gas & Power were partially offset by lower a contribution from LPG, post the divestment of piped LPG assets, and from Chemicals, mainly due to lower margins.

Net investment

Net investment in Downstream in the fourth quarter and the full year of 2017 amounted to €349 and €757 million respectively. Excluding divestments, investments in the fourth quarter of 2017 amounted to €360 million, €86 million higher year-on-year, while investments for the full year stood at € 805 million, €62 million higher than the same period of 2016.

CORPORATE AND OTHERS

(Unaudited figures)

Results (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
ADJUSTED NET INCOME	**127**	**(74)**	**112**	**(11.8)**	**(13)**	**(104)**	**-**
Corporate and adjustments	(80)	(72)	(66)	17.5	(313)	(262)	16.3
Financial result	70	(110)	(17)	-	(315)	(356)	(13.0)
Income tax	51	59	82	60.8	254	242	(4.7)
Gas Natural Fenosa and others	86	49	113	31.4	361	272	(24.7)
EBITDA	(63)	(52)	(42)	33.3	(213)	(170)	20.2
NET INTERESTS	(98)	(85)	(82)	16.3	(426)	(350)	17.8
NET INVESTMENT	(15)	8	11	-	(1,893)	27	-
EFFECTIVE TAX RATE (%)	(522)	(33)	(98)	-	(41)	(39)	2.0

CORPORATE AND ADJUSTMENTS

Corporate and adjustments accounted for €-66 million in the fourth quarter of 2017, compared to €-80 million in the same quarter of the previous year mainly due to lower corporate costs.

For the full year 2017, **Corporate and adjustments** accounted for €-262 million which compares to €-313 million in the same period of last year principally due to lower corporate costs.

FINANCIAL RESULTS

The **financial result** in the fourth quarter of 2017 amounted to €-17 million compared to €70 million in the fourth quarter of 2016 mainly due to lower results from exchange rate positions, partially offset by lower financial interest expense.

The **financial result** for the full year 2017 was €-356 million compared to €-315 million in 2016 principally due to gains from the repurchase in 2016 of Talisman bonds and lower results from exchange rate positions, partially offset by lower financial interests.

GAS NATURAL FENOSA

Adjusted net income attributable to Repsol, in the fourth quarter of 2017, amounted to €115 million, 34% higher year-on-year principally due to the positive impact of higher capital gains on asset sales and other one off items, partially offset by lower gas and electricity commercialization results.

Adjusted net income for the full year 2017 was €274 million, 24% lower year-on-year, mainly due to the lower equity stake in the company since September 2016. In 2017 Gas Natural Fenosa posted higher results mainly due to gas distribution in Latin America and positive impact of higher capital gains and other one off items, partially offset by lower gas and electricity commercialization results.

NET INCOME ANALYSIS: SPECIAL ITEMS

SPECIAL ITEMS

(Unaudited figures)

Results (€ Million)	Q4 2016	Q3 2017	Q4 2017	% Change Q4 17/Q4 16	Jan - Dec 2016	Jan - Dec 2017	% Change 2017/2016
Divestments	104	(2)	(72)	-	737	(51)	-
Indemnities and workforce restructuring	(22)	(13)	(12)	45.5	(393)	(64)	83.7
Impairment of assets	(400)	1	(612)	(53.0)	(434)	(635)	(46.3)
Provisions and others	99	(45)	377	280.8	(229)	362	-
SPECIAL ITEMS	**(219)**	**(59)**	**(319)**	**(45.7)**	**(319)**	**(388)**	**(21.6)**

Special items in the fourth quarter of 2017 amounted to €-319 million, mainly due to impairments of assets in Venezuela and the impact of the fiscal reform in the USA, principally compensated by the reversal of provisions in the UK.

Special items for the full year 2017 accounted for €-388 million principally as a result of the impairment of assets in Venezuela, the impact of the fiscal reform in the USA and workforce indemnities, mainly compensated by the reversal of provisions in the UK.

CASH FLOW ANALYSIS: ADJUSTED CASH FLOW STATEMENT

This section presents the Group's Adjusted Cash Flow Statement:

(Unaudited figures)

	JANUARY - DECEMBER	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES		
EBITDA CCS	**5,032**	**6,580**
Changes in working capital [1]	(583)	(608)
Dividends received	383	218
Income taxes received/ (paid)	(283)	(357)
Other proceeds from/ (payments for) operating activities	(717)	(327)
	3,832	**5,506**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Payments for investment activities	(3,157)	(3,030)
Proceeds from divestments	3,648	84
	491	**(2,946)**
FREE CASH FLOW (I. + II.)	**4,323**	**2,560**
Payments for dividends and payments on other equity instruments	(420)	(332)
Net interest payments and leases	(600)	(544)
Treasury shares	(92)	(293)
CASH GENERATED IN THE PERIOD	**3,211**	**1,391**
Financing activities and others	(1,062)	(1,489)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,149**	**(98)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**4,918**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,918**	**4,820**

(1) It includes an inventory effect pretax of €143 million and €194 million for 2017 and 2016 respectively.

NET DEBT ANALYSIS: NET DEBT EVOLUTION

This section presents the changes in the Group's adjusted net debt:

(Unaudited figures)

NET DEBT EVOLUTION (€ Million)	Q4 2017	Jan - Dec 2017
NET DEBT AT THE START OF THE PERIOD	**6,972**	**8,144**
EBITDA CCS	(1,799)	(6,580)
CHANGE IN WORKING CAPITAL (1)	6	608
INCOME TAX RECEIVED /PAID (2)	(150)	357
NET INVESTMENT	1,030	2,932
DIVIDENDS PAID AND OTHER EQUITY INSTRUMENTS PAYOUTS	0	332
FOREIGN EXCHANGE RATE EFFECT	(4)	(282)
INTEREST AND OTHER MOVEMENTS (3)	212	756
NET DEBT AT THE END OF THE PERIOD	**6,267**	**6,267**

	2017
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	36,330
NET DEBT / CAPITAL EMPLOYED (%)	17.3
ROACE (%)	7.4
NET DEBT / EBITDA CCS (x)	0.95

(1) It includes an inventory effect pretax of €209 million and €143 million for fourth quarter 2017 and FY2017 respectively.
(2) It includes the advance payments from 2017 Corporate Tax and the collection of €684 million for 2016 Corporate Tax settlement.
(3) Principally includes interest expense on borrowings, dividends received, provisions used and companies' acquisition/sale effect.

The Group's **net debt** at the end of the quarter stood at €6,267 million, €705 million lower than at the end of the third quarter of 2017. At the end of the year the **net debt to capital employed ratio** was 17.3 %.

Cash flow from operating activities more than covered investments, dividend payments and financial interest in 2017 reducing the net debt by €1,877 million.

The Group's **liquidity** at the end of 2017 was approximately €7.6 billion (including undrawn committed credit lines); representing 1.82 times gross debt maturities in the short term.

RELEVANT EVENTS

Material company-related events since the third quarter 2017 results release were as follows:

In **Upstream**, on October 28, production at the Kinabalu offshore field redevelopment project in Malaysia started. Repsol is the operator with a 60% stake in this project located in the west of the Malay basin.

On November 22, the president of Bolivia, Evo Morales, and Repsol President Antonio Brufau signed the awarding of the exploration block Iñiguazi situated in the southern part of Bolivia where the main gas producing fields are located. The Iñiguazú block covers 644 km2 in the Tarija region and is located next to the Caipipendi area (Margarita-Huacaya field) operated by Repsol. The consortium participating in the project is made up of Repsol, also operator, YPFB Andina, Shell and PAE.

Also on November 22, Repsol obtained the Surrounding Area of Sapinhoá together with Petrobras and Shell in the 2nd Round of PSC carried out in October in Brazil.

On November 24, began the production from the Sagari field, located in block 57 in the Ucayali-Madre de Dios basin, one of the most prolific gas areas in Peru, where Repsol is the operator, with a participation of 53.84%. The other discovery in block 57, Kinteroni, has already started producing in 2014.

On December 6, Repsol was awarded 45 new exploration blocks in the NS2017W Exploratory Round (North Slope Areawide Lease Sale) held in Alaska. The blocks are located south of the discoveries Horseshoe-1 and Horseshoe- 1A made in the first half of 2017 in the Nanushuk formation.

On December 14, it was announced that Repsol has been chosen as the E&P company of the year the by the international jury that integrates the prestigious Standard & Poor's Global Platts Awards, in recognition of its excellent upstream performance due to its capacity to generate value in a context marked by volatility and low crude oil prices.

On December 18, the start-up of the Reggane Nord gas project in Algeria, located in the Algerian desert, some 1,500 km southwest of Algiers, was announced. The Reggane Nord gas fields are expected to reach their maximum production capacity, 8 million cubic meters of gas per day, during the first quarter of 2018. The Reggane Nord project is composed of six gas fields (Azrafil Sud- Est, Kahlouche, Kahlouche Sud, Tiouliline, Sali and Reggane). The Reggane Nord consortium is jointly operated with Sonatrach and Repsol's participation in the project is 29.25%.

On December 19, Repsol submitted a revised Plan for Development and Operation (PDO) of the Yme field to the Norwegian Ministry of Petroleum and Energy. Repsol holds a 55% stake in this project. First oil from this project is expected in the first half of 2020.

On January 25, it was announced the start of the drilling operations contemplated in the program for the development and start-up of the Buckskin deepwater project in the US Gulf of Mexico, in the Keathley Canyon area. Repsol hold a 22.5% stake in the project. In order to carry out the development drilling at Buckskin, the Seadrill West Neptune drilling platform (sixth-generation DP3 class vessel for deepwater drilling) was chosen.

On January 31, in the Deepwater Exploration Round held in Mexico, Repsol was awarded, with different consortiums, 3 new exploration blocks (Blocks 10, 14 and 29).

On February 1 was announced the agreement reached with Total to acquire its 7.7% stake in the Visund field, located in the North Sea. The Visund field, operated by Statoil, is a crude and gas field located 22 kilometers off the coast of Norway. In 2017 it reached an average production of more than 120,000 barrels of oil equivalent per day.

In **Downstream**, on November 28, Repsol and Amazon announced an agreement to install automatic lockers at Repsol's service stations, where customers can receive purchases made via the multinational online retailer. The automatic lockers, known as Amazon Lockers, allow users to pick up online purchases at their nearest Repsol station. The service is simple and secure, and can be used 24 hours a day, seven days a week. The service is already available at 70 stations in Repsol's network across 21 Spanish provinces. With this new partnership, Repsol is offering its customers a new and innovative service that will make day-to-day deliveries easier by taking advantage of the company's large network of service stations and their extended opening hours. The agreement, adds to other agreements with companies including El Corte Inglés, Disney and Nespresso that reinforce Repsol's commitment to quality, service, innovation and continuous adaptation to customer needs.

On January 4, Repsol announced that it has acquired a 70% stake in Klikin, a startup that has developed a digital reservation, payment and promotion management platform to connect local businesses with their customers. This purchase is part of Repsol's digital business growth strategy and it will make Waylet into a leading payment and customer loyalty tool for any type of business and propel its international expansion. This agreement puts the company at the forefront of creating relationships, interaction and business opportunities with startups, which is entirely innovative in the Spanish market, in order to be agile in responding to consumers' changing expectations.

On January 31, Kia Motors Iberia and Repsol announced that they had joined forces to launch WiBLE, a new car-sharing operator aimed at boosting sustainable mobility in cities and their surroundings. Madrid is the city chosen for the European debut of the service, which will be operational in the second half of the year. The project combines the extensive experience in mobility business and knowledge of Repsol's consumers, with the know-how of Kia, consumers´ fourth-favorite brand in our country and shows a strong commitment to sustainable mobility, 100% electric, hybrid and plug-in hybrid vehicles.

In **Corporation**, On November 23, Repsol's issue of certified green bonds won the recognition of Petroleum Economist magazine. The panel of judges for the Petroleum Economist Awards, which highlighted the top leaders, companies and projects in the sector, has recognized the company's innovation and commitment to reducing emissions in its operations using the funds derived from these bonds. Paul Ferneyhough, Repsol's Corporate Director of Finance & Investor Relations, received the award and highlighted the company's commitment in the fight against climate change through numerous initiatives. In May, Repsol became the first oil company in the world to issue a 500 million-euro certified green bond, which was well received by investors. The bond will fund over 300 projects that will reduce emissions by improving efficiency through innovation and technology.

On November 28, Standard & Poor´s announced its decision to upgrade Repsol's long-term rating to BBB from BBB- and the short-term rating to A-2 from A-3, both with stable outlook.

On November 29, The Board of Directors of Repsol, S.A. ("Repsol") approved the payment of a remuneration equivalent to 0.4 euros gross per share to its shareholders within the framework of the Repsol Flexible Dividend Program (in replacement of the traditional interim dividend of 2017), subject to the applicable rounding in accordance with the formulas approved by the Annual Shareholders' Meeting held on May 19, 2017, under item 7 on its Agenda.

On December 12, the CEO of the Company agreed to implement the aforementioned capital increase in the framework of the Repsol Flexible Dividend Program. The number of free-of-charge allocation rights needed to receive one new share was 39 and the guaranteed price of Repsol's purchase commitment of rights was € 0.388 gross per right.

On December 13, Repsol and Microsoft signed a strategic agreement that will allow the energy company to advance its digitalization process, and allow the software and cloud computing company to develop innovative solutions for the energy industry. The agreement was signed by Repsol CEO Josu Jon Imaz and Microsoft Spain president Pilar López, who was accompanied by Microsoft Executive Vice President and President Global Sales, Marketing and Operations Jean-Philippe Courtois. Also present at the signing were María Victoria Zingoni, Repsol's Downstream Executive Managing Director and Antonio Lorenzo, Repsol's Corporate Director of Strategy, Control and Resources.

The agreement provides for the creation of a Digital Projects Coordination Team, which will manage the partnership between Repsol and Microsoft, promote joint initiatives between both companies and work to identify specific business scenarios. The application of this cutting-edge digital technology will provide Repsol with a competitive advantage and prepare it to successfully address future needs.

On December 18, Repsol Oil & Gas Canada Inc. announced that it has issued a notice of redemption to redeem, on January 17, 2018, all of its issued and outstanding 3.750% Senior Notes due 2021.

On December 20, Repsol informed that its Board of Directors resolved, further to the proposal submitted by its shareholder CaixaBank, S.A. and with the prior favorable report from the Nomination Committee, the appointment by cooptation of Mr. Jordi Gual Solé as new External Proprietary Director —to fill the vacancy resulting from the resignation of Mr. Antonio Massanell Lavilla dated that same day— and to appoint him as member of the Nomination Committee and the Sustainability Committee.

On 9 January 2018, following the official notices sent to the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores - CNMV) on November 29, 2017 and December 12, 2017, Repsol, S.A. ("Repsol") announced the end, on January 5, 2018, of the trading period of the free-of-charge allocation rights corresponding to the paid up capital increase implementing the "Repsol Flexible Dividend" shareholders' remuneration program. Holders of 74.22% of free-of-charge allocation rights (a total of 1,133,687,568 rights) opted to receive new shares of Repsol. Therefore, the final number of shares of one (1) euro par value issued in the capital increase is 29,068,912, where the nominal amount of the increase is 29,068,912 euros, representing an increase of approximately 1.90% of Repsol´s share capital before the capital increase.

On 10 January 2018, at the request of the Spanish *Comisión Nacional del Mercado de Valores* (CNMV) and as a result of the news published in various media related to the potential sale of Repsol's shares in Gas Natural SDG, S.A., Repsol informed that, although there is not a policy of commenting on untested news that may appear in the media, given the aforementioned request, the Company announced that within the 2016-2020 Strategic Plan, and as part of a permanent and dynamic business portfolio management, Repsol analyses different alternatives including those relating to its participation in Gas Natural SDG, S.A. In this regard, various investors, including CVC, have communicated to Repsol their interest in exploring the possibilities of its divesting its 20% stake in Gas Natural SDG, S.A. In relation to this expression of interest in the preliminary phase, there wasn't signed any contract, nor had legal or financial advice been retained, nor had any decision been taken by the Board of Directors.

On 15 January, on execution of agreements approved by the Annual General Shareholders' Meeting held on April 30, 2015 under item 7 of the Agenda, Repsol, S.A. announced that it has launched the Share Acquisition Plan 2018 (the "Plan"), the Plan applies to Repsol Group's employees in Spain that meet the requirements of its general conditions and who voluntary decide to opt for the same. This Plan allows its beneficiaries to receive part of their 2018 remuneration in Repsol, S.A. shares up to a maximum annual limit of 12,000 euros. For 2018, the Plan commenced on January 1st and will end on December 31st. The delivery of shares to the beneficiaries will be made on a monthly basis.

On 22 January 2018, Repsol's "Trading Statement" was published; it provided provisional information for the fourth quarter of 2017, including data on the economic environment as well as company performance during the period.

On 20 February, the Director Mr. Mario Fernández Pelaz tendered his resignation as member of the Board of Directors of Repsol, S.A.

On 22 February, Repsol, S.A. reached an agreement with Rioja Bidco Shareholdings, S.L.U. ("Rioja"), a company controlled by funds advised by CVC, to sell its stake of Gas Natural SDG, S.A. ("Gas Natural"), corresponding to 200,858,658 shares which amount to, approximately, 20.072% of the share capital of Gas Natural, for a total consideration of EUR 3,816,314,502, which corresponds to a price of EUR 19 per share. The consolidated capital gain generated for Repsol Group through the transaction amounts to, approximately, EUR 400 million. Closing of the transaction is conditional upon the fulfilment of the regulatory authorizations, the signing of a shareholders agreement between Rioja, Criteria Caixa, S.A.U. and GIP III Canary 1 S.à r.l., as well as the realization of the pertinent modifications in the Board of Directors of Gas Natural.

Madrid, 28 February, 2018

A conference call has been scheduled for research analysts and institutional investors for today, 28 February 2018 at 13.00 (CET) to report on the Repsol Group's fourth quarter and full year 2017 results. Shareholders and other interested parties can follow the call live through Repsol's corporate website (www.repsol.com). A full recording of the event will also be available to shareholders and investors and any other interested party at www.repsol.com for a period of no less than one month from the date of the live broadcast.

APPENDIX I – FINANCIAL METRICS AND OPERATING INDICATORS BY SEGMENT

Q4 2017 & FY 2017

ADJUSTED NET INCOME BY BUSINESS SEGMENTS

(Unaudited figures)

€ Million	Q4 2016							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	(72)	-	101	(12)	17	-	(517)	(500)
Downstream	716	-	(155)	(7)	554	137	(6)	685
Corporate & Others	(80)	70	51	86	127	-	304	431
TOTAL	**564**	**70**	**(3)**	**67**	**698**	**137**	**(219)**	**616**
NET INCOME							**(219)**	**616**

€ Million	Q3 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	180	-	(41)	9	148	-	(19)	129
Downstream	686	-	(172)	(12)	502	10	(1)	511
Corporate & Others	(72)	(110)	59	49	(74)	-	(39)	(113)
TOTAL	**794**	**(110)**	**(154)**	**46**	**576**	**10**	**(59)**	**527**
NET INCOME							**(59)**	**527**

€ Million	Q4 2017							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
Upstream	326	-	(191)	10	145	-	(143)	2
Downstream	547	-	(99)	(2)	446	154	(142)	458
Corporate & Others	(66)	(17)	82	113	112	-	(34)	78
TOTAL	**807**	**(17)**	**(208)**	**121**	**703**	**154**	**(319)**	**538**
NET INCOME							**(319)**	**538**

€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
	January - December 2016							
Upstream	(87)	-	147	(8)	52	-	(1,013)	(961)
Downstream	2,467	-	(565)	(19)	1,883	133	261	2,277
Corporate & Others	(313)	(315)	254	361	(13)	-	433	420
TOTAL	**2,067**	**(315)**	**(164)**	**334**	**1,922**	**133**	**(319)**	**1,736**
NET INCOME							**(319)**	**1,736**

€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Special Items	Net Income
	January - December 2017							
Upstream	1,009	-	(408)	31	632	-	(151)	481
Downstream	2,467	-	(572)	(18)	1,877	104	(121)	1,860
Corporate & Others	(262)	(356)	242	272	(104)	-	(116)	(220)
TOTAL	**3,214**	**(356)**	**(738)**	**285**	**2,405**	**104**	**(388)**	**2,121**
NET INCOME							**(388)**	**2,121**

OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - DECEMBER	
€ Million	**Q4 16**	**Q3 17**	**Q4 17**	**2016**	**2017**
UPSTREAM	**(72)**	**180**	**326**	**(87)**	**1,009**
Europe, Africa & Brazil	73	123	292	224	726
Latin America & Caribbean	57	122	189	238	594
North America	(8)	(36)	12	(189)	(58)
Asia & Russia	64	54	65	127	251
Exploration & Others	(258)	(83)	(232)	(487)	(504)
DOWNSTREAM	**716**	**686**	**547**	**2,467**	**2,467**
Europe	706	676	585	2,480	2,420
Rest of the World	10	10	(38)	(13)	47
CORPORATE AND OTHERS	**(80)**	**(72)**	**(66)**	**(313)**	**(262)**
TOTAL	**564**	**794**	**807**	**2,067**	**3,214**

ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

	QUARTERLY DATA			JANUARY - DECEMBER	
€ Million	**Q4 16**	**Q3 17**	**Q4 17**	**2016**	**2017**
UPSTREAM	**17**	**148**	**145**	**52**	**632**
Europe, Africa & Brazil	58	79	135	167	355
Latin America & Caribbean	44	107	120	234	386
North America	134	(25)	7	9	(43)
Asia & Russia	(36)	38	49	(4)	161
Exploration & Others	(183)	(51)	(166)	(354)	(227)
DOWNSTREAM	**554**	**502**	**446**	**1,883**	**1,877**
Europe	550	498	471	1,895	1,852
Rest of the World	4	4	(25)	(12)	25
CORPORATE AND OTHERS	**127**	**(74)**	**112**	**(13)**	**(104)**
TOTAL	**698**	**576**	**703**	**1,922**	**2,405**

EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA Q4 16	QUARTERLY DATA Q3 17	QUARTERLY DATA Q4 17	JANUARY - DECEMBER 2016	JANUARY - DECEMBER 2017
UPSTREAM	**637**	**755**	**1,086**	**2,072**	**3,507**
Europe, Africa & Brazil	164	243	434	425	1,214
Latin America & Caribbean	193	270	336	765	1,141
North America	167	142	182	543	670
Asia & Russia	144	142	159	489	631
Exploration & Others	(31)	(42)	(25)	(150)	(149)
DOWNSTREAM (1)	**1,094**	**904**	**964**	**3,367**	**3,386**
Europe	1,044	863	969	3,263	3,235
Rest of the World	50	41	(5)	104	151
CORPORATE AND OTHERS	**(63)**	**(52)**	**(42)**	**(213)**	**(170)**
TOTAL (1)	**1,668**	**1,607**	**2,008**	**5,226**	**6,723**
(1) EBITDA CCS M€					
DOWNSTREAM	**901**	**884**	**755**	**3,173**	**3,243**
TOTAL	**1,475**	**1,587**	**1,799**	**5,032**	**6,580**

NET INVESTMENTS BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA Q4 16	Q3 17	Q4 17	JANUARY - DECEMBER 2016	2017
UPSTREAM	**164**	**474**	**677**	**1,889**	**2,072**
Europe, Africa & Brazil	150	87	163	594	427
Latin America & Caribbean	52	104	100	578	494
North America	128	145	191	383	553
Asia & Russia	(247)	57	45	(117)	235
Exploration and Others	81	81	178	451	363
DOWNSTREAM	**(42)**	**163**	**349**	**(496)**	**757**
Europe	(110)	119	280	(442)	584
Rest of the World	68	44	69	(54)	173
CORPORATE AND OTHERS	**(15)**	**8**	**11**	**(1,893)**	**27**
TOTAL	**107**	**645**	**1,037**	**(500)**	**2,856**

CAPITAL EMPLOYED BY BUSINESS SEGMENTS

(Unaudited figures)

	CUMULATIVE DATA	
€ Million	**Q4 16**	**Q4 17**
Upstream	23,853	21,612
Downstream	9,469	9,749
Corporate and others	5,933	4,969
TOTAL	**39,255**	**36,330**

	2017
ROACE (%)	**7.4**
ROACE at CCS (%)	**7.1**

OPERATING INDICATORS

Q4 2017 & FY 2017

UPSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Jan - Dec 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Jan - Dec 2017	% Variation 2017/2016
HYDROCARBON PRODUCTION	**kboe/d**	**714**	**697**	**671**	**679**	**690**	**693**	**677**	**693**	**715**	**695**	**0.7**
Liquids production	**kboe/d**	**255**	**246**	**239**	**233**	**243**	**258**	**253**	**252**	**257**	**255**	**4.8**
Europe, Africa & Brazil	kboe/d	94	89	90	88	90	121	120	123	127	123	35.4
Latin America & Caribbean	kboe/d	69	69	66	67	68	60	59	58	56	58	(14.1)
North America	kboe/d	58	57	54	50	54	51	49	48	49	49	(10.0)
Asia & Russia	kboe/d	35	32	28	28	31	27	25	24	26	25	(17.2)
Natural gas production	**kboe/d**	**459**	**451**	**432**	**446**	**447**	**435**	**424**	**441**	**458**	**440**	**(1.6)**
Europe, Africa & Brazil	kboe/d	22	19	16	18	18	15	15	16	18	16	(12.5)
Latin America & Caribbean	kboe/d	233	238	227	238	234	229	229	243	254	239	2.1
North America	kboe/d	130	129	126	125	127	125	123	123	129	125	(2.0)
Asia & Russia	kboe/d	74	64	63	66	67	65	57	59	57	60	(10.9)
Natural gas production	**(Million scf/d)**	**2,579**	**2,530**	**2,423**	**2,506**	**2,509**	**2,442**	**2,381**	**2,477**	**2,572**	**2,468**	**(1.6)**

DOWNSTREAM OPERATING INDICATORS

	Unit	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Jan -Dec 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Jan - Dec 2017	% Variation 2017/2016
PROCESSED CRUDE OIL	**Mtoe**	**10.4**	**9.4**	**11.3**	**12.2**	**43.2**	**10.9**	**11.6**	**12.4**	**12.3**	**47.4**	**9.6**
Europe	Mtoe	9.6	8.6	10.3	11.0	39.4	9.6	10.2	11.1	11.0	41.9	6.3
Rest of the world	Mtoe	0.8	0.8	0.9	1.2	3.8	1.3	1.4	1.3	1.4	5.4	43.1
SALES OF OIL PRODUCTS	**kt**	**11,125**	**10,926**	**12,471**	**13,526**	**48,048**	**12,064**	**13,007**	**13,442**	**13,323**	**51,836**	**7.9**
Europe Sales	kt	**9,927**	**9,810**	**11,155**	**11,895**	**42,787**	**10,473**	**11,321**	**11,711**	**11,576**	**45,081**	**5.4**
Own network	kt	**4,854**	**5,109**	**5,319**	**5,186**	**20,468**	**5,042**	**5,287**	**5,543**	**5,314**	**21,186**	**3.5**
Light products	kt	4,021	4,260	4,506	4,327	17,114	4,280	4,478	4,632	4,478	17,868	4.4
Other Products	kt	833	849	813	859	3,354	762	809	911	836	3,318	(1.1)
Other Sales to Domestic Market	kt	**1,920**	**1,965**	**2,069**	**2,129**	**8,083**	**2,081**	**2,044**	**2,227**	**2,119**	**8,471**	**4.8**
Light products	kt	1,873	1,895	2,024	2,075	7,867	2,035	1,996	2,162	2,064	8,257	5.0
Other Products	kt	47	70	45	54	216	46	48	65	55	214	(0.9)
Exports	kt	**3,153**	**2,736**	**3,767**	**4,580**	**14,236**	**3,350**	**3,990**	**3,941**	**4,143**	**15,424**	**8.3**
Light products	kt	1,370	940	1,428	2,201	5,939	1,172	1,580	1,734	1,947	6,433	8.3
Other Products	kt	1,783	1,796	2,339	2,379	8,297	2,178	2,410	2,207	2,196	8,991	8.4
Rest of the world sales	kt	**1,198**	**1,116**	**1,316**	**1,631**	**5,261**	**1,591**	**1,686**	**1,731**	**1,747**	**6,755**	**28.4**
Own network	kt	**570**	**508**	**569**	**591**	**2,238**	**523**	**566**	**605**	**594**	**2,288**	**2.2**
Light products	kt	518	470	538	546	2,072	481	502	543	551	2,077	0.2
Other Products	kt	52	38	31	45	166	42	64	62	43	211	27.1
Other Sales to Domestic Market	kt	**312**	**328**	**341**	**360**	**1,341**	**353**	**327**	**356**	**357**	**1,393**	**3.9**
Light products	kt	252	271	286	297	1,106	288	273	291	291	1,143	3.3
Other Products	kt	60	57	55	63	235	65	54	65	66	250	6.4
Exports	kt	**316**	**280**	**406**	**680**	**1,682**	**715**	**793**	**770**	**796**	**3,074**	**82.8**
Light products	kt	128	130	126	177	561	215	147	214	164	740	31.9
Other Products	kt	188	150	280	503	1,121	500	646	556	632	2,334	108.2
CHEMICALS												
Sales of petrochemical products	kt	**764**	**713**	**702**	**714**	**2,892**	**712**	**695**	**740**	**708**	**2,855**	**(1.3)**
Europe	kt	**641**	**615**	**589**	**584**	**2,428**	**609**	**581**	**640**	**583**	**2,412**	**(0.7)**
Base	kt	238	224	213	218	893	215	206	245	226	893	(0.1)
Derivative	kt	402	391	376	366	1,535	393	374	395	357	1,519	(1.0)
Rest of the world	kt	**124**	**98**	**112**	**130**	**464**	**104**	**114**	**100**	**125**	**443**	**(4.5)**
Base	kt	35	21	18	27	101	19	17	22	27	85	(16.0)
Derivative	kt	89	76	95	103	363	85	98	78	98	358	(1.3)
LPG												
LPG sales	kt	**631**	**422**	**327**	**368**	**1,747**	**436**	**315**	**247**	**378**	**1,375**	**(21.3)**
Europe	kt	427	256	215	363	1,261	430	310	242	373	1,356	7.6
Rest of the world	kt	204	166	112	5	487	5	5	4	4	19	(96.1)

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed from the country of origin

APPENDIX II – CONSOLIDATED FINANCIAL STATEMENTS

Q4 2017 & FY 2017

STATEMENT OF FINANCIAL POSITION

(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	DECEMBER 2016	DECEMBER 2017
NON-CURRENT ASSETS		
Goodwill	3,115	2,764
Other intangible assets	1,994	1,820
Property, plant and equipment	27,297	24,600
Investment property	66	67
Investments accounted for using the equity method	10,176	9,268
Non-current financial assets :		
Non-current financial instruments	1,081	1,920
Others	123	118
Deferred tax assets	4,746	4,057
Other non-current assets	323	472
CURRENT ASSETS		
Non-current assets held for sale	144	22
Inventories	3,605	3,797
Trade an other receivables	5,885	5,912
Other current assets	327	182
Other current financial assets	1,280	257
Cash and cash equivalents	4,687	4,601
TOTAL ASSETS	**64,849**	**59,857**
TOTAL EQUITY		
Attributable to equity holders of the parent company	30,867	29,793
Attributable to minority interests	244	270
NON-CURRENT LIABILITIES		
Grants	4	4
Non-current provisions	6,127	4,829
Non-current financial debt	9,482	10,080
Deferred tax liabilities	1,379	1,051
Other non-current liabilities		
Non-current debt for finance leases	1,550	1,347
Other	459	448
CURRENT LIABILITIES		
Liabilities related to non-current assets held for sale	146	1
Current provisions	872	518
Current financial liabilities	6,909	4,206
Trade payables and other payables:		
Current debt for finance leases	208	195
Other payables	6,602	7,115
TOTAL LIABILITIES	**64,849**	**59,857**

INCOME STATEMENT

(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 16	Q3 17	Q4 17	2016	2017
Operating income	**493**	**653**	**879**	**1,911**	**2,789**
Financial result	54	(83)	(44)	(234)	(312)
Income from equity affiliates	(58)	178	503	194	904
Net income before tax	**489**	**748**	**1,338**	**1,871**	**3,381**
Income tax	(159)	(203)	(791)	(391)	(1,220)
Net income from continuing operations	**330**	**545**	**547**	**1,480**	**2,161**
Net income from non-controlling interest	(13)	(18)	(9)	(43)	(40)
NET INCOME FROM CONTINUING OPERATIONS	**317**	**527**	**538**	**1,437**	**2,121**
Net income for the year from discontinuing operations	299	-	-	299	-
NET INCOME	**616**	**527**	**538**	**1,736**	**2,121**
Earning per share attributible to the parent company (*)					
Euros/share (*)	0.40	0.33	0.34	1.11	1.35
USD/ADR	0.42	0.40	0.41	1.17	1.62
Average number of shares (**)	1,544,052,603	1,551,709,492	1,554,132,001	1,537,546,153	1,551,034,743
Exchange rates USD/EUR at the end of each quarter	1.05	1.18	1.20	1.05	1.20

(*) To calculate EPS the interest expense from the perpetual obligations (€7 million after taxes in Q4 16, Q3 17 and Q4 17) has been adjusted.

(**) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2016, December 2016, June 2017 and December 2017 accordingly,thus share capital is currently represented by 1,556,464,965 shares. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.

CASH FLOW STATEMENT

(€ millions)
Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - DECEMBER	
	2016	2017
I. CASH FLOWS FROM OPERATING ACTIVITIES (*)		
Net income before taxes	1,871	3,381
Adjustments to net income		
Depreciation and amortisation of non current assets	2,529	2,399
Other adjustments to results (net)	18	(527)
EBITDA	**4,418**	**5,253**
Changes in working capital	**(517)**	**(110)**
Dividends received	920	511
Income taxes received/ (paid)	(264)	(320)
Other proceeds from/ (payments for) operating activities	(667)	(221)
OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	**(11)**	**(30)**
	3,890	**5,113**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(842)	(327)
Fixed assets, intangible assets and real estate investments	(2,003)	(2,300)
Other financial assets	(804)	(467)
Payments for investment activities	**(3,649)**	**(3,094)**
Proceeds from divestments	**4,056**	**254**
Other cashflow	**(16)**	**51**
	391	**(2,789)**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)		
Issuance of own capital instruments	0	0
Proceeds from/(payments for) equity instruments	(92)	(293)
Proceeds from issue of financial liabilities	12,712	10,285
Payments for financial liabilities	(13,622)	(11,448)
Payments for dividends and payments on other equity instruments	(420)	(332)
Interest payments	(591)	(537)
Other proceeds from/(payments for) financing activities	(40)	(36)
	(2,053)	**(2,361)**
Effect of changes in exchange rates from continued operations	**11**	**(49)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS	**2,239**	**(86)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,448**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,687**	**4,601**

(*) Cash flows from continued operations

APPENDIX III – RECONCILIATION OF NON-IFRS METRICS TO IFRS DISCLOSURES

Q4 2017 & FY 2017

RECONCILIATION OF ADJUSTED RESULTS AND THE CORRESPONDING CONSOLIDATED FINANCIAL STATEMENT HEADINGS

(Unaudited figures)

	Q4 2016					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	564	214	(478)	193	(71)	493
Financial result	70	(63)	47	-	(16)	54
Income from equity affiliates	77	(135)	-	-	(135)	(58)
Net income before tax	**711**	**16**	**(431)**	**193**	**(222)**	**489**
Income tax	(3)	(16)	(90)	(50)	(156)	(159)
Net income from continued operations	**708**	**-**	**(521)**	**143**	**(378)**	**330**
Income attributed to minority interests	(10)	-	3	(6)	(3)	(13)
NET INCOME FROM CONTINUED OPERATIONS	**698**	**-**	**(518)**	**137**	**(381)**	**317**
Income from discontinued operations	-	-	299	-	299	299
NET INCOME	**698**	**-**	**(219)**	**137**	**(82)**	**616**

	Q3 2017					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	794	(132)	(29)	20	(141)	653
Financial result	(110)	11	16	-	27	(83)
Income from equity affiliates	60	116	2	-	118	178
Net income before tax	**744**	**(5)**	**(11)**	**20**	**4**	**748**
Income tax	(154)	5	(48)	(6)	(49)	(203)
Net income from continued operations	**590**	**-**	**(59)**	**14**	**(45)**	**545**
Income attributed to minority interests	(14)	-	-	(4)	(4)	(18)
NET INCOME FROM CONTINUED OPERATIONS	**576**	**-**	**(59)**	**10**	**(49)**	**527**
Income from discontinued operations	-	-	-	-	-	-
NET INCOME	**576**	**-**	**(59)**	**10**	**(49)**	**527**

	Q4 2017					
		ADJUSTMENTS				
€ Million	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	807	(257)	120	209	72	879
Financial result	(17)	76	(103)	-	(27)	(44)
Income from equity affiliates	128	376	(1)	-	375	503
Net income before tax	**918**	**195**	**16**	**209**	**420**	**1,338**
Income tax	(208)	(195)	(336)	(52)	(583)	(791)
Net income from continued operations	**710**	**-**	**(320)**	**157**	**(163)**	**547**
Income attributed to minority interests	(7)	-	1	(3)	(2)	(9)
NET INCOME FROM CONTINUED OPERATIONS	**703**	**-**	**(319)**	**154**	**(165)**	**538**
Income from discontinued operations	-	-	-	-		-
NET INCOME	**703**	**-**	**(319)**	**154**	**(165)**	**538**

€ Million	January - December 2016					
		ADJUSTMENTS				
	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	2,067	98	(448)	194	(156)	1,911
Financial result	(315)	(68)	149	-	81	(234)
Income from equity affiliates	371	(177)	-	-	(177)	194
Net income before tax	**2,123**	**(147)**	**(299)**	**194**	**(252)**	**1,871**
Income tax	(164)	147	(323)	(51)	(227)	(391)
Net income from continued operations	**1,959**	**-**	**(622)**	**143**	**(479)**	**1,480**
Income attributed to minority interests	(37)	-	4	(10)	(6)	(43)
NET INCOME FROM CONTINUED OPERATIONS	**1,922**	**-**	**(618)**	**133**	**(485)**	**1,437**
Income from discontinued operations	-	-	299	-	299	299
ADJUSTED NET INCOME	**1,922**	**-**	**(319)**	**133**	**(186)**	**1,736**

€ Million	January - December 2017					
		ADJUSTMENTS				
	Adjusted result	Joint arragements reclassification	Special Items	Inventory Effect	Total adjustments	Total consolidated
Operating income	3,214	(610)	42	143	(425)	2,789
Financial result	(356)	126	(82)	-	44	(312)
Income from equity affiliates	323	580	1	-	581	904
Net income before tax	**3,181**	**96**	**(39)**	**143**	**200**	**3,381**
Income tax	(738)	(96)	(350)	(36)	(482)	(1,220)
Net income from continued operations	**2,443**	**-**	**(389)**	**107**	**(282)**	**2,161**
Income attributed to minority interests	(38)	-	1	(3)	(2)	(40)
NET INCOME FROM CONTINUED OPERATIONS	**2,405**	**-**	**(388)**	**104**	**(284)**	**2,121**
Income from discontinued operations	-	-	-	-	-	-
ADJUSTED NET INCOME	**2,405**	**-**	**(388)**	**104**	**(284)**	**2,121**

RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited figures)

	DECEMBER 2016			DECEMBER 2017		
	Adjusted Net Debt	Reclasification of JV (1)	IFRS-EU	Adjusted Net Debt	Reclasification of JV (1)	IFRS-EU
NON-CURRENT ASSETS						
Non-current financial instruments	424	657	1,081	360	1,560	1,920
CURRENT ASSETS						
Other current financial assets	52	1,228	1,280	254	3	257
Cash and cash equivalents	4,918	(231)	4,687	4,820	(219)	4,601
NON-CURRENT LIABILITIES						
Non-current financial debt	(9,540)	58	(9,482)	(7,611)	(2,469)	(10,080)
CURRENT LIABILITIES						
Current financial liabilities	(4,085)	(2,824)	(6,909)	(4,160)	(46)	(4,206)
CAPTIONS NOT INCLUDED IN THE BALANCE SHEET						
Net mark-to-market valuation of financial derivaties (excluding exchange rate) (2)	87	0	87	70	0	70
NET DEBT	**(8,144)**		**(9,256)**	**(6,267)**		**(7,438)**

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brasil which is detailed in the following captions:
2016: "Cash and cash equivalents" amounting to €43 million and "Non-current financial debt" for intragroup loans amounting to €2,942 million, reduced in €344 million due to loans with third parties. 2017: "Cash and cash equivalents" amounting to €28 million; "non-current financial debt" for intragroup loans amounting to €2,624 million, reduced in €275 million in loans with third parties.

(2) This caption eliminates net market value of financial derivatives other than exchange rate ones

	January - December					
	2016			2017		
	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU	Adjusted Cash flow	Reclasification of JV & Others	IFRS-EU
I. CASH FLOWS FROM OPERATING ACTIVITIES	**3,832**	**58**	**3,890**	**5,506**	**(393)**	**5,113**
II. CASH FLOWS USED IN INVESTMENT ACTIVITIES	**491**	**(100)**	**391**	**(2,946)**	**157**	**(2,789)**
FREE CASH FLOW (I. + II.)	**4,323**	**(42)**	**4,281**	**2,560**	**(236)**	**2,324**
III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES AND OTHERS (1)	**(2,174)**	**132**	**(2,042)**	**(2,658)**	**248**	**(2,410)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**2,149**	**90**	**2,239**	**(98)**	**12**	**(86)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**2,769**	**(321)**	**2,448**	**4,918**	**(231)**	**4,687**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,918**	**(231)**	**4,687**	**4,820**	**(219)**	**4,601**

(1) This caption includes payments for dividends and payment on other equity instruments, interest payments, proceeds from/(payments for) equity instruments, proceeds from/ (payments for) issue of financial liabilities, other proceeds from/(payments for) financing activities and the effect of changes in the exchange rate.

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