

# 4Q 2013 Results



***REPSOL***

Madrid, 25 February 2014

On 26 February 2013, Repsol signed an agreement with Shell for the sale of certain LNG assets and businesses, which has been completed in three different transactions carried out in October and December 2013, and January 2014.

According to the International Financial Reporting Standards, the results generated by these assets and businesses, so as the capital gains and provisions generated by their sale, must be booked as results from discontinued operations in the accounts of 2013. Likewise, and for comparative purposes, the profit and loss account and cash flow statement of the year ended on December 31, 2012 must be re-expressed with respect to the previously formulated. However, given that during 2013 Repsol Management's decisions on the allocation of resources, and the performance evaluation of the different activities of the Group have been carried out taking into account the LNG assets and businesses object of the sale process, the figures shown hereafter are proforma figures under the consideration that such assets and businesses form part of the income from continued operations.

Reconciliation between these results and the result under the International Financial Reporting Standards is included on the tables shown within this earnings release.

In addition, the average number of outstanding shares used for calculating earnings per share at 31 December 2012 and in the fourth quarter of that year, has been modified in accordance with applicable accounting standards, to include the effect of the capital increases carried out as part of the shareholders' remuneration scheme known as "Repsol dividendo flexible" (Repsol flexible dividend).

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**1. PROFORMA INCOME FROM CONTINUED OPERATIONS (M€)**
Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	FOURTH QUARTER 2013 RESULTS	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
858	799	605	-29.5	CCS OPERATING INCOME	4,285	3,627	-15.4
313	354	252	-19.5	CCS NET INCOME	1,878	1,704	-9.3
1,053	840	604	-42.6	CCS ADJUSTED OPERATING INCOME	4,321	3,737	-13.5
517	387	251	-51.5	CCS ADJUSTED NET INCOME	1,954	1,823	-6.7
743	844	508	-31.6	OPERATING INCOME (MIFO)	4,286	3,343	-22.0
235	384	188	-20.0	NET INCOME (MIFO)	1,890	1,517	-19.7
938	885	507	-45.9	ADJUSTED OPERATING INCOME (MIFO)	4,322	3,453	-20.1
439	417	187	-57.4	ADJUSTED NET INCOME (MIFO)	1,966	1,636	-16.8

**2. NET INCOME (\*) (M€)**
Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	FOURTH QUARTER 2013 RESULTS	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
342	356	-1,028	-	CCS NET INCOME	2,048	382	-81.3
264	386	-1,092	-	NET INCOME (MIFO)	2,060	195	-90.5

(\*) This result includes both continued and discontinued operations for the purpose of this Earnings Release (essentially YPF and YPF Gas)

**MAIN HIGHLIGHTS AND KEY FINANCIAL FIGURES**
**January – December 2013 Results**

- **CCS Adjusted Net Income** for the year amounted to € 1,823 M and **CCS adjusted operating income amounted** to € 3,737 M, 7% and 14% lower year-on-year. The production start-up of the key projects in Upstream and the higher margins and volumes in the LNG business could not offset the lower results due to the production shutdown in Libya, the lower refining margins and the worse performance in Chemicals.
- Average **production** in 2013 (346 Kboe/d) was 4% higher than the same period in 2012 (332 Kboe/d). The start-up and increase in production of five of the ten key projects and the lower maintenance activity in Trinidad and Tobago could offset the disruptions of production in Libya, over a hundred days during the year, and the sale of the 20% stake of Block 16 in Ecuador. Average **production** in 2013 would have been 8% higher than in 2012 if Libya had operated at the normal level.
- At the end of 2013, proven reserves were 1,515 Mboe, and the organic Reserve Replacement Ratio stood above 275%. It is the fourth consecutive year that Repsol has closed the year with a ratio above 120%.
- At year-end 2013, in light of the conversations underway with the Argentine government with a view to reaching a rapid, adequate and effective solution to the ongoing controversy, and on the basis of the fact that Repsol is seeking certain and monetary compensation of USD 5,000 M, the Group has recognized an impairment charge

on its **equity interests in YPF S.A. and YPF Gas S.A.** Therefore, an impairment of € 1,279 M after tax, will be recorded in the full-year 2013 results.

- On 31 December 2013, after obtaining permits and approvals and having met other conditions precedent provided for in the agreement, **the sale to Shell was materialised of the main LNG purchase and supply contracts, as well as minority interests in the Atlantic LNG and Peru LNG businesses**, amounting to € 2,446 M that generated a gain after tax of € 1,189 M. On 1 January 2014, and after obtaining the necessary approvals, the sale of Repsol Comercializadora de Gas, S.A., whose basic activities are marketing, transportation and trading, was completed for approximately USD 730 M. The transaction generated a gain after tax of € 328 M, recognised in the financial statements of 2014. On October 11 2013, Repsol sold its 25% stake in the Bahía de Bizkaia Electricidad (BBE) combined cycle power plant to BP for € 135 M and generated a after tax gain of € 74 M. This asset, initially included within the perimeter of the sale to Shell, was finally transferred to BP after it exercised its right of first refusal.
- Following the agreement of sale of assets to Shell, **Repsol will retain the main LNG business assets with the Canaport regasification plant and pipelines in Canada and the United States**. The inability to continue managing these assets together with others already transferred to Shell, has prompted the company to rethink the applicable business models for managing them and has led to cautious provisions reflecting their potential loss in value, for a total amount of € 1,105 M after tax.

#### **Fourth Quarter Results**

- **CCS adjusted net income** in the quarter stood at € 251 M and **CCS adjusted operating income** amounted to € 604 M, 51% and 43% lower year-on-year respectively.
- The key factors explaining the results for the quarter are:
  - In **Upstream**, adjusted operating income amounted to € 211 M, 57% lower than the same quarter in 2012. The difference is mainly due to the lower volumes produced in Libya and higher exploration costs, partially offset by improved results in Brazil and Trinidad and Tobago.
  - Fourth quarter **production** reached 321 Kboe/d, 8% lower than the same period in 2012. The increase in production from the new projects could not offset the disruption of production in Libya (suspended since October 27) and Shenzhi's shutdown due to Hurricane Karen in the Gulf of Mexico.
  - In **LNG**, adjusted operating income amounted to € 219 M, 99% higher year-on-year. The improved results are the consequence of the increased margin and volume in LNG commercial operations, both in the assets sold to Shell and in the North American assets.
  - In **Downstream**, CCS adjusted operating income amounted to € 18 M, 94% lower than the same quarter in 2012. Better results of the commercial businesses could not offset weaker performance in Refining and Chemicals, highly affected by maintenance shutdowns.
  - In **Gas Natural Fenosa**, adjusted operating income amounted to € 210 M, 7% lower year-on-year. The difference is essentially caused by the lower results from the electrical business in Spain, affected by taxation and by the new regulation approved in July 2013.
  - **Net financial debt of the Group including preference shares and excluding Gas Natural Fenosa**, stood at the end of the fourth quarter of 2013 at € 5,358 M, which is € 1,759 M and € 2,074 M less quarter-on-quarter and year-on-year, respectively, essentially as a result of the LNG assets sale. The transaction was completed on 1 January 2014, with an additional cash inflow of € 513 M. The net debt to capital employed ratio, including preference shares and excluding Gas Natural Fenosa, stood at the end of 2013 at 16.3%. Without taking into consideration capital employed from discontinued operations, the ratio was 19.3%.
  - **The Repsol Group, excluding Gas Natural Fenosa, had a liquidity position** of € 9,282 M at 31 December 2013 (including committed and unused credit lines), sufficient to cover 2.7 times short-term debt maturities.

## 1.- BREAKDOWN OF RESULTS BY BUSINESS AREA

### 1.1.- UPSTREAM

#### Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12		Jan- Dec 2012	Jan-Dec 2013	% Variation 13/12
407	384	212	-47.9	<b>OPERATING INCOME (M€)</b>	2,208	1,757	-20.4
492	400	211	-57.1	<b>ADJUSTED OPERATING INCOME (M€)</b>	2,303	1,793	-22.1
145	135	121	-16.6	<b>LIQUIDS PRODUCTION</b> (Thousand boepd)	142	139	-2.1
1,137	1,172	1,123	-1.2	<b>GAS PRODUCTION (*)</b> (Million scf/d)	1,068	1,163	8.9
347	344	321	-7.5	<b>TOTAL PRODUCTION</b> (Thousand boepd)	332	346	4.0
801	558	608	-24.1	<b>OPERATING INVESTMENTS (M€)</b>	2,423	2,317	-4.4
145	166	293	102.1	<b>EXPLORATION EXPENSE (M€)</b>	611	654	7.0

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	INTERNATIONAL PRICES	Jan- Dec 2012	Jan-Dec 2013	% Variation 13/12
110.1	110.3	109.2	-0.8	<b>Brent (\$/Bbl)</b>	111.7	108.7	-2.7
88.2	105.8	97.6	10.7	<b>WTI (\$/Bbl)</b>	94.1	98	4.1
3.4	3.6	3.6	5.9	<b>Henry Hub (\$/MBtu)</b>	2.8	3.7	32.1
1.30	1.32	1.36	4.6	<b>Average exchange rate (\$/€)</b>	1.28	1.33	3.9

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	REALISATION PRICES	Jan- Dec 2012	Jan-Dec 2013	% Variation 13/12
89.8	89.0	85.6	-4.7	<b>OIL (\$/Bbl)</b>	89.0	88.7	-0.3
3.9	3.8	4.1	5.1	<b>GAS (\$/Thousands scf)</b>	3.7	4.0	8.1

(\*)1,000 Mcf/d = 28.32 Mm3/d = 0.178 Mbboed

**Adjusted operating income** in the fourth quarter of 2013 amounted to € 211 M, 57% lower year-on-year.

The reduction in the adjusted operating income in the fourth quarter of 2013 compared with the same period of the previous year is essentially explained by lower production volumes in Libya and higher exploration costs. These effects could not offset the start-up and increase in production of the key projects.

The main factors explaining the results are the following:

- Lower sales, essentially of liquids in Libya, had a negative impact of € 166 M.
- The exploration costs, due to higher amortization of wells, have lowered the result by € 159 M. This increase in costs was essentially caused by the amortisation of the discoveries of Abaré (2013), Abaré West (2009), Iguazú (2009) and Iguazú Mirim (2013) since they were not included in the ringfence of the Declaration of Comerciality of Carioca Area (December 19, 2013).
- The depreciation of the dollar against the euro had a negative effect of € 19 M.
- Lower amortizations, mainly due to less production in Libya and in Trinidad and Tobago, have increased the result by € 49 M.

- Crude and gas realisation prices, net of royalties, had a positive impact of € 16 M.
- Other costs, mainly due to the incorporation of new assets, explain the difference.

Fourth quarter **production** reached 321 Kboe/d, 8% lower year-on-year. The start-up of Sapinhoa in Brazil (January 2013), of the new assets in Russia: TNO (December 2012) and SK (February 2013), and of Lubina and Montanazo in Spain (October 2012), as well as the higher volumes from Midcontinent in USA, and from the start-up of Phase II of Margarita-Huacaya in Bolivia (September 2013), could not offset the disruption of production in Libya (suspended since October 27) and Shenzi's shutdown due to Hurricane Karen in the Gulf of Mexico.

### January – December 2013 Results

**Adjusted operating income** in 2013 amounted to € 1,793 M, 22% lower than that of 2012. The improvement in the results due to the production start-up of the key projects could not offset the lower contribution of Libya, higher exploration expenses and the depreciation of the dollar.

**Average production** in 2013 (346 Kboe/d) was 4% higher than that of 2012 (332 Kboe/d). The start-up of five of the ten key projects and the fewer maintenance shutdowns in Trinidad and Tobago could offset the disruptions in Libya, over a hundred days during the year, and the sale of the 20% stake in Block 16 in Ecuador. The average **production** in 2013 would have been 8% higher than that of 2012 if operations in Libya had been normal.

### Operating Investments

**Operating investments in the fourth quarter of 2013** in the Upstream amounted to € 608 M, 24% lower than in the same period in 2012. Development investments represented 72% of the total and were mainly in the United States (28%), Venezuela (26%), Trinidad and Tobago (13%), Brazil (13%), Bolivia (8%) and Peru (5%). Exploration investments, representing 19% of total investments, were essentially in Brazil (35%), the United States (28%), Mauritania (11%) and Canada (11%).

**Operating investments in 2013** in the Upstream division amounted to € 2,317 M, 4% lower than those in 2012. Development investments represented 71% of the total, and were mainly in the United States (34%), Venezuela (17%), Brazil (15%), Trinidad and Tobago (12%), Bolivia (9%) and Peru (5%). Exploration investments represented 24% of the total and were essentially in the United States (26%), Brazil (21%), Norway (9%), Canada (8%), Iraq (8%) and Ireland (7%).

**1.2.- LNG**
Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12		Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
110	129	349	217.3	<b>OPERATING INCOME (M€) <sup>(1)</sup></b>	535	959	79.3
110	129	219	99.1	<b>ADJUSTED OPERATING INCOME (M€) <sup>(1)</sup></b>	535	829	55.0
43.2	49.8	52.3	21.1	<b>ELECTRICITY PRICES IN THE SPANISH ELECTRICITY POOL (€/MWh)</b>	47.3	44.2	-6.6
99.1	95.8	113.4	14.4	<b>LNG SALES (TBtu)</b>	404.6	439.2	8.6
9	8	11	22.2	<b>OPERATING INVESTMENTS (M€)</b>	35	30	-14.3

1 TBtu= 1,000,000 MBtu

1 bcm= 1,000 Mm<sup>3</sup>= 39.683 TBtu

(1) Proforma figures in accordance with the terms set out at the start of this Note.

**Adjusted operating income** in the fourth quarter of 2013 was € 219 M, 99% higher than the € 110 M of the same quarter in 2012.

The improved results are mainly due to better margins and commercialisation volumes, both in the assets sold to Shell and in the assets in North America. Operating result of the North America businesses was € 35 M this quarter.

On 31 December 2013, after obtaining permits and approvals and having met other conditions precedent provided for in the agreement, **the sale to Shell was materialised of the main LNG purchase and supply contracts, as well as minority interests in the Atlantic LNG and Peru LNG businesses**, amounting to € 2,446 M that generated a gain after tax of € 1,189 M. On 1 January 2014, and after obtaining the necessary approvals, the sale of Repsol Comercializadora de Gas, S.A., whose basic activities are marketing, transportation and trading, was completed for approximately USD 730 M. The transaction generated a gain after tax of € 328 M, recognised in the financial statements of 2014. On 11 October 2013, Repsol sold its 25% stake in the Bahía de Bizkaia Electricidad (BBE) combined cycle power plant to BP for € 135 M and generated a gain after tax of € 74 M. This asset, initially included within the perimeter of the sale to Shell, was finally transferred to BP after it exercised its right of first refusal.

Following the agreement of sale of assets to Shell, **Repsol will retain the main LNG business assets with the Canaport regasification plant and pipelines in Canada and the United States**. The inability to continue managing these assets together with others already transferred to Shell, has prompted the company to rethink the applicable business models for managing them and has led to cautious provisions reflecting their potential loss in value, for a total amount of € 1,105 M after tax.

**January – December 2013 Results**

**Adjusted operating income for 2013** amounted to € 829 M, an increase of 55% compared to 2012. This increase is mainly explained by the better margins and volumes of LNG commercialised in the assets sold to Shell, and the better margins in the North American assets. The operating income of the North American businesses was € 185 M, € 248 M higher year-on-year.

**Operating Investments**

**Operating investments** in the fourth quarter and full year 2013 in the LNG business amounted to € 11 M and € 30 M, respectively. These investments are mainly maintenance investments.



**1.3.- DOWNSTREAM**
Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12		Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
235	124	-109	-	<b>CCS OPERATING INCOME</b> (M€)	1,012	326	-67.8
326	143	18	-94.5	<b>CCS ADJUSTED OPERATING INCOME</b> (M€)	920	491	-46.6
4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12		Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
120	169	-206	-	<b>OPERATING INCOME</b> (M€)	1,013	42	-95.9
211	188	-79	-	<b>ADJUSTED OPERATING INCOME</b> (M€)	921	207	-77.5
82.7	80.9	71.7	-11.0	<b>DISTILLATION UTILISATION (%)</b>	74.3	78.1	3.8
98.6	101.1	94.4	-4.2	<b>CONVERSION CAPACITY UTILISATION (%)</b>	89.5	98.7	9.1
11,648	11,140	10,747	-7.7	<b>OIL PRODUCT SALES</b> (Thousand tons)	42,744	43,177	1.0
636	613	527	-17.1	<b>PETROCHEMICAL PRODUCT SALES</b> (Thousand tons)	2,308	2,337	1.3
641	525	666	3.9	<b>LPG SALES</b> (Thousand tons)	2,537	2,464	-2.9
216	139	297	37.5	<b>OPERATING INVESTMENTS</b> (M€)	666	656	-1.5
4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	<b>REFINING MARGIN INDICATOR</b> (\$/Bbl)	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
6.3	2.6	4.1	-34.9	<b>Spain</b>	5.3	3.3	-37.7

**CCS adjusted operating income** in the fourth quarter of 2013 was € 18 M, 94% lower than the same quarter of 2012.

The downturn in the CCS adjusted operating income for the fourth quarter of 2013 compared with the same period of 2012 is explained by the following effects:

- In **Refining**, lower refining margins, mainly due to the narrower spread between products and Brent, and lower utilisation, due to higher maintenance, had a negative impact of € 207 M.
- In **Chemicals**, lower petrochemical margins and lower utilisation, as a result of the maintenance shutdown at the Tarragona cracker, had a negative impact on income of € 48 M. We took the advantage of this multiannual procedure (it must be undertaken every 5 years) to implement improvements on the cracker's turbines in order to enhance efficiency.
- The result of the commercial businesses, **LGP and Marketing**, was in line with that of the previous year. It is worth mentioning that volume sales in the Spain Marketing business increased by 3% during the quarter.
- Results in Trading and other activities explain the difference.

**January – December 2013 Results**

**CSS adjusted operating income** amounted to € 491 M in 2013, 47% lower than the previous year, mainly as a consequence of lower refining margins and worse results in chemicals due to maintenance shutdowns.

**Operating Investments**

**Operating investments** in the Downstream area amounted to € 297 M during the fourth quarter of 2013. Investments in 2013 amounted to € 656 M.

## 1.4.- GAS NATURAL FENOSA

### Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12		Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
219	218	207	-5.5	<b>OPERATING INCOME (M€)</b>	920	889	-3.4
226	223	210	-7.1	<b>ADJUSTED OPERATING INCOME (M€)</b>	930	925	-0.5
157	92	174	10.8	<b>OPERATING INVESTMENTS (M€)</b>	432	444	2.8

**Adjusted operating income** in the fourth quarter of 2013 amounted to € 210 M, compared to € 226 M in the same period of the previous year, 7% lower year-on-year.

The reduction is mainly due to lower results from the electrical business in Spain, affected by the increased tax burden and new regulations approved in July 2013.

### January – December 2013 Results

**Adjusted operating income** amounted to € 925 M in 2013, in line with the previous year's results. Lower results from the power business in Spain, affected by the increased tax burden and new regulations, were offset by the increased gas wholesale market margins and better results in Latin America.

### Operating Investments

**Operating investments** in Gas Natural Fenosa during the fourth quarter and full year 2013 amounted to € 174 M and € 444 M respectively. Material investments essentially focused on gas distribution and power operations, both in Spain and Latin America.

## 1.5.- CORPORATE AND OTHER

This caption includes the operating expenses of the Corporation and activities not charged to the businesses, along with inter-segment consolidation adjustments.

In the fourth quarter of 2013 an adjusted expense of € 54 M was recorded compared to the € 101 M expense in the same period of the previous year. The difference in the results is mainly due to the valuation of the CO<sub>2</sub> emission rights portfolio.

## 2.- FINANCIAL INCOME/CHARGES AND DEBT (\*)

(\*) This section sets out the data on the financial results and financial situation of the Group, excluding Gas Natural Fenosa. The data corresponding to the Consolidated Group is provided in the fourth quarter 2013 results tables (page 24 of this Earnings Release). According to IFRS-EU accounting principles, the net income/charges from the LNG business included in the sale transaction, as well as the capital gains and provisions associated, and cash flows, must be set out in the captions covering discontinued operations. Evolution of net debt and the income statement as set out below incorporates the effects in accordance with their nature under the captions for continued operations.

### Unaudited figures

BREAKDOWN OF NET DEBT + PREFERENCE SHARES(M€) GROUP, EX GAS NATURAL FENOSA	3Q2013	4Q2013	% variation	Jan-Dec 13
			4Q13/3Q13	
<b>NET DEBT + PREFERENCE SHARES EX GAS NATURAL FENOSA AT THE BEGINNING OF THE PERIOD</b>	<b>6,320</b>	<b>7,117</b>	<b>12.6</b>	<b>7,432</b>
EBITDA	-1,183	-929	-21.5	-4,694
VARIATION IN TRADE WORKING CAPITAL	537	-141	-	493
INCOME TAX COLLECTIONS / PAYMENTS	322	266	-17.4	1,136
INVESTMENTS (1)	741	937	26.5	3,212
DIVESTMENTS (1)	-20	-117	485.0	-272
DIVIDENDS PAID AND OTHER PAYOUTS	232	0	-	470
OWN SHARES TRANSACTIONS	-6	17	-	-1,014
TRANSLATION DIFFERENCES	98	34	-65.3	123
INTEREST EXPENSE AND OTHER MOVEMENTS (2)	67	-12	-	263
ASSOCIATED EFFECTS TO LNG SALE AT THE CLOSE OF THE PERIOD (3)	0	-1,890	-	-1,890
ASSOCIATED EFFECTS TO PETERSEN'S LOANS	9	76	744.4	99
<b>NET DEBT + PREFERENCE SHARES AT THE END OF THE PERIOD</b>	<b>7,117</b>	<b>5,358</b>	<b>-24.7</b>	<b>5,358</b>
<b>Debt ratio (4)</b>				
CAPITAL EMPLOYED (M€)	29,953	27,714	-7.4	27,714
<b>NET DEBT + PREFERENCE SHARES/ CAPITAL EMPLOYED (%)</b>	<b>23.8</b>	<b>19.3</b>	<b>-18.9</b>	<b>19.3</b>
ROACE before non-adjusted items (%)	6.9	3.9	-43.4	7.1
<b>EBITDA / NET DEBT + PREFERENCE SHARES (x)</b>	<b>0.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.9</b>

(1) At 31 December 2013, there are financial investments amounting to € 22 M and financial divestments amounting to € 42 M not reflected in this table. These amounts do not include LNG divestment proceeds.

(2) This essentially includes interest on debt, dividends collected and provisions applied.

(3) Includes incoming cash flows resulting from the sale of LNG assets (€ 2,581 M), partially offset by the de-consolidation of the financing in place at the companies included within the sales process and of the cash generated by these companies up to the date of sale.

(4) The capital employed shown excludes that corresponding to discontinued operations. Including this, the ratio of net debt with preference stock over capital employed at 31 December 2013 would stand at 16.3%. Likewise, the ROACE presented does not include the result or capital employed in discontinued operations.

**Net financial debt of the Group including preference shares and excluding Gas Natural Fenosa**, was € 5,358 M at the end of the fourth quarter of 2013, which is € 1,759 M and € 2,074 M less quarter-on-quarter and year-on-year, respectively, essentially as a result of the LNG assets sale. The transaction was completed on 1 January 2014, with an additional cash inflow of € 513 M.

At 31 December 2013, the Repsol Group, excluding Gas Natural Fenosa, had a liquidity position of € 9,282 M (including committed and unused credit lines), sufficient to cover 2.7 times short-term debt maturities. The net debt to capital employed ratio, including preference shares and excluding Gas Natural Fenosa, was 16.3% at the end of 2013. Without taking into consideration capital employed from discontinued operations, the ratio was 19.3%.

Unaudited figures

LIQUIDITY POSITION (M€) - GROUP, EX GAS NATURAL FENOSA	3Q 2013	4Q 2013
CASH AND CASH EQUIVALENTS	3,117	6,159
COMMITTED AND UNUSED CREDIT LINES	3,873	3,123
<b>TOTAL LIQUIDITY</b>	<b>6,990</b>	<b>9,282</b>

Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	FINANCIAL INCOME/EXPENSES OF THE GROUP (M€)	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
-112	-90	-94	-16.1	NET INTEREST EXPENSE (incl. preference shares)	-434	-404	-6.9
10	-5	-27	-	HEDGING POSITIONS INCOME/EXPENSE	34	-52	-
-24	-19	-25	4.2	UPDATE OF PROVISIONS	-63	-97	54.0
80	34	36	-55.0	CAPITALISED INTEREST	131	136	3.8
-89	-47	-61	-31.5	OTHER FINANCIAL INCOME/EXPENSES	-263	-145	-44.9
<b>-135</b>	<b>-127</b>	<b>-171</b>	<b>26.7</b>	<b>TOTAL</b>	<b>-595</b>	<b>-562</b>	<b>-5.5</b>

The Group's net financial expenses, excluding Gas Natural Fenosa, at 31 December 2013 was € 562 M, 5% lower than the result of the same period of the previous year, the repurchase of the preference shares had a positive impact, partially offset by the effect of the exchange differences mainly related to the Euro/dollar position.

### **3.- OTHER CAPTIONS IN THE PROFORMA PROFIT AND LOSS ACCOUNT**

#### **3.1.- TAXES**

The effective tax rate, excluding the earnings of unconsolidated affiliates, in 2013 was 43%, and the accrued tax expense totalled € 1,096 M. The effective tax rate is lower as compared to the same period of the previous year (46%) mainly due to lower contribution to results of businesses with higher tax rate such as Libya.

#### **3.2.- EQUITY ON EARNINGS OF UNCONSOLIDATED AFFILIATES**

Unaudited figures

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	BREAKDOWN OF UNCONSOLIDATED AFFILIATES (M€)	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
9.5	8.4	1.5	-84.2	UPSTREAM	26.8	25.6	-4.5
12.3	13.2	15.8	28.9	LNG	69.6	74.4	7.0
1.7	5.8	2.7	55.2	DOWNSTREAM	17.3	20.2	16.5
0.0	0.6	0.1	-	Gas Natural Fenosa	3.1	2.1	-32.3
<b>23.5</b>	<b>28.0</b>	<b>20.1</b>	<b>-14.5</b>	<b>TOTAL</b>	<b>116.8</b>	<b>122.3</b>	<b>4.7</b>

The result of unconsolidated affiliates amounted to € 20 M in the fourth quarter of 2013, 14% lower compared to the € 24 M in the same quarter of the previous year, mainly as a consequence of the lower results in the Upstream due to Transportadora de Gas del Perú S.A. and Guará B.V.

#### **3.3.- MINORITY INTERESTS**

The adjusted result attributed to minority interests in the fourth quarter of 2013 was at € 1 M compared with € 19 M in the fourth quarter of 2012, mainly due to the poor results obtained in Pampilla.

This caption essentially covers the minority holdings in La Pampilla refinery in Peru and the Petronor refinery in Bilbao, and those recorded through the stake in Gas Natural Fenosa.

## **4.- HIGHLIGHTS**

The most significant Company-related events that have taken place since the publication of third quarter 2013 results are as follows:

In **Upstream**, on 19 December 2013, the consortium submitted to the ANP the Declaration of Commerciality for the Carioca oil accumulation, including the northeast and southwest regions on the Evaluation Plan and returning the southeast region, which includes the Abaré, Abaré West, Iguazú North and Iguazú South prospects, to the ANP.

On 20 December 2013, Repsol announced it had begun production at the Margarita 6 well in the south of Bolivia which, with six million cubic metres of gas per day, is the most productive well in the history of the country and of the whole Sub-Andean basin, which extends to Bolivia, Argentina and Peru. This well belongs to the second phase of Margarita-Huacaya, which increases its total production to 15 million cubic meters of gas a day.

On 31 January 2014, Repsol reached an agreement with Enagás to sell its 10% stake in the Transportadora de Gas del Perú pipeline for approximately USD 219 M. This transaction will generate estimated net capital gains of nearly USD 75 M.

In **GNL**, on 2 January 2014, Repsol announced it had completed the sale of LNG assets with the transferal to Shell of assets in Peru and Trinidad & Tobago. Previously Repsol had sold its stake in Bahia Bizkaia Electricidad (BBE) to BP. With these agreements, Repsol has received approximately USD 4.3 Bn and has shed financial commitments and non-consolidated debt. Furthermore the agreements significantly strengthen Repsol's balance sheet and liquidity with a reduction in net debt of USD 3.3 Bn. With this sale closure, the company surpasses the divestment commitment outlined in the 2012.2016 Strategic Plan.

In **Downstream**, on 14 October 2013, The Minister of Public Works, Ana Pastor and Repsol Chairman, Antonio Brufau, presided the signing of the agreement to transfer the company's operations to the new outer port in A Coruña. Repsol will invest more than € 120 M to gradually transfer its current operations of crude oil and solids (coke and sulphur) from the inland port to the new outer port. Crude oil represents more than half of the traffic generated by the company in the port of Coruña, 4 million tons in 2012, about 60% of the total cargo loaded and unloaded by Repsol in A Coruña.

In **Corporation**, on 26 November 2013, in light of the conversations underway with the Argentine government with a view to reaching a rapid, adequate and effective solution to the ongoing controversy, and on the basis of the fact that Repsol is seeking certain and monetary compensation of USD 5,000 M, the Group has recognized an impairment charge on its equity interests in YPF S.A. and YPF Gas S.A..

On 27 November 2013, The Board of Directors has approved the payment of a remuneration to its shareholders in the framework of the Repsol Flexible Dividend Program and in replacement of the interim dividend of 2013, equivalent to € 0.50 gross per share under a scrip dividend scheme and subject to the applicable rounding in accordance with the formula approved by the Annual General Shareholders' Meeting held on May 31, 2013. To this end, and in accordance with the duties conferred by the Shareholders' Meeting, the Board has approved today the timetable for the execution of the paid-up capital increase approved by the Shareholders' Meeting under item 7th of the Agenda and to fix the reference value of the capital increase ("Amount of the Alternative Option") at € 651,235,954.

On 9 December 2013, Repsol was acknowledged as one of the best companies in the world in terms of the quality and the presentation of its corporate responsibility report, according to a survey by consulting company KPMG. In addition to this, the Spanish company has been chosen as one of the 10 best companies in the world in this sense, and is also the Spanish company with the best marks in the survey.

On 18 December 2013, following the resolutions approved on November 27, 2013, the Board of Directors of the Company has agreed to implement the capital increase. The number of free-of-charge allocation rights needed to receive one new share is 37 and the guaranteed price of Repsol's purchase commitment of rights (the "Purchase Commitment") is 0.477 euro gross per right.

On 10 January 2014, Repsol reported the end of the trading period of the free-of-charge allocation rights corresponding to the paid up capital increase. Holders of 62.62% of free-of-charge allocation rights (a total of 815,632,181 rights) opted to receive new shares of Repsol, therefore 22,044,113 of new shares of one (1) euro par value were issued, representing an increase of approximately 1.69% of the share capital of Repsol before the capital increase. Moreover, during the period established for that purpose, holders of 37.38% of free-of-charge

allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol. Consequently, Repsol acquired 486,839,688 rights for a total amount of € 232,222,531.18. Repsol waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the mentioned commitment.

On 14 January 2014, Repsol informed of the launch of the Share Acquisition Plan 2014, approved by the Annual General Shareholders' Meeting held on May 31st, 2012 under point 9th of the Agenda and addressed to Repsol Group's employees in Spain with indefinite duration contract that meet the requirements of its general conditions and who voluntary decide to opt for the same.

On 21 February 2014, Repsol announced that at year-end 2013, due to the heads of agreement announced in November in relation to the shares of YPF S.A. and YPF Gas S.A. subject to the expropriation process, the value of the expropriated shares has been adjusted to USD 5,000 M. Therefore, an impairment of € 1,279 M after tax, will be recorded in the full-year 2013 results.

On 25 February 2014, Repsol's Board of Directors resolved:

- Regarding shareholder remuneration and within points fifth and sixth of the Agenda, the Board of Directors of Repsol, S.A. has agreed to propose to the General Shareholders Meeting continuing with the "Repsol Flexible Dividend" Program in substitution of the final dividend 2013 and the interim dividend 2014. In particular, the Board has approved submitting to the Annual General Shareholders' Meeting under point fifth of the Agenda and in substitution of the final dividend 2013, a remuneration, under the scrip dividend formula, equivalent to 0.50 euro per share.
- In addition, and with the aim of improving and complementing the shareholders' remuneration policy, the Board of Directors has agreed to propose to the General Shareholders' Meeting, under point seventh of the agenda, a reduction in the share capital by means of acquisition of a maximum of 27,152,600 treasury shares (representing a 2.05% of the share capital) through a buy-back programme, for the retirement thereof, with a maximum investment amount of 500 million shares.
- Submission for ratification of the General Shareholders' Meeting of the *Convenio de Solución Amigable y Avenimiento de Expropiación* executed between Repsol, S.A. and the Republic of Argentina, addressed to end the controversy over the expropriation of the controlling stake of Repsol, S.A. and its subsidiaries in YPF, S.A. and YPF Gas, S.A.

**Madrid, 25 February 2014**

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A teleconference for analysts and institutional investors is scheduled for tomorrow, 26 February, at 13:00 a.m. (CET) to report on Repsol's 2013 full year results.

The teleconference can be followed live at Repsol's website ([www.repsol.com](http://www.repsol.com)). A recording of the entire event will be available for at least one month at the company's website [www.repsol.com](http://www.repsol.com) for investors and any interested party.



TABLES



PROFORMA RESULTS 4Q 2013

**REPSOL PROFORMA OPERATING INCOME BASED ON ITS MAIN COMPONENTS (\*)**
**(Million euros)**

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-DECEMBER	
	4Q12	3Q13	4Q13	2012	2013
<b>EBITDA</b> .....	<b>1,551</b>	<b>1,553</b>	<b>1,301</b>	<b>6,956</b>	<b>6,230</b>
Operating revenue.....	14,906	14,775	15,709	59,593	59,728
Operating income.....	743	844	508	4,286	3,343
Financial expenses.....	(202)	(192)	(237)	(857)	(814)
Share in income of companies carried by the equity method - net of taxes.....	24	28	20	117	122
<b>Income before income tax</b> .....	<b>565</b>	<b>680</b>	<b>291</b>	<b>3,546</b>	<b>2,651</b>
Income tax.....	(311)	(277)	(102)	(1,581)	(1,096)
<b>Income from continued operations</b> .....	<b>254</b>	<b>403</b>	<b>189</b>	<b>1,965</b>	<b>1,555</b>
Income attributed to minority interests for continued operations.....	(19)	(19)	(1)	(75)	(38)
<b>NET INCOME FROM CONTINUED OPERATIONS</b> .....	<b>235</b>	<b>384</b>	<b>188</b>	<b>1,890</b>	<b>1,517</b>
Income from discontinued operations .....	29	2	(1,280)	170	(1,322)
<b>Net Income</b> .....	<b>264</b>	<b>386</b>	<b>(1,092)</b>	<b>2,060</b>	<b>195</b>

Earnings per share accrued by parent company (\*)

* Euro/share .....	0.21	0.29	(0.83)	1.64	0.15
* \$/ADR .....	0.28	0.39	(1.14)	2.17	0.20

(\*) Under International Financial Reporting Standards, the net income generated by the LNG assets and business included in the sale agreement signed with Shell in February 2013, as well as the capital gains and provisions associated to the sale, must be booked in the captions covering discontinued operations, both in 2012 and 2013. Results presented in this profit and loss account includes are proforma and are included according to their nature as income from continued operations.

(\*\*) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in July 2012, January 2013, July 2013 and January 2014, accordingly, share capital is currently represented by 1,324,516,020 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. The average number of outstanding shares was 1,254,693,972 in 2012 and 1,312,890,612 in 2013.

Dollar/euro exchange rate at date of closure of each quarter:  
 1.319 dollars per euro in 4Q12  
 1.350 dollars per euro in 3Q13  
 1.379 dollars per euro in 4Q13

**REPSOL PROFORMA OPERATING INCOME BY RECURRENT AND NON RECURRENT ITEMS (\*)**

(Million euros)

(Unaudited figures)

	4Q12			JANUARY - DECEMBER 2012		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>743</b>	<b>(195)</b>	<b>938</b>	<b>4,286</b>	<b>(36)</b>	<b>4,322</b>
Upstream.....	407	(85)	492	2,208	(95)	2,303
LNG.....	110	-	110	535	-	535
Downstream.....	120	(91)	211	1,013	92	921
Gas Natural Fenosa.....	219	(7)	226	920	(10)	930
Corporate and others.....	(113)	(12)	(101)	(390)	(23)	(367)
Financial expenses.....	(202)	(38)	(164)	(857)	(50)	(807)
Share in income of companies carried by the equity method - net of taxes.....	24	-	24	117	-	117
<b>Income before income tax.....</b>	<b>565</b>	<b>(233)</b>	<b>798</b>	<b>3,546</b>	<b>(86)</b>	<b>3,632</b>
Income tax.....	(311)	-	(340)	(1,581)	10	(1,591)
<b>Income from continued operations.....</b>	<b>254</b>	<b>(204)</b>	<b>458</b>	<b>1,965</b>	<b>(76)</b>	<b>2,041</b>
Income attributed to minority interests for continued operations.....	(19)	-	(19)	(75)	-	(75)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>235</b>	<b>(204)</b>	<b>439</b>	<b>1,890</b>	<b>(76)</b>	<b>1,966</b>
Income from discontinued operations.....	29	29	-	170	170	-
<b>Net Income.....</b>	<b>264</b>	<b>(175)</b>	<b>439</b>	<b>2,060</b>	<b>94</b>	<b>1,966</b>

  

	3Q13			JANUARY - SEPTEMBER 2013		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>844</b>	<b>(41)</b>	<b>885</b>	<b>2,835</b>	<b>(111)</b>	<b>2,946</b>
Upstream.....	384	(16)	400	1,545	(37)	1,582
LNG.....	129	-	129	610	-	610
Downstream.....	169	(19)	188	248	(38)	286
Gas Natural Fenosa.....	218	(5)	223	682	(33)	715
Corporate and others.....	(56)	(1)	(55)	(250)	(3)	(247)
Financial expenses.....	(192)	(1)	(191)	(577)	2	(579)
Share in income of companies carried by the equity method - net of taxes.....	28	1	27	102	(1)	103
<b>Income before income tax.....</b>	<b>680</b>	<b>(41)</b>	<b>721</b>	<b>2,360</b>	<b>(110)</b>	<b>2,470</b>
Income tax.....	(277)	8	(285)	(994)	(10)	(984)
<b>Income from continued operations.....</b>	<b>403</b>	<b>(33)</b>	<b>436</b>	<b>1,366</b>	<b>(120)</b>	<b>1,486</b>
Income attributed to minority interests for continued operations.....	(19)	-	(19)	(37)	-	(37)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>384</b>	<b>(33)</b>	<b>417</b>	<b>1,329</b>	<b>(120)</b>	<b>1,449</b>
Income from discontinued operations.....	2	2	-	(42)	(42)	-
<b>Net Income.....</b>	<b>386</b>	<b>(31)</b>	<b>417</b>	<b>1,287</b>	<b>(162)</b>	<b>1,449</b>

  

	4Q13			JANUARY - DECEMBER 2013		
	Total	Non recurrent	Adjusted	Total	Non recurrent	Adjusted
<b>Income from continuous operations before financial expenses.....</b>	<b>508</b>	<b>1</b>	<b>507</b>	<b>3,343</b>	<b>(110)</b>	<b>3,453</b>
Upstream.....	212	1	211	1,757	(36)	1,793
LNG.....	349	130	219	959	130	829
Downstream.....	(206)	(127)	(79)	42	(165)	207
Gas Natural Fenosa.....	207	(3)	210	889	(36)	925
Corporate and others.....	(54)	-	(54)	(304)	(3)	(301)
Financial expenses.....	(237)	(29)	(208)	(814)	(27)	(787)
Share in income of companies carried by the equity method - net of taxes.....	20	(1)	21	122	(2)	124
<b>Income before income tax.....</b>	<b>291</b>	<b>(29)</b>	<b>320</b>	<b>2,651</b>	<b>(139)</b>	<b>2,790</b>
Income tax.....	(102)	30	(132)	(1,096)	20	(1,116)
<b>Income from continued operations.....</b>	<b>189</b>	<b>1</b>	<b>188</b>	<b>1,555</b>	<b>(119)</b>	<b>1,674</b>
Income attributed to minority interests for continued operations.....	(1)	-	(1)	(38)	-	(38)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>188</b>	<b>1</b>	<b>187</b>	<b>1,517</b>	<b>(119)</b>	<b>1,636</b>
Income from discontinued operations.....	(1,280)	(1,280)	-	(1,322)	(1,322)	-
<b>Net Income.....</b>	<b>(1,092)</b>	<b>(1,279)</b>	<b>187</b>	<b>195</b>	<b>(1,441)</b>	<b>1,636</b>

(\*) Under International Financial Reporting Standards, the net income generated by the LNG assets and business included in the sale agreement signed with Shell in February 2013, as well as the capital gains and provisions associated to the sale, must be booked in the captions covering discontinued operations, both in 2012 and 2013. Results presented in this profit and loss account includes are proforma and are included according to their nature as income from continued operations.

**BREAKDOWN OF REPSOL PROFROMA OPERATING INCOME**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS (\*)**

**(Million euros)**

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-DECEMBER	
	4Q12	3Q13	4Q13	2012	2013
<b>Upstream</b> .....	<b>407</b>	<b>384</b>	<b>212</b>	<b>2,208</b>	<b>1,757</b>
USA and Brazil.....	112	85	(63)	380	205
North of Africa .....	258	155	84	1,298	752
Rest of the World.....	37	144	191	530	800
<b>LNG</b> .....	<b>110</b>	<b>129</b>	<b>349</b>	<b>535</b>	<b>959</b>
<b>Downstream</b> .....	<b>120</b>	<b>169</b>	<b>(206)</b>	<b>1,013</b>	<b>42</b>
Europe .....	89	161	(166)	723	65
Rest of the World.....	31	8	(40)	290	(23)
<b>Gas Natural Fenosa</b> .....	<b>219</b>	<b>218</b>	<b>207</b>	<b>920</b>	<b>889</b>
<b>Corporate and others</b> .....	<b>(113)</b>	<b>(56)</b>	<b>(54)</b>	<b>(390)</b>	<b>(304)</b>
<b>TOTAL</b> .....	<b>743</b>	<b>844</b>	<b>508</b>	<b>4,286</b>	<b>3,343</b>

(\*) The data included in this section corresponds to the proforma income statement, ie, by incorporating by nature, as profit from continued operations results related to the sale of certain LNG assets.

## BREAKDOWN OF REPSOL PROFORMA EBITDA BY ACTIVITIES AND GEOGRAPHICAL AREAS (\*)

(Million of euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-DECEMBER	
	4Q12	3Q13	4Q13	2012	2013
<b>Upstream</b> .....	<b>770</b>	<b>699</b>	<b>630</b>	<b>3,438</b>	<b>3,054</b>
USA and Brazil.....	209	173	194	845	768
North of Africa .....	282	168	93	1,380	823
Rest of the World.....	279	358	343	1,213	1,463
 <b>LNG</b> .....	 <b>149</b>	 <b>173</b>	 <b>260</b>	 <b>720</b>	 <b>1,001</b>
 <b>Downstream</b> .....	 <b>322</b>	 <b>348</b>	 <b>80</b>	 <b>1,533</b>	 <b>863</b>
Europe.....	281	322	79	1,393	809
Rest of the World.....	41	26	1	140	54
 <b>Gas Natural Fenosa</b> .....	 <b>391</b>	 <b>371</b>	 <b>371</b>	 <b>1,537</b>	 <b>1,535</b>
 <b>Corporate and others</b> .....	 <b>(81)</b>	 <b>(38)</b>	 <b>(40)</b>	 <b>(272)</b>	 <b>(223)</b>
 <b>TOTAL</b> .....	 <b>1,551</b>	 <b>1,553</b>	 <b>1,301</b>	 <b>6,956</b>	 <b>6,230</b>

(\*) The data included in this section correspond to proforma EBITDA, i.e. by incorporating, according to their nature, the amounts related to the sale of certain LNG assets. These amounts are:

	QUARTERLY FIGURES			JANUARY-DECEMBER	
	4Q12	3Q13	4Q13	2012	2013
	131	156	203	716	727

**BREAKDOWN OF REPSOL PROFORMA OPERATING INVESTMENTS**  
**BY ACTIVITIES AND GEOGRAPHICAL AREAS (\*) (\*\*)**

(Million of euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	QUARTERLY FIGURES			JANUARY-DECEMBER	
	4Q12	3Q13	4Q13	2012	2013
<b>Upstream</b> .....	<b>801</b>	<b>558</b>	<b>608</b>	<b>2,423</b>	<b>2,317</b>
USA and Brazil.....	264	246	292	1,144	1,191
North of Africa .....	21	10	30	44	78
Rest of the World.....	516	302	286	1,235	1,048
<b>LNG</b> .....	<b>9</b>	<b>8</b>	<b>11</b>	<b>35</b>	<b>30</b>
<b>Downstream</b> .....	<b>216</b>	<b>139</b>	<b>297</b>	<b>666</b>	<b>656</b>
Europe.....	194	118	272	612	585
Rest of the World.....	22	21	25	54	71
<b>Gas Natural Fenosa</b> .....	<b>157</b>	<b>92</b>	<b>174</b>	<b>432</b>	<b>444</b>
<b>Corporate and others</b> .....	<b>34</b>	<b>17</b>	<b>17</b>	<b>165</b>	<b>53</b>
<b>TOTAL</b> .....	<b>1,217</b>	<b>814</b>	<b>1,107</b>	<b>3,721</b>	<b>3,500</b>

(\*) Includes investments accrued during the period regardless of having been paid or not. Does not include investments in "other financial assets".

(\*\*) The data included in this section reflect the proforma operating investments, i.e. by incorporating, according to their nature, the amounts related to the sale of certain LNG assets. These amounts are:

QUARTERLY FIGURES			JANUARY-DECEMBER	
4Q12	3Q13	4Q13	2012	2013
5	6	3	15	14

## PROFORMA FINANCIAL INCOME/CHARGES AND DEBT FOR THE CONSOLIDATED GROUP <sup>(\*)</sup>

(\*) This section sets out the data on the financial results and financial situation of the Group. According to IFRS-EU accounting principles, the net income/charges from the LNG business included in the sale transaction, as well as the capital gains and provisions associated, and cash flows, must be set out in the captions covering discontinued operations. Evolution of net debt and the income statement as set out below incorporates the effects in accordance with their nature under the captions for continued operations.

### Unaudited figures (IFRS)

NET DEBT (M€) + PREFERENCE SHARES (M€) – CONSOLIDATED GROUP	3Q2013	4Q2013	% variation	Jan-Dec 2013
			4Q13/3Q13	
<b>NET DEBT OF THE CONSOLIDATED GROUP AT THE START OF THE PERIOD</b>	<b>10,754</b>	<b>11,647</b>	<b>8.3</b>	<b>12,120</b>
EBITDA	-1,553	-1,301	-16.2	-6,230
VARIATION IN TRADE WORKING CAPITAL (1)	656	-140	-	674
INCOME TAX COLLECTIONS / PAYMENTS (1)	330	333	0.9	1,279
INVESTMENTS (2)	916	1,153	25.9	3,960
DIVESTMENTS (3)	-26	-292	-	-665
DIVIDENDS PAID AND OTHER PAYOUTS	232	15	-93.5	528
OWN SHARES TRANSACTIONS	-6	17	-	-1,014
TRANSLATION DIFFERENCES	79	18	-77.2	81
INTEREST EXPENSE AND OTHER MOVEMENTS	256	19	-92.5	713
ASSOCIATED EFFECTS TO LNG SALE AT THE CLOSE OF THE PERIOD (4)	0	-1,890	-	-1,890
ASSOCIATED EFFECTS TO PETERSEN'S LOANS	9	76	744.4	99
<b>NET DEBT + PREFERENCE SHARES AT THE CLOSE OF THE PERIOD</b>	<b>11,647</b>	<b>9,655</b>	<b>-17.1</b>	<b>9,655</b>

#### Debt ratio (5)

CAPITAL EMPLOYED (M€)	<b>34,953</b>	<b>32,483</b>	<b>-7.1</b>	<b>32,483</b>
<b>NET DEBT + PREFERENCE SHARES / CAPITAL EMPLOYED (%)</b>	<b>33.3</b>	<b>29.7</b>	<b>-10.8</b>	<b>29.7</b>
ROACE before non-recurrent items (%)	6.7	4.1	-38.8	6.8
<b>EBITDA / NET DEBT + PREFERENCE SHARES</b>	<b>0.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.6</b>

- (1) The difference between these figures and those presented in the Cash Flow Statement is explained by the LNG assets and businesses object to the sale process, whose cash flow is shown in the Cash Flow Statement as cash flow from discontinued operations. This difference amounts to € -172 M and € -386 M in "variation in trade working capital" and "income tax collections /payments" respectively.
- (2) At 31 December 2013, there are financial investments amounting to € 25 M not reflected in this table. Additionally, this table includes investments amounting to € 14 M, corresponding to the LNG businesses and assets object of the sale process, and that are included in the Statement of Cash flow in the caption covering discontinued operations.
- (3) At 31 December 2013, there are financial divestments amounting to € 47 M (out of which € 23 M correspond to financial assets which are part of the LNG businesses object of the sale process, and which are included in the Statement of Cash flow in the caption covering discontinued operations) not reflected in this table. Additionally, there are other divestments (non-financial) amounting to € 6 M, corresponding to the LNG businesses and assets object of the sale process, that are included in the Statement of Cash flow in the caption covering discontinued operations. These amounts do not include LNG divestment proceeds which are included in the caption "Associated effects to LNG sale at the close of the period".
- (4) Includes incoming cash flows resulting from the sale of LNG assets (€ 2,581 M), partially offset by the de-consolidation of the financing in place at the companies included within the sales process and of the cash generated by these companies up to the date of sale.
- (5) The capital employed excludes that corresponding to discontinued operations. Including this, the ratio of net debt with preference stock over capital employed at 31 December 2013 would amount to 25.7%. Likewise, the ROACE presented does not include the result or capital employed in discontinued operations.

Unaudited figures (IFRS)

4Q 2012	3Q 2013	4Q 2013	% Variation 4Q13/4Q12	FINANCIAL INCOME / EXPENSES CONSOLIDATED GROUP (M€)	Jan-Dec 2012	Jan-Dec 2013	% Variation 13/12
-171	-149	-155	-9.4	NET INTEREST EXPENSE (incl. preference shares)	-668	-642	-3.9
11	-5	-27	-	HEDGING POSITION INCOME / EXPENSE	36	-53	-
-35	-24	-30	-14.3	UPDATE OF PROVISIONS	-83	-115	38.6
82	36	38	-53.7	CAPITALISED INTEREST	135	142	5.2
-88	-50	-63	-28.4	OTHER FINANCIAL INCOME / EXPENSES	-277	-146	-47.3
<b>-202</b>	<b>-192</b>	<b>-237</b>	<b>17.3</b>	<b>TOTAL</b>	<b>-857</b>	<b>-814</b>	<b>-5.0</b>



**TABLES**



FINANCIAL STATEMENTS IFRS-EU  
4Q 2013

**CONCILIATION OF REPSOL PROFORMA RESULTS AND RESULTS UNDER IFRS-EU**

(Million euros)

(Unaudited figures)

	4Q12			JANUARY - DECEMBER 2012		
	Proforma Results	LNG Reclassification	Results under IFRS	Proforma Results	LNG Reclassification	Results under IFRS
Income from continuous operations before financial expenses.....	743	(115)	628	4,286	(620)	3,666
Financial expenses.....	(202)	22	(180)	(857)	47	(810)
Share in income of companies carried by the equity method - net of taxes.....	24	(13)	11	117	(70)	47
<b>Income before income tax.....</b>	<b>565</b>	<b>(106)</b>	<b>459</b>	<b>3,546</b>	<b>(643)</b>	<b>2,903</b>
Income tax.....	(311)	33	(278)	(1,581)	175	(1,406)
<b>Income from continued operations.....</b>	<b>254</b>	<b>(73)</b>	<b>181</b>	<b>1,965</b>	<b>(468)</b>	<b>1,497</b>
Income attributed to minority interests for continued operations.....	(19)	-	(19)	(75)	-	(75)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>235</b>	<b>(73)</b>	<b>162</b>	<b>1,890</b>	<b>(468)</b>	<b>1,422</b>
Income from discontinued operations .....	29	73	102	170	468	638
<b>Net Income.....</b>	<b>264</b>	<b>-</b>	<b>264</b>	<b>2,060</b>	<b>-</b>	<b>2,060</b>

  

	3Q13			JANUARY - SEPTEMBER 2013		
	Proforma Results	LNG Reclassification	Results under IFRS	Proforma Results	LNG Reclassification	Results under IFRS
Income from continuous operations before financial expenses.....	844	(134)	710	2,835	(458)	2,377
Financial expenses.....	(192)	21	(171)	(577)	40	(537)
Share in income of companies carried by the equity method - net of taxes.....	28	(14)	14	102	(59)	43
<b>Income before income tax.....</b>	<b>680</b>	<b>(127)</b>	<b>553</b>	<b>2,360</b>	<b>(477)</b>	<b>1,883</b>
Income tax.....	(277)	34	(243)	(994)	124	(870)
<b>Income from continued operations.....</b>	<b>403</b>	<b>(93)</b>	<b>310</b>	<b>1,366</b>	<b>(353)</b>	<b>1,013</b>
Income attributed to minority interests for continued operations.....	(19)	-	(19)	(37)	-	(37)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>384</b>	<b>(93)</b>	<b>291</b>	<b>1,329</b>	<b>(353)</b>	<b>976</b>
Income from discontinued operations .....	2	93	95	(42)	353	311
<b>Net Income.....</b>	<b>386</b>	<b>-</b>	<b>386</b>	<b>1,287</b>	<b>-</b>	<b>1,287</b>

  

	4Q13			JANUARY - DECEMBER 2013		
	Proforma Results	LNG Reclassification	Results under IFRS	Proforma Results	LNG Reclassification	Results under IFRS
Income from continuous operations before financial expenses.....	508	(314)	194	3,343	(772)	2,571
Financial expenses.....	(237)	19	(218)	(814)	59	(755)
Share in income of companies carried by the equity method - net of taxes.....	20	(15)	5	122	(74)	48
<b>Income before income tax.....</b>	<b>291</b>	<b>(310)</b>	<b>(19)</b>	<b>2,651</b>	<b>(787)</b>	<b>1,864</b>
Income tax.....	(102)	25	(77)	(1,096)	149	(947)
<b>Income from continued operations.....</b>	<b>189</b>	<b>(285)</b>	<b>(96)</b>	<b>1,555</b>	<b>(638)</b>	<b>917</b>
Income attributed to minority interests for continued operations.....	(1)	-	(1)	(38)	-	(38)
<b>NET INCOME FROM CONTINUED OPERATIONS.....</b>	<b>188</b>	<b>(285)</b>	<b>(97)</b>	<b>1,517</b>	<b>(638)</b>	<b>879</b>
Income from discontinued operations .....	(1,280)	285	(995)	(1,322)	638	(684)
<b>Net Income.....</b>	<b>(1,092)</b>	<b>-</b>	<b>(1,092)</b>	<b>195</b>	<b>-</b>	<b>195</b>

**REPSOL BALANCE SHEET**

(Million euros)

(Unaudited figures)

Compiled in accordance with International Financial Reporting Standards

	DECEMBER	DECEMBER
	2012	2013
<b>NON-CURRENT ASSETS</b>		
Goodwill.....	2,678	2,648
Other intangible assets .....	2,836	2,677
Property, Plant and Equipment .....	28,227	26,244
Investment property .....	25	24
Equity-accounted financial investments.....	737	412
Non-current assets classified as held for sale subject to expropriation.....	5,392	3,625
Non-current financial assets		
Financial assets available for sale.....	641	1,268
Non-current financial instruments .....	672	398
Others .....	-	136
Deferred tax assets.....	3,310	4,897
Other non-current assets .....	242	253
<b>CURRENT ASSETS</b>		
Non-current assets classified as held for sale .....	340	1,851
Inventories.....	5,501	5,256
Trade and other receivables.....	7,781	7,726
Other current assets.....	221	144
Other current financial assets .....	415	93
Cash and cash equivalents .....	5,903	7,434
<b>TOTAL ASSETS</b>	<b>64,921</b>	<b>65,086</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent .....	26,702	27,207
Attributable to minority interests .....	770	713
<b>NON-CURRENT LIABILITIES</b>		
Subsidies.....	61	66
Non-current provisions.....	2,258	3,625
Non-current financial debt.....	15,300	13,125
Deferred tax liabilities .....	3,063	3,352
Other non-current liabilities		
Non-current debt for finance leases .....	2,745	1,427
Others .....	712	752
<b>CURRENT LIABILITIES</b>		
Liabilities associated with non-current assets held for sale .....	27	1,533
Current provisions.....	291	303
Current financial liabilities .....	3,790	4,519
Trade debtors and other payables:		
Current debt for finance leases .....	224	170
Other trade debtors and payables .....	8,978	8,294
<b>TOTAL LIABILITIES</b>	<b>64,921</b>	<b>65,086</b>

**STATEMENT OF CASH FLOW**

(Million euros)

(Unaudited figures)

*Compiled in accordance with International Financial Reporting Standards*

	JANUARY - DECEMBER	
	2012	2013
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (*)</b>		
Income before taxes and associates	2,903	1,864
Adjustments:		
Depreciation of Property, Plant and Equipment	2,499	2,559
Other adjustments (net)	838	1,080
<b>EBITDA</b>	<b>6,240</b>	<b>5,503</b>
Variation in working capital	624	(502)
Dividends received	26	33
Income taxes received/(paid)	(1,399)	(893)
Other proceeds/(payments) from operating activities	(282)	(145)
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(1,655)</b>	<b>(1,005)</b>
	<b>5,209</b>	<b>3,996</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES (*)</b>		
Investment payments		
Group companies, associates, and business units	(255)	(183)
Property, plant and equipment, intangible assets and property investments	(3,409)	(3,438)
Other financial assets	(228)	(350)
<b>Total Investments</b>	<b>(3,892)</b>	<b>(3,971)</b>
Proceeds on divestments	1,125	683
Other cash flows	(122)	-
	<b>(2,889)</b>	<b>(3,288)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES (*)</b>		
Receipts/Payments from equity instruments	1,388	1,014
Proceeds on issue of financial liabilities	7,943	8,876
Payments for return and amortization of financial obligations	(7,229)	(10,201)
Dividends paid and other payouts	(947)	(528)
Interest paid	(830)	(827)
Other proceeds/(payments) from financing activities	386	(147)
	<b>711</b>	<b>(1,813)</b>
<b>Impact of translation differences from continued operations.</b>	<b>(78)</b>	<b>(54)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS</b>	<b>2,953</b>	<b>(1,159)</b>
Cash flows from operating activities from discontinued operations	1,569	129
Cash flows from investment activities from discontinued operations	(868)	2,319
Cash flows from finance activities from discontinued operations	(421)	246
Impact from translation differences from discontinued operations	(7)	(4)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS</b>	<b>273</b>	<b>2,690</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>2,677</b>	<b>5,903</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>5,903</b>	<b>7,434</b>

NOTE: Includes the necessary modifications regarding the cash flow statement published in 2012 in relation to the sale of certain LNG assets to Shell and BP.

(\*) Relates to cash flows from continued operations.

**TABLES**



OPERATING HIGHLIGHTS 4Q 2013

**OPERATING HIGHLIGHTS UPSTREAM**

	Unit	2012					2013					% Variation 13 / 12
		1Q	2Q	3Q	4Q	Acum	1Q	2Q	3Q	4Q	Acum	
<b>HYDROCARBON PRODUCTION</b>	<b>K Boed</b>	<b>323</b>	<b>320</b>	<b>339</b>	<b>347</b>	<b>332</b>	<b>360</b>	<b>359</b>	<b>344</b>	<b>321</b>	<b>346</b>	<b>4.0%</b>
<b>Crude and Liquids production</b>	<b>K Boed</b>	<b>136</b>	<b>144</b>	<b>145</b>	<b>145</b>	<b>142</b>	<b>151</b>	<b>149</b>	<b>135</b>	<b>121</b>	<b>139</b>	<b>-2.5%</b>
USA and Brazil	K Boed	33	30	30	33	32	33	35	34	32	34	6.2%
North Africa	K Boed	39	49	47	45	45	43	41	27	15	31	-30.5%
Rest of the world	K Boed	64	65	68	67	66	75	73	75	74	74	12.5%
<b>Natural gas production</b>	<b>K Boed</b>	<b>188</b>	<b>176</b>	<b>194</b>	<b>203</b>	<b>190</b>	<b>210</b>	<b>210</b>	<b>209</b>	<b>200</b>	<b>207</b>	<b>8.9%</b>
USA and Brazil	K Boed	2	2	3	3	3	4	4	5	5	4	70.7%
North Africa	K Boed	6	6	6	6	6	5	6	5	5	5	-6.9%
Rest of the world	K Boed	180	167	186	194	182	201	200	199	190	197	8.5%

**OPERATING HIGHLIGHTS DOWNSTREAM**

	Unit	2012				Acum	2013				Acum	% Variation 13 / 12
		1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q		
<b>CRUDE PROCESSED</b>	Mtoe	8.2	8.5	10.0	10.2	37.0	9.5	9.8	10.0	8.8	38.1	3.0%
Europe	Mtoe	7.3	7.6	9.1	9.3	33.4	8.8	8.9	9.2	8.1	35.0	4.9%
Rest of the world	Mtoe	0.9	0.9	0.9	0.9	3.6	0.7	0.9	0.8	0.7	3.1	-14.8%
<b>SALES OF OIL PRODUCTS</b>	Kt	10,138	9,839	11,119	11,648	42,744	10,136	11,154	11,140	10,747	43,177	1.0%
Europe	Kt	9,029	8,737	9,973	10,538	38,277	9,105	10,043	10,124	9,794	39,066	2.1%
<b>-Own network</b>	Kt	4,961	4,796	4,891	4,769	19,417	4,493	4,747	5,061	4,869	19,170	-1.3%
- Light products	Kt	4,170	4,100	4,206	4,142	16,618	3,893	4,098	4,333	4,263	16,587	-0.2%
- Other Products	Kt	791	696	685	627	2,799	600	649	728	606	2,583	-7.7%
<b>-Other Sales to Domestic Market</b>	Kt	1,660	1,878	1,882	1,711	7,131	1,584	1,583	1,722	1,845	6,734	-5.6%
- Light products	Kt	1,446	1,685	1,808	1,628	6,567	1,532	1,525	1,684	1,743	6,484	-1.3%
- Other Products	Kt	214	193	74	83	564	52	58	38	102	250	-55.7%
<b>-Exports</b>	Kt	2,408	2,063	3,200	4,058	11,729	3,028	3,713	3,341	3,080	13,162	12.2%
- Light products	Kt	797	657	1,263	1,837	4,554	1,055	1,459	1,164	905	4,583	0.6%
- Other Products	Kt	1,611	1,406	1,937	2,221	7,175	1,973	2,254	2,177	2,175	8,579	19.6%
Rest of the world	Kt	1,109	1,102	1,146	1,110	4,467	1,031	1,111	1,016	953	4,111	-8.0%
<b>-Own network</b>	Kt	480	518	503	498	1,999	495	567	555	592	2,209	10.5%
- Light products	Kt	424	450	454	460	1,788	460	500	506	513	1,979	10.7%
- Other Products	Kt	56	68	49	38	211	35	67	49	79	230	9.0%
<b>-Other Sales to Domestic Market</b>	Kt	387	403	382	411	1,583	377	357	259	151	1,144	-27.7%
- Light products	Kt	295	304	311	304	1,214	280	280	205	128	893	-26.4%
- Other Products	Kt	92	99	71	107	369	97	77	54	23	251	-32.0%
<b>-Exports</b>	Kt	242	181	261	201	885	159	187	202	210	758	-14.4%
- Light products	Kt	78	73	99	94	344	66	70	61	86	283	-17.7%
- Other Products	Kt	164	108	162	107	541	93	117	141	124	475	-12.2%
<b>CHEMICALS</b>	Kt	593	541	538	636	2,308	513	684	613	527	2,337	1.3%
Sales of petrochemicals products	Kt	518	456	463	561	1,998	439	594	522	468	2,023	1.3%
Europe	Kt	161	137	151	221	669	121	210	173	158	661	-1.2%
Base petrochemical	Kt	357	319	312	341	1,329	318	384	349	310	1,361	2.5%
Derivative petrochemicals	Kt	75	86	75	75	311	74	91	91	59	315	1.3%
Rest of the world	Kt	22	17	8	14	62	12	16	19	9	57	-7.8%
Base petrochemical	Kt	53	68	67	61	249	62	75	72	50	258	3.5%
Derivative petrochemicals	Kt											
<b>LPG</b>	Kt	782	607	507	641	2,537	683	590	525	666	2,464	-2.9%
LPG sales	Kt	496	304	229	386	1,415	446	332	247	387	1,413	-0.1%
Europe	Kt	286	303	278	255	1,122	237	258	278	279	1,051	-6.3%
Rest of the world	Kt											

**Other sales to the domestic market:** includes sales to operators and bunker. (\*) Since June 2012, bunker sales are included as exports of other products

**Exports:** expressed from the country of origin.

LPG sales do not include those for Repsol YPF Gas

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