

Repsol's adjusted net income during 2016 amounted to
1,922 million euros

▲ 4% increase compared to 2015.

Good performance across the whole business portfolio (upstream and downstream), despite volatile oil and gas prices.



Upstream

- **€977M increase in adjusted net income**, despite 16% fall in crude oil prices.
- **Reserve replacement ratio** exceeded 100%.

Downstream

- **Solid cash flow generation.**
- Better results in Chemicals, with **30% higher year on year**, thanks to increase in international margins and higher sales volumes.

Integrated Model

Good results show the strength of Repsol's integrated business model.



2016-2020 Strategic Plan

Value and Resilience

The company is making progress towards achieving the strategic targets set:

- Repsol has generated a €1.6B saving, around **150% of the goal initially set** of €1.1B for the year.
- The investment rate has been **optimised**, now standing at €3.2B, significantly lower than the €3.9B initially forecast.



Our main businesses¹



Upstream

Exploration and Production



Downstream

Refining, Chemicals, Marketing, Lubricants, Trading, LPG & Gas&Power

/ Positive trend

-€925 M



The adjusted net income for 2016 amounted to €52 million, **€977 million higher than in 2015**, mainly due:

- Higher volumes.
- Lower exploration expenses and lower costs.
- Lower technical amortization rates.

/ Leadership thanks to high-quality assets



Better performance in **Chemicals** due to increased efficiency as a result of operational improvements at our sites, higher sales and better margins thanks to the international environment.



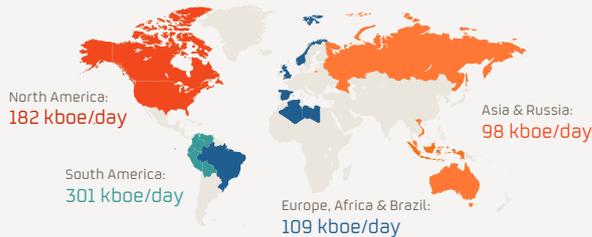
Good performance in **Marketing** and **LPG** businesses.



Refining business results affected by lower margins.

▲ 23%

2016 production averaged **690 kboe/day**, which represents a 23% increase compared to 2015.



High-quality, balanced and diversified productive assets.



Solid financial position

Liquidity and net debt

- Repsol's liquidity of €9.3B is 2.3 times higher than short-term gross debt maturities.

Higher cash from operations and divestments have enabled the Group to **reduce net financial debt** by 32% (€3.79B) to €8.14B.

▼ 32%

¹ The company carries out a good part of its activities through joint ventures. This means that, when it comes to making decisions on fund allocation or performance assessment, the operating and financial figures of joint ventures are analysed from the same perspective and as thoroughly as those of companies consolidated by global integration. This is the reason why all sector figures include, according to percentage shares, those of joint ventures or companies managed as such.

In fiscal year 2014, Repsol decided to take into account the current business environment and use an accounting method for better comparison with the results of other companies in the same industry. Now, Repsol reports its recurring net income based on restocking costs of continued operations (adjusted net income), excluding both discontinued operations and inventory effects.

This is, by no means, a recommendation or offer to buy shares in Repsol, as established in Law 24/1988, of 28 July, on the Stock Exchange, and the associated development regulations. Furthermore, this is not a purchasing or trading offer, nor an equity purchasing, selling or trading order elsewhere.

This report contains information and statements that are actually estimates or forecasts about Repsol. Such estimates or forecasts may contain statements about plans, goals and expectations, including statements on trends affecting Repsol's finances, financial ratios, operating income, business, strategies, geographical concentration, production and reserves, capital expenditure, cost savings, investments and dividend policy. Such estimates or forecasts may contain assumptions on future economic or financial situations such as future crude oil prices or other prices, refining or marketing margins and currency exchange rates. Estimates or future prospects are generally identified with the verbs 'hope', 'expect', 'think', 'believe', 'estimate', or the like. Said statements or claims do not guarantee future compliance, prices, margins, currency exchange rates, and so forth, and are subject to significant risks, uncertainties, changes or other factors beyond Repsol's control or difficult to predict. Among these risks and uncertainties there are factors and situations on which information is provided in statements or documents filed by Repsol and its affiliates with the Spanish Stock Exchange, the Argentine Stock Exchange, the U.S. Securities and Exchange Commission, and other market supervising agencies in the markets where Repsol or its affiliates trade their shares.

Repsol undertakes to fulfil its obligations only as established in the laws in force, even if new data are published or new situations arise, as far as public announcements of updated or revised facts are concerned.

The information contained here has not been verified or reviewed by Repsol's external auditors.

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. Information and disclosures related to APM used on the present Q4 & FY 2016 Results Earnings Release are included in Appendix 1 "Alternative Performance Measures" of the Management Report for the full year 2016.

Repsol will publish today the Consolidated Financial Statements and Management Report for the full year 2016 and they will be available on Repsol's and CNMV's (Comisión Nacional del Mercado de Valores) websites.