

REPSOL Group

2020 Alternative
Performance
Measures
reconciliations
1st Quarter

*Translation of a report originally
issued in Spanish.
In the event of a discrepancy,
the Spanish language version
prevails*



ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial disclosures contain figures and measures prepared in accordance with the regulations applicable to financial information, as well as other measures prepared in accordance with the Group's Reporting Model known as Alternative Performance Measures (APMs). APMs are measures which are "adjusted" compared to those presented in accordance with IFRS-EU or with Information on Oil and Gas Exploration and Production Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

APMs are highly useful for users of financial information as they are the measures employed by Repsol's Management to evaluate its financial performance, cash flows, or its financial position when making operational or strategic decisions for the Group.

1. Financial performance measures

Adjusted net income

€ Million	First quarter											
	ADJUSTMENTS											
	Adjusted net income		Reclassification of joint ventures		Special items		Inventory effect ⁽¹⁾		Total adjustments		IFRS-EU profit/loss	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	663 ⁽¹⁾	1,025 ⁽¹⁾	(104)	(240)	50	(2)	(1,106)	7	(1,160)	(235)	(497)	790
Financial result	(11)	(97)	(6)	31	(13)	(15)	—	—	(19)	16	(30)	(81)
Net income of companies accounted for using the equity method - net of tax	5	6	(42)	126	—	—	—	—	(42)	126	(37)	132
Income before tax	657	934	(152)	(83)	37	(17)	(1,106)	7	(1,221)	(93)	(564)	841
Income tax	(206)	(309)	152	83	(182)	4	283	(2)	253	85	47	(224)
Net income from continuing operations	451	625	—	—	(145)	(13)	(823)	5	(968)	(8)	(517)	617
Net income from continuing operations attributable to non-controlling interests	(4)	(7)	—	—	1	—	33	(2)	34	(2)	30	(9)
Net income from continuing operations attributable to the parent	447	618	—	—	(144)	(13)	(790)	3	(934)	(10)	(487)	608
Net income from discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—
TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT	447	618	—	—	(144)	(13)	(790)	3	(934)	(10)	(487)	608

(1) The Inventory effect represents an adjustment to "Procurements" and "Changes in inventory of finished goods and work in progress" on the IFRS-EU income statement.

Special items

Millions of euros	1Q	
	2020	2019
Divestments	69	30
Workforce restructuring	(6)	(5)
Impairment	—	(2)
Provisions and other	(207)	(36)
Discontinued operations	—	—
TOTAL	(144)	(13)

EBITDA

	First quarter							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect		IFRS-EU ⁽¹⁾	
	2020	2019	2020	2019	2020	2019	2020	2019
Upstream	657	1,063	(302)	(459)		—	355	604
Industrial	(514)	554	—	—	(1,099)	6	(514)	554
Commercial and renewables	242	252	(11)	(11)	(7)	1	231	241
Corporate and other	(36)	(59)	3	20		—	(33)	(39)
EBITDA	349	1,810	(310)	(450)		—	39	1,360
EBITDA at CCS	1,455	1,803	(310)	(450)	(1,106)	7	39	1,360

⁽¹⁾ Corresponds to "Income before tax" and "Adjustments to profit" on the consolidated statement of cash flows under IFRS-EU.

ROACE

NUMERATOR (Millions of euros)	1T 2020
Operating income (IFRS-EU)	(497)
Reclassification of joint ventures	104
Income tax ⁽¹⁾	(107)
Net income of companies accounted for using the equity method - net of tax	5
Impact of IFRS 16	(9)
ROACE result at weighted average cost	(504)
DENOMINATOR (Millions of euros)	1T 2020
Total equity	24,556
Net debt	4,478
Capital employed at period-end	29,034
II. Average capital employed ^{(3) (4)}	29,296
ROACE (I/II) ⁽³⁾	(1.7)

⁽¹⁾ Does not include income tax corresponding to financial results.

⁽²⁾ Corresponds to the average balance of capital employed at the beginning and end of the year.

⁽³⁾ ROACE of the quarter. In previous periods, this magnitude was annualized by the mere extrapolation of the results (except for the specific results).

⁽⁴⁾ ROACE at CCS (without taking into account the Equity Effect) amounts to 1,0.

ROACE with leases

NUMERATOR (Millions of euros)	1T 2020
Operating income IFRS-EU	(497)
Reclassification of joint ventures	104
Income tax ⁽¹⁾	(107)
Net income of companies accounted for using the equity method - net of tax	5
ROACE result at weighted average cost	(495)
DENOMINATOR (Millions of euros)	1T 2020
Total equity	24,548
Net debt with leases	8,364
Capital employed at period-end (with leases)	32,912
II. Average capital employed ⁽²⁾	33,101
ROACE with leases (I/II) ⁽³⁾	(1.5)

⁽¹⁾ Does not include income tax corresponding to financial results.

⁽²⁾ Corresponds to the average balance of capital employed at the beginning and end of the year.

⁽³⁾ ROACE of the quarter. In previous periods, this magnitude was annualized by the mere extrapolation of the results (except for the specific results).

2. Cash flow measures

Free cash flow and cash flow generated

	First quarter					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2020	2019	2020	2019	2020	2019
I. Cash flows from / (used in) operating activities (cash flow from operations)	596	1,161	(282)	(400)	314	761
II. Cash flows from / (used in) investing activities	(207)	(568)	755	477	548	(91)
Free cash flow (I+II)	389	593	473	77	862	670
Cash flow generated	(22)	(235)	484	76	462	(159)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(173)	(785)	(504)	(198)	(677)	(983)
Net increase / (decrease) in cash and cash equivalents (I+II+III)	216	(192)	(31)	(121)	185	(313)
Cash and cash equivalents at the beginning of the period	3,218	5,021	(239)	(235)	2,979	4,786
Cash and cash equivalents at the end of the period	3,434	4,829	(270)	(356)	3,164	4,473

⁽¹⁾ Includes payments for dividends and returns on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) the issue / (return) of equity instruments, proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

Liquidity

	First quarter					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	Mar-2020	Dec-2019	Mar-2020	Dec-2019	Mar-2020	Dec-2019
Cash and cash equivalents	3,434	3,218	(270)	(239)	3,164	2,979
Undrawn credit lines	2,733	1,818	(9)	(10)	2,724	1,808
Deposits of immediate availability ⁽¹⁾	1,921	2,631	—	—	1,921	2,631
Liquidity	8,088	7,667	(279)	(249)	7,809	7,418

⁽¹⁾ Repsol contracts time deposits but with immediate availability, which are recorded under "Other current financial assets" and which do not meet the accounting criteria for classification as cash and cash equivalents.

Operating investments

	First quarter					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU ⁽¹⁾	
	2020	2019	2020	2019	2020	2019
Upstream	389	399	(57)	(117)	332	282
Industrial	123	128	2	20	125	148
Commercial and renewables	118	61	(12)	(33)	106	28
Corporate and other	4	10	—	1	4	11
TOTAL	634	598	(67)	(129)	567	469

⁽¹⁾ This corresponds to "Payments on investments" on the consolidated statement of cash flows prepared under IFRS-EU, and does not include items corresponding to "Other financial assets".

3. Financial position measures

Net debt and Net debt with leases

	Net debt	Reclassification of joint ventures ⁽¹⁾	IFRS-EU balance sheet
	1Q 2020	1Q 2020	1Q 2020
Non-current assets			
Non-current financial instruments ⁽²⁾	(59)	849	790
Current assets			
Other current financial assets	2,464	136	2,600
Cash and cash equivalents	3,434	(270)	3,164
Non-current liabilities			
Non-current financial liabilities ⁽³⁾	(5,338)	(3,058)	(8,396)
Current liabilities			
Current financial liabilities ⁽³⁾	(5,435)	(890)	(6,325)
Items not included on the balance sheet			
Net mark to market financial derivatives (excl. exchange rate) ⁽⁴⁾	456	(367)	89
NET DEBT ⁽⁵⁾	(4,478)		(8,078)
Non-current lease liabilities (net) ⁽⁶⁾	(3,364)	671	(2,693)
Current lease liabilities (net) ⁽⁶⁾	(522)	72	(450)
NET DEBT with leases	(8,364)		(11,221)

⁽¹⁾ Mainly includes the net financing of the Repsol Sinopec Brazil Group, broken down in the following sections: Cash and cash equivalents of €31 million, current financial liabilities as a result of an intra-group loan of €3,043 million and €622 million for leases.

⁽²⁾ Corresponds to "Non-current financial assets" in the consolidated balance sheet, without including equity instruments.

⁽³⁾ Does not include lease liabilities.

⁽⁴⁾ The net valuation at market rates of financial derivatives other than exchange rate derivatives has been eliminated from this section.

⁽⁵⁾ The reconciliations in previous period for this figure are available at www.repsol.com.

⁽⁶⁾ Includes collection rights for sub-leases amounting to €42 million (€32 million long-term and €10 million short-term).

Gross debt and Gross debt with leases

	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Mar-2020	Mar-2020	Mar-2020
Current financial liabilities ⁽¹⁾	(5,165)	(890)	(6,055)
Net mark to market valuation of current exchange rate financial derivatives	99	—	99
Current gross debt	(5,066)	(890)	(5,956)
Non-current financial liabilities ⁽¹⁾	(5,235)	(3,058)	(8,293)
Non-current gross debt	(5,235)	(3,058)	(8,293)
GROSS DEBT ⁽²⁾	(10,301)		(14,249)
Current lease liabilities	(532)	71	(461)
Non-current lease liabilities	(3,396)	683	(2,713)
GROSS DEBT with leases	(14,229)		(17,423)

⁽¹⁾ Lease liabilities are not included.

⁽²⁾ The reconciliations in previous periods for this figure are available at www.repsol.com.

Interest coverage

€ Million	First quarter					
	Group Reporting Model		Reclassification of joint ventures		IFRS-EU	
	2020	2019	2020	2019	2020	2019
Net interest ⁽¹⁾	49	65	13	1	62	66
EBITDA ⁽¹⁾	349	1,810	(310)	(450)	39	1,360
Interest coverage	14.0 %	3.6 %			157,6 %	4,9 %

⁽¹⁾ Does not include the effect of IFRS 16 Leases.