

# WEBCAST – CONFERENCE CALL

## Second Quarter 2017 Results

July 27th, 2017



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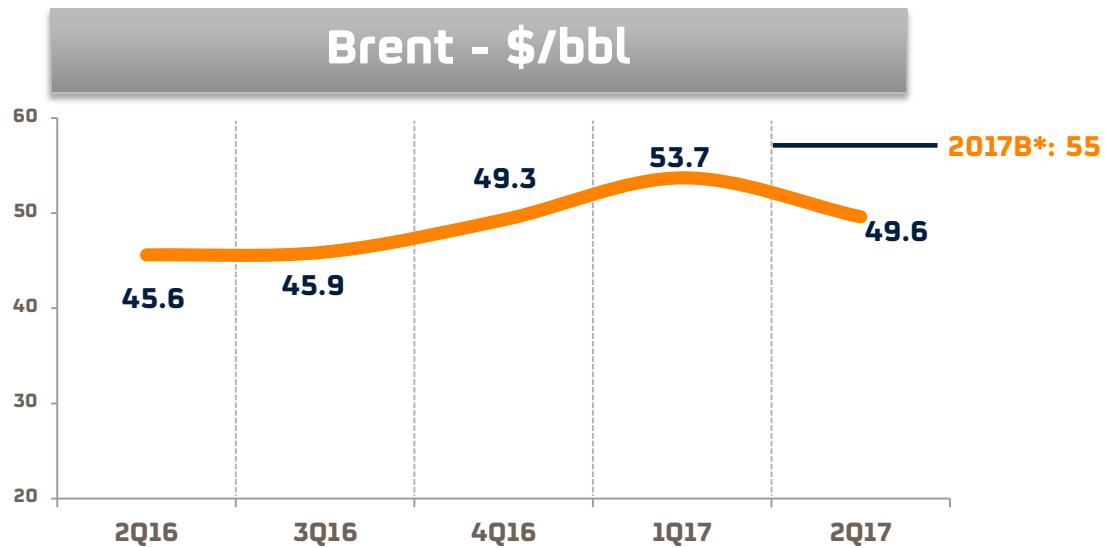
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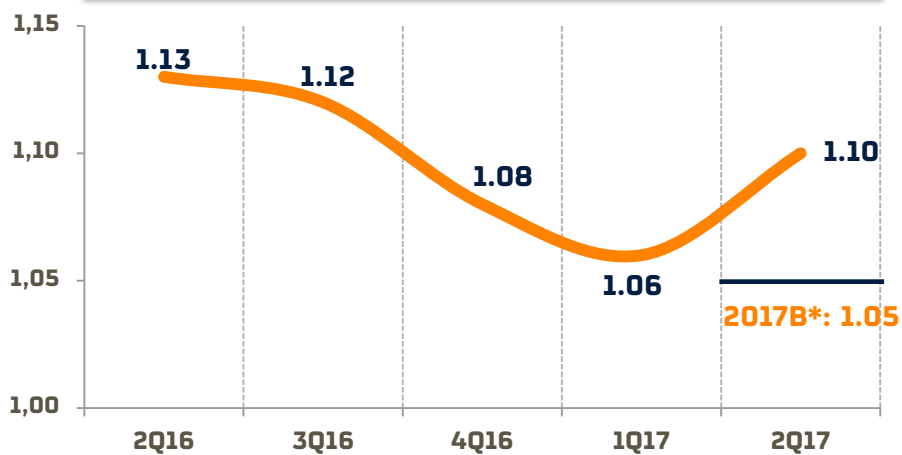
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- 1. Key messages from second quarter of 2017**
  - 2. Operational results**
  - 3. Financial results**
  - 4. Progress of key strategic objectives**
  - 5. Conclusions**
- 
- An aerial photograph of an offshore oil rig in the middle of the ocean. The rig is a complex structure with a central tower and various platforms, surrounded by a dark blue sea. The rig is positioned in the center-left of the slide, partially overlapping the second agenda item.

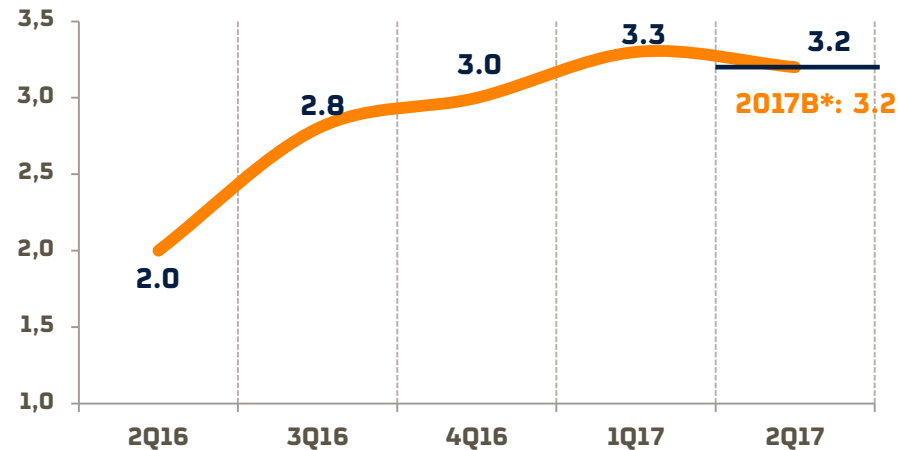
# Market environment



### Exchange Rate - \$/€



### Henry Hub - \$/Mbtu



\*Budget for 2017

# Key messages from second quarter of 2017



- ✓ Focus on **delivering strategic objectives**
- ✓ **Net debt** reduced to **<€7.5Bn**
- ✓ **Efficiency** and **synergy programme** delivering lower costs

## Upstream

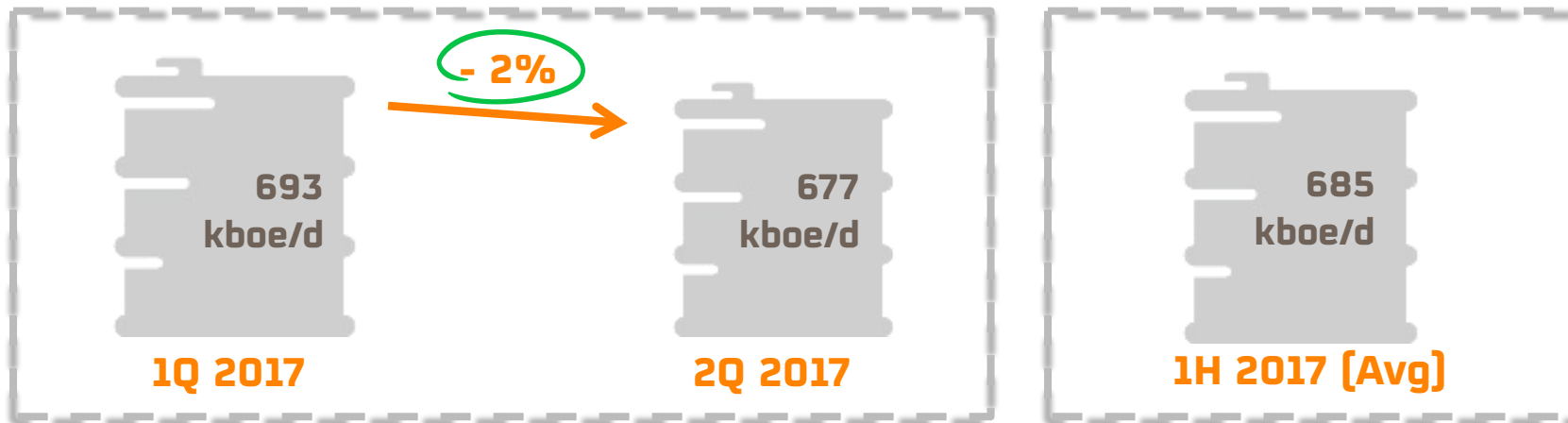
- ✓ **Production** volumes in line with guidance → **677 kboe/d**
- ✓ **Exploration program:** continued positive results

## Downstream

- ✓ **Refining:** major planned maintenance for the year completed on time and on budget
- ✓ Outstanding quarter for **Chemicals**
- ✓ **Commercial businesses:** consistent delivery

# Operational Activity

## Upstream



**[+]** Higher than budgeted production in Libya

- (-)** Sale of Ogan Komering (Indonesia)
- (-)** Fluctuating gas demand in Indonesia

### Development activity:

- ✓ First production from **MonArb** (UK North Sea)
- ✓ Hook-up of an additional production well at **Lapa** (Brazil) → Gross Production at **60 kboe/d**
- ✓ **Juniper** (T&T): first gas expected in 3Q17
- ✓ **Kinabalu** (Malaysia): start-up in 4Q17

### Exploration program:

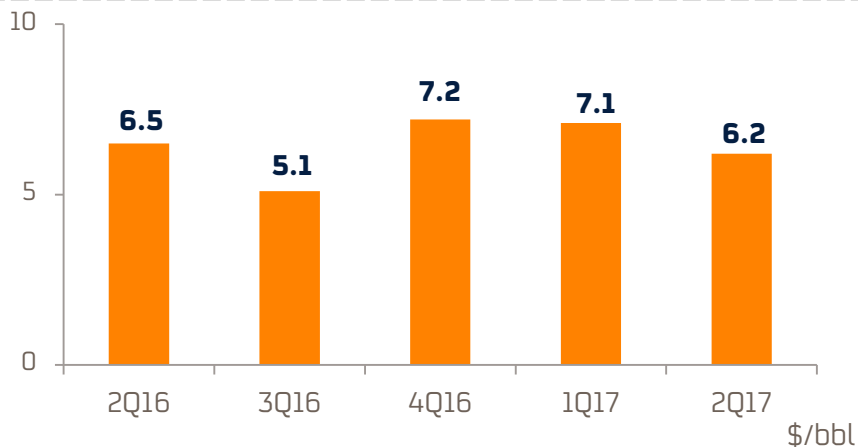
- ✓ 5 exploratory (**2 positive**) and 1 appraisal (**1 positive**) wells completed

# Operational activity

Downstream



## Refining Margin Indicator

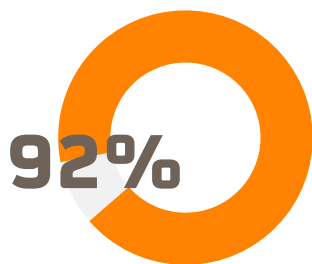


## Petrochemicals

- Lower Naphtha pricing
- Resilience in international prices
- EBIT >180M€ in line with record levels of 2016

## Utilization rates

2Q 2017



Distillation



Conversion units

## Commercial businesses

### Marketing

- Higher volumes due to increasing demand in Spain and Portugal

# Quarterly Results



	Q2 2017	Q2 2016	% Variation
<b>CCS Adjusted Net Income</b>	496	345	+ 44%
<b>Net Income</b>	367	205	+ 79%
<b>EBITDA CCS</b>	1,463	1,167	+ 25%

Million €

<b>UPSTREAM</b>	Q2 2017	Q2 2016	% Variation
<b>CCS Adjusted Net Income</b>	115	46	+ 150%

Million €

<b>DOWNSTREAM</b>	Q2 2017	Q2 2016	
<b>CCS Adjusted Net Income</b>	429	378	+ 14%

Million €

<b>CORPORATION</b>	Q2 2017	Q2 2016	
<b>CCS Adjusted Net Income</b>	-48	-79	+ 39%

Million €



# Progress of key strategic objectives



	2017 Guidance	
<b>Efficiency &amp; Synergies [€Bn]</b>	<b>2.1</b>	<ul style="list-style-type: none"> <li>• 50% of the target achieved</li> <li>• 90% of 2020 synergies already captured</li> </ul>
<b>Group Capex [€Bn]</b>	<b>3.2-3.6</b>	<ul style="list-style-type: none"> <li>• Lower than guidance in 1H17</li> <li>• Capital intensity increasing in 2H17</li> </ul>
<b>Production [kboe/d]</b>	<b>~680</b>	<ul style="list-style-type: none"> <li>• Potential to go above guidance depending on Libya</li> <li>• 2H17: Start-up Kinabalu (Malaysia) and Juniper (T&amp;T)</li> <li>• Sagari and Reggane start-up end 2017/early 2018</li> </ul>
<b>Refining Margin Indicator [\$/bbl]</b>	<b>6.4</b>	<ul style="list-style-type: none"> <li>• Margins strengthening into 2H17</li> </ul>
<b>Net Debt [€Bn]</b>	<b>&lt; 7.0</b>	<ul style="list-style-type: none"> <li>• S&amp;P upgrade to positive outlook</li> <li>• Targeting BBB stable from each rating agencies</li> </ul>

# Conclusions - delivering strategic objectives



## ✓ UPSTREAM

- **Cost efficiency, project management** and **portfolio optimization**
- On track to deliver average production of **680 kboe/d**
- Optimization of **capital investment**

## ✓ DOWNSTREAM

- Completion of planned refinery maintenance → Improve **utilization** and **conversion factors** → Generation of **significant premium** to margin indicator in 2H17

## ✓ CORPORATION

- **Synergy and efficiency**: on track to deliver **€2.1Bn** in savings
- Secure a **BBB stable** rating
- Lower Group's FCF breakeven to **40\$/bbl**

# Q&A Session

## Second Quarter 2017 Results

Repsol Investor Relations

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