

# WEBCAST – CONFERENCE CALL

## Fourth Quarter 2017 Results

February 28<sup>th</sup> 2018



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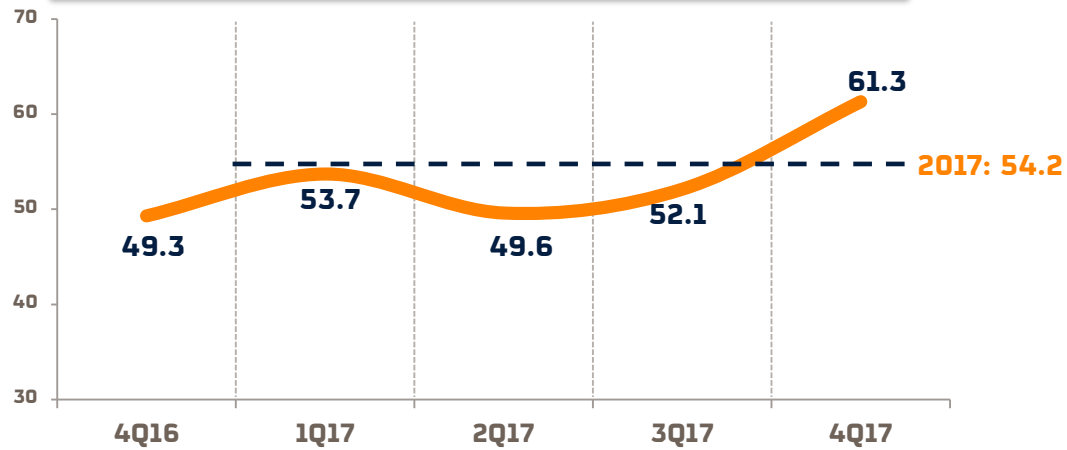
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- 1. Delivery of strategic objectives**
- 2. Operational highlights**
- 3. Financial results**
- 4. Outlook for 2018**
- 5. Conclusions**

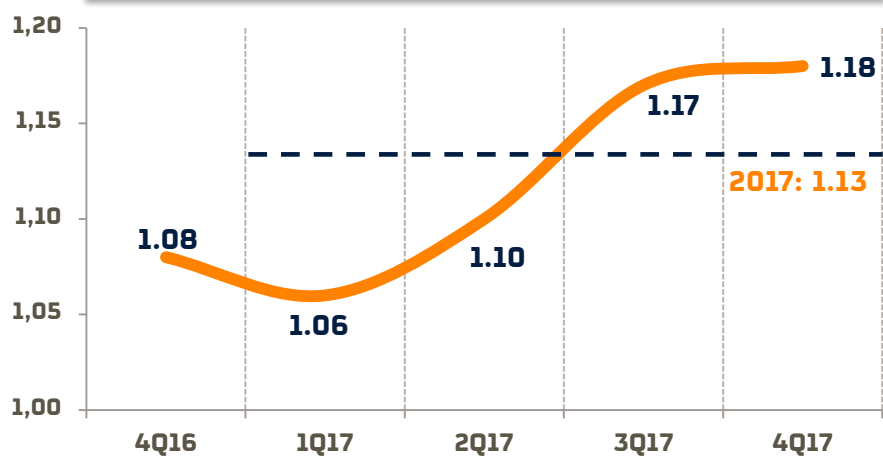
# Market environment



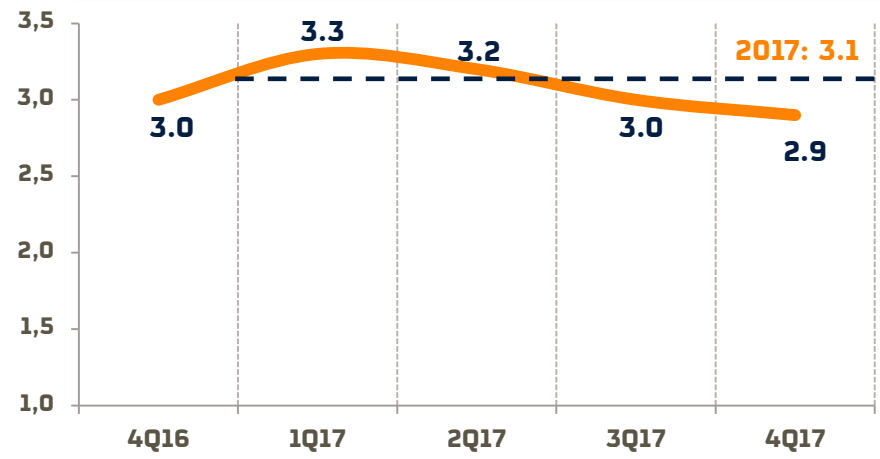
## Brent - \$/bbl



## Exchange Rate - \$/€



## Henry Hub - \$/Mbtu



# Delivery of strategic objectives



**Synergies and efficiencies:** €2.4Bn per annum by the end 2017

**Capex Optimization:** ~€3Bn in 2017 without compromising safety, volumes & reserves

**Divestment of non core assets:** >€5Bn benefit by the end of 2016

**Group FCF Breakeven:** ~40\$/bbl by the end of 2017

**Reducing debt & stabilizing our investment grade:** Stable BBB

**Upstream:** Positive FCF in 2017

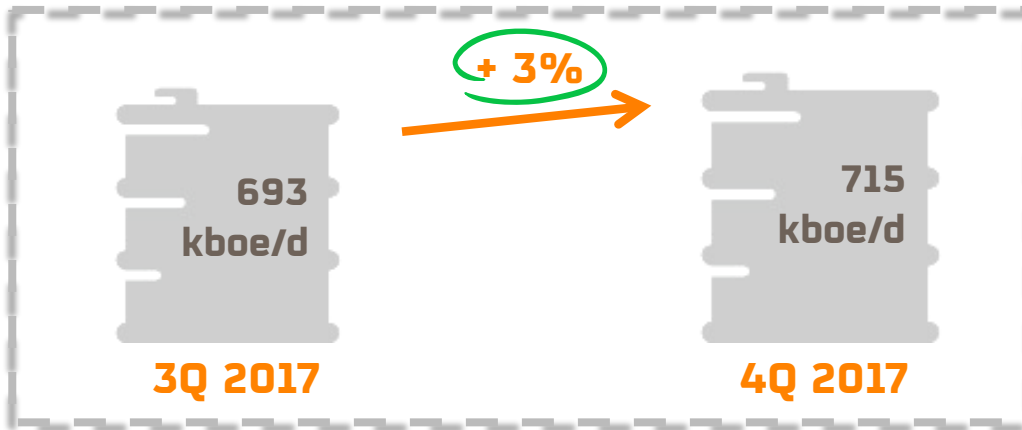
**Downstream:** top quartile assets generated €1.8Bn of FCF

# Operational Activity

## Upstream

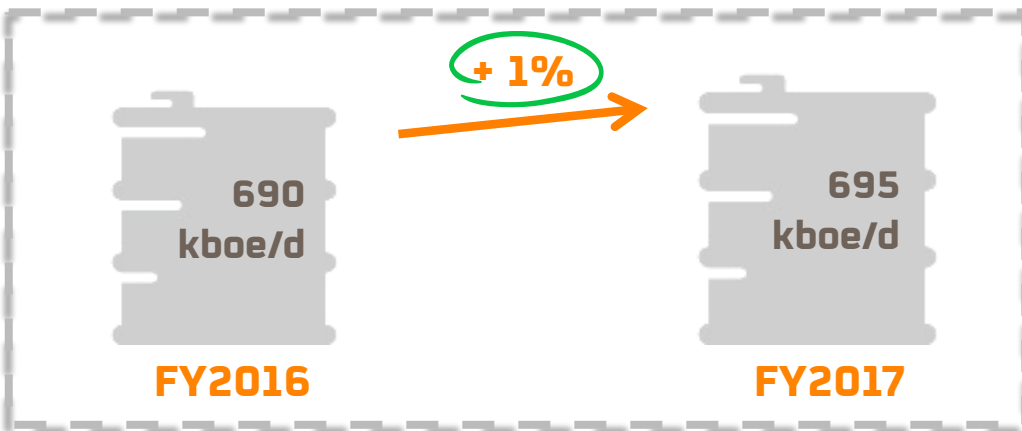


### QUARTER AVG PRODUCTION



➤ Higher volumes in **Libya**

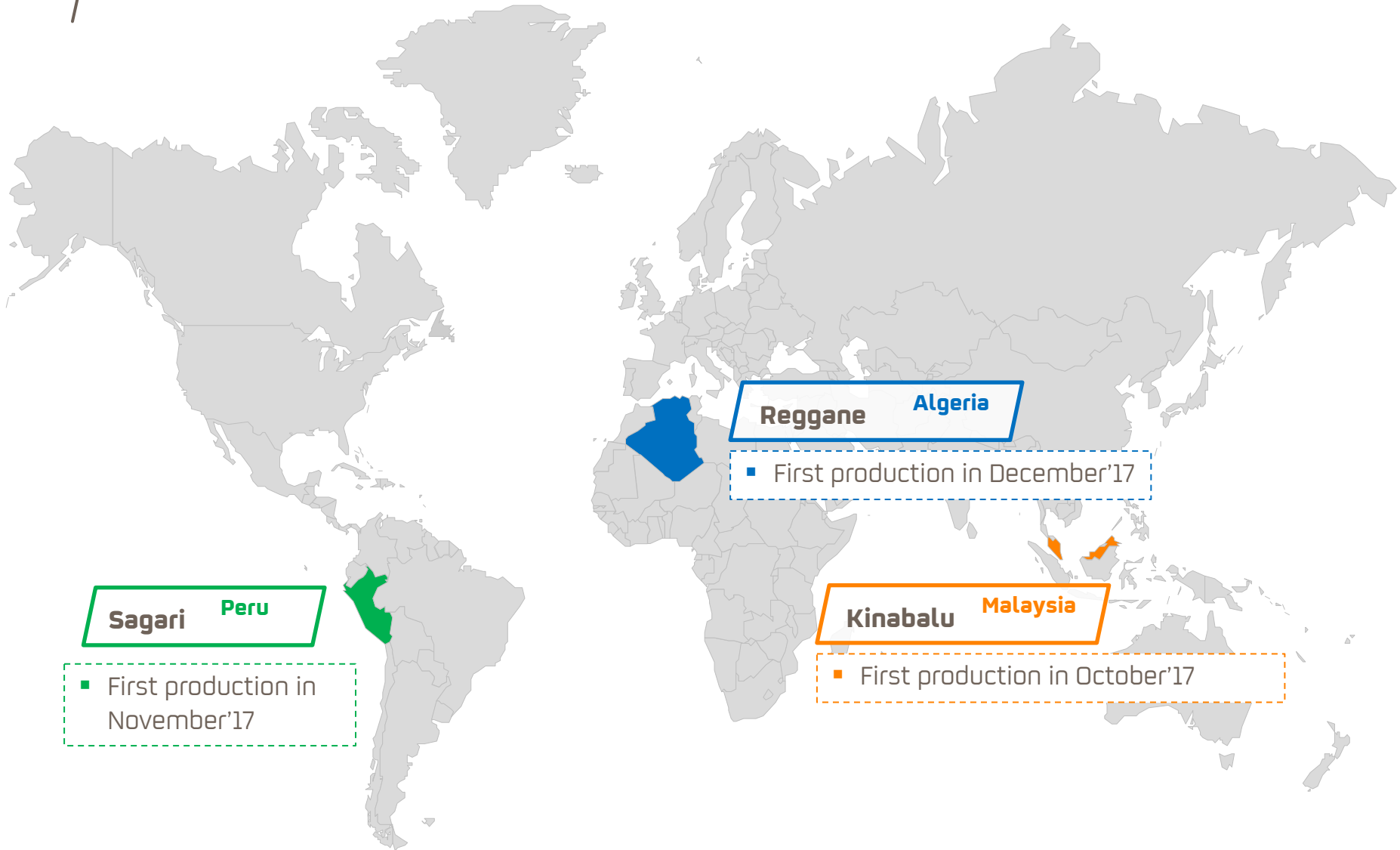
### FULL YEAR AVG PRODUCTION



➤ Ramp-up **Trinidad & Tobago**

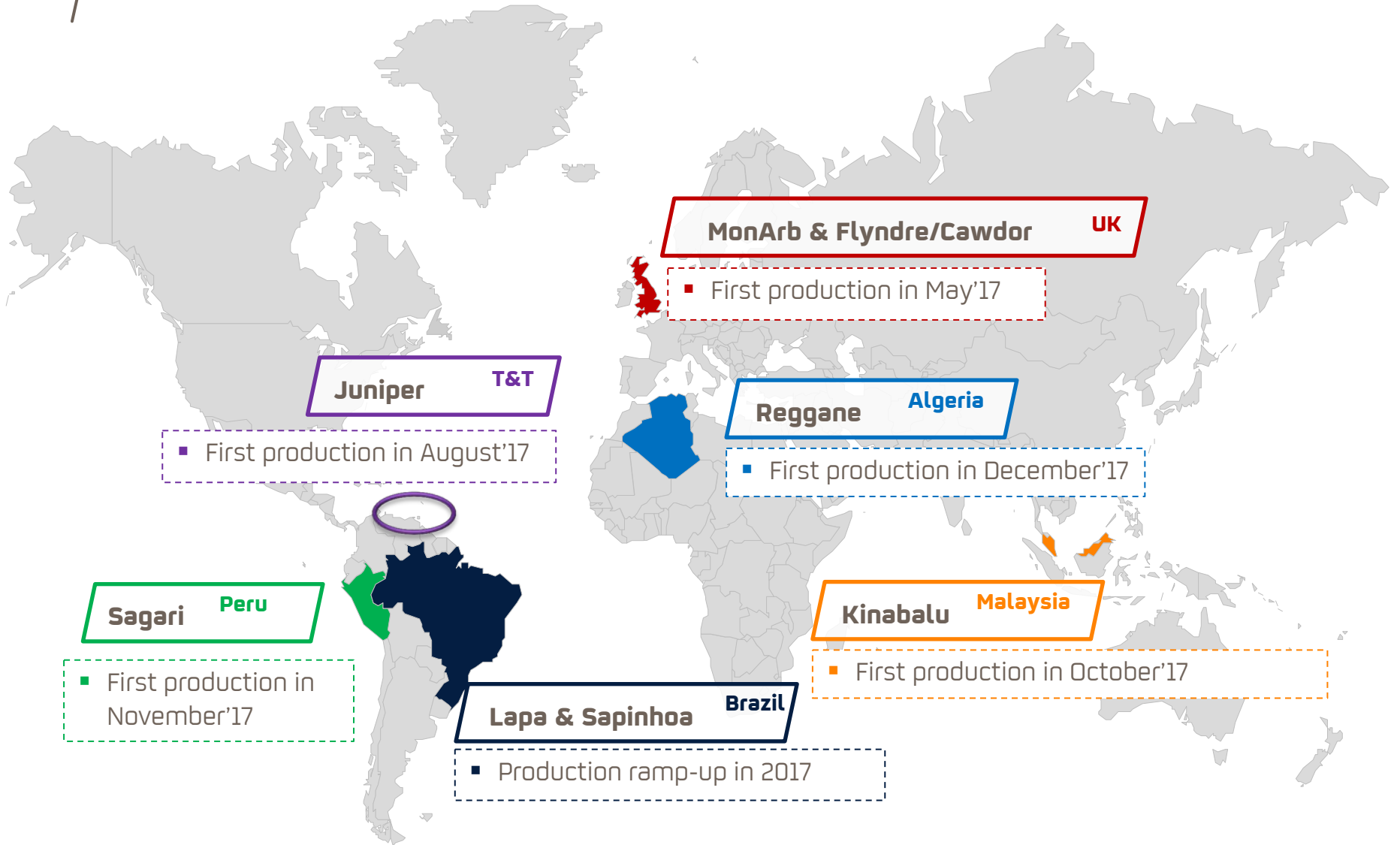
# Operational activity

## Upstream



# Operational activity

## Upstream





### DEVELOPMENT SANCTIONS IN 2017

- ✓ **Buckskin** in the Gulf of Mexico
- ✓ **CRD Red Emperor** in Vietnam
- ✓ **YME** in Norway
- ✓ **Angelin** in Trinidad & Tobago
- ✓ **MLN field** in Algeria

### NEW DISCOVERIES IN 2017

- ✓ **Horseshoe** in Alaska
- ✓ **Savannah and Macadamia** in Trinidad & Tobago

### EXPLORATORY SUCCESS IN 2017

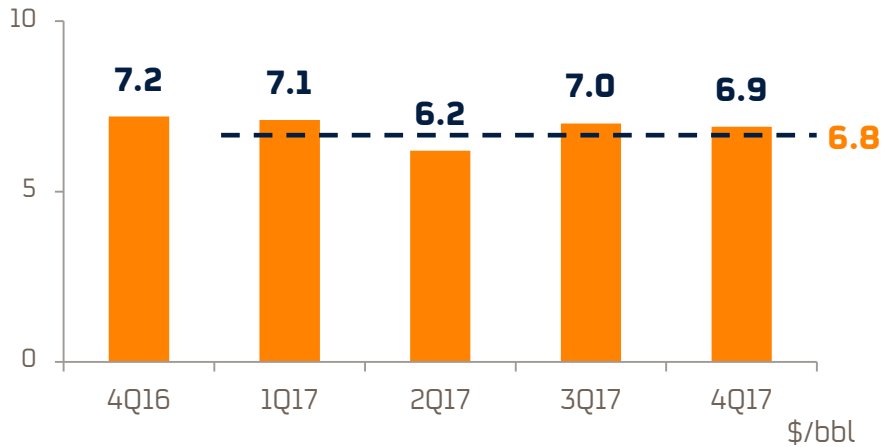
- ✓ **6** wells were positive (**16** drilled)

# Operational activity

Downstream



## Refining Margin Indicator

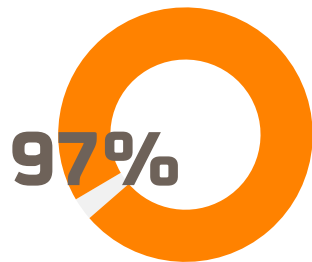


## Petrochemicals

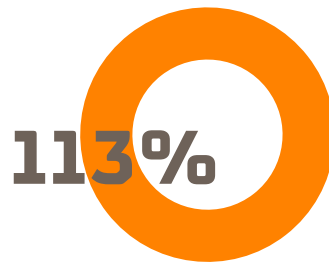
- Favorable trading **environment**
- Higher **Naphtha prices**
- FY Operating Income: **€600M**

## Utilization rates

4Q 2017



Distillation



Conversion units

## Commercial businesses

- In line with 2016
- Growing sales and retail volumes

# Financial Results



	Q4 2017	Q4 2016	FY2017	FY2016
<b>CCS Adjusted Net Income</b>	703	698	2,405	1,922
<b>Net Income</b>	538	616	2,121	1,736
<b>EBITDA CCS</b>	1,799	1,475	6,580	5,032

Million €

<b>UPSTREAM</b>	Q4 2017	Q4 2016	FY2017	FY2016
<b>CCS Adjusted Net Income</b>	145	17	632	52

Million €

<b>DOWNSTREAM</b>	Q4 2017	Q4 2016	FY2017	FY2016
<b>CCS Adjusted Net Income</b>	446	554	1,877	1,883

Million €

# Gas Natural Transaction



**Agreement to sell our 20% stake in Gas Natural to CVC**

**Price: 19€/share → €3.8Bn**

**Capital Gain: €400M**

**Entering new gas businesses**

**Leverage our capabilities and existing client base**

**Looking for new opportunities in high return Gas & Power businesses**

**Investing prudently and for higher net returns**

# Outlook for 2018



## 2018 Budget\*

Group Organic Capex  
[€Bn]

**3.4**

- Upstream Division: **€2.4Bn**
- Downstream Division: **10% increase**

Production (kboe/d)

**>700**

- New projects and ramp-ups offsetting decline and divestments

Refining Margin Indicator  
[\$/bbl]

**>6.4**

- Scheduled maintenance in our refineries includes:
  - Currently in progress at **Puertollano**
  - **Tarragona** in 2Q18

EBITDA CCS Group  
[€Bn]

**~7.0**

- Downstream Division: **€3.1Bn**
- Upstream Division: **€4.2Bn**

Shareholder remuneration  
[€/share]

**0.90**

- Proposal of **dividend increase and full buyback**

\* Assumptions: Brent 59\$/bbl, HH 3.5\$/Mbtu

# Outlook for 2018

Strategy Update- Early look



## UPSTREAM BUSINESS

**Growing margins** rather than just volumes

Increase **production** by **~50 Kboed** between now and 2020

## DOWNSTREAM BUSINESS

**Refining & Petrochemicals:** Leading margins

**Marketing, G&P, LPG:** Potential for expansion

## DIGITALIZATION-THE NEXT PHASE OF EFFICIENCIES

Expected **incremental FCF** of **~€300M** by 2020

**Affects every part of Repsol:** Upstream, Downstream and Corporation

# Conclusions



- ✓ **Adjusted Net Income** increase year on year by **25%**
- ✓ **Net Debt** reduced by **~€2Bn**, continued deleverage in 2018
- ✓ **CF breakeven** of **~50\$/bbl** covering dividends or repurchase of dilution from 2017/18 onwards
- ✓ Stable **capital investment** maintaining upstream volumes and reserves
- ✓ Savings from **efficiencies & synergies** delivering **€2.4Bn** in benefits
- ✓ Secure **Investment Grade** rating and **financial flexibility**

**Repsol is ready to set itself new strategic targets**

# Q&A Session

Fourth Quarter 2017 Results

Repsol Investor Relations

[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)





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