



Peru Field Trip September 2010

Solid Financial Position for the Future

Fernando Ramirez - CFO



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Repsol current situation



Strong Results



Growth Forecasts



Concerns



Financial discipline



Conclusions

STRONG RESULTS
Market conditions
+
Management
↓
Increase in Cash Flow generation

GROWTH FORECASTS
Upstream Projects
Refining investments on stream
Solid YPF results

CONCERNS
Potential slow down of economic growth worldwide
Consequences of Sovereign's debt crisis



Repsol current situation

Strong Results

Growth Forecasts

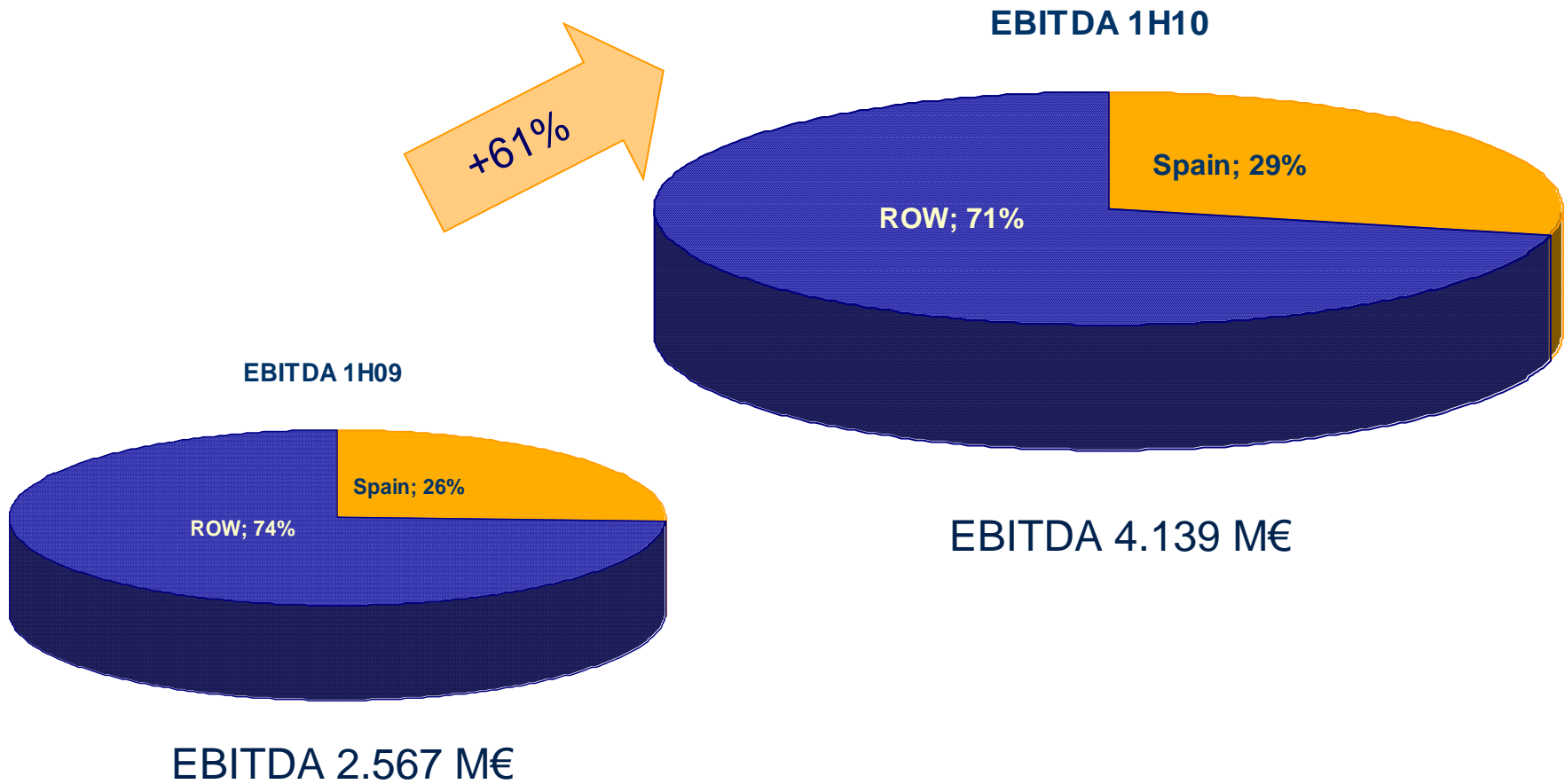
Concerns

Financial discipline

Conclusions

Initial Situation

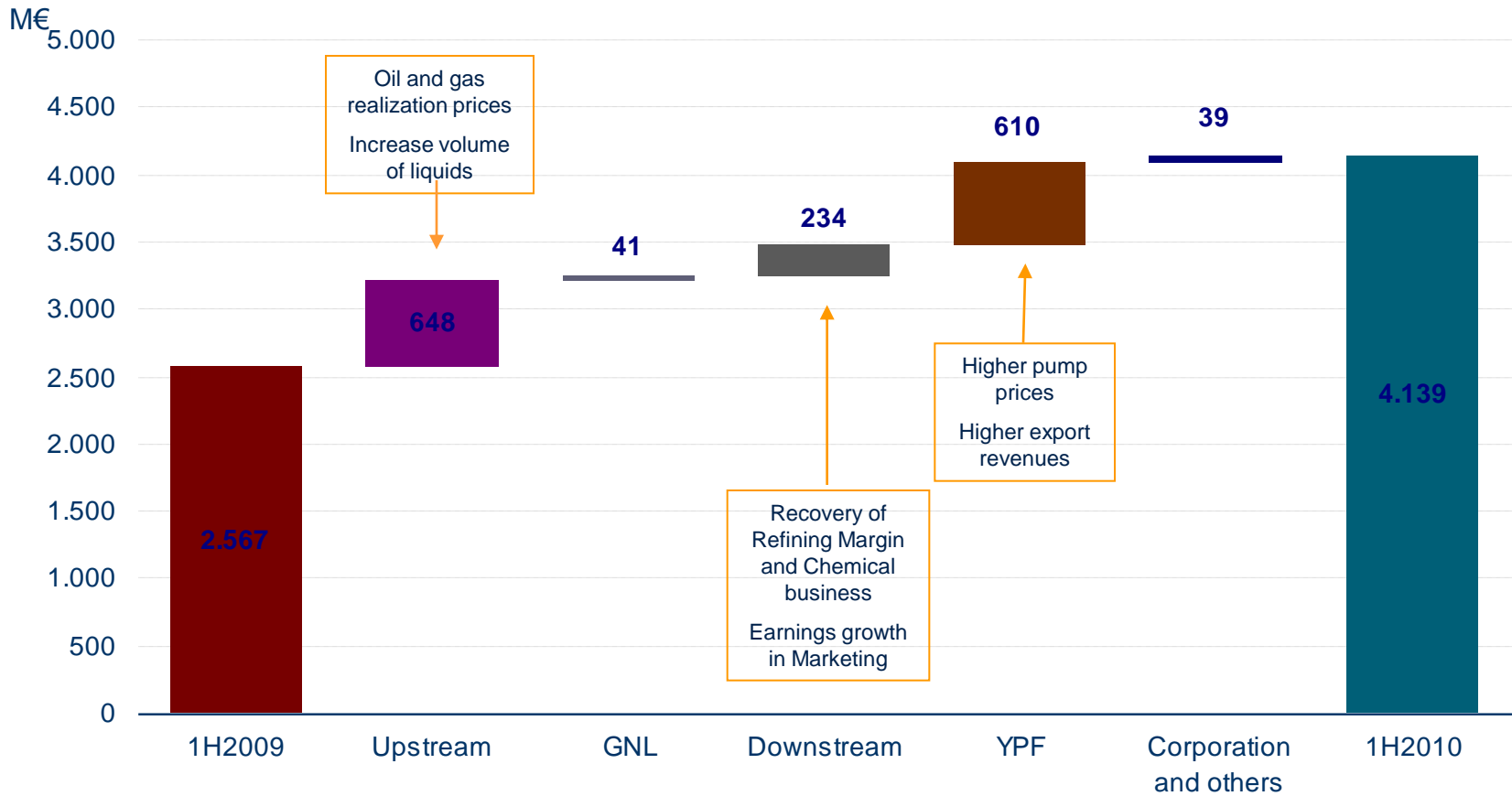
EBITDA Ex GN



Our EBITDA is generated 29% in Spain.

With a balanced growth

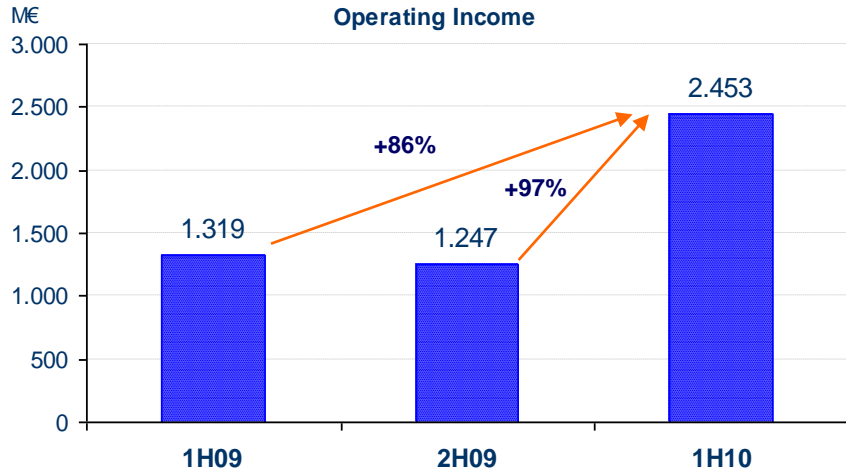
Total group ex GN



Our EBITDA has improved by 61% due to the management of our competitive advantages.

A significant improvement in operating results

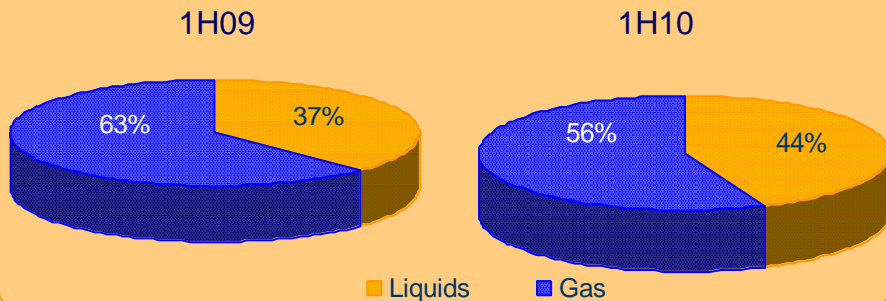
Total Group ex GN



UPSTREAM

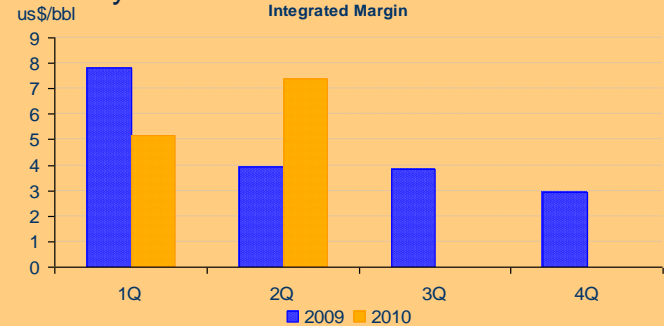
- Production increased 4,9% with a higher content of liquids (44% vs 37% in 1H09)
- Improvement in the oil and gas realization prices (52% and 23% respectively)

Production



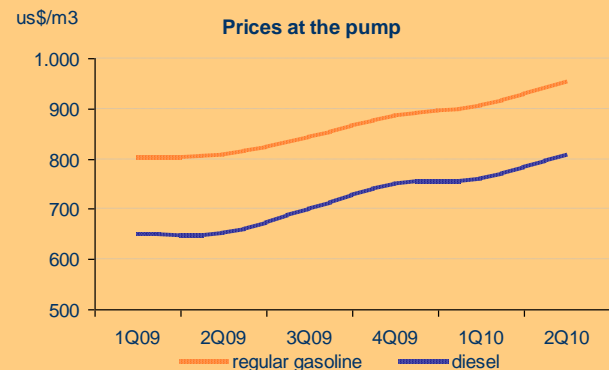
DOWNSTREAM

- Steady increase of Downstream Integrated margin.
- Improvement in refining margins (us\$ 2,8/bbl vs 2,5/bbl) and cost reduction measures
- Recovery of Petrochemical business



YPF

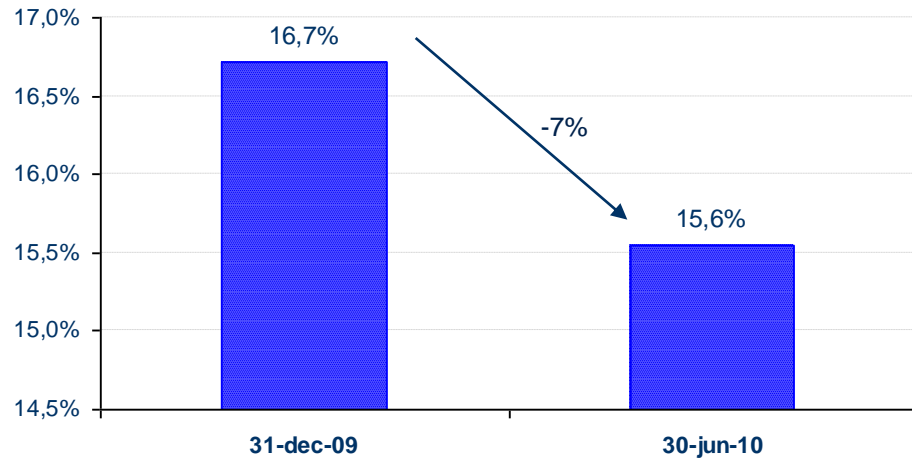
- Pump prices increases in 1H10 vs 1H09 in US\$ (15% gasoline and 21% diesel)
- International prices recovery



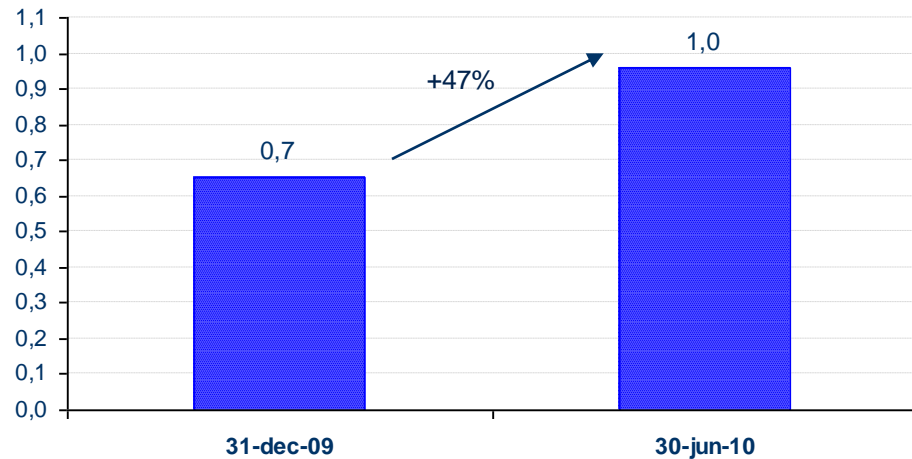
And improved Financial Ratios

Total Group ex GN

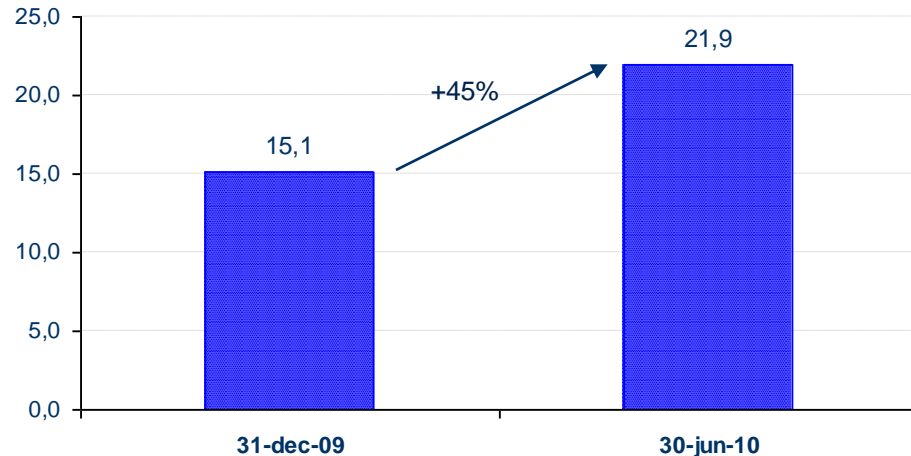
NET DEBT / CAPITAL EMPLOYED



EBITDA / NET DEBT + PREFERENCE SHARES



EBITDA / NET INTEREST + DIVIDEND PREFERENCE SHARES



- Lower leverage is accompanied by improvement in the 1H10 cash flow metrics
- Annualized EBITDA / Net debt + Preference shares is 1,0 times
- Annualized EBITDA / Net interests + Dividend Preference shares is 21,9 times

- Repsol current situation
- Strong Results
- Growth Forecasts**
- Concerns
- Financial discipline
- Conclusions

Upstream projects: a transformation process to long term sustainability

Operating

Shenzi (US GoM)

FID: 2006
Production: 121 kboe/d

I/R (Libya)

FID: 2007
Production: 75 kboe/d

Peru LNG

Start-up: 2Q 2010
Capacity: 6 Bcma

Canaport

Start-up: 3Q 2009
Capacity: 10 Bcma

FID made

Kinteroni (Peru)

FID: 2009
Production: 40 kboe/d

Reggane (Algeria)

FID: 2009
Production: 8 Mm³/d

Margarita-Hua-caya (Bolivia)

FID: 2010
Production: 86 kboe/d

FID pending

Carabobo (Venezuela)

2012
Production: 400 kboe/d

Cardon IV (Venezuela)

2011
Production: 8 Mm³/d in 2014

Guará (Brazil)

2010
Production: 250 kboe/d

Piracucá (Brazil)

2011
Production: 25 kboe/d

Carioca (Brazil)

2011
Production: 110 kboe/d

■ Liquids ■ Gas ■ LNG

Up to 2014

US GoM

Buckskin
Shenzi G-104 & Shenzi-8: increase the potential of the current fields and the North flank

Brazil

Abaré, Abaré West & Iguazú in BM-S-9
Panoramix: new discovery in BM-S-48

Morocco

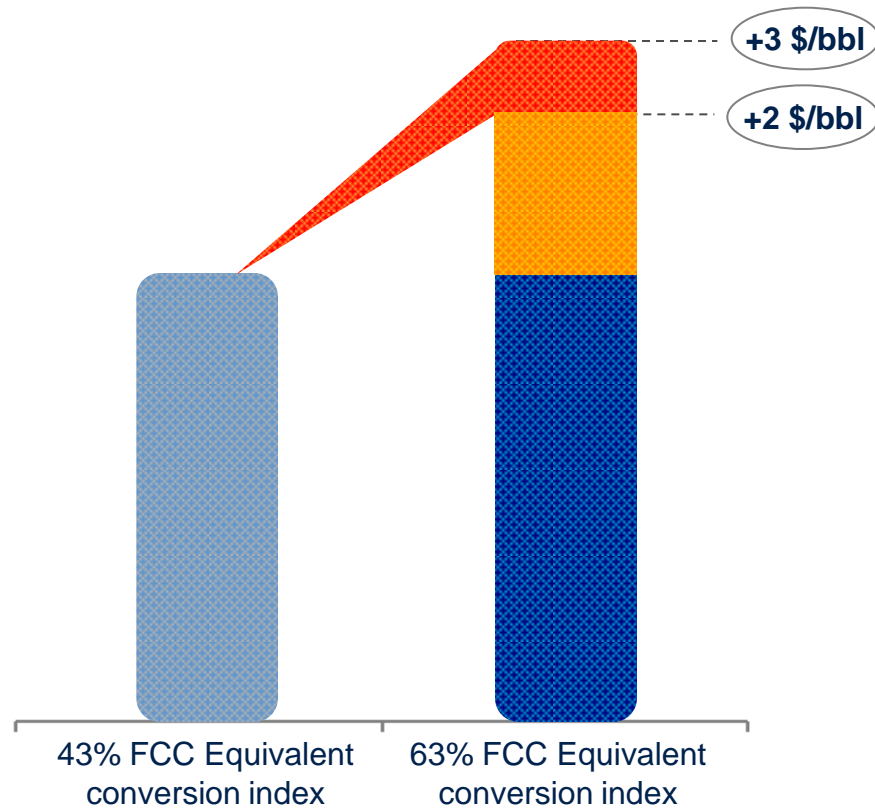
Tangier-Larache, first discovery success in Moroccan offshore

Sierra Leone & West Africa

Venus B-1, first offshore discovery in an unexplored area

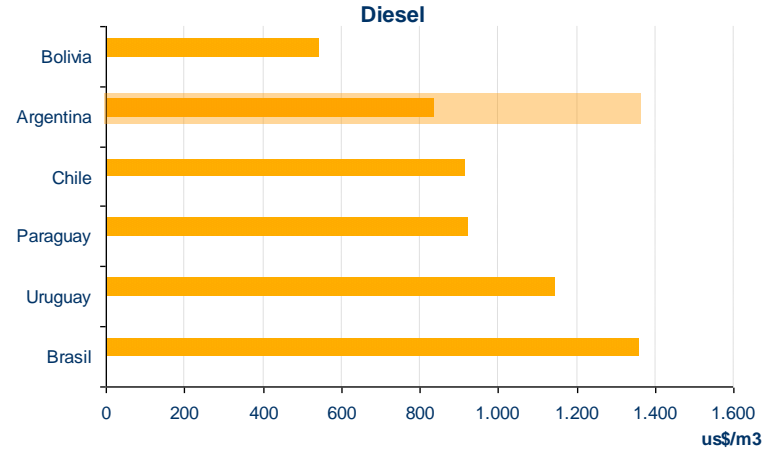
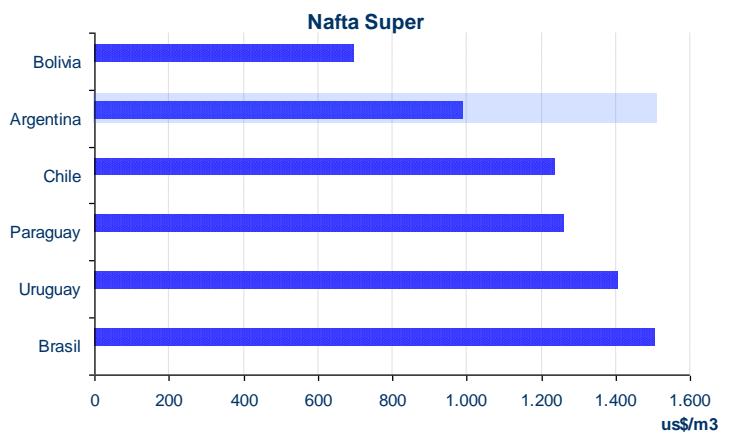
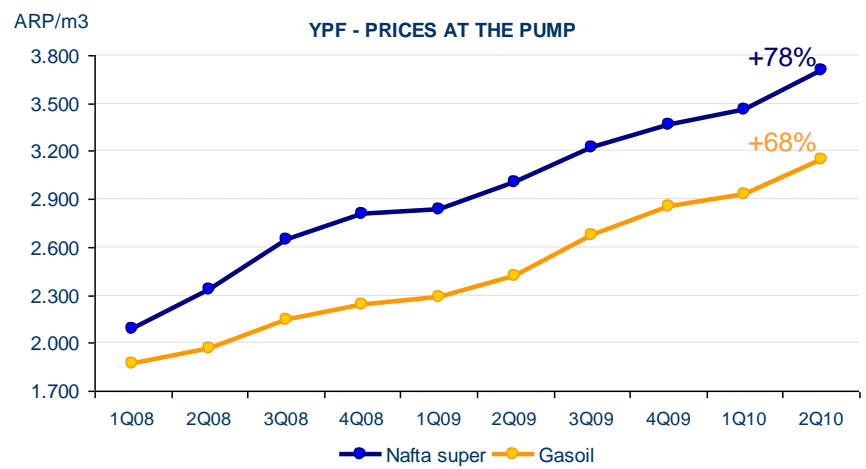
Beyond

Refining projects to strengthen current competitiveness



The projects will be on stream from 3Q11, increasing by 120 kbpd the current capacity and adding 2-3\$/bbl of margin to Repsol's refining system in Spain

and Solid YPF Results



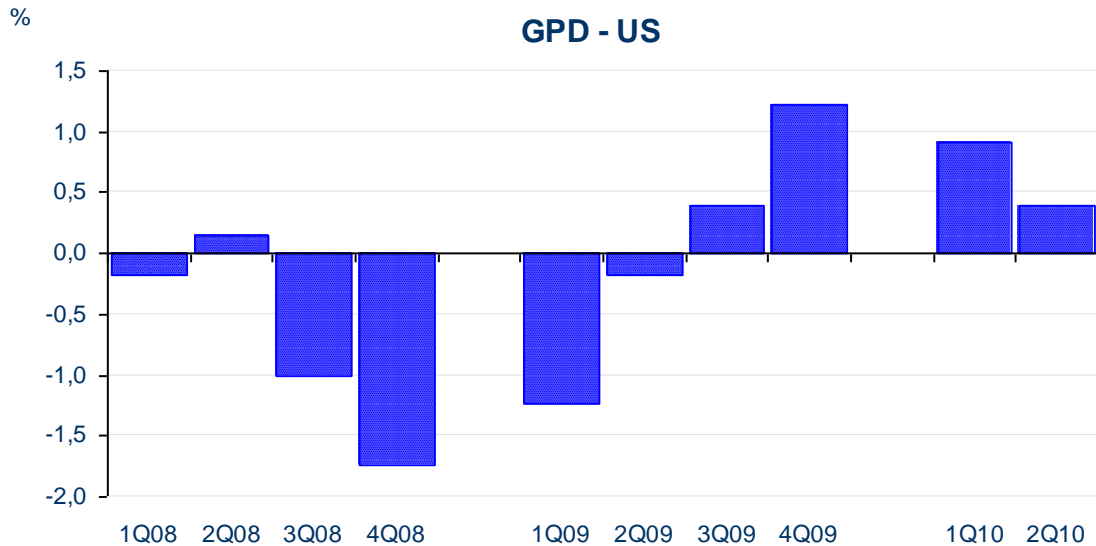
There has been an important increase in the prices at the pump in local currency (vs. 1Q08 Nafta +78% and Gasoil 68%). But prices are still lower than those of neighbours countries (vs Brasil Nafta is just a 66% of the price and Gasoil 73%)

- Repsol current situation
- Strong Results
- Growth Forecasts
- Concerns**
- Financial discipline
- Conclusions

Potential slow down of economic growth worldwide

Consequences of Sovereign's debt crisis

A slow growth recovery expected in US...



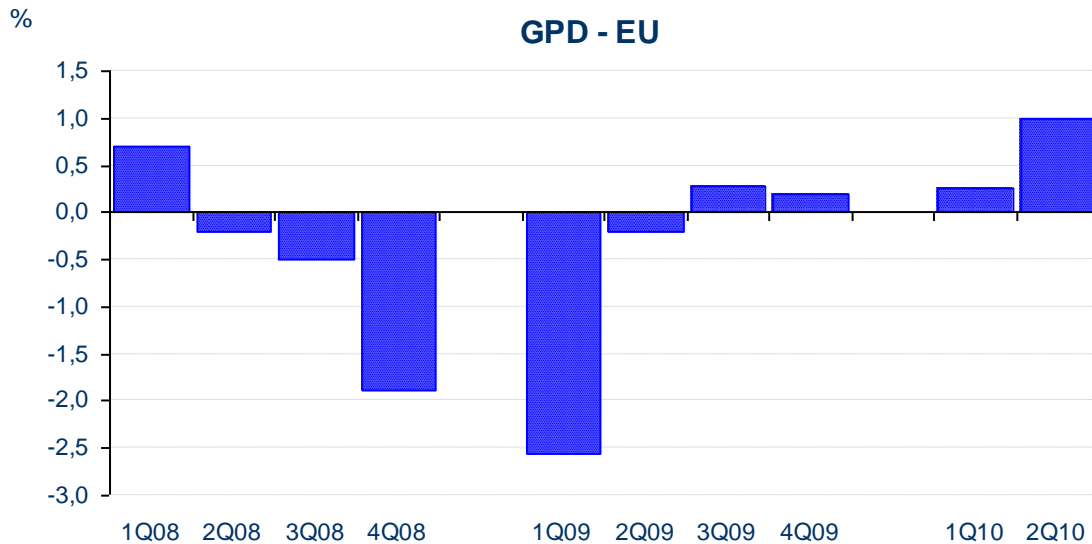
Source : Oxford Economic Forecast

- Economic outlook still uncertain
- More optimistic views foresee a slowdown in the recovery
- More pessimistic views foresee a double dip recession as imminent.

“US had a considerable way to go to achieve a full recovery in our economy, and many Americans are still grappling with unemployment, foreclosure and lost savings.”

Mr. Ben Bernanke - Federal Reserve Chairman at the Wall Street Journal August 3rd

... and moderate growth recovery expected in Europe



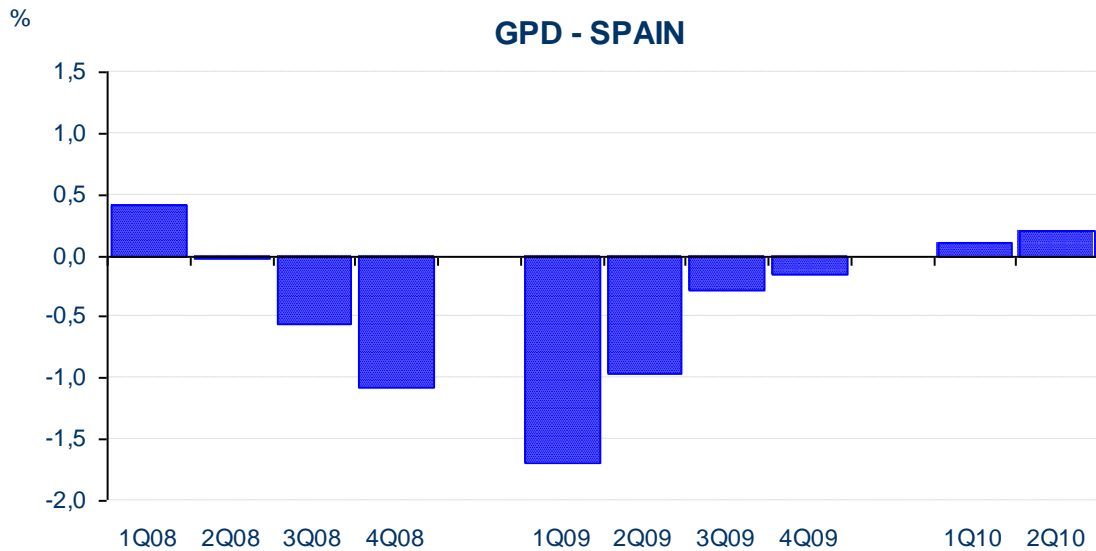
Source : Oxford Economic Forecast

- European economies seem to have recovered sooner than the US
- According to Jean Claude Trichet, now EU policy makers must deal with long term threats and growth

“We are touching a sustainably recovery in Europe and there is little concern of a renewed recession, but the behavior is somewhat weaker from here on out.”

Mr. Axel Weber - European Central Bank Council for the CNBC August 27th

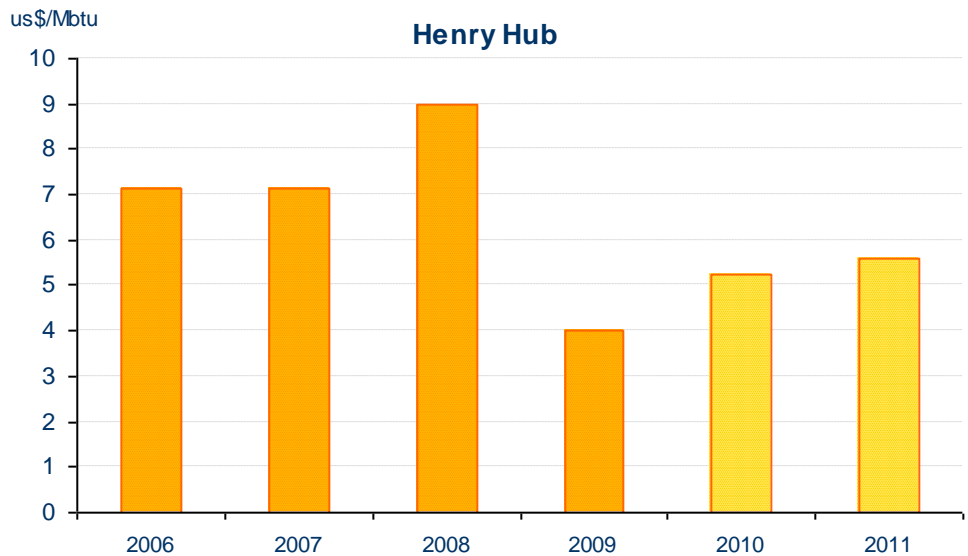
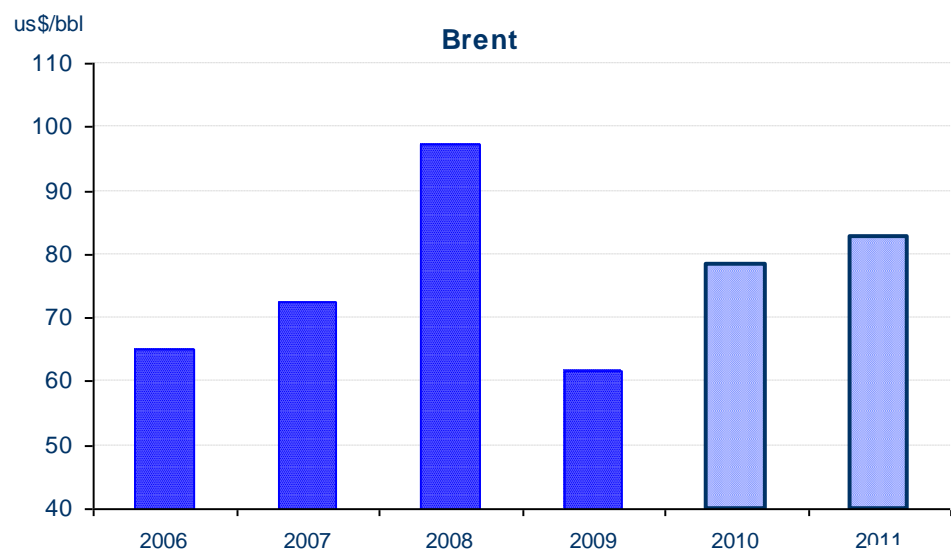
... with Spain expected to grow at a slower pace



Source : Oxford Economic Forecast

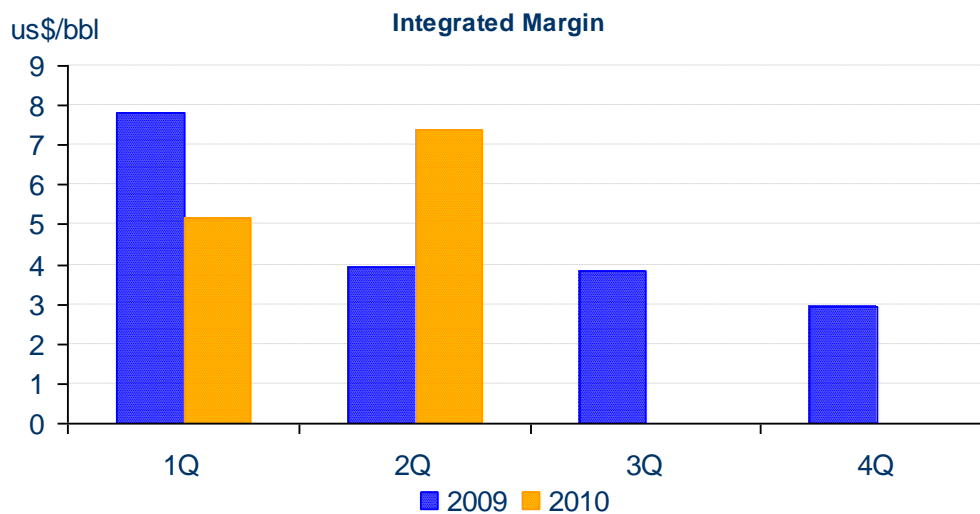
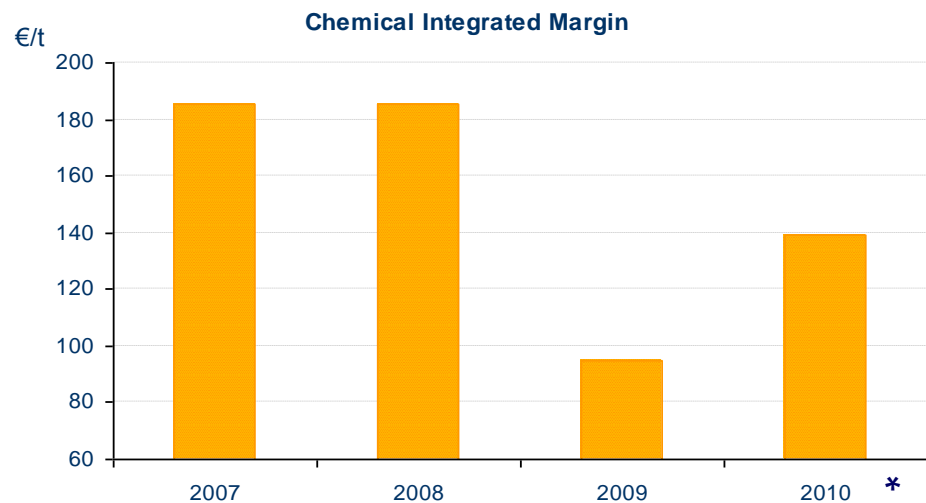
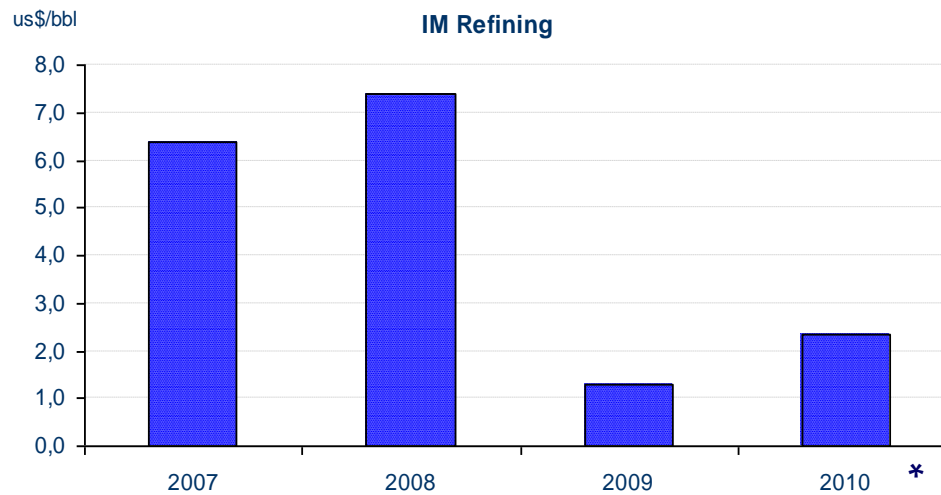
- Despite being technically out of recession, the improvement of the Spanish economy is going to be slow.
- Balance between fiscal austerity and government spending is key to maintain the economy out of recession.

However, the slow down is not affecting the market indicators...



Source: Platt's & 2010 - 2011 Consensus forecasts:
Reuters for Brent
Bloomberg for Henry Hub

... slowing down the recovery of the Refining margins but with an improving Chemical business and a strong integrated margin

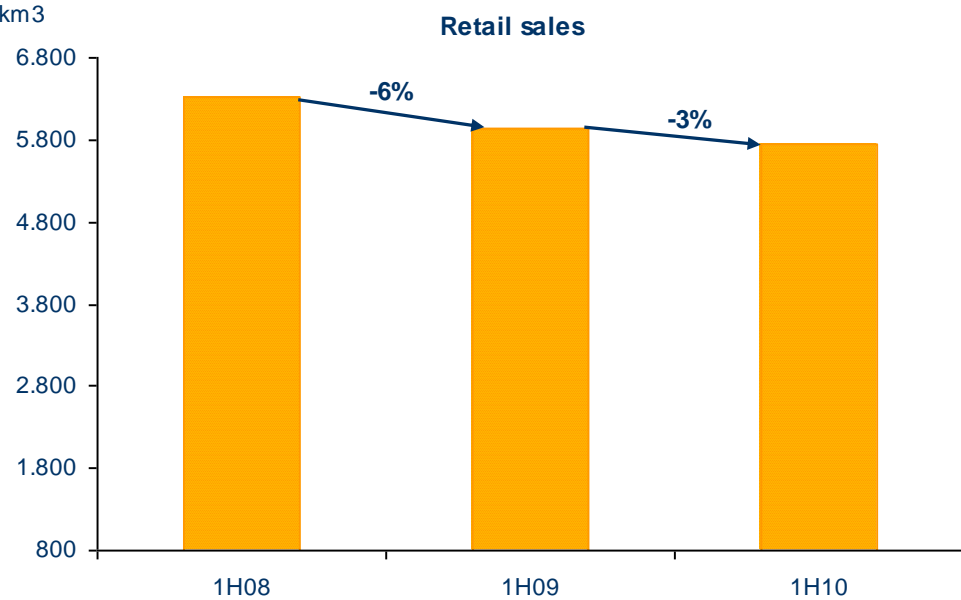


•Source: 2010 average January – August

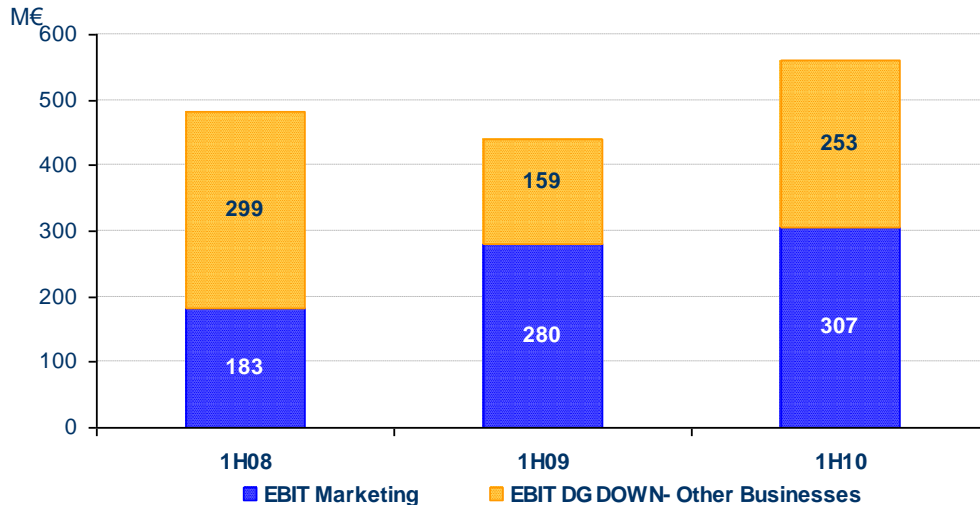
The Integrated Margin does not include the Chemical Business

We have seen a decrease in demand not affecting our EBIT

Retail sales



- The decrease in demand is slowing down.
- Despite this decrease, the increase in margins has allowed Repsol to maintain and even increase the retail EBIT.



Potential slow down of economic growth worldwide

Consequences of Sovereign's debt crisis

Spanish Government is working on three aspects

Government Measures

Strengthening
financial
system

Competitiveness
improvement

Deficit
reduction

Financial System

Financial Sector Restructuration:

- ✓ FROB (Fund for the Orderly Restructuring of the Banking Sector)
- ✓ Savings banks reform through a new law

Competitiveness

Labor market reform. Two main targets:

- ✓ Enhance flexibility in business decision – making
- ✓ Diminish dual labor market

Goods and services market reform

- ✓ European Services Directive
- ✓ Sustainable Economy Law
- ✓ Suppress subsidies for home buyers

Fiscal Deficit

Pension system reform:

- ✓ Increasing retirement age
- ✓ Improve the relationship between benefits and contributions

Financial System

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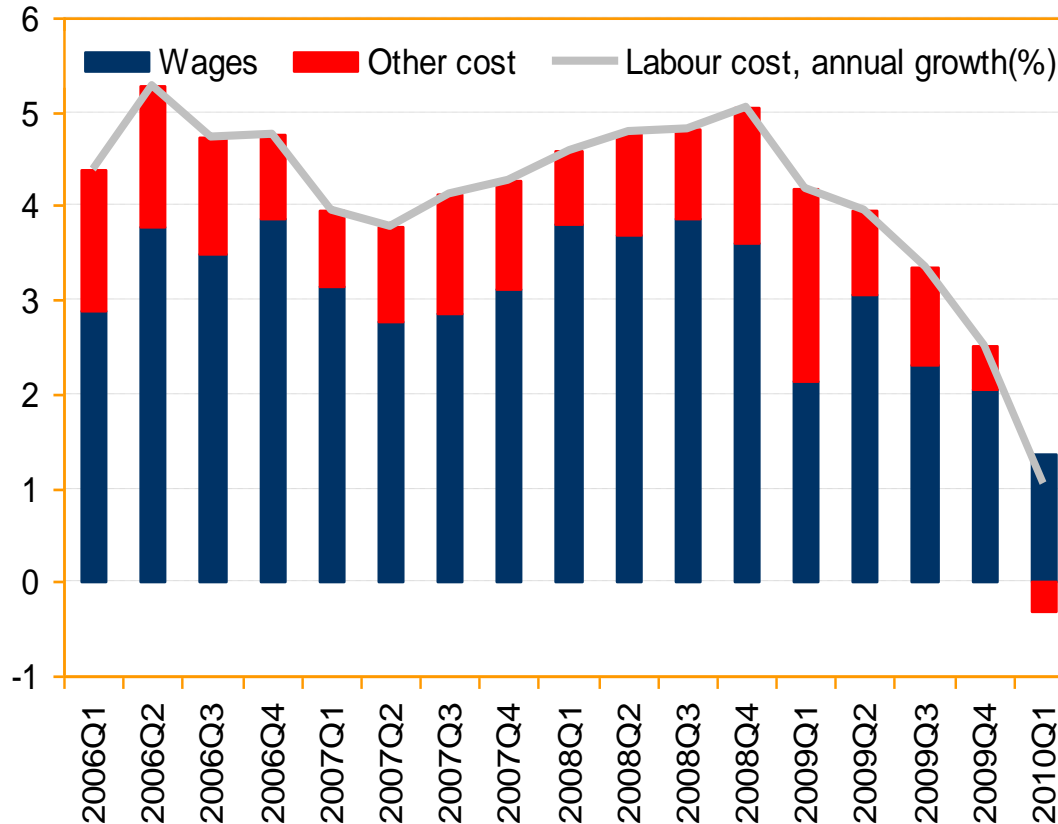
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- ✓ Sustainable Economy Law
- ✓ Suppress subsidies for home buyers

Fiscal Deficit

Pension system reform:

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- ✓ Improve the relationship between benefits and contributions

**Labor costs
(contribution and annual growth)**



Source: European Commission , INE and Repsol's Economic Research Department .

A reduction in wages pushed competitiveness

Financial System

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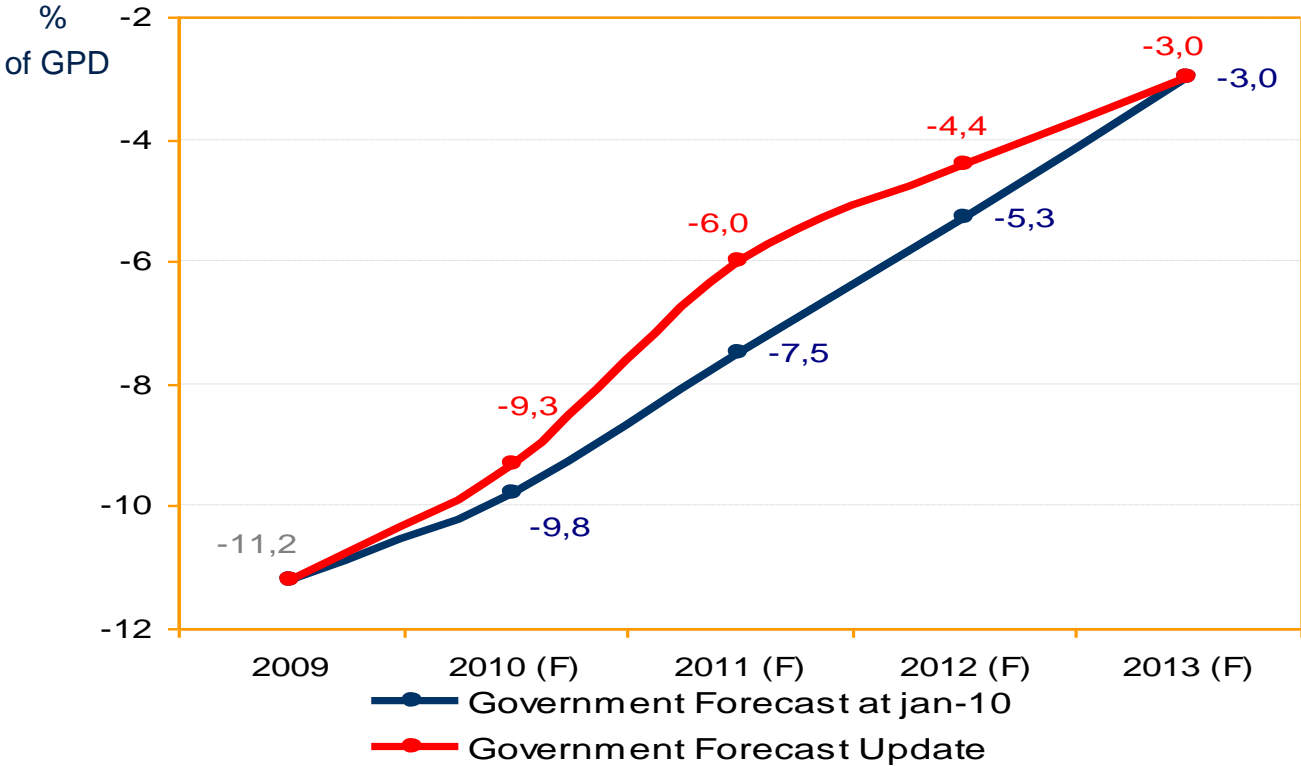
Fiscal Deficit

Pension system reform:

- ✓ Increasing retirement age
- ✓ Improve the relationship between benefits and contributions

Deficit – Adjusting targets

General Government Deficit



Source: Ministerio de Economía and Repsol’s Economic Research Department .

Fiscal consolidation: Spanish government early adopted a path of public deficit consolidation.

Besides, Spanish financial system has done well in stress test...



Spanish Financial System

3.300 Bn assets

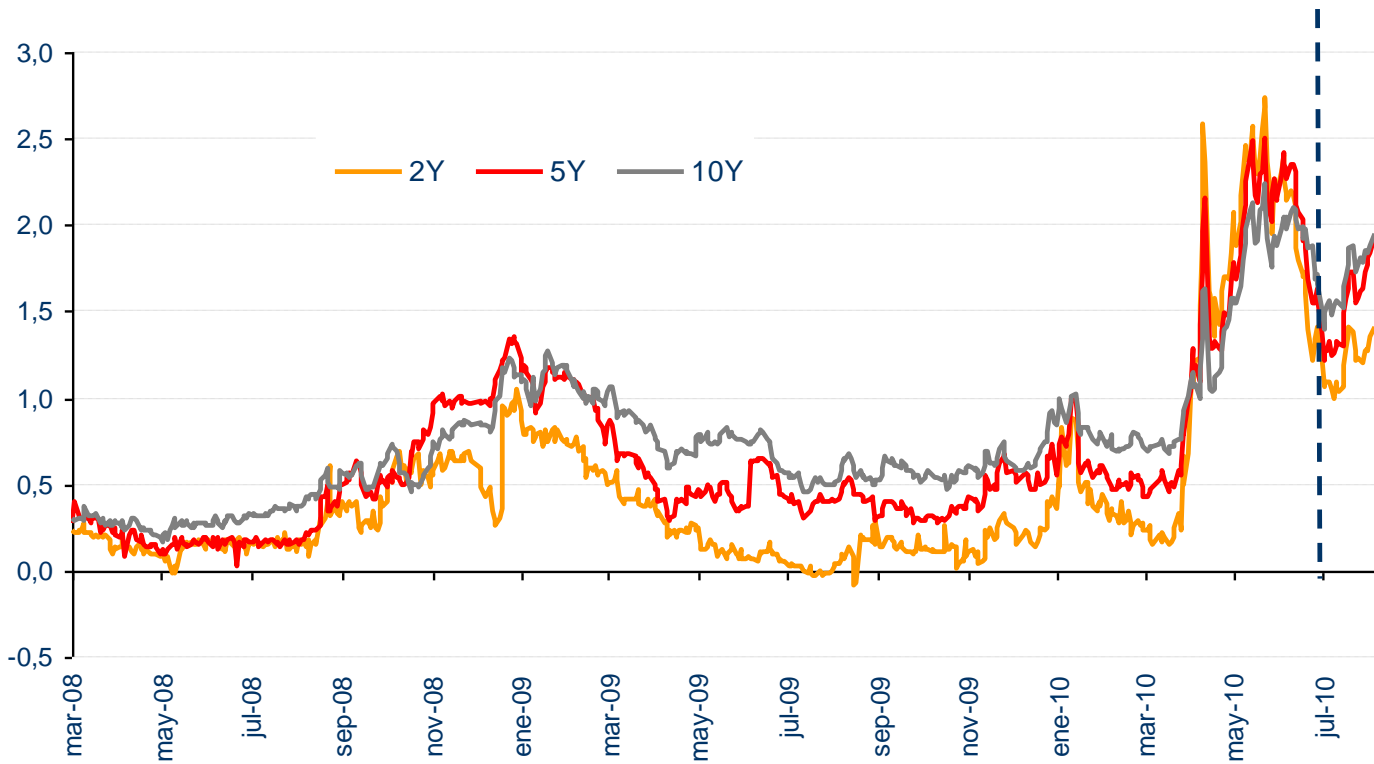
281 Bn € capital and reserves

Stress tests on European banks were well received because of increased transparency.

- **Spain's case:**
 - **Additional stress test disclosures**
 - **Extra level of stress applied by national regulators**
 - **Extra coverage: 100% of saving entities and all listed Spanish banks**
 - **Very low capital needs**
 - **Results rewarded by the markets for high quality, outperforming the eurozone**

... leading to a reduction in the sovereign's debt spreads in July

Sovereign debt's Spread Spanish "bonos" vs. German "bund"



Source: Reuters

Despite the decrease of the spreads during second quarter, in August and due to the economy slow down concerns mainly in the US, the spreads started to increase

- Repsol current situation
- Strong Results
- Forecasts
- Concerns
- Financial discipline**
- Conclusions

Liquidity available

Total group ex GN

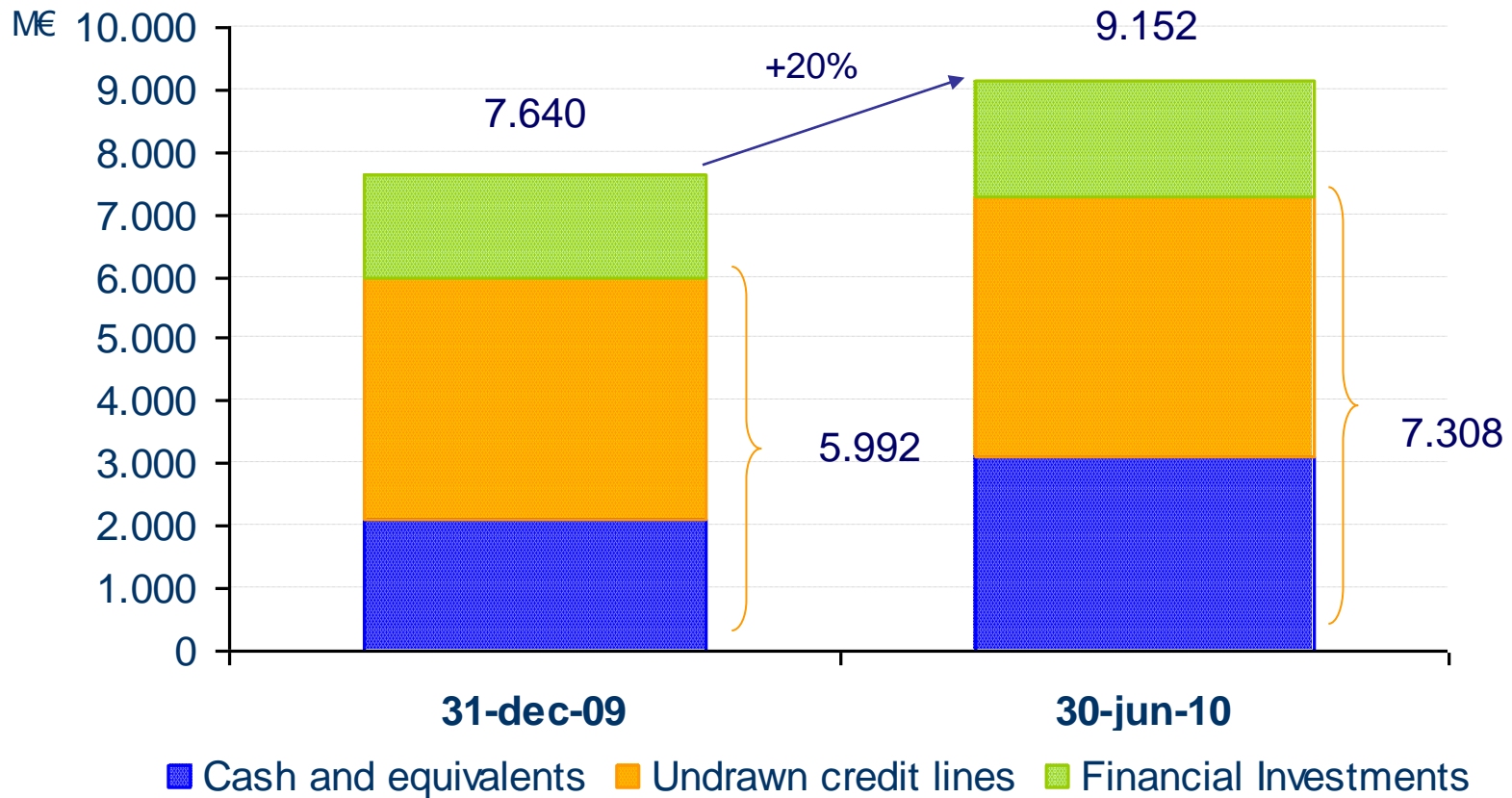
million €

	31-dec-09	30-jun-10
CASH AND EQUIVALENTS	2.132	3.107
TOTAL COMMITTED CREDIT LINES	3.973	4.402
LONG TERM	2.381	2.929
SHORT TERM	1.592	1.473
USED	-113	-201
TOTAL LIQUIDITY AVAILABLE	5.992	7.308
TOTAL FINANCIAL INVESTMENTS	1.648	1.844
AVAILABILITY + FINANCIAL INVESTMENTS	7.640	9.152

Increase in liquidity available by increasing long-term credit lines

Sources of liquidity

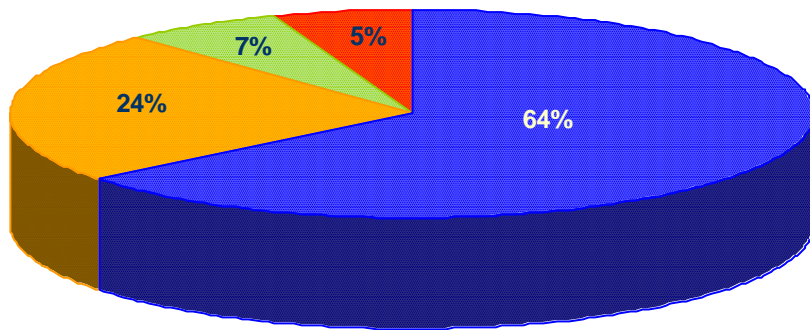
Total group ex GN



Liquidity available by June 30th 2010 was €7.308 million, with an increase of 22% or €1.316 million more than at the end of 2009.

Low dependence on banks

Total group ex GN



■ Capital Markets ■ Banks
■ Institutional Finance ■ Project Finance

million €

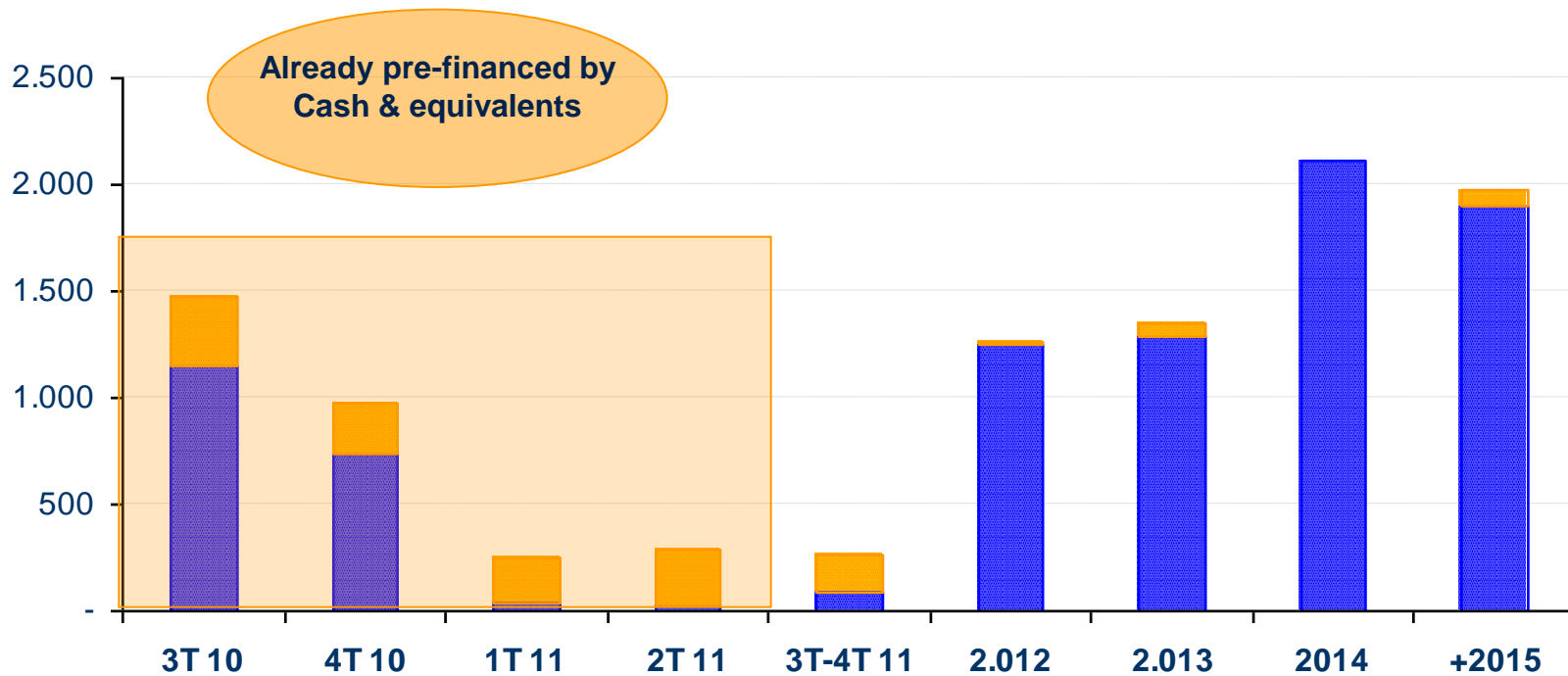
	30-jun-10
Capital Markets	5.970
Bank loans	2.024
Bank credits	201
Institutional Finance	621
Project Finance	505
GROSS DEBT	9.321

Capital Markets represent 64% of funding and Loans and Credits from Banks mean a low dependence with a 24%.

Solid short term/long term debt management

Total group ex GN

Million Euro



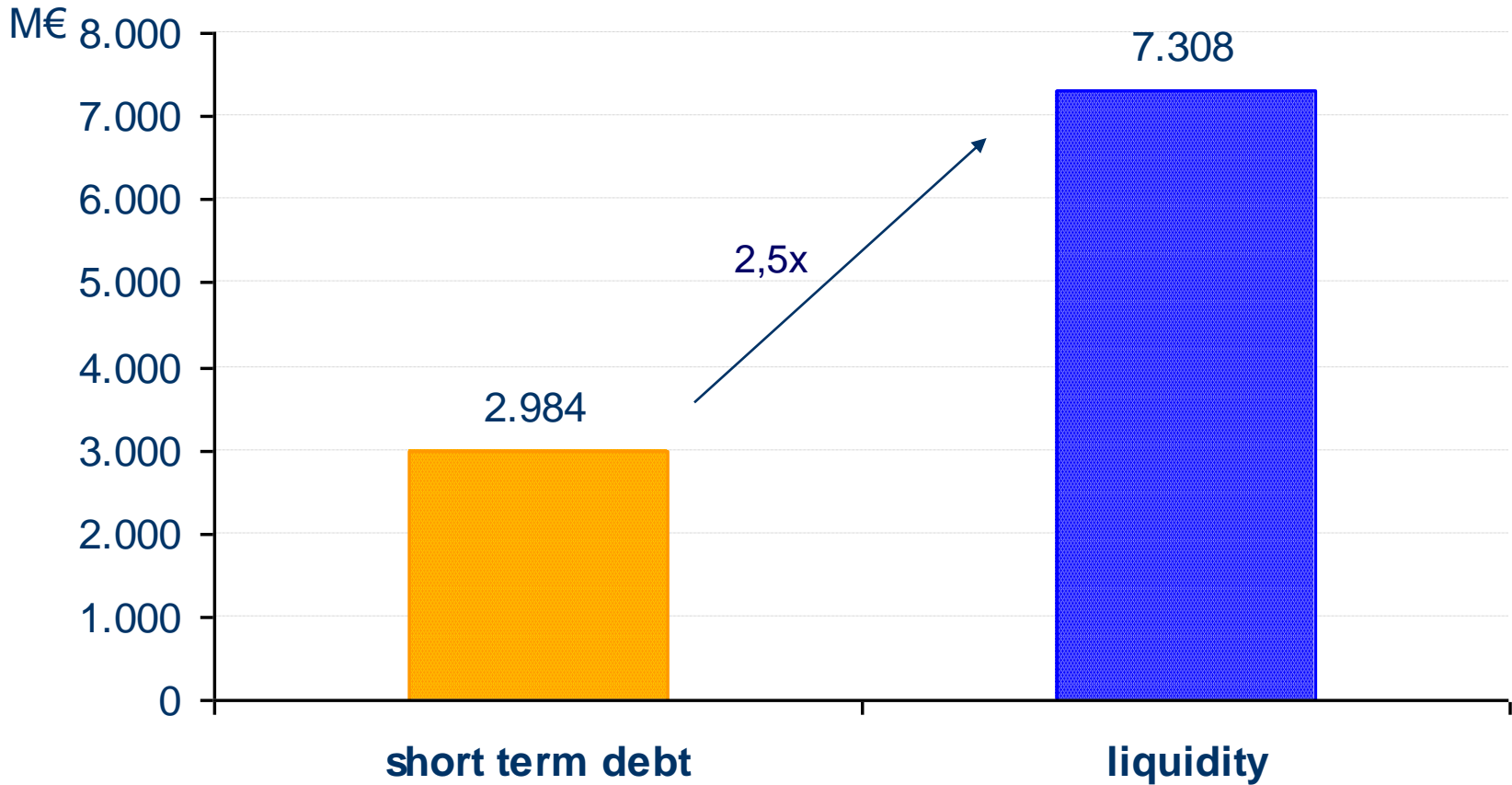
	3T 10	4T 10	1T 11	2T 11	3T-4T 11	2012	2013	2014	2015
REPSOL	1.102	704	6	22	92	1.253	1.290	2.108	1.898
YPF	310	232	210	254	168	10	57	-	73
TOTAL	1.412	936	216	276	260	1.263	1.347	2.108	1.971

Wide spread of gross debt maturities (including derivatives) of which 70% are long-term and until 2011 already pre-financed by cash available.

YPF and Pampilla Refinery in Perú debt maturities already covered by cash available and long-term credit facilities, respectively.

Liquidity

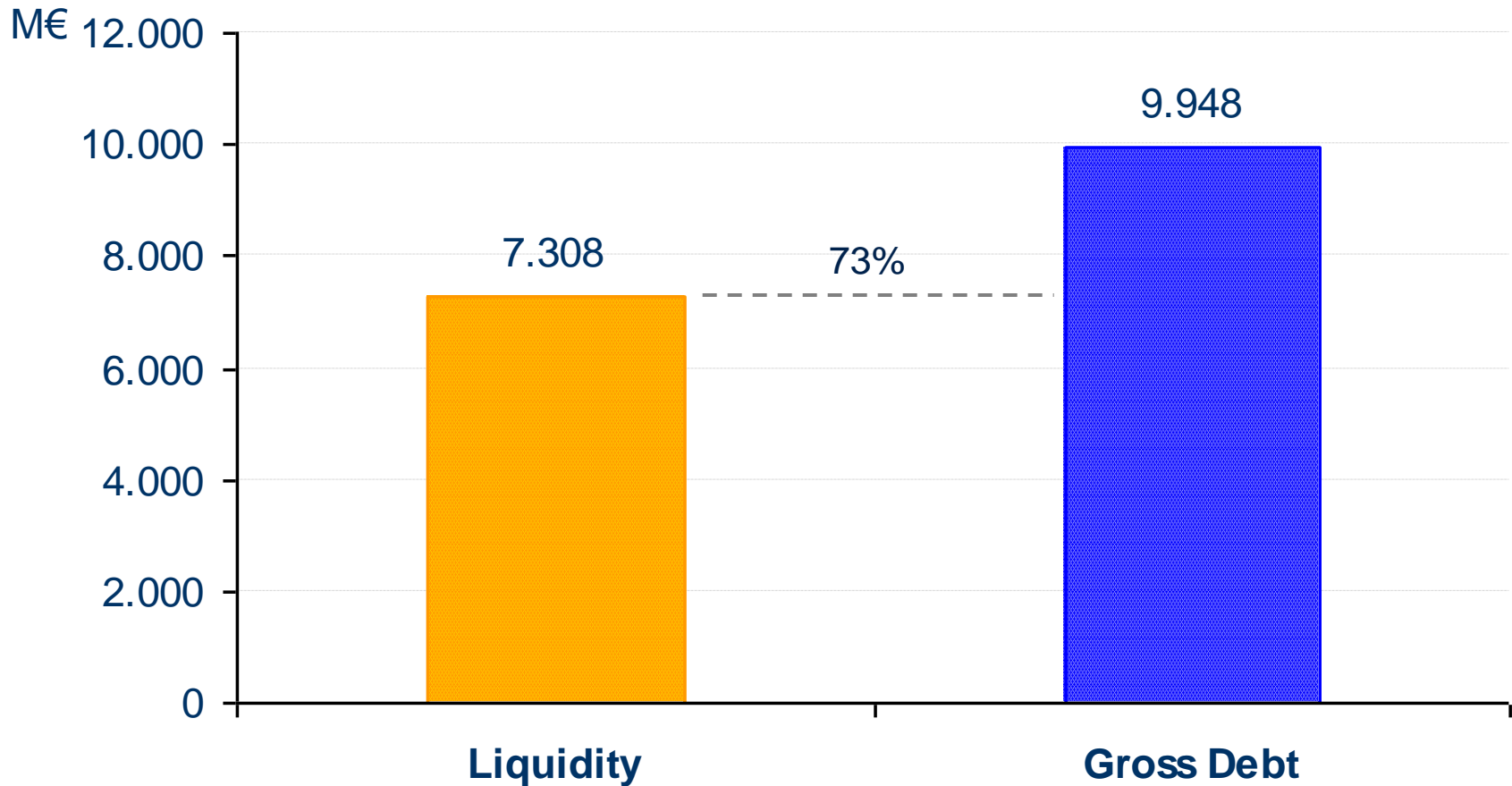
Total group ex GN



Liquidity available shows a coverage ratio of 2,5 times respect to short term debt

Liquidity

Total group ex GN



Liquidity available represents 73% of gross debt



Repsol current situation



Strong Results



Growth Forecasts



Concerns



Financial discipline



Conclusions

Sustained operational performance



Improving EBITDA

+

Appropriate liquidity and debt management

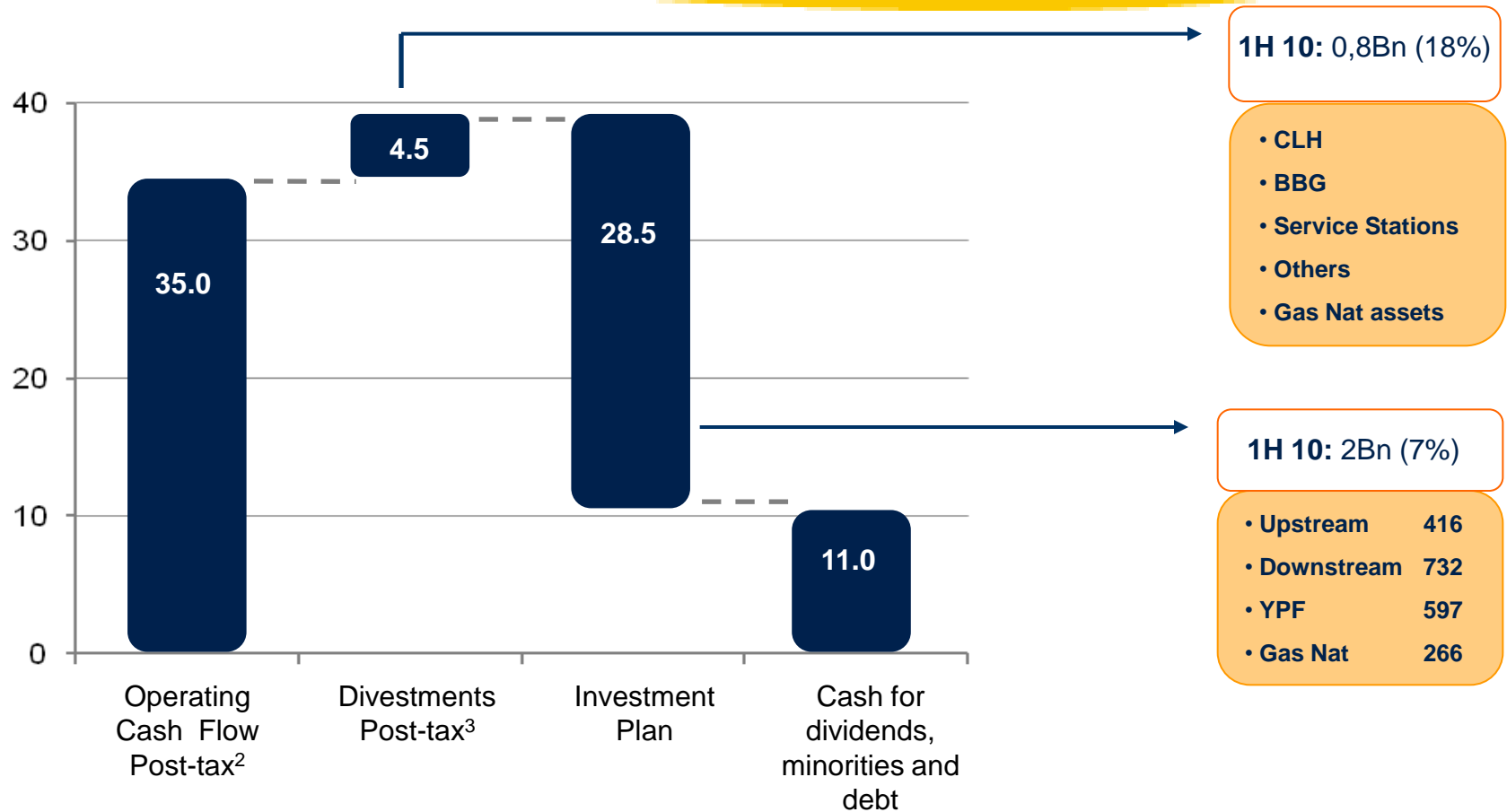


Solid financial position



Sound base for achieving growth through the Strategic Plan

Solid Cash flow generation



Cash flow generation forecasts based on conservative assumptions to give confidence on Strategic Plan compliance.



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Solid Financial Position for the Future

Fernando Ramirez - CFO

