

APM RECONCILIATIONS



REPSOL, S.A. and investees comprising the REPSOL Group

ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial information regulations, as well as other measures prepared in accordance with the Group's Reporting Model defined as Alternative Performance Measures (APMs). For further information, see <https://www.repsol.com>.

APMs are measures which are "adjusted" compared to those presented under IFRS-EU or with Supplementary Information on Oil and Gas Exploration and Production Activities.

1. Financial performance measures

Adjusted net income

<i>Million euros</i>	First Quarter ADJUSTMENTS											
	Adjusted Result		Joint Arrangements reclassification		Special items		Inventory Effect ⁽²⁾		Total Adjustments		Profit/loss under EU-IFRS	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating Income	942 ⁽¹⁾	560 ⁽¹⁾	(125)	(25)	(86)	22	113	(215)	(98)	(218)	844	342
Financial Result	(155)	(77)	31	(3)	4	22	-	-	35	19	(120)	(58)
Share of results of companies accounted for using the equity method- net of tax	73	111	67	48	-	-	-	-	67	48	140	159
Net Income before tax	860	594	(27)	20	(82)	44	113	(215)	4	(151)	864	443
Income tax	(222)	(10)	27	(20)	57	(25)	(28)	53	56	8	(166)	(2)
Net income from continuing operations	638	584	-	-	(25)	19	85	(162)	60	(143)	698	441
Net income from continuing operations attributable to minority interests	(8)	(12)	-	-	-	-	(1)	5	(1)	5	(9)	(7)
NET INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE PARENT	630	572	-	-	(25)	19	84	(157)	59	(138)	689	434

⁽¹⁾ Result from continuing operations at replacement cost (CCS).

⁽²⁾ The inventory effect represents an adjustment to "Consumption of raw materials and other consumables" and "Changes in inventory of finished goods and work in progress" on the income statement under IFRS-EU.

We present below the Specific results:

<i>Million euros</i>	Upstream		Downstream		Corporation		TOTAL	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016	1Q 2017	1Q 2016
Divestments	6	(1)	11	60	1	-	18	59
Workforce restructuring charges	-	(16)	(1)	(1)	(3)	(12)	(4)	(29)
Impairment	(28)	2	-	(2)	-	-	(28)	-
Provisions and other	(20)	(23)	9	(9)	-	21	(11)	(11)
TOTAL	(42)	(38)	19	48	(2)	9	(25)	19

EBITDA

<i>Million euros</i>	First Quarter							
	Group Reporting Model		Joint arrangements reclassification and others		Inventory effect		Cash flow statement IFRS-EU ⁽¹⁾	
	2017	2016	2017	2016	2017	2016	2017	2016
Upstream	921	404	(391)	(182)	-	-	530	222
Downstream	961	671	(2)	(1)	-	-	959	670
Corporation and others	(38)	(48)	8	(4)	-	-	(30)	(52)
EBITDA	1,844	1,027	(385)	(187)	-	-	1,459	840
EBITDA CCS	1,731	1,242	(385)	(187)	113	(215)	1,459	840

⁽¹⁾ Corresponds to “Net income before tax” and “Adjustments to net income” on the consolidated Cash Flow Statement prepared under IFRS-EU.

ROACE

	1Q 17	1Q 16	
NUMERATOR			
Operating profit EU-IFRS	844	342	
Adjustment joint ventures	125	25	
Adjustment special items	86	(22)	
Income tax ⁽¹⁾	(292)	22	
Share of profit (loss) of entities accounted for using the equity method - net of dividends	73	111	
I. ROACE result at average weighted cost	836	3,345⁽²⁾	478 1,816⁽²⁾
DENOMINATOR			
Total equity		31,425	28,359
Net financial debt		8,345	11,978
Capital employed at year end		39,770	40,337
II. Average capital employed ⁽²⁾		39,512	40,589
ROACE (I/II)		8.5%	4.5%

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

⁽²⁾ Annualised indicator by a mere extrapolation of this period's figures

⁽³⁾ Corresponds to the average balance of capital employed at the beginning and end of the year.

2. Cash flow measures

Free cash flow and Cash generated

<i>Million euros</i>	First Quarter					
	Adjusted Cash Flow		Joint arrangements reclassification and others		Cash Flow Statement IFRS-EU	
	2017	2016	2017	2016	2017	2016
I. Cash flows from / (used in) operating activities	717	943	(38)	(41)	679	902
II. Cash flows from / (used in) investing activities	(597)	(742)	57	127	(540)	(615)
Free cash flow (I+II)	120	201	19	86	139	287
Cash generated	(430)	(377)	20	86	(410)	(291)
III. Cash flows from / (used in) financing activities and others ⁽¹⁾	(1,073)	(205)	(31)	(22)	(1,104)	(227)
Net increase / (decrease) in cash and cash equivalents	(953)	(4)	(12)	64	(965)	60
Cash and cash equivalents at the beginning of the period	4,918	2,769	(231)	(321)	4,687	2,448
Cash and cash equivalents at the end of the period	3,965	2,765	(243)	(257)	3,722	2,508

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

Liquidity

<i>Million euros</i>	Group Reporting Model		Joint arrangements reclassification and others		IFRS-EU	
	mar-17	dec-16	mar-17	dec-16	mar-17	dec-16
	Cash and Cash equivalents	3,965	4,918	(243)	(231)	3,722
Undrawn credit lines	4,368	4,429	-	-	4,368	4,429
Liquidity	8,333	9,347	(243)	(231)	8,090	9,116

Net operating investments

<i>Millones de euros</i>	First Quarter					
	Net operating investments		Joint arrangements reclassification and others		Cash flow statement IFRS-EU ⁽¹⁾	
	2017	2016	2017	2016	2017	2016
Upstream	455	638	(101)	(178)	354	460
Downstream	91	86	-	(2)	91	84
Corporation and others	(2)	(15)	1	(9)	(1)	(24)
TOTAL	544	709	(100)	(189)	444	520

⁽¹⁾ This corresponds to “Proceeds from divestments” and “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 measutes

Net Debt

Million euros	Net Debt		Joint arrangements reclassification and others ⁽¹⁾		Figure according to IFRS-EU balance sheet	
	mar-17	mar-16	mar-17	mar-16	mar-17	mar-16
Non-current assets						
Non-current financial instruments ⁽²⁾	439	93	719	545	1,158	638
Current assets						
Other current financial assets	68	62	1,241	1,143	1,309	1,205
Cash and Cash equivalents	3,965	2,765	(243)	(257)	3,722	2,508
Non-current liabilities⁽³⁾						
Non-current financial debt	(8,490)	(11,130)	57	129	(8,433)	(11,001)
Non-current liabilities⁽³⁾						
Current financial liabilities	(4,412)	(3,879)	(2,762)	(2,675)	(7,174)	(6,554)
Items not included on the balance sheet						
Net mark to market valuation of financial derivatives (ex: exchange rate) ⁽⁴⁾	85	111	-	-	85	111
NET DEBT	(8,345)	(11,978)			(9,333)	(13,093)

(1) Mainly includes the net financing of the Repsol Sinopec Brazil Group, broken down in the following sections:

March 2016: Cash and cash equivalents of 17 million euros and current financial liabilities as a result of an intra-group loan of 2,699 million euros, less a 329 million euros third-party loan.

March 2017: Cash and cash equivalents of 20 million euros and current financial liabilities as a result of an intra-group loan of 2,890 million euros, less a 393 million euros third-party loan.

(2) Corresponds to the consolidated balance sheet heading, "Non-current financial assets" (but does not include available-for-sale financial assets).

(3) Does not include finance lease obligations.

(4) The net mark to market value of financial derivatives different from exchange rate derivatives has been eliminated from this section.

Gross Debt

	Gross Debt		Joint arrangements reclassification and others		Figure according to IFRS-EU balance sheet	
	mar-17	mar-16	mar-17	mar-16	mar-17	mar-16
Current financial liabilities	(4,368)	(3,820)	(2,759)	(2,672)	(7,127)	(6,492)
Net valuation at the market rates of financial derivative, such as current exchange rate	(4)	(7)	-	-	(4)	(7)
Current gross debt	(4,372)	(3,828)	(2,759)	(2,672)	(7,131)	(6,500)
Non-current financial liabilities	(8,408)	(11,020)	57	128	(8,351)	(10,892)
Non-current gross debt	(8,408)	(11,020)	57	128	(8,351)	(10,892)
TOTAL GROSS DEBT	(12,780)	(14,847)	(2,702)	(2,544)	(15,482)	(17,392)

Interest Cover

Million euros	Group Reporting Model		Primer trimestre Joint arrangements reclassification and others		Figure according to IFRS-EU balance sheet	
	2017	2016	2017	2016	2017	2016
Debt interest	95	115	(18)	(17)	77	98
EBITDA	1,844	1,027	(385)	(187)	1,459	840
Interest cover	5.1%	11.2%			5.2%	11.6%