

REPSOL Group

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Alternative  
Performance  
Measures  
reconciliations  
4th Quarter  
and 12 Months  
2020

*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 information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's Reporting Model, defined as Alternative Performance Measures (APMs). APMs are measures that are "adjusted" compared to those presented in accordance with IFRS-EU or with Supplementary Information on Oil and Gas Upstream Activities, and the reader should therefore consider them in addition to, but not instead of, the latter.

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

For more historical quarterly APM information, see [www.repsol.com](http://www.repsol.com).

### 1. Financial performance measures

#### Adjusted net income

	Cumulative twelve months											
	Adjusted net income		ADJUSTMENTS								IFRS-EU profit/loss	
			Reclassification of joint ventures		Special items		Inventory effect <sup>(2)</sup>		Total adjustments			
<i>Million euros</i>	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	1,135 <sup>(1)</sup>	3,661 <sup>(1)</sup>	682	(529)	(3,017)	(6,343)	(1,354)	(40)	(3,689)	(6,912)	(2,554)	(3,251)
Financial result	(238)	(390)	60	111	37	(22)	—	—	97	89	(141)	(301)
Net income of companies accounted for using the equity method - net of tax	6	22	(618)	324	3	5	—	—	(615)	329	(609)	351
<b>Income before tax</b>	<b>903</b>	<b>3,293</b>	<b>124</b>	<b>(94)</b>	<b>(2,977)</b>	<b>(6,360)</b>	<b>(1,354)</b>	<b>(40)</b>	<b>(4,207)</b>	<b>(6,494)</b>	<b>(3,304)</b>	<b>(3,201)</b>
Income tax	(299)	(1,227)	(124)	94	63	536	344	9	283	639	(16)	(588)
<b>Consolidated net income for the year</b>	<b>604</b>	<b>2,066</b>	<b>—</b>	<b>—</b>	<b>(2,914)</b>	<b>(5,824)</b>	<b>(1,010)</b>	<b>(31)</b>	<b>(3,924)</b>	<b>(5,855)</b>	<b>(3,320)</b>	<b>(3,789)</b>
Net income attributed to non-controlling interests	(4)	(24)	—	—	3	1	32	(4)	35	(3)	31	(27)
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>600</b>	<b>2,042</b>	<b>—</b>	<b>—</b>	<b>(2,911)</b>	<b>(5,823)</b>	<b>(978)</b>	<b>(35)</b>	<b>(3,889)</b>	<b>(5,858)</b>	<b>(3,289)</b>	<b>(3,816)</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> 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.

	Fourth quarter											
	ADJUSTMENTS											
	Adjusted net income		Reclassification of joint ventures		Special items		Inventory effect <sup>(1)</sup>		Total adjustments		IFRS-EU profit/loss	
Million euros	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	464 <sup>(1)</sup>	765 <sup>(1)</sup>	(184)	124	(1,374)	(6,408)	99	37	(1,459)	(6,247)	(995)	(5,482)
Financial result	26	(148)	16	21	92	(2)	—	—	108	19	134	(129)
Net income of companies accounted for using the equity method - net of tax	2	6	401	70	(1)	6	—	—	400	76	402	82
<b>Income before tax</b>	<b>492</b>	<b>623</b>	<b>233</b>	<b>215</b>	<b>(1,283)</b>	<b>(6,404)</b>	<b>99</b>	<b>37</b>	<b>(951)</b>	<b>(6,152)</b>	<b>(459)</b>	<b>(5,529)</b>
Income tax	(88)	(211)	(233)	(215)	97	691	(25)	(10)	(161)	466	(249)	255
<b>Consolidated net income for the year</b>	<b>404</b>	<b>412</b>	<b>—</b>	<b>—</b>	<b>(1,186)</b>	<b>(5,713)</b>	<b>74</b>	<b>27</b>	<b>(1,112)</b>	<b>(5,686)</b>	<b>(708)</b>	<b>(5,274)</b>
Net income attributed to non-controlling interests	—	(7)	—	—	1	1	(4)	(2)	(3)	(1)	(3)	(8)
<b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>404</b>	<b>405</b>	<b>—</b>	<b>—</b>	<b>(1,185)</b>	<b>(5,712)</b>	<b>70</b>	<b>25</b>	<b>(1,115)</b>	<b>(5,687)</b>	<b>(711)</b>	<b>(5,282)</b>

<sup>(1)</sup> Net income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> 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

Million euros	12M		Q4	
	2020	2019	2020	2019
Divestments	174	49	104	4
Indemnities and workforce restructuring	(124)	(64)	(51)	(31)
Impairment of assets	(2,812)	(4,867)	(1,513)	(4,863)
Provisions and others	(149)	(941)	275	(822)
<b>TOTAL</b>	<b>(2,911)</b>	<b>(5,823)</b>	<b>(1,185)</b>	<b>(5,712)</b>

### EBITDA

Million euros	Cumulative twelve months							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
Upstream	2,090	4,255	(930)	(1,664)	—	—	1,160	2,591
Industrial	(161)	1,997	(32)	(33)	(1,332)	(31)	(193)	1,964
Commercial and Renewables	970	1,059	(10)	(14)	(22)	(9)	960	1,045
Corporate and other	(169)	(150)	12	(21)	—	—	(157)	(171)
<b>EBITDA</b>	<b>2,730</b>	<b>7,161</b>	<b>(960)</b>	<b>(1,732)</b>	<b>—</b>	<b>—</b>	<b>1,770</b>	<b>5,429</b>
Inventory effect <sup>(1)</sup>	1,354	40	—	—	—	—	—	—
<b>CCS EBITDA</b>	<b>4,084</b>	<b>7,201</b>	<b>(960)</b>	<b>(1,732)</b>	<b>(1,354)</b>	<b>(40)</b>	<b>1,770</b>	<b>5,429</b>

<sup>(1)</sup> Before tax.

<sup>(2)</sup> Corresponds to “Income before tax” and “Adjustments to profit” on the consolidated statement of cash flows under IFRS-EU.

<i>Million euros</i>	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
<b>Net income before tax</b>	(3,428)	(2,270)	124	(931)	(3,304)	(3,201)
<b>Adjusted result:</b>						
Depreciation of property, plant and equipment	2,880	3,289	(673)	(855)	2,207	2,434
Operating provisions	3,177	6,115	(973)	485	2,204	6,600
Other items	101	27	562	(431)	663	(404)
<b>EBITDA</b>	<b>2,730</b>	<b>7,161</b>	<b>(960)</b>	<b>(1,732)</b>	<b>1,770</b>	<b>5,429</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" on the consolidated Statement of Cash Flows prepared under IFRS-EU.

<i>Million euros</i>	Fourth quarter							
	Group Reporting Model		Reclassification of joint ventures and others		Inventory effect <sup>(1)</sup>		IFRS-EU <sup>(2)</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
Upstream	643	1,058	(246)	(348)	—	—	397	710
Industrial	363	563	(9)	(5)	93	31	354	558
Commercial and Renewables	294	255	(5)	(4)	6	6	289	251
Corporate and other	(41)	(24)	(23)	(18)	—	—	(64)	(42)
<b>EBITDA</b>	<b>1,259</b>	<b>1,852</b>	<b>(283)</b>	<b>(375)</b>	<b>99</b>	<b>37</b>	<b>976</b>	<b>1,477</b>
Inventory effect <sup>(1)</sup>	(99)	(37)						
<b>CCS EBITDA</b>	<b>1,160</b>	<b>1,815</b>	<b>(283)</b>	<b>(375)</b>	<b>99</b>	<b>37</b>	<b>976</b>	<b>1,477</b>

<sup>(1)</sup> Before tax.

<sup>(2)</sup> Corresponds to "Income before tax" and "Adjustments to profit" on the consolidated statement of cash flows under IFRS-EU.

<i>Million euros</i>	Fourth quarter					
	Group Reporting Model		Joint venture reclassification and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
<b>Net income before tax</b>	(693)	(4,907)	234	(622)	(459)	(5,529)
<b>Adjusted result:</b>						
Depreciation of property, plant and equipment	677	893	(143)	(202)	534	691
Operating provisions	1,439	5,826	44	543	1,483	6,369
Other items	(164)	40	(418)	(94)	(582)	(54)
<b>EBITDA</b>	<b>1,259</b>	<b>1,852</b>	<b>(283)</b>	<b>(375)</b>	<b>976</b>	<b>1,477</b>

<sup>(1)</sup> Corresponds to "Net income before tax" and "Adjustments to income" in the consolidated Statement of Cash Flows prepared under IFRS-EU.

## ROACE

<b>NUMERATOR (Million euros)</b>	<b>2020</b>	<b>2019</b>
<b>Operating income (IFRS-EU)</b>	<b>(2,554)</b>	<b>(3,251)</b>
Reclassification of joint ventures	(682)	529
Income tax <sup>(1)</sup>	97	(780)
Net income of companies accounted for using the equity method - net of tax	9	27
Impact of IFRS 16	(55)	(46)
<b>ROACE result at weighted average cost</b>	<b>(3,185)</b>	<b>(3,521)</b>
<b>DENOMINATOR (Millions euros)</b>	<b>2020</b>	<b>2019</b>
Total equity	20,723	25,337
Net debt	3,042	4,220
<b>Capital employed at period-end</b>	<b>23,765</b>	<b>29,556</b>
<b>II. Average capital employed <sup>(2)</sup></b>	<b>26,661</b>	<b>31,955</b>
<b>ROACE (I/II)</b>	<b>(11.9)</b>	<b>(11.0)</b>

<sup>(1)</sup> Does not include income tax corresponding to financial results.

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

## ROACE with leases

<b>NUMERATOR (Million euros)</b>	<b>2020</b>	<b>2019</b>
<b>Operating income IFRS-EU</b>	<b>(2,554)</b>	<b>(3,251)</b>
Reclassification of joint ventures	(682)	529
Income tax <sup>(1)</sup>	97	(780)
Net income of companies accounted for using the equity method - net of tax	9	27
<b>ROACE result at weighted average cost</b>	<b>(3,130)</b>	<b>(3,475)</b>
<b>DENOMINATOR (Millions euros)</b>	<b>2020</b>	<b>2019</b>
Total equity	20,539	25,209
Net debt with leases	6,778	8,083
<b>Capital employed at period-end (with leases)</b>	<b>27,317</b>	<b>33,292</b>
<b>II. Average capital employed <sup>(2)</sup></b>	<b>30,304</b>	<b>35,685</b>
<b>ROACE with leases (I/II) <sup>(3)</sup></b>	<b>(10.3)</b>	<b>(9.7)</b>

<sup>(1)</sup> Does not include income tax corresponding to financial results.

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

<sup>(3)</sup> ROACE on CCS (without taking into account the Inventory Effect) amounts to (7.1)%.

## 2. Cash flow measures

### Free cash flow and cash flow generated

	Cumulative twelve months					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2020	2019	2020	2019	2020	2019
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	3,197	5,837	(459)	(988)	2,738	4,849
II. Cash flows from / (used in) investing activities	(1,218)	(3,777)	1,440	(630)	222	(4,407)
<b>Free cash flow (I+II)</b>	<b>1,979</b>	<b>2,060</b>	<b>981</b>	<b>(1,618)</b>	<b>2,960</b>	<b>442</b>
<b>Cash flow generated</b>	<b>811</b>	<b>(687)</b>	<b>1,008</b>	<b>(1,578)</b>	<b>1,819</b>	<b>(2,265)</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	(619)	(3,863)	(999)	1,614	(1,618)	(2,249)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>1,360</b>	<b>(1,803)</b>	<b>(18)</b>	<b>(4)</b>	<b>1,342</b>	<b>(1,807)</b>
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	4,578	3,218	(257)	(239)	4,321	2,979

	Fourth quarter					
	Adjusted cash flow		Reclassification of joint ventures and others		IFRS-EU statement of cash flow	
	2020	2019	2020	2019	2020	2019
<i>Million euros</i>						
I. Cash flows from / (used in) operating activities (cash flow from operations)	1,075	1,763	(71)	(21)	1,004	1,742
II. Cash flows from / (used in) investing activities	(408)	(1,515)	(734)	7	(1,142)	(1,508)
<b>Free cash flow (I+II)</b>	<b>667</b>	<b>248</b>	<b>(805)</b>	<b>(14)</b>	<b>(138)</b>	<b>234</b>
<b>Cash flow generated</b>	<b>351</b>	<b>(502)</b>	<b>(806)</b>	<b>(6)</b>	<b>(455)</b>	<b>(508)</b>
III. Cash flows from / (used in) financing activities and others <sup>(1)</sup>	(1,311)	(996)	801	38	(510)	(958)
<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>(644)</b>	<b>(748)</b>	<b>(4)</b>	<b>24</b>	<b>(648)</b>	<b>(724)</b>
Cash and cash equivalents at the beginning of the period	5,222	3,966	(253)	(263)	4,969	3,703
Cash and cash equivalents at the end of the period	4,578	3,218	(257)	(239)	4,321	2,979

<sup>(1)</sup> 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

	Cumulative twelve months					
	Group Reporting Model		Reclassification of joint ventures and others		IFRS-EU	
	2020	2019	2020	2019	2020	2019
<i>Million euros</i>						
Cash and cash equivalents	4,578	3,218	(257)	(239)	4,321	2,979
Undrawn credit lines	3,436	1,818	(11)	(10)	3,425	1,808
Deposits of immediate availability <sup>(1)</sup>	1,181	2,631	—	—	1,181	2,631
<b>Liquidity</b>	<b>9,195</b>	<b>7,667</b>	<b>(268)</b>	<b>(249)</b>	<b>8,926</b>	<b>7,418</b>

<sup>(1)</sup> 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

Million euros	Cumulative twelve months					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	948	2,429	(230)	(499)	718	1,930
Industrial	565	885	(14)	(16)	551	869
Commercial and Renewables	739	491	(46)	(12)	693	479
Corporate and other	56	56	—	—	56	56
<b>TOTAL</b>	<b>2,308</b>	<b>3,861</b>	<b>(290)</b>	<b>(527)</b>	<b>2,018</b>	<b>3,334</b>

<sup>(1)</sup> 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”.

Million euros	Fourth quarter					
	Operating investments		Reclassification of joint ventures and others		IFRS-EU <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Upstream	182	915	(85)	(116)	97	799
Industrial	225	389	(10)	(6)	215	383
Commercial and Renewables	339	238	(42)	(3)	297	235
Corporate and other	23	14	—	—	23	14
<b>TOTAL</b>	<b>769</b>	<b>1,556</b>	<b>(137)</b>	<b>(125)</b>	<b>632</b>	<b>1,431</b>

<sup>(1)</sup> 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

Million euros	Net debt	Reclassification of joint ventures <sup>(1)</sup>	IFRS-EU balance sheet
	Dic-2020	Dic-2020	Dic-2020
<b>Non-current assets</b>			
Non-current financial instruments <sup>(2)</sup>	10	767	777
<b>Current assets</b>			
Other current financial assets	1,418	159	1,577
Cash and cash equivalents	4,578	(257)	4,321
<b>Non-current liabilities</b>			
Non-current financial liabilities <sup>(3)</sup>	(6,373)	(3,246)	(9,619)
<b>Current liabilities</b>			
Current financial liabilities <sup>(3)</sup>	(3,030)	(364)	(3,394)
<b>Items not included on the balance sheet</b>			
Net mark to market financial derivatives (excl. exchange rate) <sup>(4)</sup>	355	(290)	65
<b>NET DEBT <sup>(5)</sup></b>	<b>(3,042)</b>	<b>(3,231)</b>	<b>(6,273)</b>
Non-current lease liabilities (net) <sup>(6)</sup>	(3,153)	664	(2,489)
Current lease liabilities (net) <sup>(6)</sup>	(583)	105	(478)
<b>NET DEBT with leases</b>	<b>(6,778)</b>		<b>(9,240)</b>

<sup>(1)</sup> Mainly includes the net financing of the Repsol Sinopec Brazil Group, broken down in the following sections: Cash and cash equivalents of €79 million, current financial liabilities as a result of an intra-group loan of €2,768 million and €674 million for leases.

<sup>(2)</sup> Corresponds to “Non-current financial assets” in the consolidated balance sheet, without including equity instruments.

<sup>(3)</sup> Does not include lease liabilities.

<sup>(4)</sup> The net market value of interest rate derivatives has been eliminated from this section.

<sup>(5)</sup> The reconciliations in previous period for this figure are available at [www.repsol.com](http://www.repsol.com).

<sup>(6)</sup> Includes collection rights for sub-leases amounting to €24 million (€16 million long-term and €8 million short-term).

## Gross debt and Gross debt with leases

<i>Million euros</i>	Gross debt	Reclassification of joint ventures and others	IFRS - EU balance sheet
	Dic-2020	Dic-2020	Dic-2020
Current financial liabilities <sup>(1)</sup>	(2,786)	(363)	(3,149)
Net mark to market valuation of current exchange rate financial derivatives	(64)	—	(64)
<b>Current gross debt</b>	<b>(2,850)</b>	<b>(363)</b>	<b>(3,213)</b>
Non-current financial liabilities <sup>(1)</sup>	(6,272)	(3,245)	(9,517)
Mark-to-market of non-current exchange rate derivatives	24	—	24
<b>Non-current gross debt</b>	<b>(6,248)</b>	<b>(3,245)</b>	<b>(9,493)</b>
<b>GROSS DEBT <sup>(2)</sup></b>	<b>(9,098)</b>	<b>(3,609)</b>	<b>(12,706)</b>
Current lease liabilities	(590)	104	(486)
Non-current lease liabilities	(3,175)	670	(2,505)
<b>GROSS DEBT with leases</b>	<b>(12,863)</b>	<b>(2,835)</b>	<b>(15,697)</b>

<sup>(1)</sup> Lease liabilities are not included.

<sup>(2)</sup> The reconciliations in previous periods for this figure are available at [www.repsol.com](http://www.repsol.com).

## Leverage ratio

<i>Million euros</i>	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Net debt	(3,042)	(4,220)	(3,231)	(3,342)	(6,273)	(7,562)
Capital employed	23,765	29,556	3,231	3,342	26,996	32,898
<b>Leverage</b>	<b>-12.8%</b>	<b>-14.3%</b>			<b>-23.2%</b>	<b>-22.9%</b>

<i>Million euros</i>	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Net debt with leases	(6,778)	(8,083)	(2,462)	(2,583)	(9,240)	(10,666)
Capital employed with leases	27,317	33,292	2,462	2,583	29,779	35,875
<b>Leverage with leases</b>	<b>-24.8%</b>	<b>-24.3%</b>			<b>-31.0%</b>	<b>-29.7%</b>

## Solvency ratio

<i>Million euros</i>	Cumulative twelve months					
	Group Reporting Model		Joint venture reclassification		IFRS - EU Balance sheet	
	2020	2019	2020	2019	2020	2019
Liquidity	9,195	7,667	(269)	(249)	8,926	7,418
Current Gross debt	2,850	5,219	822	(10)	3,213	6,022
<b>Solvency</b>	<b>3.2</b>	<b>1.5</b>			<b>2.8</b>	<b>1.2</b>