

Investor Update

Strategic Plan 2012-2016



REPSOL



“Growing from our strengths”

February 2015

Disclaimer



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Company Overview

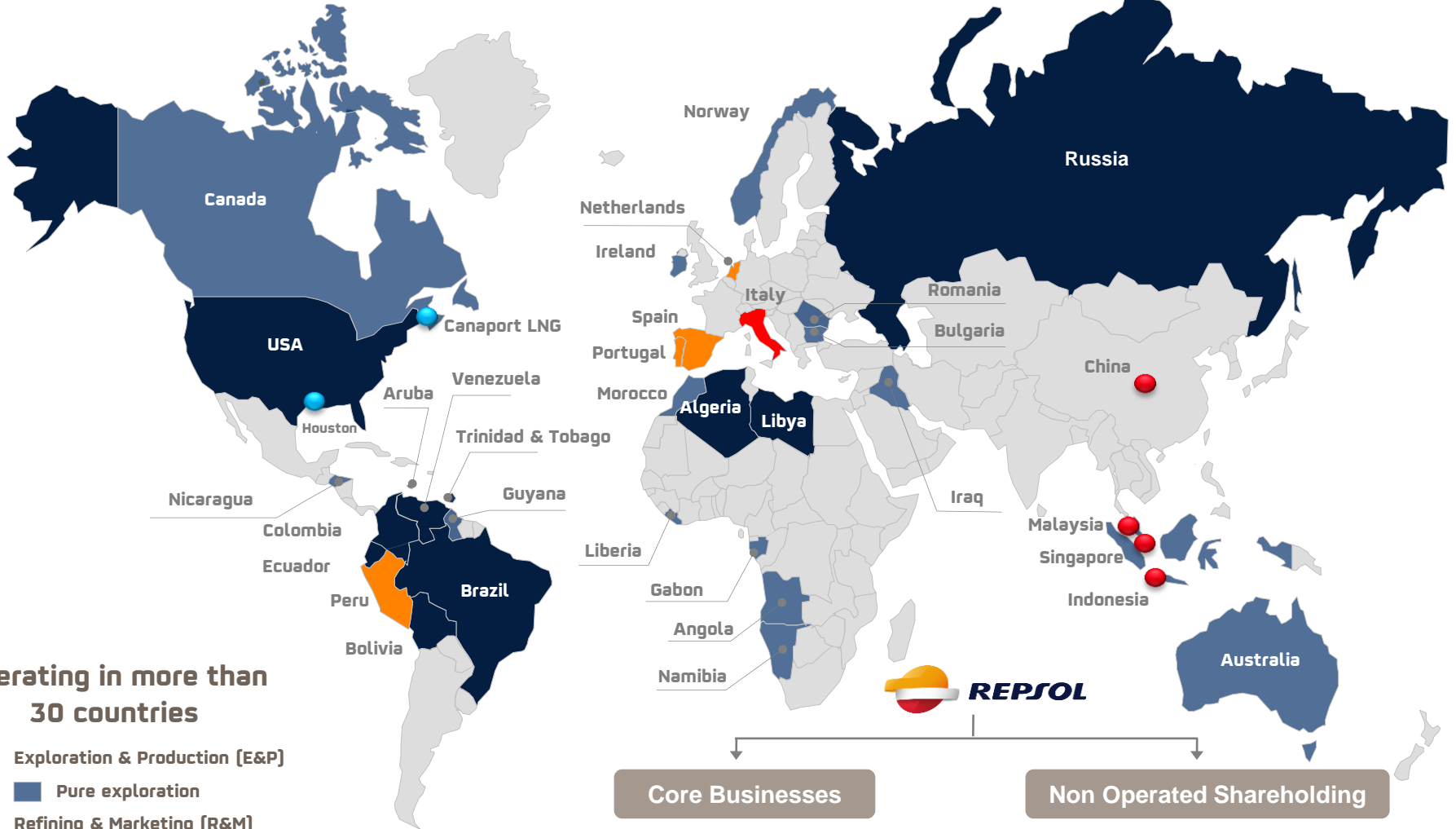
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REPSOL

Repsol today

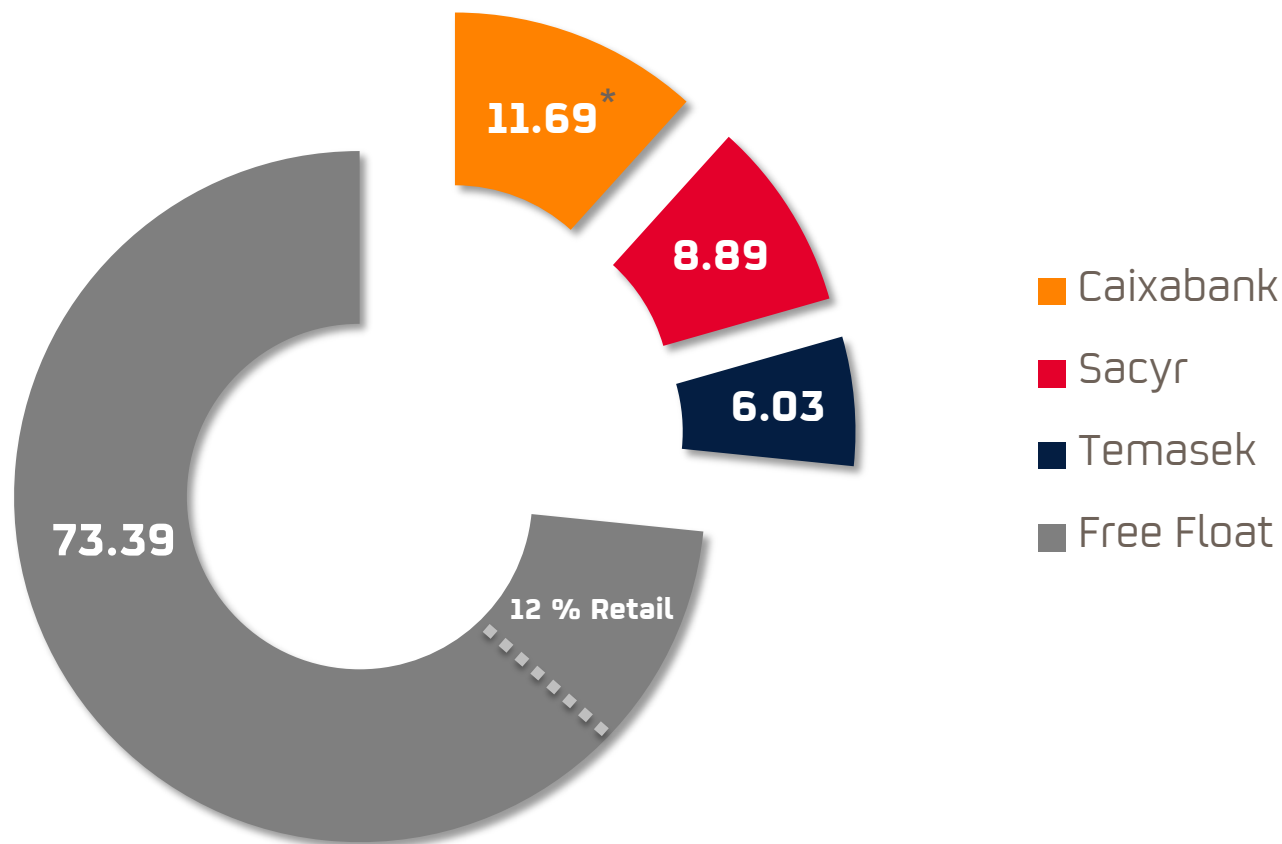
Company Overview



© **Note:** Additionally our Marketing activity extends to South East Asia ●

Repsol's Shareholders

Company Overview



Total number of shares as of February 2015: 1,374.69 million

* On 11th November 2013 CaixaBank launched a €594m 3-year Mandatory Exchangeable Bond into Repsol shares (2.5% of share capital)



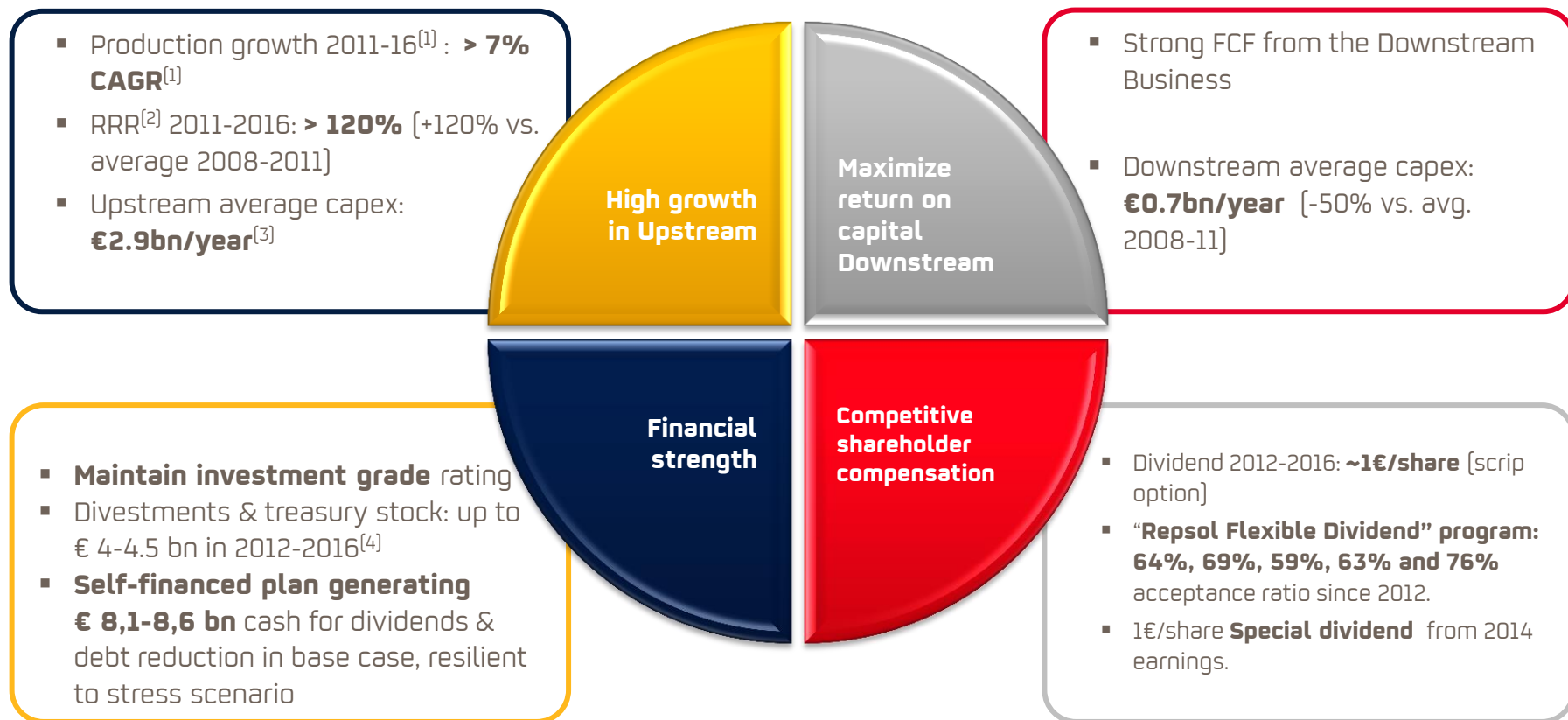
Repsol:

A Transformation Story

2

2012-2016 Key strategic targets

Repsol: A Transformation Story

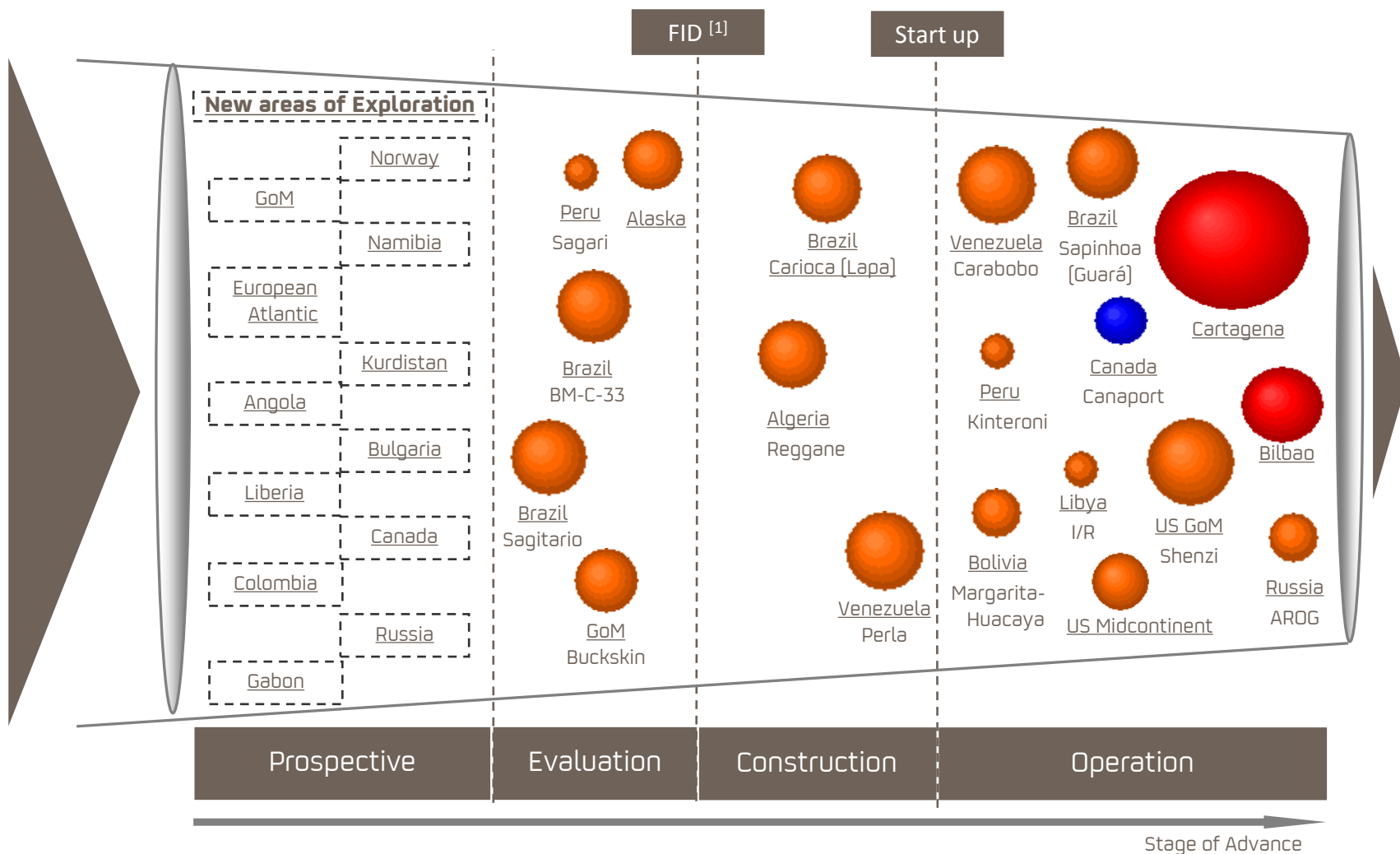


1. Compound annual growth rate. 2. Average Reserve Replacement Ratio 2011-2016. 3. Net Capex. excluding G&G and G&A

4. Targets in 2012. Target more than achieved after LNG disposal. Up to date divestments: 10% of treasury stock (€2.4bn); LPG Chile & Amodaimi (€0.6bn); LNG business (€4.4bn) and 10% stake in TPG (219 M\$)

Turnaround plan

Repsol: A transformation story





Acquisition of Talisman Energy

3

Talisman:

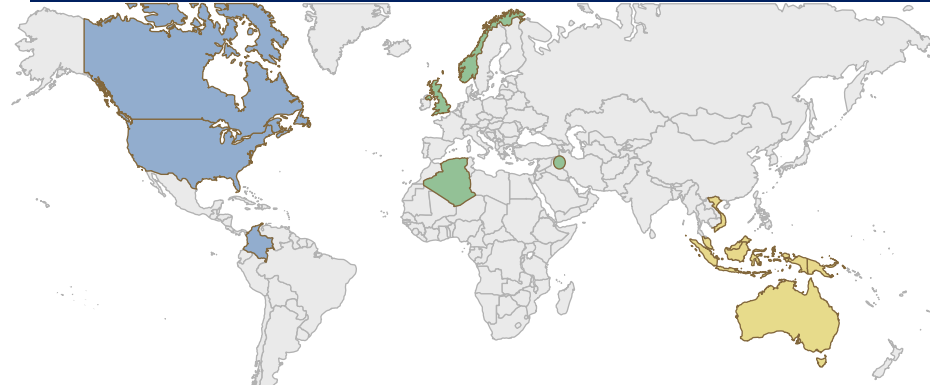
A major Canadian listed upstream company with a globally diversified portfolio



Key facts

- ❑ Dual-listed E&P company with core assets in North America, the Asia Pacific region, Colombia and Northern Europe
- ❑ Headquartered in Calgary, Alberta, Canada
- ❑ Approximately 2,800 highly trained employees in 18 countries
- ❑ 1P reserves 838 Mboe, ~65% Developed
- ❑ OECD countries: ~65% of 2P Reserves
- ❑ R/P: 12 [2P Reserves / run rate production]

Diversified asset portfolio



Americas

- Natural gas and associated liquids long-term growth potential
- Upsides from NGL and gas price
- Legacy asset position in Canada
- Efficient operator in Canada and Marcellus
- Capital intensive unconventional
- Upside emerging in Colombia (heavy oil)

EMEA

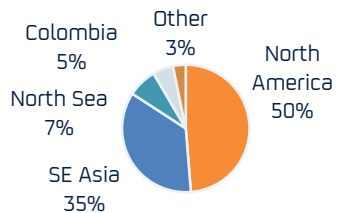
- JV with Sinopec in UK
- Offshore operator in North Sea (UK and Norway), mainly oil production
- Algeria free cash flow

Asia-Pacific

- Legacy asset position
- Large Free Cash Flow
- Sustainable production
- Additional Exploration & Development potential
- Efficient operator
- Good relations with Governments and NOC's

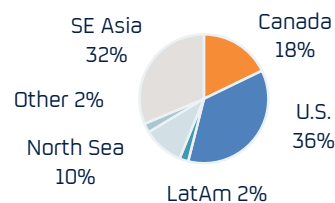
2014E Production:
280-290 Kboepd¹

After contract and royalties



2P Net reserves:
1,243 Mmboe²

Year End 2013



Source: Company filings, presentation, equity research

Note: All figures shown gross of royalties and in U.S. dollars, unless otherwise noted, includes equity investments

1. Net production (assuming 2013YE reserve report implied royalty rates of 19% for gas and 20% for liquids) from ongoing operations based on company guidance (350-365 kboepd gross)

2. Net reserves as of December 2013YE adjusted to reflect sale of Montney assets (550 Bcf of 2P reserves, assumes to be 100% gas, 19% royalty)

Transaction Overview



Transaction structure

- Repsol S.A. (“Repsol”) to acquire 100% of Talisman Energy Inc. (“Talisman”) outstanding common shares
- Structured as Plan of Arrangement

Consideration & Valuation

- **US\$8 per share**, representing total all-cash consideration of **US\$8.3 billion¹**
- **Total enterprise value of US\$12.9 billion, assuming US\$4.7 billion in Talisman net debt as of September 30th, 2014**
- Immediately accretive to operating cash flow per share, EPS neutral for 2016 and accretive from 2017²

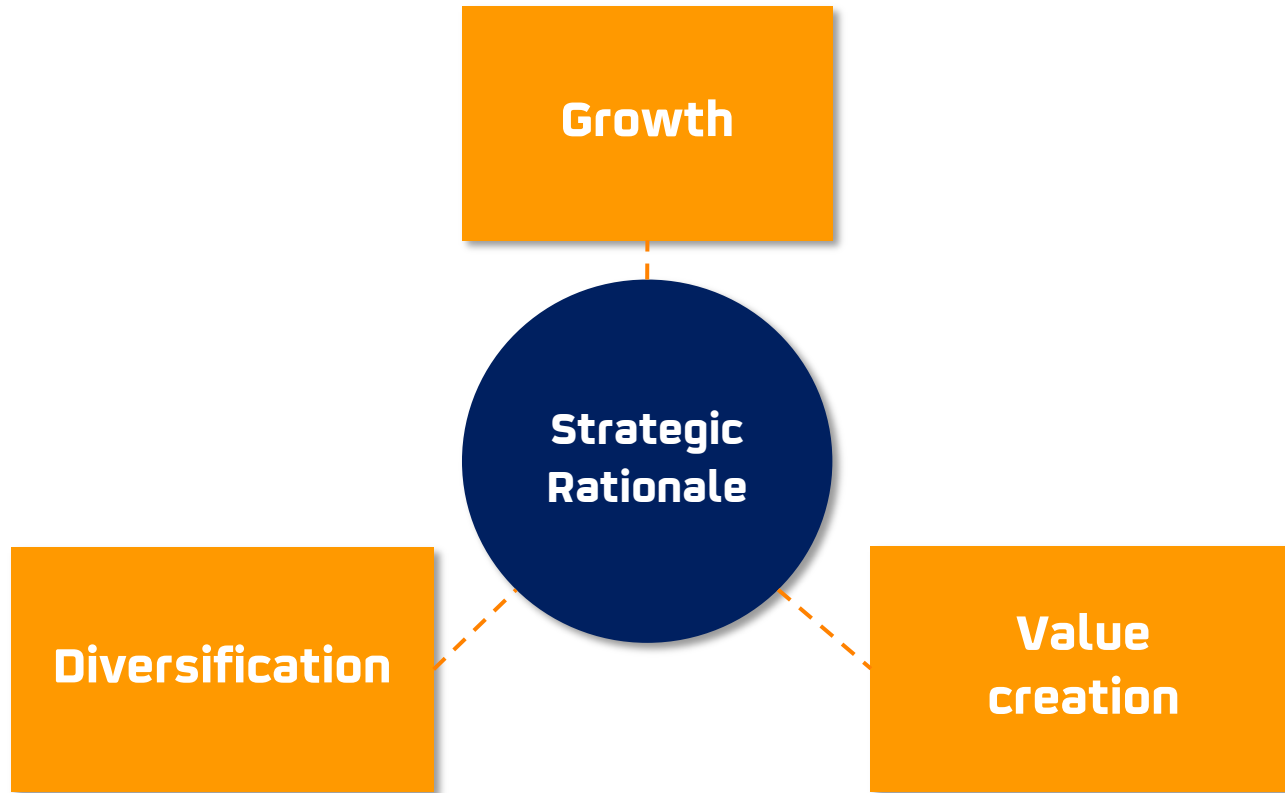
Financing

- Liquidity on hand
- Designed to secure the Investment Grade rating
- Maintenance of current competitive dividend

Certainty & timing

- Offer unanimously approved by Repsol and Talisman Boards of Directors
- Subject to the approval of Talisman shareholders
- Subject to customary Governmental regulatory approvals, including Investment Canada, and third party consents
- Closing estimated by mid-year 2015

Strategic Rationale

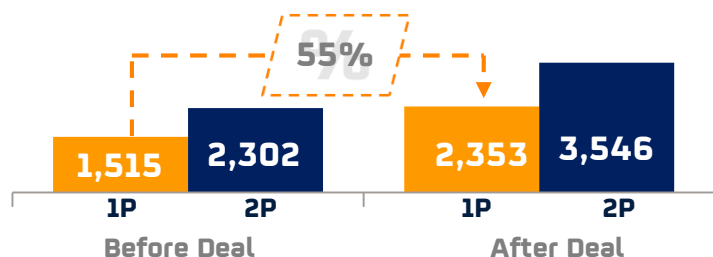


Transformational deal, upgrading Repsol's portfolio and competitive advantage achieving global scale and diversification, greater exposure to Upstream, leading growth platforms and enhanced capabilities to create value

Production, Reserves, Operatorship, OECD production



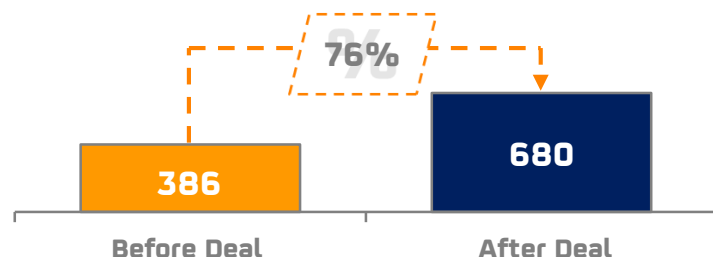
Reserves 1P/2P [MBoe]



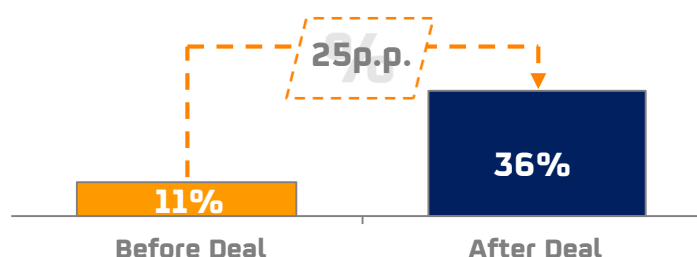
Operated production [%]¹



Production 2014E [Kboepd]



OECD production [%]



1. Without Libya

Note: Considering net reserves (after royalties) and net production (after royalties). Asset sales considered

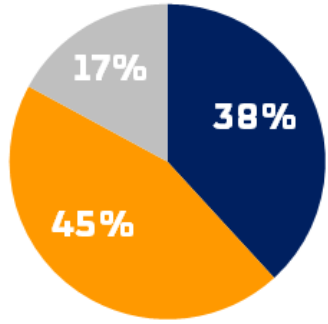
Note: If not specified 2013 data

Source: Rystad; Repsol internal information; Talisman Annual Report

Significant enhancement of Repsol's upstream business geographic diversification

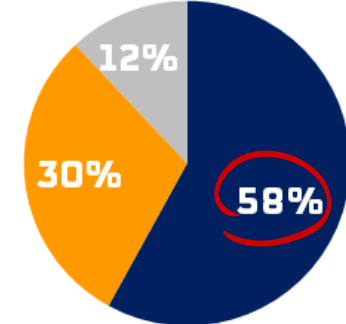


Whole Company



CE: ~36 B\$

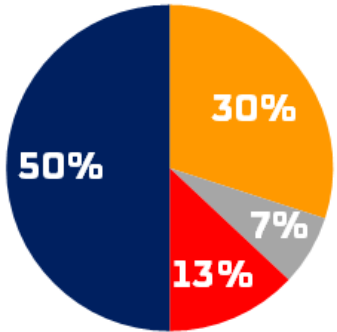
Upstream Downstream GNF



CE: ~52 B\$

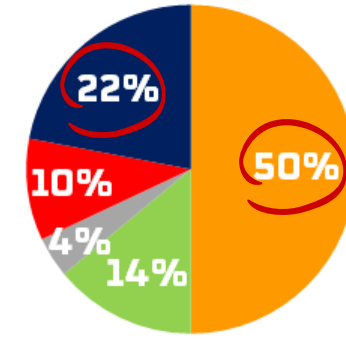
Capital Employed in Upstream from 38% to 58%

Upstream Division



CE Ups: ~ 14 B\$¹

North America SEA Europe Other Latam



CE Ups: ~ 30 B\$²

Upstream Division Capital Employed in NA from 30% to 50%, Latam from 50% to 22%

Repsol will have operations in more than 50 countries and more than 27,000 employees

1. Data 2014 Estimated. Others include Repsol assets in Africa and Russia 2. Public 2013 Talisman data
 Note: Corporate Center CE splitted between Upstream and Downstream proportionally to their standalone CE. Corporate Center CE included in Spain. Whole GNF stake considered in Spain. Source: annual report, Capital IQ

Adds new plays, skills & technology

Complementary capabilities



TALISMAN
ENERGY

World class explorer



Experienced production operator

Deepwater exploration experience and portfolio



Unconventional experience and portfolio

Broad international portfolio with strong focus on LatAm



Broad international portfolio with strong focus on North America and South East Asia

High growth exploration and development pipeline



Great legacy assets and contingent resources

High impact Upstream G&G capabilities and R&D



Focus on operational capabilities

With this transaction, Repsol gains a significant competitive edge becoming a much stronger and balanced E&P player

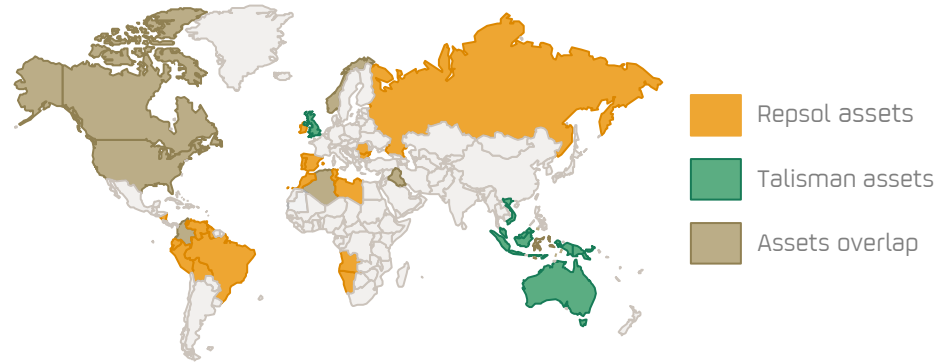
Portfolio management: Opportunities to optimize capital allocation



A broader portfolio together with a sound financial position provides a better capacity to create and unlock value through portfolio management, allocating capital to the most valuable projects and assets

Portfolio management criteria:

- Prioritizing CF and Net Income
- Exposure to priority plays where to set platforms for growth
- Increasing sustainability (Reserve Life Ratio)
- Geographic Risk Profile



Talisman transaction would generate synergies of ~220 M U\$/year¹

Cost Synergies	Commercial	<ul style="list-style-type: none"> • Enhanced gas, NGLs and oil marketing and trading in North America • Growth in N. America gas, NGLs and oil commercial and midstream portfolio size and diversity
	Capex costs	<ul style="list-style-type: none"> • Leverage scale in procurement in categories with global or regional markets • Best practice sharing in Capex and project management
	G&A costs	<ul style="list-style-type: none"> • Optimization and integration of corporate functions • Integration of regional and country HQ where overlapped • IT expenditure optimization and scale
Operational Synergies	Exploration effectiveness	<ul style="list-style-type: none"> • Application of Repsol exploration technology on new portfolio • Exploration teams integration and best practice transfer • Global exploration portfolio management

A strategic combination to accelerate growth, diversify asset base and drive shareholder value



Talisman acquisition **consistent with Repsol strategy to strengthen Repsol's upstream** business while providing a **platform for future growth**



Creating Value: **IRR above WACC**



Creates a truly **globally diversified company** with an asset base in key sought-after regions in **North America, Northern Europe, Southeast Asia and Latin America**



Gives Repsol **access to deeper expertise** in unconventional plays, heavy oil, and offshore



Doubles Repsol's operatorships and **increases** its weight towards **OECD**



Immediately cash flow accretive and **EPS** neutral for 2016 and **accretive from 2017**



Doable opportunity

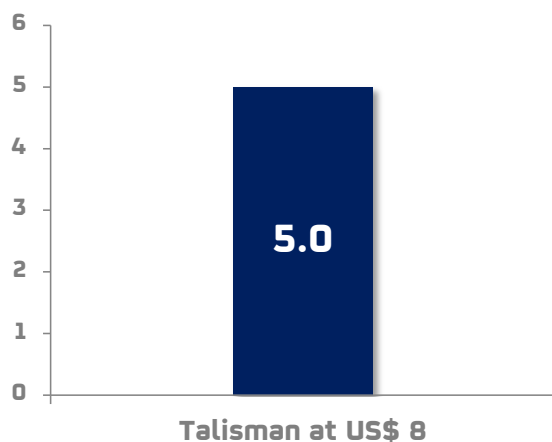


Commitment to maintain competitive dividend

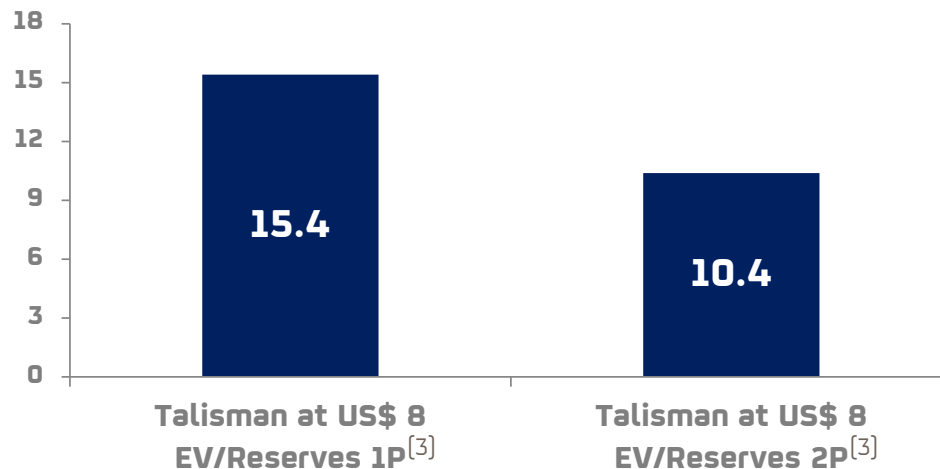
Price and Trading Multiples

The transaction offers competitive multiples for Repsol, especially considering the long term value of the asset

EV/EBITDA 2015E (x) ¹



EV/2013 1P & 2P reserves (\$/boe) ²



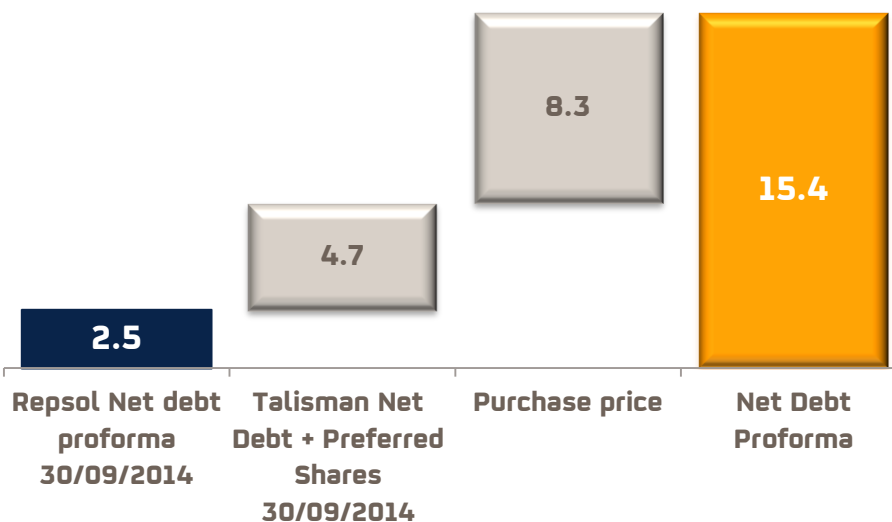
Premium of 24% over last 3-month average share price and 14% premium over last 3-month average Enterprise Value⁴

1. Company filings, FactSet, Equity research and Bloomberg. 2. Finding & Development 5-year average cost of the industry is US\$ 24.4/boe.
 3. According to Sell Side analysts the average resource finding cost of the industry is 5 \$/boe, which compares with 2.9 \$/boe of EV/resources in this transaction [assuming Sell Side estimate of 3.2 Bboe for Talisman's contingent resources] 4. VWAP as of December 11th, 2014

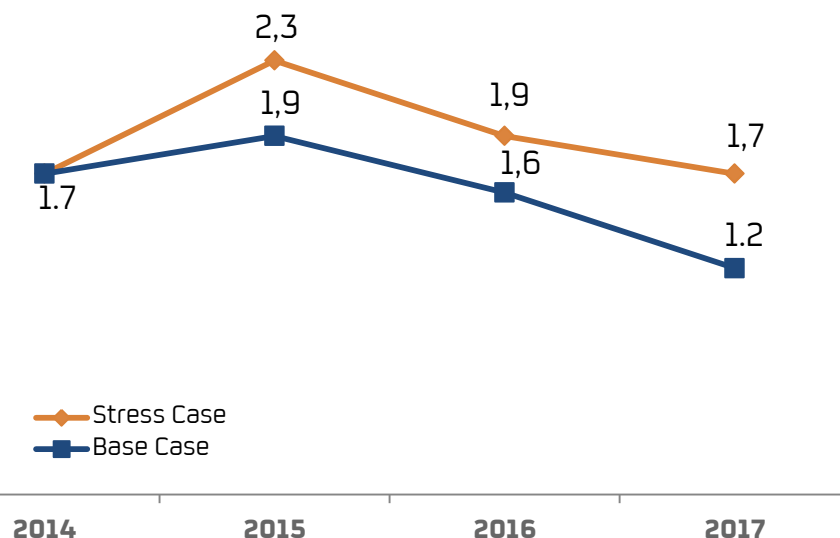
Net debt proforma post Talisman deal

Resilient credit metrics under stress scenarios

Net debt proforma post deal (BUS\$)



Net Debt ^[1] / EBITDA (x) ^[2] ^[3]



Resilient credit metrics under stress scenarios

1. Net debt 2015-2017 includes: US\$ 1 billion in synergies and US\$ 1 billion in divestments; 50% in 2015 and 50% in 2016.
2. Joint Ventures' EBITDA included
3. Base case: Repsol price deck [2015E 85 US\$/bbl; 2016E 93 US\$/bbl; 2017E 99 US\$/bbl]; Stress case: Forward curve first 3 years [2015E 71 US\$/bbl; 2016E 76 US\$/bbl; 2017E 79 US\$/bbl]



Upstream

Our businesses strategy

4

Setting the basis for the new waves of growth

Focus on Exploration

Reserve Replacement Ratio

2010	131 %
2011	162 %
2012	204 %
2013	275 %

RRR⁽²⁾ > 110-120%

Exploration Capex:
USD 1.0bn/year
 Including drilling, G&A and G&G

2013: U\$ 1.1 bn
 2014[E] U\$ 1.3 bn

Additions to Proven Reserves:
+200/250 Mboe

Wells/year: 25-30
 75% focused on liquids

2013: 24
 2014[E]: 31

Contract application and movements of
 resources to reserves

Contingent resources/year
 [risky]:
+300/350 Mboe

WI prospective resources
 evaluated/year [unrisky]:
+1,500 Mboe

Success ratio:
20-25%⁽¹⁾

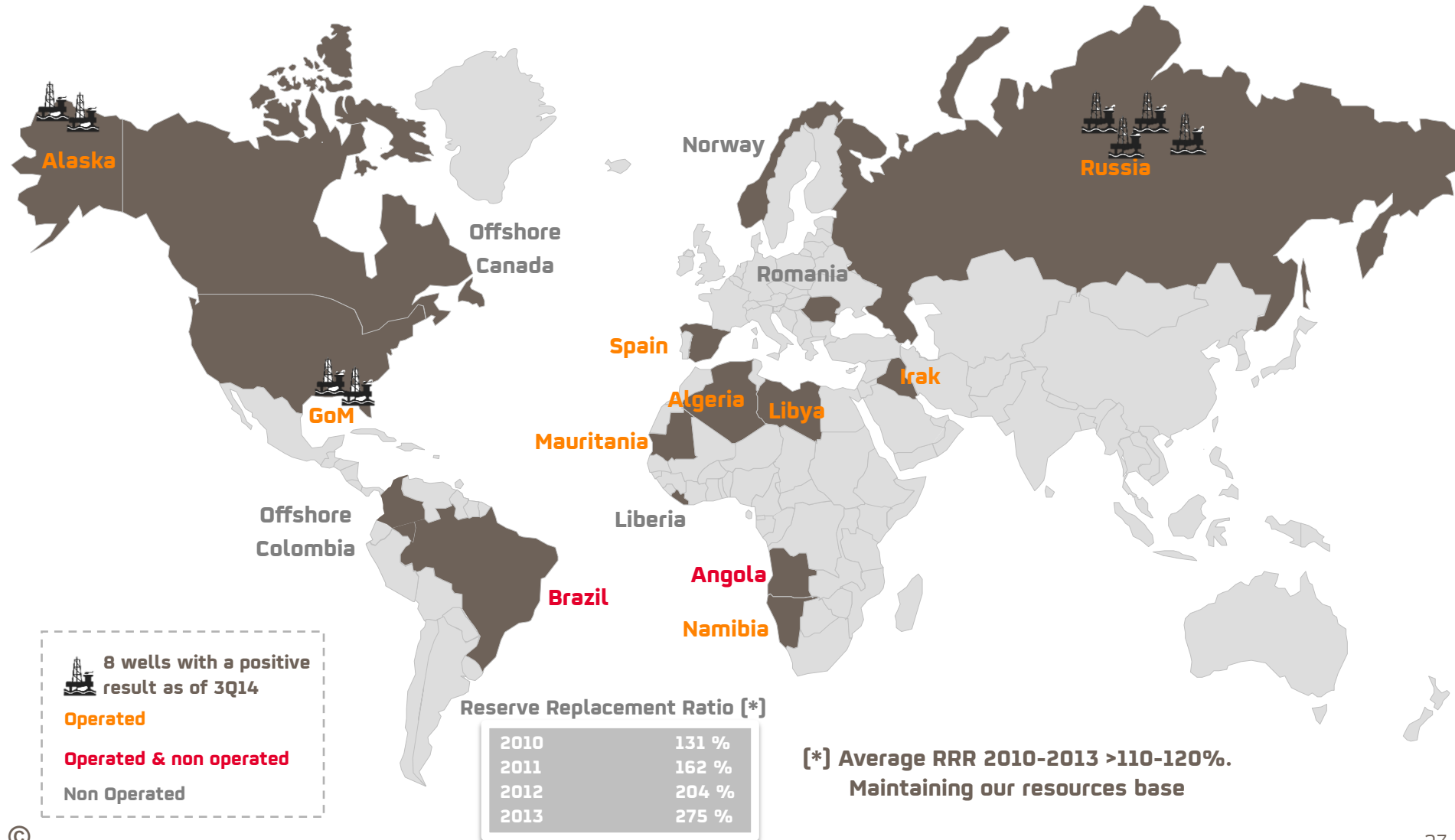


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Countries with drilling activity during 2014

27 wells finalized in 2014

2015 exploration strategy to be reviewed after the closing of Talisman transaction

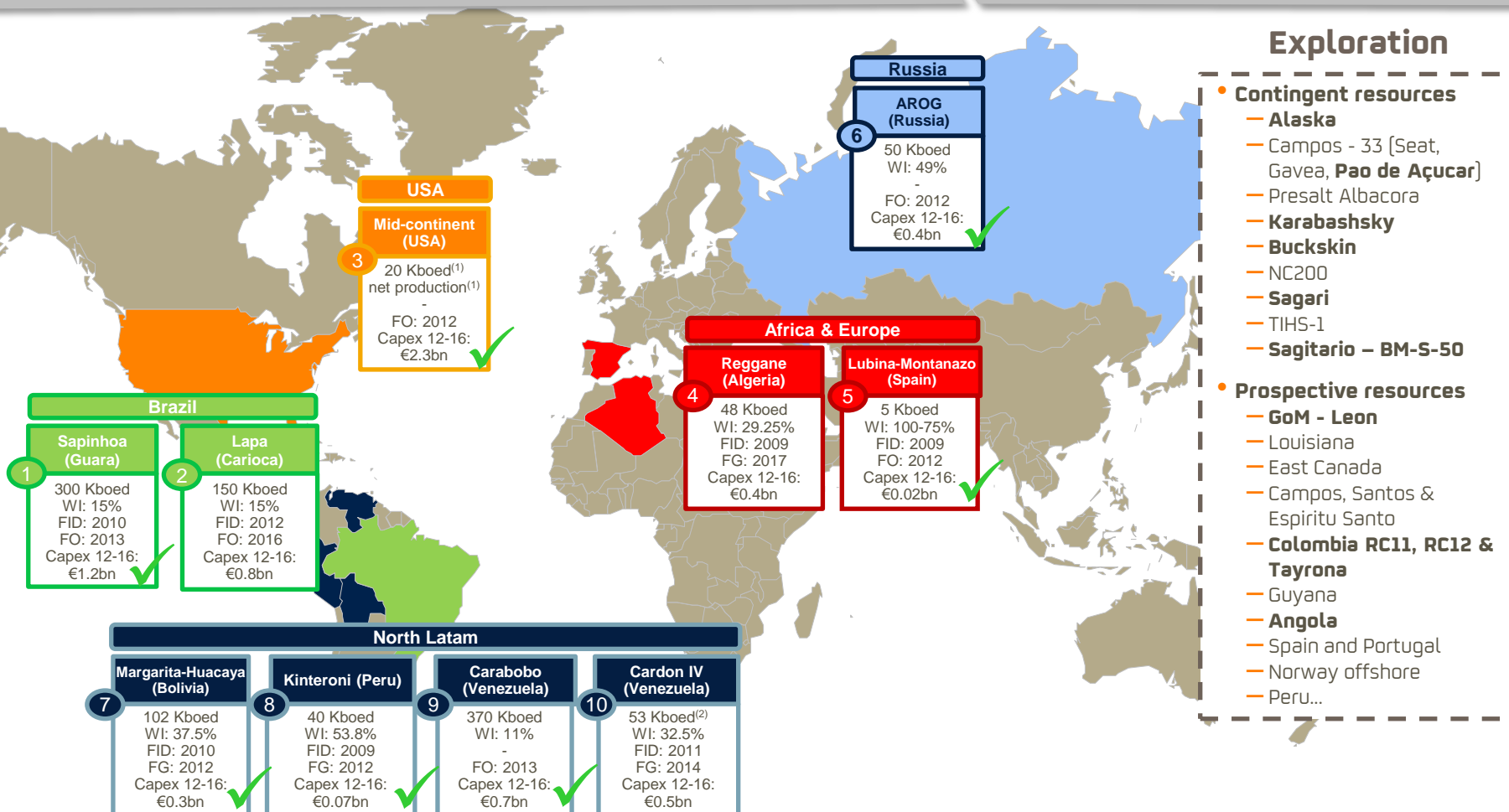


10 key growth projects in 2012-2016

Delivering Growth

Low risk of delivery: 7 projects already producing

Post 2016: Next wave of growth



Note: all production figures indicate gross plateau production; WI = Repsol Working Interest; FID = Final Investment Decision; FO: First Oil; FG: First Gas; Net capex 2012-

© 2016, excluding G&G and G&A. 1. Average Repsol net production post royalties 2. Phase I gross production

Targets

Delivering Growth

CAGR^[1] >7%



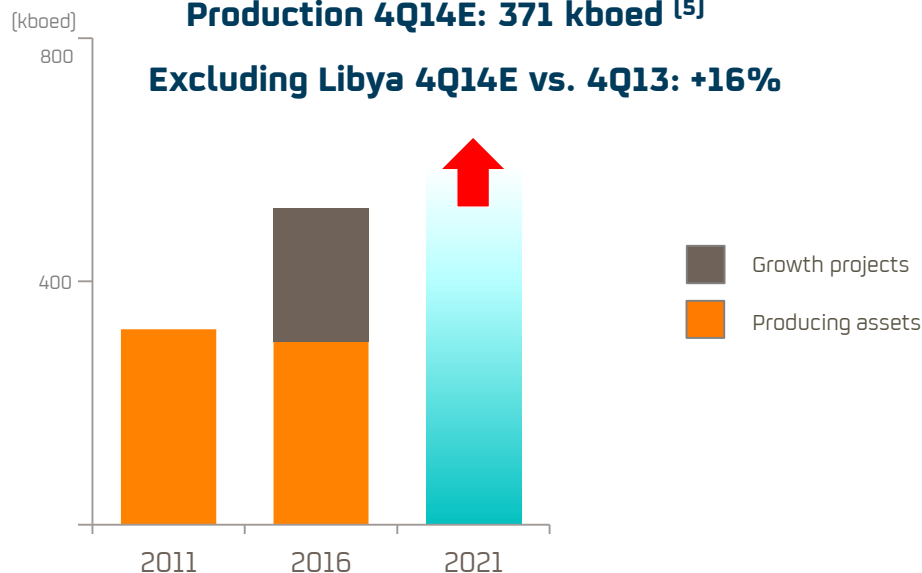
in production

2012: 332 kboed

2013: 346 kboed

Production 4Q14E: 371 kboed ^[5]

Excluding Libya 4Q14E vs. 4Q13: +16%



Production 2012-2016 entirely based on current assets + growth projects

2016 production target not built neither on contingent nor prospective resources from exploration

2012-2016 Reserve Replacement Ratio^[3]

RRR 2013

275%

Reserves 2013

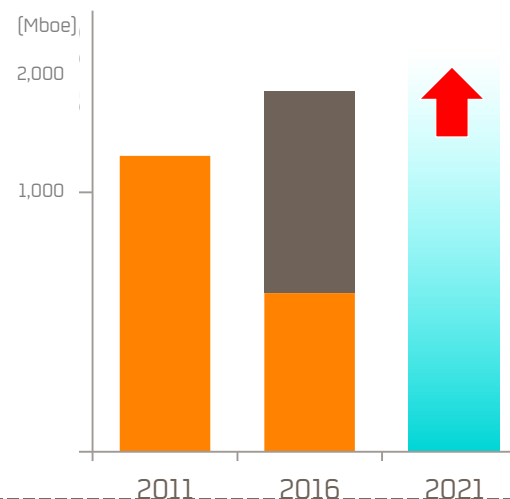
1,515 Mboe

Contingent Resources 2012

2.1 Bn boe

Contingent Resources 2013

2.1 Bn boe



Annual addition of contingent resources through exploration: +300/350 Mboe^[4]

With a notable improvement in reserve replacement, without exhausting contingent resources bank

1. Compound annual growth rate. Expecting production growth in 2014 of around 7% excluding Libya. [Excluding the contribution of Libya in both years (2013 & 2014)]
 2. Excluding Libya in both years growth should have been 9% 3. Cumulative contingent resources 4. Risked resources. 5. Source: Trading Statement



Downstream

Our businesses strategy

5

Improve profitability on operational excellence and efficiency

Maximize return on investment and cash generation

Refining

- Reduce energy costs
 - Fuel consumption & losses down by 6% at 2016
- Reduce CO₂ emissions by 15% at 2016
- Operational excellence program in refineries

Petrochemicals

- Maximize value of integration with refining
- Competitive Plan:
 - Higher-value applications
 - Efficiency program
- Continue cost reduction program

Marketing

- Maximize value of marketing assets and competitive position
- Optimize retail asset portfolio
- Increase non-oil margins
- Increase international margin from lubricants and specialties

LPG

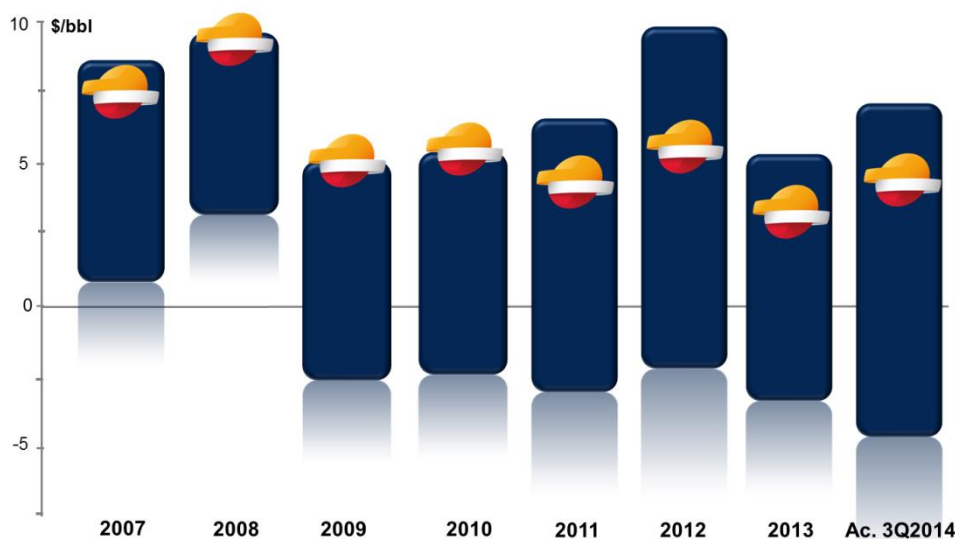
- Adequate production and commercial capacity to market conditions in Spain
- Optimize portfolio

Downstream strategy 2010-2014:

Increased competitiveness of Downstream business



Competitive Downstream business, linked to quality assets and geographical situation

Integrated R&M margin (Repsol vs. Sector)



- Presence in a premium market for refining
- Completion of expansion and conversion projects
- Integrated refining portfolio, working as a unique system
- Efficient integration between the refining and marketing businesses

 Repsol margins

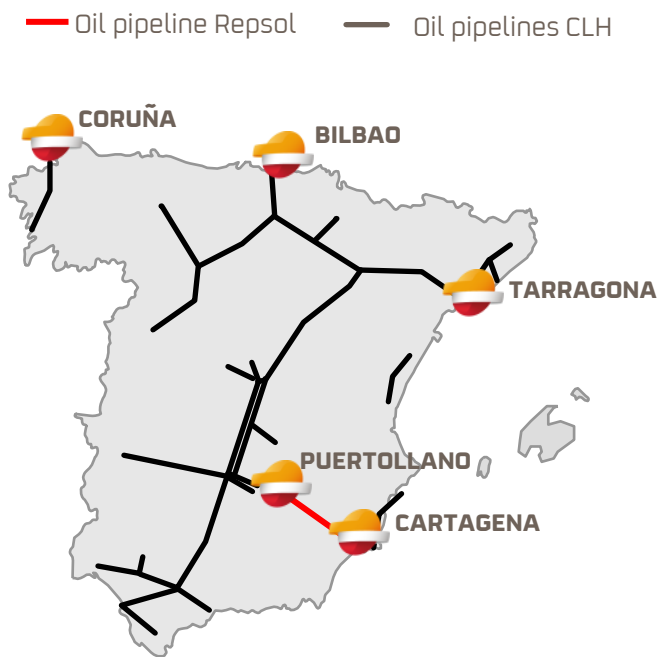
 Industry peer group maximum margin
 Industry peer group minimum margin

Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit of the R&M Segment divided by the total volume of crude processed (excludes petrochemical business) of a 14-peer-group. Based on annual reports and Repsol's estimates. Source: Company filings

Downstream strategy 2010-2014:

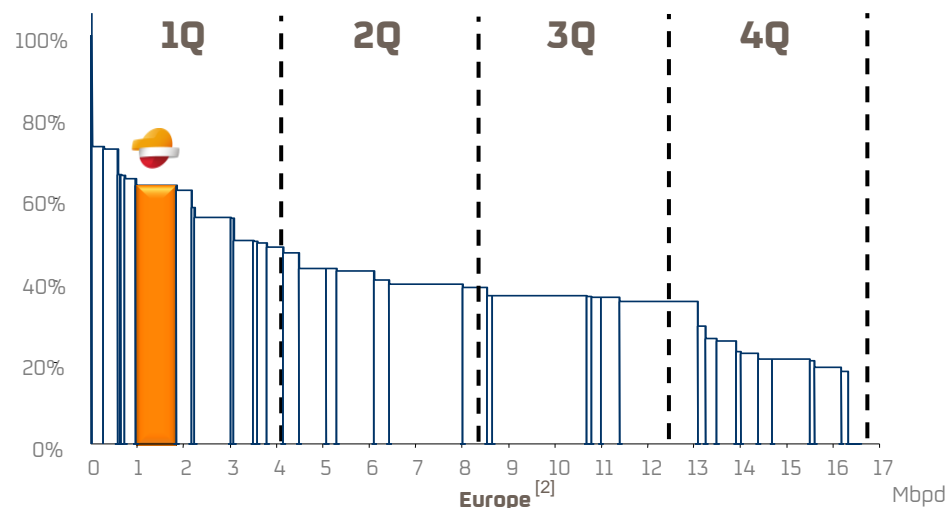
Increased competitiveness of Downstream business

Improved competitiveness of refining assets

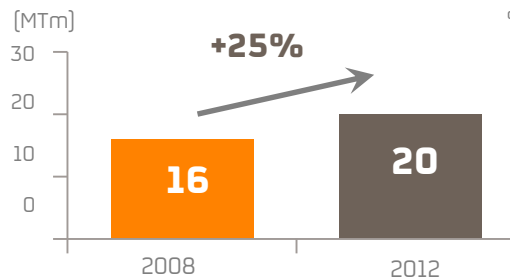


- Increased competitiveness of refining assets
- Top quartile position among European peers along the cycle
- Divested non-core / low return assets (€1.4bn) ^[1]

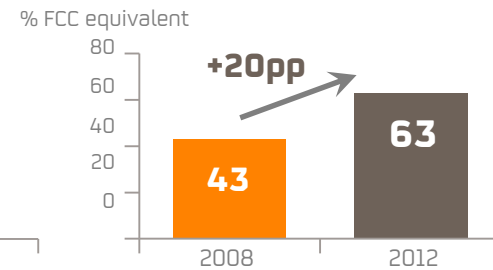
% FCC equivalent



Middle distillates production



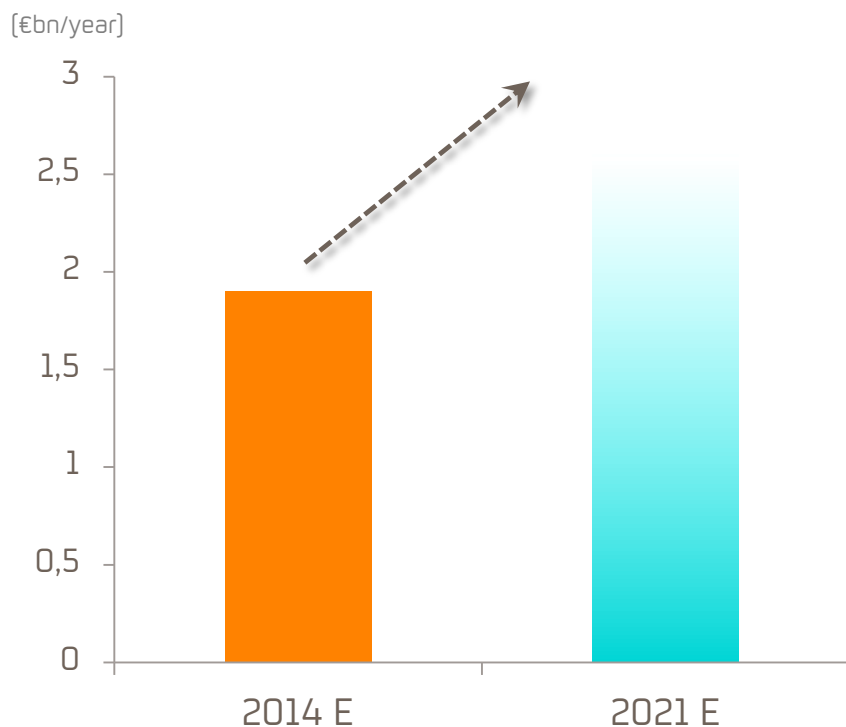
Conversion



¹. Includes sale of 15% of CLH, non-integrated Downstream in LatAm (Chile, Brazil and Ecuador), PMMA Petrochemicals, Refap in Brazil and LPG France, some of them executed in Dec. 2007 ². Data source: WoodMackenzie

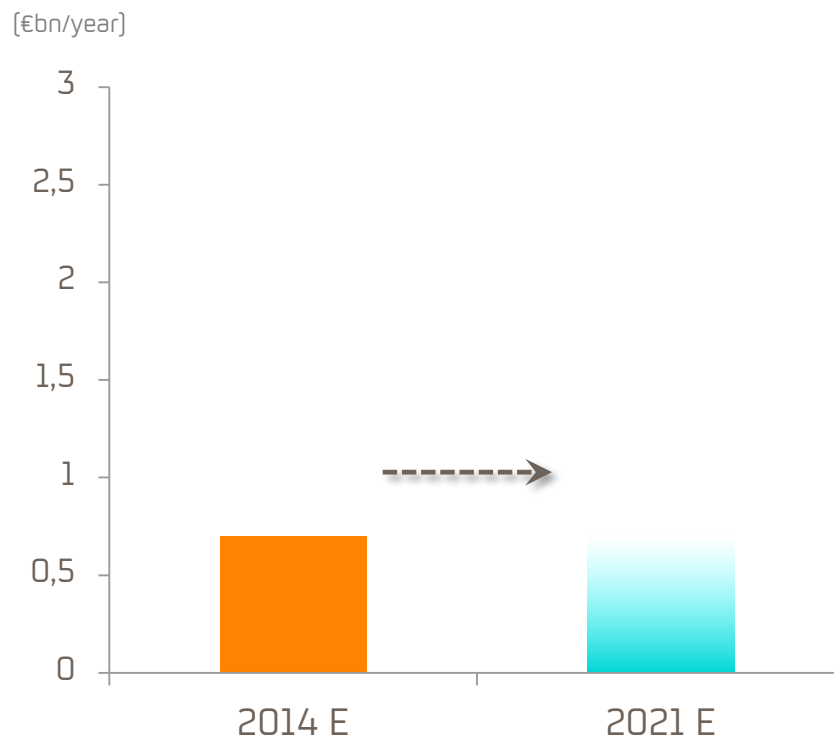
Maximizing returns from the business and capital discipline

R&M EBITDA



Higher margins largely derived from expansion and conversion projects

R&M CAPEX



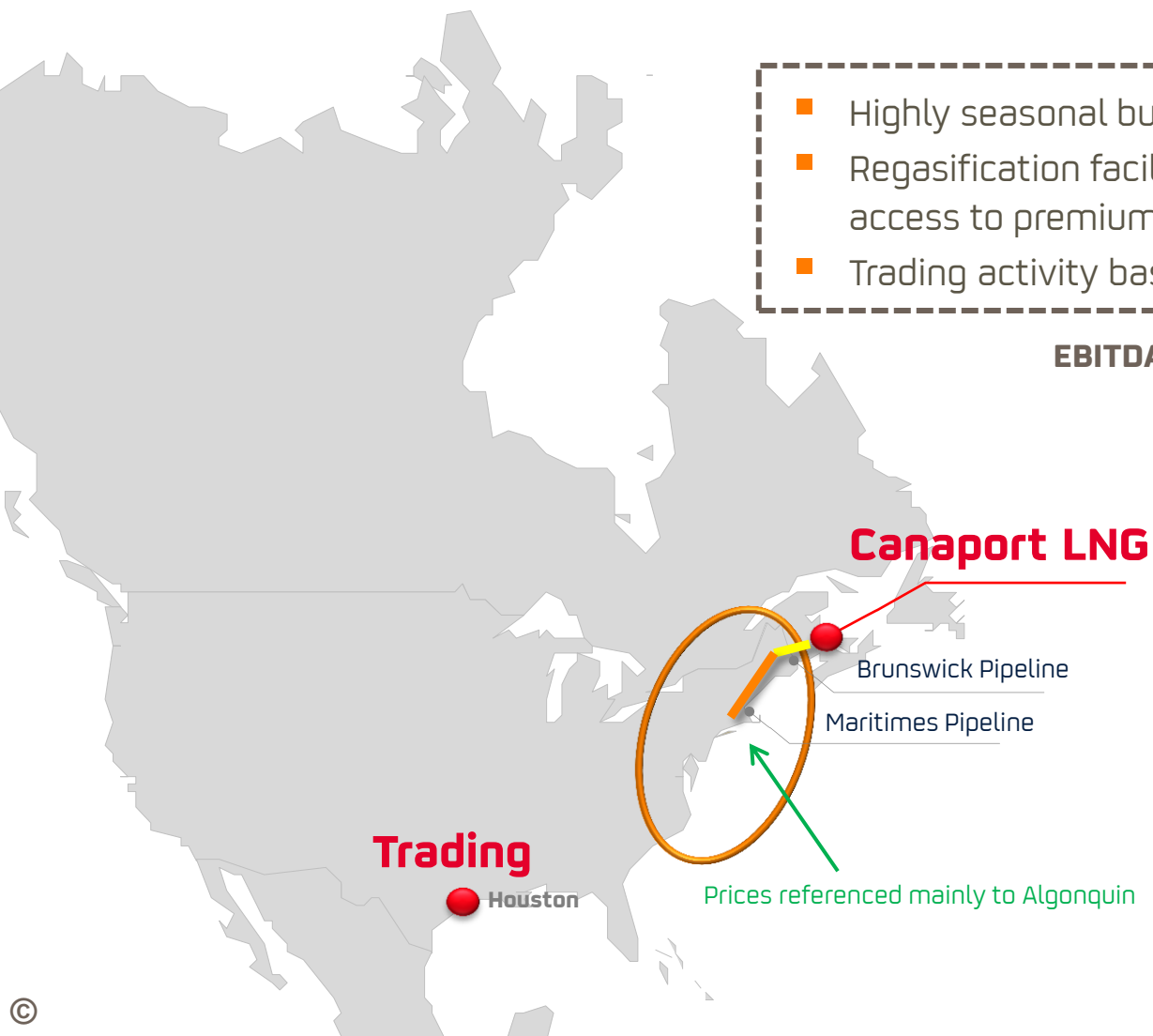
Downstream investment cycle already finalized

Gas & Power

Access to premium markets in North America

- Highly seasonal business
- Regasification facility and midstream assets with access to premium markets in North East USA
- Trading activity based in our Houston headquarters

EBITDA 9M14: 238 M€



Regasification plant

Total capacity: 10 bcm/year
 Partners: Repsol (75%),
 Irving Oil (25%)
 Regasification capacity: 100% Repsol

gasNatural fenosa



Gas Natural Fenosa

Our businesses strategy

6

GAS NATURAL FENOSA

A liquid asset, with growth capabilities and a strong cash flow generator

Strong LatAm footprint, growth and strong cash generation

Leading Utility

An European leading utility company with a strong footprint and growth in Latin America

Dividend Yield

Strong cash stream for Repsol via Dividend

A Good option

A financial investment that could be used after the LNG sale is completed and if a good opportunity in the upstream business arises

Recent Developments

GNF reached an agreement to purchase CGE. With this acquisition GNF maintains its commitment of a 62% payout ratio in cash



Financial Position

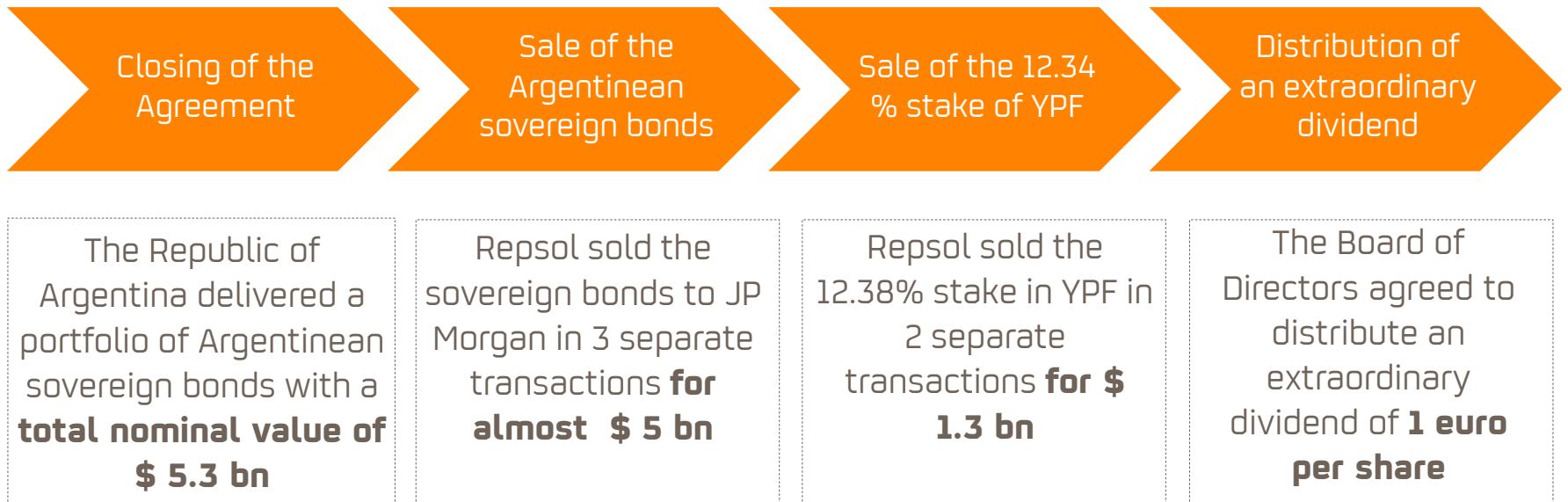
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Financial Position

YPF Monetization



As of today Repsol has no exposure to Argentina

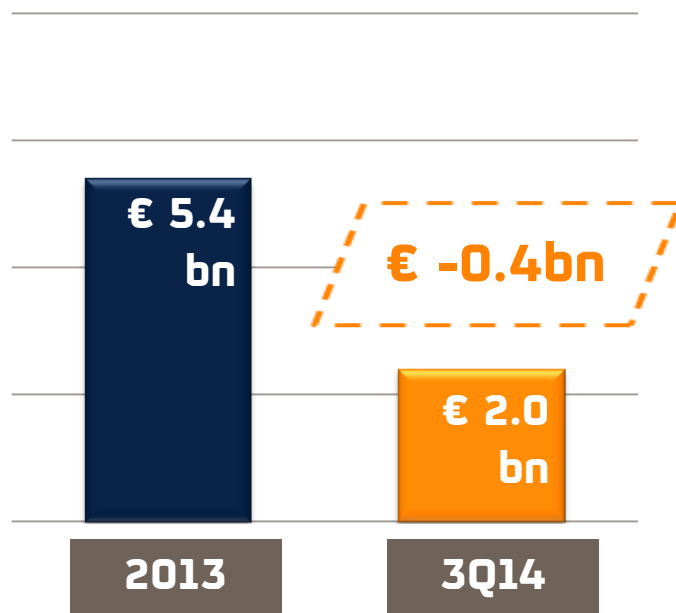


Financial Position

Financial Discipline: self-financed strategic plan

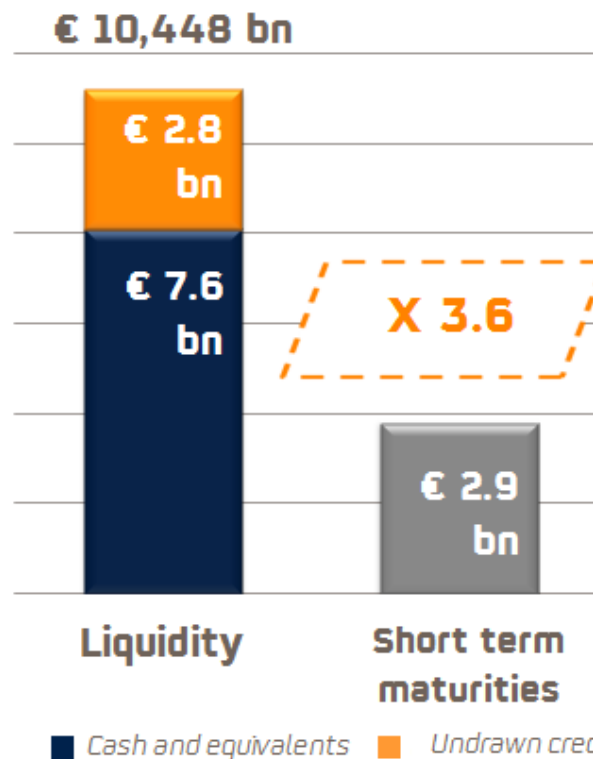
Net Debt

High Liquidity



Liquidity Position

Sound Financial Position



Note: liquidity position as of September 30th 2014.

Credit Rating Agencies

Repsol's rating

Rating Agencies underline benefits from upstream portfolio diversification and Repsol's flexibility to maintain target leverage ratios after acquisition of Talisman Energy



Moody's

Moody's affirms Repsol's long-term rating at **Baa2** while changing outlook to "Negative" from "Stable". 19 December 2014

Baa2 [Negative]



Fitch ratings

Fitch affirms Repsol's long-term rating at **BBB** while revising outlook to "Stable" from "Positive". 22 December 2014

BBB [Stable]



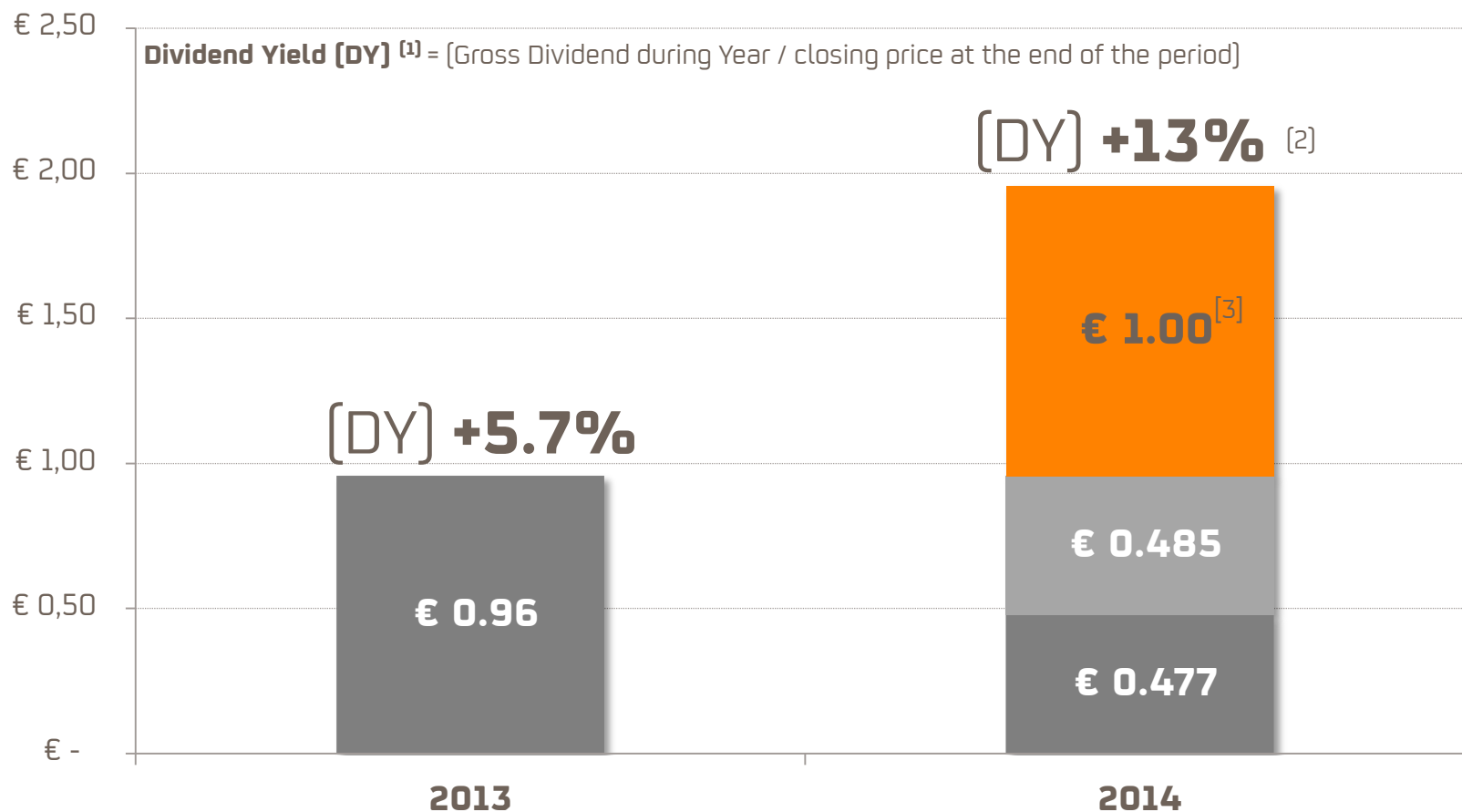
Standards
& Poors

Standard & Poor's affirms rating at **BBB-** while revising outlook to "Stable" from "Positive". 18 December 2014

BBB- [Stable]

Repsol in figures

Shareholder remuneration



1. For the scrip dividend assumes the guaranteed fixed price offered for the free-of-charge allocation rights.

2. Dividend yield calculated with December 31st 2014 closing Price.

3. On May 28th, 2014, The Board of Directors agreed to distribute an extraordinary dividend of one euro per share from 2014 earnings, with payment day on June 6th, 2014.

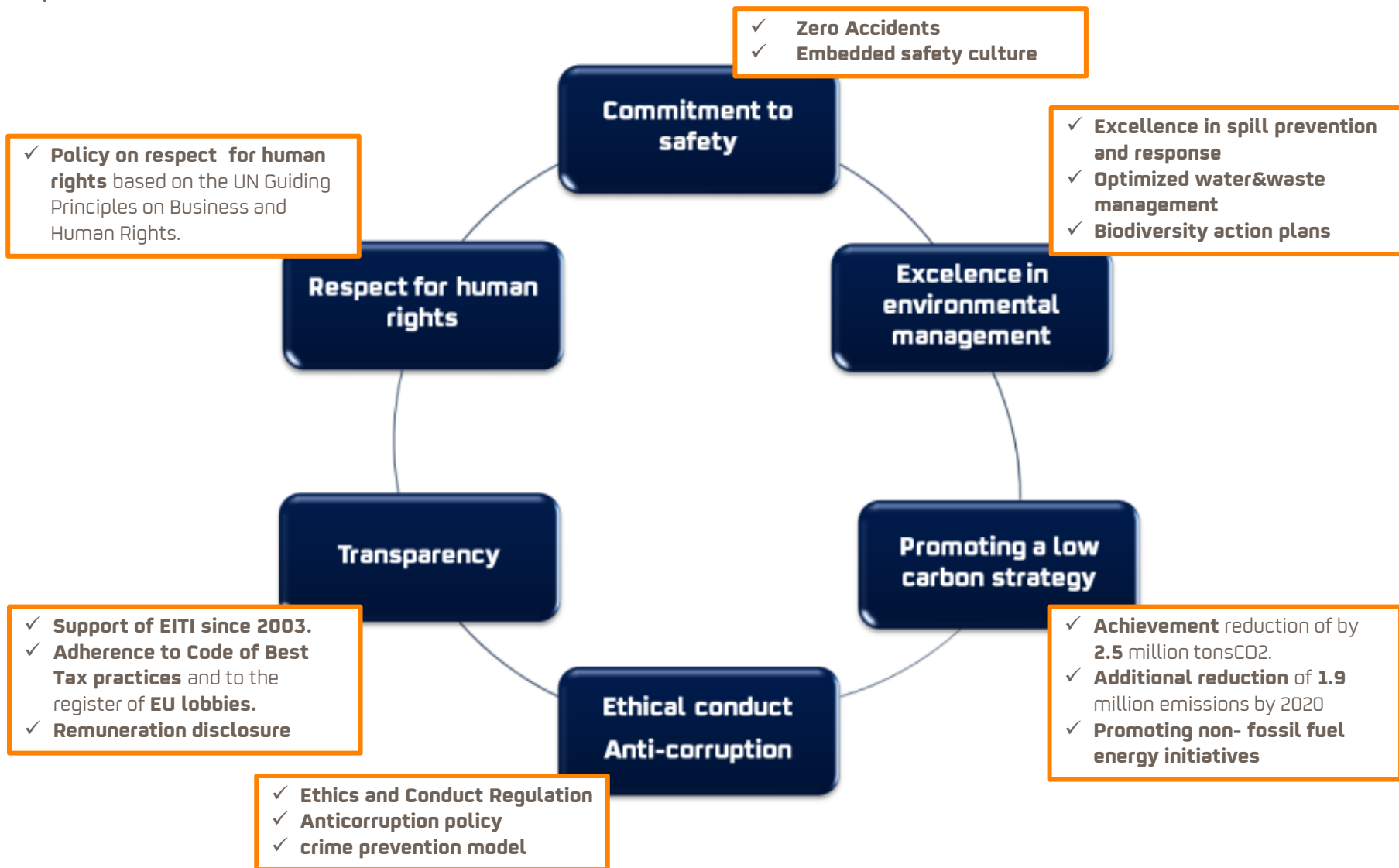


Environmental, Social & Governance

8

Corporate Responsibility Model

Our commitments



Monitoring and control of the sustainability indexes

The consistency and commitment of our work has led to recognition of the company's firm commitment to continually improving its performance.



Our Company has won recognition for its energy efficiency and carbon management for the third time in the last five years

Climate Disclosure Leadership Index (CDLI)

	2009	2010	2011	2012	2013
Maximum Energy sector score	88	90	92	98	98
Minimum score for Energy sector companies to be eligible for the CDLI	79	88	90	95	97
Repsol's score	75	88	89	98	98

Our Company has won recognition for its energy efficiency and carbon management for the third time in the last five years



SUMMARY

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Summary

Repsol has achieved all 2012-2016 strategic goals. YPF's monetization allows Repsol to inorganically accelerate further growth in the upstream, further diversification in the asset base and further shareholder value.

Positioned for growth

- Upstream as growth engine
- Focus on exploration
- Delivery based on projects in development phase

Diversification

- Balancing our capital employed:
 - More OECD/non-OECD.
 - More Oil vs Gas

Profitability

- Maximize return on investment
- Operational excellence
- Fully invested assets in Downstream

Sound financial position

- Self-financed strategic plan, resilient to stress scenarios
- Commitment to maintain investment grade
- Competitive dividend pay-out



ANNEX

10

Repsol in figures



Results (€ Million)	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
Upstream	184	145	185	0.5	818	585	(28.5)
Downstream	108	162	190	76.6	458	642	40.2
Gas Natural Fenosa	106	159	92	(13.2)	359	374	4.2
Corporate and others	(103)	(76)	(52)	49.5	(415)	(264)	36.4
ADJUSTED NET INCOME	295	390	415	40.9	1,220	1,337	9.6
Inventory effect	30	5	(63)	-	(123)	(117)	4.9
Non-recurring income	(34)	156	(32)	5.9	(121)	159	-
Income from discontinued operations	95	(31)	(1)	-	311	267	(14.1)
NET INCOME	386	520	319	(17.3)	1,287	1,646	27.9

Note: Repsol Group made the decision in 2014, prompted by the business reality and in order to make its disclosures more comparable with those in the sector, to disclose as a measure of the result of each segment the recurring net operating profit at current cost of supply (CCS) after tax of continuing operations (“Adjusted Net Income”), which excludes both non-recurring net income and the inventory effect.

For more information please refer to section “Basis of preparation of the financial information” of the 3rd Quarter 2014 earnings release.

Repsol in figures



Economic data (€ Million)	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
EBITDA	1,026	1,025	1,047	2.0	3,241	3,249	0.2
CAPITAL EXPENDITURES	716	860	961	34.2	2,112	2,549	20.7
NET DEBT	7,117	2,392	1,998	(71.9)	7,117	1,998	(71.9)
EBITDA / NET DEBT (x)	-	-	2.10	-	-	2.17	-

As of September 30th 2014

MARKET CAPITALIZATION

25,385

Operational data	3Q 2013	2Q 2014	3Q 2014	% Change 3Q14/3Q13	January - September 2013	January - September 2014	% Change 2014/2013
LIQUIDS PRODUCTION (Thousands of bbl/d)	135	122	141	4.7	145	131	(9.3)
GAS PRODUCTION (*) (Millions of scf/d)	1,172	1,216	1,261	7.6	1,176	1,221	3.8
TOTAL PRODUCTION (Thousands of boe/d)	344	338	366	6.4	354	349	(1.5)
CRUDE OIL REALIZATION PRICE (\$/Bbl)	89.0	87.8	84.3	(5.3)	89.7	85.9	(4.2)
GAS REALIZATION PRICE (\$/Thousands scf)	3.8	4.0	3.6	(5.3)	4.0	3.9	(1.1)
DISTILLATION UTILIZATION Spanish Refining (%)	80.9	83.5	84.8	4.8	80.3	81.0	0.9
CONVERSION UTILIZATION Spanish Refining (%)	101.1	100.6	106.6	5.4	100.1	101.4	1.3
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	2.6	3.1	3.9	50.0	3.0	3.6	20.0

(*) 1,000 Mcf/d = 28.32 Mm³/d = 0.178 Mboe/d

Investor Update

Strategic Plan 2012-2016



REPSOL



“Growing from our strengths”

February 2015