



# **Q4 & FY 2015 RESULTS**

*25 February, 2016*

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## BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

Group activities are carried out in three operating segments:

- **Upstream**, corresponding to the exploration and development of crude oil and natural gas reserves.
- **Downstream**, corresponding, mainly, to (i) the refining, trading and transportation of crude oil and oil products, as well as the commercialization of oil products, petrochemical products and LPG, (ii) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG), and (iii) renewable energy power projects;
- **Gas Natural Fenosa**, corresponding to its shareholding in *Gas Natural SDG, S.A.*, whose main activities are the distribution and commercialization of natural gas, and the generation, distribution and commercialization of electricity.

Finally, **Corporation and adjustments** includes activities not attributable to the aforementioned businesses, and specifically, corporate expenses and financial results, as well as intersegment consolidation adjustments.

The results for each segment include those from joint ventures, or other managed companies operated as such, in accordance with the percentage of interest held by the Group, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, uses as a measure of segment results the so-called Adjusted Net Income, corresponding to the recurring net operating income of continuing operations at current cost of supply ("Current Cost of Supply" or CCS) after taxes.

Inventory valuation method widely used in the industry, current cost of supply (CCS), differs from that accepted under prevailing European accounting standards ("Weighted average cost" - MIFO). The use of CCS methodology facilitates users of financial information comparisons with other companies in the industry. Under CCS methodology, the cost of sales during the period is based on current prices of purchases during the period. Consequently, Adjusted Net Income does not include the so-called Inventory Effect. This Inventory Effect is presented separately net of the tax effect and excluding non-controlling interests and it is the difference between the net income using CCS and the net income using MIFO.

Likewise, Adjusted Net Income excludes the so-called Non-Recurring Income, that is, those originating from isolated events or transactions of an exceptional nature, or which are not ordinary or usual transactions of the Group. Non-Recurring Income is presented separately, net of the tax effect and excluding non-controlling interests.

However, the Adjusted Net Income of *Gas Natural Fenosa* segment includes the company's net income in accordance with the equity method.

All of the information presented in this *Q4 & FY 2015 Results Earnings Release* has been prepared in accordance with the abovementioned criteria, with the exception of the information provided in the Appendix II headed "Consolidated Financial Statements" which has been prepared according to International *Financial Reporting Standards* adopted by the *European Union (IFRS-EU)*.

Appendix III provides a reconciliation of the segment reported metrics and those presented in the consolidated financial statements (IFRS-EU).

In addition, the Group is consolidating the results of the acquired company *Talisman Energy Inc.*<sup>1</sup> ("*Talisman*"), since the date of closing of the transaction, 8 May.

This business combination's accounting treatment will be revised if any of the circumstances contemplated in IFRS 3 Business Combinations materialize since the prescribed 12-month period - starting on the acquisition date - has yet to elapse.

Repsol will today publish interim condensed consolidated financial statements at 31 December, 2015 and they will be available on Repsol and the *CNMV's (Comisión Nacional del Mercado de Valores)* websites.

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<sup>1</sup> The registered name of *Talisman Energy Inc.* was changed to *Repsol Oil&Gas Canada Inc.* on 1 January, 2016.

**KEY METRICS FOR THE PERIOD**
*[Unaudited figures]*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
Upstream	4	(395)	(276)	-	589	(909)	-
Downstream	370	682	495	33.8	1,012	2,150	112.5
Gas Natural Fenosa	67	103	123	83.6	441	453	2.7
Corporate and others	(71)	(231)	119	-	(335)	166	-
<b>ADJUSTED NET INCOME</b>	<b>370</b>	<b>159</b>	<b>461</b>	<b>24.6</b>	<b>1,707</b>	<b>1,860</b>	<b>9.0</b>
Inventory effect	(489)	(272)	(130)	73.4	(606)	(459)	24.3
Non-recurring income	(245)	(108)	(2,390)	-	(86)	(2,628)	-
Income from discontinued operations	330	-	-	(100.0)	597	-	(100.0)
<b>NET INCOME</b>	<b>(34)</b>	<b>(221)</b>	<b>(2,059)</b>	<b>-</b>	<b>1,612</b>	<b>(1,227)</b>	<b>-</b>

  

Economic data (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
EBITDA	551	1,011	923	67.5	3,800	4,317	13.6
EBITDA CCS	1,314	1,417	1,125	(14.4)	4,747	5,013	5.6
NET CAPITAL EXPENDITURE	1,065	695	1,164	9.3	3,425	11,860	246.3
NET DEBT	1,935	13,123	11,934	-	1,935	11,934	-
NET DEBT (x) / EBITDA CCS	0.37	2.32	2.65	-	0.41	2.39	-

  

Operational data	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
LIQUIDS PRODUCTION (Thousand bbl/d)	143	244	246	72.8	134	207	54.1
GAS PRODUCTION <sup>(*)</sup> (Million scf/d)	1,283	2,298	2,533	97.4	1,237	1,977	59.8
<b>TOTAL PRODUCTION</b> (Thousand boe/d)	<b>371</b>	<b>653</b>	<b>697</b>	<b>88.0</b>	<b>355</b>	<b>559</b>	<b>57.6</b>
CRUDE OIL REALIZATION PRICE (\$/Bbl)	61.3	44.4	37.8	(38.4)	79.6	45.2	(43.2)
GAS REALIZATION PRICE (\$/Thousand scf)	3.6	2.8	2.5	(29.5)	3.8	2.8	(26.8)
DISTILLATION UTILIZATION Spanish Refining (%)	80.1	94.5	89.3	9.2	80.8	88.9	8.1
CONVERSION UTILIZATION Spanish Refining (%)	105.4	106.4	104.3	(1.1)	102.4	103.7	1.3
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	5.5	8.8	7.3	32.7	4.1	8.5	107.3

(\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d

**KEY MILESTONES FOR THE FOURTH QUARTER OF 2015**

- **Adjusted net income** in the fourth quarter was €461 million, 25% higher year-on-year. **Net income** amounted to a net loss of €2.059 billion due to non-recurring items of €-2.390 billion and the inventory effect of €-130 million after taxes. Non-recurring items corresponded largely to impairments, booked in the fourth quarter, mostly in the Upstream business, and were partially compensated by the capital gains from the tender offer of *Talisman* bonds, amounting to €155 million after taxes.
- Quarterly results of the business units were strongly influenced again by the low crude oil and gas price environment together with high refining and chemicals margins. These results are explained as follows:
  - Adjusted net income in **Upstream** was €280 million lower than that in the same period of 2014, mainly due to the impact of lower realization prices and the absence of production in Libya. These effects were partially compensated by higher production volumes mainly as a result of the contribution of *Talisman's* assets and the ramp-up of the strategic projects in Brazil and Venezuela, lower exploration costs and lower taxes.

- In **Downstream**, adjusted net income was 34% higher year-on-year as a result of the improved refining and chemicals margins and the enhanced performance in the trading business. However, these effects were partially offset by lower results in the Gas & Power business - which remained positive - and lower margins in LPG in Spain.
- The adjusted net income of **Gas Natural Fenosa** stood at €123 million, 84% higher year-on-year mainly due to the contribution of *CGE-Chile* and the impairment booked in the fourth quarter of 2014 in Egypt.
- In **Corporate and others**, adjusted net income was of €119 million, €190 million higher year-on-year, and was due to the higher financial results associated to the exchange rate position, that were partly offset by negative results associated to the trading of CO<sub>2</sub> emissions rights and higher net interests due to the acquisition of *Talisman*.
- **Upstream** production reached an average of 697 kboe/d in the fourth quarter of 2015, 88% higher year-on-year. The contribution of *Talisman's* assets in the quarter has been, on average, 318 kboe/d. Group's production in January averaged 714 kboe/d.
- The Group's **net debt** at the end of the fourth quarter of 2015 stood at €11.934 billion, €1.189 billion lower than at the end of the third quarter. **Cash flow from operations** of €2.354 billion, in the fourth quarter, more than covered net investments and financial interests. The net debt to capital employed ratio stood at 29.4% at the end of the quarter.
- On 24 February 2016, the Board of Directors approved to propose to the Ordinary General Shareholders Meeting, within the framework of the "Repsol Flexible Dividend" program and in place of the traditional yearly complementary dividend, a capital increase, to be carried out with charge to voluntary reserves from non-distributable profit, equivalent to a shareholder remuneration of €0.30 gross per share.

## KEY MILESTONES FOR THE FULL YEAR 2015

- **Adjusted net income** in 2015 was €1.860 billion, 9% higher year-on-year. **Net income** amounted to a loss of €1.227 billion due to non-recurring items of €-2.628 billion and the inventory effect of €-459 million after taxes. Non-recurring items corresponded mainly to impairments booked in the Upstream business and in the Gas & Power division and were partially compensated by the net capital gains from the sales of *CLH*, the exploratory licenses in Canada and the tender offer of *Talisman* bonds.
- Adjusted results of the business units in 2015, which include the consolidation of the assets of *Talisman* from 8 May 2015, were strongly influenced by the low crude oil and gas price environment together with the absence of production in Libya but compensated by high refining and chemicals margins and the result from the exchange rate positions, and are explained as follows:
  - Adjusted net income in **Upstream** was €1.498 billion lower than that in 2014, mainly due to the impact of lower realization prices and to the absence of production in Libya. These effects were partially compensated by higher production volumes and the ramp-up of the strategic projects in

Brazil and Venezuela. The contribution of *Talisman's assets* to the operating income since 8 May 2015 has been €-259 million while at the adjusted net income level they amounted to €-218 million.

- In **Downstream**, adjusted net income was 113% higher year-on-year as a result of the improved refining margins and utilization and the enhanced performance in Chemicals, the commercial businesses and Trading.
  - The adjusted net income of **Gas Natural Fenosa** stood at €453 million, 3% higher year-on-year mainly due to the contribution of *CGE-Chile* and the improved performance of Latin American businesses partially offset by lower results in gas commercialization.
  - In **Corporate and others**, adjusted net income resulted was €166 million, a €501 million improvement year-on-year due to the higher financial results associated to the exchange rate positions, partially offset by higher net interests, mainly because of the acquisition of *Talisman*.
- **EBITDA CCS** in 2015 reached €5.013 billion, 6% higher compared to that of 2014.
  - The **Group's net debt** at the end of 2015 stood at €11.934 billion, an increase of €9.999 billion compared to the end of 2014. If we exclude the effect of the *Talisman* acquisition, the Group's net debt has been reduced by €1 billion mainly thanks to a **Cash flow from operations** of €5.414 billion which more than covered net investments and financial interests. This means that **free cash flow after interests and dividends' breakeven** stood well below the average Brent price during 2015.

## NET INCOME PERFORMANCE BY BUSINESS SEGMENT

### UPSTREAM

*(Unaudited figures)*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
<b>ADJUSTED NET INCOME</b>	<b>4</b>	<b>(395)</b>	<b>(276)</b>	<b>-</b>	<b>589</b>	<b>(909)</b>	<b>-</b>
Operating income	68	(395)	(488)	-	1,149	(1,065)	-
Income tax	(70)	5	207	-	(572)	156	-
Income from equity affiliates and non-controlling interests	6	(5)	5	(16.7)	12	-	-
EBITDA	580	334	275	(52.6)	2,667	1,512	(43.3)
NET CAPITAL EXPENDITURE	775	803	818	5.5	2,675	11,270	-
EXPLORATION EXPENSES <sup>(*)</sup>	226	266	179	(20.8)	734	867	18.1
EFFECTIVE TAX RATE (%)	103	(1)	(43)	(146.0)	50	(15)	(65.0)
<b>International prices</b>	<b>Q4 2014</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>% Change Q4 15/Q4 14</b>	<b>January - December 2014</b>	<b>January - December 2015</b>	<b>% Change 2015/2014</b>
Brent (\$/Bbl)	76.6	50.5	43.8	(42.8)	98.9	52.4	(47.0)
WTI (\$/Bbl)	73.2	46.5	42.2	(42.3)	92.9	48.8	(47.5)
Henry Hub (\$/MBtu)	4.0	2.8	2.3	(42.5)	4.4	2.7	(38.6)
Average exchange rate (\$/€)	1.25	1.11	1.10	(12.0)	1.33	1.11	(16.5)
<b>Realization prices</b>	<b>Q4 2014</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>% Change Q4 15/Q4 14</b>	<b>January - December 2014</b>	<b>January - December 2015</b>	<b>% Change 2015/2014</b>
CRUDE OIL (\$/Bbl)	61.3	44.4	37.8	(38.4)	79.6	45.2	(43.2)
GAS (\$/Thousand scf)	3.6	2.8	2.5	(29.5)	3.8	2.8	(26.8)
<b>Production</b>	<b>Q4 2014</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>% Change Q4 15/Q4 14</b>	<b>January - December 2014</b>	<b>January - December 2015</b>	<b>% Change 2015/2014</b>
LIQUIDS (Thousand bbl/d)	143	244	246	72.8	134	207	54.1
GAS <sup>(**)</sup> (Million scf/d)	1,283	2,298	2,533	97.4	1,237	1,977	59.8
<b>TOTAL</b> (Thousand boe/d)	<b>371</b>	<b>653</b>	<b>697</b>	<b>88.0</b>	<b>355</b>	<b>559</b>	<b>57.6</b>

(\*) Exploration expenses include G&G and G&A, bonus and dry wells. (\*\*) 1,000 Mcf/d = 28.32 Mm<sup>3</sup>/d = 0.178 Mboe/d

**Adjusted net income** in the quarter was €-276 million, a €280 million decrease compared to the same period of 2014, mainly due to the impact of lower realization prices and the absence of production in Libya partially compensated by higher production volumes, lower exploration expenses and lower taxes.

The factors which explain the year-on-year performance in the Upstream division, excluding the impacts on results of Libya's and *Talisman*'s assets, are the following:

- Lower **crude oil and gas realization prices**, net of royalties, had a negative impact on the operating income of €307 million.
- **Exploration expenses** impacted the operating income positively by €89 million, mainly as a result of lower amortization of dry wells and lower seismic expenses.



- Lower **depreciation and amortization** charges increased operating income by €52 million as a consequence of a lower amortization rate in the U.S. and Russia, lower production in Trinidad & Tobago, partially compensated by the increase in production in Brazil and Venezuela.
- **Higher production** contributed to an increase in the operating income of €11 million thanks to the ramp-up of the Sapinhoá project in Brazil and the Cardón IV project in Venezuela.
- **Income tax expense** has impacted the adjusted net income positively by €132 million, due to the lower results.
- **Income of equity affiliates and non-controlling interests, the exchange rate and others** explain the remaining differences.

The impact of disruptions in Libya was €-76 million and €-24 million on the operating income and in the adjusted net income, respectively.

Operating income of **Talisman's assets** has been €-208 million. The positive results in Indonesia were offset by the negative results mainly in Norway, Colombia and North America. The contribution to the adjusted net income has been €-115 million.

Upstream **production** reached an average of 697 kboe/d in the fourth quarter of 2015, 88% higher year-on-year. The contribution of *Talisman's* assets in the quarter has been, on average, 318 kboe/d. Group's production in January averaged 714 kboe/d.

During this fourth quarter of 2015, eight wells - four exploratory and four appraisals - were concluded. The four appraisal and one exploratory wells registered positive results while the other three exploratory wells had negative results. Likewise, during the fourth quarter, two wells - which concluded in previous quarters - were booked as negative: one in Brazil and one in Norway.

#### **January – December 2015 results**

**Adjusted net income** for the year 2015 was €-909 million. Excluding the contribution of legacy *Talisman* assets (€-218 million), the results were impacted by the drop in crude oil and gas realization prices and no contribution from Libya in 2015 (€-112 million), partially compensated by the positive effect in taxes and the growth in production.

**Average production** in 2015 (559 kboe/d) was 58% higher than in the same period in 2014 (355 kboe/d), essentially as a result of the consolidation of *Talisman's* assets since 8 May 2015. The contribution of these assets to the average production has been 203 kboe/d.

During 2015, thirty two wells – nineteen exploratory and thirteen appraisals - were concluded. Sixteen wells registered positive results – in Bolivia, the U.S., Brazil, Russia and Algeria – and three are still under evaluation. These results imply a success ratio of 50%, in line with past years.

**Net capital expenditure**

**Net capital expenditure** in Upstream in the fourth quarter of 2015 amounted to €818 million, a 6% increase year-on-year mainly due to the consolidation of legacy *Talisman* assets.

Excluding divestments, **Development capital expenditure** accounted for 76% of the total investment and was concentrated mainly in the U.S. (16%), Brazil (15%), Venezuela (15%), Trinidad and Tobago (14%), Canada (12%), Algeria (8%), UK (6%) and Bolivia (5%); and **Exploration capital expenditure** represented 16% of the total and was allocated primarily in the U.S. (46%), Papua New Guinea (12%), Brazil (9%), Europe (6%) and Peru (5%).

**Net capital expenditure** in Upstream in the year 2015 totaled €11.270 billion, of which €8.005 billion correspond to the acquisition of *Talisman*. Excluding this impact, **net capital expenditure** amounted to €3.265 billion, a 22% increase year-on-year mainly due to the consolidation of legacy *Talisman* assets and the appreciation of the dollar against the euro, partially offset by higher divestments, which amounted to €168 million in 2014 and €253<sup>(2)</sup> million in 2015. This increase in capital expenditure, excluding divestments and denominated in dollars, amounts to 3%. It is worth noting that total capital expenditure in Repsol's legacy assets denominated in dollars was 22% lower than in 2014.

Excluding divestments and the acquisition of *Talisman*, **Development capital expenditure** accounted for 70% of the total investment in the year 2015 and was concentrated mainly in the U.S. (22%), Venezuela (19%), Trinidad and Tobago (15%), Brazil (11%), Canada (9%), UK (6%), Bolivia (5%) and Algeria (5%); and **Exploration capital expenditure** represented 25% of the total and was earmarked primarily for the U.S. (38%), Angola (19%), Europe (15%), Brazil (7%) and Russia (5%).

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<sup>2</sup> This caption includes the cash received from *Statoil* in the transaction of Eagle Ford and Gudrun.

**DOWNSTREAM**
*(Unaudited figures)*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
<b>ADJUSTED NET INCOME</b>	<b>370</b>	<b>682</b>	<b>495</b>	<b>33.8</b>	<b>1,012</b>	<b>2,150</b>	<b>112.5</b>
Operating income	581	963	705	21.3	1,488	3,041	104.4
Income tax	(210)	(260)	(189)	10.0	(468)	(821)	(75.4)
Income from equity affiliates and non-controlling interests	(1)	(21)	(21)	-	(8)	(70)	-
<b>MIFO RECURRENT NET INCOME</b>	<b>(119)</b>	<b>410</b>	<b>365</b>	<b>-</b>	<b>406</b>	<b>1,691</b>	<b>316.5</b>
Inventory effect	(489)	(272)	(130)	73.4	(606)	(459)	24.3
EBITDA	(25)	748	689	-	1,284	3,092	140.8
EBITDA CCS	738	1,154	891	20.7	2,231	3,788	69.8
NET CAPITAL EXPENDITURE	249	(122)	332	33.3	671	493	(26.5)
EFFECTIVE TAX RATE (%)	36	27	27	(9.0)	32	27	(5.0)
<b>Operational data</b>	<b>Q4 2014</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>% Change Q4 15/Q4 14</b>	<b>January - December 2014</b>	<b>January - December 2015</b>	<b>% Change 2015/2014</b>
REFINING MARGIN INDICATOR IN SPAIN (\$/Bbl)	5.5	8.8	7.3	32.7	4.1	8.5	107.3
DISTILLATION UTILIZATION Spanish Refining (%)	80.1	94.5	89.3	9.2	80.8	88.9	8.1
CONVERSION UTILIZATION Spanish Refining (%)	105.4	106.4	104.3	(1.1)	102.4	103.7	1.3
OIL PRODUCT SALES (Thousand tons)	11,056	12,571	12,313	11.4	43,586	47,605	9.2
PETROCHEMICAL PRODUCT SALES (Thousand tons)	647	701	697	7.7	2,661	2,822	6.0
LPG SALES (Thousand tons)	688	459	571	(17.0)	2,506	2,260	(9.8)
NORTH AMERICA NATURAL GAS SALES (TBtu)	63.0	62.1	72.3	14.8	273.7	298.7	9.1
<b>International prices (\$/Mbtu)</b>	<b>Q4 2014</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>% Change Q4 15/Q4 14</b>	<b>January - December 2014</b>	<b>January - December 2015</b>	<b>% Change 2015/2014</b>
Henry Hub	4.0	2.8	2.3	(42.5)	4.4	2.7	(38.6)
Algonquin	5.0	2.4	3.0	(40.0)	8.1	4.8	(40.7)

**Adjusted net income** in the fourth quarter of 2015 amounted to €495 million, 34% higher compared to the fourth quarter of 2014. **Adjusted net income** in the year 2015 amounted to €2.150 billion, 113% higher than in 2014.

The main factors which explain the quarterly earnings performance year-on-year are:

- In **Refining**, higher utilization rates and specially the improved refining margins produced a positive impact on the operating income of €69 million. Refining margins benefited from stronger products - gasoline and naphtha - and wider light-heavy crudes spreads together with lower energy costs, partially offset by a narrower middle distillates spread.
- In **Chemicals**, the increased efficiency as a result of operational improvements in our sites, higher sales volumes and improved margins, aided by a better international environment, generated a positive effect on the operating income of €65 million.
- In the commercial businesses, **Marketing and LPG**, operating income was €29 million lower year-on-year, mainly due to lower LPG margins in Spain.

- In **Gas & Power and Trading**, the operating income was €8 million lower than that of the fourth quarter of 2014. The operating result and adjusted net income in Gas & Power were positive in the quarter.
- The positive exchange rate effect year-on-year was of €71 million.
- **Results in other activities, equity affiliates and non-controlling interests and taxes** explain the remaining difference.

#### **January – December 2015 results**

**Adjusted net income** for the year 2015 was €2.150 billion, 113% higher year-on-year. The improvement in results is mainly driven by better refining and chemicals margins and enhanced performance in Marketing and Trading businesses together with the positive impact of the exchange rate, partially offset by lower results in Gas & Power and LPG.

#### **Net capital expenditure**

Capital expenditure in Downstream in the fourth quarter of 2015 amounted to €402 million. **Net capital expenditure** amounted to €332 million, including €70 million of divestments.

Capital expenditure in the year 2015 stood at €942 million. **Net capital expenditure** amounted to €493 million, including €449 million of divestments such as *CLH* and a part of the Piped LPG business. Most of the Piped LPG business disposals will be cashed-in in 2016.

**GAS NATURAL FENOSA**
*(Unaudited figures)*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
ADJUSTED NET INCOME	67	103	123	83.6	441	453	2.7

**Adjusted net income** in the fourth quarter of 2015 amounted to €123 million, 84% higher than that of the same quarter of 2014, largely due to the contribution of *CGE-Chile* and the impairment booked in the *Unión Fenosa Gas* plant in Egypt in the fourth quarter of 2014.

**January – December 2015 results**

**Adjusted net income** for the year 2015 was €453 million, 3% higher year-on-year, mainly due to the contribution of *CGE-Chile* and the improved performance of Latin American businesses partially offset by lower results in the gas commercialization business.

**CORPORATE AND OTHERS**
*(Unaudited figures)*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
ADJUSTED NET INCOME	(71)	(231)	119	-	(335)	166	-
Corporate and others operating income	(23)	(57)	(31)	(34.8)	(216)	(170)	21.3
Financial result	(85)	(223)	-	-	(273)	233	-
Income tax	37	49	150	-	154	103	(33.1)
EBITDA	(4)	(71)	(41)	-	(151)	(287)	(90.1)
NET CAPITAL EXPENDITURE	41	14	14	(65.9)	79	97	22.8
EFFECTIVE TAX RATE (%)	(34)	(18)	(496)	-	(32)	(162)	(130.0)

**CORPORATE AND OTHERS**

**Corporate and others** accounted for a net expense of €31 million in the fourth quarter of 2015, compared to a net expense of €23 million in the same quarter of the previous year. In the full year 2015, **Corporate and others** accounted for a net expense of €170 million which compares to a net expense of €216 million in the same period of last year. The *Talisman* Corporation costs have been included in this caption since 8 May, 2015. There was a positive effect in tax charges in both, the fourth quarter and full year 2015, due to the update on provisions and the mix of results.

**FINANCIAL RESULTS**
*(Unaudited figures)*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
NET INTERESTS (includes preferred shares)	(62)	(136)	(126)	(103.2)	(309)	(443)	(43.4)
OTHER CAPTIONS	(23)	(87)	126	-	36	676	-
<b>TOTAL</b>	<b>(85)</b>	<b>(223)</b>	<b>-</b>	<b>(100.0)</b>	<b>(273)</b>	<b>233</b>	<b>-</b>

**Net financial result** in the fourth quarter of 2015 has been €85 million higher than that of the same period of last year, mainly due to the higher positive results associated to the exchange rate positions offset by higher net interests, mainly because of the acquisition of *Talisman*.

**Net financial result** in the full year 2015 was €233 million, €506 million higher than in the same period of last year, mainly due to the positive effect of the exchange rate positions.

**NET INCOME ANALYSIS: NON-RECURRING ITEMS AND DISCONTINUED OPERATIONS**
**NON-RECURRING INCOME**
*[Unaudited figures]*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
NON-RECURRING INCOME / (LOSSES)	(245)	(108)	(2,390)	-	(86)	(2,628)	-

**Non-recurring items** in the fourth quarter of 2015 resulted in a net loss of €2.390 billion, mainly due to the impairments, of €2.429 billion after taxes, booked principally in the Upstream business, partially compensated by the net gain from the tender offer of *Talisman* bonds of €155 million after taxes.

**Non-recurring items** in the full year 2015 resulted in a net loss of €2.628 billion, compared to a net loss of €86 million in 2014, mainly as a result of the impairments booked during the year, partially offset by the net gains from the sales of *CLH*, the exploratory licenses in Canada and the tender offer of *Talisman* bonds.

The total consideration of the impairments booked in 2015 has been €2.957 billion after taxes. These impairments were booked, mainly in the Upstream business, considering the possibility of a longer period of depressed prices and in application of the most rigorous and prudent financial criteria. The impact was driven primarily by the application of a new and lower price deck but also by higher discount rates. These impairments can be reversed in future accounts when the price outlook changes.

**DISCONTINUED OPERATIONS**
*[Unaudited figures]*

Results (€ Million)	Q4 2014	Q3 2015	Q4 2015	% Change Q4 15/Q4 14	January - December 2014	January - December 2015	% Change 2015/2014
INCOME FROM DISCONTINUED OPERATIONS	330	-	-	(100.0)	597	-	(100.0)

**Net income from discontinued operations** in 2014 includes mainly the net contribution of the LNG businesses sold in that year.

**NET DEBT EVOLUTION**

This section presents the changes in the Group's adjusted net debt:

*(Unaudited figures)*

NET DEBT EVOLUTION (€ Million)	Q4 2015	January - December 2015
NET DEBT AT THE START OF THE PERIOD	13,123	1,935
EBITDA CCS	(1,125)	(5,013)
CHANGE IN WORKING CAPITAL	(1,138)	(790)
INCOME TAX RECEIVED /PAID	(155)	246
NET CAPITAL EXPENDITURE <sup>(1)</sup>	911	12,027
DIVIDENDS PAID AND OTHER PAYOUTS	-	488
OWN SHARES TRANSACTIONS	-	135
FOREIGN EXCHANGE RATE EFFECT	245	(804)
COMPANIES' ACQUISITION / SALE EFFECT <sup>(2)</sup>	3	3,969
EQUITY INSTRUMENTS <sup>(4)</sup>	(1)	(996)
INTEREST AND OTHER MOVEMENTS <sup>(3)</sup>	71	737
NET DEBT AT THE END OF THE PERIOD	11,934	11,934

  

	2015
CAPITAL EMPLOYED CONTINUED OPERATIONS (€ Million)	40,623
NET DEBT / CAPITAL EMPLOYED (%)	29.4
NET DEBT (x) / EBITDA CCS	2.39

- (1) As of December 31, 2015, there were net financial investments amounting to €18 million. This caption contains €8,005 million of the cost of the acquisition of *Talisman* (including effects from hedging derivatives)
- (2) This caption mainly includes the consolidation of *Talisman's* net debt (\$4.5 billion) at the closing date, 8 May, 2015.
- (3) Mainly includes interest expense on borrowings, dividends received, and provisions used.
- (4) Includes the issuance of the perpetual subordinated bond (EURO 6-Year NC) accounted for as equity.

The Group's **net debt** at the end of the fourth quarter of 2015 stood at €11.934 billion, €1.189 billion lower compared to the end of the third quarter of 2015 and €9.999 billion higher than at the end of the year 2014, mainly due to the acquisition of *Talisman* and the consolidation of its debt. If we exclude this effect, the Group's net debt has been reduced by €1 billion mainly thanks to a **cash flow from operations** of €5.414 billion, which more than covered net investments and financial interests.

The Group's **liquidity** at the end of the fourth quarter of 2015 stood above €9 billion (including undrawn credit lines), and covered 2.15 times its gross debt maturities in the short term.



## RELEVANT EVENTS

The most significant company-related events since the third quarter 2015 earnings release were as follows:

In **Corporation**, on 25 November 2015, The Board of Directors approved the payment of a dividend to its shareholders within the framework of the Repsol Flexible Dividend Program, and in replacement of the interim dividend of 2015, equivalent to €0.50 gross per share under a scrip dividend scheme and subject to the applicable rounding in accordance to the formula approved by the Annual General Shareholders' Meeting held on 30 April 2015. For this purpose, and in accordance to the duties conferred by the Shareholders' Meeting, the Board of Directors fixed the market value of the capital increase ("Amount of the Alternative Option") at €700,180,530.

On 16 December 2015, the Board of Directors of the Company agreed to implement the aforementioned capital increase in the framework of the Repsol Flexible Dividend Program. The number of free-of-charge allocation rights needed to receive one new share was 22 and the guaranteed price of Repsol's purchase commitment of rights (the "Purchase Commitment") was €0.466 gross per right.

On 8 January 2016, the Company reported the end of the trading period of the free-of-charge allocation rights corresponding to the paid up capital increase. Holders of 65.08% of free-of-charge allocation rights opted to receive new shares of Repsol. Therefore, the final number of shares of one (1) euro par value issued in the capital increase is 41,422,248, representing an increase of approximately 2.96% of the share capital of Repsol before the capital increase. Moreover, during the period established for that purpose, holders of 34.92% of free-of-charge allocation rights accepted the irrevocable commitment to purchase rights taken by Repsol. Consequently, Repsol acquired 489,071,582 rights for a total amount of €227,907,357.212. Repsol waived the shares corresponding to the free-of-charge allocation rights acquired by virtue of the mentioned commitment.

On 9 December 2015, *Repsol International Finance, B.V.* closed a €600 million 5 years bond at 99.897%, with a coupon of 2.125% equivalent to mid swap + 190 b.p., to be listed on the regulated market of the *Luxembourg Stock Exchange*. This bond, guaranteed by Repsol, S.A., was issued under the Repsol International Finance, B.V. Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme, approved by the *Luxembourg Commission de Surveillance du Secteur Financier*.

Additionally, on 9 December 2015, Repsol announced the repurchase of part of *Talisman* bonds, in the amount of US\$1.5 billion, in an operation that will provide the Group with a net present value of more than US\$1 billion. This will have a positive effect of over US\$220 million on Repsol's 2015 earnings and will reduce financing costs.

On 27 January 2016, Repsol's "Trading Statement" was published; it provided provisional information for the fourth quarter and full year 2015 including data on the economic environment as well as company performance during the period. The Board of Directors of Repsol agreed, in application of the most rigorous and prudent financial criteria, to apply extraordinary impairments totaling approximately 2.9 billion euros to its 2015 earnings. These provisions can be reversed in future accounts when the price outlook changes. The performance of the company's businesses was reflected in the adjusted net income, which was indicated to be approximately 1.85 billion euros, more than 8% improvement from 2014,

beating the forecast made by the company in October. Furthermore, Repsol enacted additional measures to reinforce the achievement of its objectives:

- Acceleration of the implementation and increase of synergies from the integration of *Talisman*. Approximately 400 million dollars annually have been identified (compared to the 220 million dollars initially forecast) of which more than 50% have already been implemented.
- Revisiting the efficiency program. Synergies and efficiency measures will reach approximately 1.1 billion euros in 2016, more than 50% of the objective outlined in the Strategic Plan for 2018.
- An additional 20% reduction in total investments for 2016 to a total of approximately 4 billion euros.
- Expansion and acceleration of the divestment of non-strategic assets.

On 24 February 2016, the Board of Directors approved to propose to the Ordinary General Shareholders Meeting, within the framework of the “Repsol Flexible Dividend” program and in place of the traditional yearly complementary dividend, a capital increase, to be carried out with charge to voluntary reserves from non-distributable profit, equivalent to a shareholder remuneration of €0.30 gross per share.

In **Upstream**, on 11 December 2015, Repsol and *Statoil* reached an agreement in which Repsol sells 13% of its working interest in the Eagle Ford asset in the US and acquire a 15% working interest in the Gudrun producing field in Norway. They also agreed that *Statoil* would be the sole operator in Eagle Ford. After the agreement Repsol retains a 37% working interest in Eagle Ford.

Additionally, *Repsol Sinopec Brasil* (60% Repsol) approved a proposal for *Statoil* to become the operator of the BM-C-33 field. *Repsol Sinopec Brasil* will keep its 35% working interest in the project after the agreement. It was also agreed the acquisition by *Statoil* of the 31% working interest of *Talisman-Sinopec UK* (51% Repsol working interest) in the Alfa Sentral field in the United Kingdom.

On 4 January 2016, Repsol and *OKEA* entered into an agreement whereby *OKEA* will purchase Repsol’s 60% share in the Yme field subject to the completion of the Precedent Conditions agreed, which among others includes obtaining from the Norwegian authorities’ approval of an updated *Plan for Development and Operation (PDO)* for the Yme field.

In **Downstream**, on 25 January 2016, Repsol sold its piped gas business in the north of Spain and the Extremadura region to *EDP Group* and *Gas Extremadura*, for a total of 136 million euros. The transactions will generate 76 million euros in capital gains after tax. With this transaction completed, Repsol’s divestment of this non-strategic business amounts to a total of 788 million euros.

**Madrid, 25 February, 2016**

A conference call has been scheduled for research analysts and institutional investors for today, 25 February, 2016 at 11.30 (CET) to report on the Repsol Group’s fourth quarter and full year 2015 results. Shareholders and other interested parties can follow the call live through Repsol’s corporate website ([www.repsol.com](http://www.repsol.com)). A full recording of the event will also be available to shareholders and investors and any other interested party at [www.repsol.com](http://www.repsol.com) for a period of no less than one month from the date of the live broadcast.

**APPENDIX I – FINANCIAL METRICS AND  
OPERATING INDICATORS BY SEGMENT**

**FOURTH QUARTER 2015**

**ADJUSTED NET INCOME BY BUSINESS SEGMENTS**
*(Unaudited figures)*

Q4 2014								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	68	-	(70)	6	4	-	(418)	(414)
Downstream	581	-	(210)	(1)	370	(489)	44	(75)
Gas Natural Fenosa	-	-	-	67	67	-	-	67
Corporation & Others	(23)	(85)	37	-	(71)	-	129	58
<b>TOTAL</b>	<b>626</b>	<b>(85)</b>	<b>(243)</b>	<b>72</b>	<b>370</b>	<b>(489)</b>	<b>(245)</b>	<b>(364)</b>
Income from discontinued operations							330	330
<b>NET INCOME</b>							<b>85</b>	<b>(34)</b>

Q3 2015								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(395)	-	5	(5)	(395)	-	(116)	(511)
Downstream	963	-	(260)	(21)	682	(272)	18	428
Gas Natural Fenosa	-	-	-	103	103	-	-	103
Corporation & Others	(57)	(223)	49	-	(231)	-	(10)	(241)
<b>TOTAL</b>	<b>511</b>	<b>(223)</b>	<b>(206)</b>	<b>77</b>	<b>159</b>	<b>(272)</b>	<b>(108)</b>	<b>(221)</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(108)</b>	<b>(221)</b>

Q4 2015								
€ Million	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(488)	-	207	5	(276)	-	(2,442)	(2,718)
Downstream	705	-	(189)	(21)	495	(130)	(28)	337
Gas Natural Fenosa	-	-	-	123	123	-	-	123
Corporation & Others	(31)	-	150	-	119	-	80	199
<b>TOTAL</b>	<b>186</b>	<b>-</b>	<b>168</b>	<b>107</b>	<b>461</b>	<b>(130)</b>	<b>(2,390)</b>	<b>(2,059)</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(2,390)</b>	<b>(2,059)</b>

€ Million	January - December 2014							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	1,149	-	(572)	12	589	-	(569)	20
Downstream	1,488	-	(468)	(8)	1,012	(606)	92	498
Gas Natural Fenosa	-	-	-	441	441	-	(2)	439
Corporation & Others	(216)	(273)	154	-	(335)	-	393	58
<b>TOTAL</b>	<b>2,421</b>	<b>(273)</b>	<b>(886)</b>	<b>445</b>	<b>1,707</b>	<b>(606)</b>	<b>(86)</b>	<b>1,015</b>
Income from discontinued operations							597	597
<b>NET INCOME</b>							<b>511</b>	<b>1,612</b>

€ Million	January - December 2015							
	Operating income	Financial Results	Income Tax	Income from equity affiliates and non-controlling interests	Adjusted net income	Inventory effect	Non Recurrent	Net Income
Upstream	(1,065)	-	156	-	(909)	-	(2,663)	(3,572)
Downstream	3,041	-	(821)	(70)	2,150	(459)	19	1,710
Gas Natural Fenosa	-	-	-	453	453	-	-	453
Corporation & Others	(170)	233	103	-	166	-	16	182
<b>TOTAL</b>	<b>1,806</b>	<b>233</b>	<b>(562)</b>	<b>383</b>	<b>1,860</b>	<b>(459)</b>	<b>(2,628)</b>	<b>(1,227)</b>
Income from discontinued operations							-	-
<b>NET INCOME</b>							<b>(2,628)</b>	<b>(1,227)</b>

**OPERATING RESULT BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*(Unaudited figures)*

€ Million	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 14	Q3 15	Q4 15	2014	2015
<b>UPSTREAM</b>	<b>68</b>	<b>(395)</b>	<b>(488)</b>	<b>1,149</b>	<b>(1,065)</b>
Europe, Africa & Brazil	75	(5)	(123)	541	(142)
South America	207	(35)	(61)	1,006	109
North America	42	(70)	(66)	305	(166)
Asia & Russia	(1)	38	(1)	26	92
Exploration & Others	(255)	(323)	(237)	(729)	(958)
<b>DOWNSTREAM</b>	<b>581</b>	<b>963</b>	<b>705</b>	<b>1,488</b>	<b>3,041</b>
Europe	409	887	613	1,106	2,819
Rest of the World	172	76	92	382	222
<b>CORPORATE AND OTHERS</b>	<b>(23)</b>	<b>(57)</b>	<b>(31)</b>	<b>(216)</b>	<b>(170)</b>
<b>TOTAL</b>	<b>626</b>	<b>511</b>	<b>186</b>	<b>2,421</b>	<b>1,806</b>

# ADJUSTED NET INCOME BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS

(Unaudited figures)

€ Million	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 14	Q3 15	Q4 15	2014	2015
<b>UPSTREAM</b>	<b>4</b>	<b>(395)</b>	<b>(276)</b>	<b>589</b>	<b>(909)</b>
Europe, Africa & Brazil	(2)	(45)	(24)	205	(124)
South America	149	(62)	(52)	653	(27)
North America	28	(54)	(39)	195	(112)
Asia & Russia	1	5	(15)	22	19
Exploration & Others	(172)	(239)	(146)	(486)	(665)
<b>DOWNSTREAM</b>	<b>370</b>	<b>682</b>	<b>495</b>	<b>1,012</b>	<b>2,150</b>
Europe	272	643	452	784	2,046
Rest of the World	98	39	43	228	104
<b>GAS NATURAL FENOSA</b>	<b>67</b>	<b>103</b>	<b>123</b>	<b>441</b>	<b>453</b>
<b>CORPORATE AND OTHERS</b>	<b>(71)</b>	<b>(231)</b>	<b>119</b>	<b>(335)</b>	<b>166</b>
<b>TOTAL</b>	<b>370</b>	<b>159</b>	<b>461</b>	<b>1,707</b>	<b>1,860</b>

**EBITDA BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*(Unaudited figures)*

€ Million	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 14	Q3 15	Q4 15	2014	2015
<b>UPSTREAM <sup>(1)</sup></b>	<b>580</b>	<b>334</b>	<b>275</b>	<b>2,667</b>	<b>1,512</b>
Europe, Africa & Brazil	165	109	34	742	309
South America	331	101	128	1,439	677
North America	180	174	125	714	587
Asia & Russia	11	130	139	70	403
Exploration & Others	(107)	(180)	(151)	(298)	(464)
<b>DOWNSTREAM <sup>(2)</sup></b>	<b>(25)</b>	<b>748</b>	<b>689</b>	<b>1,284</b>	<b>3,092</b>
Europe	(115)	685	613	948	2,865
Rest of the World	90	63	76	336	227
<b>CORPORATE AND OTHERS</b>	<b>(4)</b>	<b>(71)</b>	<b>(41)</b>	<b>(151)</b>	<b>(287)</b>
<b>TOTAL</b>	<b>551</b>	<b>1,011</b>	<b>923</b>	<b>3,800</b>	<b>4,317</b>
<b>(1) Contribution of Talisman's assets was €172 million in Q4 2015 and €638 million in 2015.</b>					
<b>(2) EBITDA CCS M€</b>					
<b>DOWNSTREAM</b>	<b>738</b>	<b>1,154</b>	<b>891</b>	<b>2,231</b>	<b>3,788</b>
<b>TOTAL</b>	<b>1,314</b>	<b>1,417</b>	<b>1,125</b>	<b>4,747</b>	<b>5,013</b>



**NET CAPITAL EXPENDITURES BY BUSINESS SEGMENTS AND GEOGRAPHICAL AREAS**
*[Unaudited figures]*

€ Million	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 14	Q3 15	Q4 15	2014	2015
<b>UPSTREAM</b>	<b>775</b>	<b>803</b>	<b>818</b>	<b>2,675</b>	<b>11,270</b>
Europe, Africa & Brazil (1)	153	166	415	417	774
South America	244	262	327	730	1,139
North America (1)	74	184	(212)	507	225
Asia & Russia	4	46	30	23	112
Exploration and Others (2)	300	145	258	998	9,020
<b>DOWNSTREAM</b>	<b>249</b>	<b>(122)</b>	<b>332</b>	<b>671</b>	<b>493</b>
Europe	203	(188)	255	546	272
Rest of the World	46	66	77	125	221
<b>CORPORATE AND OTHERS</b>	<b>41</b>	<b>14</b>	<b>14</b>	<b>79</b>	<b>97</b>
<b>TOTAL</b>	<b>1,065</b>	<b>695</b>	<b>1,164</b>	<b>3,425</b>	<b>11,860</b>

(1) This caption includes the effect on the transaction of Eagle Ford and Gudrun with Statoil in Q4 2015.

(2) Includes €8,005 million of the cost of the acquisition of Talisman in Q2 2015

## CAPITAL EMPLOYED BY BUSINESS SEGMENTS

*(Unaudited figures)*

€ Million	CUMULATIVE DATA	
	Q3 15	Q4 15
Upstream	25,284	23,202
Downstream	10,810	9,758
Gas Natural Fenosa	4,647	4,769
Corporate and others	3,128	2,894
<b>TOTAL</b>	<b>43,869</b>	<b>40,623</b>
		2015
ROACE (%)		3.1
ROACE at CCS (%)		4.3

## **OPERATING INDICATORS**

**FOURTH QUARTER 2015**

**UPSTREAM OPERATING INDICATORS**

	Unit	Q1 2014	Q2 2014	Q3 2014	4Q 2014	January - December 2014	Q1 2015	Q2 2015	3Q 2015	4Q 2015	January - December 2015	% Change 2015/2014
<b>HYDROCARBON PRODUCTION</b>	<b>kboe/d</b>	<b>341.8</b>	<b>338.1</b>	<b>365.9</b>	<b>371.1</b>	<b>354.5</b>	<b>354.6</b>	<b>525.4</b>	<b>653.4</b>	<b>697.5</b>	<b>558.9</b>	<b>57.6</b>
<b>Liquids production</b>	<b>kboe/d</b>	<b>130.7</b>	<b>121.5</b>	<b>141.4</b>	<b>142.6</b>	<b>134.2</b>	<b>132.2</b>	<b>202.9</b>	<b>244.0</b>	<b>246.4</b>	<b>206.8</b>	<b>54.1</b>
Europe, Africa & Brazil	kboe/d	36.9	25.2	44.1	41.2	36.9	33.0	61.2	80.6	79.8	63.8	73.0
South America	kboe/d	56.1	57.4	58.5	61.2	58.3	61.0	66.4	67.4	70.9	66.5	13.9
North America	kboe/d	26.9	28.0	27.9	29.4	28.1	27.4	48.6	62.4	61.9	50.2	78.9
Asia & Russia	kboe/d	10.8	10.9	10.8	10.8	10.8	10.8	26.8	33.7	33.8	26.3	143.7
<b>Natural gas production</b>	<b>kboe/d</b>	<b>211.1</b>	<b>216.6</b>	<b>224.5</b>	<b>228.5</b>	<b>220.3</b>	<b>222.4</b>	<b>322.4</b>	<b>409.3</b>	<b>451.1</b>	<b>352.1</b>	<b>59.8</b>
Europe, Africa & Brazil	kboe/d	6.5	6.7	6.4	8.1	6.9	9.9	12.1	14.8	12.9	12.4	79.5
South America	kboe/d	192.6	197.4	204.1	204.7	199.9	196.3	186.3	198.4	231.1	203.1	1.6
North America	kboe/d	5.3	6.1	7.0	8.4	6.7	8.8	79.6	129.9	136.4	89.1	1225.9
Asia & Russia	kboe/d	6.7	6.4	6.9	7.2	6.8	7.4	44.5	66.2	70.8	47.5	595.8
<b>Natural gas production</b>	<b>(Million scf/d)</b>	<b>1,185.3</b>	<b>1,216.4</b>	<b>1,260.5</b>	<b>1,282.9</b>	<b>1,237.2</b>	<b>1,248.6</b>	<b>1,810.5</b>	<b>2,298.5</b>	<b>2,532.9</b>	<b>1,977.0</b>	<b>59.8</b>

**DOWNSTREAM OPERATING INDICATORS**

	Unit	Q1 2014	Q2 2014	3Q 2014	4Q 2014	Jan - Dec 2014	Q1 2015	Q2 2015	Q3 2015	4Q 2015	Jan - Dec 2015	% Variation 4Q15/4Q14	% Variation 2015/2014
<b>PROCESSED CRUDE OIL</b>	Mtoe	9.1	10.1	10.4	9.9	39.5	9.9	10.9	11.5	10.9	43.3	10.7	9.6
Europe	Mtoe	8.2	9.3	9.6	9.0	36.2	9.1	9.9	10.7	10.1	39.8	11.4	9.9
Rest of the world	Mtoe	0.8	0.8	0.8	0.8	3.3	0.8	1.0	0.9	0.9	3.5	2.9	6.1
<b>SALES OF OIL PRODUCTS</b>	kt	9,845	11,298	11,387	11,056	43,586	10,731	11,990	12,571	12,313	47,605	11.4	9.2
Europe Sales	kt	8,803	10,243	10,278	9,991	39,315	9,667	10,821	11,354	11,177	43,019	11.9	9.4
Own network	kt	4,574	4,772	5,080	5,104	19,530	5,079	5,235	5,529	5,281	21,124	3.5	8.2
Light products	kt	3,985	4,062	4,390	4,409	16,846	4,176	4,280	4,480	4,390	17,326	(0.4)	2.8
Other Products	kt	589	710	690	695	2,684	903	955	1,049	891	3,798	28.2	41.5
Other Sales to Domestic Market	kt	1,706	1,924	1,812	1,887	7,329	1,924	1,874	2,014	1,959	7,771	3.8	6.0
Light products	kt	1,629	1,878	1,755	1,665	6,927	1,852	1,814	1,946	1,896	7,508	13.9	8.4
Other Products	kt	77	46	57	222	402	72	60	68	63	263	(71.6)	(34.6)
Exports	kt	2,523	3,547	3,386	3,000	12,456	2,664	3,712	3,811	3,937	14,124	31.2	13.4
Light products	kt	632	1,286	1,301	1,247	4,466	1,219	1,512	1,721	1,843	6,295	47.8	41.0
Other Products	kt	1,891	2,261	2,085	1,753	7,990	1,445	2,200	2,090	2,094	7,829	19.5	(2.0)
Rest of the world sales	kt	1,042	1,055	1,109	1,065	4,271	1,064	1,169	1,217	1,136	4,586	6.7	7.4
Own network	kt	490	542	525	517	2,074	469	535	520	549	2,073	6.2	(0.0)
Light products	kt	450	489	490	480	1,909	446	477	482	512	1,917	6.7	0.4
Other Products	kt	40	53	35	37	165	23	58	38	37	156	-	(5.5)
Other Sales to Domestic Market	kt	333	319	330	289	1,271	276	305	312	328	1,221	13.5	(3.9)
Light products	kt	274	274	295	254	1,097	241	265	269	274	1,049	7.9	(4.4)
Other Products	kt	59	45	35	35	174	35	40	43	54	172	54.3	(1.1)
Exports	kt	219	194	254	259	926	319	329	385	259	1,292	-	39.5
Light products	kt	80	124	97	89	390	165	108	132	63	468	(29.2)	20.0
Other Products	kt	139	70	157	170	536	154	221	253	196	824	15.3	53.7
<b>CHEMICALS</b>													
Sales of petrochemical products	kt	653	680	681	647	2,661	741	683	701	697	2,822	7.7	6.0
Europe	kt	558	547	566	550	2,221	615	599	600	582	2,396	5.9	7.9
Base	kt	205	188	203	180	775	196	219	225	198	838	9.9	8.1
Derivative	kt	353	360	363	370	1,446	419	381	375	384	1,559	3.9	7.8
Rest of the world	kt	96	133	115	97	441	125	84	102	114	426	18.3	(3.4)
Base	kt	12	39	32	17	100	34	23	21	32	110	95.8	10.4
Derivative	kt	84	94	83	80	341	92	61	81	82	316	2.3	(7.4)
<b>LPG</b>													
LPG sales	kt	670	549	599	688	2,506	704	526	459	571	2,260	(17.0)	(9.8)
Europe	kt	420	301	332	420	1,474	453	273	217	342	1,285	(18.7)	(12.8)
Rest of the world	kt	250	248	267	267	1,033	251	254	242	229	975	(14.4)	(5.5)

Other sales to the domestic market: includes sales to operators and bunker

Exports: expressed form the country of origin

## **APPENDIX II – CONSOLIDATED FINANCIAL STATEMENTS**

**FOURTH QUARTER 2015**

**STATEMENT OF FINANCIAL POSITION**
*(€ millions)*
*Prepared according to International Financial Reporting Standards (IFRS-EU)*

	DECEMBER	DECEMBER
	2014	2015
<b>NON-CURRENT ASSETS</b>		
Goodwill	498	3,099
Other intangible assets	1,361	1,423
Property, plant and equipment	17,141	28,437
Investment property	23	26
Investments accounted for using the equity method	11,110	11,758
Non-current financial assets :		
Non-current financial instruments	532	633
Others	61	82
Deferred tax assets	3,967	4,689
Other non-current assets	155	179
<b>CURRENT ASSETS</b>		
Non-current assets held for sale	98	262
Inventories	3,931	2,853
Trade and other receivables	5,685	5,680
Other current assets	176	271
Other current financial assets	2,513	1,237
Cash and cash equivalents	4,638	2,448
<b>TOTAL ASSETS</b>	<b>51,889</b>	<b>63,077</b>
<b>TOTAL EQUITY</b>		
Attributable to equity holders of the parent	27,937	28,461
Attributable to minority interests	217	228
<b>NON-CURRENT LIABILITIES</b>		
Grants	9	7
Non-current provisions	2,386	5,827
Non-current financial debt	7,612	10,581
Deferred tax liabilities	1,684	1,554
Other non-current liabilities		
Non-current debt for finance leases	1,414	1,540
Other	387	402
<b>CURRENT LIABILITIES</b>		
Liabilities related to non-current assets held for sale	0	8
Current provisions	240	1,377
Current financial liabilities	4,086	7,073
Trade payables and other payables:		
Current debt for finance leases	176	206
Other payables	5,741	5,813
<b>TOTAL LIABILITIES</b>	<b>51,889</b>	<b>63,077</b>

**INCOME STATEMENT**
*(€ millions)*
*Prepared according to International Financial Reporting Standards (IFRS-EU)*

	QUARTERLY DATA			JANUARY - DECEMBER	
	Q4 14	Q3 15	Q4 15	2014	2015
<b>Operating income</b>	<b>(658)</b>	<b>(185)</b>	<b>(2,938)</b>	<b>78</b>	<b>(2,440)</b>
Financial result	(70)	(199)	208	152	450
Income from equity affiliates	55	(23)	(329)	892	(94)
<b>Net income before tax</b>	<b>(673)</b>	<b>(407)</b>	<b>(3,059)</b>	<b>1,122</b>	<b>(2,084)</b>
Income tax	264	195	1,003	(146)	899
<b>Net income from continuing operations</b>	<b>(409)</b>	<b>(212)</b>	<b>(2,056)</b>	<b>976</b>	<b>(1,185)</b>
Net income from non-controlling interest	45	(9)	(3)	39	(42)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(364)</b>	<b>(221)</b>	<b>(2,059)</b>	<b>1,015</b>	<b>(1,227)</b>
Net income for the year from discontinuing operations	330	-	-	597	-
<b>NET INCOME</b>	<b>(34)</b>	<b>(221)</b>	<b>(2,059)</b>	<b>1,612</b>	<b>(1,227)</b>
<b>Earning per share attributable to the parent company</b>					
Euros/share (*)	(0.02)	(0.16)	(1.45)	1.12	(0.87)
USD/ADR	(0.03)	(0.18)	(1.58)	1.35	(0.95)
Average number of shares (**)	1,438,628,059	1,430,877,836	1,423,732,240	1,439,746,452	1,432,267,400
Exchange rates USD/EUR at the end of each quarter	1.21	1.12	1.09	1.21	1.09

(\*) To calculate EPS the interest expense from the perpetual obligations (€22 million after taxes as of December 2015) has been adjusted.

(\*\*) A capital increase for the shareholder's remuneration scheme known as "Repsol dividendo flexible" was carried out in January 2015, July 2015 and January 2016 accordingly, share capital is currently represented by 1,441,783,307 shares. The average weighted number of outstanding shares for the presented periods was recalculated in comparison with the previous periods to include the impact of this capital increase in accordance with IAS 33 "Earnings per share". The average number of shares held by the company during each period was also taken into account.



## CASH FLOW STATEMENT

(€ millions)

Prepared according to International Financial Reporting Standards (IFRS-EU)

	JANUARY - DECEMBER	
	2014	2015
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (*)</b>		
Net income before taxes	1,122	(2,084)
Adjustments to net income		
Depreciation and amortisation of non current assets	1,796	2,988
Other adjustments to results (net)	(386)	2,739
<b>EBITDA</b>	<b>2,532</b>	<b>3,643</b>
Changes in working capital	966	1,370
Dividends received	530	363
Income taxes received/ (paid)	(611)	(128)
Other proceeds from/ ( payments for) operating activities	(234)	(398)
<b>OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>(315)</b>	<b>(163)</b>
	<b>3,183</b>	<b>4,850</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (*)</b>		
Payments for investment activities		
Companies of the Group, equity affiliates and business units	(18)	(8,974)
Fixed assets, intangible assets and real estate investments	(2,606)	(2,905)
Other financial assets	(1,576)	(267)
Payments for investment activities	<b>(4,200)</b>	<b>(12,146)</b>
Proceeds from divestments	4,792	2,778
Other cashflow	4	494
	<b>596</b>	<b>(8,874)</b>
<b>III. CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES (*)</b>		
Issuance of own capital instruments	0	996
Proceeds from/(payments for) equity instruments	(82)	(135)
Proceeds from issue of financial liabilities	4,488	12,244
Payments for financial liabilities	(7,672)	(10,989)
Payments for dividends and payments on other equity instruments	(1,712)	(488)
Interest payments	(610)	(682)
Other proceeds from/(payments for) financing activities	136	829
	<b>(5,452)</b>	<b>1,775</b>
Effect of changes in exchange rates from continued operations	147	59
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUED OPERATIONS</b>	<b>(1,526)</b>	<b>(2,190)</b>
Cash flows from operating activities from discontinued operations	(86)	0
Cash flows from investment activities from discontinued operations	535	0
Cash flows from financing activities from discontinued operations	(1)	0
Effect of changes in exchange rates from discontinued operations	0	0
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS</b>	<b>448</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5,716</b>	<b>4,638</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>4,638</b>	<b>2,448</b>

(\*) Cash flows from continued operations

**APPENDIX III – RECONCILIATION OF NON-  
IFRS METRICS TO IFRS DISCLOSURES**

**FOURTH QUARTER 2015**

**RECONCILIATION OF ADJUSTED NET INCOME AND THE CORRESPONDING  
CONSOLIDATED FINANCIAL STATEMENT HEADINGS**

Q4 2014						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	626	(81)	(440)	(763)	(1,284)	(658)
Financial result	(85)	(16)	31	-	15	(70)
Income from equity affiliates	76	(21)	-	-	(21)	55
<b>Net income before tax</b>	<b>617</b>	<b>(118)</b>	<b>(409)</b>	<b>(763)</b>	<b>(1,290)</b>	<b>(673)</b>
Income tax	(243)	118	163	226	507	264
<b>Net income from continued operations</b>	<b>374</b>	<b>-</b>	<b>(246)</b>	<b>(537)</b>	<b>(783)</b>	<b>(409)</b>
Income attributed to minority interests	(4)	-	1	48	49	45
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>370</b>	<b>-</b>	<b>(245)</b>	<b>(489)</b>	<b>(734)</b>	<b>(364)</b>
Income from discontinued operations						330
<b>ADJUSTED NET INCOME</b>	<b>370</b>	<b>-</b>	<b>(245)</b>	<b>(489)</b>	<b>(734)</b>	<b>(34)</b>

Q3 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	511	13	(303)	(406)	(696)	(185)
Financial result	(223)	24	-	-	24	(199)
Income from equity affiliates	105	(128)	-	-	(128)	(23)
<b>Net income before tax</b>	<b>393</b>	<b>(91)</b>	<b>(303)</b>	<b>(406)</b>	<b>(800)</b>	<b>(407)</b>
Income tax	(206)	91	195	115	401	195
<b>Net income from continued operations</b>	<b>187</b>	<b>-</b>	<b>(108)</b>	<b>(291)</b>	<b>(399)</b>	<b>(212)</b>
Income attributed to minority interests	(28)	-	-	19	19	(9)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>159</b>	<b>-</b>	<b>(108)</b>	<b>(272)</b>	<b>(380)</b>	<b>(221)</b>
Income from discontinued operations						0
<b>ADJUSTED NET INCOME</b>	<b>159</b>	<b>-</b>	<b>(108)</b>	<b>(272)</b>	<b>(380)</b>	<b>(221)</b>

Q4 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	186	523	(3,445)	(202)	(3,124)	(2,938)
Financial result	-	57	151	-	208	208
Income from equity affiliates	129	(458)	-	-	(458)	(329)
<b>Net income before tax</b>	<b>315</b>	<b>122</b>	<b>(3,294)</b>	<b>(202)</b>	<b>(3,374)</b>	<b>(3,059)</b>
Income tax	168	(122)	903	54	835	1,003
<b>Net income from continued operations</b>	<b>483</b>	<b>-</b>	<b>(2,391)</b>	<b>(148)</b>	<b>(2,539)</b>	<b>(2,056)</b>
Income attributed to minority interests	(22)	-	1	18	19	(3)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>461</b>	<b>-</b>	<b>(2,390)</b>	<b>(130)</b>	<b>(2,520)</b>	<b>(2,059)</b>
Income from discontinued operations	-	-	-	-	-	0
<b>ADJUSTED NET INCOME</b>	<b>461</b>	<b>-</b>	<b>(2,390)</b>	<b>(130)</b>	<b>(2,520)</b>	<b>(2,059)</b>

January - December 2014						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	2,421	(733)	(663)	(947)	(2,343)	78
Financial result	(273)	(50)	475	-	425	152
Income from equity affiliates	467	376	49	-	425	892
<b>Net income before tax</b>	<b>2,615</b>	<b>(407)</b>	<b>(139)</b>	<b>(947)</b>	<b>(1,493)</b>	<b>1,122</b>
Income tax	(886)	407	52	281	740	(146)
<b>Net income from continued operations</b>	<b>1,729</b>	-	<b>(87)</b>	<b>(666)</b>	<b>(753)</b>	<b>976</b>
Income attributed to minority interests	(22)	-	1	60	61	39
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>1,707</b>	-	<b>(86)</b>	<b>(606)</b>	<b>(692)</b>	<b>1,015</b>
Income from discontinued operations	-	-	-	-	-	597
<b>ADJUSTED NET INCOME</b>	<b>1,707</b>	-	<b>(86)</b>	<b>(606)</b>	<b>(692)</b>	<b>1,612</b>

  

January - December 2015						
€ Million	Adjusted result	ADJUSTMENTS				Total consolidated
		Joint arrangements reclassification	Non-recurring items	Inventory Effect	Total adjustments	
Operating income	1,806	434	(3,984)	(696)	(4,246)	(2,440)
Financial result	233	44	173	-	217	450
Income from equity affiliates	469	(563)	-	-	(563)	(94)
<b>Net income before tax</b>	<b>2,508</b>	<b>(85)</b>	<b>(3,811)</b>	<b>(696)</b>	<b>(4,592)</b>	<b>(2,084)</b>
Income tax	(562)	85	1,182	194	1,461	899
<b>Net income from continued operations</b>	<b>1,946</b>	-	<b>(2,629)</b>	<b>(502)</b>	<b>(3,131)</b>	<b>(1,185)</b>
Income attributed to minority interests	(86)	-	1	43	44	(42)
<b>NET INCOME FROM CONTINUED OPERATIONS</b>	<b>1,860</b>	-	<b>(2,628)</b>	<b>(459)</b>	<b>(3,087)</b>	<b>(1,227)</b>
Income from discontinued operations	-	-	-	-	-	0
<b>ADJUSTED NET INCOME</b>	<b>1,860</b>	-	<b>(2,628)</b>	<b>(459)</b>	<b>(3,087)</b>	<b>(1,227)</b>

## RECONCILIATION OF OTHER ECONOMIC DATA AND THE CONSOLIDATED FINANCIAL STATEMENTS

	DECEMBER 2014			DECEMBER 2015		
	Proforma	Reclasification of JV (1)	IFRS-EU	Proforma	Reclasification of JV (1)	IFRS-EU
<b>NON-CURRENT ASSETS</b>						
Non-current financial instruments	284	248	532	121	512	633
<b>CURRENT ASSETS</b>						
Other current financial assets	1,708	805	2,513	118	1,119	1,237
Cash and cash equivalents	5,027	(389)	4,638	2,771	(323)	2,448
<b>NON-CURRENT LIABILITIES</b>						
Non-current financial debt	(7,613)	1	(7,612)	(10,716)	135	(10,581)
<b>CURRENT LIABILITIES</b>						
Current financial liabilities	(1,532)	(2,554)	(4,086)	(4,320)	(2,753)	(7,073)
<b>CAPTIONS NOT INCLUDED IN THE BALANCE SHEET</b>						
Net mark-to-market valuation of financial derivatives (excluding exchange rate) (2)	191	0	191	92	0	92
<b>NET DEBT</b>	<b>(1,935)</b>		<b>(3,824)</b>	<b>(11,934)</b>		<b>(13,244)</b>

(1) Mainly corresponding to the financial contribution by Repsol Sinopec Brazil which is detailed in the following captions:

2014: "Cash and cash equivalents" amounting to €15 million and "Current financial liabilities" for intragroup loans amounting to €2,535 million, reduced in €37 million due to loans with third parties.  
2015: "Cash and cash equivalents" amounting to €11 million; "Current financial liabilities" for intragroup loans amounting to €2,819 million; and €300 million in loans with third parties.

(2) This caption does not consider net market value of financial derivatives other than exchange rate ones

	January - December							
	2014				2015			
	Proforma	Reclasification of JV	Financial investments/ divestments	IFRS-EU	Proforma	Reclasification of JV	Financial investments/ divestments	IFRS-EU
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES (1)</b>								
EBITDA	3,800	(1,268)		2,532	4,317	(674)		3,643
Changes in working capital	927	39		966	1,486	(116)		1,370
Dividends received (2)	297	233		530	279	84		363
Income taxes received/ (paid)	(956)	345		(611)	(246)	118		(128)
Other proceeds from/ ( payments for) operating activities (2)	(234)	0		(234)	(422)	24		(398)
<b>OTHER CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>3,834</b>	<b>(651)</b>		<b>3,183</b>	<b>5,414</b>	<b>(564)</b>		<b>4,850</b>
<b>II. CASH FLOWS USED IN INVESTMENT ACTIVITIES (1)</b>								
	1,082	1,033	(1,519)	596	(12,027)	1,378	1,775	(8,874)

(1) Cash flows from continued operations

(2) These concepts are included in the Net Debt evolution chart within the caption "Interests and other movements"

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