First half results
2016

Repsol´s adjusted net income
917 million euros

Good performance across the whole business (Upstream and Downstream), despite volatile oil and gas prices.

Average oil production was 705,500 barrels of oil equivalent a day, doubling that obtained in the first half of 2015.

REPSOL

Upstream

Solid results with an **increase of 301 million euros in adjusted net income**, even though oil prices fell by over 30%.

Downstream

- **Continuing solid cash generation**.
- The Chemical business increased its net income by over 50% during this half year, thanks to the improvement of international markets and higher sales volumes.

Solid results

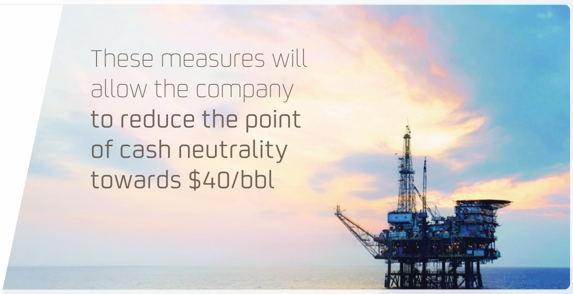
EBITDA CCS was €2,409 M thanks to the efficiency measures implemented throughout the company and the resilience of the Downstream business.

2016-2020 **Strategic Plan**

Value and Resilience

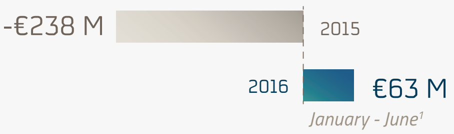
We are making progress towards the targets set by the Strategic Plan 2016-2020:

- In the first half of 2016, synergies and efficiencies projects are in place to **secure 70% of the €1,200 M 2016 target**.
- The Upstream business has achieved **over 50% of its target to reduce operating costs and investments**, and by the end of the year it is expected to surpass its 2016 target.
- The company is continuing to make progress in divesting non-strategic assets.



Our main businesses[1]

Upstream
(Exploration and Production)



The Upstream adjusted net income in the first half of 2016 rose to €63 M, €301 M higher than that recorded in the same period of 2015, mainly due to:

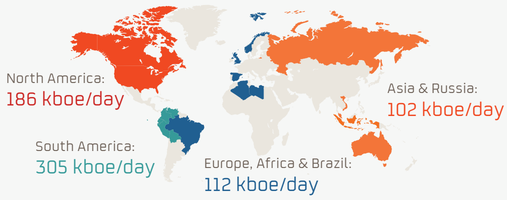
- Higher production volumes.
- Lower exploration expenses.

During the first half of the year, production reached **705,500 barrels of oil equivalent a day**, which represents an **increase of 60%** over the same period of 2015.

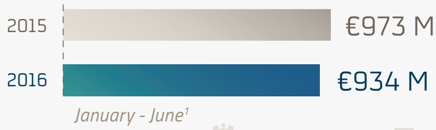
▲ 60%

Geographic breakdown of production in the first half of the year:

705.5 kboe
(oil equivalent per day).



Downstream
(Refining, Chemical, Marketing, LPG & Trading)



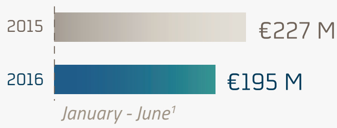
In the **Refining** business, results have been affected by planned maintenance carried out in Cartagena and Tarragona, and by market prices. No further stoppages are scheduled for the second half of the year.

Good performance in **Marketing** and **LPG** businesses.

Better result in **Chemicals** due to increased efficiency as a result of operational improvements at our sites, higher sales, and better margins thanks to the international environment.

Gas Natural Fenosa[2]
(30% stake)

Lower results from gas commercialization business attributable to the current price environment.



Solid financial position

Net debt and liquidity

- The cash flow generation of the businesses, along with divestments, have enabled the Group to reduce its net financial debt by **€225M** to **€11,709M**.
- Repsol maintains **liquidity of €6,700 M**, which covers the maturity of short-term gross debt by almost two times.

[1] The company carries out a good part of its activities through joint ventures. This means that, when it comes to making decisions on fund allocation or performance assessment, the operating and financial figures of joint ventures are analysed from the same perspective and as thoroughly as those of companies consolidated by global integration. This is the reason why all sector figures include, according to percentage shares, those of joint ventures or companies managed as such.

In fiscal year 2014, Repsol decided to take into account the current business environment and use an accounting method for better comparison with the results of other companies in the same industry. Now, Repsol reports its recurring net income based on restocking costs of continued operations (adjusted net income), excluding both discontinued operations and inventory effects.

[2] From 1 January 2014, Gas Natural results are no longer reported in Repsol statements using a consolidated method. The equity accounting method is used instead.

This is, by no means, a recommendation or offer to buy shares in Repsol, as established in Law 24/1988, of 28 July, on the Stock Exchange, and the associated development regulations. Furthermore, this is not a purchasing or trading offer, nor an equity purchasing, selling or trading order elsewhere.

This report contains information and statements that are actually estimates or forecasts about Repsol. Such estimates or forecasts may contain statements about plans, goals and expectations, including statements on trends affecting Repsol's finances, financial ratios, operating income, business, strategies, geographical concentration, production and reserves, capital expenditure, cost savings, investments and dividend policy. Such estimates or forecasts may contain assumptions on future economic or financial situations such as future crude oil prices or other prices, refining or marketing margins and currency exchange rates. Estimates or future prospects are generally identified with the verbs 'hope', 'expect', 'think', 'believe', 'estimate', or the like. Said statements or claims do not guarantee future compliance, prices, margins, currency exchange rates, and so forth, and are subject to significant risks, uncertainties, changes or other factors beyond Repsol's control or difficult to predict. Among these risks and uncertainties there are factors and situations on which information is provided in statements or documents filed by Repsol and its affiliates with the Spanish Stock Exchange, the Argentine Stock Exchange, the U.S. Securities and Exchange Commission, and other market supervising agencies in the markets where Repsol or its affiliates trade their shares.

Repsol undertakes to fulfil its obligations only as established in the laws in force, even if new data are published or new situations arise, as far as public announcements of updated or revised facts are concerned.

The information contained here has not been verified or reviewed by Repsol's external auditors.

In October 2015, the European Securities Markets Authority (ESMA) published the Guidelines on Alternative Performance Measures (APM), of mandatory application for the regulated information to be published from 3 July 2016. Information and disclosures related to APM used on the present Q2 2016 Results Earnings Release are included in Appendix I "Alternative Performance Measures" of the Interim Management Report for the six-month period ended 30 June 2016.