

# WEBCAST – CONFERENCE CALL

## Second Quarter 2018 Results

July 26<sup>th</sup> 2018



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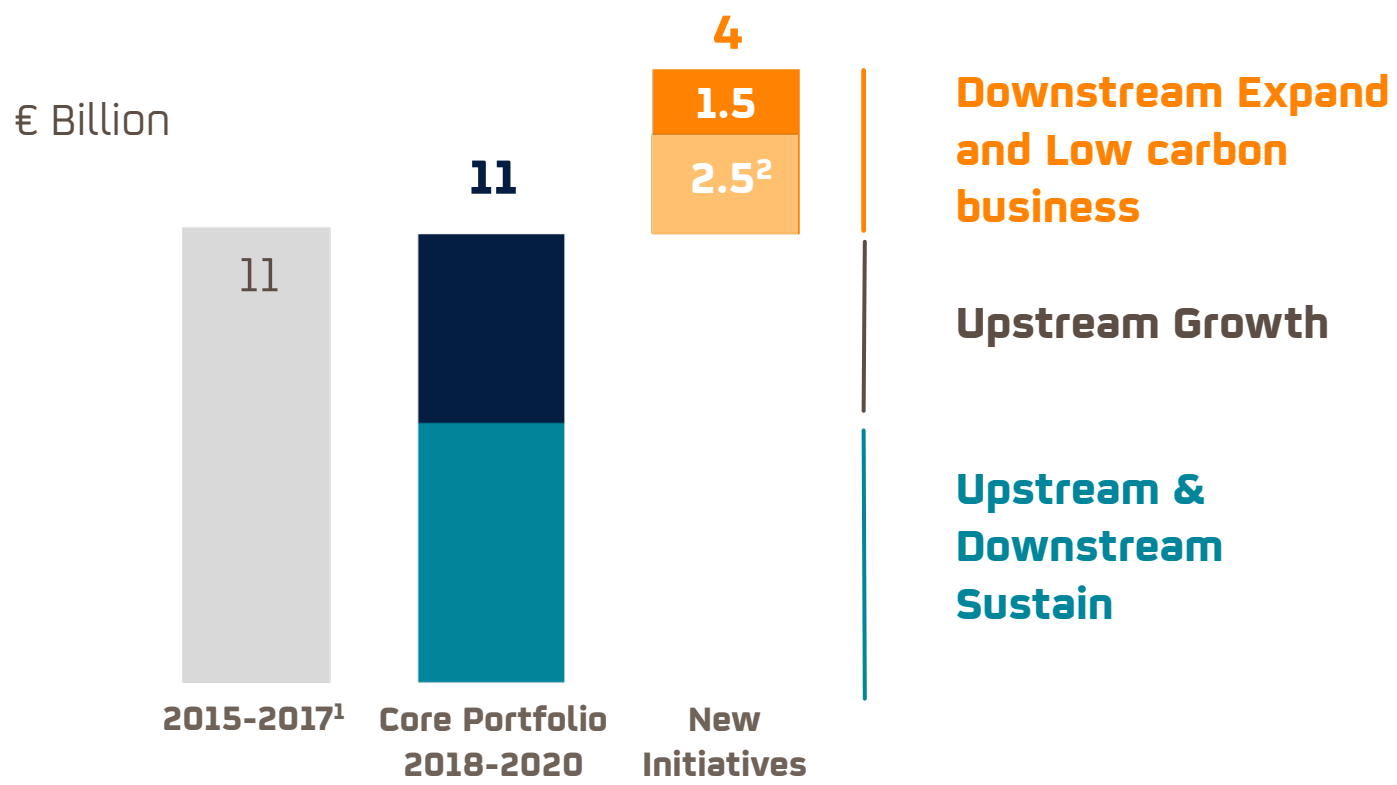
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- 1. Key messages**
- 2. Operational activity**
- 3. Financial results**
- 4. Outlook for 2018**
- 5. Conclusions**

# Key messages

## 2018-2020 Capex breakdown



1. Excluding Capex from Talisman acquisition.  
 2. Includes €750M from Viesgo acquisition

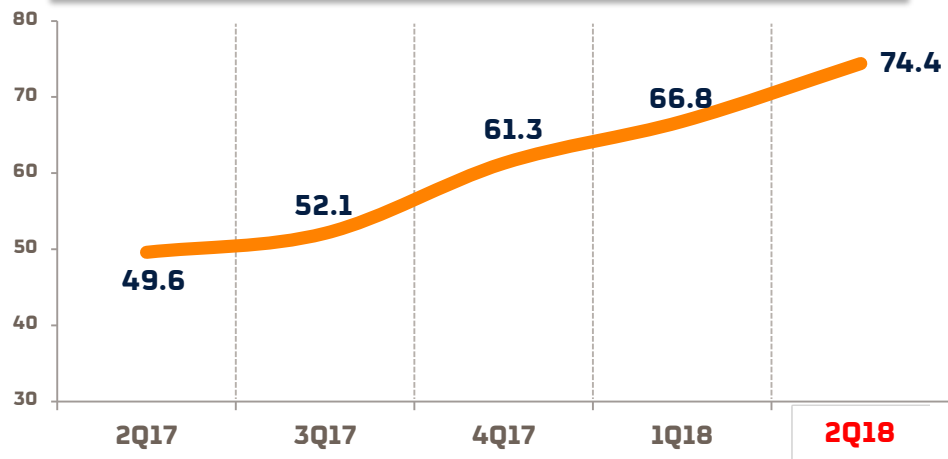
**Net Debt: €2.7Bn**

	2Q 2018	1H 2018
<b>EBITDA</b>	<b>€2Bn</b>	<b>€3.8n</b>

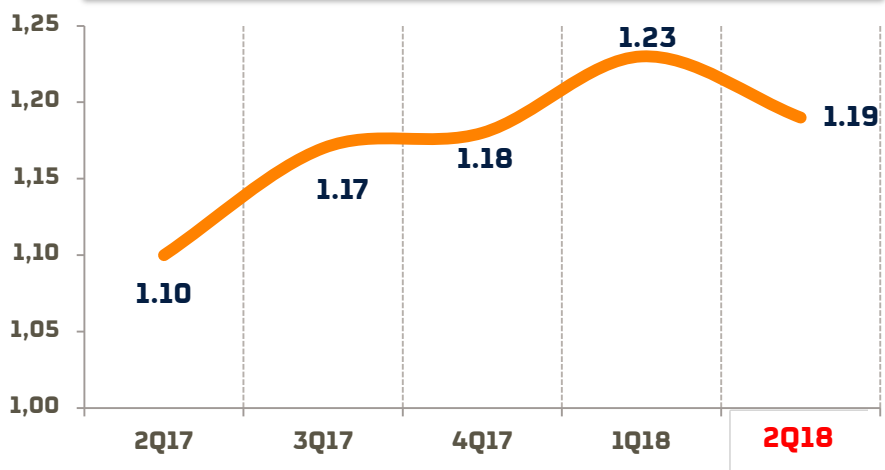
# Market environment



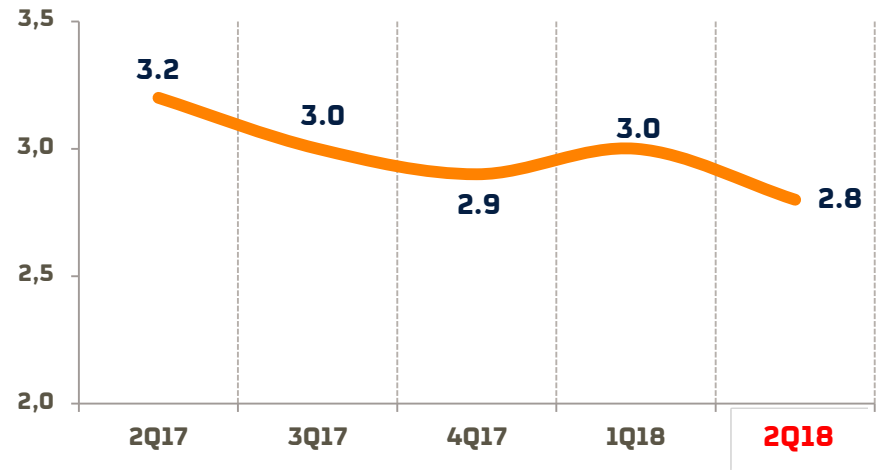
### Brent - \$/bbl



### Exchange Rate - \$/€

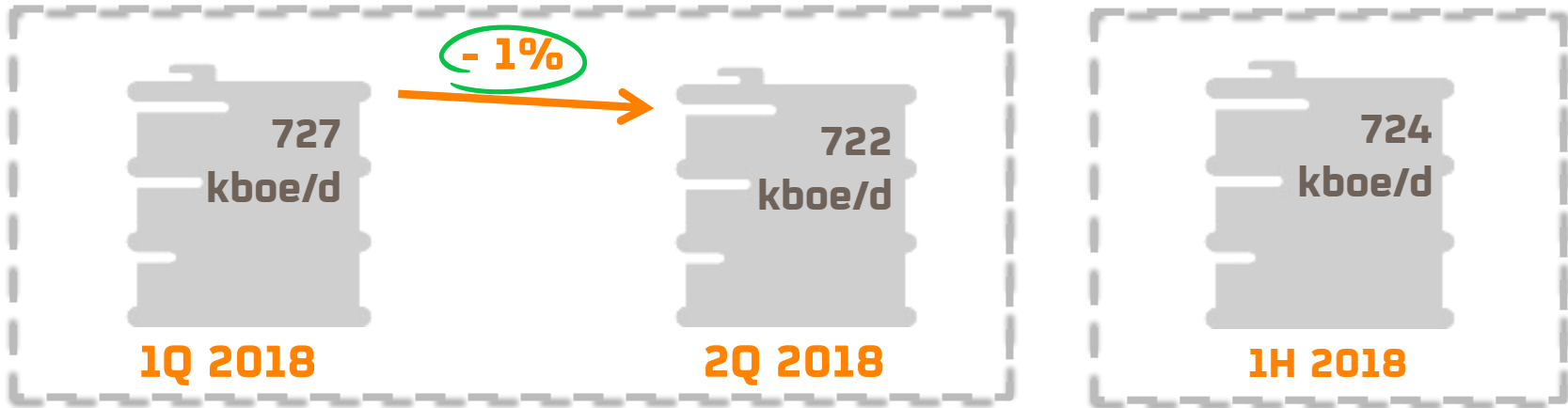


### Henry Hub - \$/Mbtu



# Operational Activity

## Upstream



### 2Q18 volumes were supported by:

- Higher production in Peru
- Increased volumes in Marcellus
- Ramp-up in Reggane
- **Libya** → **38 kboe/d** net

### Exploration program:

- ✓ **5** exploratory wells completed [**3 positive**]

### Development activity:

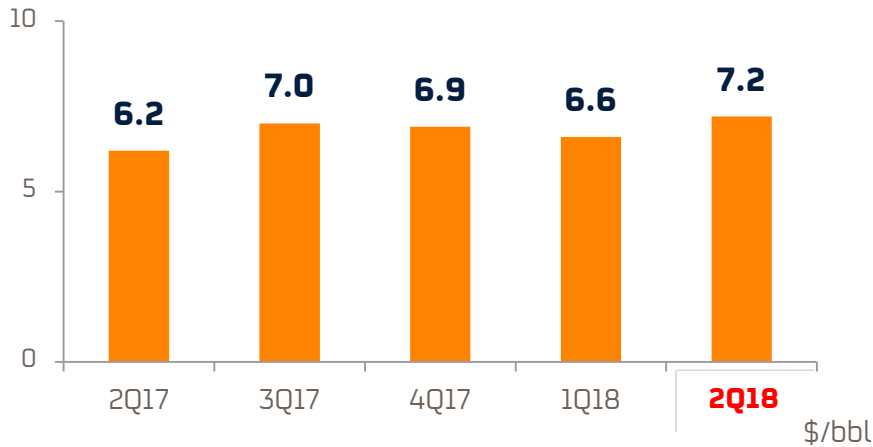
- ✓ Bunga Pakma (**Malaysia**) first production reached early in July

# Operational activity

Downstream



## Refining Margin Indicator

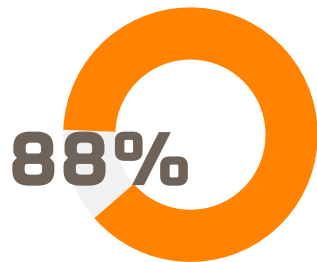


## Petrochemicals

- Worse international environment
- Multiannual turnaround of Sines cracker

## Utilization rates

2Q 2018



Distillation



Conversion units

## Commercial businesses

- **Marketing business:**
  - Higher activity in our Services Stations in Spain
- **LPG and G&P:**
  - Negatively impacted by seasonality

# Financial Results



	Q2 2018	Q2 2017	Variation %
<b>CCS Adjusted Net Income</b>	<b>549</b>	<b>445</b>	<b>+ 23%</b>
<b>Net Income</b>	<b>936</b>	<b>367</b>	<b>+ 155%</b>

UPSTREAM	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	<b>360</b>	<b>115</b>	<b>+ €245M</b>

Million €

DOWNSTREAM	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	<b>337</b>	<b>429</b>	<b>- €92M</b>

Million €

CORPORATE & OTHERS	Q2 2018	Q2 2017	Variation
<b>CCS Adjusted Net Income</b>	<b>-148</b>	<b>-99</b>	<b>- €49M</b>

Million €



# Outlook for 2018



- ✓ **Capex guidance:** full-year forecast of **~€4Bn**
  - Upstream → **€2.2Bn**
  - Downstream → **€0.9Bn**
  - Low carbon business → **€0.8Bn**
  - Corporation → **€0.1Bn**
- ✓ **Production:** **~715 kboe/d** subject to fluctuations in Libya
- ✓ **Downstream:**
  - Full year Refining Margin Indicator **~7\$/bbl** with a premium in CCS margin
  - Chemical business: Sines cracker on operation since July, significant improvement expected in 2H18 and with a FY EBIT of **~€350M**
- ✓ **Digitalization:** On track [**120 ongoing projects**]
- ✓ **Efficiency programs:** On track [**45%** of FY business savings target posted in 1H18]
- ✓ **Financials:**
  - Full-year **EBITDA** forecast at **~€7.9Bn**
  - **Share capital reduction:** **6 million** shares purchased in 1H18. Remaining shares to be purchased through **buyback program**

# Conclusions



- ✓ **On track to deliver 2018 targets**
- ✓ **Value growth based on:**
  - **Improved shareholder returns**
  - **Increased profitability across portfolio**
  - **Building a low-carbon Gas and Power business**
- ✓ **Organic cash flow generation and proceeds from Gas Nat we will allow to :**
  - **Increase capex**
  - **Grow shareholder remuneration 8% annually**
  - **Share buyback to offset the scrip dilution**
- ✓ **Stronger contribution from Downstream expected in 2H18**

# Q&A Session

Second Quarter 2018 Results

Repsol Investor Relations

[investorsrelations@repsol.com](mailto:investorsrelations@repsol.com)



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