

Investor Update 2017

2016 – 2020 Value & Resilience



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This document mentions resources which do not constitute proved reserves and will be recognized as such when they comply with the formal conditions required by the system "SPE/WPC/AAPG/SPEE Petroleum Resources Management System" (SPE-PRMS) (SPE – Society of Petroleum Engineers).

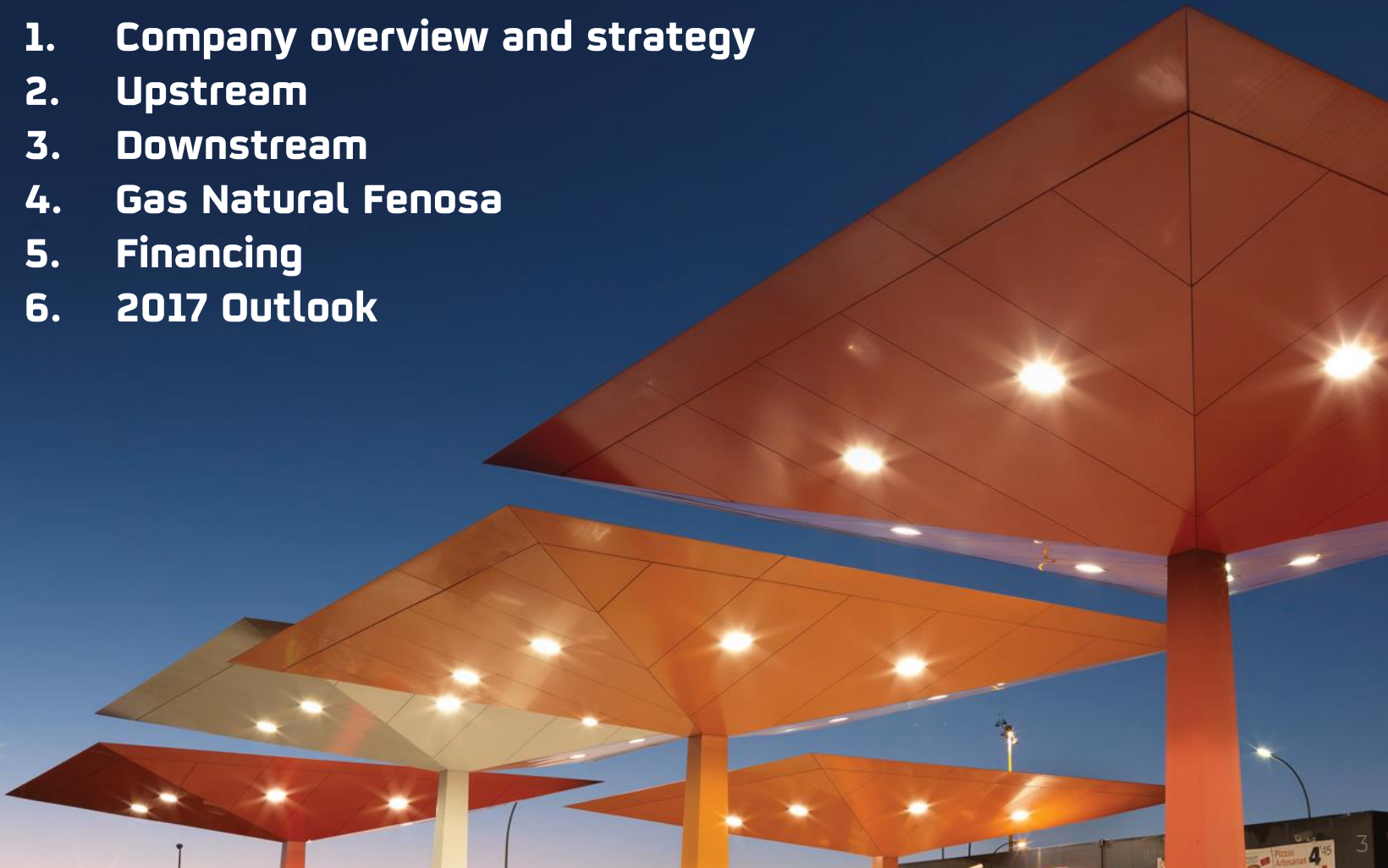
Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.

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 document are included in Appendix I "Alternative Performance Measures" of the Management Report for the full year 2016.

2016-2020
Value & Resilience



- 1. Company overview and strategy**
- 2. Upstream**
- 3. Downstream**
- 4. Gas Natural Fenosa**
- 5. Financing**
- 6. 2017 Outlook**

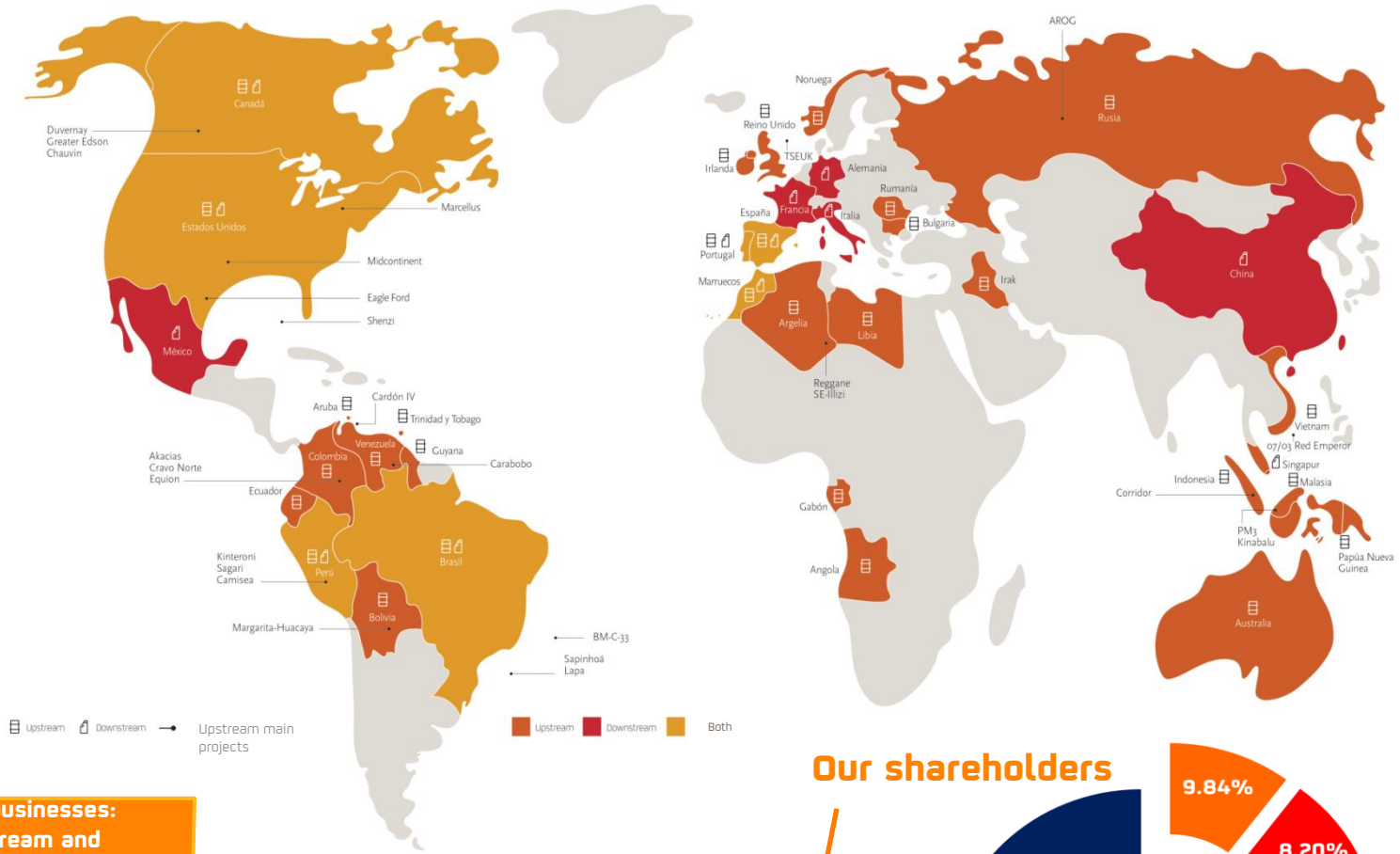


Company overview and strategy

1

Through the value chain and across the globe

Company overview and strategy



**Core businesses:
Upstream and
Downstream**

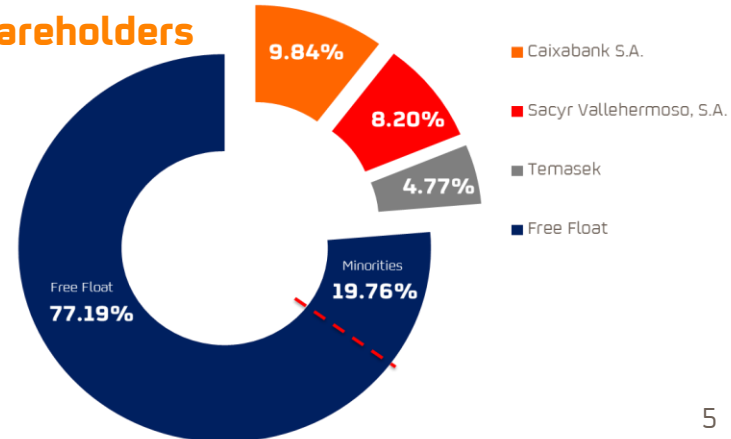
**~700 kboepd
production**

**~2.4 billion boe
proved reserves [*]**

**~1 Million bpd refining
capacity**

20% stake in GNF

Our shareholders



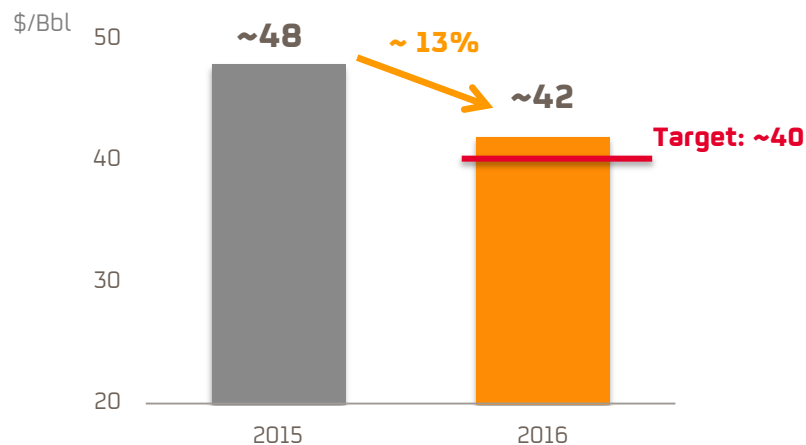
[*] As at 31/12/2016

2016 - A year of strategic progress

Company overview and strategy

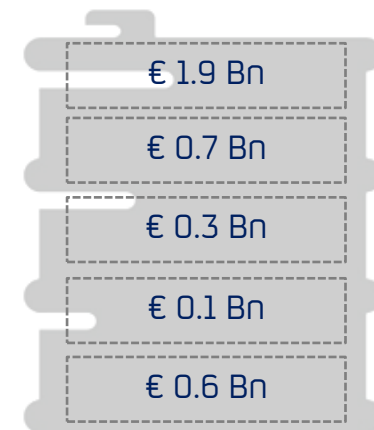


Group FCF breakeven



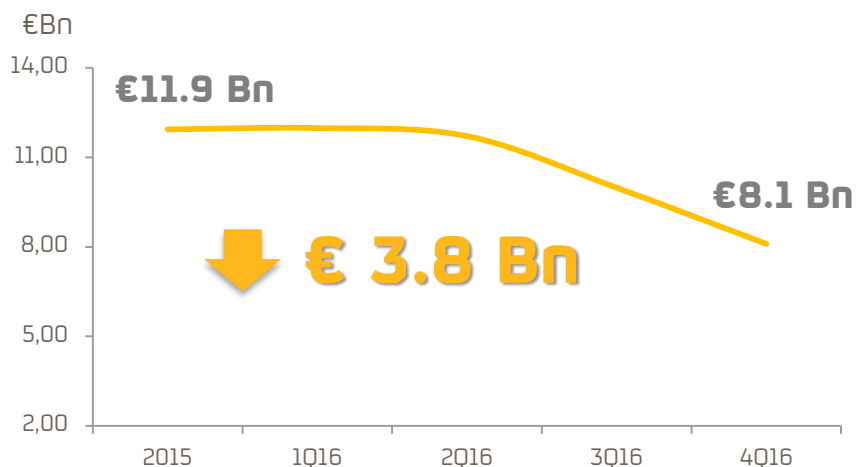
Divestments

- 10% stake in GNF
- Piped LPG
- Tangguh
- TSP
- Others (eg: LPG Ecuador and Peru)



TOTAL CASH RECEIVED € 3.6 Bn

Net Debt



Key Metrics

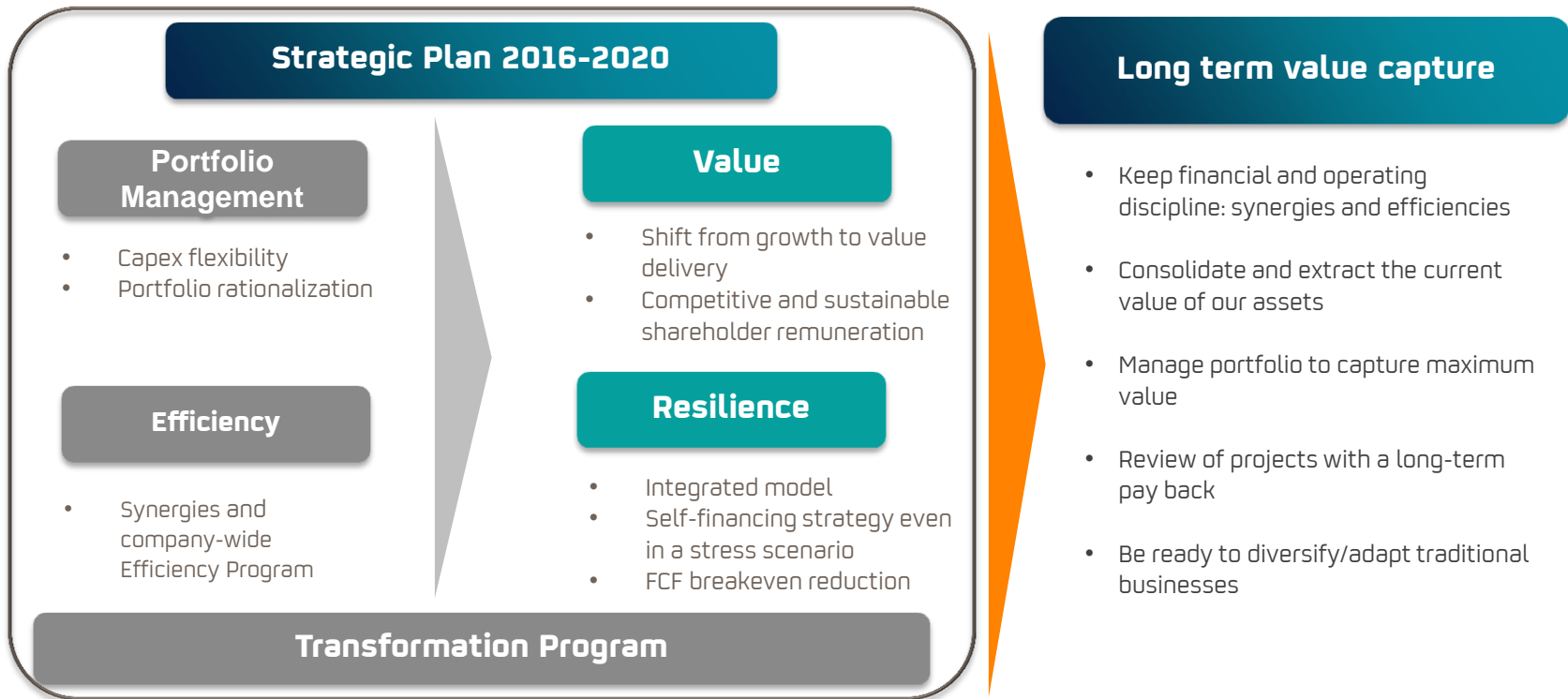
| | 2015 | | 2016 |
|---|------|---|------|
| EBITDA CCS (Bn€) | 5.1 | ➔ | 5.0 |
| Brent price (\$/Bbl) | 52.4 | ➔ | 43.7 |
| HH (\$/MBtu) | 2.7 | ➔ | 2.5 |
| Refining margin Indicator (\$/Bbl) | 8.5 | ➔ | 6.3 |
| Exchange rate (\$/€) | 1.11 | ➔ | 1.11 |

2016 to 2020: Value and Resilience

Company overview and strategy



Challenge: a volatile, uncertain and complex environment



Delivery on commitments

Company overview and strategy



COMMITMENT

2016 DELIVERY

IMPLEMENTATION

| | | | |
|--|--------------------------------|---|----|
| Synergies | 0.3B€ impact in 2018 | In 2016 0.3B€ already achieved New target of 0.4B€ | ✓✓ |
| Efficiencies (Opex & Capex) | 0.8B€ in 2016; 1.8B€ in 2018 | 2016: 1,3B€; 2017 1.8B€ | ✓✓ |
| Capex flexibility | ~3.9 B€ average per annum | 2016: 3.2B€; 2017 3.6B€ | ✓✓ |
| Portfolio Management | 3.1B€ by 2017 6.2B€ by 2020 | Already divested 5.1 B€ ^(*) | ✓✓ |
| Reduce FCF Breakeven | \$40 /Bbl Brent | ~\$42/Bbl Brent targeting \$40/Bbl ^(**) | ✓ |
| Financial strength | Maintain investment grade | Maintained, targeting BBB stable | ✓✓ |

✓✓ Ahead of plan ✓ On target

[*] It includes cash proceeds and benefits [**] Organic breakeven [divestments not included]

Efficiencies and Synergies Update

Company overview and strategy



Pre-tax cash savings

| | COMMITMENT | DELIVERY | ESTIMATED |
|--|-------------------|---------------|---------------|
| | // 2016 BUDGET // | // 2016 // | // 2017 // |
| Synergies | €0.2 B | €0.3 B | €0.3 B |
| Upstream Opex & Capex efficiency | €0.6 B | €0.8 B | €1.2 B |
| Downstream profit improvement and efficiency | €0.2 B | €0.3 B | €0.4 B |
| Corporation right-sizing | €0.1 B | €0.2 B | €0.2 B |
| | €1.1 B | €1.6 B | €2.1 B |

2018 target accelerated into 2017

Resilience in the lower part of the cycle

Company overview and strategy

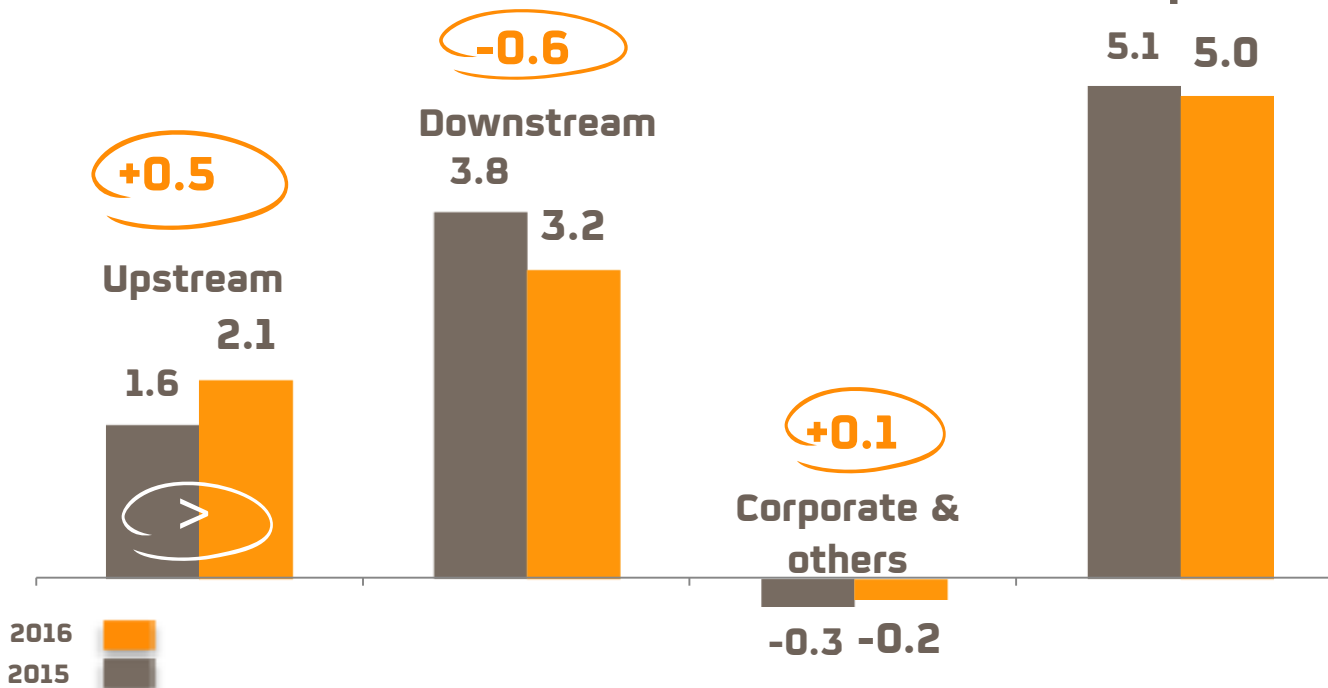


| | 2015 | 2016 |
|----------------------|------|------|
| Brent price [\$/Bbl] | 52.4 | 43.7 |
| HH [\$/MBtu] | 2.7 | 2.5 |

| | 2015 | 2016 |
|-----------------------------|--------------------|------|
| Upstream Break Even[\$/Bbl] | ~94 ^(*) | ~61 |

| | 2015 | 2016 |
|------------------------------------|------|------|
| Refining margin Indicator [\$/Bbl] | 8.5 | 6.3 |

EBITDA CCS (Billion €)



- **Upstream:** Lower cash breakeven.
- **Downstream:** Strong integrated margin.
- **Group FCF breakeven** after dividend and interest reduced to \$42/Bbl.

(*) Includes Talisman Energy Inc. figures since 8th of May 2015. Excludes any 2015 Upstream disposal.

Portfolio management

Company overview and strategy



Completed

10 % Stake GNF



Piped LPG



Alaska dilution



Eagle Ford-Gudrun



10 % Stake CLH



UK wind power



LPG Peru & Ecuador



Exploratory licences Canada

Brynild Norway

...Latest transactions

Tanggung



TSP



TOTAL DIVESTED 5.1 B€

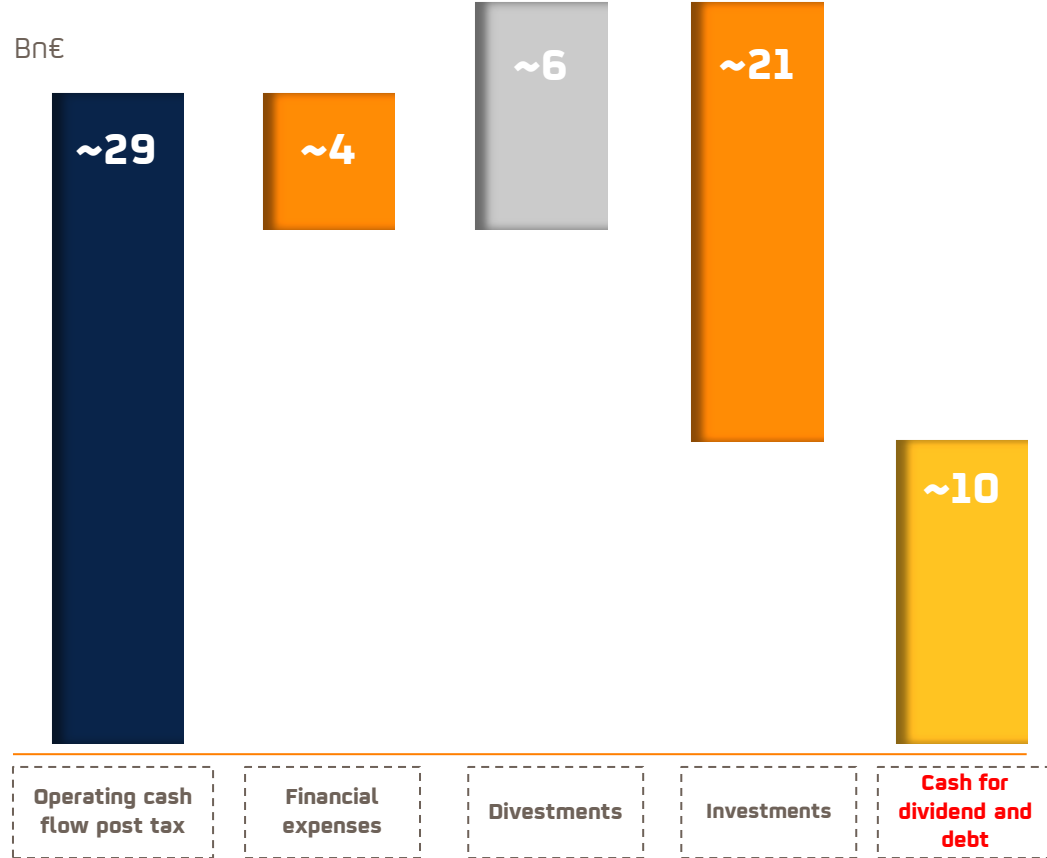
Self-financed SP 2016-2020 - 40% net cash delivered



Company overview and strategy

Cash movements 2016-2020^(*)

2016 Contribution



Sensitivities 5 years accumulated

| Bn€ | FCF | Adj. Net Income |
|--------------------------------|------|-----------------|
| Brent +/- \$5/bbl | 1.5 | 1.3 |
| | -1.5 | -1.3 |
| Bn€ | FCF | Adj. Net Income |
| HH +/- \$0.5/MBtu | 0.8 | 0.6 |
| | -0.8 | -0.6 |
| Bn€ | FCF | Adj. Net Income |
| Refining margining +/- \$1/bbl | 0.8 | 1.1 |
| | -0.9 | -1.1 |

(*) Stress price scenario considered: **Brent** (\$/Bbl) 2016: 40; 2017: 40; 2018: 50; 2019: 50; 2020: 50; **HH** (\$/MBtu) 2016: 2.6; 2017:2.6; 2018-2019-2020:3.5
 Note 1: This figure does not consider non-cash debt movements such as exchange rate effect and other effects

UPSTREAM

2

3 core regions in the portfolio

Upstream



● North America: **Growth**

Production 2016: ~182 kboepd

Operatorship: ~79%

Gas production [2016]: 71%

- Unconventional portfolio
- Operatorship
- Valuable midstream positions

● SouthEast Asia: **FCF & Growth**

Production 2016: ~98 kboepd

Operatorship: ~37%

Gas production [2016]: 77%

- Self-financed growth
- Relationship with governments/NOCs
- High potential exploration blocks

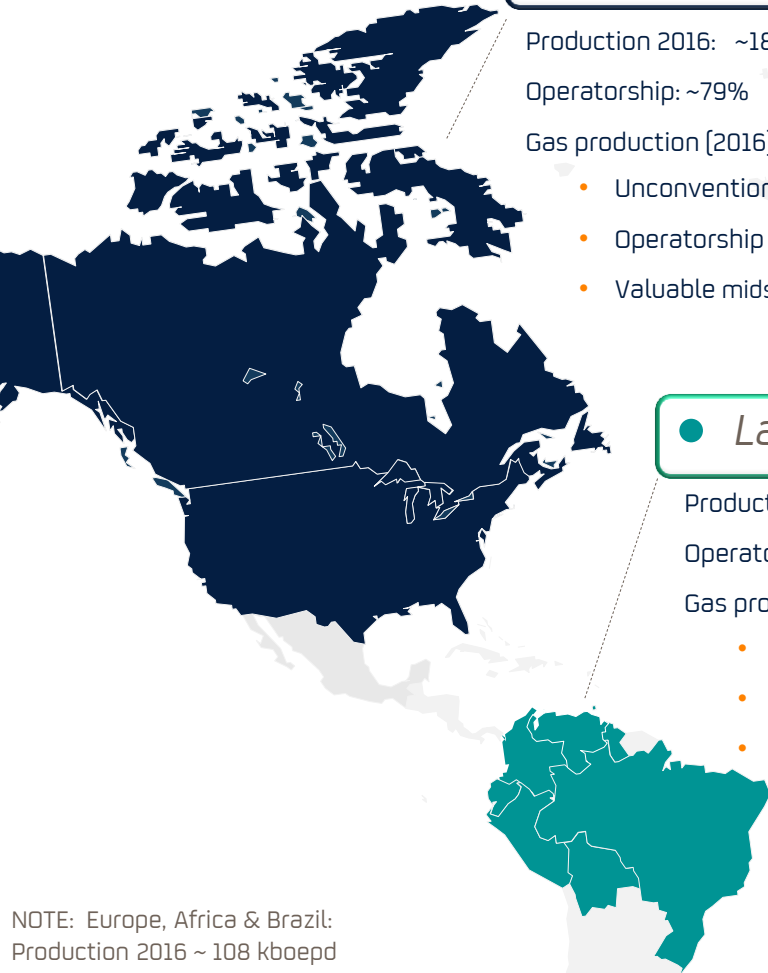
● Latin America: **FCF**

Production 2016: ~302 kboepd

Operatorship: ~20%

Gas production [2016]: 70%

- Regional scale
- Exploration track record
- Cultural fit



| | 2016 | 2017E |
|----------------------------|---------------------------|-----------------------------|
| Production [kboepd] | 690 | ~680^[*] |
| IP Reserves [Mboe] | 2,382 | |
| RRR [%] | 124^[**] | ~100^[***] |

NOTE: Europe, Africa & Brazil:
Production 2016 ~ 108 kboepd

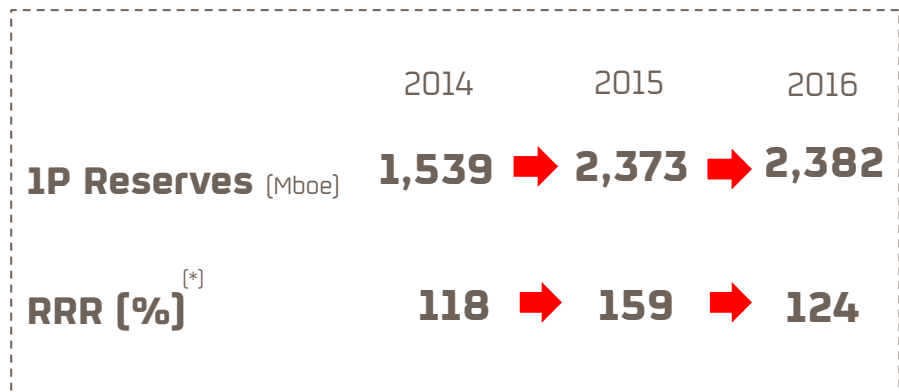
[*] Post disposals of ~17 Kboepd from TSP and Tangguh in 2016
 [**] Organic [***] Long term average

2016 Upstream Results

Upstream

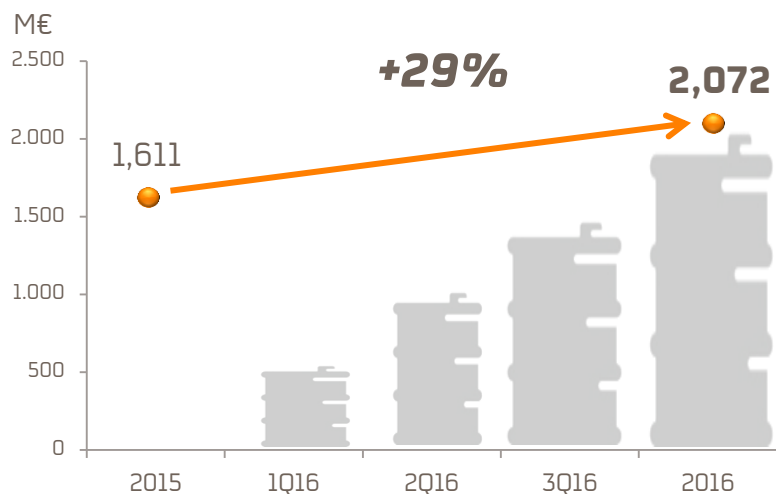


RESERVES



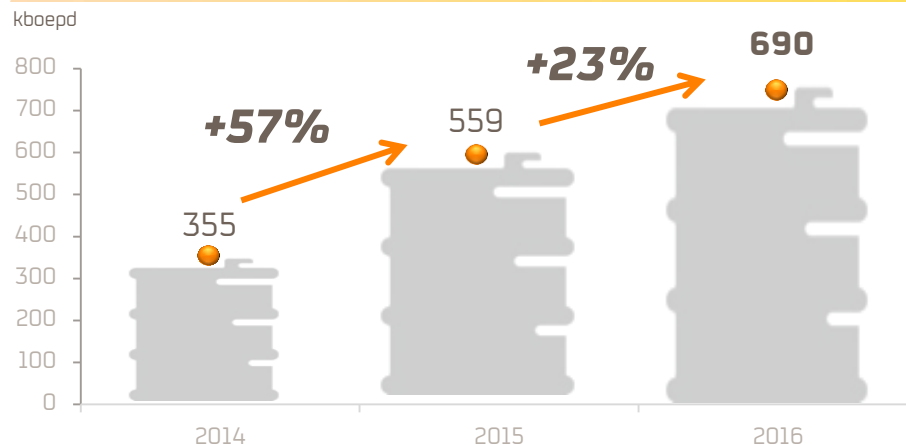
[*] Organic RRR

EBITDA ^[***]



[***] Cumulative

PRODUCTION ^[**]



[**] It includes Talisman since the 8th of May of 2015

PROJECTS

- Ramp-up Cardón IV (Venezuela) ✓
- Ramp-up of Sapinhoá (Brazil) ✓
- First oil of Lapa (Brazil) ✓
- Production restarted in Libya ✓

Assets & Projects

Upstream



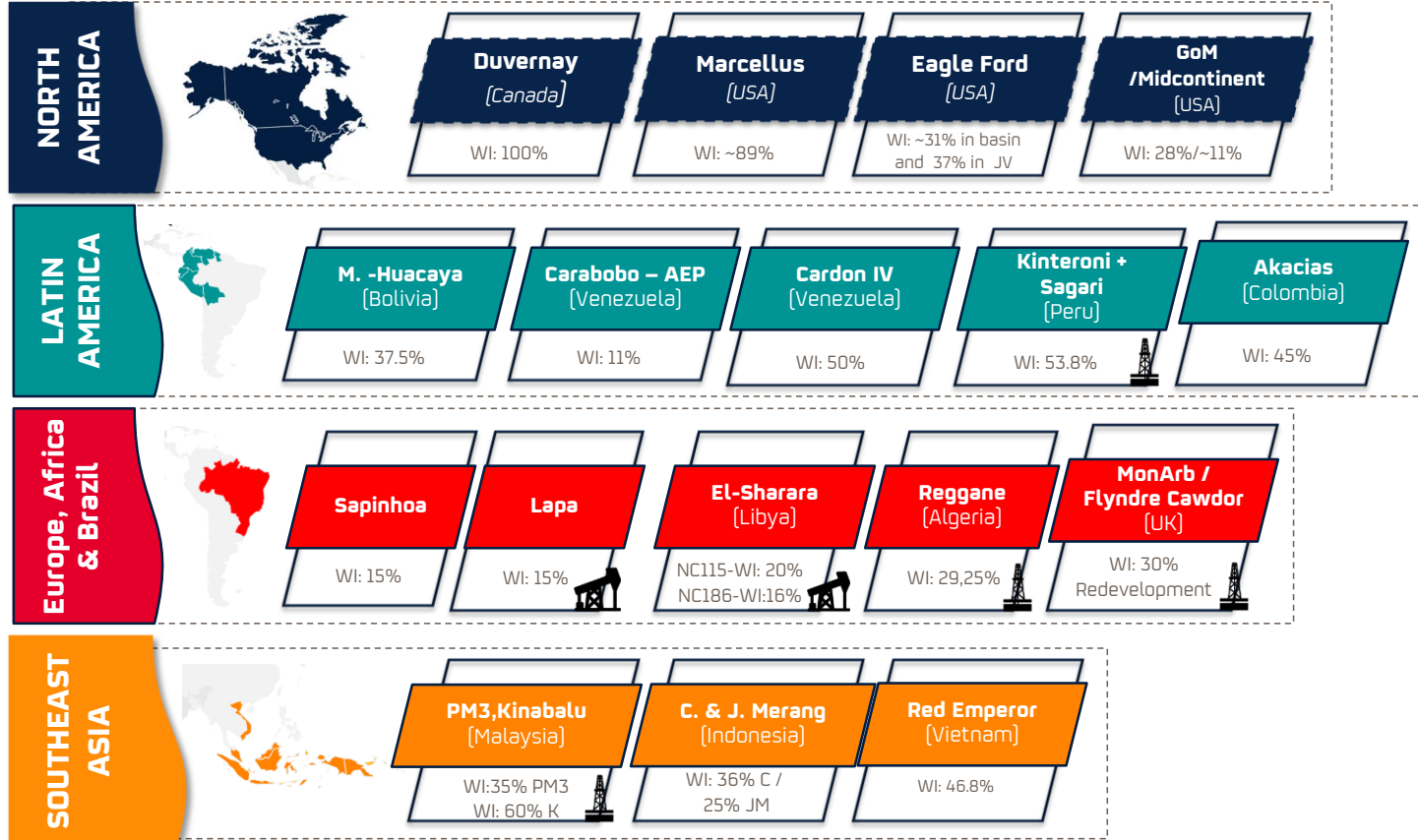
// Exploration //

Contingent resources

- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CP09 & Niscota
- Alaska: Colville High
- GOM: Leon and Buckskin
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: GAP

Prospective resources

- Brazil: Santos Basin & Espirito Santo
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria



“As is” organic portfolio potential of more than 900 kboepd



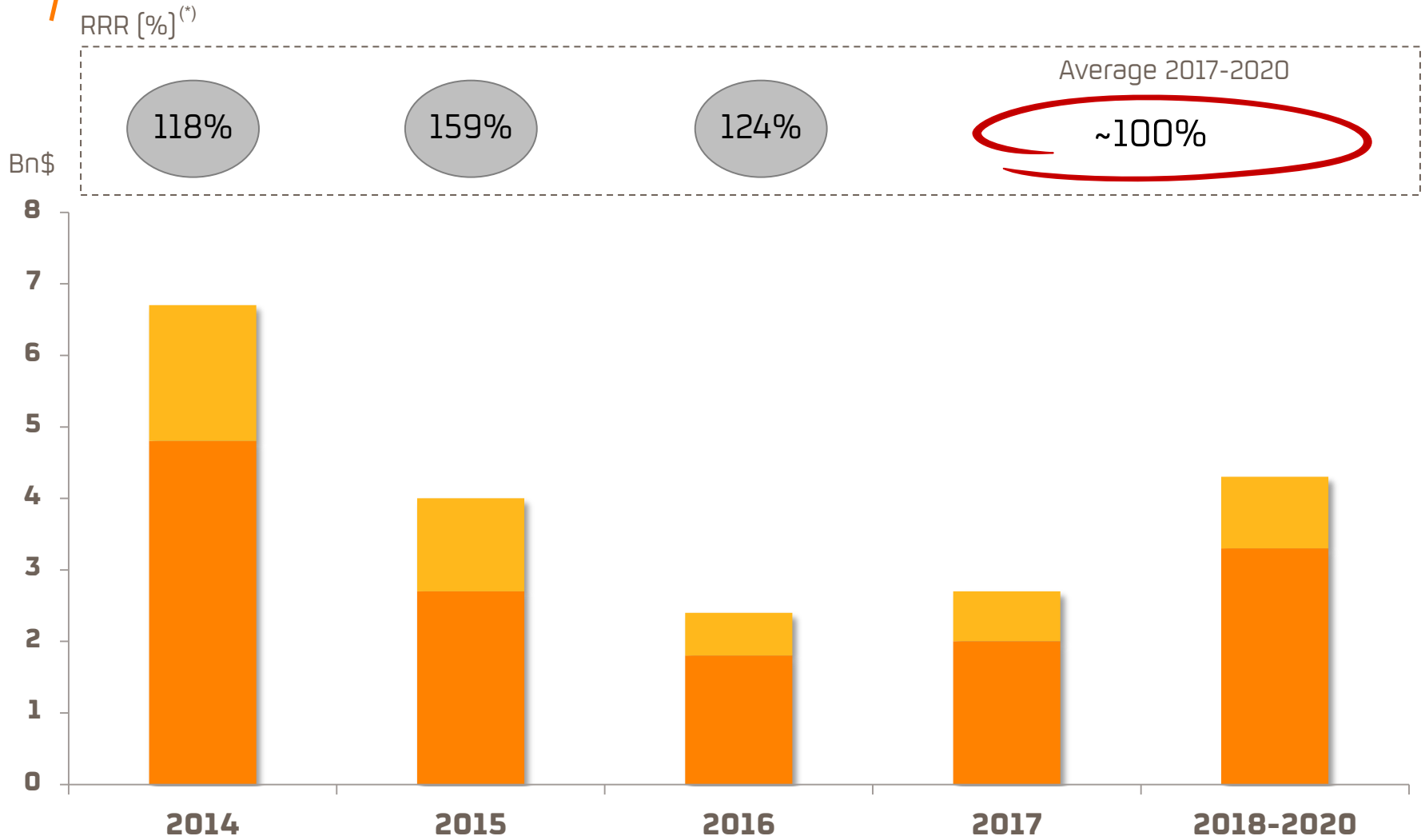
First production 2017



Ramping up in 2017

Capex optimization

Upstream



- Exploration Capex
- Development Capex

[*] Organic RRR

Efficiency program: delivering our target



Upstream

M€



Note: Excluding synergies
* It does not include ~ 200 M€ of one off

3

Downstream



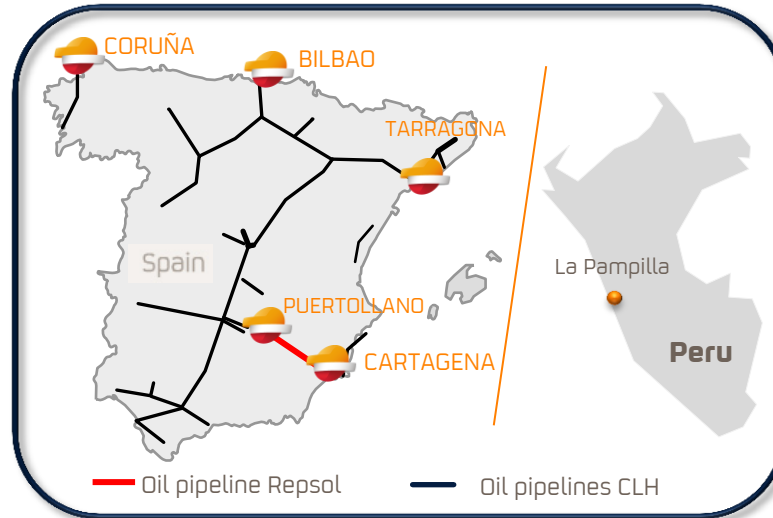
Sustainable cash flow generator

Downstream



Refining

- ~1 million barrels of refining capacity per day.
- Top quartile position among European peers along the cycle.
- 63 % FCC equivalent.
- 5 refineries optimized as a single operation system.



Petrochemicals

- All three sites are managed as a single petrochemical hub.
- Chemical sites and crackers strategically located to supply Southern Europe and Mediterranean markets.
- Logistic flexibility to enhance competitive feedstock imports at Tarragona and Sines.



Marketing

- 4,715 service stations throughout Spain, Portugal, Peru, and Italy.
- 3,501 service stations in Spain → 70% have a strong link to the company and 29% directly managed.

LPG

- One of the leading retail distributors of LPG in the world, ranking first in Spain and is of the leading companies in Portugal.
- We distribute LPG in bottles, in bulk and AutoGas.

Trading and G&P

- G&P: transportation, marketing, trading and regasification of liquefied natural gas.
- Trading & Transport: trading and supply of crude oil and products



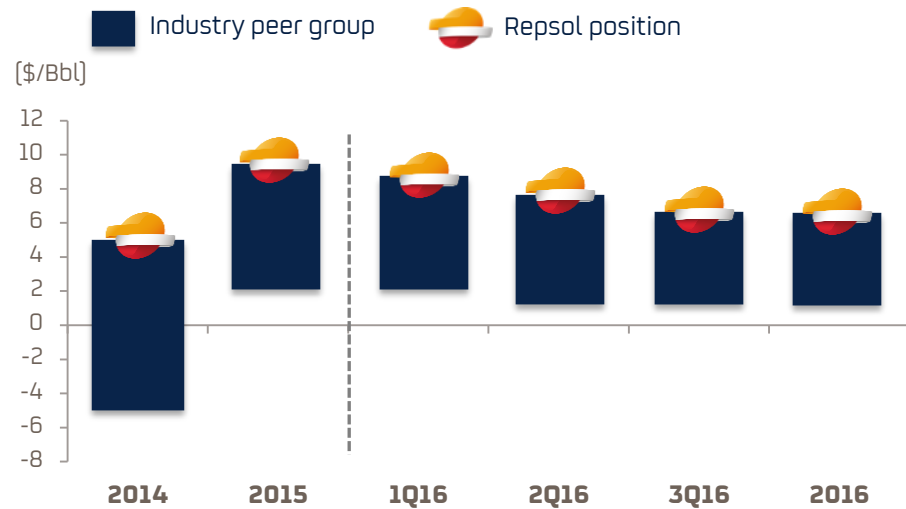
Objective to generate FCF ~ €1.7B per annum (average 2016-2020)

2016 Downstream Results

Downstream



European Integrated Margin of R&M



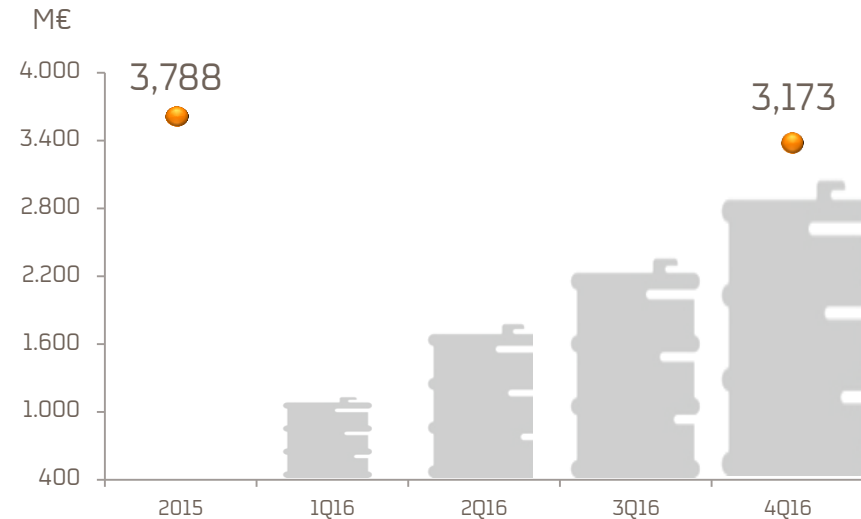
Source: Company filings.

Peers : Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil

FCF



EBITDA CCS^[*]



* Cumulative

Integrated Model

- Top quartile position among European peers.
- Fully-invested assets

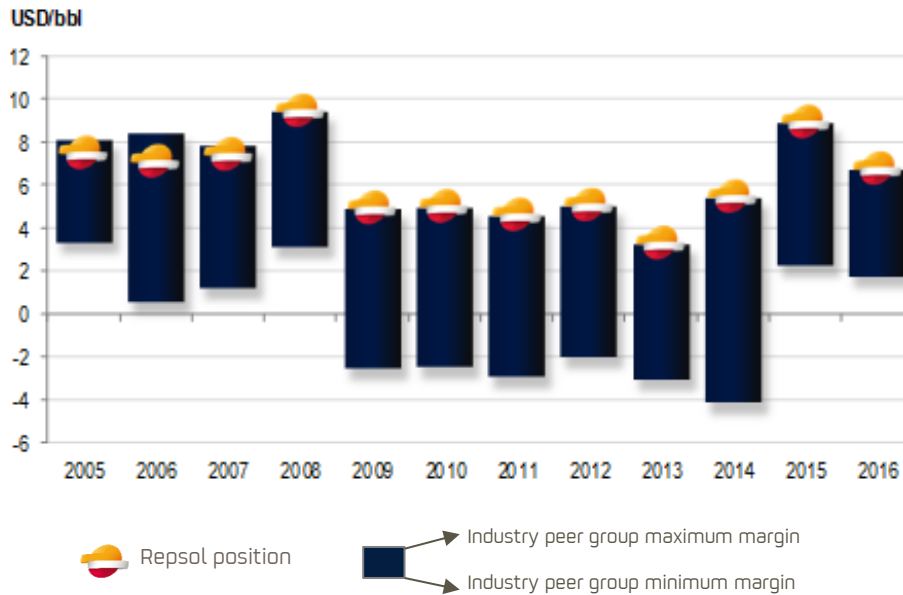
2016-2020 Downstream strategy

Downstream

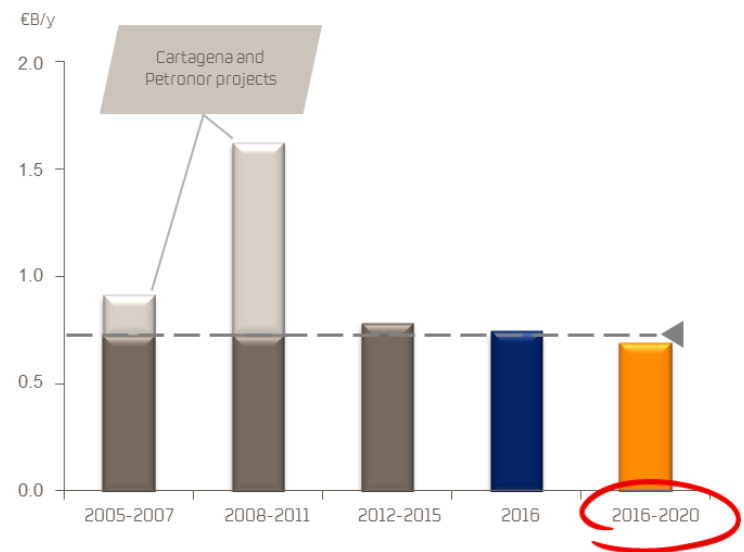


Maximizing value and cash generation leveraged on fully invested assets

European Integrated Margin of R&M



Average investments



Downstream resilience reinforced by the integration of commercial and industrial businesses

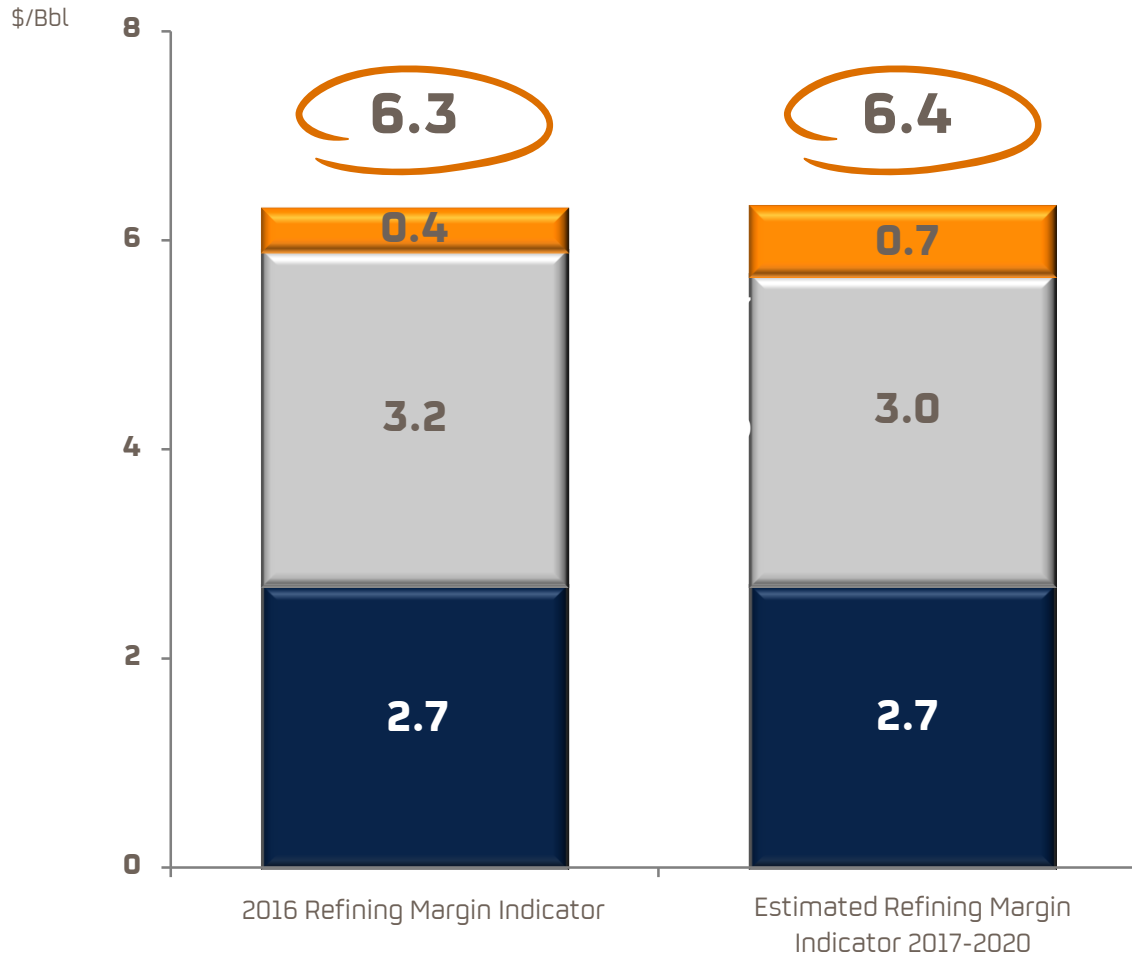
Note: Integrated R&M margin calculated as CCS/LIFO-Adjusted operating profit from the R&M segment divided by the total volume of crude processed (excludes petrochemicals business) of a 10-member peer group.

Based on annual reports and Repsol's estimates. Source: Company filings.

Peer group :Repsol, Cepsa, Eni, Galp, OMV, MOL, Total, PKN Orlen, Hellenic Petroleum, Saras and Neste Oil.

Repsol's refining margin indicator

Downstream



■ Base Repsol Crack Index ■ Additional margin from projects pre-SP ■ Efficiency and margin improvement program



4

Gas Natural Fenosa

Gas Natural Fenosa

Rationale



10% stake sold

- ✓ **€1.9Bn proceeds**
- ✓ **Executed with no discount to market price at 19€/share**
→ 8.6% above GNF's unaffected market price of €17.5/share¹
- ✓ **7.8x EV/EBITDA 2016E**
→ above comparable trading multiples

20% remaining stake

- ✓ **Liquid investment provides financial optionality**
- ✓ **Strong profitability performance** through dividend stream
- ✓ **Strategic stake in a leading gas & power company**
- ✓ **Window into role of gas and renewables in energy mix**

[1] 6 months volume weighted average share price



FINANCING

5

Financial Strategic Plan 2016-2020

Financing



**Sound track record
in managing adverse
conditions**

**Resilient Plan with stronger
business profile**

**Conservative
financial policy**



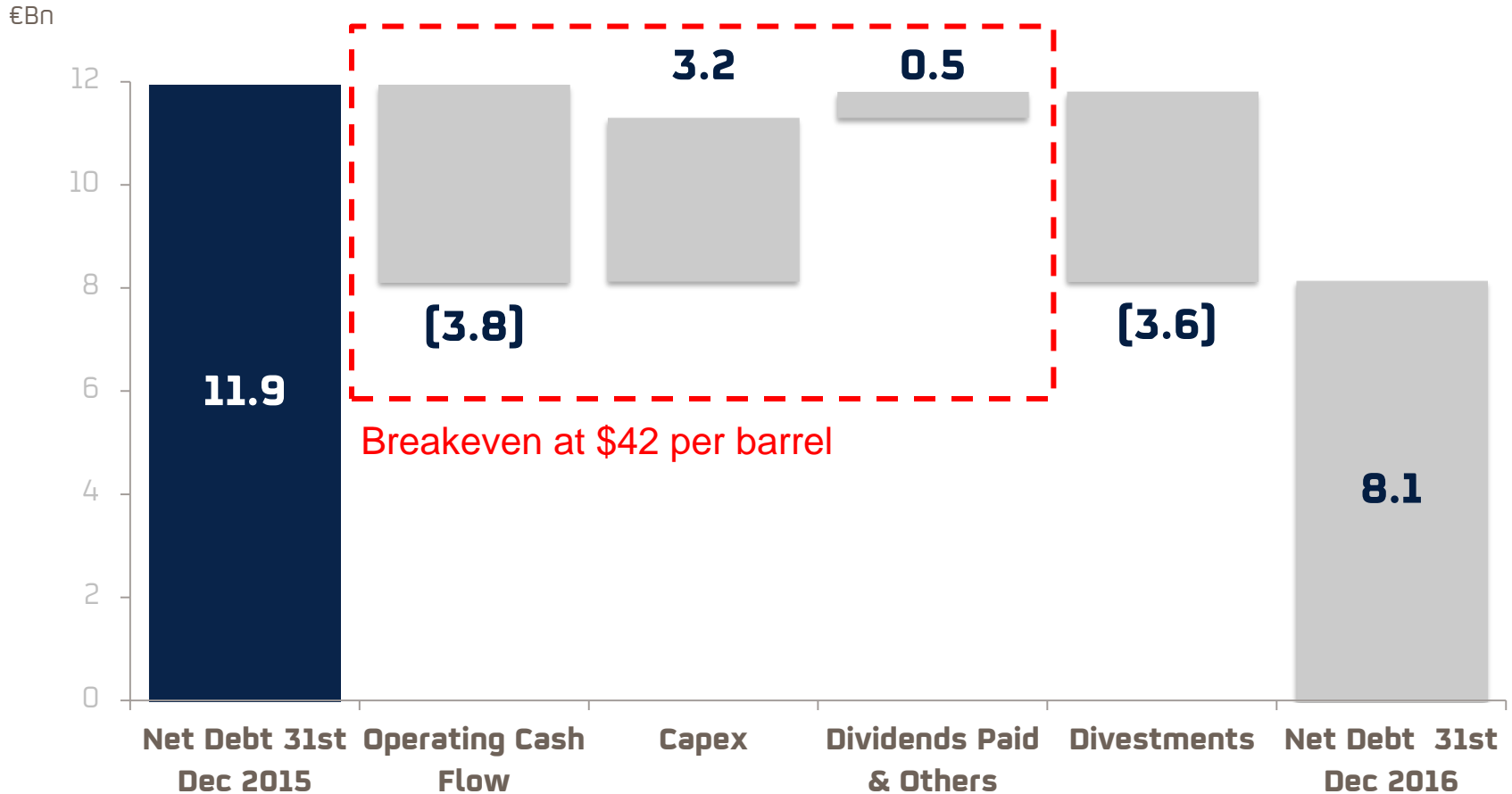
Commitment to reduce debt and maintain investment grade

The three Rating Agencies, Standard & Poor's, Moody's and Fitch, confirmed and maintained our ratings, BBB-, Baa2 and BBB respectively.

**Commitment to maintain shareholder compensation
in line with current company level**

Net Debt Evolution

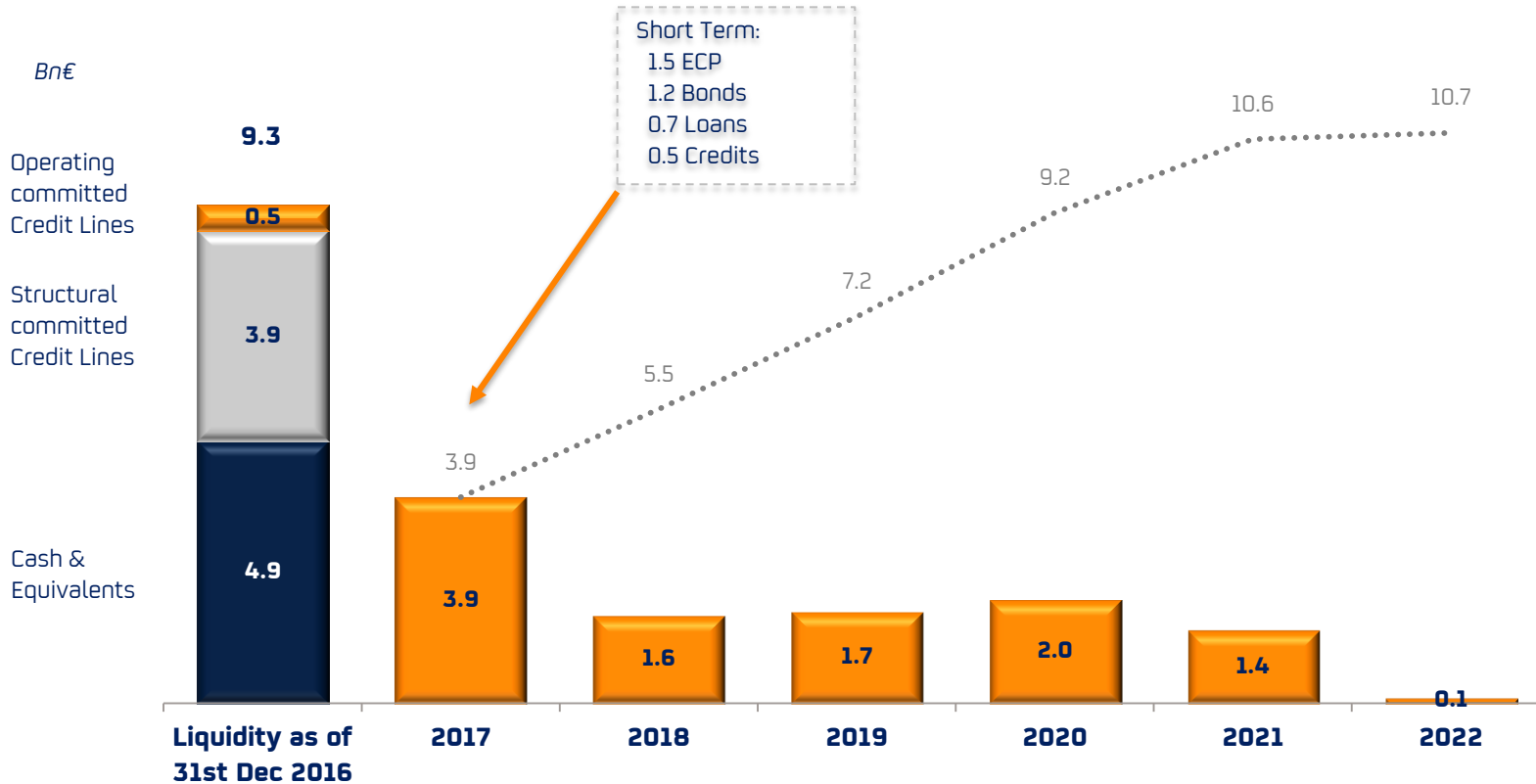
Financing



Targeting FCF Breakeven at \$40/Bbl

Strong liquidity position

Financing



**Liquidity covers long term debt maturities beyond 2020
Cash exceeds 1.3x short term maturities**

Delivery of Commitments

Financing



Divestments

- Piped Gas Business, Offshore Wind, TSP, Tangguh
- E&P portfolio management: Alaska, Norway

GNF monetization

- Sale of 10% participation in GNF

Dividend

- Repsol dividend reduction
- Scrip dividend

Synergies and Efficiencies

- Efficiencies and synergies accelerated

Debt reduction

- Debt reduced by €3.8Bn as at December 2016

Maintenance of investment grade is fundamental to our long term strategy



2017 OUTLOOK

6

Outlook for 2017

2017 Outlook



Our assumptions

| | 2016 | 2017B ^[*] |
|----------------------|------|----------------------|
| Brent price [\$/Bbl] | 43.7 | 55.0 |
| HH [\$/MBtu] | 2.5 | 3.2 |

| | 2016 | 2017B |
|--------------------------|------|-------|
| Refining Margin [\$/Bbl] | 6.3 | 6.4 |
| Exchange rate [\$/€] | 1.11 | 1.05 |

Guidance

| | 2016 | 2017B |
|----------------------------------|------|-------|
| Production (KBoepd) | 690 | ~680 |
| Capex (Bn€) | 3.2 | ~3.6 |
| Synergies and Efficiencies (Bn€) | 1.6 | 2.1 |

| | 2016 | 2017B |
|------------------------|------|---------------------|
| FCF Breakeven [\$/Bbl] | 42 | ~40 ^(**) |
| Net Debt/EBITDA (x) | 1.6 | 1.1 |

Investor Update 2017

2016 – 2020 Value & Resilience

