Investor Update 2017

2016 – 2020 Value & Resilience

Disclaimer

This document does not constitute an offer or invitation to purchase or subscribe shares, in accordance with the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the law on the securities market and its implementing regulations. In addition, this document does not constitute an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.

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 Pretroleum Engineers).

This document contains statements that Repsol believes constitute forward-looking statements which may include statements regarding the intent, belief, or current expectations of Repsol and its management, including statements with respect to trends affecting Repsol's financial condition, financial ratios, results of operations, business, strategy, geographic concentration, production volume and reserves, capital expenditures, costs savings, investments and dividend payout policies. These forward-looking statements may also include assumptions regarding future economic and other conditions, such as future crude oil and other prices, refining and marketing margins and exchange rates and are generally identified by the words "expects", "anticipates", "forecasts", "believes", estimates", "notices" and similar expressions. These statements are not guarantees of future performance, prices, margins, exchange rates or other events and are subject to material risks, uncertainties, changes and other factors which may be beyond Repsol's control or may be difficult to predict. Within those risks are those factors and circumstances described in the filings made by Repsol and its affiliates with the Comisión Nacional del Mercado de Valores in Spain and with any other supervisory authority of those markets where the securities issued by Repsol and/or its affiliates are listed.

This document mentions resources which do not constitut e 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 Pretroleum Engineers).

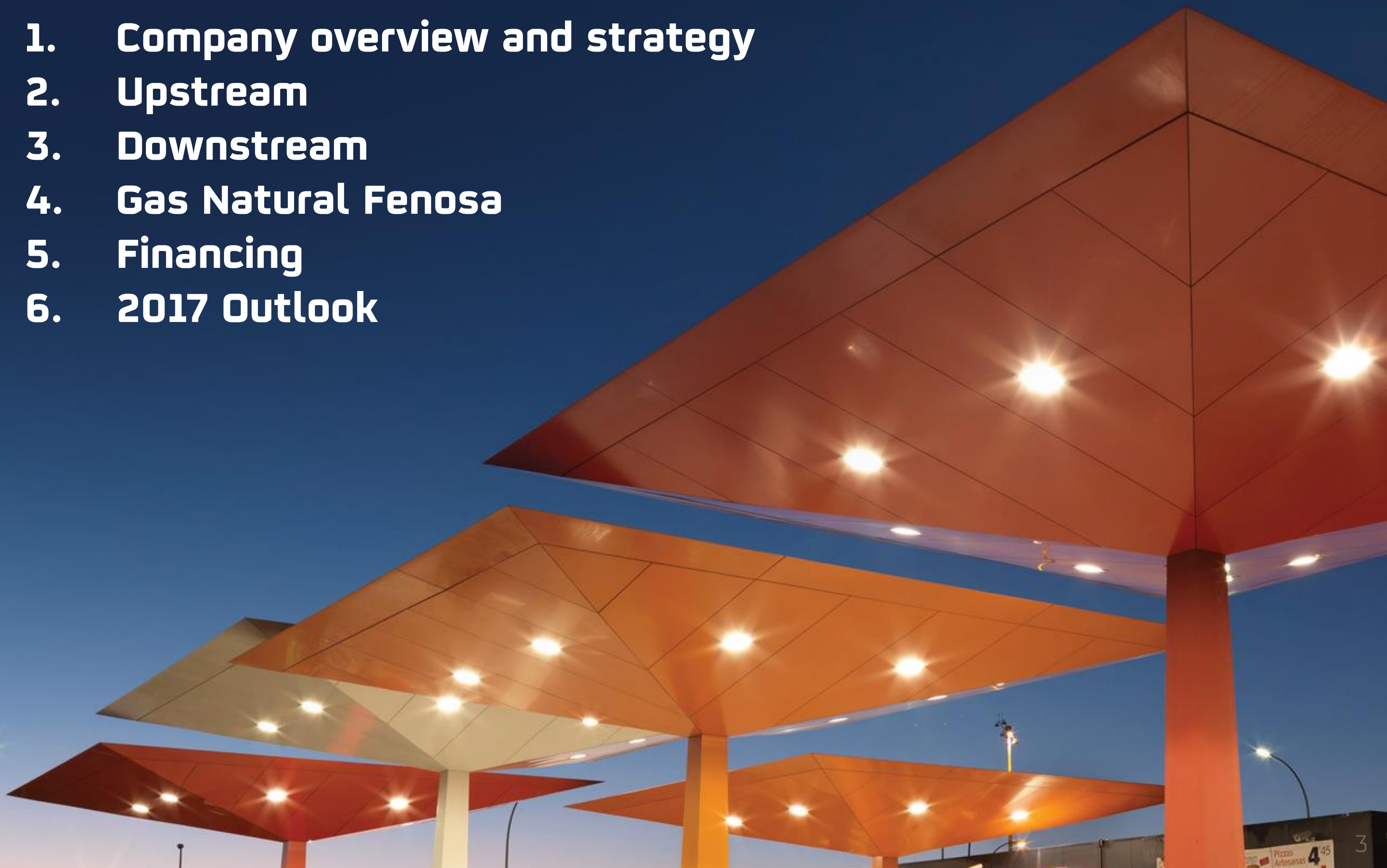
Repsol does not undertake to publicly update or revise these forward-looking statements even if experience or future changes make it clear that the projected performance, conditions or events expressed or implied therein will not be realized.

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**



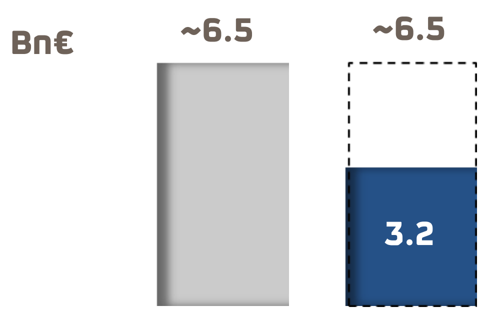
Company overview and strategy

1

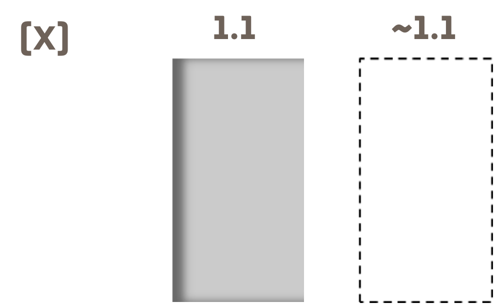
Key messages 1H 2017

Company overview and strategy

Continued delivery on strategic objectives

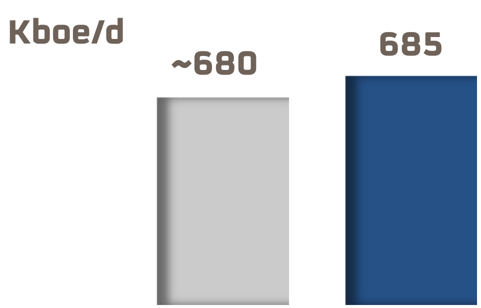


Strong EBITDA CCS generation



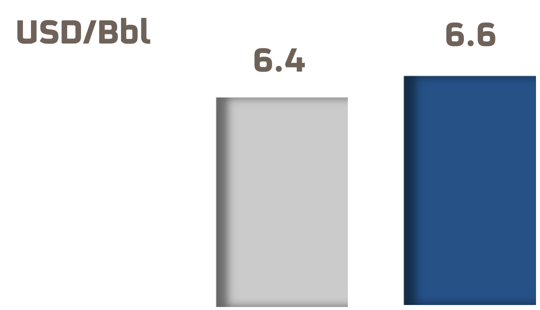
Net Debt/EBITDA in line with projections

Upstream



Production volumes in line with guidance

Downstream[1]



Refining margin indicator in line with expectations

2017 Budget | 1H17 actual | 2017 guidance

(1) Refinining Margin Indicator

Key messages Q2 2017

Company overview and strategy

REPSOL

Upstream

Production:

- ✓ Q2 17 = 677Kboe/d → 2% decrease YoY (Sale of assets and fluctuating gas demand in Indonesia and Bolivia)
- ✓ Libya → ~20 Kboe/d in the quarter
- ✓ First production from MonArb (UK North Sea), ramp up of Lapa and Sapinhoa in Brazil.

Exploration program:

- ✓ 5 exploratory & 1 appraissal completed **(3 positive)**
- ✓ 2017 program: **17 wells (15 exploratory & 2 appraisal)**

Downstream

Refining:

- ✓ Refining margin indicator **6.2 USD/Bbl** in Q2 17
- ✓ **Planned maintainance** for the year **completed:**
  - ✓ 2Q17 Utilization of the distillation units = 92%
  - ✓ 2Q17 Utilization of the conversion units = 103%

Petrochemicals:

- ✓ **Strong perfomance** → EBIT >180M€ in line with record levels in early 2016

Marketing:

- ✓ Higher volumes due to increased demand in Spain and Portugal

Corporate and others

Synergies and efficiencies:

- ✓ 1H 17 → 50% of the initial full year target has been posted in the financial statements.
- ✓ 2017 target **€2.1 Bn**

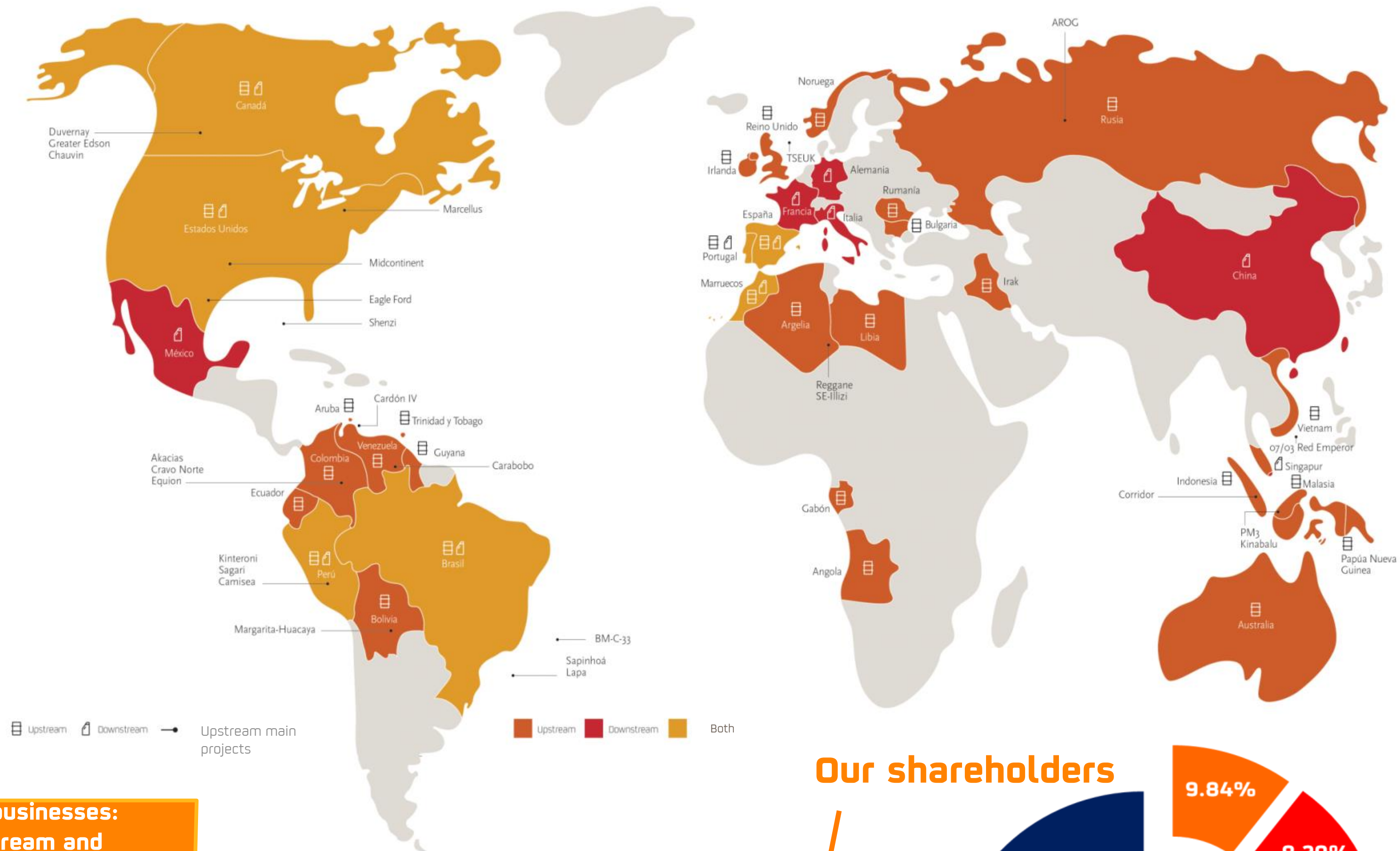
Corporation:

- ✓ Q2 17 Net debt **€7.5 Bn**
- ✓ Net Debt / EBITDA (x) = **1.1** [1]
- ✓ Objective → Credit rating **BBB stable**

(1) Estimated FY 2017

Through the value chain and across the globe

Company overview and strategy



Core businesses: Upstream and Downstream

~700 kboepd production

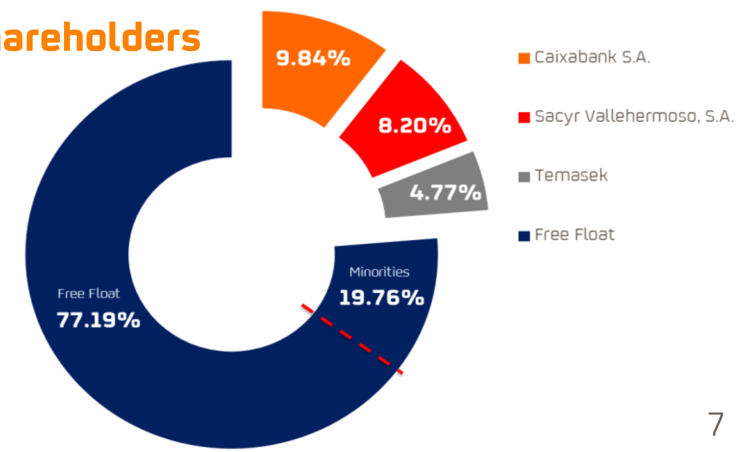
~1 Million bpd refining capacity

~2.4 billion boe proved reserves (*)

20% stake in GNF

(*) As at 31/12/2016

Our shareholders

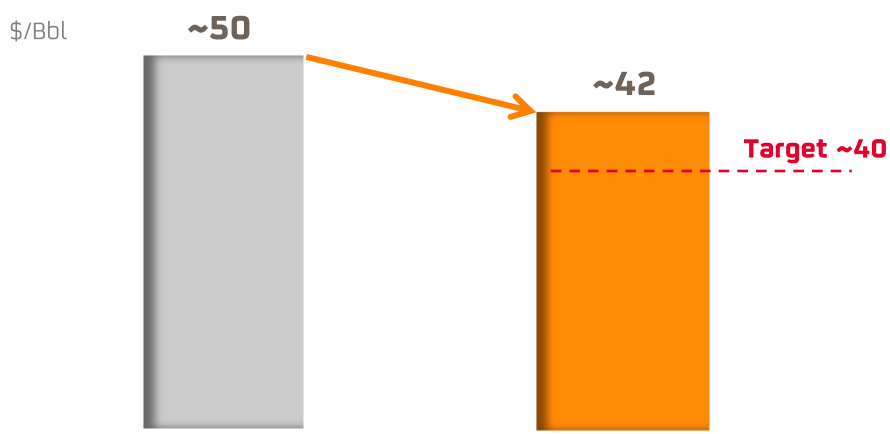


2016 - A year of strategic progress

Company overview and strategy

REPSOL

Group FCF breakeven

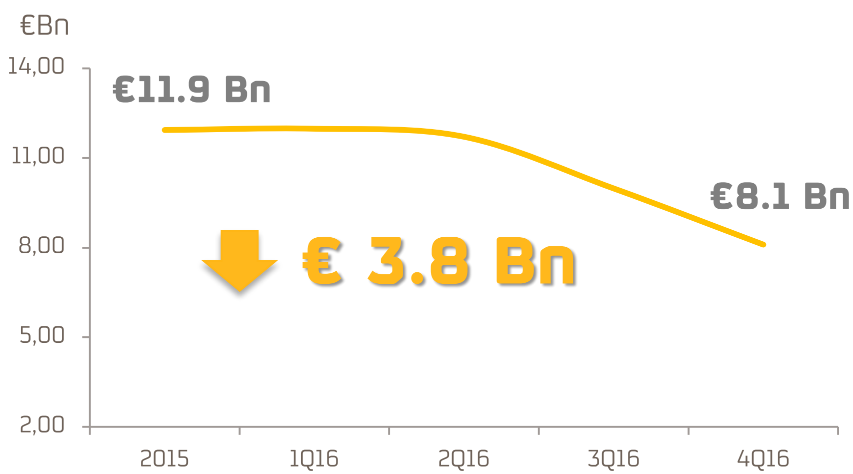


Divestments

10% stake in GNF	€ 1.9 Bn
Piped LPG	€ 0.7 Bn
Tangguh	€ 0.3 Bn
TSP	€ 0.1 Bn
Others (eg: LPG Ecuador and Peru)	€ 0.6 Bn

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

REPSOL

Challenge: a volatile, uncertain and complex environment

Strategic Plan 2016-2020

Portfolio Management

- Capex flexibility
- Portfolio rationalization

Efficiency

- Synergies and company-wide Efficiency Program

Value

- Shift from growth to value delivery
- Competitive and sustainable shareholder remuneration

Resilience

- Integrated model
- Self-financing strategy even in a stress scenario
- FCF breakeven reduction

Transformation Program

Long term value capture

- Keep financial and operating discipline: synergies and efficiencies
- Consolidate and extract the current value of our assets
- Manage portfolio to capture maximum value
- Review of projects with a long-term pay back
- Be ready to diversify/adapt traditional businesses

Delivery on commitments

Company overview and strategy

IMPLEMENTATION

	COMMITMENT	2016 DELIVERY	
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 (**) Organinc breakeven (divestments not included)

Efficiencies and Synergies Update

Company overview and strategy

REPSOL

Pre-tax cash savings	COMMITMENT // 2016 BUDGET //	DELIVERY // 2016 //	ESTIMATED // 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

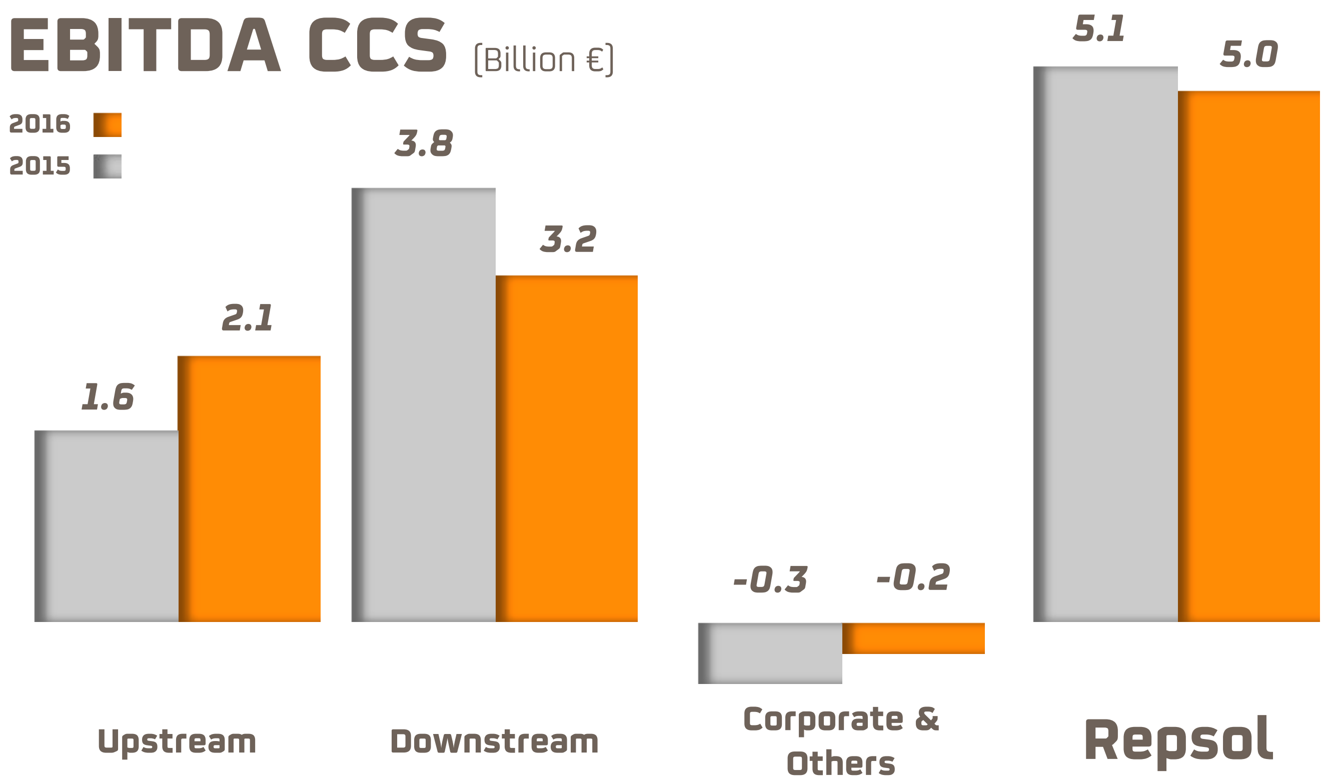
Company overview and strategy

	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

Brynhild Norway

....Latest transactions

Tangguh

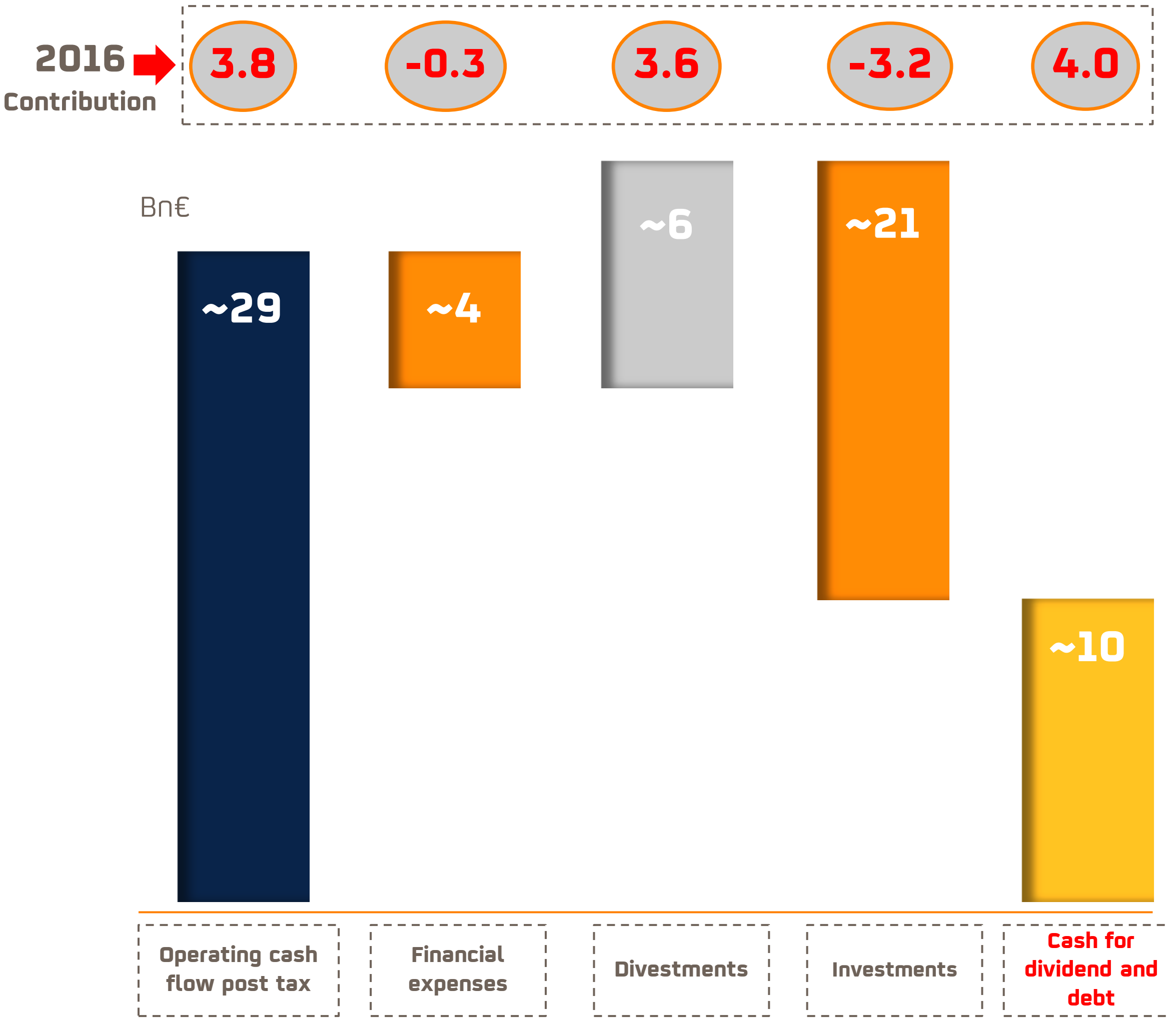
TSP

TOTAL DIVESTED 5.1 B€

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

Company overview and strategy

Cash movements 2016-2020 [*]



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*

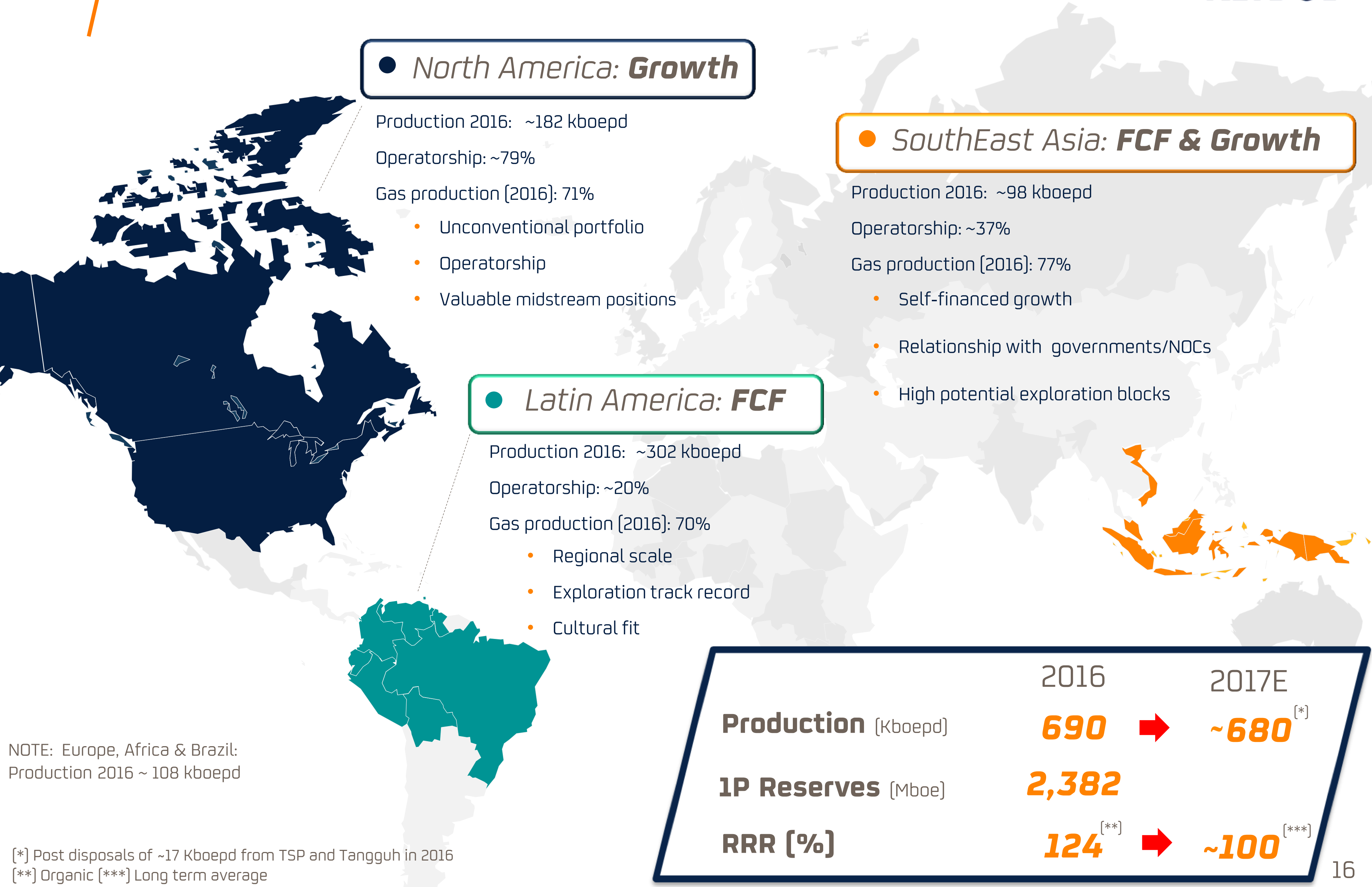
Bn€	FCF	Adj. Net Income
Refining marging +/- $1/bbl	*0.8*	*1.1*
	-0.9	*-1.1*

[*] 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


2
UPSTREAM

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

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

	2016		2017E
Production (Kboepd)	690	→	~680 [*]
1P Reserves (Mboe)	2,382		
RRR (%)	124 [**]	→	~100 [***]

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

2016 Upstream Results

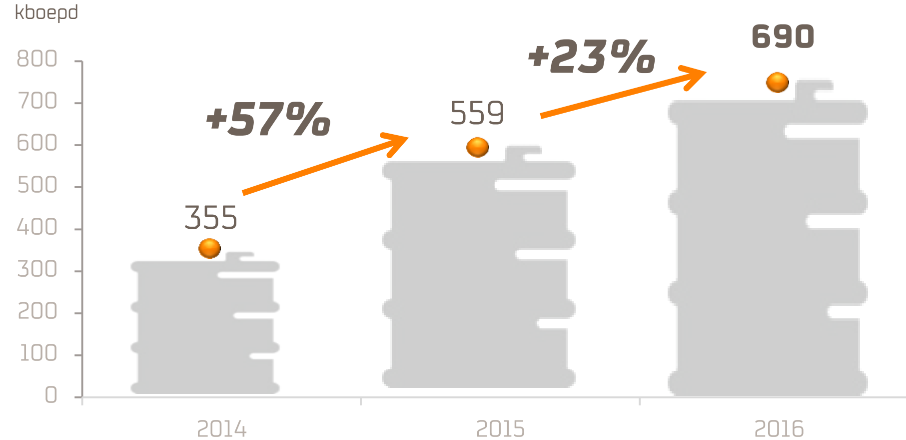
Upstream

RESERVES

	2014		2015		2016
1P Reserves (Mboe)	**1,539**	➡	**2,373**	➡	**2,382**
RRR (%) [*]	**118**	➡	**159**	➡	**124**

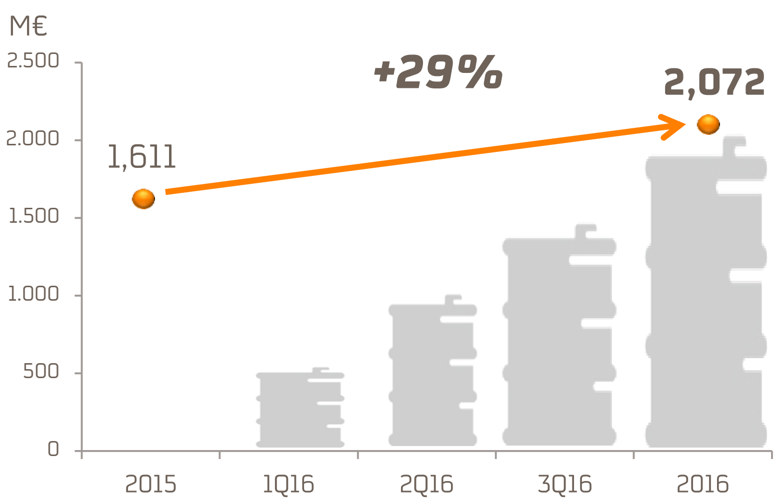
[*] Organic RRR

PRODUCTION [**]



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

EBITDA [***]



[***] Cumulative

PROJECTS

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

Assets & Projects

Upstream

NORTH AMERICA

Duvernay (Canada)	Marcellus (USA)	Eagle Ford (USA)	GoM /Midcontinent (USA)
WI: 100%	WI: ~89%	WI: ~31% in basin and 37% in JV	WI: 28%/~11%

LATIN AMERICA

M. -Huacaya (Bolivia)	Carabobo – AEP (Venezuela)	Cardon IV (Venezuela)	Kinteroni + Sagari (Peru)	Akacias (Colombia)
WI: 37.5%	WI: 11%	WI: 50%	WI: 53.8%	WI: 45%

Europe, Africa & Brazil

Sapinhoa	Lapa	El-Sharara (Libya)	Reggane (Algeria)	MonArb / Flyndre Cawdor (UK)
WI: 15%	WI: 15%	NC115-WI: 20% NC186-WI:16%	WI: 29,25%	WI: 30% Redevelopment

SOUTHEAST ASIA

PM3,Kinabalu (Malaysia)	C. & J. Merang (Indonesia)	Red Emperor (Vietnam)
WI:35% PM3 WI: 60% K	WI: 36% C / 25% JM	WI: 46.8%

"As is" organic portfolio potential of more than 900 kboepd

First production 2017

Ramping up in 2017

// Exploration //

Contingent resources

- Unconventional North America
- Brazil: Campos-33, Sagitario
- Russia: Karabashky
- Colombia: CPO9 & Niscota
- Alaska: Colville High
- GOM: Leon and Buckskin
- Indonesia: Sakakemang
- Vietnam: Red Emperor extension
- Kurdistan
- PNG: GAP

Prospective resources

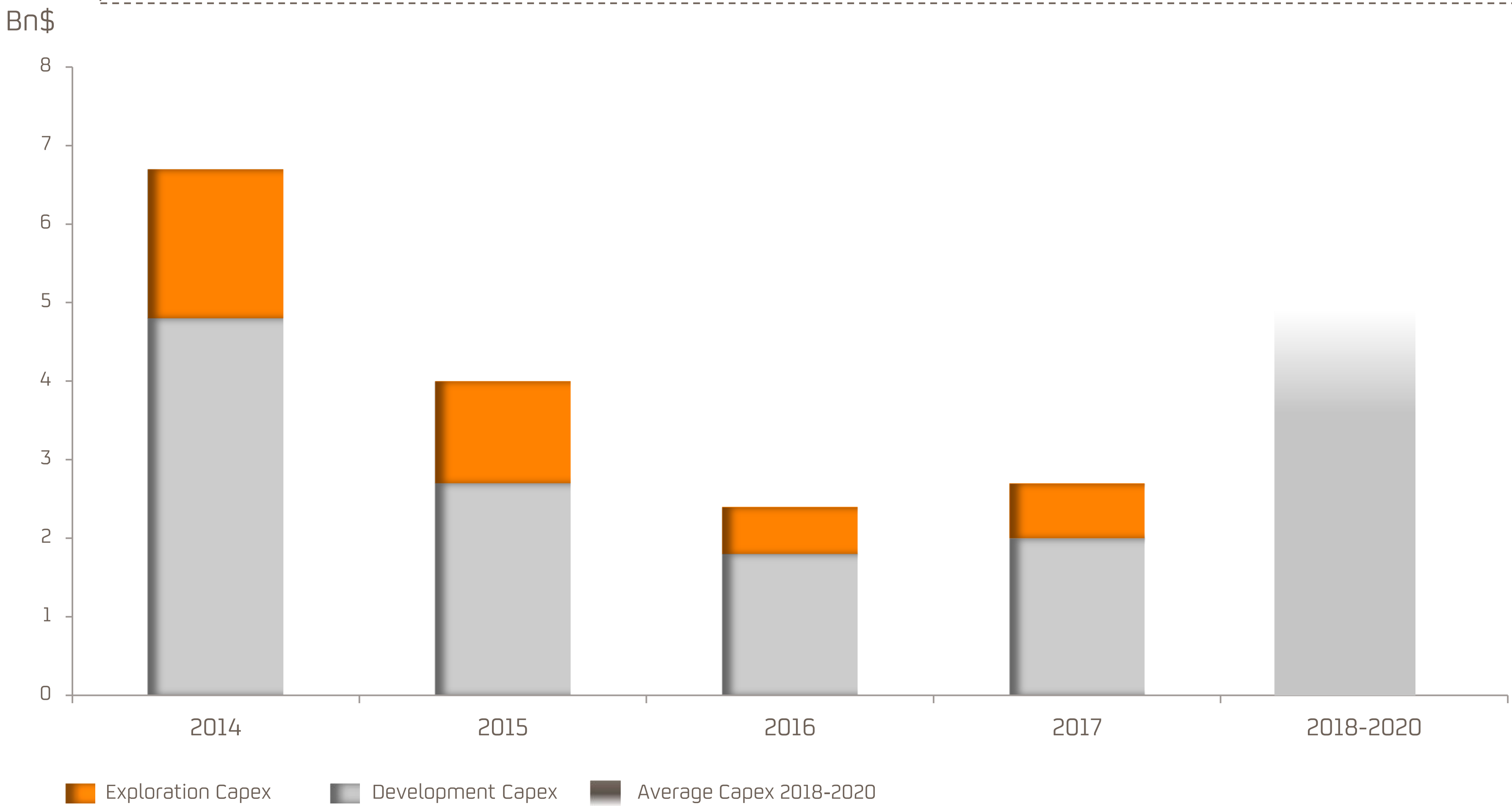
- Brazil: Santos Basin & Espirito Sant
- Colombia: RC11, RC12 & Tayrona
- Unconventional North America
- GOM
- Peru
- Guyana
- Angola
- Romania
- Portugal
- Norway
- Indonesia
- Malaysia
- Vietnam
- PNG
- Bulgaria

Capex optimization

Upstream

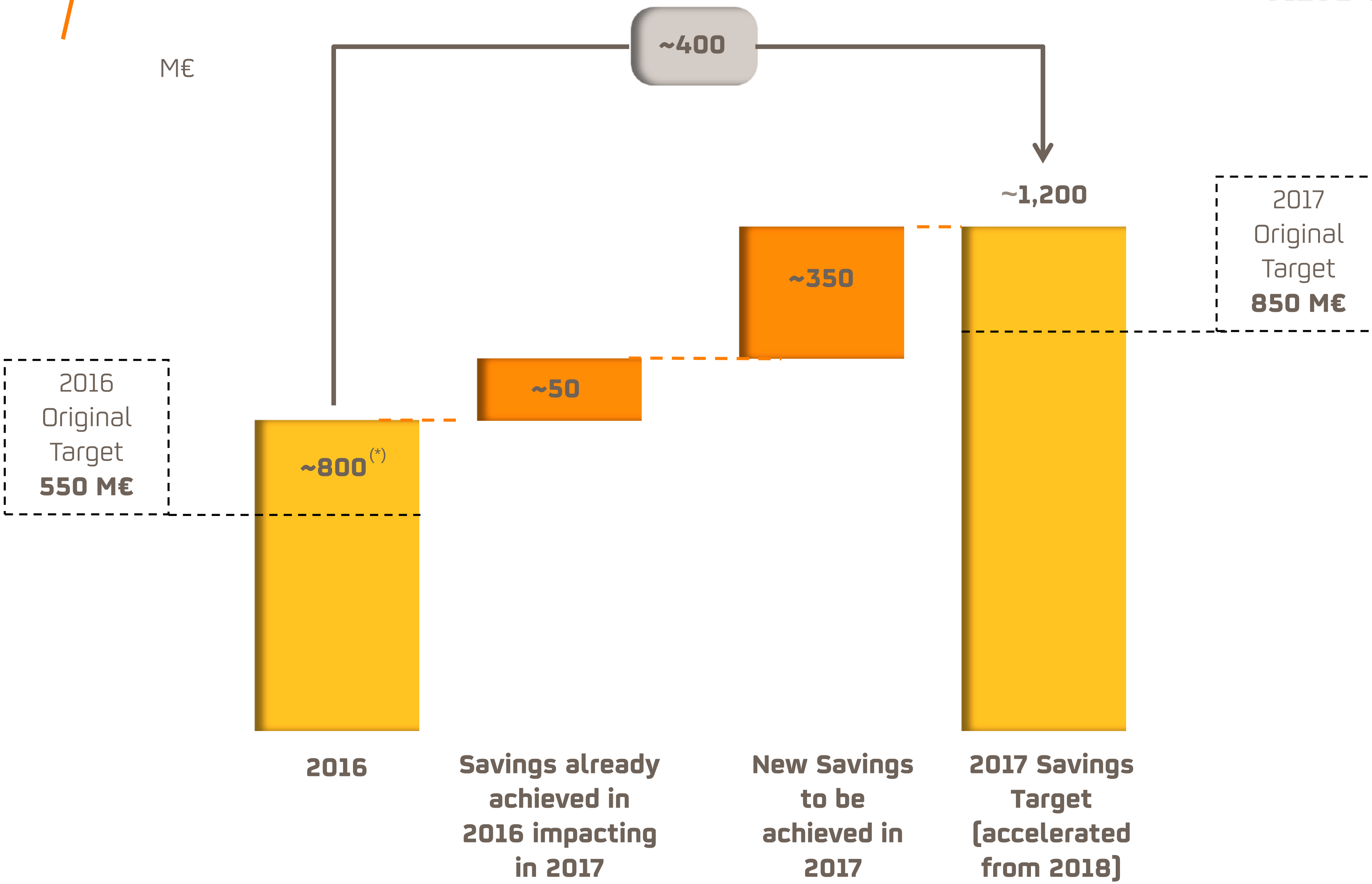
Organic RRR (%)

118%	159%	124%	Average 2017-2020 ~100%



Efficiency program: delivering our target

Upstream



Note: Excluding synergies

* It does not include ~ 200 M€ of one off

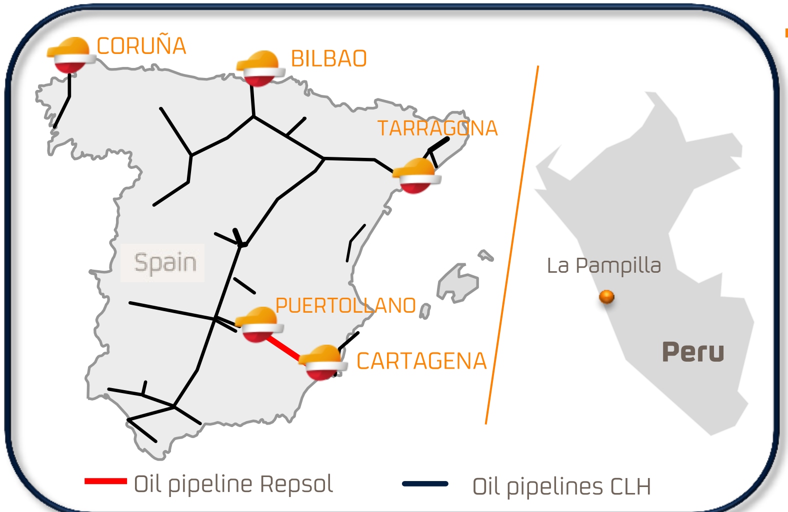
3 Downstream

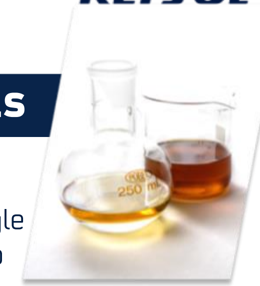
Sustainable cash flow generator

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

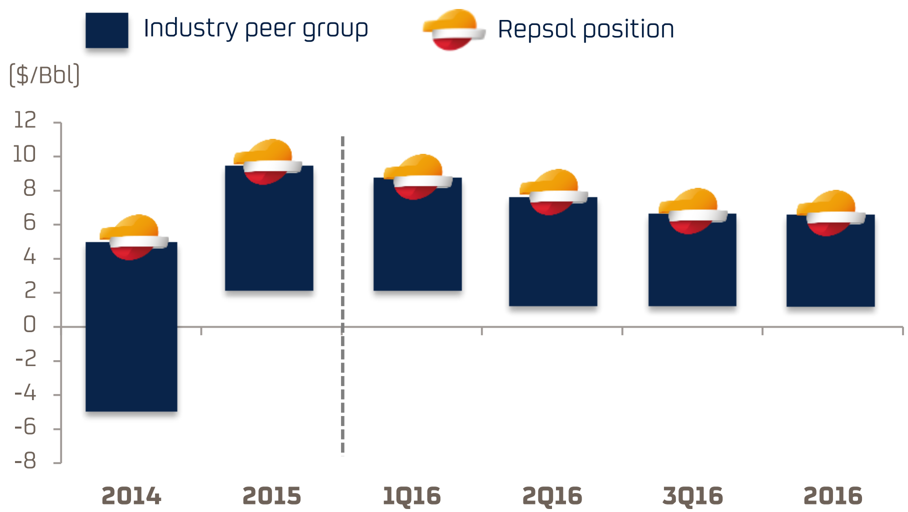
- G&P: transportation, marketing, trading and regasification of liquefied natural gas.
- Trading & Transport: trading and supply of crude oil and products

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

2016 Downstream Results

Downstream

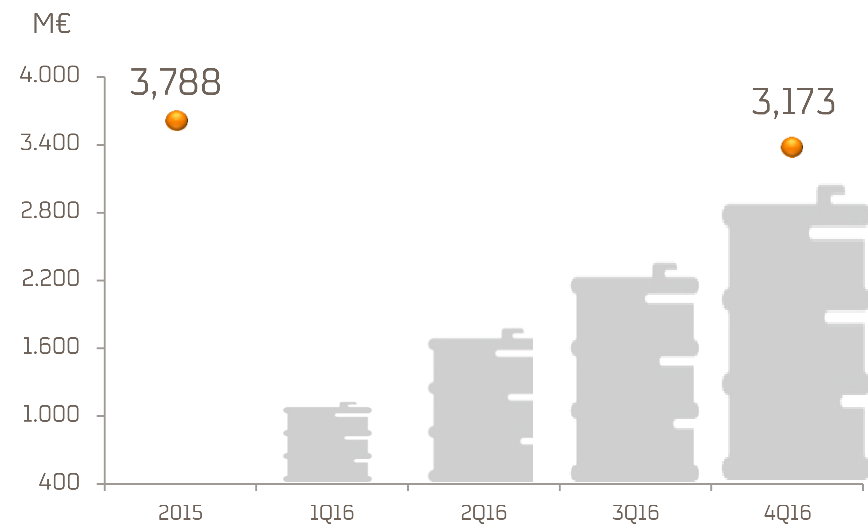
European Integrated Margin of R&M



Source: Company filings.

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

EBITDA CCS[*]



* Cumulative

FCF

Integrated Model

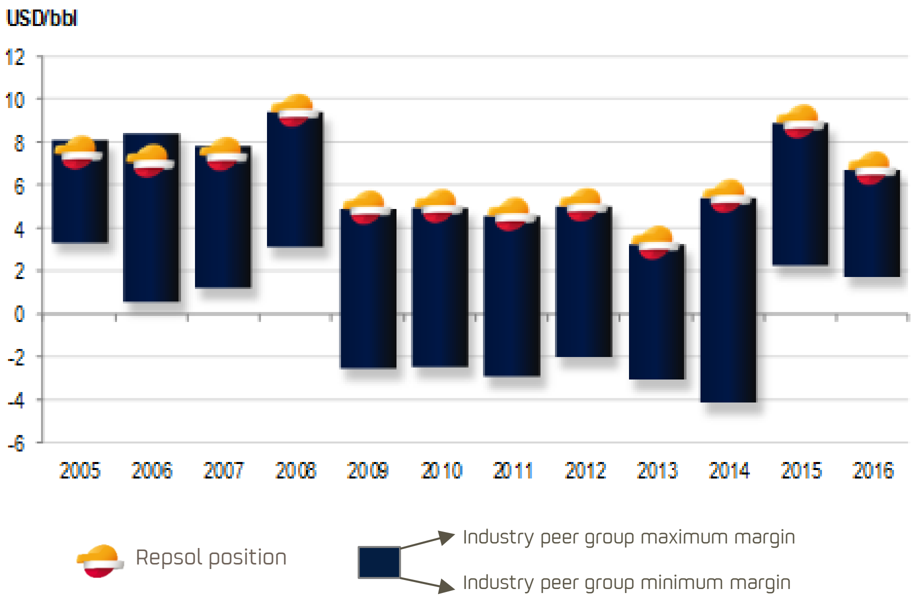
- Top quartile position among European peers.
- Fully-invested assets

2016-2020 Downstream strategy

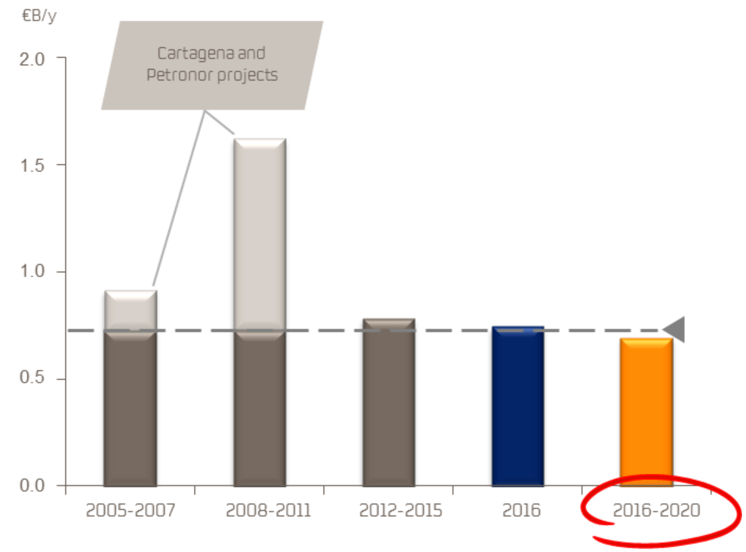
Downstream

Maximizing value and cash generation leveraged on fully invested assets

European Integrated Margin of R&M



Average investments

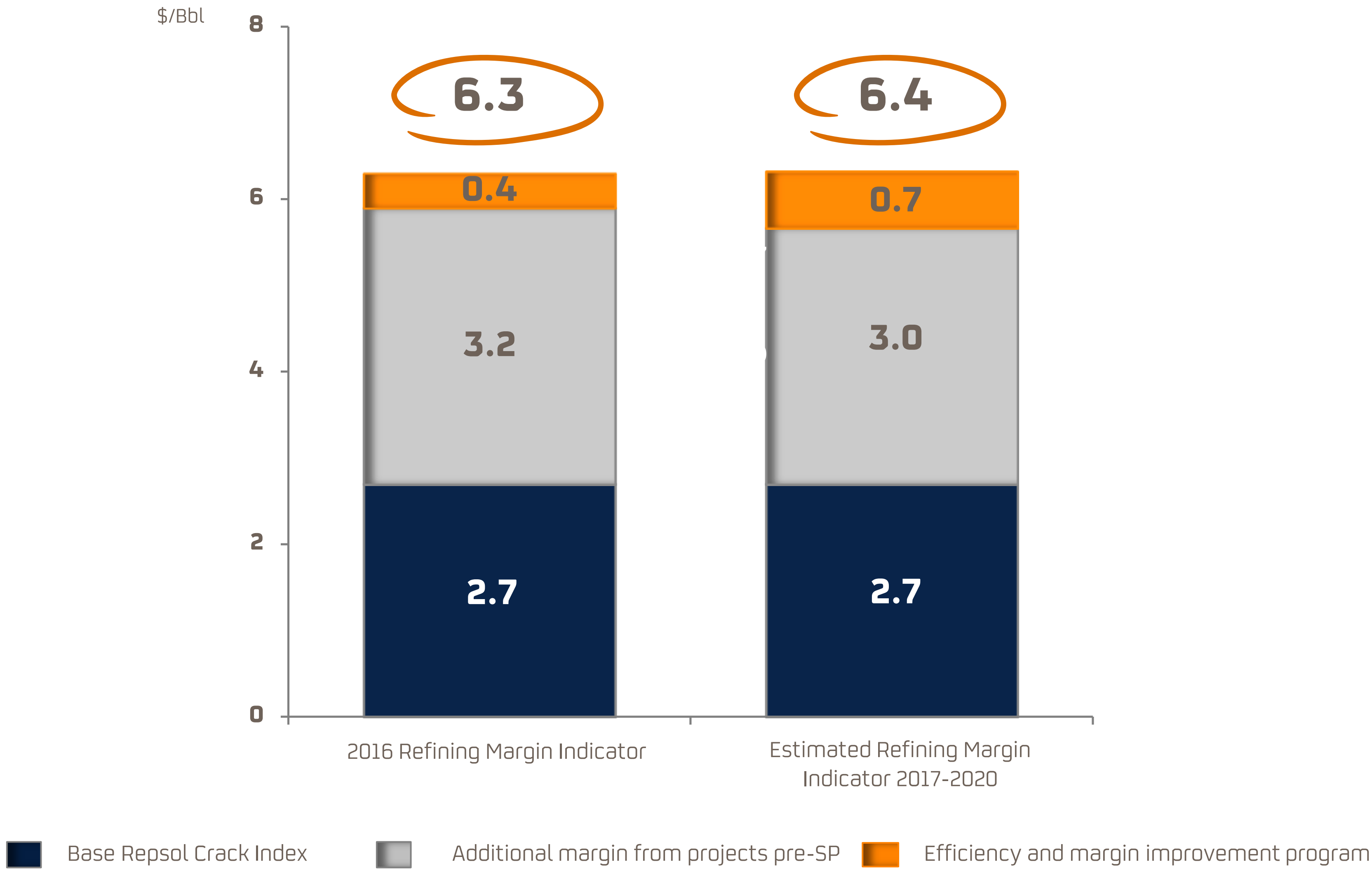


Downstream resilience reinforced by the integration of commercial and industrial businesses

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



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/share [1]*
- **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

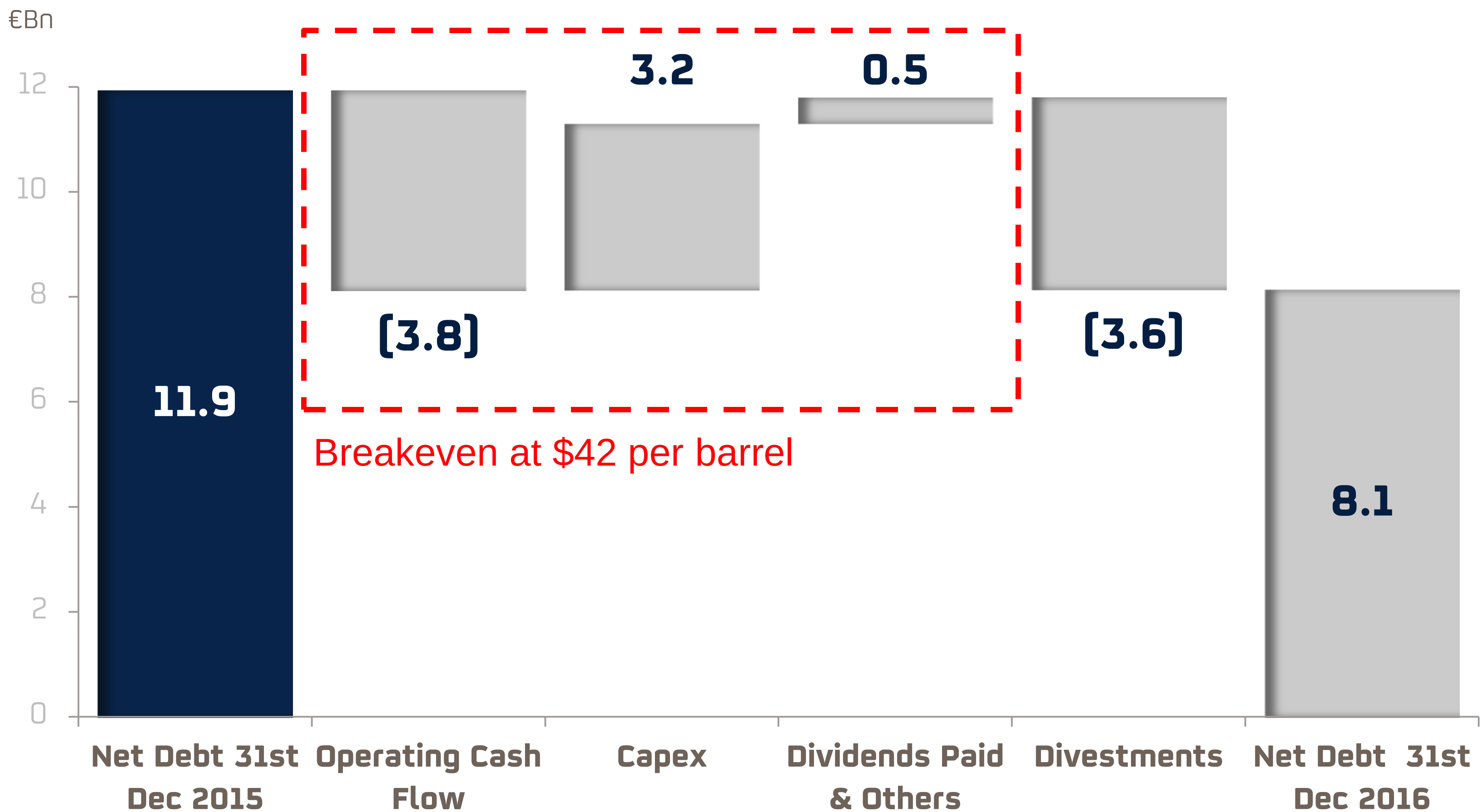
Commitment to reduce debt and maintain investment grade

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

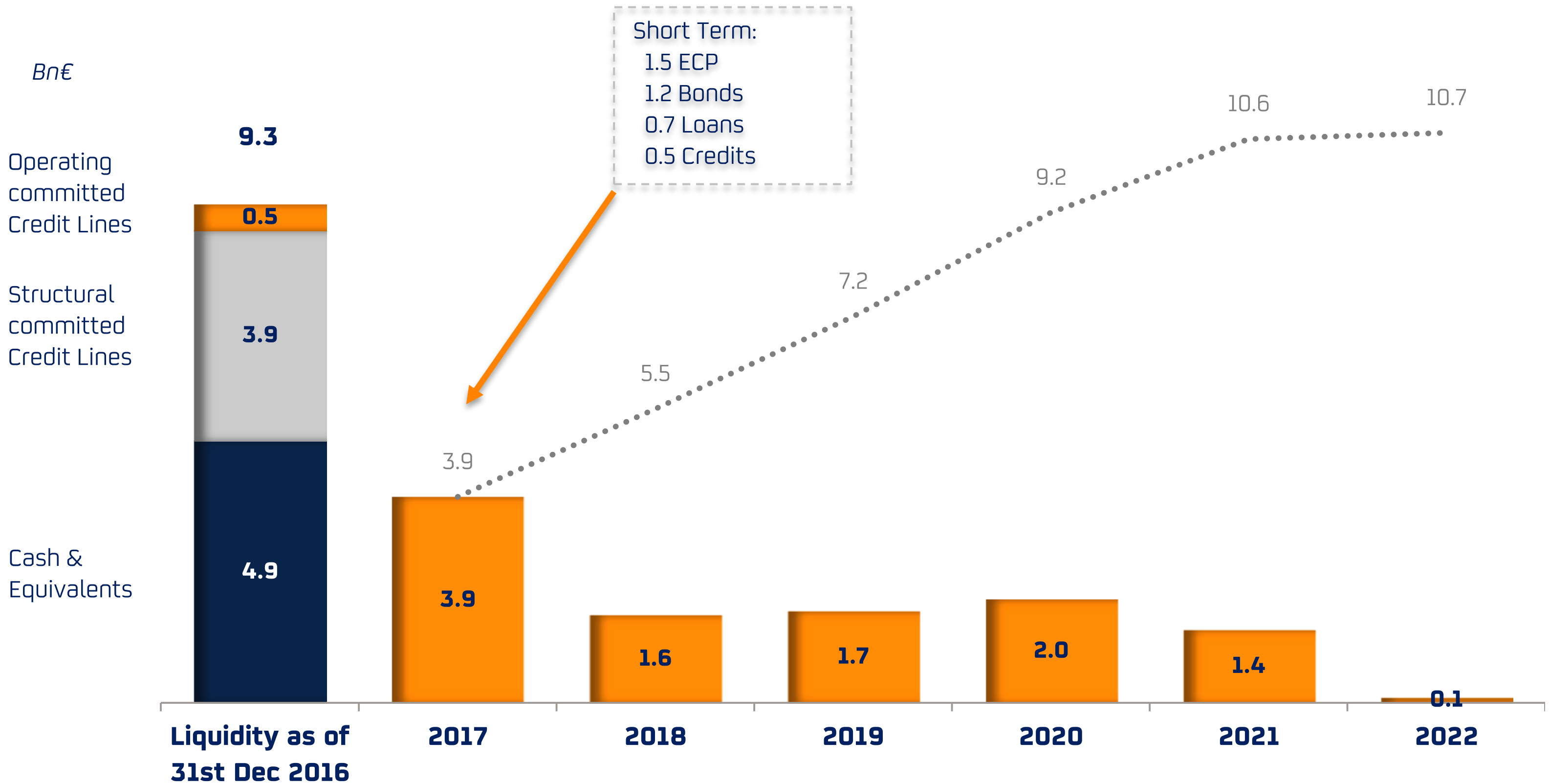
Financing



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	3.2-3.6
Synergies and Efficiencies (Bn€)	1.6	2.1

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

[*] Budget [**] Long term objective

Investor Update 2017

2016 – 2020 Value & Resilience

REPSOL