

# Fourth Quarter 2013 Results

February 26<sup>th</sup>, 2014



Antonio Brufau - CEO



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1. YPF settlement
2. Main Events 2013
3. Quarterly and Full Year Results
4. Outlook 2014

# YPF Settlement

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# Compensation for YPF

- **Friendly Settlement Agreement** which includes a compensation for 51% of YPF and 51% of YPF Gas.
- **Recognition** by the Republic of Argentina **of a debt** to Repsol **amounting to USD 5 bn.**
- The Argentinean Government **will deliver Argentinean sovereign bonds with an average interest above 8%, pro solvendo**, with a face value up to USD 6 bn to ease the monetization of this agreement.
- **Debt will not be considered settled until the amount has been fully paid** by the sale of the bonds, or by any other transaction which transfers the property of the bonds, or the regular principal payment at maturity is collected.
- **If the Republic of Argentina fails to pay** one or all series of bonds given in payment, **Repsol will be entitled to accelerate maturity, accumulate and claim a specific arbitration conducted in accordance with the UNCITRAL Regulations**, on the unpaid amounts up to USD 5 bn.

**To be approved by the Honorable Congress of the Republic of Argentina and to be submitted for approval by the Repsol's Annual General Meeting**

# Rationale of the Settlement Agreement

- Repsol has always expressed its **willingness to reach an agreement.**
- A **fair and reasonable agreement avoids** the normal **uncertainty of a long litigation process.**
- **Returns the lost value to our Shareholders.**
- **No legal constraints to keep the remaining 12%.**

**This settlement will enhance our sound financial position** together with the **proceeds of the LNG disposal** and **the option to potentially sell** the remaining **12% stake in YPF**, in order to continue our **sustainable path of growth** in the Upstream business, and **to continue with the creation of value for our Shareholders.**



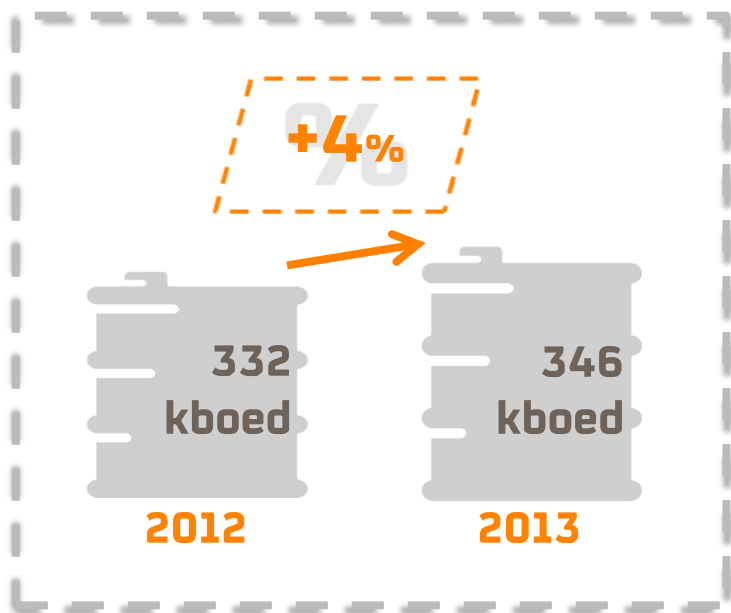
# Main Events of 2013

2

# Main events 2013

## Upstream

### Production



Mississippian Lime **USA**

SK field **Russia**

Margarita **Bolivia**

Sapinhoá **Brazil**



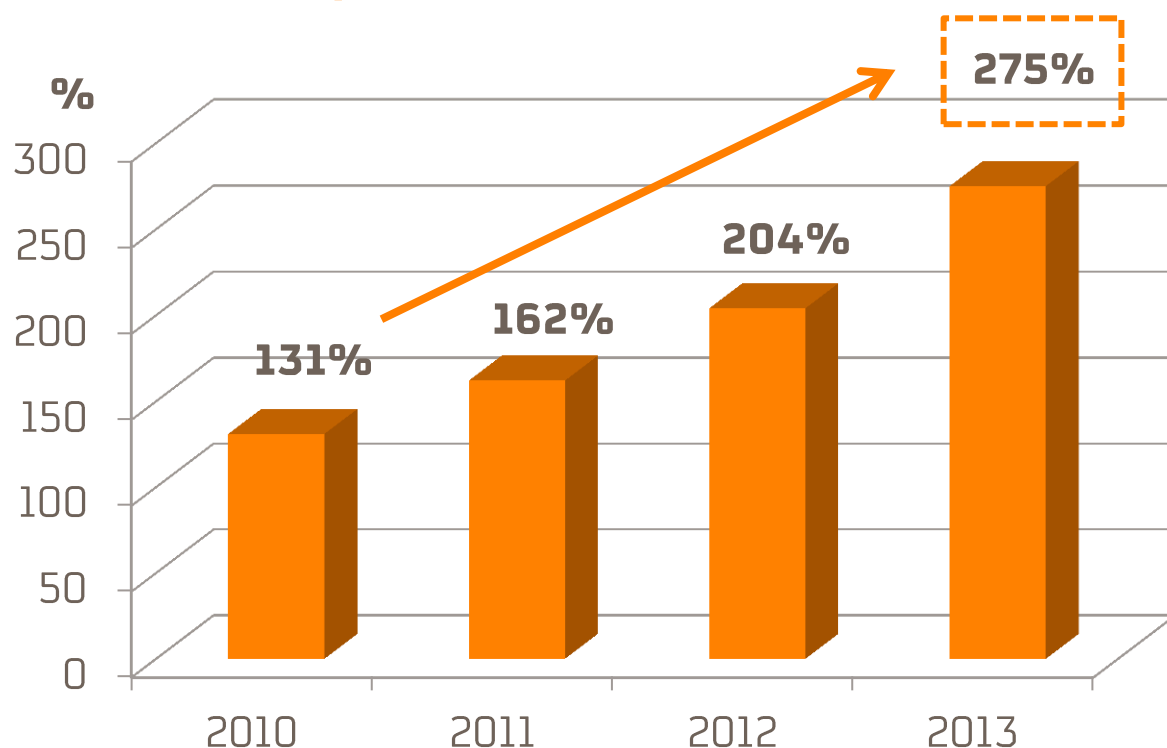
With Libya at normal levels, **8%** increase in production



# Main events 2013

## Upstream

### Reserve Replacement Ratio



**As of Dec. 31<sup>st</sup> 2013:**

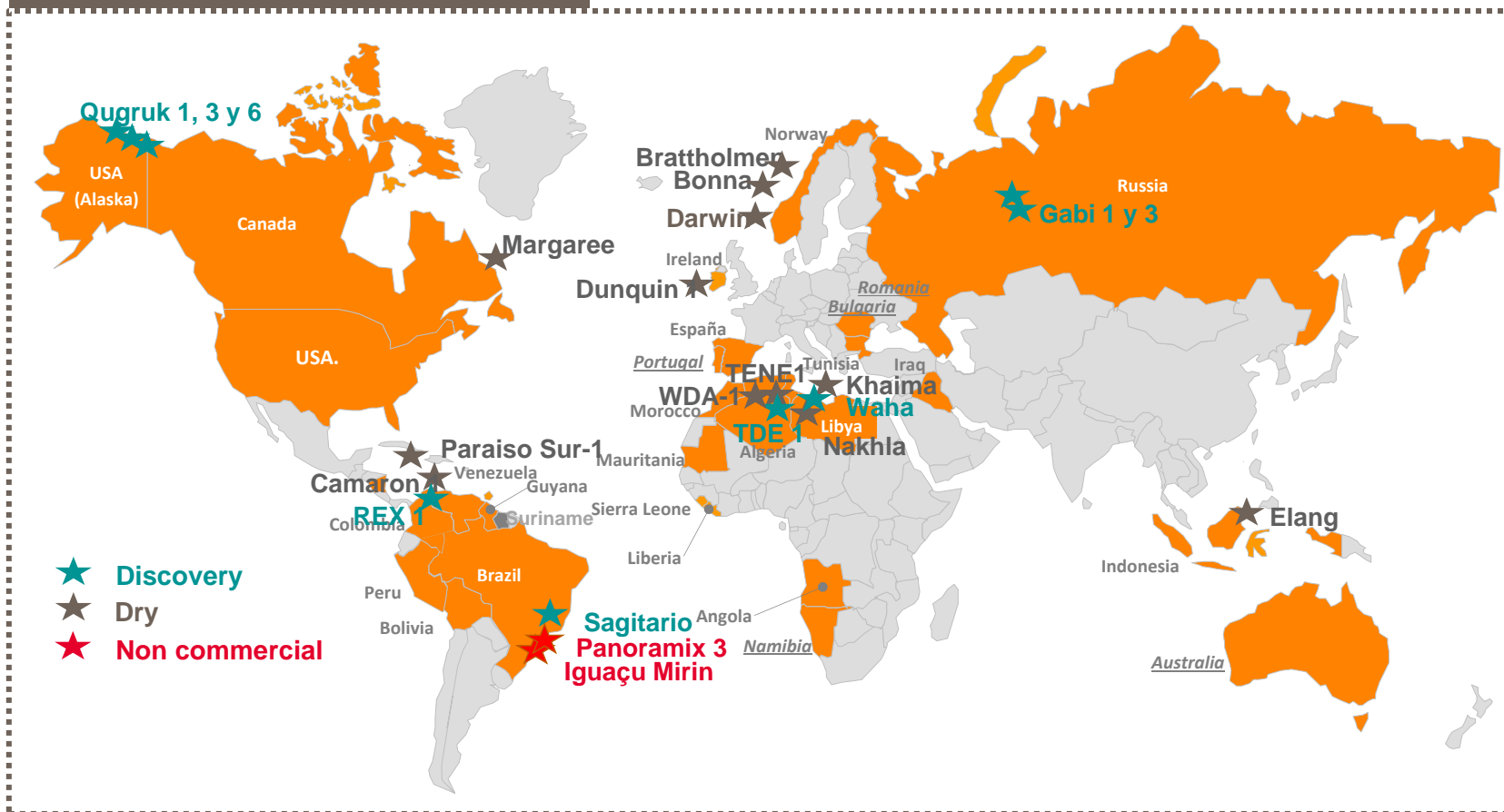
- Proven Reserves > **1,500 Mboe**
- Contingent Resources (3C) > **2,100 Mboe**
- > **300 Mboe** of resources added through Exploration

**Increasing substantially the reserve life of the company without exhausting our resources base**

# Main events 2013

## Upstream

### 2013 Exploration activity



**9\* out of 24 wells were positive in 2013**

© \* One of the nine wells is currently being tested.

# Main events 2013

Downstream: Remained profitable in every quarter

## Refining

- Toughest macro environment in recent years
- Decrease in margins vs. Increase in utilization
- Breakeven in 2013



## Commercial businesses

- Strength supporting our results
- Change in the trend of sales volumes



## Petrochemicals

- Maintenance activity in Tarragona
- Plan to improve efficiency



# Main events 2013

## LNG



### Assets Disposal

- Completed in early January 2014
- USD 4.3 bn in cash proceeds and USD 1.7 bn of financial leases transmitted.

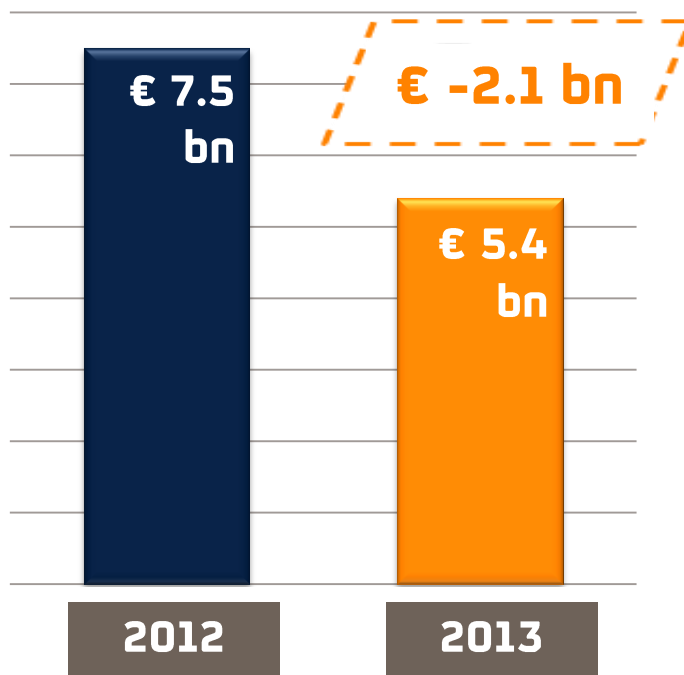
### North American Assets

- Good performance in 2013 due to low temperatures as in January, 2014
- Continue working on optimization
- Optionality in order to maximize value

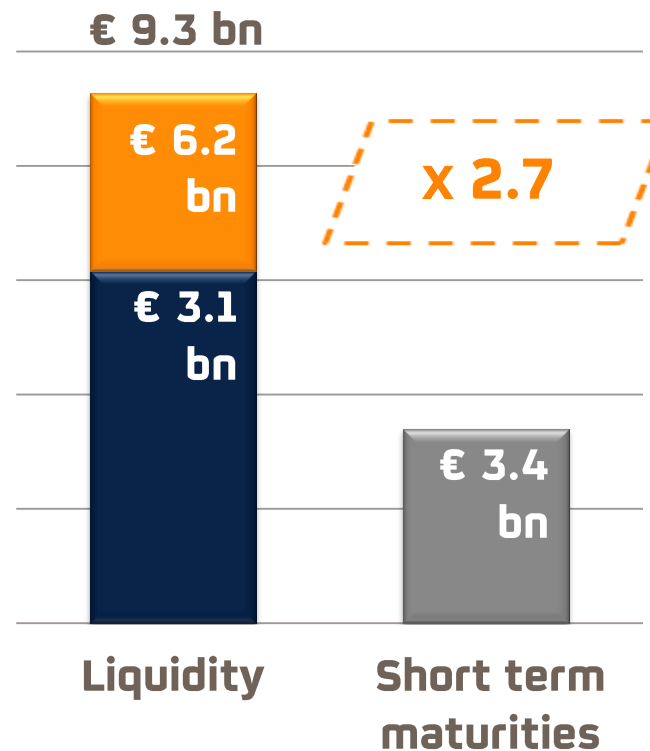
# Main events 2013

Financial Situation (Figures Ex Gas Natural)

## Net Debt



## Liquidity Position





# Quarterly and Full Year Results

# 3

# Results Summary

(ex YPF and ex YPF Gas)

## FY 2013

	2013	2012	% Variation
<b>CCS Adjusted Net Income</b>	1,823	1,954	-7 %
<b>CCS Adjusted Operating Income</b>	3,737	4,321	-14 %

Million €

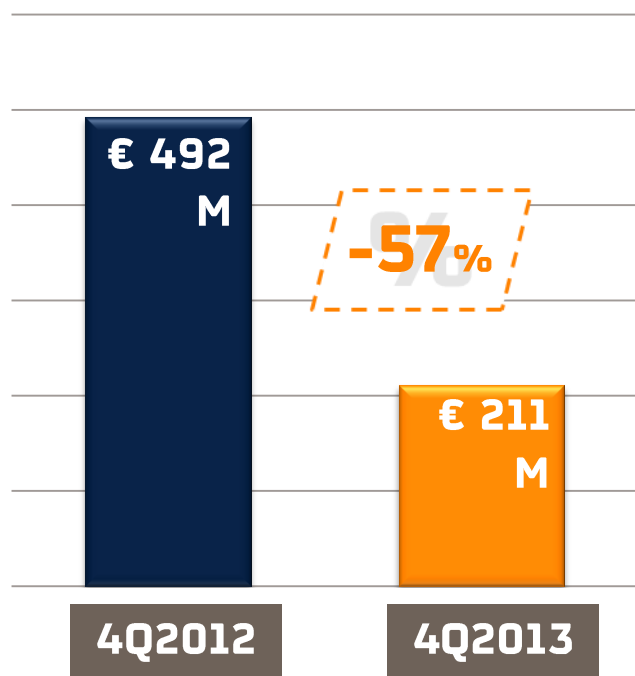
## 4Q 2013

	4Q 2013	4Q 2012	% Variation
<b>CCS Adjusted Net Income</b>	251	517	-51 %
<b>CCS Adjusted Operating Income</b>	604	1,053	-43 %

Million €

# 4Q 2013 Upstream Results

## Adjusted Operating Income



- Disruptions in Libya
- Increase in exploration costs

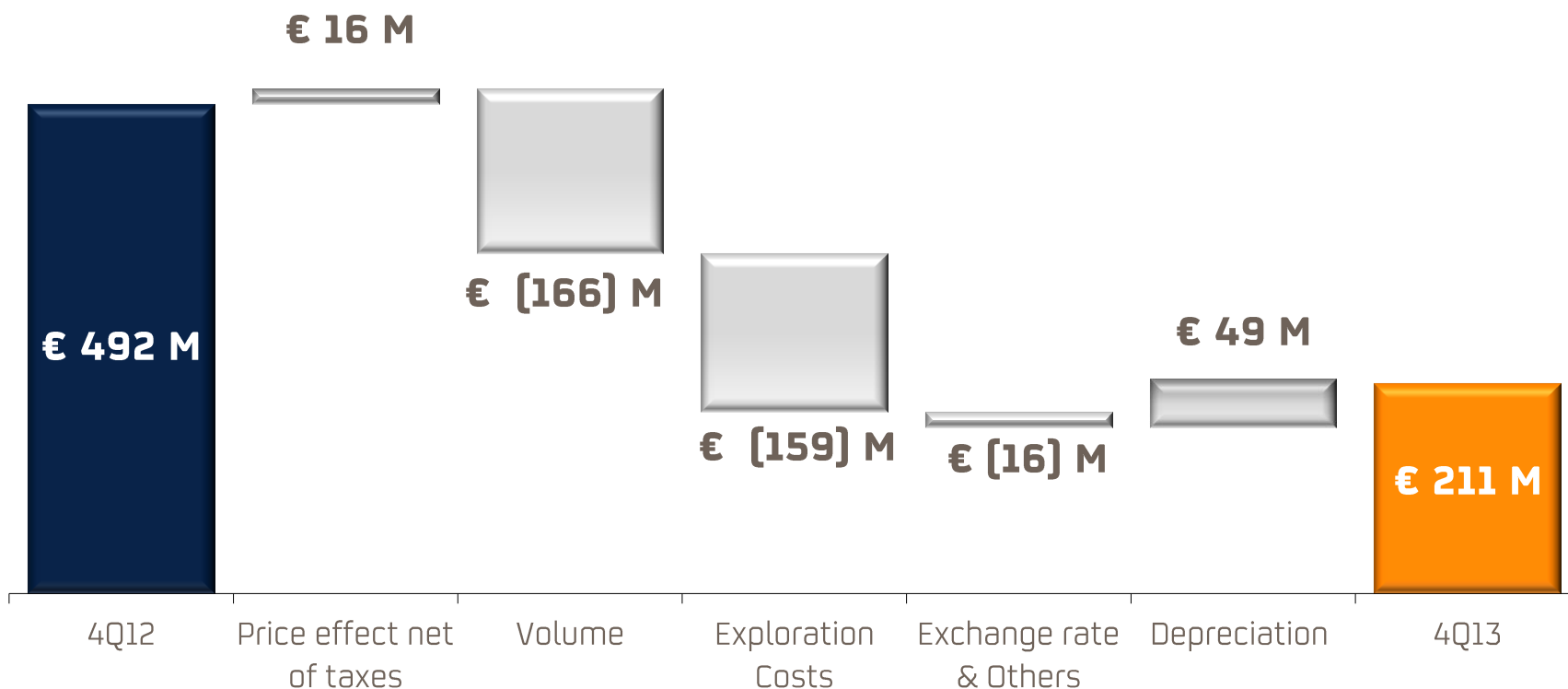


# 4Q 2013 Upstream Results

## Adjusted Operating Income

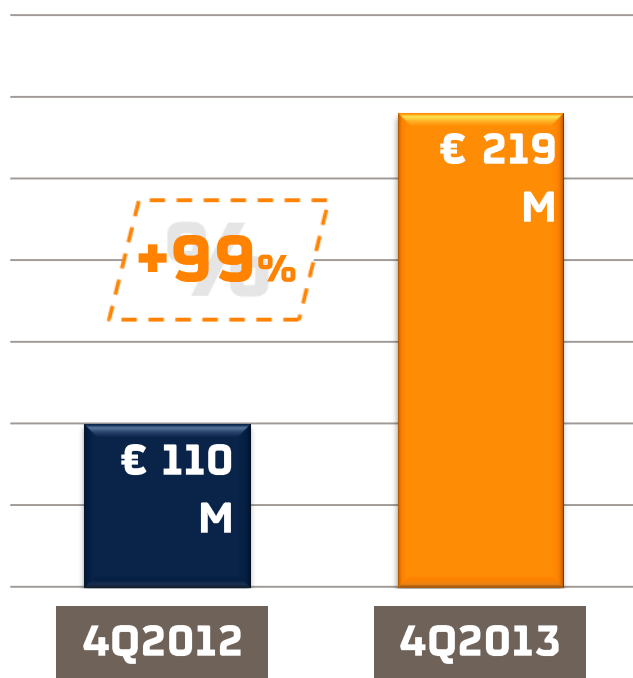
	4Q 2013	4Q 2012	% Variation
<b>CCS Adjusted Operating Income</b>	<b>211</b>	<b>492</b>	<b>-57 %</b>

Million €



# 4Q 2013 LNG Results

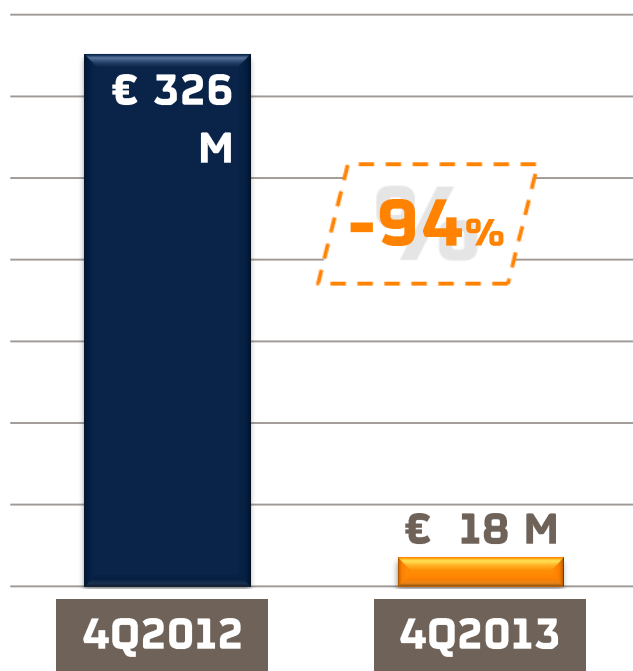
## Adjusted Operating Income



- Higher margins and volumes
- Better results in North America

# 4Q 2013 Downstream Results

## CCS Adjusted Operating Income



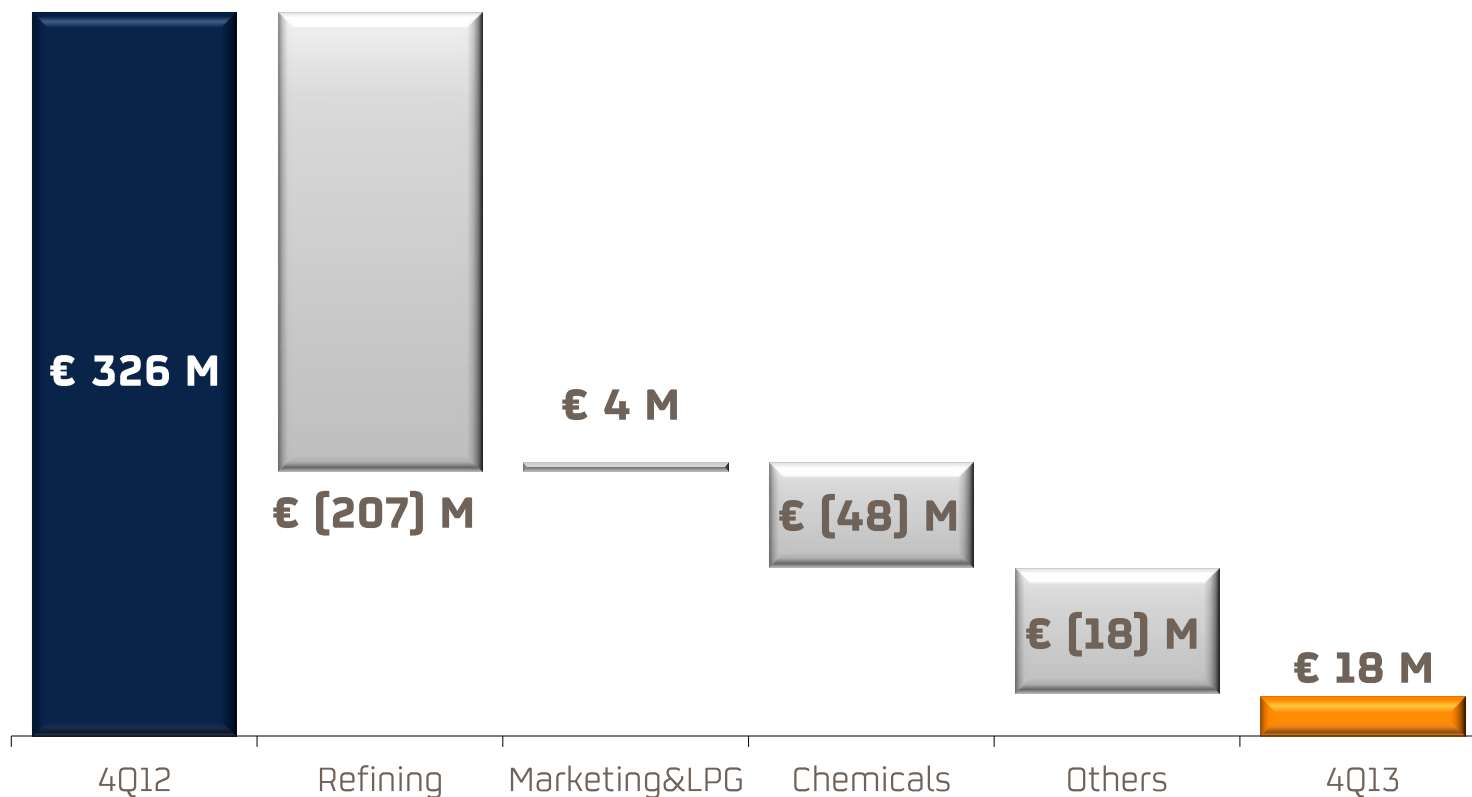
- Lower margins in Refining and lower utilization rate due to maintenance
- 2.7 dollars per barrel of premium margin
- Maintenance activity in Chemicals
- Increase in sales volumes in Commercial businesses

# 4Q 2013 Downstream Results

## CCS Adjusted Operating Income

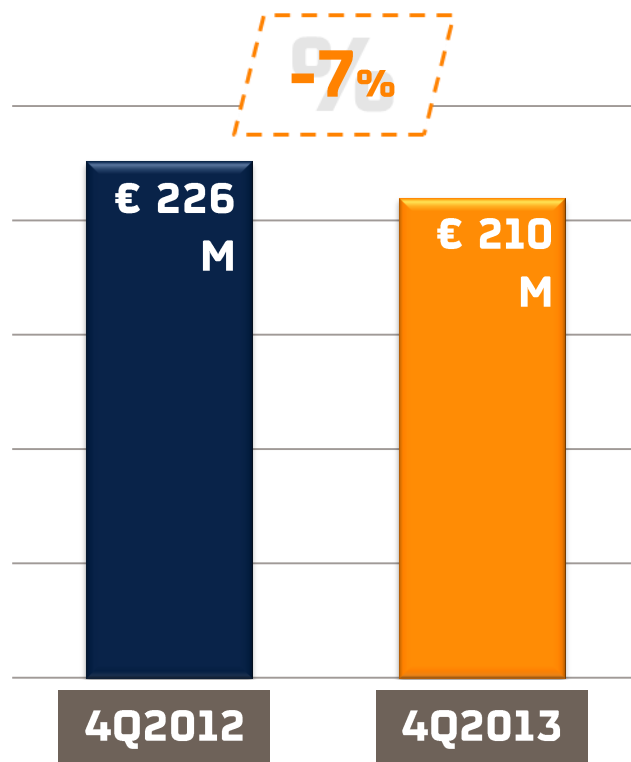
	4Q 2013	4Q 2012	% Variation
<b>CCS Adjusted Operating Income</b>	<b>18</b>	<b>326</b>	<b>-94 %</b>

Million €



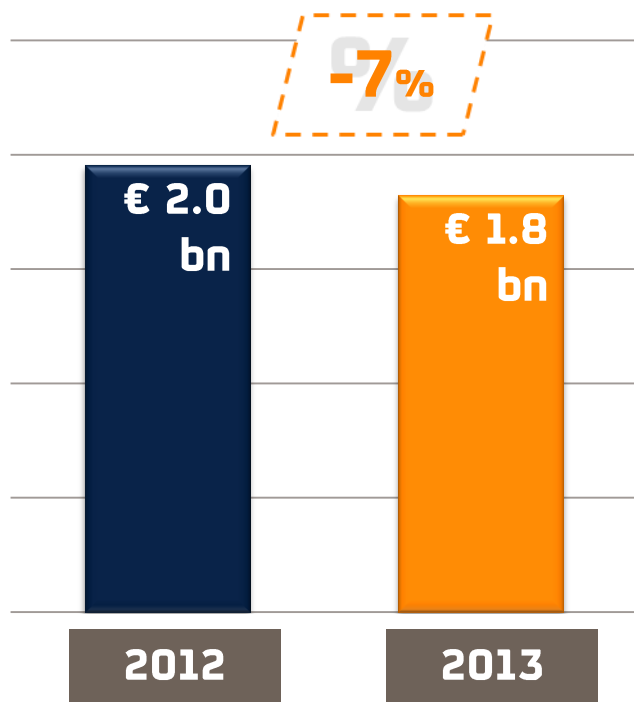
# 4Q 2013 Gas Natural Fenosa Results

## Adjusted Operating Income

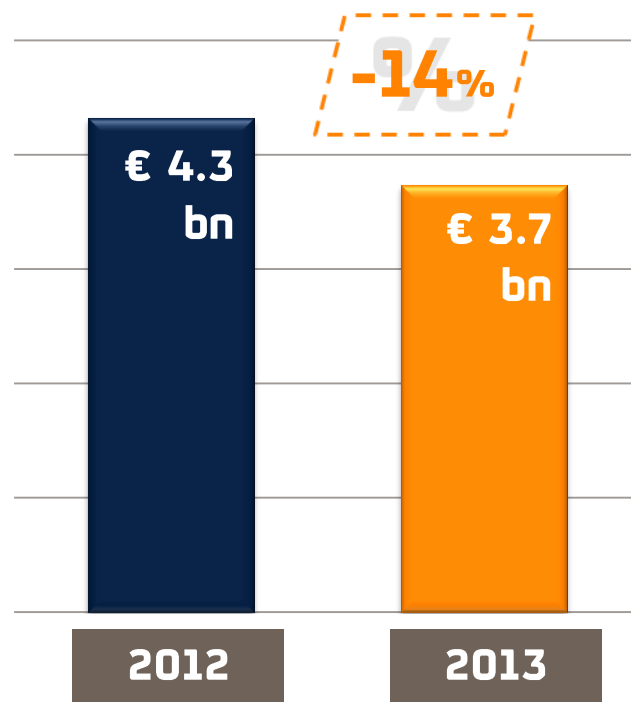


# FY 2013 Results

## CCS Adjusted Net Income

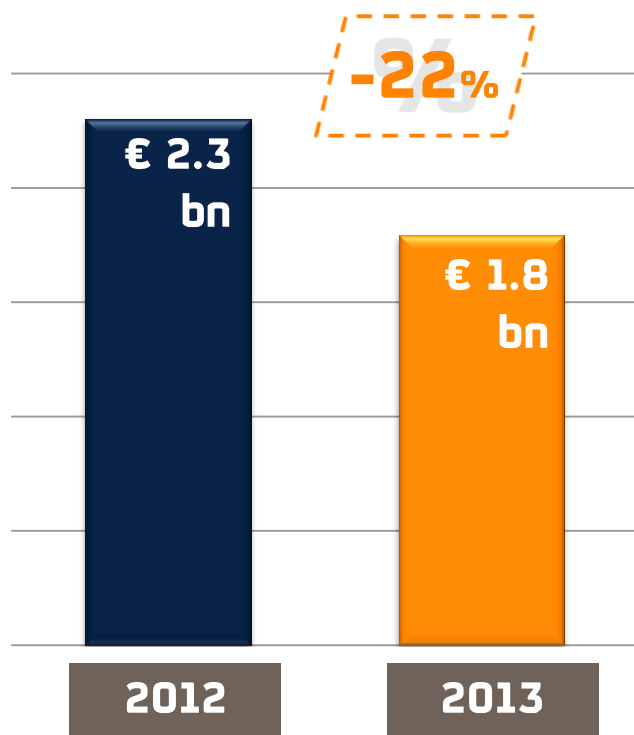


## CCS Adjusted Operating Income



# FY 2013 Upstream Results

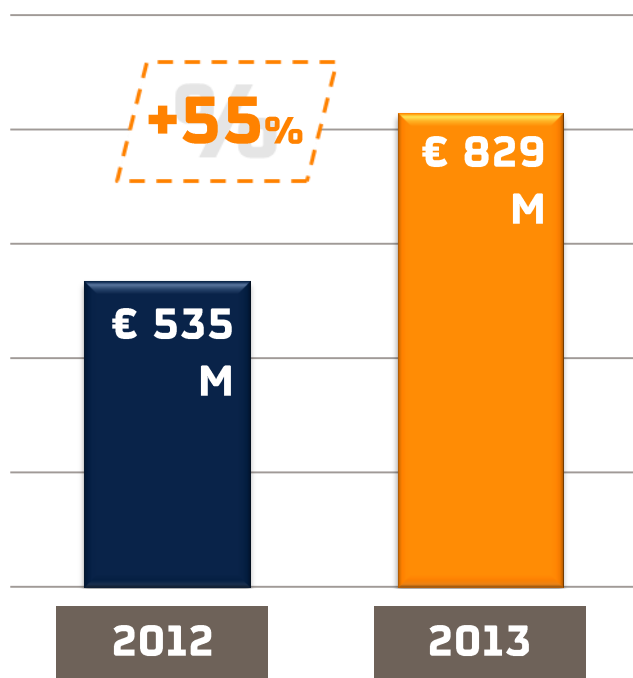
## Adjusted Operating Income



- Start up of key growth projects in Brazil, Russia and Bolivia
- Higher production from USA and Spain
- Better results in T&T
- Disruptions in Libya

# FY 2013 LNG Results

## Adjusted Operating Income

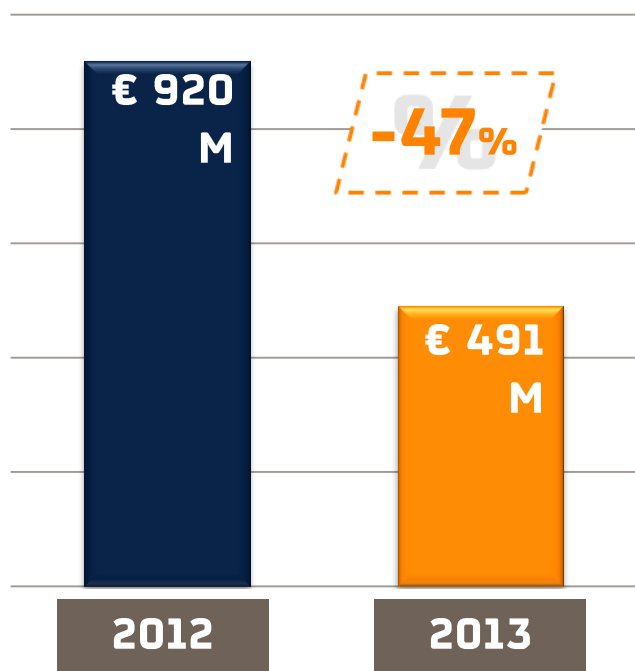


- Higher margins and volumes
- Better results in North America



# FY 2013 Downstream Results

## CCS Adjusted Operating Income

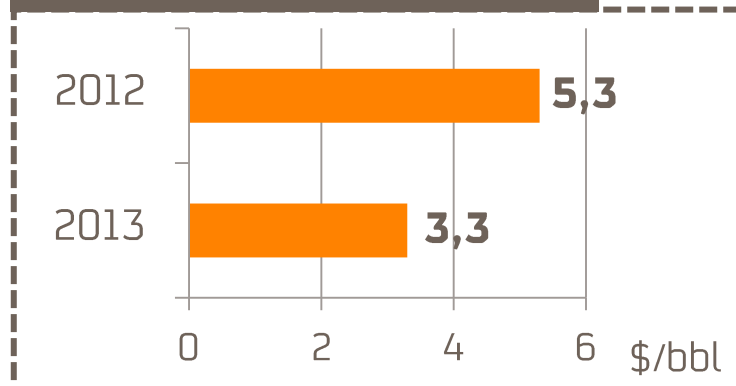


- Resilient in a tough environment
- Healthy positive results

# FY 2013 Downstream Results

## CCS Adjusted Operating Income

### Refining Margin Indicator

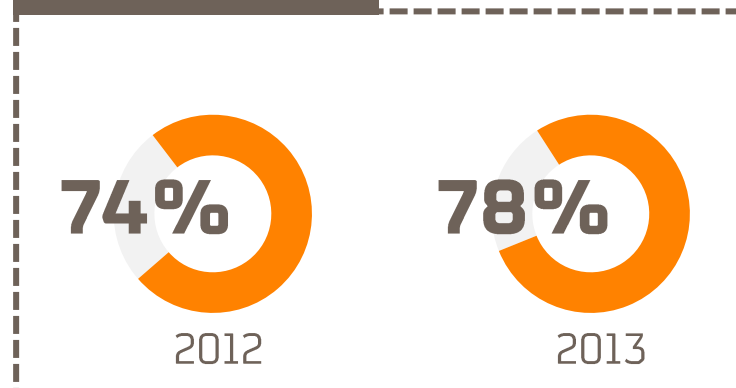


Premium margin **2\$/bbl**

### Chemicals business

- 50 million € Impact from the maintenance of the Tarragona plant

### Utilization rate



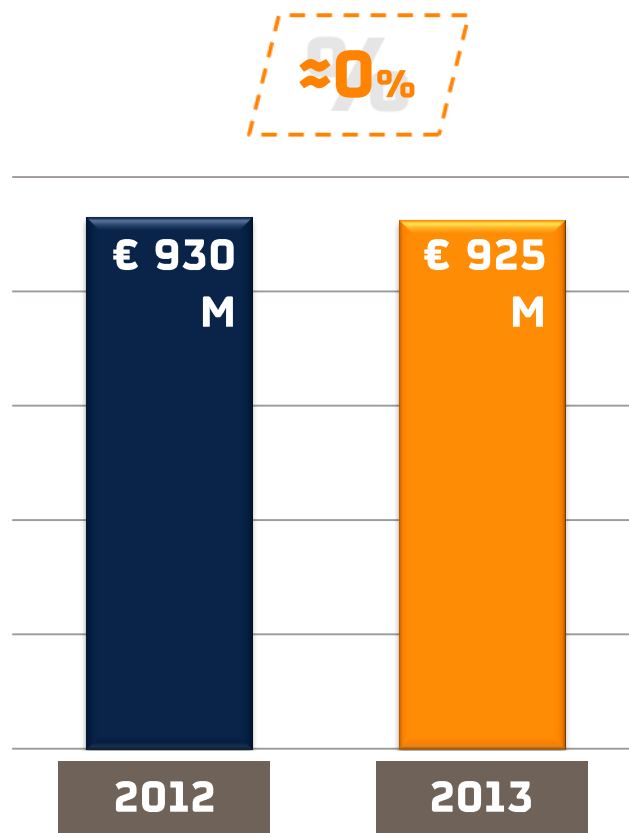
Conversion utilization rate **99%**

### Commercial businesses

- Similarly healthy results to 2012
- Higher volumes in wholesale division

# FY 2013 Gas Natural Fenosa Results

## Adjusted Operating Income



Outlook 2014

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# Outlook 2014

## Upstream: Production



Production from **Perla**  
[Cardón IV] at the end of  
the year

**>7%** CAGR  
increase production

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Higher average  
production from  
**SK, Mississippian**  
**Lime & Sapinhoá**

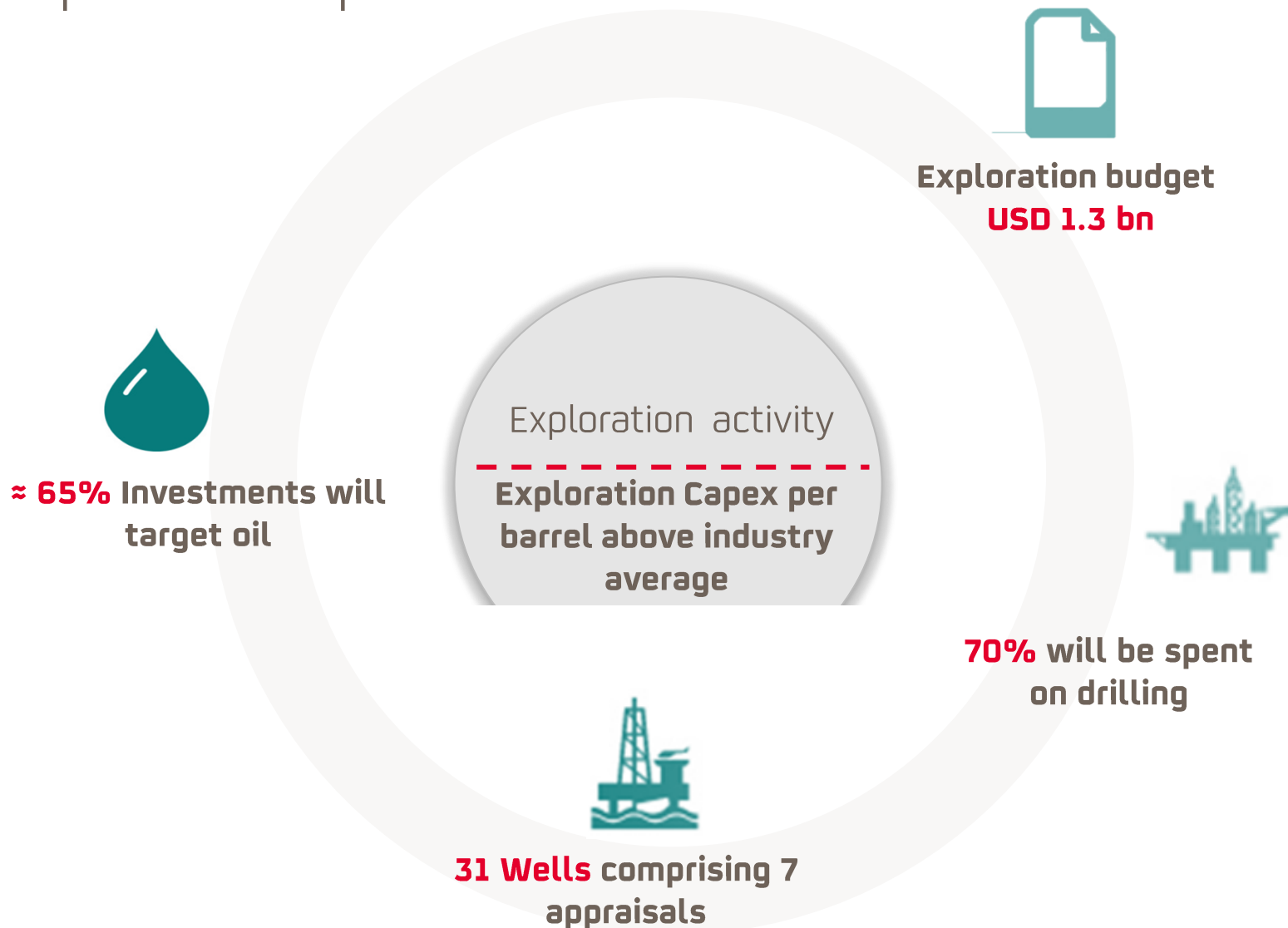
On February 18<sup>th</sup>, 2014  
Petrobras announced  
the connection of the  
2<sup>nd</sup> well



**Kinteroni**  
Onstream soon

# Outlook 2014

## Upstream: Exploration





**REPSOL**

# Outlook 2014

Upstream: Exploratory activity



Brazil



**REPSOL**

# Outlook 2014

## Upstream: Exploratory activity







**REPSOL**

# Outlook 2014

## Upstream: Exploratory activity





**REPSOL**

# Outlook 2014

## Upstream: Exploratory activity





**REPSOL**

# Outlook 2014

## Upstream: Exploratory activity





**REPSOL**

# Outlook 2014

## Upstream: Exploratory activity



# Outlook 2014

## LNG

- 
- Optimizing the operation of Canaport
- 
- Maximizing the profitability of NA
-

# Outlook 2014

## Downstream



**Fair evolution of the retail division results**



**Maximizing the capacity utilization**

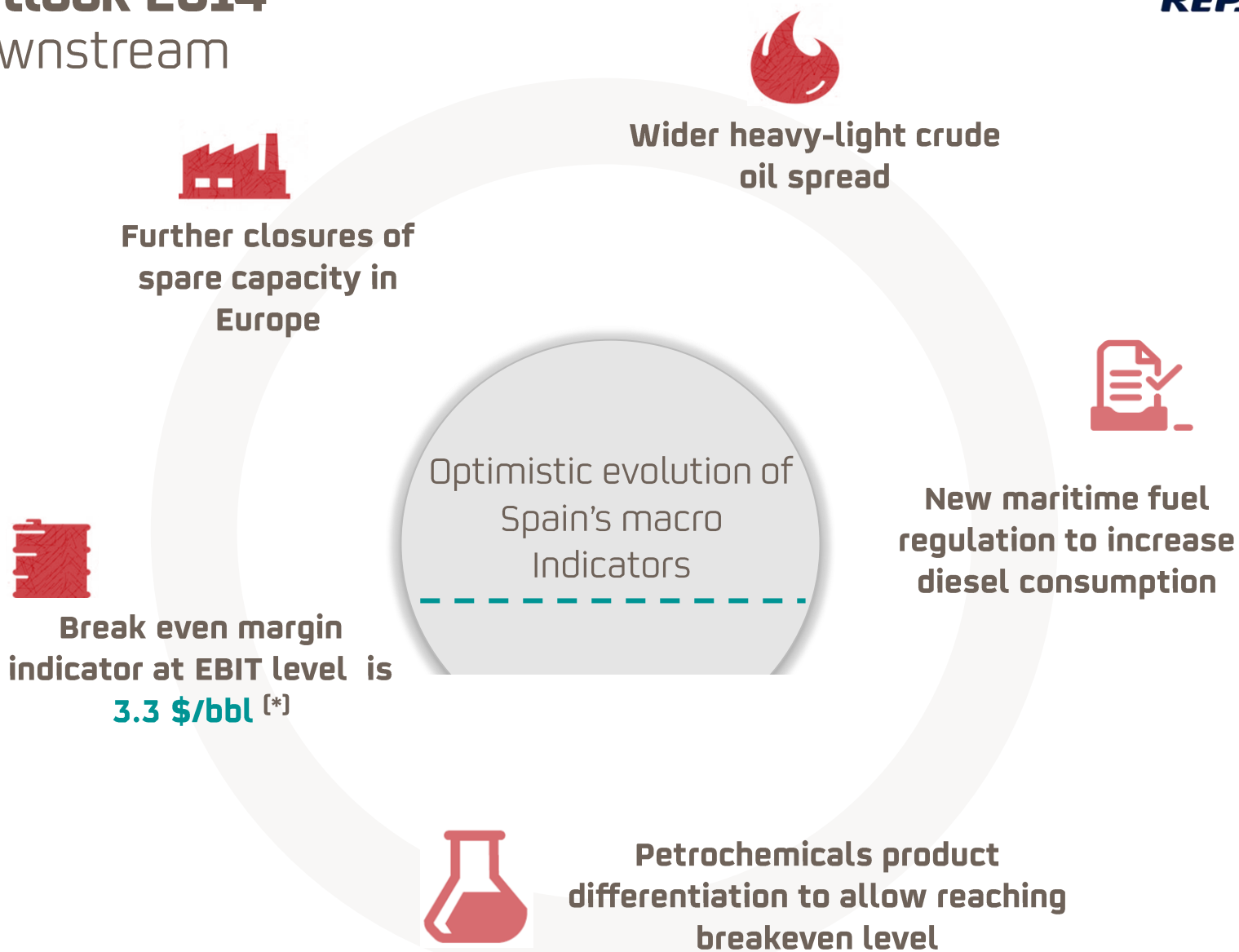
Optimistic evolution of Spain's macro Indicators



**Reducing the energy costs of our industrial units**

# Outlook 2014

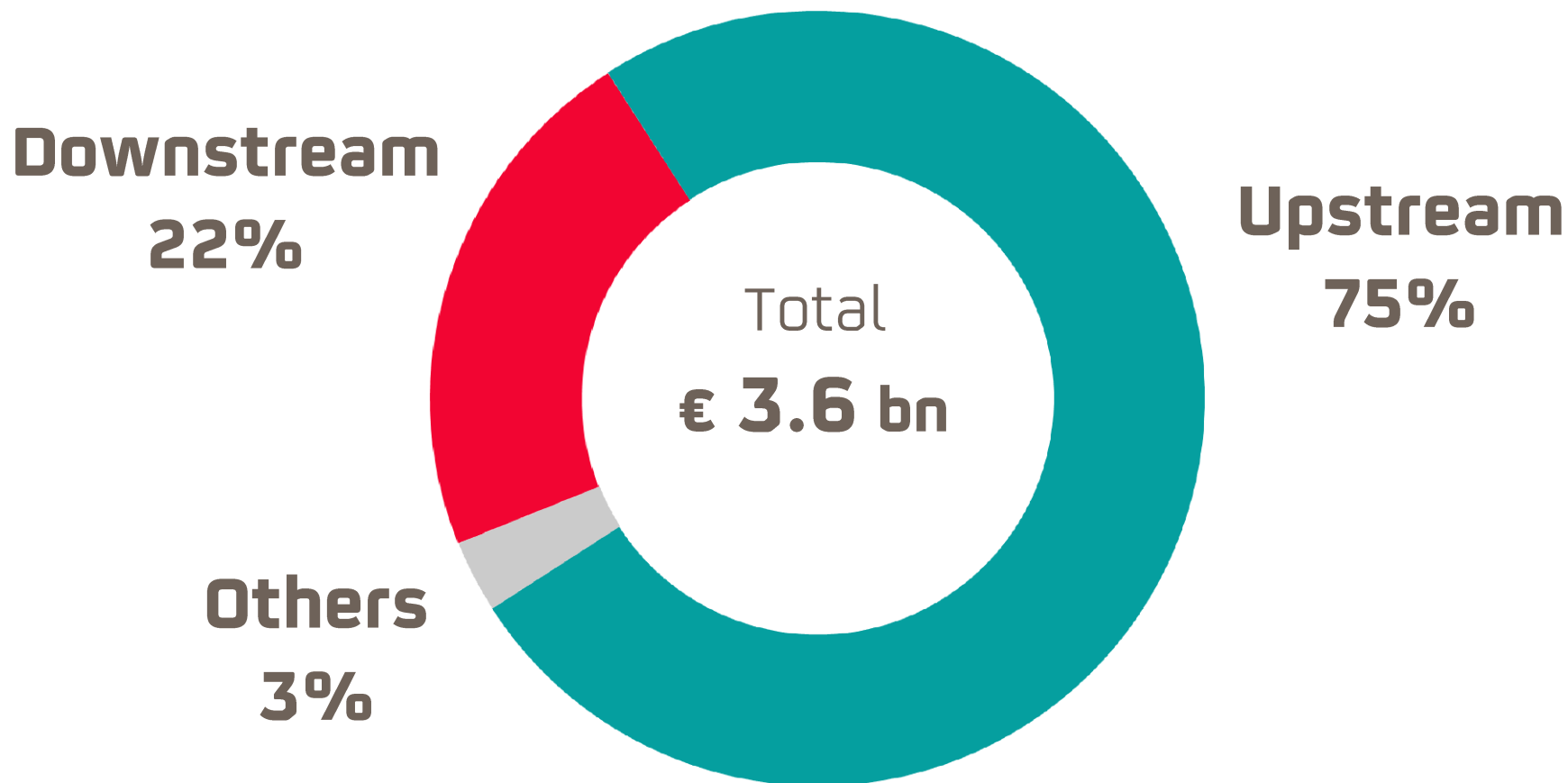
## Downstream



© [\*] at 80% utilization rate and 1.3 \$/€ exchange rate

# Outlook 2014

## Capex





# Conclusions



- Sound financial position to support current and future projects
- Flexibility to continue diversifying and growing
- Opportunities in the Upstream business with constant and dynamic exploratory activity
- Best in class Downstream assets

**To Increase the Value for our Shareholders**

# Q&A Session

Fourth Quarter 2013 Results



# Fourth Quarter 2013 Results

February 26<sup>th</sup>, 2014



Antonio Brufau - CEO

