

## **Repsol, S.A. and Subsidiaries**

Report on Limited Review

Interim Condensed Consolidated  
Financial Statements and  
Interim Directors' Report for the  
six-month period ended 30 June  
2017

Translation of a report originally  
issued in Spanish. In the event of a  
discrepancy, the Spanish-language  
version prevails.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Repsol, S.A.,

### Report on the Interim Condensed Consolidated Financial Statements

#### *Introduction*

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Repsol, S.A. and Subsidiaries ("the Group"), which comprise the condensed consolidated balance sheet as at 30 June 2017, and the condensed consolidated income statement, condensed consolidated statement of recognized income and expenses, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### *Scope of the Review*

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### *Conclusion*

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2017 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

### *Emphasis of Matter*

We draw attention to Note 2 to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016. Our conclusion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2017 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2017. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Repsol, S.A. and Subsidiaries.

### Other Matters

This report was prepared at the request of the Company's directors in relation to the publication of the half-yearly financial report required by Article 119 of the Consolidated Spanish Securities Market Law, approved by Legislative Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Javier Ares San Miguel

26 July 2017

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the first half of 2017



REPSOL, S.A. and investees comprising the REPSOL Group

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

**Repsol, S.A. and investees comprising the Repsol Group**  
**Consolidated balance sheet at June 30, 2017 and December 31, 2016**

| ASSETS                                                                                                   | Note       | Million euros |               |
|----------------------------------------------------------------------------------------------------------|------------|---------------|---------------|
|                                                                                                          |            | 06/30/2017    | 12/31/2016    |
| Intangible assets:                                                                                       |            | 4,769         | 5,109         |
| a) Goodwill                                                                                              |            | 2,906         | 3,115         |
| b) Other intangible assets                                                                               |            | 1,863         | 1,994         |
| Property, plant and equipment                                                                            | 4.1        | 25,384        | 27,297        |
| Investment properties                                                                                    |            | 66            | 66            |
| Investments accounted for using the equity method                                                        | 4.2        | 9,553         | 10,176        |
| Non-current financial assets                                                                             | 4.4        | 1,193         | 1,204         |
| Deferred tax assets                                                                                      |            | 4,433         | 4,746         |
| Other non-current assets                                                                                 |            | 247           | 323           |
| <b>NON-CURRENT ASSETS</b>                                                                                |            | <b>45,645</b> | <b>48,921</b> |
| Non-current assets held for sale                                                                         | 4.3        | 123           | 144           |
| Inventories                                                                                              |            | 3,219         | 3,605         |
| Trade and other receivables                                                                              |            | 5,816         | 5,885         |
| a) Trade receivables                                                                                     |            | 2,955         | 3,111         |
| b) Other receivables                                                                                     |            | 1,752         | 1,785         |
| c) Income tax assets                                                                                     |            | 1,109         | 989           |
| Other current assets                                                                                     |            | 224           | 327           |
| Other current financial assets                                                                           | 4.4        | 1,231         | 1,280         |
| Cash and cash equivalents                                                                                | 4.4        | 4,717         | 4,687         |
| <b>CURRENT ASSETS</b>                                                                                    |            | <b>15,330</b> | <b>15,928</b> |
| <b>TOTAL ASSETS</b>                                                                                      |            | <b>60,975</b> | <b>64,849</b> |
| LIABILITIES AND EQUITY                                                                                   | Note       | Million euros |               |
|                                                                                                          |            | 06/30/2017    | 12/31/2016    |
| <b>NET EQUITY</b>                                                                                        |            |               |               |
| Capital                                                                                                  |            | 1,527         | 1,496         |
| Share premium and reserves                                                                               |            | 25,732        | 24,232        |
| Treasury shares and own equity instruments                                                               |            | (37)          | (1)           |
| Net income for the period attributable to equity holders of the parent                                   |            | 1,056         | 1,736         |
| Other equity instruments                                                                                 |            | 1,005         | 1,024         |
| <b>EQUITY</b>                                                                                            |            | <b>29,283</b> | <b>28,487</b> |
| <b>Items that can be reclassified to profit/(loss) for the period</b>                                    |            | <b>649</b>    | <b>2,380</b>  |
| Financial assets available for sale                                                                      |            | 8             | 6             |
| Hedge transactions                                                                                       |            | (168)         | (171)         |
| Translation differences                                                                                  |            | 809           | 2,545         |
| <b>OTHER ACCUMULATED COMPREHENSIVE INCOME</b>                                                            |            | <b>649</b>    | <b>2,380</b>  |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT AND OTHER HOLDERS OF EQUITY INSTRUMENTS</b> |            | <b>29,932</b> | <b>30,867</b> |
| <b>MINORITY INTERESTS</b>                                                                                |            | <b>251</b>    | <b>244</b>    |
| <b>TOTAL EQUITY</b>                                                                                      | <b>4.5</b> | <b>30,183</b> | <b>31,111</b> |
| Grants                                                                                                   |            | 3             | 4             |
| Non-current provisions                                                                                   |            | 5,540         | 6,127         |
| Non-current financial liabilities                                                                        | 4.4        | 8,639         | 9,482         |
| Deferred tax liabilities                                                                                 |            | 1,186         | 1,379         |
| Other non-current liabilities                                                                            |            | 1,869         | 2,009         |
| <b>NON-CURRENT LIABILITIES</b>                                                                           |            | <b>17,237</b> | <b>19,001</b> |
| Liabilities linked to non-current assets held for sale                                                   |            | 138           | 146           |
| Current provisions                                                                                       |            | 626           | 872           |
| Current financial liabilities                                                                            | 4.4        | 6,809         | 6,909         |
| Trade payables and other payables:                                                                       |            | 5,982         | 6,810         |
| a) Trade payables                                                                                        |            | 2,045         | 2,128         |
| b) Other payables                                                                                        |            | 3,640         | 4,365         |
| c) Current income tax liabilities                                                                        |            | 297           | 317           |
| <b>CURRENT LIABILITIES</b>                                                                               |            | <b>13,555</b> | <b>14,737</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                                      |            | <b>60,975</b> | <b>64,849</b> |

Notes 1 to 5 are an integral part of this consolidated balance sheet at June 30, 2017.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

**Repsol, S.A. and investees comprising the Repsol Group**  
**Consolidated income statement corresponding to the second quarter of 2017 (Q2 2017) and 2016 (Q2 2016) and the interim periods ending June 30, 2017 and 2016**

|                                                                                        |            | Million euros   |                |                 |                 |
|----------------------------------------------------------------------------------------|------------|-----------------|----------------|-----------------|-----------------|
|                                                                                        | Note       | Q2 2017         | Q2 2016        | 06/30/2017      | 06/30/2016      |
| Sales                                                                                  |            | 10,081          | 8,058          | 20,105          | 15,695          |
| Services rendered and other income                                                     |            | 101             | 34             | 198             | 64              |
| Changes in inventories of finished goods and work in progress inventories              |            | (112)           | 241            | 31              | 323             |
| Reversal of provisions and gains on disposals of non-current assets                    | 4.8        | 216             | 277            | 409             | 357             |
| Other operating income                                                                 |            | 285             | 113            | 501             | 452             |
| <b>OPERATING REVENUE</b>                                                               | <b>4.7</b> | <b>10,571</b>   | <b>8,723</b>   | <b>21,244</b>   | <b>16,891</b>   |
| Supplies                                                                               |            | (7,560)         | (5,448)        | (14,794)        | (10,766)        |
| Personnel expenses                                                                     |            | (502)           | (926)          | (962)           | (1,468)         |
| Other operating expenses                                                               |            | (1,277)         | (1,396)        | (2,577)         | (2,768)         |
| Depreciation and amortization of non-current assets                                    |            | (790)           | (583)          | (1,389)         | (1,158)         |
| Impairment losses recognized and losses on disposal of non-current assets              | 4.8        | (29)            | (34)           | (265)           | (53)            |
| <b>OPERATING EXPENSES</b>                                                              | <b>4.7</b> | <b>(10,158)</b> | <b>(8,387)</b> | <b>(19,987)</b> | <b>(16,213)</b> |
| <b>OPERATING INCOME</b>                                                                |            | <b>413</b>      | <b>336</b>     | <b>1,257</b>    | <b>678</b>      |
| Finance income                                                                         |            | 45              | 49             | 89              | 93              |
| Finance expenses                                                                       |            | (155)           | (183)          | (318)           | (365)           |
| Change in fair value of financial instruments                                          |            | 4               | (22)           | 38              | (35)            |
| Exchange gains (losses)                                                                |            | 40              | 19             | 5               | 62              |
| Impairment and gains (losses) on disposal of financial instruments                     |            | 1               | (1)            | 1               | 49              |
| <b>FINANCIAL RESULT</b>                                                                |            | <b>(65)</b>     | <b>(138)</b>   | <b>(185)</b>    | <b>(196)</b>    |
| <b>Share of results of companies accounted for using the equity method after taxes</b> | <b>4.2</b> | <b>83</b>       | <b>53</b>      | <b>223</b>      | <b>212</b>      |
| <b>INCOME BEFORE TAX</b>                                                               |            | <b>431</b>      | <b>251</b>     | <b>1,295</b>    | <b>694</b>      |
| Income tax                                                                             | 4.6        | (60)            | (32)           | (226)           | (34)            |
| <b>NET INCOME FOR THE PERIOD</b>                                                       |            | <b>371</b>      | <b>219</b>     | <b>1,069</b>    | <b>660</b>      |
| Net income attributable to minority interests                                          |            | (4)             | (14)           | (13)            | (21)            |
| <b>TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT</b>                                     | <b>3.1</b> | <b>367</b>      | <b>205</b>     | <b>1,056</b>    | <b>639</b>      |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO THE PARENT</b>                                   | <b>4.9</b> | <b>Euros</b>    | <b>Euros</b>   | <b>Euros</b>    | <b>Euros</b>    |
| Base                                                                                   |            | 0.24            | 0.13           | 0.68            | 0.41            |
| Diluted                                                                                |            | 0.24            | 0.13           | 0.68            | 0.41            |

Notes 1 to 5 are an integral part of this consolidated income statement at June 30, 2017.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

**Repsol, S.A. and investees comprising the Repsol Group**  
**Consolidated statement of recognized income and expenses corresponding to the second quarter of 2017 (Q2 2017) and 2016 (Q2 2016)**  
**and the interim period ending June 30, 2017 and 2016**

|                                                                                                                 | Million euros  |             |                |              |
|-----------------------------------------------------------------------------------------------------------------|----------------|-------------|----------------|--------------|
|                                                                                                                 | Q2 2017        | Q2 2016     | 06/30/2017     | 06/30/2016   |
| <b>CONSOLIDATED NET INCOME FOR THE PERIOD</b><br><b>(from the consolidated income statement)</b>                | <b>371</b>     | <b>219</b>  | <b>1,069</b>   | <b>660</b>   |
| <b>OTHER COMPREHENSIVE INCOME</b><br><b>(Items that cannot be reclassified to profit/(loss) for the period)</b> |                |             |                |              |
| From actuarial gains and losses                                                                                 | (6)            | -           | (7)            | -            |
| Share of other comprehensive income recognized by investees accounted for using the equity method               | 4              | (1)         | 4              | (3)          |
| Tax effect                                                                                                      | -              | -           | -              | (5)          |
| <b>TOTAL</b>                                                                                                    | <b>(2)</b>     | <b>(1)</b>  | <b>(3)</b>     | <b>(8)</b>   |
| <b>OTHER COMPREHENSIVE INCOME</b><br><b>(Items that can be reclassified to profit/(loss) for the period)</b>    |                |             |                |              |
| <b>Financial assets available for sale:</b>                                                                     | <b>(1)</b>     | <b>-</b>    | <b>-</b>       | <b>-</b>     |
| Measurement gains/(losses)                                                                                      | (1)            | -           | -              | -            |
| Amounts transferred to the income statement                                                                     | -              | -           | -              | -            |
| <b>Cash flow hedges:</b>                                                                                        | <b>-</b>       | <b>-</b>    | <b>9</b>       | <b>(15)</b>  |
| Measurement gains/(losses)                                                                                      | (6)            | (20)        | (6)            | (41)         |
| Amounts transferred to the income statement                                                                     | 6              | 20          | 15             | 26           |
| <b>Translation differences:</b>                                                                                 | <b>(1,390)</b> | <b>502</b>  | <b>(1,606)</b> | <b>(361)</b> |
| Measurement gains/(losses)                                                                                      | (1,354)        | 514         | (1,570)        | (346)        |
| Amounts transferred to the income statement                                                                     | (36)           | (12)        | (36)           | (15)         |
| <b>Share of other comprehensive income recognized by investees accounted for using the equity method:</b>       | <b>(97)</b>    | <b>98</b>   | <b>(99)</b>    | <b>57</b>    |
| Measurement gains/(losses)                                                                                      | (97)           | 94          | (99)           | 50           |
| Amounts transferred to the income statement                                                                     | -              | 4           | -              | 7            |
| <b>Tax effect</b>                                                                                               | <b>(29)</b>    | <b>(25)</b> | <b>(41)</b>    | <b>(28)</b>  |
| <b>TOTAL</b>                                                                                                    | <b>(1,517)</b> | <b>575</b>  | <b>(1,737)</b> | <b>(347)</b> |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                                                                | <b>(1,148)</b> | <b>793</b>  | <b>(671)</b>   | <b>305</b>   |
| a) Attributable to the parent                                                                                   | (1,147)        | 777         | (678)          | 285          |
| b) Attributable to minority interests                                                                           | (1)            | 16          | 7              | 20           |

Notes 1 to 5 are an integral part of this consolidated statement of recognized income and expenses at June 30, 2017.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

**Repsol, S.A. and investees comprising the Repsol Group**

**Consolidated statement of changes in equity corresponding to the interim periods ending June 30, 2017 and 2016**

| Million euros                                  | Equity attributable to equity holders of the parent company |                            |                 |                                       |                          |                                        |                                         |                    |
|------------------------------------------------|-------------------------------------------------------------|----------------------------|-----------------|---------------------------------------|--------------------------|----------------------------------------|-----------------------------------------|--------------------|
|                                                | Capital and reserves                                        |                            |                 |                                       |                          |                                        |                                         |                    |
|                                                | Capital                                                     | Share premium and reserves | Treasury shares | Net income attributable to the parent | Other equity instruments | Other accumulated comprehensive income | Total equity attributable to the parent | Minority interests |
|                                                |                                                             |                            |                 |                                       |                          |                                        |                                         | Total equity       |
| <b>Adjusted opening balance</b>                | <b>1,442</b>                                                | <b>26,030</b>              | <b>(248)</b>    | <b>(1,398)</b>                        | <b>1,017</b>             | <b>1,691</b>                           | <b>28,534</b>                           | <b>228</b>         |
| <b>Total recognized gains/(losses)</b>         | -                                                           | <b>(8)</b>                 | -               | <b>639</b>                            | -                        | <b>(346)</b>                           | <b>285</b>                              | <b>20</b>          |
| <b>Transactions with partners or owners</b>    |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Increase/(decrease) of capital                 | 24                                                          | (24)                       | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Dividend payments                              | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | (4)                |
| Treasury share transactions (net)              | -                                                           | -                          | (60)            | -                                     | -                        | -                                      | (60)                                    | (60)               |
| Increases/(Reductions) due to changes in scope | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | (21)               |
| Other transactions with partners or owners     | -                                                           | (144)                      | -               | -                                     | -                        | -                                      | (144)                                   | -                  |
| <b>Other changes in equity</b>                 |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Transfers between equity accounts              | -                                                           | (1,398)                    | -               | 1,398                                 | -                        | -                                      | -                                       | -                  |
| Perpetual subordinated bond issues             | -                                                           | (15)                       | -               | -                                     | (12)                     | -                                      | (27)                                    | -                  |
| Other changes                                  | -                                                           | 2                          | -               | -                                     | -                        | 2                                      | 4                                       | 1                  |
| <b>Closing balance at 06/30/2016</b>           | <b>1,466</b>                                                | <b>24,443</b>              | <b>(308)</b>    | <b>639</b>                            | <b>1,005</b>             | <b>1,347</b>                           | <b>28,592</b>                           | <b>224</b>         |
| <b>Total recognized gains/(losses)</b>         | -                                                           | <b>(3)</b>                 | -               | <b>1,097</b>                          | -                        | <b>1,034</b>                           | <b>2,128</b>                            | <b>26</b>          |
| <b>Transactions with partners or owners</b>    |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Increase/(decrease) of capital                 | 30                                                          | (30)                       | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Dividend payments                              | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | (5)                |
| Treasury share transactions (net)              | -                                                           | (61)                       | 307             | -                                     | -                        | -                                      | 246                                     | -                  |
| Increases/(Reductions) due to changes in scope | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Other transactions with partners or owners     | -                                                           | (99)                       | -               | -                                     | -                        | -                                      | (99)                                    | -                  |
| <b>Other changes in equity</b>                 |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Transfers between equity accounts              | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Perpetual subordinated bond issues             | -                                                           | (14)                       | -               | -                                     | 19                       | -                                      | 5                                       | -                  |
| Other changes                                  | -                                                           | (4)                        | -               | -                                     | -                        | (1)                                    | (5)                                     | (1)                |
| <b>Closing balance at 12/31/2016</b>           | <b>1,496</b>                                                | <b>24,232</b>              | <b>(1)</b>      | <b>1,736</b>                          | <b>1,024</b>             | <b>2,380</b>                           | <b>30,867</b>                           | <b>244</b>         |
| <b>Total recognized gains/(losses)</b>         | -                                                           | <b>(3)</b>                 | -               | <b>1,056</b>                          | -                        | <b>(1,731)</b>                         | <b>(678)</b>                            | <b>7</b>           |
| <b>Transactions with partners or owners</b>    |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Increase/(decrease) of capital                 | 31                                                          | (31)                       | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Dividend payments                              | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Treasury share transactions (net)              | -                                                           | 1                          | (36)            | -                                     | -                        | -                                      | (35)                                    | -                  |
| Increases/(Reductions) due to changes in scope | -                                                           | -                          | -               | -                                     | -                        | -                                      | -                                       | -                  |
| Other transactions with partners or owners     | -                                                           | (189)                      | -               | -                                     | -                        | -                                      | (189)                                   | -                  |
| <b>Other changes in equity</b>                 |                                                             |                            |                 |                                       |                          |                                        |                                         |                    |
| Transfers between equity accounts              | -                                                           | 1,736                      | -               | (1,736)                               | -                        | -                                      | -                                       | -                  |
| Perpetual subordinated bond issues             | -                                                           | (15)                       | -               | -                                     | (19)                     | -                                      | (34)                                    | -                  |
| Other changes                                  | -                                                           | 1                          | -               | -                                     | -                        | -                                      | 1                                       | -                  |
| <b>Closing balance at 06/30/2017</b>           | <b>1,527</b>                                                | <b>25,732</b>              | <b>(37)</b>     | <b>1,056</b>                          | <b>1,005</b>             | <b>649</b>                             | <b>29,932</b>                           | <b>251</b>         |

Notes 1 a 5 are an integral part of this consolidated statement of changes in equity at June 30, 2017.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

Repsol, S.A. and investees comprising the Repsol Group

Consolidated cash flow statement corresponding to the second quarter of 2017 (Q2 2017) and 2016 (Q2 2016) and the interim periods ending June 30, 2017 and 2016

|                                                                             | Million euros  |                |                   |                   |
|-----------------------------------------------------------------------------|----------------|----------------|-------------------|-------------------|
|                                                                             | Q2 2017        | Q2 2016        | 06/30/2017        | 06/30/2016        |
| <b>Net income before tax</b>                                                | <b>431</b>     | <b>251</b>     | <b>1,295</b>      | <b>694</b>        |
| <b>Adjustments to net income:</b>                                           | <b>571</b>     | <b>905</b>     | <b>1,166</b>      | <b>1,302</b>      |
| Depreciation and amortization of non-current assets                         | 790            | 583            | 1,389             | 1,158             |
| Other adjustments to income (net)                                           | (219)          | 322            | (223)             | 144               |
| <b>Changes in working capital</b>                                           | <b>569</b>     | <b>(319)</b>   | <b>10</b>         | <b>(520)</b>      |
| <b>Other cash flow from operating activities:</b>                           | <b>(168)</b>   | <b>(138)</b>   | <b>(389)</b>      | <b>125</b>        |
| Dividends received                                                          | 207            | 182            | 215               | 306               |
| Income tax received/(paid)                                                  | (226)          | (115)          | (341)             | 136               |
| Other proceeds from/(payments for) operating activities                     | (149)          | (205)          | (263)             | (317)             |
| <b>Cash flow from operating activities</b>                                  | <b>1,403</b>   | <b>699</b>     | <b>2,082</b>      | <b>1,601</b>      |
| <b>Payments for investing activities:</b>                                   | <b>(584)</b>   | <b>(803)</b>   | <b>(1,136)</b>    | <b>(1,582)</b>    |
| Group companies and associates                                              | (86)           | (301)          | (135)             | (472)             |
| Property, plant and equipment, intangible assets and investment property    | (477)          | (489)          | (883)             | (1,001)           |
| Other financial assets                                                      | (21)           | (13)           | (118)             | (109)             |
| <b>Proceeds from divestments</b>                                            | <b>10</b>      | <b>677</b>     | <b>22</b>         | <b>841</b>        |
| Group companies and associates                                              | -              | 578            | (18)              | 665               |
| Property, plant and equipment, intangible assets and investment property    | 8              | 91             | 37                | 167               |
| Other financial assets                                                      | 2              | 8              | 3                 | 9                 |
| <b>Other cash flow</b>                                                      | <b>(4)</b>     | <b>(1)</b>     | <b>(4)</b>        | <b>(1)</b>        |
| <b>Cash flow from investing activities</b>                                  | <b>(578)</b>   | <b>(127)</b>   | <b>(1,118)</b>    | <b>(742)</b>      |
| <b>Proceed from/(payments for) equity instruments:</b>                      | <b>(18)</b>    | <b>(42)</b>    | <b>(183)</b>      | <b>(49)</b>       |
| Issues                                                                      | -              | -              | -                 | -                 |
| Acquisition                                                                 | (23)           | (46)           | (190)             | (53)              |
| Disposal                                                                    | 5              | 4              | 7                 | 4                 |
| <b>Proceeds from/ (payments for) financial liabilities:</b>                 | <b>301</b>     | <b>(646)</b>   | <b>(290)</b>      | <b>(274)</b>      |
| Issues                                                                      | 2,981          | 2,661          | 6,155             | 7,120             |
| Return and redemption                                                       | (2,680)        | (3,307)        | (6,445)           | (7,394)           |
| <b>Payments for dividends and remuneration on other equity instruments:</b> | <b>(5)</b>     | <b>-</b>       | <b>(143)</b>      | <b>(271)</b>      |
| <b>Other cash flow from financing activities:</b>                           | <b>(82)</b>    | <b>(173)</b>   | <b>(291)</b>      | <b>(482)</b>      |
| Interest payments                                                           | (109)          | (109)          | (341)             | (396)             |
| Other proceeds from/ (payments for) financing activities                    | 27             | (64)           | 50                | (86)              |
| <b>Cash flow from financing activities</b>                                  | <b>196</b>     | <b>(861)</b>   | <b>(907)</b>      | <b>(1,076)</b>    |
| <b>Effect of changes in exchange rates</b>                                  | <b>(26)</b>    | <b>6</b>       | <b>(27)</b>       | <b>(6)</b>        |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>                | <b>995</b>     | <b>(283)</b>   | <b>30</b>         | <b>(223)</b>      |
| Cash and cash equivalents at the beginning of the period                    | 3,722          | 2,508          | 4,687             | 2,448             |
| Cash and cash equivalents at the end of the period                          | 4,717          | 2,225          | 4,717             | 2,225             |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>     | <b>Q2 2017</b> | <b>Q2 2016</b> | <b>06/30/2017</b> | <b>06/30/2016</b> |
| Cash at bank and in hand                                                    | 4,196          | 1,825          | 4,196             | 1,825             |
| Other financial assets                                                      | 521            | 400            | 521               | 400               |
| <b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>             | <b>4,717</b>   | <b>2,225</b>   | <b>4,717</b>      | <b>2,225</b>      |

Notes 1 a 5 are an integral part of this consolidated cash flow statement at June 30, 2017.

## NOTES TO THE FINANCIAL STATEMENTS

### INDEX

| Note | Issue                                                                                 | Page      |
|------|---------------------------------------------------------------------------------------|-----------|
| (1)  | <b>GENERAL INFORMATION</b> .....                                                      | <b>8</b>  |
| 1.1  | About the interim condensed consolidated financial statements.....                    | 8         |
| 1.2  | About the Repsol Group .....                                                          | 8         |
| (2)  | <b>BASIS OF PRESENTATION</b> .....                                                    | <b>8</b>  |
| 2.1  | General principles.....                                                               | 8         |
| 2.2  | Comparative information.....                                                          | 9         |
| 2.3  | Standards applicable to financial information .....                                   | 9         |
| 2.4  | Changes in estimates and accounting judgments .....                                   | 10        |
| 2.5  | Seasonality.....                                                                      | 10        |
| 2.6  | Information by business segment .....                                                 | 10        |
| (3)  | <b>SEGMENT RESULTS</b> .....                                                          | <b>12</b> |
| 3.1  | Results .....                                                                         | 12        |
| 3.2  | Information by geographical area .....                                                | 16        |
| (4)  | <b>OTHER INFORMATION</b> .....                                                        | <b>16</b> |
| 4.1  | Assets .....                                                                          | 16        |
| 4.2  | Investments accounted for using the equity method .....                               | 17        |
| 4.3  | Investments held for sale .....                                                       | 17        |
| 4.4  | Financial instruments.....                                                            | 17        |
| 4.5  | Equity .....                                                                          | 19        |
| 4.6  | Tax situation .....                                                                   | 21        |
| 4.7  | Operating revenues and expenses.....                                                  | 23        |
| 4.8  | Asset impairment.....                                                                 | 23        |
| 4.9  | Earnings per share .....                                                              | 23        |
| 4.10 | Geopolitical risks.....                                                               | 23        |
| 4.11 | Legal contingencies .....                                                             | 25        |
| 4.12 | Remuneration of Board members and personnel obligations .....                         | 25        |
| 4.13 | Other information .....                                                               | 27        |
| (5)  | <b>EXPLANATION ADDED FOR TRANSLATION TO ENGLISH</b> .....                             | <b>27</b> |
|      | <b>APPENDIX</b>                                                                       |           |
|      | <b>APPENDIX I: GROUP COMPOSITION</b> .....                                            | <b>28</b> |
|      | <b>APPENDIX II: REGULATORY FRAMEWORK</b> .....                                        | <b>29</b> |
|      | <b>APPENDIX III: OTHER DETAILED INFORMATION</b> .....                                 | <b>30</b> |
|      | <b>APPENDIX IV: RECONCILIATION BETWEEN REPSOL'S REPORTING MODEL AND IFRS-EU</b> ..... | <b>34</b> |

## **(1) GENERAL INFORMATION**

### **1.1 About the interim condensed consolidated financial statements**

The accompanying interim condensed consolidated financial statements of Repsol, S.A. and its investees, comprising the Repsol Group entities, present fairly the Group's equity and financial position at June 30, 2017, as well as the Group's earnings performance, the changes in the consolidated equity and the consolidated cash flows for the six-month interim period then ended.

These interim condensed consolidated financial statements were approved by the Board of Directors of Repsol S.A. at a meeting held on July 26, 2017.

### **1.2 About the Repsol Group**

Repsol constitutes an integrated group of oil and gas (hereinafter "Repsol", "Repsol Group" or "Group") which commenced its operations in 1987.

The Repsol Group is engaged in all the activities relating to the oil and gas industry, including exploration, development and production of crude oil and natural gas, transportation of oil products, liquefied petroleum gas (LPG) and natural gas, refining, the production of a wide range of oil products and the marketing of oil products, oil byproducts, petrochemicals products, LPG, natural gas and liquefied natural gas (LNG).

The Repsol Group prepares its consolidated financial statements including the investments in all of its subsidiaries, associates and joint arrangements. Appendix I of the consolidated financial statements for the financial year 2016 details the main companies comprising the Repsol Group, which were included in the consolidation scope at said date. Appendix I of these interim condensed consolidated financial statements details the main changes in the Group's composition that occurred during the first six months of 2017.

The activities of Repsol, S.A. and subsidiaries are subject to extensive regulation, the key aspects of which are set out in Appendix IV of the consolidated financial statements at December 31, 2016. Appendix II sets out the main changes during the first six months of 2017.

## **(2) BASIS OF PRESENTATION**

### **2.1 General principles**

The accompanying interim financial statements are expressed in millions of euros (except where otherwise indicated) and have been prepared based on the accounting records of the Group entities in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) at June 30, 2017, specifically in accordance with the requirements established in International Accounting Standard (IAS) 34 "*Interim Financial Reporting*", in addition to other applicable regulatory provisions.

In accordance with IAS 34, these interim condensed consolidated financial statements are only intended to provide an update on the latest approved annual financial statements, focusing on new activities, events, and circumstances occurring during the first six months of the year; they do not, accordingly, duplicate information already disclosed in the prior-year annual consolidated financial statements. For an appropriate understanding of the information provided in these interim financial statements, and given that they do not include information required for the preparation of a complete set of financial statements in accordance with IFRS-EU, they should be read in

conjunction with the Repsol Group's consolidated financial statements for the year ended December 31, 2016, which were ratified at Repsol, S.A.'s Annual General Meeting on May 19, 2017.

## **2.2 Comparative information**

As required under prevailing accounting standards, the earnings per share figures for the second quarter and the first six months of 2016 have been restated in order to factor into the calculation the average number of shares outstanding in the wake of the capital increases carried out as part of the shareholder remuneration scheme known as the “*Repsol Flexible Dividend*” Program. This scheme is detailed in Note 4.5 “*Equity*”.

## **2.3 Standards applicable to financial information**

The regulations applicable to the preparation of these financial statements have not undergone any changes compared to those applied to the consolidated financial statements at December 31, 2016. In this regard, the following regulatory changes are yet to be adopted by the European Union (EU), which, once adopted, shall apply from January 1, 2017:

- Amendments to IAS 12 *Recognition of deferred tax assets for unrealized losses*.
- Amendments to IAS 7 *Disclosure initiative*.
- Annual Improvements to IFRSs, 2014-2016 Cycle<sup>1</sup>.

The Group estimates that these accounting standard updates will not have any significant impact on the consolidated financial statements other than, as applicable, certain requirements for additional information.

With regard to the standards that have been issued by the IASB and endorsed by the European Union and which will be mandatory in 2018, the main impact of these will be as follows:

- IFRS 9 *Financial instruments*: the accounting effects identified in terms of the first application will be recognized in reserves and they will primarily consist of the effects of application of the new impairment model of financial assets based on "expected loss". Application of the expected loss model under IFRS 9 *Financial instruments*, in contrast to that prescribed by the current IAS 39, would entail the early recognition of expected credit losses from as soon as a financial instrument is recognized for the first time even in the absence of any indication of impairment. As to subsequent application, depending on the transactions concluded in the future, the main effects that might arise from application of IFRS 9 would be: i) the recognition of a provision for credit risk based on the "expected loss" model upon recognition on the balance sheet of a financial asset or a financial guarantee; ii) wider flexibility in the accounting treatment of hedges; and iii) the option to measure at fair value through profit or loss those commodity purchase and sale commitments within the Group's normal course of business which would otherwise create an accounting asymmetry with the related derivative financial instruments. In addition, the Standard includes new criteria for classification and measurement of financial assets based on the contractual characteristics of the instruments and on the entity's management model. The Group is currently assessing the date and the impacts deriving from the first application.

---

<sup>1</sup> Includes Amendments to IFRS 12 *Disclosure of interests in other entities*.

- IFRS 15 *Revenue from contracts with customers*: as of the reporting date the Group has not identified any potential material impact on its financial statements regarding: (i) changes in transactions within the scope of the new Standard with respect to the current Standard; (ii) the identification of "performance obligations" (obligations to transfer goods or services in contracts with customers) other than those already identified that might lead to their separation for the purposes of income recognition and measurement; (iii) accrual for accounting purposes or temporary attribution of income. The only significant change is that the Standard requires new disclosures.

During the first half of 2017, new regulatory standards that shall apply on a mandatory basis in the future have been issued pending adoption by the European Union.

- Interpretation of IFRIC 23 *Uncertainty over Handling Income Tax Treatments* (mandatory application in 2019).
- IFRS 17 *Insurance contracts* (mandatory application in 2021).

The Group is assessing the impact that the aforementioned regulatory developments may have on the consolidated financial statements.

## **2.4 Changes in estimates and accounting judgments**

The preparation of these interim financial statements requires the use of judgments and estimates that affect the measurement of recognized assets and liabilities, the presentation of contingent assets and liabilities and the income and expense recognized during the period. Actual results may differ significantly from these estimates.

These estimates are made based on the best information available, as described in Note 3 "Accounting estimates and judgments" of the consolidated financial statements for the financial year 2016. The methodology used to calculate the estimates made at year-end 2016 has not changed significantly in the first six months of 2017.

## **2.5 Seasonality**

Of Group activities, the liquefied petroleum gas (LPG) and natural gas businesses involve the highest degree of seasonality due to their dependence on climate conditions, with increased activity during winter and decreased activity during summer in the northern hemisphere.

## **2.6 Information by business segment**

### ***Definition of segments***

The segment reporting disclosed by the Group in Note 3 is presented in accordance with the disclosure requirements of IFRS 8 *Operating segments*.

The definition of the Repsol Group's business segments is based on the delimitation of the different activities performed and from which the Group earns revenue or incurs expenses, as well as on the organizational structure approved by the Board of Directors for business management. Using these segments as a reference point, Repsol's management team (the Corporate, E&P and Downstream Executive Committees) analyzes the main operating and financial indicators in order to make decisions about segment resource allocation and to assess how the Company is performing. In 2016, following the sale of 10% of Gas Natural SDG, S.A. and the discharge of the shareholders' agreement with La Caixa on September 21, 2016, Gas Natural Fenosa lost its status as an operating

segment. From that moment onward, the remaining shareholding in Gas Natural SDG, S.A. is included within “Corporation and other”.

The operating segments of the Group are:

- *Upstream*, relating to exploration and development of crude oil and natural gas reserves and;
- *Downstream*, relating, mainly, to the following activities: (i) refining and petrochemistry, (ii) trading and transportation of crude oil and oil products, (iii) commercialization of oil products, petrochemical and LPG, (iv) the commercialization, transport and regasification of natural gas and liquefied natural gas (LNG).

Finally, *Corporation and others* includes activities not attributable to the aforementioned businesses, specifically: corporate expenses, net finance costs, earnings and other metrics related to the remaining interest in Gas Natural SDG, S.A.<sup>1</sup> and inter-segment consolidation adjustments.

The Group has not aggregated any operating segments for presentation purposes.

### ***Presentation of segment results***

In presenting the results of its operating segments Repsol includes the results of its joint ventures<sup>2</sup> and other companies managed as such<sup>3</sup> in accordance with the Group's ownership interest, considering its operational and economic metrics in the same manner and with the same detail as for fully consolidated companies. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes is adequately reflected.

In addition, the Group, considering its business reality and in order to make its disclosures more comparable with those in the sector, utilizes as a measure of segment profit the so-called Adjusted net income, which corresponds to net income from continuing operations at “*Current cost of supply*” or CCS after taxes and minority interests and not including certain items of income and expense (“*Special Items*”). Financial result is allocated to the *Corporation and others* segment's Adjusted net income.

The Current Cost of Supply (CCS) is commonly used in this industry to present the results of *Downstream* businesses which must work with huge inventories subject to continual price fluctuations. It is not a commonly-accepted European accounting regulation, yet it does enable comparability with other sector companies and the monitoring of businesses independently of the impact of price variations on their inventories. Using the CCS method, the cost of volumes sold during the reporting period is calculated using the costs of procurement and production incurred during that same period. Therefore, the adjusted net income does not include the Inventory effect. The inventory effect is presented separately, net of tax and minority interests, and reflects the difference between income according to the CCS method and that arrived at using the Weighted Average Cost approach, which is the method used by the Company to determine its earnings in accordance with European accounting regulations.

---

<sup>1</sup> It includes net income of the company according to the equity method. The other measures (EBITDA, free cash flow, etc.) only reflect the cash flows affecting the Group in its capacity as shareholder in Gas Natural SDG, S.A. (dividends, etc.).

<sup>2</sup> In the Group's reporting model, joint ventures are consolidated proportionally in accordance with the Group's percent holding. See Note 8 “*Investments accounted for using the equity method*” and Appendix I of the consolidated financial statements for the financial year 2016, which identifies the Group's main joint ventures.

<sup>3</sup> It corresponds to Petrocarabobo, S.A. (Venezuela), an associated entity of the Group.

Furthermore, adjusted net income does not include so-called Special items, i.e., certain material items whose separate presentation is considered appropriate in order to facilitate analysis of ordinary business performance. It includes gains/losses on disposals, personnel restructuring charges, asset impairment losses and provisions for contingencies and other significant charges. Special Items are presented separately, net of the tax effect and minority interests.

For each of the metrics identified by segments (adjusted net income, inventory effect, special items...), in Appendix IV the corresponding items and figures are indicated to facilitate reconciliation with the corresponding metrics prepared in accordance with EU-IFRS.

### (3) SEGMENT RESULTS<sup>1</sup>

#### 3.1 Results

|                            | Million euros |            |              |            |
|----------------------------|---------------|------------|--------------|------------|
|                            | Q 2 2017      | Q 2 2016   | 06/30/2017   | 06/30/2016 |
| Upstream                   | 115           | 46         | 339          | 63         |
| Downstream                 | 429           | 378        | 929          | 934        |
| Corporation and others     | (48)          | (79)       | (142)        | (80)       |
| <b>ADJUSTED NET INCOME</b> | <b>496</b>    | <b>345</b> | <b>1,126</b> | <b>917</b> |
| Inventory effect           | (144)         | 159        | (60)         | 2          |
| Special items              | 15            | (299)      | (10)         | (280)      |
| <b>NET INCOME</b>          | <b>367</b>    | <b>205</b> | <b>1,056</b> | <b>639</b> |

Note: The explanation of the results for the six-month period ending June 30, 2017 is provided in section 4 of the 2017 Interim Management Report.

In the **second quarter of 2017**, net income for Repsol amounted to €367 million (+79% on same period of previous year), generated free cash flow of €823 million (+43% on 2Q of 2016) and reduced its net debt to €7,477 million (-36% from 2Q of 2016).

The second-quarter 2017 results, compared to the same period in 2016, occur in a more favorable **environment**, marked by higher oil and gas prices (a 9% increase in Brent prices and a 60% increase in the Henry Hub), the improved international environment in the Chemicals business and solid refining margin indicators (above \$6/bbl).

**Adjusted net income** in the quarter amounted to €496 million, up 44% on the second quarter of the previous year, with a notable improvement in all business segments: in *Upstream* (+150%) given the improvement in realization prices and the Libyan contribution and in the *Downstream* segment (+13%), given the better results of both industrial businesses and Marketing and of *Gas & Power* activities in North America and, finally in *Corporation and other* (+39%), due to lower corporate costs, the positive impact of exchange rate trends and lower debt costs.

#### **Upstream**

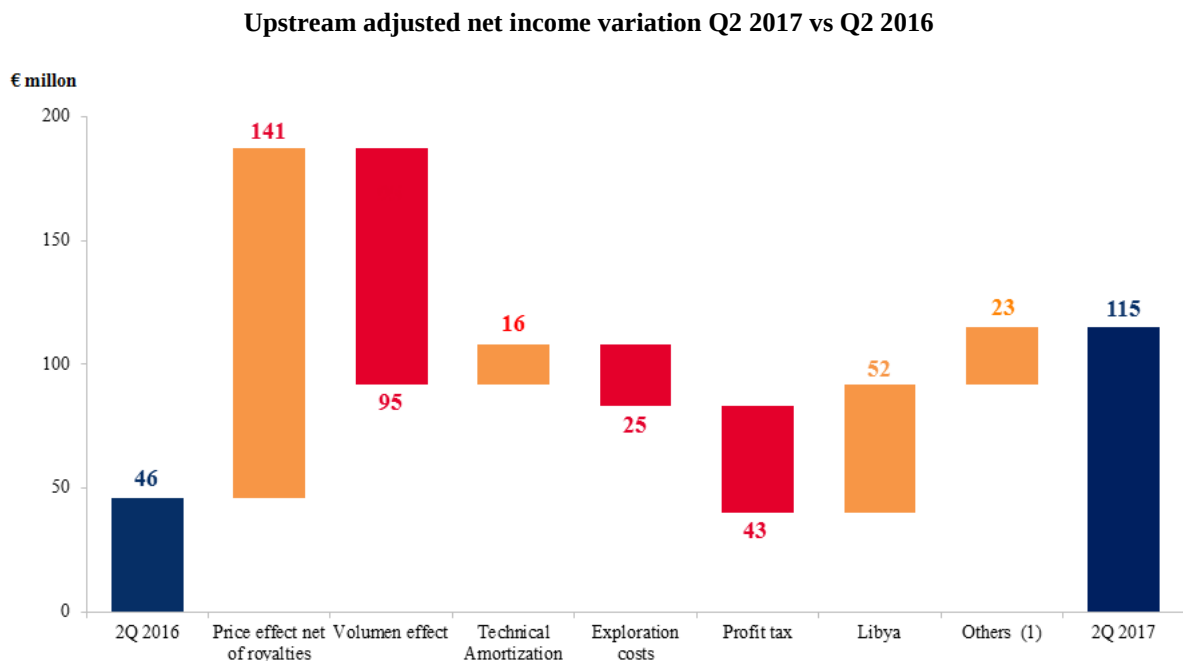
Average production in the second quarter was 677 Kboe/d, down 3% on the same period in 2016. The drop in demand for gas exports to the Brazilian market in Bolivia, the natural decline of US fields and the drop in production corresponding to the assets sold in Indonesia have been offset, in

<sup>1</sup> All the information presented in this Note has been prepared using the Group's reporting model (see Note 2.6), unless expressly indicated otherwise, and is reconciled with IFRS-EU financial statements in Appendix IV. Some of these metrics are Alternative Performance Measures (APMs) in accordance with ESMA guidelines (for further information, see Appendix I of the Consolidated Management Report for the first half of 2017 at <https://www.repsol.es>)

the large part, with the resumed production in Libya and the increase in Brazil due to the starting of production in Lapa and the new wells in Sapinhoá.

In terms of **exploration activity**, five exploratory wells and one appraisal well were completed during the reporting period. The findings in three instances have been positive (two exploratory and one appraisal well) and in three instances, they have been negative (exploratory). The discovery important of the Savannah and Macadamia wells in Trinidad and Tobago is worth special mention (for further information, see section 5.1 *Upstream* of the interim management report for the first half of 2017).

**Upstream adjusted net income** amounted to €115 million, well up on the same period in the previous year (€46 million). This improvement can be attributed to the increase in crude oil realization prices and, in particular, gas prices, in addition to the reduction in recurring operating costs and lower amortization. The higher income has been offset in part by lower volumes sold – despite the contribution of Libya and Brazil - higher taxes and exploration expenses (dry well Siluro in Colombia stands out).



(1) Includes general administration costs, and the effect of the exchange rate and others.

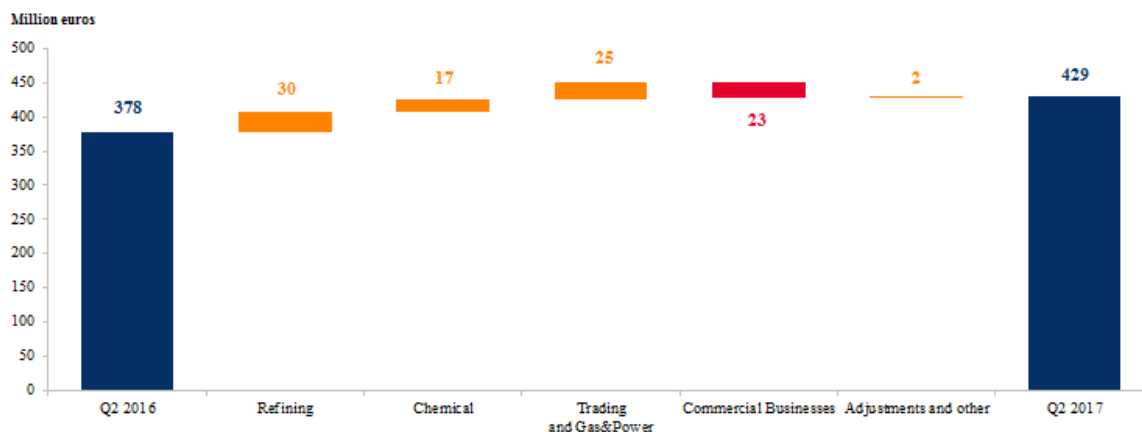
**Upstream EBITDA** amounted to €745 million, up 41% on the same period of the previous year, driven by the improvement in operating results.

Net investment of the period (€466 million), were 21% down year-on-year.

## Downstream

Adjusted net income in the second quarter of 2017 amounted to €429 million, 13% up year-on-year.

Downstream adjusted net income variation Q2 2017 vs Q2 2016



The improved result can be explained as follows:

- Refining results have improved on account of the increase in sales, driven by the high utilization levels at plants (despite multi-annual maintenance downtime at industrial complexes) and the positive exchange rate effect as a result of the strengthening of the dollar, which has offset the slight decrease in margins.
- Better income from higher margins have been recorded in the Chemicals business, driven by the improvement in the international environment; despite the increase in naphtha prices, the prices of basic chemical and derivative products have increased as a result of an increase in demand. On the other hand, there has been a drop in sales due to plant maintenance.
- Improved results in Trading and the recovery of the *Gas & Power* business in North America, supported by the increase in volumes sold and the reduction in transport costs and amortizations.
- In Commercial businesses, the better results of Marketing in Spain and Portugal – driven by increasing sales and the lower fixed cost of service stations – has been offset by the lower income of the LPG business, which included public compensation recognized in 2016 due to the application of the formula for maximum retail prices for regulated bottled LPG in 2009 and 2010.

Downstream EBITDA totaled €557 million, compared to the €914 million recorded in the second half of 2016.

## Corporation and other

Adjusted net income totaled -€48 million, (compared to the -€79 million recorded in the second quarter of 2016). The improvement can be attributed to lower corporation costs and the improvement of the financial result due to lower debt interest, and the gains from dollar positions

linked to exchange rate trends. The improvement has been partially offset by the decrease in income contributed by Gas Natural Fenosa (following the reduction of the shareholding in 2016).

The **inventory effect** amounted to -€144 million following the drop in crude prices in the second quarter.

In **special items**, amounting to €15 million, a highlight was the reversal of environmental provisions in Peru and workforce restructuring, mainly in terms of the management team cutbacks.

| Million euros                   | Upstream  |              | Downstream |           | Corporation |              | TOTAL     |              |
|---------------------------------|-----------|--------------|------------|-----------|-------------|--------------|-----------|--------------|
|                                 | Q2 2017   | Q2 2016      | Q2 2017    | Q2 2016   | Q2 2017     | Q2 2016      | Q2 2017   | Q2 2016      |
| Divestments                     | 3         | (10)         | 1          | 201       | 1           | -            | 5         | 191          |
| Workforce restructuring charges | (9)       | (37)         | (4)        | (129)     | (21)        | (150)        | (34)      | (316)        |
| Impairment                      | 2         | (9)          | -          | -         | -           | -            | 2         | (9)          |
| Provisions and other            | 57        | (116)        | 6          | (12)      | (21)        | (37)         | 42        | (165)        |
| <b>TOTAL</b>                    | <b>53</b> | <b>(172)</b> | <b>3</b>   | <b>60</b> | <b>(41)</b> | <b>(187)</b> | <b>15</b> | <b>(299)</b> |

As a result of the foregoing, **net income** for the second quarter amounted to €367 million, up 79% on the same period in 2016.

**EBITDA** for the period came to €1,264 million, down 9% year-on-year. The noteworthy performance of all business segments was offset by the negative inventory effect in the period.

**Free cash flow** in the second quarter of 2017 came to €823 million, up on the €574 million recorded in the second quarter of 2016. The decrease in investments and working capital improvement made it possible to mitigate the reduction in EBITDA, higher tax costs and the absence of divestments in the period.

|                                                                  | Q2 2017      | Q2 2016      |
|------------------------------------------------------------------|--------------|--------------|
| <b>EBITDA</b>                                                    | <b>1,264</b> | <b>1,390</b> |
| Changes in working capital                                       | 488          | (374)        |
| Dividends received                                               | 137          | 180          |
| Income tax receipts/(payments)                                   | (251)        | (150)        |
| Other receipts/(payments) of operating activities                | (180)        | (217)        |
| <b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>                    | <b>1,458</b> | <b>829</b>   |
| Payments on investments                                          | (654)        | (803)        |
| Proceeds from divestments                                        | 19           | 548          |
| <b>II. CASH FLOW FROM INVESTMENT ACTIVITIES</b>                  | <b>(635)</b> | <b>(255)</b> |
| <b>FREE CASH FLOW (I+II)</b>                                     | <b>823</b>   | <b>574</b>   |
| Dividend payments and remuneration from other equity instruments | (5)          | -            |
| Net interests                                                    | (112)        | (111)        |
| Treasury shares                                                  | (18)         | (42)         |
| <b>CASH GENERATED DURING THE PERIOD</b>                          | <b>688</b>   | <b>421</b>   |

**Net debt** at June 30, 2017 amounted to €7,477 million, significantly inferior to that at the same date last year, €11,709 million, due to the improvement in the cash flow generated by the businesses over the period, discipline in investments and the lower costs of borrowing. During the quarter, net debt decreased by €868 million.

Group's **liquidity**, including committed and undrawn credit facilities, stood at €7,756 million euros at June 30, 2017, which is enough to cover its short-term debt maturities by a factor of 1.91. The Repsol Group had unused credit lines amounting to €2,814 and €4,429 million at June 30, 2017 and December 31, 2016, respectively.

## 3.2 Information by geographical area

The geographic distribution of the main figures in each of the detailed periods is as follows:

| Million euros                | Second quarter 2017 and 2016 |              |                                    |             |                                          |              |
|------------------------------|------------------------------|--------------|------------------------------------|-------------|------------------------------------------|--------------|
|                              | Revenue <sup>(1)</sup>       |              | Adjusted net income <sup>(1)</sup> |             | Net operating investments <sup>(1)</sup> |              |
|                              | Q2 2017                      | Q2 2016      | Q2 2017                            | Q2 2016     | Q2 2017                                  | Q2 2016      |
| <b>Upstream</b>              | <b>1,499</b>                 | <b>1,225</b> | <b>115</b>                         | <b>46</b>   | <b>466</b>                               | <b>643</b>   |
| Europe, Africa and Brazil    | 503                          | 329          | 59                                 | 34          | 86                                       | 182          |
| Latin America - Caribbean    | 462                          | 430          | 53                                 | 107         | 128                                      | 215          |
| North America                | 306                          | 241          | (15)                               | (46)        | 102                                      | 25           |
| Asia and Russia              | 228                          | 225          | 21                                 | 13          | 87                                       | 85           |
| Exploration and other        | -                            | -            | (3)                                | (62)        | 63                                       | 136          |
| <b>Downstream</b>            | <b>9,637</b>                 | <b>7,528</b> | <b>429</b>                         | <b>378</b>  | <b>154</b>                               | <b>(344)</b> |
| Europe                       | 8,847                        | 7,122        | 437                                | 412         | 108                                      | (189)        |
| Rest of World                | 1,489                        | 817          | (8)                                | (34)        | 46                                       | (155)        |
| Adjustments                  | (699)                        | (411)        | -                                  | -           | -                                        | -            |
| <b>Corporation and other</b> | <b>(390)</b>                 | <b>(257)</b> | <b>(48)</b>                        | <b>(79)</b> | <b>10</b>                                | <b>30</b>    |
| <b>TOTAL</b>                 | <b>10,746</b>                | <b>8,496</b> | <b>496</b>                         | <b>345</b>  | <b>630</b>                               | <b>329</b>   |

<sup>(1)</sup> For the reconciliation of these figures with the IFRS-EU disclosures, see Appendix IV and Appendix I of the 2017 interim management report.

| Million euros                | First half 2017 and 2016 |               |                                    |             |                                          |              |                                 |               |
|------------------------------|--------------------------|---------------|------------------------------------|-------------|------------------------------------------|--------------|---------------------------------|---------------|
|                              | Revenue <sup>(1)</sup>   |               | Adjusted net income <sup>(1)</sup> |             | Net operating investments <sup>(1)</sup> |              | Capital employed <sup>(1)</sup> |               |
|                              | 06/30/2017               | 06/30/2016    | 06/30/2017                         | 06/30/2016  | 06/30/2017                               | 06/30/2016   | 06/30/2017                      | 06/30/2016    |
| <b>Upstream</b>              | <b>3,097</b>             | <b>2,309</b>  | <b>339</b>                         | <b>63</b>   | <b>921</b>                               | <b>1,281</b> | <b>22,592</b>                   | <b>23,804</b> |
| Europe, Africa and Brazil    | 1,059                    | 586           | 141                                | 58          | 177                                      | 295          | -                               | -             |
| Latin America - Caribbean    | 882                      | 804           | 159                                | 172         | 290                                      | 404          | -                               | -             |
| North America                | 642                      | 466           | (25)                               | (114)       | 217                                      | 194          | -                               | -             |
| Asia and Russia              | 514                      | 453           | 74                                 | 19          | 133                                      | 107          | -                               | -             |
| Exploration and other        | -                        | -             | (10)                               | (72)        | 104                                      | 281          | -                               | -             |
| <b>Downstream</b>            | <b>19,094</b>            | <b>14,638</b> | <b>929</b>                         | <b>934</b>  | <b>245</b>                               | <b>(258)</b> | <b>9,294</b>                    | <b>9,380</b>  |
| Europe                       | 17,659                   | 13,486        | 883                                | 940         | 185                                      | (137)        | -                               | -             |
| Rest of World                | 2,996                    | 1,941         | 46                                 | (6)         | 60                                       | (121)        | -                               | -             |
| Adjustments                  | (1,561)                  | (789)         | -                                  | -           | -                                        | -            | -                               | -             |
| <b>Corporation and other</b> | <b>(800)</b>             | <b>(402)</b>  | <b>(142)</b>                       | <b>(80)</b> | <b>8</b>                                 | <b>15</b>    | <b>5,774</b>                    | <b>7,347</b>  |
| <b>TOTAL</b>                 | <b>21,391</b>            | <b>16,545</b> | <b>1,126</b>                       | <b>917</b>  | <b>1,174</b>                             | <b>1,038</b> | <b>37,660</b>                   | <b>40,531</b> |

<sup>(1)</sup> For the reconciliation of these figures with the IFRS-EU disclosures, see Appendix IV and Appendix I of the 2017 interim management report.

## (4) OTHER INFORMATION

This section outlines the most significant changes affecting the consolidated balance sheet and income statement headings in the period.

### 4.1 Assets

The breakdown by geography of the Group's most significant investments is detailed in Note 3.2 "Information by geographical area", which is presented using the Group's reporting model.

#### Investment commitments

On April 17, the "Field Development Plan" (FDP) of the project for the development and start of production of the Ca Rong Do (CRD) offshore discovery in Vietnam block 07/03 was approved by the corresponding authorities. Subsequently, on April 26, Repsol and its partners in the project signed the "Final Investment Decision" (FID), launching the development phase of the project which is expected to begin production in late 2019. Net investment required from Repsol has been estimated at \$627 million.

Repsol and its partner Pertamina have reached an agreement with Sonatrach, the Algerian national company, to commence Phase IV of the development project of block 405a in the MLN field of Algeria. The project will attain production of approximately 30,000 barrels of oil per day and will require an estimated net investment by Repsol of \$110 million.

## 4.2 Investments accounted for using the equity method

Repsol accounts using the equity method all investments and results in joint ventures and associated companies in which it participates. Its investments in joint venture mainly correspond to Repsol Sinopec Brasil, S.A., YPFB Andina, S.A., BPRY Caribbean Ventures, Llc., Petroquiriquire, S.A., Cardón IV, S.A. and Equion Energía, Ltd., and in associates mainly to Gas Natural SDG, S.A.

These investments are reflected in the Group's financial statements as follows:

|                | Million euros                |               |                                 |            |
|----------------|------------------------------|---------------|---------------------------------|------------|
|                | Carrying value of investment |               | Share of results <sup>(1)</sup> |            |
|                | 06/30/2017                   | 12/31/2016    | 06/30/2017                      | 06/30/2016 |
| Joint ventures | 6,222                        | 6,713         | 114                             | 182        |
| Associates     | 3,331                        | 3,463         | 109                             | 30         |
| <b>TOTAL</b>   | <b>9,553</b>                 | <b>10,176</b> | <b>223</b>                      | <b>212</b> |

<sup>(1)</sup> Corresponds to the net income for the period from continuing and discontinued operations. Does not include "Other comprehensive income" of €608 million in 2017 (€496 million corresponding to joint ventures and €112 corresponding to associates) and €57 million in 2016 (€56 million corresponding to joint ventures and €1 million corresponding to associates).

The movement in this heading during the period has been as follows:

|                                                                                  | Million euros |               |
|----------------------------------------------------------------------------------|---------------|---------------|
|                                                                                  | 2017          | 2016          |
| <b>Balance at January 1</b>                                                      | <b>10,176</b> | <b>11,797</b> |
| Net investments                                                                  | 130           | 303           |
| Changes in scope of consolidation                                                | 73            | 1             |
| Share of results of companies accounted for using the equity method net of taxes | 223           | 212           |
| Dividends paid out                                                               | (378)         | (190)         |
| Translation differences                                                          | (599)         | (71)          |
| Reclassifications and other movements                                            | (72)          | (149)         |
| <b>Balance at June 30</b>                                                        | <b>9,553</b>  | <b>11,903</b> |

## 4.3 Investments held for sale

In May, agreement with the Rubis group was reached for the sale of the piping facilities in mainland Portugal for the sum of €8 million. The agreement shall come into force on July 1; therefore, on the reporting date of these consolidated interim financial statements, these assets have been classified as held for sale for the net sum of €2 million.

## 4.4 Financial instruments

### *Financial assets*

|                                                               | Million euros |              |
|---------------------------------------------------------------|---------------|--------------|
|                                                               | 06/30/2017    | 12/31/2016   |
| Non-current financial assets                                  | 1,193         | 1,204        |
| Non-current derivatives on trading transaction <sup>(1)</sup> | 1             | -            |
| Other current financial assets                                | 1,231         | 1,280        |
| Current derivatives on trading transactions <sup>(2)</sup>    | 78            | 64           |
| Cash and cash equivalents                                     | 4,717         | 4,687        |
| <b>Total financial assets</b>                                 | <b>7,220</b>  | <b>7,235</b> |

<sup>(1)</sup> Recorded in "Other non-current assets" on the consolidated balance sheet.

<sup>(2)</sup> Recorded in "Other receivables" on the consolidated balance sheet.

## **Financial liabilities**

|                                                            | Millions of euros |               |
|------------------------------------------------------------|-------------------|---------------|
|                                                            | 06/30/2017        | 12/31/2016    |
| Non-current financial liabilities                          | 8,639             | 9,482         |
| Current financial liabilities                              | 6,809             | 6,909         |
| Current derivatives on trading transactions <sup>(1)</sup> | 54                | 282           |
| <b>Total financial liabilities</b>                         | <b>15,502</b>     | <b>16,673</b> |

<sup>(1)</sup> Recorded in “Other payables” on the consolidated balance sheet.

For further information about the financial instruments recognized on the Group's balance sheet, classified into the various categories of financial assets and liabilities, see Appendix III. Below are the main updates for the various financial liabilities:

### Bonds and other securities

The main issues, repayments or buybacks of bonds and other marketable securities carried out during the first six months of 2017 are the following:

- In February 2017, €886 million of 4.75% fixed annual bonds issued by Repsol International Finance, B.V. as part of the EMTN Program were repaid at maturity.
- In May 2017, Repsol International Finance, B.V. issued €500 million of 0.50% fixed annual bonds<sup>1</sup> underwritten by Repsol, S.A. and maturing in 2022, as part of the EMTN Program.
- On June 9, ROGCI announced the launch of a consent solicitation aimed at holders of its bonds in US dollars in order to amend certain terms and conditions of these issues, with the following main objectives: (i) replacing ROGCI information duties with the periodic financial information that Repsol publishes in compliance with its transparency duties; and (ii) rescinding the merger covenant for the purpose of optimizing the operating and financial flexibility of the Group.

ROGCI also offered investors the option of repurchasing their bonds.

Prior to the announcement of the transaction, Repsol, S.A. granted a guarantee of ROGCI's payment obligations as part of these issues; this guarantee shall remain in force until the maturity or cancellation of the bonds.

ROGCI has received the necessary number of consents from its bondholders to amend the terms and conditions of the issues in the proposed terms and repurchased bonds for a total of \$87 million.

<sup>1</sup>This represents the first issue of a green bond by the Repsol Group, the funds of which are dedicated to refinancing and financing projects that seek to prevent the greenhouse gas emissions as part of refining and chemical activities in Spain and Portugal. For further information, consult the Green Bond Framework published at [www.repsol.energy/es/](http://www.repsol.energy/es/).

The balance of the issues of bonds and other securities at June 30 is as follows:

| ISIN                        | Issuer                             | Issue date | Currency | Face value (million) | Average rate %        | Maturity | Listed <sup>(5)</sup> |
|-----------------------------|------------------------------------|------------|----------|----------------------|-----------------------|----------|-----------------------|
| US87425EAE32 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | oct-97     | Dollar   | 50                   | 7.250%                | oct-27   | -                     |
| XS0145515655                | Repsol Oil & Gas Canada Inc.       | apr-02     | Pounds   | 250                  | 6.625%                | dec-17   | LSE                   |
| US87425EAH62 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | may-05     | Dollar   | 88                   | 5.750%                | may-35   | -                     |
| US87425EAJ29 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | jan-06     | Dollar   | 102                  | 5.850%                | feb-37   | -                     |
| US87425EAK91 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | nov-06     | Dollar   | 115                  | 6.250%                | feb-38   | -                     |
| US87425EAL74 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | jun-09     | Dollar   | 360                  | 7.750%                | jun-19   | -                     |
| US87425EAM57 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | nov-10     | Dollar   | 237                  | 3.750%                | feb-21   | -                     |
| XS0733696495 <sup>(1)</sup> | Repsol International Finance, B.V. | jan-12     | Euros    | 1,000                | 4.875%                | feb-19   | LuxSE                 |
| US87425EAN31 <sup>(3)</sup> | Repsol Oil & Gas Canada Inc.       | may-12     | Dollar   | 57                   | 5.500%                | may-42   | -                     |
| XS0831370613 <sup>(1)</sup> | Repsol International Finance, B.V. | sep-12     | Euros    | 750                  | 4.375%                | feb-18   | LuxSE                 |
| XS0933604943 <sup>(1)</sup> | Repsol International Finance, B.V. | may-13     | Euros    | 1,200                | 2.625%                | may-20   | LuxSE                 |
| XS0975256685 <sup>(1)</sup> | Repsol International Finance, B.V. | oct-13     | Euros    | 1,000                | 3.625%                | oct-21   | LuxSE                 |
| XS1148073205 <sup>(1)</sup> | Repsol International Finance, B.V. | dec-14     | Euros    | 500                  | 2.250%                | dec-26   | LuxSE                 |
| XS1207058733 <sup>(2)</sup> | Repsol International Finance, B.V. | mar-15     | Euros    | 1,000                | 4,500% <sup>(4)</sup> | mar-75   | LuxSE                 |
| XS1334225361 <sup>(1)</sup> | Repsol International Finance, B.V. | dec-15     | Euros    | 600                  | 2.125%                | dec-20   | LuxSE                 |
| XS1352121724 <sup>(1)</sup> | Repsol International Finance, B.V. | jan-16     | Euros    | 100                  | 5.375%                | jan-31   | LuxSE                 |
| XS1442286008 <sup>(1)</sup> | Repsol International Finance, B.V. | jul-16     | Euros    | 600                  | Eur. 3M + 70 b.p.     | jul-18   | LuxSE                 |
| XS1451452954 <sup>(1)</sup> | Repsol International Finance, B.V. | jul-16     | Euros    | 100                  | 0.125%                | jul-19   | LuxSE                 |
| XS1613140489 <sup>(1)</sup> | Repsol International Finance, B.V. | may-17     | Euros    | 500                  | 0.500%                | may-22   | LuxSE                 |

<sup>(1)</sup> Issues made under RIF's EMTN Program, which is guaranteed by Repsol, S.A., as renewed in May 2017.

<sup>(2)</sup> Subordinated bond issued by Repsol International Finance, B.V. and guaranteed by Repsol, S.A. This issue does not correspond to any open-ended or shelf program.

<sup>(3)</sup> Issues undertaken by Repsol Oil&Gas Canada, Inc. guaranteed by Repsol, S.A., under the scope of its "Universal Shelf Prospectus" and "Medium-Term Note Shelf Prospectus" in the US and Canada, respectively. These issues are subject to the request for consent and repurchase option mentioned in this section.

<sup>(4)</sup> Coupon scheduled for reset on March 25, 2025 and March 25, 2045.

<sup>(5)</sup> LuxSE (Luxembourg Stock Exchange) and LSE (London Stock Exchange). Multilateral trading systems or other trading centers or non-official over-the-counter markets are not considered.

Furthermore, Repsol International Finance B.V. (RIF) runs a Euro Commercial Paper (ECP) Program, arranged on May 16, 2013 and updated on July 29, 2016, and guaranteed by Repsol, S.A., with a limit up to € 2,000 million. Under this program, a number of issues and liquidations were carried out, with an outstanding balance at June 30, 2017 of €1,953 million.

#### 4.5 Equity

|                                                      | Million euros |               |
|------------------------------------------------------|---------------|---------------|
|                                                      | 06/30/2017    | 12/31/2016    |
| <b>Net equity</b>                                    | <b>29,283</b> | <b>28,487</b> |
| Issued share capital                                 | 1,527         | 1,496         |
| Share premium and reserves                           | 25,732        | 24,232        |
| Share premium                                        | 6,428         | 6,428         |
| Legal reserve                                        | 259           | 259           |
| Retained earnings and other reserves                 | 19,045        | 17,644        |
| Dividends and remuneration                           | -             | (99)          |
| Treasury shares and own equity investments           | (37)          | (1)           |
| Net income for the period attributable to the parent | 1,056         | 1,736         |
| Other equity instruments                             | 1,005         | 1,024         |
| <b>Other accumulated comprehensive income</b>        | <b>649</b>    | <b>2,380</b>  |
| <b>Minority interests</b>                            | <b>251</b>    | <b>244</b>    |
| <b>TOTAL EQUITY</b>                                  | <b>30,183</b> | <b>31,111</b> |

## Share capital

At the Annual General Meeting of May 19, 2017, the Company's shareholders approved two bonus share issues to execute the shareholder remuneration scheme named “*Repsol Flexible Dividend*”, in substitution of what would have been the traditional final dividend from 2016 profits and the interim dividend from 2017 earnings, under which shareholders can instead choose between receiving their remuneration in cash (by selling their bonus share rights in the market or back to the Company) or in Company shares. The first of these bonus share issues was executed between June and July. The main characteristics of this issue are detailed below:

|                               |                                                                               | June/July 2017     |
|-------------------------------|-------------------------------------------------------------------------------|--------------------|
| <b>REMUNERATION IN CASH</b>   | Shareholders that accepted the irrevocable purchase commitment <sup>(1)</sup> | 29.58%             |
|                               | Deadline for requesting sale of rights to Repsol at guaranteed price          | June 23            |
|                               | Fixed price guaranteed by right                                               | €0.426 gross/right |
|                               | Gross value of rights acquired by Repsol                                      | €189 million       |
| <b>REMUNERATION IN SHARES</b> | Shareholders that chose to receive new Repsol shares                          | 70.42%             |
|                               | Number of rights required to allocate new share                               | 34                 |
|                               | New shares issued                                                             | 30,991,202         |
|                               | Approximate increase in share capital                                         | 2.07%              |
|                               | Capital increase end date                                                     | July 4             |

<sup>(1)</sup> Repsol has renounced the bonus share rights acquired by virtue of the purchase commitment and, by extension, the shares corresponding to those rights. The balance sheet at June 30, 2017 recognizes a reduction in equity in the line item “*Retained earnings and other reserves*” along with the obligation to pay the shareholders that had accepted Repsol's irrevocable purchase commitment.

Following the capital increase, the registered share capital of Repsol, S.A. amounted to €1,527,396,053 at June 30, represented by 1,527,396,053 shares with a nominal value of 1 euro each.

According to the latest information available the significant shareholders of Repsol, S.A. are:

| Significant shareholders                                                   | % of share capital |
|----------------------------------------------------------------------------|--------------------|
| Fundación Bancaria Caixa d'Estalvis y Pensions de Barcelona <sup>(1)</sup> | 9.6                |
| Sacyr, S.A. <sup>(2)</sup>                                                 | 8.1                |
| Temasek Holdings (Private) Limited <sup>(3)</sup>                          | 4.3                |
| Blackrock, Inc. <sup>(4)</sup>                                             | 3.0                |

<sup>(1)</sup> Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona holds its interest through CaixaBank, S.A.

<sup>(2)</sup> Sacyr, S.A. retains its shareholding via Sacyr Securities, S.A.U, Sacyr Investments S.A.U. and Sacyr Investments II, S.A.U.

<sup>(3)</sup> Temasek holds its investment through its subsidiary, Chembra Investment PTE, Ltd.

<sup>(4)</sup> Blackrock, Inc. holds its shareholding through several funds and accounts managed by fund managers under its control. The information pertaining to Blackrock, Inc. is based on the declaration presented by the latter to the CNMV on January 15, 2016 regarding its shareholding as of that date.

### **Treasury shares and own equity instruments**

The main transactions undertaken by the Repsol Group involving treasury shares were as follows:

|                                                | No. of shares    | Amount (€M) | % capital    |
|------------------------------------------------|------------------|-------------|--------------|
| <b>Balance at 1 January</b>                    | <b>94,185</b>    | <b>1</b>    | <b>0.01%</b> |
| Market purchases                               | 13,250,637       | 187         | 0.87%        |
| Market sales                                   | (10,663,928)     | (151)       | 0.70%        |
| Employee Share Acquisition Plan <sup>(1)</sup> | 279,352          | 4           | 0.02%        |
| Loyalty Program                                | 21,576           | -           | 0.00%        |
| Repsol Flexible Dividend                       | 2,395            | -           | 0.00%        |
| <b>Balance at 06/30/2017<sup>(2)</sup></b>     | <b>2,683,289</b> | <b>37</b>   | <b>0.18%</b> |

<sup>(1)</sup> All of the shares acquired under the scope of the Share Acquisition Plan have been delivered to employees.

<sup>(2)</sup> Between January and June, Repsol Tesorería y Gestión Financiera, S.A. has arranged equity swaps with financial entities for a total notional of 13 million shares of Repsol, S.A., under which the voting rights and economic risk intrinsic to the shares sold have been transferred; of the aforementioned amount, the swaps remain in place for a notional of 3 million shares on June 30.

### **Shareholder remuneration**

The following table breaks down the dividend payments received by Repsol's shareholders during the six-month period ending on June 30, 2017, carried out under the "Repsol Flexible Dividend" program:

|                            | No. free allocation<br>rights sold to<br>Repsol | Price of<br>purchase<br>commitment<br>(€/right) | Amount paid<br>out in cash<br>(million euros) | New shares<br>issued | Remuneration in<br>shares<br>(million euros) |
|----------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------|----------------------|----------------------------------------------|
| December 2016/January 2017 | 296,735,539                                     | 0.335                                           | 99                                            | 30,760,751           | 392                                          |
| June/July 2017             | 442,703,938                                     | 0.426                                           | 189                                           | 30,991,202           | 449                                          |

## **4.6 Tax situation**

### **Income tax**

For the calculation of corporate income tax in interim periods, the estimated effective annual tax rate is used. However, tax effects derived from occasional events or unique transactions undertaken during the period are fully taken into account.

The effective tax rate applicable to adjusted net income for the period has been estimated at 27%. This rate is higher compared to the same period of the previous year (-1%), mainly due to the increased income in *Upstream* businesses with high tax rates (Libya and Norway) and the impact on deferred taxes of the exchange rate of local currencies in countries in which the functional currency of some businesses is the dollar.

The effective tax rate applied to net income was 21%. This rate is higher compared to the first half of 2016 (7%), as explained in the preceding paragraph.

### ***Administrative and legal proceedings with tax implications***

The information herein updates the content of the administrative and legal proceedings with tax implications reported in Note 20 - “*Tax situation*” - of the 2016 consolidated financial statements in respect of the following countries:

#### *Canada*

In connection with the administrative proceedings undertaken by the Canada Revenue Agency (CRA), on the tax situation of Talisman Group companies resident in Canada for the years 2006-2010, a notice of reassessment was received resulting in adjustments to the 2006 tax return under several items. The company does not expect this claim to have a significant impact on the Group and has submitted the corresponding appeal as it believes incorrect some of the concepts adjusted.

#### *Spain*

With regard to litigation relating to penalties arising from inspection of income tax from 1998 to 2001 and from 2002 to 2005 in Spain, they have been annulled by the courts in almost all cases.

In the course of inspection of the years 2010 to 2013, consensual agreements were signed relating to corporate income tax (partial), VAT and withholdings on income tax, with no material impact on the financial statements. Nevertheless, the proceeding has not yet concluded, and other items are pending settlement in relation to corporate income tax.

#### *East Timor*

With respect to administrative proceedings by the authorities of East Timor on the deductibility of certain expenses in income tax by Repsol Oil & Gas Australia (JPDA 06-105) Pty Limited, the authorities have recently withdrawn their claims in this connection.

#### *Brazil*

With respect to the litigation of Repsol Sinopec Brasil arising from notices of infringement with respect to withholdings (in 2009 and 2011) in relation to payments to foreign companies for the chartering of exploration vessels and related services used at blocks BM S-48 and BM-C33 in which Repsol Sinopec Brasil is the operator, the company received an adverse tax assessment in the second federal administrative instance. The company continues considering that its actions are in line with widespread sector practice as well as compliant with the law; consequently it has filed a new appeal.

## 4.7 Operating revenues and expenses

Revenue<sup>1</sup> by geographic area is disclosed below:

| Geographical area          | Million euros |               |
|----------------------------|---------------|---------------|
|                            | 06/30/2017    | 06/30/2016    |
| Spain                      | 10,232        | 9,002         |
| Rest of European Union     | 3,164         | 2,499         |
| Rest of O.E.C.D. countries | 2,977         | 1,755         |
| Rest of the world          | 3,930         | 2,503         |
| <b>TOTAL</b>               | <b>20,303</b> | <b>15,759</b> |

NOTE: See Note 3.2 “Information by geographical area” with additional information in accordance with the Group’s reporting model.

There has been a significant increase in revenue in the first half of 2017, largely attributable to the increase in “Sales” in both the *Downstream* segment, due to larger volumes of oil products sold compared to the same period of the previous year, and in the *Upstream* segment, due to the increase in prices of crude oil (Brent: +30%) and gas (Henry Hub: +61%).

“Personnel expenses” in 2017 includes the impact of the downsizing of the management team (see Note 3) and in 2016 includes workforce restructuring charges deriving from the collective redundancy program in Spain and in countries, and changes made to the management team.

## 4.8 Asset impairment

In the *Upstream* segment, net impairment losses were recognized for exploration assets in the Gulf of Mexico in the amount of €-31 million, in accordance with the expected course of development plans in the area.

## 4.9 Earnings per share

Earnings per share at June 30, 2017 and 2016 are detailed below:

| EARNINGS PER SHARE (EPS)                                                                     | Q2 2017     | Q2 2016     | 06/30/2017  | 06/30/2016  |
|----------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Net income attributable to the parent (millions of euros)                                    | 367         | 205         | 1,056       | 639         |
| Adjustment for the interest expense of subordinated perpetual bonds (millions of euros)      | (7)         | (7)         | (15)        | (15)        |
| Weighted average number of shares outstanding at June 30 (millions of shares) <sup>(1)</sup> | 1,519       | 1,506       | 1,520       | 1,508       |
| <b>Basic/diluted EPS (€/share)</b>                                                           | <b>0.24</b> | <b>0.13</b> | <b>0.68</b> | <b>0.41</b> |

<sup>(1)</sup> Share capital registered at June 30, 2016, amounted to 1,465,644,100 shares, though the weighted average number of shares in circulation for purposes of calculating EPS includes the effect of share capital increases carried out as part of the remuneration scheme for shareholders “*Repsol Flexible Dividend*”, in accordance with the applicable accounting standard (see Note 2.2 “Comparison of information”).

## 4.10 Geopolitical risks

The information in this section is provided by way of an update on the contents of Note 22.3 of the 2016 consolidated financial statements.

<sup>1</sup> Corresponds to the sum of “Sales” and “Services rendered and other income” of the income statement.

## **Venezuela**

Repsol's exposure to Venezuela at June 30 amounts to approximately €2,181 million and mainly comprises dollar-denominated financing extended to the Venezuelan subsidiaries.

### *Exchange system*

During the period, a reform was introduced in the exchange rate system that essentially replaced the SIMADI exchange rate mechanism with a new floating rate system called DICOM.

The operating mechanism of the DICOM system was established on May 19 by Foreign Exchange Agreement 38, which provides as follows: (i) Mixed Companies may sell dollars via the DICOM exchange market having obtained authorization from the executive branch; (ii) the DICOM exchange rate will be set by means of currency auctions within the system of fluctuation bands to be announced by the Central Bank of Venezuela.

In this new floating rate mechanism, the Venezuelan bolivar suffered a sharp devaluation in the period. The rate at December 31, 2016 was 674 Bs/\$, and at June 30, 2017, the DICOM rate was 2,640 Bs/\$.

This devaluation did not have a material impact on Repsol's financial statements.

Repsol maintains the dollar as the functional currency for the majority of its oil and gas exploration and production activities in Venezuela (carried out mainly through investments recognized by the equity method in Cardón IV, S.A., Empresa Mixta Petroquiriquire, S.A. and Empresa Mixta Petrocarabobo, S.A.). In companies whose functional currency is the bolivar (mainly Quiriquire Gas, S.A.), Repsol uses the DICOM exchange rate for conversion of bolivars to euros for the preparation of the financial statements.

### *Inflation and socioeconomic situation*

Inflation (the IMF forecasts 720% in 2017<sup>1</sup>) and shortages of some basic products have caused difficulties in the country.

During the period, the State of Economic Emergency was extended, and the situation of political instability continues. Noteworthy is the convening of a National Constituent Assembly, to be held on July 30.

## **Libya**

Political instability in the country continues, with no new government that is recognized by all parties having been formed.

On December 20, 2016, production in El Sharara (fields A, M and H) was reestablished. On January 4, 2017, production resumed in the I/R field in Libya (field shared between blocks NC-186 and NC-115) and, on May 9, in NC-186.

However, due to external factors, there has been intermittent downtime since the end of March. Average production in the second half of 2017 was 21.5 thousand barrels of oil equivalent/day (29.8 in June).

---

<sup>1</sup> Source: the IMF's *World Economic Outlook*, April 2017.

#### **4.11 Legal contingencies**

The information contained in this section updates the legal contingencies reported under Note 29 of the 2016 consolidated financial statements in the following countries.

##### ***United Kingdom***

###### **“Galley” pipeline lawsuit**

In June 2017, the Court, at the proposal of the parties, approved the division of the procedure into two phases (liability and quantum, as applicable) and the holding of a preliminary hearing for matters to be addressed in the first phase in February 2018 over a period of approximately 10 days. The Court will establish the timeline for the evidence phase and other activities to prepare the preliminary hearings, in addition to other procedural issues.

##### ***United States of America***

###### **The Passaic River/Newark Bay lawsuit**

The Presiding judge decided on April 5, 2016 to uphold all of the recommendations issued by the Special Master, thereby dismissing in full Occidental Chemical Corporation’s (OCC) suit against Repsol. His decision can be appealed. On June 16, 2016, the Special Master agreed to hear the Motion for Summary Judgment presented by Repsol with regard to its claim against OCC for the \$65 million paid as part of the settlement reached with the State of New Jersey. On January 30, 2017, OCC appealed against the recommendation of the Special Master. On June 17, 2016, Maxus filed for bankruptcy protection before the United States Bankruptcy Court for the District of Delaware, also seeking release from its main litigation liability, a petition the Court must rule on. As at the date of approval of these financial statements, the main lawsuit has been stayed following the appeal of the claim against OCC for the \$65 million.

#### **4.12 Remuneration of Board members and personnel obligations<sup>1</sup>**

The information in this section is provided by way of an update on the contents of Note 27 and 28 of the 2016 consolidated financial statements.

##### ***Remuneration of Board members and executive officers***

During the first half of 2017, a total of 19 people have been part of the Board of Directors and a total of 8 people have been members of the Corporate Executive Committee.

The table below details the remuneration accrued during the first half of 2017 by the people who, at some point during the six-month period and during the time they occupied such positions, were members of the Board of Directors, and by the people who, similarly for the same period and duration, were members of the Corporate Executive Committee. Unless indicated otherwise, the compensation figures provided for “*executive officers*” do not include the compensation accrued in

---

<sup>1</sup> For reporting purposes in this section, Repsol considers “*executive officers*” to be the members of the Corporate Executive Committee. The aforementioned classification of “*executive officers*”, to mere informational purposes, does neither replace nor is configured as an interpreting element of other senior management concepts contained in the regulations applicable to the Company (as contained in Royal Decree 1382/1985), and it does not seek the creation, recognition, modification or termination of legal or contractual rights or obligations.

their capacity as Directors of Repsol, S.A., as the director compensation disclosures for these individuals is included in the section on “*directors*” remuneration.

| Directors <sup>(1)</sup>                                           | Thousands of euros |               |
|--------------------------------------------------------------------|--------------------|---------------|
|                                                                    | 06/30/2017         | 06/30/2016    |
| Remuneration item:                                                 |                    |               |
| Fixed remuneration                                                 | 1,320              | 1,182         |
| Variable remuneration                                              | 1,811              | 1,615         |
| By-laws stipulated remuneration                                    | 3,733              | 3,678         |
| Others <sup>(2)</sup>                                              | 194                | 171           |
| <b>Total remuneration received by directors</b>                    | <b>7,058</b>       | <b>6,646</b>  |
| <b>Total remuneration received by executives <sup>(2)(3)</sup></b> | <b>5,425</b>       | <b>22,313</b> |

<sup>(1)</sup> The composition of members of the Board of Directors varied between 2017 and 2016.

<sup>(2)</sup> Includes settlement of the fourth cycle of the Loyalty Plan and in-kind benefits received. In-kind benefits include the corresponding payments on account.

<sup>(3)</sup> In 2016, it includes the amounts recognized as compensation for the termination of contracts and the covenant not to compete amounting to €13.8 million at June 30, 2016.

During the first half of 2017, the accrued cost of the retirement, disability, and death insurance policies for Board Members, including the corresponding tax payments on account, amounts to €142 thousand (€133 thousand in the first half of the previous year); and the contributions to pension plans and long-service bonuses amount to €225 thousand (€231 thousand for the same period in the previous year).

As for the Group's executives, the amount accrued during the first half of 2017 in respect of contributions to the pension plans offered to these individuals by the Group, contributions to savings plans and life and accident insurance premiums (including in the latter instance the corresponding payments on account) totaled €726 thousand (€857 thousand during the first semester of the previous period).

### ***Share Purchase Plans by the Beneficiaries of the Multi-annual variable Remuneration Programs and Share Acquisition Plans***

#### *i.) "Share Purchase Plan by the Beneficiaries of the Multi-Annual variable Remuneration Program"*

A total of 153 employees and executives took part in the seventh cycle of the Plan 2017-2020, having acquired a total of 135,047 shares on June 30, 2017, with an average price of €14.9955 per share. Consequently, the Group has committed to deliver a maximum of 44,964 shares as part of this seventh plan to those employees who fulfil the Plan requirements after the three-year vesting period ends.

During this seventh cycle, the current members of the Corporate Executive Committee have acquired a total of 51,482 shares.

In addition, the fourth cycle of the Plan vested on May 31, 2017. As a result, the rights of 160 beneficiaries to 28,288 shares vested (receiving a total of 21,576 shares net of the payment on account of the personal income tax to be made by the Company). In parallel, the rights of the members of the Corporate Executive Committee and the rest of the Executive Directors to 9,400 shares also vested (net of the withholding retained by the Company, these individuals received a total of 6,504 shares).

ii.) “Share Acquisition Plan”

During the first half of 2017, the Group has purchased 279,352 treasury shares for €3.98 million, to be delivered to Group employees. The members of the Corporate Executive Committee acquired a total of 2,947 shares in accordance with the plan terms and conditions in the six-month period.

The shares to be delivered under both schemes, i) and ii), may consist of directly or indirectly held treasury shares of Repsol, new issuance shares or shares acquired from third parties under agreements entered into to cover the delivery commitments assumed.

#### 4.13 Other information

##### *Annual General Meeting*

The Annual General Meeting of Repsol, S.A., held on May 19, 2017, approved all proposals submitted by the Board of Directors, including:

- the reelection of Mr. Manuel Manrique Cecilia, Mr. Rene Dahan and Mr. Luis Suárez de Lezo Mantilla, as directors for a further 4-year term;
- the ratification of the appointment made by cooptation and reelection of Mr. Antonio Massanell Lavilla as a director for a further 4-year term;
- the appointment of the following individuals as independent external directors for a 4-year term: Ms. Maria Teresa Ballester Fornés, Ms. Isabel Torremocha Ferrezuelo and Mr. Mariano Marzo Carpio, replacing Mr. Javier Echenique Landiribar, Ms. María Isabel Gabarró Miquel and Mr. Henri Philippe Reichstul;
- the reelection of Deloitte, S.L. as the auditor of Repsol, S.A. and the Group for 2017, in addition to the appointment of PricewaterhouseCoopers Auditores, S.L. as the auditor of Repsol, S.A. and the Group for 2018, 2019 and 2020.

##### **Average headcount**

The average workforce at June 30, 2017 and 2016 was:

|                          | 6/30/2017     | 6/30/2016     |
|--------------------------|---------------|---------------|
| Men                      | 15,952        | 17,950        |
| Women                    | 8,564         | 8,964         |
| <b>Average headcount</b> | <b>24,516</b> | <b>26,914</b> |

#### **(5) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These interim condensed consolidated financial statements are prepared on the basis of IFRSs, as endorsed by the European Union, and Article 12 of Royal Decree 1362/2007. Consequently, certain accounting principles applied by the Group may not conform to other generally accepted accounting principles in other countries.

## APPENDIX I: GROUP COMPOSITION

The main companies comprising the Repsol Group are listed in Appendix I of the 2016 consolidated financial statements. The main changes in the scope of consolidation in the first six months of 2017 are as follows:

- a) *Business combinations, other acquisitions and acquisitions of interest in subsidiaries, joint ventures and/or associates:*

| Name                                      | Country        | Parent company                                   | Description           | Date   | 06.30.2017                     |                          |                                                               |
|-------------------------------------------|----------------|--------------------------------------------------|-----------------------|--------|--------------------------------|--------------------------|---------------------------------------------------------------|
|                                           |                |                                                  |                       |        | Method of consolidation<br>(1) | % voting rights acquired | % total voting rights at the entity after the acquisition (2) |
| Repsol Exploración Aitolakamania, S.A.    | Spain          | Repsol Exploración, S.A.                         | Incorporation         | Feb-17 | FC                             | 100.0%                   | 100.0%                                                        |
| Repsol Exploración Ioannina, S.A.         | Spain          | Repsol Exploración, S.A.                         | Incorporation         | Feb-17 | FC                             | 100.0%                   | 100.0%                                                        |
| Air Miles España, S.A.                    | Spain          | Repsol Comercial de Productos Petrolíferos, S.A. | Incr. in shareholding | Feb-17 | EM                             | 1.7%                     | 26.7%                                                         |
| OGCI Climate Investments, Llp.            | United Kingdom | Repsol Energy Ventures, S.A.                     | Incorporation         | Apr-17 | EM                             | 14.3%                    | 14.3%                                                         |
| Sorbwater Technology, A.S.                | Norway         | Repsol Energy Ventures, S.A.                     | Acquisition           | May-17 | EM                             | 11.3%                    | 11.3%                                                         |
| Pan Pacific Petroleum (Vietnam) Pty, Ltd. | Australia      | Repsol Exploración, S.A.                         | Acquisition           | Jun-17 | FC                             | 100.0%                   | 100.0%                                                        |
| Principle Power, Inc.                     | United States  | Repsol Energy Ventures, S.A.                     | Incr. in shareholding | Jun-17 | EM (I.V.)                      | 0.32%                    | 25.11%                                                        |

- (1) Method of consolidation:

FC: Full consolidation.

EM: Equity method. Joint ventures are identified as "JV".

- (2) Corresponds to the percentage of equity in the acquired company.

- b) *Reduction in interest in subsidiaries, joint ventures, and/or associates and other similar transactions:*

| Name                                         | Country         | Parent company                        | Description           | Date       | 06.30.2017                     |                                             |                                                    |                                           |
|----------------------------------------------|-----------------|---------------------------------------|-----------------------|------------|--------------------------------|---------------------------------------------|----------------------------------------------------|-------------------------------------------|
|                                              |                 |                                       |                       |            | Method of consolidation<br>(1) | % voting rights disposed of or derecognized | % total voting rights at the entity after disposal | Gain/(Loss) generated (Million euros) (2) |
| Talisman North Jabung, Ltd.                  | Canada          | Talisman (Asia), Ltd.                 | Absorption            | January 17 | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman (Ogan Komering) Ltd.                | Canada          | Repsol Oil & Gas Canada, Inc.         | Disposal              | March 17   | FC                             | 100.00%                                     | 0.00%                                              | 3                                         |
| Repsol Central Alberta Partnership           | Canada          | Repsol Oil & Gas Canada, Inc.         | Winding up            | May 17     | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Repsol Wild River Partnership                | Canada          | Repsol Oil & Gas Canada, Inc.         | Winding up            | May 17     | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| 8787387 Canada, Ltd.                         | Canada          | Repsol Oil & Gas Canada, Inc.         | Winding up            | May 17     | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| 8441316 Canada, Ltd.                         | Canada          | Repsol Oil & Gas Canada, Inc.         | Winding up            | May 17     | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman East Tanjung, B.V.                  | The Netherlands | Talisman International Holdings, B.V. | Winding up            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Sumatra, B.V.                       | The Netherlands | Talisman International Holdings, B.V. | Winding up            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Vietnam 45, B.V.                    | The Netherlands | Talisman International Holdings, B.V. | Winding up            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Vietnam 46-07, B.V.                 | The Netherlands | Talisman International Holdings, B.V. | Winding up            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman International Holdings, B.V. S.C.S. | Luxembourg      | Talisman Global Holdings, B.V.        | Winding up            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Middle East, B.V.                   | The Netherlands | Talisman Global Holdings, B.V.        | Absorption            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman K. Holdings, B.V.                   | The Netherlands | Talisman Global Holdings, B.V.        | Absorption            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| TV 135- 136 Holding, B.V.                    | The Netherlands | Talisman International Holdings, B.V. | Absorption            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Global Holdings, B.V.               | The Netherlands | Talisman International Holdings, B.V. | Absorption            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| Talisman Energy (Sahara), B.V.               | The Netherlands | Talisman International Holdings, B.V. | Absorption            | June 17    | FC                             | 100.00%                                     | 0.00%                                              | -                                         |
| CSJC Eurotek-Yugra                           | Russia          | Repsol Exploración Karabashsky, B.V.  | Decr. in shareholding | June 17    | EM (I. V.) (3)                 | 25.02%                                      | 74.98%                                             | 6                                         |

- (1) Method of consolidation:

FC: Full consolidation.

EM: Equity method. Joint ventures are identified as "JV".

- (2) Corresponds to net income before tax.

- (3) This company was fully consolidated prior to the sale of the 25% shareholding.

## **APPENDIX II: REGULATORY FRAMEWORK**

The activities of Repsol, S.A. and subsidiaries are subject to extensive regulation. The information provided in this section updates Appendix IV “*Regulatory Framework*” of the 2016 consolidated financial statements.

### **Indonesia**

On January 16, 2017, the government of Indonesia introduced a new Gross Split Production Sharing Contract (PSC) model via Regulation No. 8/2017 of the Ministry of Energy and Mineral Resources (MERM). The Gross Split PSC contains no cost recovery mechanism, but features two components to establish the distribution of production, i.e., basic sharing components, subject to additional adjustments during the Development Plan phase.

By virtue of Regulation 8/2017, given that there is no cost recovery plan, the functions of the public regulatory body *Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi* (“SKK Migas”) are reduced exclusively to approving contractor work schemes. The new model under Regulation 8/2017 does not terminate existing PSCs and only applies to new PSCs or renewals of existing PSCs. Contractors subject to any PSC that can be extended rather than replaced by the Gross Split PSC have the option of remaining under the previous PSC model, although subject to approval by the MERM.

### **Venezuela**

On May 1, 2017, the Extraordinary Official Gazette No. 6295 published Decree No. 2830, under which the executive branch called a national constituent assembly.

The State of Economic Emergency has been extended on eight (8) occasions. On July 13, 2017, Presidential Decree No. 2987 was published in Extraordinary Official Gazette No. 41192, declaring a State of Economic Emergency throughout the country for a period of (60) days.

On March 29, 2017, the Venezuelan Supreme Court of Justice's Constitutional Court issued a ruling, declaring that the executive branch had the power to constitute mixed-ownership companies as established by Article 33 of the Organic Law of Hydrocarbons, without the need for prior authorization from the National Assembly. As established by the ruling, the aforementioned Constitutional Court shall be informed of all circumstances corresponding to said constitution and conditions, including special advantages afforded to the Republic, in addition to any subsequent change to the conditions of constitution, subject to a favorable ruling from the Ministry of Energy and Petroleum.

The ruling of April 1, 2017 of the Constitutional Court (TSJ) clarified the ruling of March 29, 2017, repeating its judgment concerning the alleged current status of contempt and unconstitutional neglect of duty on the part of the National Assembly, and regarding which it issued an injunctive warning that as long as such contempt and neglect of duty continues, the Constitutional Court would ensure that the powers of parliament would be directly exercised by Court itself or by anybody it should designate.

Its fourth dispositive provision confirms that there is no impediment to the executive branch incorporating public-private ventures in the spirit of Article 33 of the Organic Law of Hydrocarbons, for which purpose the executive branch, via the Ministry of Petroleum, shall inform the Court of all circumstances relating to such incorporation and the conditions thereof, including special advantages provided to the Republic. Any subsequent modification of the conditions should be reported to the Court, subject to a favorable report of the Ministry. Therefore, the Court maintains the provision in its ruling of March 29, 2017 authorizing the executive branch to create public-private ventures in the country without the approval of the National Assembly.

## APPENDIX III: OTHER DETAILED INFORMATION

### Financial instruments

#### Financial assets

The breakdown of the Group's financial assets by the various asset classes used for financial reporting purposes is provided below:

|                                | June 30, 2017 and December 31, 2016              |           |                                                                                         |           |                                                    |            |                       |              |                              |              |                                    |          |              |              |
|--------------------------------|--------------------------------------------------|-----------|-----------------------------------------------------------------------------------------|-----------|----------------------------------------------------|------------|-----------------------|--------------|------------------------------|--------------|------------------------------------|----------|--------------|--------------|
|                                | Financial assets held for trading <sup>(2)</sup> |           | Other financial assets at fair value with changes through profit or loss <sup>(2)</sup> |           | Financial assets available for sale <sup>(2)</sup> |            | Loans and receivables |              | Held to maturity investments |              | Hedging derivatives <sup>(2)</sup> |          | Total        |              |
| Million euros                  | 2017                                             | 2016      | 2017                                                                                    | 2016      | 2017                                               | 2016       | 2017                  | 2016         | 2017                         | 2016         | 2017                               | 2016     | 2017         | 2016         |
| Equity instruments             | -                                                | -         | -                                                                                       | -         | 122                                                | 123        | -                     | -            | -                            | -            | -                                  | -        | 122          | 123          |
| Derivatives                    | 1                                                | -         | -                                                                                       | -         | -                                                  | -          | -                     | -            | -                            | -            | -                                  | -        | 1            | -            |
| Other financial assets         | -                                                | -         | 56                                                                                      | 56        | -                                                  | -          | 1,015                 | 1,025        | -                            | -            | -                                  | -        | 1,071        | 1,081        |
| <b>Long term / Non-current</b> | <b>1</b>                                         | <b>-</b>  | <b>56</b>                                                                               | <b>56</b> | <b>122</b>                                         | <b>123</b> | <b>1,015</b>          | <b>1,025</b> | <b>-</b>                     | <b>-</b>     | <b>-</b>                           | <b>-</b> | <b>1,194</b> | <b>1,204</b> |
| Derivatives                    | 109                                              | 95        | -                                                                                       | -         | -                                                  | -          | -                     | -            | -                            | -            | -                                  | -        | 109          | 95           |
| Other financial assets         | -                                                | -         | 10                                                                                      | 10        | -                                                  | -          | 1,198                 | 1,247        | 4,709                        | 4,679        | -                                  | -        | 5,917        | 5,936        |
| <b>Short term / Current</b>    | <b>109</b>                                       | <b>95</b> | <b>10</b>                                                                               | <b>10</b> | <b>-</b>                                           | <b>-</b>   | <b>1,198</b>          | <b>1,247</b> | <b>4,709</b>                 | <b>4,679</b> | <b>-</b>                           | <b>-</b> | <b>6,026</b> | <b>6,031</b> |
| <b>TOTAL<sup>(1)</sup></b>     | <b>110</b>                                       | <b>95</b> | <b>66</b>                                                                               | <b>66</b> | <b>122</b>                                         | <b>123</b> | <b>2,213</b>          | <b>2,272</b> | <b>4,709</b>                 | <b>4,679</b> | <b>-</b>                           | <b>-</b> | <b>7,220</b> | <b>7,235</b> |

<sup>(1)</sup> Furthermore, there are trade accounts receivable under "Other non-current assets" and "Trade and other receivables", at June 30, 2017, €246 million in the long term and €4,630 million in the short term and at December 31, 2016, €323 million in the long term and €4,832 million in the short term.

<sup>(2)</sup> Section "Fair value of financial instruments" in this appendix informs about the classification of the financial instruments by fair value hierarchy levels.

#### Financial liabilities

The breakdown of the Group's financial liabilities by the various classes of financial liabilities used for financial reporting purposes is provided below:

|                                            | June 30, 2017 and December 31, 2016                   |            |                    |               |                                    |           |               |               |               |               |
|--------------------------------------------|-------------------------------------------------------|------------|--------------------|---------------|------------------------------------|-----------|---------------|---------------|---------------|---------------|
|                                            | Financial liabilities held for trading <sup>(2)</sup> |            | Loans and payables |               | Hedging derivatives <sup>(2)</sup> |           | Total         |               | Fair value    |               |
| Million euros                              | 2017                                                  | 2016       | 2017               | 2016          | 2017                               | 2016      | 2017          | 2016          | 2017          | 2016          |
| Bank borrowings                            | -                                                     | -          | 1,066              | 1,491         | -                                  | -         | 1,066         | 1,491         | 1,073         | 1,496         |
| Bonds and other securities                 | -                                                     | -          | 7,482              | 7,905         | -                                  | -         | 7,482         | 7,905         | 7,922         | 8,328         |
| Derivatives                                | -                                                     | -          | -                  | -             | 79                                 | 86        | 79            | 86            | 79            | 86            |
| Other financial liabilities                | -                                                     | -          | 12                 | -             | -                                  | -         | 12            | -             | 12            | -             |
| <b>Long term / Non-current</b>             | <b>-</b>                                              | <b>-</b>   | <b>8,560</b>       | <b>9,396</b>  | <b>79</b>                          | <b>86</b> | <b>8,639</b>  | <b>9,482</b>  | <b>9,086</b>  | <b>9,910</b>  |
| Bank borrowings                            | -                                                     | -          | 723                | 837           | -                                  | -         | 723           | 837           | 723           | 837           |
| Bonds and other securities                 | -                                                     | -          | 3,102              | 2,855         | -                                  | -         | 3,102         | 2,855         | 3,130         | 2,875         |
| Derivatives                                | 83                                                    | 303        | -                  | -             | 2                                  | 3         | 85            | 306           | 85            | 306           |
| Other financial liabilities <sup>(3)</sup> | -                                                     | -          | 2,953              | 3,193         | -                                  | -         | 2,953         | 3,193         | 2,953         | 3,193         |
| <b>Short term / Current</b>                | <b>83</b>                                             | <b>303</b> | <b>6,778</b>       | <b>6,885</b>  | <b>2</b>                           | <b>3</b>  | <b>6,863</b>  | <b>7,191</b>  | <b>6,891</b>  | <b>7,211</b>  |
| <b>TOTAL <sup>(1)</sup></b>                | <b>83</b>                                             | <b>303</b> | <b>15,338</b>      | <b>16,281</b> | <b>81</b>                          | <b>89</b> | <b>15,502</b> | <b>16,673</b> | <b>15,977</b> | <b>17,121</b> |

<sup>(1)</sup> There are also finance lease obligations at June 30, 2017 and December 31, 2016, for the sum of €1,420 million and €1,550 million registered within "Other non-current liabilities", respectively, and €192 million and €208 million within "Other payables", respectively.

<sup>(2)</sup> Section "Fair value of financial instruments" in this appendix informs about the classification of the financial instruments by fair value hierarchy levels.

<sup>(3)</sup> It mainly relates to the loan extended by Repsol Sinopec Brasil S.A. through its subsidiary Repsol Sinopec Brasil B.V.

### *Fair value of financial instruments*

The classification of financial instruments recognized in the financial statements at fair value at June 30, 2017 and December 31, 2016, is as follows:

| Million euros                                                            | June 30, 2017 and December 31, 2016 |            |            |            |          |          |            |            |
|--------------------------------------------------------------------------|-------------------------------------|------------|------------|------------|----------|----------|------------|------------|
|                                                                          | Level 1                             |            | Level 2    |            | Level 3  |          | Total      |            |
|                                                                          | 2017                                | 2016       | 2017       | 2016       | 2017     | 2016     | 2017       | 2016       |
| <b>Financial assets</b>                                                  |                                     |            |            |            |          |          |            |            |
| Financial assets held for trading                                        | 30                                  | 6          | 80         | 89         | -        | -        | 110        | 95         |
| Other financial assets at fair value with changes through profit or loss | 66                                  | 66         | -          | -          | -        | -        | 66         | 66         |
| Financial assets available for sale <sup>(1)</sup>                       | 1                                   | 1          | -          | -          | -        | -        | 1          | 1          |
| <b>Total</b>                                                             | <b>97</b>                           | <b>73</b>  | <b>80</b>  | <b>89</b>  | <b>-</b> | <b>-</b> | <b>177</b> | <b>162</b> |
|                                                                          |                                     |            |            |            |          |          |            |            |
|                                                                          |                                     |            |            |            |          |          |            |            |
| <b>Financial liabilities</b>                                             |                                     |            |            |            |          |          |            |            |
| Financial liabilities held for trading                                   | 2                                   | 215        | 81         | 88         | -        | -        | 83         | 303        |
| Hedging derivatives                                                      | -                                   | -          | 81         | 89         | -        | -        | 81         | 89         |
| <b>Total</b>                                                             | <b>2</b>                            | <b>215</b> | <b>162</b> | <b>177</b> | <b>-</b> | <b>-</b> | <b>164</b> | <b>392</b> |

Financial instruments recognized at fair value are classified at different levels in the fair value hierarchy, as described below:

Level 1: Valuations based on a quoted price in an active market for an identical instrument.

Level 2: Valuations based on a quoted price in an active market for similar financial assets or based on other valuation techniques that rely on observable market inputs.

Level 3: Valuations based on inputs that are not directly observable in the market.

<sup>(1)</sup> Does not include €121 and €122 million at June 30, 2017 and December 31, 2016 corresponding to equity investments in companies that are measured at acquisition cost under IAS 39.

The valuation techniques used for instruments classified under level 2, in accordance with accounting regulations, are based on the income approach, which entail the discounting to present value of future cash flows, either known or estimated, using discount curves from the market reference interest rates (in the case of derivative instruments, estimated using implicit forward curves offered in the market), including adjustments for credit risk based on the life of the instruments. In the case of options, price-setting models based on the Black & Scholes formula are used.

The most significant variables for valuing financial instruments vary depending on the type of instrument, but fundamentally include: exchange rates (spot and forward), interest rate curves, counterparty risk curves, prices of equity securities and the volatilities of all the aforementioned factors. In all cases, market data is obtained from reputed information agencies or correspond to quotes issued by official bodies.

### **Related party transactions**

For the purposes of presenting this information, the following are considered to be related parties:

- a. Significant shareholders: Fundació Bancaria Caixa d'Estalvis i Pensions de Barcelona, Sacyr S.A. and Temasek Holdings (Private) Limited (see heading 4.5).
- b. Directors and executives: includes members of the Board of Directors as well as members of the Corporate Executive Committee whose members are considered as "executives" for purposes of this section (see section 4.12).
- c. People, companies or entities within the Group: includes transactions with Group companies or entities for the part not eliminated in the consolidation process, corresponding mainly to transactions undertaken with companies consolidated using the equity method.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

Income, expenses and other transactions recorded for the six-month period ended June 30, 2016 with related parties were as follows:

| Thousands of euros                                         | 2017                     |                          |                                                |                | 2016                     |                          |                                                |                |
|------------------------------------------------------------|--------------------------|--------------------------|------------------------------------------------|----------------|--------------------------|--------------------------|------------------------------------------------|----------------|
|                                                            | Significant shareholders | Directors and executives | People, companies or entities within the Group | Total          | Significant shareholders | Directors and executives | People, companies or entities within the Group | Total          |
| <b>EXPENSES AND REVENUES</b>                               |                          |                          |                                                |                |                          |                          |                                                |                |
| Financial expenses                                         | 2,612                    | -                        | 35,633                                         | 38,245         | 4,264                    | -                        | 26,107                                         | 30,371         |
| R&D transfer and license agreements                        | -                        | -                        | 2                                              | 2              | -                        | -                        | -                                              | -              |
| Leases                                                     | 221                      | -                        | 685                                            | 906            | 360                      | -                        | 1,195                                          | 1,555          |
| Services received                                          | 10,770                   | -                        | 65,781                                         | 76,551         | 7,956                    | -                        | 81,123                                         | 89,079         |
| Purchase of goods (finished or in-progress) <sup>(2)</sup> | 8                        | -                        | 844,704                                        | 844,712        | 4                        | -                        | 720,026                                        | 720,030        |
| Valuation changes due to uncollectable or bad debts        | 1                        | -                        | -                                              | 1              | 1                        | -                        | -                                              | 1              |
| Losses from the derecognition or disposal of assets        | -                        | -                        | 208                                            | 208            | -                        | -                        | 70                                             | 70             |
| Other expenses                                             | 6,131                    | -                        | 56                                             | 6,187          | 10,268                   | -                        | 633                                            | 10,901         |
| <b>TOTAL EXPENSES</b>                                      | <b>19,743</b>            | <b>-</b>                 | <b>947,069</b>                                 | <b>966,812</b> | <b>22,853</b>            | <b>-</b>                 | <b>829,154</b>                                 | <b>852,007</b> |
| Financial income                                           | -                        | -                        | 80,606                                         | 80,606         | 1,864                    | -                        | 62,612                                         | 64,476         |
| Leases                                                     | 337                      | -                        | 1,887                                          | 2,224          | 344                      | -                        | 2,002                                          | 2,346          |
| Services rendered                                          | 3,769                    | -                        | 777                                            | 4,546          | 3,396                    | -                        | 2,238                                          | 5,634          |
| Sale of goods (finished or in-progress) <sup>(3)</sup>     | 75,059                   | -                        | 344,293                                        | 419,352        | 47,430                   | -                        | 240,392                                        | 287,822        |
| Gains from the derecognition or disposal of assets         | -                        | -                        | 2,028                                          | 2,028          | -                        | -                        | -                                              | -              |
| Other revenues                                             | 15                       | -                        | 30,839                                         | 30,854         | 22                       | -                        | 33,697                                         | 33,719         |
| <b>TOTAL REVENUES</b>                                      | <b>79,180</b>            | <b>-</b>                 | <b>460,430</b>                                 | <b>539,610</b> | <b>53,056</b>            | <b>-</b>                 | <b>340,941</b>                                 | <b>393,997</b> |

| Thousands of euros                                                              | 2017                     |                                         |                                                |           | 2016                     |                                         |                                                |           |
|---------------------------------------------------------------------------------|--------------------------|-----------------------------------------|------------------------------------------------|-----------|--------------------------|-----------------------------------------|------------------------------------------------|-----------|
|                                                                                 | Significant shareholders | Directors and executives <sup>(1)</sup> | People, companies or entities within the Group | Total     | Significant shareholders | Directors and executives <sup>(1)</sup> | People, companies or entities within the Group | Total     |
| <b>OTHER TRANSACTIONS</b>                                                       |                          |                                         |                                                |           |                          |                                         |                                                |           |
| Purchase of property, plant and equipment, intangible assets and others         | 46,656                   | -                                       | -                                              | 46,656    | 27,017                   | -                                       | -                                              | 27,017    |
| Financing agreements: loans and capital contributions (lender) <sup>(4)</sup>   | -                        | -                                       | 3,724,860                                      | 3,724,860 | -                        | -                                       | 2,409,009                                      | 2,409,009 |
| Finance lease agreements (lessor)                                               | -                        | -                                       | 1,628                                          | 1,628     | -                        | -                                       | 3,000                                          | 3,000     |
| Sale of property, plant and equipment, intangible assets and others             | 39,475                   | -                                       | -                                              | 39,475    | 27,516                   | -                                       | -                                              | 27,516    |
| Financing agreements: loans and capital contributions (borrower) <sup>(5)</sup> | 344,755                  | -                                       | 3,922,211                                      | 4,266,966 | 550,560                  | -                                       | 3,991,361                                      | 4,541,921 |
| Guarantees extended <sup>(6)</sup>                                              | 294,905                  | -                                       | 2,124,554                                      | 2,419,459 | 321,312                  | -                                       | 2,178,267                                      | 2,499,579 |
| Guarantees received                                                             | 45,577                   | -                                       | 3,942                                          | 49,519    | 60,449                   | -                                       | 3,639                                          | 64,088    |
| Commitments acquired <sup>(7)</sup>                                             | 201,268                  | -                                       | 9,692,080                                      | 9,893,348 | (2,118,939)              | -                                       | 4,123,219                                      | 2,004,280 |
| Cancelled commitments/guarantees                                                | -                        | -                                       | -                                              | -         | -                        | -                                       | -                                              | -         |
| Dividends and other profit distributed <sup>(8)</sup>                           | 67,204                   | 37                                      | -                                              | 67,241    | 166,599                  | 8                                       | -                                              | 166,607   |
| Other transactions <sup>(9)</sup>                                               | 1,242,245                | -                                       | -                                              | 1,242,245 | 1,200,621                | -                                       | -                                              | 1,200,621 |

- (1) Includes any transactions at June 30 with executives and directors not included in heading 4.12 on remuneration received by executives and directors, corresponding to the outstanding balance at the reporting date of the loans granted to members of senior management and the corresponding accrued interest, as well as dividend and other remuneration received as a result of holding shares in the Company.
- (2) It mainly includes purchases with the group Gas Natural Fenosa (GNF) and the group Repsol Sinopec Brasil (RSB) entities consolidated by the equity method (see section 4.2 "Investments accounted for using the equity method") amounting to €414 and €379 million.
- (3) Mainly includes sales to the Gas Natural Fenosa group (GNF), the Dynasol group and Iberian Lube Base Oils Company (ILBOC) amounting €165, €86 and €85 million.
- (4) Mainly includes the financing provided to RSRUK, which is part of the investment amount, and also includes loans and undrawn credit lines extended to Group companies consolidated using the equity method.
- (5) At June 30, "Significant shareholders" includes credit lines with La Caixa for the maximum amount granted of €258 million. "People, companies or entities within the Group" mainly includes the loan extended by Repsol Sinopec Brasil S.A. to its shareholders (see "Financial instruments" in this Appendix) as well as undrawn credit lines with investees accounted for using the equity method.
- (6) This mainly includes €1,261 million corresponding to 3 guarantees issued by Repsol S.A. in relation to the lease agreements for three floating platforms belonging to its subsidiary Guará B.V. It also includes €693 million corresponding to the counter guarantees issued by Repsol Oil & Gas Canada, Inc. associated with bank guarantees issued on behalf of its subsidiary Repsol Sinopec Resources UK Ltd. (RSRUK) covering decommissioning obligations arising from their exploration activity in the North Sea (see Note 30 of the 2016 consolidated financial statements).
- (7) In 2017, corresponds to the commitments to purchases outstanding at June 30 (in 2016, it included purchase commitments net of selling commitments outstanding at June 30).

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

- <sup>(8)</sup> The amounts recorded under dividends and other profit distributions include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in January 2017 under the framework of the remuneration program named “*Repsol Flexible Dividend*”. In contrast, this sub-heading does not include the amounts corresponding to the sale to Repsol, at the guaranteed fixed price, of free-of-charge allocation rights as part of the paid-up capital increase closed in July 2017, which in the case of the significant shareholders amounted to €106 million. These rights are recognized as an account payable at June 30, 2017. Nor does it include the Repsol shares subscribed as a result of the aforementioned bonus share issues.
- <sup>(9)</sup> In 2017, it mainly includes remunerated accounts and deposits with La Caixa in the amount of €847 million.

## APPENDIX IV: RECONCILIATION BETWEEN REPSOL'S REPORTING MODEL AND EU-IFRS<sup>1</sup>

The reconciliation between adjusted net income (loss) and EU-IFRS net income (loss) for the first semester of 2017 and 2016 is as follows:

|                                                                                   | Results for first half 2017 and 2016 |                    |                                 |       |               |       |                                 |      |                   |       |                |       |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------|---------------------------------|-------|---------------|-------|---------------------------------|------|-------------------|-------|----------------|-------|
|                                                                                   | ADJUSTMENTS                          |                    |                                 |       |               |       |                                 |      |                   |       |                |       |
|                                                                                   | Adjusted Result                      |                    | Joint Venture reclassifications |       | Special items |       | Inventory Effect <sup>(2)</sup> |      | Total Adjustments |       | EU-IFRS Result |       |
| Million euros                                                                     | 2017                                 | 2016               | 2017                            | 2016  | 2017          | 2016  | 2017                            | 2016 | 2017              | 2016  | 2017           | 2016  |
| Operating income                                                                  | 1,613                                | 997 <sup>(1)</sup> | (221)                           | (108) | (49)          | (219) | (86)                            | 8    | (356)             | (319) | 1,257          | 678   |
| Financial result                                                                  | (229)                                | (262)              | 39                              | 84    | 5             | (18)  | -                               | -    | 44                | 66    | (185)          | (196) |
| Share of results of companies accounted for using the equity method - after taxes | 135                                  | 206                | 88                              | 6     | -             | -     | -                               | -    | 88                | 6     | 223            | 212   |
| Net income before tax                                                             | 1,519                                | 941                | (94)                            | (18)  | (44)          | (237) | (86)                            | 8    | (224)             | (247) | 1,295          | 694   |
| Income tax                                                                        | (376)                                | (4)                | 94                              | 18    | 34            | (45)  | 22                              | (3)  | 150               | (30)  | (226)          | (34)  |
| Net income for the period                                                         | 1,143                                | 937                | -                               | -     | (10)          | (282) | (64)                            | 5    | (74)              | (277) | 1,069          | 660   |
| Net income attributable to minority interests                                     | (17)                                 | (20)               | -                               | -     | -             | 2     | 4                               | (3)  | 4                 | (1)   | (13)           | (21)  |
| TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT                                       | 1,126                                | 917                | -                               | -     | (10)          | (280) | (60)                            | 2    | (70)              | (278) | 1,056          | 639   |

|                                                                                 | Results for second quarter 2017 and 2016 |                    |                                 |      |               |       |                                 |      |                   |       |                |       |
|---------------------------------------------------------------------------------|------------------------------------------|--------------------|---------------------------------|------|---------------|-------|---------------------------------|------|-------------------|-------|----------------|-------|
|                                                                                 | ADJUSTMENTS                              |                    |                                 |      |               |       |                                 |      |                   |       |                |       |
|                                                                                 | Adjusted Result                          |                    | Joint Venture reclassifications |      | Special items |       | Inventory Effect <sup>(2)</sup> |      | Total Adjustments |       | EU-IFRS Result |       |
| Million euros                                                                   | 2017                                     | 2016               | 2017                            | 2016 | 2017          | 2016  | 2017                            | 2016 | 2017              | 2016  | 2017           | 2016  |
| Operating income                                                                | 671                                      | 437 <sup>(1)</sup> | (96)                            | (83) | 37            | (241) | (199)                           | 223  | (258)             | (101) | 413            | 336   |
| Financial result                                                                | (74)                                     | (185)              | 8                               | 87   | 1             | (40)  | -                               | -    | 9                 | 47    | (65)           | (138) |
| Share of results of companies accounted for using the equity method after taxes | 62                                       | 95                 | 21                              | (42) | -             | -     | -                               | -    | 21                | (42)  | 83             | 53    |
| Net income before tax                                                           | 659                                      | 347                | (67)                            | (38) | 38            | (281) | (199)                           | 223  | (228)             | (96)  | 431            | 251   |
| Income tax                                                                      | (154)                                    | 6                  | 67                              | 38   | (23)          | (20)  | 50                              | (56) | 94                | (38)  | (60)           | (32)  |
| Net income for the period                                                       | 505                                      | 353                | -                               | -    | 15            | (301) | (149)                           | 167  | (134)             | (134) | 371            | 219   |
| Net income attributable to minority interests                                   | (9)                                      | (8)                | -                               | -    | -             | 2     | 5                               | (8)  | 5                 | (6)   | (4)            | (14)  |
| TOTAL NET INCOME ATTRIBUTABLE TO THE PARENT                                     | 496                                      | 345                | -                               | -    | 15            | (299) | (144)                           | 159  | (129)             | (140) | 367            | 205   |

<sup>(1)</sup> Income from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> The inventory effect represents an adjustment to "Supplies" and "Changes in inventories of finished goods and work in progress inventories" on the income statement under IFRS-EU.

|                      | Figures for second quarter 2017 and 2016 (million euros) |          |                                                     |         |         |          |
|----------------------|----------------------------------------------------------|----------|-----------------------------------------------------|---------|---------|----------|
|                      | Group Reporting Model                                    |          | Adjustment Joint Ventures and others <sup>(1)</sup> |         | IFRS-EU |          |
|                      | 2017                                                     | 2016     | 2017                                                | 2016    | 2017    | 2016     |
| <b>OTHER FIGURES</b> |                                                          |          |                                                     |         |         |          |
| EBITDA               | 1,264                                                    | 1,390    | (262)                                               | (234)   | 1,002   | 1,156    |
| Net debt             | (7,477)                                                  | (11,709) | (873)                                               | (1,035) | (8,350) | (12,744) |

<sup>(1)</sup> The adjustment to EBITDA includes pre-tax inventory effects.

<sup>1</sup> The interim financial statements for the first half of 2017 contain amounts and metrics prepared using the Group's internal reporting model. For further information regarding the Alternative Performance Measures (APM) used by the Group, go to Appendix I of the Group's management report for the first half of 2017.

*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.*

The breakdown of revenue by segments between third-party revenue and inter-segment revenue is displayed below:

| Segments                                                           | Million euros                    |               |                                            |            |                         |               |
|--------------------------------------------------------------------|----------------------------------|---------------|--------------------------------------------|------------|-------------------------|---------------|
|                                                                    | Operating revenue from customers |               | Operating revenue from inter-segment sales |            | Total operating revenue |               |
|                                                                    | 06/30/2017                       | 06/30/2016    | 06/30/2017                                 | 06/30/2016 | 06/30/2017              | 06/30/2016    |
| Upstream                                                           | 2,308                            | 1,917         | 789                                        | 392        | 3,097                   | 2,309         |
| Downstream                                                         | 19,083                           | 14,627        | 11                                         | 11         | 19,094                  | 14,638        |
| Corporation                                                        | 1                                | -             | -                                          | 3          | 1                       | 3             |
| (-) Inter-segment adjustments and eliminations of operating income | (1)                              | 1             | (800)                                      | (406)      | (801)                   | (405)         |
| <b>TOTAL</b>                                                       | <b>21,391</b>                    | <b>16,545</b> | <b>-</b>                                   | <b>-</b>   | <b>21,391</b>           | <b>16,545</b> |

The reconciliation of other metrics disclosed in Note 3.2 with the EU-IFRS disclosures for the first half of 2017 and 2016 is as follows:

|                                                                         | Million euros |              | Million euros |               |
|-------------------------------------------------------------------------|---------------|--------------|---------------|---------------|
|                                                                         | Q2 2017       | Q2 2016      | 06/30/2017    | 06/30/2016    |
| <b>Revenue <sup>(1)</sup></b>                                           | <b>10,746</b> | <b>8,496</b> | <b>21,391</b> | <b>16,545</b> |
| <i>Adjustment for joint ventures or othe companies managed as such:</i> |               |              |               |               |
| Upstream                                                                | (556)         | (394)        | (1,075)       | (771)         |
| Downstream                                                              | (8)           | (10)         | (13)          | (15)          |
| <b>EU-IFRS Revenue <sup>(2)</sup></b>                                   | <b>10,182</b> | <b>8,092</b> | <b>20,303</b> | <b>15,759</b> |
| <b>Capital employed <sup>(1)</sup></b>                                  | <b>-</b>      | <b>-</b>     | <b>37,660</b> | <b>40,531</b> |
| <i>Adjustment for joint ventures or othe companies managed as such:</i> |               |              |               |               |
| Upstream                                                                | -             | -            | 854           | 1,022         |
| Downstream                                                              | -             | -            | 19            | 13            |
| <b>Capital employed</b>                                                 | <b>-</b>      | <b>-</b>     | <b>38,533</b> | <b>41,566</b> |

<sup>(1)</sup> Figures compiled in keeping with the Group reporting model described in Note 2.6 “Information by business segment”.

<sup>(2)</sup> The EU-IFRS revenue figure corresponds to the sum of the “Sales” and “Services rendered and other income” headings on the consolidated income statement.

# INTERIM CONSOLIDATED MANAGEMENT REPORT

For the first half of 2017

REPSOL, S.A. and Investees comprising the Repsol Group



*Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish language version prevails.*

## **INDEX**

|                                                                         |           |
|-------------------------------------------------------------------------|-----------|
| <b>1. MAIN EVENTS OF THE PERIOD .....</b>                               | <b>3</b>  |
| <b>2. CORPORATE GOVERNANCE .....</b>                                    | <b>6</b>  |
| <b>3. MACROECONOMIC ENVIRONMENT.....</b>                                | <b>7</b>  |
| <b>4. RESULTS, FINANCIAL OVERVIEW AND STOCKHOLDER REMUNERATION.....</b> | <b>11</b> |
| 4.1. RESULTS AND CASH FLOW .....                                        | 11        |
| 4.2. FINANCIAL OVERVIEW .....                                           | 15        |
| 4.3. SHAREHOLDER REMUNERATION .....                                     | 17        |
| <b>5. OUR BUSINESS PERFORMANCE .....</b>                                | <b>20</b> |
| 5.1. UPSTREAM.....                                                      | 20        |
| 5.2. DOWNSTREAM .....                                                   | 22        |
| 5.3. CORPORATION.....                                                   | 24        |
| <b>6. RISKS .....</b>                                                   | <b>25</b> |
| 6.1. RISK FACTORS .....                                                 | 25        |
| 6.2. RISK MANAGEMENT .....                                              | 31        |
| <b>ABOUT THIS REPORT.....</b>                                           | <b>32</b> |
| <b>APPENDIX I: ALTERNATIVE PERFORMANCE MEASURES .....</b>               | <b>33</b> |
| <b>APPENDIX II: TABLE OF CONVERSIONS AND ABBREVIATIONS .....</b>        | <b>42</b> |

## 1. MAIN EVENTS OF THE PERIOD

During the first half of 2017, Repsol<sup>1</sup> has progressed with the **implementation of the 2016-2020 Strategic Plan**<sup>2</sup> and its **transformation process**, seeking to become a more efficient, flexible and innovative company. Evidence of this is its **ability to achieve results** in this period, even in the current environment of persistently low crude oil and gas prices: the **net income** amounted to 1,056 million euros (a 65% increase over the same period of the previous year), the **free cash flow** generated has risen to 943 million euros (up 22% on the previous year) and **net debt** has fallen to 7,477 million euros (compared to 11,709 million euros in the same period of the previous year). Moreover, this notable financial performance was accompanied by important discoveries in the *Upstream* business.

### RESULTS<sup>3</sup>

| Million euros              | 1H 2017      | 1H 2016    | Variation  |
|----------------------------|--------------|------------|------------|
| Upstream                   | 339          | 63         | 276        |
| Downstream                 | 929          | 934        | (5)        |
| Corporation and other      | (142)        | (80)       | (62)       |
| <b>Adjusted Net Income</b> | <b>1,126</b> | <b>917</b> | <b>209</b> |
| Inventory Effect           | (60)         | 2          | (62)       |
| Special Items              | (10)         | (280)      | 270        |
| <b>Net Income</b>          | <b>1,056</b> | <b>639</b> | <b>417</b> |

The *Upstream* results show a significant improvement over the first half of 2016 (up 437%), driven by the increase in the realization prices for oil and gas and the reduction in recurring operational costs, together with the contribution of the production in Libya and Brazil.

In *Downstream*, the solid results continued in the same line as in the first half of 2016, demonstrating the quality of our industrial assets and the competitive advantages of our integrated business model.

The decline in the results of *Corporation and others* is attributable mainly to the reduced contribution of Gas Natural Fenosa (GNF), due to the sale of 10% of its interest in September 2016, partly offset by the reduction in the Corporation's costs.

As a consequence of the foregoing, **adjusted net income** amounted to 1,126 million euros, 23% up on the 2016 figure.

The *inventory effect*, which reflects the impact of the variation in inventory prices, was negative due to the decline in crude oil prices over the period.

The *special items* in the period are not significant, whereas in 2016 they included workforce restructuring costs and provisions.

In short, the Group's **net income** rose to a profit of 1,056 million euros in the first half of 2017, compared to 639 million euros in 2016.

<sup>1</sup> Henceforth, the names "Repsol," "Repsol Group" or "the company" are used interchangeably to refer to the company group consisting of Repsol, S.A. and its subsidiaries, associates and joint arrangements.

<sup>2</sup> The 2016-2020 Strategic Plan was published in October 2015.

<sup>3</sup> All the information presented throughout this section, unless expressly stated to the contrary, was prepared in accordance with the *reporting* model, which is described in Note 2.6 "Segment reporting" in the interim condensed consolidated financial statements for the first half of 2017. Some of the financial indicators used in this document are classified as Alternative Performance Measures (APM) in accordance with the Guidelines of the European Securities Markets Authority (ESMA). See Appendix I, "Alternative Performance Measures", which includes the reconciliation between the adjusted figures and those corresponding to IFRS-EU financial information.

**EBITDA** amounted to 3,108 million euros, an increase of 29% over the first half of 2016, driven by a substantial improvement in the results of the *Upstream* operations.

**Free cash flow** in the first half was 943 million euros (22% up on the same period of 2016). The main reason was the improved cash flow generated by the business and the discipline in investments.

At the end of the half-year, **net debt** was 7,477 million euros, a significant reduction on the position at June 30, 2016 (11,709 million euros) and December 31, 2016 (8,144 million euros).

## OTHER EVENTS DURING THE PERIOD

During the first half, there were **two important discoveries**, in the Alaska North Slope with the *Horseshoe-1* and *Horseshoe-1A* drillings, the biggest conventional hydrocarbon find in the US in the last thirty years, and in Trinidad and Tobago with the *Savannah* and *Macadamia* drillings, Repsol's largest gas discovery in the last five years.

The company has maintained its **stockholder remuneration scheme** and in January and July it carried out two scrip issues through which the "Repsol flexible dividend" program is implemented, guaranteeing shareholders 0.76 euros per share (0.43 paid in July).

The **stock market performance** of the Repsol share price (a fall of 0.9%) was better than that of the European Oil & Gas sector, which experienced an average fall of 6%; this reflected the negative influence of the fall in the price of crude oil.

The Group has maintained its **credit rating** and the leading credit agencies have improved the outlook, with S&P updating it to "positive" and Moody's and Fitch to "stable".

Also worthy of note was the issuance of a **green bond**<sup>1</sup>, the first for the company and for the Oil & Gas sector, in the amount of 500 million euros.

The Annual General Meeting, held on May 19, 2017, approved the **appointment of three new independent external directors**, which will improve the Board's diversity in terms of expertise and gender.

Lastly, it should be noted that Repsol has maintained its **commitment to safety and the environment**. With regard to employee accidents, the Total Frequency Rate (TFR)<sup>2</sup> decreased compared to 2016. With regard to the environment, improvement actions were carried out in the period at our facilities which, in addition to reducing energy consumption, reduced CO<sub>2</sub> emissions by 75,200 tons.

---

<sup>1</sup> The bond is initially constituted by 312 eligible projects that meet the requirements established by the *Green Bond Principles* (of the International Capital Market Association) and fall mainly into the category of "Energy efficiency"; they were or are being executed in our refineries and chemical plants in Spain and Portugal.

<sup>2</sup> The TFR is an indicator that broadens the definition of accident rate, as it measures the consequences of personal harm and includes other accidents with lesser consequences. Hence, Repsol considers the TFR the most appropriate indicator for evaluating accident rate targets.

## MAIN FIGURES AND INDICATORS OF THE PERIOD

| Financial indicators <sup>(1)</sup>                  | 1H 2017        | 1H 2016        | Macroeconomic environment                      | 1H 2017        | 1H 2016        |
|------------------------------------------------------|----------------|----------------|------------------------------------------------|----------------|----------------|
| <b>Results</b>                                       |                |                | Brent (\$/bbl) average                         | 51.7           | 39.8           |
| EBITDA                                               | 3,108          | 2,417          | WTI (\$/bbl) average                           | 50.0           | 39.8           |
| Adjusted net income                                  | 1,126          | 917            | Henry Hub (\$/MBtu) average                    | 3.3            | 2.0            |
| Net income                                           | 1,056          | 639            | Algonquin (\$/MBtu) average                    | 3.7            | 2.9            |
| Earnings per share (€/share)                         | 0.68           | 0.41           | Exchange rate (\$/€) average                   | 1.08           | 1.12           |
| Capital employed                                     | 37,660         | 40,531         |                                                |                |                |
| ROACE (%) <sup>(2)</sup>                             | 6.5            | 5.3            | <b>Our business performance <sup>(1)</sup></b> | <b>1H 2017</b> | <b>1H 2016</b> |
| <b>Financial overview</b>                            |                |                | <b>Upstream</b>                                |                |                |
| Free cash flow                                       | 943            | 775            | Net production of liquids (kbbbl/d)            | 256            | 251            |
| Debt interest / EBITDA (%)                           | 5.9            | 9.3            | Net production of gas (kboe/d)                 | 429            | 454            |
| Net debt (ND)                                        | 7,477          | 11,709         | Net daily liquid production (kboe/d)           | 685            | 705            |
| ND / EBITDA (x times) <sup>(3)</sup>                 | 1.20           | 2.42           | Average crude oil realization price (\$/bbl)   | 46.7           | 35.1           |
| ND / Capital employed (%)                            | 19.9           | 28.9           | Average gas realization price (\$/kscf)        | 2.9            | 2.3            |
| <b>Shareholder remuneration</b>                      |                |                | EBITDA                                         | 1,666          | 933            |
| Shareholder remuneration (€/share) <sup>(4)</sup>    | 0,335          | 0,466          | Adjusted net income                            | 339            | 63             |
|                                                      |                |                | Net investments                                | 921            | 1,281          |
| <b>Stock market indicators <sup>(1)</sup></b>        | <b>1H 2017</b> | <b>1H 2016</b> | <b>Downstream</b>                              |                |                |
| End-period share price (€)                           | 13.40          | 11.41          | Refining capacity (kbbbl/d)                    | 1,013          | 998            |
| Period average share price (€)                       | 14.28          | 10.26          | Conversion ratio in Spain (%)                  | 63             | 63             |
| Market capitalization at period-end                  | 20,052         | 16,451         | Refining margin indicator Spain (\$/bbl)       | 6.6            | 6.4            |
| <b>Non-financial indicators</b>                      | <b>1H 2017</b> | <b>1H 2016</b> | Gas stations (no.)                             | 4,712          | 4,724          |
| <b>People</b>                                        |                |                | Oil product sales (kt)                         | 25,071         | 22,051         |
| Staff <sup>(5)</sup>                                 | 27,273         | 29,341         | Petrochemical product sales (kt)               | 1,407          | 1,477          |
| New employees <sup>(6)</sup>                         | 1,476          | 1,308          | LPG sales (kt)                                 | 750            | 1,052          |
| <b>Safety and environment</b>                        |                |                | Gas sales in North America (TBtu)              | 266            | 221            |
| Accident frequency rate <sup>(7)</sup>               | 0.72           | 0.69           | EBITDA                                         | 1,518          | 1,585          |
| Total accident frequency rate <sup>(8)</sup>         | 1.34           | 1.46           | Adjusted net income                            | 929            | 934            |
| CO <sub>2</sub> emission reduction <sub>2</sub> (kt) | 75             | 145            | Net investments                                | 245            | (258)          |

<sup>(1)</sup> In millions of euros, where applicable.

<sup>(2)</sup> The ROACE for the first half of 2017 has been annualized by extrapolating the data for the period.

<sup>(3)</sup> The EBITDA for this indicator has been annualized by extrapolating the data for the period.

<sup>(4)</sup> Fixed price guaranteed by Repsol for the freely allocated rights awarded under the "Repsol Flexible Dividend" program (see Note 4.3)

<sup>(5)</sup> Includes direct and indirect employees.

<sup>(6)</sup> Only fixed or temporary employees with no prior working relationship with the company are considered to be new hires. The % of new hires that are permanent in the first half of 2017 and 2016 amounts to 36% and 44%, respectively.

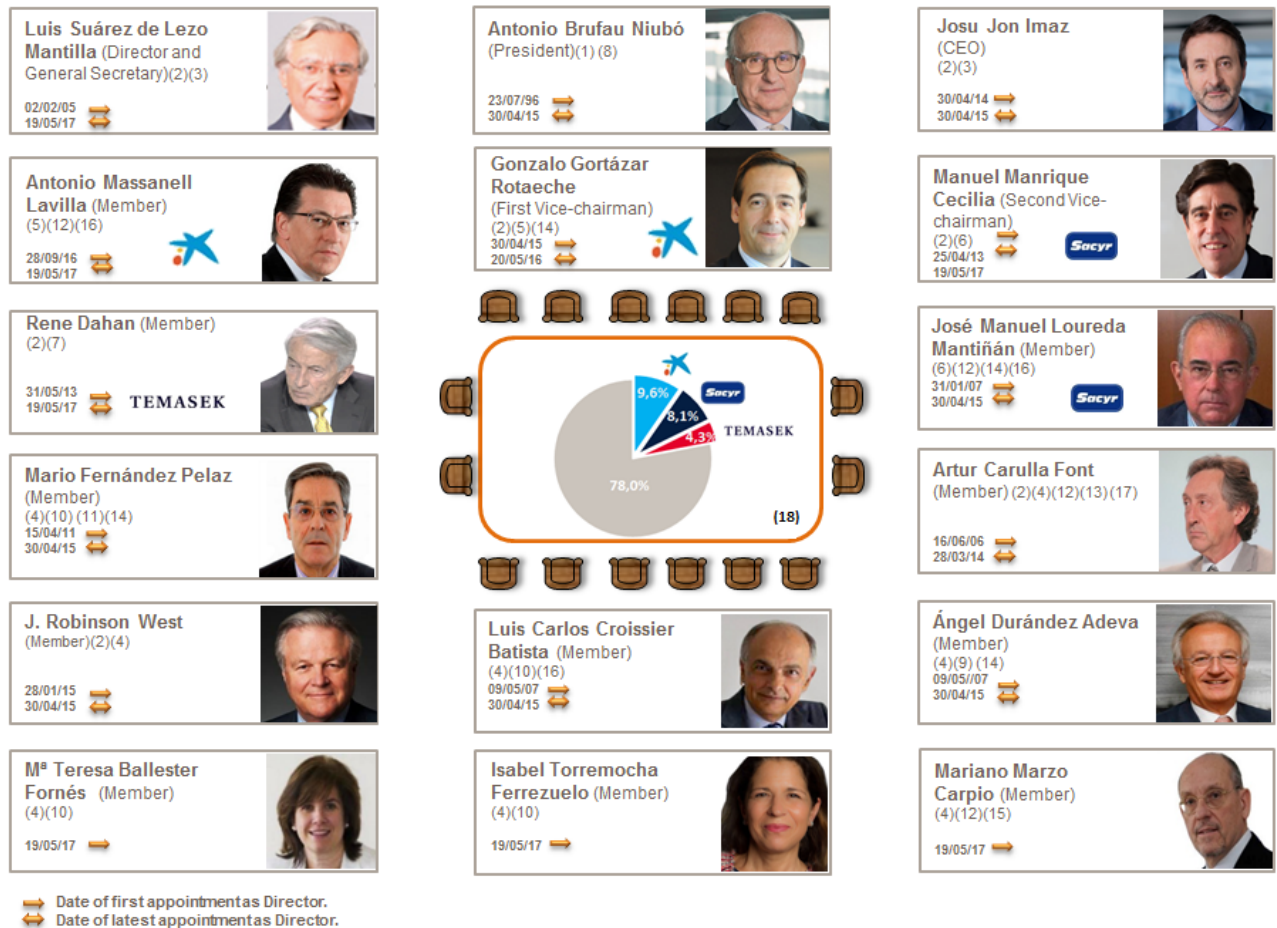
<sup>(7)</sup> Overall Lost Time Injury Frequency Rate with sick leave (number of days lost and fatal accidents recorded over the year, per million work hours). The 2016 figure is annual.

<sup>(8)</sup> Total Recordable Incident Rate (TRIR): number of accidents without lost days, with lost days and fatal accidents over the year, per million work hours. The 2016 figure is annual.

## 2. CORPORATE GOVERNANCE

On May 19, 2017, Repsol's General Shareholders' Meeting approved the **reelection** as Directors of Mr. Rene Dahan, Mr. Manuel Manrique Cecilia and Mr. Luis Suárez de Lezo Mantilla, the **ratification and reelection** as Director of Mr. Antonio Massanell Lavilla, together with the **appointment** as independent **Directors** of Ms. María Teresa Ballester Fornés, Ms. Isabel Torremocha Ferrezuelo and Mr. Mariano Marzo Carpio, all for the statutory term of 4 years.

The current composition of the Board of Directors is as follows:



**Note:** Additional information about Board members may be found at [www.repsol.es/es](http://www.repsol.es/es)

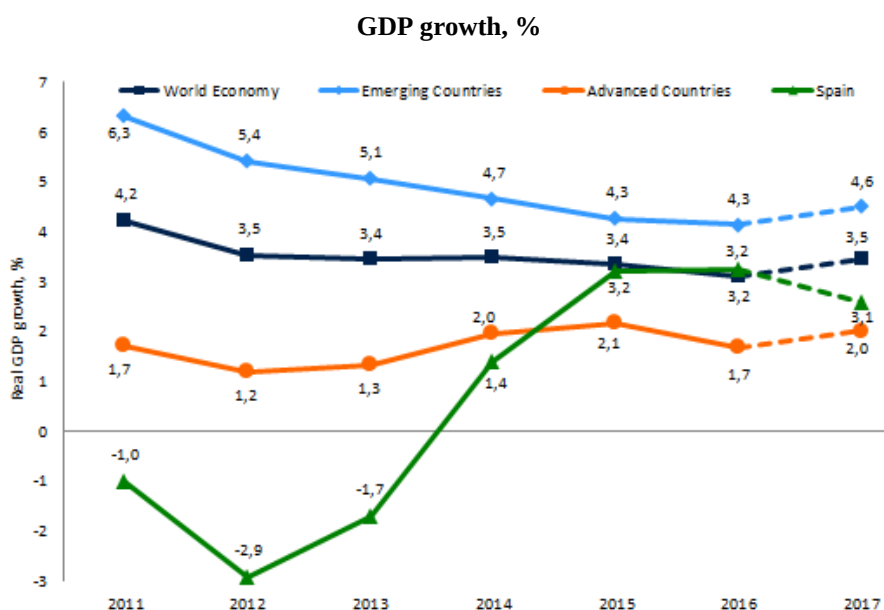
- (1) Chairman of the Delegate Committee.
- (2) Member of the Delegate Committee.
- (3) Executive Director.
- (4) Independent Non-Executive Director.
- (5) External Proprietary Director proposed by Caixabank, S.A.
- (6) External Proprietary Director proposed by Sacyr, S.A.
- (7) External Proprietary Director proposed by Temasek.
- (8) External Director.
- (9) Chairman of the Audit and Control Committee.
- (10) Member of the Audit and Control Committee.
- (11) Chairman of the Appointments Committee.
- (12) Member of the Nomination Committee.
- (13) Chairman of the Remuneration Committee.
- (14) Member of the Remuneration Committee.
- (15) Chairwoman of the Sustainability Committee.
- (16) Member of the Sustainability Committee.
- (17) Coordinating Director.
- (18) Percentage of share capital according to the latest information available at the date of this document. Information provided by Compañía de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), and the information submitted by the stockholders to the Company and to the National Securities Market Commission (CNMV for its abbreviation in Spanish).

### 3. MACROECONOMIC ENVIRONMENT

#### RECENT ECONOMIC TRENDS

Though the **global economy** grew by a modest 3.2% in 2016 as a whole, 0.2 percentage points less than in 2015, output growth accelerated during the year. This favorable trend has been consolidated during 2017, which has contributed to the reduction of risk in the short term and to the improvement of the outlook. The IMF (in its July 2017 WEO) forecasts that global growth would accelerate to 3.5% in 2017, driven by both the advanced economies and emerging markets.

Growth in the **advanced economies** is projected to rise from 1.7% in 2016 to 2.0% in 2017, due to an improvement in domestic demand, with the deleveraging of the private sector now well advanced and with fiscal policy becoming, in general, more expansive. Meanwhile, emerging markets, after five years of slowdown, are expected to see growth pick up from 4.3% in 2016 to 4.6% in 2017. This is due to increased dynamism in China, some recovery in commodity prices and the resumption of capital inflows.



Source: IMF (July 2017 WEO) and Repsol Research Unit.

By regions, growth in the **Eurozone** is surprising on the upside, supported by the quantitative easing program of the European Central Bank (ECB), looser fiscal policies, and the improvement in competitiveness. After continuing to recover in 2016, with growth of 1.7%, in the first quarter of 2017 it grew at over 2% on an annualized basis. In **Spain**, not only does the economy remain dynamic (with YoY growth of 3.0% in the first quarter of 2017), but the composition of growth appears healthy. Despite the strength of domestic demand, the current account balance remains positive, with the strength of exports pointing to improved competitiveness. As a result, the IMF's July forecast of 3.1% growth in 2017 is now well below the latest revised figures from the European Commission.

Meanwhile, in the **US** growth moderated to 1.6% in 2016 and, though some of the explanatory factors seem transitory, the figures for the first quarter of 2017 again disappointed (1.4% annualized quarterly growth). Growth of 2.1% is forecast for 2017, on the basis of the strength of private consumption, but the prospect of growth being boosted by increased fiscal stimuli that would boost growth is receding.

In this regard, the divergence between the leading central banks has been less than expected, providing support for increased risk appetite and looser financial conditions, which has favored the upturn in global growth. In the US, the Federal Reserve (FED) has continued to tighten monetary policy, but very

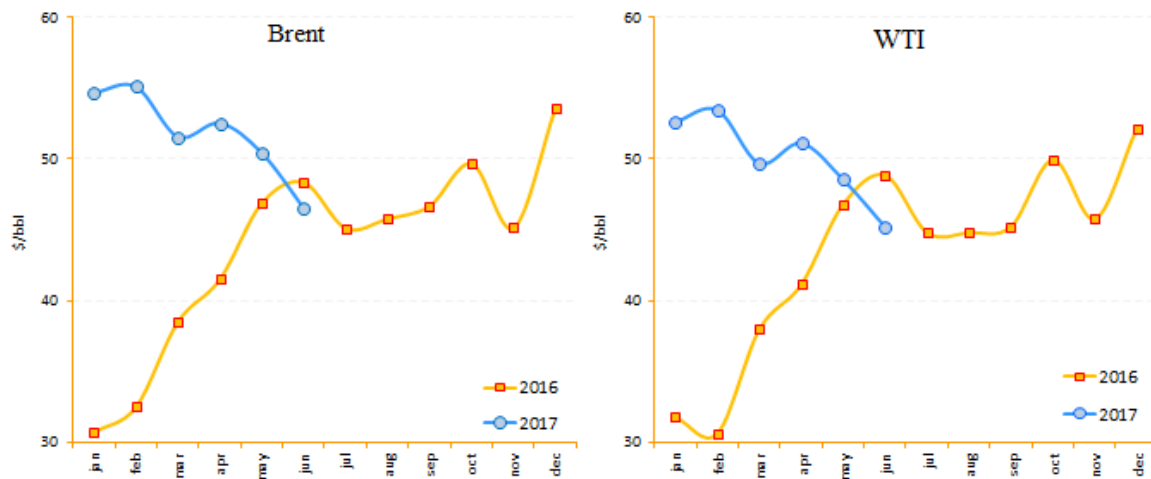
gradually, while the ECB maintains its quantitative easing measures as inflation remains below target, despite the pickup in growth.

## DEVELOPMENTS IN THE ENERGY SECTOR

### Crude oil - Brent

In the first half of 2017, Brent and WTI prices have followed a predominantly downward trajectory, recording averages of US\$51.7/bbl and US\$50.0/bbl respectively. Following the agreement by the OPEC countries at the end of last year to cut production, which was seconded by 11 non-OPEC countries (Russia, Mexico, Kazakhstan, Azerbaijan, Oman, Malaysia, Equatorial Guinea, South Sudan, Sudan, Bahrain and Brunei), the Brent oil price rose in January and February, surpassing US\$55/bbl at one point. After that, market sentiment reversed, with prices correcting by around ten dollars. The factors behind the bearish trend of recent months include the following: i) the uncertainty arising in the market with regard to compliance with the cuts agreed; ii) the increased production by OPEC countries not subject to the agreement on cuts, such as Nigeria and Libya; and iii) the increase in US production.

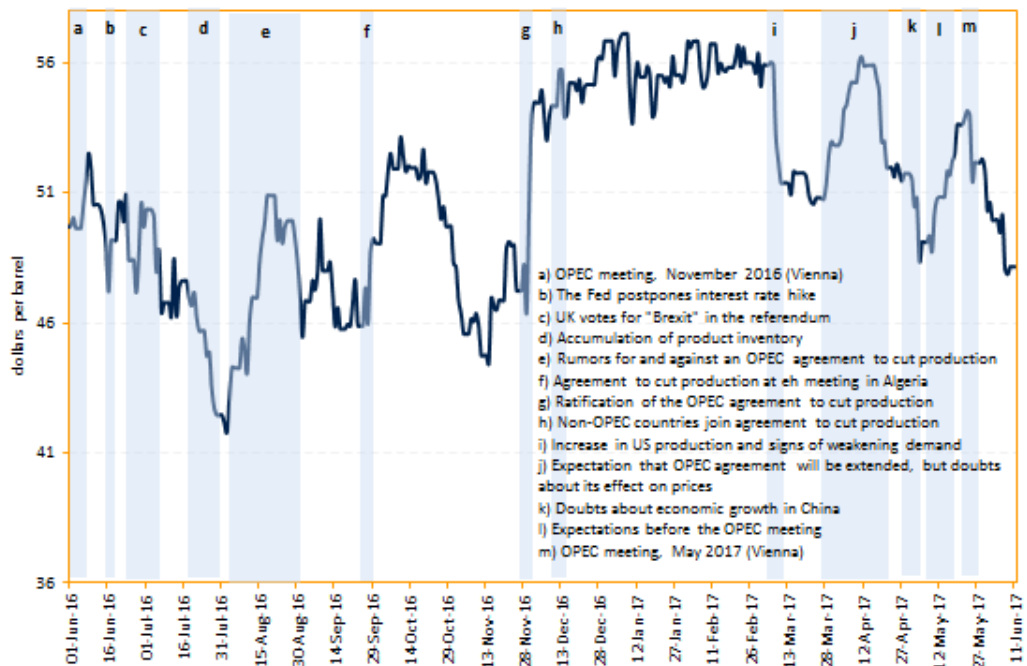
**Recent trends in Brent and WTI prices**



Source: Bloomberg and Repsol Research Unit

Despite the market's pessimism, the International Energy Agency (IEA), in its June monthly report on the oil market, indicates that the balance of supply and demand is thought to have moved into deficit (demand exceeding supply) since the second quarter of this year, and in the year as a whole inventories are expected to fall by an average of over half a million barrels per day, with a positive effect on prices.

### Key milestones in Brent oil price movements in the first half of 2017

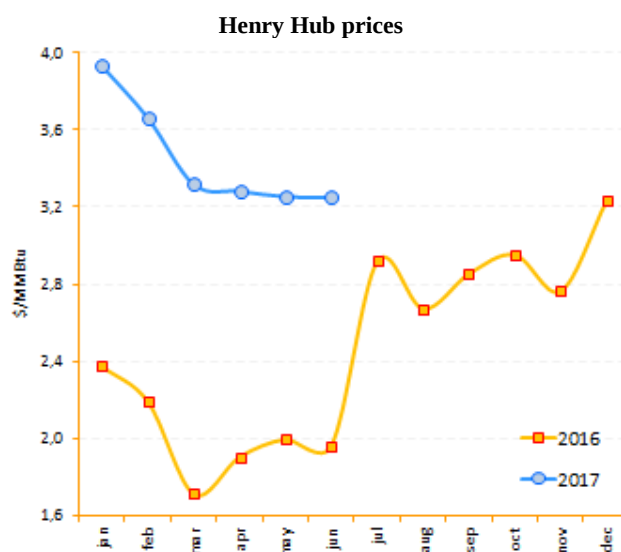


Source: Bloomberg and Repsol Research Unit

### Natural Gas - Henry Hub (HH)

With regard to US natural gas, the average HH one-month futures price in the first half of 2017 was US\$3.3/MMBtu, an increase of 61% over the average price in the same half of 2016.

With estimated quarterly production remaining below the levels of the previous year, the cold spells at the beginning of the year and the expectations of increased exports drove the recovery in prices. Nevertheless, since January prices have declined in the face of prospects for increased production and warmer weather.



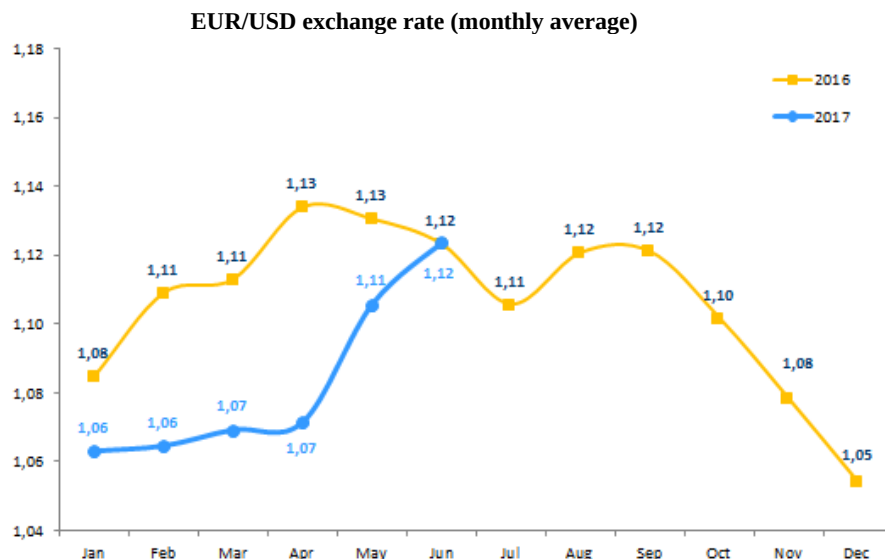
Source: NYMEX and Repsol Research Unit.

## EXCHANGE RATE TRENDS

The first part of 2017 was characterized by the progressive weakness of the US dollar after the rally seen at the end of 2016. The FED's decision to raise rates in December and the election of Mr. Trump as US president in November were the main factors behind the dollar's strength in the latter part of last year. The markets thought that the new president's electoral promises would provide support for the dollar inasmuch as they would result in an expansionary fiscal policy, a tightening of monetary policy and a deregulation of US financial markets.

On the other hand, the fact that the ECB and the Bank of Japan (BOJ) continued with their balance sheet expansion programs, with interest rates at historical lows, exerted downward pressure on the euro and yen. Meanwhile, a year weighted with highly significant elections in Holland, France and Germany, together with a number of anti-EU parties bursting onto the scene, gave rise to a high level of political risk which predominated even over economic fundamentals.

During the first part of this year, some of the factors that had favored the strength of the dollar against the euro have weakened. Doubts have arisen about the capacity of the Trump administration to carry out its electoral promises - especially the fiscal expansion - and in Europe political risk has diminished following the victories of pro-EU parties. Moreover, while economic growth in Europe shows clear signs of strength, in the first quarter US growth was below the forecasts, meaning that the normalization of interest rates is expect to proceed more slowly than anticipated.



Source: Bloomberg and Repsol Research Unit

Emerging markets have seen their currencies appreciate in the first half of 2017, benefitting from a recovery in commodity prices and increased capital inflows. In addition, some currencies, such as the Mexican peso, have reversed their earlier depreciation as President Trump's administration adopts a less aggressive tone with regard to protectionist policies.

## 4. RESULTS, FINANCIAL OVERVIEW AND STOCKHOLDER REMUNERATION

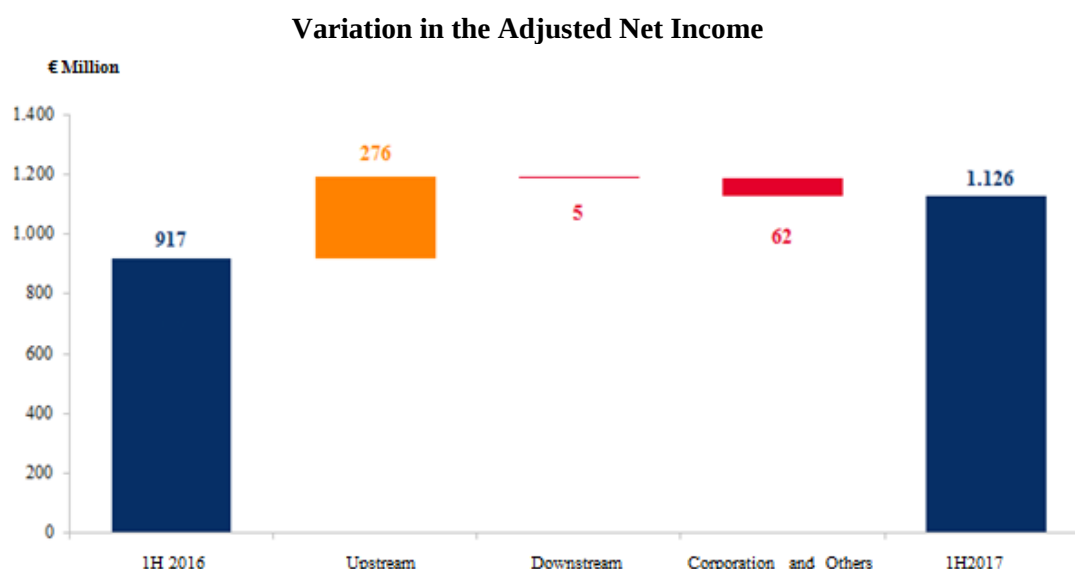
### 4.1. RESULTS AND CASH FLOW

| Million euros              | 1H 2017      | 1H 2016    | Δ          |
|----------------------------|--------------|------------|------------|
| Upstream                   | 339          | 63         | 438%       |
| Downstream                 | 929          | 934        | (1)%       |
| Corporation and other      | (142)        | (80)       | (78)%      |
| <b>Adjusted Net Income</b> | <b>1,126</b> | <b>917</b> | <b>23%</b> |
| Inventory effect           | (60)         | 2          | -          |
| Special Items              | (10)         | (280)      | (96)%      |
| <b>Net income</b>          | <b>1,056</b> | <b>639</b> | <b>65%</b> |

NOTE: For further information on the results by business segment, see Note 3 “Segment results” in the Interim financial statements for the first half of 2017.

The results for the first half of 2017, compared to the same period in the previous year, are occurring in a more favorable **environment** marked by higher prices for oil and, above all, for gas (a 30% increase in Brent prices and a 61% increase in the Henry Hub), solid indicators in refining margins (around US\$6.6/bbl) and the petrochemicals business, and the appreciation of the dollar against the euro.

**Adjusted Net Income** for the half-year rose to 1,126 million euros, an increase of 23% over the same period in 2016. Notable factors were the improved results in *Upstream*, due to the increase in realization prices, efforts to increase efficiency and the contribution of Libya, and the maintenance of the solid results in *Downstream*.



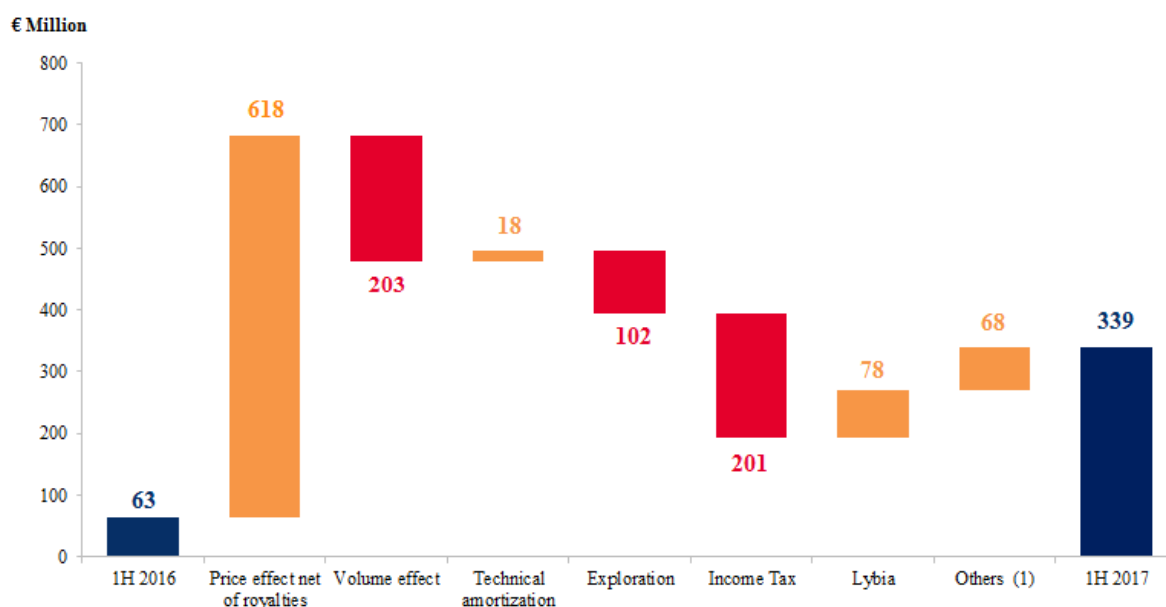
## Upstream

Average **production** in the half-year was 685 Kboe/d, 3% down on the same period the previous year. The natural decline in the United States and the exhaustion and cease of activity of fields in Norway, the loss of production from assets sold in Indonesia and the fall in Brazilian demand for exports from Bolivia have been largely offset by the resumption of production in Libya and the inauguration of new wells in Sapinhoá and Lapa in Brazil.

With regard to **exploration**, drilling was completed for seven exploration wells and three delineation/appraisal wells. Five of them were declared positive (three exploration and two appraisal wells) and five negative (four exploration and one appraisal wells). The discoveries in Alaska (*Horseshoe-1* and *Horseshoe-1A*) and in Trinidad and Tobago (*Savannah* and *Macadamia*) are notable for their potential.

The **Adjusted Net Income** of *Upstream* stood at 339 million euros, much higher than the same period of the previous year (63 million euros). This significant improvement was driven fundamentally by the recovery in oil and gas realization prices, the contribution from Libya, which resumed production in December 2016, and from Brazil and by the reduction in recurring operating costs. These increases in income were partly offset by higher taxes, the fall in volumes sold and increased exploration expenses.

### Variation in the adjusted net income of Upstream 1H 2017 vs. 1H 2016



(1) Includes general administrative costs, exchange rate effect and others.

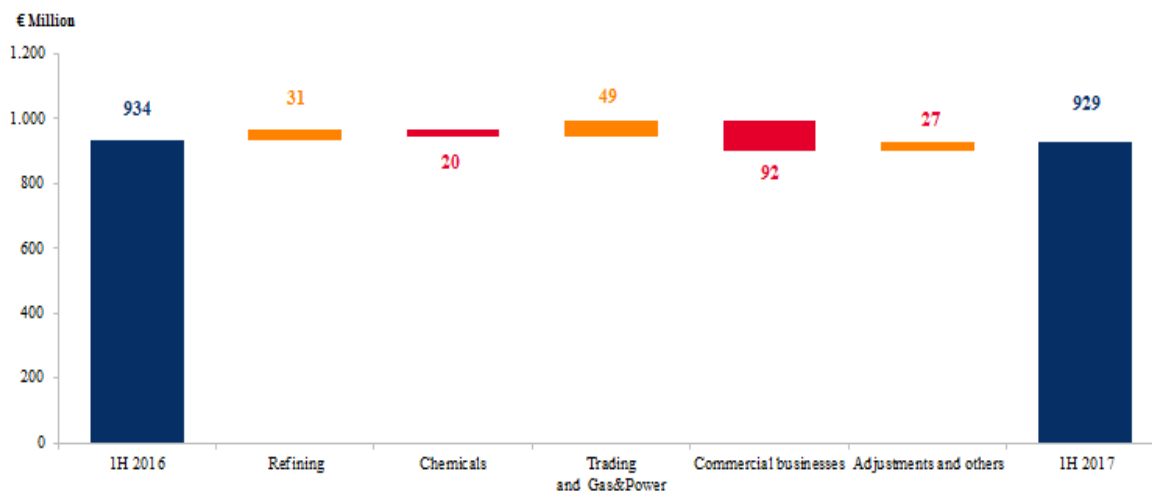
*Upstream* **EBITDA** amounted to 1,666 million euros, a 79% increase on the same period of the previous year.

**Net investment** in exploration in the period was 921 million euros, a 28% decline on the same period in 2016.

## Downstream

**Adjusted net income** was 929 million euros in the first half of 2017, in line with the same period of 2016.

### Variation in the adjusted net income of Downstream 1H 2017 vs. 1H 2016



The variation in the adjusted net income was due mainly to:

- The solid results in Refining were maintained in a more favorable international environment (higher margin of US\$6.6/bbl as opposed to US\$6.4/bbl in 1H2016 and a stronger US dollar: 1.08 €/€ vs. 1.12 €/€ in 1H2016), increased distillation in the plants and the increase in sales, which offset the effects of the multi-year maintenance downtimes in the industrial complexes of Bilbao and Cartagena, and increased amortization.
- In Chemicals, where the high international margins of the previous year were maintained, results were affected by lower sales in the period due to operational incidents at the plants. This effect was offset by the greater contribution to the result from cogeneration plants and associate companies.
- The improved results in Trading operations and the recovery in the Gas & Power business in North America, driven by the increase in volumes sold and lower costs.
- In Commercial Businesses, the improvement in the results of Marketing in Spain (sales up 2%, improvement in non-oil activity, reduction in fixed costs) and Portugal. However, the results of the LPG business were reduced, in comparison with the previous year, by lower margins on regulated bottled LPG, the indemnities resulting from applying the maximum price formula for the sale of bottled LPG 2009-2010 registered in 2016, and the income from the disposal of businesses (piped gas in Spain and the Peru and Ecuador LPG businesses).

Downstream's **EBITDA** stood at 1,518 million euros (compared to 1,585 million euros in the same period of 2016).

*Downstream's net investments* were 245 million euros (compared to a negative 258 million euros in the first half of 2016, when major divestments were made). Gross investment declined by 15% compared to the same period of 2016, with the main investments being those related to the improvement of energy efficiency and safety and environment, together with the multi-year downtimes in the Spain refineries and the refurbishing of the gasolines block in the La Pampilla refinery in Peru.

### **Corporation and other**

The results (a loss of 142 million euros) were below those for the first half of 2016 (80 million euro loss). The reductions in corporate costs in Madrid and Calgary and lower debt interest payments were insufficient to compensate for the reduced contribution of Gas Natural Fenosa (following the reduction of the holding in 2016 and the worse performance by the electric power activity in Spain) and the comparative effect on the financial results of the gains achieved in 2016 on the repurchase of the ROGCI bonds.

The **Inventory Effect** is negative at 60 million euros, due to the decline in prices during the half-year.

In **Special Items**, which stood at -10 million euros, notable aspects were i) workforce restructuring costs, due to the downsizing of the executive team and the workforce reductions in the countries of the *Upstream* segment, ii) the impairment of exploration assets, and iii) the impact of legal, fiscal and environmental provisions.

| Million euros           | Upstream  |              | Downstream |            | Corporation |              | TOTAL       |              |
|-------------------------|-----------|--------------|------------|------------|-------------|--------------|-------------|--------------|
|                         | 1H 2017   | 1H 2016      | 1H 2017    | 1H 2016    | 1H 2017     | 1H 2016      | 1H 2017     | 1H 2016      |
| Divestments             | 9         | (10)         | 12         | 260        | 2           | -            | 23          | 250          |
| Workforce restructuring | (8)       | (54)         | (4)        | (130)      | (24)        | (162)        | (36)        | (346)        |
| Impairment              | (26)      | (8)          | -          | (2)        | -           | -            | (26)        | (10)         |
| Provisions and others   | 36        | (138)        | 14         | (20)       | (21)        | (16)         | 29          | (174)        |
| <b>TOTAL</b>            | <b>11</b> | <b>(210)</b> | <b>22</b>  | <b>108</b> | <b>(43)</b> | <b>(178)</b> | <b>(10)</b> | <b>(280)</b> |

**Net Income** for the first half, as a result of all of the above, was 1,056 million euros, 65% up on the same period of 2016.

**EBITDA** for the period, at 3,108 million euros, rose 29% over the previous period, driven basically by the notable performance of *Upstream*.

Below we present the main financial **profitability** indicators for the first half of 2017 and 2016:

| Profitability indicators                       | 1H 2017 | 1H 2016 |
|------------------------------------------------|---------|---------|
| Return on average capital employed (ROACE) (%) | 6.5     | 5.3     |
| Earnings per share (€/share)                   | 0.68    | 0.41    |

**Free cash flow** in the first half of 2017 stood at 943 million euros, compared to 775 million euros in the same period of 2016. The significant improvement in EBITDA and the fall in investment were partly offset by higher tax payments and the absence of major divestments in the period.

|                                                                     | 1H 2017        | 1H 2016      |
|---------------------------------------------------------------------|----------------|--------------|
| <b>EBITDA</b>                                                       | <b>3,108</b>   | <b>2,417</b> |
| Changes in working capital                                          | (387)          | (731)        |
| Dividends received                                                  | 140            | 303          |
| Income tax receipts / (payments)                                    | (380)          | 119          |
| Other receipts/(payments) from operating activities                 | (306)          | (336)        |
| <b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>                       | <b>2,175</b>   | <b>1,772</b> |
| Payments on investments                                             | (1,264)        | (1,657)      |
| Receipts from disinvestments                                        | 32             | 660          |
| <b>II. CASH FLOW FROM INVESTMENT ACTIVITIES</b>                     | <b>(1,232)</b> | <b>(997)</b> |
| <b>FREE CASH FLOW (I + II)</b>                                      | <b>943</b>     | <b>775</b>   |
| Payments for dividends and remuneration of other equity instruments | (143)          | (271)        |
| Net interest                                                        | (345)          | (398)        |
| Treasury stock                                                      | (183)          | (49)         |
| <b>CASH GENERATED IN THE PERIOD</b>                                 | <b>272</b>     | <b>57</b>    |

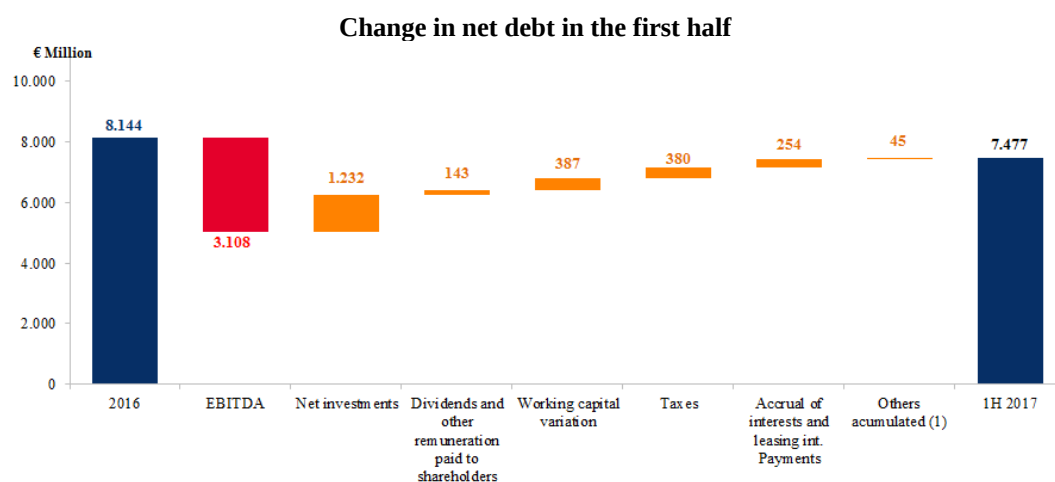
## 4.2. FINANCIAL OVERVIEW

During the first half of 2017, in accordance with the Group's commitment to strengthening its financial structure following the acquisition of ROGCI, it has continued with the various measures that have enabled it to reduce its borrowing and maintain its pre-acquisition credit rating; moreover, the leading credit agencies have improved the outlook, with S&P updating it from "negative" to "positive" and Moody's and Fitch from "negative" to "stable".

In line with its policy of financial prudence and its commitment to maintaining a high degree of liquidity, the funds held in cash by the Group at the end of the half-year and available credit lines amply exceed the maturities of its short-term debt.

### Indebtedness

The **net debt** at June 30, 2017 was 7,477 million euros, significantly inferior to that at the same date last year (11,709 million euros), due to the improvement in the cash flow generated by the businesses over the period (driven mainly by the Upstream segment), discipline in investments and the lower costs of borrowing. During the half-year, net debt was reduced by 667 million euros:



(1) Mainly includes treasury stock transactions and the effect of the exchange rate.

## Main funding operations

- In February 2017, a bond issued by Repsol International Finance, B.V. (RIF) was repaid at maturity; the nominal amount was 886 million euros with a fixed annual coupon of 4.75%.
- In May 2017, RIF issued a bond guaranteed by Repsol S.A., in the amount of 500 million euros, maturing in 2022 and carrying a fixed annual coupon of 0.50%. This represents the first issue of a "green bond"<sup>1</sup> by the Repsol Group, the funds of which are dedicated to refinancing and financing projects that seek to prevent greenhouse gas emissions as part of refining and chemical activities in Spain and Portugal.
- On June 9, ROGCI announced the launch of a Consent solicitation addressed to holders of its US dollar bonds, with the aim of modifying certain terms and conditions of these issues with the aim of: (i) replacing ROGCI's reporting obligations with Repsol's periodic financial information; and (ii) eliminating the merger covenant in order to optimize the Group's operating and financial flexibility. ROGCI has also offered investors the option of repurchasing their bonds.

This transaction was preceded by Repsol, S.A.'s guaranteeing ROGCI's payment obligations as part of these issues; this guarantee shall remain in force until it expires or is cancelled.

ROGCI has received sufficient consents to amend the conditions of the issues in the terms proposed and has repurchased bonds in the amount of 87 million dollars.

## Debt maturities

The maturity dates for gross debt at June 30, 2017 are as follows:

| Gross debt <sup>(1)(2)</sup> (Million euros) | Total         | Maturities of bonds <sup>(1)</sup> outstanding at June 30 2017 |          |                      |              |          |
|----------------------------------------------|---------------|----------------------------------------------------------------|----------|----------------------|--------------|----------|
|                                              |               | FY                                                             | Currency | Nominal              | %            | Maturity |
|                                              |               | 2017                                                           | £        | 250 <sup>(4)</sup>   | 6.63         | dec-17   |
| Maturity 2017                                | 2,820         | 2018                                                           | €        | 750 <sup>(3)</sup>   | 4.38         | feb-18   |
|                                              |               |                                                                | €        | 600                  | Eur. 3M+p.b. | jul-18   |
| Maturity 2018                                | 1,956         |                                                                | €        | 1,000 <sup>(3)</sup> | 4.88         | feb-19   |
|                                              |               | 2019                                                           | \$       | 360 <sup>(4)</sup>   | 7.75         | jun-19   |
| Maturity 2019                                | 1,740         |                                                                | €        | 100                  | 0.125        | jul-19   |
|                                              |               | 2020                                                           | €        | 1,200 <sup>(3)</sup> | 2.63         | may-20   |
| Maturity 2020                                | 1,903         |                                                                | €        | 600 <sup>(3)</sup>   | 2.13         | dec-20   |
|                                              |               |                                                                | \$       | 237 <sup>(4)</sup>   | 3.75         | feb-21   |
| Maturity 2021                                | 1,312         |                                                                | €        | 1,000 <sup>(3)</sup> | 3.63         | oct-21   |
|                                              |               |                                                                | €        | 500 <sup>(3)</sup>   | 0.50         | may-22   |
| Maturity 2022 and thereafter                 | 3,079         |                                                                | €        | 500 <sup>(3)</sup>   | 2.25         | dec-26   |
|                                              |               |                                                                | \$       | 50 <sup>(4)</sup>    | 7.25         | oct-27   |
| <b>TOTAL</b>                                 | <b>12,810</b> | 2021 and thereafter                                            | €        | 100 <sup>(3)</sup>   | 5.38         | jan-31   |
|                                              |               |                                                                | \$       | 88 <sup>(4)</sup>    | 5.75         | may-35   |
|                                              |               |                                                                | \$       | 102 <sup>(4)</sup>   | 5.85         | feb-37   |
|                                              |               |                                                                | \$       | 115 <sup>(4)</sup>   | 6.25         | feb-38   |
|                                              |               |                                                                | \$       | 57 <sup>(4)</sup>    | 5.50         | may-42   |
|                                              |               |                                                                | €        | 1,000 <sup>(5)</sup> | 4.50         | mar-75   |

<sup>(1)</sup> Does not include the perpetual subordinated bond issued by Repsol International Finance, B.V. (RIF) on March 25, 2015 in the amount of 1,000 million euros.

<sup>(2)</sup> Includes exchange rate derivatives and interest.

<sup>(3)</sup> Issues of RIF under the *Euro 10,000,000,000 Guaranteed Euro Medium Term Note Program* (EMTNs) guaranteed by Repsol, S.A.

<sup>(4)</sup> Issues placed through ROGCI under the scope of the *Universal Shelf Prospectus* program in the United States and the *Medium-Term Note Shelf Prospectus* program in Canada. These issues are subject to the request for consent and repurchase option mentioned in this section and have been guaranteed by Repsol, S.A.

<sup>(5)</sup> Subordinated bond maturing at 60 years issued by RIF and guaranteed by Repsol, S.A. Coupon scheduled for reset on March 25, 2025 and March 25, 2045.

<sup>1</sup> For further information, consult the Green Bond Framework published at [www.repsol.energy/es/](http://www.repsol.energy/es/).

Additionally, Repsol International Finance, B.V. (RIF), holds a Euro Commercial Paper (ECP) Program, with a limit of 2,000 million euros; the outstanding balance at June 30, 2017 was 1,953 million euros.

#### *Financial prudence*

Group liquidity, including committed and undrawn credit facilities, stood at 7,756 million euros at June 30, 2017, which is enough to cover its short-term debt maturities by a factor of 1.91. Repsol had undrawn credit lines amounting to 2,814 and 4,214 million euros at June 30, 2017 and 2016, respectively.

| INDICATORS OF FINANCIAL POSITION                | 06/30/2017 | 06/30/2016 |
|-------------------------------------------------|------------|------------|
| Net financial debt (Million euros)              | 7,477      | 11,709     |
| Net financial debt / EBITDA (x times)           | 1.20       | 2.42       |
| Net financial debt / Total capital employed (%) | 19.9       | 28.9       |
| Liquidity / Gross short-term debt (x times)     | 1.91       | 1.8        |
| Debt interest / EBITDA (%)                      | 5.9        | 9.3        |

#### *Credit rating*

At present, the credit ratings assigned to Repsol, S.A. and ROGCI by the ratings agencies are as follows:

| TERM                | STANDARD & POOR'S |            | MOODY'S      |            | FITCH RATINGS |            |
|---------------------|-------------------|------------|--------------|------------|---------------|------------|
|                     | Repsol, S.A.      | ROGCI      | Repsol, S.A. | ROGCI      | Repsol, S.A.  | ROGCI      |
| Long-term           | BBB-              | BBB-       | Baa2         | Baa2       | BBB           | BBB-       |
| Short-term          | A-3               | A-3        | P-2          | P-3        | F-3           | F-3        |
| Outlook             | positive          | positive   | stable       | stable     | stable        | stable     |
| Last date of change | 03/03/2017        | 03/03/2017 | 06/22/2017   | 06/22/2016 | 05/16/2017    | 05/16/2017 |

#### *Treasury shares and own equity investments*

In the first half of 2017, no significant transactions involving treasury shares or own equity investments were performed. For further information, see Note 4.5 “*Treasury shares and own equity investments*” in the Interim Condensed Consolidated Financial Statements for the first half of 2017.

### **4.3. SHAREHOLDER REMUNERATION**

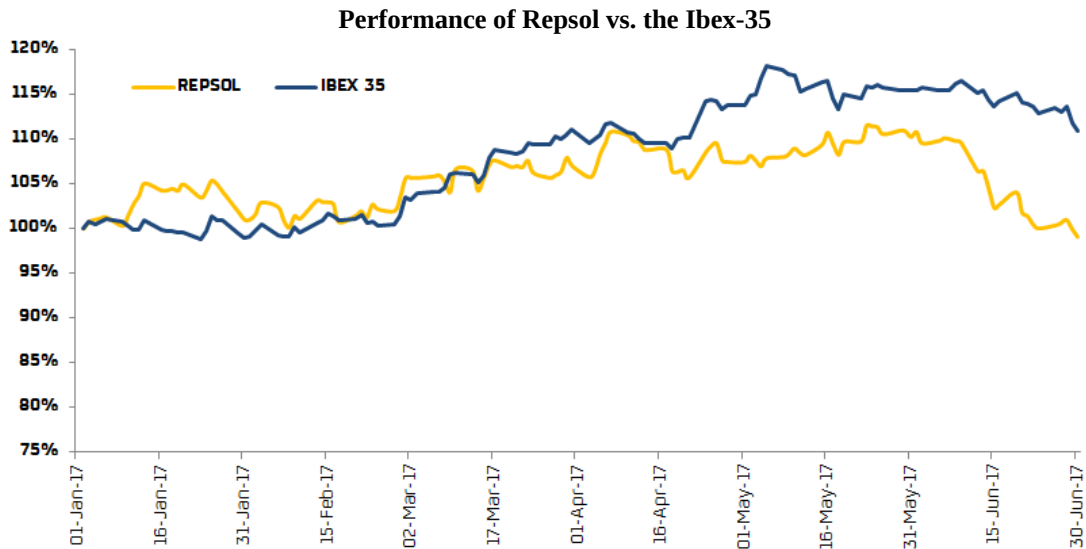
The remuneration received by shareholders in the first half of 2017 under the “*Repsol Flexible Dividend*” program includes the amount of the irrevocable commitment to purchase bonus share rights assumed by Repsol in the bonus share capital increase concluded in January 2017 (€0.335 gross per right). In the first half of 2017, Repsol paid out a gross total of 99 million euros to shareholders and distributed 30,760,751 new shares, worth 392 million euros, to those shareholders opting to take their dividend in the form of new company shares.

In addition, in July 2017, under the “*Repsol Flexible Dividend*” program, replacing what would have been the final dividend from 2016 profits, Repsol paid out 189 million euros in cash (€0.426 gross per right) to those shareholders opting to sell their bonus share rights back to the Company and delivered 30,991,202 shares, worth 449 million euros, to those opting to take their dividend in the form of new company shares.

For additional information on the total remuneration received by shareholders and the aforementioned capital increases issued under the “*Repsol Flexible Dividend*” program, see Note 4.5 “*Share capital*” of the Interim Condensed Consolidated Financial Statements for the first half of 2017.

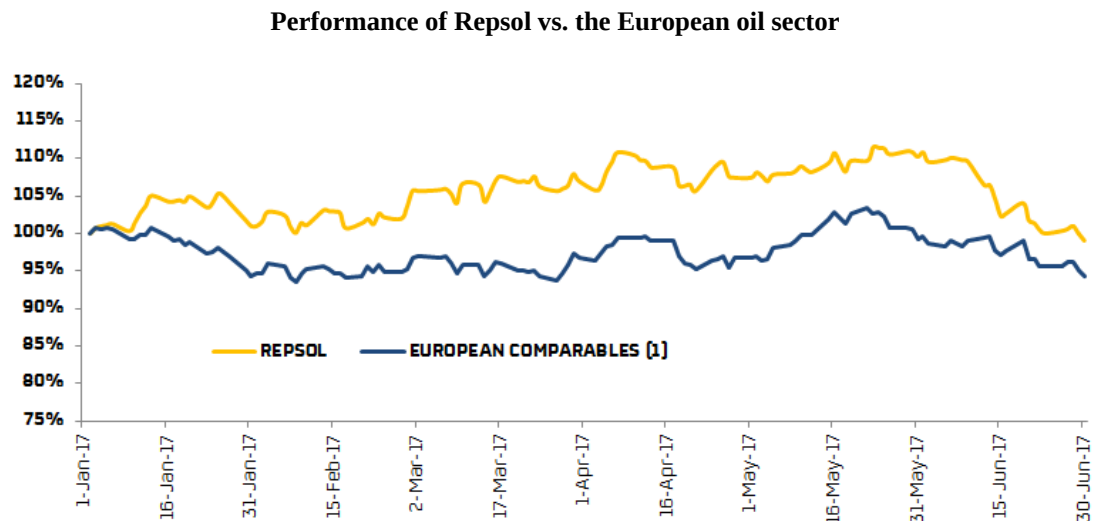
## Share price

The first half of 2017 ended on a positive note for the leading European indexes and, in particular, for the **Ibex 35** as a result of the region's more stable economic situation. After maintaining a rising trend throughout the period, reaching yearly highs at the beginning of May, the Ibex-35 ended the period up 11%, recovering more than a thousand points.



Source: Bloomberg

Repsol ended the first half with a slight decline of 0.9%. Like the rest of the **European oil sector**, which fell an average 6%, Repsol was negatively affected by the progressive fall in oil prices over the period.

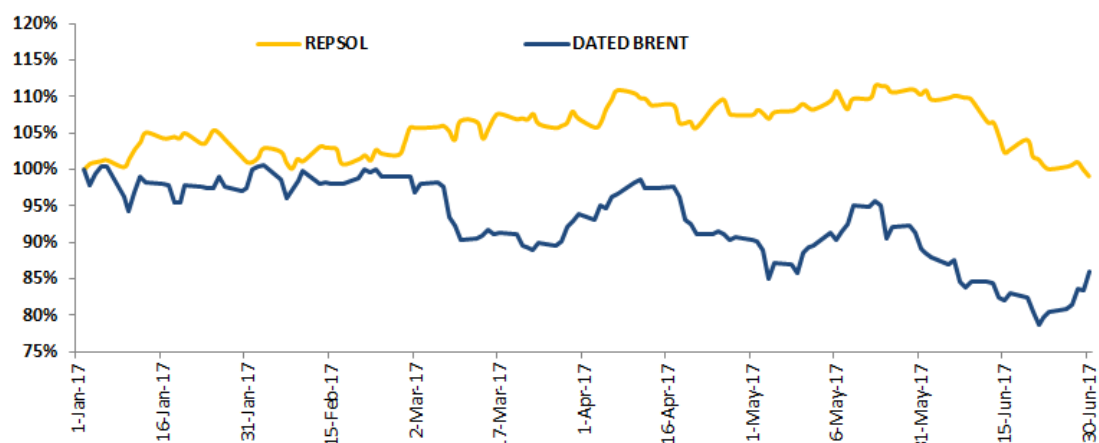


Source: Bloomberg

(1) European companies in the sector included: BP, Shell, Total, Eni, Statoil, Galp and OMV.

**Brent** began the year above US\$56/bbl, but the increase in OPEC and US shale production brought its price down to US\$48/bbl by the end of the first half, a decline of 14%.

### Performance of Repsol vs. Brent



Source: Bloomberg

The Group's main stock market indicators in the first half of 2017 and 2016 are detailed below:

| MAIN STOCK MARKET INDICATORS                                        | 1H 2017 | 1H 2016 |
|---------------------------------------------------------------------|---------|---------|
| Shareholder remuneration (€/share) <sup>(1)</sup>                   | 0.335   | 0.466   |
| Share price at period-end <sup>(2)</sup> (€)                        | 13.40   | 11.41   |
| Period average share price (€)                                      | 14.28   | 10.26   |
| Maximum price (€)                                                   | 15.09   | 11.94   |
| Minimum price (€)                                                   | 13.40   | 8.02    |
| Number of shares outstanding at year-end (million)                  | 1,496   | 1,442   |
| Market capitalization at end of the year (€ million) <sup>(3)</sup> | 20,052  | 16,451  |
| Book value per share <sup>(4)</sup>                                 | 20.01   | 19.84   |

<sup>(1)</sup> For each period, shareholder remuneration includes the dividends paid and the fixed price guaranteed by Repsol for the bonus share rights awarded under the "Repsol Flexible Dividend" program.

<sup>(2)</sup> Share price at year-end in the continuous market of the Spanish stock exchanges.

<sup>(3)</sup> Closing market price per share, times the number of outstanding shares.

<sup>(4)</sup> Equity attributed to the Parent / Number of shares outstanding at period-end.



- On April 17, the *Field Development Plan* (FDP) of the project for the **development and start of production of the offshore Ca Rong Do (CRD) discovery** in Vietnam block 07/03 was approved. Subsequently, on April 26, Repsol and its partners in the project signed the Final Investment Decision (FID), launching the development phase of the project which is forecast to begin production in late 2019.
- On May 1, **drilling ended at Stordal-1**, in Norwegian block PL705 (Repsol 40%) with a negative result.
- On May 29, drilling ended at **Siluro 1B**, in Colombia block RC-11 (Repsol 50%) with a negative result.
- On May 12, the **start of production in the Shaw field in the MAR area** was announced (Montrose and Arbroath platforms) in the UK North Sea. This field is operated by Repsol Sinopec Resources UK in the framework of the MAR area development plan. This project includes the development of two new fields (Shaw and Cayley), for which a new production platform (BLP), connected to the Montrose Alpha platform, has been installed. The Cayley field came on stream in June 2017.
- On May 29, an agreement was announced to acquire a 60% stake and the status of operating **company in the Ioannina and Aitolokarnania onshore exploration blocks in western Greece**, with a total extension of 8,547 km<sup>2</sup>; they form part of the Hellinide fold belt and are related to the recent important discoveries in Albania (the Shell Shpirag discoveries). The current operator, Energean, will retain a 40% non-operating stake in the two blocks. The agreement is subject to approval by the Greek government and ratification of the Aitolokarnania concession agreement between Energean and the government.
- On June 6, the discovery was announced of **gas in the waters of Trinidad and Tobago** with the Savannah and Macadamia drillings in the East Block, situated in the Columbus basin, to the east of the island of Trinidad, in a sheet of water of some 150 meters. Repsol is participating in this block with a 30% interest (the other 70% is held by BP, the block's operating company). The resources are estimated at some 2 trillion cubic feet of gas (2 TCF), equivalent to over two years of consumption in Spain.
- As part of the project for the **redevelopment of the offshore Kinabalu field in Malaysia**, where Repsol is the operating company with 60%, a new riser platform was installed in June 8. Once the development drilling stage ends, after the connection and inauguration of the platform, production is expected to begin in the second half of 2017.
- On June 16, an agreement was announced between the Bolivian government and Repsol for work to begin in a **new exploration block (Iñiguazu)**, in the south of the country, where Bolivia's main gas-producing fields are found. The block covers 644 km<sup>2</sup>, it is located in Tarija department and it borders on the Caipipendi area (Margarita-Huacaya). Drilling will be carried out by a consortium formed by Repsol, the operating company, YPFB Andina, Shell and PAE.
- On June 19, the Mexican National Hydrocarbons Commission (CNH) awarded Repsol a **gas exploration block in Mexico's shallow waters** as part of Exploration Round 2. This is Block 11, with a total surface area of 533 km<sup>2</sup>, in the southeast basin. Repsol will act as operator with a 60% stake, with its partner Sierra Oil & Gas with the other 40%. This award represents Repsol's first exploration block in Mexico; it is returning to the country after an absence following the expiry in January 2014 of the Multiple Services Contract in the Burgos basin.
- On June 29, an agreement was reached with the Russian company **Gazprom Neft by which the latter acquired Repsol's 25% stake in the company Eurotek Yugra**. Thus, Repsol and Gazprom Neft will manage Eurotek Yugra jointly. Eurotek Yugra owns seven licenses in the most western zone of the West Siberia basin (Karabashky licenses 1, 2, 3, 9, 78, 79 and Kileyski). In the framework of this agreement, a memorandum of understanding was also signed to strengthen the collaboration between the two companies in West Siberia, and to explore joint investments in the area near Eurotek Yugra's assets.
- The second quarter of 2017 **saw the early cancellation**, in the Algarve basin in offshore Portugal, **of the exploration licenses** for blocks 11 (Sapateira) and 12 (Caranguejo). Repsol was the operator with a 70% interest, in association with Partex (30%).
- Following the studies of their potential, in the second quarter of 2017, Repsol agreed with the operator, Armstrong, its **early withdrawal from 19 marginal blocks to the north of the Alaska North Slope**.
- Also in the second quarter, the launch of the project for the **development of the Angelin gas field in BPTT in Trinidad and Tobago** was approved. Production is expected to begin in the first quarter of 2019.

## 5.2. DOWNSTREAM

| Operational figures and indicators            |               |               | Results and investments                                                                                                                                                                                                                                                      |                    |                    |                  |
|-----------------------------------------------|---------------|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------|
|                                               | 1H<br>2017    | 1H<br>2016    | € Million                                                                                                                                                                                                                                                                    | 1H<br>2017         | 1H<br>2016         | Variation        |
| <b>Refining capacity (kbbbl/d)</b>            | <b>1,013</b>  | <b>998</b>    | Operating income CCS                                                                                                                                                                                                                                                         | 1,234              | 1,229              | 0.4%             |
| Europe (including the stake in ASESA)         | 896           | 896           | Income tax                                                                                                                                                                                                                                                                   | (301)              | (281)              | (7.1%)           |
| Rest of the world                             | 117           | 102           | Investees and non-controlling interests                                                                                                                                                                                                                                      | (4)                | (14)               | 71%              |
| <b>Conversion ratio (%)</b>                   | <b>59</b>     | <b>59</b>     | <b>Adjusted net income <sup>(1)</sup></b>                                                                                                                                                                                                                                    | <b>929</b>         | <b>934</b>         | <b>(1%)</b>      |
| <b>Crude oil processed (million t)</b>        | <b>22.6</b>   | <b>19.8</b>   | Equity effect                                                                                                                                                                                                                                                                | (60)               | 2                  | (3,100%)         |
| Europe                                        | 19.8          | 18.1          | Special items                                                                                                                                                                                                                                                                | 22                 | 108                | (80%)            |
| Rest of the world                             | 2.8           | 1.7           | <b>Net income</b>                                                                                                                                                                                                                                                            | <b>891</b>         | <b>1,044</b>       | <b>(15%)</b>     |
| <b>Refining margin indicator (\$/Bbl)</b>     |               |               | <b>EBITDA</b>                                                                                                                                                                                                                                                                | <b>1,518</b>       | <b>1,585</b>       | <b>(4%)</b>      |
| Spain                                         | 6.6           | 6.4           | <b>Net investments <sup>(2)(3)</sup></b>                                                                                                                                                                                                                                     | <b>245</b>         | <b>(258)</b>       | <b>196%</b>      |
| Peru                                          | 5.5           | 2.7           | <b>Effective tax rate (%)</b>                                                                                                                                                                                                                                                | <b>24</b>          | <b>23</b>          | <b>1%</b>        |
| <b>Number of gas stations</b>                 | <b>4,712</b>  | <b>4,724</b>  | <sup>(1)</sup> Detail of Adjusted Net Income by geographical area:                                                                                                                                                                                                           |                    |                    |                  |
| Europe                                        | 4,246         | 4,299         | <b>Geographical area</b>                                                                                                                                                                                                                                                     | <b>1H<br/>2017</b> | <b>1H<br/>2016</b> | <b>Variation</b> |
| Rest of the world                             | 466           | 425           | Europe                                                                                                                                                                                                                                                                       | 883                | 940                | (6%)             |
| <b>Oil product sales (kt)</b>                 | <b>25,071</b> | <b>22,051</b> | Rest of the world                                                                                                                                                                                                                                                            | 46                 | (6)                | 867%             |
| Europe                                        | 21,794        | 19,737        | <b>Adjusted Net Income</b>                                                                                                                                                                                                                                                   | <b>929</b>         | <b>934</b>         | <b>(1%)</b>      |
| Rest of the world                             | 3,277         | 2,314         | <sup>(2)</sup> Gross investments minus divestments for the period.                                                                                                                                                                                                           |                    |                    |                  |
| <b>Petrochemical product sales (kt)</b>       | <b>1,407</b>  | <b>1,477</b>  | <sup>(3)</sup> In 2017, the main investments were for the improvement of energy efficiency and security and environment, together with the multi-year downtimes at the refineries in Spain and the refurbishment of the gasolines block at the La Pampilla refinery in Peru. |                    |                    |                  |
| Europe                                        | 1,189         | 1,255         |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| Rest of the world                             | 218           | 222           |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| <b>LPG sales (kt)</b>                         | <b>750</b>    | <b>1,052</b>  |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| Europe                                        | 740           | 682           |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| Rest of the world                             | 10            | 370           |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| <b>Gas sales in North America (Tbtu)</b>      | <b>266</b>    | <b>221</b>    |                                                                                                                                                                                                                                                                              |                    |                    |                  |
| <b>Regasif. LNG (100%) in Canaport (Tbtu)</b> | <b>9.8</b>    | <b>11.7</b>   |                                                                                                                                                                                                                                                                              |                    |                    |                  |

### Main events of the first half of 2017

- In January, the Chemicals business presented the **new brands Repsol Primeva and Repsol Ebantix** for marketing its range of ethylene-vinyl acetate (EVA) and ethylene butyl acrylate (EBA) copolymers. At the launch, new grades with improved properties were also presented.
- In March, the Chemicals business launched the range of polyolefins for the pharma market. This new range of specialties will be sold under the **Repsol Healthcare trade name** with the aim of supplying the demanding health market, thus confirming Repsol's focus on product differentiation.
- In April, a **new range of Repsol Moto lubricants**, developed in Repsol's Technology Center, was launched; this is an important milestone for maintaining leadership of the Spanish lubricants market and developing the international market.
- In May, agreement with the Rubis group was reached for the **sale of the piping facilities in mainland Portugal** for an amount of 8.2 million euros. The agreement will come into effect on 1 July.
- In June, the new **Repsol WAYLET** app was offered to our service station customers. The launch of this app strengthens the company's transformation based on innovation, technology and the digital environment.
- In June, Repsol, for the second consecutive year, was named the Europe's **best producer of high-density polyethylene (HDPE)**. The prize was presented at the annual meeting of European Plastics Converters (EuPC) and ANAIP (Spanish Association of Plastics Manufacturers).

- In the first half of the year, Repsol **AutoGas** has:
  - Secured **various agreements with leading automotive brands** (Fiat, PSA Group, Ssangyong-Subaru, Opel and Renault Dacia Group) to promote, through joint actions, the sale of vehicles fuelled by automotive LPG or AutoGas.
  - Repsol AutoGas has launched a **program of commercial incentives to adapt gasoline vehicles to AutoGas**.
  - Continued to support the consumption of **Autogas as an alternative fuel** through the Autogas cluster; in June, the cluster had 15 members which, in addition to Repsol, included manufacturers of vehicles and components and technology and/or research institutes.
- In Peru, following the launch of the diesel module of the La Pampilla refinery, in 2017 the **Gasoline block** is being developed in accordance with the timetable.
- In the first half, taking advantage of the scheduled shutdowns at the Bilbao and Cartagena refineries, the following **improvements** were carried out:
  - **In Bilbao**, we invested in **2 new compressors for the FCC unit** to reduce the fuel consumed in the generation of steam, in dry seals in rotating machinery to reduce oil consumption and in the installation of new air pre-heaters in furnaces to reduce their fuel consumption.
  - **In Cartagena**, various **projects have been carried out to improve energy efficiency in the crude unit, the Hydrocracker and the Hydrogen 2 unit**, notably the modifications to the reformer furnace of the Hydrogen 2 unit, which reduce the fuel consumption specific to the process.

### 5.3. CORPORATION

#### Main events of the first half of 2017

- On March 3, the **Standard & Poor's (S&P) credit rating agency changed the outlook** from “negative” to “stable” for Repsol's long-term debt, rated as BBB-.
- In April, the Corporate Executive Committee approved a set of **changes in the executive team** in the framework of the transformation of the organization. These changes will enable us to progress towards a more flexible company and strengthen the relationships between the Corporation and the businesses. It represents a simplification of our organizational structure and reduces the number of executives by 14.
- On May 19, 2017, Repsol's General Shareholders' Meeting approved the **appointments as independent external directors** of Ms Maria Teresa Ballester Fornés, Ms Isabel Torremocha Ferrezuelo and Mr Mariano Marzo Carpio. In all cases, for a statutory term of 4 years (see section 2 for further information).
- On May 23, 2017, Repsol International Finance B.V. **issued a "green" bond** (a first for the company and for the Oil & Gas sector), guaranteed by Repsol S.A., for a nominal amount of 500 million euros, maturing in 2022 with a fixed annual coupon of 0.50%.
- On May 16, the **Fitch credit rating agency changed the outlook** from “negative” to “stable” for Repsol's long-term debt, rated as BBB.
- On June 20, the Corporate Executive Committee approved the **Global Sustainability Plan** in which Repsol **commits itself to 2020 targets** in the six main areas (Ethics and transparency; People; Operational safety; Management of resources and impacts; Climate change and Innovation and technology).
- On June 22, the **Moody's credit rating agency changed the outlook** from “negative” to “stable” for Repsol's long-term debt, rated as Baa2.
- During the first half, **Emerging Businesses**, as part of its corporate venture capital activity, made the following investments in start-ups:
  - **WeSmartPark**: In January, it acquired 11.51% of this Spanish company, which manages a network of shared car parks.
  - **DriveSmart Technology**: In March, it acquired 15.65% of this Spanish company, which aims to provide a leading tool for obtaining metrics on the driving of vehicles.
  - **Sorbwater Technology**: In May, it acquired 11.29% of this Norwegian company, whose technology is based on the elimination of crude oil from water, forming part of the treatment of any type of waste water.
- On July 25, **Standard & Poor's (S&P)**, the credit rating agency, **changed the outlook** for Repsol's long-term debt, rated BBB-, from “stable” to “positive”.

## 6. RISKS

### 6.1. RISK FACTORS

Repsol's operations and earnings are subject to risks as a result of changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

The risks facing the Group in the second half of 2017 are detailed in the Management Report which accompanied the 2016 Consolidated Financial Statements. Hence, the information contained here should be read in conjunction with the description of the risk factors included in the 2016 Consolidated Management Report, together with Notes 16 “*Management of financial and capital risks*” and 22 “*Impairment of assets*” in the Consolidated Financial Statements for that year.

Below we summarize the risks that existed at December 31, 2016 and will remain in the second half of 2017, together with any new risk factor identified in the first half of 2017.

#### **Strategic and operational risks**

##### ***Uncertainty in the current economic context***

In the current context of consolidating global growth, the short-term risks to financial stability have reduced considerably, but new risks have acquired importance, some in the longer term.

Thus, while some of the risks that have figured in recent years, such as deflation risk, have diminished, the change taking place in the political situations of some developed economies raises new questions. The UK vote in favor of leaving the European Union (Brexit) and Mr. Trump's victory reflect an increased polarization of society and the status quo in public policy over the last 30 years, particularly the consensus regarding the benefits of globalization and greater international integration, is being called into question. A possible swing towards protectionism in the advanced economies would reduce world growth by curbing international trade and cross-border investment flows. In any case, the election results in The Netherlands and France have slowed the anti-EU movement and reduced political risk in the eurozone.

However, major uncertainties, arising from the difficulties in managing various economic transitions that are taking place simultaneously, continue to hang over the global economy. The most important of these is the need for China to move to a new development model, which cannot proceed in as orderly a fashion as the authorities would like, especially given the country's high levels of indebtedness. Secondly, the normalization of monetary policy in the US, which has included unconventional policies for the first time. The third transition is the adjustment of the commodities cycle.

Beyond the economic risks, the threat of terrorist acts and geopolitical conflicts may create instability in the markets. The investigations into the Trump administration's connections to Russia threaten to become another destabilizing factor in the markets. In addition, tensions have increased around the Korean peninsula, and diplomatic relations between Saudi Arabia and Qatar have soured. At the same time, major social and political tensions persist in Venezuela, while in Brazil the reform timetable may be hindered by a possible corruption case affecting President Temer.

With regard to oil prices, the oversupply of the market, which has depressed prices since the second half of 2014, has reduced considerably and, according to the International Energy Agency (IEA), is likely to disappear in the second half of 2017; this points to a sustained fall in inventories during the rest of the year.

The uncertainty to this scenario arise from three factors. First, the health of demand; second, compliance with the production cuts; and third, the recovery in US supply. With regard to demand, both the economic trend and outlook and the leading indicators for consumption point to relatively healthy growth, with a

low risk of deterioration in the current outlook. The second source of uncertainty regarding the balance forecast by the IEA has to do with compliance with the production cuts. Up to May, the average compliance by the OPEC countries subject to cuts was 96%, much better than the historic average of 75-80%. It is difficult to envisage a scenario in which this compliance deteriorates significantly, mainly because the restriction of production is expected to lead to increased income. If this does not occur, they run the risk of prolonging the delicate economic situation and deepening social unease and political instability. Lastly, the point of greatest uncertainty in the global equilibrium is the recovery in the supply of US unconventional (shale) oil, which has shown unexpected strength in the current price environment.

### ***Climate change***

Repsol is exposed to possible changes in the regulatory framework for greenhouse gas emissions arising from either our industrial operations or the use of our products.

Repsol's assets are subject to risks arising from physical changes caused by climate change, such as rising sea levels, changes in precipitation patterns, changes in extreme temperatures or droughts, or even a more frequent occurrence of extreme meteorological phenomena (cyclones, hurricanes, etc.).

Further, a change in consumers' behavior in favor of less carbon-intensive products could also affect Repsol's competitiveness if it fails to adapt to these changes. Repsol, and the oil industry, are exposed to adverse currents of opinion that may affect the share price.

### ***Fluctuations in international prices of crude and related products and in demand, owing to factors beyond Repsol's control***

World oil prices have fluctuated widely in recent years, as well as being affected by international supply and demand factors over which Repsol has no control.

The international prices of products are influenced by the price of crude oil and by demand for such products. Also, international prices of crude oil and of products impact the refining margin. International oil prices and demand for crude oil may also fluctuate significantly during economic cycles.

Reductions in oil prices adversely affect the profitability of Repsol's activity, the value of its assets and its plans for investment, which may be altered as a result of delays, renegotiation or cancellation of projects. Similarly, a significant drop in capital investment could negatively affect Repsol's ability to replace its crude oil reserves.

### ***Regulatory and tax framework of Repsol's operations***

The oil industry is subject to extensive regulation and intervention by governments in upstream activities, in issues such as the award of exploration and production permits, the imposition of contractual obligations regarding drilling and exploration, restrictions on production, price controls, divestments of assets, foreign currency controls, and the nationalization, expropriation or cancellation of contractual rights.

Likewise, *downstream* activities (oil refining and petrochemicals), in general, are subject to extensive government regulation and intervention in matters such as safety and environmental controls.

Also, the energy sector, particularly the oil industry, is subject to a unique tax framework. In *upstream* activities there are often energy taxes on profit and production, while in downstream activities, taxes on consumption products are common.

### ***Repsol is subject to extensive environmental and safety legislation and risks***

Repsol is subject to a wide variety of environmental and safety legislation and regulations in every country where it operates. These regulations govern, among other matters, Repsol's operations, environmental quality standards for products, air emissions and climate change, energy efficiency, extractive technologies, water discharges, remediation of soil and groundwater and the generation, storage, transport, treatment and final disposal of waste materials and the safety thereof.

Lastly, following the acquisition of Repsol Oil & Gas Canada Inc., the Company increased its activity in non-conventional hydrocarbons. From an environmental and social standpoint, concern over the impact of exploring for and producing this type of resources could prompt governments and authorities to approve new regulations or impose new requirements on their development. If they do, it could have an adverse impact on the Company.

### ***Operating risks of Repsol's activities***

*Hydrocarbon exploration and exploitation (Upstream): reliance on the cost-effective acquisition or discovery of, and, thereafter, development of, new oil and gas reserves*

Oil and gas exploration and production activities are subject to particular risks, many of which are beyond the control of Repsol. These activities are exposed to production, equipment and transportation risks, errors or inefficiencies in operations' management and purchasing processes, natural hazards and other uncertainties relating to the physical characteristics of oil and natural gas fields and their dismantling.

Furthermore, exploration projects are complex in terms of their scale and are susceptible to delays in execution and cost overruns with respect to initially-approved budgets. In addition, some of the development projects are located in deep waters, mature areas and other difficult environments, such as the Gulf of Mexico, Alaska, the North Sea, Brazil and the Amazon rainforest, or in complex oilfields that could aggravate these risks further. Furthermore, all hydrocarbon transport methods imply inherent risks: during transport by road, rail, sea or through pipelines, spills of hydrocarbons or other hazardous substances may occur.

Moreover, Repsol must replace depleted oil and gas reserves with new proven reserves in a cost-effective manner for subsequent production to be economically viable.

### ***Industrial businesses and marketing of oil products (Downstream)***

Refining, Chemical, Trading, production, and distribution activities related to oil derivative products and LPG are exposed to the risk inherent to their activities, and are related to the products' specific characteristics (flammability and toxicity), their use (including that of clients), emissions resulting from the production process (such as greenhouse gas effects), as well as the materials and waste used (dangerous waste, as well as water and energy management), which might impact health, safety, and the environment. Repsol's industrial assets (refineries, regasification plants, warehouses, ports, pipelines, ships, tanker trucks, gas stations, etc.) are exposed to accidents such as fire, explosions, leaks of toxic products, as well as large-scale contaminating environmental incidents. Such accidents may cause death and injury to employees, contractors, residents in surrounding areas, as well as damage to the assets and property owned by Repsol as well as third parties.

On the other hand, industrial and marketing activities take place in a highly competitive environment.

### ***Location of reserves***

Part of Repsol's oil and gas reserves are located in countries that are or could be economically or politically unstable.

### ***Estimations of oil and gas reserves***

To estimate proven and unproven reserves and oil and gas resources, Repsol uses the criteria established by the SPE/WPC/AAPG/SPEE *Petroleum Resources Management System*, commonly referred to by its acronym SPE-PRMS (SPE standing for *Society of Petroleum Engineers*).

Measurements of reserves are not precise and are subject to revision. The estimate of proven and unproven reserves of oil and gas will also be subject to correction due to errors in the application of published standards and changes in such standards.

### ***Projects and operations in joint ventures and partnerships***

Many of the Repsol Group's projects and operations are conducted through joint ventures and partnerships. In those cases where Repsol does not act as the operator, its ability to control and influence the performance and management of the operations, and to identify and manage risks, is limited.

Additionally, there is a possibility that one of Repsol's partners or another member in a joint venture or associated company fails to comply with its financial obligations, or incurs in another breach that could affect a project's viability.

### ***Acquisition, investments and disposals***

As part of Repsol's strategy, the company may engage in acquisitions, investments and disposals of ownership interests. Acquisitions and investments involve a number of risks, including possible adverse effects on Repsol's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the operations, technologies, systems, services and products acquired, and risks arising from provisions in contracts that are triggered by a change of control in an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect upon Repsol's business, results of operations or financial position. Any disposal of an ownership interest may also adversely affect Repsol's financial position, if such disposal results in a loss.

On May 8, 2015, Repsol completed the acquisition of 100% in ROGCI, a Canadian company devoted to oil and gas exploration and production activities. As in any business combination, Repsol's ability to reap the strategic benefits expected from the acquisition will depend on its ability to integrate equipment, processes and procedures, and to maintain existing relationships with its customers and partners.

### ***Repsol's current insurance coverage may not be sufficient for all the operational risks***

Repsol holds insurance coverage against certain risks inherent to the oil and gas industry, in line with industry practice. Insurance coverage is subject to deductibles and limits that, in certain cases, may be significantly lower than its losses and/or liabilities. In addition, Repsol's insurance policies contain exclusions that could leave the Group with limited coverage in certain circumstances, or indemnities may not be totally or partially collectible in case of insolvency of the insurers. Furthermore, Repsol may not be able to maintain adequate insurance at rates or on terms considered reasonable or acceptable, or be able to obtain insurance against certain risks that could materialize in the future. If the company experiences an

incident against which it is not insured, or the costs of which materially exceed its coverage, it could have a material adverse effect on its business, financial position and results of operations.

***Repsol's natural gas operations are subject to particular operational and market risks***

Natural gas prices tend to vary between the different regions in which Repsol operates, as a result of significantly different supply, demand and regulatory circumstances, and such prices may be lower than prevailing prices in other regions of the world.

In addition, Repsol has entered into long-term contracts to purchase and supply natural gas in various parts of the world. These contracts have different price formulas, which could result in higher purchase prices than the price at which such gas could be sold in increasingly liberalized markets. Furthermore, gas availability could be subject to the risk of counterparty breach of contractual obligations. Thus, it might be necessary to look for other sources of natural gas in the event of non-delivery from any of these sources, which could require payment of higher prices than those envisaged under the breached contracts.

Repsol also has long-term contracts to sell gas to customers and, if there should prove to be insufficient reserves in the countries to whose reserves the contracts are linked, Repsol might not be able to satisfy these obligations; some of these contracts include penalty clauses for breach of contract.

***Cyclical nature of petrochemical activity***

The petrochemicals industry is subject to wide fluctuations in supply and demand, arising from the various economic factors which are responsible for the cyclical nature of the petrochemicals market on a regional and global scale.

***Repsol Group's strategy requires efficiency and innovation in a highly competitive market***

The oil, gas and petrochemical industry operates in the context of a highly competitive energy sector. This competition influences the conditions for accessing markets or following new business leads, the costs of licenses and the pricing and marketing of products.

The implementation of the Group's strategy requires a significant ability to anticipate and adapt to the market and continuous investment in technological advances and innovation.

***The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings***

The Repsol Group is subject to the effects of administrative, judicial and arbitration proceedings that may arise from the performance of its activities. Likewise, Repsol could be involved in other potential future litigation, the scope, content or outcome of which Repsol cannot predict. Any present or future litigation involves a high degree of uncertainty and, therefore, the resolution of these disputes could affect the businesses, results or financial position of the Repsol Group.

***Information technology and its reliability and robustness are a key factor in maintaining our operations***

The reliability and security of the Group's information technology (IT) systems are critical to maintaining the availability of its business processes and the confidentiality and integrity of the data owned by the company and by third parties. Given that cyber-attacks are constantly increasing, the Repsol Group cannot guarantee that it will not suffer financial and/or material losses in the future as a result of such attacks.

***Misconduct or violations of applicable legislation by our employees can damage the reputation of the Repsol Group***

The Company's diverse compliance and control models include controls designed to detect and mitigate significant incidents of non-compliance. Management misconduct or breach of any applicable legislation could cause harm to the Company's reputation, in addition to incurring sanctions and legal liability.

***Repsol is exposed to negative opinion trends which could have an adverse impact on its image and reputation, thereby affecting its business opportunities***

The company carries on its operations in multiple environments with diverse stakeholders, which are mainly local communities in the areas of influence of its operations, as well as local and national civil, political, labor, and consumer organizations, among others.

Should the interests of the above groups be contrary to the Group's activities, and attempts to reach agreements be unsuccessful, Repsol could be affected by the publication of biased or manipulated information that generates opinion contrary to the company's activities.

**Financial risks**

Repsol has a risk management structure and systems that enable it to identify, measure and control the financial risks to which the Group is exposed. The main financial risks are described below:

***Liquidity risk***

Liquidity risk is associated to the ability of the Group to finance its obligations at reasonable market prices, as well as to carry out its business plans with stable financing sources.

***Credit risk***

Credit risk is defined as the possibility of a third party not complying with its contractual obligations, thus creating losses for the Group.

The Group's credit risk exposure mainly relates to trade accounts payable, which are measured and controlled by individual client or third party. The Group also has exposure to counterparty risk arising from non-trade contractual operations that may lead to defaults. In these cases, the Group also analyzes the solvency of counterparties with which it maintains or could maintain non-trade contractual relations.

***Credit rating risk***

Credit ratings affect the cost and other conditions under which the Repsol Group is able to obtain finance. Any downgrade in Repsol S.A.'s credit rating could restrict or limit the Group's access to financial markets, increase the cost of any new finance, and have a negative effect on its liquidity. See credit rating table in section 3.2 "*Credit rating*" in this document.

**Market risks**

***Exchange rate fluctuation risk:*** Repsol is exposed to exchange rate risk because the revenues and cash flows generated by oil, natural gas, and refined product sales are generally denominated in dollars or otherwise affected by dollar exchange rates. Operating income is also exposed to fluctuations in currency exchange rates in the countries where Repsol conducts its activities. Repsol is also exposed to exchange rate risk in relation to the value of its financial assets and investments.

**Commodity price risk:** As a result of its trading operations and activities, the Repsol Group's results are exposed to volatility in the prices of oil, natural gas and their derivative products.

**Interest rate risk:** The market value of the Group's net financing and net interest expenses could therefore be affected by interest rate fluctuations.

## **6.2. RISK MANAGEMENT**

During the first half of 2017, Repsol published a **revised version of the Group's Risk Management Policy**. The main change consists of a general declaration of risk tolerance, which establishes the principle that the company aspires to the maintenance of a risk profile aligned with a medium-low risk tolerance, appropriate to the business model of an integrated global energy company, present throughout the value chain and carrying on its activities in a diversified manner.

It also differentiates between those risks that the company wishes to maintain within its tolerance thresholds and targets, which are the majority of strategic, operational and financial risks typical of its activity, and those others that the Group wishes to avoid, transfer and/or mitigate, in any case minimizing by all means their probability of occurring and/or the associated impact, by means of the necessary procedures, resources and tools put in place for that purpose; the latter are health, safety, environmental, security, ethical and conduct, compliance (including tax), and reputation and image risks.

## **ABOUT THIS REPORT**

This report should be read in conjunction with the Repsol Group's Interim Condensed Consolidated Financial Statements corresponding to the first half of 2017. Readers should bear in mind that the forward-looking information contained in the various sections of this document reflect the plans, forecasts and estimates of the Group's managers; these are based on assumptions that are considered reasonable, but cannot be considered to guarantee the company's future performance, inasmuch as such plans, forecasts and estimates are subject to numerous risks and uncertainties and do not imply that the Group's future development will coincide with that initially forecast. The main risks and uncertainties are described in section 6.1 *"Risk Factors."*

For the preparation of this report, consideration was given to the recommendations contained in the *"Guidelines for the preparation of listed company Management Reports"* of the National Security Markets Commission (Comisión Nacional del Mercado de Valores – CNMV), published in 2013.

## APPENDIX I: ALTERNATIVE PERFORMANCE MEASURES

Repsol's financial information contains indicators and measures prepared in accordance with applicable financial information regulations, as well as other measures prepared in accordance with the Group's Reporting Model<sup>1</sup>, defined as Alternative Performance Measures (APMs). APMs are measures which are "adjusted" compared to those presented as IFRS-EU or with Supplementary Information on Oil and Gas Exploration and Production Activities<sup>2</sup>, and the reader should therefore consider them in addition to, but not instead of, the latter.

APMs are highly useful for users of financial information as they are the measures employed by Repsol's management to evaluate its financial performance, cash flows, or its financial position when making operational or strategic decisions for the Group.

For further information, see <https://www.repsol.es>

### 1. Financial performance measures

#### *Adjusted net income*

**Adjusted net income** is the key financial performance measure which management (the E&P Corporate Executive Committee and *Downstream* Executive Committee) consults when making decisions in accordance with IFRS 8 "Operating segments".

Repsol presents its segment results, including joint ventures or other companies which are jointly managed<sup>3</sup>, in accordance with the Group's investment percentage, considering its operational and economic indicators within the same perspective and degree of detail as those for companies consolidated under the full consolidation method. Thus, the Group considers that the nature of its businesses and the way in which results are analyzed for decision-making purposes are adequately reflected.

**Adjusted net income** is calculated as the **Result from continuing operations at Current Cost of Supply (CCS)<sup>4</sup>** net of taxes and minority interests. It does not include certain income and costs (**Special items**), or the **Inventory effect**. **Finance results** is allocated to the Adjusted Net Income/Loss in "Corporation and others".

**Adjusted net income** is a useful APM for investors when evaluating the performance of operating segments while permitting increased comparability with *Oil & Gas* sector companies using different inventory measurement methods (see the following section).

---

<sup>1</sup> See Note 2.6 "Information by segment" in the Interim Condensed Consolidated Financial Statements for the first half of 2017.

<sup>2</sup> The Hydrocarbon Exploration and Production information, which is compiled and disclosed by the Group annually, is prepared in accordance with the principles generally accepted in the oil and gas industry and, specifically, is based on the disclosure criteria outlined in *Topic 932* issued by the *Financial Accounting Standards Board* (FASB).

<sup>3</sup> See Note 4.2 "Investments accounted for using the equity method" and Appendix I of the Interim Financial Statements for the first half of 2017, which identify the Group's main joint ventures.

<sup>4</sup> The Current Cost of Supply (CCS) is commonly used in this industry to present the results of Downstream businesses which must work with huge inventories subject to continual price fluctuations is not a commonly-accepted European accounting regulation, yet does enable the comparability with other sector companies as well as monitoring businesses independently of the impact of price variations on their inventories. Due to the above, the Adjusted Net Income does not include the Inventory Effect.

### ***Inventory Effect***

This is the difference between the **Result from continuing operations at Current Cost of Supply (CCS)** and the result calculated as the *Average Weighted Cost* (AWC, which is an inventory valuation method used by the Company to determine its results in accordance with European accounting regulations). It only affects the *Downstream* segment, meaning that for the **Result from continuing operations at Current Cost of Supply**, the cost of volume sold during the period is determined in accordance with supply costs, and production during the year. Apart from the above effect, the ***Inventory Effect*** includes other adjustments to the valuation of inventories (write-offs, economic hedges) and is presented net of taxes and minority interests. Repsol Management considers that this measure is useful for investors, in view of the significant variations arising in the prices of inventory between periods.

AWC is a generally-accepted European accounting method which measures inventories, in that it contemplates purchase prices and historic production costs, valuing inventory at the lower of said cost and its market value.

### ***Special Items***

These are significant items which it is considered useful to present separately, in order to facilitate the monitoring of the ordinary management of business operations. It includes capital gains/losses arising from divestitures, restructuring costs, impairments, and provisions for risks and expenses. Special items are presented net of taxes and minority interests. Section 4.1 "*Results and cash flow*" includes the Special Items for the first half of 2017 and 2016. We present below the Special Items for the second quarter of 2016 and 2017.

| € Million                       | Second quarter |              |            |           |             |              |           |              |
|---------------------------------|----------------|--------------|------------|-----------|-------------|--------------|-----------|--------------|
|                                 | Upstream       |              | Downstream |           | Corporation |              | TOTAL     |              |
|                                 | Q2 2017        | Q2 2016      | Q2 2017    | Q2 2016   | Q2 2017     | Q2 2016      | Q2 2017   | Q2 2016      |
| Divestments                     | 3              | (10)         | 1          | 201       | 1           | -            | 5         | 191          |
| Workforce restructuring charges | (9)            | (37)         | (4)        | (129)     | (21)        | (150)        | (34)      | (316)        |
| Impairment                      | 2              | (9)          | -          | -         | -           | -            | 2         | (9)          |
| Provisions and other            | 57             | (116)        | 6          | (12)      | (21)        | (37)         | 42        | (165)        |
| <b>TOTAL</b>                    | <b>53</b>      | <b>(172)</b> | <b>3</b>   | <b>60</b> | <b>(41)</b> | <b>(187)</b> | <b>15</b> | <b>(299)</b> |

The following is a reconciliation of the Adjusted Income under the Group's reporting model to the Income prepared according to IFRS-EU:

| € Million                                                                            | First half           |                    |                                     |       |                  |       |                                    |      |                      |       |       |                              |
|--------------------------------------------------------------------------------------|----------------------|--------------------|-------------------------------------|-------|------------------|-------|------------------------------------|------|----------------------|-------|-------|------------------------------|
|                                                                                      | ADJUSTMENTS          |                    |                                     |       |                  |       |                                    |      |                      |       |       | Profit/loss<br>under EU-IFRS |
|                                                                                      | Adjusted<br>Result   |                    | Joint Ventures<br>Reclassifications |       | Special<br>Items |       | Inventory<br>Effect <sup>(2)</sup> |      | Total<br>Adjustments |       |       |                              |
|                                                                                      |                      |                    |                                     |       |                  |       |                                    |      |                      |       |       |                              |
| 2017                                                                                 | 2016                 | 2017               | 2016                                | 2017  | 2016             | 2017  | 2016                               | 2017 | 2016                 | 2017  | 2016  |                              |
| Operating income                                                                     | 1,613 <sup>(1)</sup> | 997 <sup>(1)</sup> | (221)                               | (108) | (49)             | (219) | (86)                               | 8    | (356)                | (319) | 1,257 | 678                          |
| Financial result                                                                     | (229)                | (262)              | 39                                  | 84    | 5                | (18)  | -                                  | -    | 44                   | 66    | (185) | (196)                        |
| Share of results of companies<br>accounted using the equity method<br>– net of taxes | 135                  | 206                | 88                                  | 6     | -                | -     | -                                  | -    | 88                   | 6     | 223   | 212                          |
| Net income before tax                                                                | 1,519                | 941                | (94)                                | (18)  | (44)             | (237) | (86)                               | 8    | (224)                | (247) | 1,295 | 694                          |
| Income tax                                                                           | (376)                | (4)                | 94                                  | 18    | 34               | (45)  | 22                                 | (3)  | 150                  | (30)  | (226) | (34)                         |
| Net income from continuing<br>operations                                             | 1,143                | 937                | -                                   | -     | (10)             | (282) | (64)                               | 5    | (74)                 | (277) | 1,069 | 660                          |
| Income attributed to minority<br>interests                                           | (17)                 | (20)               | -                                   | -     | -                | 2     | 4                                  | (3)  | 4                    | (1)   | (13)  | (21)                         |
| TOTAL NET INCOME<br>ATTRIBUTABLE TO THE<br>PARENT COMPANY                            | 1,126                | 917                | -                                   | -     | (10)             | (280) | (60)                               | 2    | (70)                 | (278) | 1,056 | 639                          |

<sup>(1)</sup> Result from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> The Inventory Effect represents an adjustment to "Consumption of raw materials and other consumables" and "Changes in inventory of finished goods and work in progress" on the income statement under EU-IFRS.

| € Million                                                                            | Second quarter     |                    |                                     |      |                  |       |                                    |      |                      |       |                                  |       |
|--------------------------------------------------------------------------------------|--------------------|--------------------|-------------------------------------|------|------------------|-------|------------------------------------|------|----------------------|-------|----------------------------------|-------|
|                                                                                      | ADJUSTMENTS        |                    |                                     |      |                  |       |                                    |      |                      |       | Profit/loss<br>under EU-<br>IFRS |       |
|                                                                                      | Adjusted<br>Result |                    | Joint Ventures<br>Reclassifications |      | Special<br>Items |       | Inventory<br>Effect <sup>(2)</sup> |      | Total<br>Adjustments |       |                                  |       |
|                                                                                      |                    |                    |                                     |      |                  |       |                                    |      |                      |       |                                  |       |
| 2017                                                                                 | 2016               | 2017               | 2016                                | 2017 | 2016             | 2017  | 2016                               | 2017 | 2016                 | 2017  | 2016                             |       |
| Operating income                                                                     | 671 <sup>(1)</sup> | 437 <sup>(1)</sup> | (96)                                | (83) | 37               | (241) | (199)                              | 223  | (258)                | (101) | 413                              | 336   |
| Financial result                                                                     | (74)               | (185)              | 8                                   | 87   | 1                | (40)  | -                                  | -    | 9                    | 47    | (65)                             | (138) |
| Share of results of companies<br>accounted using the equity method –<br>net of taxes | 62                 | 95                 | 21                                  | (42) | -                | -     | -                                  | -    | 21                   | (42)  | 83                               | 53    |
| Net income before tax                                                                | 659                | 347                | (67)                                | (38) | 38               | (281) | (199)                              | 223  | (228)                | (96)  | 431                              | 251   |
| Income tax                                                                           | (154)              | 6                  | 67                                  | 38   | (23)             | (20)  | 50                                 | (56) | 94                   | (38)  | (60)                             | (32)  |
| Net income from continuing<br>operations                                             | 505                | 353                | -                                   | -    | 15               | (301) | (149)                              | 167  | (134)                | (134) | 371                              | 219   |
| Income attributed to minority<br>interests                                           | (9)                | (8)                | -                                   | -    | -                | 2     | 5                                  | (8)  | 5                    | (6)   | (4)                              | (14)  |
| TOTAL NET INCOME<br>ATTRIBUTABLE TO THE<br>PARENT COMPANY                            | 496                | 345                | -                                   | -    | 15               | (299) | (144)                              | 159  | (129)                | (140) | 367                              | 205   |

<sup>(1)</sup> Result from continuing operations at current cost of supply (CCS).

<sup>(2)</sup> The Inventory Effect represents an adjustment to "Consumption of raw materials and other consumables" and "Changes in inventory of finished goods and work in progress" on the income statement under EU-IFRS.

## EBITDA:

**EBITDA** ("Earnings Before Interest, Taxes, Depreciation, and Amortization") is a financial indicator which determines the operating margin of a company prior to deducting interest, taxes, impairments, restructuring costs, and amortization. Since it does not include financial and tax indicators or accounting expenses not involving cash outflow, it is used by Management to evaluate the Company's results over time, thereby making comparisons with other Oil & Gas sector companies a more straightforward exercise.

**EBITDA** is calculated as Operating Income + Amortization + Impairments + Restructuring costs as well as other items which do not represent cash entry or outflows from transactions (capital gains/losses from divestitures, provisions, etc.). Operating income corresponds to the Result from continuing operations at Average Weighted Costs (AWC). In cases in which the **Result from continuing operations at Current Cost of Supply (CCS)** is used, it is called **EBITDA CCS**.

|                        | First half            |              |                                             |              |                  |          |                                            |              |
|------------------------|-----------------------|--------------|---------------------------------------------|--------------|------------------|----------|--------------------------------------------|--------------|
|                        | Group Reporting Model |              | Joint ventures Reclassifications and Others |              | Inventory Effect |          | Cash Flow Statement EU-IFRS <sup>(1)</sup> |              |
|                        | 2017                  | 2016         | 2017                                        | 2016         | 2017             | 2016     | 2017                                       | 2016         |
| Upstream               | 1,666                 | 933          | (642)                                       | (420)        | -                | -        | 1,024                                      | 513          |
| Downstream             | 1,518                 | 1,585        | (5)                                         | (4)          | -                | -        | 1,513                                      | 1,581        |
| Corporation and others | (76)                  | (101)        | -                                           | 3            | -                | -        | (76)                                       | (98)         |
| <b>EBITDA</b>          | <b>3,108</b>          | <b>2,417</b> | <b>(647)</b>                                | <b>(421)</b> | -                | -        | <b>2,461</b>                               | <b>1,996</b> |
| <b>EBITDA CCS</b>      | <b>3,194</b>          | <b>2,409</b> | <b>(647)</b>                                | <b>(421)</b> | <b>(86)</b>      | <b>8</b> | <b>2,461</b>                               | <b>1,996</b> |

|                        | Second quarter        |              |                                             |              |                  |            |                                            |              |
|------------------------|-----------------------|--------------|---------------------------------------------|--------------|------------------|------------|--------------------------------------------|--------------|
|                        | Group Reporting Model |              | Joint ventures Reclassifications and Others |              | Inventory Effect |            | Cash Flow Statement EU-IFRS <sup>(1)</sup> |              |
|                        | 2017                  | 2016         | 2017                                        | 2016         | 2017             | 2016       | 2017                                       | 2016         |
| Upstream               | 745                   | 529          | (251)                                       | (238)        | -                | -          | 494                                        | 291          |
| Downstream             | 557                   | 914          | (3)                                         | (3)          | -                | -          | 554                                        | 911          |
| Corporation and others | (38)                  | (53)         | (8)                                         | 7            | -                | -          | (46)                                       | (46)         |
| <b>EBITDA</b>          | <b>1,264</b>          | <b>1,390</b> | <b>(262)</b>                                | <b>(234)</b> | -                | -          | <b>1,002</b>                               | <b>1,156</b> |
| <b>EBITDA CCS</b>      | <b>1,463</b>          | <b>1,167</b> | <b>(262)</b>                                | <b>(234)</b> | <b>(199)</b>     | <b>223</b> | <b>1,002</b>                               | <b>1,156</b> |

<sup>(1)</sup> Corresponds to "Net income before tax" and "Result adjustments" on the Consolidated Cash Flow Statement prepared under EU-IFRS.

## ROACE:

This APM is used by Repsol Management to evaluate the capacity of its operating assets to generate profit, and therefore measures invested capital (equity and debt).

The **ROACE** (“Return on average capital employed”) is calculated as: (operating results adjusted for joint ventures outcomes excluding “**Special Items**” + Income taxes + Recurrent results from investees) / (Capital employed during the continuing operations period). **Capital employed** measures own and external capital invested in the company, and corresponds to Total Equity + **Net debt**. It includes that which corresponds to joint ventures or other companies whose operations are generated as such.

|                                                                                    | 1H 17         | 1H 16                       |                                   |
|------------------------------------------------------------------------------------|---------------|-----------------------------|-----------------------------------|
| <b>NUMERATOR (€ Million)</b>                                                       |               |                             |                                   |
| <b>Operating income EU-IFRS</b>                                                    | <b>1,257</b>  | <b>678</b>                  |                                   |
| Joint Ventures Reclassification                                                    | 221           | 108                         |                                   |
| Special Items                                                                      | 49            | 219                         |                                   |
| Income tax <sup>(1)</sup>                                                          | (420)         | (108)                       |                                   |
| Share of results of companies accounted for using the equity method - net of taxes | 135           | 206                         |                                   |
| <b>I. ROACE result at average weighted cost</b>                                    | <b>1,242</b>  | <b>2,486 <sup>(2)</sup></b> | <b>1,103 2,142 <sup>(2)</sup></b> |
| <b>DENOMINATOR (€ Million)</b>                                                     |               |                             |                                   |
| Total equity                                                                       | 30,183        | 28,822                      |                                   |
| Net financial debt                                                                 | 7,477         | 11,709                      |                                   |
| <b>Capital employed at year end</b>                                                | <b>37,660</b> | <b>40,531</b>               |                                   |
| <b>II. Average capital employed <sup>(3)</sup></b>                                 | <b>38,458</b> | <b>40,617</b>               |                                   |
| <b>ROACE (I/II)</b>                                                                | <b>6.5</b>    | <b>5.3</b>                  |                                   |

<sup>(1)</sup> Does not include income tax on profits corresponding to financial results.

<sup>(2)</sup> Figure annualized by extrapolating data for the year.

<sup>(3)</sup> Corresponds to the average balance of capital employed at the beginning and end of the year.

## 2. Cash flow measures

### **Free Cash Flow, Cash Generated and Liquidity:**

The two main measures used by the Group's Management to evaluate the generation of cash flow in the period are **Free cash flow** and **Cash generated**.

**Free Cash Flow** measures cash flow generation from operating and investment activities, and is used for evaluating the funds available for paying shareholder dividends, and debt service payments.

**Cash flow generated** corresponds to **Free cash flow** after deducting all payments for dividends, remuneration of other equity instruments such as net interest and payments for leasing and treasury shared. This APM measures the funds generated by the Company before financial transactions (mainly debt issuance and repayments).

The following is a reconciliation of **Free Cash Flow** and **Cash Generated** with the Consolidated Cash Flow Statements prepared under EU-IFRS:

|                                                                                 | First half         |              |                                                   |            |                                 |              |
|---------------------------------------------------------------------------------|--------------------|--------------|---------------------------------------------------|------------|---------------------------------|--------------|
|                                                                                 | Adjusted Cash Flow |              | Joint Ventures<br>Reclassifications and<br>Others |            | Cash Flow Statement EU-<br>IFRS |              |
|                                                                                 | 2017               | 2016         | 2017                                              | 2016       | 2017                            | 2016         |
| I. Cash flows from / (used in) operating activities                             | 2,175              | 1,772        | (93)                                              | (171)      | 2,082                           | 1,601        |
| II. Cash flows from / (used in) investing activities                            | (1,232)            | (997)        | 114                                               | 255        | (1,118)                         | (742)        |
| <b>Free cash flow (I+II)</b>                                                    | <b>943</b>         | <b>775</b>   | <b>21</b>                                         | <b>84</b>  | <b>964</b>                      | <b>859</b>   |
| <b>Cash generated</b>                                                           | <b>272</b>         | <b>57</b>    | <b>25</b>                                         | <b>86</b>  | <b>297</b>                      | <b>143</b>   |
| III. Cash flows from / (used in) financing activities and others <sup>(1)</sup> | (919)              | (1,099)      | (15)                                              | 17         | (934)                           | (1,082)      |
| <b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>        | <b>24</b>          | <b>(324)</b> | <b>6</b>                                          | <b>101</b> | <b>30</b>                       | <b>(223)</b> |
| Cash and cash equivalents at the beginning of the period                        | 4,918              | 2,769        | (231)                                             | (321)      | 4,687                           | 2,448        |
| Cash and cash equivalents at the end of the period                              | 4,942              | 2,445        | (225)                                             | (220)      | 4,717                           | 2,225        |

<sup>(1)</sup> Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

|                                                                                 | Second quarter     |              |                                                   |            |                                 |              |
|---------------------------------------------------------------------------------|--------------------|--------------|---------------------------------------------------|------------|---------------------------------|--------------|
|                                                                                 | Adjusted Cash Flow |              | Joint Ventures<br>Reclassifications and<br>Others |            | Cash Flow Statement EU-<br>IFRS |              |
|                                                                                 | 2017               | 2016         | 2017                                              | 2016       | 2017                            | 2016         |
| I. Cash flows from / (used in) operating activities                             | 1,458              | 829          | (55)                                              | (130)      | 1,403                           | 699          |
| II. Cash flows from / (used in) investing activities                            | (635)              | (255)        | 57                                                | 128        | (578)                           | (127)        |
| <b>Free cash flow (I+II)</b>                                                    | <b>823</b>         | <b>574</b>   | <b>2</b>                                          | <b>(2)</b> | <b>825</b>                      | <b>572</b>   |
| <b>Cash generated</b>                                                           | <b>688</b>         | <b>421</b>   | <b>5</b>                                          | <b>-</b>   | <b>693</b>                      | <b>421</b>   |
| III. Cash flows from / (used in) financing activities and others <sup>(1)</sup> | 154                | (894)        | 16                                                | 39         | 170                             | (855)        |
| <b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>        | <b>977</b>         | <b>(320)</b> | <b>18</b>                                         | <b>37</b>  | <b>995</b>                      | <b>(283)</b> |
| Cash and cash equivalents at the beginning of the period                        | 3,965              | 2,765        | (243)                                             | (257)      | 3,722                           | 2,508        |
| Cash and cash equivalents at the end of the period                              | 4,942              | 2,445        | (225)                                             | (220)      | 4,717                           | 2,225        |

<sup>(1)</sup> Includes payments for dividends and payments on other equity instruments, interest payments, other proceeds from/ (payments for) financing activities, proceeds from / (payments for) equity instruments , proceeds from / (payments for) financial liabilities and the exchange rate fluctuations effect.

The Group measures **Liquidity** as the total of “Cash and cash equivalents” and undrawn long- and short-term committed credit lines at year end; these correspond to facilities granted by financial institutions which may be drawn down by the company in installments, the amount, and the remaining terms of the agreement.

|                           | First half            |              |                                                 |              |              |              |
|---------------------------|-----------------------|--------------|-------------------------------------------------|--------------|--------------|--------------|
|                           | Group Reporting Model |              | Joint Ventures Reclassifications and Others (1) |              | EU-IFRS      |              |
|                           | Jun-17                | Dec-16       | Jun-17                                          | Dec-16       | Jun-17       | Dec-16       |
| Cash and Cash equivalents | 4,942                 | 4,918        | (225)                                           | (231)        | 4,717        | 4,687        |
| Undrawn credit lines      | 2,814                 | 4,429        | -                                               | -            | 2,814        | 4,429        |
| <b>Liquidity</b>          | <b>7,756</b>          | <b>9,347</b> | <b>(225)</b>                                    | <b>(231)</b> | <b>7,531</b> | <b>9,116</b> |

### Net Operating Investments:

Group management uses this APM to measure each period’s investment effort, as well as its allocation by businesses segment, and corresponds to investments, net of divestments, in the exploitation of resources made by different Group businesses. It includes those which correspond to joint ventures or other companies whose operations are managed as such.

|                        | First half                 |              |                                             |              |                                            |            |
|------------------------|----------------------------|--------------|---------------------------------------------|--------------|--------------------------------------------|------------|
|                        | Net Operating Investments  |              | Joint Ventures Reclassifications and Others |              | Cash flow statement EU-IFRS <sup>(1)</sup> |            |
|                        | 2017                       | 2016         | 2017                                        | 2016         | 2017                                       | 2016       |
| Upstream               | 921                        | 1,281        | (183)                                       | (376)        | 738                                        | 905        |
| Downstream             | 245                        | (258)        | -                                           | (1)          | 245                                        | (259)      |
| Corporation and others | 8                          | 15           | 8                                           | (20)         | 16                                         | (5)        |
| <b>TOTAL</b>           | <b>1,174<sup>(2)</sup></b> | <b>1,038</b> | <b>(175)</b>                                | <b>(397)</b> | <b>999</b>                                 | <b>641</b> |

|                        | Second quarter            |            |                                             |              |                                            |            |
|------------------------|---------------------------|------------|---------------------------------------------|--------------|--------------------------------------------|------------|
|                        | Net Operating Investments |            | Joint Ventures Reclassifications and Others |              | Cash flow statement EU-IFRS <sup>(1)</sup> |            |
|                        | 2017                      | 2016       | 2017                                        | 2016         | 2017                                       | 2016       |
| Upstream               | 466                       | 643        | (82)                                        | (198)        | 384                                        | 445        |
| Downstream             | 154                       | (344)      | -                                           | 1            | 154                                        | (343)      |
| Corporation and others | 10                        | 30         | 7                                           | (11)         | 17                                         | 19         |
| <b>TOTAL</b>           | <b>630<sup>(2)</sup></b>  | <b>329</b> | <b>(75)</b>                                 | <b>(208)</b> | <b>555</b>                                 | <b>121</b> |

<sup>(1)</sup> This corresponds to “Proceeds from divestments” and “Payments on investments” on the Consolidated Cash Flow Statement of cash flows prepared under EU-IFRS, and does not include items corresponding to “Other financial assets.”

<sup>(2)</sup> Gross Operating Investments in the first half and second quarter of 2017 amounted to 1,201 and 664 million euros respectively.

### 3. Financial position indicators

#### *Debt and financial position ratios*

**Net Debt** is the main APM used by Management to measure the Company's level of debt. It is comprised of financial liabilities less financial assets, cash and cash equivalents, and the effect arising from the net market valuation of financial derivatives (excluding those on exchange rates). It also includes the net debt corresponding to joint ventures and other companies operationally managed as such.

|                                                                                            | Net Debt       |                |                 | Reclassifications Joint Ventures <sup>(1)</sup> |         |         | Figure according to EU-IFRS balance sheet |                |                 |
|--------------------------------------------------------------------------------------------|----------------|----------------|-----------------|-------------------------------------------------|---------|---------|-------------------------------------------|----------------|-----------------|
|                                                                                            | Jun-17         | Dec-16         | Jun-16          | Jun-17                                          | Dec-16  | Jun-16  | Jun-17                                    | Dec-16         | Jun-16          |
| <b>Non-current assets</b>                                                                  |                |                |                 |                                                 |         |         |                                           |                |                 |
| Non-current financial instruments <sup>(2)</sup>                                           | 379            | 424            | 98              | 692                                             | 657     | 609     | 1,071                                     | 1,081          | 707             |
| <b>Current assets</b>                                                                      |                |                |                 |                                                 |         |         |                                           |                |                 |
| Other current financial assets                                                             | 44             | 52             | 30              | 1,187                                           | 1,228   | 1,231   | 1,231                                     | 1,280          | 1,261           |
| Cash and Cash equivalents                                                                  | 4,942          | 4,918          | 2,447           | (225)                                           | (231)   | (222)   | 4,717                                     | 4,687          | 2,225           |
| <b>Non-current liabilities<sup>(3)</sup></b>                                               |                |                |                 |                                                 |         |         |                                           |                |                 |
| Non-current financial debt                                                                 | (8,831)        | (9,540)        | (10,688)        | 192                                             | 58      | 54      | (8,639)                                   | (9,482)        | (10,634)        |
| <b>Non-current liabilities<sup>(3)</sup></b>                                               |                |                |                 |                                                 |         |         |                                           |                |                 |
| Current financial liabilities                                                              | (4,090)        | (4,085)        | (3,719)         | (2,719)                                         | (2,824) | (2,707) | (6,809)                                   | (6,909)        | (6,426)         |
| <b>Items not included on the balance sheet</b>                                             |                |                |                 |                                                 |         |         |                                           |                |                 |
| Net mark to market valuation of financial derivatives (excl. exchange rate) <sup>(4)</sup> | 79             | 87             | 123             | -                                               | -       | -       | 79                                        | 87             | 123             |
| <b>NET DEBT</b>                                                                            | <b>(7,477)</b> | <b>(8,144)</b> | <b>(11,709)</b> |                                                 |         |         | <b>(8,350)</b>                            | <b>(9,256)</b> | <b>(12,744)</b> |

<sup>(1)</sup> Mainly includes the net financing of the Repsol Sinopec Brasil Group, broken down in the following sections:

*June 2016:* (cash and cash equivalents of 16 million euros and current financial liabilities as a result of an intra-group loan of 2,780 million euros, less a 366 million euros third-party loan).

*December 2016:* (Cash and cash equivalents of 43 million euros and current financial liabilities as a result of an intra-group loan of 2,942 million euros, less 344 million euros in third-party loans)

*June 2017:* (Cash and cash equivalents of 17 million euros and current financial liabilities as a result of an intra-group loan of 2,724 million euros, less 368 million euros in third-party loans).

<sup>(2)</sup> Corresponds to the Consolidated Balance Sheet heading, "Non-current financial assets" (but does not include available-for-sale financial assets).

<sup>(3)</sup> Does not include finance lease obligations.

<sup>(4)</sup> The net mark to market value of financial derivatives other than exchange rate derivatives has been eliminated from this section.

**Gross Debt** is a measure used to analyze the Group's solvency; it includes its financial liabilities and the net fair value of its exchange rate derivatives.

|                                                   | Gross Debt      |                 |                 | Joint Ventures<br>Reclassifications and Others<br>(1) |                |                | Figure according to<br>EU-IFRS Balance Sheet |                 |                 |
|---------------------------------------------------|-----------------|-----------------|-----------------|-------------------------------------------------------|----------------|----------------|----------------------------------------------|-----------------|-----------------|
|                                                   | Jun-17          | Dec-16          | Jun-16          | Jun-17                                                | Dec-16         | Jun-16         | Jun-17                                       | Dec-16          | Jun-16          |
| Current financial liabilities                     | (4,059)         | (4,061)         | (3,675)         | (2,719)                                               | (2,824)        | (2,708)        | (6,778)                                      | (6,885)         | (6,383)         |
| Net market valuation of exchange rate derivatives | 1               | 7               | (22)            | -                                                     | -              | -              | 1                                            | 7               | (22)            |
| <b>Current gross debt</b>                         | <b>(4,058)</b>  | <b>(4,054)</b>  | <b>(3,697)</b>  | <b>(2,719)</b>                                        | <b>(2,824)</b> | <b>(2,708)</b> | <b>(6,777)</b>                               | <b>(6,878)</b>  | <b>(6,405)</b>  |
| Non-current financial liabilities                 | (8,752)         | (9,452)         | (10,567)        | 192                                                   | 57             | 55             | (8,560)                                      | (9,395)         | (10,512)        |
| <b>Non-current gross debt</b>                     | <b>(8,752)</b>  | <b>(9,452)</b>  | <b>(10,567)</b> | <b>192</b>                                            | <b>57</b>      | <b>55</b>      | <b>(8,560)</b>                               | <b>(9,395)</b>  | <b>(10,512)</b> |
| <b>TOTAL GROSS DEBT</b>                           | <b>(12,810)</b> | <b>(13,506)</b> | <b>(14,264)</b> | <b>(2,527)</b>                                        | <b>(2,767)</b> | <b>(2,653)</b> | <b>(15,337)</b>                              | <b>(16,273)</b> | <b>(16,917)</b> |

The following ratios are based on Debt and are used by Group Management to evaluate leverage ratios as well as Group solvency.

The **Leverage Ratio** corresponds to **Net Debt** divided by **Capital employed** at year end. This ratio can be used to determine the financial structure and degree of indebtedness with regard to capital contributed by shareholders and entities which provide financing. It is the chief measure used to evaluate and compare the Company's financial position with others in the Oil & Gas sector.

**Debt coverage** corresponds to **Net debt** divided by **EBITDA** and makes it possible to evaluate the company's capacity for repaying external financing over a number of years (x times), as well as to compare it to similar companies in the sector.

The **Solvency Ratio** is calculated as **Liquidity** (section 2 of this Appendix) divided by **Current Gross Debt**, and is used to determine the number of times the Group may meet its current debt maturities using its existing liquidity.

**Interest coverage** is calculated as **debt interest** (which comprises finance income and expense) divided by **EBITDA**. This ratio is a measurement that determines the company's ability to cover interest payments with its **EBITDA**.

| € Millions            | First half            |             |                           |       |                                           |             |
|-----------------------|-----------------------|-------------|---------------------------|-------|-------------------------------------------|-------------|
|                       | Group Reporting Model |             | Reclassif. Joint Ventures |       | Figure according to EU-IFRS Balance Sheet |             |
|                       | 2017                  | 2016        | 2017                      | 2016  | 2017                                      | 2016        |
| Interest              | 183                   | 224         | (34)                      | (35)  | 149                                       | 189         |
| EBITDA                | 3,108                 | 2,417       | (647)                     | (421) | 2,461                                     | 1,996       |
| <b>Interest cover</b> | <b>5.9%</b>           | <b>9.3%</b> |                           |       | <b>6.1%</b>                               | <b>9.5%</b> |

| € Millions            | Second quarter        |             |                           |       |                                           |             |
|-----------------------|-----------------------|-------------|---------------------------|-------|-------------------------------------------|-------------|
|                       | Group Reporting Model |             | Reclassif. Joint Ventures |       | Figure according to EU-IFRS Balance Sheet |             |
|                       | 2017                  | 2016        | 2017                      | 2016  | 2017                                      | 2016        |
| Interest              | 89                    | 109         | (16)                      | (18)  | 73                                        | 91          |
| EBITDA                | 1,264                 | 1,390       | (262)                     | (234) | 1,002                                     | 1,156       |
| <b>Interest cover</b> | <b>7.0%</b>           | <b>7.8%</b> |                           |       | <b>7.2%</b>                               | <b>7.9%</b> |

## APPENDIX II: TABLE OF CONVERSIONS AND ABBREVIATIONS

|             |                                           |                 | OIL      |         |              |       | GAS          |            | ELECTRICITY         |
|-------------|-------------------------------------------|-----------------|----------|---------|--------------|-------|--------------|------------|---------------------|
|             |                                           |                 | Liters   | Barrels | Cubic meters | toe   | Cubic meters | Cubic feet | kWh                 |
| OIL         | 1 barrel <sup>(1)</sup>                   | bbl             | 158.99   | 1       | 0.16         | 0.14  | 162.60       | 5,615      | 1.7x10 <sup>6</sup> |
|             | 1 cubic meter <sup>(1)</sup>              | m <sup>3</sup>  | 1,000    | 6.29    | 1            | 0.86  | 1,033        | 36,481     | 10,691.5            |
|             | 1 ton of oil equivalent <sup>(1)</sup>    | toe             | 1,160.49 | 7.30    | 1.16         | 1     | 1,187        | 41,911     | 12,407.4            |
| GAS         | 1 cubic meter                             | m <sup>3</sup>  | 0.98     | 0.01    | 0.001        | 0.001 | 1            | 35.32      | 10.35               |
|             | 1,000 cubic feet=1.04x10 <sup>6</sup> Btu | ft <sup>3</sup> | 27.64    | 0.18    | 0.03         | 0.02  | 28.3         | 1,000      | 293.1               |
| ELECTRICITY | 1 megawatt hour                           | MWh             | 93.53    | 0.59    | 0.10         | 0.08  | 96.62        | 3,412.14   | 1,000               |

<sup>(1)</sup> Benchmark average: 32.35° API and relative density of 0.8636.

|        |             |                 | Meter      | Inch   | Foot    | Yard        |
|--------|-------------|-----------------|------------|--------|---------|-------------|
| LENGTH | Meter       | m               | 1          | 39.37  | 3,281   | 1,093       |
|        | Inch        | in              | 0.025      | 1      | 0,083   | 0,028       |
|        | Foot        | ft              | 0.305      | 12     | 1       | 0,333       |
|        | Yard        | yd              | 0.914      | 36     | 3       | 1           |
|        |             |                 | Kilogram   | Pound  | Ton     |             |
| MASS   | Kilogram    | kg              | 1          | 2.2046 | 0,001   |             |
|        | Pound       | lb              | 0.45       | 1      | 0,00045 |             |
|        | Ton         | t               | 1,000      | 2,2046 | 1       |             |
|        |             |                 | Cubic feet | Barrel | Liter   | Cubic meter |
| VOLUME | cubic foot  | ft <sup>3</sup> | 1          | 0,1781 | 28.32   | 0,0283      |
|        | Barrel      | bbl             | 5,615      | 1      | 158,984 | 0,1590      |
|        | Liter       | l               | 0,0353     | 0,0063 | 1       | 0,001       |
|        | cubic meter | m <sup>3</sup>  | 35,3147    | 6,2898 | 1,000   | 1           |

| Term        | Description                               | Term            | Description                                | Term               | Description                          |
|-------------|-------------------------------------------|-----------------|--------------------------------------------|--------------------|--------------------------------------|
| bbl / bbl/d | Barrel/ Barrel per day                    | kbbbl           | Thousand barrels of oil                    | Mm <sup>3</sup> /d | Million cubic meters per day         |
| bcf         | Bcf Billion cubic feet                    | kbbbl/d         | Thousand barrels per day                   | Mscf/d             | Million standard cubic feet per day  |
| Bm3         | Billion cubic meters                      | kboe            | Thousand barrels of oil equivalent         | kscf/d             | Thousand standard cubic feet per day |
| boe         | Barrel of oil equivalent                  | kboe/d          | Thousand barrels of oil equivalent per day | MW                 | Million watts                        |
| Btu/MBtu    | British thermal unit/ Btu/millions of Btu | km <sup>2</sup> | Square kilometer                           | MWh                | Megawatt hour                        |
| LPG         | Liquefied petroleum gas                   | kt/Mt           | Thousand tons/Million tons                 | Tcf                | Trillion cubic feet                  |
| LNG         | Liquid Natural Gas                        | Mbbl            | Million barrels                            | toe                | Tons of oil equivalent               |
| GWh         | Gigawatts per hour                        | Mboe            | Million barrels of oil equivalent          | USD / Dollar / \$  | US dollar                            |

# INFORME DE GESTIÓN INTERMEDIO CONSOLIDADO

Primer semestre 2017



REPSOL S.A. y Sociedades participadas que configuran el Grupo REPSOL

## ÍNDICE

|                                                                                       |           |
|---------------------------------------------------------------------------------------|-----------|
| <b>1. RESUMEN DE PRINCIPALES ACONTECIMIENTOS .....</b>                                | <b>3</b>  |
| <b>2. GOBIERNO CORPORATIVO .....</b>                                                  | <b>6</b>  |
| <b>3. ENTORNO MACROECONÓMICO .....</b>                                                | <b>7</b>  |
| <b>4. RESULTADOS, SITUACIÓN FINANCIERA Y RETRIBUCIÓN A NUESTROS ACCIONISTAS .....</b> | <b>11</b> |
| 4.1    RESULTADOS Y FLUJO DE CAJA .....                                               | 11        |
| 4.2    SITUACIÓN FINANCIERA.....                                                      | 15        |
| 4.3    RETRIBUCIÓN A NUESTROS ACCIONISTAS .....                                       | 17        |
| <b>5. EL DESEMPEÑO DE NUESTROS NEGOCIOS .....</b>                                     | <b>20</b> |
| 5.1.    UPSTREAM.....                                                                 | 20        |
| 5.2.    DOWNSTREAM .....                                                              | 22        |
| 5.3.    CORPORACIÓN .....                                                             | 24        |
| <b>6. RIESGOS.....</b>                                                                | <b>25</b> |
| 6.1    FACTORES DE RIESGO .....                                                       | 25        |
| 6.2    GESTIÓN DEL RIESGO .....                                                       | 31        |
| <b>ACERCA DE ESTE INFORME .....</b>                                                   | <b>32</b> |
| <b>ANEXO I: MEDIDAS ALTERNATIVAS DE RENDIMIENTO.....</b>                              | <b>33</b> |
| <b>ANEXO II: TABLA DE CONVERSIONES Y ABREVIATURAS.....</b>                            | <b>42</b> |

## 1. RESUMEN DE PRINCIPALES ACONTECIMIENTOS

Durante el primer semestre de 2017 Repsol<sup>1</sup> ha avanzado en el cumplimiento del **Plan Estratégico 2016-2020**<sup>2</sup> y en su **proceso de transformación**, con el objetivo de ser una compañía más eficiente, flexible e innovadora. Prueba de ello es su **capacidad para obtener resultados** en este periodo, incluso en el actual contexto de persistencia de bajos precios del crudo y del gas: el **resultado neto** ha ascendido a 1.056 millones de euros (+65% respecto al mismo periodo del año anterior), la **caja libre** generada ha llegado a 943 millones de euros (+22% respecto al año anterior) y la **deuda neta** se ha reducido a 7.477 millones de euros (frente a los 11.709 millones de euros al fin del mismo periodo del año anterior). Este notable desempeño financiero se acompaña, además, de importantes descubrimientos exploratorios.

### RESULTADOS<sup>3</sup>

| Millones de euros              | 1S 2017      | 1S 2016    | Variación  |
|--------------------------------|--------------|------------|------------|
| Upstream                       | 339          | 63         | 276        |
| Downstream                     | 929          | 934        | (5)        |
| Corporación y otros            | (142)        | (80)       | (62)       |
| <b>Resultado neto ajustado</b> | <b>1.126</b> | <b>917</b> | <b>209</b> |
| Efecto patrimonial             | (60)         | 2          | (62)       |
| Resultados Específicos         | (10)         | (280)      | 270        |
| <b>Resultado neto</b>          | <b>1.056</b> | <b>639</b> | <b>417</b> |

En los resultados de **Upstream** se aprecia una importante mejora respecto del primer semestre de 2016 (+437%), impulsada por el incremento de los precios de realización del crudo y del gas y por la reducción de costes operativos recurrentes, así como por la aportación de la producción en Libia y Brasil.

En **Downstream**, los sólidos resultados se mantienen en línea con los del primer semestre de 2016, lo que demuestra la calidad de nuestros activos industriales y las ventajas competitivas derivadas de nuestro modelo integrado de negocio.

Los menores resultados en **Corporación y otros** se explican principalmente por la menor aportación de Gas Natural Fenosa (GNF), como consecuencia de la venta del 10% de su participación en septiembre de 2016, compensado parcialmente por la reducción de costes en la Corporación.

Como consecuencia de lo anterior, el **resultado neto ajustado** alcanza los 1.126 millones de euros, un 23% superior al dato de 2016.

El *efecto patrimonial*, que refleja el impacto de la variación de los precios en los inventarios, fue negativo como consecuencia de la bajada de los precios del crudo durante el periodo.

Los *resultados específicos* del periodo no son significativos, mientras que en 2016 incluyeron costes de reestructuración de plantilla y provisiones.

En suma, el **resultado neto** del Grupo alcanza en el primer semestre de 2017 un beneficio de 1.056 millones de euros, frente a los 639 millones de euros de 2016.

El **EBITDA**, 3.108 millones de euros, es un 29% superior al del primer semestre de 2016, impulsado por una mejora sustancial de los resultados de las operaciones del segmento *Upstream*.

<sup>1</sup> De ahora en adelante, las denominaciones “Repsol”, “Grupo Repsol” o “la compañía” se utilizarán, de manera indistinta, para referirse al grupo de empresas formado por Repsol, S.A. y sus sociedades dependientes, asociadas y acuerdos conjuntos.

<sup>2</sup> El Plan Estratégico 2016-2020 se publicó en Octubre de 2015.

<sup>3</sup> Toda la información presentada en este documento, salvo que se indique expresamente lo contrario, ha sido elaborada de acuerdo al modelo de *reporting* del Grupo que se describe en la Nota 2.6 “*Información por segmentos de negocio*” de los Estados financieros intermedios del primer semestre 2017. Alguna de las magnitudes financieras utilizadas en este documento tienen la consideración de Medidas Alternativas de Rendimiento (MAR) de acuerdo a las Directrices de la European Securities Markets Authority (ESMA), véase el Anexo I “*Medidas Alternativas de Rendimiento*” que incluye la reconciliación entre las magnitudes ajustadas y las correspondientes a la información financiera NIIF-UE.

El **flujo de caja libre** en el primer semestre ha sido de 943 millones de euros, un 22% superior al del mismo periodo de 2016, como consecuencia, principalmente, de la mejora de la caja de las operaciones generada por los negocios y la disciplina en las inversiones.

La **deuda neta** al final del semestre es de 7.477 millones de euros. Supone una reducción significativa respecto de la existente a 30 de junio de 2016 (11.709 millones de euros) y a 31 de diciembre de 2016 (8.144 millones de euros).

## OTROS ACONTECIMIENTOS DEL PERIODO

Destacan en el semestre **dos importantes descubrimientos**, en el *North Slope* en Alaska con los sondeos de *Horseshoe-1* y *Horseshoe-1A*, el mayor hallazgo convencional de hidrocarburos de los últimos treinta años en suelo estadounidense, y en Trinidad y Tobago con los sondeos de *Savannah* y *Macadamia*, el mayor descubrimiento de gas de Repsol en los últimos cinco años.

La sociedad ha mantenido el esquema de **retribución a sus accionistas** y ha cerrado en enero y julio dos ampliaciones de capital liberadas a través de las cuales se implementa el programa “Repsol dividendo flexible”, que han garantizado en el periodo a los accionistas 0,76 euros por acción (0,43 pagados en julio).

La **evolución en bolsa** de la acción de Repsol en el periodo (-0,9%) superó a la media del sector Oil&Gas europeo, que cedió en promedio un 6%, negativamente influido por el descenso del precio del crudo.

Se ha mantenido la **calificación crediticia** del Grupo y se ha mejorado la perspectiva de las principales agencias de calificación, actualizada a “*positiva*” en el caso de S&P y a “*estable*” en el caso de Moody’s y Fitch.

Destaca también la emisión de un **bono verde**<sup>1</sup>, primero para la compañía y en el sector del *Oil&Gas*, por importe de 500 millones de euros.

El 19 de mayo se celebró la Junta General Ordinaria de Accionistas 2017, que aprobó el **nombramiento de tres nuevos Consejeros** externos independientes, favoreciendo la diversidad de conocimientos y de género del Consejo.

Por último, hay que destacar que Repsol mantiene su **compromiso con la seguridad y el medioambiente**. Respecto a la accidentabilidad personal, el Índice de Frecuencia Total (IFT)<sup>2</sup> ha disminuido respecto al dato anual de 2016. Respecto al medioambiente, durante el periodo se han realizado acciones de mejora en nuestras instalaciones que, además de reducir sus consumos energéticos, han reducido emisiones en el periodo de 75.200 toneladas de CO<sub>2</sub>.

---

<sup>1</sup> El bono lo constituyen inicialmente 312 proyectos elegibles que cumplen los requisitos que establecen los *Green Bond Principles* (de la International Capital Market Association) y que se enmarcan, principalmente, en la categoría de “Eficiencia energética”, ejecutados o en ejecución en nuestras refinerías y plantas químicas de España y Portugal.

<sup>2</sup> El IFT es un indicador que amplía el alcance de accidentabilidad, puesto que mide las consecuencias del daño personal e incluye otros accidentes de consecuencias menores. Por este motivo Repsol considera que el IFT es un indicador apropiado para la evaluación de objetivos de accidentabilidad.

## PRINCIPALES MAGNITUDES E INDICADORES DEL PERIODO

| Indicadores financieros <sup>(1)</sup>                  | 1S 2017        | 1S 2016        | Entorno macroeconómico                                  | 1S 2017        | 1S 2016        |
|---------------------------------------------------------|----------------|----------------|---------------------------------------------------------|----------------|----------------|
| <b>Resultados</b>                                       |                |                | Brent (\$/bbl) medio                                    | 51,7           | 39,8           |
| EBITDA                                                  | 3.108          | 2.417          | WTI (\$/bbl) medio                                      | 50,0           | 39,8           |
| Resultado neto ajustado                                 | 1.126          | 917            | Henry Hub (\$/MBtu) medio                               | 3,3            | 2,0            |
| Resultado neto                                          | 1.056          | 639            | Algonquin (\$/Mbtu) medio                               | 3,7            | 2,9            |
| Beneficio por acción (€/acción)                         | 0,68           | 0,41           | Tipo de cambio (\$/€) medio                             | 1,08           | 1,12           |
| Capital empleado                                        | 37.660         | 40.531         |                                                         |                |                |
| ROACE (%) <sup>(2)</sup>                                | 6,5            | 5,3            | <b>El desempeño de nuestros negocios <sup>(1)</sup></b> | <b>1S 2017</b> | <b>1S 2016</b> |
| <b>Situación financiera</b>                             |                |                | <b>Upstream</b>                                         |                |                |
| Flujo de caja libre                                     | 943            | 775            | Producción neta de líquidos (kbbl/d)                    | 256            | 251            |
| Intereses deuda / EBITDA (%)                            | 5,9            | 9,3            | Producción neta de gas (kbep/d)                         | 429            | 454            |
| Deuda Neta (DN)                                         | 7.477          | 11.709         | Producción neta de hidrocarburos (kbep/d)               | 685            | 705            |
| DN / EBITDA (x veces) <sup>(3)</sup>                    | 1,20           | 2,42           | Precios medios de realización de crudo (\$/bbl)         | 46,7           | 35,1           |
| DN / Capital empleado (%)                               | 19,9           | 28,9           | Precios medios de realización de gas (\$/kscf)          | 2,9            | 2,3            |
| <b>Retribución a nuestros accionistas</b>               |                |                | EBITDA                                                  | 1.666          | 933            |
| Retribución al accionista (€/acción) <sup>(4)</sup>     | 0,335          | 0,466          | Resultado neto ajustado                                 | 339            | 63             |
|                                                         |                |                | Inversiones netas                                       | 921            | 1.281          |
| <b>Indicadores bursátiles <sup>(1)</sup></b>            | <b>1S 2017</b> | <b>1S 2016</b> | <b>Downstream</b>                                       |                |                |
| Cotización al cierre del periodo (€)                    | 13,40          | 11,41          | Capacidad de refino (kbbl/d)                            | 1.013          | 998            |
| Cotización media del periodo (€)                        | 14,28          | 10,26          | Índice de conversión en España (%)                      | 63             | 63             |
| Capitalización bursátil al cierre                       | 20.052         | 16.451         | Indicador de margen de refino España (\$/bbl)           | 6,6            | 6,4            |
| <b>Indicadores no-financieros</b>                       | <b>1S 2017</b> | <b>1S 2016</b> | Estaciones de servicio (n°)                             | 4.712          | 4.724          |
| <b>Personas</b>                                         |                |                | Ventas de productos petrolíferos (kt)                   | 25.071         | 22.051         |
| Plantilla <sup>(5)</sup>                                | 27.273         | 29.341         | Ventas de productos petroquímicos (kt)                  | 1.407          | 1.477          |
| Nuevos empleados <sup>(6)</sup>                         | 1.476          | 1.308          | Ventas de GLP (kt)                                      | 750            | 1.052          |
| <b>Seguridad y medioambiente</b>                        |                |                | Ventas de gas en Norteamérica (TBtu)                    | 266            | 221            |
| Índice Frecuencia de accidentes <sup>(7)</sup>          | 0,72           | 0,69           | EBITDA                                                  | 1.518          | 1.585          |
| Índice Frecuencia Total de accidentes <sup>(8)</sup>    | 1,34           | 1,46           | Resultado neto ajustado                                 | 929            | 934            |
| Reducción de emisiones de CO <sub>2</sub> (miles de tn) | 75             | 145            | Inversiones netas                                       | 245            | (258)          |

<sup>(1)</sup> Donde corresponda, expresado en millones de euros.

<sup>(2)</sup> El ROACE correspondiente al primer semestre de 2017 ha sido anualizado por mera extrapolación de los datos del periodo.

<sup>(3)</sup> El EBITDA para este indicador ha sido anualizado por mera extrapolación de los datos del periodo.

<sup>(4)</sup> Precio fijo garantizado por Repsol para los derechos de adquisición gratuita de acciones dentro del programa "Repsol Dividendo Flexible" (ver Nota 4.3)

<sup>(5)</sup> Incluye la plantilla gestionada y no gestionada.

<sup>(6)</sup> Se consideran nuevas incorporaciones aquellas de carácter fijo y eventual sin relación laboral anterior con la compañía. El % de empleados fijos entre las nuevas incorporaciones correspondiente al primer semestre de 2017 y 2016 asciende al 36% y 44%, respectivamente.

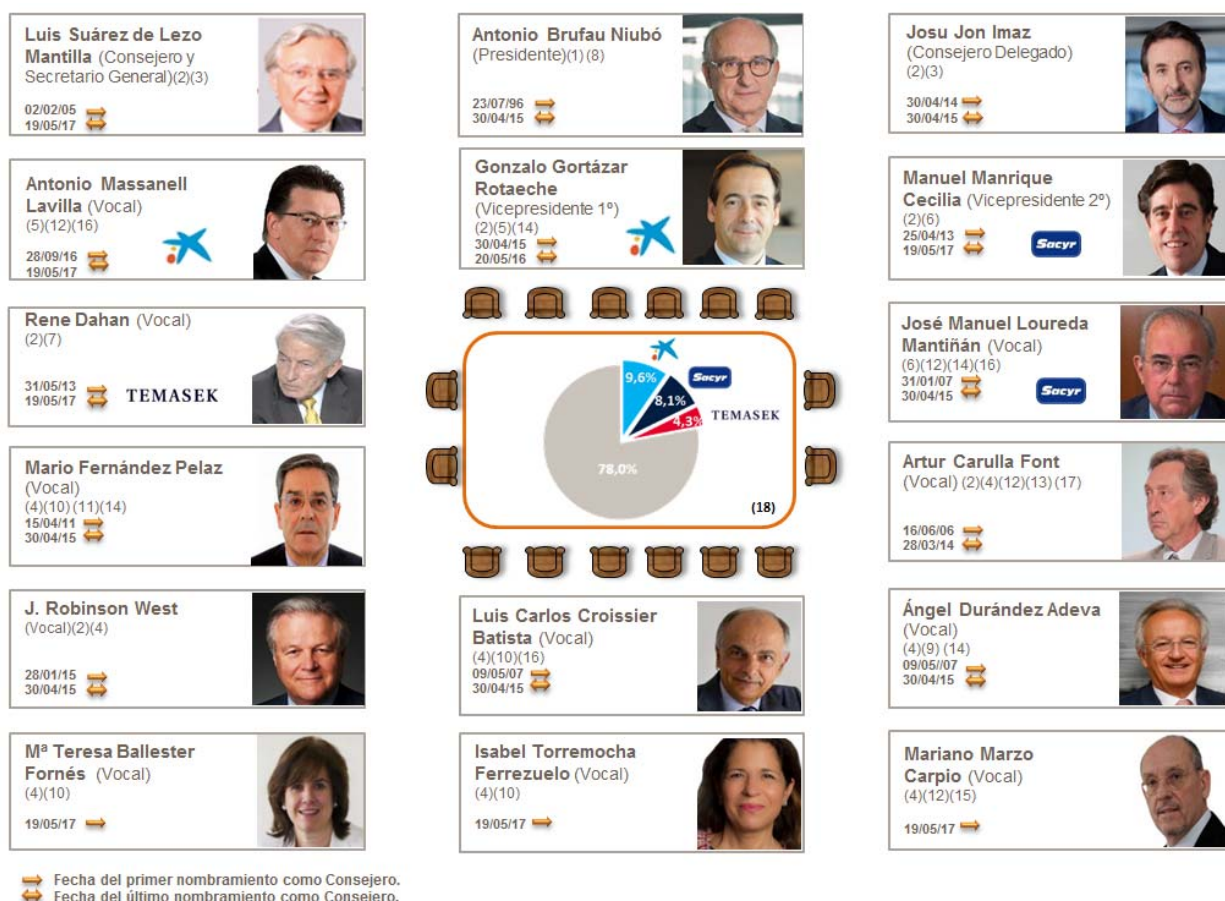
<sup>(7)</sup> Índice de frecuencia con baja integrado (número de accidentes computables con pérdidas de días y muertes acumuladas en el año, por cada millón de horas trabajadas). El dato de 2016 es el anual.

<sup>(8)</sup> Índice de frecuencia total integrado (número de accidentes computables sin pérdida de días, con pérdida de días y de muertes acumulados en el año, por cada millón de horas trabajadas). El dato de 2016 es el anual.

## 2. GOBIERNO CORPORATIVO

El 19 de mayo de 2017, la Junta General de Accionistas de Repsol aprobó la **reelección** como Consejeros de D. Rene Dahan, D. Manuel Manrique Cecilia y D. Luis Suárez de Lezo Mantilla, la **ratificación y reelección** como Consejero de D. Antonio Massanell Lavilla, así como el **nombramiento** como Consejeros **externos independientes** de Dña. María Teresa Ballester Fornés, Dña. Isabel Torremocha Ferrezuelo y D. Mariano Marzo Carpio. Todos ellos, por el plazo estatutario de 4 años.

La composición actual del Consejo de Administración y de sus Comisiones es la siguiente:



**NOTA:** Información adicional sobre los miembros del Consejo de Administración en [www.repsol.es/es](http://www.repsol.es/es).

- (1) Presidente de la Comisión Delegada.
- (2) Vocal de la Comisión Delegada.
- (3) Consejero Ejecutivo.
- (4) Consejero Externo Independiente.
- (5) Consejero Externo Dominical propuesto por Caixabank, S.A.
- (6) Consejero Externo Dominical propuesto por Sacyr, S.A.
- (7) Consejero Externo Dominical propuesto por Temasek.
- (8) Consejero Externo
- (9) Presidente de la Comisión de Auditoría y Control.
- (10) Vocal de la Comisión de Auditoría y Control.
- (11) Presidente de la Comisión de Nombramientos.
- (12) Vocal de la Comisión de Nombramientos.
- (13) Presidente de la Comisión de Retribuciones.
- (14) Vocal de la Comisión de Retribuciones.
- (15) Presidente de la Comisión de Sostenibilidad.
- (16) Vocal de la Comisión de Sostenibilidad.
- (17) Consejero Coordinador.
- (18) Porcentaje sobre el capital social de acuerdo a la última información disponible a fecha de formulación del presente documento. Información facilitada por la Compañía de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), así como la información remitida por los accionistas a la Compañía y a la Comisión Nacional del Mercado de Valores (CNMV).

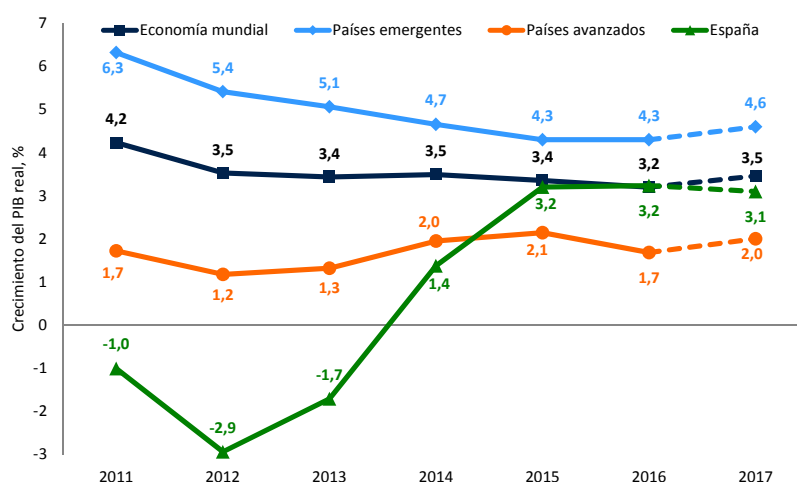
### 3. ENTORNO MACROECONÓMICO

#### EVOLUCIÓN ECONÓMICA RECIENTE

Si bien la **economía mundial** creció en el conjunto de 2016 un modesto 3,2%, dos décimas menos que durante 2015, la actividad fue acelerándose a lo largo del año. Esta favorable tendencia se ha ido consolidando durante 2017, lo que ha contribuido a que se reduzcan los riesgos a corto plazo y mejoren las perspectivas. El FMI (WEO julio 2017) estima que el crecimiento global se acelerará hasta el 3,5% en 2017, impulsado tanto por las economías avanzadas como por las emergentes.

Así, se proyecta que el crecimiento de las **economías avanzadas** pasará del 1,7% en 2016 al 2,0% en 2017, con mejora de su demanda interna en un contexto en el que la fase de desapalancamiento privado está ya avanzada, y con la política fiscal pasando a ser, en general, más expansiva. Mientras, para las economías emergentes, se espera un rebote desde el 4,3% en 2016 hasta el 4,6% en 2017. Este repunte se explica por el mayor dinamismo de China, cierta recuperación de los precios de las materias primas y el retorno de entradas de capital.

Evolución del crecimiento del PIB



Fuente: FMI (WEO julio 2017) y Dirección de Estudios de Repsol

Por regiones, el crecimiento de la **Eurozona** está sorprendiendo favorablemente, apoyado en los estímulos monetarios del Banco Central Europeo (BCE), una política fiscal más laxa, y la mejora en la competitividad. Tras continuar su senda de recuperación en 2016, creciendo un 1,7%, en la primera mitad de 2017 el ritmo de avance trimestral anualizado se sitúa próximo al 2%. Por su parte, en **España** la actividad no sólo mantiene su elevado dinamismo (3,0% a/a en el primer trimestre de 2017), sino que su composición parece robusta. En este sentido, a pesar de la solidez de la demanda interna, el saldo por cuenta corriente se mantiene en positivo, apuntando la fortaleza de las exportaciones a una mejora de la competitividad. De esta forma, la previsión del FMI de julio fue revisada al alza quedando en un 3,1% para 2017 muy en línea con las previsiones realizadas por la Comisión Europea.

Mientras, en **EE.UU.** el crecimiento se moderó hasta el 1,6% en 2016 y, aunque algunos de los factores que lo explican parecen transitorios, durante el primer trimestre de 2017 la actividad volvió a decepcionar (1,4% trimestral anualizado). Para 2017 se prevé un crecimiento del 2,1% basado en la fortaleza del consumo privado pero la perspectiva de mayores estímulos fiscales que aceleren el crecimiento ha ido enfriándose.

En este contexto, la divergencia de los principales Bancos Centrales ha sido menor a la esperada, apoyando un entorno de mayor apetito por el riesgo y condiciones financieras laxas, lo que ha favorecido

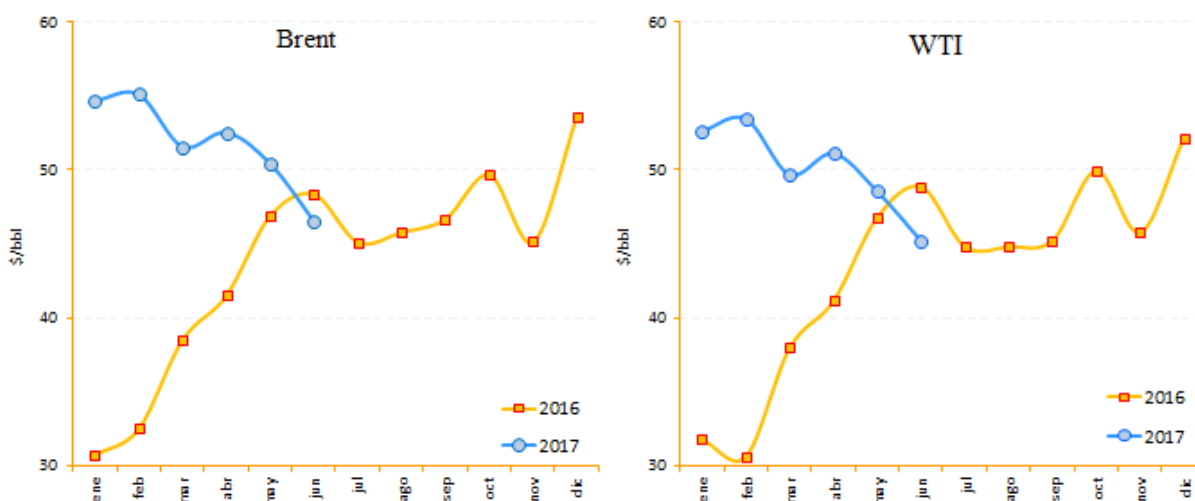
el repunte de la economía global. La Reserva Federal de EE.UU. (FED) ha avanzado con su endurecimiento monetario, pero de forma muy gradual, mientras que el BCE mantiene sus medidas de estímulo monetario en un entorno en el que, pese a la mayor actividad, la inflación sigue por debajo del objetivo.

## EVOLUCIÓN DEL SECTOR ENERGÉTICO

### Crudo – Brent

En lo que se refiere al primer semestre de 2017, las cotizaciones tanto del Brent como del WTI han seguido un perfil predominantemente a la baja, situándose la media en los 51,7 \$/bbl y 50,0 \$/bbl, respectivamente. Después del acuerdo de recorte de producción alcanzado a finales del año pasado por los países OPEP, al que se unió un grupo de 11 países no-OPEP (Rusia, México, Kazajistán, Azerbaiyán, Omán, Malasia, Guinea Ecuatorial, Sudán del Sur, Sudán, Bahréin y Brunei), el precio del crudo Brent subió en enero y febrero superando puntualmente los 55 \$/bbl. Seguidamente, el sentimiento del mercado cambió e hizo corregir los precios alrededor de diez dólares. Entre los factores que explican el sentimiento bajista de los últimos meses se encuentran: i) la incertidumbre generada en el mercado sobre el cumplimiento de los recortes acordados; ii) el aumento de la producción de países OPEP no sujetos al acuerdo de recorte, como Nigeria y Libia; y iii) el aumento de la producción de EE.UU.

Evolución de la cotización del barril de crudo Brent y WTI



Fuente: Bloomberg y Dirección de Estudios de Repsol.

A pesar del pesimismo del mercado, la Agencia Internacional de la Energía (AIE) apunta, en su informe mensual de junio sobre el mercado del petróleo, que el balance oferta-demanda habría entrado en déficit (más demanda que oferta) desde el segundo trimestre de este año y se espera que en media este año se reduzcan los inventarios a razón de más de medio millón de barriles al día lo que supondrá un efecto positivo en los precios.

## Principales hitos en la evolución de la cotización del barril de Brent en el primer semestre de 2017



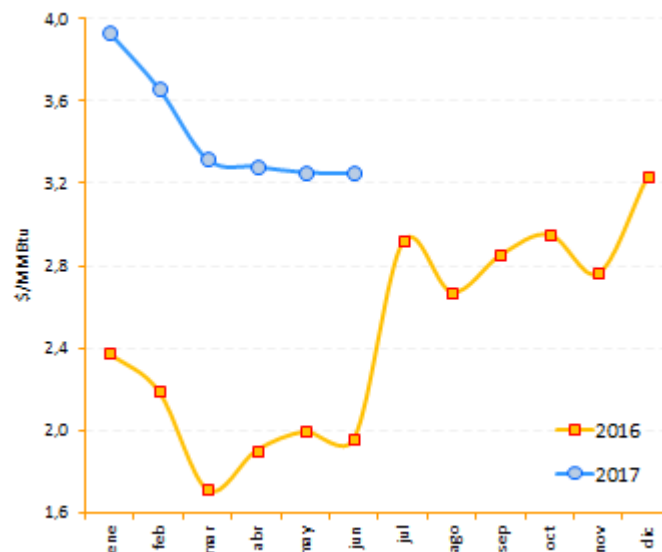
Fuente: Bloomberg y Dirección de Estudios de Repsol

## Gas Natural – Henry Hub (HH)

En lo que respecta al gas natural estadounidense, el precio medio del futuro a un mes del HH se situó en los 3,3 \$/MBtu durante el primer semestre de 2017. Esto representa un incremento del 61% respecto al precio medio registrado en el mismo semestre de 2016.

En un contexto en el que la producción trimestral estimada permaneció por debajo de los niveles del año anterior, las olas de frío (a principios de año) y las expectativas de mayores exportaciones impulsaron la recuperación del precio. Sin embargo, el precio describió una tendencia a la baja desde el mes de enero ante perspectivas de incrementos de la producción y de una climatología más suave.

### Evolución de la cotización Henry Hub



Fuente: NYMEX y Dirección de Estudios de Repsol.

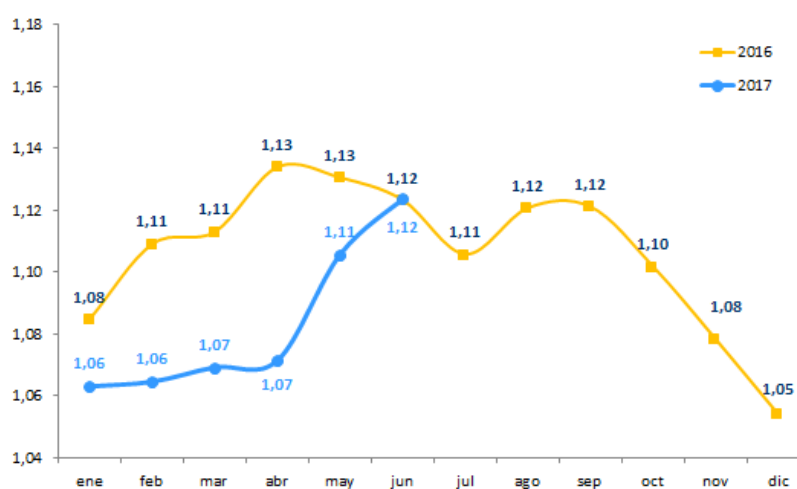
## EVOLUCIÓN DEL TIPO DE CAMBIO

La primera parte de 2017 se caracterizó por una debilidad progresiva del dólar norteamericano después del *rally* apreciatorio que experimentó durante la parte final de 2016. La decisión de la FED de subir tipos de interés en diciembre y la elección de Trump como presidente de los EE.UU. en noviembre fueron los principales factores que explicaron la fortaleza del dólar en la última parte del año anterior. Los mercados interpretaron que las promesas electorales del nuevo presidente supondrían un soporte para el dólar en la medida que puedan traducirse en una expansión fiscal, un endurecimiento de la política monetaria y una desregulación de los mercados financieros estadounidenses.

En contraposición, el hecho de que el BCE y el Banco de Japón (BOJ) continuaran con sus programas de expansión de balances y con tipos de interés en mínimos, representaba una presión depreciatoria sobre el Euro y el Yen. Por otra parte, con un 2017 cargado de importantes citas electorales en Holanda, Francia y Alemania y la irrupción con fuerza de algunos partidos con un discurso anti-europeísta hizo que el riesgo político adquiriera mucho protagonismo inclusive por delante de los fundamentos económicos.

A lo largo de la primera parte de este año se han diluido alguno de los factores que habían favorecido la solidez del dólar frente al euro. En este sentido, han surgido dudas sobre la capacidad del gobierno de Trump para llevar a cabo sus promesas electorales –especialmente la expansión fiscal– y ha disminuido el riesgo político en Europa tras el triunfo de partidos pro-europeístas. Adicionalmente, mientras el crecimiento económico en Europa muestra claras señales de solidez, la economía de EE.UU. creció durante el primer trimestre del año por debajo de las estimaciones, reduciendo el ritmo de normalización de tipos de interés esperado por parte de la FED.

**Evolución de la cotización del Euro/Dólar (medias mensuales)**



Fuente: Bloomberg y Dirección de Estudios de Repsol.

Por su parte, las economías emergentes han experimentado una apreciación de sus monedas en lo que llevamos de 2017 en un contexto de recuperación del precio de las materias primas y mayor entrada de capitales. Además, algunas divisas como el peso mexicano han revertido la depreciación previa ante un tono menos agresivo en las políticas proteccionistas que podría aplicar el gobierno del presidente Trump.

## 4. RESULTADOS, SITUACIÓN FINANCIERA Y RETRIBUCIÓN A NUESTROS ACCIONISTAS

### 4.1 RESULTADOS Y FLUJO DE CAJA

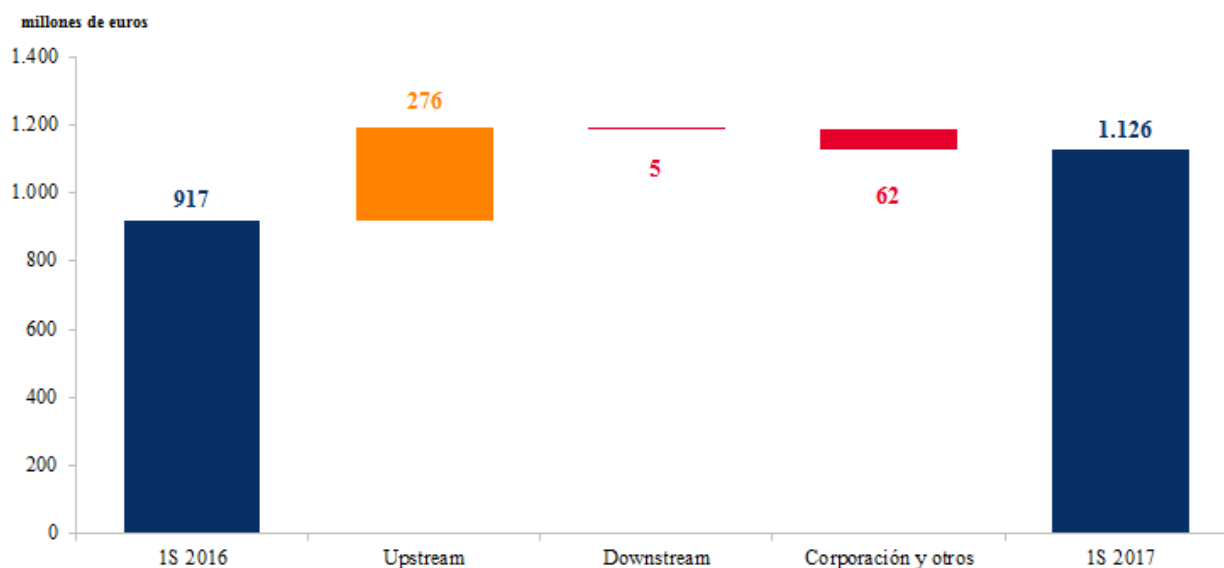
| Millones de euros              | 1S 2017      | 1S 2016    | Δ          |
|--------------------------------|--------------|------------|------------|
| Upstream                       | 339          | 63         | 438%       |
| Downstream                     | 929          | 934        | (1)%       |
| Corporación y otros            | (142)        | (80)       | (78)%      |
| <b>Resultado neto ajustado</b> | <b>1.126</b> | <b>917</b> | <b>23%</b> |
| Efecto patrimonial             | (60)         | 2          | -          |
| Resultados Específicos         | (10)         | (280)      | (96)%      |
| <b>Resultado neto</b>          | <b>1.056</b> | <b>639</b> | <b>65%</b> |

NOTA: Para más información en relación a los resultados de los segmentos de negocio, véase la Nota 3 “Resultados por segmentos” de los Estados financieros intermedios del primer semestre 2017.

Los resultados del primer semestre de 2017, comparados con los del mismo periodo de 2016, se producen en un **entorno** más favorable, caracterizado por unos mayores precios del crudo y, sobre todo, del gas (Brent +30% y Henry Hub +61%), unos sólidos indicadores del margen del refino (en torno a los 6,6 \$/bbl) y del negocio petroquímico y un dólar fortalecido frente al euro.

El **resultado neto ajustado** del semestre asciende a 1.126 millones de euros, un 23% superior al del mismo periodo de 2016. Destacan los mejores resultados en *Upstream*, como consecuencia del incremento de los precios de realización, los esfuerzos de eficiencia y la aportación de Libia, y el mantenimiento de sólidos resultados en *Downstream*.

Evolución del resultado neto ajustado



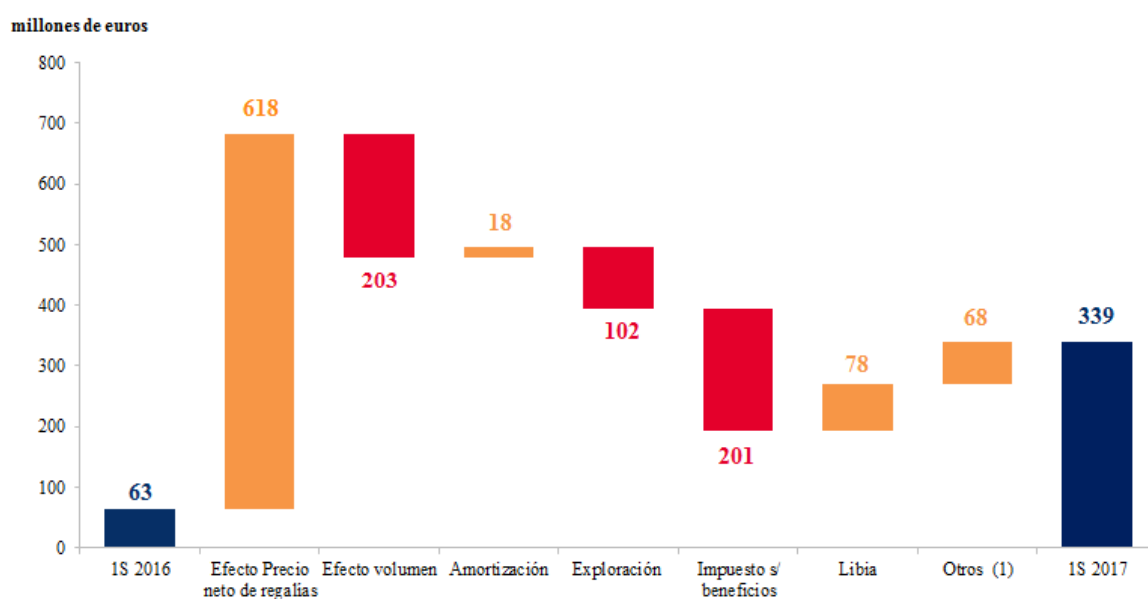
## Upstream

La **producción** media en el semestre de 685 Kbp/d, es un 3% inferior a la del mismo periodo de 2016. El declino natural en Estados Unidos, el declino y cese de actividad de campos en Noruega, la pérdida de producción correspondiente a activos vendidos en Indonesia y la menor demanda de las exportaciones del mercado brasileño en Bolivia, han sido en buena medida compensados por el reinicio de la producción en Libia y la incorporación de nuevos pozos en Sapinhoá y Lapa en Brasil.

Respecto a la **actividad de exploración**, en el periodo se ha concluido la perforación de siete sondeos exploratorios y tres sondeos de delineamiento/appraisal. Cinco de ellos se han declarado positivos (tres exploratorios y dos de appraisal) y cinco han sido negativos (cuatro exploratorios y uno de appraisal). Destacan, por su potencial, los descubrimientos en Alaska (*Horseshoe-1* y *Horseshoe-1A*) y en Trinidad y Tobago (*Savannah* y *Macadamia*).

El **resultado neto ajustado** de *Upstream* ha ascendido a 339 millones de euros, muy superior al del semestre del año anterior (63 millones de euros). Esta significativa mejora viene impulsada, fundamentalmente, por la recuperación de los precios de realización del crudo y del gas, por la aportación de Libia, que reinició su producción en diciembre de 2016, y de Brasil y por la reducción de costes operativos recurrentes. Estos mayores ingresos se han visto en parte compensados por el aumento de impuestos, los menores volúmenes vendidos y el incremento de los gastos de exploración.

**Variación del resultado neto ajustado *Upstream* 1S 2017 vs. 1S 2016**



(1) Incluye costes generales de administración, efecto del tipo de cambio y otros.

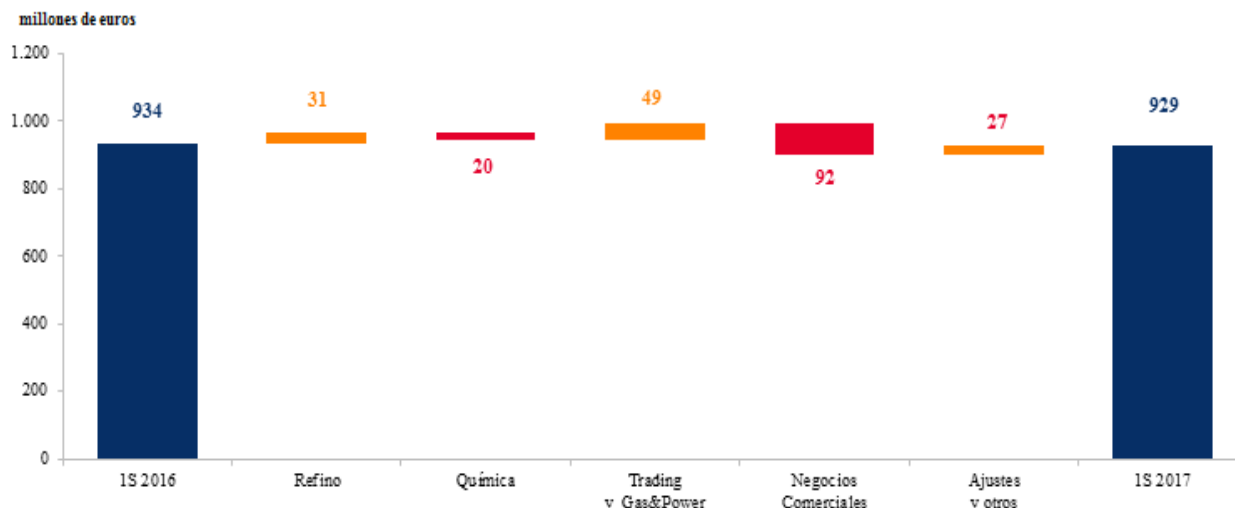
El **EBITDA** de *Upstream* asciende a 1.666 millones de euros, un 79% superior al del mismo periodo del año anterior.

Las **inversiones netas** de explotación del periodo (921 millones de euros) disminuyen un 28% respecto al mismo periodo de 2016.

## Downstream

El **resultado neto ajustado** en el primer semestre de 2017 ha sido de 929 millones de euros, en línea respecto al mismo periodo de 2016.

Variación del resultado neto ajustado *Downstream* 1S 2017 vs. 1S 2016



La variación del resultado neto ajustado obedece principalmente a:

- En Refino se mantienen los sólidos resultados, en un entorno internacional más favorable (mejor indicador de margen 6,6 \$/bbl vs. 6,4 \$/bbl en 1S2016 y un dólar más fuerte 1,08 €/€ vs. 1,12 €/€ en 1S2016), por mayor destilación de las plantas y el incremento de las ventas, que compensan los efectos derivados de las paradas plurianuales de mantenimiento en los complejos industriales de Bilbao y Cartagena y las mayores amortizaciones.
- En Química, donde se mantienen los elevados márgenes internacionales del año anterior, se han reducido los resultados por las menores ventas del periodo por incidencias operativas en las plantas. Este efecto se ha visto compensando por la mayor aportación al resultado de las plantas de cogeneración y de las participadas.
- Los mejores resultados en operaciones de *Trading* y la recuperación del negocio de *Gas&Power* en Norteamérica, impulsada por el aumento de volúmenes comercializados y menores costes.
- En Negocios Comerciales, mejoran los resultados de Marketing en España (incremento de ventas +2%, mejora de la actividad *non oil* y reducción de costes fijos) y Portugal. En sentido opuesto, se reducen, en comparación con el año anterior, los resultados del negocio de GLP, tanto por los menores márgenes de envasado regulado como por que en 2016 se incluyeron las indemnizaciones por la fórmula de precios máximos de venta de GLP envasado 2009-2010 y los ingresos por negocios transmitidos (canalizado España y GLP Perú y Ecuador).

El **EBITDA** de *Downstream* asciende a 1.518 millones de euros (frente a los 1.585 millones de euros en el mismo periodo de 2016).

Las **inversiones netas** de *Downstream* ascienden a 245 millones de euros (frente a los -258 millones de euros del primer semestre de 2016 cuando se materializaron importantes desinversiones). Las inversiones brutas se han reducido un 15% respecto al mismo periodo de 2016, siendo las principales inversiones las acometidas para la mejora de la eficiencia energética y en seguridad y medio ambiente, así como por las paradas plurianuales de las refinerías en España y la remodelación del bloque de gasolinas en la refinería de la Pampilla en Perú.

### **Corporación y otros**

Los resultados (-142 millones de euros) son inferiores a los del primer semestre de 2016 (-80 millones de euros). La reducción de costes corporativos en Madrid y Calgary, así como los menores intereses de la deuda, no llegan a compensar la menor contribución de Gas Natural Fenosa (tras la reducción de la participación en 2016 y el peor comportamiento de la actividad de electricidad en España) y el efecto comparativo en el resultado financiero de las plusvalías obtenidas en 2016 por recompra de bonos de ROGCI.

El **Efecto Patrimonial** asciende a -60 millones de euros, por la bajada de los precios durante el semestre.

En los **Resultados específicos**, que alcanzan -10 millones de euros, destacan i) los gastos por reestructuración de plantilla, por reducción del equipo directivo y los ajustes en plantilla en países del segmento *Upstream*, ii) los deterioros de activos exploratorios y iii) el impacto de las provisiones legales, fiscales y medioambientales.

| <i>Millones de euros</i>    | <b>Upstream</b> |                | <b>Downstream</b> |                | <b>Corporación</b> |                | <b>TOTAL</b>   |                |
|-----------------------------|-----------------|----------------|-------------------|----------------|--------------------|----------------|----------------|----------------|
|                             | <b>1S 2017</b>  | <b>1S 2016</b> | <b>1S 2017</b>    | <b>1S 2016</b> | <b>1S 2017</b>     | <b>1S 2016</b> | <b>1S 2017</b> | <b>1S 2016</b> |
| Desinversiones              | 9               | (10)           | 12                | 260            | 2                  | -              | 23             | 250            |
| Reestructuración plantillas | (8)             | (54)           | (4)               | (130)          | (24)               | (162)          | (36)           | (346)          |
| Deterioros                  | (26)            | (8)            | -                 | (2)            | -                  | -              | (26)           | (10)           |
| Provisiones y otros         | 36              | (138)          | 14                | (20)           | (21)               | (16)           | 29             | (174)          |
| <b>TOTAL</b>                | <b>11</b>       | <b>(210)</b>   | <b>22</b>         | <b>108</b>     | <b>(43)</b>        | <b>(178)</b>   | <b>(10)</b>    | <b>(280)</b>   |

El **resultado neto** del primer semestre, como consecuencia de todo lo anterior, ha ascendido a 1.056 millones de euros, un 65% superior al del mismo periodo en 2016.

El **EBITDA** del periodo, 3.108 millones de euros, es un 29% superior al del ejercicio anterior, impulsado fundamentalmente por el destacable desempeño del *Upstream*.

A continuación se presentan los principales indicadores de **rentabilidad** financiera para el primer semestre de 2017 y 2016:

| <b>Indicadores de rentabilidad</b>                   | <b>1S 2017</b> | <b>1S 2016</b> |
|------------------------------------------------------|----------------|----------------|
| Rentabilidad sobre capital empleado medio (ROACE)(%) | 6,5            | 5,3            |
| Beneficio por acción (€/acción)                      | 0,68           | 0,41           |

El **flujo de caja libre** en el primer semestre de 2017 ha ascendido a 943 millones de euros, frente a los 775 millones del mismo periodo de 2016. La significativa mejora del EBITDA y la reducción de inversiones se han visto compensadas por el mayor pago de impuestos y la ausencia de desinversiones relevantes en el periodo.

|                                                                         | 1S 2017        | 1S 2016      |
|-------------------------------------------------------------------------|----------------|--------------|
| <b>EBITDA</b>                                                           | <b>3.108</b>   | <b>2.417</b> |
| Cambios en el capital corriente                                         | (387)          | (731)        |
| Cobros de dividendos                                                    | 140            | 303          |
| Cobros/(pagos) por impuesto de beneficios                               | (380)          | 119          |
| Otros cobros/(pagos) de actividades de explotación                      | (306)          | (336)        |
| <b>I. FLUJO DE CAJA DE LAS ACTIVIDADES DE EXPLOTACIÓN</b>               | <b>2.175</b>   | <b>1.772</b> |
| Pagos por inversiones                                                   | (1.264)        | (1.657)      |
| Cobros por desinversiones                                               | 32             | 660          |
| <b>II. FLUJO DE CAJA DE ACTIVIDADES DE INVERSIÓN</b>                    | <b>(1.232)</b> | <b>(997)</b> |
| <b>FLUJO DE CAJA LIBRE (I + II)</b>                                     | <b>943</b>     | <b>775</b>   |
| Pagos por dividendos y remuneración de otros instrumentos de patrimonio | (143)          | (271)        |
| Intereses netos                                                         | (345)          | (398)        |
| Autocartera                                                             | (183)          | (49)         |
| <b>CAJA GENERADA EN EL PERIODO</b>                                      | <b>272</b>     | <b>57</b>    |

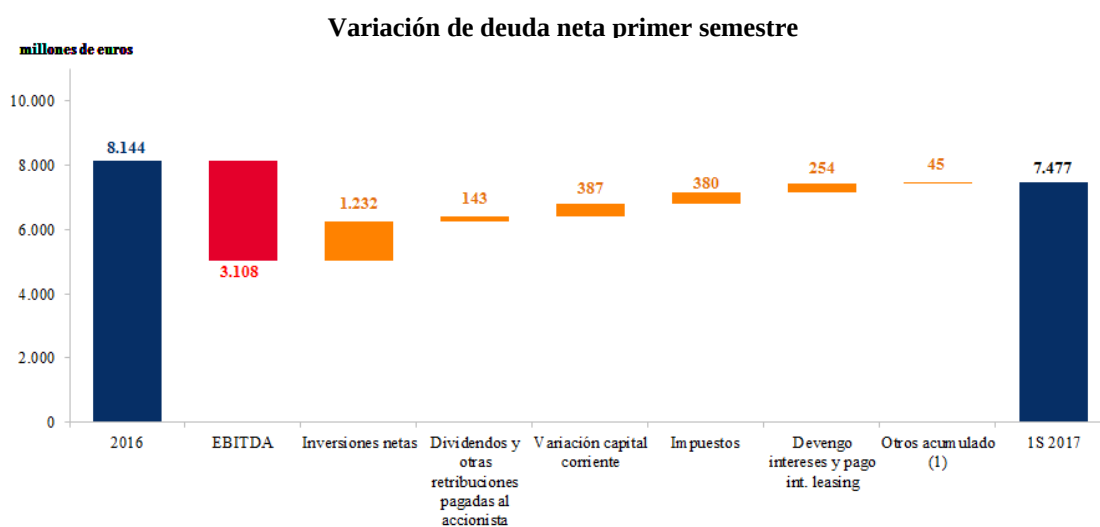
## 4.2 SITUACIÓN FINANCIERA

Durante el primer semestre de 2017, en línea con el compromiso de fortalecimiento de la estructura financiera del Grupo tras la adquisición de ROGCI, se ha continuado con las diferentes medidas que han permitido reducir la deuda y conservar la misma calificación crediticia que el Grupo mantenía con anterioridad, así como mejorar la perspectiva de las principales agencias, en el caso de S&P de “negativa” a “positiva”, y en el caso de Moody’s y Fitch, de “negativa” a “estable”.

En línea con la política de prudencia financiera y del compromiso de mantenimiento de un alto grado de liquidez, los recursos líquidos mantenidos por el Grupo al final del semestre en forma de efectivo y líneas de crédito disponibles superan ampliamente los vencimientos de deuda a corto plazo.

### Endeudamiento

La **deuda neta** al final del semestre es de 7.477 millones de euros, significativamente inferior a la existente a 30 de junio de 2016, 11.709 millones de euros, como consecuencia de la mejora de la caja generada por los negocios durante el periodo impulsada principalmente por el segmento *Upstream*, la disciplina en las inversiones y la reducción del coste de la deuda. Durante el semestre, la deuda neta se ha reducido en 667 millones de euros:



<sup>(1)</sup> Incluye fundamentalmente las operaciones de autocartera y el efecto de tipo de cambio.

## Principales operaciones de financiación

- En febrero de 2017 se ha cancelado a su vencimiento un bono emitido por Repsol International Finance, B.V. (RIF) por importe nominal de 886 millones de euros y un cupón fijo anual del 4,75%.
- En mayo de 2017 RIF ha emitido un bono, garantizado por Repsol S.A., por importe nominal de 500 millones de euros, vencimiento en el año 2022 y un cupón fijo anual del 0,50%. Se trata de la primera emisión de un “bono verde”<sup>1</sup> realizada por el Grupo Repsol, cuyos fondos se destinarán a refinanciar y financiar proyectos dirigidos a evitar las emisiones de gases de efectos invernadero en actividades de refino y química en España y Portugal.
- El 9 de junio, ROGCI ha anunciado el lanzamiento de una solicitud de consentimiento (“*Consent solicitation*”) dirigida a los tenedores de sus bonos en dólares americanos para modificar ciertos términos y condiciones de estas emisiones dirigidas a (i) sustituir las obligaciones de información de ROGCI por la información financiera periódica de Repsol; y (ii) suprimir el *merger covenant* con objeto de optimizar la flexibilidad operativa y financiera del Grupo. Adicionalmente se ha ofrecido a los inversores la posibilidad de recomprar sus bonos.

Esta operación viene precedida del otorgamiento por Repsol, S.A. de una garantía de las obligaciones de pago de ROGCI bajo dichas emisiones, vigente hasta su vencimiento o cancelación.

ROGCI ha alcanzado los consentimientos necesarios para modificar las condiciones de las emisiones en los términos propuestos y ha recomprado bonos por un total de 87 millones de dólares.

## Vencimientos de deuda

El **vencimiento de la deuda bruta** al 30 de junio de 2017 es el siguiente:

|                                                    |               | Vencimiento bonos <sup>(1)</sup> emitidos a 30 de junio de 2017 |        |                      |              |        |
|----------------------------------------------------|---------------|-----------------------------------------------------------------|--------|----------------------|--------------|--------|
| Deuda bruta <sup>(1) (2)</sup> (Millones de euros) | Total         | Ejercicio                                                       | Moneda | Nominal              | %            | Vence  |
|                                                    |               | 2017                                                            | £      | 250 <sup>(4)</sup>   | 6,63         | dic-17 |
| Vencimiento 2017                                   | 2.820         |                                                                 | €      | 750 <sup>(3)</sup>   | 4,38         | feb-18 |
|                                                    |               | 2018                                                            | €      | 600                  | Eur. 3M+p.b. | jul-18 |
| Vencimiento 2018                                   | 1.956         |                                                                 | €      | 1.000 <sup>(3)</sup> | 4,88         | feb-19 |
|                                                    |               | 2019                                                            | \$     | 360 <sup>(4)</sup>   | 7,75         | jun-19 |
| Vencimiento 2019                                   | 1.740         |                                                                 | €      | 100                  | 0,125        | jul-19 |
|                                                    |               | 2020                                                            | €      | 1.200 <sup>(3)</sup> | 2,63         | may-20 |
| Vencimiento 2020                                   | 1.903         |                                                                 | €      | 600 <sup>(3)</sup>   | 2,13         | dic-20 |
|                                                    |               |                                                                 | \$     | 237 <sup>(4)</sup>   | 3,75         | feb-21 |
| Vencimiento 2021                                   | 1.312         |                                                                 | €      | 1.000 <sup>(3)</sup> | 3,63         | oct-21 |
|                                                    |               |                                                                 | €      | 500 <sup>(3)</sup>   | 0,50         | may-22 |
| Vencimiento 2022 y siguientes                      | 3.079         |                                                                 | €      | 500 <sup>(3)</sup>   | 2,25         | dic-26 |
|                                                    |               | 2021 y siguientes                                               | \$     | 50 <sup>(4)</sup>    | 7,25         | oct-27 |
|                                                    |               |                                                                 | €      | 100 <sup>(3)</sup>   | 5,38         | ene-31 |
| <b>TOTAL</b>                                       | <b>12.810</b> |                                                                 | \$     | 88 <sup>(4)</sup>    | 5,75         | may-35 |
|                                                    |               |                                                                 | \$     | 102 <sup>(4)</sup>   | 5,85         | feb-37 |
|                                                    |               |                                                                 | \$     | 115 <sup>(4)</sup>   | 6,25         | feb-38 |
|                                                    |               |                                                                 | \$     | 57 <sup>(4)</sup>    | 5,50         | may-42 |
|                                                    |               |                                                                 | €      | 1.000 <sup>(5)</sup> | 4,50         | mar-75 |

<sup>(1)</sup> No incluye el bono subordinado perpetuo emitido por Repsol International Finance, B.V (RIF) el 25 de marzo de 2015 por importe de 1.000 millones de euros.

<sup>(2)</sup> Incluye derivados de tipos de cambio e intereses.

<sup>(3)</sup> Emisiones de RIF al amparo del programa de bonos a medio plazo “Euro 10,000,000,000 Guaranteed Euro Medium Term Note Programme (EMTNs)” garantizado por Repsol S.A.

<sup>(4)</sup> Emisiones realizadas a través de ROGCI al amparo de los programas de emisión universal de deuda “Universal Shelf Prospectus” y el programa de emisión de bonos a medio plazo “Medium-Term Note Shelf Prospectus” en Estados Unidos y Canadá, respectivamente. Emisiones sujetas a la solicitud de consentimiento y oferta de recompra descrita en este apartado y que han sido garantizadas por Repsol, S.A.

<sup>(5)</sup> Bono subordinado y vencimiento a 60 años emitido por RIF y garantizado por Repsol S.A. Cupón revisable el 25 de marzo de 2025 y el 25 de marzo de 2045.

<sup>1</sup> Para más información, ver el Green Bond Framework publicado en [www.repsol.energy/es/](http://www.repsol.energy/es/).

Adicionalmente, Repsol mantiene un Programa Euro Commercial Paper (ECP) garantizado por Repsol, S.A. por importe máximo de 2.000 millones de euros cuyo saldo vivo a 30 de junio de 2017 es de 1.953 millones de euros.

#### *Prudencia financiera*

La liquidez del Grupo al 30 de junio de 2017, incluyendo las líneas de crédito comprometidas y no dispuestas, se ha situado en 7.756 millones de euros, suficiente para cubrir 1,91 veces los vencimientos de deuda a corto plazo. Repsol tenía líneas de crédito no dispuestas por un importe de 2.814 y 4.214 millones de euros a 30 de junio de 2017 y 2016, respectivamente.

| INDICADORES DE SITUACIÓN FINANCIERA                | 30/06/2017 | 30/06/2016 |
|----------------------------------------------------|------------|------------|
| Deuda financiera neta (millones de euros)          | 7.477      | 11.709     |
| Deuda financiera neta / EBITDA (x veces)           | 1,20       | 2,42       |
| Deuda financiera neta / Capital empleado total (%) | 19,9       | 28,9       |
| Liquidez / Deuda Bruta a corto plazo (x veces)     | 1,91       | 1,8        |
| Intereses deuda / EBITDA (%)                       | 5,9        | 9,3        |

#### *Calificación crediticia*

En la actualidad, las calificaciones crediticias asignadas a Repsol, S.A. y ROGCI por parte de las agencias de rating son las siguientes:

| PLAZO                     | STANDARD & POOR'S |            | MOODY'S      |            | FITCRATINGS  |            |
|---------------------------|-------------------|------------|--------------|------------|--------------|------------|
|                           | Repsol, S.A.      | ROGCI      | Repsol, S.A. | ROGCI      | Repsol, S.A. | ROGCI      |
| Largo                     | BBB-              | BBB-       | Baa2         | Baa2       | BBB          | BBB-       |
| Corto                     | A-3               | A-3        | P-2          | P-3        | F-3          | F-3        |
| Perspectiva               | positiva          | positiva   | estable      | estable    | estable      | estable    |
| Fecha última modificación | 25/07/2017        | 25/07/2017 | 22/06/2017   | 22/06/2016 | 16/05/2017   | 16/05/2017 |

#### *Acciones y participaciones en patrimonio propias*

Durante los primeros seis meses del ejercicio 2017 se han realizado operaciones con acciones y participaciones en patrimonio propias relevantes. Para más información véase la Nota 5 “*Acciones y participaciones en patrimonio propias*” de los Estados financieros intermedios del primer semestre de 2017.

### **4.3 RETRIBUCIÓN A NUESTROS ACCIONISTAS**

La retribución percibida por los accionistas en el primer semestre de 2017 derivada del programa “*Repsol dividendo flexible*”, incluye el importe del compromiso irrevocable de compra de derechos de asignación gratuita asumido por Repsol en la ampliación de capital liberada cerrada en enero de 2017 (0,335 euros brutos por derecho). Así, Repsol ha pagado durante el primer semestre de 2017 un importe bruto total de 99 millones de euros a los accionistas y les ha entregado 30.760.751 acciones nuevas, por un importe equivalente de 392 millones de euros, a aquellos que optaron por recibir acciones nuevas de la sociedad.

Asimismo, en julio de 2017 en el marco del programa “*Repsol dividendo flexible*” y en sustitución del que hubiera sido el dividendo complementario del ejercicio 2016, Repsol ha realizado un desembolso en efectivo de 189 millones de euros (0,426 euros brutos por derecho) a aquellos accionistas que optaron por vender sus derechos de asignación gratuita a la Compañía y ha retribuido con 30.991.202 acciones, por un importe equivalente de 449 millones de euros, a aquellos que optaron por recibir acciones nuevas de la Sociedad.

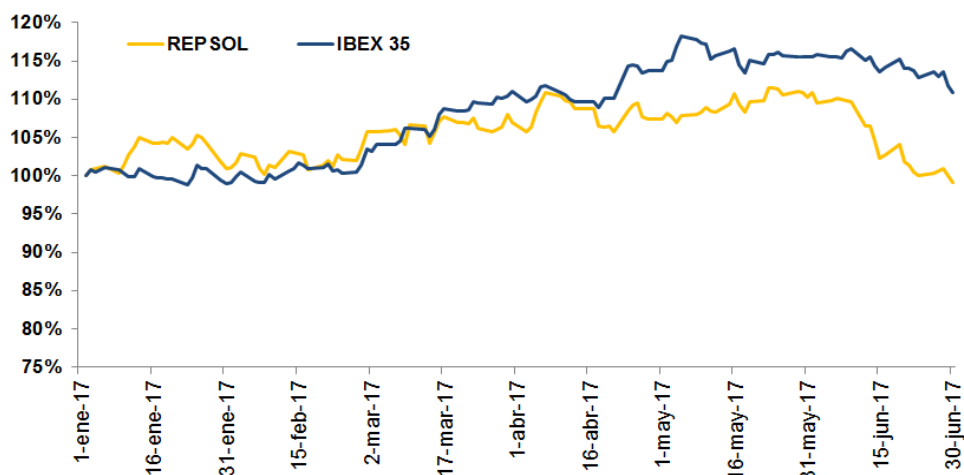
Para información complementaria sobre la retribución total percibida por los accionistas y las mencionadas ampliaciones de capital liberadas derivadas del programa “*Repsol dividendo flexible*”, véase el apartado

“Capital” de la Nota 4.5 “Patrimonio Neto” de los Estados financieros intermedios del primer semestre de 2017.

### Nuestra acción

El primer semestre de 2017 finalizó con signo positivo para los principales índices europeos y, en particular, para el **Ibex 35** gracias a un entorno macroeconómico más estable en la región. Tras mantener una senda positiva durante todo el periodo, logrando sus máximos anuales a principios de mayo, el Ibex 35 finaliza con una revalorización del 11%, recuperando más de 1.000 puntos durante el periodo.

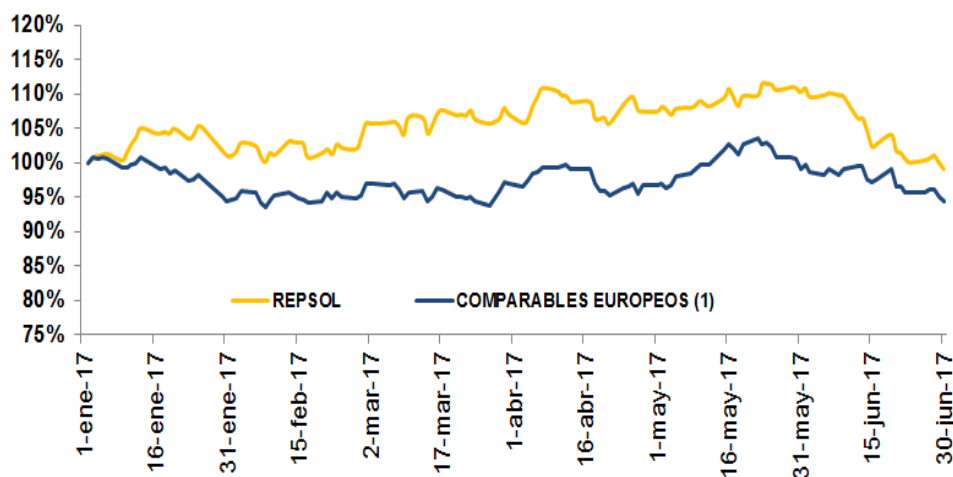
**Comportamiento de la acción de Repsol frente al Ibex 35**



Fuente: Bloomberg

La acción de Repsol cerró por su parte el primer semestre con un leve descenso del 0,9%. Tanto Repsol como el resto del **sector petrolero europeo**, que en promedio cedió un 6%, se vieron influenciados de forma negativa por la progresiva caída de los precios del crudo durante el periodo.

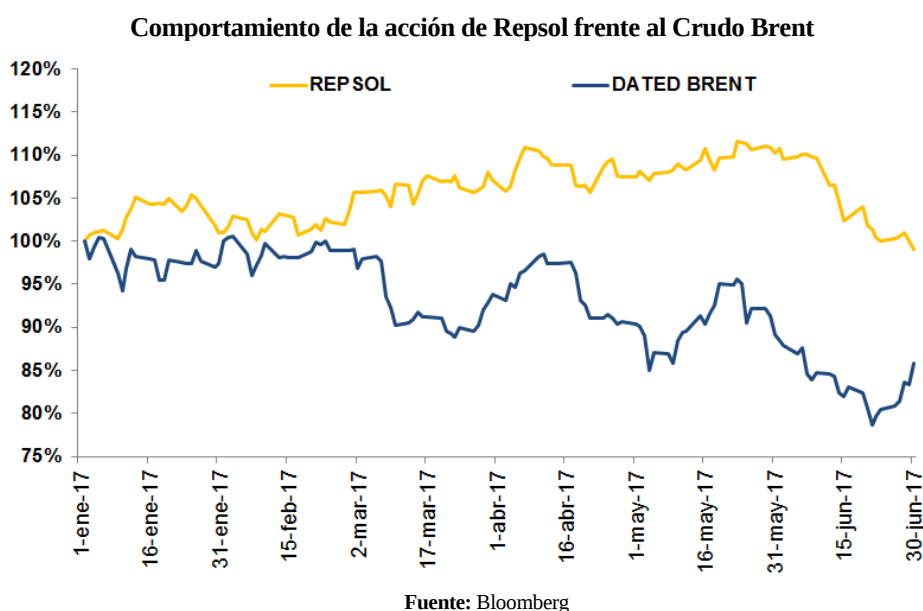
**Comportamiento de la acción de Repsol frente al Sector petrolero europeo**



Fuente: Bloomberg

(1) Compañías europeas del sector consideradas: BP, Shell, Total, Eni, Statoil, Galp y OMV.

El **crudo Brent**, que cotizaba al inicio del ejercicio por encima de los 56 dólares por barril, ha visto como el aumento de la producción de la OPEP y de la producción no convencional en los Estados Unidos, lo llevaban a cerrar el periodo en el entorno de los 48 dólares por barril, lo que supone una caída del 14% en el semestre.



A continuación el detalle de los principales indicadores bursátiles del Grupo durante el primer semestre de 2017 y 2016:

| PRINCIPALES INDICADORES BURSÁTILES                                               | 1S 2017 | 1S 2016 |
|----------------------------------------------------------------------------------|---------|---------|
| Retribución al accionista (€/acción) <sup>(1)</sup>                              | 0,335   | 0,466   |
| Cotización al cierre del periodo <sup>(2)</sup> (euros)                          | 13,40   | 11,41   |
| Cotización media del periodo (euros)                                             | 14,28   | 10,26   |
| Precio máximo del periodo (euros)                                                | 15,09   | 11,94   |
| Precio mínimo del periodo (euros)                                                | 13,40   | 8,02    |
| Número de acciones en circulación a cierre del periodo (millones)                | 1.496   | 1.442   |
| Capitalización bursátil al cierre del periodo (millones de euros) <sup>(3)</sup> | 20.052  | 16.451  |
| Valor en libros por acción <sup>(4)</sup>                                        | 20,01   | 19,84   |

<sup>(1)</sup> La Retribución al Accionista incluye, para cada periodo, los dividendos pagados y el precio fijo garantizado por Repsol para los derechos de adquisición gratuita dentro del programa “*Repsol Dividendo Flexible*”.

<sup>(2)</sup> Corresponde al precio de cotización por acción al cierre del ejercicio en el Mercado Continuo de las Bolsas de Valores españolas.

<sup>(3)</sup> Corresponde al precio de cotización por acción a cierre por el número de acciones en circulación.

<sup>(4)</sup> Corresponde al Patrimonio neto atribuido a la entidad dominante / número de acciones en circulación al cierre del periodo.

## 5. EL DESEMPEÑO DE NUESTROS NEGOCIOS

### 5.1. UPSTREAM

| Magnitudes, indicadores e inversiones                                                                                                                                                          |            |              |  | Resultados                                                          |                |                |             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------|--|---------------------------------------------------------------------|----------------|----------------|-------------|
|                                                                                                                                                                                                | 1S<br>2017 | 1S<br>2016   |  | Millones de euros                                                   | 1S<br>2017     | 1S<br>2016     | Var. %      |
| Producción neta de líquidos (kbbbl/d)                                                                                                                                                          | 256        | 251          |  | Resultado de las operaciones                                        | 503            | (79)           | 737%        |
| Producción neta de gas (kbep/d)                                                                                                                                                                | 429        | 454          |  | Impuesto sobre beneficios                                           | (176)          | 137            | (228%)      |
| Total producción neta hidrocarburos (Kbep/d)                                                                                                                                                   | 685        | 705          |  | Participadas y minoritarios                                         | 12             | 5              | 140%        |
| Precio medio de realización del crudo (\$/bbl)                                                                                                                                                 | 46,7       | 35,1         |  | <b>Resultado neto ajustado <sup>(1)</sup></b>                       | <b>339</b>     | <b>63</b>      | <b>438%</b> |
| Precio medio de realización de gas (\$/kscf)                                                                                                                                                   | 2,9        | 2,3          |  | Resultados específicos                                              | 11             | (210)          | (105%)      |
| Bonos, sondeos secos y gastos generales y de administración <sup>(1)</sup>                                                                                                                     | 141        | 65           |  | <b>Resultado neto</b>                                               | <b>350</b>     | <b>(147)</b>   | <b>338%</b> |
| <b>Inversiones netas <sup>(2)</sup></b>                                                                                                                                                        | <b>921</b> | <b>1.281</b> |  |                                                                     |                |                |             |
| <sup>(1)</sup> Solamente costes directos asignados a proyectos de exploración.                                                                                                                 |            |              |  | Tipo Impositivo Efectivo (%)                                        | 35             | (173)          | -           |
| <sup>(2)</sup> Las inversiones brutas del período se distribuyen geográficamente de la siguiente manera:                                                                                       |            |              |  | <b>EBITDA</b>                                                       | <b>1.666</b>   | <b>933</b>     | <b>79%</b>  |
| - Inversión en desarrollo (82% del total de inversiones): Trinidad y Tobago (22%), EE.UU. (19%), UK (9%), Canadá (9%), Argelia (8%), Brasil (7%), Bolivia (5%) y Perú (4%).                    |            |              |  | <sup>(1)</sup> Detalle resultado neto ajustado por área geográfica: |                |                |             |
| - Inversión en exploración (17% del total de inversiones): Colombia (22%), Trinidad&Tobago (12%), Vietnam (9%), Bolivia (9%), Noruega (8%), Argelia (6%), Guyana (5%), Rusia (5%) y Perú (4%). |            |              |  | <b>Área geográfica</b>                                              | <b>1S 2017</b> | <b>1S 2016</b> | <b>Var.</b> |
|                                                                                                                                                                                                |            |              |  | Europa, África y Brasil                                             | 141            | 58             | 143%        |
|                                                                                                                                                                                                |            |              |  | Latinoamérica - Caribe                                              | 159            | 172            | (8%)        |
|                                                                                                                                                                                                |            |              |  | Norteamérica                                                        | (25)           | (114)          | 78%         |
|                                                                                                                                                                                                |            |              |  | Asia y Rusia                                                        | 74             | 19             | 284%        |
|                                                                                                                                                                                                |            |              |  | Exploración y otros                                                 | (10)           | (72)           | 88%         |
|                                                                                                                                                                                                |            |              |  | <b>Resultado neto ajustado</b>                                      | <b>339</b>     | <b>63</b>      | <b>438%</b> |

#### Principales acontecimientos del primer semestre 2017

- **Campaña exploratoria:** se ha concluido en el primer semestre de 2017 la perforación de 7 sondeos exploratorios y 3 sondeos *appraisal*, 5 con resultado positivo (3 exploratorios y 2 de *appraisal*) y 5 negativos (todos ellos exploratorios salvo uno de *appraisal*). Al final del semestre se encontraban en curso 2 sondeos exploratorios. Adicionalmente se encontraba suspendido 1 sondeo exploratorio en Rumanía.
- El 4 de enero de 2017 se **reinició la producción en el campo I/R en Libia** (campo compartido entre Bloques NC-186 y NC-115) y el 9 de mayo en el NC-186. El 20 de diciembre de 2016 se había restablecido en *El Sharara* en el bloque NC115 (campos A, M y H). La producción media en el primer semestre de 2017 alcanzó los 177 Kbep/d *gross* (251 Kbep/d *gross* en el mes de Junio), lo que supone una producción neta Repsol de 21,5 Kbep/d en el primer semestre (29,8 Kbep/d en junio).
- El 19 de enero finalizó el **sondeo *appraisal* PTJ-X5 en Bolivia** en el bloque Patujú (Repsol 48,33%) con resultado negativo.
- El 31 de enero finalizó el **sondeo Mashira 57-18-6X en el bloque 57 en Perú** (Repsol 53,84%) con resultado negativo.
- El 9 de marzo de 2017 se anunció el **descubrimiento en Alaska** con los **sondeos Horseshoe-1 y Horseshoe-1A** que confirman la formación Nanushuk como una de las de mayor potencial de la prolífica zona del *North Slope* de Alaska. Este descubrimiento extiende la formación de Nanushuk en más de 32 km con respecto a los hallazgos realizados hasta el momento. Los recursos contingentes totales se estiman en torno a 1.200 millones de barriles recuperables de crudo ligero. Actualmente se encuentran pendientes de completar los trabajos de delineación que permitan definir el plan de desarrollo, esperándose la puesta en producción a partir de 2022. Repsol participa en este descubrimiento con un 25% siendo Armstrong la compañía operadora.
- El 6 de abril finalizó el **sondeo P-8, situado en el bloque Karabashsky-1 de Rusia** (Repsol 100%), declarado negativo.
- En el primer trimestre de 2017 se puso en producción el **segundo pozo productivo en el campo Lapa** en el bloque BM-S-9 en las aguas profundas de Brasil. Se estima que en la segunda mitad del año se inicie la producción del tercer pozo.
- El 16 de abril finalizó el **sondeo de *appraisal* PTJ-WX1**, situado en el bloque Patujú de Bolivia (Repsol 48,33% de participación de Repsol), con resultado positivo.

- El 17 de abril se recibió la aprobación del “*Field Development Plan*” (FDP) del proyecto de **desarrollo y puesta en producción del descubrimiento offshore Ca Rong Do (CRD)** en el bloque 07/03 de Vietnam. Con posterioridad, el 26 de abril, Repsol y el resto de socios del proyecto formalizaron la “*Final Investment Decision*” (FID) marcando el inicio de la fase de desarrollo del proyecto cuyo inicio de producción se estima para finales de 2019.
- El 1 de mayo **finalizó el sondeo Stordal-1**, situado en el bloque PL705 de Noruega (Repsol 40%) con resultado negativo.
- El 29 de mayo finalizó el **sondeo Siluro 1B**, situado en el bloque RC-11 de Colombia (Repsol 50%) con resultado negativo.
- El 12 de mayo se anunció la **puesta en producción del campo Shaw en el área MAR** (plataformas Montrose y Arbroath) en el Mar del Norte del Reino Unido. El campo está operado por Repsol Sinopec Resources UK y se enmarca dentro del plan de redesarrollo del área MAR. Este proyecto incluye el desarrollo de dos campos nuevos (Shaw y Cayley), para lo cual se ha instalado una nueva plataforma de producción (BLP) conectada a la plataforma Montrose Alpha. La puesta en producción del campo Cayley se ha iniciado en junio de 2017.
- El 29 de mayo se anunció el acuerdo para adquirir el 60% de participación y la condición de compañía **operadora en los bloques exploratorios onshore Ioannina y Aitolokarnania en Grecia occidental** de extensión conjunta total de 8.547 km<sup>2</sup>, son parte de la faja plegada de Hellinide y guardan relación con los últimos descubrimientos importantes que se han llevado a cabo en Albania (el descubrimiento Shell Shpirag). El operador actual, Energean, seguirá teniendo un 40 % de participación no operada en ambos bloques. El acuerdo está sujeto a la aprobación por parte del Gobierno griego y la ratificación del acuerdo de concesión de Aitolokarnania entre Energean y el Gobierno del país.
- El 6 de junio se anunció el **descubrimiento de gas en las aguas de Trinidad y Tobago** con los sondeos *Savannah* y *Macadamia*, situados en East Block, un bloque ubicado dentro de la cuenca de Columbus, al este de la isla de Trinidad, en una lámina de agua de unos 150 metros. Repsol participa en este activo con un 30% (70% restante de BP, compañía operadora del bloque). Se estiman unos recursos de unos 2 billones de pies cúbicos de gas (2 TCF, en sus siglas en inglés), equivalentes a más de dos años del consumo de gas en España.
- Dentro del proyecto de **redesarrollo del campo offshore Kinabalu en Malasia**, donde Repsol es la compañía operadora con el 60%, el 8 de junio se instaló una nueva plataforma de extracción de crudo. Una vez finalice la campaña de perforación de desarrollo, tras los trabajos de conexión y puesta en servicio de la plataforma, se espera que la producción inicial comience durante el segundo semestre de 2017.
- El 16 de junio se anunció el acuerdo entre el Gobierno de Bolivia y Repsol para la entrada en un **nuevo bloque exploratorio (Iñiguazu)** ubicado en el sur del país, donde se encuentran los principales campos productores de gas de Bolivia. El bloque cuenta con una extensión de 644 km<sup>2</sup>, se encuentra en el departamento de Tarija y es colindante con el Área de Caipipendi (Margarita-Huacaya). El bloque está participado por un consorcio formado por Repsol, que será la compañía operadora, YPFB Andina, Shell y PAE.
- El 19 de junio la Comisión Nacional de Hidrocarburos (CNH) mexicana adjudicó a Repsol **un bloque de exploración en las aguas someras de México** dentro de la Ronda Exploratoria 2. Se trata del Bloque 11, con una superficie total de 533 km<sup>2</sup>, en la cuenca Sureste. Repsol será la compañía operadora con una participación del 60% siendo su socio la compañía Sierra Oil & Gas con un 40%. Con esta adjudicación la compañía obtiene su primer bloque de exploración en México y vuelve a tener presencia en este país después del vencimiento en enero de 2014 del Contrato de Servicios Múltiple en la Cuenca de Burgos.
- El 29 de junio se alcanzó con la compañía rusa **Gazprom Neft un acuerdo por el que ésta adquirió el 25% de la participación de Repsol en la empresa Eurotek Yugra**. Así Repsol y Gazprom Neft gestionarán Eurotek Yugra de forma conjunta. Eurotek Yugra es propietaria de siete licencias en la zona más al oeste de la cuenca de Siberia Occidental (licencias Karabashky 1, 2, 3, 9, 78, 79 y Kileyski). En el marco de este acuerdo se firmó asimismo un memorando de entendimiento para reforzar la colaboración entre ambas compañías en la región de Siberia Occidental, así como para explorar inversiones conjuntas en el área próxima a los activos de Eurotek Yugra.
- En el segundo trimestre de 2017 **se cancelaron anticipadamente** en la cuenca del Algarve en el offshore de Portugal, **las licencias exploratorias** de los bloques 11 (Sapateira) y 12 (Caranguejo). Repsol era la compañía operadora con un 70% en asociación con Partex (30%).
- Tras los estudios realizados sobre su potencial, Repsol acordó con la compañía operadora Armstrong en el segundo trimestre de 2017, la **renuncia anticipada de 19 bloques marginales al norte del área de North Slope en Alaska**.
- También en el segundo trimestre se aprobó el lanzamiento del proyecto de **desarrollo del campo de gas Angelin en BPTT en Trinidad y Tobago**. Se estima que la producción se iniciará en el primer trimestre de 2019.

## 5.2. DOWNSTREAM

### Magnitudes e indicadores operativas

|                                               | 1S<br>2017    | 1S<br>2016    |
|-----------------------------------------------|---------------|---------------|
| <b>Capacidad de refino (kbbbl/d)</b>          | <b>1.013</b>  | <b>998</b>    |
| Europa (Incluye part. en ASES)                | 896           | 896           |
| Resto del mundo                               | 117           | 102           |
| <b>Índice de conversión (%)</b>               | <b>59</b>     | <b>59</b>     |
| <b>Crudo procesado (millones de t)</b>        | <b>22,6</b>   | <b>19,8</b>   |
| Europa                                        | 19,8          | 18,1          |
| Resto del mundo                               | 2,8           | 1,7           |
| <b>Indicador de margen de refino (\$/Bbl)</b> |               |               |
| España                                        | 6,6           | 6,4           |
| Perú                                          | 5,5           | 2,7           |
| <b>Número de estaciones de servicio</b>       | <b>4.712</b>  | <b>4.724</b>  |
| Europa                                        | 4.246         | 4.299         |
| Resto del mundo                               | 466           | 425           |
| <b>Ventas de productos petrolíferos (kt)</b>  | <b>25.071</b> | <b>22.051</b> |
| Europa                                        | 21.794        | 19.737        |
| Resto del mundo                               | 3.277         | 2.314         |
| <b>Ventas de productos petroquímicos (kt)</b> | <b>1.407</b>  | <b>1.477</b>  |
| Europa                                        | 1.189         | 1.255         |
| Resto del mundo                               | 218           | 222           |
| <b>Ventas de GLP (kt)</b>                     | <b>750</b>    | <b>1.052</b>  |
| Europa                                        | 740           | 682           |
| Resto del mundo                               | 10            | 370           |
| <b>Ventas de gas en Norteamérica (Tbtu)</b>   | <b>266</b>    | <b>221</b>    |
| <b>GNL regasif. (100%) en Canaport (Tbtu)</b> | <b>9,8</b>    | <b>11,7</b>   |

### Resultados e inversiones

| Millones de euros                             | 1S<br>2017   | 1S<br>2016   | Variación    |
|-----------------------------------------------|--------------|--------------|--------------|
| Resultado operaciones a CCS                   | 1.234        | 1.229        | 0,4%         |
| Impuesto sobre beneficios                     | (301)        | (281)        | (7,1%)       |
| Participadas y minoritarios                   | (4)          | (14)         | 71%          |
| <b>Resultado neto ajustado <sup>(1)</sup></b> | <b>929</b>   | <b>934</b>   | <b>(1%)</b>  |
| Efecto Patrimonial                            | (60)         | 2            | (3.100%)     |
| Resultados específicos                        | 22           | 108          | (80%)        |
| <b>Resultado neto</b>                         | <b>891</b>   | <b>1.044</b> | <b>(15%)</b> |
| <b>EBITDA</b>                                 | <b>1.518</b> | <b>1.585</b> | <b>(4%)</b>  |
| <b>Inversiones netas <sup>(2)(3)</sup></b>    | <b>245</b>   | <b>(258)</b> | <b>196%</b>  |
| <b>Tipo Impositivo Efectivo (%)</b>           | <b>24</b>    | <b>23</b>    | <b>1%</b>    |

<sup>(1)</sup> Detalle resultado neto ajustado por área geográfica:

| Área geográfica                | 1S<br>2017 | 1S<br>2016 | Variación   |
|--------------------------------|------------|------------|-------------|
| Europa                         | 883        | 940        | (6%)        |
| Resto del mundo                | 46         | (6)        | 867%        |
| <b>Resultado neto ajustado</b> | <b>929</b> | <b>934</b> | <b>(1%)</b> |

<sup>(2)</sup> Inversiones brutas menos desinversiones del período.

<sup>(3)</sup> En 2017 las principales inversiones son para la mejora de la eficiencia energética y en seguridad y medio ambiente, así como por las paradas plurianuales de las refinerías en España y la remodelación del bloque de gasolinas en la refinería de la Pampilla en Perú.

### Principales acontecimientos del primer semestre 2017

- En enero, el negocio Químico presentó las **nuevas marcas Repsol Primeva y Repsol Ebantix** para comercialización de su gama de copolímeros de etileno con acetato de vinilo (EVA) y etileno con acrilato de butilo (EBA). Junto con el lanzamiento se presentaron nuevos grados con propiedades mejoradas.
- En marzo, el negocio Químico lanza la gama de poliolefinas para mercado Pharma. Esta nueva gama de especialidades nace bajo la **marca Repsol Healthcare** con el objetivo de suministrar al exigente mercado de la salud confirmando el enfoque de Repsol hacia la diferenciación de productos.
- En abril se ha lanzado una **nueva gama de lubricantes Repsol Moto**, desarrollados en el Centro de Tecnología de Repsol, que supone un hito importante para mantener el liderazgo del mercado español de lubricantes y desarrollar el mercado internacional.
- En mayo se llegó a un acuerdo para la **venta de las instalaciones de canalizado en el territorio peninsular de Portugal** con el grupo Rubis por importe de 8,2 millones de euros. El acuerdo entrará en vigor el 1 de julio.
- En junio se ha puesto a disposición de los clientes de nuestras Estaciones de Servicio la nueva app de **Repsol WAYLET**. Con el lanzamiento de esta aplicación se refuerza la transformación en la que está inmersa la Compañía desde la innovación, la tecnología y el entorno digital.
- En junio, Repsol ha sido galardonado, por segundo año consecutivo, con el premio al **mejor productor de polietileno de alta densidad (PEAD) de Europa**. La entrega tuvo lugar en el encuentro anual de European Plastics Converters (EuPC) y ANAIP (Asociación española de Industriales de Plásticos).

- Durante el primer semestre, Repsol **AutoGas** ha:
  - Alcanzado **diversos acuerdos con marcas líderes en automoción** (Fiat, Grupo PSA, Ssangyong-Subaru, Opel y Grupo Renault Dacia) para promover, mediante acciones conjuntas, la venta de vehículos propulsados por GLP de automoción o AutoGas.
  - Puesto en marcha un **programa de estímulos comerciales para la transformación de vehículos de gasolina a AutoGas**.
  - Seguido apoyando el consumo de **Autogas como carburante alternativo** a través del *Cluster* de Autogas que en junio cuenta con 15 miembros entre los que se encuentran fabricantes de vehículos y componentes e institutos tecnológicos y/o de investigación.
- En Perú, después de la puesta en marcha del módulo de diésel en Refinería La Pampilla, en el ejercicio 2017 se avanza con el **bloque de Gasolinas** de acuerdo a los cronogramas establecidos.
- Durante el primer semestre, y aprovechando las paradas programadas en las refinerías de Bilbao y Cartagena se han llevado a cabo las siguientes **mejoras**:
  - **En Bilbao** se ha invertido en **2 nuevos compresores para la unidad FCC** que reducirán el consumo de combustible para la generación de vapor, en cierres secos en máquinas rotativas para reducir consumos de aceite y en la instalación de nuevos precalentadores de aire en hornos para reducir el consumo de combustible de los mismos.
  - **En Cartagena** se han realizado diversos **proyectos de mejora de eficiencia energética en la unidad de crudo, el Hydrocracker y la unidad de Hidrógeno**, entre los que destacan las modificaciones en el horno reformador de la unidad de Hidrógeno 2, que reducen el consumo específico de combustible para el proceso.

## 5.3. CORPORACIÓN

### Principales acontecimientos del primer semestre 2017

- El 3 de marzo la agencia de calificación crediticia, **Standard & Poor's (S&P)** cambió la perspectiva de “negativa” a “estable” de la deuda a largo plazo de Repsol calificada como BBB-.
- En abril el Comité Ejecutivo Corporativo aprobó un conjunto de **cambios en el equipo directivo** enmarcados dentro del proceso de transformación de nuestra organización. Estos cambios nos permiten avanzar hacia una compañía más flexible y fortalece un modelo de relación más eficiente entre la Corporación y los Negocios. Ha supuesto una simplificación de nuestra estructura organizativa que reduce el número de directivos en 14.
- El 19 de mayo de 2017, la Junta General de Accionistas de Repsol aprobó el **nombramiento como Consejeros** externos independientes de Dña. María Teresa Ballester Fornés, Dña. Isabel Torremocha Ferrezuelo y D. Mariano Marzo Carpio. Todos ellos, por un plazo estatutario de 4 años (más información en el apartado 2).
- El 23 de mayo de 2017 Repsol International Finance B.V. ha completado la **emisión de un bono “verde”** (primero de la compañía y del sector del Oil&Gas), garantizado por Repsol S.A., por importe nominal de 500 millones de euros, vencimiento 2022 y un cupón fijo anual del 0,50%.
- El 16 de mayo la agencia de calificación crediticia, **Fitch**, cambió la perspectiva de “negativa” a “estable” de la deuda a largo plazo calificada como BBB.
- El 20 de junio el Comité Ejecutivo Corporativo ha aprobado el **Plan Global de Sostenibilidad** en el que Repsol **compromete objetivos a 2020** en los seis ejes principales en esta materia (Ética y transparencia; Personas; Operación segura; Gestión de recursos e impactos; Cambio climático e Innovación y tecnología).
- El 22 de junio la agencia de calificación crediticia, **Moody's**, cambió la perspectiva de “negativa” a “estable” de la deuda a largo plazo calificada como Baa2.
- Durante el semestre **Negocios Emergentes**, a través de su actividad de *Corporate Venture Capital*, ha realizado las siguientes inversiones en *start-ups*:
  - **WeSmartPark**: En enero se adquirió el 11,51 % de esta compañía española que gestiona una red de parkings colaborativos.
  - **DriveSmart Technology**: En marzo se adquirió el 15,65% de esta compañía española cuyo objetivo es ser herramienta de referencia para la obtención de métricas de conducción en los vehículos.
  - **Sorbwater Technology**: En mayo se adquirió el 11,29% de esta compañía noruega cuya tecnología se basa en la eliminación de crudo en agua, formando parte del tratamiento de cualquier agua residual.
- El 25 de Julio la agencia de calificación crediticia, **S&P**, cambió la perspectiva de “estable” a “positiva” de la deuda a largo plazo calificada como BBB-.

## 6. RIESGOS

### 6.1 FACTORES DE RIESGO

Las operaciones y los resultados de Repsol están sujetos a riesgos como consecuencia de los cambios en las condiciones competitivas, económicas, políticas, legales, regulatorias, sociales, industriales, de negocio y financieras.

Los riesgos a los que se enfrenta el Grupo en el segundo semestre de 2017, son los que se detallan en el Informe de Gestión que acompaña a las cuentas anuales consolidadas correspondientes al ejercicio 2016. Por tal motivo esta información debe ser leída de manera conjunta con la descripción de los factores de riesgo que se incluye en el Informe de Gestión correspondiente al ejercicio 2016, así como con la Nota 16 “*Gestión de riesgos financieros y del capital*” y 22 “*Deterioro de activos*” de las cuentas anuales correspondientes a dicho ejercicio.

A continuación se muestran de forma resumida los riesgos ya existentes a 31 de diciembre de 2016 y que continúan estando vigentes para el segundo semestre del ejercicio 2017 y, en su caso, cualquier nuevo factor de riesgo identificado en el primer semestre del ejercicio 2017.

#### **Riesgos estratégicos y operacionales**

##### ***Incertidumbre en el contexto económico actual***

En el actual contexto en el que el crecimiento global tiende a asentarse, los riesgos para la estabilidad financiera se han reducido notablemente a corto plazo, pero han tomado relevancia nuevos riesgos, algunos de más largo plazo.

En este sentido, mientras que algunos de los riesgos que figuraban recurrentemente durante los años pasados, como el riesgo de deflación, disminuyen, el cambio en el contexto político que se está materializando en algunas economías desarrolladas abre nuevos interrogantes. Así, el voto en el Reino Unido a favor de su salida de la Unión Europea “*Brexit*” y la victoria de Trump reflejan una mayor polarización de la sociedad y el cuestionamiento del *status quo* de las políticas públicas de los últimos 30 años, en especial del consenso sobre los beneficios de la globalización y de una mayor integración internacional. Un posible giro hacia el proteccionismo en las economías avanzada daría lugar a un menor crecimiento mundial debido a la disminución del comercio internacional y de los flujos transfronterizos de inversión. En todo caso, los resultados de las elecciones en Holanda y Francia han atenuado el movimiento anti europeísta y reducido el riesgo político en la Eurozona.

Además, se mantienen importantes incertidumbres en la economía global derivadas de la dificultad para gestionar varias transiciones económicas que están ocurriendo simultáneamente. En primer lugar, está el necesario giro de China hacia un nuevo modelo de crecimiento, que puede no ser todo lo ordenado que les gustaría a las autoridades, especialmente en un contexto de elevado endeudamiento en ese país. En segundo lugar, la normalización de la política monetaria en EE.UU., que por primera vez había incluido políticas no convencionales. Y en tercer lugar, el ajuste del ciclo de materias primas.

Más allá de los riesgos económicos, la amenaza de actos terroristas y conflictos geopolíticos pueden generar inestabilidad en los mercados. Las investigaciones sobre la conexión de Rusia con el actual gobierno de Trump, amenazan con ser un factor desestabilizante en los mercados. Adicionalmente, han aumentado las tensiones en torno a la península de Corea, y se han deteriorado las relaciones diplomáticas entre Arabia Saudí y Qatar. Al mismo tiempo, persisten importantes tensiones sociales y políticas en Venezuela, mientras que en Brasil un posible caso de corrupción que afecta a su presidente, Michel Temer, dificulta el calendario de reformas.

En cuanto a la cotización del petróleo, el sobreabastecimiento del mercado, que ha presionado a la baja los precios del crudo desde la segunda mitad de 2014, se ha reducido considerablemente y, según la Agencia

Internacional de la Energía (AIE), habría desaparecido en el segundo trimestre de 2017, apuntando a una caída de inventarios sostenida a lo largo de lo que resta de año.

La incertidumbre sobre este escenario gira en torno a tres factores. Primero, la salud de la demanda; segundo, el cumplimiento de los recortes de producción; y, tercero, la recuperación de la oferta en EE.UU. Respecto a la demanda, tanto la evolución y perspectivas económicas como los indicadores adelantados de consumo apuntan a un crecimiento relativamente saludable, con un bajo riesgo de que empeoren las perspectivas actuales. El segundo foco de incertidumbre respecto al balance estimado por la AIE tiene que ver con el cumplimiento de los recortes de producción. Hasta mayo, el cumplimiento medio de los países OPEP sujetos a recortes era del 96%, muy por encima de la media histórica del 75-80%. Es difícil entrever un escenario en el que este cumplimiento se deteriore significativamente, principalmente porque se espera una mejora en los ingresos que se derivan de esta restricción de producción y, de no producirse, corren el riesgo de prolongar la delicada situación económica y profundizar el malestar social y la inestabilidad política. Finalmente, el punto que introduce más incertidumbre en el balance global es la recuperación de la oferta de los no convencionales de esquistos en EE.UU., los cuales han venido mostrando una inesperada fortaleza en el actual contexto de precios.

### ***Cambio climático***

Repsol está expuesta a posibles modificaciones del marco regulatorio de las emisiones de gases de efecto invernadero, derivadas tanto de nuestra actividad industrial como del uso de nuestros productos.

Los activos de Repsol están sujetos a riesgos derivados de cambios físicos provocados por el cambio climático, como subidas del nivel del mar, cambios en patrones de precipitación, cambios en temperaturas extremas o sequías e incluso una mayor ocurrencia de fenómenos meteorológicos extremos (ciclones, huracanes, etc.).

Por otro lado, un cambio en las pautas de comportamiento de los consumidores hacia productos menos intensivos en carbono, podrían afectar también a la competitividad de Repsol si no es capaz de adaptarse a estos cambios. Repsol, y la industria del petróleo, están expuestos a corrientes de opinión negativas que pueden afectar al valor de la acción.

### ***Fluctuaciones de las cotizaciones internacionales del crudo y productos de referencia y de la demanda, debido a factores ajenos al control de Repsol***

En los últimos años el precio del crudo ha experimentado variaciones significativas, además de estar sujeto a las fluctuaciones de la oferta y la demanda internacional, ajenas al control de Repsol.

Los precios internacionales de los productos están influidos por el precio del crudo y por la demanda de dichos productos. Asimismo, las cotizaciones internacionales de crudos y productos inciden en el margen de refino. Los precios de cotización internacionales, así como la demanda de crudo pueden también sufrir fluctuaciones significativas ligadas a los ciclos económicos.

La reducción de los precios del crudo afecta negativamente a la rentabilidad de la actividad de Repsol, a la valoración de sus activos y a sus planes de inversión que pueden verse alterados como consecuencia del retraso, renegociación, o cancelación de proyectos. Asimismo, una reducción cuantiosa de las inversiones podría repercutir desfavorablemente en la capacidad de Repsol de reponer sus reservas de crudo.

### ***Marco regulatorio y fiscal de las actividades de Repsol***

La industria del petróleo está sujeta a una regulación e intervención estatales exhaustivas en las actividades de *Upstream*, en materias tales como la adjudicación de permisos de exploración y producción, la imposición de obligaciones contractuales relativas a la perforación y exploración, las restricciones a la producción, el control de los precios, la desinversión de activos, los controles de tipo de cambio y la nacionalización, expropiación o anulación de los derechos contractuales.

De manera análoga, en *Downstream*, las actividades de refino de petróleo y la industria petroquímica, en general, están sometidas a una exhaustiva regulación estatal e intervención en materias tales como la seguridad y los controles medioambientales.

Asimismo, el sector de la energía, y en particular la industria del petróleo, están sometidos a un marco fiscal singular. En las actividades de *Upstream* es frecuente que existan gravámenes específicos sobre el beneficio y la producción, y en lo que se refiere a las actividades de *Downstream*, también es habitual la existencia de gravámenes sobre el consumo de los productos.

### ***Sujeción de Repsol a legislaciones y riesgos medioambientales y de seguridad exhaustivos***

Repsol está sujeta a una gran variedad de regulaciones medioambientales y de seguridad en todos los países donde opera. Estas normativas regulan, entre otras cuestiones, las relativas a las operaciones del Grupo en calidad medioambiental de sus productos, emisiones al aire y cambio climático y eficiencia energética, tecnologías extractivas, vertidos al agua, remediación del suelo y aguas subterráneas, así como generación, almacenamiento, transporte, tratamiento y eliminación final de los residuos y seguridad.

Por último, tras la adquisición de Repsol Oil & Gas Canada Inc., la Compañía ha incrementado su actividad en hidrocarburos no convencionales. Desde un punto de vista medioambiental y social, la preocupación por los impactos que la exploración y explotación de este tipo de recursos puedan ocasionar podría llevar a los gobiernos y autoridades a la aprobación de nueva normativa o a la exigencia de nuevos requerimientos para su desarrollo, con el consiguiente impacto en la Compañía.

### ***Riesgos operativos inherentes a las actividades de Repsol***

*Exploración y explotación de hidrocarburos (Upstream): dependencia de la adquisición o del descubrimiento de reservas a un coste razonable y posterior desarrollo de las nuevas reservas de crudo y gas*

Las actividades de exploración y producción de gas y petróleo están sujetas a riesgos específicos, muchos de ellos ajenos al control de Repsol. Se trata de actividades expuestas a riesgos relacionados con la producción, las instalaciones y el transporte, errores o ineficiencias en la gestión de las operaciones y en los procesos de compras y suministro de proveedores, las catástrofes naturales y otras incertidumbres relacionadas con las características físicas de los campos de petróleo y gas y su desmantelamiento.

Adicionalmente, los proyectos de exploración son complejos en cuanto a su tamaño y están expuestos a retrasos en la ejecución y desviaciones en los costes inicialmente presupuestados. Además, alguno de los proyectos de desarrollo están localizados en aguas profundas, áreas maduras y en otros entornos difíciles como el Golfo de México, Alaska, el Mar del Norte, Brasil y la Selva Amazónica o en yacimientos complejos que pueden agravar tales riesgos. Además, cualquier medio de transporte de hidrocarburos tiene riesgos inherentes: durante el transporte por carretera, ferroviario, marítimo o a través de ductos podría producirse una pérdida en la contención de hidrocarburos y de otras sustancias peligrosas.

Por otra parte, Repsol depende de la reposición de las reservas de crudo y gas ya agotadas con otras nuevas probadas de una forma rentable que permita que su posterior producción sea viable en términos económicos.

### ***Negocios industriales y comercialización de productos derivados del petróleo (Downstream)***

Las actividades de las áreas de Refino, Química, Trading y producción y distribución de productos derivados del petróleo y del GLP están expuestas a los riesgos inherentes a estas actividades y éstos pueden estar relacionados con las características propias de estos productos (inflamabilidad o toxicidad), su uso (incluido el de los clientes), las emisiones resultantes del proceso productivo (como los gases de efecto invernadero) y materiales y residuos utilizados (residuos peligrosos y la gestión energética y del

agua), que pueden afectar a la salud de las personas, la seguridad y al medio ambiente. Los activos industriales de Repsol (refinerías, plantas regasificadoras, almacenes, puertos, ductos, barcos, camiones cisterna, estaciones de servicio...) están expuestos a accidentes tales como incendios, explosiones, fugas de productos tóxicos, así como incidentes medioambientales contaminantes a gran escala. Estos accidentes pueden causar muertes y lesiones a los empleados, contratistas, residentes de áreas colindantes y clientes, así como daños a los bienes y activos de Repsol y de terceros.

Por otra parte, las actividades de los negocios industriales y comercialización se desarrollan en un mercado altamente competitivo.

### ***Localización de las reservas***

Parte de las reservas de hidrocarburos de Repsol se hallan en países que presentan o pueden presentar inestabilidad política o económica.

### ***Estimaciones de reservas de petróleo y gas***

Para la estimación de reservas probadas y no probadas de petróleo y gas, Repsol utiliza los criterios establecidos por el sistema “SPE/WPC/AAPG/SPEE *Petroleum Resources Management System*”, referido normalmente por su acrónimo SPE-PRMS (SPE - *Society of Petroleum Engineers*)”.

La medición de las reservas no es precisa y está sujeta a revisión. La estimación de reservas probadas y no probadas de petróleo y gas también estará sujeta a correcciones tanto por errores en la aplicación de las normas publicadas como por el cambio de las mismas.

### ***Proyectos y operaciones desarrolladas a través de negocios conjuntos y empresas asociadas***

Muchos de los proyectos y operaciones del Grupo Repsol se llevan a cabo a través de negocios conjuntos y empresas asociadas. En aquellos casos en los que Repsol no actúa como operador, su capacidad para controlar e influir en el funcionamiento y la gestión de las operaciones, así como para identificar y gestionar los riesgos asociados es limitada.

Adicionalmente, podría darse la circunstancia de que alguno de los socios de Repsol o el resto de miembros en un negocio conjunto o empresa asociada pudiera no atender al cumplimiento de sus obligaciones financieras o de otra índole, lo que podría llegar a afectar a la viabilidad de algún proyecto.

### ***Adquisiciones, inversiones y enajenaciones***

Como parte de la estrategia de Repsol, la Compañía puede llevar a cabo adquisiciones, inversiones y enajenaciones de participaciones. Las adquisiciones e inversiones implican una serie de riesgos, incluyendo posibles efectos adversos en el resultado de explotación de Repsol, riesgos asociados con acontecimientos imprevistos o pasivos relacionados con los activos adquiridos o negocios que pueden no haberse revelado durante los procesos de *due diligence*, dificultades en la asimilación de las operaciones adquiridas, tecnologías, sistemas, servicios y productos, y riesgos resultantes de las condiciones contractuales que surgen como consecuencia de un cambio de control en una empresa adquirida.

Cualquier fracaso en la integración exitosa de tales adquisiciones podría tener un efecto material adverso sobre el negocio, resultados de las operaciones, o condiciones financieras de Repsol. Cualquier enajenación de participaciones puede también afectar de manera adversa a la situación financiera de Repsol, si tales enajenaciones se materializan en una pérdida.

El 8 de mayo de 2015 Repsol completó la adquisición del 100% del capital de ROGCI, compañía canadiense dedicada a la exploración y producción de petróleo y gas. Como en cualquier combinación de negocios, la capacidad de Repsol para alcanzar los beneficios estratégicos que se esperan de la

adquisición dependerá de su capacidad para integrar equipos, procesos y procedimientos, así como para mantener las relaciones con clientes y socios.

***La cobertura de seguros para todos los riesgos operativos a los que Repsol está sujeta podría no ser suficiente***

Repsol, en línea con las prácticas de la industria, mantiene una cobertura de seguros ante ciertos riesgos inherentes a la industria del petróleo y del gas. La cobertura de seguros está sujeta a franquicias y límites que en ciertos casos podrían ser significativamente inferiores a las pérdidas y/o responsabilidades incurridas. Además, las pólizas de seguros de Repsol contienen exclusiones que podrían dejar al Grupo con una cobertura limitada en ciertos casos o, incluso, las indemnizaciones podrían devenir incobrables total o parcialmente en caso de insolvencia de los aseguradores. Por otro lado, Repsol podría no ser capaz de mantener un seguro adecuado con costes o condiciones que considere razonables o aceptables o podría no ser capaz de obtener un seguro contra ciertos riesgos que se materialicen en el futuro. Si sufre un incidente contra el que no está asegurada, o cuyo coste excede materialmente de su cobertura, éste podría tener un efecto material adverso en el negocio, la situación financiera y el resultado de las operaciones.

***Sujeción de la actividad en el sector del gas natural a determinados riesgos operativos y de mercado***

El precio del gas natural suele diferir entre las áreas en las que opera Repsol, a consecuencia de las significativas diferencias de las condiciones de oferta, demanda y regulación, además de poder ser inferior al precio imperante en otras regiones del mundo.

Por otra parte, Repsol ha suscrito contratos a largo plazo para la compra y el suministro de gas natural en distintos lugares del mundo. Se trata de contratos que prevén distintas fórmulas de precios que podrían traducirse en unos precios de compra superiores a los de venta que se podrían obtener en mercados cada vez más liberalizados. Asimismo, la disponibilidad de gas puede estar sujeta al riesgo de incumplimiento del contrato por las contrapartes de los mismos, en cuyo caso sería necesario abastecerse de otras fuentes de gas natural que podrían tener precios superiores a los acordados en esos contratos.

Repsol dispone también de contratos a largo plazo para la venta de gas a clientes que, en el caso de que no haya reservas suficientes en los países a cuyas reservas están vinculados, implicaría que Repsol no sería capaz de cumplir sus obligaciones contractuales, algunas de las cuales prevén sanciones por incumplimiento.

***Naturaleza cíclica de la actividad petroquímica***

La industria petroquímica está sujeta a grandes fluctuaciones tanto de la oferta como de la demanda derivadas de diferentes factores económicos que son la causa de la naturaleza cíclica del mercado petroquímico a nivel regional e internacional.

***La estrategia del Grupo Repsol exige eficiencia e innovación en un mercado altamente competitivo***

La industria petrolera, petroquímica y gasista se desarrolla en el marco de un sector energético altamente competitivo. Esta competencia afecta a las condiciones de acceso a mercados o nuevas oportunidades de negocio, los costes de las licencias y los precios y la comercialización de productos.

La ejecución de la estrategia del Grupo requiere una importante capacidad de anticipación y adaptación al mercado y una continua inversión en avances e innovación tecnológica.

***El Grupo Repsol está expuesto a procedimientos administrativos, judiciales y de arbitraje***

El Grupo Repsol está expuesto a procedimientos administrativos, judiciales y de arbitraje que surgen como consecuencia del desarrollo de su actividad. Asimismo, Repsol podría verse envuelta en otros

posibles litigios en el futuro sobre los que Repsol tampoco puede predecir su alcance, contenido o resultado. Todo litigio presente o futuro encierra un alto grado de incertidumbre y, por tanto, la resolución de los mismos podría afectar los negocios, los resultados o la situación financiera del Grupo Repsol.

***La tecnología de la información y su fiabilidad y robustez son un factor fundamental en el mantenimiento de nuestras operaciones***

La fiabilidad y seguridad de las tecnologías de la información del Grupo Repsol son críticas para el mantenimiento de sus procesos de negocio y la confidencialidad e integridad de la información de la Compañía y de terceros. Dado que los ataques cibernéticos están en constante evolución, el Grupo Repsol no puede garantizar que no vaya a sufrir pérdidas económicas y/o materiales en el futuro por esta causa.

***Conductas indebidas o incumplimientos de la normativa aplicable por parte de nuestros empleados puede dañar la reputación del Grupo Repsol***

Los diversos modelos de cumplimiento y control de la Compañía incluyen controles orientados a detectar y mitigar aspectos relevantes de cumplimiento. Las conductas indebidas en la gestión o los incumplimientos de la normativa aplicable, de producirse, podrían causar daños reputacionales a la Compañía, además de acarrear sanciones y responsabilidades legales.

***Repsol está expuesto a corrientes de opinión negativas que pueden dañar su imagen y reputación, afectando a sus oportunidades de negocio***

La compañía desarrolla sus operaciones en múltiples entornos en los que existen diversos grupos de interés, principalmente comunidades locales de las áreas de influencia de sus operaciones así como organizaciones de la sociedad civil (de ámbito local y nacional), políticas, sindicales y de consumidores, entre otras.

En caso de que los intereses de dichos colectivos se contrapongan a las actividades del Grupo y la interlocución con los mismos no genere los acuerdos necesarios, Repsol podría verse afectado por la publicación de información tendenciosa o manipulada que genere corrientes de opinión contrarias a sus actividades.

**Riesgos financieros**

Repsol dispone de una organización y de unos sistemas que le permiten identificar, medir y controlar los riesgos financieros a los que está expuesto el Grupo. Los principales riesgos financieros se describen a continuación:

***Riesgo de liquidez***

El riesgo de liquidez está asociado a la capacidad del Grupo para financiar los compromisos adquiridos a precios de mercado razonables, así como para llevar a cabo sus planes de negocio con fuentes de financiación estables.

***Riesgo de crédito***

El riesgo de crédito se define como la posibilidad de que un tercero no cumpla con sus obligaciones contractuales, originando con ello pérdidas para el Grupo.

La exposición del Grupo al riesgo de crédito es atribuible, entre otras, a las deudas comerciales por operaciones de tráfico que se miden y controlan por cliente o tercero individual. Adicionalmente, el Grupo también tiene exposición al riesgo de contrapartida por operaciones contractuales no comerciales que pueden derivar en impagos. En estos casos, el Grupo realiza análisis de la solvencia de las contrapartidas con las cuales se mantienen o pudieran mantener relaciones contractuales no comerciales.

### ***Riesgo de la calificación crediticia***

Las calificaciones crediticias afectan al coste y otras condiciones en las que el Grupo Repsol obtiene financiación. Cualquier descenso en la calificación crediticia de Repsol, S.A. podría restringir o limitar el acceso a los mercados financieros del Grupo, incrementar los costes de cualquier nueva financiación y afectar negativamente a su liquidez. Véase la tabla de calificaciones crediticias en el apartado 3.2 en el epígrafe “Calificación crediticia”.

### ***Riesgos de Mercado***

**Riesgo de fluctuación del tipo de cambio:** Repsol está expuesta a un riesgo de tipo de cambio porque los ingresos y flujos de efectivo procedentes de las ventas de crudo, gas natural y productos refinados se efectúan, por lo general, en dólares o se hallan bajo la influencia del tipo de cambio de dicha moneda. Asimismo, los resultados de las operaciones están expuestos a las variaciones en los tipos de cambio de las monedas de los países en los que Repsol tiene actividad. Repsol también está expuesta a riesgo de tipo de cambio en relación con el valor de sus activos e inversiones financieras.

**Riesgo de precio de commodities:** Como consecuencia del desarrollo de operaciones y actividades comerciales, los resultados del Grupo Repsol están expuestos a la volatilidad de los precios del petróleo, del gas natural y de sus productos derivados.

**Riesgo de tipo de interés:** El valor de mercado de la financiación neta y los intereses netos del Grupo podrían verse afectados como consecuencia de variaciones en los tipos de interés.

## **6.2 GESTIÓN DEL RIESGO**

Durante el primer semestre de 2017, Repsol ha publicado una **revisión de la Política de Gestión de Riesgos del Grupo**. El principal cambio introducido en la misma es una declaración general de tolerancia al riesgo, que establece como principio que la compañía aspira a mantener un perfil de riesgo alineado con una tolerancia al riesgo media-baja, propia de un modelo de negocio de compañía energética global e integrada, presente en toda la cadena de valor y que desarrolla sus actividades de forma diversificada.

Establece asimismo una diferenciación entre aquellos riesgos que la compañía desea mantener dentro de los umbrales de tolerancia y objetivos definidos, que son la mayoría de los riesgos estratégicos, operacionales y financieros propios de su actividad, y aquellos otros que el Grupo quiere evitar, transferir y/o mitigar, minimizando en cualquier caso y por todos los medios su probabilidad de ocurrencia y/o impacto asociado, a través de los procedimientos, recursos y herramientas necesarios habilitados a tal fin, y que son los riesgos de salud, accidentalidad, medioambiente, seguridad, ética y conducta, cumplimiento (incluido el fiscal) y reputación e imagen.

## ACERCA DE ESTE INFORME

Este informe ha de ser leído en conjunto con los Estados financieros intermedios resumidos consolidados correspondientes al primer semestre del ejercicio 2017 del Grupo Repsol. Los usuarios del mismo han de tener presente que la información prospectiva, contenida en los diferentes apartados de este documento, refleja los planes, previsiones o estimaciones de los gestores del Grupo, los cuales se basan en asunciones que son consideradas razonables, sin que pueda considerarse como una garantía de desempeño futuro de la entidad, en el sentido de que tales planes, previsiones o estimaciones se encuentran sometidos a numerosos riesgos e incertidumbres que no implican que el desarrollo futuro del Grupo tenga por qué coincidir con el inicialmente previsto. Los riesgos e incertidumbres principales se describen en el apartado 6.1 “Factores de Riesgo”.

Para la elaboración de este informe se ha tomado en consideración las recomendaciones contenidas en la “Guía para la elaboración del Informe de Gestión de las entidades cotizadas”, que la Comisión Nacional del Mercado de Valores (CNMV) publicó en 2013.

## ANEXO I: MEDIDAS ALTERNATIVAS DE RENDIMIENTO

La información financiera de Repsol contiene magnitudes y medidas preparadas de acuerdo con la normativa contable aplicable, así como otras medidas preparadas de acuerdo con el modelo de Reporting del Grupo<sup>1</sup> denominadas Medidas Alternativas de Rendimiento (MAR). Las MAR se consideran magnitudes “ajustadas” respecto a aquellas que se presentan de acuerdo con NIIF-UE o con la Información de las actividades de Exploración y Producción de hidrocarburos<sup>2</sup>, y por tanto deben ser consideradas por el lector como complementarias pero no sustitutivas de éstas.

Las MAR son importantes para los usuarios de la información financiera porque son las medidas que utiliza la Dirección de Repsol para evaluar el rendimiento financiero, los flujos de efectivo o la situación financiera en la toma de decisiones financieras, operativas o estratégicas del Grupo.

Para información adicional, véase <https://www.repsol.es>

### 1. Medidas del rendimiento financiero

#### **Resultado neto ajustado**

El **Resultado neto ajustado** es la principal medida de rendimiento financiero que la Dirección (Comité Ejecutivo Corporativo, Comité Ejecutivo de E&P y Comité Ejecutivo de *Downstream*) revisa para la toma de decisiones de acuerdo con la NIIF 8 “*Segmentos de operación*”.

Repsol presenta los resultados de los segmentos incluyendo los correspondientes a negocios conjuntos<sup>3</sup> y otras sociedades gestionadas operativamente como tales, de acuerdo con el porcentaje de participación del Grupo, considerando sus magnitudes operativas y económicas bajo la misma perspectiva y con el mismo nivel de detalle que las de las sociedades consolidadas por integración global. De esta manera, el Grupo considera que queda adecuadamente reflejada la naturaleza de sus negocios y la forma en que se analizan sus resultados para la toma de decisiones.

El **Resultado neto ajustado** se calcula como el **Resultado de operaciones continuadas a coste de reposición** (“*Current Cost of Supply*” o CCS<sup>4</sup>) neto de impuestos y minoritarios y sin incluir ciertos ingresos y gastos (**Resultados específicos**), ni el denominado **Efecto patrimonial**. El **Resultado financiero** se asigna al Resultado neto ajustado en “*Corporación y otros*”.

El **Resultado neto ajustado** es una MAR útil para el inversor a efectos de poder evaluar el rendimiento de los segmentos de operación y permitir una mejor comparabilidad con las compañías del sector de *Oil&Gas* que utilizan distintos métodos de valoración de existencias (ver apartado siguiente).

<sup>1</sup> Véase la Nota 2.6 “*Información por segmentos de negocio*” de los Estados financieros intermedios del primer semestre 2017.

<sup>2</sup> La Información de las actividades de Exploración y Producción de Hidrocarburos que se elabora y difunde con carácter anual por el Grupo, se prepara de acuerdo con los principios habitualmente utilizados en la industria del petróleo y gas, que utiliza como referencia los criterios de desglose recogidos en el *Topic 932 del Financial Accounting Standards Board (FASB)*.

<sup>3</sup> Véase la Nota 4.2 “*Inversiones contabilizadas por el método de la participación*” de los Estados financieros intermedios del primer semestre 2017 donde se identifican los principales negocios conjuntos del Grupo.

<sup>4</sup> El resultado a coste de reposición (CCS), comúnmente utilizado en la industria para presentar los resultados de los negocios *Downstream* que deben trabajar con importantes inventarios sujetos a fluctuación constante de precios, no es aceptado en la normativa contable europea pero facilita la comparabilidad con otras compañías del sector y el seguimiento de los negocios con independencia del impacto de las variaciones de precios sobre sus inventarios. Como consecuencia de lo anterior, el resultado neto ajustado no incluye el denominado *Efecto Patrimonial*.

### **Efecto patrimonial**

Es la diferencia entre el **Resultado de operaciones continuadas a coste de reposición (CCS)** y el resultado calculado a Coste medio ponderado (CMP, método de valoración de inventarios utilizado por la compañía para determinar sus resultados conforme a la normativa contable europea). Afecta únicamente al segmento *Downstream*, de forma que en el **Resultado de operaciones continuadas a CCS**, el coste de los volúmenes vendidos en el periodo se determina de acuerdo con los costes de aprovisionamiento y de producción del propio periodo. Además del efecto anterior, el **Efecto Patrimonial** incluye otros ajustes a la valoración de existencias (saneamientos, coberturas económicas...) y se presenta neto de impuestos y minoritarios. La Dirección de Repsol considera que esta es una medida útil para los inversores considerando las variaciones tan significativas que se producen en los precios de los inventarios entre periodos.

El CMP es un método contable de valoración de existencias aceptado por la normativa contable europea, por el que se tienen en cuenta los precios de compra y los costes de producción históricos, valorando los inventarios por el menor entre dicho coste y su valor de mercado.

### **Resultados específicos**

Partidas significativas cuya presentación separada se considera conveniente para facilitar el seguimiento de la gestión ordinaria de las operaciones de los negocios. Incluye plusvalías/minusvalías por desinversiones, costes de reestructuración de personal, deterioros y provisiones para riesgos y gastos. Los Resultados específicos se presentan netos de impuestos y minoritarios. En el apartado 4.1 “*Resultados y flujo caja*” se incluyen los Resultados específicos del primer semestre de 2017 y 2016. A continuación se presentan los Resultados específicos del segundo trimestre de 2016 y 2017.

| <i>Millones de euros</i>    | Segundo trimestre |              |            |           |             |              |           |              |
|-----------------------------|-------------------|--------------|------------|-----------|-------------|--------------|-----------|--------------|
|                             | Upstream          |              | Downstream |           | Corporación |              | TOTAL     |              |
|                             | 2T 2017           | 2T 2016      | 2T 2017    | 2T 2016   | 2T 2017     | 2T 2016      | 2T 2017   | 2T 2016      |
| Desinversiones              | 3                 | (10)         | 1          | 201       | 1           | -            | 5         | 191          |
| Reestructuración plantillas | (9)               | (37)         | (4)        | (129)     | (21)        | (150)        | (34)      | (316)        |
| Deterioros                  | 2                 | (9)          | -          | -         | -           | -            | 2         | (9)          |
| Provisiones y otros         | 57                | (116)        | 6          | (12)      | (21)        | (37)         | 42        | (165)        |
| <b>TOTAL</b>                | <b>53</b>         | <b>(172)</b> | <b>3</b>   | <b>60</b> | <b>(41)</b> | <b>(187)</b> | <b>15</b> | <b>(299)</b> |

A continuación se presenta la reconciliación de los Resultados ajustados bajo el modelo de Reporting del Grupo con los Resultados preparados bajo NIIF-UE:

|                                                                                                 | Primer semestre      |                    |                                 |             |                        |              |                                   |          |               |              |                   |            |
|-------------------------------------------------------------------------------------------------|----------------------|--------------------|---------------------------------|-------------|------------------------|--------------|-----------------------------------|----------|---------------|--------------|-------------------|------------|
|                                                                                                 | AJUSTES              |                    |                                 |             |                        |              |                                   |          |               |              |                   |            |
|                                                                                                 | Resultado Ajustado   |                    | Reclasif. de Negocios Conjuntos |             | Resultados específicos |              | Efecto patrimonial <sup>(2)</sup> |          | Total ajustes |              | Resultado NIIF-UE |            |
| Millones de euros                                                                               | 2017                 | 2016               | 2017                            | 2016        | 2017                   | 2016         | 2017                              | 2016     | 2017          | 2016         | 2017              | 2016       |
| Resultado de explotación                                                                        | 1.613 <sup>(1)</sup> | 997 <sup>(1)</sup> | (221)                           | (108)       | (49)                   | (219)        | (86)                              | 8        | (356)         | (319)        | 1.257             | 678        |
| Resultado financiero                                                                            | (229)                | (262)              | 39                              | 84          | 5                      | (18)         | -                                 | -        | 44            | 66           | (185)             | (196)      |
| Resultado neto de las entidades valoradas por el método de la participación – neto de impuestos | 135                  | 206                | 88                              | 6           | -                      | -            | -                                 | -        | 88            | 6            | 223               | 212        |
| <b>Resultado antes de impuestos</b>                                                             | <b>1.519</b>         | <b>941</b>         | <b>(94)</b>                     | <b>(18)</b> | <b>(44)</b>            | <b>(237)</b> | <b>(86)</b>                       | <b>8</b> | <b>(224)</b>  | <b>(247)</b> | <b>1.295</b>      | <b>694</b> |
| Impuesto sobre beneficios                                                                       | (376)                | (4)                | 94                              | 18          | 34                     | (45)         | 22                                | (3)      | 150           | (30)         | (226)             | (34)       |
| <b>Resultado del ejercicio procedente de operaciones continuadas</b>                            | <b>1.143</b>         | <b>937</b>         | <b>-</b>                        | <b>-</b>    | <b>(10)</b>            | <b>(282)</b> | <b>(64)</b>                       | <b>5</b> | <b>(74)</b>   | <b>(277)</b> | <b>1.069</b>      | <b>660</b> |
| Resultado atribuido a minoritarios por operaciones continuadas                                  | (17)                 | (20)               | -                               | -           | -                      | 2            | 4                                 | (3)      | 4             | (1)          | (13)              | (21)       |
| <b>RESULTADO TOTAL ATRIBUIDO A LA SOC. DOMINANTE</b>                                            | <b>1.126</b>         | <b>917</b>         | <b>-</b>                        | <b>-</b>    | <b>(10)</b>            | <b>(280)</b> | <b>(60)</b>                       | <b>2</b> | <b>(70)</b>   | <b>(278)</b> | <b>1.056</b>      | <b>639</b> |

<sup>(1)</sup> Resultado de las operaciones continuadas a costes de reposición (CCS).

<sup>(2)</sup> El Efecto patrimonial supone un ajuste a los epígrafes de “Aprovisionamientos” y “Variación de existencias de producto” de la Cuenta de Pérdidas y Ganancias NIIF-UE.

|                                                                                                 | Segundo trimestre  |                    |                                 |             |                        |              |                                   |            |               |              |                   |            |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|---------------------------------|-------------|------------------------|--------------|-----------------------------------|------------|---------------|--------------|-------------------|------------|
|                                                                                                 | AJUSTES            |                    |                                 |             |                        |              |                                   |            |               |              |                   |            |
|                                                                                                 | Resultado Ajustado |                    | Reclasif. de Negocios Conjuntos |             | Resultados específicos |              | Efecto patrimonial <sup>(2)</sup> |            | Total ajustes |              | Resultado NIIF-UE |            |
| Millones de euros                                                                               | 2017               | 2016               | 2017                            | 2016        | 2017                   | 2016         | 2017                              | 2016       | 2017          | 2016         | 2017              | 2016       |
| Resultado de explotación                                                                        | 671 <sup>(1)</sup> | 437 <sup>(1)</sup> | (96)                            | (83)        | 37                     | (241)        | (199)                             | 223        | (258)         | (101)        | 413               | 336        |
| Resultado financiero                                                                            | (74)               | (185)              | 8                               | 87          | 1                      | (40)         | -                                 | -          | 9             | 47           | (65)              | (138)      |
| Resultado neto de las entidades valoradas por el método de la participación – neto de impuestos | 62                 | 95                 | 21                              | (42)        | -                      | -            | -                                 | -          | 21            | (42)         | 83                | 53         |
| <b>Resultado antes de impuestos</b>                                                             | <b>659</b>         | <b>347</b>         | <b>(67)</b>                     | <b>(38)</b> | <b>38</b>              | <b>(281)</b> | <b>(199)</b>                      | <b>223</b> | <b>(228)</b>  | <b>(96)</b>  | <b>431</b>        | <b>251</b> |
| Impuesto sobre beneficios                                                                       | (154)              | 6                  | 67                              | 38          | (23)                   | (20)         | 50                                | (56)       | 94            | (38)         | (60)              | (32)       |
| <b>Resultado del ejercicio procedente de operaciones continuadas</b>                            | <b>505</b>         | <b>353</b>         | <b>-</b>                        | <b>-</b>    | <b>15</b>              | <b>(301)</b> | <b>(149)</b>                      | <b>167</b> | <b>(134)</b>  | <b>(134)</b> | <b>371</b>        | <b>219</b> |
| Resultado atribuido a minoritarios por operaciones continuadas                                  | (9)                | (8)                | -                               | -           | -                      | 2            | 5                                 | (8)        | 5             | (6)          | (4)               | (14)       |
| <b>RESULTADO TOTAL ATRIBUIDO A LA SOC. DOMINANTE</b>                                            | <b>496</b>         | <b>345</b>         | <b>-</b>                        | <b>-</b>    | <b>15</b>              | <b>(299)</b> | <b>(144)</b>                      | <b>159</b> | <b>(129)</b>  | <b>(140)</b> | <b>367</b>        | <b>205</b> |

<sup>(1)</sup> Resultado de las operaciones continuadas a costes de reposición (CCS).

<sup>(2)</sup> El Efecto patrimonial supone un ajuste a los epígrafes de “Aprovisionamientos” y “Variación de existencias de producto” de la Cuenta de Pérdidas y Ganancias NIIF-UE.

### **EBITDA:**

El **EBITDA** (“*Earnings Before Interest, Tax, Depreciation and Amortization*”) es un indicador que mide el margen de explotación de la empresa antes de deducir los intereses, impuestos, deterioros, reestructuraciones y amortizaciones. Al prescindir de las magnitudes financieras y tributarias, así como de gastos contables que no conllevan salida de caja, es utilizado por la Dirección para evaluar los resultados de la compañía a lo largo del tiempo, permitiendo su comparación con otras compañías del sector de Oil & Gas.

El **EBITDA** se calcula como Resultado operativo + Amortización + Deterioros + Reestructuraciones y otras partidas que no suponen entradas o salidas de caja de las operaciones (plusvalías/minusvalías por desinversiones, provisiones,...). El resultado operativo corresponde al Resultado de las operaciones continuadas a coste medio ponderado (CMP). En caso de que se utilice el **Resultado de operaciones continuadas a coste de reposición (CCS)** se denomina **EBITDA a CCS**.

|                     | Primer semestre           |              |                                      |              |                    |          |                                                     |              |
|---------------------|---------------------------|--------------|--------------------------------------|--------------|--------------------|----------|-----------------------------------------------------|--------------|
|                     | Modelo de Reporting Grupo |              | Reclasif. negocios conjuntos y otros |              | Efecto patrimonial |          | Estado de Flujos de Efectivo NIIF-UE <sup>(1)</sup> |              |
|                     | 2017                      | 2016         | 2017                                 | 2016         | 2017               | 2016     | 2017                                                | 2016         |
| Upstream            | 1.666                     | 933          | (642)                                | (420)        | -                  | -        | 1.024                                               | 513          |
| Downstream          | 1.518                     | 1.585        | (5)                                  | (4)          | -                  | -        | 1.513                                               | 1.581        |
| Corporación y otros | (76)                      | (101)        | -                                    | 3            | -                  | -        | (76)                                                | (98)         |
| <b>EBITDA</b>       | <b>3.108</b>              | <b>2.417</b> | <b>(647)</b>                         | <b>(421)</b> | -                  | -        | <b>2.461</b>                                        | <b>1.996</b> |
| <b>EBITDA a CCS</b> | <b>3.194</b>              | <b>2.409</b> | <b>(647)</b>                         | <b>(421)</b> | <b>(86)</b>        | <b>8</b> | <b>2.461</b>                                        | <b>1.996</b> |

|                     | Segundo trimestre         |              |                                      |              |                    |            |                                                     |              |
|---------------------|---------------------------|--------------|--------------------------------------|--------------|--------------------|------------|-----------------------------------------------------|--------------|
|                     | Modelo de Reporting Grupo |              | Reclasif. negocios conjuntos y otros |              | Efecto patrimonial |            | Estado de Flujos de Efectivo NIIF-UE <sup>(1)</sup> |              |
|                     | 2017                      | 2016         | 2017                                 | 2016         | 2017               | 2016       | 2017                                                | 2016         |
| Upstream            | 745                       | 529          | (251)                                | (238)        | -                  | -          | 494                                                 | 291          |
| Downstream          | 557                       | 914          | (3)                                  | (3)          | -                  | -          | 554                                                 | 911          |
| Corporación y otros | (38)                      | (53)         | (8)                                  | 7            | -                  | -          | (46)                                                | (46)         |
| <b>EBITDA</b>       | <b>1.264</b>              | <b>1.390</b> | <b>(262)</b>                         | <b>(234)</b> | -                  | -          | <b>1.002</b>                                        | <b>1.156</b> |
| <b>EBITDA a CCS</b> | <b>1.463</b>              | <b>1.167</b> | <b>(262)</b>                         | <b>(234)</b> | <b>(199)</b>       | <b>223</b> | <b>1.002</b>                                        | <b>1.156</b> |

<sup>(1)</sup> Corresponde a los epígrafes “*Resultados antes de impuestos*” y “*Ajustes de resultado*” de los Estados de Flujos de Efectivo (EFE) consolidados preparados bajo NIIF-UE.

## ROACE:

Esta MAR es utilizada por la Dirección de Repsol para evaluar la capacidad que tienen los activos en explotación para generar beneficios, por tanto es una medida de la eficiencia del capital invertido (patrimonio y deuda).

El **ROACE** (“*Return on average capital employed*”) se calcula como: (Resultado de explotación ajustado por los resultados de los negocios conjuntos excluyendo los “**Resultados específicos**” + gasto por impuestos + resultado participadas) / (Capital empleado medio del periodo de operaciones continuadas). El **Capital empleado** mide el capital invertido en la compañía de origen propio y ajeno, y se corresponde con el Total Patrimonio Neto + la **Deuda neta**. Incluye el correspondiente a los negocios conjuntos u otras sociedades gestionadas operativamente como tales.

|                                                                                     | 1S 17         | 1S 16                       |                                   |
|-------------------------------------------------------------------------------------|---------------|-----------------------------|-----------------------------------|
| <b>NUMERADOR</b> (Millones de euros)                                                |               |                             |                                   |
| <b>Resultado de explotación (NIIF-UE)</b>                                           | <b>1.257</b>  | <b>678</b>                  |                                   |
| Reclasificación de negocios conjuntos                                               | 221           | 108                         |                                   |
| Resultados específicos                                                              | 49            | 219                         |                                   |
| Impuesto sobre beneficios <sup>(1)</sup>                                            | (420)         | (108)                       |                                   |
| Resultado entidades valoradas por el método de la participación - neto de impuestos | 135           | 206                         |                                   |
| <b>I. Resultado ROACE a coste medio ponderado</b>                                   | <b>1.242</b>  | <b>2.486 <sup>(2)</sup></b> | <b>1.103 2.142 <sup>(2)</sup></b> |
| <b>DENOMINADOR</b> (Millones de euros)                                              |               |                             |                                   |
| Total Patrimonio Neto                                                               | 30.183        | 28.822                      |                                   |
| Deuda Financiera Neta                                                               | 7.477         | 11.709                      |                                   |
| <b>Capital empleado a final del periodo</b>                                         | <b>37.660</b> | <b>40.531</b>               |                                   |
| <b>II. Capital empleado medio <sup>(3)</sup></b>                                    | <b>38.458</b> | <b>40.617</b>               |                                   |
| <b>ROACE (I/II)</b>                                                                 | <b>6,5</b>    | <b>5,3</b>                  |                                   |

(1) No incluye el impuesto sobre beneficios correspondiente al resultado financiero.

(2) Magnitud anualizada por mera extrapolación de los datos del periodo.

(3) Corresponde a la media de saldo del capital empleado al inicio y al final del periodo.

## 2. Medidas de caja

### Flujo de caja libre, caja generada y liquidez:

Las dos principales medidas utilizadas por parte de la Dirección del Grupo para evaluar la generación de caja del periodo son el **Flujo de caja libre** y la **Caja generada**.

El **Flujo de caja libre** mide la generación de caja correspondiente a las actividades de explotación y de inversión y se utiliza para evaluar los fondos disponibles para pagar dividendos a los accionistas y para atender el servicio de la deuda.

La **Caja generada** corresponde con el **Flujo de caja libre** una vez deducidos tanto los pagos por dividendos, remuneraciones de otros instrumentos de patrimonio como los intereses netos y pagos por leasing y autocartera. Esta MAR mide los fondos generados por la Compañía antes de operaciones financieras (principalmente emisiones y cancelaciones).

A continuación se presenta la reconciliación del **Flujo de caja libre** y la **Caja generada** con los Estados de Flujos de Efectivo consolidados preparados bajo NIIF-UE:

|                                                                                   | Primer semestre        |              |                                      |            |                                      |              |
|-----------------------------------------------------------------------------------|------------------------|--------------|--------------------------------------|------------|--------------------------------------|--------------|
|                                                                                   | Flujo de caja ajustado |              | Reclasif. negocios conjuntos y otros |            | Estado de Flujos de Efectivo NIIF-UE |              |
|                                                                                   | 2017                   | 2016         | 2017                                 | 2016       | 2017                                 | 2016         |
| I. Flujos de efectivo de las actividades de explotación                           | 2.175                  | 1.772        | (93)                                 | (171)      | 2.082                                | 1.601        |
| II. Flujos de efectivo de las actividades de inversión                            | (1.232)                | (997)        | 114                                  | 255        | (1.118)                              | (742)        |
| <b>Flujo de caja libre (I+II)</b>                                                 | <b>943</b>             | <b>775</b>   | <b>21</b>                            | <b>84</b>  | <b>964</b>                           | <b>859</b>   |
| <b>Caja generada</b>                                                              | <b>272</b>             | <b>57</b>    | <b>25</b>                            | <b>86</b>  | <b>297</b>                           | <b>143</b>   |
| III. Flujos de efectivo de las actividades de financiación y otros <sup>(1)</sup> | (919)                  | (1.099)      | (15)                                 | 17         | (934)                                | (1.082)      |
| <b>Aumento/(Disminución) neto de efectivo y equivalentes (I+II+III)</b>           | <b>24</b>              | <b>(324)</b> | <b>6</b>                             | <b>101</b> | <b>30</b>                            | <b>(223)</b> |
| Efectivo y equivalentes al efectivo al inicio del periodo                         | 4.918                  | 2.769        | (231)                                | (321)      | 4.687                                | 2.448        |
| Efectivo y equivalentes al efectivo al final del periodo                          | 4.942                  | 2.445        | (225)                                | (220)      | 4.717                                | 2.225        |

<sup>(1)</sup> Incluye pagos por dividendos y remuneraciones de otros instrumentos de patrimonio, pagos de intereses, otros cobros/(pagos) de actividades de financiación, cobros/(pagos) por instrumentos de patrimonio, cobros/(pagos) por emisión/(devolución) de pasivos financieros y el efecto de las variaciones en los tipos de cambio.

|                                                                                   | Segundo trimestre      |              |                                      |            |                                      |              |
|-----------------------------------------------------------------------------------|------------------------|--------------|--------------------------------------|------------|--------------------------------------|--------------|
|                                                                                   | Flujo de caja ajustado |              | Reclasif. negocios conjuntos y otros |            | Estado de Flujos de Efectivo NIIF-UE |              |
|                                                                                   | 2017                   | 2016         | 2017                                 | 2016       | 2017                                 | 2016         |
| I. Flujos de efectivo de las actividades de explotación                           | 1.458                  | 829          | (55)                                 | (130)      | 1.403                                | 699          |
| II. Flujos de efectivo de las actividades de inversión                            | (635)                  | (255)        | 57                                   | 128        | (578)                                | (127)        |
| <b>Flujo de caja libre (I+II)</b>                                                 | <b>823</b>             | <b>574</b>   | <b>2</b>                             | <b>(2)</b> | <b>825</b>                           | <b>572</b>   |
| <b>Caja generada</b>                                                              | <b>688</b>             | <b>421</b>   | <b>5</b>                             | <b>-</b>   | <b>693</b>                           | <b>421</b>   |
| III. Flujos de efectivo de las actividades de financiación y otros <sup>(1)</sup> | 154                    | (894)        | 16                                   | 39         | 170                                  | (855)        |
| <b>Aumento/(Disminución) neto de efectivo y equivalentes (I+II+III)</b>           | <b>977</b>             | <b>(320)</b> | <b>18</b>                            | <b>37</b>  | <b>995</b>                           | <b>(283)</b> |
| Efectivo y equivalentes al efectivo al inicio del periodo                         | 3.965                  | 2.765        | (243)                                | (257)      | 3.722                                | 2.508        |
| Efectivo y equivalentes al efectivo al final del periodo                          | 4.942                  | 2.445        | (225)                                | (220)      | 4.717                                | 2.225        |

<sup>(1)</sup> Incluye pagos por dividendos y remuneraciones de otros instrumentos de patrimonio, pagos de intereses, otros cobros/(pagos) de actividades de financiación, cobros/(pagos) por instrumentos de patrimonio, cobros/(pagos) por emisión/(devolución) de pasivos financieros y el efecto de las variaciones en los tipos de cambio.

Por otro lado, el Grupo mide la **Liquidez** como la suma del “Efectivo y otros activos líquidos equivalentes” y las líneas de crédito a corto y largo plazo comprometidas no dispuestas al final del periodo que corresponden a créditos concedidos por entidades financieras que podrán ser dispuestos por la compañía en los plazos, importe y resto de condiciones acordadas en el contrato.

|                                                | Primer semestre           |              |                              |              |              |              |
|------------------------------------------------|---------------------------|--------------|------------------------------|--------------|--------------|--------------|
|                                                | Modelo de Reporting Grupo |              | Reclasif. negocios conjuntos |              | NIIF-UE      |              |
|                                                | Jun -17                   | Dic-16       | Jun -17                      | Dic-16       | Jun -17      | Dic-16       |
| Efectivo y otros activos líquidos equivalentes | 4.942                     | 4.918        | (225)                        | (231)        | 4.717        | 4.687        |
| Líneas de crédito comprometidas no dispuestas  | 2.814                     | 4.429        | -                            | -            | 2.814        | 4.429        |
| <b>Liquidez</b>                                | <b>7.756</b>              | <b>9.347</b> | <b>(225)</b>                 | <b>(231)</b> | <b>7.531</b> | <b>9.116</b> |

### ***Inversiones netas de explotación:***

Esta MAR se utiliza por la Dirección del Grupo para medir el esfuerzo inversor de cada periodo, así como su asignación por negocios, y se corresponde con aquellas inversiones de explotación realizadas por los distintos negocios del Grupo netas de las desinversiones. Incluye el correspondiente a los negocios conjuntos u otras sociedades gestionadas operativamente como tales.

|                     | Primer semestre                  |              |                                      |              |                                                     |            |
|---------------------|----------------------------------|--------------|--------------------------------------|--------------|-----------------------------------------------------|------------|
|                     | Inversiones netas de explotación |              | Reclasif. negocios conjuntos y otros |              | Estado de Flujos de Efectivo NIIF-UE <sup>(1)</sup> |            |
|                     | 2017                             | 2016         | 2017                                 | 2016         | 2017                                                | 2016       |
| Upstream            | 921                              | 1.281        | (183)                                | (376)        | 738                                                 | 905        |
| Downstream          | 245                              | (258)        | -                                    | (1)          | 245                                                 | (259)      |
| Corporación y otros | 8                                | 15           | 8                                    | (20)         | 16                                                  | (5)        |
| <b>TOTAL</b>        | <b>1.174<sup>(2)</sup></b>       | <b>1.038</b> | <b>(175)</b>                         | <b>(397)</b> | <b>999</b>                                          | <b>641</b> |

|                     | Segundo trimestre                |            |                                      |              |                                                     |            |
|---------------------|----------------------------------|------------|--------------------------------------|--------------|-----------------------------------------------------|------------|
|                     | Inversiones netas de explotación |            | Reclasif. negocios conjuntos y otros |              | Estado de Flujos de Efectivo NIIF-UE <sup>(1)</sup> |            |
|                     | 2017                             | 2016       | 2017                                 | 2016         | 2017                                                | 2016       |
| Upstream            | 466                              | 643        | (82)                                 | (198)        | 384                                                 | 445        |
| Downstream          | 154                              | (344)      | 0                                    | 1            | 154                                                 | (343)      |
| Corporación y otros | 10                               | 30         | 7                                    | (11)         | 17                                                  | 19         |
| <b>TOTAL</b>        | <b>630<sup>(2)</sup></b>         | <b>329</b> | <b>(75)</b>                          | <b>(208)</b> | <b>555</b>                                          | <b>121</b> |

<sup>(1)</sup> Corresponde a los epígrafes “Cobros por desinversiones” y “Pagos por inversiones” de los Estados de Flujos de Efectivo consolidados preparados bajo NIIF-UE, sin incluir las partidas correspondientes a “Otros activos financieros”.

<sup>(2)</sup> Las inversiones brutas de explotación del primer semestre y segundo trimestre de 2017 ascienden a 1.201 y 664 millones de euros, respectivamente.

### 3. Medidas de la situación financiera

#### *Deuda y ratios de situación financiera:*

La **Deuda Neta** es la principal MAR que utiliza la Dirección para medir el nivel de endeudamiento de la Compañía. Se compone de los pasivos financieros menos los activos financieros, el efectivo y otros equivalentes al efectivo y el efecto de la valoración neta a mercado de derivados financieros (ex - tipo de cambio). Incluye además la deuda neta correspondiente a los negocios conjuntos y a otras sociedades gestionadas operativamente como tales.

|                                                                                     | Deuda Neta     |                |                 | Reclasif. negocios conjuntos <sup>(1)</sup> |         |         | Magnitud según balance NIIF-UE |                |                 |
|-------------------------------------------------------------------------------------|----------------|----------------|-----------------|---------------------------------------------|---------|---------|--------------------------------|----------------|-----------------|
|                                                                                     | Jun-17         | Dic-16         | Jun-16          | Jun-17                                      | Dic-16  | Jun-16  | Jun-17                         | Dic-16         | Jun-16          |
| <b>Activo no corriente</b>                                                          |                |                |                 |                                             |         |         |                                |                |                 |
| Instrumentos financieros no corrientes <sup>(2)</sup>                               | 379            | 424            | 98              | 692                                         | 657     | 609     | 1.071                          | 1.081          | 707             |
| <b>Activo corriente</b>                                                             |                |                |                 |                                             |         |         |                                |                |                 |
| Otros activos financieros corrientes                                                | 44             | 52             | 30              | 1.187                                       | 1.228   | 1.231   | 1.231                          | 1.280          | 1.261           |
| Efectivo y otros activos líquidos equivalentes                                      | 4.942          | 4.918          | 2.447           | (225)                                       | (231)   | (222)   | 4.717                          | 4.687          | 2.225           |
| <b>Pasivo no corriente<sup>(3)</sup></b>                                            |                |                |                 |                                             |         |         |                                |                |                 |
| Pasivos financieros no corrientes                                                   | (8.831)        | (9.540)        | (10.688)        | 192                                         | 58      | 54      | (8.639)                        | (9.482)        | (10.634)        |
| <b>Pasivo corriente<sup>(3)</sup></b>                                               |                |                |                 |                                             |         |         |                                |                |                 |
| Pasivos financieros corrientes                                                      | (4.090)        | (4.085)        | (3.719)         | (2.719)                                     | (2.824) | (2.707) | (6.809)                        | (6.909)        | (6.426)         |
| <b>Partidas no incluidas en balance</b>                                             |                |                |                 |                                             |         |         |                                |                |                 |
| Valoración neta a mercado de derivados financieros ex tipo de cambio <sup>(4)</sup> | 79             | 87             | 123             | -                                           | -       | -       | 79                             | 87             | 123             |
| <b>DEUDA NETA</b>                                                                   | <b>(7.477)</b> | <b>(8.144)</b> | <b>(11.709)</b> |                                             |         |         | <b>(8.350)</b>                 | <b>(9.256)</b> | <b>(12.744)</b> |

<sup>(1)</sup> Incluye fundamentalmente la financiación neta del Grupo Repsol Sinopec Brasil desglosada en los siguientes epígrafes:

*Junio 2016:* (Efectivo y otros activos líquidos equivalentes por importe de 16 millones de euros y pasivos financieros corrientes por préstamo intra-grupo de importe 2.780 millones de euros, minorado en 366 millones de euros por préstamos con terceros).

*Diciembre 2016:* (Efectivo y otros activos líquidos equivalentes por importe de 43 millones de Euros y pasivos financieros corrientes por préstamo intra-grupo de importe 2.942 millones de euros, minorado en 344 millones de euros por préstamos con terceros)

*Junio 2017:* (Efectivo y otros activos líquidos equivalentes por importe de 17 millones de euros y pasivos financieros corrientes por préstamo intra-grupo de importe 2.724 millones de euros, minorado en 368 millones de euros por préstamos con terceros).

<sup>(2)</sup> Corresponde al epígrafe “*Activos financieros no corrientes*” del Balance de situación consolidado sin considerar los activos financieros disponibles para la venta.

<sup>(3)</sup> No incluye los saldos correspondientes a los arrendamientos financieros.

<sup>(4)</sup> En este epígrafe se elimina el valor neto a mercado por derivados financieros diferentes a derivados de tipo de cambio.

La **Deuda Bruta** es una magnitud utilizada para analizar la solvencia del Grupo, e incluye los pasivos financieros y el neto de la valoración a mercado de los derivados de tipo de cambio.

|                                                                                 | Deuda Bruta     |                 |                 | Reclasif. negocios conjuntos |                |                | Magnitud según balance NIIF-UE |                 |                 |
|---------------------------------------------------------------------------------|-----------------|-----------------|-----------------|------------------------------|----------------|----------------|--------------------------------|-----------------|-----------------|
|                                                                                 | Jun-17          | Dic-16          | Jun-16          | Jun-17                       | Dic-16         | Jun-16         | Jun-17                         | Dic-16          | Jun-16          |
| Pasivos financieros corrientes                                                  | (4.059)         | (4.061)         | (3.675)         | (2.719)                      | (2.824)        | (2.708)        | (6.778)                        | (6.885)         | (6.383)         |
| Valoración neta a mercado de derivados financieros de tipo de cambio corrientes | 1               | 7               | (22)            | -                            | -              | -              | 1                              | 7               | (22)            |
| <b>Deuda Bruta corriente</b>                                                    | <b>(4.058)</b>  | <b>(4.054)</b>  | <b>(3.697)</b>  | <b>(2.719)</b>               | <b>(2.824)</b> | <b>(2.708)</b> | <b>(6.777)</b>                 | <b>(6.878)</b>  | <b>(6.405)</b>  |
| Pasivos Financieros no corrientes                                               | (8.752)         | (9.452)         | (10.567)        | 192                          | 57             | 55             | (8.560)                        | (9.395)         | (10.512)        |
| <b>Deuda Bruta no corriente</b>                                                 | <b>(8.752)</b>  | <b>(9.452)</b>  | <b>(10.567)</b> | <b>192</b>                   | <b>57</b>      | <b>55</b>      | <b>(8.560)</b>                 | <b>(9.395)</b>  | <b>(10.512)</b> |
| <b>DEUDA BRUTA</b>                                                              | <b>(12.810)</b> | <b>(13.506)</b> | <b>(14.264)</b> | <b>(2.527)</b>               | <b>(2.767)</b> | <b>(2.653)</b> | <b>(15.337)</b>                | <b>(16.273)</b> | <b>(16.917)</b> |

Los ratios indicados a continuación se basan en la Deuda y son utilizados por la Dirección del Grupo para evaluar tanto el grado de apalancamiento como la solvencia del Grupo.

El **Apalancamiento** corresponde a la **Deuda Neta** dividida por el **Capital empleado** a cierre del periodo. Este ratio sirve para determinar la estructura financiera y el nivel de endeudamiento relativo sobre el capital aportado por los accionistas y entidades que proporcionan financiación. Es la principal medida para evaluar y comparar con otras compañías de Oil & Gas la situación financiera de la compañía.

La **Cobertura de la deuda** corresponde a la **Deuda Neta** dividida por el **EBITDA** y permite evaluar la capacidad de la compañía de devolución de la financiación ajena en número de años (x veces), así como su comparación con otras compañías del sector.

El **Ratio de Solvencia** se calcula como la **Liquidez** (ver apartado 2 de este Anexo) dividida por la **Deuda Bruta a corto plazo**, y se utiliza para determinar el número de veces que el Grupo podría afrontar sus vencimientos de deuda a corto plazo con la liquidez actual.

La **Cobertura de intereses** se calcula como los **intereses de la deuda** (que se compone de los ingresos y los gastos financieros) divididos por el **EBITDA**. Este ratio es una medida que permite determinar la capacidad de la compañía para atender los pagos por intereses con su **EBITDA**.

| Millones de euros             | Primer semestre            |             |                              |       |                                  |             |
|-------------------------------|----------------------------|-------------|------------------------------|-------|----------------------------------|-------------|
|                               | Modelo Reporting del Grupo |             | Reclasif. Negocios Conjuntos |       | Magnitud según Balance NIIF - UE |             |
|                               | 2017                       | 2016        | 2017                         | 2016  | 2017                             | 2016        |
| Intereses                     | 183                        | 224         | (34)                         | (35)  | 149                              | 189         |
| EBITDA                        | 3.108                      | 2.417       | (647)                        | (421) | 2.461                            | 1.996       |
| <b>Cobertura de intereses</b> | <b>5,9%</b>                | <b>9,3%</b> |                              |       | <b>6,1%</b>                      | <b>9,5%</b> |

| Millones de euros             | Segundo trimestre          |             |                              |       |                                  |             |
|-------------------------------|----------------------------|-------------|------------------------------|-------|----------------------------------|-------------|
|                               | Modelo Reporting del Grupo |             | Reclasif. Negocios Conjuntos |       | Magnitud según Balance NIIF - UE |             |
|                               | 2017                       | 2016        | 2017                         | 2016  | 2017                             | 2016        |
| Intereses                     | 89                         | 109         | (16)                         | (18)  | 73                               | 91          |
| EBITDA                        | 1.264                      | 1.390       | (262)                        | (234) | 1.002                            | 1.156       |
| <b>Cobertura de intereses</b> | <b>7,0%</b>                | <b>7,8%</b> |                              |       | <b>7,2%</b>                      | <b>7,9%</b> |

## ANEXO II: TABLA DE CONVERSIONES Y ABREVIATURAS

|              |                                                |                 | PETRÓLEO |          |                |       | GAS            |              | ELECTRICIDAD        |
|--------------|------------------------------------------------|-----------------|----------|----------|----------------|-------|----------------|--------------|---------------------|
|              |                                                |                 | Litros   | Barriles | Metros cúbicos | tep   | Metros cúbicos | Pies cúbicos | kWh                 |
| PETRÓLEO     | 1 barril <sup>(1)</sup>                        | bbl             | 158,99   | 1        | 0,16           | 0,14  | 162,60         | 5.615        | 1,7x10 <sup>6</sup> |
|              | 1 metro cúbico <sup>(1)</sup>                  | m <sup>3</sup>  | 1.000    | 6,29     | 1              | 0,86  | 1.033          | 36.481       | 10.691,5            |
|              | 1 tonelada equivalente petróleo <sup>(1)</sup> | tep             | 1.160,49 | 7,30     | 1,16           | 1     | 1.187          | 41.911       | 12.407,4            |
| GAS          | 1 metro cúbico                                 | m <sup>3</sup>  | 0,98     | 0,01     | 0,001          | 0,001 | 1              | 35,32        | 10,35               |
|              | 1.000 pies cúbicos=1,04x10 <sup>6</sup> Btu    | ft <sup>3</sup> | 27,64    | 0,18     | 0,03           | 0,02  | 28,3           | 1.000        | 293,1               |
| ELECTRICIDAD | 1 megawatio hora                               | MWh             | 93,53    | 0,59     | 0,10           | 0,08  | 96,62          | 3.412,14     | 1.000               |

<sup>(1)</sup> Media de referencia: 32,35 °API y densidad relativa 0,8636

|          |         |    | Metro | Pulgada | Pie   | Yarda |
|----------|---------|----|-------|---------|-------|-------|
| LONGITUD | Metro   | m  | 1     | 39,37   | 3,281 | 1,093 |
|          | Pulgada | in | 0,025 | 1       | 0,083 | 0,028 |
|          | Pie     | ft | 0,305 | 12      | 1     | 0,333 |
|          | Yarda   | yd | 0,914 | 36      | 3     | 1     |

|      |           |    | Kilogramo | Libra  | Tonelada |
|------|-----------|----|-----------|--------|----------|
| MASA | Kilogramo | kg | 1         | 2,2046 | 0,001    |
|      | Libra     | lb | 0,45      | 1      | 0,00045  |
|      | Tonelada  | t  | 1.000     | 22.046 | 1        |

|         |              |                 | Pie cúbico | Barril | Litro   | Metro cúbico |
|---------|--------------|-----------------|------------|--------|---------|--------------|
| VOLUMEN | Pie cúbico   | ft <sup>3</sup> | 1          | 0,1781 | 28,32   | 0,0283       |
|         | Barril       | bbl             | 5.615      | 1      | 158,984 | 0,1590       |
|         | Litro        | l               | 0,0353     | 0,0063 | 1       | 0,001        |
|         | Metro cúbico | m <sup>3</sup>  | 35,3147    | 6,2898 | 1.000   | 1            |

| Término            | Descripción                               | Término               | Descripción                                   | Término                 | Descripción                             |
|--------------------|-------------------------------------------|-----------------------|-----------------------------------------------|-------------------------|-----------------------------------------|
| <b>bbl / bbl/d</b> | Barril/ Barril al día                     | <b>kbbbl</b>          | Mil barriles de petróleo                      | <b>Mm<sup>3</sup>/d</b> | Millón de metros cúbicos por día        |
| <b>bcf</b>         | Mil millones de pies cúbicos              | <b>kbbbl/d</b>        | Mil barriles de petróleo por día              | <b>Mscf/d</b>           | Millón de pies cúbicos estándar por día |
| <b>bcm</b>         | Mil millones de metros cúbicos            | <b>kbep</b>           | Mil barriles de petróleo equivalentes         | <b>kscf/d</b>           | Mil pies cúbicos estándar por día       |
| <b>bep</b>         | Barril equivalente de petróleo            | <b>kbep/d</b>         | Mil barriles de petróleo equivalentes por día | <b>MW</b>               | Millón de watos                         |
| <b>Btu/MBtu</b>    | British thermal unit/ Btu/millones de Btu | <b>km<sup>2</sup></b> | Kilómetro cuadrado                            | <b>MWh</b>              | Millón de watos por hora                |
| <b>GLP</b>         | Gas Licuado de Petróleo                   | <b>Kt/Mt</b>          | Mil toneladas/Millones de toneladas           | <b>TCF</b>              | Trillones de pies cúbicos               |
| <b>GNL</b>         | Gas Natural Licuado                       | <b>Mbbl</b>           | Millón de barriles                            | <b>tep</b>              | Tonelada equivalente de petróleo        |
| <b>Gwh</b>         | Gigawatios por hora                       | <b>Mbep</b>           | Millón de barriles equivalentes de petróleo   | <b>USD / Dólar / \$</b> | Dólar americano                         |