

RESULTS FOR JANUARY-SEPTEMBER 2014

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The company's debt falls to a historical low at the same time as the company generates a significant amount cash

REPSOL NET INCOME RISES 28% TO 1.646 BILLION EUROS

- Repsol's net profit during the first nine months of the year reached 1.646 billion euros, a 28% gain over the previous year's figure.
- Repsol has continued its intensive exploration activity with new discoveries in Brazil, Russia and United States. The company also started up new production in those countries as well as in Peru and Bolivia.
- In the Downstream business, the company's highly efficient assets led to a 20% gain in the refining margin over the year-earlier period to \$3.6 a barrel.
- Repsol has generated a significant amount of cash, enabling it to maintain its level of investments while reducing debt by 72% from the third quarter of last year.
- Repsol's liquidity, 10.448 billion euros, and its low debt, 1.998 billion euros, place it in an optimal position for a new wave of growth.
- The performance and management of the company recently received awards from the Petroleum Economist Magazine, which named Repsol as best energy company of the year and Antonio Brufau as best chief executive.

In the first nine months of 2014, Repsol posted net income of 1.646 billion, a 27.9% rise from the same period of the previous year. These results reflect Repsol's financial strength and the good progress of its businesses.

Adjusted net income, calculated at current cost of supplies (CCS), rose to 1.337 billion, a 9.6% increase over the first nine months of 2013.

These results are especially significant because they have been achieved in a context of falling crude oil prices during the last quarter, a slowdown in global demand and lower production in Libya.

In refining, the last quarter was marked by a recovery in international margins, which was more significant for Repsol due to the modernisations it has carried out at its facilities in recent years.

In the Upstream business, the company posted a result of 585 million euros over a period in which it continued its successful exploratory campaign. The average daily production during the year increased to 349,000 barrels of oil equivalent per day, which includes 27,900 boepd of new production.

Between January and September Repsol brought on line new production in Bolivia, Brazil, Peru, Russia and the United States. This new production includes key projects such as Kinteroni in Peru and the first phase of the Sapinhoá field development in Brazil.

Repsol's year-over-year investment in the Upstream unit increased 21% to 2.066 billion euros. This allowed it to intensify up its exploration and production activity worldwide with operations in the United States, Brazil, Russia, Colombia, Angola, Trinidad & Tobago, Algeria, Romania and Norway, among other countries.

Repsol has made significant oil discoveries this year in Brazil, Russia and the United States, enabling it to continue building its resource base. Specially significant are the two discoveries made this year in Russia. According to the Ministry of Natural Resources and Environment of the Russian Federation, these discoveries will add 240 million barrels of recoverable resources to Repsol

After the end of the quarter, Repsol made a major discovery in the ultra-deep waters of the U.S. Gulf Coast. The well, in the León field, found over 150 metres of high-quality net oil pay.

Another discovery had already been made in the area with the Buckskin appraisal well, located 50 kilometres from León.

In the Downstream business (Refining, Chemicals, LPG, Marketing and Gas & Power), the company's high-quality assets and strategic positioning made possible a 40% gain in adjusted net income, to 642 million euros compared to the same period of 2013. The efficiency of Repsol's refineries together with the current price of oil has resulted in a greater refining margin, which jumped 20% in the first nine months of the year to reach 3.60 dollars per barrel.

The petrochemicals business has also continued to see volumes and margins recover. Sales of petrochemical products rose 11.3% over the same period of last year.

FINANCIAL STRENGTH AND DEBT AT A RECORD LOW

The company's ability to generate revenue has allowed it to make the necessary investments to develop its business while drastically reducing debt.

The campaigns carried out in the exploration and production area, in addition to other exploitation activities, have accounted for investments reaching 2.549 billion euros in the first nine months of the year, a 20.7% rise from the year-earlier period.

At the same time, the group reduced its debt by 72% to 1.998 billion euros.

All this has enabled Repsol to close September with available liquidity of 10.448 billion euros, enough to cover its short-term debt maturities 3.6 times.

In terms of the Gas Natural Fenosa Group, the adjusted net income for the first nine months of the year rose to 374 million, a 4.2% gain over the same period of a previous year, mainly due to the capital gain on the sale of the telecommunications business and improved wholesale gas sales.

The upwards trend in all of the company's businesses, paired with its strategic positioning and implementation of its growth projects were rewarded by the prestigious magazine Petroleum Economist, which named Repsol energy company of the year and Antonio Brufau chief executive of the year for his leadership.

REPSOL RESULTS BY SEGMENT (*)

(Unaudited figures)

Million euros	JANUARY-SEPTEMBER		
	2013	2014	Variation (%)
Upstream	818	585	(28.5)
Downstream	458	642	40.2
Gas Natural Fenosa	359	374	4.2
Corporate and others	(415)	(264)	36.4
ADJUSTED NET INCOME	1,220	1,337	9.6
Inventory effect	(123)	(117)	4.9
Non-recurring income	(121)	159	-
Income from discontinued operations	311	267	(14.1)
NET INCOME	1,287	1,646	27.9

(*) The Company carries out a significant portion of its activities through participations in joint ventures. Accordingly, for the purpose of management decision-making with respect to resource allocation and performance assessment, the operating and financial metrics of its joint ventures are considered from the same perspective and in the same level of detail as in its businesses consolidated via global integration. To this end, all the operating segment disclosures include, in proportion to the Group's respective ownership interests, the figures corresponding to its joint ventures or other companies managed as such.

OPERATING HIGHLIGHTS

(Unaudited figures)

	JANUARY-SEPTEMBER		
	2013	2014	Variation (%)
Oil and gas production (Thousand boepd)	354	349	(1.5)
Crude processed (million tons)	29.3	29.6	1.0
Sales of oil products (Thousand tons)	32,430	32,530	0.3
Sales of petrochemical products (Thousand tons)	1,810	2,015	11.3
LPG sales (Thousand tons)	1,797	1,819	1.2

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