



## **4TH QUARTER & FULL YEAR 2002 RESULTS**

**WEBCAST-CONFERENCE CALL**  
**14.00 H CET**

*February , 25<sup>th</sup> 2003*

### **DISCLAIMER**



*This document may contain market assumptions, different sourced information and forward-looking statements with respect to the financial condition, results of operations, business, strategy and the plans of Repsol YPF SA and its subsidiaries. Such statements are based on a number of assumptions that could ultimately prove inaccurate, and are subject to a number of risk factors, including currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental, regulatory considerations and general economic and business conditions.*

*Repsol YPF does not assume any obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information on factors which could affect the company's financial results is provided in documents filed by the company and its affiliates with the CNMV, CNV and the US SEC.*

*The financial data contained herein for periods 2000 and earlier was prepared by combining the historical results published by Repsol and YPF. Proforma financial data is unaudited and calculated applying company's accounting principles.*



## **4TH QUARTER & FULL YEAR 2002 RESULTS**

*Mr. Alfonso Cortina*

### ***General Environment***

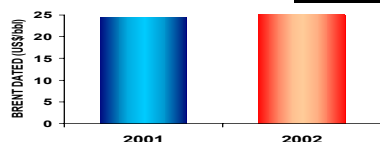


#### **2002: MOST DIFFICULT YEAR**

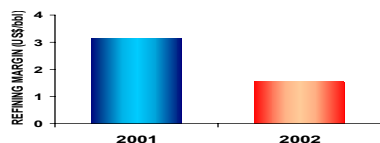
- ***Geopolitical uncertainties***
- ***Increased market risk aversion***
- ***Delay in the expected upturn in economic growth***
- ***Evolution of the oil price***



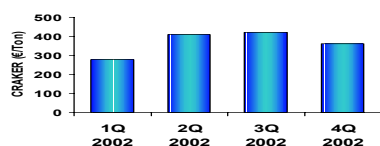
## OIL SECTOR 2002



*Slightly higher oil prices*



*Lower refining margins*



*Low cycle Petrochemical margins*

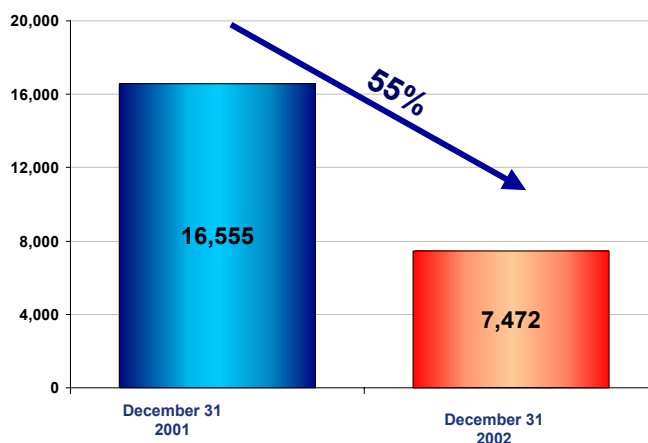
4

## MEETING OUR OBJECTIVES

*Debt reduction*



## OVER 9 BILLION €



Million Euro

5

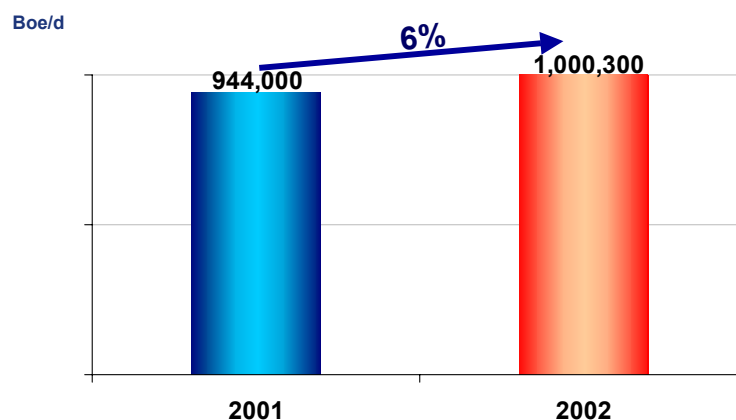
## MEETING OUR OBJECTIVES

*Organic growth*

REPSOL  
YPF



OVER 1 MILLION BOE/d



On homogeneous basis

6

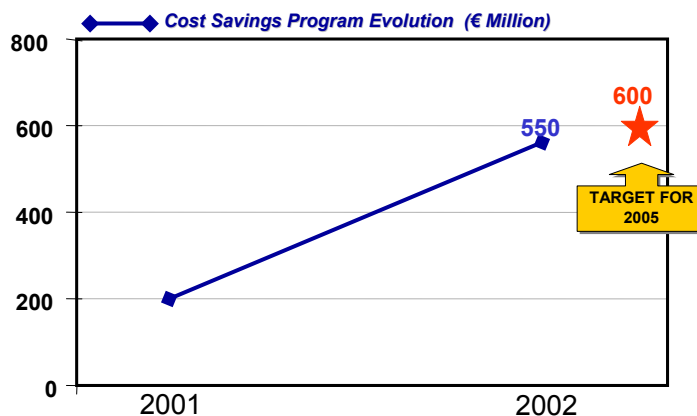
## MEETING OUR OBJECTIVES

*Cost reduction*

REPSOL  
YPF



550 M€ OF RECURRENT COST SAVINGS



7

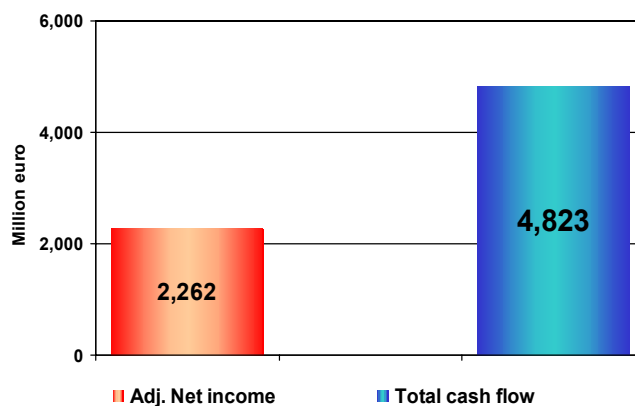
## MEETING OUR OBJECTIVES

Other objectives

REPSOL  
YPF



### ADJUSTED NET INCOME & FUNDS FROM OPERATIONS 2002



8

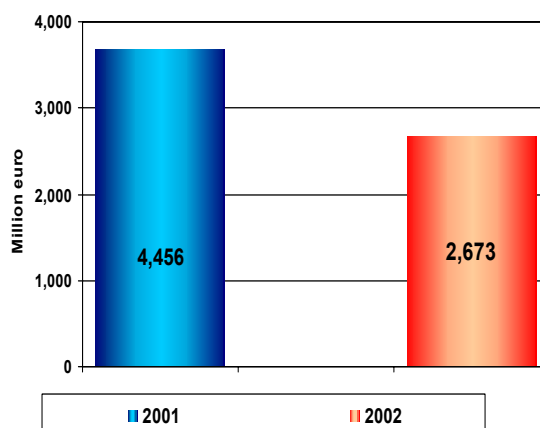
## MEETING OUR OBJECTIVES

Capital discipline

REPSOL  
YPF



### CAPEX: 2.7 B€ 2002 FROM 4.5 B€ 2001



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## MEETING OUR OBJECTIVES

### Divestments

REPSOL  
YPF



**DIVESTMENT PROGRAM COMPLETED  
6.5 BILLION €**



- |                     |                                 |  |   |                          |
|---------------------|---------------------------------|--|---|--------------------------|
| 1999<br>✓ North Sea | 2000<br>✓ Crescendo<br>✓ UK R&M | 2001<br>✓ Egypt<br>✓ Edenor<br>✓ Pipelines Chile-<br>Argentina | 2002<br>✓ Indonesia<br>✓ CLH<br>✓ Enagas<br>✓ Gas Nat. Mexico | Others<br>✓ 23% Gas Nat. |
|---------------------|---------------------------------|--|---|--------------------------|

10

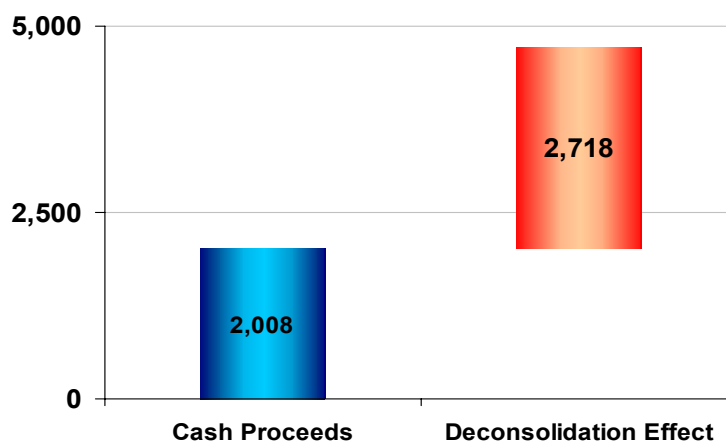
## DIVESTMENT 23% OF GAS NATURAL

### Financial perspective

REPSOL  
YPF



### GREATEST DELEVERAGE EFFECTS



Million Euro

11

## **DIVESTMENT 23% OF GAS NATURAL**

*Strategic perspective*



- **April**

- ⇒ *Upstream activity developed by Repsol YPF*
- ⇒ *Power generation and G&P distribution through Gas Natural SDG.*
- ⇒ *Midstream joint action*

- **May**

- ⇒ *Agreement of joint control with La Caixa*
- ⇒ *Sale of 23% of Gas Natural*

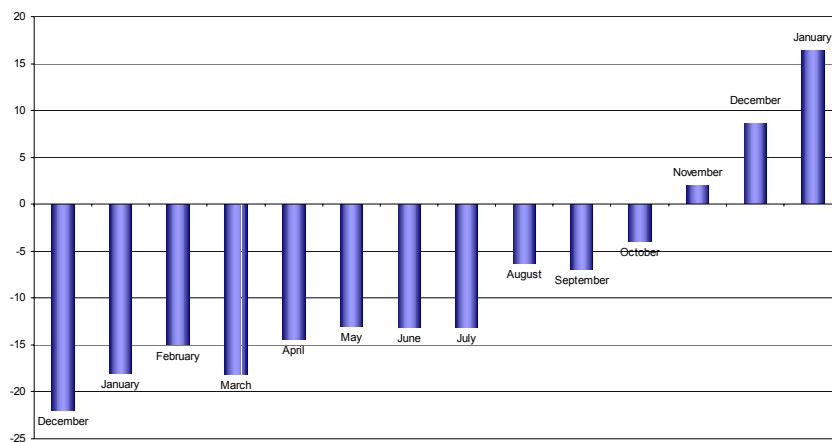
12



**ARGENTINA**



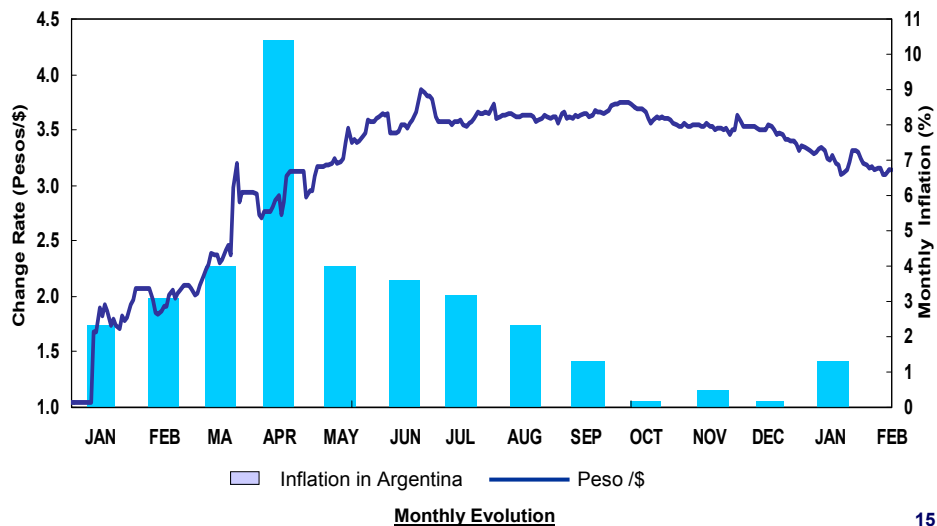
**INDUSTRIAL PRODUCTION INDEX ( YEARLY % CHANGE)**



14

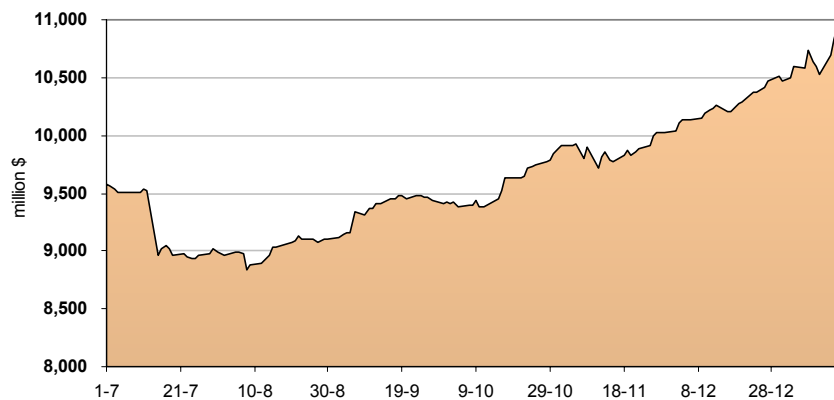


**MONTHLY INFLATION AND EXCHANGE RATE**



15



**BCRA'S RESERVES**

16

**OIL & GAS SECTOR**

- ***Continuation of the 70/30 rule for oil companies***
- ***Relaxation of capital controls for all companies***

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## ***FUTURE OF REPSOL YPF***

### ***FUTURE OF THE COMPANY***



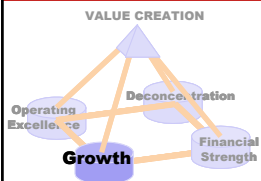
#### **CORE BUSINESS**

- ***Crude oil production in Latin America and North Africa***
- ***Natural gas production and marketing in Latin America***
- ***LNG projects in the Atlantic basin, American Pacific, Mediterranean and Persian Gulf***
- ***Downstream oil business in Southern Europe and South America***
- ***Global LPG distribution***

## FUTURE OF THE COMPANY

### Objectives

REPSOL  
YPF



### ORGANIC GROWTH

- **E&P**

- ⇒ Trinidad & Tobago
- ⇒ Bolivia
- ⇒ Venezuela
- ⇒ Libya
- ⇒ Algeria

- **Midstream operations in G&P**

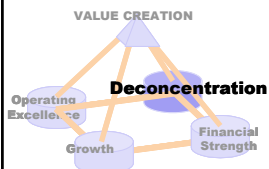
- **Capacity improvements in R&M**

20

## FUTURE OF THE COMPANY

### Objectives

REPSOL  
YPF



### REDUCE CONCENTRATION

- **Organic growth in other areas:**

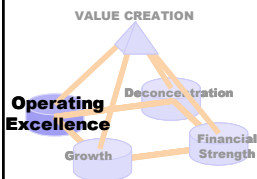
- ⇒ Trinidad & Tobago
- ⇒ Bolivia
- ⇒ Venezuela
- ⇒ Libya
- ⇒ Algeria

21

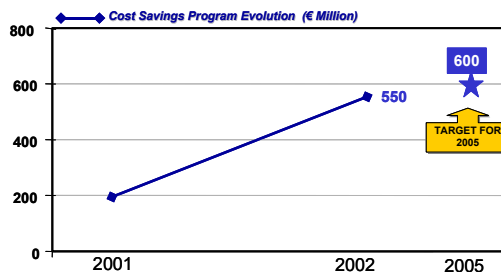
## STRATEGY

### Objectives

REPSOL  
YPF



**550 Million € OF RECURRENT  
COST SAVINGS**



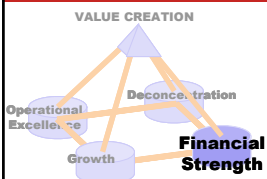
**Setting  
new  
targets**

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## STRATEGY

### Objectives

REPSOL  
YPF



**Financial ratios  
in line with:**



**REPSOL YPF GROUP**

**AA**

**REPSOL YPF EX  
ARGENTINA**

**A**

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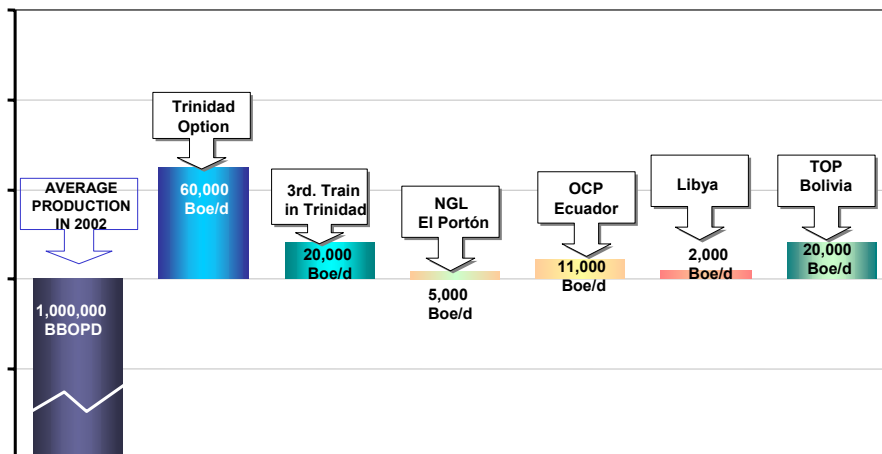
## COMMITMENTS FOR 2003

Production growth

REPSOL  
YPF



### GROWTH AT DOUBLE DIGIT IN THE 4<sup>TH</sup> QUARTER 2003



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## COMMITMENTS FOR 2003

REPSOL  
YPF



- **Improvements in refining**
  - ⇒ Tarragona hydro cracker
  - ⇒ Puertollano mild hydro cracker
  - ⇒ Organic growth of oil and non oil sales
- **Volume growth in petrochemicals**
- **Positive year on year comparison of Argentinean results**
- **Improvements in natural gas results**

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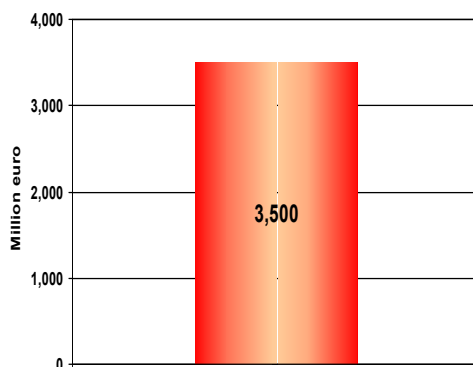
## COMMITMENTS FOR 2003

Capex

REPSOL  
YPF



### CONTINUED CAPITAL DISCIPLINE



Average capex of 3.5 billion euro for the next years

26

## DIVIDENDS

REPSOL  
YPF



THE DIVIDEND POLICY HAS NOT  
CHANGED

*Interim dividend*

*0,15 € / share*

27



**MANAGING THE ARGENTINE CRISIS ✓**

**RESTORING FINANCIAL FLEXIBILITY ✓**

**KEEPING OUR GROWTH OPTIONS INTACT ✓**



## **RESULTS**

*Mr. Carmelo de las Morenas*

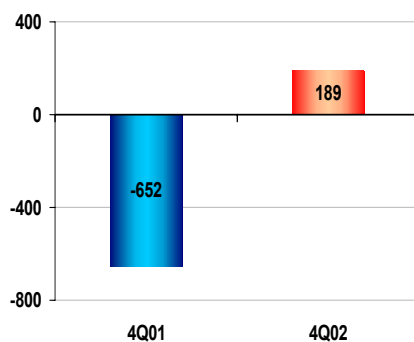
## 4<sup>TH</sup> QUARTER RESULTS

### Highlights

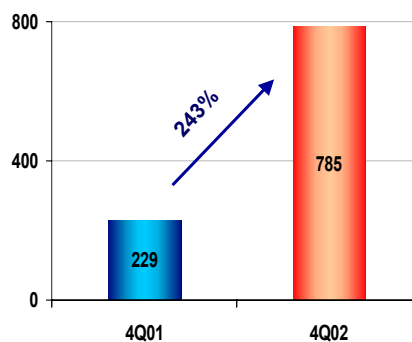
REPSOL  
YPF



### NET INCOME



### ADJ. NET INCOME



Million Euro

30

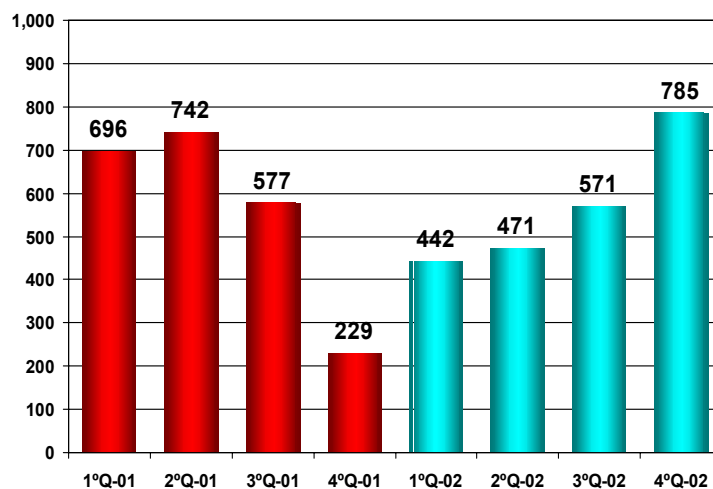
## RESULTS

4<sup>th</sup> quarter results

REPSOL  
YPF



### ADJ. NET INCOME



31



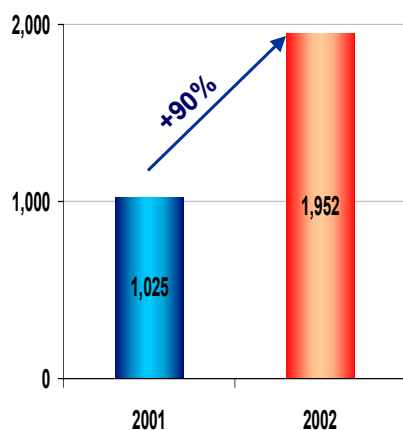
## FULL YEAR RESULTS

### Highlights

REPSOL  
YPF

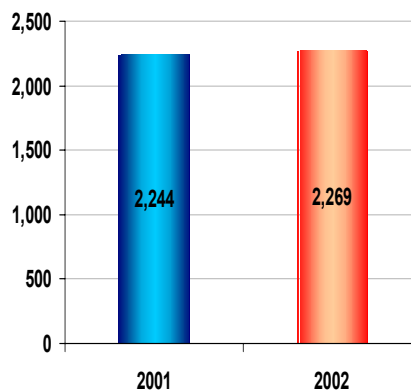


#### Net Income



Million Euro

#### NET ADJ. INCOME



32

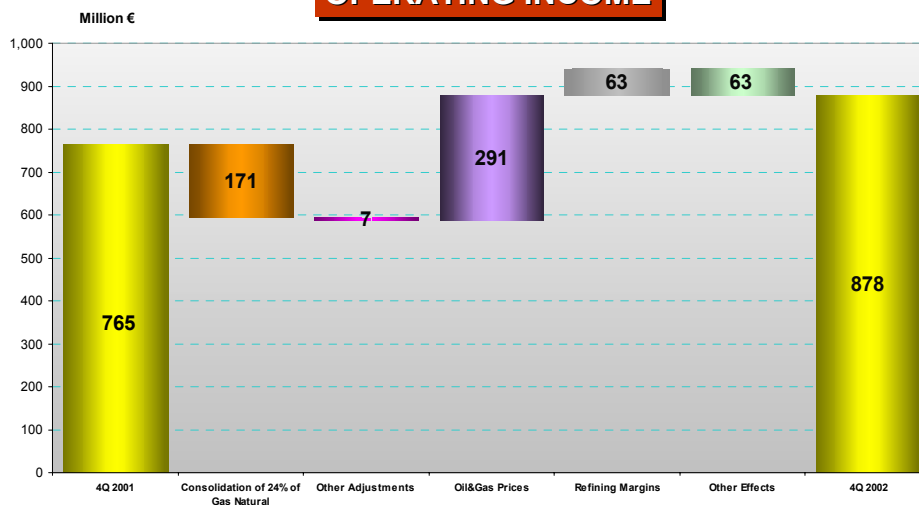
## RESULTS

### 4th quarter results

REPSOL  
YPF



#### OPERATING INCOME

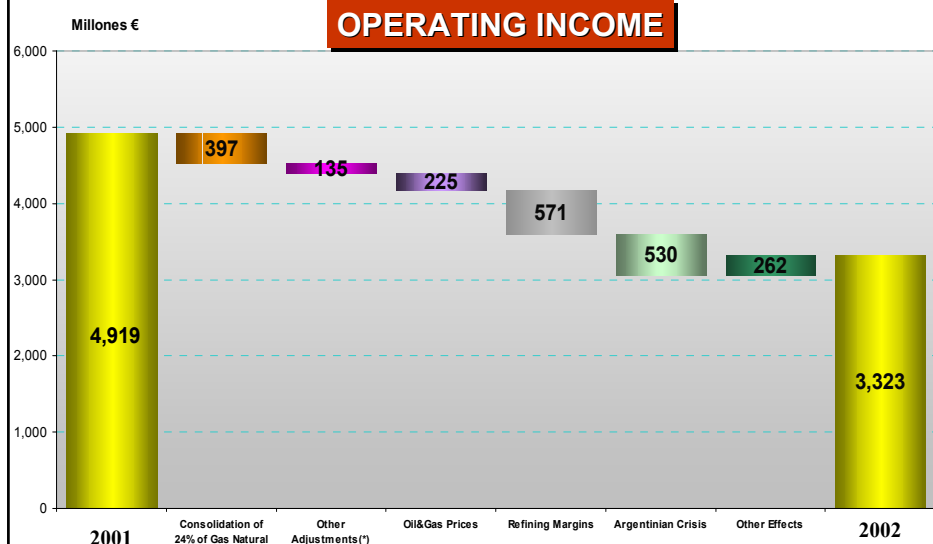


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## RESULTS

January-December Operating income

REPSOL  
YPF



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## ARGENTINA

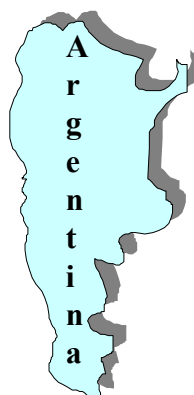
Factors affecting our business

REPSOL  
YPF



### POSITIVE FACTORS

COST COMPETITIVENESS



### NEGATIVE FACTORS

GAS PRICES

EXPORT TAXES

35

## RESULTS

Summary of crisis effects Year 2002



Million Euro

### 2002 OPERATING INCOME

	Without crisis	Reported	Crisis effects
E&P	2.133	1.785	-348
R&M	897	854	-43
G&P	772	633	-139
<b>TOTAL</b>	<b>3.899</b>	<b>3.369</b>	<b>-530</b>

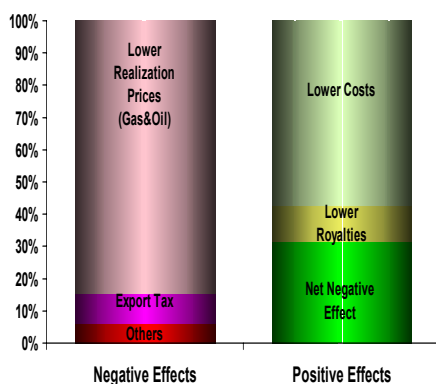
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## ARGENTINA

Argentine Crisis Effect on 2002 Operating Income

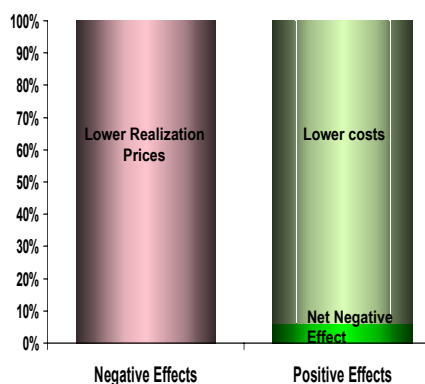


### Upstream



**Net effects: -348 M€**

### Downstream



**Net effects: -43 M€**

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70% oil & gas  
exports



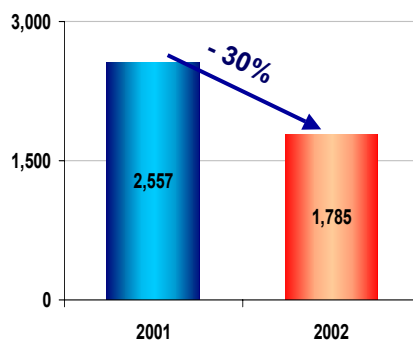
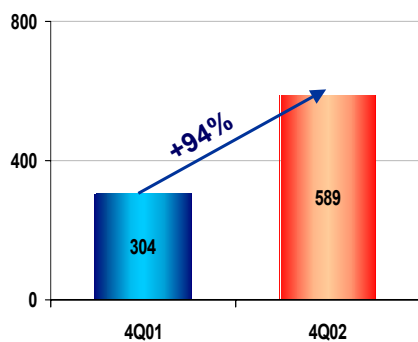
Free use of  
cash-flows

**YPF PAID A DIVIDEND OF 442 MILLION \$**

**EXPLORATION & PRODUCTION**



**OPERATING INCOME**



Million Euro

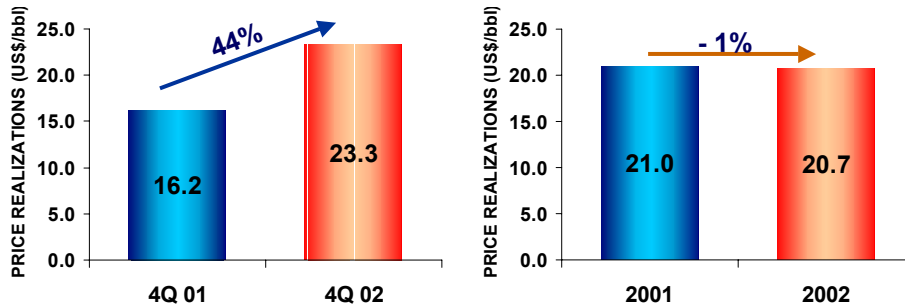
## EXPLORATION & PRODUCTION

Evolution of crude price realizations

REPSOL  
YPF



### CRUDE PRICE REALISATIONS (US\$/bbl)



40

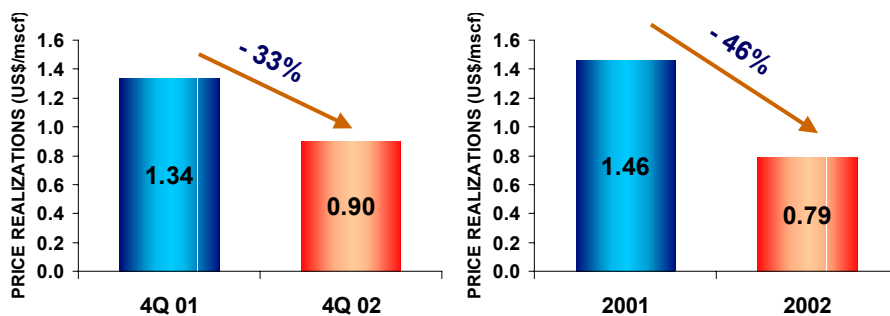
## EXPLORATION & PRODUCTION

Evolution of gas price realizations

REPSOL  
YPF



### GAS PRICE REALISATIONS (US\$/mscf)



41

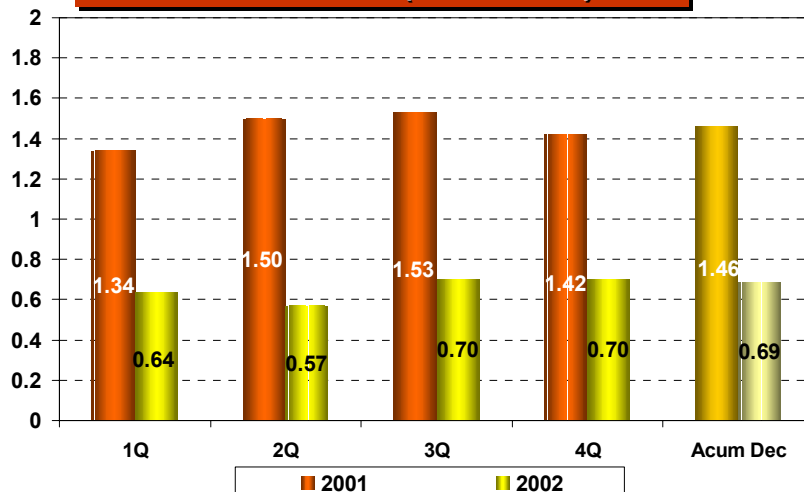
## EXPLORATION & PRODUCTION

Evolution of gas price realizations

REPSOL  
YPF



### GAS PRICE REALISATIONS IN ARGENTINA (US\$/mscf)



42

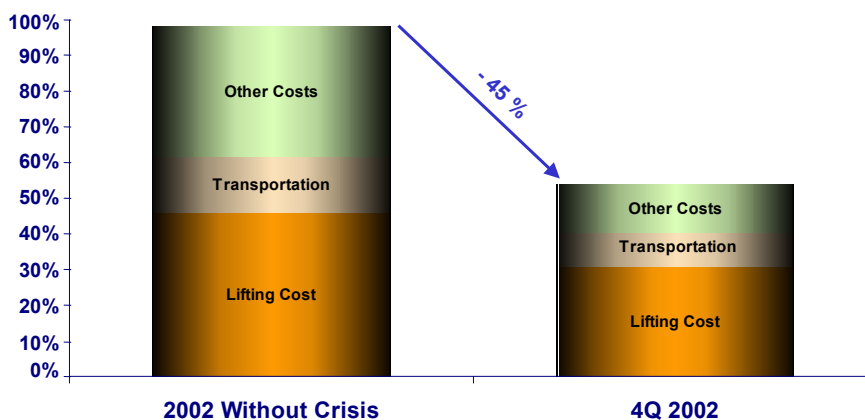
## EXPLORATION & PRODUCTION

Upstream argentina

REPSOL  
YPF



### CASH COSTS



43

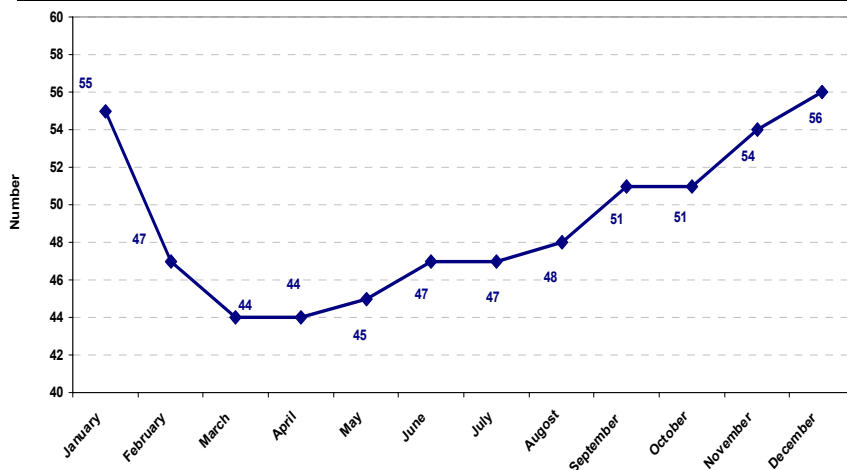
## EXPLORATION & PRODUCTION

Active Drilling Rigs in 2002

REPSOL  
YPF



### TOTAL DRILLING RIGS IN ARGENTINA



44

## EXPLORATION & PRODUCTION

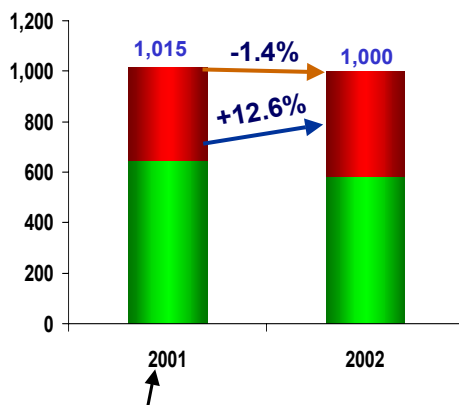
Hydrocarbon production 2002

REPSOL  
YPF



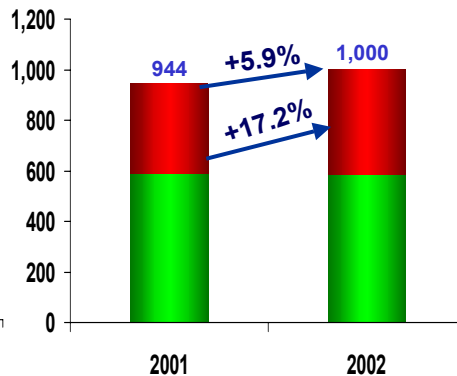
### REPORTED

(KBOE/D)



### ORGANIC GROWTH

(KBOE/D)

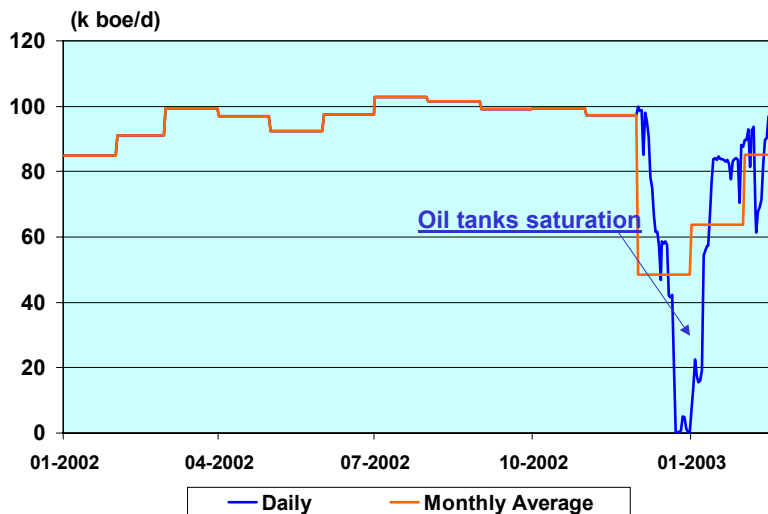


■ Liquids ■ Gas

45



Venezuela Total Net Production

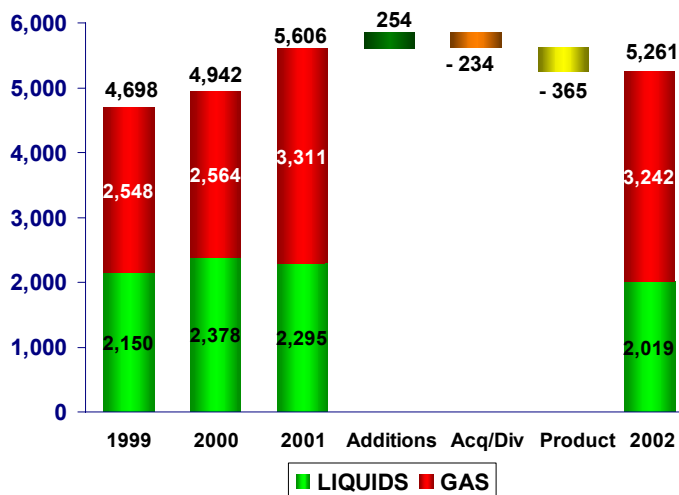


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(MBOE)

PROVEN RESERVES



Conversion Factor Gas 1 Boe = 5.615scf

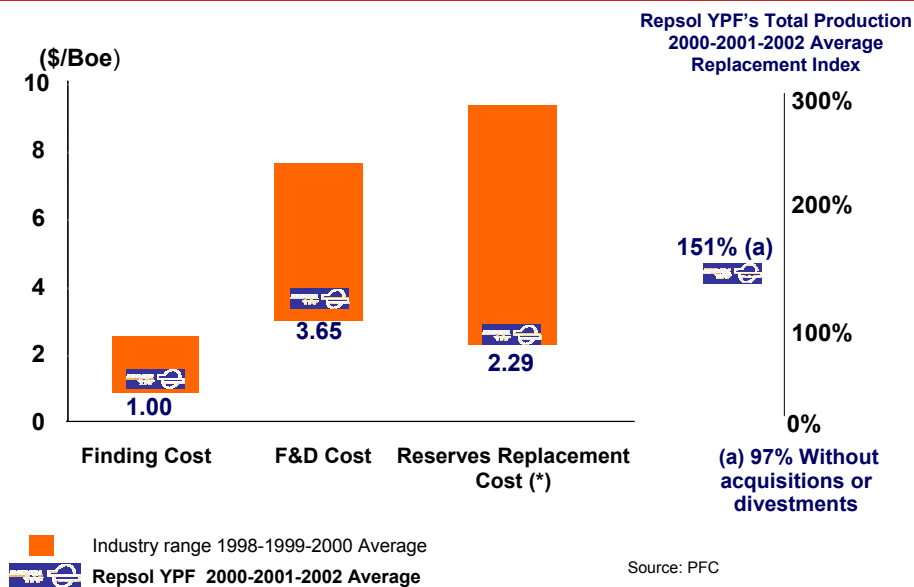
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## EXPLORATION & PRODUCTION

### Cost Efficiency

REPSOL  
YPF



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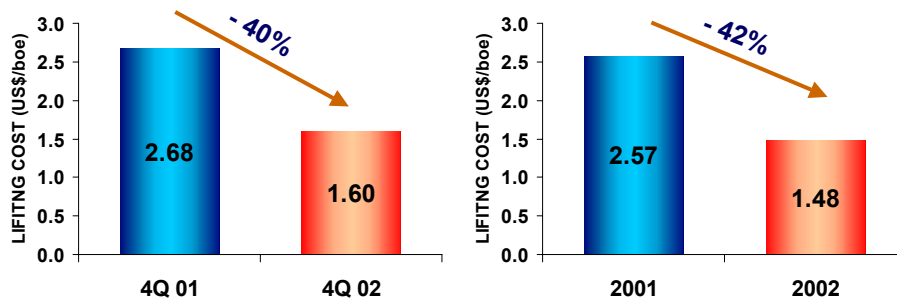
## EXPLORATION & PRODUCTION

### Cost Efficiency

REPSOL  
YPF



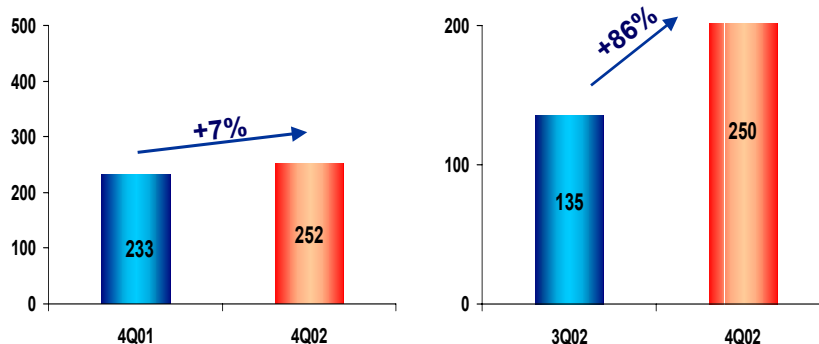
### LIFTING COSTS ( US\$/boe)



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## OPERATING INCOME

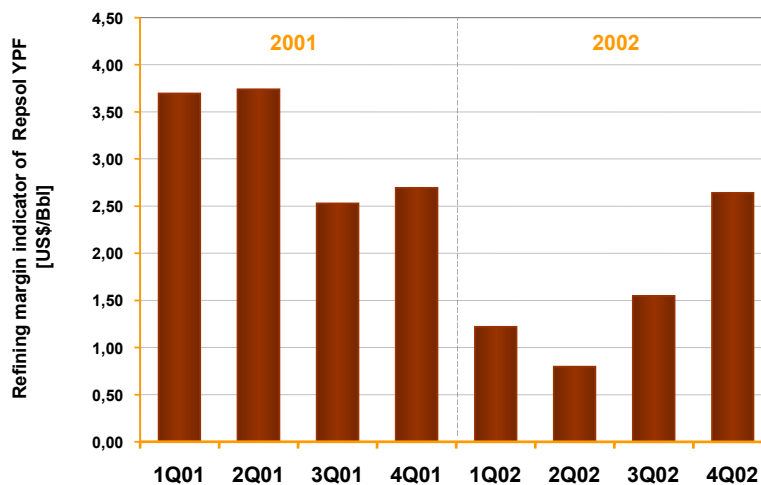


Million Euro

50



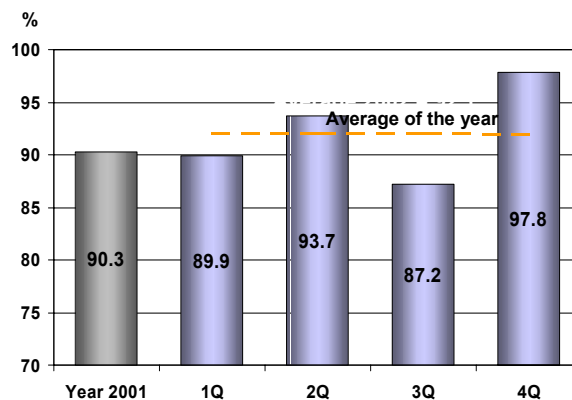
## Refining margins



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## REFINING IN ARGENTINA

Utilization \*



\* Figures calculated on Dec-31-02 capacity (319.500 bpd)

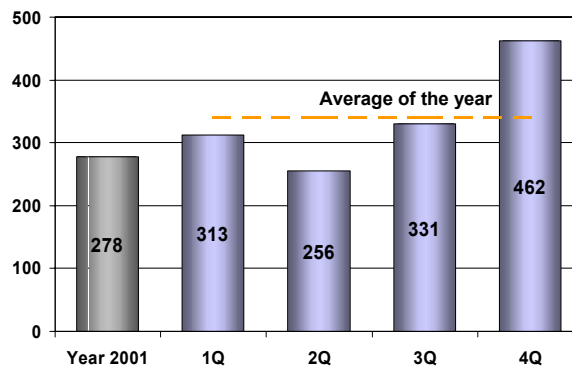
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## DOWNSTREAM IN ARGENTINA

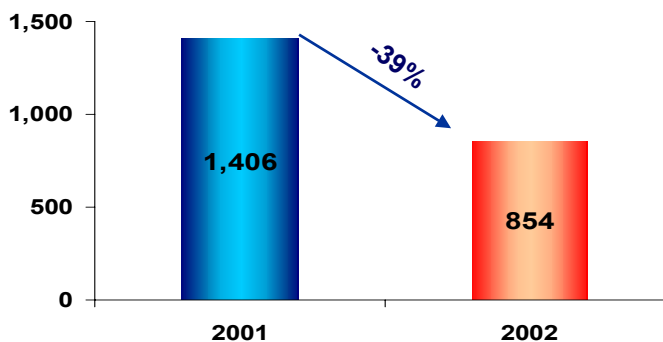
Light products Exports – Gasoline and Gasoil



Monthly average  
(Thousand m3)

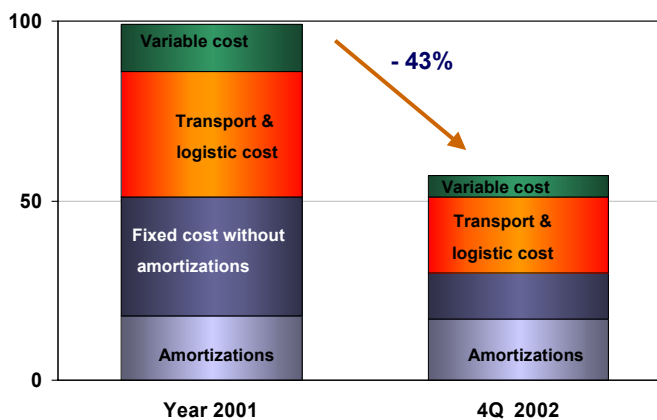


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**OPERATING INCOME**

Million Euro

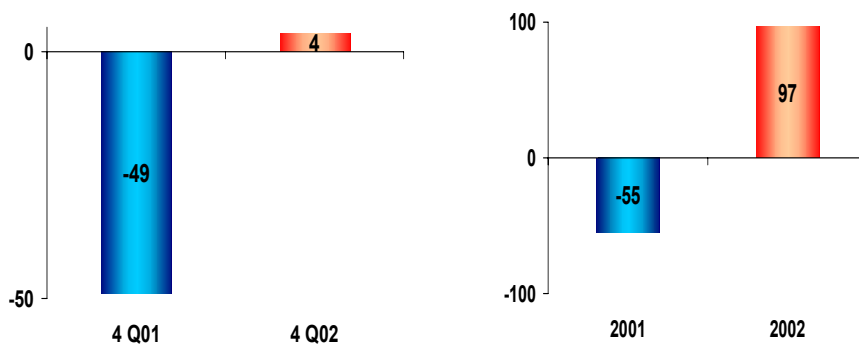
54



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### Operating Income

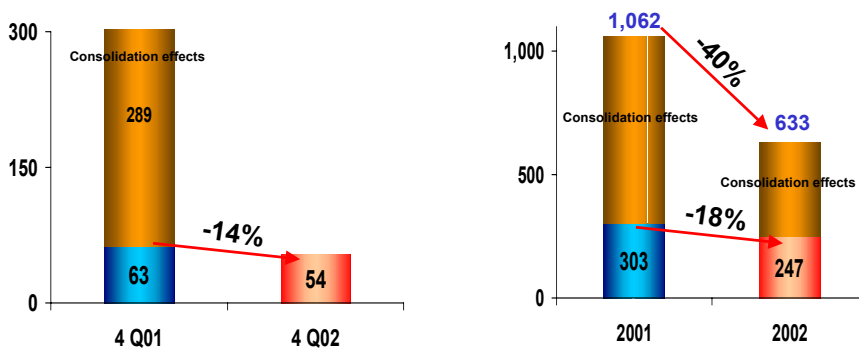


Million Euro

56

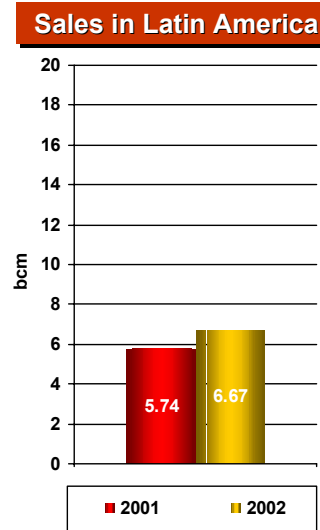
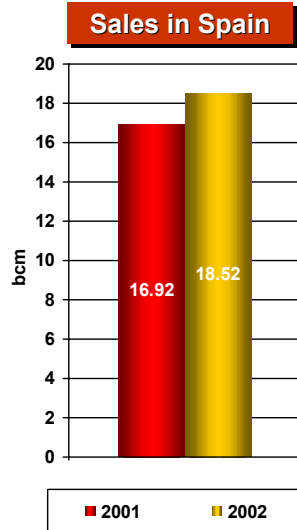


### Operating Income



Million Euro

57



Figures include sales of Gas Natural SDG on a 100% basis

58

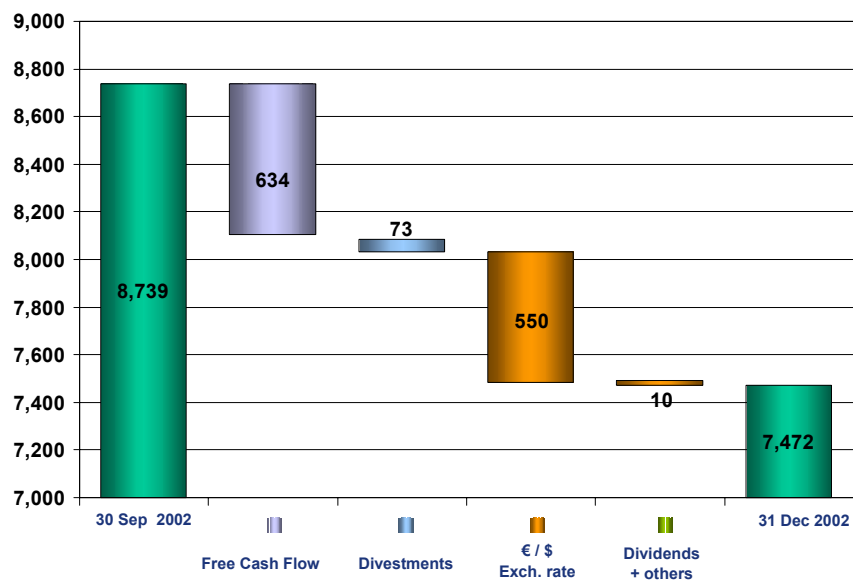


**FINANCIAL  
EVOLUTION**

## NET DEBT VARIATION

4th Quarter 2002

REPSOL  
YPF

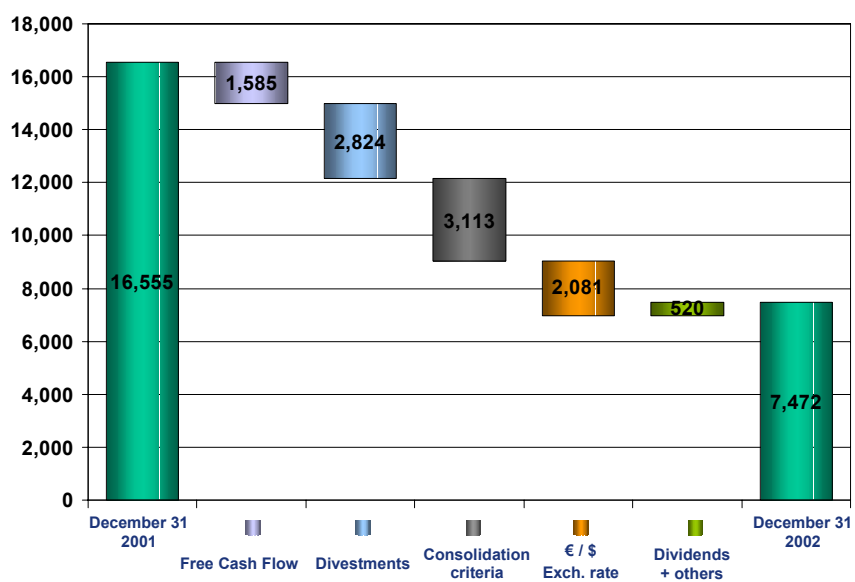


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## NET DEBT VARIATION

January - December 2002

REPSOL  
YPF

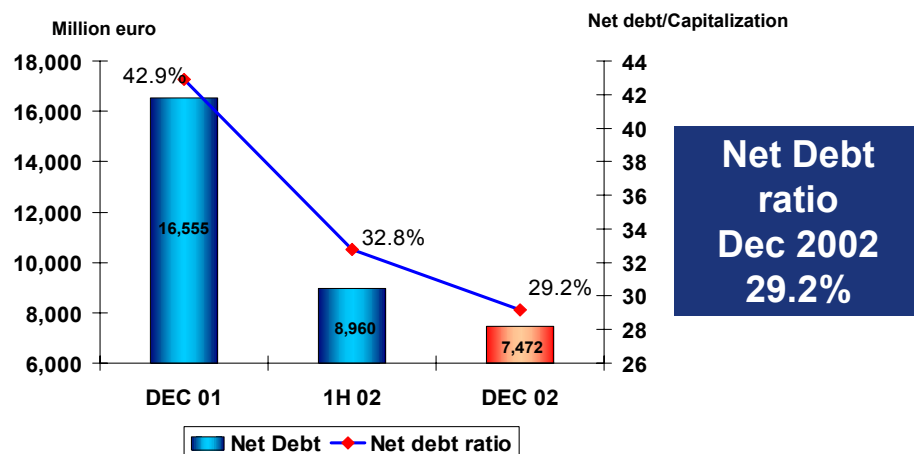


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## JANUARY - DECEMBER 2002

### Net debt Reduction

REPSOL  
YPF



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## FINANCIAL RATIOS

REPSOL  
YPF



	31 Dec 2001	30 Jun 2002	31 Dec 2002
NET DEBT	16,555	8,960	7,472
BOOK CAPITALIZATION	38,578	27,318	25,546
NET DEBT / BOOK CAPITALIZATION (%)	42.9	32.8	29.2
OPERATING CASH-FLOW	8,134	2,550 (*)	5,382 (*)
NET DEBT / OPERATING CASH-FLOW (X) (**)	2.04	1.76	1.39
NET CASH-FLOW	5,729	1,825 (*)	4,227 (*)
NET CASH-FLOW / NET DEBT (%) (**)	34.6	40.7	56.6
FINANCIAL EXPENSES	1,352	635	786
NET INTEREST EXPENSES	1,188	412	672
OPERATING CASH FLOW / NET INTEREST (X)	6.9	7.5	8.8

(\*) Estimated 24% proportional integration of Gas Natural for the full year

(\*\*) On a yearly basis

Million euros

63



## FINANCIAL EXPENSES

REPSOL  
YPF



	4 <sup>th</sup> Quarter 2001	4 <sup>th</sup> Quarter 2002	JAN - DEC 2001	JAN - DEC 2002
Average Net Debt	(18,609)	(9,067)	(19,056)	(11,901)
Interest Rate	5.43%	5.71%	6.25%	5.57%
Net Interest Expenses	(258)	(132)	(1,188)	(672)
Capitalized Interest	17	5	76	31
Net Interest Expense in Financial Expenses	(241)	(127)	(1,112)	(641)
Other non recurrent items	(213)	1	(240)	(145)
<b>Total Financial Expenses</b>	<b>(454)</b>	<b>(126)</b>	<b>(1,352)</b>	<b>(786)</b>

Million euro

64

## COST REDUCTION PROGRAM

REPSOL  
YPF



### COST REDUCTIONS ACHIEVED

⇒ 2001	204 M€
⇒ 2002	348 M€
<b><u>TOTAL</u></b>	<b><u>552 M€</u></b>

- **Not linked to Argentinean devaluation**
- **365 Initiatives**
- **All are recurrent items**

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### 19.8% EFFECTIVE TAX RATE OF 2002

- *Fiscal benefits in the divestment of Gas Natural, CLH and Enagas*
- *Tax credits applicable in Argentina*

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**MANAGED THE ARGENTINEAN CRISIS** ✓

**CASH FLOW GENERATION ON TARGET** ✓

**DIVESTMENT PROGRAM COMPLETED** ✓

**FINANCIAL FLEXIBILITY RECOVERED** ✓

**2002 “AN EXCELLENT BAD YEAR”**

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## **4<sup>TH</sup> QUARTER & FULL YEAR 2002 RESULTS**

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