

FY 2019 Results Presentation



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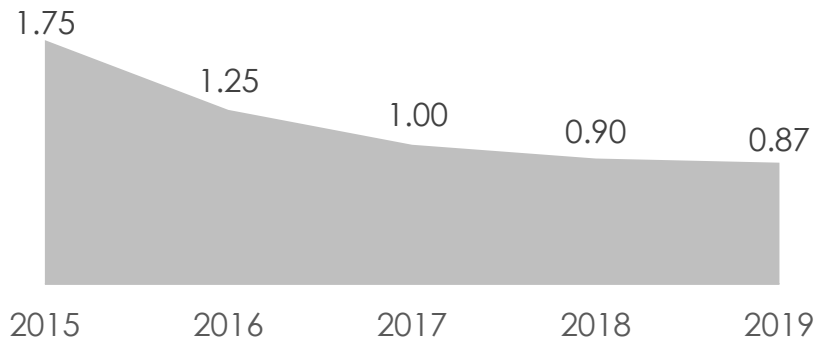


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Health and Safety, core values for Cepsa

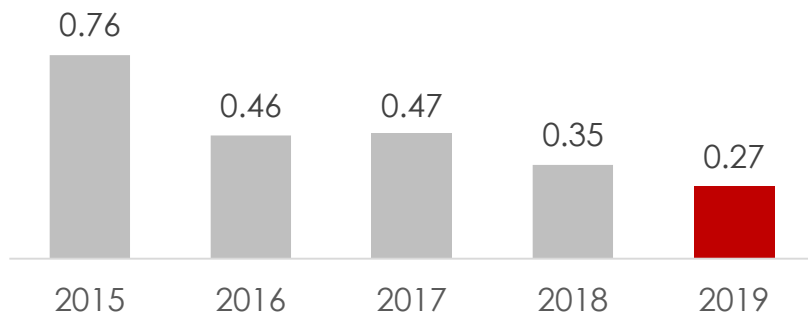
A key element in our operations

Lost Workday Injury Frequency Ratio¹



LWIF at 0.87 with 32 accidents as at 31 December 2019, with no significant injuries

Process Safety Event Rate (PSER)²



Implementation of Process Safety Management system.
PSER at 0.27 with no Tier 1 incidents

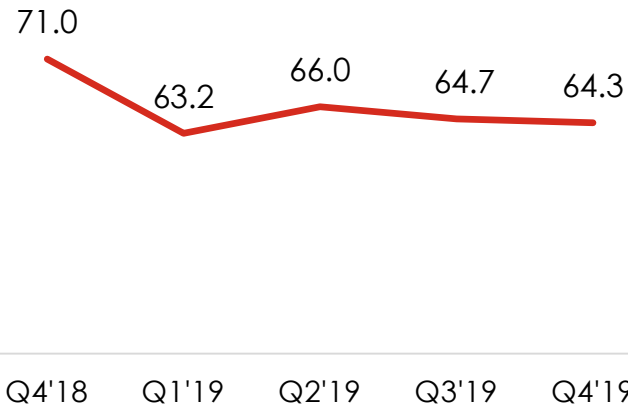


Environment

Softer Brent prices and market refining margins partially offset by stronger USD

Brent oil price

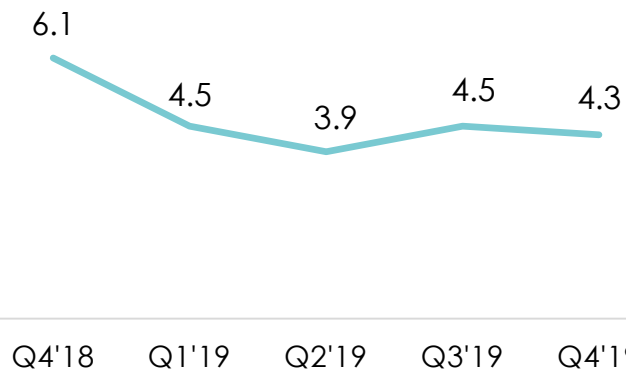
Average \$/bbl ⁽¹⁾



Brent prices trading in a range influenced by supply restrictions and weaker demand

Cepsa refining margin (VAR)

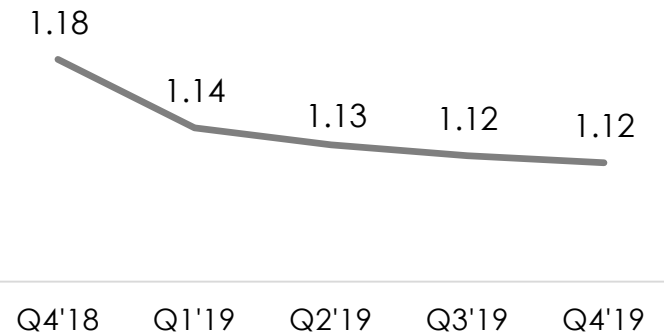
Average \$/bbl ⁽¹⁾



Low market refining margins impacted by higher sour crude premiums and depressed light & middle-cracks in the Med

USD/EUR exchange rate

Average ⁽¹⁾



The US dollar appreciated vs the EUR compared to Q4 2018

FY 2019 Highlights

Positive results due to increased upstream production despite lower market refining margins



Financial Performance

- +17% Clean CCS EBITDA vs FY 2018
- Solid Cash Flow generation (+75% vs 2018) due to production ramp-up of SARB & Umm Lulu fields in Abu Dhabi
- Significant deleveraging achieved (from 1.8x in 2018 to 1.4x in 2019)
- 924 M€ Capex in FY 2019, including SARB & Umm Lulu development



Operating Performance

- Upstream production +11% vs FY 2018
- Weaker market refining margins and lower production due to scheduled shutdown in Gibraltar – San Roque refinery
- Strong performance of the Marketing business
- Lower margins in certain chemical products



Corporate Events

- Cepsa obtained Investment Grade rating from three major rating agencies, and accessed the capital market with a long 5 yrs bond >4x oversubscribed
- Successful optimization of Cepsa's banking facilities during H1 2019
- In Q2 2019, Mubadala agreed to sell a 37% stake of Cepsa to Carlyle, and an additional 1.5% in Q1 2020

Shareholding Structure

Mubadala and Carlyle, strong and supportive shareholders

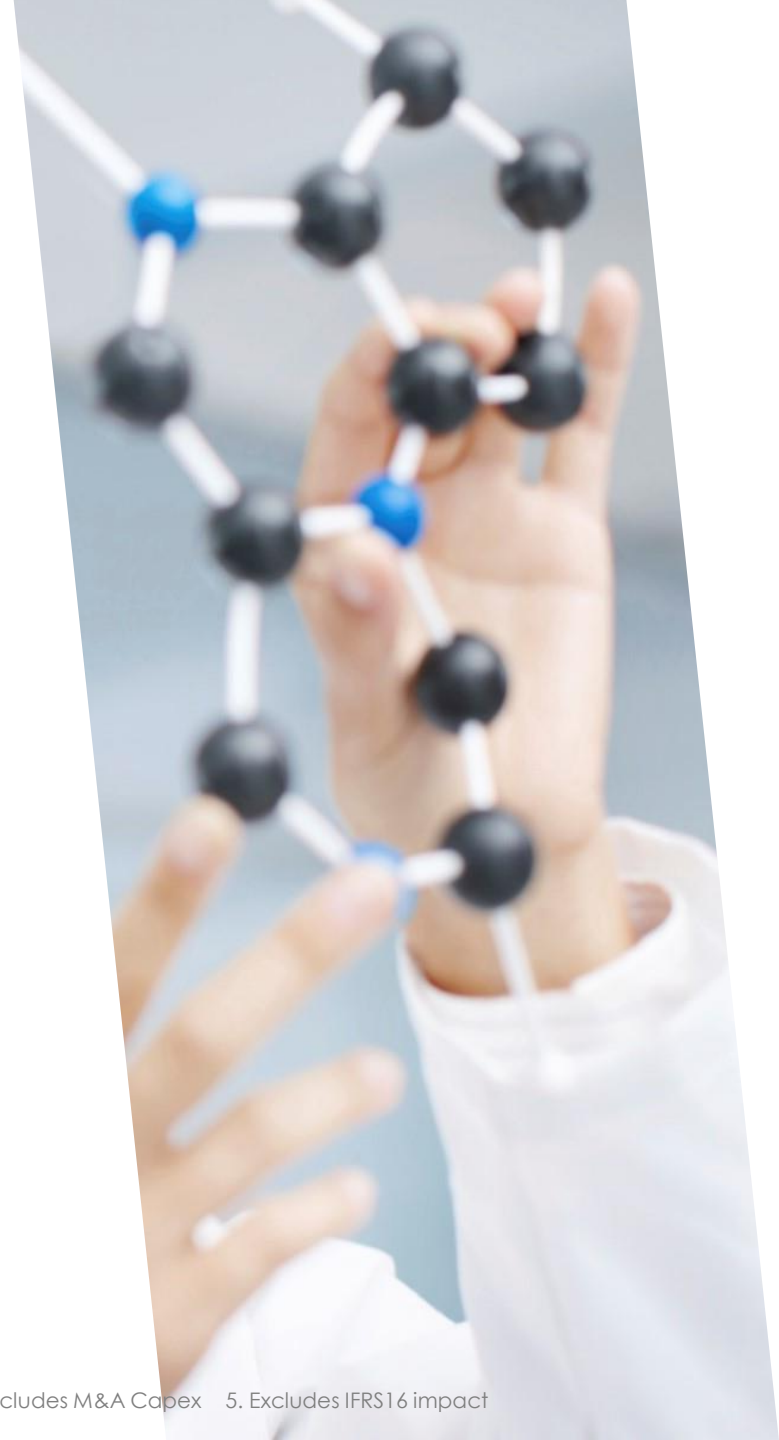


- In Q2 2019, **Mubadala agreed to sell a 37% stake of Cepsa to Carlyle**
- Before completion, Cepsa's **Medgaz** stake was transferred to Mubadala as an in-kind dividend
- Following completion of the transaction in Q4 2019, **CEPSA's Board of Directors is composed of 10 members**, 5 appointed by Mubadala, 3 appointed by Carlyle, an independent director and an Executive Director (CEO) jointly appointed
- **In Q1 2020 MIC transferred an additional 1.5% of the share capital of Cepsa to Carlyle**, following which MIC and Carlyle hold 61.5% and 38.5%, respectively

FY 2019 Financial Highlights

Results in line with budget despite low refining margins

<i>M€, Clean CCS¹ figures</i>	FY 2019	FY 2018	FY 2019 vs FY 2018
EBITDA ²	2,058	1,762	17%
Cash Flow from operating activities ³	1,773	1,594	11%
Organic Capex ⁴	924	913	1%
M&A Capex	-	1,342	-
Net Income	610	754	(19%)
<i>M€, IFRS figures</i>			
Equity	5,301	5,542	(4%)
Net Debt ⁵	2,746	3,089	(11%)
Leverage / Gearing ratio ⁵	34.1%	35.8%	(1.7%)
Net Debt / LTM EBITDA ⁵	1.4x	1.8x	(0.4x)

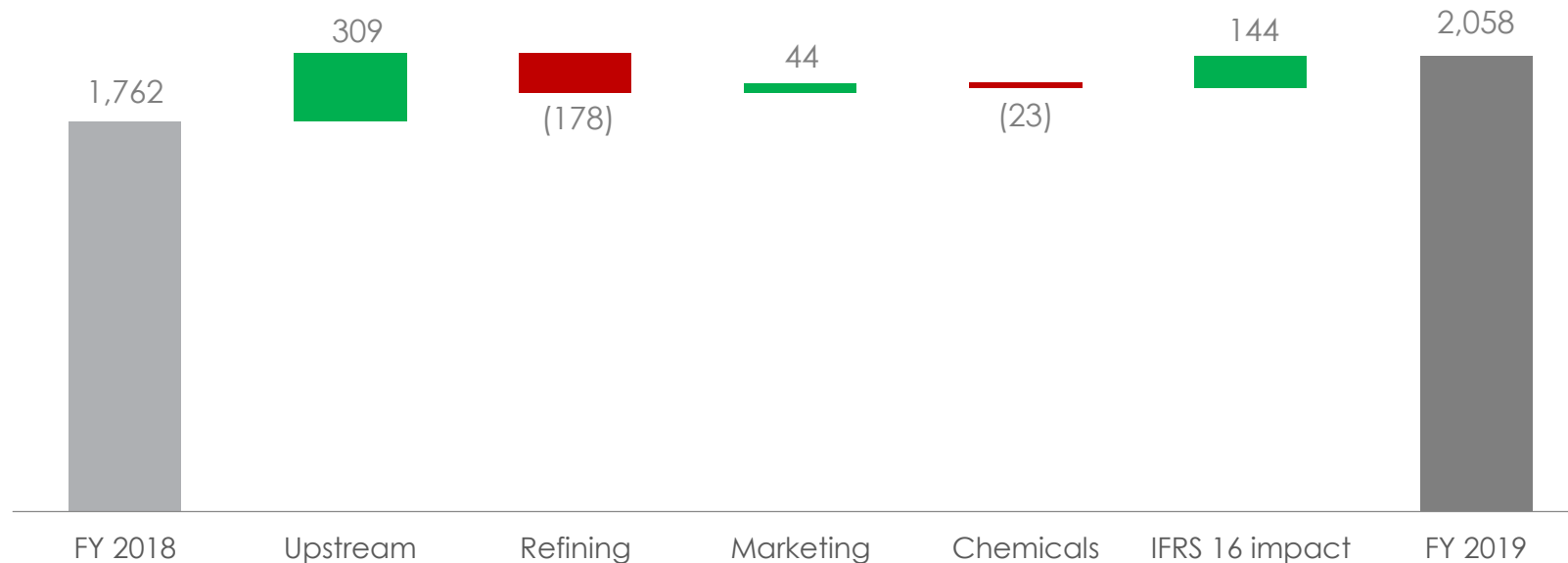


Clean CCS EBITDA

Increase of 17% vs 2018 thanks to business diversification, as Upstream and Marketing outperform in a weak refining market environment

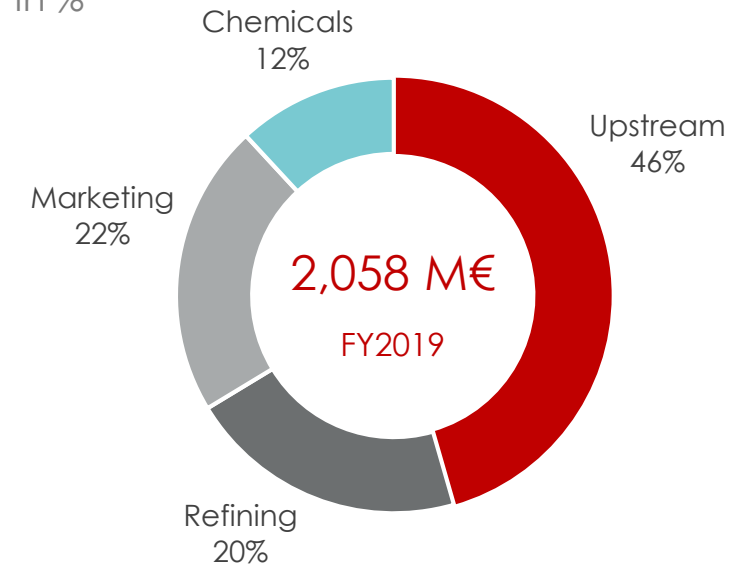
EBITDA FY 2018 to FY 2019

in M€



EBITDA by business unit¹

in %



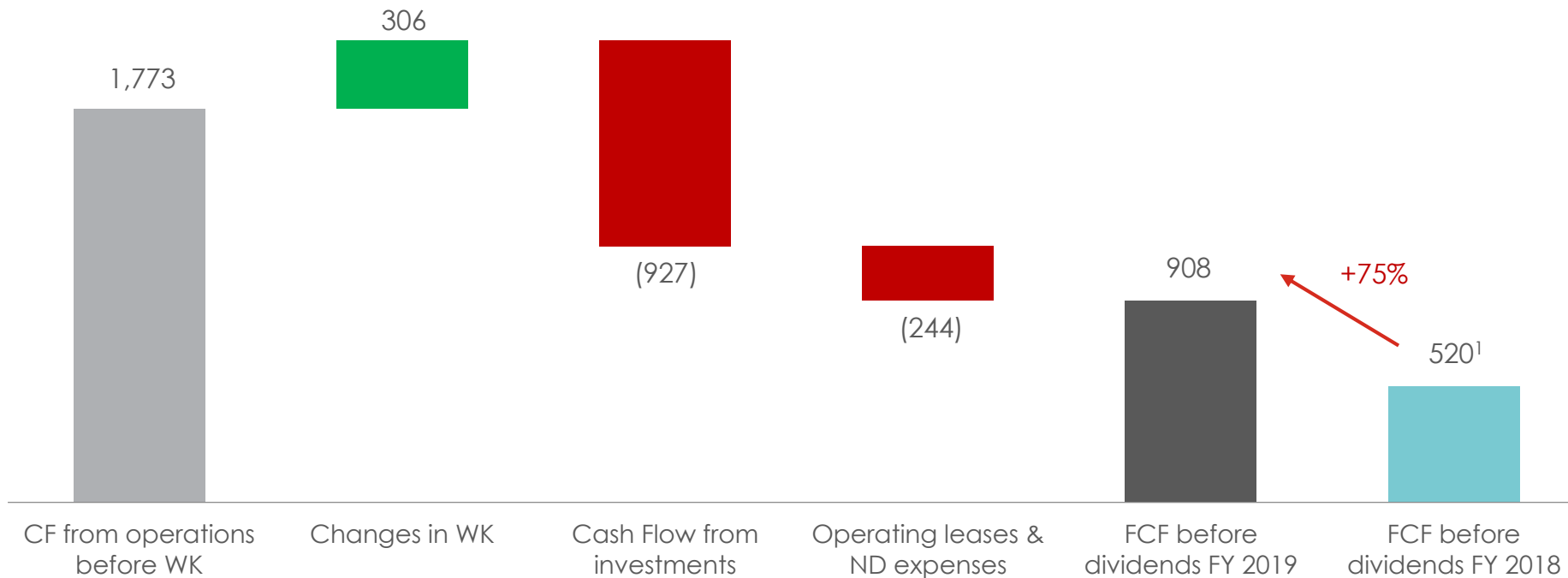
- + 17% in FY 2019 Clean CCS EBITDA mainly due to (i) SARB & Umm Lulu start up in Upstream business (+48% vs FY2018), and (ii) strong performance of the Marketing business (+35% vs FY2018), partially offset by lower market refining margins

Free Cash Flow

Increase of 75% compared to FY 2018

Cash Flow from Operations before WK to Free Cash Flow FY 2019

in M€



CF from Operations before WK variation

1,773 M€

FCF before dividends

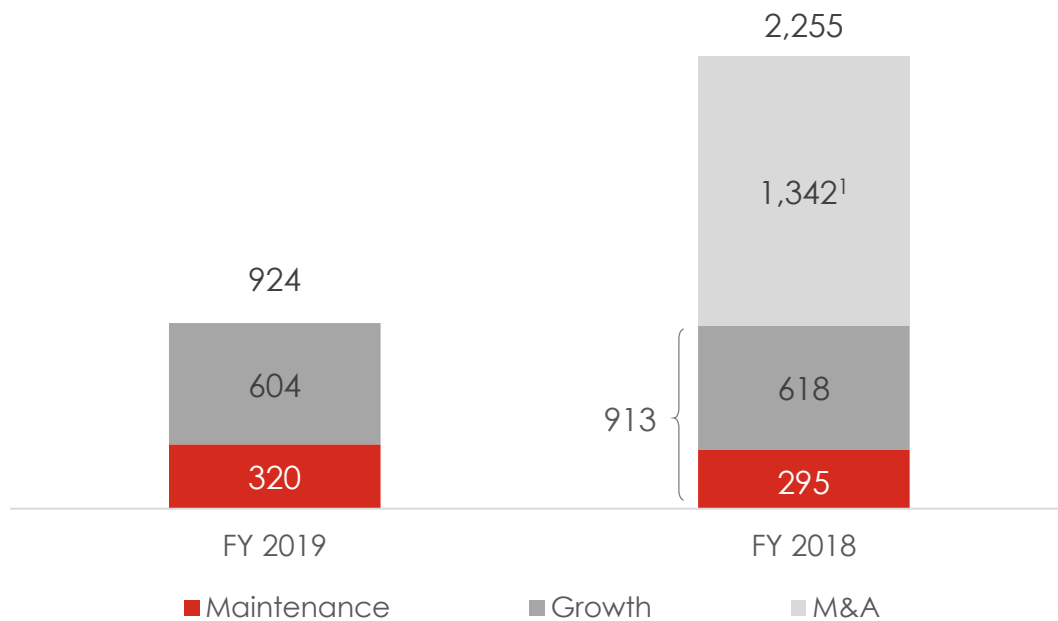
908 M€

Capex

Organic Capex in line with 2018 figures

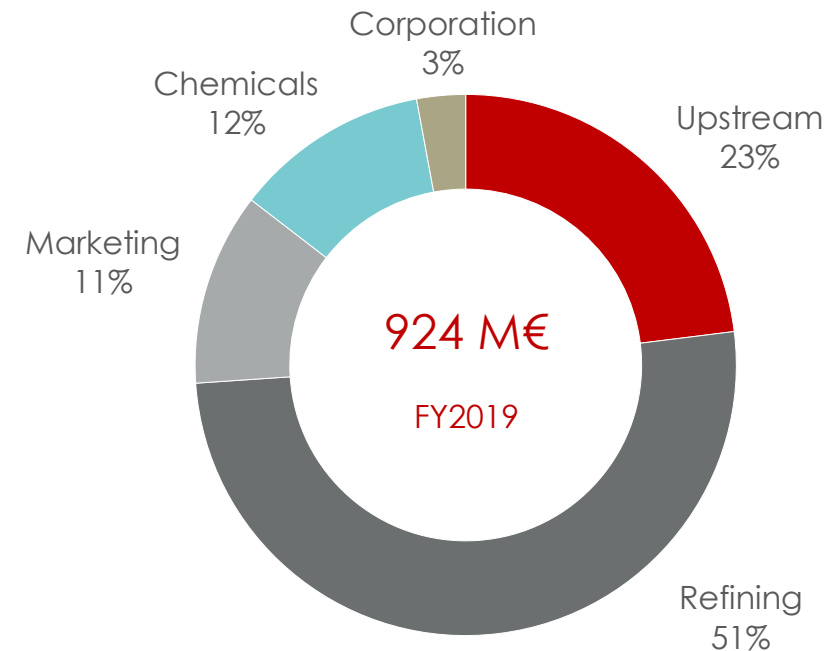
Accounting Capex by category

in M€



Accounting Capex by business unit

in %



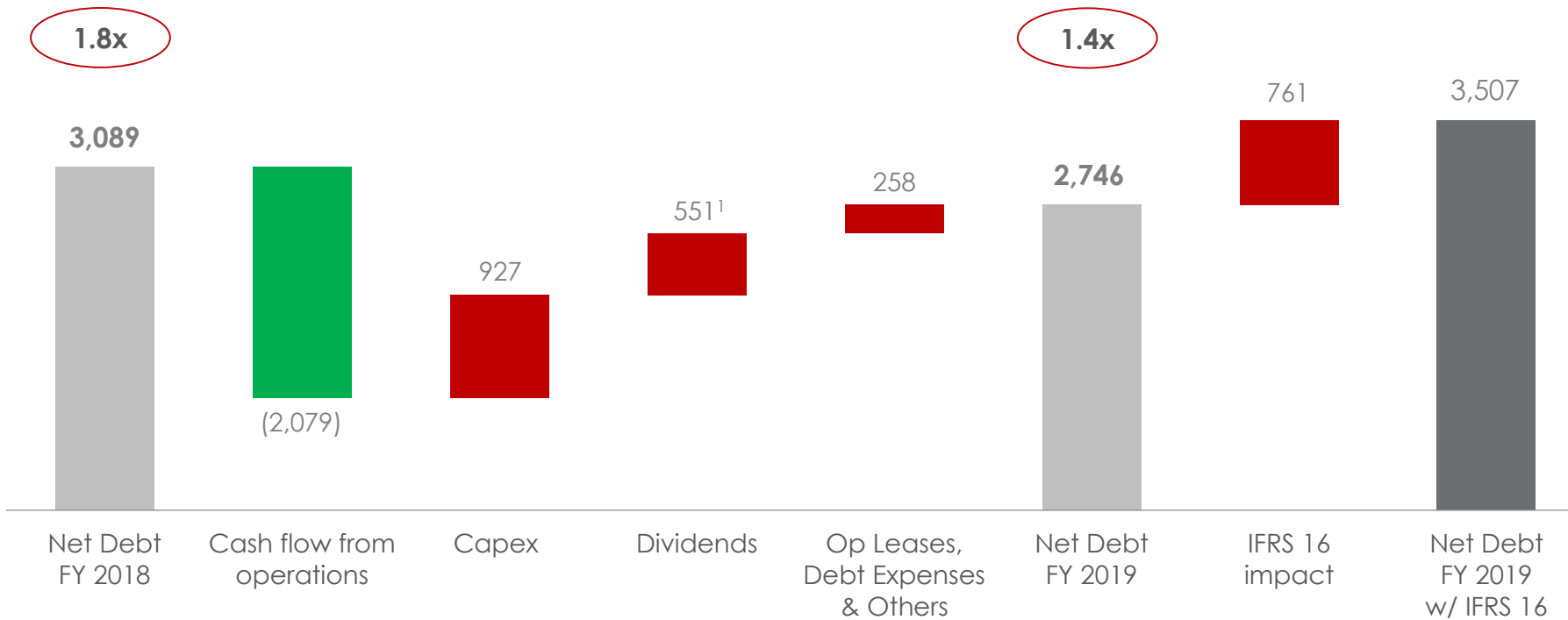
- Organic Capex in line with 2018, excluding SARB & Umm Lulu investment
- Higher Maintenance Capex as a result of scheduled shutdown of the main units of Gibraltar - San Roque refinery

Net Debt

Leverage reduction based on solid cash flow generation and EBITDA growth

Net Debt FY 2018 - FY 2019 bridge

in M€



1.8x Net Debt / CCS EBITDA

Debt avg maturity

4.8 Years

Cash position

561 M€

Liquidity

3.1 Bn€

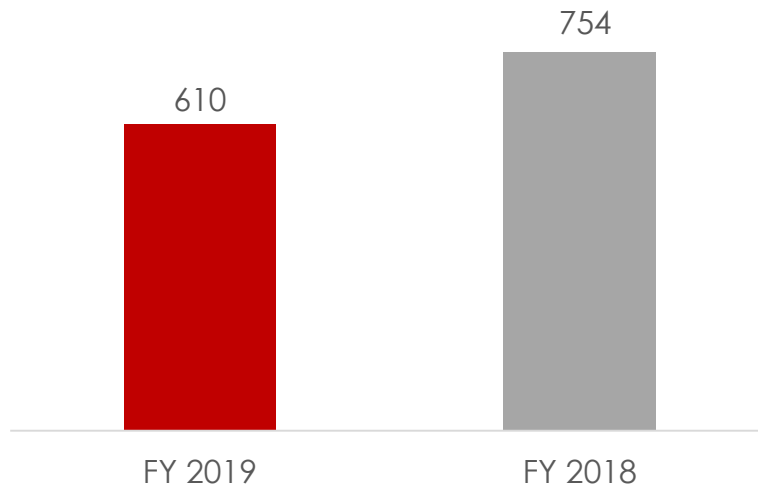
Figures as of 31.12.2019

Clean CCS Net Income

Results impacted by a weaker refining market environment

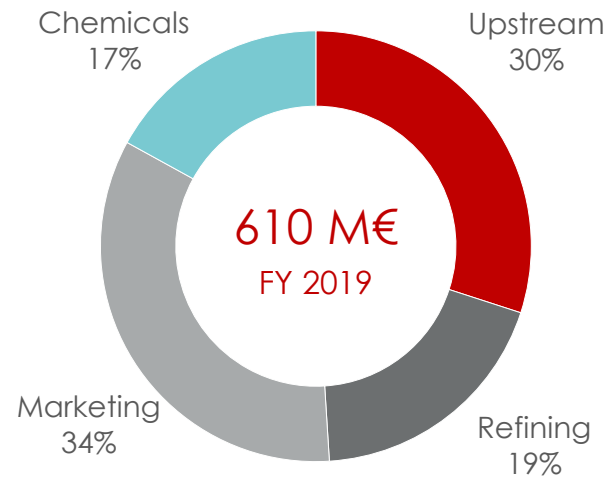
Net Income

in M€



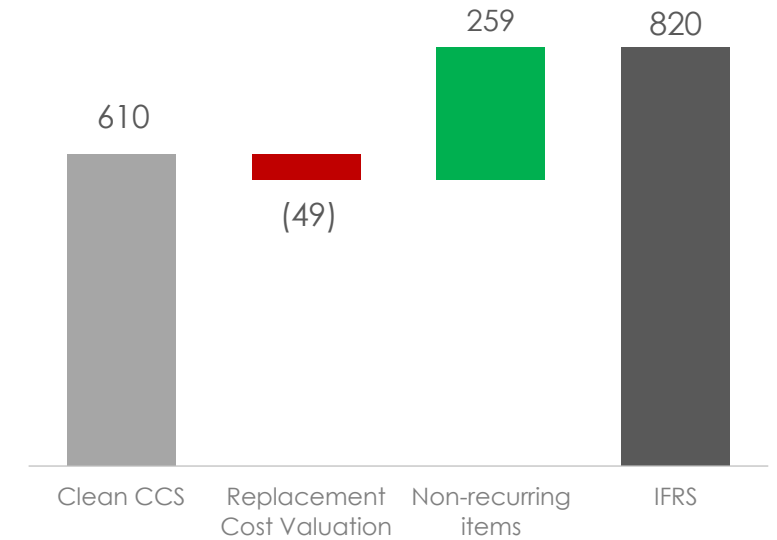
Net Income by business unit ¹

in %



Clean CCS to IFRS Net Income

in M€



- Cepsa integrated business model enabled it to partially offset lower market refining margins with stronger Upstream performance and increased Marketing margins
- IFRS Net Income positively impacted by Non-recurring items following Medgaz's 42.09% stake transfer to Mubadala

Energy transition

Cepsa is actively working towards a more sustainable business model with the aim to provide new energy and mobility solutions to its customers



Cepsa signed an **agreement with Masdar** to establish a joint venture company to develop renewable energy projects in Spain and Portugal. The JV will focus on wind and solar photovoltaic (PV) technologies with a plan to **develop a capacity of 500-600 MW** over the next five years

Cepsa has teamed up with **IONITY** (JV of German car manufacturers) to develop a network of high performance, **ultra-fast EV charging points in Spain and Portugal**

Cepsa and Redexis have reached an agreement to create **the largest network of vehicular natural gas (VNG) service stations in Spain**

Cepsa starts to equip its **service stations with solar panels**, moving towards an increasingly **efficient and sustainable network**

Key Takeaways



Financial performance

- +17% Clean CCS EBITDA compared with FY 2018
- Solid cash flow generation (+75% vs 2018) with increased EBITDA mainly due to the production ramp-up in the SARB & Umm Lulu fields
- Significant leverage reduction due to strong cash flow generation and EBITDA growth

Operating performance

- Upstream production +11% vs FY 2018
- Strong performance of the Marketing business
- 924M€ Capex in FY 2019, with 1/3 approx. corresponding to maintenance
- Steps towards a more sustainable business model through a number of initiatives



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FY 2019 Results Presentation



Thank you



Backup





Upstream

Clean CCS EBITDA increased by 48% mainly due to SARB & Umm Lulu fields commissioning

Financial KPIs (M€, CCS figures)	FY 2019	FY 2018	FY 2019 vs FY 2018
Clean CCS EBITDA	963	649	48%
Clean CCS Net Income	194	232	(17%)
Organic Capex ¹	212	317	(33%)
M&A Capex	0	1,342	(100%)
Operating KPIs			
Working Interest Production (kbpd)	92.6	83.3	11%
Realized Crude Oil Price (\$/b)	64.0	67.2	(5%)
Crude Oil Sales (kb)	20,797	14,196	47%



Refining

Compressed levels of light distillate cracks coupled with GSRR turnaround impact results

Financial KPIs (M€, CCS figures)	FY 2019	FY 2018	FY 2019 vs FY 2018
Clean CCS EBITDA	433	578	(25%)
Clean CCS Net Income	124	258	(52%)
Organic Capex ¹	469	392	20%
Operating KPIs			
Cepsa Refining Margin (\$/bbl)	4.3	6.1	(29%)
Utilization rate refineries (distillation) (%)	89%	91%	(2%)
Refining output (Mt)	21.49	21.81	(1%)





Marketing

Good performance of the bio line and increased network margins

Financial KPIs (M€, CCS figures)	FY 2019	FY 2018	FY 2019 vs FY 2018
Clean CCS EBITDA	463	344	35%
Clean CCS Net Income	221	189	17%
Organic Capex ¹	107	101	6%
Operating KPIs			
Number of Service Stations (#)	1,806	1,799	0%
Product Sales (Mt)	20.7	21.9	(5%)



Chemicals

Increased LAB sales and margins in Spain and Canada counterbalance the negative impact of decreased margins of certain chemical products

Financial KPIs (M€, CCS figures)	FY 2019	FY 2018	FY 2019 vs FY 2018
Clean CCS EBITDA	246	243	1%
Clean CCS Net Income	107	111	(3%)
Organic Capex ¹	109	80	36%
Operating KPIs			
Product Sales (Kt)	2,893	2,934	(1%)
LAB	680	598	14%
Phenol / Acetone	1,638	1,724	(5%)
Solvent	576	612	(6%)





IFRS 16 impact

Net Debt increase by 760 M€ due to IFRS16

Balance Sheet

in M€

Capital Employed as of 31 December 2019	↗ 737
Net Debt as of 31 December 2019	↗ 761
Gearing ratio as of 31 December 2019	↗ +5.7% to 39.8%

Profit & Loss Account

in M€

EBITDA as of 31 December 2019	↗ 144
Amortization charge as of 31 December 2019	↗ 127
Financial expenses as of 31 December 2019	↗ 21
NIAT as of 31 December 2019	↘ 5

Cash Flow

in M€

Reclassification from Operating Cash Flow to Cash Flow from financing activities as of 31 December 2019	↗ 143
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Clean CCS to IFRS bridge

EBITDA FY 2019

M€	CCS EBITDA	CCS adjustment	Non-recurring items	IFRS EBITDA
Upstream	963	-	-	963
Refining	433	(37)	-	396
Marketing	463	(20)	-	443
Chemicals	246	(9)	-	238
Corporate	(48)	-	12	(36)
Total	2,058	(66)	12	2,004

Net Income FY 2019

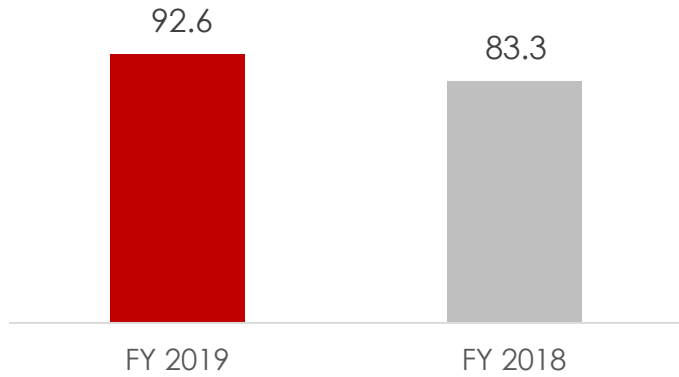
M€	CCS Net Income	CCS adjustment	Non-recurring items	IFRS Net Income
Upstream	194	-	(157)	37
Refining	124	(27)	422	519
Marketing	221	(17)	(4)	200
Chemicals	107	(5)	(11)	91
Corporate	(35)	-	9	(26)
Total	610	(49)	259	820



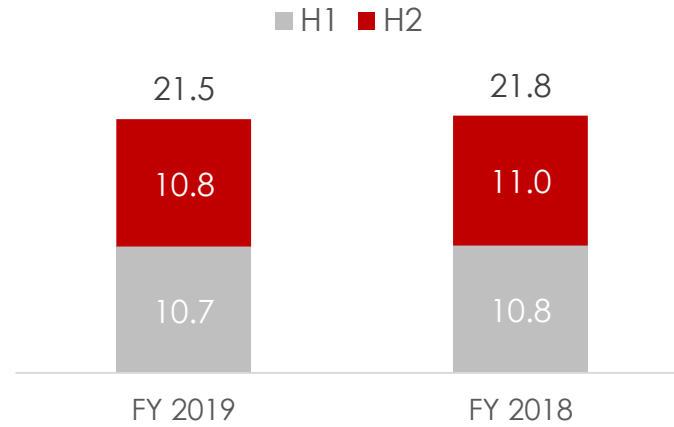


Operational KPIs

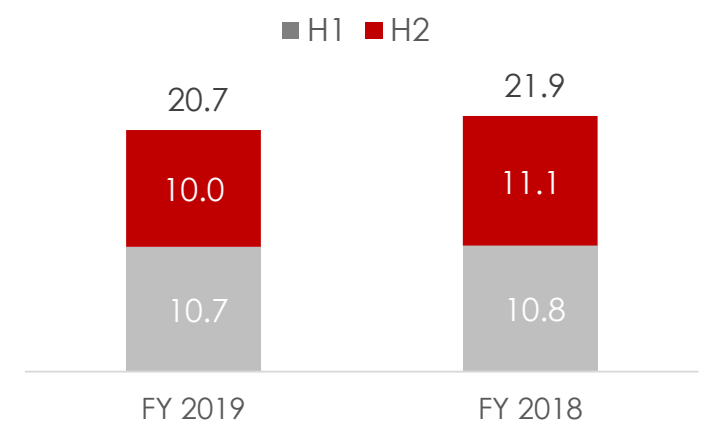
Working Interest Production (kbpd)



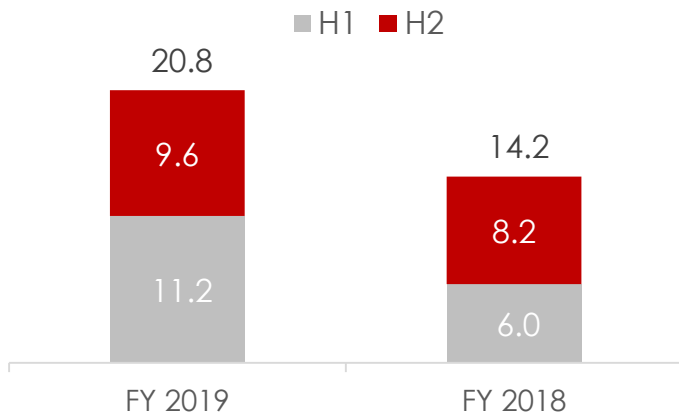
Refining output (Mt)



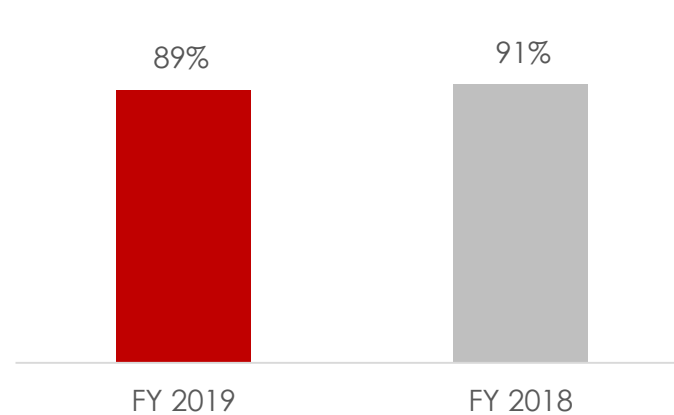
Marketing Sales (Mt)



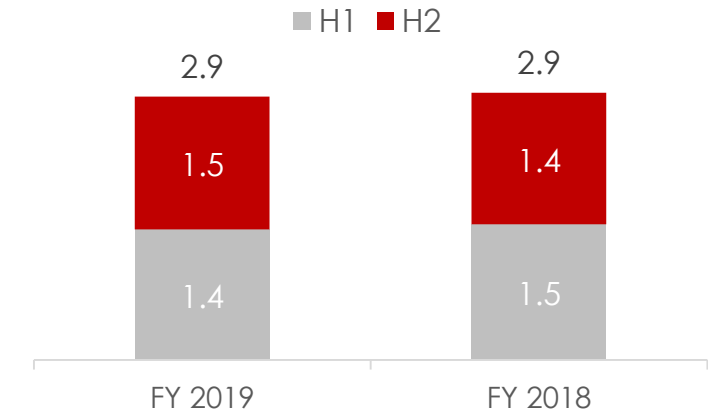
Crude Oil Sales (Mbbls)



Utilization rate refineries (%)



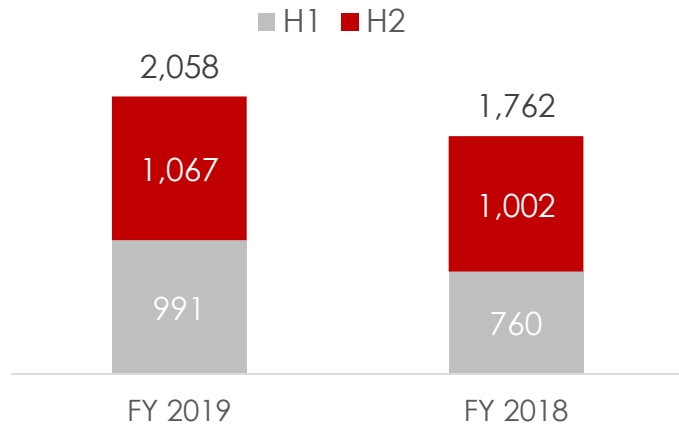
Chemicals Sales (Mt)



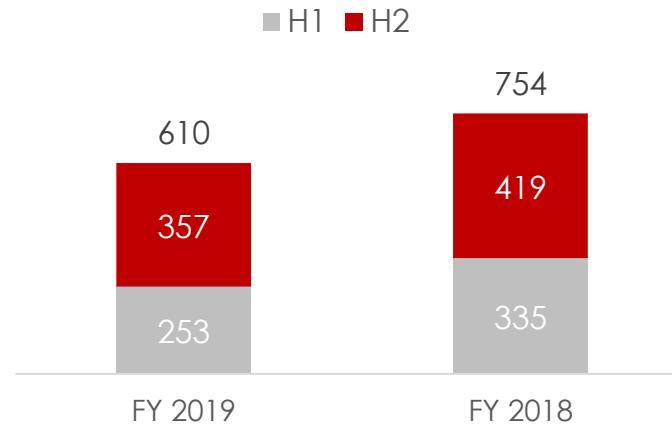


Financial KPIs

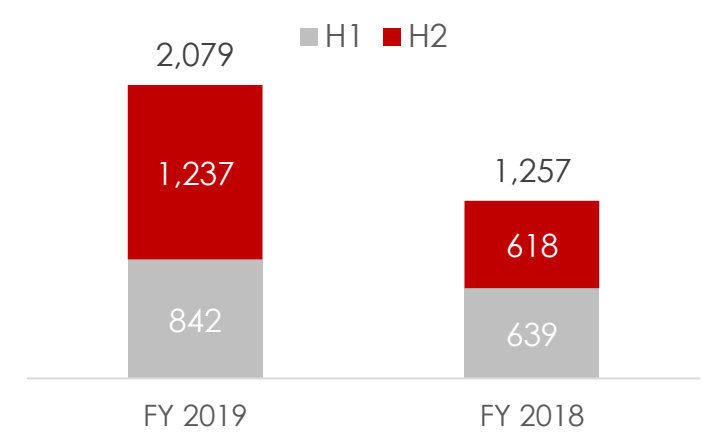
EBITDA (M€)



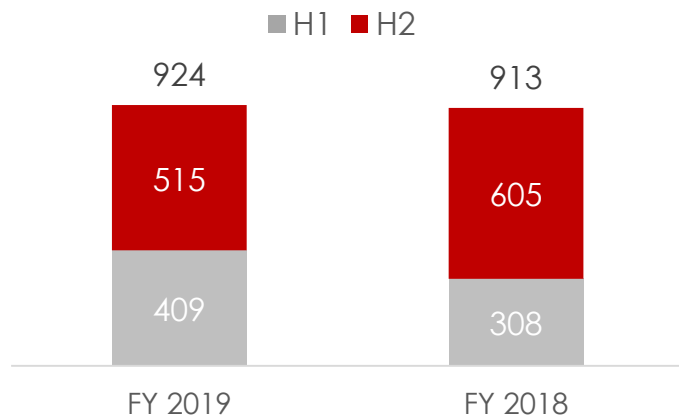
NIAT (M€)



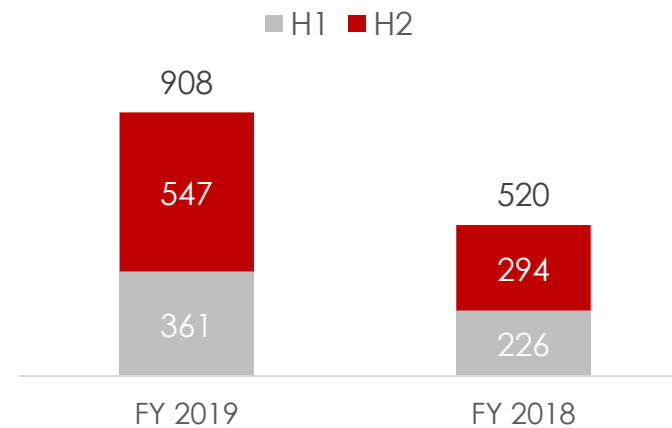
Cash flow from operations (M€)



Organic Capex⁽¹⁾ (M€)



FCF before dividends⁽¹⁾ (M€)



Net Debt / EBITDA (x)

