Cepsa

H1 2020 Results

July 30th, 2020

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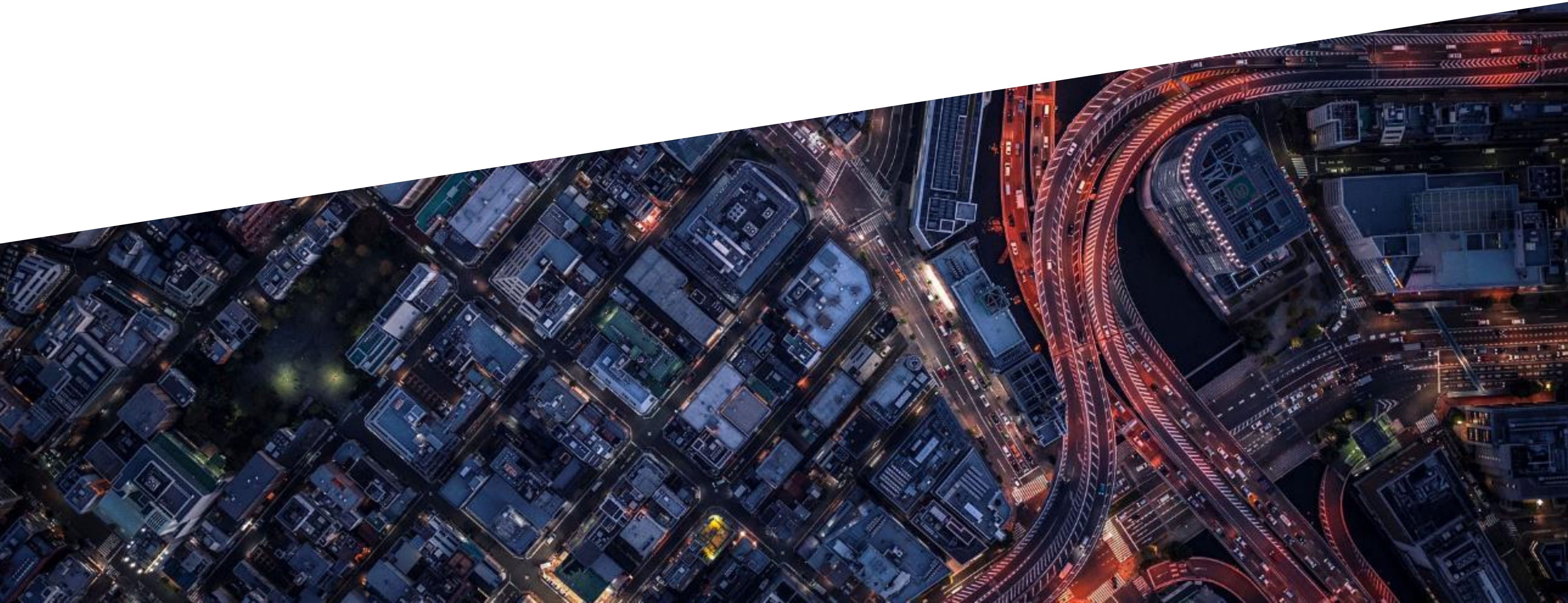
Highlights and Outlook



H1 2020 highlights

Positive cash flow from operations despite challenging environment

Covid-19 impact

- Ensure health and safety of employees, customers and suppliers and business continuity as top priority
- Drop in crude oil prices and oil products demand in Iberia
- Decrease in crude oil prices impacted inventory valuation while revised long-term prices triggered non-cash asset impairments

Financial Performance

- Cash flow from operations of €439 M
- All four businesses generating positive cash flow despite challenging market environment

Contingency Plan

- Total expected savings for 2020 increased from €310 M to €500 M
- €275 M in savings captured as of June
- Defensively strengthened liquidity to €4.5bn[1] and extended debt maturities (4.3yr average maturity)

Corporate events

- New organization with reinforced management team
- Investment Grade ratings affirmed by all three rating agencies post-Covid

1. Pro-forma for the €500 million bond issued in July 2020

Covid-19 impact on business

Priority to ensure a safe environment for employees, customers and suppliers

Upstream

- Decrease in realized crude oil prices; now recovering post-OPEC deal and economies re-opening
- OPEC quotas in Algeria and UAE

Refining

- Weaker refining margin environment
- Lower utilization rates due to decrease in demand, although recovering at the end of the quarter and coastal refineries facilitate exports

Marketing

- Decrease in oil products demand due to lockdown, while margins have been healthy
- Iberian demand troughed in April; 2/3 of volume decline recovered by June
- All stations operational

Chemicals

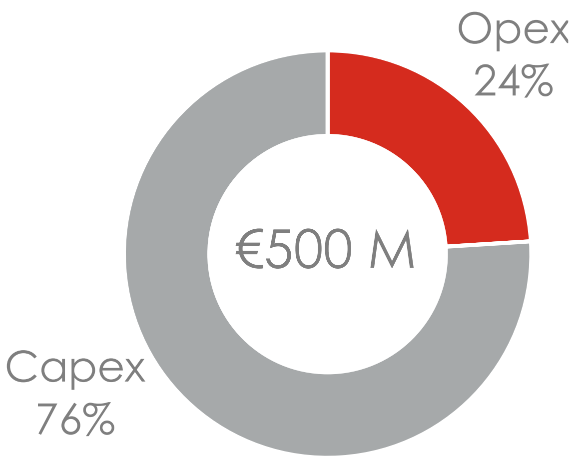
- Positive impact on LAB segment due to increased demand for detergents
- Plants operating at full capacity throughout the period

Contingency plan

Total expected savings of €500 M to protect cash flow generation

Operational initiatives

- Opex reductions of €120 M
- Capital investments savings of €380 M
- €275 M captured as of June
- Hedging of energy costs at historical low levels
- Strict Working Capital management



Financial initiatives

- New committed banking facilities for a total of €1.2 Bn
- Two bond issues totaling €1.0 Bn, successfully executed in February and July
- Liquidity of €4.5 billion[1] and average debt maturity of 4.3 yrs

1. Pro-forma for the €500 million bond issued in July 2020.

New organization

Renewed Executive Committee to meet challenges of energy transition

CEO
Philippe Boisseau

Business Units

- **Upstream** – Alex Archila
- **Refining** – Antonio Joyanes
- **Chemicals** – Paloma Alonso
- **Marketing** – Pierre-Yves Sachet
- **Trading, Gas & Power, Renewables** – Philippe Boisseau
- **Special Projects** – Juan Vera

Horizontal Functions

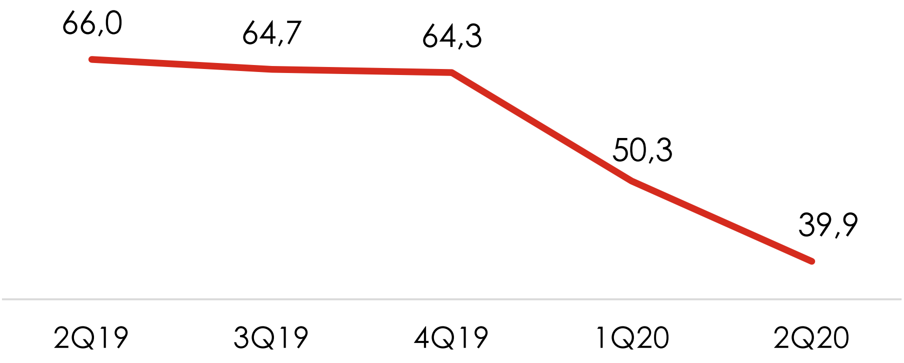
- **Finance, economic and general services** – Salvador Bonacasa
- **Human resources services** – Carlos Morán
- **Legal services** – Ignacio Pinilla
- **Technical and operations services** – José Manuel Martínez
- **Strategic growth services** – Pierre-Yves Sachet
- **ESG** – Paloma Alonso
- **Market risk control** – Philippe Chauvain
- **Communication & Institutional relations** – Íñigo Díaz de Espada
- **HSSEQ services** – Álvaro Díaz Bild
- **Audit, compliance and risk** – Cristina Fabre
- **Transformation office** – Javier Antúnez

Executive Committee

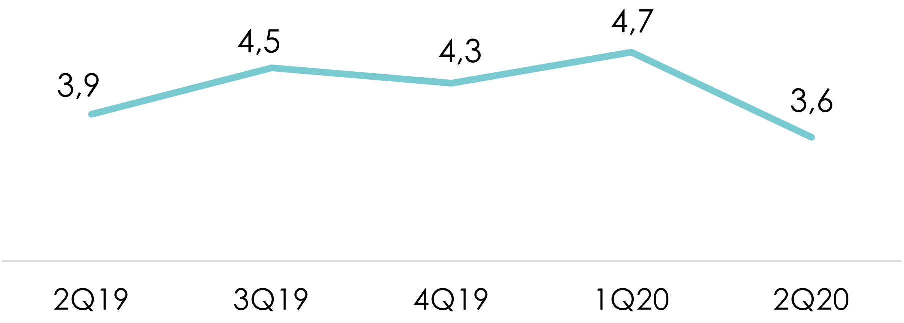
Market environment

Decrease in commodity prices and demand due to Covid-19, with a trough in April – evidence of recovery thereafter

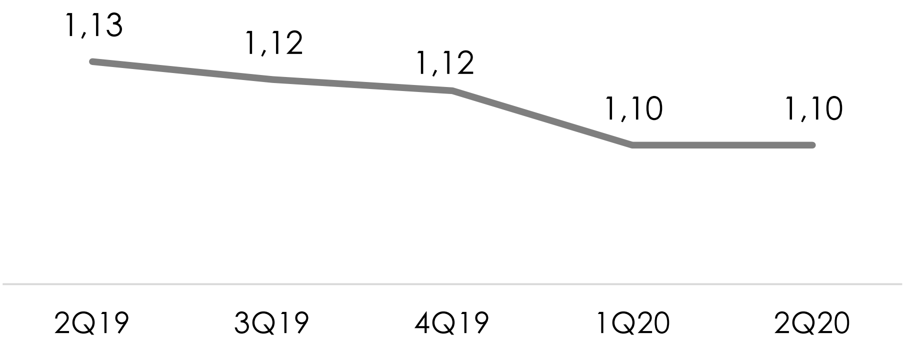
Brent
$/bbl



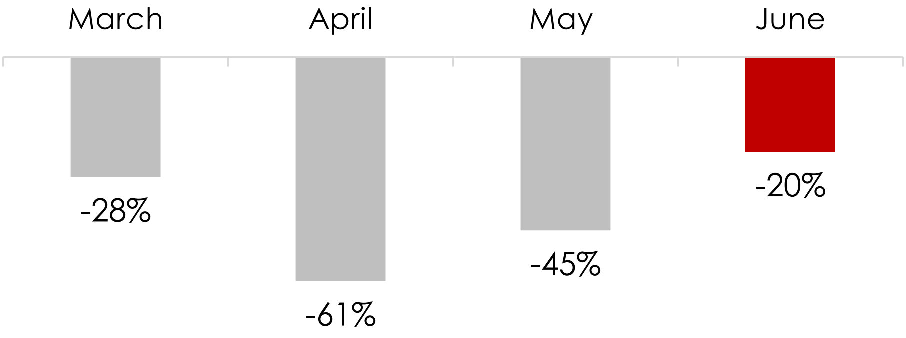
Cepsa refining margin (VAR)
$/bbl



Exchange rate
$/€



Fuel demand (Spain)
YoY variation



Source: Cepsa, CLH. Accumulated average figures up to the relevant quarter of each year

Results impacted by Covid-19

Consequence of the worsened macro environment, mitigated by cost savings

€M, Clean CCS[1] figures	H1 2020	H1 2019	Δ 20/19
EBITDA	633	1,006	*(37%)*
Net Income	(8)	253	*n.a.*
Cash Flow from operations before WC	439	877	*(50%)*
Capex	328	409	*(20%)*
Growth	*232*	*287*	*(15%)*
Maintenance	*96*	*122*	*(29%)*

€M, IFRS figures			
Net Debt[2]	3,131	2,978	*+5%*
Net Debt / LTM EBITDA[2]	2.0x	1.6x	*+0.4x*
Total Liquidity[3]	4,524[4]	2,921	*+55%*

1. Clean Current Cost of Supply, excluding non-recurring items. 2. Excluding IFRS 16 impact 3. Cash plus available committed facilities
4. Pro-forma for the €500 million bond issued in July 2020

Operations continued regularly

Although impacted by lower volumes and prices

Key Operational KPIs	H1 2020	H1 2019	Δ 20/19
WI Upstream Production (kbopd)	*80.0*	93.9	*(15%)*
Realized Crude Oil Price ($/b)	40.1	65.2	*(38%)*
Upstream Opex ($/bbl)	*10.3*	*9.7*	*6%*
Cepsa refining margin – VAR ($/bbl)	3.6	*3.9*	*(8%)*
Utilization rate refineries (%)	81%	89%	*(9%)*
Marketing Product Sales (Mt)	7.3	10.7	*(32%)*
Chemicals Product Sales (Mt)	1.4	1.4	-

Short term outlook

Gradual recovery although continued macro volatility due to Covid-19

Upstream

- Oil prices expected to remain range-bound in the near term
- Production expected to gradually recover as OPEC restrictions are lifted in-sync with the market recovery

Refining

- Refining margins expected to remain volatile in the near term
- Utilization expected to increase as oil products demand recovers

Marketing

- Depressed volumes in Q2 expected to continue to recover as economic activity picks-up
- Margins expected to remain healthy

Chemicals

- Increase in volumes, especially in LAB (detergents), expected to continue in H2
- Expect stable margins in the near term

H1 2020 Results

Group EBITDA of €633 million

Upstream and Refining most affected by Covid-19, although Upstream FCF less affected due to reduced taxes

Environment	H1 2020	H1 2019	Δ 20/19
Brent oil price ($/bbl)[1]	39.9	66.0	*(40)%*
Cepsa refining margin – VAR ($/bbl)[1]	3.6	3.9	*(8)%*

EBITDA by Business (€M)[2]	H1 2020	H1 2019	Δ 20/19
Upstream	227	495	(53)%
Refining	84	195	(57)%
Marketing	176	215	(18)%
Chemicals	165	126	32%
Corporation	(19)	(25)	(27)%
Group EBITDA	**633**	**1,006**	**(37)%**

1. Average figures for the period. 2. Clean CCS figures.

Cash flow generation

Cash flow from operations of €439 million. Negative FCF driven by WC and growth capex

Cash Flow Statement (€M)	H1 2020	H1 2019	Δ 20/19
Clean CCS EBITDA	633	1,006	*(37)%*
Income tax paid	(186)	(200)	*(7)%*
Others[1]	(8)	71	*(111)%*
Cash flow from operations before WC	**439**	**877**	***(50)%***
Changes in working capital	(243)	28	*n.a.*
Cash flow from operations	**196**	**904**	***(78)%***
Maintenance capex	(138)	(165)	(16%)
Growth capex	(294)	(316)	(7%)
Leasings and interest payments	(114)	(122)	-
Free cash flow	**(350)**	**301**	***n.a.***

Source: Cepsa 1. Includes dividends from associates and other adjustments

Strong balance sheet and liquidity

Net leverage at 2.0x EBITDA and solid liquidity position

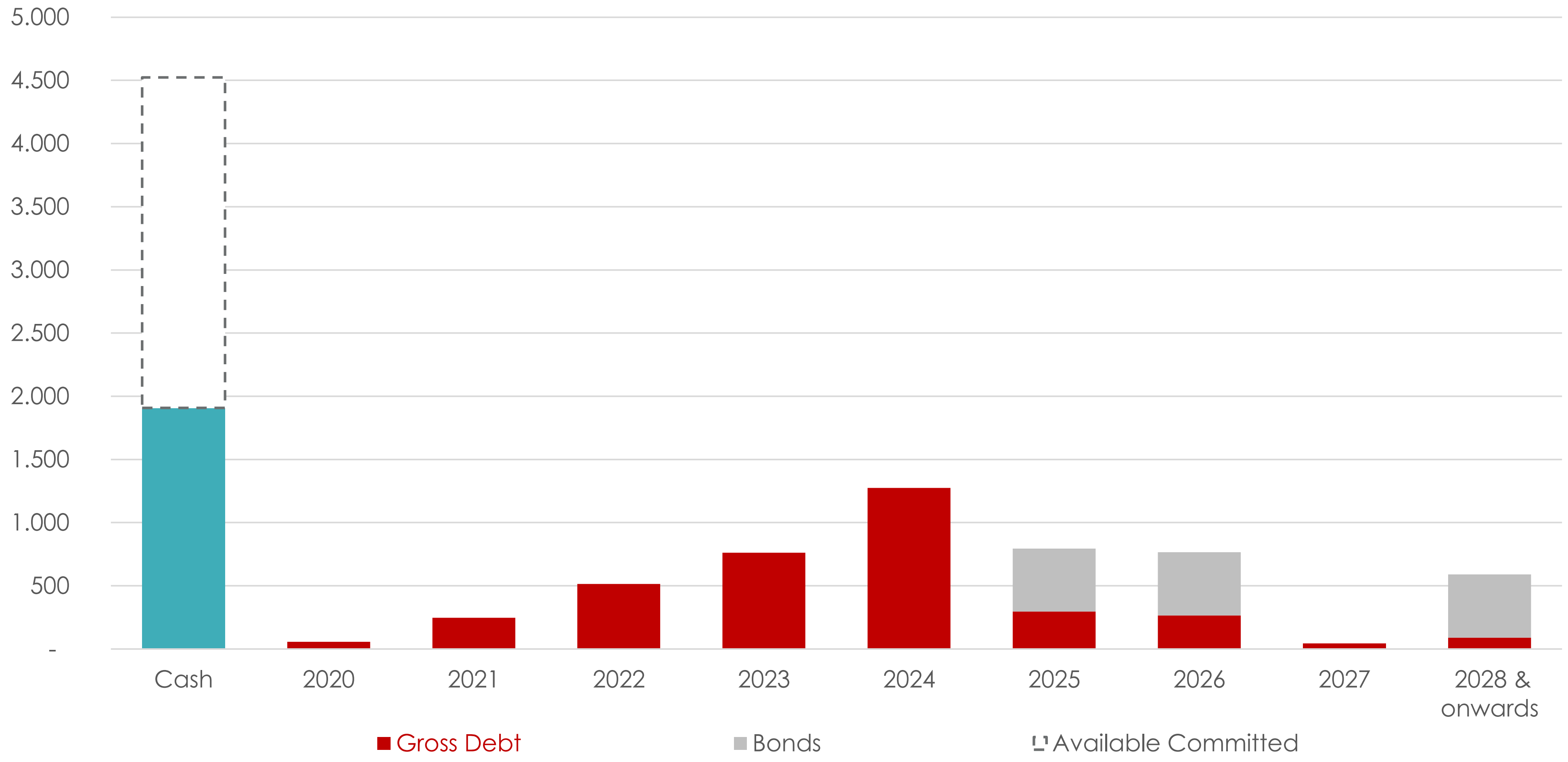
Capital Structure (€ M)	H1 2020	H1 2019	*FY 2019*
Non-current bank borrowings	3,358	2,460	2,661
Current bank borrowings	685	292	146
Bonds	995	500	500
Cash	(1,907)	(274)	(561)
Net debt excluding IFRS16 liabilities	**3,131**	**2,978**	**2,746**
IFRS16 liabilities	689	806	761
Net debt including IFRS16 liabilities	**3,820**	**3,784**	**3,507**
Net debt to LTM CCS EBITDA[1]	2.0x	1.6x	1.4x
Liquidity[2]	4,524[3]	2,921	3,100
Avg maturity of drawn debt (yrs)	4.3	3.2	4.8

1. Excluding IFRS16. 2. Cash plus available committed facilities 3. Pro-forma for the €500 million bond issued in July 2020

Debt maturity profile

Strong liquidity position of €4.5 billion and average debt maturity of 4.3 years

Figures in €M



Debt avg maturity

4.3 Years

Cash position

1,907 M€

Liquidity

4.5 Bn€

Pro-forma figures for the €500 M. issued in July 2020.

Ratings summary

All three agencies affirmed Cepsa Investment Grade ratings post-Covid

Agency	LT Rating	Outlook	Last review
FitchRatings	BBB-	Stable Outlook	April 2020
Moody's	Baa3	Negative Outlook	April 2020
S&P Global	BBB-	Stable Outlook	June 2020

- Conservative financial policies consistent with Investment Grade credit profile
- Investment Grade credit ratings are a key priority for both the Company and its shareholders

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