



# Cepsa

3Q 2020 Results  
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# Today's presenters



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# Highlights & Outlook



# 3Q 2020 highlights

Results still affected by global crisis although improved performance vs 2Q

## Covid-19 impact

- **Operations continued regularly**, with all key assets and plants producing normally
- **Signs of recovery, especially in the Upstream and Marketing** businesses
- Improved Marketing volumes due to the **easing of lockdown measures** and the summer holiday season
- **Chemical** business continued to **outperform**, proving to be resilient in the most adverse scenarios

## Financial Performance

- **CCS EBITDA of €277 M in 3Q (€910 M YTD), +54% vs 2Q 2020**, reflecting the company's ability to generate positive results in an extremely challenging market environment
- **Cash flow from operations of €224 M during the quarter (€663 M YTD)**, registering a **strong rebound vs 2Q of +159%**

## Contingency Plan

- **€390 M in Opex and Capex savings captured** as of September, from total targeted of €500 M
- **Strong balance sheet and liquidity position in excess of €4.6 Bn.** Long-dated debt maturity profile of 4.2 years

## Corporate events

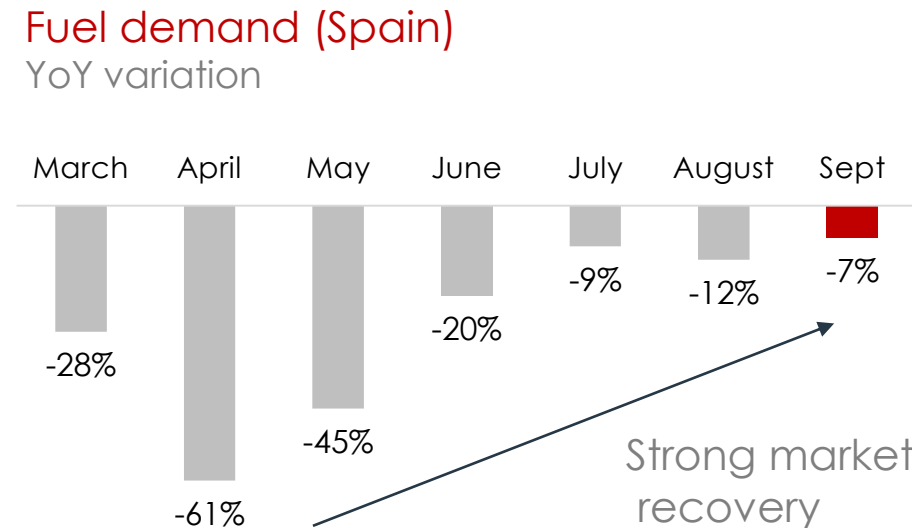
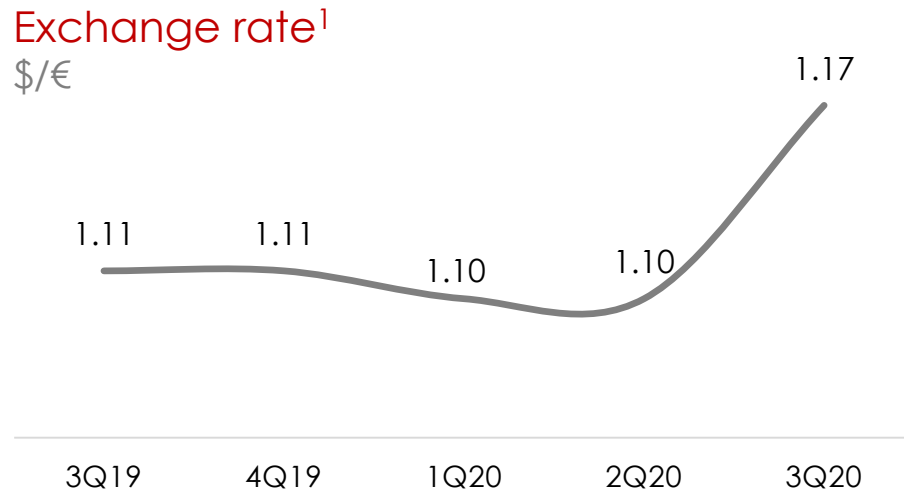
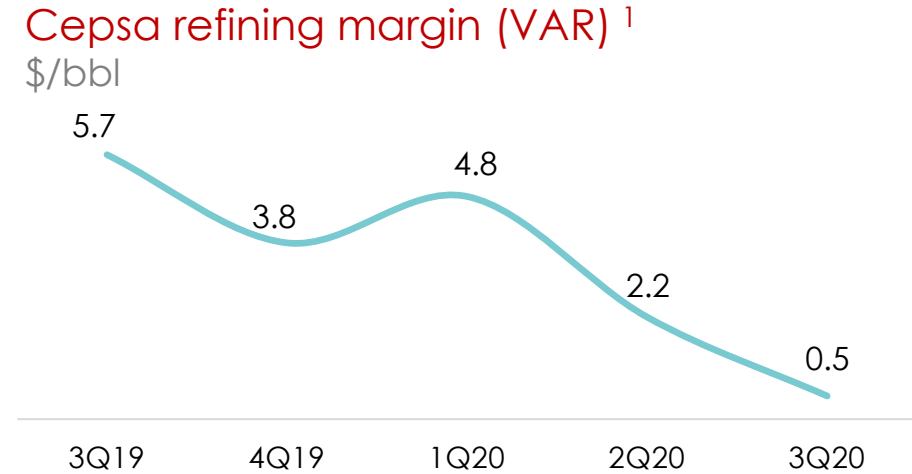
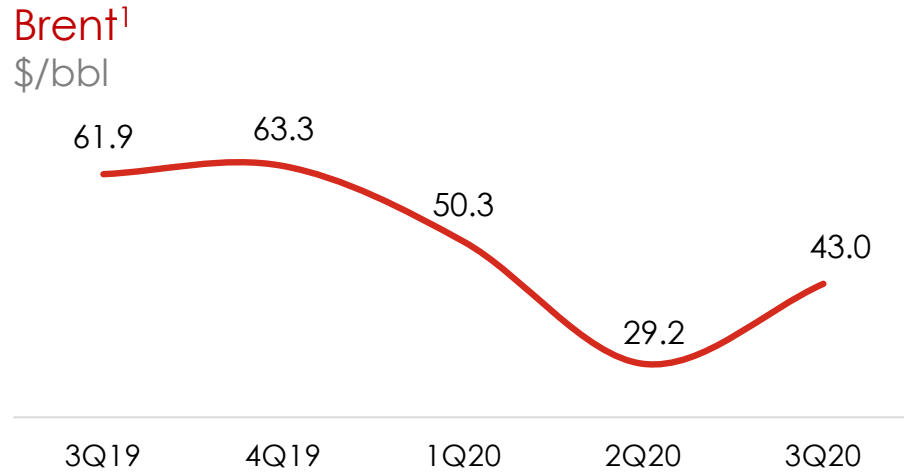
- Acquisition of a **40% stake in two leading Moroccan asphalts companies**
- **€500M, long 5-yrs bond issue successfully executed** in July





# Market environment

Challenging market environment continued during 3Q, with some signs of recovery in market volumes



Source: Cepsa, CLH. 1. Average figures of each quarter

# 3Q vs 2Q 2020

Strong improvement in both key operating and financial metrics



Key Operating metrics	3Q 2020	2Q 2020	Δ 3Q/2Q
Realized crude price (\$/bbl)	42.7	27.8	+53%
Refining throughput (Mt)	4.9	4.4	+12%
Refining utilization	80%	74%	+9%
Marketing product sales (Mt)	3.8	3.0	+30%
Chemical product sales (kt)	693	691	+0%

Key Financial metrics	3Q 2020	2Q 2020	Δ 3Q/2Q
CCS EBITDA	277	180	+54%
CCS Net Income	39	(93)	+142%
Cash Flow from operations <sup>1</sup>	224	86	+159%
Net Debt	2,858	3,131	(9%)
Total Liquidity <sup>2</sup>	4,617	4,524	+2%







# Covid-19 impact on business

## Upstream

- Crude prices have stabilized in the 40 to 45 \$/bbl range
- Lower production mainly due to OPEC quota restrictions

### YTD Figures

Realized oil price  
**40.9** \$/bbl

WI Production  
**76.9** kbopd

EBITDA  
**337** M€





# Covid-19 impact on business

## Refining

- European refining margins continue to be under pressure
- Strategic location, operational flexibility and high degree of integration provides greater optionality to optimize margins



YTD Figures

Utilization Rate

**81** %

Throughput

**14.7** Mt

EBITDA

**34** M€



# Covid-19 impact on business

## Marketing

- Strong performance of Wholesales and Asphalts on improved margins and increased exports
- Increased volumes vs 2Q due to end of mobility restrictions and summer holiday season



YTD Figures

Product Sales

11.1 Mt

Service Stations

1,784

EBITDA

307 M€



# Covid-19 impact on business

## Chemicals

- Solid performance of LAB segment
  - Healthy margins
- Global leadership and resilient nature have proven as a competitive advantage in current market context

YTD Figures

Product Sales

**2.1** Mt

LAB Sales

**528** Kt

EBITDA

**256** M€





# Contingency plan

Well under way, with 78% of targeted savings already captured

## Operational initiatives

- €500 M in targeted opex and capex savings
- €390 M captured as of September (78%)
- Strict Working Capital management
- Hedging of energy costs at historical low levels



## Financial initiatives

- New committed banking facilities for a total of €1.1 Bn since March 2020
- Two bond issues totaling €1.0 Bn, executed in February and July
- Strengthen liquidity of €4.6 Bn and increased average debt maturity of 4.2 yrs



# Short term outlook

Gradual recovery, although continued macro volatility



## Upstream



- Oil prices expected to stabilize with news of advances on Covid-19 vaccine
- Production expected to remain stable as OPEC restrictions are extended until year-end

## Refining



- Refining margins to remain under pressure due to subdued demand following restrictions to fight second wave of infections in Europe
- Utilization expected to remain at similar levels in the short-term

## Marketing



- Certain decrease in volumes compared to previous months due to new restrictions imposed derived from the second wave of Covid-19 infections
- Margins expected to remain healthy

## Chemicals



- Volumes, especially in LAB (detergents), expected to remain strong
- Expected stable to higher margins in the near term







# 9M 2020 Results



# Operations have continued regularly

Operational flexibility and strong integration mitigates the impact of lower volumes and prices

Key Operational KPIs	9M 2020	9M 2019	Δ 20/19
 WI Upstream Production (kbopd)	76.9	93.5	(18%)
Realized Crude Oil Price (\$/b)	40.9	64.3	(36%)
Upstream Opex (\$/bbl)	10.0	9.9	1%
 Cepsa refining margin – VAR (\$/bbl)	2.6	4.5	(42%)
Utilization rate refineries (%)	81%	90%	(10%)
 Marketing Product Sales (Mt)	11.1	15.9	(30%)
 Chemicals Product Sales (Mt)	2.1	2.2	(5%)

Source: Cepsa







# Results marked by global crisis due to Covid-19

Challenging market environment persists, with pressure on refining margins and subdued demand

EBITDA by Business (€M) <sup>1</sup>	9M 2020	9M 2019	Δ 20/19
Upstream	337	712	(53)%
Refining	34	347	(90)%
Marketing	307	342	(10)%
Chemicals	256	186	38%
Corporation	(25)	(36)	(31)%
<b>Group EBITDA</b>	<b>910</b>	<b>1,551</b>	<b>(41)%</b>

Key financial metrics (€M)	9M 2020	9M 2019	Δ 20/19
Net Income	31	424	(93)%
Cash Flow from operations before WC	663	1,294	(49)%
Accounting Capex	464	590	(21)%

# Cash flow generation

Positive Free Cash Flow before discretionary growth capex, despite 50% decrease in CF from operations

Cash Flow Statement (€M)	9M 2020	9M 2019	Δ 20/19
Clean CCS EBITDA	910	1,551	(41)%
Income tax paid	(222)	(284)	(22)%
Others <sup>1</sup>	(25)	28	(189)%
<b>Cash flow from operations before WC</b>	<b>663</b>	<b>1,294</b>	<b>(49)%</b>
Changes in working capital	(18)	80	(122)%
<b>Cash flow from operations</b>	<b>645</b>	<b>1,374</b>	<b>(53)%</b>
Capex	(590)	(644)	(8)%
<i>Growth</i>	(419)	(502)	(17)%
<i>Maintenance</i>	(178)	(217)	(18)%
<i>Other cash flow from investments</i>	7	75	(91)%
Leasing and interest payments	(185)	(180)	3%
<b>Free cash flow before dividends</b>	<b>(129)</b>	<b>550</b>	<b>(123)%</b>

# Strong balance sheet and liquidity

Liquidity position of €4.6 Bn covering maturities up to September 2025



Capital Structure (€ M)	9M 2020	9M 2019	FY 2019
Non-current bank borrowings	2,377	2,180	2,661
Current bank borrowings	651	630	146
Bonds	1,500	500	500
Cash	(1,670)	(508)	(561)
<b>Net debt excluding IFRS16 liabilities</b>	<b>2,858</b>	<b>2,802</b>	<b>2,746</b>
IFRS16 liabilities	661	786	761
<b>Net debt including IFRS16 liabilities</b>	<b>3,519</b>	<b>3,588</b>	<b>3,507</b>
Net debt to LTM CCS EBITDA <sup>1</sup>	2.2x	1.4x	1.4x
Liquidity <sup>2</sup>	4,617	3,055	3,100
Avg. maturity of drawn debt (yrs)	4.2	4.3	4.8

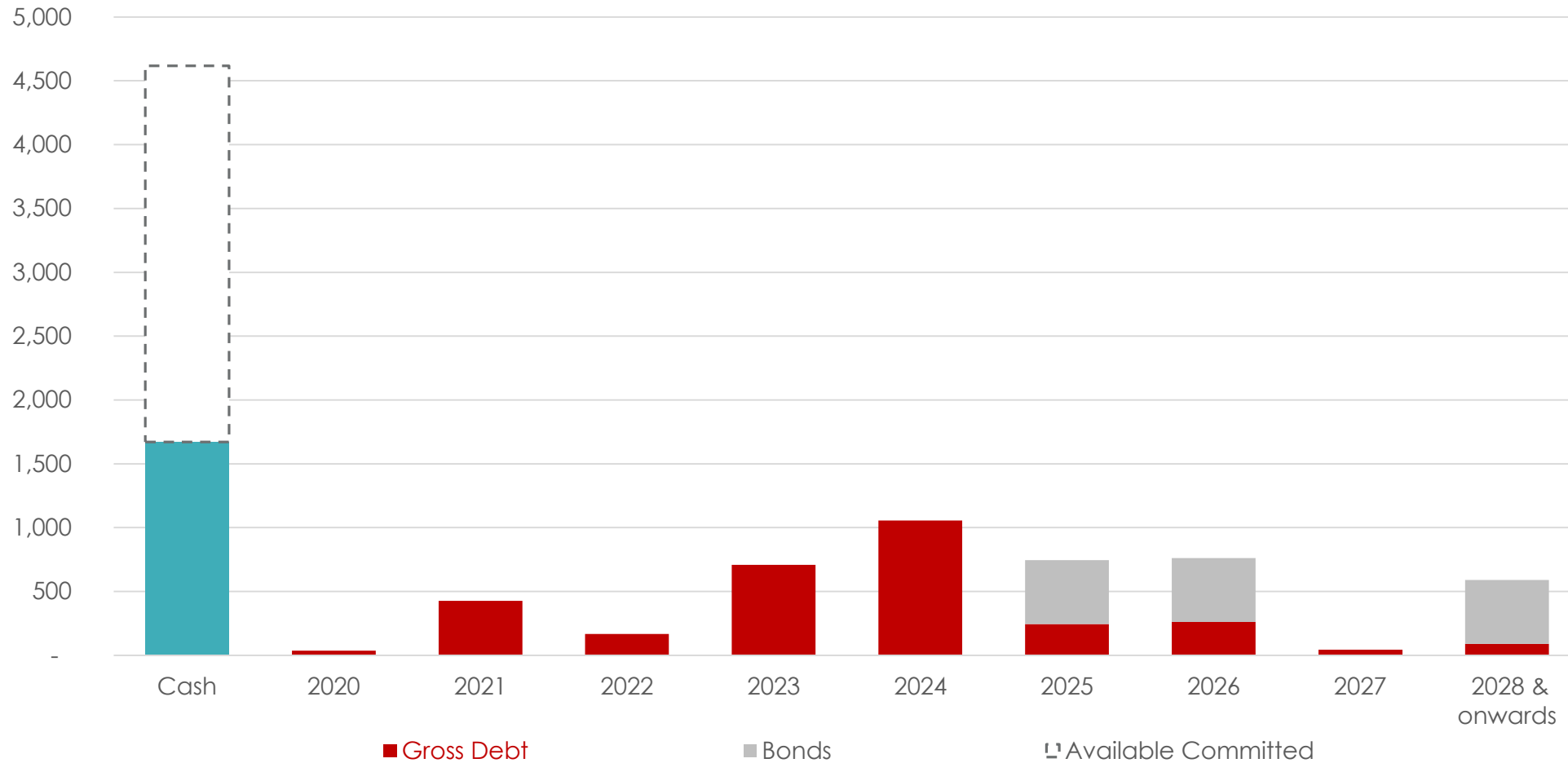




# Debt maturity profile

Long-dated average maturity of 4.2 years with no significant debt maturities up to 2024

Figures in €M



Debt avg maturity

**4.2** Years

Cash position

**€1,671** M

Liquidity<sup>1</sup>

**€4.6** Bn

Source: Cepsa 1. Cash plus available committed facilities



# Ratings summary

All three agencies affirmed Cepsa Investment Grade ratings post-Covid

Agency	LT Rating	Outlook	Last review
<b>FitchRatings</b>	<b>BBB-</b>	Stable Outlook	April 2020
<b>MOODY'S</b>	<b>Baa3</b>	Negative Outlook	April 2020
<b>S&amp;P Global</b>	<b>BBB-</b>	Stable Outlook	June 2020



- Conservative financial policies consistent with Investment Grade credit profile
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