



# Unaudited Quarterly Report

## Q4 2020

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## Results Highlights

**FY2020 – Benefiting from business diversification: A strong performance in the Chemical business and the resilience shown in Marketing partially offset lower earnings in Upstream and Refining**

- Clean CCS EBITDA for 2020 was €1,187 million, with all business units registering positive EBITDA in the year. Upstream and Refining were particularly impacted by the Covid-19 pandemic. However, Chemicals registered a record year and Marketing held up remarkably well, demonstrating the strong resilience of these two business units. Clean CCS Net income for 2020 was slightly positive.
- Cash flow from operations<sup>1</sup> in the year was €881 million, with an additional €138 million of cash released from working capital as a result of lower crude and product prices and the implementation of several optimization initiatives.
- Cost efficiency and Capex management measures derived from the Contingency Plan put in place in April resulted in cash savings of €527 million as of December 2020, exceeding the initial target of €500 million.
- Dividends paid corresponding to FY2020 of €166 million, representing a 63% reduction vs the amount paid in 2019.
- During the year, the company significantly improved its capital structure by strengthening its liquidity position and extending the maturity of its debt facilities, including with two bond issues of €500 million each. As of December 2020, the company had total liquidity<sup>2</sup> of €4.6 billion covering 4.9 years of debt maturities and a Net Debt to EBITDA ratio of 2.7x<sup>3</sup>.
- Cepsa will unveil its new strategic plan in the coming months. The strategy will address the opportunities presented by the energy transition and mark an inflection point in Cepsa's long-term vision to continue to operate profitably while reducing its environmental impact.

### Q4 2020 – Continuing the trend of improved performance seen in Q3

- Cepsa posted Clean CCS EBITDA of €277 million in Q4 2020, consolidating the positive trend that began in Q3 when economic activity started picking up again. The business saw improved overall performance, in particular, with EBITDA increasing relative to the previous quarter across all businesses except for Marketing, where Cepsa's network of service stations was impacted by renewed travel restrictions relating to the pandemic.
- Cash flow from operations<sup>4</sup> during the quarter was €218 million, in line with the €224 million registered in the previous quarter, with all four business units generating positive cash flow during the period.

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<sup>1</sup> Before working capital variation.

<sup>2</sup> Defined as cash on balance sheet plus available committed credit facilities.

<sup>3</sup> Excludes the impact of IFRS16.

<sup>4</sup> Before working capital variation.

- Cepsa's key assets continued to operate normally during the quarter. Upstream production levels improved, while Refining throughput was slightly below the previous quarter due to softer demand in end markets.

**Philippe Boisseau, Cepsa CEO:**

*"2020 was an extremely challenging year for the oil and gas industry globally. Our priorities since the onset of the pandemic have been, and continue to be, the health and safety of all our employees, customers and suppliers, maintaining our operations as an essential energy provider to society at large, and stabilizing cash flows, strengthening the balance sheet and increasing liquidity to protect the company.*

*Thanks to our early focus on efficiency, cost control and marketing initiatives, we have ended the year with positive free cash flow and a very solid financial position. This positions us to benefit from the expected market recovery during 2021.*

*The Covid-19 pandemic also acted as a catalyst for the energy transition. In the coming months we will be announcing our new strategy, which will mark an inflection point for Cepsa. I am really excited about our new strategic plan which will set out how Cepsa will embrace the opportunities presented by the energy transition and deliver on its environmental commitments."*

## Presentation of Results

### Market Indicators

Market Indicators	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Dated Brent oil price (\$/bbl)	44.2	43.0	63.3	(30)%	3%	41.7	64.3
Refining margin (\$/bbl)	2.4	0.5	3.8	(35)%	424%	2.5	4.3
Dutch TTF Natural gas price (€/MWh)	14.3	7.8	12.7	13%	85%	9.3	13.6
Spanish pool price (€/MWh)	40.1	37.5	41.0	(2)%	7%	34.0	47.7
Average EUR/USD FX	1.19	1.17	1.11	8%	2%	1.14	1.12

### Financial Summary

Financial Summary - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Upstream	122	110	252	(52)%	11%	458	963
Refining	(24)	(50)	86	(128)%	51%	10	433
Marketing	92	131	121	(24)%	(30)%	400	463
Chemicals	101	92	60	68%	10%	357	246
Corporation	(14)	(6)	(12)	(18)%	(128)%	(39)	(48)
<b>Clean CCS EBITDA</b>	<b>277</b>	<b>277</b>	<b>507</b>	<b>(45)%</b>	<b>0%</b>	<b>1,187</b>	<b>2,058</b>
Clean CCS EBIT	52	113	321	(84)%	(54)%	383	1,267
Clean CCS Net Income	(29)	39	186	(115)%	(174)%	1	610
IFRS Net Income	(108)	31	440	(124)%	(447)%	(919)	820
<b>Cash flow from operations before wc</b>	<b>218</b>	<b>224</b>	<b>479</b>	<b>(54)%</b>	<b>(2)%</b>	<b>881</b>	<b>1,773</b>
<b>Cash flow from operations</b>	<b>374</b>	<b>449</b>	<b>704</b>	<b>(47)%</b>	<b>(17)%</b>	<b>1,019</b>	<b>2,079</b>
<b>Accounting Capex</b>	<b>(188)</b>	<b>(136)</b>	<b>(319)</b>	<b>41%</b>	<b>(38)%</b>	<b>(652)</b>	<b>(924)</b>
<b>Free cash flow</b>	<b>205</b>	<b>292</b>	<b>421</b>	<b>(51)%</b>	<b>(30)%</b>	<b>260</b>	<b>1,152</b>
<b>Free cash flow before wc movements</b>	<b>49</b>	<b>66</b>	<b>196</b>	<b>(75)%</b>	<b>(26)%</b>	<b>122</b>	<b>846</b>
<b>Net debt (a)</b>	<b>2,825</b>	<b>2,858</b>	<b>2,746</b>	<b>3%</b>	<b>(1)%</b>	<b>2,825</b>	<b>2,746</b>
<b>Net debt to LTM CCS EBITDA (excl-IFRS16)</b>	<b>2.7x</b>	<b>2.2x</b>	<b>1.4x</b>	<b>87%</b>	<b>21%</b>	<b>2.7x</b>	<b>1.4x</b>
<b>Liquidity (b)</b>	<b>4,550</b>	<b>4,617</b>	<b>3,099</b>	<b>47%</b>	<b>(1)%</b>	<b>4,550</b>	<b>3,099</b>

Note: FY IFRS Net Income impacted by non-cash inventory valuation effect of €369M and asset impairments of €551M.

(a) Excluding IFRS16 liabilities.

(b) Defined as cash on balance sheet and available credit facilities.

### Operational KPIs

Operational Overview	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Working interest crude production (kbopd)	72.7	70.7	89.7	(19)%	3%	75.8	92.6
Realized crude price(\$/bbl)	44.1	42.6	63.3	(30)%	3%	41.6	64.0
Refining throughput (mton)	4.5	4.9	5.1	(11)%	(8)%	19.3	21.5
Refining utilization (%)	71%	80%	85%	(16)%	(11)%	78%	89%
Refining margin (\$/bbl)	2.4	0.5	3.8	(35)%	424%	2.5	4.3
Marketing product sales (mton)	3.6	3.8	4.7	(23)%	(5)%	14.8	15.4
Chemical product sales (kton)	687	693	738	(7)%	(1)%	2,795	2,890
Electricity production (GWh)	547	1,241	800	(32)%	(56)%	2,799	3,587
Natural gas sales (GWh)	8,707	7,343	9,040	(4)%	19%	30,918	33,176
Installed renewable power capacity	28.9	28.9	28.9	-	-	28.9	28.9

### Management Discussion

In Q4 2020, Cepsa posted Clean CCS EBITDA of €277 million (+0% vs Q3 2020), consolidating the positive trend that began in Q3 and despite the still volatile external environment. During the quarter, we saw an improved overall performance in all business units except for Marketing, which has been affected by new COVID-related travel restrictions. Clean CCS EBITDA for 2020 stood at €1,187 million.

Upstream Clean CCS EBITDA for the fourth quarter was €122 million (€458 million YTD), representing a 52% decrease YoY. This was as a result of lower crude prices (-30% YoY) and lower production (-19% YoY) mainly due to OPEC quota restrictions and the natural decline of fields in South America and SEA. Working interest production in Q4 2020 amounted to 73 kbopd.

Refining Clean CCS EBITDA amounted to negative €24 million in Q4 2020 (€10 million YTD), down 128% YoY, as European refining margins continued to be under pressure (-35% YoY) and production had to be adapted to reduced market demand (-11% YoY). The average utilization of refineries decreased to 71% in Q4 2020 vs 80% in Q3 2020, as two units at the La Rábida refinery in Huelva saw extended maintenance work carried out during the period. These units, however, are ready to resume production as soon as demand recovers.

In the fourth quarter, Marketing Clean CCS EBITDA decreased by 24% YoY to €92 million (€400 million YTD), as a result of the new travel restrictions imposed due to the resurgence of the COVID pandemic. These travel restrictions particularly affected Cepsa's network of service stations. The Wholesales and Asphalts segments continued to perform strongly on the back of improved margins and increased exports in the case of Asphalts. Volumes in the network of service stations, although still down 21% YoY, have increased significantly when compared to the levels seen in Q2 (+51%). All service stations remained fully operational during the quarter.

Chemicals delivered Clean CCS EBITDA of €101 million in Q4 2020 (€357 million YTD), up 68% YoY due to the strong performance of all three business segments and improved margins. In a still volatile market environment, and thanks to its global leadership position, Cepsa's Chemical business has continued to prove its resilience by registering a record year.

Cash flow from operations before working capital was €218 million in the quarter (€881 million YTD), maintaining the positive trend initiated in the previous quarter.

Clean CCS Net Income in Q4 2020 was negative €29 million (€1 million YTD), while IFRS Net Income stood at negative €108 million (negative €919 million YTD), impacted by a non-cash inventory valuation effect of €96 million (€369 million YTD) and asset impairments of negative €175 million (€551 million YTD).

## Recent Developments

Cepsa's Q4 2020 results were affected by the ongoing extremely challenging market environment caused by Covid-19 and its impact on crude oil prices, refining margins and demand for oil products.

During the quarter, we have seen some relief in the Upstream business as crude prices increased from 39 \$/bbl in early October to 50 \$/bbl in December and have continued increasing to 65 \$/bbl

in late February. However, the renewed travel restrictions imposed to fight a third wave of Covid-19 infections had a negative impact on sales volumes in the Marketing business.

European refining margins continued to be under pressure during Q4 due to subdued demand as a result of Covid-19. Those margins had however recovered from their position in Q3 which were the lowest margins registered in the last decade. As such, Cepsa's average refining margin indicator in Q4 stood at 2.4 \$/bbl up from 0.5 \$/bbl in Q3, a 4.5x increase in the period.

Demand in Spain for automotive fuels during the quarter, although significantly above Q2 (+48%) was somewhat softer than the previous quarter (-11%). This was due to the seasonality effect from the summer holiday period as well as the reinstated, COVID-related travel restrictions.

The positive performance of Cepsa's Chemical business seen during previous quarters has continued through Q4, with similar sales volumes to those of 2019 and strong margins in all business segments.

The Contingency Plan put in place at the beginning of Q2 to protect cash flow generation has completed, delivering results ahead of expectations. Accumulated savings as at the end of the year amounted to €527 million, exceeding the initial target of €500 million. On top of this, working capital variation during the quarter was positive €156 million, as a result of lower inventories and accounts receivable.

As a result of the above initiatives, Free Cash Flow during the quarter stood at €205 million, still below the figure registered in Q4 2019 but confirming the positive trend initiated in Q3 2020 when compared to the Q2 figure which was negative €87 million.

As at the end of the quarter, Cepsa continued to have a very strong liquidity position of €4.6 billion, a long-dated maturity profile of 4.4 years and a robust balance sheet. All three ratings agencies affirmed Cepsa's Investment Grade ratings during the first half of the year.

In October, Cepsa was recognized at the European Environmental Awards for its Detal project. The project, located at Cepsa's Puente Mayorga chemical plant, will reduce the amount of waste generated by the plant while improving its sustainability through drastic reductions in consumption of raw materials and levels of emissions. The total investment in this technological innovation project will be €100 million.

In November, Cepsa and Ionity completed the first corridor of the largest intercity high-power charging network on the Iberian Peninsula. The Madrid-Barcelona route, with five high-power charging stations, allows, for the first time, for the journey to be made in an EV without adding extra charging time to the trip. Cepsa and Ionity plan to operate high-power electric chargers at 35 Cepsa Service Stations by the end of 2021, located along the main corridors in Spain and Portugal.

## Subsequent Events

Demand for oil products in Iberia continues to be negatively impacted by the effects of Covid-19. In January, new travel restrictions came into force in both Spain and Portugal, which has translated into a decrease of 20% in the sales volumes of the Marketing business vs December.

In January, Cepsa reached an agreement to transfer its portfolio of residential electricity and gas customers to Podo (a company specialized in commercialization of electricity and gas to residential customers). This transaction is part of the asset review the company is conducting to focus on its most strategic businesses. Cepsa will continue to supply 100% renewable electricity and gas to industries and companies, a business which represents 97% of volumes sold vs the 3% of residential customers.

In February, Cepsa and Auchan reached an agreement for the opening of "My Auchan" retail outlets in Cepsa's network of service stations in Portugal. The first outlet is already open at Ramada, in the Odivelas municipality.

In the next few months, we expect continued pressure on European refining margins and subdued demand for refined products, as economies in Europe, including Spain and Portugal, continue to be affected by Covid-19.

Notwithstanding the above, Cepsa is very well positioned to take advantage of the expected reopening of the economy in 2021 thanks to its leaner cost structure following the efficiency initiatives implemented in 2020, its strong balance sheet and ample liquidity, and a commercially oriented organization ready to fully capture the opportunities of a swift market recovery.

## Consolidated Financial Results

### Income Statement (CCS)

CCS - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Revenues	6,884	4,127	11,374	(39%)	67%	28,891	46,397
Cost of supply	(6,365)	(3,606)	(10,597)	40%	(76%)	(26,712)	(43,239)
<b>Gross margin over variable costs</b>	<b>519</b>	<b>521</b>	<b>777</b>	<b>(33%)</b>	<b>(0%)</b>	<b>2,179</b>	<b>3,158</b>
Other operating income	44	36	34	29%	21%	192	195
Fixed operating expenses	(305)	(285)	(312)	(2%)	(7%)	(1,205)	(1,306)
Other	19	5	9	(121%)	248%	20	11
<b>Clean CCS EBITDA</b>	<b>277</b>	<b>277</b>	<b>507</b>	<b>(45%)</b>	<b>0%</b>	<b>1,187</b>	<b>2,058</b>
Amortizations and impairments	(192)	(150)	(206)	(7%)	(28%)	(671)	(707)
Capital subsidies transferred to income	1	1	1	2%	(14%)	3	3
Operating leases amortization	(29)	(31)	0	0%	5%	(121)	(125)
<b>Clean CCS Operating income</b>	<b>57</b>	<b>97</b>	<b>302</b>	<b>(81%)</b>	<b>(42%)</b>	<b>398</b>	<b>1,229</b>
Other companies carried by equity method	5	3	(17)	131%	58%	11	12
Other	(10)	12	37	(128%)	(185%)	(26)	26
<b>Clean CCS EBIT</b>	<b>52</b>	<b>113</b>	<b>321</b>	<b>(84%)</b>	<b>(54%)</b>	<b>383</b>	<b>1,267</b>
Net debt expenses	(18)	(41)	(22)	18%	56%	(114)	(123)
<b>Clean CCS Income before taxes</b>	<b>34</b>	<b>72</b>	<b>299</b>	<b>(89%)</b>	<b>(53%)</b>	<b>268</b>	<b>1,143</b>
Minority interest	(4)	(3)	(4)	10%	(26%)	(8)	(18)
Income taxes	(58)	(30)	(109)	46%	(94%)	(258)	(515)
<b>Clean CCS Net income</b>	<b>(29)</b>	<b>39</b>	<b>186</b>	<b>(115%)</b>	<b>(174%)</b>	<b>1</b>	<b>610</b>
<b>NIAT Reconciliation</b>							
<b>Clean CCS Net income</b>	<b>(29)</b>	<b>39</b>	<b>186</b>	<b>(115%)</b>	<b>(174%)</b>	<b>1</b>	<b>611</b>
CCS adjustment (replacement cost valuation)	96	(15)	2	4869%	721%	(369)	(49)
Non-recurring items	(175)	8	252	(169%)	(2345%)	(551)	258
<b>Net income (IFRS)</b>	<b>(108)</b>	<b>31</b>	<b>440</b>	<b>(124%)</b>	<b>(447%)</b>	<b>(919)</b>	<b>820</b>

### Q4 2020

Gross margin during Q4 2020 amounted to €519 million, in line with the third quarter, thus confirming the positive trend that began in Q3, when economic activity started picking up again. However, the reintroduction of Covid-related travel restrictions in Iberia slowed down the pace of demand recovery that had been seen over the summer period. This prevented the company from taking full advantage of the steady recovery in prices scored during the quarter. Consequently, Clean CCS EBITDA in Q4 stood at €277 million, equal to the one registered in Q3 2020, but below that of Q4 2019 by 45%.

Chemical business kept on its previous positive trend and Upstream got an upswing in Q4 2020, thanks to a surge in oil prices while Refining, even though underwent still low refining margins this quarter, was able to provide a better contribution to EBITDA QoQ. However, new travel restrictions hampered Marketing's contribution this quarter. Year-on-year, Q4 2020 performed worse in Upstream, due to lower oil prices, and in Refining, because of a very weak refining margin; only Chemical outscored Q4 2019.

Clean CCS Net Income for the quarter was negative €29 million impacted by higher depreciation costs as well as an increase in income taxes, especially in Upstream.



IFRS Net Income in Q4 2020 was negative €108 million, with the main impacts coming from impairments registered in the Refining and Marketing businesses, despite the positive CCS adjustment that resulted from the recovery in crude oil prices.

## FY 2020

During 2020, our businesses were negatively impacted by Covid-19, which has translated into a significant drop in our results, particularly in Upstream, associated with the fall in crude oil prices, and in Refining, where continued pressure on margins and the decrease in demand have had an unfavorable impact. In this sense, Marketing activity closely related to end consumers, such as the network of service stations and jet and marine fuels, has been impacted by the reduced levels of transport of people and goods, the fall in air traffic globally and the slump in the holiday and tourism sectors.

Other sectors, however, achieved a significant growth compared to 2019. In particular, the Chemicals business, which reported a record year in 2020 with a 45% increase in EBITDA, saw a notable growth of the LAB segment by 13%. These positive results, together with a significant reduction in fixed costs, partially offset the adverse consequences of Covid-19.

As a result, Cepsa's Clean CCS EBITDA for 2020 was €1,187 million, a decrease of 42% compared to the previous year, while Clean CCS Net Income stood at one million euros.

## Cash Flow Statement (CCS)

CCS - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
<b>Clean CCS EBITDA</b>	<b>277</b>	<b>277</b>	<b>507</b>	<b>(45)%</b>	<b>0%</b>	<b>1,187</b>	<b>2,058</b>
Dividends from associates	8	1	26	(71)%	535%	13	79
Income tax paid	(35)	(36)	(52)	33%	1%	(257)	(337)
Other adjustments to EBITDA	(31)	(18)	(2)	(1399)%	(68)%	(61)	(27)
<b>Cash flow from operations before wc</b>	<b>218</b>	<b>224</b>	<b>479</b>	<b>(54)%</b>	<b>(2)%</b>	<b>881</b>	<b>1,773</b>
Changes in working capital (wc)	156	226	226	(31)%	(31)%	138	306
<b>Cash flow from operations</b>	<b>374</b>	<b>449</b>	<b>704</b>	<b>(47)%</b>	<b>(17)%</b>	<b>1,019</b>	<b>2,079</b>
Capex	(160)	(160)	(287)	44%	(0)%	(774)	(1,002)
<i>Growth</i>	(91)	(131)	(190)	52%	31%	(519)	(683)
<i>Maintenance</i>	(69)	(29)	(97)	29%	(137)%	(255)	(319)
Other cash flow from investments	(9)	2	4	(365)%	(477)%	15	75
<b>Cash flow from investments</b>	<b>(169)</b>	<b>(158)</b>	<b>(283)</b>	<b>40%</b>	<b>(7)%</b>	<b>(759)</b>	<b>(927)</b>
<b>Free cash flow</b>	<b>205</b>	<b>292</b>	<b>421</b>	<b>(51)%</b>	<b>(30)%</b>	<b>260</b>	<b>1,152</b>
Operating lease payments	(34)	(35)	(52)	36%	4%	(136)	(143)
Interest paid	(15)	(36)	(13)	(19)%	59%	(97)	(102)
Dividends paid to shareholders	(166)	0	(355)	53%	-	(196)	(532)
Dividends paid to minority interests	(13)	0	(15)	10%	-	(13)	(19)
Net change in debt	(286)	(454)	69	(517)%	(37)%	986	(48)
<b>Net change in cash</b>	<b>(309)</b>	<b>(233)</b>	<b>56</b>	<b>(654)%</b>	<b>(32)%</b>	<b>804</b>	<b>309</b>

## Q4 2020

Cash flow from operations before working capital stood at €218 million in line with Q3 2020 but 54% lower vs Q4 2019, where the deviation comes from lower EBITDA and income tax paid.

Working capital realization during the quarter was positive €156 million, as a result of lower inventories and accounts receivable.

Capex payments were in line with those of Q3, although 44% lower YoY, as a result of the Contingency Plan to reinforce a strong discipline on investments and thus preserve cash flow generation.

Consequently, Free cash flow amounted to €205 million in the quarter. This level was 51% lower YoY though still enough to cover interest costs and lease payments.

Net change in gross debt during the quarter was negative €286 million mainly related to the repayment of certain funded debt facilities with cash at hand. To preserve the same level of total liquidity, a similar level of undrawn revolving credit lines were signed in this period. The combined effect has allowed Cepsa to capture important savings on financial costs optimizing its debt facilities stock.

## FY 2020

Cash flow from operations before changes in working capital was €881 million, lower than the previous year as a result of lower EBITDA. However, the realization of working capital amounted to €138 million, thanks to certain optimization initiatives and the fall in international prices. The above reflects the ability of our business to generate positive operating cash flows even in the most adverse scenarios.

Cash flows from investments decreased in the year due to lower investments as a result of the Contingency Plan implemented to deal with the impact of COVID-19.

As a result of all the above, Free cash flow for the year stood at €260 million.

## Capex

Capex - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Growth	(106)	(85)	(174)	39%	(24)%	(423)	(602)
Maintenance & HSE	(82)	(51)	(145)	43%	(61)%	(229)	(322)
<b>Total Capex</b>	<b>(188)</b>	<b>(136)</b>	<b>(319)</b>	<b>41%</b>	<b>(38)%</b>	<b>(652)</b>	<b>(924)</b>

## Q4 2020

Accounting capex in Q4 2020 was €188 million, a 41% drop YoY, but 38% higher than in Q3 2020.

Growth capex amounting to €106 million mainly relates to investments in the development of Upstream assets in the UAE and Algeria, as well as efficiency investments at our refineries and chemical plants.

Maintenance capex was down 43% YoY driven by Contingency Plan savings. The increase compared to Q3 2020 is related to investments in the Refining business associated with the extended maintenance of some units in La Rábida refinery as well as works performed in the decommissioning of productions fields in Thailand.

**FY 2020**

Investment rationalization initiatives implemented to preserve cash flow generation in this challenging market environment resulted in lower capex expenditures compared to last year, thus delivering savings of €408 million versus year's target of €380 million.

**Debt Structure**

€ millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19
Non-current bank borrowings	2,555	2,377	2,661
Current bank borrowings	128	651	146
Bonds	1,501	1,500	500
Cash	(1,358)	(1,670)	(561)
<b>Net debt excluding IFRS16 liabilities</b>	<b>2,825</b>	<b>2,858</b>	<b>2,746</b>
IFRS16 liabilities	626	661	761
<b>Net debt including IFRS16 liabilities</b>	<b>3,451</b>	<b>3,519</b>	<b>3,507</b>
Net debt to LTM CCS EBITDA (excl-IFRS16)	2.7x	2.2x	1.4x
Liquidity (a)	4,550	4,617	3,099
Average maturity of drawn debt (years)	4.4	4.2	4.8
Capital employed (IFRS)	7,480	7,818	8,807
Gearing ratio (%) (excl-IFRS 16)	38%	37%	31%
Return on capital employed (%)	1.2%	3.7%	8.9%

(a) Defined as cash on balance sheet and available credit facilities.

The various initiatives implemented in 2020 to protect the company's cash flow generation have translated in a slight increase in overall debt levels vs 2019, with Net Debt as of December 2020 of € 2,825 million. Leverage ratios, however, have deteriorated as a result of the decrease in EBITDA. Consequently, at year-end 2020, the Net Debt to EBITDA ratio was 2.7x<sup>4</sup> and average debt maturity stood at 4.4 years.

In the last quarter of the year, CEPSA continued to strengthen its liquidity position and to actively manage its debt maturity profile. In particular, CEPSA executed the following transactions:

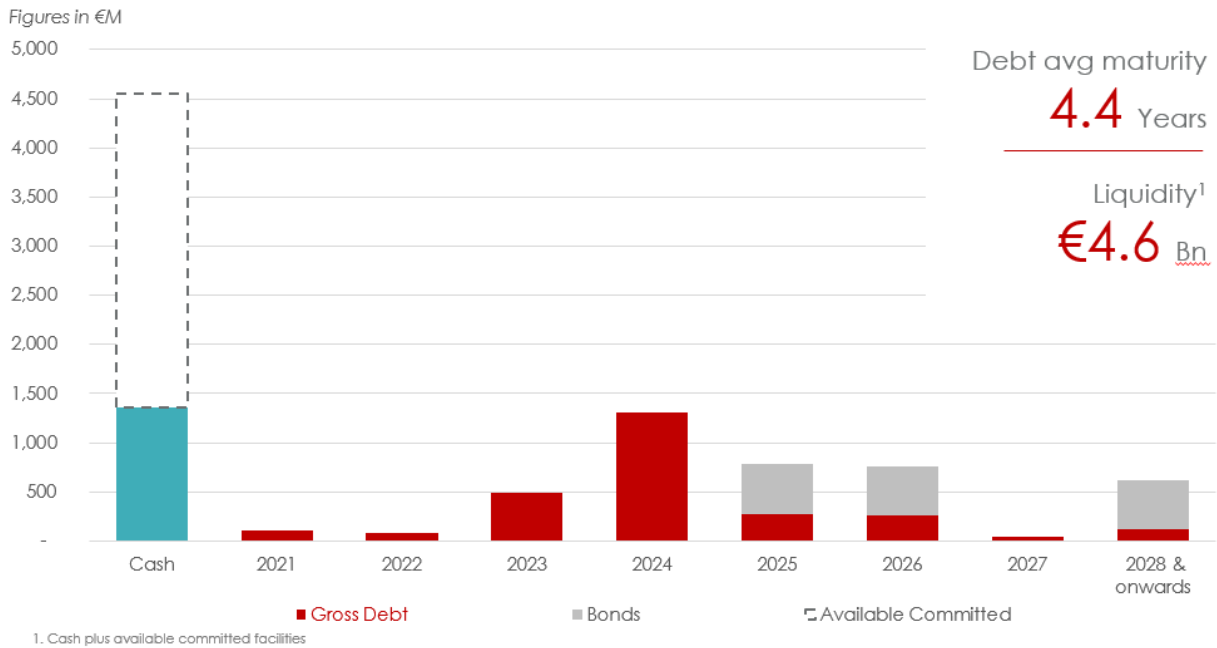
- Early cancellation and refinancing of € 300 million of outstanding debt that had been due to mature in April 2021. This was replaced by an equivalent amount of new borrowing facilities (term loans and revolving credit facilities) with 3-year term. This was repaid with proceeds from new loans and available cash.
- Early cancellation of a € 50 million RCF, which was partially replaced by € 31.5 million equivalent USD RCF with improved pricing and longer maturity.

<sup>4</sup> Excludes the impact of IFRS16.

As a result of the above initiatives, as of December Cepsa holds a strong liquidity position comprised of cash on balance sheet and available committed credit facilities in excess of €4.6 billion, covering 4.9 years of debt maturities.

Cepsa's Investment Grade credit ratings were affirmed in the second quarter by all three rating agencies at BBB- with stable outlook, Baa3 with negative outlook and BBB- with stable outlook by Fitch, Moody's and S&P, respectively.

### Debt Maturity Profile (€ million)



## Consolidated Business Unit Results

### Upstream

Upstream Overview - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Dated Brent oil price (\$/bbl)	44.2	43.0	63.3	(30)%	3%	41.7	64.3
Realized oil price (\$/bbl)	44.1	42.6	63.3	(30)%	3%	41.6	64.0
Crude Oil Sales (million bbl)	4.4	4.4	5.2	(16)%	(1)%	19.2	20.8
Net entitlement Crude Oil production (kbopd)	61.2	62.1	73.9	(17)%	(1)%	66.1	76.5
<b>Working interest crude production (kbopd)</b>	<b>72.7</b>	<b>70.7</b>	<b>89.7</b>	<b>(19)%</b>	<b>3%</b>	<b>75.8</b>	<b>92.6</b>
Algeria	37.8	34.2	43.8	(14)%	10%	37.0	44.3
UAE	26.1	27.4	27.3	(4)%	(5)%	27.1	26.4
LatAm	8.8	9.1	11.6	(24)%	(3)%	9.7	12.6
Other	0.0	0.0	7.0	(100)%	(10)%	2.1	9.2
<b>Clean CCS EBITDA</b>	<b>122</b>	<b>110</b>	<b>252</b>	<b>(52)%</b>	<b>11%</b>	<b>458</b>	<b>963</b>
<b>Growth capex</b>	<b>41</b>	<b>21</b>	<b>47</b>	<b>(11)%</b>	<b>98%</b>	<b>(146)</b>	<b>(186)</b>
<b>Maintenance capex</b>	<b>9</b>	<b>9</b>	<b>12</b>	<b>(26)%</b>	<b>(1)%</b>	<b>(33)</b>	<b>(26)</b>

### Operations

#### Q4 2020

Working interest (WI) production increased by 3% vs Q3 to 73 thousand barrels per day (kbopd), although was still impacted by the continued OPEC+ quota restrictions affecting both Algeria and UAE, the natural decline of the fields in South America, where production was 24% lower than that seen in 2019, and the discontinuation of operations in the fields in Asia in mid-2020. Sales remained in line vs Q3 2020.

#### FY 2020

Working interest production for the year was 75.8 kbopd, 18% lower than the 2019 figure, as a result of quota restrictions in Algeria and Abu Dhabi and the natural decline in fields in South America and Asia.

Production in Algeria decreased by 17% compared to 2019, standing at 37 kbopd. Meanwhile, the Sarb and Umm Lulu fields in Abu Dhabi slightly increased their production over 2019, ensuing the progress in the development of the fields, but, the OPEC+ restrictions prevented the use of its production potential. In 2020, production in Abu Dhabi was 27.1 thousand barrels per day.

Crude oil sales in 2020 amounted to 19.2 million barrels, a fall of 8% compared to 2019. The average realized crude oil price was \$41.6 per barrel, 35% lower than in 2019.

### Results

#### Q4 2020

Clean CCS EBITDA for the fourth quarter was €122 million, 11% increase vs Q3 as a consequence of the increase in Brent oil prices in the quarter.

Growth capex of €41 million is mainly related to asset developments in Algeria and the UAE. The increase in maintenance capex is mainly related to the decommissioning of Thailand assets.

## FY 2020

Clean CCS EBITDA for the Upstream business was €458 million in 2020, 53% lower than that recorded in 2019, impacted by a fall in realized crude oil prices and decline in the volume of crude sold. On a positive note, the operating expenses of the business unit were reduced by 3% in 2020 (positive impact on the income statement of €54 million).

Investments mostly involved the development of the Sarb and Umm Lulu fields in Abu Dhabi, in particular the “Umm Lulu Super” Complex, and the Timimoun gas field in Algeria.

## Refining

Refining Overview - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Refining output (mton)	4.5	4.9	5.1	(11)%	(8)%	19.3	21.5
Crude oil distilled (million of barrels)	31.5	35.6	37.6	(16)%	(12)%	138.4	156.9
Refining utilization (%)	71%	80%	85%	(16)%	(11)%	78%	89%
Cepsa Refining margin (\$/bbl)	2.4	0.5	3.8	(35)%	424%	2.5	4.3
Natural Gas Sales (GWh)	547	1,241	800	(32)%	(56)%	30,918	33,176
Electricity production (GWh)	8,707	7,343	9,040	(4)%	19%	2,799	3,587
<b>Clean CCS EBITDA</b>	<b>(24)</b>	<b>(50)</b>	<b>86</b>	<b>(128)%</b>	<b>51%</b>	<b>10</b>	<b>433</b>
<b>Growth capex</b>	<b>40</b>	<b>39</b>	<b>63</b>	<b>(37)%</b>	<b>1%</b>	<b>(160)</b>	<b>(267)</b>
<b>Maintenance capex</b>	<b>47</b>	<b>24</b>	<b>86</b>	<b>(45)%</b>	<b>93%</b>	<b>(119)</b>	<b>(202)</b>

## Operations

### Q4 2020

Output of Cepsa's refineries was 4.5 mton during the quarter, representing an 8% decrease QoQ, due to the impact that the second wave of Covid-19 had on demand. For this reason, with the aim of optimizing operations in the two refineries, after the maintenance shutdowns of two of the La Rábida refinery units in Huelva (Fuels 1 and Vacuum 2) that were carried out in September, Cepsa decided to extend the shutdown. Market needs were covered with stable production from the remaining units and through increased activity at the San Roque Refinery. The optimal time to reinstate activity is being reviewed periodically.

In Q4 2020, Cepsa refineries operated at an average utilization rate of 71%.

### FY 2020

From April 2020 onwards, the company reduced the workload of its distillation units in both refineries, in response to the slower economic activity and lower demand for energy products.

In 2020, crude oil distillation reached an average of 78% of installed capacity, representing a decrease of 12% compared to 2019. As a result, the production of oil derivatives in 2020 stood at 19.3 million tons, 10% lower than 2019. Similarly, the refining margin indicator recorded an average value of \$2.5 per barrel, 42% lower than in 2019.

Natural Gas sales were 7% lower than those of 2019, and the price decreased due to an excess of supply. Electricity production fell by 22% compared to 2019, as a result of the scheduled

shutdown of the cogeneration plant in La Rábida in January and less activity in the combined cycle plant. It was also negatively affected by the lower price of the electricity pool (-29% compared to December 2019) and the realized price of electricity production (-20%).

With regard to Trading, the level of activity and results were good, thanks in particular to the Chartering business during the first half of the year. In the last quarter of 2020, activity was affected by the decrease in the volume of crude purchased for the Group, linked to the diminished activity in the refineries.

## Results

### Q4 2020

Fourth quarter Clean CCS EBITDA was negative €24 million, up by €26 million vs Q3 2020, as a result of the slight recovery in refining margins although the backdrop of lower production levels impacted the capability to take full advantage of this retrieval.

Market refining margins during the period remained low at 2.4 \$/bbl, although they showed a 4.5x increase QoQ. The beginning of the refinery turnaround season, mainly in northern Europe, the decrease in their utilization and the announcement of temporary closures of some refineries have meant a drop in the supply of petroleum products that has produced a slight increase in the margins of the sector as the market balanced.

Growth capex was €40 million in the quarter, flat vs Q3 and -37% YoY, while maintenance capex was €47 million, 93% higher than Q3, but representing a 45% decrease YoY. The increase in maintenance capex compared to previous quarter was due to the prolonged shutdowns in La Rábida refinery. Lower capex figures YoY are the result of the cost savings initiatives implemented to preserve cash flow generation in the challenging market environment.

### FY 2020

In 2020, Refining Clean CCS EBITDA was €10 million (98% lower than 2019). The decrease in the refining margin, gas prices and electricity income, and the drop in economic activity all had a negative effect in Refining results.

The investment rationalization initiatives implemented to preserve cash flow generation in this challenging market environment resulted in fewer investments compared to last year. Investments in the Refining business in 2020 were mainly related to the maintenance and improvement of safety in the refineries, along with enhancements in the conversion capacity and efficiency.

## Marketing

Marketing Overview - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Number of service stations	1,783	1,784	1,806	(1)%	(0)%	1,783	1,806
Product sales (mton)	3.6	3.8	4.7	(23)%	(5)%	14.8	20.7
<b>Clean CCS EBITDA</b>	<b>92</b>	<b>131</b>	<b>121</b>	<b>(24)%</b>	<b>(30)%</b>	<b>400</b>	<b>463</b>
<b>Growth capex</b>	<b>9</b>	<b>13</b>	<b>10</b>	<b>(5)%</b>	<b>(26)%</b>	<b>(66)</b>	<b>(52)</b>
<b>Maintenance capex</b>	<b>15</b>	<b>9</b>	<b>24</b>	<b>(35)%</b>	<b>77%</b>	<b>(39)</b>	<b>(55)</b>

## Operations

### Q4 2020

Product sales in the Marketing business were 3.6 million tons, 5% lower vs Q3 (23% down YoY), impacted by the fall in demand associated with the reintroduction of Covid-related travel restrictions across Europe.

### FY 2020

In 2020, 14.8 million tons were sold through the company's various sales channels, 29% less than in the previous year. Sales hit their nadir, due to the effects of COVID-19 on demand, in the second quarter of the year, with the enforcement of travel restrictions, including a stay-at-home lockdown and with reduced levels of activity in general. Specifically, service station and jet fuel sales in 2020 fell by 23% and 60% respectively. Regarding the Bunkering business, ship fuel sales decreased by 34%.

## Results

### Q4 2020

Clean CCS EBITDA during the quarter was €92 million, a 30% decrease QoQ (-24% YoY). Lower EBITDA vs Q4 2020 is mainly derived from the lower demand though partially offset by healthier margins and successful fixed costs reduction initiatives.

Growth capex totaled €9 million, mainly related to investments in Mexico where the company began its retail operations in 2019. Maintenance capex was €15 million, 77% higher than Q3 and 35% down YoY due to the savings initiatives put in place during the year and thanks to the considerable flexibility of our business that has allowed us to implement a number of capex reduction initiatives.

### FY 2020

The Marketing business was impacted by the significant fall in demand and the general drop in prices of petroleum products. However, it was possible to get higher margins in sales, mainly in the distribution network and asphalt. Consequently, a Clean CCS EBITDA of €400 million (14% lower than the previous year) was recorded in 2020.

Likewise, €26 million of savings in fixed costs were obtained compared to 2019 thanks to the measures taken as part of the Contingency Plan.



Despite the adverse economic situation, the business grew with the acquisition in Morocco of a 40% stake in two companies, Sorex and Bitulife, which are dedicated to the sale of asphalt and derivatives. These acquisitions were aimed at consolidating Cepsa's position as one of the leading energy players in North Africa. Similarly, in 2020 the company "Intransport Service XXI, S.L.U." was acquired to reinforce the network of service stations for transportation professionals by incorporating 5 stations in northern Spain and a card system that provides service to more than 6,000 customers.

## Chemicals

Chemicals Overview - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs.		FY 2020	FY 2019
				Q4'19	Q3'20		
Product sales (kton)	687	693	738	(7)%	(1)%	2,795	2,890
LAB / LABSA	173	179	183	(5)%	(3)%	701	679
Phenol / Acetone	372	370	414	(10)%	1%	1,525	1,637
Solvents	142	145	142	(0)%	(2)%	569	2,890
<b>Clean CCS EBITDA</b>	<b>101</b>	<b>92</b>	<b>60</b>	<b>68%</b>	<b>10%</b>	<b>357</b>	<b>246</b>
<b>Growth capex</b>	<b>9</b>	<b>8</b>	<b>44</b>	<b>(79)%</b>	<b>15%</b>	<b>(38)</b>	<b>(80)</b>
<b>Maintenance capex</b>	<b>26</b>	<b>7</b>	<b>16</b>	<b>58%</b>	<b>283%</b>	<b>(49)</b>	<b>(29)</b>

## Operations

### Q4 2020

Sales of chemical products were flat QoQ (7% down YoY), to 687 ktons, in the middle of a pervasive downturn. Sales in the LAB business segment (raw material for detergents) were 3% lower vs Q3 and 5% vs last year figures although registering higher margins, especially the Spanish and Canadian plants. Sales in the Phenol / Acetone and the Solvents segment were in line QoQ (10% below and flat YoY respectively), although also scoring improved margins.

### FY 2020

Chemical sales remained stable in 2020, reaching 2.8 million tons. Of note was the increase in sales of the LAB business unit, which were 3% higher than in 2019, due to the greater demand for these products.

## Results

### Q4 2020

Clean CCS EBITDA for Q4 2020 was €101 million, a 10% increase vs Q3 (+68% YoY) boosted by higher margins and cost efficiencies.

All in all, the Chemicals business had a record year, with a 45% increase in EBITDA compared to 2019, in which the growth of the LAB business by 13% stands out.

Growth capex during the period amounted to €9 million. Maintenance capex was €26 million, mainly driven by maintenance turnaround in "Line 3" in our plant in Palos de la Frontera and safety works in all industrial plants.

**FY 2020**

All the businesses in Chemicals performed very well, resulting in a Clean CCS EBITDA of €357 million, 45% higher than in 2019, thanks in particular to our outstanding position as leaders in surfactants and boosted by high margins and cost efficiencies, as well as the savings in fixed expenses which were part of the Contingency Plan.

The main investment projects in the Chemical business included the increase in capacity and change of technology at the LAB plant in Puente Mayorga and the DETAL project, which will start up in 2021. Maintenance and safety works were also carried out in all industrial plants.

# Appendix

## Balance Sheet – IFRS

Assets - € millions	Q4'20	Q3'20	Q4'19
Intangible assets including goodwill	668	650	761
Property, plant and equipment	5,604	5,840	6,139
Right of use assets	617	652	737
Investments in associates and joint ventures	230	276	269
Non-current financial assets	170	107	173
Deferred tax assets	894	930	799
<b>Total non-current assets</b>	<b>8,183</b>	<b>8,455</b>	<b>8,878</b>
Inventories	1,419	1,312	2,163
Trade and other receivables	1,289	1,347	2,119
Current income tax assets	111	93	56
Other current financial assets	69	212	87
Other current assets	17	27	111
Cash and cash equivalents	1,358	1,670	561
<b>Total current assets</b>	<b>4,263</b>	<b>4,661</b>	<b>5,097</b>
<b>Total assets</b>	<b>12,446</b>	<b>13,115</b>	<b>13,975</b>

Equity & Liabilities - € millions	Q4'20	Q3'20	Q4'19
<b>Total equity attributable to shareholds of the parent</b>	<b>3,944</b>	<b>4,211</b>	<b>5,201</b>
Non-controlling interest	85	88	100
<b>Total equity</b>	<b>4,029</b>	<b>4,299</b>	<b>5,301</b>
Bonds, obligations and similar issuances	1,488	1,487	497
Bank borrowings	3,085	3,050	3,303
Other non-current financial liabilities	183	86	51
Deferred tax liabilities	518	436	624
Other non-current liabilities	486	484	461
<b>Total non-current liabilities</b>	<b>5,760</b>	<b>5,544</b>	<b>4,936</b>
Bonds, obligations and similar issuances	13	8	3
Bank borrowings	223	644	265
Trade and other payables	1,766	2,496	3,427
Current income tax liabilities	260	117	15
Liabilities held for sale and discontinued operations	0	0	17
Other current liabilities	395	9	11
<b>Total current liabilities</b>	<b>2,657</b>	<b>3,273</b>	<b>3,738</b>
<b>Total equity and liabilities</b>	<b>12,446</b>	<b>13,115</b>	<b>13,975</b>

## EBITDA Reconciliation

€ millions (unless otherwise stated) Q4'20	IFRS EBITDA	Inventory Effect	Non-Recurring Items	Clean CCS EBITDA
Upstream	173	0	51	122
Refining	(146)	121	(243)	(24)
Marketing	90	(1)	(1)	92
Chemicals	114	13	0	101
Corporation	(14)	0	0	(14)
<b>CEPSA - Consolidated</b>	<b>217</b>	<b>133</b>	<b>(193)</b>	<b>277</b>

The column "Inventory Effect" relates to changes in the valuation of inventories. Current Cost of Supply (CCS) valuation vs Last Twelve Months (LTM) average (valuation method used under IFRS reporting). Concerning, in the Refining business, the strong recovery in prices in December and lower LTM valuation has allowed us to reverse most of the inventories mark-to-market provision registered in March, thus having a counterbalancing effect.

## Affiliates and Minority Interests

EBITDA from Affiliates and Minority interests - € millions CCS figures, considering Cepsa's share	Cepsa Share	Q4'20	Q3'20	Q4'19	Variation vs. Q4'19   Q3'20	
<b>EBITDA from equity accounted affiliates (Cepsa share)</b>		<b>36.8</b>	<b>18.8</b>	<b>7.9</b>	<b>367%</b>	<b>96%</b>
Medgaz, S.A.	42.1%	0.0	0.0	0.0	-	-
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	35.5	(0.5)	3.0	1088%	7605%
Asfaltos Españoles, S.A. (ASESA)	50.0%	0.8	1.5	1.4	(41)%	(44)%
Sinarmas Cepsa Pte, Ltd	50.0%	(5.6)	5.4	1.4	(492)%	(204)%
SIL Chemical, Ltd	30.0%	0.8	3.8	0.9	(7)%	(79)%
CS Chem Limited	30.0%	0.6	3.9	1.2	(45)%	(83)%
Nueva Generadora del Sur, S.A.	50.0%	0.3	0.7	0.2	10%	(66)%
Atlas Nord Hidrocarbures, S.A.S.	50.0%	0.6	1.2	(0.2)	452%	(47)%
Sorex	40.0%	1.2	1.9	0.0	-	(36)%
Bitulife	40.0%	2.5	1.0	0.0	-	156%
<b>EBITDA attributable to minority interests</b>		<b>1.5</b>	<b>6.3</b>	<b>(215.6)</b>	<b>(101)%</b>	<b>(76)%</b>
C.M.D. Aeropuertos Canarios, S.L.	60.0%	0.0	0.2	(8.7)	(100)%	(85)%
Coastal Energy KBM Sdn. Bhd.	70.0%	(1.3)	0.0	(2.0)	33%	-
Cepsa Chemical (Shanghai) CO. LTD	75.0%	4.3	2.5	8.9	(52)%	73%
Deten Química, S.A.	71.4%	2.9	4.1	5.2	(44)%	(29)%
Generación Eléctrica Peninsular, S.A.	70.0%	3.3	0.7	(2.8)	218%	356%
Cepsa Gas Comercializadora, S.A.	70.0%	(7.7)	(1.2)	(216.3)	(96)%	(519)%
<b>Dividends received from affiliates (Cepsa share)</b>		<b>4.4</b>	<b>1.2</b>	<b>14.7</b>	<b>(70)%</b>	<b>267%</b>
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	0.0	1.2	0.0	-	100%
Nueva Generadora del Sur, S.A.	50.0%	0.3	0.0	12.2	(98)%	-
CSCHEM	30.0%	4.1	0.0	1.9	116%	-
Cepsa Gibraltar	50.0%	0.0	0.0	0.6	(100)%	-

EBITDA contribution (net to Cepsa) from equity accounted affiliates in Q4 2020 amounted to €37 million and mainly came from the contribution of our investment in ADOC € 36 million. It is also worth highlighting the contribution of the new acquisitions in Morocco, Sorex and Bitulife totaling €4 million.

EBITDA attributable to minority interests in the quarter amounted to €2 million, being the largest shares from the chemical plant in shanghai (€4 million), the Brazilian LAB plant, Deten Química (€3 million) and results received from Nueva Generadora del Sur (€3 million) negatively impacted by losses coming from our interest in Cepsa Gas Comercializadora (€8 million).

Regarding dividends received in Q4 2020, these mainly relate to CSCHEM (€4 million).

## Basis of Preparation

This report is based on the unaudited consolidated financial statements of Compañía Española de Petróleos S.A. (CEPSA, or the Company), prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB applicable at the date of closing provided that they have been endorsed at that date by the European Union, with the exception of those applied in advance, if any. For any matter of interpretation over the applied rule, please take the reference of the last Audited Cepsa Group Consolidated Financial Statements, as publicly available on <https://www.cepsa.com/en/investors>.

For a better Management Discussion & Analysis and consistent with industry practice, the IFRS Profit & Loss Statement is adjusted as follows to obtain a CCS Profit & Loss Statement:

1) Inventories: IFRS Cepsa Group Consolidated P&L measures crude oil, oil derivatives and petrochemical products, acquired as raw materials, at the lower of historical weighted average cost (12 months) and net realizable value.

For the MD&A, we consider the replacement cost presents a more accurate view of the current operations, considering therefore the stock variation in P&L at Current Cost of Supply (CCS), which values the manufacturing consumption at the month's average cost. The adjustment necessarily eliminates also the crude & products hedging valuation and the inventories impairment, if any.

2) Clean adjustments: Those income or costs that are not directly related to the Group activities are considered as non-recurring items and, therefore, excluded. Generally, these are incomes or costs that occur atypically, are of a material amount and with minimal probability of recurrence.

Regarding the KPIs presented, for a better comprehension and to allow the accurate calculation of different ratios, figures are always consolidated and adjusted to the associated financials by:

- a) Elimination of intercompany transactions.
- b) Considering JVs as third parties: As their financial information is only presented in the Equity Method line and no Capital Employed is incorporated apart from the Financial Investment, we also do not consider any contribution to the Group's KPIs, with the sole exception of the Reserves and Production of the Upstream JVs (Cosmo Abu Dhabi at the date of issuance of this report), which are added to the BU KPIs following the Reserves Audit criteria.