Unaudited Quarterly Report

2Q 2020

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Results Highlights

Second quarter 2020

- Clean CCS EBITDA of €180 million, a decrease of 66% vs Q2 2019 and 60% below the previous quarter. Results have been affected by the significant drop in crude oil prices and the decrease in oil products demand linked to Covid-19, partly offset by strong performance in Chemicals and cost saving initiatives. The lockdown in Spain during the months of April and May had a particularly negative impact on fuel demand, which has since started reversing alongside the re-opening of society.

- Cash flow from operations in the quarter was €86 million.

- Following the onset of the Covid-19 pandemic, the priority of the company has been to protect the health and safety of all of its employees, customers and suppliers and to continue with its operations as an essential energy provider, ensuring the supply of energy products and services to its customers and society at large.

- In response to the decline in crude oil prices and outbreak of the Covid-19 pandemic, the company launched a Contingency Plan comprising a number of initiatives to preserve cash flow generation, initially expected to deliver savings of €310 million. These savings have now been revised upwards to €500 million for 2020 and include €120 million in operating cost reductions and €380 million in capex cuts. As of June, €275 million in savings have been captured. In addition, the company will continue optimizing its working capital.

- So far this year, the company extended the average maturity of its debt to 4.3 years by tapping debt capital markets twice, with two €500 million bond issues, which achieved large oversubscriptions.

- The company's balance sheet remains robust with liquidity[1] of €4.5[2] billion, covering 4.5 years of debt maturities and a Net Debt to LTM EBITDA ration of 2.0x[3]. All three rating agencies affirmed Cepsa investment grade credit ratings during the quarter.

- With its new organization in place, Cepsa is currently redefining its strategy to meet the challenges of the energy transition and has created a new cross-functional ESG division reporting directly to the company's CEO, which is working to define specific short- and long-term targets in this field.

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[1] *Defined as cash on balance sheet and available committed credit facilities.*
[2] *Pro-forma for the €500 million bond issue in July 2020.*
[3] *Excludes the impact of IFRS16.*

Presentation of Results

Market Indicators

Market Indicators	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Dated Brent oil price ($/bbl)	29.2	50.3	68.8	*(58)%*	*(42)%*	39.9
Cepsa refining margin - VAR ($/bbl)	2.2	4.7	3.3	*(33)%*	*(53)%*	3.6
Dutch TTF Natural gas price (€/MWh)	5.6	9.5	12.9	*(57)%*	*(41)%*	11.2
Spanish pool price (€/MWh)	23.2	34.9	48.7	*(52)%*	*(34)%*	29.0
Average EURUSD FX	1.10	1.10	1.12	*(2)%*	*(0)%*	1.10

Financial Summary

Financial Summary - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Upstream	62	165	272	*(77)%*	*(62)%*	227
Refining	(11)	95	82	*(114)%*	*(112)%*	84
Marketing	52	124	122	*(57)%*	*(58)%*	176
Chemicals	86	79	66	*30%*	*9%*	165
Corporation	(9)	(10)	(13)	*(33)%*	*(7)%*	(19)
Clean CCS EBITDA	**180**	**453**	**529**	***(66)%***	***(60)%***	**633**
Clean CCS EBIT	(27)	245	332	*(108)%*	*(111)%*	219
Clean CCS Net Income	(93)	85	129	*(172)%*	*(209)%*	(8)
IFRS Net Income	(286)	(556)	122	*(335)%*	*(49)%*	(841)
Cash flow from operations before working capital	**86**	**353**	**477**	***(82)%***	***(76)%***	**439**
Capex	**(168)**	**(161)**	**(185)**	***(9)%***	***4%***	**(328)**
Free cash flow	**(135)**	**(215)**	**239**	***(157)%***	***(37)%***	**(350)**
Free cash flow before working capital	**(144)**	**37**	**165**	***(187)%***	***(487)%***	**(107)**
Net debt (a)	**3,131**	**2,991**	**2,978**	***5%***	***5%***	**3,131**
Net debt to LTM CCS EBITDA (excl-IFRS16)	**2.0x**	**1.6x**	**1.6x**	***28%***	***28%***	**2.0x**
Liquidity (b)	**4,524**	**3,450**	**2,921**	***55%***	***31%***	**4,524**

Note: IFRS Net Income impacted by non-cash inventory valuation effect of €464 M. and upstream asset impairments of €331 M. as of June 2020
(a) Excluding IFRS16 liabilities.
(b) Defined as cash on balance sheet and available credit facilities. Pro-forma for the €500 M. bond issue in July.

Operational KPIs

Operational Overview	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Working interest crude production (kbopd)	76.0	84.0	95.0	*(20)%*	*(10)%*	80.0
Realized crude price($/bbl)	27.8	55.8	67.7	*(59)%*	*(50)%*	40.1
Upstream operating costs ($/boe)	10.3	10.3	9.5	*9%*	*0%*	10.3
Refining Output (mton)	4.4	5.4	5.4	*(19)%*	*(19)%*	9.8
Refining utilization (%)	74%	88%	91%	*(19)%*	*(16)%*	81%
Cepsa refining margin - VAR ($/bbl)	2.2	4.7	3.3	*(33)%*	*(53)%*	3.6
Marketing product sales (mton)	3.0	4.3	5.4	*(45)%*	*(32)%*	7.3
Chemical product sales (kton)	691	725	712	*(3)%*	*(5)%*	1,416
Electricity production (GWh)	490	522	944	*(48)%*	*(6)%*	1,011
Natural gas sales (GWh)	6,263	8,665	8,892	*(30)%*	*(28)%*	14,927
Installed renewable power capacity (MW)	28.9	28.9	--	-	-	28.9

Management Discussion

In Q2 2020, Cepsa posted Clean CCS EBITDA of €180 million, a 66% decline YoY as a result of the significant drop in crude oil prices, low refining margins and the slump in oil product demand due to Covid-19, mitigated by strong performance in Chemicals and cost savings. Clean CCS EBITDA for the first half of 2020 stood at €633 million.

Upstream Clean CCS EBITDA for the second quarter was €62 million (€227 million YTD), sliding 78% YoY, negatively impacted by lower crude prices (-58% YoY) and lower production (-20% YoY) mainly due to OPEC quota restrictions affecting both Algeria and Abu Dhabi. Working interest production amounted to 76 kbopd.

Refining Clean CCS EBITDA amounted to negative €11 million in 2Q 2020 (€84 million YTD), down from €82 million in 2Q 2019, attributable to a weaker refining margin environment (-33% YoY) and lower production (-19% YoY), as refinery runs were adjusted to lower demand. In a very challenging market environment, Cepsa's coastal refining business demonstrated operational flexibility and significantly increased exports, in order to ensure supply of energy products to the domestic market and maximize utilization, which averaged 74% in 2Q 2020.

In the second quarter, Marketing Clean CCS EBITDA fell 57% YoY to €52 million (€176 million YTD), weighed by lower demand from the lockdown in Spain which troughed in April. The gradual reopening of the Spanish economy in 2Q resulted in increased volumes towards the end of the quarter, with 2/3 of the volume decline recovered by June. By the end of the quarter, all service stations were operational.

Chemicals delivered Clean CCS EBITDA of €86 million in Q2 2020 (€165 million YTD), up 30% YoY as a result of the strong performance of the LAB segment (detergents), lifted by higher volumes (+11% YoY), and the rebound in margins and volumes in the Phenol-Acetone segment. The resilient nature and strong performance of this business managed to partially offset lower earnings in other business units.

Cash flow from operations[4] in the quarter was €86 million (€439 million YTD), mainly as a result of lower results, partially offset by significantly lower taxes in Upstream.

Clean CCS Net Income in Q2 2020 was negative €93 million (negative €8 million YTD), while IFRS Net Income stood at negative €286 million (negative €841 million YTD), adversely impacted by non-cash asset impairments of upstream assets amounting to €130 million and a non-cash inventory valuation effect of negative €21 million.

[4] *Before working capital.*

Recent Developments

The economic impact of the Covid-19 pandemic coupled with the decrease in crude oil prices resulted in a challenging and uncertain market environment.

During the second quarter of 2020, both crude oil prices and refining margins (VAR) plunged to record lows, with average values of $18/bbl in April and $0.7/bbl in May, respectively. Demand for oil products was also severely hit by the pandemic and the subsequent lockdowns in Spain, particularly affecting automotive fuel demand, where consumption on average dropped 42% YoY, and jet kerosene, with an approximately 92% decline YoY. The decrease in kerosene demand, however, has been somewhat offset by higher internal consumption at Cepsa's chemical plants, as this product is used as a raw material to produce LAB, in high demand as a result of the Covid-19 pandemic.

Despite this sharp drop in demand, as the quarter evolved and lockdown restrictions in Spain were progressively eased, volumes have been recovering at a good pace, with automotive fuel demand going from -61% in March to -20% in June, YoY.

Throughout this period, Cepsa has been constantly monitoring trends and developments in oil product demand in order to adapt its refinery runs to the marketplace. As such, during the month of April when demand fell to its lowest point due to stringent lockdown measures in Spain, the refineries were running at 70% of their capacity. At the end of June, the refineries were running at 82% utilization and are expected to edge up to 85% during the month of July and steadily approach the optimal run rate by year-end, assuming the positive trend in demand continues.

In response to the deteriorating market and economic conditions, Cepsa put in place a Contingency Plan with a range of actions aimed at protecting cash flow generation for the year. Some of these actions include:

- Firm capital discipline, with a reduction of approximately 20% of budgeted capex for the year, equivalent to approximately €210 million. This figure has now been revised upwards to €380 million.
- The reduction of fixed operating expenses across all business units and operations, with the objective of achieving savings of more than €100 million in 2020 compared to the 2019 cost base. Expected cost savings have also been revised upwards to €120 million.
- Continued strict working capital management.

Out of the €500 million targeted to be saved this year, €275 million were captured at the end of June, 2020.

In May, Cepsa launched a new organization to address the challenges of the energy transition by internationalizing its businesses and strengthening its integrated business model. This new organization, which came into effect on June 1st, is led by Cepsa's CEO, Philippe Boisseau, and managed by a new leadership team composed of both newly hired executives alongside seasoned Company professionals with extensive international experience in the oil & gas and chemical industries.

Cepsa's new management team is already working to shape a new strategy based on international expansion and the development of new businesses with an increased focus on renewables, that will drive and accelerate Cepsa's transformation and growth in the context of a continuously evolving energy landscape and market environment.

In the words of Philippe Boisseau: *"With this new and diverse Executive Committee, which brings in complementary talents and expertise, and with the support of all our professionals, we aim to meet the challenges of the energy transition, drive Cepsa's international growth, and expand each of our businesses as well as develop new ones. To achieve these goals, we will optimize our integrated business model, enhance our competitiveness and continue to pursue operational excellence".*

In June, Cepsa signed a partnership deal with Madjaline Holding group, to jointly develop its asphalt business in Morocco and capitalize on synergies. Through this agreement, which allows Cepsa to continue growing its business internationally in strategic areas such as North Africa, Cepsa has acquired a 40% stake from its new partner in two companies - Sorexi and Bitulife - longstanding leaders in the Moroccan market for the production and distribution of asphalt and asphalt coatings for the road building and construction industries.

Cepsa's Investment Grade credit ratings were recently affirmed by all three rating agencies. Both Fitch and Moody's confirmed Cepsa's ratings in April, at BBB- with stable outlook and Baa3 with negative outlook, respectively. Moody's change in outlook is not company specific but reflects the agency's concerns about the sector in general, as a result of the oil price rout and Covid-19 pandemic. More recently, in June, S&P confirmed Cepsa's BBB- rating with stable outlook.

Subsequent Events

During July and August, we expect a continued recovery in oil products demand in Spain and Portugal, mainly driven by the steady pick-up in economic activity, coupled with an increase in consumption due to the summer holiday season.

In July, Cepsa successfully completed its third bond issuance for €500 million, maturing in 2026, achieving a wide oversubscription of 3.2 times the volume offered. The bonds were rated as investment grade by the three main rating agencies (Moody's, S&P and Fitch), and pay an annual coupon of 2.25%. This issuance has allowed Cepsa to reinforce its liquidity position to €4.5 billion, diversify its sources of funding and increase the average maturity of its debt to 4.3 years. The proceeds of the issuance have been used for general corporate purposes, including the refinancing of outstanding debt. This placement consolidates the Company's position in the debt capital markets with three issuances in just over a year and enables Cepsa to continue to lay the foundations for accomplishing the Company's growth plan.

Consolidated Financial Results

Income Statement (CCS)

CCS - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Revenue	2,920.2	5,110.3	6,418.4	(55)%	(43)%	8,030.4
Cost of supply	(2,487.0)	(4,403.7)	(5,621.3)	(56)%	(44)%	(6,890.7)
Gross margin over variable costs	**433.2**	**706.6**	**797.0**	**(46)%**	**(39)%**	**1,139.8**
Other operating income	33.4	48.0	33.8	(1)%	(30)%	81.4
Fixed operating expenses	(287.3)	(297.2)	(309.1)	(7)%	(3)%	(584.5)
Other	0.4	(4.2)	7.2	(94)%	(110)%	(3.8)
Clean CCS EBITDA	**179.7**	**453.2**	**528.9**	**(66)%**	**(60)%**	**633.0**
Amortizations and impairments	(161.4)	(168.2)	(173.2)	(7)%	(4)%	(329.6)
Capital subsidies transferred to income	0.8	0.8	0.8	(3)%	1%	1.5
Operating leases amortization	(30.3)	(30.6)	(36.8)	(18)%	(1)%	(60.8)
Operating income	**(11.1)**	**255.2**	**319.6**	**(103)%**	**(104)%**	**244.1**
Other companies carried by equity method	(0.7)	2.6	10.6	(107)%	(127)%	1.9
Other	(15.1)	(12.3)	4.3	n.a.	22%	(27.5)
Clean CCS EBIT	**(27.0)**	**245.5**	**334.5**	**(108)%**	**(111)%**	**218.5**
Net debt expenses	(16.3)	(39.5)	(34.3)	(52)%	(59)%	(55.8)
Income before taxes	**(43.2)**	**206.0**	**300.3**	**(114)%**	**(121)%**	**162.7**
Minority interest	(2.5)	1.5	(7.8)	(68)%	(264)%	(1.0)
Income taxes	(46.8)	(123.0)	(163.8)	(71)%	(62)%	(169.8)
Clean CCS Net income	**(92.5)**	**84.5**	**128.7**	**(172)%**	**(209)%**	**(8.0)**
CCS adjustment (replacement cost valuation)	(21.3)	(442.6)	(11.2)	90%	(95)%	(463.9)
Non-recurring items	(171.7)	(197.7)	4.1	n.a.	(13)%	(369.4)
Net income (IFRS)	**(285.6)**	**(555.8)**	**121.6**	**(335)%**	**(49)%**	**(841.4)**

Gross margin during 2Q 2020 reached €433 million, a 46% decline YoY due to the fall in crude oil and oil products prices, as well as the decrease in demand due to the Covid-19 pandemic.

Clean CCS EBITDA during the quarter stood at €180 million, a decrease of 66% YoY, affected by the drop in crude oil prices, the low refining margin environment and the decrease in demand in Iberia due to the lockdowns and mobility restrictions following the onset of Covid-19, mitigated by strong performance in Chemicals and lower fixed operating expenses (-7% YoY).

The decrease in results from companies carried by the equity method relates mainly to the transfer of the 42.09% stake in Medgaz to Mubadala in October 2019.

Net debt expenses during the quarter were €16 million, compared to €34 million in 2Q 2019, as the accrual of expenses related to certain interest rate derivatives until their settlement are now accounted for under the line-item "Other" above the EBIT line in the Income Statement.

Clean CCS Net Income stood at negative €93 million, while IFRS Net Income was negative €286 million, adversely impacted by non-cash asset impairments of upstream assets registered during the quarter of €130 million and a non-cash inventory valuation effect of negative €21 million.

Cash Flow Statement (CCS)

CCS - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Clean CCS EBITDA	**179.7**	**453.2**	**528.9**	***(66)%***	***(60)%***	**633.0**
Dividends from associates	4.0	0.0	18.3	*(78)%*	*n.a.*	4.1
Income tax paid	(82.8)	(103.3)	(123.9)	*(33)%*	*(20)%*	(186.2)
Other adjustments to EBITDA	(14.6)	2.9	53.8	*(127)%*	*(611)%*	(11.7)
Cash flow from operations before working capital	**86.4**	**352.8**	**477.1**	***(82)%***	***(76)%***	**439.2**
Changes in working capital	8.7	(251.9)	73.7	*(88)%*	*(103)%*	(243.2)
Cash flow from operations	**95.1**	**100.9**	**550.8**	***(83)%***	***(6)%***	**195.9**
Capex	(185.3)	(251.1)	(257.2)	*(28)%*	*(26)%*	(436.4)
Other cash flow from investments	3.4	0.8	9.8	*(65)%*	*342%*	4.1
Cash flow from investments	**(181.9)**	**(250.3)**	**(247.5)**	***(26)%***	***(27)%***	**(432.2)**
Operating lease payments	(37.4)	(30.0)	(31.0)	*21%*	*24%*	(67.4)
Interest paid	(10.9)	(35.2)	(33.7)	*(68)%*	*(69)%*	(46.1)
Free cash flow	**(135.2)**	**(214.7)**	**238.7**	***(157)%***	***(37)%***	**(349.9)**
Dividends paid to shareholders	(30.0)	0.0	(176.6)	*(83)%*	-	(30.0)
Dividends paid to minority interests	0.0	0.0	0.0	-	-	0.0
Net change in debt	1,003.0	723.2	(107.3)	*n.a.*	*39%*	1,726.2
Net change in cash	**837.9**	**508.5**	**(45.2)**	***n.a.***	***65%***	**1,346.3**

Cash flow from operations during the quarter stood at €87 million (€439 million YTD) with all four business units generating positive cash in the period, although impacted by the significant drop in crude oil prices, low refining margins and the decrease in oil products demand due to Covid-19, offset by strong performance in Chemicals and cost savings.

Working capital remained broadly flat in 2Q 2020, although a working capital release is expected later in the year due to the decrease in prices of both crude oil and refined products and the progressive recovery of demand.

Lower capex payments during the quarter (-26% YoY) due to reduction initiatives implemented to preserve cash flow generation.

The reduction in interest payments during the quarter is mainly related to a number of interest rate derivatives linked to bond issues with settlement in February, which translated into higher payments in 1Q 2020.

Dividends paid to shareholders of €30 million correspond to the final dividend paid-out of 2019 results.

Change in debt for the quarter of €1,003 million mainly related to new credit facilities executed to increase further the liquidity position of the company. The increase in 1Q 2020 of €723 million is mainly related to a €500 million bond issued in early February.

Capex

Capex - € millions (unless otherwise stated)	Q2'20	Q1'20	Q2'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Growth	122.1	109.9	120.9	*1%*	*11%*	232.0
Maintenance	45.7	50.7	64.0	*(29)%*	*(10)%*	96.3
Total capex	**167.7**	**160.6**	**185.0**	***(9)%***	***4%***	**328.3**

Total Q2 2020 capex of €168 million, of which €122 million related to growth projects, with savings resulting from the Contingency Plan put in place to preserve 2020 cash flow generation. The full effect of these initiatives, which are expected to amount to €380 million, will be captured along the year.

Growth capex mainly relates to investments in the development of upstream assets in UAE, efficiency investments at our refineries and chemical plants, and the acquisition of a 40% stake in two leading asphalt manufacturing companies in Morocco.

Maintenance capex was down 29% YoY, driven by Contingency Plan savings and a turnaround of a number of units at the La Rabida refinery in Q2 2019.

Capital Structure

€ millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19
Non-current bank borrowings	3,358.0	2,328.0	2,459.1
Current bank borrowings	685.0	737.0	293.0
Bonds	995.0	995.0	500.0
Cash	(1,907.0)	(1,069.0)	(274.1)
Net debt excluding IFRS16 liabilities	**3,131.0**	**2,991.0**	**2,978.0**
IFRS16 liabilities	689.0	707.0	806.2
Net debt including IFRS16 liabilities	**3,820.0**	**3,698.0**	**3,784.2**
Net debt to LTM CCS EBITDA (excl-IFRS16)	2.0x	1.6x	1.6x
Liquidity (a)	**4,524.0**	**3,450.0**	**2,921.0**
Average maturity of drawn debt (years)	**4.3**	**4.3**	**3.2**
Capital emplyed (IFRS)	8,117.3	8,299.9	9,418.9
Gearing ratio (%)	47%	45%	40%
Return on capital employed (%)	5.1%	7.8%	8.8%

(a) Defined as cash on balance sheet and available credit facilities. Pro-forma for the €500 M. bond issue in July.

Cepsa maintains a robust balance sheet, with Net Debt as of 30 June 2020 of € 3,131 million, which represents a Net Debt to LTM EBITDA ratio of 2.0x[5].

During the second quarter, Cepsa has focused on further strengthening its liquidity position and terming out a number of its short-term facilities. To this effect, Cepsa has carried out the following actions:

- Renewal, extension and/or reinforcing of existing short-term credit lines in excess of €580 million.
- Execution of new committed banking facilities for a total amount of €800 million.
- Extension of its €2,000 million syndicated RCF until 2025, executing a 1-year extension option, which was unanimously approved by all 19 banks.

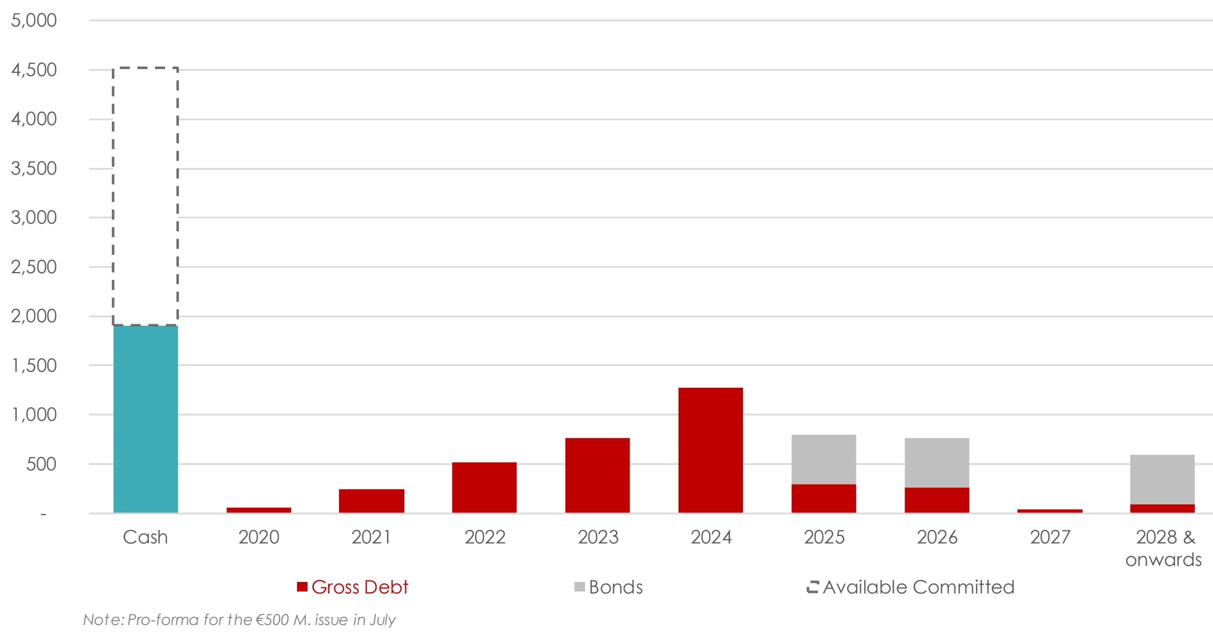
[5] *Excludes the impact of IFRS16.*

In addition, in early July, Cepsa successfully completed its third bond issuance with a €500 million bond maturing in 2026, which attracted significant investor demand achieving 3.2 times oversubscription.

As a result of the above initiatives, as of the end of June Cepsa holds a strong liquidity position comprised of cash on balance sheet and available committed credit facilities in excess of €4.5billion[6], and a high average debt tenor of 4.3 years.

Cepsa's Investment Grade credit ratings were affirmed during the 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)



[6] *Pro-forma for the €500 million bond issue in July 2020.*

Consolidated Business Unit Results

Upstream

Upstream Overview - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Dated Brent oil price ($/bbl)	29.2	50.3	68.8	(58)%	(42)%	39.9
Realised oil price ($/bbl)	27.8	55.8	67.7	(59)%	(50)%	40.1
Working interest crude production (kbopd)	**76.0**	**84.0**	**95.0**	**(20)%**	**(10)%**	**80.0**
Algeria	34.4	41.5	45.6	(25)%	(17)%	37.9
UAE	28.6	26.3	26.0	10%	9%	27.5
LatAm	9.7	11.1	12.8	(24)%	(13)%	10.4
Other	3.4	5.1	10.5	(68)%	(34)%	4.2
Operating costs ($/boe)	**10.3**	**10.3**	**9.5**	**9%**	**0%**	**10.3**
CCS EBITDA	**62.0**	**165.0**	**272.0**	**(77)%**	**(62)%**	**227.0**
Growth capex	**(37.1)**	**(47.0)**	**(34.9)**	**6%**	**(21)%**	**(84.1)**
Mainenance capex	**(5.7)**	**(8.6)**	**(1.8)**	**221%**	**(34)%**	**(14.2)**

Operations

Working interest (WI) production decreased 20% YoY to 76.0 kbopd, mainly driven by OPEC quota restrictions imposed by OPEC member states affecting both Algeria and UAE.

In Algeria, production was 25% down YoY affected by the mentioned OPEC quota restrictions.

In UAE, production increased by 10% YoY to 28.6 kbopd, mainly driven by the ramp-up of SARB, despite the impact of the OPEC quota restrictions agreed in April.

Production in Latin America decreased by 24% YoY, largely due to the natural decline of fields, as well as the shutdown of several wells during the rainy season.

The decrease in production in other geographies mainly relates to South East Asia, from which Cepsa is currently exiting as recoverable reserves have reached the end of their economic life.

Results

Clean CCS EBITDA for the second quarter was €62 million, a 77% drop YoY as a consequence of lower realized crude prices (-59% YoY) and the OPEC quota restrictions.

Operating costs over WI increased 9% YoY, driven by the decrease in production during the period (operating costs came down by -12% YoY).

Growth capex of €37 million related to the asset developments in Algeria and the UAE. The increase in maintenance capex is mainly related to the decommissioning of Thailand assets.

The significant decrease in crude oil prices derived from the Covid-19 pandemic has motivated a revision of the company’s internal long-term crude prices, resulting in a number of non-cash asset impairments. The total effect of the impairments registered as of the end of June 2020 is €331 million.

Refining

Refining Overview - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Refining output (mton)	4.4	5.4	5.4	*(19)%*	*(19)%*	9.8
Refining utilization (%)	74%	88%	91%	*(19)%*	*(16)%*	81%
Cepsa refining margin - VAR ($/bbl)	2.2	4.7	3.3	*(33)%*	*(53)%*	3.6
CCS EBITDA	**(11.4)**	**95.4**	**82.1**	***(114)%***	***(112)%***	**84.0**
Growth capex	**(39.4)**	**(41.7)**	**(64.0)**	***(38)%***	***(5)%***	**(81.1)**
Mainenance capex	**(24.9)**	**(22.5)**	**(45.0)**	***(45)%***	***10%***	**(47.4)**

Operations

Raw output in Cepsa's refining system was 4.4 mton during the quarter, representing a 19% decrease YoY, with an increased share of exports partially offsetting the larger decrease in oil products demand in Iberia.

Given the challenging market environment during the quarter, a number of unit maintenance shutdowns have been carried-out to implement energy efficiency projects. Nevertheless, the maintenance capex was reduced vs the prior year, as in 2019 a turnaround of a number of the main units took place at the La Rabida Refinery in 2Q 2020.

In 2Q 2020, Cepsa refining system operated at an average utilization rate of 74%. Utilization troughed at 73% in April, and since recovered to 76% in June. We expect utilization to gradually recover to its optimal level by year-end as the market stabilizes.

Results

Clean CCS EBITDA in Q2 2020 was negative €11 million, down from €82 million in 2Q 2019, derived from the exceptionally low refining margin market environment as a result of the Covid-19 pandemic, coupled with lower refinery runs (-19% YoY) to adjust production to market demand.

Market refining margins during the period have remained low, with Cepsa's refining margin indicator (VAR) averaging 2.2 $/bbl in the quarter, 33% below YoY. Margins during the quarter were penalized by light and middle distillates crack spreads, increased crude premiums due to lower availability of heavier OPEC production, lower contribution from cogeneration plants and the different sales mix vs Q2 2019 as the reduction of domestic demand favored exports. Upsides came from the positive performance of naphtha, heavy distillates and propone and butane cracks.

Growth capex was € 39 million, a 38% reduction YoY, while Maintenance capex was €25 million, representing a 45% decrease YoY. The lower capex figures are mainly related to the reduction initiatives implemented to preserve cash flow generation and different schedule of turnarounds. Key growth investments during the period were mainly related to efficiency projects aimed at increasing the value of certain refinery streams.

Marketing

Marketing Overview - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Number of service stations	1,791.0	1,800.0	1,805.0	(1)%	(1)%	1,791.0
Product sales (mton)	3.0	4.3	5.4	(45)%	(32)%	7.3
CCS EBITDA	**52.2**	**123.7**	**122.0**	**(57)%**	**(58)%**	**175.9**
Growth capex	**(37.8)**	**(5.7)**	**(11.9)**	**217%**	**560%**	**(43.6)**
Mainenance capex	**(7.3)**	**(7.8)**	**(12.1)**	**(39)%**	**(5)%**	**(15.1)**

Operations

Product sales in the marketing business were down 45% YoY, to 3.0 million tons, impacted by the decrease in demand in Iberia derived from the Covid-19 pandemic and the subsequent lockdown measures imposed. However, sale volumes have been gradually improving over the quarter as mobility restrictions were eased, with automotive fuel demand in Spain going from -61% YoY in April, to -20% in June. In addition, we expect a further recovery of demand during the months of July and August, mainly driven by the pick-up in economic activity, coupled with an increase in consumption due to the summer holiday season.

Results

Clean CCS EBITDA during the quarter was €52 million, a 57% decrease YoY, mainly because of the reduced volumes and despite the healthier margins registered vs the previous year, as well as the fixed costs reduction actions that delivered savings of €18 million.

Growth capex totaled €38 million, driven by the acquisition of a 40% stake in two asphalt manufacturing companies in Morocco. Maintenance capex was €7 million, 39% down YoY due to the reduction initiatives put in place to preserve cash flow generation.

Chemicals

Chemicals Overview - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20	YTD 2020
Product sales (kton)	691.0	724.7	711.9	(3)%	(5)%	1,415.7
LAB / LABSA	176.7	172.8	159.7	11%	2%	349.5
Phenol / Acetone	380.0	403.5	406.5	(7)%	(6)%	783.5
Solvents	134.3	148.4	145.8	(8)%	(9)%	282.7
CCS EBITDA	**85.9**	**78.8**	**66.3**	**30%**	**9%**	**164.7**
Growth capex	**(6.4)**	**(14.4)**	**(8.3)**	**(23)%**	**(56)%**	**(20.8)**
Mainenance capex	**(5.3)**	**(11.5)**	**(3.5)**	**49%**	**(54)%**	**(16.8)**

Operations

Sale of chemical products were 3% below Q2 2019, to 691 ktons. Sales in the LAB segment (raw material for detergents) increased by 11% YoY, lifted by the increase in demand derived from the Covid-19 pandemic. Sales in the Phenol / Acetone and Solvents segments were 7% and 8% below YoY, respectively, impacted by the decrease in demand globally, although with improved margins, especially in Asia, due to the reduced offer following shutdowns of several competitors' plants.

Results

Clean CCS EBITDA for Q2 2020 was €86 million, 30% higher YoY. Results were mainly driven by the strong performance of the LAB segment currently in high demand given the Covid-19 pandemic and the recovery of margins in the Phenol / Acetone line.

Growth capex amounted to €6 million, with the main project being the LAB revamping at Puente Mayorga plant. Maintenance capex was €5 million, mainly driven by some works at the Puente Mayorga site.

Appendix

Balance Sheet – IFRS

Assets - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19
Intangible assets including goodwill	650.6	736.0	775.9
Property, plant and equipment	5,937.8	6,141.4	6,092.8
Right of use assets	679.7	698.7	787.8
Investments in associates and joint ventures	279.2	254.8	254.8
Non-current financial assets	158.5	170.3	113.9
Deferred tax assets	921.6	1,029.8	755.3
Total non-current assets	**8,627.4**	**9,031.0**	**8,780.5**
Cash and cash equivalents	1,906.9	1,069.0	274.1
Other current financial assets	178.3	163.5	130.7
Inventories	1,305.6	1,468.4	2,268.3
Trade and other receivables	1,266.5	1,536.4	2,472.8
Current income tax assets	86.8	58.1	139.6
Other current assets	34.2	77.3	233.8
Total non-current assets	**4,778.4**	**4,372.8**	**5,519.3**
Total assets	**13,405.8**	**13,403.8**	**14,299.8**

Equity & Liabilities - € millions (unless otherwise stated)	2Q'20	1Q'20	2Q'19
Total equity attributable to shareholds of the parent	**4,207.5**	**4,511.4**	**5,522.4**
Non-controlling interest	89.3	90.5	113.0
Total equity	**4,296.8**	**4,601.9**	**5,635.3**
Bonds, obligations and similar issuances	991.4	991.5	497.1
Bank borrowings	3,936.3	2,920.6	3,268.2
Other non-current financial liabilities	203.3	238.0	22.1
Deferred tax liabilities	450.1	524.3	360.8
Other non-current liabilities	529.3	508.4	866.9
Total non-current liabilities	**6,110.5**	**5,182.7**	**5,015.1**
Bonds, obligations and similar issuances	3.3	1.1	0.6
Bank borrowings	796.5	853.9	292.4
Trade and other payables	2,126.2	2,695.8	3,267.2
Current income tax liabilities	63.1	40.1	81.0
Liabilities held for sale and discontinued operations	0.0	17.3	0.0
Other current liabilities	9.5	11.0	8.2
Total current liabilities	**2,998.5**	**3,619.2**	**3,649.4**
Total equity and liabilities	**13,405.8**	**13,403.8**	**14,299.8**

EBITDA Reconciliation

€ millions (unless otherwise stated) 2Q'20	IFRS EBITDA	Inventory Effect	Non-Recurring Items	Clean CCS EBITDA
Upstream	59.1	0.0	2.9	62.0
Refining	17.7	(23.4)	(5.7)	(11.4)
Marketing	19.4	11.0	21.9	52.2
Chemicals	42.1	42.0	1.9	85.9
Corporation	(25.0)	0.0	16.0	(9.0)
CEPSA - Consolidated	**113.3**	**29.5**	**36.9**	**179.7**

Inventory effects relate to changes in the valuation of inventories. The Current Cost of Supply (CCS) is currently lower than the Last Twelve Months (LTM) average, delivering therefore, diminished costs. Nevertheless, in the Refining business, the reversal of the inventories provision had a counterbalancing effect.

Non-Recurring items are mainly related to the provision registered in connection with the employees voluntary lay-off scheme carried-out during the first half of the year.

Affiliates and Minority Interests

EBITDA from Affiliates and Minority interests - € millions CCS figures, considering Cepsa's share	Cepsa Share	2Q'20	1Q'20	2Q'19	Variation vs. 2Q'19	Variation vs. 1Q'20
EBITDA from equity accounted affiliates (Cepsa share)		**6.1**	**7.9**	**29.4**	**(79)%**	**(24)%**
Medgaz, S.A.	42.1%	0.0	0.0	21.1	(100)%	-
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	(1.3)	2.1	2.0	(163)%	(159)%
Asfaltos Españoles, S.A. (ASESA)	50.0%	1.4	1.1	1.1	28%	33%
Sinarmas Cepsa Pte, Ltd	50.0%	3.5	1.9	2.0	74%	85%
SIL Chemical, Ltd	30.0%	0.8	0.6	1.4	(47)%	29%
CS Chem Limited	30.0%	1.1	1.9	1.5	(24)%	(39)%
Nueva Generadora del Sur, S.A.	50.0%	0.5	0.4	0.3	68%	42%
EBITDA attributable to minoroty interests		**5.9**	**1.7**	**13.0**	**(54)%**	**254%**
C.M.D. Aeropuertos Canarios, S.L.	60.0%	(0.4)	1.2	1.5	(130)%	(136)%
Coastal Energy KBM Sdn. Bhd.	70.0%	(1.0)	(0.7)	1.9	(149)%	44%
Cepsa Chemical (Shanghai) CO. LTD	75.0%	4.6	1.9	1.9	141%	146%
Deten Quimica, S.A.	71.4%	3.9	2.2	2.7	42%	77%
Generación Eléctrica Peninsular, S.A.	70.0%	(0.1)	(1.4)	3.5	(102)%	(95)%
Cepsa Gas Comercializadora, S.A.	70.0%	(1.1)	(1.5)	1.5	(173)%	(30)%
Dividends received from affiliates (Cepsa share)		**4.0**	**0.0**	**12.1**	**(67)%**	**-**
Medgaz, S.A.	42.1%	0.0	0.0	6.5	(100)%	-
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	4.0	0.0	5.6	(29)%	-

EBITDA contribution (net to Cepsa) from equity accounted affiliates in 2Q 2020 accounted for €6 million and mainly comes from the Chemicals JV in Indonesia, Sinarmas Cepsa Pte with €4 million and ASESA, with €1.4 million.

EBITDA attributable to minority interests in the quarter amounted to €6 million, being the largest shares from the Cepsa Shanghai Phenol plant (€5 million), followed by the Brazilian LAB plant, Deten Química (€4 million).

Regarding dividends received, in 2Q 2020 comes from Abu Dhabi Oil Company (ADOC) of €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.

In 2019, the appliance of IFRS16 normative on operating leases, led to a change in the accounting policy over these items, as the leases paid were considered as opex and consequently included in EBITDA until the 31st of December of 2018. On the 1st of January 2019, the NPV of the outstanding amounts committed in the operating lease contracts were considered as Non-current Assets, booking also their associated liability. Therefore, from that moment until the end of the contract, we register the correspondent monthly amortization and the interest considered for debt, increasing EBITDA.

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 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 income 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.