H1 2019
Results Presentation

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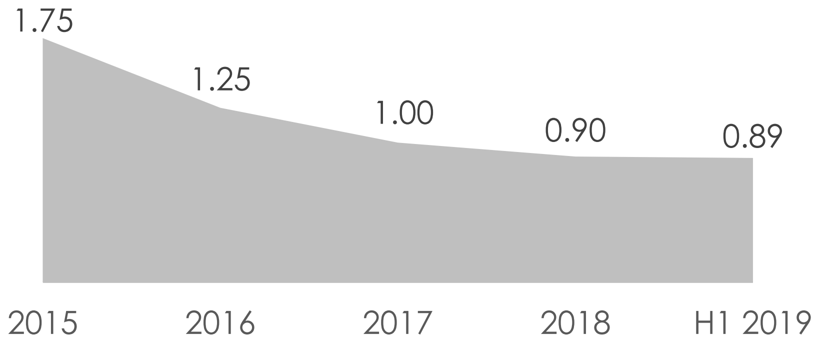
Health and Safety, core values for Cepsa

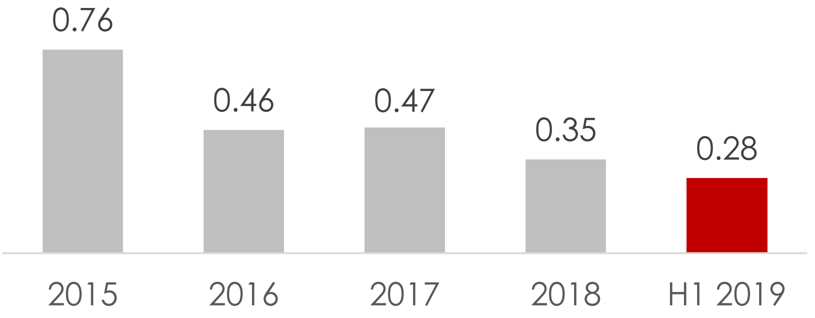
A key element in our operation

Lost Workday Injury Frequency Ratio[1]



LWIF at 0.89 with 16 accidents up to June with no significant injuries, 7 of own staff and 9 from third party contractors

Process Safety Event Rate (PSER)[2]



Implementation of Process Safety Management system.

PSER at 0.28 with no Tier 1 incidents

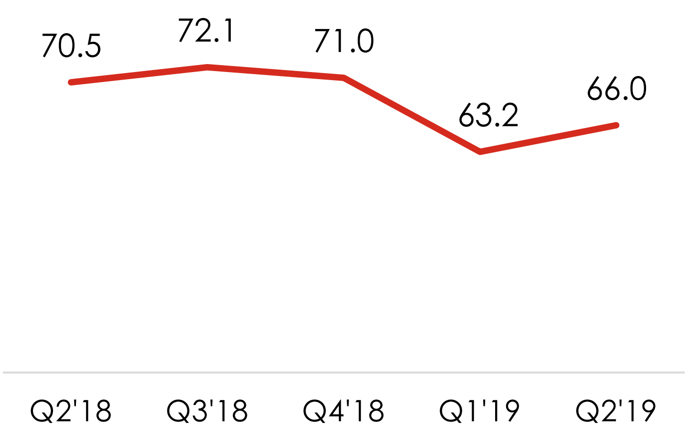
Source: Cepsa   1. Number of accidents resulting in leaver per million hours worked   2. Process safety events divided by the total number of hours worked.

Environment

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

Brent oil price average

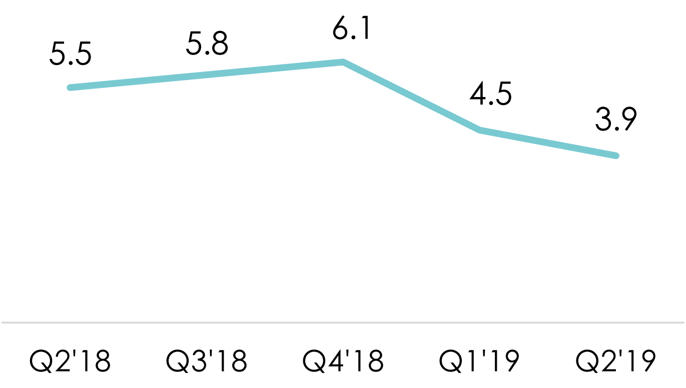
Average $/bbl [1]



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

Cepsa refining margin (VAR)

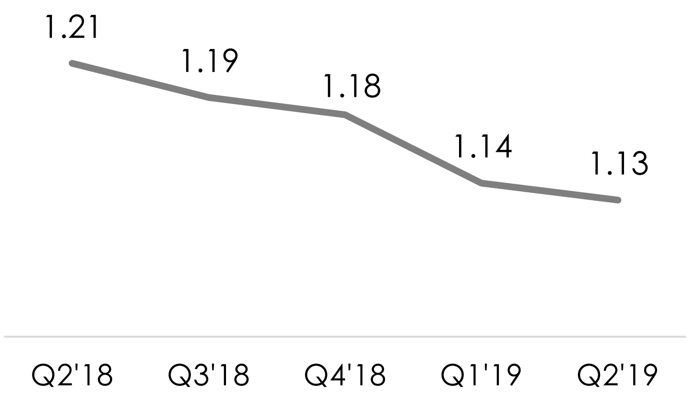
Average $/bbl [1]



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

USD/EUR exchange rate

Average [1]

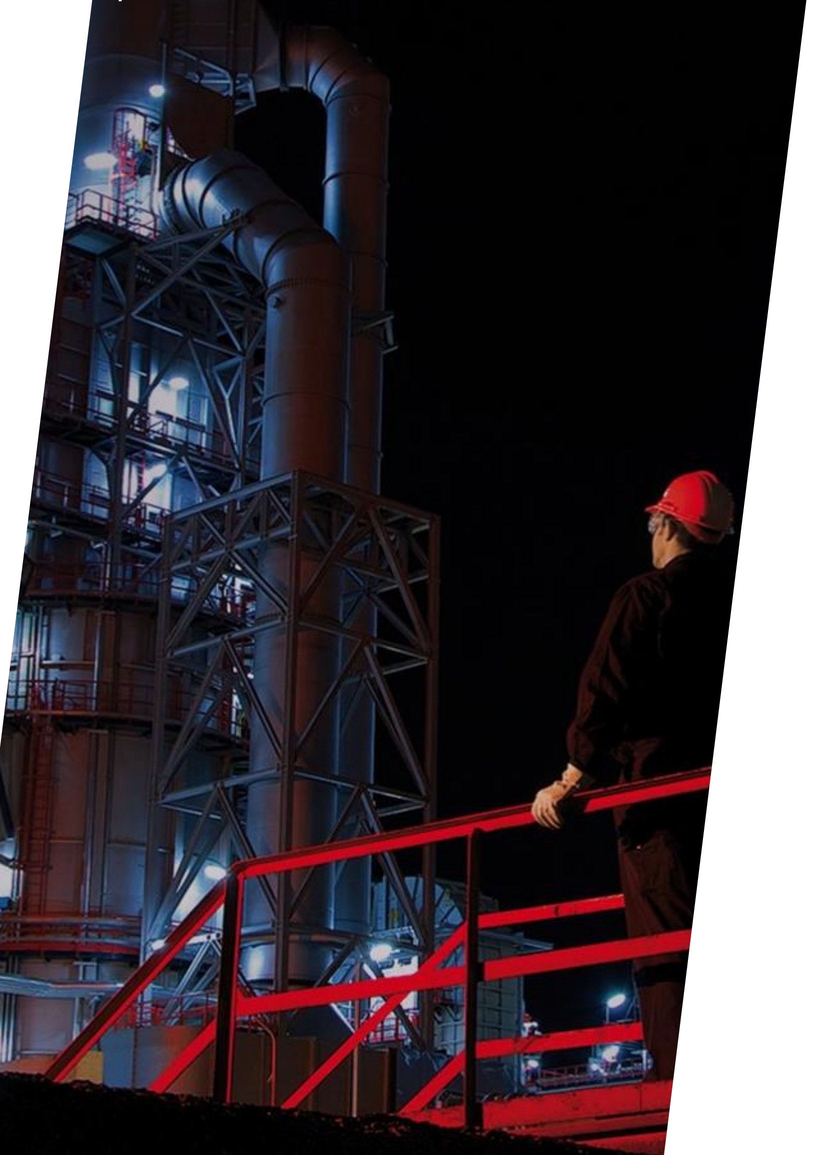


The US dollar appreciated vs the EUR compared to Q1 2019 and last twelve months

Source: Cepsa 1. Accumulated average figures up to the relevant quarter of each year

H1 2019 Highlights

Significant growth in EBITDA due to increased upstream production



Results

- +30% Clean CCS EBITDA compared with H1 2018
- Clean CCS Net Income of 253M€, in a weak refining market environment

Financial Performance

- Solid Cash Flow generation (+10%), due to the production ramp up in the new fields in Abu Dhabi
- Leverage at 1.5x (vs 1.8x in FY18)

Operating Performance

- Upstream production +9% vs H1 2018
- Scheduled shutdown in Gibraltar – San Roque refinery
- Strong performance of the Marketing business

Investments

- 409M€ Capex in H1 2019, including refinery turnaround and SARB & Umm Lulu development

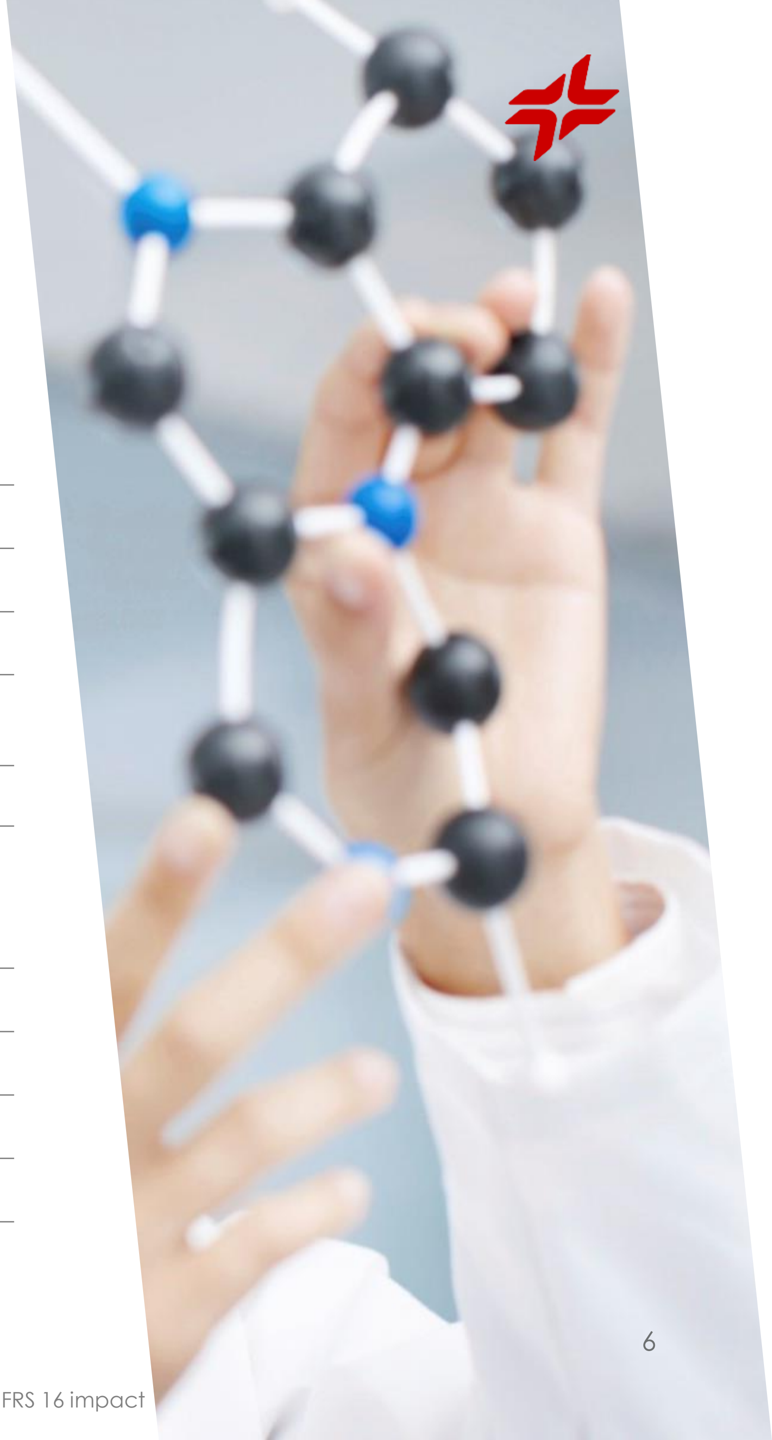
H1 2019 Highlights

Significant increase in EBITDA due to Abu Dhabi concessions coming on-stream

M€, Clean CCS[1] figures	H1 2019	H1 2018	H1 2019 vs H1 2018	FY 2018
EBITDA[2]	991	760	*30%*	1,746
Net Income	253	335	*(24%)*	754
Cash Flow from operating activities[3]	814	740	*10%*	1,502
Organic Capex (Maintenance, Efficiency & Sustainability Capex)	409	308	*33%*	913
M&A Capex	-	1,320	*(100%)*	1,342

M€, IFRS figures

Equity	5,635	5,348	*5%*	5,542
Net Debt[4]	2,978	3,001	*(1%)*	3,089
Leverage / Gearing ratio[4]	34.6%	35.9%	*(4%)*	35.8%
Net Debt / LTM EBITDA[4]	1.5x	1.8x	*(17%)*	1.8x



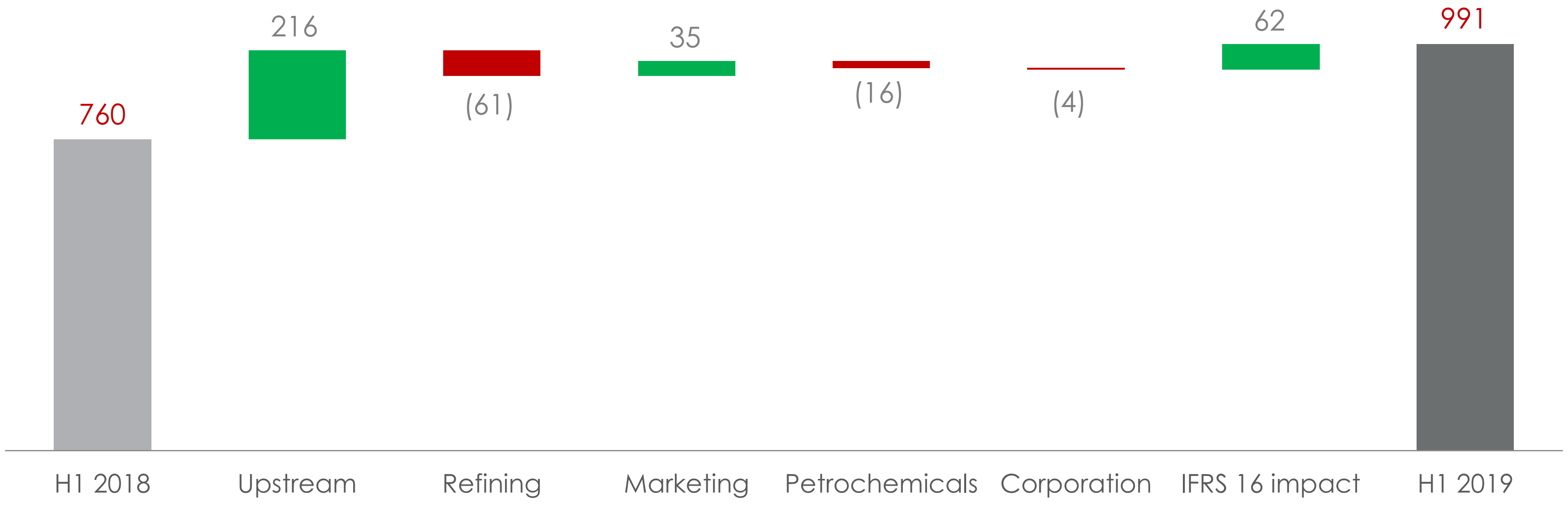
Source: Cepsa 1. Clean Current Cost of Supply, excluding non-recurring items. 2. H1'19 figure includes IFRS16 impact of +62M€ 3. Before changes in WK 4. Excluding IFRS 16 impact

Clean CCS EBITDA

Increase of 30% due to diversification of business as upstream and marketing outperform in a weak refining market environment

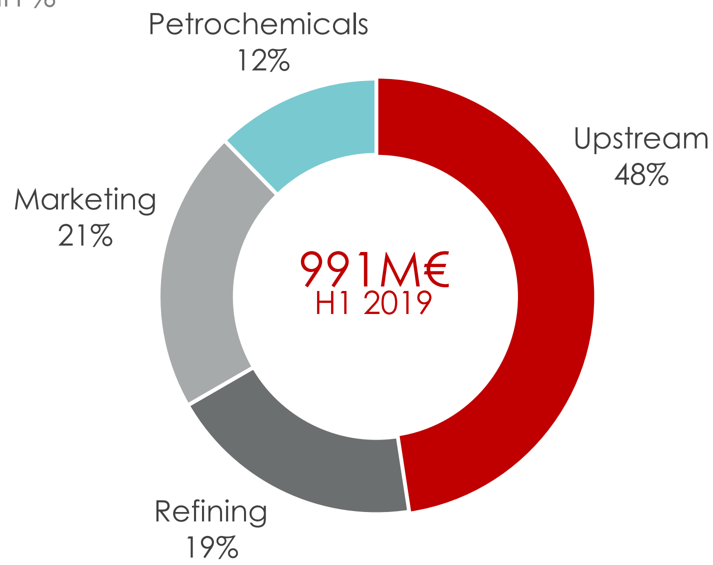
EBITDA H1 2018 to H1 2019

in M€



EBITDA by business unit [1]

in %



- + 30% in H1 2019 Clean CCS EBITDA mainly due to SARB & Umm Lulu start up in Upstream business (+82% vs H1 2018), and strong performance of the Marketing business (+25% vs H1 2018), partially offset by lower refining margins

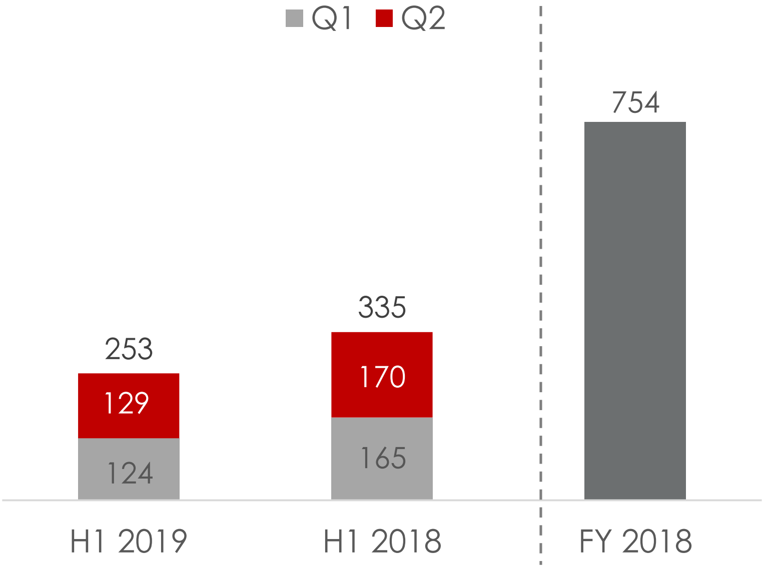
Source: Cepsa, Clean CCS figures 1. % calculated not including Corporation

Clean CCS Net Income

Results impacted by a weak refining market environment

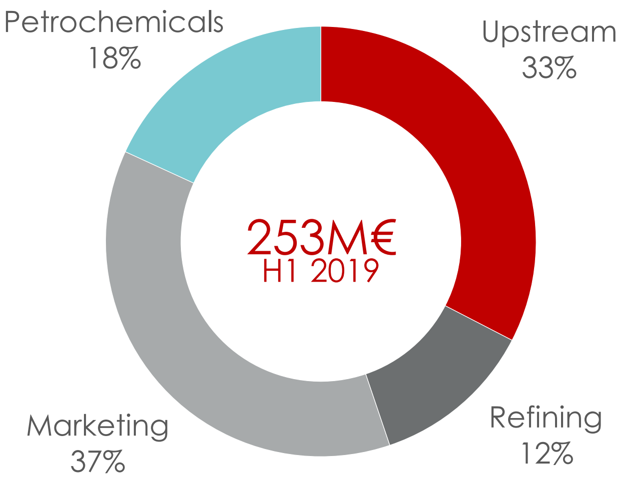
Net Income

in M€



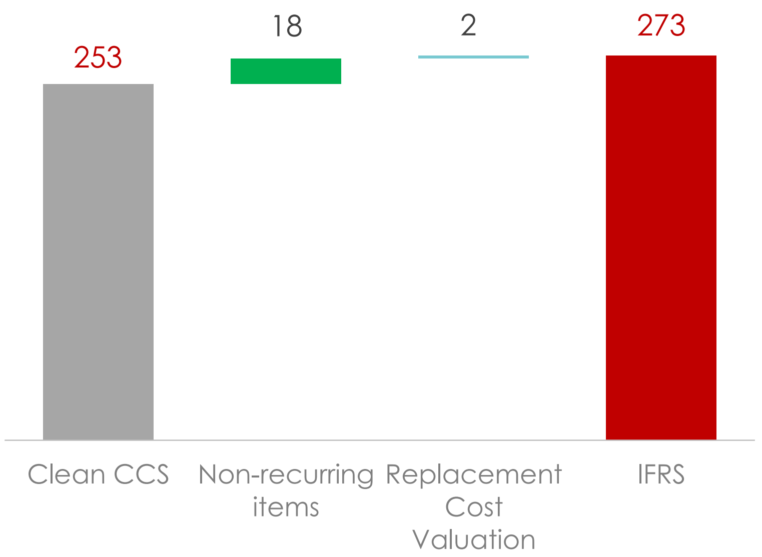
Net Income by business unit [1]

in %



Clean CCS to IFRS Net Income

in M€



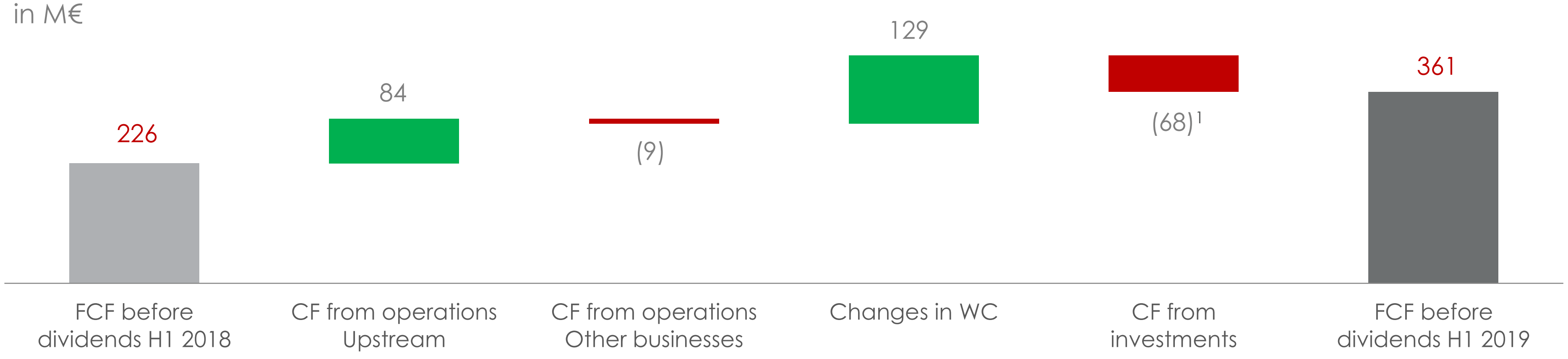
- Cepsa integrated business model enabled it to partially offset lower market refining margins with higher profits in Marketing and solid performance in Upstream
- Downstream business (Refining & Marketing) represents 49% of Clean CCS Net Income

Source: Cepsa, Clean CCS figures   1. % calculated not including Corporation

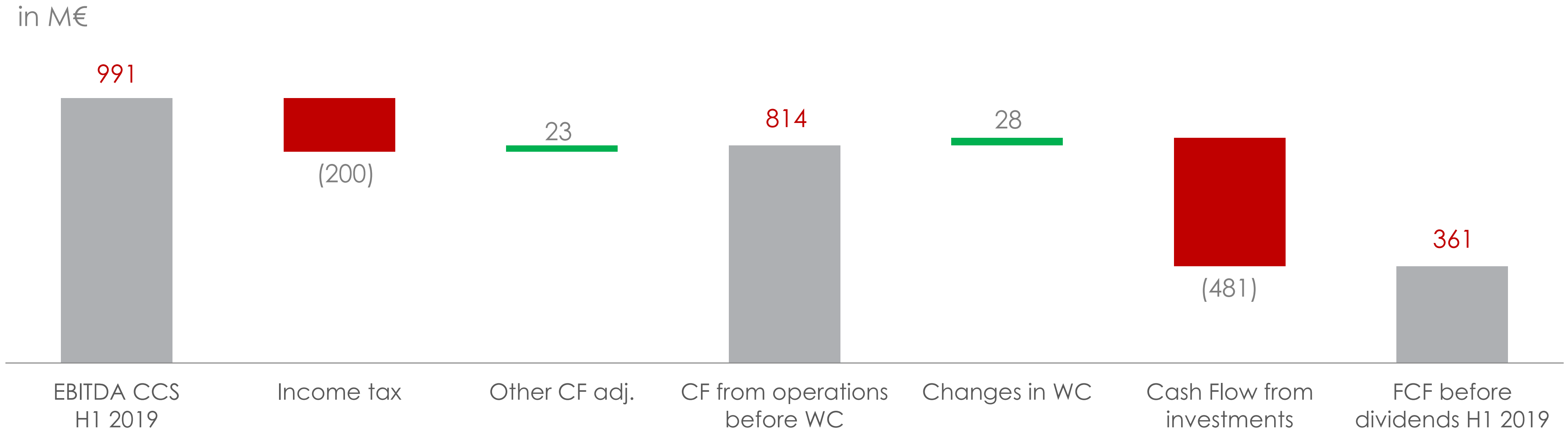
Free Cash Flow

Increase of 60% compared to H1 2018

Free Cash Flow from H1 2018 to H1 2019



Clean CCS EBITDA to Free Cash Flow H1 2019



- Increase in free cash flow of 60% vs H1 2018 due to production ramp up in the new fields in Abu Dhabi and positive working capital variation

- Solid cash flow from operations before working capital of 814 M€

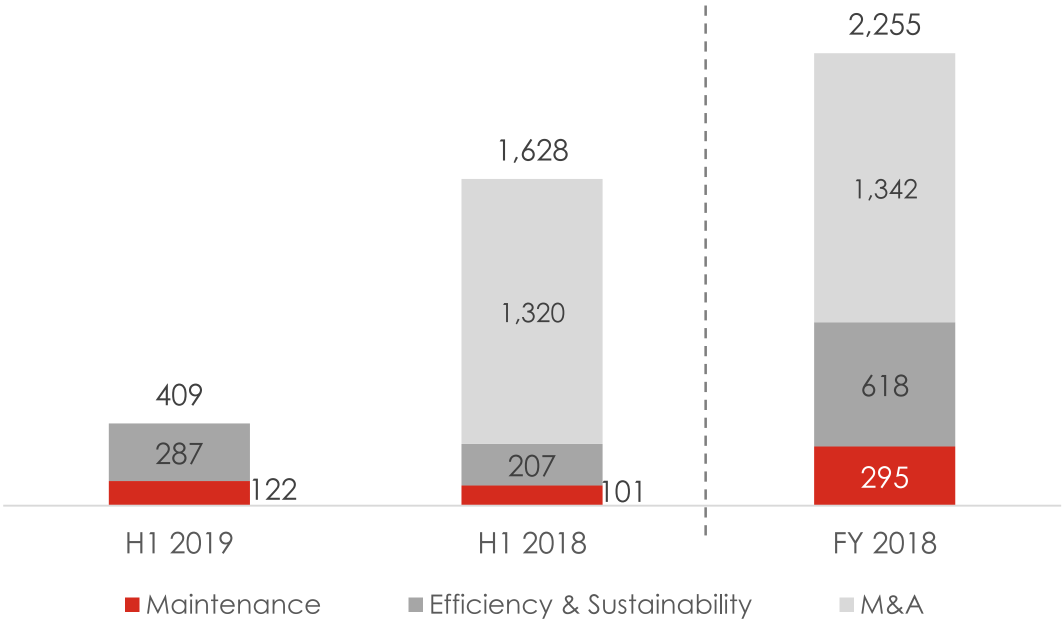
Source: Cepsa 1. Excluding SARB & Umm Lulu acquisition

Capex

Higher Organic Capex due to the execution of relevant projects in Upstream and Refining

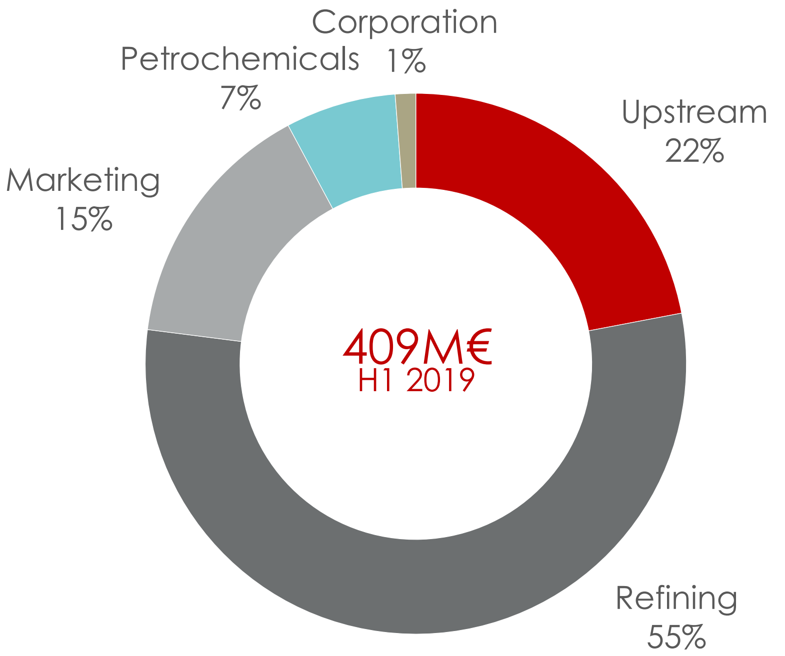
Accounting Capex by category

in M€



Accounting Capex by business unit

in %



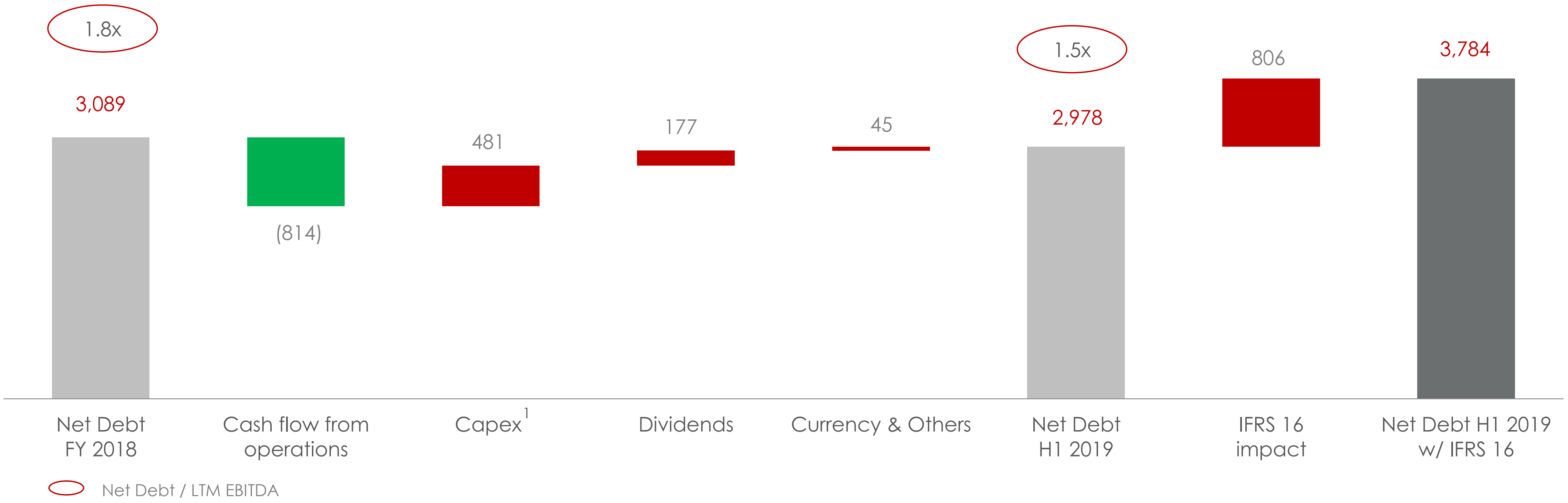
- Organic Capex +33% compared to H1 2018 excluding SARB & Umm Lulu acquisition in Abu Dhabi
- Higher Maintenance Capex as a result of the scheduled maintenance shutdown of the main units of its Gibraltar - San Roque refinery

Source: Cepsa

Net Debt

Leverage reduction based on solid cash flow generation and EBITDA growth

Net Debt Evolution FY 2018 – H1 2019 (M€)



- Cepsa was awarded investment grade credit ratings from the three major rating agencies, which have recognized Cepsa's diversification across the energy value-chain and its integrated business model
- During H1 2019, Cepsa has optimized its debt structure, extending its average life and diversifying its funding sources

Source: Cepsa   1. Payment of capex net of assets disposal, € 30M.

Debt optimization process

Cepsa has successfully completed an optimization process of its banking facilities during H1 2019

Key principles	Actions taken
Diversification of **Funding sources**	**DCM debut** issuance of 5 / 10 Yr bonds
Reduction of **Refinancing risk**	Extension of **< 5 Yr debt maturities**
Streamlining of **Banking facilities**	Vast majority of facilities **no longer** have **financial covenants**
Liquidity strengthened	**Upsized** LT syndicated **RCF**

Key highlights

- Accessed Debt Capital Markets through inaugural bond issue >4x oversubscribed
- Refinancing of 3,000 €M outstanding debt with unanimous endorsement by CEPSA's core banking pool
- Reinforced liquidity with new upsized 5 yr liquidity RCF

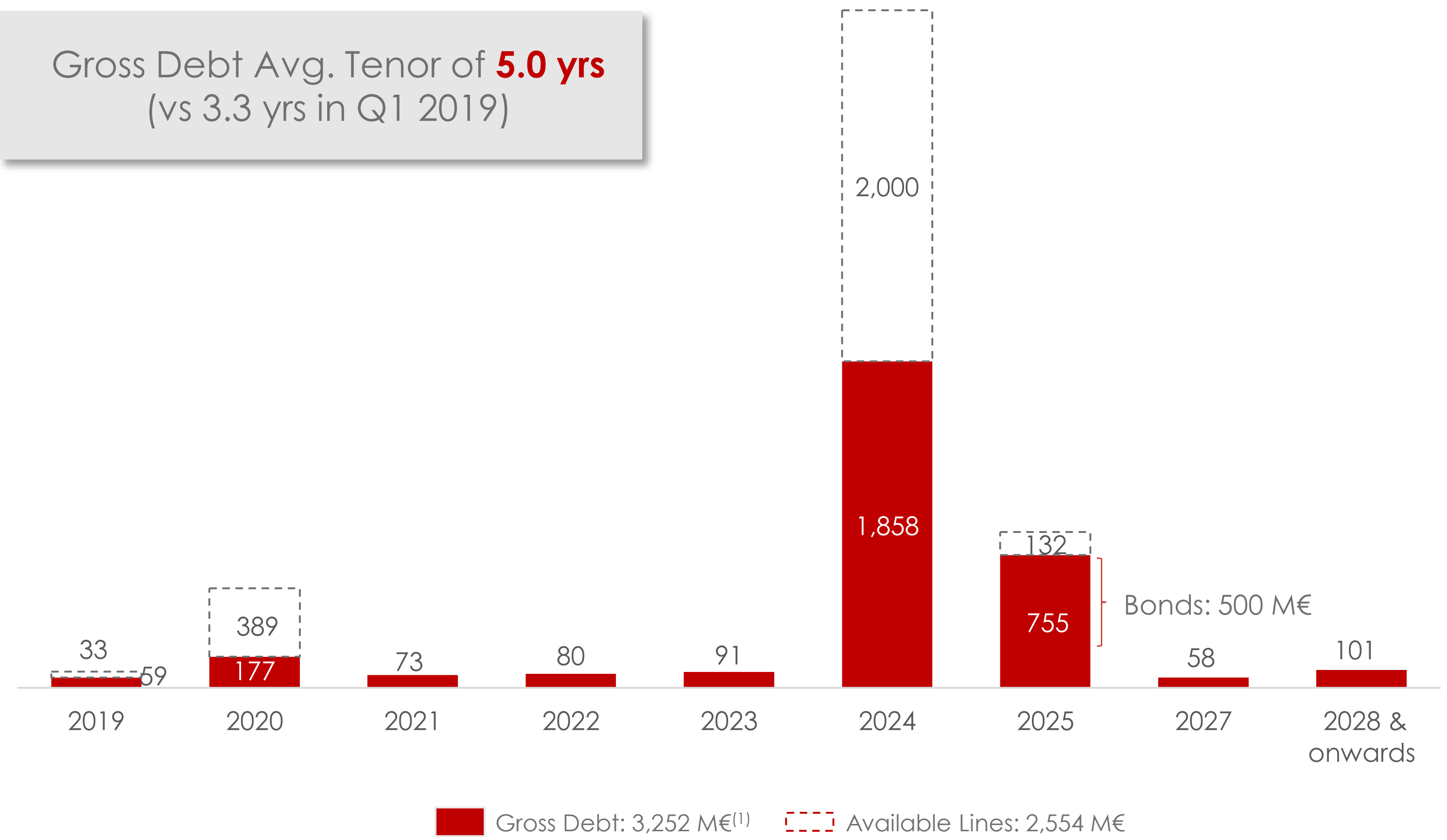
Source: Cepsa

Debt details

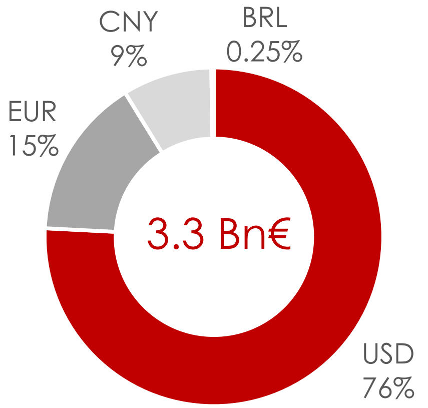
Debt maturities over the next 5 years virtually eliminated

Debt maturity profile H1 2019

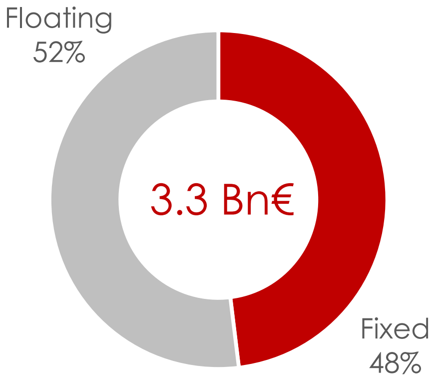
Gross Debt Avg. Tenor of **5.0 yrs**
(vs 3.3 yrs in Q1 2019)



Gross Debt breakdown by currency[1]



Gross Debt breakdown by Interest Rate[1]



Source: Cepsa 1. Gross debt excluding IFRS 16 impact.

Key Takeaways

Financial Performance

- +30% Clean CCS EBITDA compared with H1 2018
- Solid cash flow generation with increased EBITDA mainly due to the production ramp up in the SARB & Umm Lulu fields
- Successful optimization process of the Group’s debt

Operating performance

- Upstream production +9% vs H1 2018
- Scheduled shutdown in Gibraltar – San Roque refinery
- Strong performance of the Marketing business


Thank you
CEPSA

Backup

Upstream

Clean CCS EBITDA increased by 82% mainly due to SARB & Umm Lulu fields commissioning

Financial KPIs (M€, *CCS figures*)	H1 2019	H1 2018	H1 2019 vs H1 2018	FY 2018
Clean CCS EBITDA	483	265	82%	635
Clean CCS Net Income	88	125	(29%)	232
Organic Capex	90	97	(7%)	317
M&A Capex	0	1,320	(100%)	1,342

Operating KPIs				
Working Interest Production (kbpd)	93.9	86.1	9%	83.3
Realized Crude Oil Price ($/b)	65.2	64.5	1%	67.2
Crude Oil Sales (kb)	11,241	6,027	86%	14,196

Source: Cepsa

Upstream / SARB & Umm Lulu overview

Expands the upstream core business by adding a new pillar in Abu Dhabi for the future of CEPSA's E&P growth

SARB & Umm Lulu

- Start-up 6 months after Acquisition – August 2018
- Positive cash flow 1 year after investment
- 10 cargos lifted between December 2018 and June 2019
- Long & stable Free Cash Flow

Comments

- Production averaging 110 kbd to date. Extended OPEC quotas in H2, average 108 kbd
- SARB conducting performance test of compressor trains using make-up gas
- ULL: 5 platforms offshore mobilization finished by July. Offshore works & commissioning programmed during second semester

Source: Cepsa

Refining

Depressed levels of light distillates cracks joined to GSRR turnarounds push down results

Financial KPIs (M€, *CCS figures*)	H1 2019	H1 2018	H1 2019 vs H1 2018	FY 2018
Clean CCS EBITDA	194	245	(21%)	577
Clean CCS Net Income	33	91	(64%)	259
Organic Capex	225	139	62%	392

Operating KPIs				
Cepsa Refining Margin ($/bbl)	3.9	5.5	(29%)	6.1
Utilization rate refineries (distillation) (%)	89%	92%	(3%)	91%
Refining output (Mt)	10.7	10.8	(0%)	21.8

Source: Cepsa

Marketing

Good performance of the Bio line and increased Network margins

Financial KPIs (M€, *CCS figures*)	H1 2019	H1 2018	H1 2019 vs H1 2018	FY 2018
Clean CCS EBITDA	214	145	48%	344
Clean CCS Net Income	100	75	34%	189
Organic Capex	62	40	56%	101

Operating KPIs				
Number of Service Stations (#)	1,805	1,824	(1%)	1,799
Product Sales (Mt)	10.7	10.8	(0%)	21.9

Source: Cepsa

Petrochemicals

LAB increased sales and margins in Spain and Canada cushion the negative impact of the burdening Acetone and Alcohol margins

Financial KPIs (M€, CCS figures)	H1 2019	H1 2018	H1 2019 vs H1 2018	FY 2018
Clean CCS EBITDA	125	128	(2%)	243
Clean CCS Net Income	49	60	(18%)	111
Organic Capex	27	28	(5%)	80

Operating KPIs				
Product Sales (Kt)	1,436	1,490	(4%)	2,934
LAB	321	307	4%	598
Phenol / Acetone	826	875	(6%)	1,724
Solvent	290	308	(6%)	612

Source: Cepsa

IFRS 16 impact

Net Debt increase by 806M€ due to IFRS 16

Balance Sheet

in M€

Capital Employed as of 30 June 2019	↗ 788
Net Debt as of 30 June 2019	↗ 806
Gearing ratio[1] as of 30 June 2019	↗ +5.6% to 40.2%

Profit & Loss Account

in M€

EBITDA as of 30 June 2019	↗ 62
Amortization charge as of 30 June 2019	↗ 62
Financial expenses as of 30 June 2019	↗ 11
NIAT as of 30 June 2019	↘ 8

Source: Cepsa

1. Gearing ratio as of 30 June: 40.2%

Clean CCS to IFRS EBITDA and Net Income

EBITDA H1 2019

M€	CCS EBITDA	CCS adjustment	Non-recurring items	IFRS
Upstream	483	-	-	483
Refining	194	28	-	222
Marketing	214	(15)	-	200
Petrochemicals	125	(6)	-	119
Corporate	(25)	-	-	(26)
Total	**991**	**7**	**-**	**998**

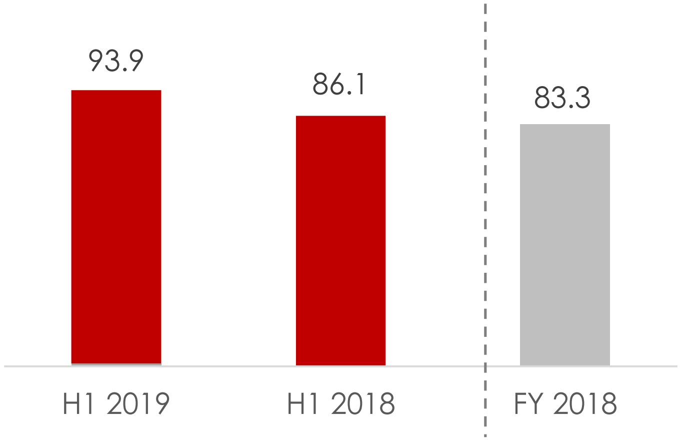
Net Income H1 2019

M€	CCS Net Income	CCS adjustment	Non-recurring items	IFRS
Upstream	88		7	95
Refining	33	21	11	66
Marketing	100	(12)		88
Petrochemicals	49	(7)		42
Corporate	(17)			(18)
Total	**253**	**2**	**18**	**273**

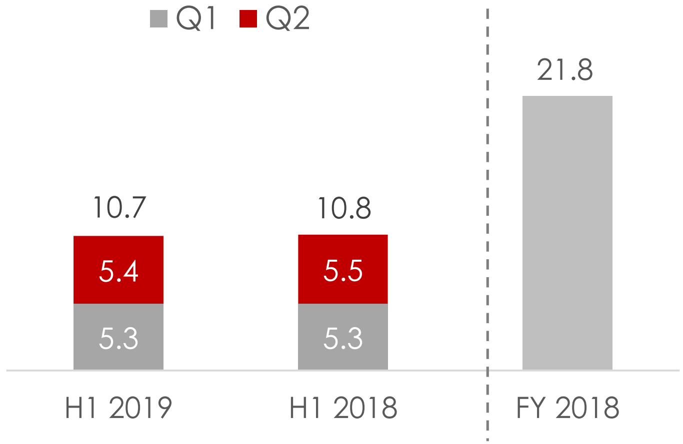
Source: Cepsa

Operational KPIs

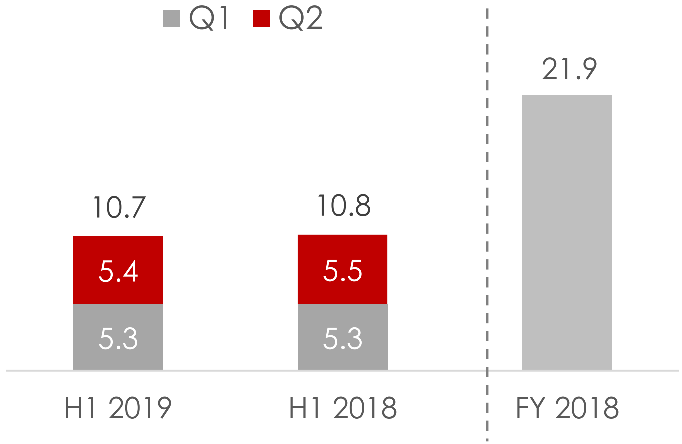
Working Interest Production (kbpd)



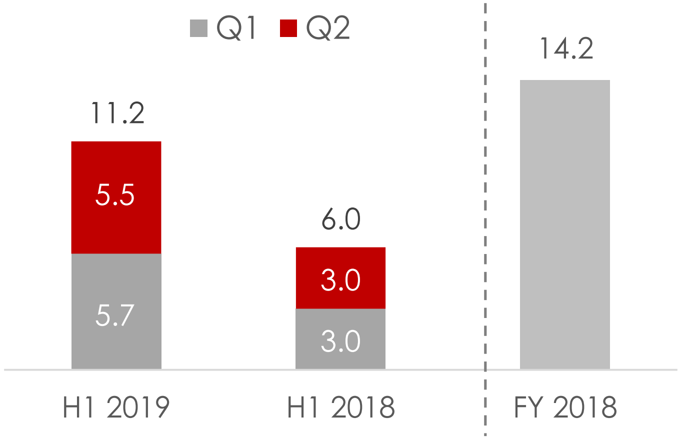
Refining output (Mt)



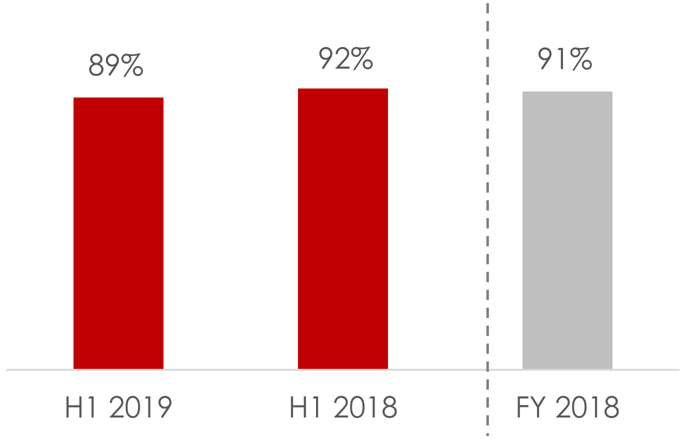
Marketing Sales (Mt)



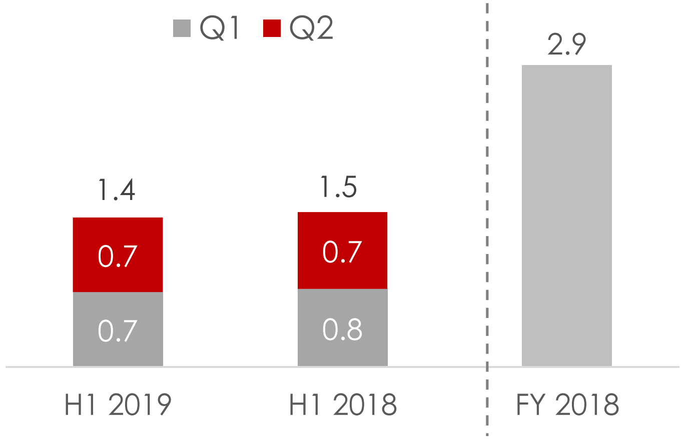
Crude Oil Sales (Mbbls)



Utilization rate refineries (%)



Petrochemicals Sales (Mt)



Source: Cepsa, CCS figures