

>> JAIME CIFUENTES: Good morning ladies and gentlemen, and welcome to CEPSA's fourth quarter and 2023 results presentation. Thank you for joining us today. My name is Jaime Cifuentes, CEPSA's Head of Investor Relations and Corporate Planning. Before we start, please let me take a moment to remind you that the financial information contained in this document is unaudited and some figures are non-IFRS.

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You can send us your questions through the "Ask a question tab" located at the bottom of the screen at any time during the presentation. We will do our best to answer all of them at the end of the session.

Today's conference call will be conducted by Carmen de Pablo, CEPSA's Chief Financial Officer. So, without any further delay, Carmen, the floor is yours.

>> CARMEN DE PABLO: Thank you, Jaime, and good morning everyone. I'm Carmen de Pablo, CEPSA's CFO. I welcome you all to CEPSA's fourth quarter and 2023 results presentation. I hope you're all well and thank you all for joining.

During today's presentation, we will cover the following topics. We will start with a summary of 2023 key milestones and progress we have made on our strategy, Positive Motion. Second, I'll go through the market and operational performance highlights. We will then continue with the financial performance of 2023 before making some closing remarks and opening up for Q &A.

And now, moving on to slide six, please. Let me start by covering the key operational and financial highlights of the group. CEPSA achieved a strong performance during the year driven by a supportive market environment and solid operational KPIs. Despite ongoing global industry, throughout the whole year, our refining margin reached an average of \$10 per barrel, slightly above the 2022 figure. Refining utilization rates were 90%, in line with expectations and slightly below 2022, due to some scheduled turnarounds that were completed successfully. Commercial product sales reach a total of 17 million tons and our upstream business average working interest production reached 42,000 barrels per day, evidencing the change in perimeter after the sale of the Abu Dhabi asset in March.

On the financial side, during the year, we reported clean earnings before interest, taxes, depreciation, and amortization on a current cost of supply basis, CCS EBITDA, of €1.4 billion. Cash flow from operations after working capital reached €1.1 billion, a figure that underscores our ability to generate robust operating cash flows. Note that these results

incorporate the payment of €323 million related to the extraordinary tax in Spain for 2023. Net debt was reduced meaningfully during the period to €2.3 billion on the back of a good organic free cash flow generation. Lastly, regarding liquidity, we closed the year with a strong position at €4.4 billion, almost €400 million above last year's figure. This level of liquidity provides ample coverage for our debt maturities, ensuring a buffer until the end of 2028, evidencing CEPSA's conservative and prudent financial policy.

And now, moving on to the next slide. We will review the progress achieved in the implementation of our Positive Motion strategy. In February of this year, we have begun with our partner Bio-Oils, the construction of the largest 2G biofuels plant in southern Europe with a total investment of €1.2 billion. This facility, which will flexibly produce 500,000 tons of sustainable aviation fuel, SAF, and renewable diesel, HBO, annually, will allow the joint venture to double its current production capacity.

The new 2G biofuels plant, along with existing facilities operated by CEPSA and Bio-Oils in Huelva, will form the second largest renewable fuel complex in Europe with a total production capacity of 1 million tons per annum. This new facility is expected to be operational in 2026 and is being built in our energy park in Palos de la Frontera, Huelva. Its development involves the creation of 2,000 direct and indirect jobs during the construction and operation phases. This facility will enable the development of other key projects to reposition Spain and Andalusia in the international energy landscape. In addition to SAF and HBO, the plant will also produce biogas, a fundamental raw material for the production of green hydrogen. The new plant will secure the majority of its raw material supply from organic waste such as agricultural waste and use cooking oils through a global long-term agreement with Apical enabling us to address one of the main challenges facing the industry, which is access to raw materials.

And now, moving on to slide eight, please. During 2023, we signed an agreement with Ballenoil, a pioneering leader in the retail energy low cost segment in Spain, to acquire the network of service stations.

This acquisition will bolster our supply of electric charging points and introduce the sale of biofuels, aligning our business with the shifting landscape of sustainable energy solutions. The Ballenoil network currently comprises of more than 230 service stations, which implies that CEPSA Group will surpass the total figure of 2,000 service stations. It is our aim to expand the low-cost perimeter to 500 sites by 2027 and this agreement boosts CEPSA's network expansion and accelerates the integration of new energy sources, while also ensuring a stable fuel supply. And as part of our commitment to execute the Positive Motion strategy, the European Investment Bank granted €150 million loan to facilitate the development of over 1,800 ultrafast electric vehicle charges at our service stations throughout Spain and Portugal and €80 million for the development of two solar power generation projects in Andalusia. This demonstrates our ability to secure support from financial institutions like the EIB and to realize our strategic initiatives and set footprint in the energy transition. And we also started the sale of second-generation sustainable aviation fuel SAF at Spain's main airports. We produce this biofuel at La Rábida Energy park from organic waste and use cooking oil and this is a significant milestone as we aim to become the leading producer of SAF in Spain and

Portugal by 2030, promoting decarbonization of the air transport and, as you know, we have reached collaboration agreements with the main airline operating in Spain and have partnered up with Iberia, Air Europa, Vueling, Air Nostrum, Binter, TUI, Wiz, and Volotea amongst others.

And now, on slide nine. On green hydrogen, we announced the construction of the largest green ammonia plant in Europe with a production capacity of 750,000 tons, which is expected to prevent 3 million tons of CO<sub>2</sub> emissions per year. We also agreed a strategic partnership with Yara to set up the first green hydrogen maritime corridor between the ports of Algeciras and Rotterdam, which has some of the highest energy demand in Europe. The partnership envisages Yara Clean Ammonia supplying CEPSA with green ammonia, which will allow us to get a head start in establishing the green hydrogen corridor. We also signed an agreement with Gasunie that guarantees access to its green hydrogen transport network in the Netherlands, which will connect the port of Rotterdam with other European industrial clusters in Germany, the Netherlands and Belgium as part of the Delta corridor project and moreover, CEPSA and C2X, an independent company owned by AP Moller Maersk, announced a joint ambition to develop a green methanol plant in the port of Huelva. The project's aim is to reach an estimated annual production capacity of 300,000 tons of green methanol, which will prevent the emission of up to 1 million tons of CO<sub>2</sub>. This project was presented at COP 28 in Dubai with the participation of the Spanish prime minister, and this partnership is another milestone in our strategy to turn Spain into a European hub for green molecules this decade, with viable projects to reduce emissions in sectors that are difficult and urgent to decarbonize.

And last but not least, some other milestones, on slide ten. We started supplying 100% of renewable diesel HBO to professional customers both at our service stations and direct sales. We began to search and develop projects for the construction and operation of biomethane production plants from agricultural and livestock waste, which will enable to significantly reduce CO<sub>2</sub> emissions from our power plants and chemical plants, as well as providing a complementary vector to produce green hydrogen and employment in sustainable mobility. We also launched a new loyalty program, CEPSSGo, whose members can earn at CEPSA and in their daily purchases to redeem for fuel, electric charges, car washes and products sold at our stores. An important step in executing our Positive Motion strategy was the completion of the divestment of our Abu Dhabi assets as part of our strategy and portfolio rebalancing. We're also in the process to divest certain of our mature fields in LATAM due to the declining phase and which will not have a material impact in terms of EBITDA and cash generation.

On the other hand, the RKF fields in Algeria are already online after some scheduled turnarounds for health and safety works that took place last year. On chemicals, in our commitment to circular economy, we successfully completed the first operation in Spain for the co-processing of recycled plastic pyrolysis oil. This project enabled the production of raw material that then is converted into circular phenol and acetone from discarded single-use plastics such as bags and cutlery. Also, we built the world's first plant in Huelva for the sustainable production of isopropyl alcohol, IPA, a product used in hydroalcoholic gels as well as in other industries such as the medical, pharmaceutical, electronic and

automotive. And in addition, we have been able to offer fully sustainable IPA to our customers using renewable or circular raw materials.

And now, on slides eleven and twelve, we'll briefly review our ESG commitments and recognition we became a global leader in its sector in the SMP Global Corporate Sustainability Assessment. This ranking, including 165 companies worldwide, highlights CEPSA's performance and management capacity in environmental, social and good governance aspects and in addition to the results announced by SMP Global CSA, in Moody's rating, we demonstrated significant progress by earning 65 points in 2023, a material step up from the 61 achieved in 2022 and reaching the top three in our sector in Europe.

At the same time, we have continued to lead the Sustainability ranking in the industry for the third consecutive year and received the Industry top-rated Batch. Clarity AI, the sustainability technology company that uses machine learning and big data to provide ESG information, also ranks CEPSA as the company with the best score in the sector. And finally, Ecovadis recognized us with a gold medal, placing it among the top 3% of companies worldwide.

Now, on slide twelve, please. Regarding our progress on key sustainability KPIs in terms of decarbonization and emissions reductions. As you know, we have set ourselves challenging CO2 reduction commitments, which include 55% reduction in scope one and two by 2030, 15% to 20% reduction in the carbon intensity of sold products by 2030, and achieving net zero across all three scopes before 2050. In this sense, we are well on track and by the end of '23, scope one and two emissions were down close to 28% versus our baseline of 2019, evidencing our efforts and the wide recognition by third parties through different ratings and awards that we have received. In this context, CDP awarded us with an -A rating in climate as we are positioned as a leader in this category for the fourth year in a row, we also have expanded our ESG commitment to water and as you know, we have set one of the most ambitious targets in the sector on water consumption, reducing fresh water withdrawal in water stressed areas by 20% in 2025. And on the social front, we aim to reach 30% of women in management positions by 2025 and we were already close to 29% in 2023.

And now moving on to the market environment and operational performance section of our presentation, please. In our fourth quarter of 2023, crude oil prices remain in a relatively stable range, averaging \$84 per barrel, slightly below the Q3 figure. During the same period, we maintained a robust refining margin of \$7.5 per barrel, well below Q3, that was extraordinary, but still at healthy levels and above historical averages. The euro-dollar exchange rate continued a depreciation trend in Q4 with an average of \$1.10 per euro. Spanish fuel demand stood at compared to the preceding quarters of 2023.

And now, we will brief you and go through the review of our business performance. Starting with our energy segment, EBITDA for the year reached €830 million driven by robust refining margins and utilization rates, and with overall healthy performance of our commercial business lines, particularly B2B, aviation, and lubricants.

Within our chemicals business, we have continued to exhibit resilient results despite the impact of reduced volumes and supported by lower energy cost.

This segment reported an EBITDA of €223 million for the period. Lastly, our upstream business EBITDA for the period amounted to €493 million which reflects the change of perimeter after the sale of Abu Dhabi. The working interest production, without Abu Dhabi, has remained stable throughout 2023, although impacted by scheduled turnarounds in RKF fields for HSE, as mentioned earlier. Algerian assets are already back on production at a normal run rate, with production in 2024 already at expected levels. Let me remind you that, given the high tax regime that affected the disposed assets in Abu Dhabi, the cash generation profile of CEPSA has not been materially impacted. Continuous improvement programs deployed across the company keep contributing to increase our ability to capture market opportunities and enhance overall performance through energy efficiency and innovation.

And now, moving on to the next slide. As previously mentioned, we have reported an EBITDA of €1.4 billion for 2023 alongside with a net income of €278 million. It is worth noting that this already reflects the sale of Abu Dhabi assets when compared to the figures from 2022. Our cash flow from operations, including the impact on the windfall tax, remains strong at €1.1 billion. This continues to underscore our robust asset base and capability of generating substantial cash flow. Investments increase when compared with the same period of 2022. As the execution of our Positive Motion strategy ramps up. In the coming slides, we will explain organic capital expenditure in more detail. And our net debt currently stands at €2.3 billion following a substantial reduction of the back of the sustained free cash flow generation and we are proud to maintain a highly favorable liquidity position as a result of our conservative financial policies and our commitment both from management and our shareholders to adhere to an investment grade credit profile. We will review cash flow, debt and liquidity on the next slide.

Now, cash flow from operations for the year stood at €1.1 billion. Let me flag that this amount includes the payment of the extraordinary tax imposed on Spanish energy companies, which was €323 million in 2023. Without such effect, cash flow from operations would be in line with that of 2022 figure evidencing that the ability of CEPSA to generate cash has not been reduced significantly after the sale of Abu Dhabi. Net cash flow from investments in the year was positive as proceeds from the UAE divestment and other minor transactions counterbalanced the increase in CAPEX spent during the year as we make progress in the execution of our strategy, financing cash flow, which includes interest costs and operating leases expenses, was slightly higher compared to the previous year due to the increase in interest rates. Nevertheless, we follow a conservative financial policy and with regards to interest rate exposure, we hold more than 75% of our debt in fixed rate terms. Free cash flow before dividends stood at €1.3 billion, covering the dividends paid during 2023 and leaving remain in cash for more than €400 million for deleveraging and enhancing the robustness of our capital structure. In terms of debt, we already mentioned that as of December, net debt stood at €2.3 billion and let me also highlight the strong liquidity position of the group at currently €4.4 billion.

Now, moving on to the next slide, please. Cash CAPEX for '23 increased to €702million with a meaningful upsize of our sustainable investments versus the previous year. CAPEX projects are being prioritized by their financial performance and contribution to the acceleration of the energy transition, boosting clean energy solution, and reducing carbon emissions. In this sense, the growth in CAPEX across our businesses for sustainable and efficiency projects, it is not worthy, such as the ones related to coprocessing and biofuels production in our energy parks or the development of EV chargers throughout our network of service stations. And at the same time, CEPSA's capital allocation process ensures that the company retains significant flexibility in order to postpone certain investments, if this would be required, to protect free cash flow generation.

And now, to wrap up, let me finalize today's presentation with some key takeaways. In summary, we have delivered a robust CCS EBITDA of €1.4 billion after Abu Dhabi divestment. Our commitment to execute our Positive Motion strategy is reflected in a substantial increase of sustainable CAPEX, with almost 40% of our investments already being devoted to the energy transition. We remain strongly committed to the key objective of leading the transition by decarbonizing our own business, while helping our clients do so as well. And as part of our ambition, we began the construction of Europe's second largest 2G biofuels plant with Bio-Oils, which is expected to begin production in 2026. And also, as commented before, we announced plans to build the largest green methanol plant in Europe, with FID expected to be taken in '25 amongst other investments in the future. Our net debt decreased to €2.3 billion at the end of this year and our liquidity remained solid at €4.4 billion, comfortably covering debt maturities until the end of 2028. And, as we conclude, it's crucial to highlight our commitment to our Positive Motion strategy, propelling us forward in key energy markets across Europe and fostering new sector alliances. This journey is not only about strengthening our position, but also ensuring a clean, independent energy supply for Spain and Europe.

Looking ahead, I'm confident that our well positioned and well invested asset base, coupled with exceptional quality of our human capital, will continue to drive positive results and make a lasting impact on our key stakeholders.

And now with this, we conclude today's presentation. Thank you all for joining us and we'll now hand it over to Jaime for the Q & A session. Thank you.

>> JAIME CIFUENTES: Thank you very much, Carmen. Just let me remind everyone how to send us their questions. There is an "Ask a question" tab located at the bottom of the screen and you may type your questions directly into the dialog box. We will now give you some time to post your questions. Thank you very much.

"Are we planning to fully exit our upstream segment and/or the chemical segment in the near future?"

>> CARMEN DE PABLO: Well, we are not contemplating any major transaction at this point in time in terms of how we look at our portfolio. So, there are no plans. But it's true that we continue to analyze and look at venues for portfolio restructuring and taking

actions, as we have done, for example, with the acquisition of Ballenoil and the sale of our UAE assets, and now looking into also how we effectively reset our strategy, also with a more integrated way, which has been, for example, on the chemical side, fully integrated. Now, in our business, we consider that to be one of the options. It's clearly now part of the strategy that we take forward, as mentioned, on an integrated basis. So, I would say that there is effectively nothing now on the horizon that we could provide you with visibility. But it's true that we continue to monitor and look at our perimeter and take the best options and value in an integrated way as we move forward into Positive Motion.

>> JAIME CIFUENTES: Thank you. Next one is: "What are our expectations regarding the extraordinary tax in Spain? And, what the cash impact for 2024 will be?"

>> CARMEN DE PABLO: Well, as you have seen in our results, the windfall tax has impacted our IFRS net income directly, driving it into negative territory during the year, and it had an impact of €323 million. Now, in terms of effectively 2024, what we expect today is to be able to compensate the impact of the windfall tax that will come effectively on payment in 2025 onwards with our green and sustainable strategic investments. Of course, we still need to see, what is the further development and final decision and how that will be impacting all the energy companies throughout. But I think there is the expectation that we will be able to offset and, in particular in our case, CEPSA is clearly investing into energy transition you've seen the levels of this year at 40% and growing. And therefore we would look to offset part of that windfall tax that will be due next year based on 2024 results by our green and sustainable strategic investments.

>> JAIME CIFUENTES: "Which is CEPSA stake in the 2G biofuels plant?"

>> CARMEN DE PABLO: We have a majority stake in our biofuels plant and that is today 55%. So, we are very proud, as mentioned earlier, of having Bio-Oils as a partner to develop our biofuels business. But we have a majority control in stake.

>> JAIME CIFUENTES: And, "what is the total CAPEX of the project?"

>> CARMEN DE PABLO: The total CAPEX of the project is €1.2 billion, but that includes also additional infrastructure that we will be building around this facility that will be digital native and we will actually have a state-of-the-art technology across the board for the production of biofuels in our facility.

JAIME CIFUENTES>>There's a more general question on CAPEX. "What's our CAPEX budget for this year, for 2024?"

>> CARMEN DE PABLO: We do not provide guidance for the year. What I can say is that you've seen the progressive increase in our CAPEX intensity. This is derived by the fact that we are investing further into our Positive Motion strategy, increasing that sustainable contribution of investments. And you should expect that our figure of CAPEX for 2024 will be higher than this year.

>> JAIME CIFUENTES: And our EBITDA outlook for 2024.

>> CARMEN DE PABLO: Well, as mentioned, we do not provide with guidance. And so let me sort of refrain from answering that question, given that we are not given specific figures for the year.

>> JAIME CIFUENTES: Carmen, one last question, I think, and that is: "Could we comment on the potential refinancing of our bond maturing in February 2025?"

>> CARMEN DE PABLO: Well, of course, we are always looking to extend our maturities and look well in advance on how we effectively have and manage our tenors. As a matter of fact, looking to, as we today have liquidity of €4.4 billion, that takes us to covering maturities until the end of 2028. Even having that buffer and comfortness, we like to look well ahead. So, we're doing that from a bond perspective, but also as we look at the bilateral lines that we have with our banking relationships. So, in terms of the maturities of February 2025 bond, we are currently working on the refinancing, looking at different options, and of course, always we will be very vigilant of market conditions for any new issuance that may happen in the coming months. But we aim to maintain our presence in the capital markets. This is part of our diversified capital structure and always looking at having a very conservative, prudent, effectively financial policy where we look to extend those maturities. Having, as mentioned, enough liquidity. We also, and as you may have seen, have engaged in a number of finances with the European Investment Bank. That gives us obviously a support into having longer tenors, also attractive terms. But equally, I think the capital markets are open, strong. So we are going to, of course, evaluate if and when to be refinancing our maturities on the bonds that are due '25 and also '26 with ample time to make a decision.

>> JAIME CIFUENTES: Okay, we just got another question. "Could you please give us your outlook for 2024 regarding refining as well as the chemical businesses? Anything related to supply demand dynamics, margin expectations whatsoever."

>> CARMEN DE PABLO: Well, I'm sure many of the analysts on this call will have a better view than ourselves. But let me maybe give you a little bit of what we're seeing today, which is a more constructive environment across the board. I think it's fair to say that the refining margin environment is well above the two-digit figure. Year to date, we are in the zip code of \$11 per barrel, which is well above the historical average and, of course, surpassing part of last year's expectations. So, I think we see that the refining environment should continue to be constructive. Of course, there may be some geopolitical impacts, which are difficult to predict and foresee. And we have seen obviously some of the Red Sea impacts. Some of the new refining capacity which are having some issues as they start to increase utilization rates. There has been some of the shutdowns as well in Europe when we look at also how the market may play out over the next couple of months. So, that's all in all, I think an overall supportive environment as we are starting the year, more than we had anticipated. And I think it's fair to say that while some of our PRC margins to be in sort of just above \$8 per barrel, we would be on a similar view, probably even with this stronger start, getting close to a double digit.



And then in regards to chemicals. It's true that we have seen relatively lower demand levels as a worldwide trend. But we also see lights in terms of the performance and improvement in the coming months on the back of several factors. Obviously, macro leading also on enhanced demands and benefiting from, in particular, our integration with our energy parks. So, I think overall the dynamics that we see also on the chemical side so far are constructive for the remaining of the year as we stand today. Having said that, the view of how things will evolve from geopolitical and extraordinary events is difficult for us to predict. But all in all, constructive environment.

>> JAIME CIFUENTES: We keep getting questions, Carmen. It's a busy set of questions. Anyway, so the next one is: "Are we still committed to an investment grade rating? And, what are the actions we're willing to take to preserve that credit quality?"

>> CARMEN DE PABLO: Well, indeed we are committed to investment grade. I think we work very closely with the three rating agencies. We look to enhance our capital structure and our liquidity across the board and it's a priority for us as a management team and we have also the full commitment of our shareholders. So, I think what right now we see today is a constructive market environment which should allow us to effectively execute on our Motion strategy whilst preserving our investment grade profile. Today, I think when we look at-- If markets were to turn in a slightly different way, we have a number of levers to have more flexibility and provide that cushion. It's important to remark the full potential initiatives and performance that we have across the whole group in all the businesses that are continued to bring on an ongoing basis--Continue to bring value to CEPESA, to our shareholders. And of course, as mentioned, we have the commitment and we work very closely with the rating agencies to address and assess a very fluid and, I think, constructive dialog that we have with them.

>> JAIME CIFUENTES: Thank you very much. Carmen. I think this was it. Let us check anyway. We got many questions, some of them similar. Let's hope we didn't miss any relevant ones. But, we will double check in case we missed any questions. Or if we get any questions from now on, we will reply via email.

>> CARMEN DE PABLO: Okay. Well, thank you very much all for joining us and for taking the patience. It's been slightly a longer call. Thank you very much for all the questions and we look forward to seeing you and hearing you on our first quarter results in the next few months. Thank you very much and have a great weekend.Thanks.

>> JAIME CIFUENTES: Thank you very much everyone. Take care.