

Cepsa reports Clean CCS EBITDA of €1,165m in the 9 months to September

Financial highlights

€1,165m

Clean CCS EBITDA

€252m

Clean CCS Net Income

€1,006m

Cash flow from Operations¹

€439m

Capital Expenditure

€3,358m

Taxes in Spain

1.7x

Leverage

- **Clean CCS EBITDA was €1,165m in the nine months to September** versus €2,492m in the same period last year, driven by lower Upstream volumes following the sale of the Group's Abu Dhabi assets. Refining margins remained supportive
- **Clean CCS Net Income reached €252m** until September versus €534m in the same period in 2022, reflecting the sale of the Abu Dhabi assets
- **Cash flow from operations, excluding non-recurring items, stood at €1,006m** versus €979m in the first nine months of 2022
- **Sustainable capex made up 40% of spending** for the period, with total capex of €439m versus €357m in the same period of last year, as Cepsa continues to deliver on its *Positive Motion* strategy
- **Cepsa contributed €3,358m in taxes in Spain**, of which €2,046m were borne and €1,312 collected on behalf of the Spanish tax authorities. In September, Cepsa paid €158m corresponding to the second instalment of the windfall tax, which has implied a total payment of €323m this year
- **Cepsa's Net Debt was reduced to €2.5bn by September**, with leverage ratio increasing to 1.7x driven by lower EBITDA following the Abu Dhabi assets sale. **Liquidity increased to €4.2bn**, implying a buffer of 4.4 years without refinancing risk
- **Since July, Cepsa has taken great strides in offering sustainable solutions to its customers**, launching the sale of sustainable aviation fuel (SAF) at four of Spain's main airports, beginning the sale of renewable diesel for professional customers, running successful 2G biofuels trials for passenger ferries and freight trains, and reaching an agreement to start developing biomethane production. It also received a **€150 million loan from the EIB** to foster electric mobility in Spain and Portugal
- **Cepsa has reached an agreement to acquire Ballenoi's service station network** of more than 220 establishments in Spain, widening Cepsa's network to around 2,000 service stations in the Iberian market and allowing the Company to create a **low-cost, sustainable segment alongside its premium network** of multi-energy and ultra-convenience stations

1. Excluding non-recurring items



Maarten Wetselaar, Cepsa CEO

"We saw an improvement in our third quarter financial performance thanks to an increase in refining margins, though overall results for the first nine months of the year continue to reflect the impact of Spain's poorly designed windfall tax regime as well as the volatile energy markets seen across Europe in the year to date.

At a time when the urgency of investing in low carbon energy solutions is increasingly evident, Cepsa remains committed and focused on its Positive Motion strategy to become leading providers of green hydrogen, 2G biofuels, and sustainable mobility, with sustainable capex making up 40% of spending this quarter.

We hope to work with the new Spanish government to ensure that Spain's fiscal and regulatory frameworks support industry and create a competitive environment for the energy transition, fostering investment and enabling the development in Spain of Europe's biggest green hydrogen project."

Market Environment

Crude prices increased in Q3'23 to 86.8 \$/bbl (78.4 \$/bbl in Q2'23) due to the OPEC+ commitment announced in June to extend the cuts towards 2024 together with balanced world oil reserves.

Refining margins increased in the quarter, with Cepsa's average margin at 14.4 \$/bbl (7.4 \$/bbl in Q2'23), mostly driven by enhanced performance of light and middle distillates. At this stage, Q4'23 refining margins are expected to fall closer to levels seen in Q2.

Gas prices stood at €33.0/MWh in Q3'23 (€35.1/MWh in Q2'23) as the demand and supply balance, which was disrupted following the Ukraine crisis, continued to normalise.

Spanish pool prices for electricity increased from the previous period, mainly as a result of the decline in wind production and greater demand, with an average of 96.5 €/MWh in Q3'23 (80.3 €/MWh in Q2'23).



Results Breakdown

Cepsa's three main businesses had a strong performance during the third quarter of the year, on the back of a supportive market environment with higher crude prices and enhanced refining margins, above the historical average. Net debt reduced despite the impact of the extraordinary tax imposed on energy companies and sustained capex, as Cepsa continued to deliver its *Positive Motion* strategy, boosting sustainable projects to facilitate a successful energy transition in Europe. By division:

- **Energy².** CCS EBITDA for the segment during Q3'23 stood at €335m (€114m in Q2'23), with Cepsa's Energy Parks overperforming due to higher margins. Refining margins during Q3'23 averaged 14.4 \$/bbl (7.4 \$/bb in Q2'23) and Cepsa's utilization rate grew to 94% vs 91% in Q2'23. Commercial sales also increased to 4.5mt in the quarter, above Q2'23, on the back of the summer season.
- **Chemicals.** Results slightly below Q2'23 driven by lower margins and volumes caused by the difficult situation of the European industry. CCS EBITDA of €52m (€60m in Q2'23).
- **Upstream.** Meaningful CCS EBITDA increase to €73m (€58m in Q2'23) on the back of higher Brent prices and sustained production, with volumes at 32.8 kbopd (32.4 kbopd in Q2'23). Cepsa's Upstream asset base has very low breakeven prices and enhanced cash conversion after the Abu Dhabi divestment.



Major Events

Since the start of the third quarter of 2023, Cepsa has continued to make significant progress towards delivering its *Positive Motion* strategy.

In the **Biofuels** business, Cepsa began selling SAF at four of Spain's main airports (Madrid, Barcelona, Palma de Mallorca and Seville) to all customers who request it, becoming the first company to offer biofuel for aviation on a permanent basis at those airports, and reached an alliance with Air Europa to supply 14.4 tons of SAF to the airline for one year to cover the first monthly Madrid-Havana flight. It also ran successful trials of second-generation biofuels on passenger ferries and freight trains, supplied 2G biofuels in the Port of Barcelona, and this month started the supply of 100% renewable diesel (HVO) to professional customers.

Cepsa also started its activity in the development of **biomethane production** from agricultural and livestock wastes, reaching an agreement with Kira Ventures to develop up to 15 biomethane plants in Spain over this decade. Cepsa's objective in 2030 is to manage 4 TWh per year to decarbonize its industrial activity, replacing natural gas consumption with biomethane in its energy parks and chemical plants, in addition to a complementary vector to produce green hydrogen and employment in mobility.

In **New Mobility**, Cepsa and Endesa launched "Together in Every Charge," a joint offer for all electric vehicle users that combines the two companies' electric mobility advantages and charging networks to make them compatible with each other. Also, the EIB granted a €150 million loan to Cepsa to foster electric mobility in Spain and Portugal. The financing arrangement will allow more than 1,800 ultra-fast electric vehicle chargers to be rolled out across the Iberian Peninsula, supporting Cepsa's *Positive Motion* strategy. Cepsa currently has more than 130 ultra-fast charging points at its service stations and is developing another 330, with a goal to reach more than 1,000 service stations across its network by 2030.

Among other developments, **Cepsa has reached an agreement to acquire Ballenoi's service station network**, comprising more than 220 low-cost establishments in Spain. The agreement, which is pending regulatory approval, will widen Cepsa's service station network to around 2,000 establishments and allow the Company to create a **low-cost, sustainable segment alongside its premium network** of multi-energy service stations with ultra-convenience food and shopping options.

Market Indicators

Market Indicators	Q3'23	Q2'23	Q3'22	Variation vs.		YTD 2023	YTD 2022	YTD Variation
				Q3'22	Q2'23			
Dated Brent oil price (\$/bbl)	86.8	78.4	100.9	(14)%	11%	82.1	105.3	(22)%
Refining margin (\$/bbl) ¹	14.4	7.4	7.9	83%	96%	10.9	9.9	10%
Dutch TTF Natural gas price (€/MWh)	33.0	35.1	196.2	(83)%	(6)%	40.7	129.1	(68)%
Spanish pool price (€/MWh)	96.5	80.3	146.3	(34)%	20%	91.1	185.8	(51)%
Exchange average rate (\$/€)	1.09	1.09	1.01	8%	(0)%	1.08	1.06	2%
Spanish fuel demand (m3)	10,515	10,025	10,277	2%	5%	29,775	29,403	1%

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

1. Cepesa Refining margin indicator has been amended to reflect corporate group allocations, including variable energy costs.

Operational KPIs

Operational Overview	Q3'23	Q2'23	Q3'22	Variation vs.		YTD 2023	YTD 2022	YTD Variation
				Q3'22	Q2'23			
Refining output (mton)	5.3	5.1	5.3	1%	4%	15.2	15.8	(4)%
Refining utilization (%)	94%	91%	94%	0%	3%	90%	94%	(4)%
Bios installed capacity (kt/y)	685	685	622	10%	-	685	622	10%
Commercial product sales (mton)	4.5	4.3	4.6	(4)%	5%	12.8	13.2	(3)%
Electricity production (GWh)	797	512	888	(10)%	56%	1,907	2,357	(19)%
Natural gas sales (GWh)	7,736	6,006	5,899	31%	29%	20,433	17,981	14%
Chemical product sales (kton)	544	474	587	(7)%	15%	1,554	1,926	(19)%
Working interest crude production (kbopd)	32.8	32.4	86.5	(62)%	1%	45.5	83.1	(45)%
Realized crude price(\$/bbl)	83.1	73.0	107.4	(23)%	14%	80.9	99.5	(19)%
Crude oil sales (million bbl)	1.3	1.2	5.8	(78)%	8%	7.2	16.5	(56)%

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

Financial Summary

Financial Summary - € million (unless otherwise stated)	Q3'23	Q2'23	Q3'22	Variation vs.		YTD 2023	YTD 2022	YTD Variation
				Q3'22	Q2'23			
Energy	335	114	117	186%	194%	660	881	(25)%
Chemicals	52	60	96	(46)%	(13)%	176	312	(44)%
Upstream	73	58	575	(87)%	27%	442	1,397	(68)%
Corporation	(37)	(46)	(38)	(2)%	(18)%	(112)	(98)	15%
EBITDA¹	423	186	750	(44)%	127%	1,165	2,492	(53)%
EBIT ¹	188	2	558	(66)%	x93	626	1,874	(67)%
Net Income ¹	107	(31)	71	50%	444%	252	534	(53)%
IFRS Net Income ²	278	(96)	142	96%	388%	(116)	982	(112)%
Cash flow from operations before WC³	442	214	650	(32)%	107%	1,106	1,476	(25)%
Cash flow from operations³	425	142	545	(22)%	199%	1,006	979	3%
Organic Accounting Capex⁴	(163)	(162)	(139)	18%	1%	(439)	(357)	23%
Sustainable	(66)	(72)	(39)	70%	(8)%	(173)	(84)	106%
Growth / Discretionary	(28)	(28)	(56)	(50)%	1%	(89)	(163)	(45)%
Maintenance & HSE	(69)	(62)	(43)	59%	12%	(177)	(110)	61%
Organic Free Cash Flow^{3,4,5}	263	(8)	421	(37)%	x36	497	586	(15)%
Organic Free Cash Flow before WC movements^{3,4,5}	280	64	526	(47)%	335%	597	1,083	(45)%
Net debt⁶	2,488	2,522	2,790	(11)%	(1)%	2,488	2,790	(11)%
Net debt to LTM EBITDA⁶	1.7x	1.4x	1.0x	72%	21%	1.7x	1.0x	72%
Liquidity⁷	4,162	4,069	3,803	9%	2%	4,162	3,803	9%

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

1. On a Clean CCS basis (excluding the effect of extraordinary items and inventories)

2. IFRS Net Loss of €116m in YTD'23, mainly due to changes in stock valuations and the impact of the extraordinary tax imposed on energy companies in Spain

3. Excluding 158m€ paid in Q3'23 and 323m€ in YTD 2023 figure related to the extraordinary tax imposed on Spanish energy companies.

4. Excluding M&A activities.

5. Before financing activities.

6. Excluding IFRS 16 liabilities.

7. Defined as cash on balance sheet and undrawn committed and uncommitted lines.

Cepsa is a leading international company committed to sustainable mobility and energy with strong technical expertise after more than 90 years of activity. It also has a global Chemicals business with world leading positions and a progressive green plan.

The Company presented in 2022 its new strategy for 2030, Positive Motion, projecting its ambition to be a leader in sustainable mobility, biofuels, and green hydrogen in Spain and Portugal and a key benchmark in the Energy Transition. Cepsa puts customers at the heart of its activity and will work with them to help design and achieve their decarbonization efforts.

ESG criteria inspire everything the Company does as part of its goal to become Net Positive. Cepsa intends to cut scope 1 and 2 CO2 emissions by 55% this decade and scope 3 emissions by 15-20%, aiming to reach net zero across all three scopes by 2050.

Madrid, 16 November 2023
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