PRESS **RELEASE**

2019 half yearly results

- **Cepsa registered H1 2019 Clean CCS EBITDA of €991 million, as a result of the positive performance of the Exploration and Production and Marketing business units**

- **Clean CCS Net Income was €253 million, during a period of low refining margins, and crude oil prices which were lower than in the first half of 2018**

- **Investments in this period amounted to €409 million, and the free cash flow before dividend payments was €361 million**

- **During H1 2019, Cepsa was awarded investment grade ratings from the three major rating agencies and carried out its first bond issuance for €500 million**

Clean CCS EBITDA rose to €991 million in H1 2019, an increase of 30% compared to €760 million in H1 2018. The Net Debt/EBITDA ratio stood at 1.5x, three tenths lower than at the end of 2018 (1.8x).

The increase of 30% in H1 2019 Clean CCS EBITDA was mainly due to the positive performance of Cepsa's Exploration and Production and Marketing business units (+82% vs H1 2018, and +48% vs H1 2018, respectively).

Cepsa's Clean CCS Net Income for H1 2019 was €253 million, compared to €335 million for the same period in 2018. This decrease is attributable to an environment of low market refining margins, and a worse performance in the phenol and acetone business lines of the Petrochemicals business unit.

Applying International Financial Reporting Standards (IFRS) and calculating inventory movements at average unit cost, accumulated net income for H1 2019 was €273 million, compared to €441 million for the same period in 2018.

Investments during the period amounted to €409 million, and free cash flow was €361 million (after taxes and investments, but before dividend payments).

During the first six months of 2019, Brent crude prices averaged $66.0/bbl, 6% lower than the $70.5/bbl average registered in H1 2018.

In terms of safety, the Lost Workday Injury Frequency (LWIF) rate, which measures the number of accidents resulting in absence from work, was 0.89 accidents per million hours worked, in line with the results from 2018. Greenhouse gas emissions (CO_2 per ton produced) remained at levels similar to those of 2018.

Exploration & Production

In H1 2019, the Clean CCS EBITDA of the Exploration & Production business unit increased by 82% compared to the same period of 2018, to €483 million, mainly due to the contribution of SARB and Umm Lulu fields.

Clean CCS Net Income stood at €88 million, 29% lower than H1 2018. This was mainly due to the lower Clean CCS Net Income in Colombia resulting from reduced sales prices and higher amortizations and taxes, the limited contribution of SARB and Umm Lulu (as they are still in ramp up phase) due to high amortizations, taxes and royalties in Abu Dhabi, only partially offset by better performance in Algeria, with higher sales and sale prices.

The average selling price of crude oil produced and marketed by Cepsa was $65.2/bbl, in line with the same period in 2018, with a minor discount on the Brent average price ($0.8/bbl).

“Working interest” (WI) production of crude oil amounted to 93.9 kb/d, 9% up on the first half of 2018, mainly due to the start of production in the SARB and Umm Lulu fields in Abu Dhabi, 6 months after their acquisition (WI production of 22 kb/d until June). During this first half of 2019, Cepsa sold 11.2 million barrels of crude, an 86% increase vs the same period from the previous year.

The company continued to boost its growth in the Exploration & Production business unit with investments of €90 million, in particular the investment in the development of the SARB & and Umm Lulu fields.

Exploration & Production

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Operational Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
68.8	74.4	(7%)	Brent price average ($/b)	66.0	70.5	(6%)
67.7	66.9	1%	Average realised crude price in $/b	65.2	64.5	1%
5.6	3.0	83%	Crude Oil Sales in Mb	11.2	6.0	86%
95.0	86.4	10%	WI production in kb/d	93.9	86.1	9%
45.6	*55.6*	*(18%)*	*Algeria*	*44.2*	*54.8*	*(19%)*
26.0	*4.5*	*478%*	*UAE**	*26.1*	*4.5*	*479%*
12.8	*13.8*	*(7%)*	*Latam*	*13.5*	*14.3*	*(6%)*
10.5	*12.5*	*(16%)*	*SEA / Other*	*10.2*	*12.5*	*(18%)*
7.4	5.3	39%	Net Entitlement production in Mboe	13.9	10.6	31%

*Q1 2018 production relates to ADOC fields only. Growth in Q1 2019 comes from the new Sarb & Umm Lulu fields.

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Financial Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
267	153	75%	Clean CCS Operating Result (EBITDA)	483	265	82%
45	70	(35%)	Clean CCS Net Income	88	125	(29%)
37	66	(45%)	Organic investments	90	97	(7%)
-	106	(100%)	Acquisitions	-	1,320	(100%)

Refining

Refining H1 2019 Clean CCS EBITDA was €194 million. Clean CCS Net Income stood at €33 million compared to €91 million in H1 2018, the decrease being mainly attributable to lower refining margins, hampered by low light & middle distillate cracks in the Mediterranean and increased sour crude premiums.

The utilization of distillation capacity of the refineries was 89%, with a production of 10.7 million tons of refined products. Utilization only decreased 3% vs the same period in 2018 despite the scheduled shutdown at the Gibraltar-San Roque Refinery in the first quarter, during which three projects to improve the conversion rate and efficiency of the refinery were tied-in.

During H1 2019, Cepsa invested €225 million in the Refining business unit in the upkeep and improvement of safety at its refineries, as well for improving conversion capacity and efficiency.

Refining

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Operational Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
3.4	5.9	(43%)	Refining margin VAR ($/b)	3.9	5.5	(29%)
91%	93%	(2%)	Utilization rate refineries (distillation) in %	89%	92%	(3%)
5.4	5.5	(1%)	Refining output in Mt	10.7	10.8	(0%)

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Financial Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
81	132	(38%)	Clean CCS Operating Result (EBITDA)	194	245	(21%)
2	48	(96%)	Clean CCS Net Income	33	91	(64%)
112	90	24%	Investments	225	139	62%

Marketing

The Marketing business registered a strong performance in H1 2019, achieving a Clean CCS EBITDA of €214 million, a 48% increase vs H1 2018. This increase is mainly attributable to the strong performance of the network of service stations and the bioenergy business unit (+€46 million) and the implementation of IFRS 16 (+€33 million) Clean CCS Net Income stood at €100 million, a 34% increase vs the same period of 2018.

Sales of the Marketing business unit stood at 10.7 million tons, in line with the same period of the previous year.

During H1 2019, the company invested €62 million in this business unit. These investments were channeled towards the maintenance of facilities and were aimed at strengthening market share in the segments in which the company operates.

Marketing

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Operational Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
1,805	1,824	(1%)	Number of service stations	1,805	1,824	(1%)
5.4	5.5	(1%)	Product sales in mt	10.7	10.8	(0%)

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Financial Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
122	69	76%	Clean CCS Operating Result (EBITDA)	214	145	48%
60	34	78%	Clean CCS Net Income	100	75	34%
31	24	26%	Investments	62	40	56%

**This business unit includes the network of service stations, marketing of fuels through wholesale channels, marketing of biofuels, marketing of kerosene for the aviation market, sale of bunker fuels, as well as the sale of lubricants, asphalts and liquefied petroleum gas (LPG).*

Petrochemicals

Cepsa's Petrochemicals business unit registered €125 million of Clean CCS EBITDA in H1 2019, in line with H1 2018 results. Clean CCS Net Income stood at €49 million, 18% lower than the figure for the same period of 2018.

The Petrochemicals business unit's results were affected by a reduction in sales (4% lower than for the same period of the previous year), attributable to a lower global demand for phenol and acetone, as well as a decline in the global margins of these products. These impacts in H1 2019 Clean CCS EBITDA are partially offset by IFRS 16 impact (€12 million).

Product sales amounted to 1,436 kt, and investments in this business unit stood at €27 million, focused principally on the project to expand the capacity of the LAB plant in Puente Mayorga.

Petrochemicals

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Operational Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
712	745	(4%)	Product sales in (kt)	1,436	1,490	(4%)
160	*156*	*3%*	*LAB /LABSA*	*321*	*307*	*4%*
407	*436*	*(7%)*	*Phenol / Acetone*	*826*	*875*	*(6%)*
146	*154*	*(5%)*	*Solvent*	*290*	*308*	*(6%)*

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018	Financial Figures	H1 2019	H1 2018	H1 2019 vs H1 2018
66	60	10%	Clean CCS Operating Result (EBITDA)	125	128	(2%)
28	25	13%	Clean CCS Net Income	49	60	(18%)
18	20	(11%)	Investments	27	28	(5%)

Cash Flow Statement

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018		H1 2019	H1 2018	H1 2019 vs H1 2018
523	404	29%	Clean CCS EBITDA	991	760	30%
(77)	(68)	12%	Income Tax	(200)	(0)	100%
(7)	(1)	(600%)	Other adjustments to EBITDA	23	(20)	215%
440	335	31%	Clean CCS Cash Flow from operating activities before changes in working capital	814	740	10%
74	(15)	580%	Changes in working capital	28	(101)	(128%)
514	**320**	**61%**	**Operating Cash Flow**	**842**	**639**	**32%**
(257)	(216)	19%	Organic investments	(511)	(398)	29%
-	(55)	(100%)	Acquisitions	-	(1,267)	(100%)
10	8	19%	Divestments	30	37	(20%)
(247)	**(262)**	**(6%)**	**Cash Flow from investment activities**	**(481)**	**(1,627)**	**(70%)**
266	**58**	**361%**	**Free cash flow before dividends**	**361**	**(988)**	**137%**
(177)	(161)	10%	Dividends	(177)	(161)	10%
90	**(103)**	**187%**	**Free cash flow after dividends**	**184**	**(1,149)**	**116%**

Financial Debt Analysis

Millions of euros

	H1 2019	FY 2018
Non-current bank borrowings	3,268	2,956
Current bank borrowings	292	380
Bonds, obligations and similar issuances	498	-
Cash and cash equivalents	(274)	(247)
IFRS 16 impact	(806)	-
Net Debt*	***2,978***	***3,089***
Equity	***5,635***	***5,542***
IFRS Capital Employed (ND + E)	***8,614***	***8,632***
Gearing Ratio (ND / (ND + E))*	**34.6%**	**35.8%**
ND / LTM EBITDA*	**1.5x**	**1.8x**

*Excluding IFRS 16 impact in H1 2019 figures. On January 1, 2019, IFRS 16 became into force, by which operating leases are capitalized in the Group's balance sheet. As of January 1, 2019, the impact of IFRS 16 in Cespa's books is an increase in financial debt of €806 M, and an increase in EBITDA of €62 M.

Main Indicators

Millions of euros

Q2 2019	Q2 2018	Q2 2019 vs Q2 2018		H1 2019	H1 2018	H1 2019 vs H1 2018
6,418	6,538	(2%)	Revenues	12,086	12,391	(2%)
523	**404**	**29%**	**Clean CCS Operating Result (EBITDA)***	**991**	**760**	**30%**
267	*153*	*75%*	*Exploration and Production*	*483*	*265*	*82%*
81	*132*	*(38%)*	*Refining*	*194*	*245*	*(21%)*
122	*70*	*75%*	*Marketing*	*214*	*145*	*48%*
66	*59*	*11%*	*Petroquemicals*	*125*	*128*	*(2%)*
(13)	*(10)*	*35%*	*Corporation*	*(25)*	*(23)*	*10%*
129	**170**	**(24%)**	**Clean CCS Net Income**	**253**	**335**	**(25%)**
45	*70*	*(35%)*	*Exploration and Production*	*88*	*125*	*(29%)*
2	*48*	*(96%)*	*Refining*	*33*	*91*	*(64%)*
60	*34*	*78%*	*Marketing*	*100*	*75*	*34%*
28	*25*	*13%*	*Petroquemicals*	*49*	*60*	*(18%)*
(8)	*(8)*	*0%*	*Corporation*	*(18)*	*(16)*	*14%*
(11)	86	(113%)	CCS adjustment: Replacement cost valuation	2	100	(98%)
4	(4)	(182%)	Non-recurring items	18	6	220%
122	**252**	**(52%)**	**IFRS Net Income**	**273**	**441**	**(38%)**
9.3%	12.6%	(26%)	Clean CCS ROACE	9.3%	12.1%	(23%)
1.12	1.19	(6%)	€/$ Average exchange rate	1.13	1.21	(7%)
68.8	74.4	(7%)	Brent price average ($/b)	66.0	70.5	(6%)
3.4	5.9	(42%)	Refining margin VAR ($/b)	3.9	5.5	(29%)

* H1 2019 and Q2 2019 includes impact on EBITDA of IFRS 16, amounting to €62 M and €30M respectively.

Other H1 Highlights

- Cepsa signed a new agreement with Abu Dhabi Future Energy Company (Masdar) aimed at growing both companies' renewables portfolios, focusing on wind and photovoltaic solar technologies in Spain and Portugal, where the venture is considering to develop a capacity of 500-600 MW over the next five years.

- Mubadala Investment Company PJSC (Mubadala) and The Carlyle Group (Carlyle) reached an agreement by which Carlyle will acquire a significant minority stake in Cepsa. Pursuant to this agreement, Carlyle will acquire a stake of 30-40% in Cepsa, while Mubadala will remain the majority shareholder. The transaction is based on a valuation of the Company of $US12 billion, and it is expected to be completed by the end of 2019.

- In April, Cepsa was awarded investment grade credit ratings from the three major rating agencies. In addition, in May, Cepsa successfully completed its first bond issuance for €500 million.

- Cepsa and Redexis have reached an agreement to create the largest network of vehicular natural gas (VNG) refueling stations in Spain in a bid to expand the supply of energy solutions and foster sustainable mobility.

- SARB Umm Lulu Concession has produced 19.9 million barrels (gross) in the first half of 2019. Development of the fields is progressing well to achieve two major milestones in Q1 2020, with SARB reaching the plateau rate of 105 Kbopd and Umm Lulu producing via a new offshore supercomplex. Cepsa will continue to work closely with ADNOC Offshore to maximize value, achieve productions targets, deploy technical solutions and reduce development and production costs.

Cepsa is a global energy company, which operates in an integrated manner throughout the value chain stages of hydrocarbons, in addition to the manufacture of products from raw materials of plant origin, and which has a presence in the renewable energy sector.

It has 90 years of experience and a team of some 10,000 employees, who combine technical excellence with adaptability. It has presence on all five continents through its business areas: Exploration and Production, Refining, Petrochemicals, Marketing, Gas and Electricity, and Trading.

Madrid, September 27, 2019

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