

Cepsa's adjusted net profit rose to €884 million in 2017

- **Continuous improvement in efficiency and high refining margins helped increase the company's results by 60% compared to 2016**
- **Exploration and Production activity made a significant contribution with a result of €145 million**
- **Cepsa invested €888 million across its different business lines**
- **In 2017, the Company managed to reduce its Lost Workday Injury Frequency ratio for the sixth consecutive year**

Cepsa's adjusted net result for 2017, eliminating non-recurring items and calculating the variation in inventories at replacement cost (Clean CCS), rose to €884 million, 60% higher than in 2016.

Applying International Financial Reporting Standards (IFRS), calculating changes in inventory at average purchase unit cost, accumulated net income for the period was €743 million, up by 23% compared to 2016.

The oil price recovery, which saw a 22% rise in benchmark Brent crude to average \$54/b in 2017, together with the strong level of refining margins throughout the whole year, as well as efficiency improvement programs implemented in recent years, were the key factors behind results achieved for the year.

Turnover rose to €20.8 billion, 16% higher than the previous year, and EBITDA increased by 18% to € 1.87 billion. Over the year the company carried out investments amounting to €888 million and net debt fell by 18%, to €1.7 billion at the end of the year, with a net Debt/EBITDA ratio of 0.92.

Furthermore, the company continued to improve its safety figures over 2017 with a reduction in the Lost Worktime Injury Frequency Ratio for the sixth consecutive year. The result marked an improvement of 19% compared to 2016, with a ratio of 1.0 lost-time accidents for every million hours worked.

Results per business area (€ millions):

	2017	2016	Δ %
Exploration & Production	145	12	1130%
Refining and Marketing	597	430	39%
Chemicals	111	110	0%
Gas and Electricity	66	49	34%
Corporation	(35)	(47)	-26%
Net Profit on CCS (clean current cost of supplies)	884	554	60%
Inventory Valuation Adjustment	77	128	-40%
Non-recurring items	(218)	(80)	174%
Net Profit IFRS	743	602	23%

Exploration & Production

During 2017, Exploration and Production activity saw a significant increase in its results, recording a net profit of €145 million.

The higher purchase prices of the basket of crude oils sold (\$52.6/b compared to \$40.2/b in the previous year) together with the optimization, efficiency and cost reduction programs implemented in recent years, have been key factors behind the increase in the area's results.

Crude production was 92.1 thousand barrels a day, 5% lower than in 2016, with a total of 13.5 million barrels sold in the period. The company's investment in exploration and development activities amounted to €170 million.

In 2017, Cepsa reached a milestone of 30 years of operations at its Exploration and Production activity in Algeria. The company has also put into production its fourth offshore oil production field in Abu Dhabi.

Refining and Marketing

Refining and Marketing activity increased its results by 39%, close to €600 million. Refining margins were strong both for oil derivative products and petrochemicals, with Cepsa's refining margin at \$7.5/b compared to \$5.6/b the previous year.

During 2017, Cepsa processed 154.7 million barrels of crude oil, with a high processing capacity utilization rate at the refineries of 91% and production of 21.4 million tonnes of petroleum derivatives.

Over the year, the Company carried out a significant investment effort totaling €565 million in Refining and Marketing activities, aimed at maintenance, efficiency improvement and transformation of facilities and growth at its Service Station network.

In 2017, Cepsa acquired a biofuel production plant in San Roque (Cádiz), which is integrated into the company's refinery in this location. It has also carried out one of the most significant purchases of service stations in recent years seen in the Spanish market, through the acquisition of 23 stations, located in the Madrid region and province of Toledo.

Chemicals

The Chemical business saw a result of €111 million euros after taxes, in line with 2016 results with solid performance in its three business lines, LAB (raw material for the manufacture of biodegradable detergents), in which Cepsa is the world leader, phenol/acetone (raw materials for next-generation plastics) and solvents.

Total sales amounted to 2.9 million tons and investments for this business reached €116 million.

During 2017, Cepsa launched a new business line following the start-up of a plant in Dumai, Indonesia for the production of alcohol and fatty acids from natural sources, which are used to manufacture personal care products and household cleaning goods for the Asian and European markets.

The company also developed a project to expand its chemical plant in Brazil with the aim of strengthening its position as a world leader in LAB production. In this same business line, Cepsa has signed an agreement with ADNOC (Abu Dhabi National Oil Company) to study the construction of a new LAB plant in Ruwais, Abu Dhabi.

Gas and Electricity

Results for the Gas and Electricity business rose to 65.5 million euros, compared to €48.8 million from the previous year, an increase of 34%.

Gas sales totaled 27,972 GWh, slightly below the previous year, and electricity production rose by 31% compared to 2016, reaching 2,809 GWh. The company allocated €21 million to

investments in cogeneration plants and to start work at its first wind farm, located in Jerez de la Frontera (Cádiz).

Investment per business area (€ millions):

Exploration & Production	170
Refining and Marketing	565
Chemicals	116
Gas and Electricity	21
Corporation	15