Cepsa

Q2 2021 Results

July 29th, 2021

CEPSA

Today's presenters

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Q2 2021
Highlights & Outlook

Q2 2021 Highlights

Favorable market conditions and optimization plan deliver strong recovery

- **EBITDA of €518 M**, representing a **60% increase** vs the €324 M registered in Q1 2021
- **Upstream** delivered strong results, with EBITDA **up 26%** vs Q1 2021, as a result of slightly increased production due to the partial lifting of OPEC quotas and higher crude prices
- Cepsa's average **Refining margin** during Q2 **increased twofold to 4.9 $/bbl** vs 2.1 $/bbl in Q1 2021
- **Commercial volumes** in Q2 saw signs of improvement, **increasing by 8% QoQ**
- Another quarter of top results for **Chemicals,** with **EBITDA of €132 M, up 32%** vs Q1 2021, thanks to the combination of robust margins and an enhanced commercial strategy across all segments
- **Continued management of investments** with capex in the quarter amounting to €109 M
- Ongoing execution of a **Multi-year efficiency program (MEP)** aimed at boosting EBITDA and cashflow generation in the period 2020-2023
  - **Sustainable savings captured** in the last twelve months **amount to €131 M,** which are additional to those achieved as part of 2020 Contingency Plan

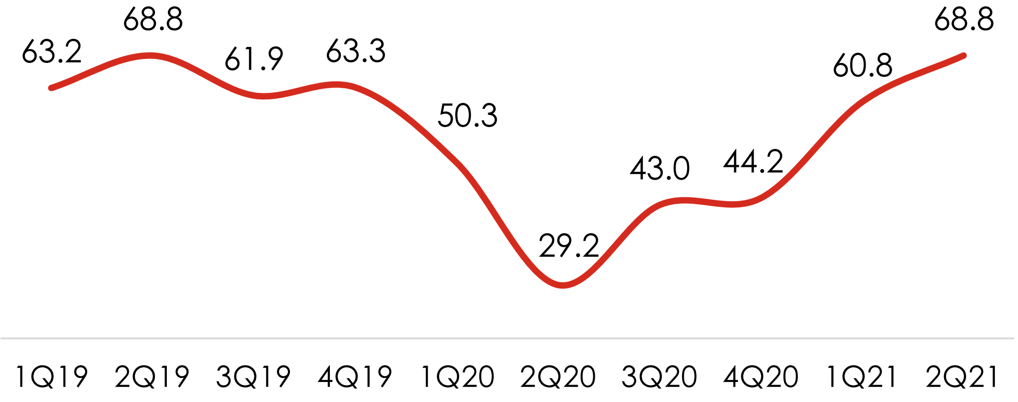
Source: Cepsa. Financial figures reported on a Clean CCS basis, unless otherwise stated

Market environment

Significant improvement in Brent prices and refining margins with fuel demand ramping up

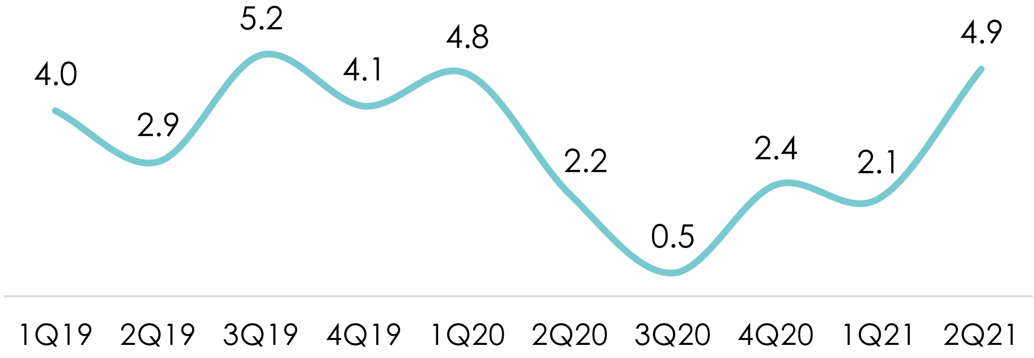
Brent

$/bbl



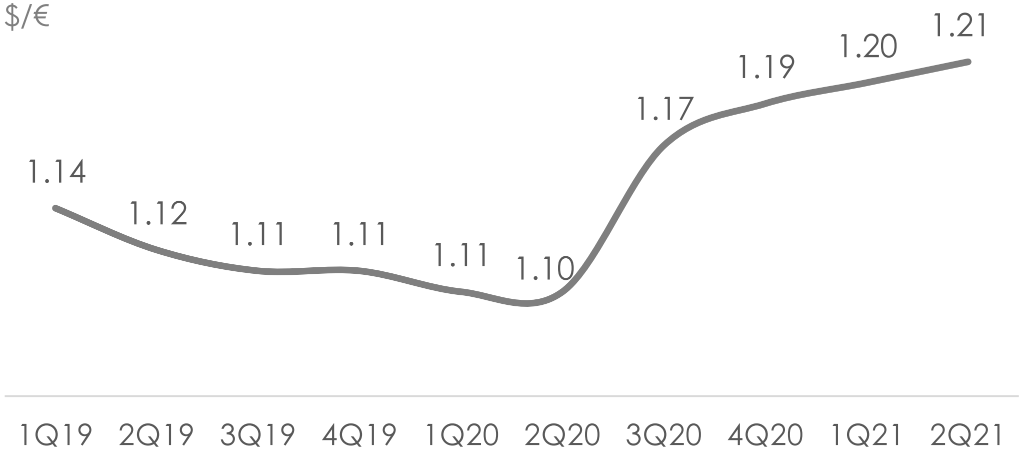
Cepsa refining margin [1]

$/bbl



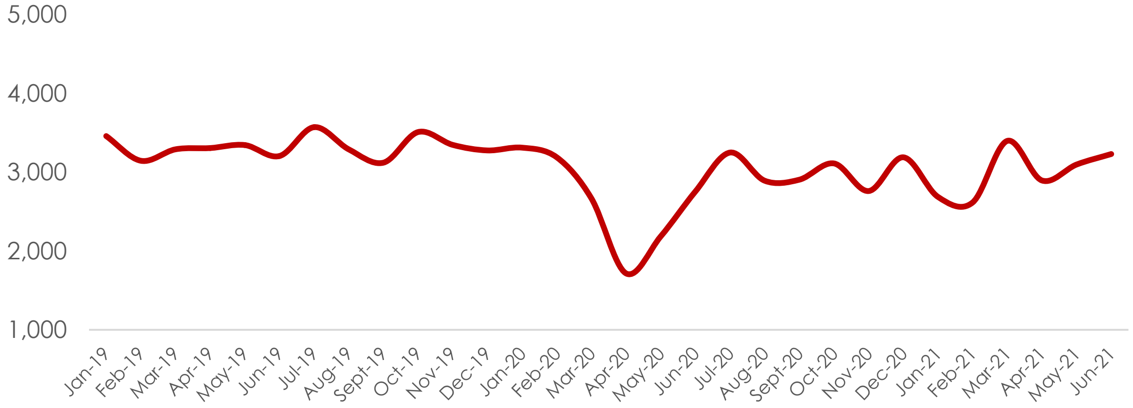
Exchange rate

$/€



Fuel demand in Spain [2]

1,000m³

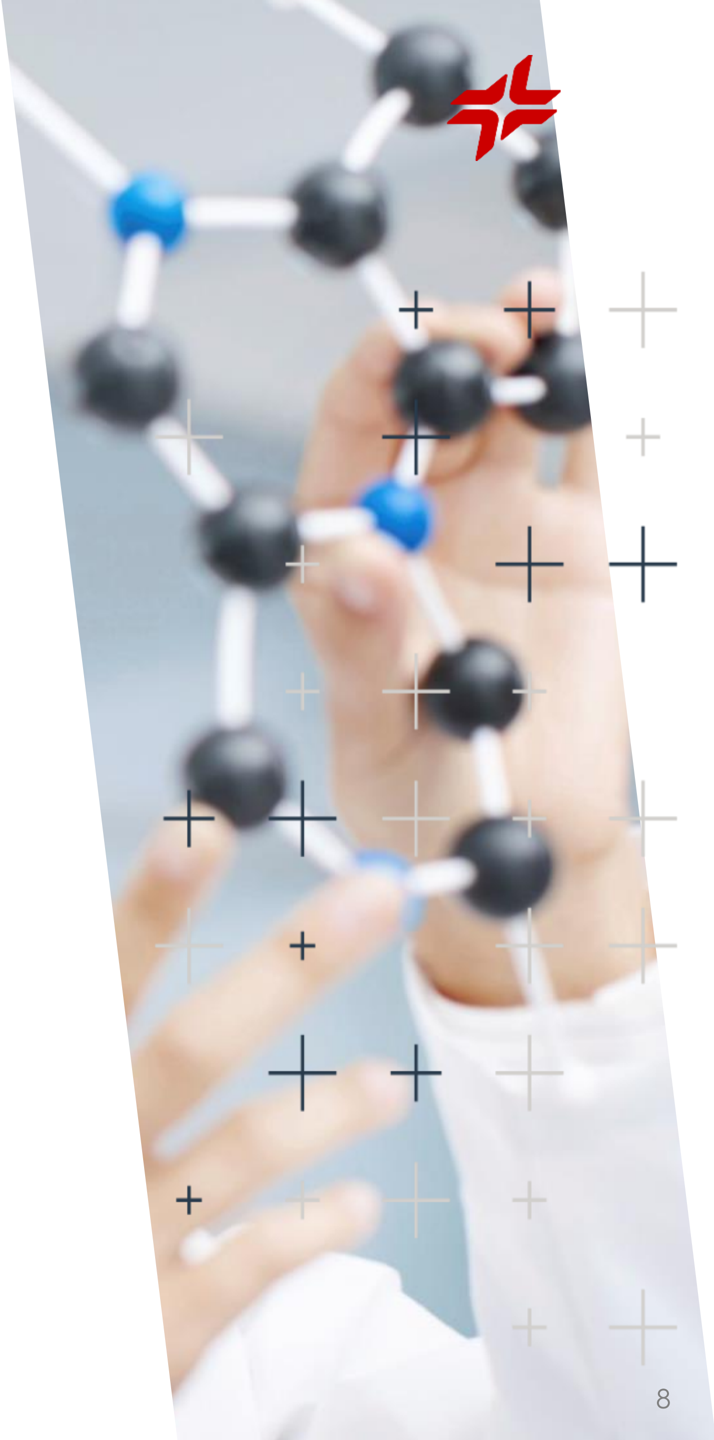


Source: Cepsa, CLH. Average figures for each quarter. 1. Cepsa's Refining Margin corresponds to a margin after crude differentials, freight and variable costs (June figure corresponds to an estimate)
2. Relates to gasoline, automotive diesel, agricultural and heating gasoil

Key operating metrics

Efficient and reliable operations are enabling Cepsa to take full advantage of favorable market conditions

Key Operational KPIs	Q2 2021	Q1 2021	Δ Q2'21 / Q1'21
WI Upstream Production (kbopd)	76.9	76.1	*+1%*
Realized Crude Oil Price ($/b)	65.5	59.7	*+10%*
Upstream Opex ($/bbl)	9.0	9.1	*(1%)*
Cepsa refining margin ($/bbl)[1]	4.9	2.1	*+132%*
Utilization rate refineries (%)	81%	67%	*+20%*
Commercial Product Sales (Mt)	3.8	3.6	*+8%*
Chemicals Product Sales (Kt)	732	715	*+2%*
Natural Gas Sales (Gwh)	7,639	8,493	*(10%)*



Source: Cepsa. 1. Cepsa's Refining Margin corresponds to a margin after crude differentials, freight and variable costs.

Upstream
Q2 2021 Highlights

- Improved results of +26% vs Q1. Higher crude prices in the range of 65 - 70 $/bbl (+10% QoQ)
- Partial lifting of OPEC quotas led to slight increased production (+1%)

Q2 Figures

Realized oil price
65.5 $/bbl

WI Production
76.9 kbopd

EBITDA
217 M€

Source: Cepsa. Financial figures reported on a Clean CCS basis, unless otherwise stated

Refining

Q2 2021 Highlights

- Margins improved twofold (4.9 $/bbl vs 2.1 $/bbl in Q1), mainly due to strong petrochemical prices

- Utilization increased to an avg. of 81% from 67% in Q1. Two units under extended maintenance at Huelva refinery resumed production in May

Q2 Figures

Utilization Rate
81 %

Refining Output
5.2 Mt

EBITDA
79 M€

Source: Cepsa. Financial figures reported on a Clean CCS basis, unless otherwise stated

Commercial

Q2 2021 Highlights

- Spanish automotive demand gradually recovering, with volumes in the quarter 6% higher vs Q1
- Evidence of improvement in Commercial volumes, increasing by 8% QoQ

Q2 Figures

Product Sales
3.8 Mt

Service Stations
1,762

EBITDA
111 M€

Source: Cepsa. Financial figures reported on a Clean CCS basis, unless otherwise stated

Chemicals
Q2 2021 Highlights

- Record results with EBITDA increasing 32% vs Q1
- Robust margins and enhanced commercial strategy across all segments

Q2 Figures

Product Sales
732 Kt

LAB Sales
170 Kt

EBITDA
132 M€

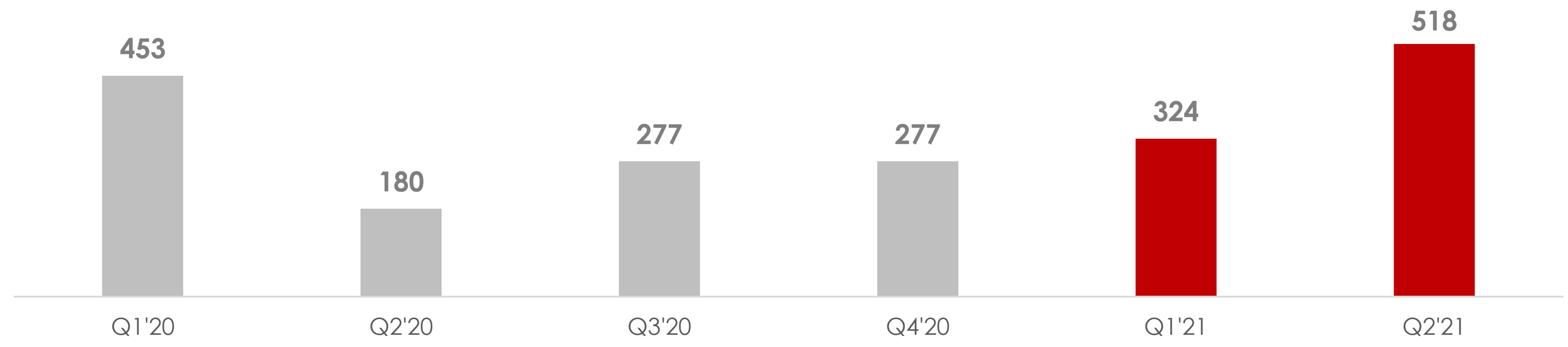
Source: Cepsa. Financial figures reported on a Clean CCS basis, unless otherwise stated

EBITDA breakdown

All businesses registered improved results on the back of a favorable market environment and management efficiency measures

EBITDA by Business (€M)[1]	Q2 2021	Q1 2021	*Δ Q2’21 / Q1’21*
Upstream	217	171	*+26%*
Refining	79	8	*+845%*
Commercial	111	80	*+38%*
Chemicals	132	100	*+32%*
Corporation[2]	(20)	(35)	*(42%)*
Group EBITDA	**518**	**324**	***60%***

Quarterly EBITDA evolution (M€)



Source: Cepsa 1. CCS. 2. Since 2021, certain corporate costs are no longer being allocated to each Business Unit but registered under Corporation

Multi-year Efficiency Program (MEP)

Aimed at boosting EBITDA and cash generation in the period 2020 – 2023

- **Group-wide, multi-year program covering all Business Units and Functional Areas** and with a new organization fully devoted to its delivery

- **1,100+ individual initiatives** tracked by senior management on a bi-weekly basis **aimed at:**

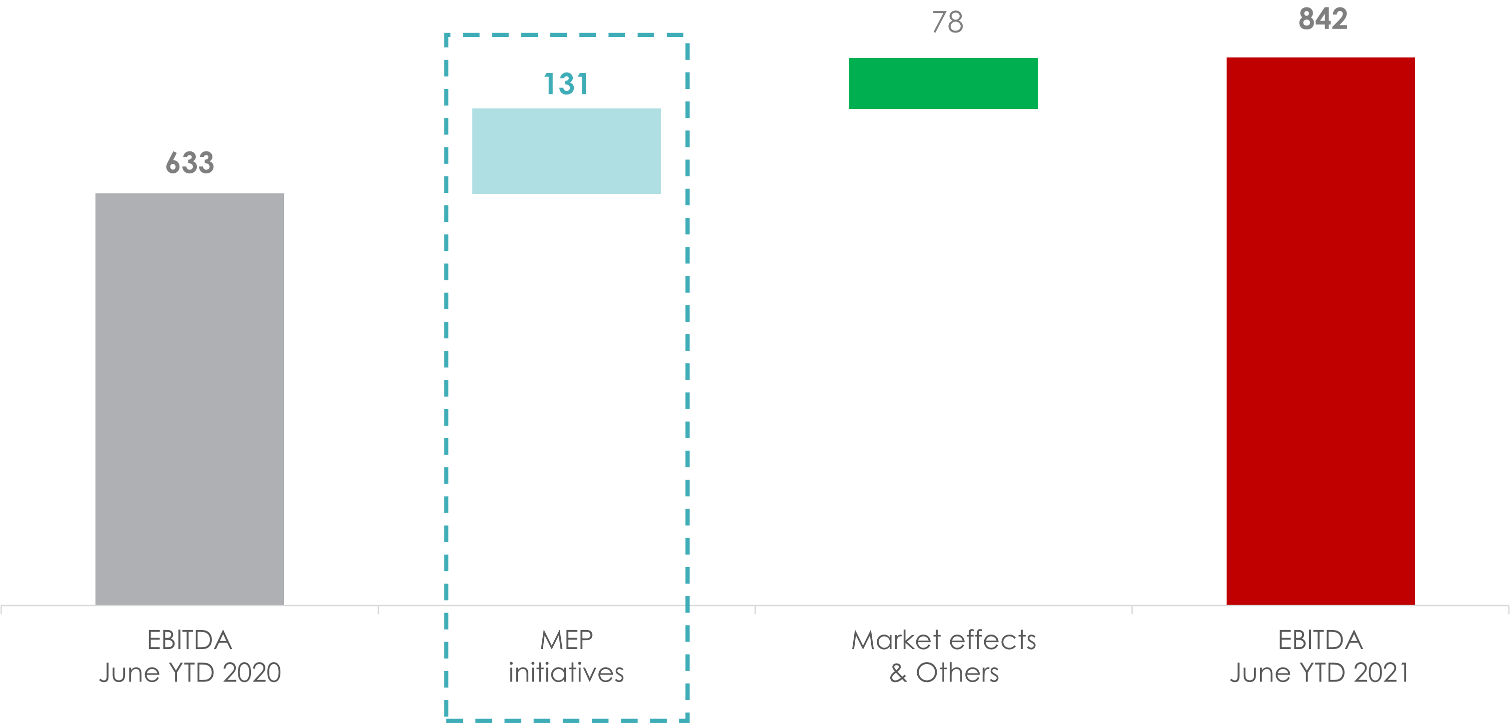
  - Improving Gross Margin,
  - Capturing operating costs savings, and
  - Rationalizing capex

- Sustainable **margin uplift savings captured as of June** have had a positive impact in EBITDA **of €131 M**

Multi-year Efficiency Program (MEP) – Q2 2021 progress

MEP efficiencies captured as of June generated €131 M of positive EBITDA impact

MEP EBITDA impact YTD June 2021 (M€)



Source: Cepsa.

- **MEP efficiencies** captured in the last twelve months as of June '21 generated **€131 M of positive EBITDA impact.**
- **Market effects & Others** include, among others, impact derived from the evolution of crude oil and natural gas prices, market refining margins, petrochemical spread differentials and EUR/USD exchange rate.

Short term outlook

Gradual recovery linked to overall macro improvement

Upstream

- Oil price expected to remain in the 65-70 $/bbl range
- Production growth linked to lifting of OPEC quota restrictions
- Oil demand expected to recover in H2

Refining

- Volatile refining margins although on a healthier range of 3.5 - 4.5 $/bbl
- Refinery run rates closer to pre-pandemic levels (June average of 84%)

Commercial

- Volumes expected to increase as travel restrictions ease, boosted by the summer holiday season
- Stable margins

Chemicals

- Demand and volumes to remain strong
- Margins expected to hold robust

H1 2021 Results Overview

Results overview

Strong recovery following the disruption caused by Covid-19 as a result of favorable market conditions and ongoing optimization initiatives

EBITDA by business (€M)[1]	H1'21	H1'20	Δ '21/'20
Upstream	388	227	*+71%*
Refining	87	84	*+4%*
Commercial	191	176	*+9%*
Chemicals	231	165	*+40%*
Corporation[2]	(55)	(19)	*+199%*
Group EBITDA	**842**	**633**	***33%***

Key Financial metrics	H1'21	H1'20	Δ '21/'20
Net Income	183	(8)	*n.m.*
Cash Flow from operations[3]	763	439	*+74%*
Net Debt	2,412	3,131	*(23%)*
Total Liquidity	4,495	4,524	*(1%)*

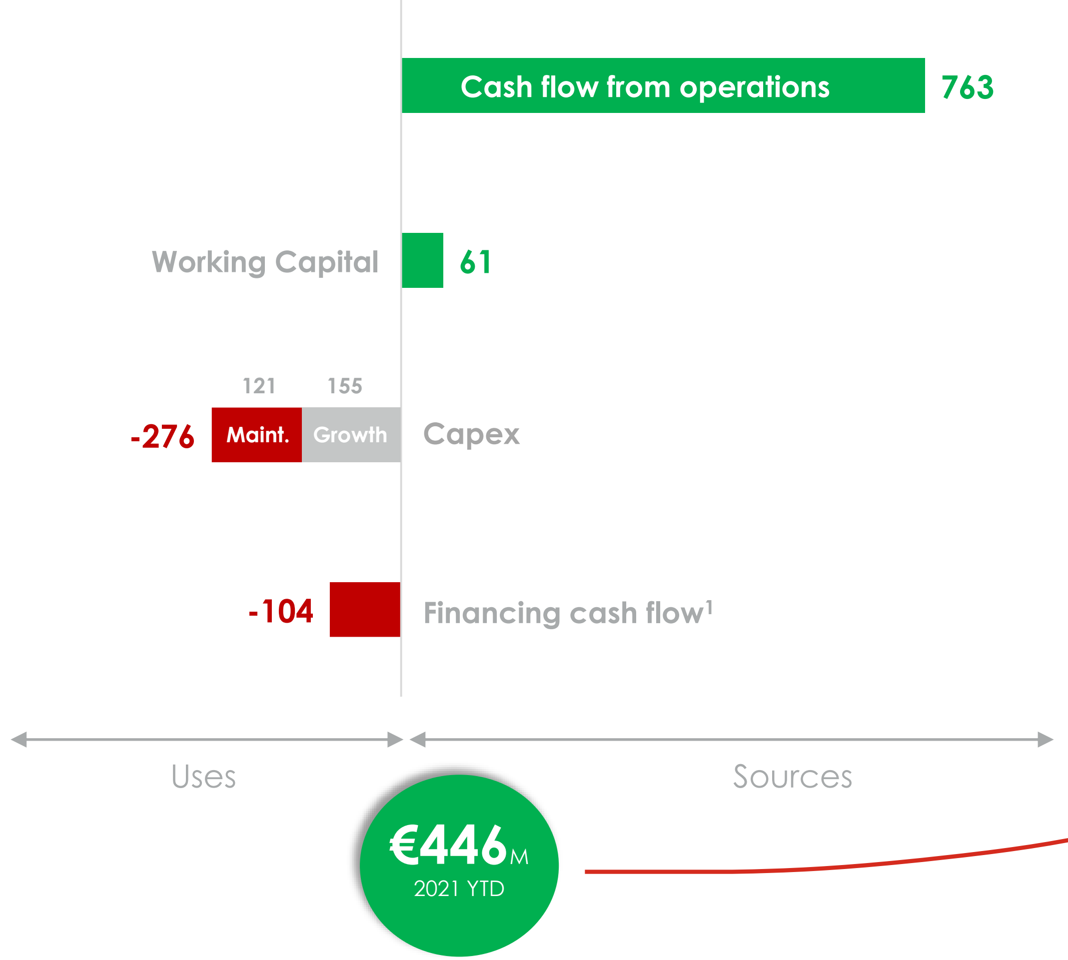
Source: Cepsa 1. CCS. 2. Since 2021, certain corporate costs are no longer being allocated to each Business Unit but registered under Corporation. 3. Before working capital variation

Cash flow generation and Debt overview

Positive cash flow generation and increased EBITDA allowed Cepsa to delever significantly

Cash Flow generation YTD June 2021

€M

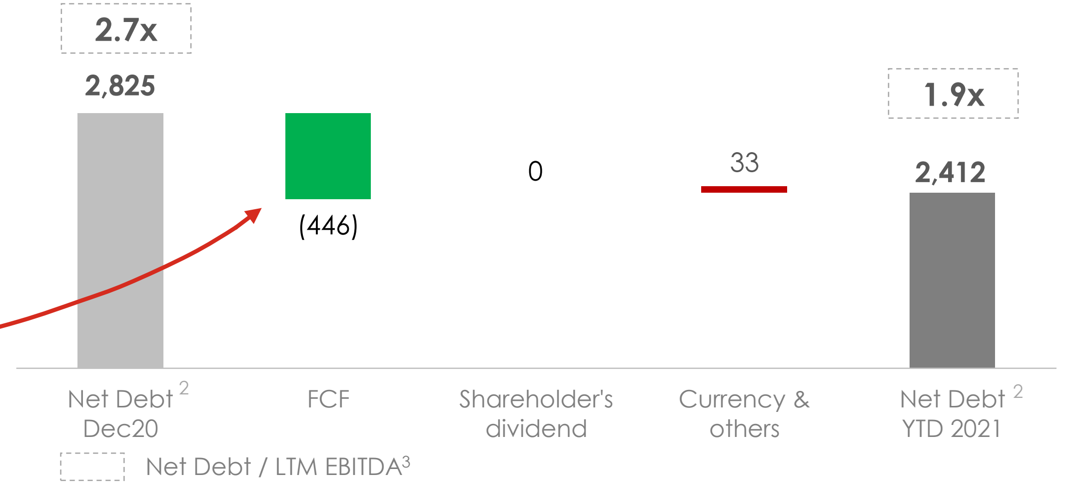


Committed lines & Liquidity

€M

Net Debt evolution Dec 20 – June 21

€M

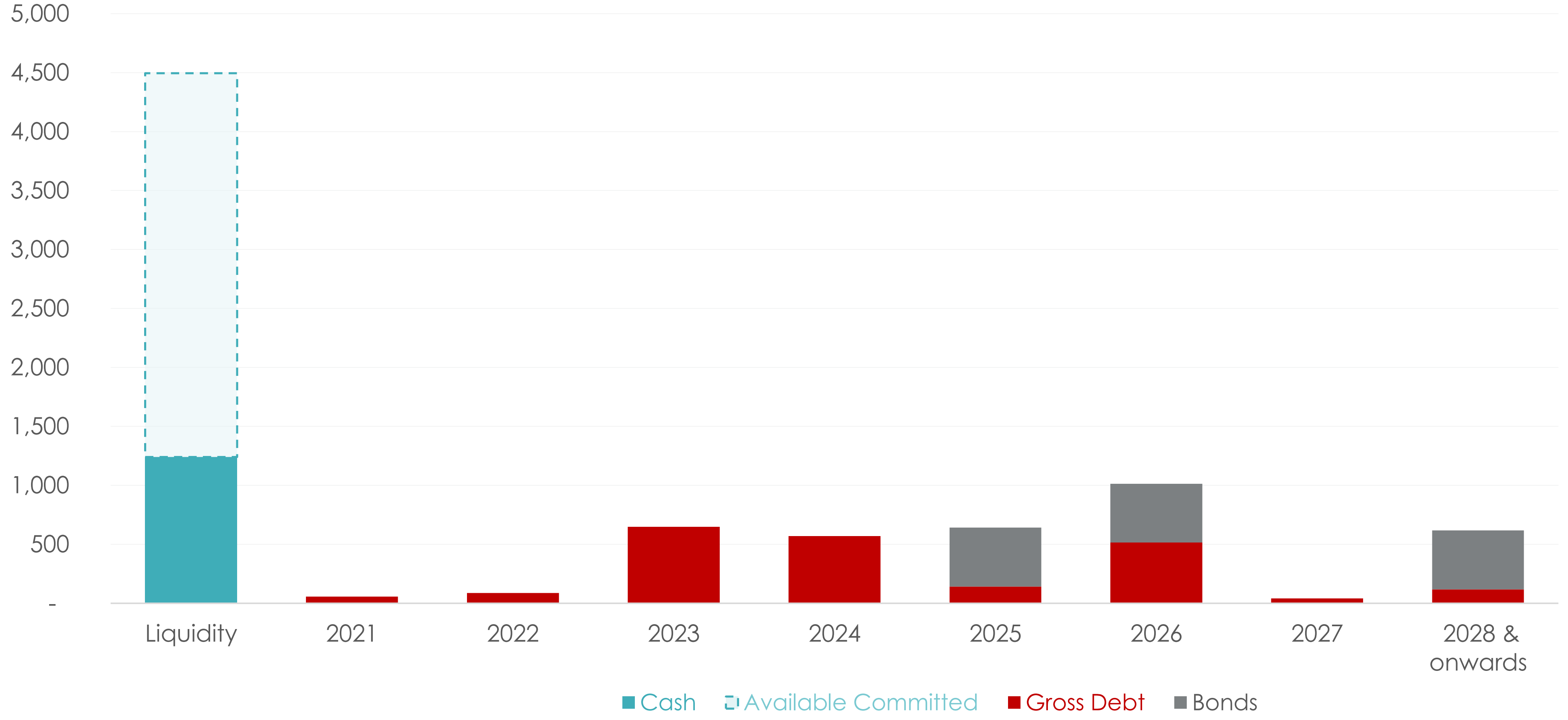


1 Financing cash flows include cost of debt and the monthly payments referred to Operating Leases; 2. Excluding €626 M and €665 M of Operating Leases under IFRS16 accounting in 2020 and YTD 2021, respectively; 3. Net debt w/o IFRS16 to Clean CCS LTM EBITDA

Debt maturity profile

Long-dated average maturity of 4+ years with no significant debt maturities up to 2023

Figures in €M



Debt avg maturity

4.1 Yrs

Cash position

€1.2 Bn

Liquidity[1]

€4.5 Bn

1. Cash plus available committed facilities

- Cepsa has **NO financial covenants** in any of its debt facilities
- €2.0 Bn syndicated Club Deal facility extended until September 2026 with full support from 19 participating banks

Ratings summary

Investment Grade ratings are a key priority

Agency	LT Rating	Outlook	Last review
FitchRatings	BBB-	Stable Outlook	March 2021
Moody's	Baa3	Negative Outlook	April 2020
S&P Global	BBB-	Stable Outlook	June 2020

- In March, Fitch affirmed Cepsa's BBB- rating with stable outlook
- Moody's and S&P periodic reviews to take place in due course (after Q2 results publication)
- **Investment Grade ratings remain a key priority for both the Company and its shareholders**

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Thank you