PRESS **RELEASE**

Cepsa reports EBITDA of €556m in first quarter, down 8% from 2022

Financial highlights

€556m
CCS EBITDA

€323m
Extraordinary tax

€-297m
IFRS Net Income

0.8x
Leverage

- **CCS EBITDA** was **€556m** in Q1'23 versus €605m in the same period of 2022, driven by lower crude prices and lower refining production due to scheduled maintenance turnarounds at both energy parks, weighing on strong refining margins and positive Commercial and Clean Energies earnings.

- **CCS Net Income was €176m** versus €58m in Q1'22, helped by an improvement in refining margins. However, Cepsa registered **a IFRS Net Income loss for the period of €297m** versus a €265m profit in Q1'22, due to a **€323m charge** as a result of the **extraordinary tax** imposed on energy companies in Spain, with the loss also reflecting changes in stock valuations.

- **Cash flow from operations** before working capital **reached €285m**, above the Q1'22 figure of €205m, mainly driven by higher refining margins.

- **Capex spend** reached **€114m in** Q1'23 versus €89m in Q1'22, of which **30% was in sustainable businesses** compared with 17% in the previous year Q1 period, as Cepsa firmly moves forward with its Positive Motion strategy to lead green hydrogen, biofuels and e-mobility in Spain and Portugal.

- Continued deleveraging, with **Net Debt to EBITDA ratio** decreasing to **0.8x** driven by reduced debt following the cash-in of the Abu Dhabi assets divestment. **Liquidity position remains strong at €4.3bn**, covering debt maturities until the end of 2027.

- **Cepsa completed the sale of its upstream assets in Abu Dhabi** to Total Energies in line with its commitment to lead the energy transition in Europe. Results include the contribution of these assets until the 15 March closing date.

- Cepsa signed a number of new partnerships during the quarter **to develop the Andalusian Green Hydrogen Valley** and entered into a **joint venture to build the largest 2G biofuels plant in southern Europe** with Bio-Oils, a member of the Apical Group.

- To help customers mitigate the impact of high inflation and energy prices, Cepsa launched in April and **updated fuel loyalty programme** that can save customers more than **€300 a year.** In total, **Cepsa´s customers saved €145m** during 2022 and Q1 2023 thanks to fuel discounts on top of temporary discounts offered by the Spanish government.

Maarten Wetselaar, Cepsa CEO

"There is no question that these are uncertain times, particularly across energy markets and in the regulatory environment. The fact that the extraordinary tax imposed on Spanish energy companies pushed Cepsa into an IFRS loss in the first quarter illustrates its poor design and disproportionate impact – more than double the impact on our main competitors in proportion to net income – on our company, which is investing strongly in Spain's energy future.

Despite this, it was another quarter of transformation for Cepsa as we embark further on our Positive Motion journey to lead green hydrogen, biofuels and e-mobility in Spain and Portugal. We have signed a number of important industry partnerships since implementing this strategy, and this period has been no exception with significant agreements with key industry players confirmed to develop and promote the Andalusian Green Hydrogen Valley. The quarter also saw the sale of our upstream assets in Abu Dhabi to Total Energies, divesting a large proportion of our traditional E&P operations to allow us to streamline our efforts to produce and supply sustainable fuels.

In April, we announced a global partnership with Bio-Oils, a member of the Apical Group, for the construction of the largest 2G biofuels plant in southern Europe, the latest project in our Positive Motion strategy. The plant will allow us to produce 500,000 tons of sustainable aviation fuel and renewable diesel per year as we work with our customers to decarbonize the aviation, maritime and land transportation industries.

At Cepsa, we remain focused on the role this company can play in being a solution for clean energy supply and security in Spain, and indeed, in Europe."

Market Environment

Crude prices in Q1 reduced slightly, averaging 81.3 $/bbl during the quarter, (101.4 $/bbl in Q1’22 and 88.7 $/bbl in Q4’22) mainly as a consequence of lower-than-expected Chinese demand, recession fears, rising interest rates and market uncertainty following the Silicon Valley Bank bankruptcy.

Refining margins increased significantly during the quarter, with Cepsa’s average margin at 11.1 $/bbl (2.2 $/bbl in Q1’22 and 8.7 $/bbl in Q4’22), as the price of natural gas fell significantly in the period to 54.1 €/MWh (95.6 €/MWh in Q1’22 and 94.4 €/MWh in Q4’22).

Spanish fuel demand decreased slightly vs Q1’22 by 2%, and declined 9% vs Q4’22, affected by general macro headwinds, including increasing interest rates and high inflation around the globe.

Volatility in electricity prices remained during the quarter. Spanish pool prices continued to decrease vs Q4’22 to an average of 96.4 €/MWh, -15% vs Q4’22, and -58% when compared with Q1’22.

Results Breakdown Q1 2023

Cepsa's three main business divisions (Energy, Chemicals and Upstream) had varied performance during the first quarter, with EBTIDA in the Energy segment boosted by higher refining margins and performance in Chemicals underpinned by sustained margins helped by lower energy costs as natural gas prices dropped significantly during the quarter. Upstream, however, was affected by lower crude prices and lower production.

- **Energy** (Commercial & Clean Energies, Mobility & New Commerce, Energy Parks and Trading). Clean CCS EBITDA for the segment during Q1 stood at €211m (€143m in Q1'22 and -€53m in Q4'22), mainly as a consequence of the improvement in the Energy Parks business. Refining margins during the quarter increased significantly to average 11.1 $/bbl, impacted positively by lower energy costs. Scheduled maintenance turnarounds at both energy parks, which were completed on time, reduced utilization slightly. The maintenance work at Cepsa's La Rábida Energy Park in Huelva, the largest turnaround in the history of the plant, was aimed at reducing CO2 emissions, increasing 2G biofuels production capacity and improving safety. Commercial and Clean Energies sales decreased by 8% versus Q4'22 with continued high wholesale margins.

- **Chemicals.** Clean CCS EBITDA of €64m, (€110m in Q1'22 and €70m in Q4'22) due to the continued challenging market environment as a result of a significant contraction in demand resulting in a reduction in overall sales volumes and margins. Both the LAB and the Intermediates segment (Phenol & Solvents) were impacted by a slowdown in demand, especially in Europe, as a consequence of high energy costs and high inflation, which have forced key customers to temporarily stop their operations.

- **Upstream**. Reduced performance with Clean CCS EBITDA of €310m (€384m in Q1'22 and €471m in Q4'22), on the back of lower crude prices (-20% vs Q1'22 and -8% vs Q4'22) and reduced production of 71.8 kbopd, below previous quarters (81.5 kbopd in Q1'22 and 81.8 kbopd in Q4'22). The previously announced divestment of the Group's Abu Dhabi upstream assets to Total Energies was completed on March 15. Figures include contributions from these assets until the closing date.

In the first quarter, Cepsa's total tax contribution reached €1,786m, of which 67% or €1,192m was paid in Spain. This is in addition to the €323m extraordinary tax imposed on Cepsa based on 2022 revenues, which must be paid this year. Cepsa paid out €164m of the extraordinary tax in the first quarter and took an accounting charge against the full amount.

Major Events

In line with Cepsa's Positive Motion strategy, **the Company announced in March that it had divested its Abu Dhabi upstream business** to Total Energies, rationalizing its upstream footprint and rebalancing the overall portfolio towards sustainable business. All three rating agencies, S&P, Moody's and Fitch, reaffirmed the Company's investment grade rating post transaction.

During the quarter, **Cepsa has surpassed 2 GW of solar projects under development** (2.1 GW), nearly a third of the 2030 renewable capacity target set a year ago, to produce an estimated 4,500 GWh of energy annually. Specifically, Cepsa is developing 17 photovoltaic energy projects in Castilla-La Mancha, Andalusia, Extremadura, and the Community of Madrid.

Cepsa signed a series of agreements in the quarter to develop and promote the Andalusian Green Hydrogen Valley including with Enagás Renovable, Alter Enersun, EDP, Fertiberia and Damas, as well as with ACE Terminal in the Netherlands to create a green hydrogen supply chain between southern and northern Europe.

In April, **Cepsa and Bio-Oils**, a member of the Apical group of companies, **entered a joint venture to promote the production of 2G biofuels through the construction of the largest plant in southern Europe**, located at Cepsa's La Rábida Energy Park in Palos de la Frontera (Huelva), as announced by Cepsa in March. The facility will include an investment of up to €1 billion, one of the largest private investments in the history of the southern Spanish region of Andalusia. The new plant will secure the majority of the feedstock supply from organic waste such as agricultural residue or used cooking oils through a global, long-term agreement with Apical, enabling it to address one of the key challenges facing the industry: access to feedstock.

Also in April**, Cepsa launched an updated loyalty program for retail customers, Cepsa GOW, to help customers save more than €300 a year**. Cepsa has developed a broad ecosystem of partnerships, allowing customers to get up to 10% back on purchases at more than 40 partner brands, including Amazon, eDreams, Europcar, MediaMarkt, Pangea and Sprinter, to redeem at Cepsa. Program members will also earn credit on their fuel, electric charges, car washes and product purchases at Cepsa stores – specifically, they can get up to 6 cents back per liter of fuel.

Market Indicators

Market Indicators	Q1'23	Q4'22	Q1'22	Variation vs. Q1'22	Variation vs. Q4'22	FY 2022	FY 2021
Dated Brent oil price ($/bbl)	81.3	88.7	101.4	(20)%	(8)%	101.2	70.7
Refining margin ($/bbl)[1]	11.1	8.7	2.2	405%	28%	9.6	3.7
Dutch TTF Natural gas price (€/MWh)	54.1	94.4	95.6	(43)%	(43)%	120.5	45.7
Spanish pool price (€/MWh)	96.4	113.2	229.4	(58)%	(15)%	167.5	111.9
Exchange average rate ($/€)	1.07	1.02	1.12	(4)%	5%	1.05	1.18
Spanish fuel demand (1,000m3)	9,236	10,139	9,435	(2)%	(9)%	39,542	38,113

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

Operational KPIs

Operational Overview	Q1'23	Q4'22	Q1'22	Variation vs. Q1'22	Variation vs. Q4'22	FY 2022	FY 2021
Refining output (mton)	4.7	4.9	5.1	(7)%	(4)%	20.7	20.3
Refining utilization (%)[1]	84%	86%	92%	(9)%	(2)%	84%	81%
Bios installed capacity (kt/y)	705	705	578	22%	-	705	578
Commercial product sales (mton)	4.1	4.5	4.1	(0)%	(8)%	17.7	16.2
Electricity production (GWh)	598	539	724	(17)%	11%	2,896	2,719
Natural gas sales (GWh)	6,689	7,487	6,756	(1)%	(11)%	25,468	34,374
Chemical product sales (kton)	537	567	720	(25)%	(5)%	2,493	2,943
Working interest crude production (kbopd)	71.8	81.8	81.5	(12)%	(12)%	82.8	73.9
Realized crude price($/bbl)	82.3	92.7	86.5	(5)%	(11)%	97.7	68.2
Crude oil sales (million bbl)	4.7	5.8	5.8	(19)%	(19)%	22.3	18.7

1. Utilization rates include distillation and intermediates products: calculated over throughput

Financial Summary

Financial Summary - € million (unless otherwise stated)	Q1'23	Q4'22	Q1'22	Variation vs. Q1'22	Variation vs. Q4'22	FY 2022	FY 2021
Energy	211	(53)	143	48%	499%	828	570
Chemicals	64	70	110	(42)%	(9)%	382	461
Upstream	310	471	384	(19)%	(34)%	1,868	905
Corporation	(29)	(41)	(32)	(9)%	(29)%	(139)	(121)
EBITDA	**556**	**448**	**605**	**(8)%**	**24%**	**2,939**	**1,815**
EBIT	436	304	406	7%	43%	2,178	1,054
Net Income	176	256	58	203%	(31)%	790	310
IFRS Net Income	(297)	117	265	(212)%	(353)%	1,100	661
Cash flow from operations before WC	**285**	**113**	**205**	**39%**	**154%**	**1,797**	**1,456**
Cash flow from operations	**274**	**570**	**56**	**392%**	**(52)%**	**1,549**	**1,306**
Accounting Capex	**(114)**	**(293)**	**(89)**	**28%**	**(61)%**	**(743)**	**(473)**
Sustainable	*(34)*	*(100)*	*(15)*	*130%*	*(66)%*	*(185)*	*(126)*
Growth / Discretionary	*(34)*	*(63)*	*(46)*	*(27)%*	*(47)%*	*(226)*	*(175)*
Maintenance & HSE	*(46)*	*(130)*	*(28)*	*65%*	*(65)%*	*(231)*	*(172)*
M&A	-	-	-	-	-	*(101)*	-
Organic free cash flow (a)	**77**	**413**	**(89)**	**187%**	**(81)%**	**1,000**	**805**
Organic free cash flow before wc movements (a)	**88**	**(44)**	**60**	**46%**	**301%**	**1,248**	**955**
Net debt (b)	**2,270**	**2,756**	**2,918**	**(22)%**	**(18)%**	**2,756**	**2,759**
Net debt to LTM EBITDA (b)	**0.8x**	**1.0x**	**1.5x**	**(44)%**	**(16)%**	**1.0x**	**1.6x**
Liquidity (c)	**4,283**	**4,023**	**3,647**	**17%**	**6%**	**4,023**	**3,736**

(a) Excluding M&A activities.
(b) Excluding IFRS16 liabilities.
(c) 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. The Company also has a world-leading Chemicals business with increasingly sustainable operations.

In 2022, Cepsa presented its new strategic plan 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.

The Company places customers at the heart of its activity and will work with them to advance their decarbonization goals. ESG criteria inspire everything Cepsa does as it advances toward its Net Positive objective. This decade, it will reduce its Scope 1 and 2 CO_2 emissions by 55% and the carbon intensity index of its products by 15-20%, with the goal of achieving net zero emissions by 2050.

Madrid, 5 May 2023

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