5 March 2021

Cepsa reports Clean CCS EBITDA of €1,187m and Free Cash Flow of €260m in 2020

FY2020 – Benefiting from business diversification: A strong performance in the Chemical business and the resilience shown in Marketing partially offset lower earnings in Upstream and Refining

- Clean CCS EBITDA for 2020 was €1,187 million, with all business segments registering positive EBITDA in the year. Upstream and Refining were particularly impacted by the Covid-19 pandemic. However, Chemicals registered a record year and Marketing held up remarkably well, demonstrating the strong resilience of these two business units. Clean CCS Net income for 2020 was slightly positive.

- Cash flow from operations[1] in the year was €881 million, with an additional €138 million of cash released from working capital as a result of lower crude and product prices and the implementation of several optimization initiatives.

- Cost efficiency and Capex management measures derived from the Contingency Plan put in place in April resulted in cash savings of €527 million as of December 2020, exceeding the initial target of €500 million.

- Dividends paid corresponding to FY2020 of €166 million, representing a 63% reduction vs the amount paid in 2019.

- During the year, the company significantly improved its capital structure by strengthening its liquidity position and extending the maturity of its debt facilities, including with two bond issues of €500 million each. As of December 2020, the company had total liquidity[2] of €4.6 billion covering 4.9 years of debt maturities and a Net Debt to EBITDA ratio of 2.7x[3].

- Cepsa will unveil its new strategic plan in the coming months. The strategy will address the opportunities presented by the energy transition and mark an inflection point in Cepsa's long-term vision to continue to operate profitably while reducing its environmental impact.

[1] Before working capital variation.
[2] Defined as cash on balance sheet plus available committed credit facilities.
[3] Excludes the impact of IFRS16.

<u>Q4 2020 – Continuing the trend of improved performance seen in Q3</u>

- Cepsa posted Clean CCS EBITDA of €277 million in Q4 2020, consolidating the positive trend that began in Q3 when economic activity started picking up again. The business saw improved overall performance, in particular, with EBITDA increasing relative to the previous quarter across all segments except for Marketing, where Cepsa's network of service stations was impacted by renewed travel restrictions relating to the pandemic.

- Cash flow from operations[4] during the quarter was €218 million, in line with the €224 million registered in the previous quarter, with all four business units generating positive cash flow during the period.

- Cepsa's key assets continued to operate normally during the quarter. Upstream production levels improved, while Refining throughput was slightly below the previous quarter due to softer demand in end markets.

Philippe Boisseau, Cepsa CEO:

"2020 was an extremely challenging year for the oil and gas industry globally. Our priorities since the onset of the pandemic have been, and continue to be, the health and safety of all our employees, customers and suppliers, maintaining our operations as an essential energy provider to society at large, and stabilizing cash flows, strengthening the balance sheet and increasing liquidity to protect the company.

Thanks to our early focus on efficiency, cost control and marketing initiatives, we have ended the year with positive free cash flow and a very solid financial position. This positions us to benefit from the expected market recovery during 2021.

The Covid-19 pandemic also acted as a catalyst for the energy transition. In the coming months we will be announcing our new strategy, which will mark an inflection point for Cepsa. I am really excited about our new strategic plan which will set out how Cepsa will embrace the opportunities presented by the energy transition and deliver on its environmental commitments."

For further information on 4Q 2020 results, please refer to the Quarterly Report available at www.cepsa.com/en/investors

[4] Before working capital variation.

CEPSA

PRESS **RELEASE**

Market Indicators

Market Indicators	Q4'20	Q3'20	Q4'19	Variation vs. Q4'19	Variation vs. Q3'20	FY 2020	FY 2019
Dated Brent oil price ($/bbl)	44.2	43.0	63.3	*(30)%*	*3%*	41.7	64.3
Refining margin ($/bbl)	2.4	0.5	3.8	*(35)%*	*424%*	2.5	4.3
Dutch TTF Natural gas price (€/MWh)	14.3	7.8	12.7	*13%*	*85%*	9.3	13.6
Spanish pool price (€/MWh)	40.1	37.5	41.0	*(2)%*	*7%*	34.0	47.7
Average EUR/USD FX	1.19	1.17	1.11	*8%*	*2%*	1.14	1.12

Financial Summary

Financial Summary - € millions (unless otherwise stated)	Q4'20	Q3'20	Q4'19	Variation vs. Q4'19	Variation vs. Q3'20	FY 2020	FY 2019
Upstream	122	110	252	*(52)%*	*11%*	458	963
Refining	(24)	(50)	86	*(128)%*	*51%*	10	433
Marketing	92	131	121	*(24)%*	*(30)%*	400	463
Chemicals	101	92	60	*68%*	*10%*	357	246
Corporation	(14)	(6)	(12)	*(18)%*	*(128)%*	(39)	(48)
Clean CCS EBITDA	**277**	**277**	**507**	***(45)%***	***0%***	**1,187**	**2,058**
Clean CCS EBIT	52	113	321	*(84)%*	*(54)%*	383	1,267
Clean CCS Net Income	(29)	39	186	*(115)%*	*(174)%*	1	610
IFRS Net Income	(108)	31	440	*(124)%*	*(447)%*	(919)	820
Cash flow from operations before wc	**218**	**224**	**479**	***(54)%***	***(2)%***	**881**	**1,773**
Cash flow from operations	**374**	**449**	**704**	***(47)%***	***(17)%***	**1,019**	**2,079**
Accounting Capex	**(188)**	**(136)**	**(319)**	***41%***	***(38)%***	**(652)**	**(924)**
Free cash flow	**205**	**292**	**421**	***(51)%***	***(30)%***	**260**	**1,152**
Free cash flow before wc movements	**49**	**66**	**196**	***(75)%***	***(26)%***	**122**	**846**
Net debt (a)	**2,825**	**2,858**	**2,746**	***3%***	***(1)%***	**2,825**	**2,746**
Net debt to LTM CCS EBITDA (excl-IFRS16)	**2.7x**	**2.2x**	**1.4x**	***87%***	***21%***	**2.7x**	**1.4x**
Liquidity (b)	**4,550**	**4,617**	**3,099**	***47%***	***(1)%***	**4,550**	**3,099**

Note: FY IFRS Net Income impacted by non-cash inventory valuation effect of €369M and asset impairments of €551M.
(a) Excluding IFRS16 liabilities.
(b) Defined as cash on balance sheet and available credit facilities.

Operational KPIs

Operational Overview	Q4'20	Q3'20	Q4'19	Variation vs. Q4'19	Variation vs. Q3'20	FY 2020	FY 2019
Working interest crude production (kbopd)	72.7	70.7	89.7	*(19)%*	*3%*	75.8	92.6
Realized crude price($/bbl)	44.1	42.6	63.3	*(30)%*	*3%*	41.6	64.0
Refining throughput (mton)	4.5	4.9	5.1	*(11)%*	*(8)%*	19.3	21.5
Refining utilization (%)	71%	80%	85%	*(16)%*	*(11)%*	78%	89%
Refining margin ($/bbl)	2.4	0.5	3.8	*(35)%*	*424%*	2.5	4.3
Marketing product sales (mton)	3.6	3.8	4.7	*(23)%*	*(5)%*	14.8	15.4
Chemical product sales (kton)	687	693	738	*(7)%*	*(1)%*	2,795	2,890
Electricity production (GWh)	547	1,241	800	*(32)%*	*(56)%*	2,799	3,587
Natural gas sales (GWh)	8,707	7,343	9,040	*(4)%*	*19%*	30,918	33,176
Installed renewable power capacity	28.9	28.9	28.9	-	-	28.9	28.9

Management Discussion

In Q4 2020, Cepsa posted Clean CCS EBITDA of €277 million (+0% vs Q3 2020), consolidating the positive trend that began in Q3 and despite the still volatile external environment. During the quarter, we saw an improved overall performance in all business segments except for Marketing, which has been affected by new COVID-related travel restrictions. Clean CCS EBITDA for 2020 stood at €1,187 million.

Upstream Clean CCS EBITDA for the fourth quarter was €122 million (€458 million YTD), representing a 52% decrease YoY. This was as a result of lower crude prices (-30% YoY) and lower production (-19% YoY) mainly due to OPEC quota restrictions and the natural decline of fields in South America and SEA. Working interest production in Q4 2020 amounted to 73 kbopd.

Refining Clean CCS EBITDA amounted to negative €24 million in Q4 2020 (€10 million YTD), down 128% YoY, as European refining margins continued to be under pressure (-35% YoY) and production had to be adapted to reduced market demand (-11% YoY). The average utilization of refineries decreased to 71% in Q4 2020 vs 80% in Q3 2020, as two units at the La Rábida refinery in Huelva saw extended maintenance work carried out during the period. These units, however, are ready to resume production as soon as demand recovers.

In the fourth quarter, Marketing Clean CCS EBITDA decreased by 24% YoY to €92 million (€400 million YTD), as a result of the new travel restrictions imposed due to the resurgence of the COVID pandemic. These travel restrictions particularly affected Cepsa's network of service stations. The Wholesales and Asphalts segments continued to perform strongly on the back of improved margins and increased exports in the case of Asphalts. Volumes in the network of service stations, although still down 21% YoY, have increased significantly when compared to the levels seen in Q2 (+51%). All service stations remained fully operational during the quarter.

Chemicals delivered Clean CCS EBITDA of €101 million in Q4 2020 (€357 million YTD), up 68% YoY due to the strong performance of all three business segments and improved margins. In a still volatile market environment, and thanks to its global leadership position, Cepsa's Chemical business has continued to prove its resilience by registering a record year.

Cash flow from operations before working capital was €218 million in the quarter (€881 million YTD), maintaining the positive trend initiated in the previous quarter.

Clean CCS Net Income in Q4 2020 was negative €29 million (€1 million YTD), while IFRS Net Income stood at negative €108 million (negative €919 million YTD), impacted by a non-cash inventory valuation effect of €96 million (€369 million YTD) and asset impairments of negative €175 million (€551 million YTD).

Recent Developments

Cepsa's Q4 2020 results were affected by the ongoing extremely challenging market environment caused by Covid-19 and its impact on crude oil prices, refining margins and demand for oil products.

During the quarter, we have seen some relief in the Upstream business as crude prices increased from 39 $/bbl in early October to 50 $/bbl in December and have continued increasing to 65 $/bbl in late February. However, the renewed travel restrictions imposed to fight a third wave of Covid-19 infections had a negative impact on sales volumes in the Marketing business.

European refining margins continued to be under pressure during Q4 due to subdued demand as a result of Covid-19. Those margins had however recovered from their position in Q3 which were the lowest margins registered in the last decade. As such, Cepsa's average refining margin indicator in Q4 stood at 2.4 $/bbl up from 0.5 $/bbl in Q3, a 4.5x increase in the period.

Demand in Spain for automotive fuels during the quarter, although significantly above Q2 (+48%) was somewhat softer than the previous quarter (-11%). This was due to the seasonality effect from the summer holiday period as well as the reinstated, COVID-related travel restrictions.

The positive performance of Cepsa's Chemical business seen during previous quarters has continued through Q4, with similar sales volumes to those of 2019 and strong margins in all business segments.

The Contingency Plan put in place at the beginning of Q2 to protect cash flow generation has completed, delivering results ahead of expectations. Accumulated savings as at the end of the year amounted to €527 million, exceeding the initial target of €500 million. On top of this, working capital variation during the quarter was positive €156 million, as a result of lower inventories and accounts receivable.

As a result of the above initiatives, Free Cash Flow during the quarter stood at €205 million, still below the figure registered in Q4 2019 but confirming the positive trend initiated in Q3 2020 when compared to the Q2 figure which was negative €87 million.

As at the end of the quarter, Cepsa continued to have a very strong liquidity position of €4.6 billion, a long-dated maturity profile of 4.4 years and a robust balance sheet. All three ratings agencies affirmed Cepsa's Investment Grade ratings during the first half of the year.

In October, Cepsa was recognized at the European Environmental Awards for its Detal project. The project, located at Cepsa's Puente Mayorga chemical plant, will reduce the amount of waste generated by the plant while improving its sustainability through drastic reductions in consumption of raw materials and levels of emissions. The total investment in this technological innovation project will be €100 million.

In November, Cepsa and Ionity completed the first corridor of the largest intercity high-power charging network on the Iberian Peninsula. The Madrid-Barcelona route, with five high-power charging stations, allows, for the first time, for the journey to be made in an EV without adding extra charging time to the trip. Cepsa and Ionity plan to operate high-power electric chargers at 35 Cepsa Service Stations by the end of 2021, located along the main corridors in Spain and Portugal.

Subsequent Events

Demand for oil products in Iberia continues to be negatively impacted by the effects of Covid-19. In January, new travel restrictions came into force in both Spain and Portugal, which has translated into a decrease of 20% in the sales volumes of the Marketing business vs December.

In January, Cepsa reached an agreement to transfer its portfolio of residential electricity and gas customers to Podo (a company specialized in commercialization of electricity and gas to residential customers). This transaction is part of the asset review the company is conducting to focus on its most strategic businesses. Cepsa will continue to supply 100% renewable electricity and gas to industries and companies, a business which represents 97% of volumes sold vs the 3% of residential customers.

In February, Cepsa and Auchan reached an agreement for the opening of "My Auchan" retail outlets in Cepsa's network of service stations in Portugal. The first outlet is already open at Ramada, in the Odivelas municipality.

In the next few months, we expect continued pressure on European refining margins and subdued demand for refined products, as economies in Europe, including Spain and Portugal, continue to be affected by Covid-19.

Notwithstanding the above, Cepsa is very well positioned to take advantage of the expected reopening of the economy in 2021 thanks to its leaner cost structure following the efficiency initiatives implemented in 2020, its strong balance sheet and ample liquidity, and a commercially oriented organization ready to fully capture the opportunities of a swift market recovery.

This press release has been prepared by Compañía Española de Petróleos, S.A. ("CEPSA") solely for information purposes.

Some of the information contained in this press release is based on forecasts made by management and reflects the conditions and opinions that prevail as of today's date, which remain subject to change. This document may contain forward-looking statements and information relating to CEPSA and its subsidiaries. Forward-looking statements are statements that are not historical facts and may be identified by words such as "expect", "anticipate", "forecast", "believe", "estimate", "understand" and similar expressions. Forward-looking statements are not guarantees of future performance, prices, margins, exchange rates or any other event, and are subject to significant risk, uncertainty, modification and other factors that may be beyond CEPSA's control, or that may be difficult to predict.

Except to the extent required by applicable law, CEPSA makes no commitment to publish any additional information or to update this press release, or to correct any inaccuracies herein.

Whilst this press release has been prepared in good faith, no representation or warranty, expressed or implied, is made or will be given, and no responsibility or liability is or will be accepted by CEPSA or any of its subsidiaries or their respective advisers, employees or agents, as to or in relation to the accuracy or completeness of this press release, and any such liability is expressly disclaimed.

This press release is not intended to be exhaustive and the information included herein has not been verified or reviewed by CEPSA's external auditors.

Cepsa is a global energy and chemical company operating end-to-end in every stage of the oil & gas value chain. Cepsa also manufactures products from raw materials of plant origin and is active in the renewable energy sector. Cepsa has 90 years of experience and a team of over 10,000 employees, combining technical excellence and adaptability. Cepsa's operations are present on five continents.

Madrid, 5 March 2021

Cepsa – Communications
medios@cepsa.com
Tel: (34) 91 337 62 02
www.cepsa.com
Tel: (+34) 91 337 60 00