>> JAIME CIFUENTES: Good morning, ladies and gentlemen and welcome to CEPSA's 2024 Q1 results presentation. Thank you for joining us today. My name is Jaime Cifuentes, CEPSA's head of Investor Relations and Corporate Planning. Before we start, please let me take a moment to remind you that the financial information contained in this document is unaudited and some figures are non-IFRS. These webcasts, including the Q and A session, may contain forward-looking statements which reflect the company's estimates, intentions, and current expectations concerning, among other things, the company's operations, results, financial condition, liquidity, growth, and strategy, but do not guarantee future performance of the company.

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You can send us your questions through the "ask a question" tab located at the bottom of the screen at any time during the presentation. We will do our best to answer all of them at the end of the session.

Today's conference call will be conducted by Carmen De Pablo, CEPSA's Chief Financial Officer. So, without any further delay, Carmen, the floor is yours.

>> CARMEN DE PABLO: Thank you, Jaime and good morning everyone. I'm Carmen de Pablo CEPSA's CFO and I welcome you all to the CEPSA's 2024 1st quarter results presentation.

I hope you're all well and thank you all for joining. During today's presentation, we will cover the following topics. We will start with a summary of Q1 key milestones and the progress we have made on our strategy, Positive Motion. Second, I will go through the market and operational performance highlights, and then we will continue with the financial performance of the first quarter before making some closing remarks and opening up for Q and A.

And now, moving on to slide six, please let me start by covering the key operational and financial highlights of the group. CEPSA achieved a solid performance during this quarter driven by a supportive market environment and very robust operational KPIs. Despite ongoing global instability throughout the quarter, our refining margin reached an average of $10.7 per barrel, slightly below Q1 2023 figure but still at healthy levels.

Refining utilization rates were high at 99%, which has allowed CEPSA to fully capture favorable market conditions this quarter. Commercial product sales reached 4.6 million tons. And our upstream business average working interest production reached over 35,000 barrels per day driven by RKF production startup at the beginning of the year and a better field performance of our hood due to success in makeup water completed at the end of 2023.

On the financial side, during the first quarter, we have reported clean earnings before interest taxes, depreciation, and amortization on a current cost of supply basis, CCS EBITDA of €583 million, cash flow from operations after working capital reached €318 million. A figure that underscores our ability to generate robust operating cash flows.

Note that this number includes the payment in February of €122 million for the first installment of the extraordinary tax in Spain in 2024.

Net debt remains stable at €2.3 billion. And the liquidity position increased to €4.6 billion providing ample coverage of our debt maturities and evidencing CEPSA's conservative and prudent financial policy.

And now, moving on to the next slides, we will review the progress achieved in the implementation of our Positive Motion Strategy.

Now, on slide seven, please. In early April, we successfully completed a new seven-year bond issuance for €750 million, well above previous issues underscoring investor confidence in the company and our strategy. The issue closed with an annual coupon of 4.125 and maturity in April 2031. It also combined €150 million repurchase of the bond maturing in February 2025. This transaction represents the largest bond offering in CEPSA's history and marks its return to capital markets after four years and it enables us to strengthen our liquidity position and diversify our sources of financing while increasing the average maturity of our debt. Furthermore, the success of this bond issue reflects the support of the investment community for CEPSA's transformation strategy to lead in the energy transition and their confidence in our business prospects for the coming years. As a matter of fact S&P Global and Fitch rating agencies, as part of their annual review, have confirmed our investment grade credit rating. With S&P upgrading its outlook to "stable" and Fitch reaffirming "is a stable outlook for the group." Their assessments are mainly based on favorable market conditions, the expected improvement in financial results, the robustness of our financial policy, our diversified business profile, and our strong market position in the Iberian Peninsula. The company's credit rating with Moody's remains unchanged at BAA3 with a stable outlook too. At CEPSA, we maintain our focus to preserve an investment grade credit rating while executing our Positive Motion Strategy.

And now, on slide eight. As part of our Positive Motion Strategy, we recently agreed to the sale of our Colombian assets, still subject to approval by the relevant authorities. This transaction is consistent with our strategy to optimize the value of our current upstream portfolio and continue investing in our key strategic projects to grow into a more sustainable business portfolio. The divestment of these assets will not materially affect future cash generation as their current production volume was no longer significant in the company's portfolio. Nevertheless, it is yet another important step in our journey to become a leader in the energy transition.

And now, moving on to slide nine. Instituto de Credito Oficial, ICO, has granted CEPSA €150 in green loans to install ultra-fast chargers and promote electric mobility in Spain and Portugal, supporting the financing of this project which involves an investment of €300 million for the period of '23 to '26. As you know, CEPSA is promoting the electrification and decarbonization of road mobility, accelerating the transition to a more sustainable model. One of the goals of the recovery, transformation, and resilience plan. The support of ICO is a boost to continue developing a wide network of ultra-fast charging at our service stations in Spain and Portugal. This loan, together with the financing granted by the European Investment Bank at the end of 2023 for an amount also of €150 million, will allow the CEPSA to undertake an estimated investment of €300 million during the period ‘23 to ‘26. The support by large institutions like EIB and ICO and other diversified tier-one lenders providing long-term financing at attractive terms, underscores their willingness to contribute to the execution of our Positive Motion Strategy, focusing on sustainability and energy transition.

And now, on slide 10. In addition to the milestones already mentioned during the last few months, we have made good progress accelerating the implementation of our Positive Motion Strategy, inaugurating our new waste water reuse plant as part of our sustainable commitment to the optimization of water management, the reduction of its use at source and its maximum reuse. It is worth mentioning that the water treated at this plant will be adequate for reuse un the power plant’s cooling towers and entail an initial investment of €2.5 million. This new plant enables a 25% reduction in water use, which allows a total 53% saving when added to other optimization and efficiency measures undertaken in the last three years. In relation to the above, CDP has recognized CEPSA as a global leader in climate management within its sector and, in this sense, has awarded a benchmark rating of A- for water safety, a distinction achieved by just 4% of its industry comparables.

In CEPSA chemicals, we are also contributing to the decarbonization with NextLab Low Carbon. A novel lab product developed by the CEPSA chemicals that reduces carbon emissions to the atmosphere by almost 20%, compared to traditional lab. Nowadays, it is produced exclusively for the North American market but soon it will be expanded to other markets from our different production facilities around the globe. This new product is a great help for detergent producers to achieve their corporate ESG goals by providing them with the ability to produce a final product with a lower carbon footprint, while maintaining the same performance as traditional lab and without requiring specification changes.

As already published in February of this year, we began the construction of the largest second-generation biofuels plant in southern Europe along with our partner Bio-Oils for an investment of €1.2 billion. This facility, which will flexibly produce 500,000 tons of sustainable aviation fuel and renewable diesel annually will allow the joint venture to double its current production capacity. The new facility is expected to be operational in 2026 and is being built in our energy parks in Palos de La Frontera, Huelva. Its development involves the creation of 2,000 direct and indirect jobs during the construction and operation phases. This plant is part of a joint venture, which includes two existing biodiesel facilities from CEPSA and Bio-Oils that are already operational. Together, these assets will form the second-largest renewable fuel complex in Europe with a total production capacity of 1 million tons per annum and CEPSA holds a 55% stake in the joint venture.

As part of our Positive Motion Strategy, in 2023, we managed to increase the circularity of 6,390 tons of waste in our industrial centers in Andalusia, a 73% increase from the previous year. This prevents more than 3,000 tons of CO_2 emissions, which is equivalent to giving a second life to the waste generated by a population of 12,000 people in one year. CEPSA has also recycled other waste products that were previously taken to landfills, such as biological sludge or residual asphalt. It is worth remembering that CEPSA recently obtained the Circular Economy Strategy certification from AENOR becoming one of the first companies to do so. This certification demonstrates that there is a management model for circular economy and that senior management is involved in it. We also continue to help society to decarbonize through our new electric charging business for professional customers. Our objective with this initiative is to promote sustainable mobility and offer companies a complete charging service for their fleets both at their own facilities and at CEPSA's service stations using the STARRESSA card, which allows professional customers to manage their fleets and make secure payments. In parallel, as part of this new line of business, CEPSA has reached a collaboration agreement with Renault Trucks which will allow both companies to offer comprehensive sustainable mobility solutions to their clients, including the installation of electric chargers at their operation centers.

And last but not least, a few words on our recent partnership with Evos regarding green methanol storage in Spain and the Netherlands. CEPSA has now signed an agreement with Evos, a leading company in the storage of liquid energy and chemicals with several sites in the strategic locations across Europe to allow the storage of green methanol, which CEPSA will produce at Evos facility in Algeciras and Rotterdam. The partnership, which also includes the storage of green ammonia at Evos facilities in Algeciras, facilitates logistics for the transportation of products derived from green hydrogen between strategic ports in Spain and the Netherlands. CEPSA and Evos will also jointly study the logistics of biofuels such as sustainable aviation fuel, renewable fuel of non-biological origin, and hydrogen carriers such as liquid organic hydrogen carriers at other Evos network terminals in Northwest Europe.

And now, we will briefly cover market and operational performance. During the first quarter of 2024, crude oil prices remained in a fairly stable range averaging $83 per barrel, roughly in line with the figure of Q4 2023. Refining margins were high and during the first quarter reaching $10.7 per barrel. A notable increase compared to the previous quarter and remaining within a healthy range above historical averages. The euro-dollar exchange rate resumed a depreciating trend in Q1 2024 with an average of $1.09 per euro. And finally, Spanish fuel demand decreased during the first quarter as a result of seasonality.

And now, we will review the business performance. Starting with our energy segment, EBITDA for the first quarter of the year reached €477 million driven by robust refining margins, an increased refining utilization rate, and a consistently strong performance across all of our commercial business lines. We recorded enhanced results within our chemicals business with a strong EBITDA accounting for €70 million, higher than Q4 and Q1 in 2023. Performance was supported by sales volumes recovering in Europe stronger asset on performance and also positive effects in lab due to milder energy prices and lower fixed costs. Lastly, our upstream business EBITDA for the period amounted to €73 million, working interest production during the period slightly increased compared to the previous quarter, mainly in Algeria driven by our RKF asset coming back on stream early this year, as well as a stronger or hood field performance, due to the success in makeup water actions and other well optimizations completed at the end of 2023. Many professionals are committed to their work in continuous improvement programs across the company. This contributed to CEPSA's ability to continue to capture market opportunities and enhance our overall performance through energy efficiency and innovation.

And now, moving on to the next slide. CEPSA reported an EBITDA of €583 million in Q1 '24 along with net income of €226 million. Both metrics in CCS basis above the same quarter in 2023. These results are particularly positive considering that the Q1 '23 figures still included production from Abu Dhabi until March 15th. Our cash flow from operations including the impact of the windfall tax remained strong at €318 million. And once again above the Q1 '23 metric. Investments increased, when compared with the same period of 2023, as the execution of our Positive Motion Strategy ramps up, with an increasing share of sustainable Capex, as we will see later in the presentation. Net debt stood at €2.3 billion, similar to the same quarter last year. We maintain a strong liquidity position of €4.6 billion providing a strong buffer that is sufficient to cover maturities in the coming years. As already mentioned, the recent issuance of a new seven-year €750 million bond early April further reinforces our financing metric and this is not included in these figures.

And now, moving on to slide 16. Cash flow from operations for Q1 stood at €318 million, surpassing that of the same period of last year. Even though as mentioned, Q1 '23 still benefited from the Abu Dhabi production. It is also important to highlight that Q1 '24 cash flow from operations includes the payment of the first installment this year of the extraordinary tax imposed on the Spanish energy companies for an amount of €122 million, which is lower than the €164 million installment in Q1 2023, mainly due to lower average energy prices. Despite the divestment of the Abu Dhabi asset, which impacts the cash flow from an investment figure shown in 2023, Capex continues to grow as expected this year as core component of the Positive Motion Strategy. And as we move forward, we remain focused on strengthening our financial position and ensuring that our investment support our long-term vision of growth and transformation at attractive levels of return. The combination of an increased cash generation and capital allocation aligned with our strategic goals has resulted in a slightly positive free cash flow for the quarter as we keep our focus on sustainable value creation for our shareholders and stakeholders.

And now, on slide 17. In Q1, our Capex expenditure totaled €217 million of which sustainable investments accounted for 46%. A notable increase compared to the same quarter of 2023. Our sustainable Capex mainly targets clean energy initiatives, co-processing, biofuels production, CO_2 emission reduction projects, and hydrogen development, as well as expansion of EV charging infrastructure across our service station network. CEPSA's capital allocation process ensures that the company maintains significant flexibility to differ specific investments as necessary to protect free cash flow generation.

And now, to conclude, let me finalize today's presentation with some key takeaways. The first quarter of 2024 has been marked by solid results from CEPSA with an increase of 5% in EBITDA when compared to Q1 2023, despite not having Abu Dhabi in the perimeter. Our commitment to execute our Positive Motion Strategy is reflected in the share of sustainable Capex, with 46% of our investments devoted to the energy transition in the first quarter. We remain strongly committed to the key objective of leading the energy transition and to deliver our Positive Motion Strategy. In Q1, we achieved some key milestones, both S&P and Fitch reaffirmed CEPSA's investment grade credit rating with a stable outlook. We successfully issued our largest bond to date to support our investment plan. And, among other Positive Motion developments, so far this year, we agreed to divest our upstream assets in Colombia, which is still subject to regulatory approval. We also began the construction of Europe's second largest 2G biofuels plant in partnership with Bio-Oils. Our liquidity remains solid at €4.6 billion, which constitutes a very healthy buffer to manage that maturities in the future. Our teams and our shareholders are committed to ensure CEPSA's leadership in the industry and to successfully navigate the energy transition journey. This mission is about more than just enhancing our position, we are building the ecosystem that we need to accelerate the energy transition and to ensure clean and independent energy supply for Spain and Europe.

And with this, we conclude today's presentation. Thank you all for joining us and I will now hand it over to Jaime for the Q and A session. Thank you.

>>JAIME CIFUENTES: Thank you very much, Carmen.

Just let me remind you all how to send us your questions. There is an "ask a question" tab located at the bottom of your screen and you may type your questions directly into the dialog box. We will now give you some time to pass your questions. Thank you.

Okay. Thank you very much. Carmen, we do have two questions now. The first one, it is about the rationale behind the divestment of the Colombian asset. And if we can mention anything about the transaction, either price or who's the buyer whatever.

>> CARMEN DE PABLO: Okay, thank you. And in terms of our Positive Motion Strategy, as you know, we have been looking to reshape our portfolio with the objective effectively, as we have given guidance, to have more than 50% of our sustainable our EBITDA contributing from sustainable activities as part of the strategy we are taking the action last year to divest of our UAE. And now, we have been engaged and our subject is still to [gain] regulatory approvals with the sale of our assets in Colombia. There is not a lot that we can give you or disclose around the transaction in terms of price. We can share that the buyer is an entity, a Colombian entity, that is CEDCO a subsidiary of SierraCol. But let me emphasize the fact that this is still subject to all the regulatory approvals, which we expect to, obviously, successfully comply with and have this transaction closed before the summer. Maybe just to add that this transaction should not have relevant or very, effectively, limited impact in relation to our financial position. As an order of magnitude, last year, our LATAM assets had a production of 6000 barrels per day. And this is a very limited scale. So, no relevant impact as it relates to overall financial performance.

>> JAIME CIFUENTES: Okay. Next question is about the rationale behind the maturity of the new bond being 2031.

>> CARMEN DE PABLO: Well, so we effectively, as you know, issued a €750 million bond with a seven-year tenor at 4.125 coupon. We looked at the different maturities in the market, the pricing overall. You know, this current tenor plays very well alongside with

our Positive Motion Strategy, which our objectives have been set to 2030. So this, you know, just gets one step further. And well, there is no specific rationale beyond that, overall, we want to extend tenor, have a very diversified set of funding sources, and therefore, you know, we opted to go to a seven-year instrument.

>> JAIME CIFUENTES: Okay. There doesn't seem to be any further questions on the chat, at least, but [we're] very happy to answer any additional questions which might arise. You can send them over to the Investor Relations' email address. So, I think we can wrap it up here.

Thank you very much, everyone for joining.

>> CARMEN DE PABLO: Thank you very much. Seems that it was all very clear and have a great weekend. Thank you.