PRESS **RELEASE**

Adjusted net profit amounted to €201 million for the first quarter of 2017

- Increased crude oil prices, better refining margins, rising demand and Cepsa's efficiency plan the more important drivers of results.

Adjusted net profit for the first quarter of 2017, eliminating non-recurring items and calculating the change in inventories at replacement cost (clean CCS), amounted to €201 million, significantly higher than the first quarter of 2016.

Applying International Financial Reporting Standards (IFRS) and therefore calculating inventory variations at average unit cost, net profit for the period comes to €202 million, compared with €106 million in the same period last year.

Results were favored by the recovery in the price of crude oil, which averaged $53.8 per barrel in the first quarter of the year (up by 59% relative to the average for the same period of last year). This recovery, together with the positive behavior of refining margins and domestic demand for fuel and the efficiency plan rolled out by the Company over the past few years, were the decisive factors in the significant increase in Cepsa's profits.

Constant attention to operating in a safe working environment enabled us to reduce the accident rate to 0.76 as measured by LWIF, down by 45% relative to Q1 2016.

Results per business area (€ millions):

	2017	**2016**	**Δ %**
Exploration & Production	38	(23)	n/a
Refining and Marketing	136	103	32%
Petrochemicals	24	26	-7%
Gas and Electricity	12	10	14%
Corporation	(9)	(10)	-11%
Net Profit on CCS (clean current cost of supplies) basis	**201**	**106**	**90%**
Inventory Valuation Adjustment	24	(4)	n/a
Non-recurring items	(23)	4	n/a
Net Profit IFRS	**202**	**106**	**91%**

Crude production amounted to 93,400 barrels a day, slightly higher than that of 2016, with a total of 3.7 million barrels sold in the period. Refining margins held up well, mainly thanks to fuels and petrochemical products, at US$7.40 a barrel, against US$5.80 a barrel in 2016.

In the January to March 2017 period 37.5 million barrels of crude oil were processed, with a distillation capacity utilization rate of 91% and the production of 5.14 million metric tons of petroleum derivatives.

During the first quarter we carried out the programmed stoppages for the maintenance of several units of the La Rábida and Gibraltar San Roque refineries. Thanks to the investments in energy efficiency, we continued to reduce CO_2 emission rates in line with the annual reduction targets set by the Company.

The Company's petrochemicals business obtained profits of €24 million, with good sales performances from both LAB (the raw material for making biodegradable detergents, in which Cepsa is the world leader) and phenol/acetone (raw materials for next generation plastics).

Investments amounted to €126 million, 10.5% more than in the same quarter of last year.

Significant events in the first quarter:

- Acquisition of Abengoa's San Roque bioenergy plant.
- Renewal of AENOR quality and environmental certifications for Cepsa's sites, plants, refineries and business areas. These cover the design, production, distribution, marketing, transportation and supply of energy and petrochemical products derived from oil, as well as after-sales service and operations of co-generation units.
- Renegotiation of the club deal, extending the average life of Cepsa's financing.
- Renewal of the Top Employer certification and extension of certifications as a Flexible and Responsible Company (EFR, per the Spanish abbreviation) for its advanced work-life balance measures.
- Incorporation of Iberia Plus into the loyalty program: Iberia Pus members can now collect 'Avios' (air miles) when refueling at Cepsa service stations.

Cepsa is an energy group fully owned by the International Petroleum Investment Company (IPIC) that employs more than 10,000 people and operates at every stage of the hydrocarbon value chain: exploration and production of oil and gas, refining, distribution and marketing of crude oil and natural gas derivatives, biofuels, co-generation and electricity sales.

Cepsa has developed an important chemicals division that is closely integrated with the refining business, and that produces and markets the raw materials for high value-added products, principally used to make next generation plastics and biodegradable detergents. Cepsa has a leading position in Spain and, through the progressive international expansion of its business, also operates in several continents and markets its products across the world.

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