2019 first quarter earnings report

- **Cepsa registered Q1 2019 Clean CCS EBITDA of €468 million and Clean CCS Net Profit of €124 million**

- **Production has begun at the SARB and Umm Lulu oilfields in Abu Dhabi, significantly increasing sales of crude oil. Production started prior to the scheduled date and at higher rates than initially expected**

- **During Q1 2019, Cepsa carried out a major scheduled shutdown of the Gibraltar-San Roque refinery to increase conversion capacity**

Clean CCS EBITDA[1] rose to €468 million in Q1 2019, compared to €356 million in Q1 2018, an increase of 31%. The Net Debt/EBITDA ratio stood at 1.7x, slightly below the ratio as at the end of 2018 (1.8x).

The increase of 31% in Q1 2019 Clean CCS EBITDA was mainly due to the positive performance of Cepsa's Exploration and Production business (+93% vs Q1 2018) and Marketing business (+23% vs Q1 2018).

Cepsa's Clean CCS Net Profit for Q1 2019 was €124 million, compared to €165 million for the same period in 2018. The decrease is due to higher depreciation in the E&P business related to the SARB and Umm Lulu fields, lower production in Refining as a result of the scheduled shutdown of the Gibraltar-San Roque refinery and lower production and margins in the Chemicals business, especially in the Phenol / Acetone line.

Similarly, but applying International Financial Reporting Standards (IFRS) and calculating changes in inventory at average unit cost, accumulated net income for Q1 2019 was €151 million, compared to €189 million for the same period in 2018.

Investments during the period amounted to €208 million and free cash flow was €95 million (after tax payments and investments).

During the first quarter of 2019, the Brent crude price averaged $63.2/bbl, 5% lower than the $66.8/bbl average price registered in Q1 2018.

In terms of safety, the Lost Workday Injury Frequency (LWIF) rate, which measures the number of accidents resulting in absence from work, was 1.12 accidents per million hours worked, positioning Cepsa in the 2nd quartile during the last 12 months as per Concawe (the main European association of the refining industry) peers benchmark.

[1] Earnings before interest, taxes, depreciation and amortization, excluding non-recurring items and calculating the variation in inventories at replacement cost.

Greenhouse gas emissions (CO_2 per ton produced) remained at levels similar to those of 2018.

Exploration & Production

Q1 2019 Clean CCS EBITDA of the Exploration & Production business increased by 93% to €216 million, compared to the same period of 2018. Clean CCS Net Income stood at €43 million, negatively impacted by higher depreciation related to SARB and Umm Lulu fields, which started earlier than expected and are still in ramp up phase.

The average selling price of crude oil produced and marketed by Cepsa was $62.7/bbl, in line with the same period of last year and at small discount ($0.5/bbl) to Brent.

"Working interest" production of crude oil amounted to 92.7 kb/d, 9% up on the first quarter of 2018, mainly due to the start of production in the SARB and Umm Lulu fields. Both fields have entered into production prior to the scheduled date and are delivering higher production levels than initially expected. Additionally, production in Algeria declined in Q1 2019 as a result of a scheduled maintenance shutdown in the Ourhoud field during the month of January and the entry into force of the new RKF contract, in which Cepsa now holds a 49% interest vs 100% in 2018. 5.7 million barrels of crude were sold during Q1 2019, an 88% increase vs the same period last year.

The Company continued to boost its growth in the Exploration & Production business with investments of €53 million, which contributed to the continued strengthening of its integrated model.

Operational Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Brent price average ($/b)	63.2	66.8	(5%)	71.0
Average realised crude price in $/b	62.7	62.5	0%	67.2
Crude Oil Sales in kb	5.7	3.0	88%	14.2
WI production in kb/d	92.7	85.4	9%	83.3
Algeria	*42.7*	*53.8*	*(21%)*	*53.4*
*UAE**	*26.1*	*4.5*	*480%*	*4.4*
Latam	*14.1*	*15.0*	*(6%)*	*13.6*
SEA / Other	*9.8*	*12.1*	*(19%)*	*11.9*
Net Entitlement production in Mboe	6.5	5.3	23%	21.3

*Q1 2018 production relates to ADOC fields only. Growth in Q1 2019 comes from the new Sarb & Umm Lulu fields.

Millions of euros

Financial Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Clean CCS Operating Result (EBITDA)	216	112	93%	635
Clean CCS Net Income	43	55	(22%)	232
Organic investments	53	31	74%	445
Acquisitions	-	1,214	(100%)	1,214

Refining

Refining Q1 2019 Clean CCS EBITDA was €113 million, in line with the same period of 2018. Clean CCS Net Income stood at €31 million.

During the first quarter of 2019, Cepsa carried out a scheduled maintenance shutdown of the main units of its Gibraltar-San Roque refinery. In addition, three significant projects executed in recent years were commissioned and tied in during this period. These projects include the Isomax, Alkylation and FCC units, and the aim is to increase the production and conversion capacity of these units. Maintenance, regulatory inspection and installation of new equipment were also implemented to improve safety, efficiency and technology, as well as to reduce emissions.

In the first quarter of the year, the distillation capacity utilization of the refineries was 86%, with a production of 5.3 million tons of refined products. Utilization decreased 5% vs the same period of 2018 mainly due to the aforementioned scheduled shutdown in Gibraltar-San Roque.

During Q1 2019, Cepsa invested €114 million in the Refining business, mainly attributable to that scheduled shutdown.

Operational Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Refining margin ($/b)	4.5	4.9	(8%)	6.1
Utilization rate refineries (distillation) in %	86%	91%	(5%)	91%
Refining output in Mt	5.3	5.3	(1%)	21.8

Millions of euros

Financial Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Clean CCS Operating Result (EBITDA)	113	113	(0%)	577
Clean CCS Net Income	31	43	(28%)	259
Investments	114	49	130%	392

Marketing

The Marketing business registered strong performance in Q1 2019, achieving Clean CCS EBITDA of €93 million, a 23% increase vs Q1 2018. Clean CCS Net Income stood at €40 million, in line with the first quarter of 2018.

Q1 2019 product sales of the Marketing business stood at 5.3 million tons, in line with the same period of the previous year. This business unit includes the network of service stations, marketing of fuels through wholesale channels, marketing of kerosene for the aviation market, sale of bunker fuels in the main Spanish ports, Panama and Fujairah (UAE), as well as the sale of lubricants, asphalts and liquefied petroleum gas (LPG).

During the period, the Company invested €31 million in the business. These investments were related to maintenance of the facilities and strengthening of market share in the segments in which the Company operates.

Operational Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Number of service stations	1,800	1,815	(1%)	1,799
Product sales in mt	5.3	5.3	0%	21.9

Millions of euros

Financial Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Clean CCS Operating Result (EBITDA)	93	76	23%	344
Clean CCS Net Income	40	41	(2%)	189
Investments	31	15	103%	101

Chemicals

Cepsa's Chemical business registered €59 million of Clean CCS EBITDA in Q1 2019, a 14% decrease vs the same period of 2018. Clean CCS Net Income stood at €21 million.

Results of the Chemical business were affected by lower product sales (3% down vs Q1 2018) as a result of the shortage of products following the Gibraltar-San Roque refinery shutdown, and the decline in international acetone margins.

Product sales amounted to 721 kt, a 3% decrease vs Q1 2018, and investments stood at €9 million.

Operational Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Product sales in (kt)	721	745	(3%)	2,934
LAB /LABSA	*161*	*151*	*6%*	*598*
Phenol / Acetone	*417*	*439*	*(5%)*	*1,724*
Solvent	*144*	*154*	*(7%)*	*612*

Millions of euros

Financial Figures	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Clean CCS Operating Result (EBITDA)	59	69	(14%)	243
Clean CCS Net Income	21	35	(40%)	111
Investments	9	6	48%	80

Cash Flow Statement

Millions of euros

	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018
Clean CCS EBITDA	468	356	31%
Other adjustments to EBITDA	(94)	49	(292%)
Clean CCS Cash Flow from operating activities before changes in working capital	374	405	(8%)
Changes in working capital	(46)	(86)	(47%)
Operating Cash Flow	**328**	**319**	**3%**
Organic investments	(254)	(182)	39%
Maintenance	(94)	(76)	24%
Efficiency, Suntainability & Growth	(159)	(106)	50%
Acquisitions	-	(1,212)	(100%)
Divestments	20	29	(31%)
Cash Flow from investment activities	**(234)**	**(1,365)**	**(83%)**
Free cash flow before dividends	**95**	**(1,046)**	**(109%)**
Dividends	-	-	0%
Free cash flow after dividends	**95**	**(1,046)**	**(109%)**

Financial Debt analysis

Millions of euros

	1Q 2019	FY 2018
Non-current bank borrowings	2,804	2,956
Current bank borrowings	592	380
Cash and cash equivalents	(322)	(247)
Net Debt*	***3,074***	***3,089***
Equity	***5,534***	***5,542***
IFRS Capital Employed (ND + E)	***8,607***	***8,632***
Gearing Ratio (ND / (ND + E))	**35.7%**	**35.8%**
ND / EBITDA LTM* Ratio	**1.7x**	**1.8x**

*Does not consider the impact of IFRS 16. On January 1, 2019, IFRS 16 became into force, by which operating leases are capitalized in the Group's balance sheet. As of January 1, 2019, the impact of IFRS 16 in Cespa's books is an increase in financial debt of €816 M, and an increase in EBITDA of €30 M.

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Main Indicators

Millions of euros

	1Q 2019	1Q 2018	1Q 2019 vs 1Q 2018	FY 2018
Revenues	5,668	5,853	(3%)	24,712
Clean CCS Operating Result (EBITDA)*	**468**	**356**	**31%**	**1,746**
Exploration and Production	*216*	*112*	*93%*	*635*
Refining	*113*	*113*	*(0%)*	*577*
Marketing	*93*	*76*	*23%*	*344*
Petroquemicals	*59*	*69*	*(14%)*	*243*
Corporation	*(12)*	*(13)*	*(8%)*	*(52)*
Clean CCS Net Income	**124**	**165**	**(25%)**	**754**
Exploration and Production	*43*	*55*	*(22%)*	*232*
Refining	*31*	*43*	*(28%)*	*259*
Marketing	*40*	*41*	*(2%)*	*189*
Petroquemicals	*21*	*35*	*(40%)*	*111*
Corporation	*(10)*	*(8)*	*25%*	*(37)*
CCS adjustment: Replacement cost valuation	13	14	(8%)	99
Non-recurring items	14	10	41%	(23)
IFRS Net Income	**151**	**189**	**(20%)**	**830**
Clean CCS ROACE	9.8%	13.3%	(26%)	12.5%
€/$ Average exchange rate	1.14	1.23	(8%)	1.18
Brent price average ($/b)	63.2	66.8	(5%)	71.0
Refining margin ($/b)	4.5	4.9	(8%)	6.1

* Includes impact on EBITDA of IFSR 16, amounting to €30 M.

Other recent highlights

- At the beginning of 2019, Cepsa signed a new agreement with Abu Dhabi Future Energy Company (Masdar) with the aim of growing both companies' renewables portfolios, focusing on wind and photovoltaic solar technologies in Spain and Portugal, where Cepsa plans to develop a capacity of 500-600 MW over the next five years.

- At the beginning of 2019, Cepsa reached an agreement with Cosmo Energy Group to study new opportunities in the production of lubricants and refrigerants, the exchange of technologies and formulations, and the search for potential partnerships for the marketing of these products in Spain, Japan and internationally.

- Mubadala Investment Company PJSC (Mubadala) and The Carlyle Group (Carlyle) recently reached an agreement by which Carlyle will acquire a significant minority stake in Cepsa. Currently, Mubadala owns 100% of Cepsa. Pursuant to this agreement, Carlyle will acquire a stake of 30-40% in Cepsa, while Mubadala will remain the majority shareholder. The transaction is based on a valuation of the Company of US$12 billion, and it is expected to be completed by the end of 2019.

Cepsa is a global energy company, which operates in an integrated manner at all stages of the hydrocarbon value chain. In addition to manufacturing products from plant-based raw materials, it also has a presence in the renewable energy sector.

Cepsa's experience spans more than 89 years, and its team of over 10,000 professionals offer technical excellence and a capacity for adaptation. It has a presence on all five continents through its business areas of Exploration and Production, Refining, Marketing and Chemicals.

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