CEPSA

PRESS **RELEASE**

04 November 2021

Cepsa posts 48% increase in 9-month EBITDA to €1,346 million, in line with the performance of previous quarters

9M September 2021 – Significant improvement vs 2020 as recovery continues

- In the first nine months of 2021, Cepsa achieved a strong performance thanks to continued management focus on efficiencies, operational excellence and an improved market environment. This is despite the challenges of increasing energy costs and demand that remains below pre-pandemic levels.

- EBITDA was €1,346 million up to September 2021, a 48% increase on the same period of 2020 (€910 million), boosted by higher crude prices and increased production in Upstream, improved margins and higher production in Refining plus a sustained strong performance in both Commercial and Chemicals.

- Cepsa continues to advance in its holistic Multi-year Efficiency Program (MEP), a 3-year plan aimed at improving Gross Margin and capturing sustainable operating costs savings. As of September 2021, €295 million of EBITDA improvement has already been delivered, in addition to the €73 million achieved in 2020 as part of the Contingency Plan.

- Results by Business Unit:

    - In Upstream, Cepsa reported a significant improvement in results, with EBITDA at €615 million for the nine months ending September 2021, up 83% vs the same period of 2020. The improved YoY performance was mainly due to higher crude prices (+66%), lower production costs, with Opex (as measured in $/bbl) decreasing 11% YoY, and a slight increase in production (+1%).

    - In Refining, despite margins strongly impacted by the increase in energy costs, increased production at refineries and successful implementation of cost efficiency measures translated into an EBITDA of €117 million for the nine months ended September 2021 vs €34 million in the same period of 2020 (+240%).

    - Despite sales volumes around 15% below pre-pandemic levels, Commercial EBITDA continued to improve to €345 million in the nine months ended September 2021. This is a 12% increase compared to the same period of 2020 due to a sustained margin performance and rigorous cost efficiency focus.

  - Chemicals continued to deliver very solid results with EBITDA of €355 million for the nine months ended September 2021 which is a 39% increase compared to the same period of 2020 (and +91% vs the same period of 2019). The improvement was mainly driven by the positive impact of an enhanced commercial strategy, plus a sustained trend of record operational performance since 2019. During the quarter, Cepsa's Chemicals business achieved a significant milestone with the production of the first volumes of LAB from vegetable oils.

- CCS Net Income during the nine months ending September 2021 was €295 million, a significant improvement vs the €31 million registered for the same period of 2020. IFRS Net Income was €498 million, positively affected by the increase in commodity prices and materially above the net loss of €810 million registered in the same period of 2020, which was affected by asset impairments, lower prices and subdued demand.

- Cepsa continued to optimize capex, with investments for the nine months ended September 2021 of €310 million, compared to €464 million during the same period of 2020.

- Free cash flow before working capital up to September showed a significant improvement, from €55 million in 2020 to €918 million in 2021, mainly due to improved results.

CEO appointment

- On October 15th, Cepsa announced the appointment of Maarten Wetselaar as CEO of the company, effective 1st January 2022. Current CEO Philippe Boisseau will remain with the Company after his handover, as an advisor to Maarten and the Board.

Philippe Boisseau, Cepsa CEO:

> *We have achieved a strong performance YTD and prospects are good for the remainder of 2021, despite the recent volatility in global energy markets and the increase in European natural gas prices. The solid 2021 performance is thanks to management-led initiatives put in place since the onset of the Covid-19 crisis and continued focus on efficiencies, both in costs and investments. These results provide a strong foundation to implement our green energy transition plan.*
>
> *During 2021 we have achieved significant progress in building a new organization and preparing and reorienting the business to take full advantage of the opportunities that the energy transition has to offer. In addition, we have put in place an ambitious optimization plan, which is on track and already delivering very solid results, with approximately €300 million of positive EBITDA impact achieved in the first nine months of the year.*

For further information on Q3 2021 results, please refer to the Quarterly Report available at www.cepsa.com/en/investors

Market Indicators

Market Indicators	Q3'21	Q2'21	Q3'20	Variation vs. Q3'20	Variation vs. Q2'21	YTD 2021	YTD 2020
Dated Brent oil price ($/bbl)	73.5	68.8	43.0	*71%*	*7%*	67.7	40.8
Refining margin ($/bbl)	4.1	4.5	0.4	*925%*	*(9)%*	3.6	2.8
Dutch TTF Natural gas price (€/MWh)	47.4	24.8	7.8	*508%*	*91%*	30.2	7.6
Spanish pool price (€/MWh)	117.8	71.8	37.5	*214%*	*64%*	78.5	31.9
Average EUR/USD FX	1.18	1.21	1.17	*1%*	*(2)%*	1.20	1.13

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

Financial Summary

Financial Summary - € millions (unless otherwise stated)	Q3'21	Q2'21	Q3'20	Variation vs. Q3'20	Variation vs. Q2'21	YTD 2021	YTD 2020
Upstream	227	217	110	*107%*	*5%*	615	337
Refining	30	79	(50)	*160%*	*(62)%*	117	34
Commercial	155	111	131	*18%*	*40%*	345	307
Chemicals	123	132	92	*35%*	*(6)%*	355	256
Corporation	(31)	(20)	(6)	*403%*	*51%*	(86)	(25)
Clean CCS EBITDA	**504**	**518**	**277**	***82%***	***(3)%***	**1,346**	**910**
Clean CCS EBIT	327	317	113	*190%*	*3%*	800	331
Clean CCS Net Income	112	130	39	*189%*	*(14)%*	295	31
IFRS Net Income	161	262	31	*418%*	*(39)%*	498	(810)
Cash flow from operations before wc	**392**	**454**	**224**	***75%***	***(14)%***	**1,155**	**663**
Cash flow from operations	**471**	**746**	**449**	***5%***	***(37)%***	**1,295**	**645**
Accounting Capex	**(97)**	**(109)**	**(136)**	***(28)%***	***(10)%***	**(310)**	**(464)**
Growth	*(48)*	*(63)*	*(85)*	*(44)%*	*(24)%*	*(167)*	*(317)*
Maintenance & HSE	*(49)*	*(46)*	*(51)*	*(3)%*	*8%*	*(142)*	*(147)*
Free cash flow	**369**	**644**	**292**	***27%***	***(43)%***	**918**	**55**
Free cash flow before wc movements	**290**	**353**	**66**	***339%***	***(18)%***	**777**	**73**
Net debt (a)	**2,348**	**2,412**	**2,858**	***(18)%***	***(3)%***	**2,348**	**2,858**
Net debt to LTM CCS EBITDA (a)	**1.6x**	**1.9x**	**2.2x**	***(29)%***	***(18)%***	**1.6x**	**2.2x**
Liquidity (b)	**4,119**	**4,495**	**4,617**	***(11)%***	***(8)%***	**4,119**	**4,617**

(a) Excluding IFRS16 liabilities.
(b) Defined as cash on balance sheet and available committed credit facilities.

Operational KPIs

Operational Overview	Q3'21	Q2'21	Q3'20	Variation vs. Q3'20	Variation vs. Q2'21	YTD 2021	YTD 2020
Working interest crude production (kbopd)	80.4	76.9	70.7	*14%*	*5%*	77.8	76.9
Realized crude price($/bbl)	70.6	65.5	42.7	*65%*	*8%*	65.3	40.9
Upstream opex ($/boe)	8.5	9.0	9.3	*(8)%*	*(6)%*	8.9	10.0
Refining output (mton)	5.5	5.2	4.9	*12%*	*7%*	14.9	14.7
Refining utilization (%)	88%	81%	80%	*9%*	*8%*	79%	81%
Commercial product sales (mton)	4.3	3.8	3.8	*12%*	*12%*	11.7	11.1
Chemical product sales (kton)	758	732	693	*9%*	*4%*	2,205	2,108
Electricity production (GWh)	833	573	1,241	*(33)%*	*45%*	1,876	2,252
Natural gas sales (GWh)	10,200	7,639	7,348	*39%*	*34%*	26,335	22,204
Installed renewable power capacity (MW)	28.9	28.9	28.9	-	-	28.9	28.9

Business Unit Performance

Upstream

Crude prices in Q3 continued to increase with an average Brent price during the quarter of 73.5 $/bbl, consolidating the rebound experienced since Q1.

Upstream delivered continued improvement in results with EBITDA rising by 5% vs Q2 as a result of increased production due to the progressive lifting of OPEC quotas and higher realized crude prices (+8%).

Refining

Refinery utilization continued to increase, being significantly above Q2 figures (81%) and already close to pre-pandemic levels with an average of 88% during Q3.

Refining experienced high volatility in gas and electricity prices, especially towards the end of the quarter. European natural gas prices registered a twofold increase in Q3 v Q2 to 47 €/MWh while the Spanish pool price increased by 64% to an average of 118 €/MWh.

Refining margins declined to an average of 4.1 $/bbl in Q3 vs 4.5 $/bbl in Q2 2021, due to the significant increase in variable costs derived from the rise in energy costs, not yet reflected in the prices of final products. Consequently, EBITDA during the quarter was €30 million.

Commercial

Spanish fuel demand continued to show signs of improvement with an 8% increase in Q3 vs Q2.

Commercial sales in Q3 showed a continued positive trend, although still below pre-pandemic levels, with volumes increasing +12% vs Q2 and +21% vs Q1, as restrictions on mobility gradually eased. EBITDA registered a 40% increase vs Q2 to €155 million due to margins remaining robust and strict cost control.

Chemicals

Chemicals continued to register very strong results with EBITDA at €123 million, which is a 35% increase vs Q3 2020. When compared to Q2 2021, however, EBITDA was 6% lower due to a deterioration in margins in the Phenol/Acetone market and lower results in the Solvent segment as a consequence of the reduction of production loads by refining customers. These impacts were partially offset by the strong performance of the LAB segment (+22% vs Q2 2021) derived from higher sales and margins, and the increase in production volumes after the change to Detal technology at the Puente Mayorga plant.

During the quarter, Cepsa's Chemicals business achieved a significant milestone with the production of the first volumes of LAB from vegetable oils.

Cash Flow and Balance Sheet

Cash flow from operations before working capital during the quarter was €392 million, a decrease of 14% vs the Q2 figure due to higher income tax payments in the period.

Free cash flow during the quarter decreased vs Q2 to €369 million due to working capital build-up as a result of increased commodity prices.

Cepsa sustained a strong liquidity position of €4.1 billion. The company has a long-dated maturity profile of 4 years, with minimal debt maturities up to 2024, and Net Debt as of 30 September of €2.35 billion, a €475 million decrease relative to the end of 2020, despite the €211 million interim dividend paid during Q3 2021.

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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 10,000 employees, combining technical excellence and adaptability. Cepsa's operations are present on five continents.

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