# FY 2019
## Results Presentation

CEPSA

# Disclaimer

This presentation has been prepared by Compañía Española de Petróleos, S.A. (the "Company") solely for information purposes and may contain forward-looking statements and information relating to the Company or its subsidiaries and joint venture companies (together, the "Group").

Forward-looking statements are statements that are not historical facts and may be identified by words such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" and similar expressions. These forward-looking statements reflect, at the time made, the Company's beliefs, intentions and current expectations concerning, among other things, the Company's or the Group's results of operations, financial condition, liquidity, prospects, growth and strategies. Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company's or any other member of the Group's markets; the impact of regulatory initiatives; and the strength of the Company's or any other member of the Group's competitors. Forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors could cause the actual results of operations, financial condition and liquidity of the Company and its affiliates or the industry to differ materially from those results expressed or implied in this document or the presentation by such forward-looking statements. No representation is made that any of these forward-looking statements or forecasts will come to pass or that any forecast result will be achieved. Undue influence should not be placed on any forward-looking statement. No statement in this presentation is intended to be nor may be construed as a profit forecast.

All information in this presentation is subject to updating, revision, verification, correction, completion, amendment and may change materially and without notice. The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and the presentation does not purport to be comprehensive and has not been independently verified. Except as required by law, the Company does not assume any obligation to publicly update the information contained herein to reflect material developments which may occur after the date hereof, including changes in its business, business development strategy or any other unexpected circumstance.

Certain financial and statistical information contained in this presentation is subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed are due to rounding. The information included in this presentation has not been subject to a financial audit and includes alternative performance measures ("APMs"), which have not been prepared in accordance with IFRS, and which should be viewed as complementary to, rather than a substitute for, IFRS financial information. Such APMs are non-IFRS financial measures and have not been audited or reviewed, and are not recognised measures of financial performance or liquidity under IFRS but are used by management to monitor the underlying performance of the business, operations and financial condition of the Group.

This document may contain summarized, non-audited or non-IFRS financial information. The information contained herein should be considered in conjunction with other public information regarding the Company that is available.

This presentation is for the exclusive use of the recipient and shall not be copied, reproduced or distributed (in whole or in part) or disclosed by recipients to any other person nor should any other person act on it. While the presentation has been prepared in good faith, no representation or warranty, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Company or any of its subsidiaries or their respective advisers as to or in relation to the accuracy or completeness of the presentation or any other written or oral information made available to any recipient or its advisers and any such liability is expressly disclaimed.

The information contained herein and any information provided at the presentation does not constitute or form a part of, and should not be construed as, an offer for sale or subscription of or solicitation or invitation of any offer to subscribe for or purchase any securities of the Company or any other member of the Group in any jurisdiction and none of this document, anything contained herein and any information provided at the presentation shall form the basis of any investment activity or any offer or commitment whatsoever.

# Ask your questions online

## Slido.com

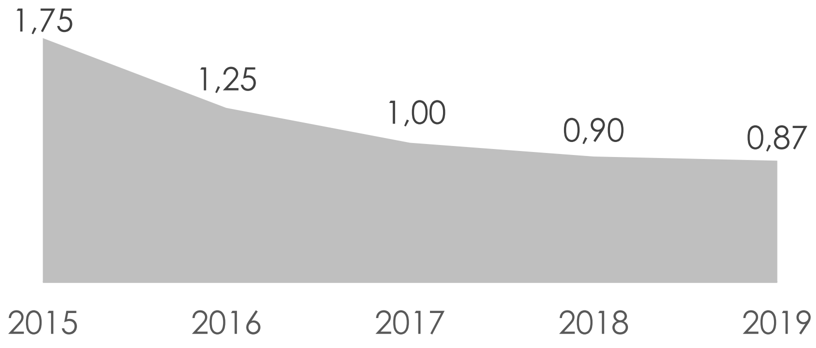
password:
**#CEPSARESULTS**

Please identify yourself before posting your questions

# Health and Safety, core values for Cepsa

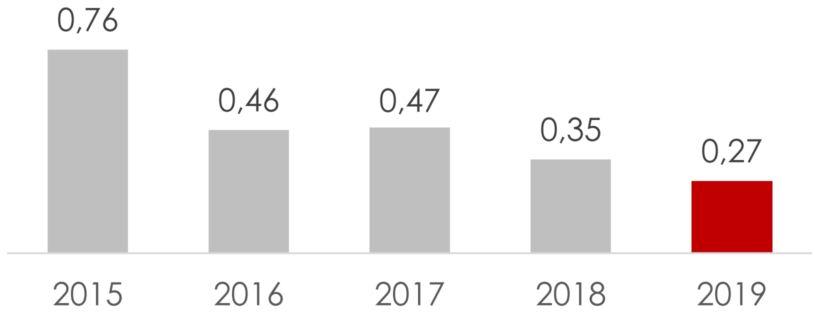
*A key element in our operations*

## Lost Workday Injury Frequency Ratio[1]




LWIF at 0.87 with 32 accidents as at 31 December 2019, with no significant injuries

## Process Safety Event Rate (PSER)[2]




Implementation of Process Safety Management system.
PSER at 0.27 with no Tier 1 incidents

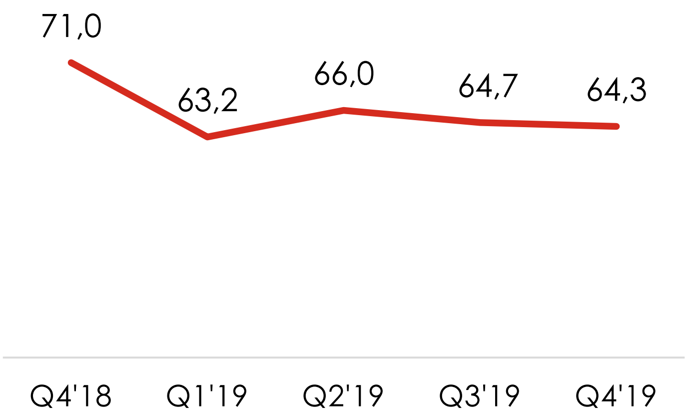
Source: Cepsa 1. Number of accidents resulting in person leaving work, per million hours worked 2. Process safety events divided by the total number of hours worked

# Environment

*Softer Brent prices and market refining margins partially offset by stronger USD*

## Brent oil price

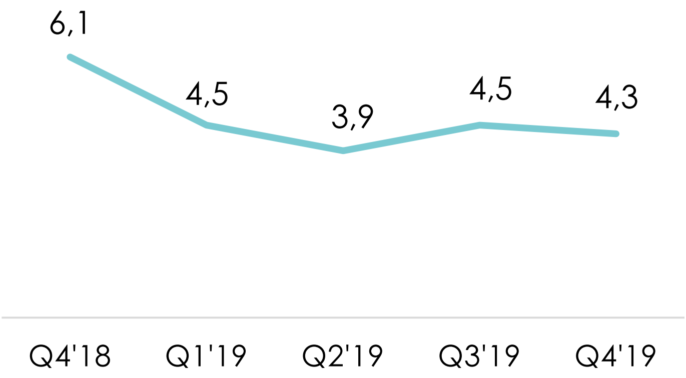
Average $/bbl [(1)]




Brent prices trading in a range influenced by supply restrictions and weaker demand

## Cepsa refining margin (VAR)

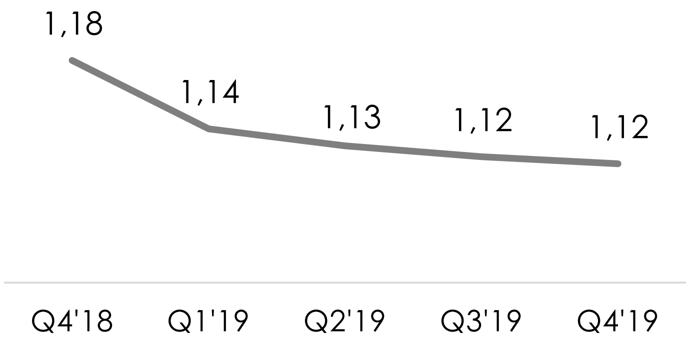
Average $/bbl [(1)]




Low market refining margins impacted by higher sour crude premiums and depressed light & middle-cracks in the Med

## USD/EUR exchange rate

Average [(1)]




The US dollar appreciated vs the EUR compared to Q4 2018

Source: Cepsa 1. Accumulated average figures up to the relevant quarter of each year

# FY 2019 Highlights

*Positive results due to increased upstream production despite lower market refining margins*

**Financial Performance**

- +17% Clean CCS EBITDA vs FY 2018
- Solid Cash Flow generation (+75% vs 2018) due to production ramp-up of SARB & Umm Lulu fields in Abu Dhabi
- Significant deleveraging achieved (from 1.8x in 2018 to 1.4x in 2019)
- 924 M€ Capex in FY 2019, including SARB & Umm Lulu development

**Operating Performance**

- Upstream production +11% vs FY 2018
- Weaker market refining margins and lower production due to scheduled shutdown in Gibraltar – San Roque refinery
- Strong performance of the Marketing business
- Lower margins in certain chemical products


**Corporate Events**

- Cepsa obtained Investment Grade rating from three major rating agencies, and accessed the capital market with a long 5 yrs bond >4x oversubscribed
- Successful optimization of Cepsa's banking facilities during H1 2019
- In Q2 2019, Mubadala agreed to sell a 37% stake of Cepsa to Carlyle, and an additional 1.5% in Q1 2020

# Shareholding Structure

*Mubadala and Carlyle, strong and supportive shareholders*

**Strong** (AA rated), long-standing and **supportive shareholder**

Mubadala: 61.5%

The Carlyle Group: 38.5%

Carlyle as a **strategic partner** brings additional value and expertise

- In Q2 2019, **Mubadala agreed to sell a 37% stake of Cepsa to Carlyle**
- Before completion, Cepsa's **Medgaz** stake was transferred to Mubadala as an in-kind dividend
- Following completion of the transaction in Q4 2019, **CEPSA's Board of Directors is composed of 10 members**, 5 appointed by Mubadala, 3 appointed by Carlyle, an independent director and an Executive Director (CEO) jointly appointed
- **In Q1 2020 MIC transferred an additional 1.5% of the share capital of Cepsa to Carlyle**, following which MIC and Carlyle hold 61.5% and 38.5%, respectively

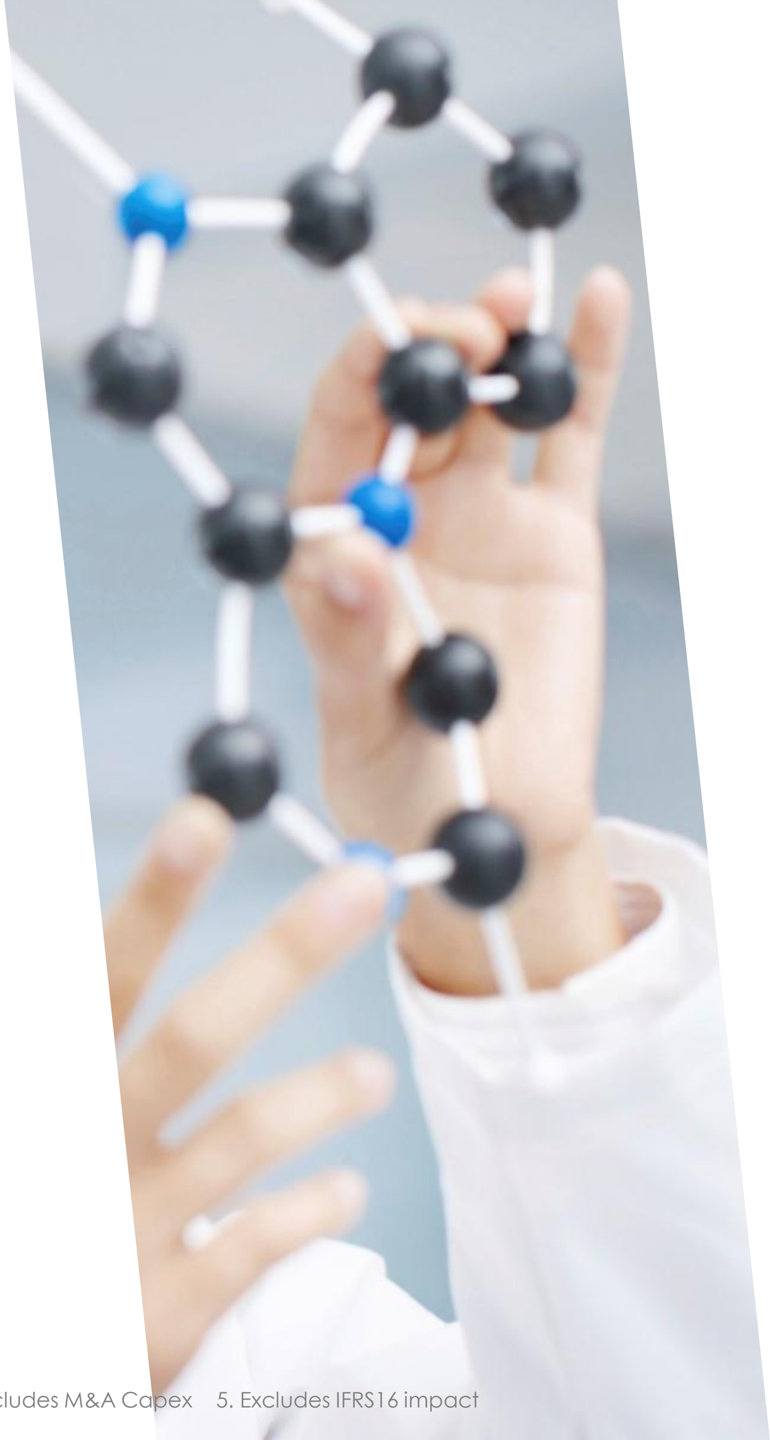
# FY 2019 Financial Highlights

*Results in line with budget despite low refining margins*

| *M€, Clean CCS[1] figures* | FY 2019 | FY 2018 | *FY 2019 vs FY 2018* |
|---|---|---|---|
| EBITDA[2] | 2,058 | 1,762 | *17%* |
| Cash Flow from operating activities[3] | 1,773 | 1,594 | *11%* |
| Organic Capex[4] | 924 | 913 | *1%* |
| M&A Capex | - | 1,342 | - |
| Net Income | 610 | 754 | *(19%)* |

*M€, IFRS figures*

| | | | |
|---|---|---|---|
| Equity | 5,301 | 5,542 | *(4%)* |
| Net Debt[5] | 2,746 | 3,089 | *(11%)* |
| Leverage / Gearing ratio[5] | 34.1% | 35.8% | *(1.7%)* |
| Net Debt / LTM EBITDA[5] | 1.4x | 1.8x | *(0.4x)* |



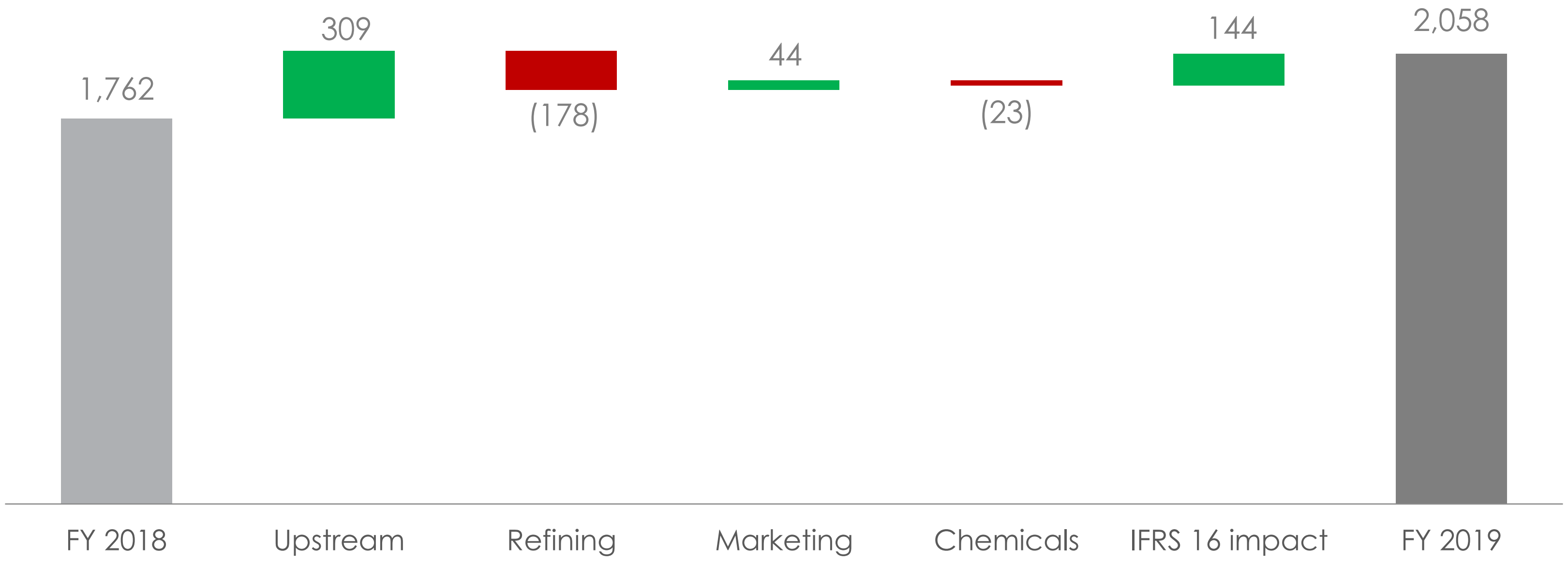
Source: Cepsa 1. Clean Current Cost of Supply, excluding non-recurring items 2. FY19 figure includes IFRS16 impact of +144M€ 3. Before changes in WK 4. Excludes M&A Capex 5. Excludes IFRS16 impact

# Clean CCS EBITDA

*Increase of 17% vs 2018 thanks to business diversification, as Upstream and Marketing outperform in a weak refining market environment*

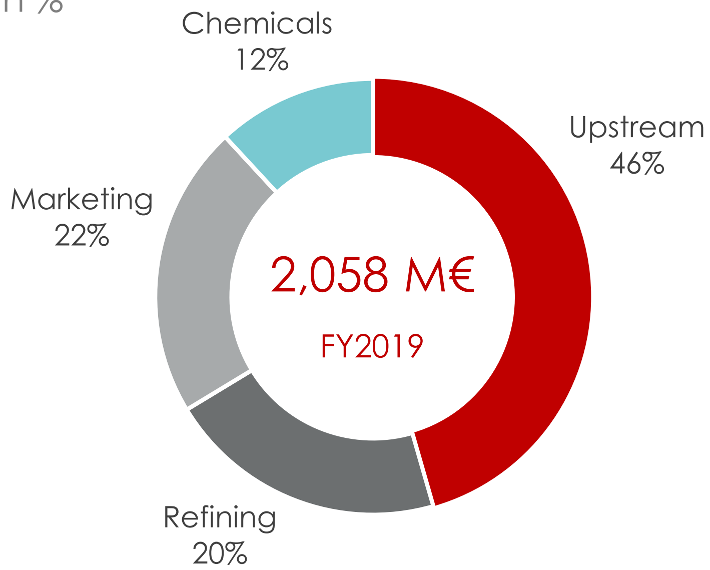
## EBITDA FY 2018 to FY 2019

in M€




## EBITDA by business unit[1]

in %




- + 17% in FY 2019 Clean CCS EBITDA mainly due to (i) SARB & Umm Lulu start up in Upstream business (+48% vs FY2018), and (ii) strong performance of the Marketing business (+35% vs FY2018), partially offset by lower market refining margins

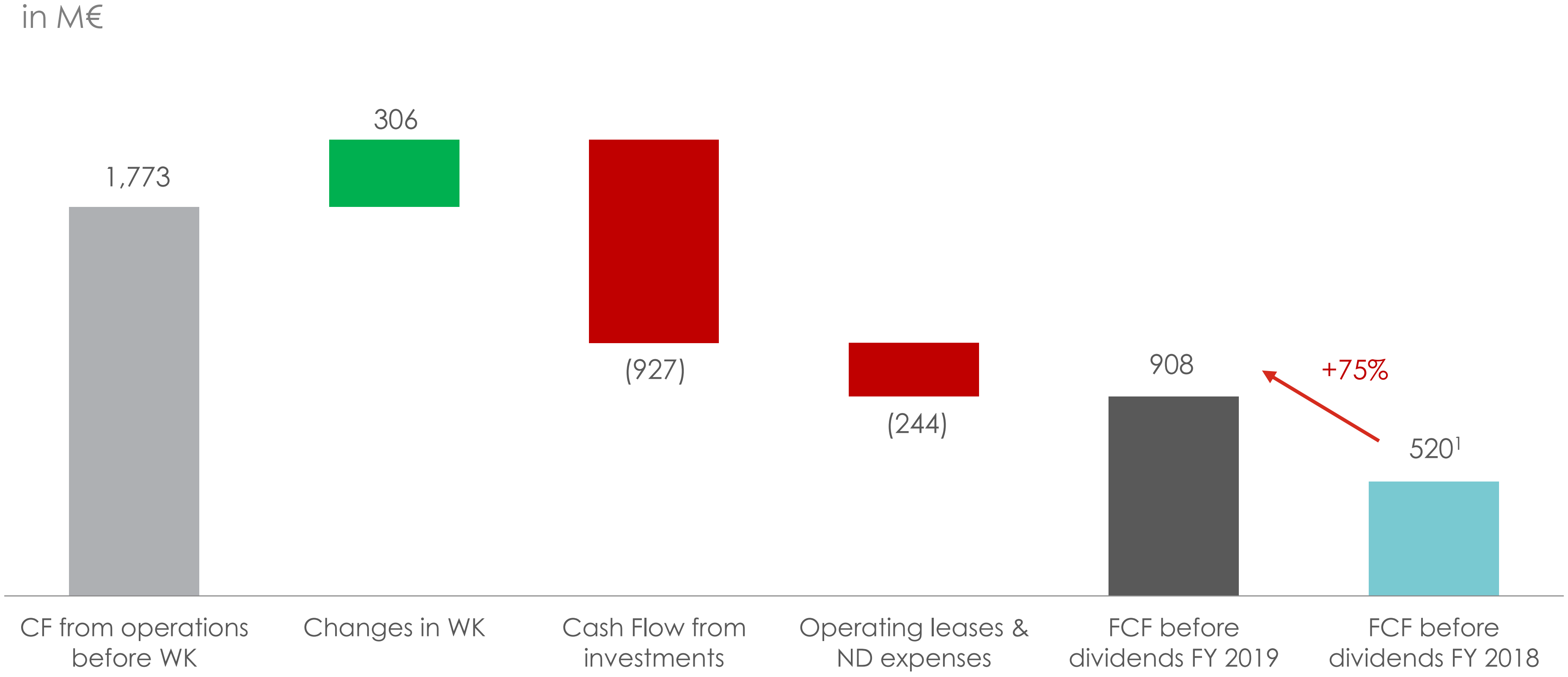
Source: Cepsa, Clean CCS figures

1. Percentages exclude Corporation

# Free Cash Flow

*Increase of 75% compared to FY 2018*

## Cash Flow from Operations before WK to Free Cash Flow FY 2019




CF from Operations before WK variation

**1,773** M€

FCF before dividends

**908** M€

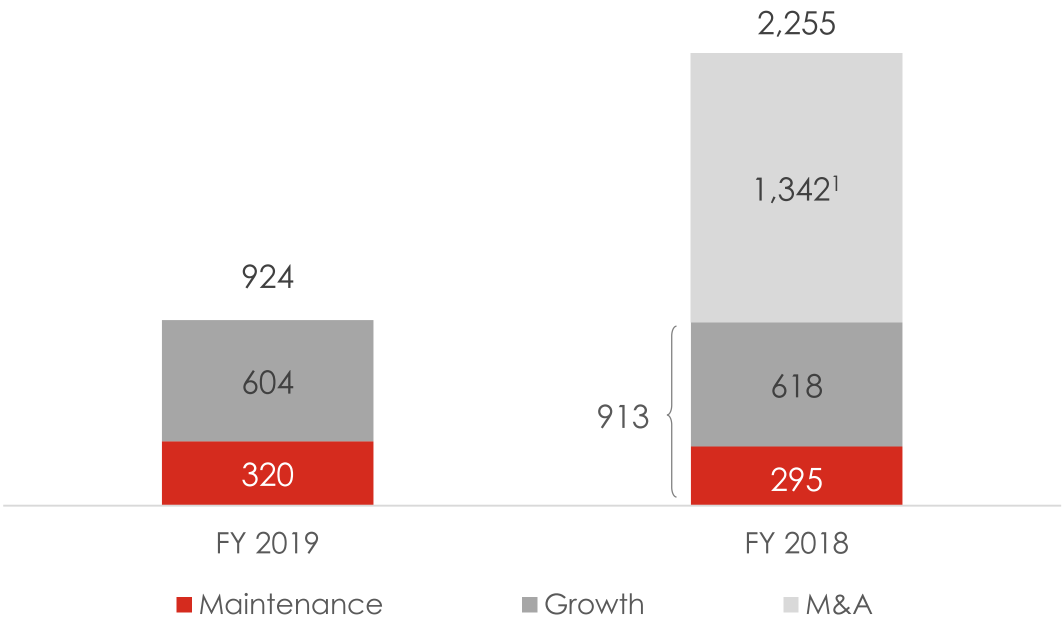
Source: Cepsa 1. Excludes SARB & Umm Lulu investment (1,370 M€)

# Capex

*Organic Capex in line with 2018 figures*

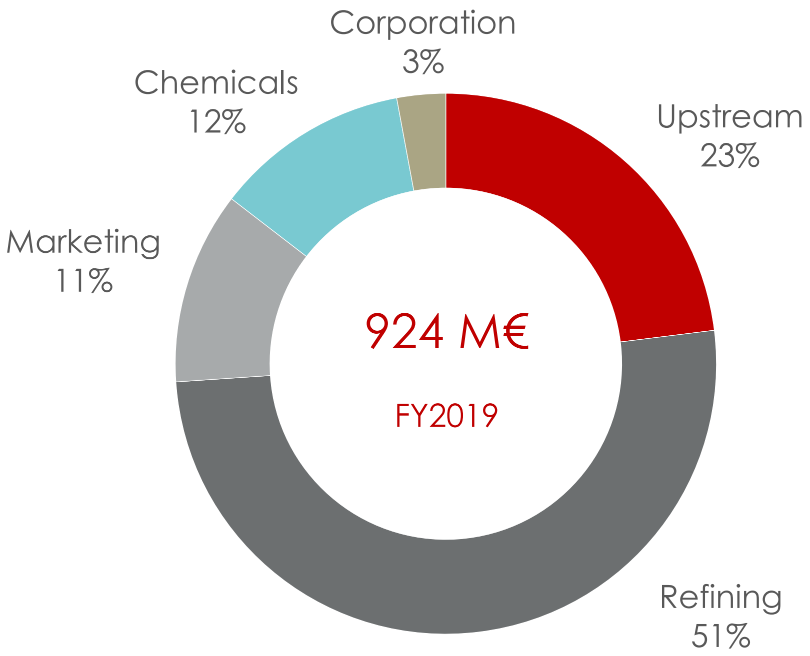
## Accounting Capex by category

in M€




## Accounting Capex by business unit

in %




- Organic Capex in line with 2018, excluding SARB & Umm Lulu investment
- Higher Maintenance Capex as a result of scheduled shutdown of the main units of Gibraltar - San Roque refinery

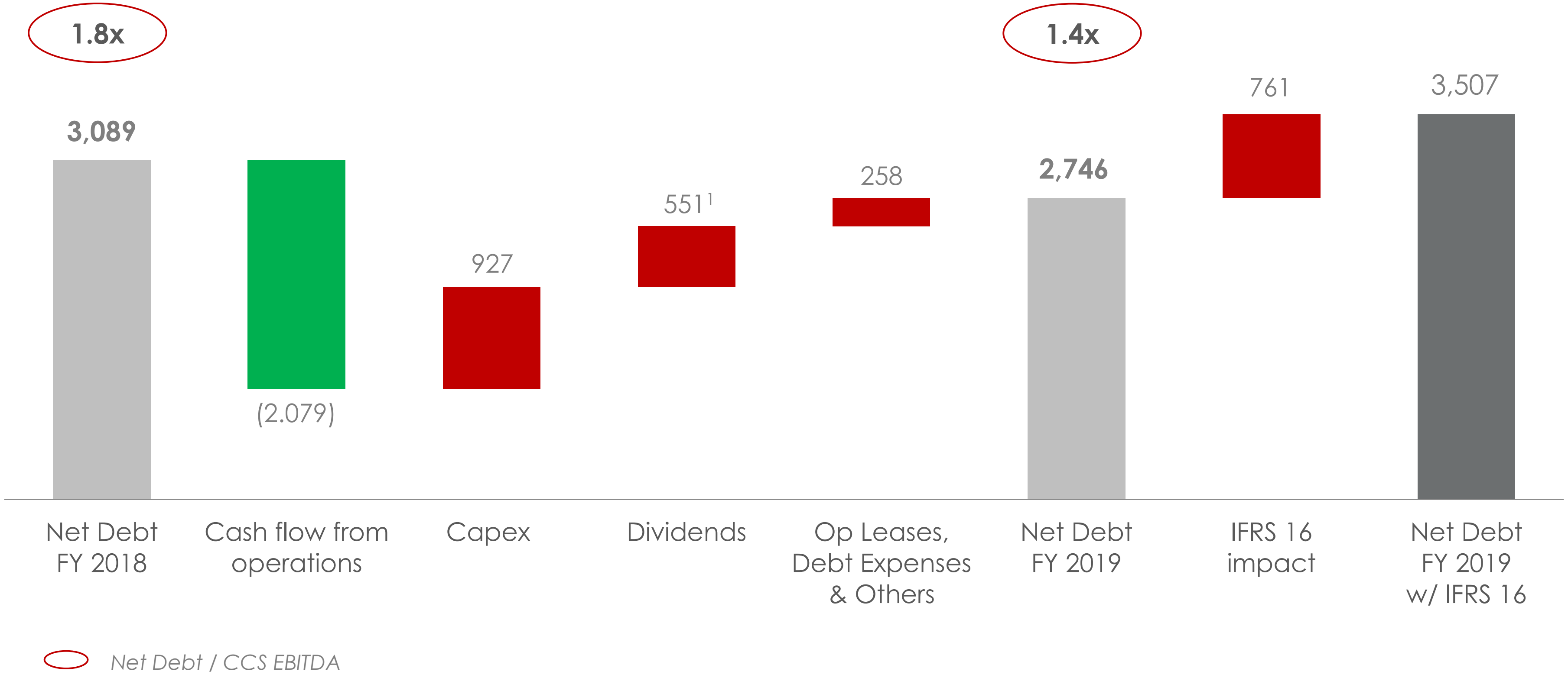
Source: Cepsa    1. Corresponds to SARB & Umm Lulu investment

# Net Debt

*Leverage reduction based on solid cash flow generation and EBITDA growth*

## Net Debt FY 2018 - FY 2019 bridge

in M€




Debt avg maturity
**4.8** Years

Cash position
**561** M€

Liquidity
**3.1** Bn€

*Figures as of 31.12.2019*

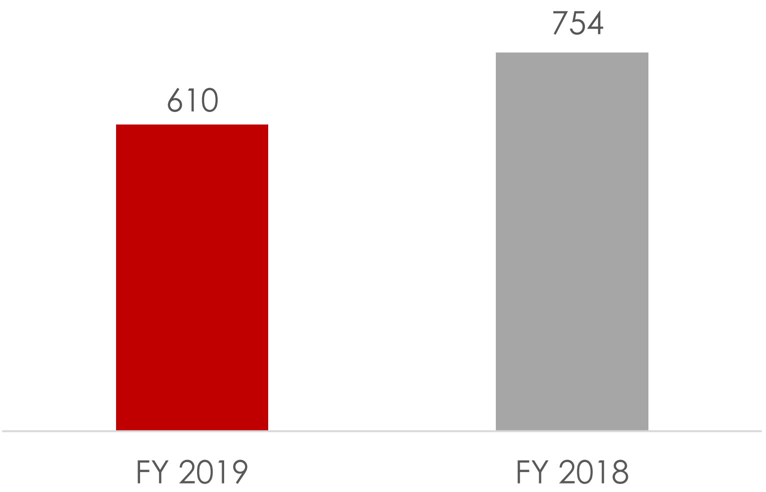
Source: Cepsa 1. 2019 dividends consisted of 368 M€ Ordinary dividend plus 165 M€ related to Mubadala/Carlyle transaction and cash flow outperformance plus 18 M€ minority interest

# Clean CCS Net Income

*Results impacted by a weaker refining market environment*

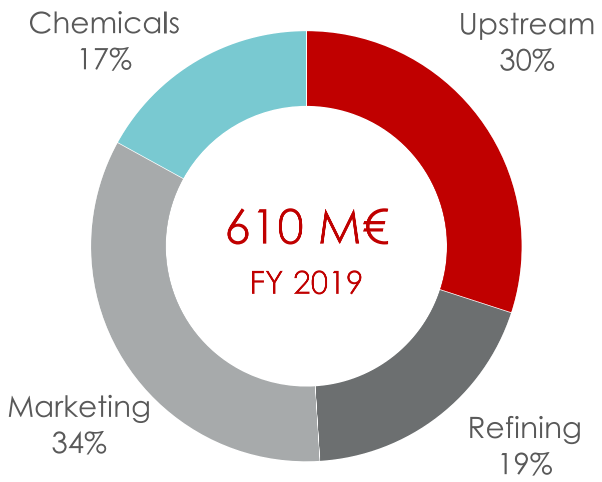
## Net Income

in M€



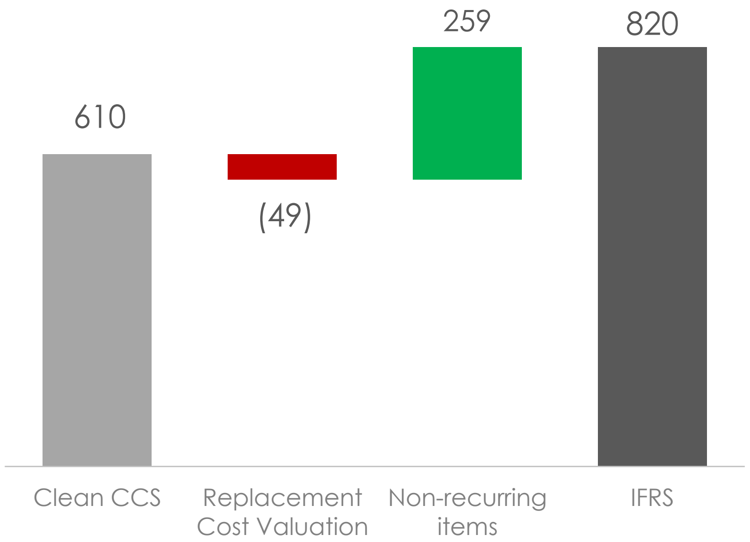

## Net Income by business unit [1]

in %




## Clean CCS to IFRS Net Income

in M€




- Cepsa integrated business model enabled it to partially offset lower market refining margins with stronger Upstream performance and increased Marketing margins
- IFRS Net Income positively impacted by Non-recurring items following Medgaz's 42.09% stake transfer to Mubadala

Source: Cepsa, Clean CCS figures, except otherwise specified

1. % calculated without Corporation

# Energy transition

*Cepsa is actively working towards a more sustainable business model with the aim to provide new energy and mobility solutions to its customers*



Cepsa starts to equip its **service stations** with **solar panels**, moving towards an increasingly **efficient and sustainable network**

Cepsa and Redexis have reached an agreement to create **the largest network of vehicular natural gas (VNG)** service stations in Spain

**Cepsa has teamed up with IONITY** (JV of German car manufacturers) to develop a network of high performance, **ultra-fast EV charging points in Spain and Portugal**

Cepsa signed an **agreement with Masdar** to establish a joint venture company to develop renewable energy projects in Spain and Portugal. The JV will focus on wind and solar photovoltaic (PV) technologies with a plan **to develop a capacity of 500-600 MW** over the next five years

# Key Takeaways

## *Financial performance*

- +17% Clean CCS EBITDA compared with FY 2018
- Solid cash flow generation (+75% vs 2018) with increased EBITDA mainly due to the production ramp-up in the SARB & Umm Lulu fields
- Significant leverage reduction due to strong cash flow generation and EBITDA growth

## *Operating performance*

- Upstream production +11% vs FY 2018
- Strong performance of the Marketing business
- 924M€ Capex in FY 2019, with 1/3 approx. corresponding to maintenance
- Steps towards a more sustainable business model through a number of initiatives

# Ask your questions online

# Slido.com

password:

**#CEPSARESULTS**

Please identify yourself before posting your questions

# FY 2019
## Results Presentation


Thank you
CEPSA

# Backup

# Upstream

*Clean CCS EBITDA increased by 48% mainly due to SARB & Umm Lulu fields commissioning*

| Financial KPIs (M€, *CCS figures*) | FY 2019 | FY 2018 | *FY 2019 vs FY 2018* |
|---|---|---|---|
| Clean CCS EBITDA | 963 | 649 | *48%* |
| Clean CCS Net Income | 194 | 232 | *(17%)* |
| Organic Capex[1] | 212 | 317 | *(33%)* |
| M&A Capex | 0 | 1,342 | *(100%)* |
| **Operating KPIs** | | | |
| Working Interest Production (kbpd) | 92.6 | 83.3 | *11%* |
| Realized Crude Oil Price ($/b) | 64.0 | 67.2 | *(5%)* |
| Crude Oil Sales (kb) | 20,797 | 14,196 | *47%* |

Source: Cepsa 1. Excludes M&A Capex

# Refining

*Compressed levels of light distillate cracks coupled with GSRR turnaround impact results*

| Financial KPIs (M€, *CCS figures*) | FY 2019 | FY 2018 | *FY 2019 vs FY 2018* |
|---|---|---|---|
| Clean CCS EBITDA | 433 | 578 | *(25%)* |
| Clean CCS Net Income | 124 | 258 | *(52%)* |
| Organic Capex[1] | 469 | 392 | *20%* |

| Operating KPIs | | | |
|---|---|---|---|
| Cepsa Refining Margin ($/bbl) | 4.3 | 6.1 | *(29%)* |
| Utilization rate refineries (distillation) (%) | 89% | 91% | *(2%)* |
| Refining output (Mt) | 21.49 | 21.81 | *(1%)* |



Source: Cepsa 1. Excludes M&A Capex

# Marketing

*Good performance of the bio line and increased network margins*

| Financial KPIs (M€, *CCS figures*) | FY 2019 | FY 2018 | *FY 2019 vs FY 2018* |
|---|---|---|---|
| Clean CCS EBITDA | 463 | 344 | *35%* |
| Clean CCS Net Income | 221 | 189 | *17%* |
| Organic Capex[1] | 107 | 101 | *6%* |

| Operating KPIs | | | |
|---|---|---|---|
| Number of Service Stations (#) | 1,806 | 1,799 | *0%* |
| Product Sales (Mt) | 20.7 | 21.9 | *(5%)* |



Source: Cepsa    1. Excludes M&A Capex

# Chemicals

*Increased LAB sales and margins in Spain and Canada counterbalance the negative impact of decreased margins of certain chemical products*

| Financial KPIs (M€, *CCS figures*) | FY 2019 | FY 2018 | *FY 2019 vs FY 2018* |
|---|---|---|---|
| Clean CCS EBITDA | 246 | 243 | *1%* |
| Clean CCS Net Income | 107 | 111 | *(3%)* |
| Organic Capex[1] | 109 | 80 | *36%* |

| Operating KPIs | | | |
|---|---|---|---|
| Product Sales (Kt) | 2,893 | 2,934 | *(1%)* |
| *LAB* | 680 | 598 | *14%* |
| *Phenol / Acetone* | 1,638 | 1,724 | *(5%)* |
| *Solvent* | 576 | 612 | *(6%)* |

Source: Cepsa 1. Excludes M&A Capex

# IFRS 16 impact

*Net Debt increase by 760 M€ due to IFRS16*

## Balance Sheet

in M€

| | |
|---|---|
| Capital Employed<br>as of 31 December 2019 | ↗ 737 |
| Net Debt<br>as of 31 December 2019 | ↗ 761 |
| Gearing ratio<br>as of 31 December 2019 | ↗ +5.7%<br>to 39.8% |

## Profit & Loss Account

in M€

| | |
|---|---|
| EBITDA<br>as of 31 December 2019 | ↗ 144 |
| Amortization charge<br>as of 31 December 2019 | ↗ 127 |
| Financial expenses<br>as of 31 December 2019 | ↗ 21 |
| NIAT<br>as of 31 December 2019 | ↙ 5 |

## Cash Flow

in M€

| | |
|---|---|
| Reclassification from Operating Cash Flow to Cash Flow from financing activities<br>as of 31 December 2019 | ↗ 143 |



Source: Cepsa

# Clean CCS to IFRS bridge

## EBITDA FY 2019

| M€ | CCS EBITDA | CCS adjustment | Non-recurring items | IFRS EBITDA |
|---|---|---|---|---|
| Upstream | 963 | - | - | 963 |
| Refining | 433 | (37) | - | 396 |
| Marketing | 463 | (20) | - | 443 |
| Chemicals | 246 | (9) | - | 238 |
| Corporate | (48) | - | 12 | (36) |
| **Total** | **2,058** | **(66)** | **12** | **2,004** |

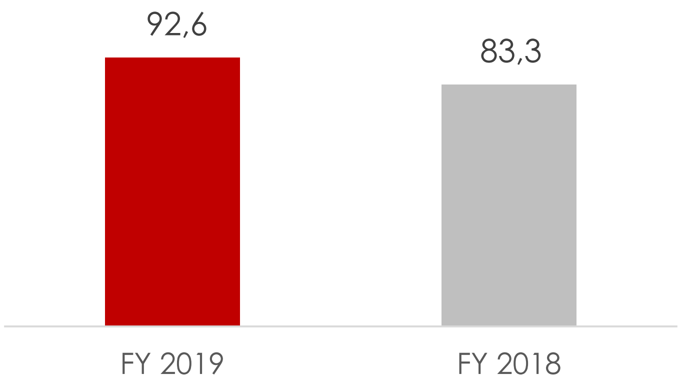
## Net Income FY 2019

| M€ | CCS Net Income | CCS adjustment | Non-recurring items | IFRS Net Income |
|---|---|---|---|---|
| Upstream | 194 | - | (157) | 37 |
| Refining | 124 | (27) | 422 | 519 |
| Marketing | 221 | (17) | (4) | 200 |
| Chemicals | 107 | (5) | (11) | 91 |
| Corporate | (35) | | 9 | (26) |
| **Total** | **610** | **(49)** | **259** | **820** |

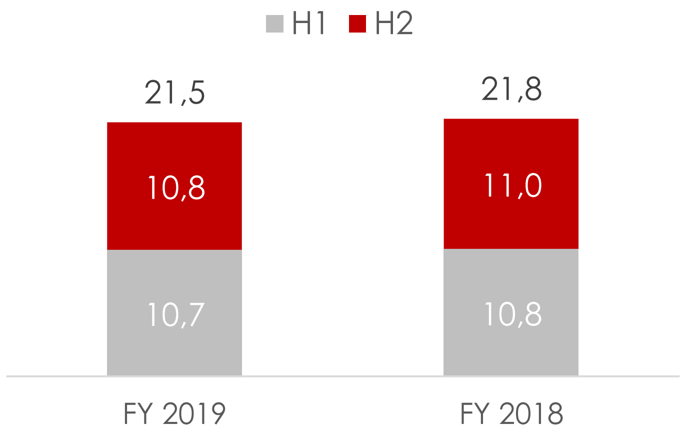
Source: Cepsa

# Operational KPIs

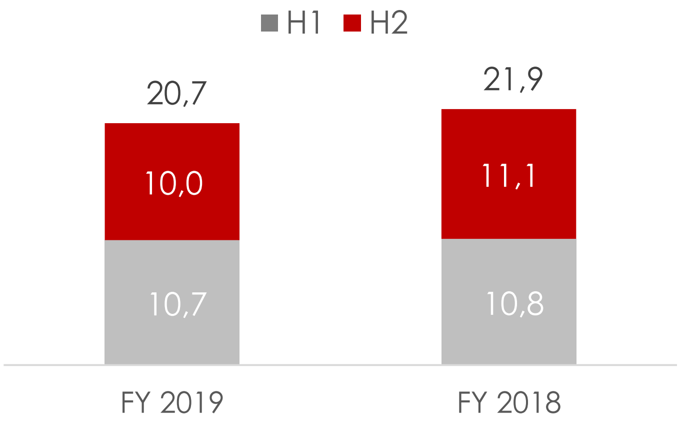
## Working Interest Production (kbpd)



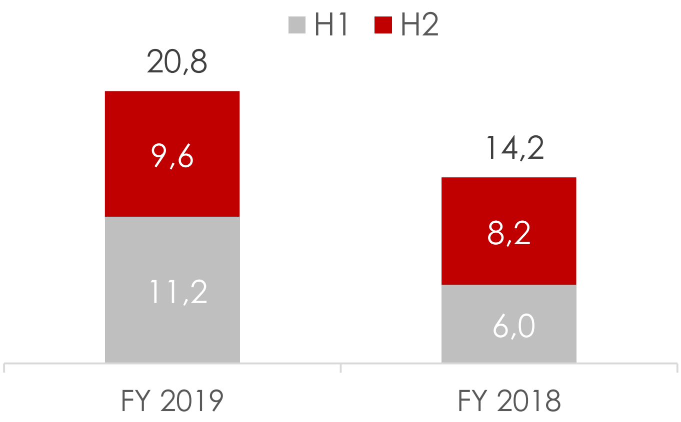

## Refining output (Mt)



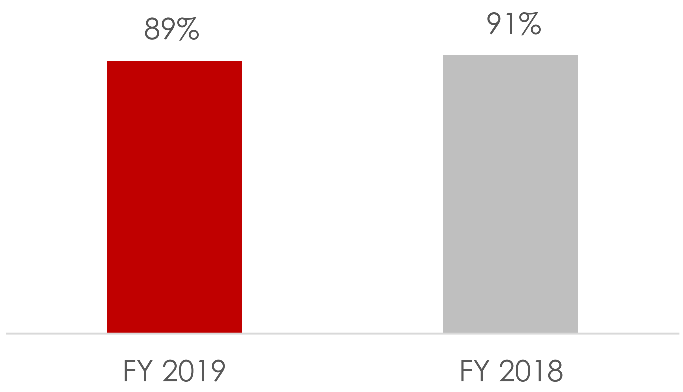

## Marketing Sales (Mt)



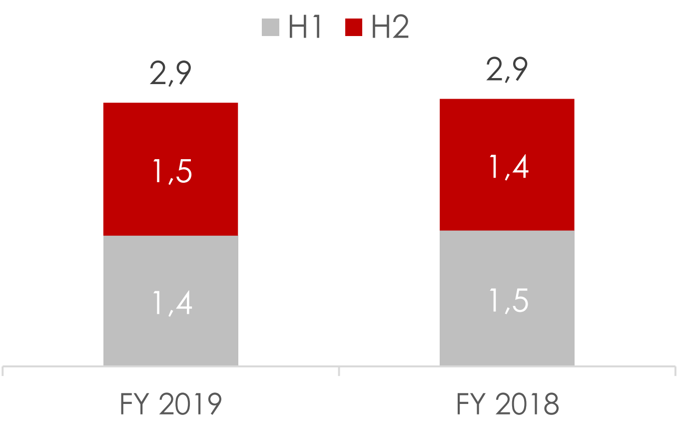

## Crude Oil Sales (Mbbls)




## Utilization rate refineries (%)




## Chemicals Sales (Mt)

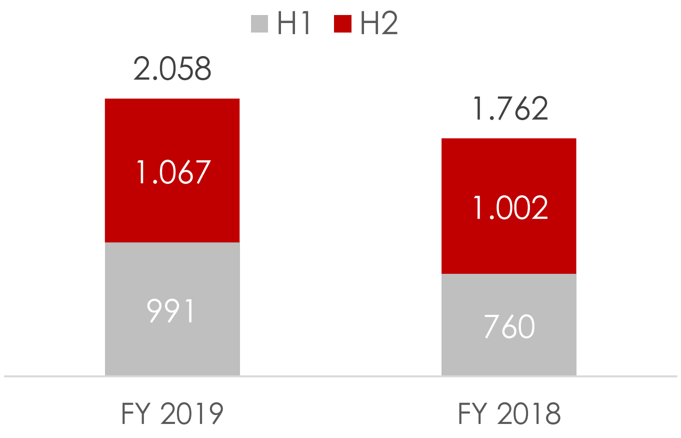




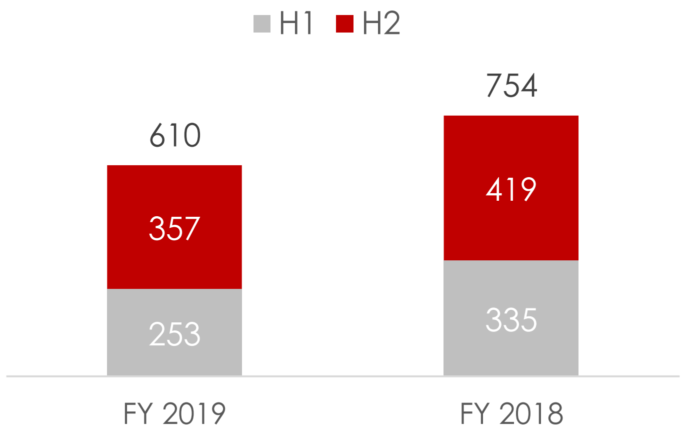

Source: Cepsa, CCS figures

# Financial KPIs

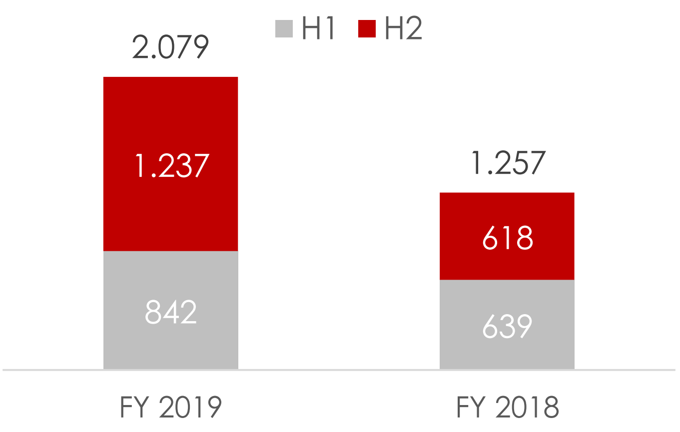
## EBITDA (M€)



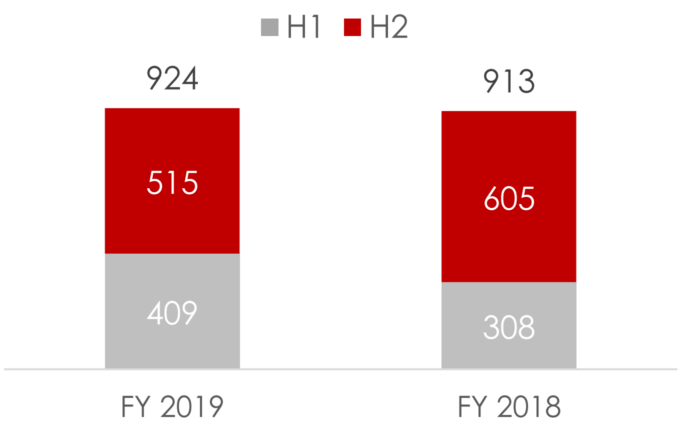

## NIAT (M€)



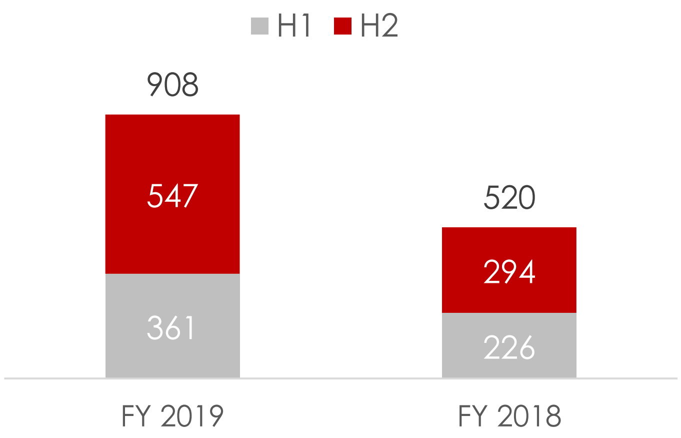

## Cash flow from operations (M€)



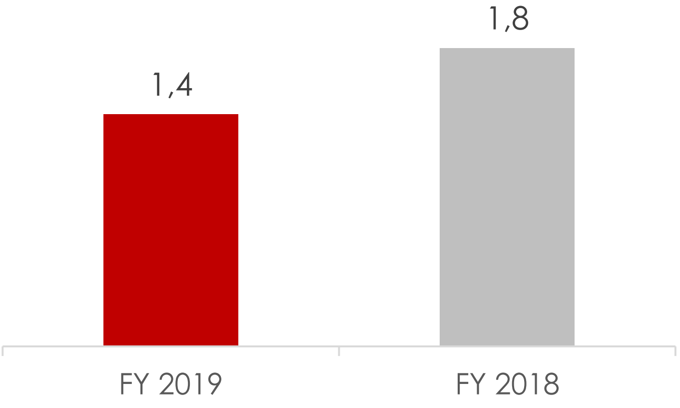

## Organic Capex[(1)] (M€)




## FCF before dividends[(1)] (M€)




## Net Debt / EBITDA (x)




Source: Cepsa, CCS figures

1. Excludes M&A capex