Unaudited Quarterly Report

Q2 2021

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Results Highlights

H1 2021 – Favorable market conditions and optimization plan deliver strong recovery

- Cepsa, the global energy company, today announced its H1 results for 2021, reporting EBITDA of €842 million, up 33% vs H1 2020. This evidenced a strong recovery following the disruption caused by Covid-19 as a result of favorable market conditions, mainly during the second quarter, and the positive impact from ongoing optimization initiatives.
- Cepsa's transformation journey initiated in 2020 continues, and throughout this period there has continued to be a focus on optimization initiatives and cost efficiency measures as part of the "Multi-year Efficiency Program" (MEP) put in place in early 2020. The MEP is a group-wide effort involving all Business Units and Functional Areas consisting of more than 1,100 initiatives aimed at boosting EBITDA and cashflow generation in the period 2020 – 2023, with a new organization fully devoted to its delivery. As of June 2021, thanks to this program, Cepsa has already captured €131 million of sustainable savings, which are additional to the €73 million achieved in 2020 as part of the Contingency Plan.
- Upstream delivered substantially stronger results with EBITDA of €388 million, up 71% vs H1 2020, as a result of higher realized crude prices (+57% vs. H1 2020) and lower operating costs as production from low cost regions increased due to the partial lifting of OPEC quotas.
- In Refining, despite lower average utilization rates at refineries in H1 2021 vs H1 2020, EBITDA increased 4% to €87 million as a result of improved margins and the successful implementation of cost efficiency measures. Moreover, utilization levels have been gradually increasing through H1 up to an average of 84% during the month of June.
- Commercial delivered EBITDA of €191 million, up 8%, with sales volumes similar to H1 2020 but lower vs H1 2019, as performance continues to be affected by Covid-19 and mobility restrictions.
- Chemicals continues to deliver record results, with EBITDA of €231 million, up 40% vs H1 2020, thanks to a combination of robust margins due to a tight supply environment and an enhanced commercial strategy across all segments.
- Cepsa continued to optimize investments, with capex decreasing by 35% vs. H1 2020 to €212 million.
- The Board of Directors, which met yesterday, reviewed and supported the key principles of Cepsa's new strategy. Full details will be announced to the market in the early Fall.

All financial figures in the "Highlights" section are reported under Clean CCS basis, unless otherwise stated.

Philippe Boisseau, Cepsa CEO:

"The transformation of Cepsa over the past 18 months has continued throughout the pandemic with our new organization strengthened by the appointment of fresh talent at senior management level. These changes, alongside the efficiency measures we have put in place, are now starting to bear fruit as evidenced by the strong financial performance seen this quarter, which was a further sequential improvement on the first quarter of the year. The efficiency program is a multi-year project that will continue to safeguard margins and drive profitability, which combined with an improved market environment, allows us to look to the future with renewed optimism."

Presentation of Results

Market Indicators

Market Indicators	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Dated Brent oil price ($/bbl)	68.8	60.9	29.2	*136%*	*13%*	64.9	39.7
Refining margin ($/bbl)	4.9	2.1	1.7	*186%*	*132%*	3.6	3.5
Dutch TTF Natural gas price (€/MWh)	24.8	18.5	5.3	*365%*	*34%*	21.6	7.5
Spanish pool price (€/MWh)	71.8	45.2	23.2	*210%*	*59%*	58.6	29.0
Average EUR/USD FX	1.21	1.20	1.10	*9%*	*0%*	1.21	1.10

Operational KPIs

Operational Overview	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Working interest crude production (kbopd)	76.9	76.1	76.0	*1%*	*1%*	76.5	80.0
Realized crude price($/bbl)	65.5	59.7	27.8	*136%*	*10%*	62.8	40.1
Upstream opex ($/boe)	9.0	9.1	10.3	*(13)%*	*(1)%*	9.1	10.3
Refining output (mton)	5.2	4.2	4.4	*18%*	*23%*	9.4	9.8
Refining utilization (%)	81%	67%	74%	*10%*	*20%*	74%	81%
Commercial product sales (mton)	3.8	3.6	3.0	*30%*	*8%*	7.4	7.3
Chemical product sales (kton)	732	715	691	*6%*	*2%*	1,447	1,416
Electricity production (GWh)	573	470	490	*17%*	*22%*	1,043	1,011
Natural gas sales (GWh)	7,639	8,493	6,199	*23%*	*(10)%*	16,133	14,868
Installed renewable power capacity	28.9	28.9	28.9	-	-	28.9	28.9

Financial Summary

Financial Summary - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Upstream	217	171	62	*250%*	*26%*	388	227
Refining	79	8	(11)	*792%*	*845%*	87	84
Commercial	111	80	52	*112%*	*38%*	191	176
Chemicals	132	100	86	*53%*	*32%*	231	165
Corporation	(20)	(35)	(9)	*127%*	*(42)%*	(56)	(19)
Clean CCS EBITDA	**518**	**324**	**180**	***188%***	***60%***	**842**	**633**
Clean CCS EBIT	317	155	(27)	*1276%*	*104%*	472	219
Clean CCS Net Income	130	53	(93)	*240%*	*143%*	183	(8)
IFRS Net Income	262	75	(286)	*192%*	*247%*	337	(841)
Cash flow from operations before wc	**454**	**309**	**86**	***426%***	***47%***	**763**	**439**
Cash flow from operations	**746**	**79**	**95**	***684%***	***846%***	**824**	**196**
Accounting Capex	**(109)**	**(104)**	**(168)**	***(35)%***	***5%***	**(212)**	**(328)**
Growth	*(63)*	*(56)*	*(122)*	*(48)%*	*12%*	*(119)*	*(232)*
Maintenance & HSE	*(46)*	*(47)*	*(46)*	*0%*	*(4)%*	*(93)*	*(96)*
Free cash flow	**644**	**(95)**	**(87)**	***842%***	***780%***	**549**	**(236)**
Free cash flow before wc movements	**353**	**136**	**(96)**	***469%***	***160%***	**488**	**7**
Net debt (a)	**2,412**	**3,032**	**3,131**	***(23)%***	***(20)%***	**2,412**	**3,131**
Net debt to LTM CCS EBITDA (a)	**1.9x**	**3.3x**	**2.0x**	***(5)%***	***(42)%***	**1.9x**	**2.0x**
Liquidity (b)	**4,495**	**4,485**	**4,524**	***(1)%***	***0%***	**4,495**	**4,524**

(a) Excluding IFRS16 liabilities.

(b) Defined as cash on balance sheet and available committed credit facilities.

Consolidated Financial Results

Income Statement (CCS)

CCS - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Revenues	5,636	4,726	2,920	93%	19%	10,362	8,030
Cost of supply	(4,931)	(4,158)	(2,487)	(98)%	(19%)	(9,089)	(6,891)
Gross margin over variable costs	**705**	**568**	**433**	**63%**	**24%**	**1,273**	**1,140**
Other operating income	26	47	33	(22%)	(44%)	73	81
Fixed operating expenses	(248)	(292)	(287)	14%	15%	(540)	(584)
Other	35	2	0	8587%	1669%	36	(4)
Clean CCS EBITDA	**518**	**324**	**180**	**188%**	**60%**	**842**	**633**
Amortizations and impairments	(163)	(157)	(161)	(1%)	(4%)	(320)	(330)
Capital subsidies transferred to income	1	1	1	17%	20%	2	2
Operating leases amortization	(32)	(24)	(30)	(6%)	(34%)	(56)	(61)
Clean CCS Operating income	**323**	**144**	**(11)**	**3001%**	**124%**	**468**	**244**
Other companies carried by equity method	13	8	(1)	2004%	73%	21	2
Other	(20)	4	(15)	(30%)	(659%)	(16)	(27)
Clean CCS EBIT	**317**	**155**	**(27)**	**1276%**	**104%**	**472**	**219**
Net debt expenses	(17)	(30)	(16)	(4%)	44%	(47)	(56)
Clean CCS Income before taxes	**300**	**125**	**(43)**	**794%**	**140%**	**425**	**163**
Minority interest	(5)	(3)	(2)	(90%)	(43%)	(8)	(1)
Income taxes	(166)	(68)	(47)	(254%)	(142%)	(234)	(170)
Clean CCS Net income	**130**	**53**	**(93)**	**240%**	**143%**	**183**	**(8)**
NIAT Reconciliation							
Clean CCS Net income	**130**	**53**	**(93)**	**240%**	**143%**	**183**	**(8)**
CCS adjustment (replacement cost valuation)	146	26	(21)	785%	462%	172	(464)
Non-recurring items	(14)	(4)	(172)	92%	(250%)	(18)	(369)
Net income (IFRS)	**262**	**75**	**(286)**	**192%**	**247%**	**337**	**(841)**

Q2 2021

Cepsa´s Gross margin in the second quarter totalled €705 million (+24% vs Q1 2021). The Gross margin increase mainly resulted from higher crude oil prices in the quarter, achieving the highest level in the last two years, and the increase in activity, mainly due to the end of the State of Alarm in May when travel restrictions across Iberia were removed. A significant increase in Clean CCS EBITDA (+60% vs Q1 2021) was achieved in the quarter due to both the Gross margin upturn, with improvement in all businesses, and the continued reduction in fixed operating expenses and cost efficiency measures as part of the "Multi-year Efficiency Program" (MEP).

Cepsa's Upstream business continued to perform strongly in Q2 2021 (Clean CCS EBITDA +26% vs Q1 2021), boosted by the high realized oil prices in the quarter (+10% vs Q1 2021). In addition the Refining contribution in the quarter improved significatively due to better refining margins, especially in May, and the increase in Refineries utilization (81% in Q2 2021). Commercial sales volumes levels increased by 8% vs Q1 with stable margins allowed Cepsa to improve results in this business (+38% vs Q1 2021). Finally, Chemicals again registered record results in Q2 2021 with Clean CCS EBITDA +32% vs a strong Q1 2021, highlighting the robust margins in all segments.

Clean CCS Net Income for the quarter was €130 million, up 143% thanks to the strong improvement in EBITDA.

IFRS Net Income in Q2 2021 was €262 million, a 247% increase compared to the previous quarter. IFRS NIAT was higher compared to CCS NIAT as the CCS result reflects higher costs for inventory consumption in Q2 2021 that is valued higher in CCS compared to CMU Last Twelve Months (LTM) average.

H1 2021

Cepsa produced a strong Clean CCS EBITDA increase in the first half compared to H1 2020 (+33%) due to the strong performance of the Chemicals business, which continued to report record figures and the Upstream business, boosted by a high price scenario. This significant upturn in results was produced despite OPEC+ production quota restrictions and travel restrictions that remained in force until mid-May.

On the other hand, Refining and Commercial achieved improved results, although still impacted by the lower activity levels associated with Covid-19. Refining EBITDA increased by 4% due to higher refining margins (+3%), although still at relatively low levels. Despite the slight increase in sales, travel restrictions during the majority of the period had a negative impact on Commercial activity, which still achieved improved results thanks to the good margins.

Clean CCS NIAT recovered to €183 million from a loss-making position in June 2020, following the EBITDA increase in the period.

Cash Flow Statement (CCS)

CCS - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Clean CCS EBITDA	**518**	**324**	**180**	***188%***	***60%***	**842**	**633**
Dividends from associates	1	0	4	*(64%)*	*n.a*	1	4
Income tax paid	(55)	(2)	(83)	*(33%)*	*2434%*	(57)	(186)
Other adjustments to EBITDA	(10)	(13)	(15)	*(32%)*	*(24)%*	(23)	(12)
Cash flow from operations before wc	**454**	**309**	**86**	***426%***	***47%***	**763**	**439**
Changes in working capital (wc)	292	(230)	9	*3256%*	*227%*	61	(243)
Cash flow from operations	**746**	**79**	**95**	***684%***	***846%***	**824**	**196**
Capex	(116)	(165)	(185)	*38%*	*30%*	(281)	(436)
Growth	*(63)*	*(95)*	*(142)*	*56%*	*34%*	*(158)*	*(296)*
Maintenance	*(53)*	*(70)*	*(43)*	*(23)%*	*24%*	*(123)*	*(140)*
Other cash flow from investments	14	(9)	3	*330%*	*267%*	6	4
Cash flow from investments	**(101)**	**(174)**	**(182)**	***44%***	***42%***	**(276)**	**(432)**
Free cash flow	**644**	**(95)**	**(87)**	***842%***	***780%***	**549**	**(236)**
Operating lease payments	(35)	(30)	(37)	*7%*	*(15)%*	(65)	(67)
Interest paid	(13)	(26)	(11)	*(15)%*	*52%*	(39)	(46)
Dividends paid to shareholders	0	0	(30)	*100%*	*n.a*	0	(30)
Dividends paid to minority interests	0	0	0	*n.a*	*n.a*	0	0
Net change in gross debt	(764)	194	1,003	*(176)%*	*(493)%*	(570)	1,726
Net change in cash	**(167)**	**43**	**838**	***(120)%***	***(484)%***	**(124)**	**1,346**

Q2 2021

Cash flow from operations before working capital stood at €454 million, an increase of 47% compared to Q1 2021. The improvement was mainly driven by the increase in Clean CCS EBITDA.

Working capital during the quarter decreased by €292 million, thanks to the implementation of optimisation strategies.

Lower capex payments were made in Q2 2021 (-30% vs Q1 2021), due to strong discipline on investments and preservation of cash flow generation which continues in 2021.

Positive free cash flow of €644 million was generated in the quarter, due to the higher EBITDA contribution and the working capital reduction.

Gross debt reduction during the quarter of €764 million, mainly relating to repayment of certain funded debt facilities and cash reduction, whilst maintaining strong liquidity levels.

H1 2021

There was a significant increase in Cash Flow from operations due to the improvement in results and working capital reduction in H1 2021. Cash Flow from operations covered both investments and debt repayments.

Lower capex payments in H1 2021 were the result of the rationalization initiatives implemented as part of the MEP.

Free cash flow as of June 2021 stood at €549 million, boosted mainly by the improvement in results.

In H1 2020 Cepsa increased liquidity to enhance its cash position in order to be positioned conservatively due to the uncertainties caused by the COVID19 pandemic. In H1 2021, Cepsa took advantage of its strong cash flow generation to reduce its gross debt.

Accounting Capex

Accounting Capex - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Growth	(63)	(56)	(122)	*(48)%*	*12%*	(119)	(232)
Maintenance & HSE	(46)	(47)	(46)	*0%*	*(4)%*	(93)	(96)
Total Accounting Capex	**(109)**	**(104)**	**(168)**	***(35)%***	***5%***	**(212)**	**(328)**

Q2 2021

Accounting capex in Q2 2021 was €109 million, in line with Q1 2021 but 35% lower than Q2 2020 as a result of rationalization initiatives implemented as part of the MEP.

Growth capex of €63 million mainly relates to investments in the development of Upstream assets in the UAE. Maintenance capex was in line with the previous quarter.

H1 2021

Cepsa´s diversification throughout the energy value chain and the flexibility of its business has allowed it to cancel certain non-essential investments as well as delay others and as a result, accounting capex was down by 35% as of June.

Growth capex reduced by 49% vs 2020 (when a 40% stake was acquired in two leading asphalt manufacturing companies in Morocco). In H1 2021 investments were mainly related to the development of Upstream assets in the UAE, as well as efficiency investments at Cepsa refineries.

Maintenance capex remained in line with H1 2020, mainly comprising optimization projects in the Refining business.

Debt Structure

€ millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20
Non-current bank borrowings	2,029	2,798	3,358
Current bank borrowings	127	145	685
Bonds	1,496	1,491	995
Cash	(1,240)	(1,401)	(1,907)
Net debt excluding IFRS16 liabilities	**2,412**	**3,032**	**3,131**
IFRS16 liabilities	651	663	689
Net debt including IFRS16 liabilities	**3,063**	**3,695**	**3,820**
Net debt to LTM CCS EBITDA (a)	1.9x	3.3x	2.0x
Liquidity (b)	4,495	4,485	4,524
Average maturity of drawn debt (years)	4.1	4.0	4.3
Equity	4,430	4,158	4,297
Capital employed(a)	6,842	7,190	7,428
Gearing ratio (%) (a)	35%	42%	42%
Return on capital employed (%)	4%	1%	5%

(a) Excluding IFRS 16 impact

(b) Defined as cash on balance sheet and available committed credit facilities.

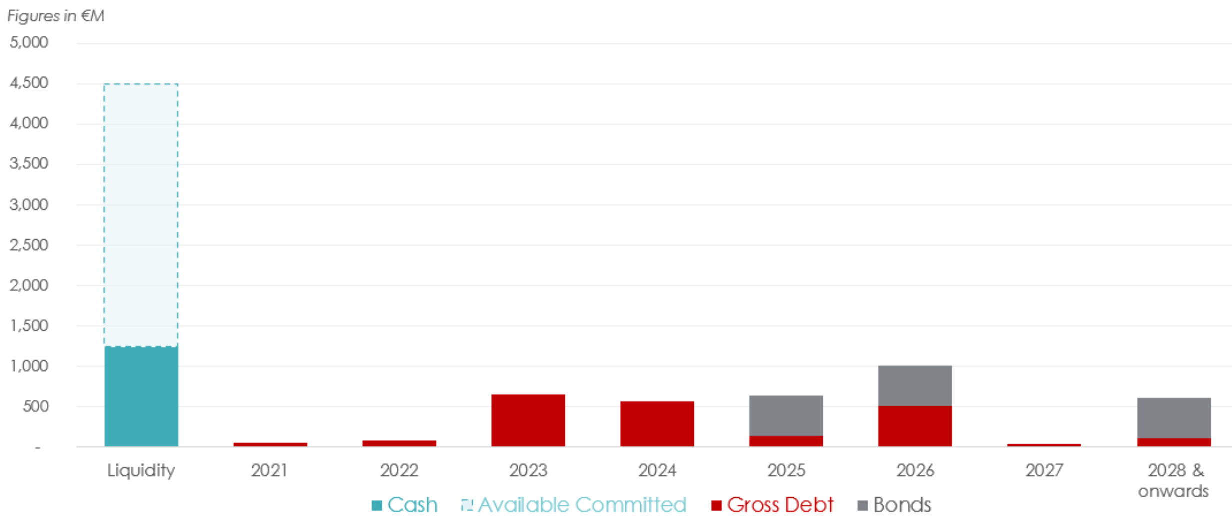
There was a significant decrease in Net Debt in Q2 vs the previous quarter of approx. €600 million, mainly due to the strong performance of Cepsa's businesses as of June 2021. In the first half of 2021 certain funded debt facilities were cancelled and some credit lines were also amortized.

As of June 2021, Cepsa continues to hold a strong liquidity position comprising cash on the balance sheet and available committed credit facilities of €4.5 billion.

Cepsa has achieved a significant recovery in financial ratios due to improvement in both net debt and EBITDA. The net debt to EBITDA leverage ratio improved from 3.3x in Q1 to 1.9x in Q2 2021, already within management's target range. Average debt maturity was in line with the previous quarter at 4.1 years.

A highlight in this quarter was the one-year extension of the € 2,000 million syndicated RCF (Club Deal) with 19 banks. This reset the maturity at September 2026, strengthening Cepsa´s liquidity position.

Debt Maturity Profile



Consolidated Business Unit Results

Upstream

Upstream Overview - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Dated Brent oil price ($/bbl)	68.8	60.9	29.2	136%	13%	64.9	39.7
Realized oil price ($/bbl)	65.5	59.7	27.8	136%	10%	62.8	40.1
Crude Oil Sales (million bbl)	4.7	4.3	5.8	(19)%	10%	9.1	10.4
Upstream opex ($/boe)	9.0	9.1	10.3	(13)%	(1)%	9.1	10.3
Net entitlement Crude Oil prod. (kbopd)	63.9	63.1	67.8	(6)%	1%	63.5	70.5
Working interest crude production (kbopd)	**76.9**	**76.1**	**76.0**	**1%**	**1%**	**76.5**	**80.0**
Algeria	37.8	38.1	34.4	10%	(1)%	38.0	37.9
UAE	31.5	29.6	28.6	10%	6%	30.6	27.5
LatAm	7.6	8.4	9.7	(21)%	(9)%	8.0	10.4
Other	0.0	0.0	3.4	(100)%	(33)%	0.0	4.2
Clean CCS EBITDA	**217**	**171**	**62**	**250%**	**26%**	**388**	**227**
Growth capex	**(29)**	**(28)**	**(37)**	**(23)%**	**1%**	**(57)**	**(84)**
Mainenance capex	**(4)**	**(5)**	**(6)**	**(27)%**	**(24)%**	**(10)**	**(14)**

Operations

Q2 2021

Lower OPEC+ production restrictions in Abu Dhabi allowed a further increase in Q2 2021 Working interest (WI) production (+6%) vs Q1 2021. However, Latam WI production decreased by 9% compared to Q1 2021 due to the natural decline of the fields. Upstream WI production in the quarter stood at 76.9 thousand barrels per day (kbopd), a slight increase +1% compared to the previous quarter.

The average realized crude oil price was $65.5 per barrel, 10% higher than Q1 2021, as a result of Brent Oil price increases due to an improved macro environment.

H1 2021

The slight decrease in WI production as of June 2021 (-4% vs H1 2020) was mainly due to the significant production drop in Cepsa's fields in Latam due to the natural decline of the assets, partially offset by higher production in Abu Dhabi (+11% vs H1 2020), despite production restrictions, as the development of the field continues.

Half year sales decreased by 13% compared to H1 2020 mainly due to the natural decline of the Latam fields mentioned above and lower sales in Algeria due to the sustained OPEC production cuts. In Q1 2020 no restrictions were in place.

Highlight, the significant increase in crude oil price in H1 2021 that stood at 64.9$/bbl (+63% vs H1 2020) due to the upturn in demand as travel restrictions ended in most part of Europe and to the prolonged OPEC's agreement to reduce production.

Results

Q2 2021

Upstream Clean CCS EBITDA for Q2 2021 was €217 million (+26% vs Q1 2021) boosted by the increase in crude oil sale prices, with an especially positive impact in Abu Dhabi results which benefitted from increases in both prices and volumes.

Growth capex was in line with Q1 2021 and mostly related to the development of the Sarb and Umm Lulu fields in Abu Dhabi.

H1 2021

There was a significant upturn in Upstream H1 2021 Clean CCS EBITDA of 71% mainly due to the increase in oil sale prices (+57% vs H1 2020). All regions improved EBITDA, with Abu Dhabi increasing by 62%.

Growth capex was lower, at €57 million. Investments were mainly associated with the development of the Sarb and Umm Lulu fields in Abu Dhabi.

Refining

Refining Overview - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Refining output (mton)	5.2	4.2	4.4	*18%*	*23%*	9.4	9.8
Crude oil distilled (million of barrels)	36.1	29.8	32.5	*11%*	*21%*	65.9	71.3
Refining utilization (%)	81%	67%	74%	*10%*	*20%*	74%	81%
Refining margin ($/bbl)	4.9	2.1	1.7	*186%*	*132%*	3.6	3.5
Spanish pool price (€/MWh)	71.8	45.2	23.2	*210%*	*59%*	58.6	29.0
Dutch TTF Natural gas price (€/MWh)	24.8	18.5	5.3	*365%*	*34%*	21.6	7.5
Electricity production (GWh)	573	470	490	*17%*	*22%*	1,043	1,011
Natural Gas Sales (GWh)	7,639	8,493	6,199	*23%*	*(10)%*	16,133	14,868
Installed renewable power capacity	28.9	28.9	28.9	-	-	28.9	28.9
Clean CCS EBITDA	**79**	**8**	**(11)**	***792%***	***845%***	**87**	**84**
Growth capex	**(20)**	**(19)**	**(39)**	***(48)%***	***8%***	**(39)**	**(81)**
Mainenance capex	**(22)**	**(24)**	**(25)**	***(12)%***	***(9)%***	**(46)**	**(47)**

Operations

Q2 2021

Output of Cepsa's refineries increased by 23% QoQ and stood at 5.2 million tons in Q2 2021. Refineries' average utilization increased to 81% in Q2 as the two units at Huelva refinery, which were under extended maintenance shutdown since September 2020, resumed production in May.

H1 2021

Refining operations in the first half of 2021 were slightly below H1 2020. Refining output was 9.4 million tons in H1 2021, representing a 4% decrease vs H1 2020. Cepsa's refineries utilization rate was 74%, a 9% decrease compared to the same period in 2020, with both figures impacted by the reduction in demand caused by COVID-19 related, as well as several minor planned turnarounds that took place in the San Roque refinery.

Results

Q2 2021

Refining margins were significantly improved during the quarter (4.9 $/bbl in Q2 2021 vs 2.1 $/bbl in Q1 2021), mainly due to strong prices of raw material produced for the petrochemical area. This, together with the higher utilization rates during the second quarter at Cepsa refineries in a still undersupplied European market, translated into a tenfold improvement in EBITDA to €79 million, compared with the €8 million registered in the first quarter of the year.

Growth capex was in line with Q1 2021 at €20 million, while maintenance capex was €22 million, 9% lower than Q1. Investments in the Refining business during the period were mainly related to enhancing conversion capacity and efficiency.

H1 2021

Clean CCS EBITDA was €87 million, a 4% increase compared to H1 2020, thanks, on the one hand, to higher refining margins during the period (+3% although still relatively low at 3.6 $/bbl, due to continued subdued demand) and, on the other hand, to the successful implementation of cost efficiency measures.

Growth capex was lower compared to H1 2020 by 52%, amounting to €39 million in the period, due to the investment rationalization initiatives implemented to preserve cash flow generation. Maintenance capex was €46 million, in line with H1 2020.

Commercial

Commercial Overview - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Number of service stations	1,762	1,774	1,791	(2)%	(1)%	1,762	1,791
Product sales (mton)	3.8	3.6	3.0	30%	8%	7.4	7.3
Clean CCS EBITDA	**111**	**80**	**52**	**112%**	**38%**	**191**	**176**
Growth capex	**(9)**	**(5)**	**(38)**	**(76)%**	**79%**	**(14)**	**(44)**
Mainenance capex	**(10)**	**(8)**	**(7)**	**31%**	**17%**	**(18)**	**(15)**

Operations

Q2 2021

Spanish fuel demand showed signs of recovery in the quarter, with a 6% increase vs Q1 2021, as the second State of Alarm in Spain finished on May 9th and mobility restrictions were removed. As a result, product sales in the Commercial business improved by 8% and stood at 3.8 million tons.

H1 2021

Product sales were slightly higher than those of H1 2020 (+2%) but were still impacted by the low demand scenario due to travel restrictions until May, with a particular impact from the disruption caused by the Filomena snow storm across the Iberian peninsula in January.

Results

Q2 2021

Recovery in commercial activity in the quarter allowed improvement in results, especially in the Network of service stations and international businesses, thanks to both higher margins and volumes compared to the previous quarter. As a result, Clean CCS EBITDA was 38% higher than in Q1 2021 (€111 million in Q2 2021).

Main investments in the quarter were related to maintenance capex in the Network and LPG businesses. Commercial accounting capex stood at €19 million in Q2 2021.

H1 2021

CCS EBITDA for the business reached €191 million, an increase of 8% compared to H1 2020, mainly due to the increase in demand. By segment, the Network of service stations business improved considerably due to the progressive lifting of mobility restrictions and consequently higher demand (+19%), there was an increase in Bios due to higher margins, but Aviation was still impacted by lower activity and therefore cumulative demand as of June 2021 was 33% lower than H1 2020.

Growth capex during the period amounted to €14 million, significantly lower than in the same period of the previous year (€30 million), due to the acquisition in H1 2020 of a 40% stake in two asphalt manufacturing companies in Morocco. Maintenance capex was €18 million aimed at both maintaining facilities and boosting market share.

Chemicals

Chemicals Overview - € millions (unless otherwise stated)	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Product sales (kton)	732	715	691	6%	2%	1,447	1,416
LAB / LABSA	*170*	*163*	*177*	*(4)%*	*4%*	*332*	*349*
Phenol / Acetone	*385*	*414*	*380*	*1%*	*(7)%*	*799*	*784*
Solvents	*177*	*138*	*134*	*32%*	*29%*	*315*	*283*
Clean CCS EBITDA	**132**	**100**	**86**	**53%**	**32%**	**231**	**165**
Growth capex	**(3)**	**(3)**	**(6)**	**(55)%**	**(12)%**	**(6)**	**(21)**
Mainenance capex	**(8)**	**(8)**	**(5)**	**52%**	**(3)%**	**(16)**	**(17)**

Operations

Q2 2021

In Q2 2021, sales amounted to 732 ktons, a slight improvement compared to Q1 2021. Solvents in particular experienced a significant increase (+29%) mainly due to higher demand in the quarter.

H1 2021

Chemicals sales increased 2% compared to H1 2020, to 1,447 ktons. In the LAB/LABSA business segment, sales decreased 5% following the scheduled shutdown of the Puente Mayorga plant in January and February. In the Phenol/Acetone business segment, sales were in line with the previous period. However, in the Solvents business, sales improved by 12% due to increased demand in Spain as well as higher exports.

Results

Q2 2021

Clean CCS EBITDA for Q2 2021 rose to €132 million, up 32%, thanks to an enhanced commercial strategy, which allowed sales to be optimized in all segments, and a tight supply environment. In particular, LAB business segment Clean CCS EBITDA increased due to improved margins and the maximization of volumes after the change to Detal technology in Puente Mayorga. The Phenol/Acetone business segment was positively influenced by higher benzene and propylene prices, whilst Solvents results were in line with the previous quarter.

During the quarter, Cepsa boosted innovation in its Chemical business through the start-up of its renewed Puente Mayorga plant, in which it has invested €117 million to improve safety, optimize efficiency in the use of raw materials while reducing emissions and waste generation. As the market leader in LAB and co-owner of Detal Technology, Cepsa launched the first chemical plant globally to be converted from hydrofluoric acid to Detal to produce biodegradable detergent raw materials. The project as recognized by the Ministry of Ecological Transition (MITECO) in the Spanish section of the 2020 European Business Awards for the Environment.

H1 2021

Reported Clean CCS EBITDA was €231 million in H1 2021, an increase of 40% compared to H1 2020, mainly due to the strong performance of the LAB and Phenol/Acetone business segments. The LAB business segment improvement was mainly due to better margins and the implementation of the new Detal technology described above. In the Phenol/Acetone business segment, high margins were realised due to the shortage of raw materials due to COVID-19 and the ice storm in the US. The Solvents segment results were slightly above 2020 half year. The Alcohol business made a positive contribution thanks to strong demand.

Growth capex during the period amounted to €6 million, a decrease of 70%. Maintenance capex was €16 million, mainly driven by maintenance and safety works in all industrial plants.

Appendix

Consolidated Balance Sheet– IFRS.

Assets - € millions	Q2'21	Q1'21	Q2'20
Intangible assets including goodwill	658	768	651
Property, plant and equipment	5,608	5,675	5,938
Right of use assets	632	647	680
Investments in associates and joint ventures	259	244	279
Non-current financial assets	95	137	159
Deferred tax assets	921	938	922
Total non-current assets	**8,173**	**8,409**	**8,627**
Inventories	1,834	1,594	1,306
Trade and other receivables	2,059	1,729	1,145
Current income tax assets	10	19	87
Other current financial assets	167	126	178
Other current assets	179	147	155
Cash and cash equivalents	1,240	1,401	1,907
Total current assets	**5,489**	**5,016**	**4,778**
Total assets	**13,662**	**13,425**	**13,406**

Equity & Liabilities - € millions	Q2'21	Q1'21	Q2'20
Total equity attributable to shareholds of the parent	**4,332**	**4,068**	**4,207**
Non-controlling interest	98	90	89
Total equity	**4,430**	**4,158**	**4,297**
Bonds, obligations and similar issuances	1,489	1,488	991
Bank borrowings	2,029	2,798	3,358
Long-term lease	544	549	578
Other non-current financial liabilities	136	46	203
Deferred tax liabilities	549	538	450
Other non-current liabilities	544	576	529
Total non-current liabilities	**5,291**	**5,995**	**6,111**
Bonds, obligations and similar issuances	8	3	3
Bank borrowings	127	145	685
Short-term lease	107	113	111
Trade and other payables	2,665	2,206	1,574
Current income tax liabilities	90	279	63
Liabilities held for sale and discontinued operations	0	0	0
Other current liabilities	944	526	562
Total current liabilities	**3,941**	**3,272**	**2,998**
Total equity and liabilities	**13,662**	**13,425**	**13,406**

Consolidated Income Statement– IFRS.

Profit or loss - € millions	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021
Sales of goods and rendering of services	5,101	4,238	2,523	102%	20%	9,339
Excise tax on oil and gas charged on sales	535	488	397	35%	10%	1,023
Revenue from contracts with customers	**5,636**	**4,726**	**2,920**	93%	19%	**10,362**
Changes in inventories of finished goods and work in progress	(41)	21	101	(141)%	(295)%	(20)
In-house work on non-current assets	8	3	6	33%	167%	11
Procurements	(3,836)	(3,420)	(2,136)	(80)%	(12)%	(7,256)
Other operating income	6	2	4	50%	200%	8
Staff costs	(131)	(150)	(200)	35%	13%	(281)
Changes in operating allowances	(1)	44	179	(101)%	(102)%	43
Other operating costs:						
Excise tax on oil and gas	(535)	(489)	(397)	(35)%	(9)%	(1,024)
Others operating costs	(460)	(406)	(390)	(18)%	(13)%	(866)
Amortization charge	(194)	(181)	(192)	(1)%	(7)%	(375)
Allocation to profit or loss of grants related to non-Finance assets and other grants	25	24	16	56%	4%	49
Impairment and gains or losses on disposals of non-current assets	26	(7)	(148)	118%	471%	19
Operating profit	**503**	**168**	**(237)**	312%	199%	**671**
Share of results of equity accounted investees	14	8	0	n.a	75%	22
Finance income	81	16	61	33%	406%	97
Finance costs	(118)	(39)	(92)	(28)%	(203)%	(156)
Impairment and gains or losses on disposals of financial instruments	1	0	0	n.a	n.a	1
Consolidated profit before tax	**481**	**153**	**(268)**	279%	214%	**634**
Income tax	(210)	(73)	(19)	(1005)%	(188)%	(283)
Consolidated profit for the year from continuing operations	**271**	**80**	**(287)**	194%	239%	**351**
Consolidated profit for the year	**271**	**80**	**(287)**	194%	239%	**351**
Non-controlling interests	9	5	(1)	1000%	80%	14
Consolidated profit for the year attributable to equity holder of the Parent	**262**	**75**	**(286)**	**192%**	**249%**	**337**

Consolidated Statement of Cash Flows – IFRS.

Cash Flow - € millions	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21	YTD 2021	YTD 2020
Cash Flows from operating activities							
Profit before tax from continuing operations	481	153	(267)	280%	214%	634	(994)
Depreciation and amortisation charge and impairment losses	167	185	330	(49)%	(10)%	352	853
Change in operating allowances	1	(45)	(175)	101%	102%	(44)	291
Finance income and costs	37	26	31	19%	42%	64	83
Other changes	23	(21)	45	(49)%	210%	1	62
CF from operating activities before changes in operating wc	**709**	**298**	**(36)**	2069%	138%	**1,007**	**295**
Changes in operating working capital	**91**	**(217)**	**210**	**(57)%**	**142%**	**(126)**	**83**
Dividends received	1	0	4	(75)%	n.a	1	4
Income tax paid	(55)	(2)	(83)	34%	(2650)%	(58)	(186)
Other cash flows used in operating activities	**(54)**	**(2)**	**(79)**	32%	(2600)%	**(57)**	**(182)**
Total cash flows generated from operating activities	***746***	***79***	***95***	*685%*	*844%*	***824***	***196***
Cash Flows used in investing activities							
Intangible assets	(14)	(8)	(7)	(100)%	(75)%	(22)	(13)
Property, plant and equipment	(94)	(167)	(145)	35%	44%	(262)	(382)
Finance assets							
Grants received and acquisition of subsidiary, net of cash acquired	1	1	(34)	103%	-	2	(39)
Total payments	**(107)**	**(174)**	**(186)**	42%	39%	**(282)**	**(435)**
Total collections	***6***	**0**	**4**	50%	n.a	***6***	**3**
Total cash flows used in investing activities	***(101)***	***(174)***	***(182)***	*45%*	*42%*	***(276)***	***(432)***
Cash Flows from financing activities							
Total dividends paid	**0**	**0**	**(30)**	100%	n.a	**0**	**(30)**
Proceeds from borrowings	88	102	1,243	(93)%	(14)%	190	2,244
Repayment of borrowings	(851)	92	(240)	(255)%	(1025)%	(759)	(517)
Interest paid	(13)	(26)	(11)	(18)%	50%	(39)	(46)
IFRS16 Debt payments	(35)	(30)	(37)	5%	(17)%	(65)	(67)
Total cash flows from bank borrowings	(811)	138	955	(185)%	(688)%	(673)	1,613
Total cash flows from financing activities	***(811)***	***138***	***925***	*(188)%*	*(688)%*	***(673)***	***1,583***
Net increase (decrease) in cash and cash equivalents	**(167)**	**43**	**838**	(120)%	(488)%	**(124)**	**1,346**
Effect of exchange rate changes	6	0	0	n.a	n.a	6	(1)
Cash and cash equivalents at beginning of the period	**1,401**	**1,358**	**1,069**	31%	3%	**1,358**	**561**
Cash and cash equivalents at the end of the period	**1,240**	**1,401**	**1,907**	(35)%	(11)%	**1,240**	**1,907**

EBITDA Reconciliation

€ millions (unless otherwise stated) Q2'21	IFRS EBITDA	Inventory Effect	Non-Recurring Items	Clean CCS EBITDA
Upstream	216	0	(1)	217
Refining	252	173	0	79
Commercial	107	(4)	0	111
Chemicals	162	30	0	132
Corporation	(36)	0	(16)	(20)
CEPSA - Consolidated	**700**	**199**	**(17)**	**518**

The column "Inventory Effect" relates to changes in the valuation of inventories. Current Cost of Supply (CCS) valuation vs Last Twelve Months (LTM) average (the valuation method used under IFRS reporting). Lower Clean CCS EBITDA as the Current Cost of Supply (CCS) valuation is currently higher than the Last Twelve Months (LTM) average (the valuation method used under IFRS reporting), and in consequence it reflects higher costs for the inventory consumption in H1 2021.

Affiliates and Minority Interests

EBITDA from Affiliates and Minority interests - € millions CCS figures, considering Cepsa's share	Cepsa Share	Q2'21	Q1'21	Q2'20	Variation vs. Q2'20	Variation vs. Q1'21
EBITDA from equity accounted affiliates (Cepsa share)		**18.0**	**18.2**	**6.3**	**188%**	**(1)%**
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	1.2	6.3	(1.3)	195%	(81)%
Asfaltos Españoles, S.A. (ASESA)	50.0%	0.9	1.0	1.4	(36)%	(9)%
Sinarmas Cepsa Pte, Ltd	50.0%	8.5	5.2	3.5	144%	64%
SIL Chemical, Ltd	30.0%	4.8	1.9	0.8	525%	154%
CS Chem Limited	30.0%	0.0	0.6	1.1	(100)%	(100)%
Nueva Generadora del Sur, S.A.	50.0%	0.3	0.4	0.5	(42)%	(23)%
Atlas Nord Hidrocarbures, S.A.S.	50.0%	0.8	0.2	0.2	300%	339%
Sorexi	40.0%	1.1	0.2	0.0	n.a	411%
Bitulife	40.0%	0.4	2.5	0.0	n.a	(84)%
EBITDA attributable to minority interests		**7.4**	**6.9**	**5.9**	**25%**	**7%**
C.M.D. Aeropuertos Canarios, S.L.	60.0%	0.1	(0.1)	(0.4)	123%	247%
Coastal Energy KBM Sdn. Bhd.	70.0%	0.0	(0.0)	(1.0)	100%	100%
Cepsa Chemical (Shanghai) CO. LTD	75.0%	1.1	2.9	4.6	(76)%	(62)%
Deten Quimica, S.A.	71.4%	4.7	4.2	3.9	21%	11%
Generación Eléctrica Peninsular, S.A.	70.0%	1.7	1.3	(0.1)	2744%	34%
Cepsa Gas Comercializadora, S.A.	70.0%	(0.2)	(1.4)	(1.1)	81%	86%
Dividends received from affiliates (Cepsa share)		**1.5**	**0.0**	**4.0**	**(63)%**	**n.a**
Abu Dhabi Oil CO, Ltd (ADOC)	12.9%	1.5	0.0	4.0	(63)%	n.a

EBITDA contribution (net to Cepsa) from equity accounted affiliates in Q2 2021 amounted to €18 million and mainly came from the contribution of Cepsa's investments in Sinarmas €9 million and in SIL Chemical (Nigeria) €5 million. The contribution of acquisitions in Morocco, Sorexi and Bitulife totalled €2 million.

EBITDA attributable to minority interests in the quarter amounted to €7 million, including from the LAB plant in Brazil, Deten Química (€5 million) and the Generación Eléctrica Peninsular (€2 million).

There were €2 million euros received as dividends from affiliates in Q2 related to Cepsa's share in Abu Dhabi Oil Company (ADOC).

Basis of Preparation

This report is based on the unaudited consolidated financial statements of Compañía Española de Petróleos S.A. (CEPSA, or the Company), prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with all the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB applicable at the date of closing provided that they have been endorsed at that date by the European Union, with the exception of those applied in advance, if any. For any matter of interpretation over the applied rule, please take the reference of the last Audited Cepsa Group Consolidated Financial Statements, as publicly available on https://www.cepsa.com/en/investors.

For a better Management Discussion & Analysis and consistent with industry practice, the IFRS Profit & Loss Statement is adjusted as follows to obtain a CCS Profit & Loss Statement:

1) Inventories: IFRS Cepsa Group Consolidated P&L measures crude oil, oil derivatives and petrochemical products, acquired as raw materials, at the lower of historical weighted average cost (12 months) and net realizable value.

For the MD&A, we consider the replacement cost presents a more accurate view of the current operations, considering therefore the stock variation in P&L at Current Cost of Supply (CCS), which values the manufacturing consumption at the month´s average cost. The adjustment necessarily eliminates also the crude & products hedging valuation and the inventories impairment, if any.

2) Clean adjustments: Those income or costs that are not directly related to the Group activities are considered as non-recurring items and, therefore, excluded. Generally, these are incomes or costs that occur atypically, are of a material amount and with minimal probability of recurrence.

Regarding the KPIs presented, for a better comprehension and to allow the accurate calculation of different ratios, figures are always consolidated and adjusted to the associated financials by:

a) Elimination of intercompany transactions.

b) Considering JVs as third parties: As their financial information is only presented in the Equity Method line and no Capital Employed is incorporated apart from the Financial Investment, we also do not consider any contribution to the Group’s KPIs, with the sole exception of the Reserves and Production of the Upstream JVs (Cosmo Abu Dhabi at the date of issuance of this report), which are added to the BU KPIs following the Reserves Audit criteria.