

GONZALO SÁENZ: Good morning, ladies and gentlemen, and welcome to Cepsa's First Quarter 2023 Results Presentation. Thanks for joining us today. I am Gonzalo Sáenz, Cepsa's Head of Capital Markets and Investor Relations.

Before we start, please let me take a moment to remind you that financial information containing the document is unaudited and some figures are non IFRS. This webcast, including the Q&A session, may contain forward-looking statements. Forward-looking statements do not guarantee future performance of the company. Please, take a moment to read the disclaimer included in the presentation.

During the session, you can send us your questions through the "Ask a question tab", located at the bottom of the screen. We will do our best to answer all of the questions at the end of the session. Today's conference call will be conducted by Carmen de Pablo, Cepsa's CFO. Without further delay, Carmen, the floor is yours.

CARMEN DE PABLO: Thank you very much, Gonzalo. Good morning, ladies and gentlemen, and welcome to Cepsa's First Quarter 2023 Results Presentation. I hope that you are all doing well. I am Carmen de Pablo, Cepsa's CFO. Thank you all for joining.

During today's presentation we will cover the following topics. First, I will briefly introduce you to the main highlights of the quarter, including key milestones on our progress in our 2030 Strategy Positive Motion. Second, I will go through the key market and operational metrics of our business units. And third, I will present the Group's financial performance for the first three months of the year in more detail before making some closing remarks.

Now, moving onto slide 6, please. Let's start by covering the key highlights of the first quarter. The results have been marked by a significant volatile macro environment with declining oil prices and continued high inflation, effectively reflecting a slower economic growth, especially in Europe. Now, in terms of financial performance, we register an EBITDA of 556 million EUR during the quarter. Let me highlight that results include the contribution of Abu Dhabi assets until 15th of March, which is the date of effective closing.

Organic Free Cash Flow stood at 77 million EUR, a material improvement versus the negative 89 registered in the Q1 2022. Although impacted by significant extraordinary tax payments related to the first instalment of the extraordinary tax imposed on energy companies.

In terms of leverage, net debt to EBITDA is in line with that of December 2022 at 0.9 times at the end of March. And in terms of liquidity, we still have a strong position at 4.3 billion EUR, which well covers our debt maturities until the end of 2027. And with regards to our operational performance, refining margins remain strong during the quarter with Cepsa's average margin at 11.1 USD per barrel. Refining utilization rates averaged 84% during the quarter, below last year's figure of 92% due to the scheduled maintenance turnarounds at both energy parks.

Commercial product sales reach 4.1 million tons in line with Q1 of last year, and finally, working interest production of our upstream business decreased to 72,000 barrels per day as production from Abu Dhabi assets is included on only until 15th of March. Despite the current uncertain times, particularly across the energy markets, we remain focused on our Positive Motion journey, and the role that we will play to secure a clean energy supply.

Now, on the next slides I will highlight some of our achievements during the quarter with regards to our strategy. During the last few months, we have made some good progress accelerating the implementation of our Positive Motion strategy, starting with the sale of our upstream business in Abu Dhabi to TotalEnergies. This transaction demonstrates our commitment to rebalancing of our business portfolio towards more sustainable activities while maximising the value creation of our upstream business, with also surprising 2 GW of solar projects under development. Nearly a third of our renewable capacity target for the end of this decade.

These projects will provide us with sustainable electricity both to power an electric vehicle charging network and the energy needed at our industrial sites to produce green molecules. Let me also highlight that these projects will produce an estimated 4500 gigawatts of output per hour of energy, equivalent to the annual consumption of more than 1.3 million homes, while avoiding the emissions of 1.8 million tons of CO<sub>2</sub> each year. We are developing 17 photovoltaic energy projects in

Castilla la Mancha, Andalucía, Extremadura, and Madrid, nine of which have already obtained a favourable environmental impact assessment from the relevant ministry.

We are making good progress in developing this renewable portfolio with the aim of decarbonising our business and offering our customers different solutions in order to drive sustainability in industry, transportation, and mobility.

In sustainable aviation fuels, we continue to sign important alliances such as the one we have recently closed with Wizz Air to celebrate the decarbonisation and of air transport by advancing in the joint commitment to reduce carbon footprint of flights against climate change. With this alliance, Wizz Air will have the opportunity to purchase “SAF”, Sustainable Aviation Fuel, from Cepsa for the supply across the airline's route network in Spain from 2025.

To reinforce our ESG commitments we have increased the target circularity of our waste stream to 50% in 2030 by minimising recycling and reusing 8000 tons of waste per year at our industrial facilities in Andalucía, increasing the share of renewable and circular pit stop in our energy parks to 15% and leading the production of biofuels from 2D pit stops. This commitment, that is the one of the most ambitious in the energy sector, will be achieved through the use of new technologies, the development of projects for the core processing of waste and the identification of synergies with other companies to promote industrial symbiosis.

We also continue to help the society to decarbonise through initiatives such as the agreement with Saint-Gobain, that promotes the recycling of catalyst from our energy parks that will be used in the manufacturing of industrial mortars for the construction sector. The partnership drives the 30% reduction in virgin raw material consumption that Saint-Gobain has set as a target for 2030, as well as the 16% reduction in carbon footprint of its products and solutions by 2030.

And last but not least, as part of our Positive Motion strategy we continue to support our customers by offering additional fuel discounts during Easter holidays. Cepsa is strongly committed to help our customers in the current context of persistent high inflation. Since April 2022 more than 12 million customers have benefited from the discounts that we have offered. This effort has resulted in savings for our customers of close to 150 million EUR.

Moving onto slide number 8, building up on our efforts and willingness to continue supporting our clients, on April 18 we announced the launch of our new loyalty program “Cepsa GOW”, through which members may earn credit of Cepsa’s service stations and their daily purchases and redeem it for fuel, electric charges, car washes and products sold at our Cepsa’s stores. With Cepsa GOW we have created an extensive ecosystem of partnerships with around 40 companies, including Amazon, eDreams, Europcar, Media Market, Sprinter, amongst others, where customers can achieve up to 10% back on their purchases, helping them to save more than 300 EUR a year.

Furthermore, members of Cepsa GOW will earn six cents per litre on Optima fuel and five cents per litre on Star fuel, extending the additional discounts offers since April of last year. Our customers may also receive two cents per kilowatt hour on electric charges and five cents for each euro spent on store products or car washes services.

All these benefits can be enjoyed through the new Cepsa GOW app, launched to simplify, and improve the customer experience, making digital access to all services easier and intuitive. This program is another step forward in our 2030 Positive Motion strategy, which is tailoring our services to our customers’ needs and to new market trends. Our main objective is to provide customers with an innovative program that is useful in their everyday lives.

And now, moving onto slide 9, please. As you know, biofuels is one of the key pieces of our strategy to move to sustainable energy. As such, as you may see on the slide, we recently announced the incorporation of a JV with BioOils to build the largest second-generation biofuels plant in southern Europe. The facility is scheduled to start operating in the first half of 2026 and will be located at Cepsa’s La Rábida Energy Park in Huelva. It will entail an investment of up to 1 billion EUR, being one of the largest private investment projects in the history of southern Spain. The plant will promote the circular economy, as it will secure the majority of the feedstock supply from organic waste. As such, agricultural residue or used cooking oil.

Let me emphasise that the sustainable fuels developed in this new plant will

save 1.5 million tons of CO2 emissions per year, equivalent to 30% of emissions in the province of Huelva. The use of biofuels can reduce CO2 emissions by up to 90% compared to traditional fuels, making biofuels a key element in enabling a fair energy transition to decarbonised transportation. In addition, our chemicals business will also benefit from this project, having access to organic waste feedstocks for the production of their sustainable product portfolio.

This project is a key piece of our 2030 Positive Motion strategy and shows that we are already driving the development of an ecosystem focused on accelerating the decarbonisation of our business, becoming a benchmark in the energy transition. And now moving onto the next section of the presentation, we will now review the market environment and operational performance during the first quarter of this year 2023.

Now, beginning with the key variables that affect our business. Crude prices during the quarter decreased to an average of 81.3 USD per barrel, 20% lower than in the first quarter of 2022 due to the lower-than-expected Chinese demand as a result of recession fears, rising interest rates and the aftermath of the banking system in the US and Europe. Cepsa's refining margin averaged 11.1 USD per barrel during the quarter, a meaningful increase versus the same quarter of 2022, and still above the historical average.

With regards to the euro-dollar exchange rate, the dollar continued its depreciation trend started in Q3 2022, stabilising at around 1.07. And finally, Spanish fuel demand decreased during the first quarter, led by seasonality effect of the Christmas holidays, as well as the end of the 20-cent discount offered by the government.

And now we will review the quarterly information and performance of our business, starting with energy on slide 12. Refining margins increased during the quarter, with Cepsa's average margin at 11.1 USD per barrel versus 2.2 USD register during the same period of the previous year. Cepsa's energy parks average utilisation stood at 84%, below first quarter of 2022, due to the scheduled maintenance turnarounds at both San Roque and La Rábida sites. Commercial sales performed line with Q1 of last year with continued healthy margins, especially in

wholesale.

And now let's move onto slide 13 on chemicals. The chemical business has had a challenging quarter due to a significant contraction of demand and a critical market environment, resulting in a reduction in overall sales volumes and margins. The latter segment had a weak performance due to a slowdown in demand in home and personal care applications. In the intermediate segments, being [unintelligible] volumes in Q1 23 were impacted by the reduction of demand in Europe due to the high energy cost and high inflation were seen key customers of this business to stop temporarily their operations.

And now, moving onto upstream performance on slide 14, firstly, let me highlight that the previous announced divestment of our Abu Dhabi assets to TotalEnergies was completed on March 15th, and consequently, figures include the contribution of these assets only until the referred date. As such, when comparing operational figures with previous quarters, we see a decline of both working interest production and sale. That been said, working interest production stood at 72,000 barrels per day and crude oil sales decreased to 4.7 million barrels.

And now moving onto the next section, we will review the financial performance of the group for the first quarter of the year. In Q1 2023 we registered an EBITDA of 556 million EUR, a slight decrease when compared to Q1 2022 on the back of lower crude prices. No refining production due to the referred scheduled maintenance turnarounds and partially offset, however, by the strength of refining margins and the robust overall results in the energy segment.

Net income for the quarter stood at 176 million EUR, representing a meaningful improvement versus the 58 registered in the same period of last year. With regards to Capex, investments in the period amounted to 114 million EUR, 28% above those of Q1 2022. I will provide some additional insights on Capex in the next slides.

And regarding cash flow generation, organic free cash flow before working capital for Q1 2023 stood at 88 million EUR, a 47% increase versus the same period of 2022, although somewhat affected by higher tax payments. In this sense, let me flag that we paid the first two instalments of the extraordinary tax imposed on

Spanish energy companies for an amount of 164 million EUR.

Net debt as of the end of March, decreased material when compared to December figures, while the leveraged ratio fell below effectively to a 0.9 times. We continue to fall a strong liquidity position with 4.3 billion EUR of available cash and credit facilities, which as mentioned earlier, comfortably cover our debt maturities until the end of 2027.

And now moving onto slide 17, please. Our cash flow from operations in the first quarter stood at 285 million EUR, above the 206 million EUR registered in Q1 2022, despite the increase in tax payments. Working capital stood virtually flat while organic Capex payments increased versus the previous year, mainly related to the maintenance turnarounds at both our energy parks. Financing cash flow, which includes increased cost and operating lease expenses was slightly higher compared to the same quarter of last year due to the increasing interest rates. Notwithstanding, let me follow a conservative, as we have a conservative financial policy, holding approximately 75% of our debt at fixed rates. Neutral organic free cash flow before dividends, driven by the strong delivery of our Positive Motion strategy unless working capital consumption and the higher tax payments.

And now moving onto the slide 18, we will review Capex details. Capex spent in the quarter stood at 114 million EUR, an increase of 29% compared to Q1 of last year, with sustainable investment increasing by 130% versus that of the same period. And as part of our ambition to turn Spain into a green energy powerhouse, in Cepsa we plan to develop projects with a total investments in excess of 3.6 billion EUR in the next three years, of which more than 50% will be devoted to sustainable businesses. This represents almost doubling investments compared to the last three years. These green investments are mainly related to sustainable and efficiency projects across all our businesses, such as the ones related to biofuels production and our energy parks or the development of EV charges at our network of stations.

And now moving onto the next slide, we will review Cepsa's credit ratings, as we have been assessed by the three rating agencies, following the sale of our upstream position in UA. During the month of March 2023, following the sale of our upstream assets in Abu Dhabi to TotalEnergies, all three rating agencies affirmed

Cepsa's investment-grade rating at BBB-. S&P, Baa3 in Moody's, and BBB- Fitch. Let me take this opportunity to emphasise once again that maintaining an investment-grade rating is a priority, both for Cepsa and our shareholders. And to that end, the company will continue to observe Conservative financial policies and a strict capital allocation criteria as we always do.

And now to wrap up, let me finalise today's presentation with some key takeaways. The first quarter of 2023 has been marked by solid results fourth Cepsa, despite challenging financial conditions and a very volatile macro environment. We continue to deliver on our Positive Motion strategy through important alliances and projects such as the one recently signed with BioOils to build the largest second-generation biofuels plant in southern Europe. We will remain strongly committed to the key objective of leading the energy transition by decarbonising our own business while helping our clients in doing so as well. Despite the challenging market environment, EBITDA for the quarter stood at 556 million, in line with that of last year figure. We have achieved a significant deleveraging with net debt to EBITDA ratio below 0.9 times on the back of these strong results and debt reduction. And our liquidity remains strong at 4.3 billion EUR, covering mature deals until the end of 2027.

And looking ahead, I am confident that Positive Motion journey we have embarked on will continue to deliver positive results for us and generate positive impact on our stakeholders thanks to extremely well positioned and well invested asset base, and in particular, the quality of our human capital. Our teams are eager and committed to place Cepsa at the top of the industry and lead the energy transition journey. And with this we conclude today's presentation. Thank you all for joining us and I will now hand over back to Gonzalo for the Q&A session.

GONZALO SÁENZ: Thank you very much, Carmen. So, we will now move on to the Q&A session, just let me remind you how you may direct us your questions. There is an "Ask the question tab", located at the bottom part of your screens and you may type directly on that dialogue box your questions.

We will now give some time for questions to come in, so we will be back in a



minute or so. thank you.

It looks like we have some questions already. There is one on the announced JV on BioOils. If we could please comment a little bit more on that JV, please, Carmen.

CARMEN DE PABLO: Yes, thank you, Gonzalo. As you know, biofuels is a key element in enabling the energy transition to decarbonise sectors like transportation and also heavy road, maritime, air transport, and for us is one of our key pillars so far Positive Motion strategy in a way that we are looking to effectively provide sustainable solutions to our customers. And so, with this announcement, we are going to be building the largest 2G biofuels plant in southern Europe. And in this context, feedstock supply really represents the biggest challenge to produce at large-scale and this new 2G plant will secure the majority of feedstock from the organic waste. And this long-term agreement that we have with Apical effectively will enable us to produce and have a very meaningful and relevant position, with an investment, as I mentioned earlier, of close to a billion EUR and where we will be creating around 2000 direct and indirect jobs during the construction and operation of this facility.

So, this is an important part of reducing CO2 emissions effectively by 90% when you compare to traditional fuels and a very important step for us as we move forward into our Positive Motion strategy.

GONZALO SÁENZ: Thank you, Carmen. There is one on Capex as well. Could you please elaborate on your Capex plan for the next few years?

CARMEN DE PABLO: Okay, and this, in a way, also builds on the previous one, because as mentioned, the main investment programme that we have effectively relies on our biofuels strategy, but also on hydrogen so, and as mentioned, if you see this quarter, we have now 30% of our investments devoted to sustainability across Capex. When we look into effectively our next 3 to 4 years, we will be investing around 3.5 to 4 billion EUR, and this is more than doubling the investments that we have had over the last three years. And again, with a special

focus on bios and hydrogen. Of course, also investing in electro-mobility and also in renewables and hydrogen maybe just to elaborate, as you know, we target to achieve 2 GW of electrolyser capacity, whereby, as we said during the Positive Motion strategy, we plan to have refueling sites every 300 km by 2030, connecting Spain and Europe.

So, our production is for Spain, within Spain and of course with the ambitions to also export as we have also announced our agreement with the port of Rotterdam. This is obviously still in early phases, but with a lot of execution behind with agreements as we have announced also with DDP and Fertiberia and, as mentioned, the other key pillar in terms of our investment programme is hydrogen, green hydrogen for the next few years.

GONZALO SÁENZ: Okay, thank you. There is one on refining margins. How do you see refining margins for the rest of the year 2023?

CARMEN DE PABLO: It's obviously been a very volatile market environment and as you saw last year and also when we look at the first quarter, refining margins have been above historical average, but we see them coming at more normalised levels. You could probably... as we look into the rest of the year, in particular probably in the second half and for the full year too, to be somewhat between mid-single to double digit. So, on average there, with a relatively weaker as we have seen in the start of this season Q2, but with an expectation of a rebounding in the second half of the year.

GONZALO SÁENZ: And finally, there is one on the windfall tax. How did it impact our first quarter results and their expectations for the rest of the year.

CARMEN DE PABLO: Yes, so on the windfall tax, it has certainly impacted directly our IFRS net income, driving it to negative territory during the quarter, as you have seen. We have registered a full impact of 323 million EUR. The cash impact for this first instalment, as I mentioned during the call, it has been 164 million EUR,

and let me highlight again the fact that we see and feel that there is a poor design and disproportionate impact for companies like ourselves, Cepsa, which are fully devoted and focused in the domestic, in the Spanish market and of course, being taxed at the revenue level with an impact in also the way that we are making our activities and the profitability of our business is being suffered as we have been presenting in these results. But, of course, this is an area that we will continue to report and the impact from an accounting perspective has already been recorded, but the second instalment and cash impact will come in September for a similar amount to what we have already registered in the first quarter.

GONZALO SÁENZ: Okay, thank you. There is one on the Abu Dhabi assets. Could you please remind us on how we are planning to use the proceeds from the assets divestments? And also, how much did these assets contribute to EBITDA during the quarter?

CARMEN DE PABLO: Yes, in terms of proceeds and apologies because we cannot provide you effectively with the amount for confidentiality reasons, but effectively, we will look to remunerate our shareholders as we always do but keeping a very sound and financial policy. This is one of the key criteria that we have as you have seen in the presentation, we have been discussing this transaction with the rating agencies and it is effectively our focus and commitment from not only management team, but our shareholders to observe a conservative financial policy and maintain an investment-grade. So, in that context, we plan to reinvest internally part of those proceeds, whilst also remunerating our shareholders accordingly with the objective of attaining our credit profile.

And in terms of EBITDA contribution, maybe just to point out, as I mentioned earlier, that we are reporting basically our position in UAE until 15 March, and probably in terms of EBITDA, just to give you a rough estimate, it could be around 200 million EUR.

GONZALO SÁENZ: Okay, thank you. It looks like we don't have any further

questions at this point. So, I guess we can conclude this presentation. In any case, you have our investor relation's email address, where you can contact us anytime for any questions you may have. At this point there is nothing else, so I think we will leave it here.

Thank you very much everyone for attending today's conference call and we'll see you next quarter.

CARMEN DE PABLO: Thank you very much everyone and wishing you a very good weekend. Thank you.