PRESS RELEASE

2019 financial year results

- **Cepsa achieved Clean CCS EBITDA of €2,058 million, with the Exploration and Production and Marketing businesses units' positive performance being a highlight**

- **Adjusted net profit was €610 million, in an environment of lower refining margins and lower crude prices than those observed in 2018**

- **Investments in this period amounted to €924 million and free cash flow, before interest and dividend payments, was €1,152 million**

During 2019, Cepsa recorded Clean CCS EBITDA (Clean CCS EBITDA) of €2,058 million, 17% higher than the previous year, when it stood at €1,762 million.

The 17% increase in Clean CCS EBITDA was mainly due to the positive performance of the Exploration and Production business unit and the Marketing business unit (with increases of 48% and 35%, respectively, compared to the same period in 2018).

Cepsa's adjusted net profit in 2019 was €610 million, while in 2018 it was €754 million. This decrease is attributable to an environment of low refining margins, especially in the first and final quarter of the year, as well as the lower margins of certain chemical products.

Applying International Financial Reporting Standards (IFRS) and calculating inventory movements at average unit cost, the accumulated net income for the financial year is €820 million, compared to €830 million in 2018.

In 2019, Cepsa optimized its capital structure, extending the average term of its debt to over five years. Likewise, the cash generated during the year has allowed Cepsa to reduce net debt by 11%, to €2,746 million, compared to December 2018 (excluding the impact of IFRS 16). The Net Debt/EBITDA ratio stood at 1.4x, four tenths lower than at the close of 2018 (1.8x).

Investment during the period amounted to €924 million and free cash flow was €1,152 million (before the payment of interest and dividends). The Company has made significant investment into the development of the Abu Dhabi fields, as well as projects in the Refining business unit aimed at optimizing refineries.

In 2019, the price of Brent crude averaged $64.3 per barrel, 9% below the average of $71.0 per barrel in 2018. Similarly, the (VAR) refining margin indicator fell to $4.3 per barrel in 2019 compared to $6.1 per barrel the previous year.

In terms of safety, the LWIF (Lost Workday Injury Frequency) rate, which measures the number of accidents resulting in absence from work, was 0.87 accidents per million hours worked in 2019, in line with the results from 2018. With respect to greenhouse gas emissions, the level of CO_2 per ton produced remained at levels similar to those of the previous year.

Exploration & Production

Clean CCS EBITDA of the Exploration and Production business unit increased by 48% in 2019 compared to 2018, rising to €963 million. This was mainly due to the start of operations in the 2019 financial year at the SARB and Umm Lulu fields in Abu Dhabi, which were acquired in 2018.

The adjusted net profit of this business amounted to €194 million, 17% lower than 2018. This was primarily due to reduced income in Colombia, due in turn to lower sales prices and higher amortizations and taxes, as well as the still limited contribution of SARB and Umm Lulu (since these fields have not yet reached their "plateau" of production) given the high amortizations, taxes and royalties in Abu Dhabi.

The working-interest (WI) production of crude oil was 92.6 thousand barrels per day, 11% higher than in 2018, mainly due to the aforementioned start of production in the first quarter of 2019 at the SARB and Umm Lulu crude oil fields acquired in 2018 (WI production at these fields in 2019 was 22 thousand barrels per day). In 2019, Cepsa sold 20.8 million barrels of crude, 47% more than the previous year.

The average discount to Brent of the crude produced and sold by Cepsa was $0.3 per barrel in 2019 vs $3.8 per barrel in 2018, which represents a 92% decrease.

The company continued to boost its growth in Exploration and Production with investment of €212 million, with the investment in the development of the SARB and Umm Lulu fields standing out in this regard.

Exploration & Production – Main Figures

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Operational Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
63.3	67.8	(7%)	Brent price average ($/b)	64.3	71.0	(9%)
63.6	66.1	(4%)	Average realised crude price in $/b	64.0	67.2	(5%)
5.2	4.3	21%	Crude Oil Sales in Mb	20.8	14.2	47%
89.7	78.5	14%	WI production in kb/d	92.6	83.3	11%
43.8	49.6	*(12%)*	*Algeria*	44.3	53.4	*(17%)*
27.3	*4.0*	*583%*	*UAE**	*26.4*	*4.4*	*501%*
11.6	*13.1*	*(11%)*	*Latam*	*12.6*	*13.6*	*(7%)*
7.0	*11.8*	*(41%)*	*SEA / Other*	*9.2*	*11.9*	*(22%)*
6.9	5.6	23%	Net Entitlement production in Mboe	27.9	21.3	31%

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

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Financial Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
252	204	23%	Clean CCS EBITDA	963	649	48%
75	41	83%	Clean CCS Net Income	194	232	(17%)
72	207	(65%)	Organic investments	212	317	(33%)
-	(28)	(100%)	Acquisitions / (Disposals)	-	1,342	(100%)

Refining

Clean CCS EBITDA of this business unit in 2019 was €433 million. The adjusted net profit was €124 million, while in 2018 it was €258 million. This decrease was mainly attributable to lower refining margins, as experienced by the broader market, which were hampered by low light and middle distillate cracks in the Mediterranean and by higher supply costs owing to increased sour crude premiums.

The utilization rate of refineries distillation capacity was 89%, in line with 2018, and 21.5 million tons of oil derivatives were produced.

During this period, Cepsa has made investments totaling €469 million in the Refining business unit, aimed at increasing the conversion capacity and efficiency of its refineries as well as their upkeep and safety.

Refining – Main Figures

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Operational Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
3.8	6.8	(44%)	Refining margin VAR ($/b)	4.3	6.1	(29%)
85%	94%	(10%)	Utilization rate refineries (distillation) in %	89%	91%	(2%)
5.1	5.8	(12%)	Refining output in Mt	21.5	21.8	(1%)

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Financial Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
86	166	(48%)	Clean CCS EBITDA	433	578	(25%)
23	95	(76%)	Clean CCS Net Income	124	258	(52%)
144	151	(5%)	Investments	469	392	20%

Marketing

The Marketing business performed very well during 2019, achieving Clean CCS EBITDA of €463 million, 35% higher than in 2018. This increase was mainly due to the strong performance of the network of service stations, the bioenergy business unit and the increase in sales volumes and margins in the asphalts business. The implementation of IFRS 16 also led to an increase of €75 million. Adjusted net profit was €221 million, 17% higher than in the previous year.

Sales by the Marketing business unit stood at 20.7 million tons, in line with the previous year. Domestic sales has been slightly higher than previous year while international bunker activity has fallen with respect to 2018.

During the financial year, the company channeled investment of €107 million into this business unit for the maintenance of facilities and to boost its market shares in the segments where it operates.

Marketing – Main Figures

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Operational Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
1,806	1,799	0%	Number of service stations	1,806	1,799	0%
4.8	5.6	(15%)	Product sales in mt	20.7	21.9	(5%)

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Financial Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
121	112	8%	Clean CCS EBITDA	463	344	35%
59	65	(9%)	Clean CCS Net Income	221	189	17%
2	38	(96%)	Investments	107	101	6%

**This business unit includes the network of service stations, the marketing of fuels through wholesale channels, the marketing of biofuels, the marketing of kerosene for the aviation market, the sale of fuels through the bunker activity, and the sale of lubricants, asphalts and liquefied petroleum gases (LPG).*

Chemicals

The chemicals business unit recorded Clean CCS EBITDA of €246 million in 2019, in line with 2018. Adjusted net profit was €107 million, 3% lower than in 2018.

Results of the chemicals business unit were affected by the deterioration of the international margins of certain chemicals, although the entry into force of IFRS 16 (+€26 million) offset this negative impact.

Sales reached 2,893 thousand tons and investment in this business unit amounted to €109 million, focused principally on the project to expand the capacity of the LAB plant in Puente Mayorga (Cadiz) and roll out technology improvements there.

Chemicals – Main Figures

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Operational Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
736	696	6%	Product sales in (kt)	2,893	2,934	(1%)
183	*142*	*28%*	*LAB /LABSA*	*680*	*598*	*14%*
411	*408*	*1%*	*Phenol / Acetone*	*1,638*	*1,724*	*(5%)*
142	*146*	*(2%)*	*Solvent*	*576*	*612*	*(6%)*

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018	Financial Figures	FY 2019	FY 2018	FY 2019 vs FY 2018
60	68	(11%)	Clean CCS EBITDA	246	243	1%
37	35	4%	Clean CCS Net Income	107	111	(3%)
56	29	92%	Investments	109	80	36%

Cash Flow Statements

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018		FY 2019	FY 2018	FY 2019 vs FY 2018
507	533	(5%)	Clean CCS EBITDA	2,058	1,762	17%
(137)	(188)	27%	Income Tax	(337)	(188)	(79%)
(57)	7	(889%)	Other adjustments to EBITDA	52	20	163%
313	352	(11%)	Clean CCS Cash Flow from operating activities before changes in working capital	1,773	1,593	11%
227	(165)	238%	Changes in working capital	306	(338)	191%
539	**188**	**187%**	**Cash Flow from Operations**	**2,079**	**1,256**	**66%**
(284)	(215)	(32%)	Organic investments	(1,002)	(745)	(34%)
-	-	-	Acquisitions / Disposals	-	(1,370)	100%
1	15	(94%)	Divestments	75	101	(25%)
(283)	**(200)**	**(41%)**	**Cash Flow from investment activities**	**(927)**	**(2,014)**	**54%**
256	**(12)**	**2192%**	**FCF before net debt expenses and dividends**	**1,152**	**(758)**	**252%**
(13)	(14)	8%	Interest paid	(102)	(92)	(11%)
(28)	-	(100%)	Operating leases (IFRS 16)	(142)	-	(100%)
(41)	**(14)**	**(199%)**	**Cash Flow from bank borrowings**	**(244)**	**(92)**	**(166%)**
216	**(26)**	**936%**	**Free cash flow before dividends**	**908**	**(850)**	**207%**
(355)	(190)	(87%)	Dividends	(532)	(351)	(52%)
(15)	(11)	(35%)	Minority dividends	(19)	(37)	49%
(154)	**(227)**	**32%**	**Net Free Cash Flow**	**357**	**(1,238)**	**129%**

Financial Debt

Millions of euros

	FY 2019	FY 2018
Non-current bank borrowings[1]	2,661	2,956
Current bank borrowings[1]	146	380
Bonds, obligations and similar issuances	500	-
Cash and cash equivalents	(561)	(247)
***Net Debt*[1]**	***2,746***	***3,089***
Equity	***5,301***	***5,542***
***IFRS Capital Employed (ND + E)*[1]**	***8,047***	***8,632***
Gearing Ratio (ND / (ND + E))[1]	**34.1%**	**35.8%**
ND / LTM EBITDA[1]	**1.4x**	**1.8x**

[1] Excluding IFRS 16 impact in FY 2019 figures. On January 1, 2019, IFRS 16 became into force, by which operating leases are capitalized in the Group's balance sheet. As of December 31, 2019, the impact of IFRS 16 in Cespa's books is an increase in financial debt of €761 M, and an increase in EBITDA of €144 M.

Main Indicators

Millions of euros

Q4 2019	Q4 2018	Q4 2019 vs Q4 2018		FY 2019	FY 2018	FY 2019 vs FY 2018
5,745	6,361	(10%)	Revenues	23,857	24,712	(3%)
507	**533**	**(5%)**	**Clean CCS EBITDA***	**2,058**	**1,762**	**17%**
252	*204*	*23%*	*Exploration and Production*	*963*	*649*	*48%*
86	*166*	*(48%)*	*Refining*	*433*	*578*	*(25%)*
121	*112*	*8%*	*Marketing*	*463*	*344*	*35%*
60	*68*	*(11%)*	*Chemicals*	*246*	*243*	*1%*
(12)	*(17)*	*30%*	*Corporation*	*(48)*	*(52)*	*(8%)*
186	**224**	**(17%)**	**Clean CCS Net Income**	**610**	**754**	**(19%)**
75	*41*	*83%*	*Exploration and Production*	*194*	*232*	*(17%)*
23	*95*	*(76%)*	*Refining*	*124*	*258*	*(52%)*
59	*65*	*(9%)*	*Marketing*	*221*	*189*	*17%*
37	*35*	*4%*	*Chemicals*	*107*	*111*	*(3%)*
(8)	*(13)*	*38%*	*Corporation*	*(35)*	*(37)*	*4%*
6	(28)	(121%)	CCS adjustment: Replacement cost valuation	(49)	99	(149%)
248	(26)	1069%	Non-recurring items	259	(23)	(1226%)
440	**170**	**159%**	**IFRS Net Income**	**820**	**830**	**(1%)**
8.9%	12.0%	(26%)	Clean CCS ROACE	8.9%	12.5%	(29%)
1.11	1.16	(5%)	€/$ Average exchange rate	1.12	1.18	(5%)
63.3	75.3	(16%)	Brent price average ($/b)	64.3	71.0	(9%)
4.6	6.4	(28%)	Refining margin VAR ($/b)	4.3	6.1	(29%)

* FY 2019 y Q4 2019 includes impact on EBITDA of IFRS 16, amounting to €144 M and €37M respectively.

Highlights of the 2019 financial year

- At the beginning of 2019, Cepsa signed a new agreement with Masdar, Abu Dhabi's Future Energy Company, with the aim of growing both companies' renewables portfolios, focusing on wind and photovoltaic solar technologies, in Spain and Portugal, where Cepsa plans to develop a capacity of 500-600 MW over the next five years. Accordingly, they have agreed to reconstitute the joint venture Cepsa Masdar Renovables, with each party holding a 50% stake.

- At the beginning of 2019, we started the oil production phase at our sites at SARB & Umm Lulu in Abu Dhabi, two of the 20 largest developing sites in the world. From that moment oil has been commercialized on a regular basis. The permanent surface installations of the Umm Lulu field are still under construction, which are expected to be completed in the coming months.

- In April, Cepsa earned "investment-grade" ratings from the three leading international credit rating agencies (S&P, Moody's and Fitch). In addition, in May, Cepsa successfully completed its first bond issue of €500 million.

- Mubadala and The Carlyle Group reached an agreement on the acquisition of a significant holding in Cepsa. Under this agreement, reached in April 2019, Carlyle acquired a holding of 37% in Cepsa, while Mubadala remains the majority shareholder. The transaction is based on a valuation of the company of $12 billion, and was completed October 15, 2019.

- As part of the previous transaction, Cepsa distributed its 42% stake of Medgaz, S.A. to Mubadala as a dividend in kind. Commercial operations have not been affected, as Cepsa maintains the annual transport right of 1.6bcm (billions of cubic meters of gas), 20% of the gas pipeline's capacity.

- In June, Cepsa and Redexis reached an agreement to create the largest network of vehicular natural gas (VNG) refueling stations in Spain in a bid to broaden the supply of energy solutions and champion sustainable mobility.

- In July 2019, the creation of the RKF Group between Sonatrach and Cepsa took place for the development and exploitation of the Rhourde el Krouf (RKF) site, which will allow a complete redevelopment of a mature field, after 19 years in operation. The objective is to significantly increase crude oil production and produce liquefied petroleum gas (LPG) for the first time. Throughout the year, the FEED (Front-end engineering design) has been carried out and the preparation work for the drilling campaign that will take place from 2020 has been completed.

- A number of key investment projects were undertaken in 2019 in the Refining segment, noteworthy being: the Aromax Revamp Phase II, aimed at increasing the feed flow rate and establishing the appropriate conditions for extending the minimum lifecycle of the catalyst; the Sphere Project at the La Rábida Refinery, providing greater storage capacity and new loading facilities for the spheres and delivering more operational flexibility to the business; and the Hydrocracker Revamp, enhancing the efficiency and lifecycle of the Hydrocracking Unit catalyst.

- In the third quarter of 2019, Cepsa has started trading operations in Singapore to increase its activity in Asia. The company is widening the scope of its Trading business with a new site in the largest financial hub in Asia, which it will use to access new markets and customers.

- Through Cepsa, IONITY opened its first ultra-fast recharge point in Spain. The facility, one of the fastest in Spain, is located in Pallejà (Barcelona) and has four recharge points with a capacity of up to 350 kW each. Cepsa supplies 100% renewable energy to these recharge points.

- In 2019, Cepsa has undertaken a project to begin equipping its Service Stations with solar panels in order to be self-sufficient in terms of electricity. In a pilot phase of the program, three service stations have been chosen, located in Marbella (Málaga), Arganda del Rey (Madrid) and Tenerife.

- Since the third quarter of 2019, Cepsa has marketed marine fuels and lubricants adapted to the IMO 2020 standard. To do so, the company has developed several high-quality products, designed at our Research Center and manufactured in our refineries.

Cepsa is a global energy and chemical company operating end-to-end in every stage of the oil and gas value chain. It also manufactures products from raw materials of plant origin and is active in the renewable energy sector.

It has 90 years of experience and a team of over 10,000 employees, who combine technical excellence with adaptability. It operates across all five continents through its business areas: Exploration and Production, Refining, Marketing and chemicals.

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