

Jan-Sept Period Results: €692 million

- **High refining margins, coupled with solid results in Chemicals and Marketing, help to push results 86% higher than same period a year ago**
- **Exploration and Production business reports noticeable improvement hitting over €100 million net profit following losses in same time period in 2016**

Cepsa reported an adjusted net profit in the first nine months of 2017 of €692 million, eliminating non-recurring items and calculating inventory changes at replacement cost (Clean CCS), 86% higher than the same period in 2016.

The cumulative net profit applying International Financial Reporting Standards (IFRS), calculating inventory changes at average unit cost, was €680 million, 49% higher than the first nine months of last year.

The results were bolstered by the strong performance from the Chemicals unit and Marketing, investment programs over recent years to improve efficiency and conversion rates at the refineries, and a reduction in the company's cost structure. These helped to improve productivity and results, despite a 9 month period of low crude oil prices and a progressively weakening dollar to the euro.

The pick-up in results and accompanying positive cash flow also helped to improve the company's liquidity and lower its net debt to €1.8 billion, or a net debt to EBITDA ratio of 1.

The Company also kept its focus on continuous improvement in safety, reducing its Lost Time Injury Frequency Rate by 11% in the period. Meanwhile, CO₂ emissions per ton produced fell by 3% compared with the first 9 months a year ago.

Results per business (millions of €)

	2017	2016	Δ %
Exploration and Production	106	(10)	n.a
Refining and Marketing	496	303	64%
Chemicals	86	77	12%
Gas and Power	30	31	-3%

Corporation	(26)	(28)	7%
Clean CCS Net Profit	692	373	86%
Inventory Value Adjustment	50	79	-37%
Non-recurring items	(62)	5	n.a
Net Profit (IFRS)	680	457	49%

Exploration and Production

Over the first nine months of the year Brent crude averaged \$51.9 a barrel compared with \$41.8 a barrel in the same period a year ago, an increase of 24%. This rise helped the Exploration and Production unit to achieve a net profit of over €100 million compared with losses recorded in the same period last year.

Crude production rose to 88,100 barrels a day, a 1% increase to 2016, and a total of 10.9 million barrels were sold in the first nine months.

Refining and Marketing

Results for the Refining and Marketing business increased by 64% to €496 million. Refining margins for products including chemicals were robust over the first nine months, with Cepsa's refining margin averaging \$7.8 a barrel compared with \$5.2 a barrel a year ago.

Over the January-September period the Company distilled 115.5 million barrels of crude with a high distillation utilization rate at the refineries of 90% and production of 16 million tons of petroleum derivative products.

Chemicals

The Chemicals business saw its net results after taxes rise to €86 million, 12% higher than a year ago, due to the strength of the LAB market (the raw material used to make biodegradable detergents) where the Company is world leader, the sales and margins of phenol and acetone (used to make next generation plastics), and a rise in solvents margins.

In September, Cepsa started up a new business line in the production of natural fatty alcohols following the inauguration of an oleochemicals plant in Dumai, Indonesia, used to manufacture personal care and cleaning products as well as cosmetics, serving

markets in Asia and Europe. The project was carried out in collaboration with partner Sinar Mas (the world's second largest producer of sustainable palm oil), and saw a combined investment of €300 million.

Gas and Power

The Gas and Power business reported a result of €30 million, 3% down on the same period in 2016. Over the time period, the Electricity business increased its sales and margins, while Gas was affected by over-supply in the natural gas market.

Cepsa is an energy group fully owned by the Mubadala Investment Company that employs close to 10,000 people and operates at every stage of the hydrocarbon value chain: exploration and production of oil and gas, refining, distribution and marketing of crude oil and natural gas derivatives, biofuels, co-generation and electricity sales.

Cepsa has developed an important chemicals division that is closely integrated with the refining business, and that produces and markets the raw materials for high value-added products, principally used to make next generation plastics and biodegradable detergents. Cepsa has a leading position in Spain and, through the progressive international expansion of its business, also operates in several continents and markets its products across the world.

Madrid, November 8, 2017

Cepsa – Communications

comunicacion@cepsa.com

Tel: (34) 91 337 62 02 / 60 00

www.cepsa.com