[JAIME CIFUENTES] Good morning, ladies and gentlemen, and welcome to CEPSA’s second quarter 2023 results presentation. Thanks for joining us today. This is Jaime Cifuentes, CEPSA’s Head of Investor Relations and Corporate Planning.

Before we start, please let me take a moment to remind you that financial information contained in this document is unaudited, and some figures are non-IFRS. This Webcast, including the Q&A session, may contain forward-looking statements. Such statements reflect the company’s estimates, intentions, and current expectations concerning, among other things, the company’s operations, results, financial condition, liquidity, growth, and strategy but do not guarantee future performance of the company.

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You can send us your questions through the “Ask a Question” tab located at the bottom of the screen at any time during the presentation. We will do our best to answer all of them at the end of the session.

Today’s conference call will be conducted by Carmen De Pablo, CEPSA’s Chief Financial Officer.

So, without any further delay, Carmen, the floor is yours.

[CARMEN DE PABLO] Thank you very much, Jaime. And good morning, ladies and gentlemen. I’m Carmen de Pablo, CEPSA’s CFO, and I welcome you all to CEPSA’s second quarter 2023 results presentation. I hope you’re all well. And thank you all for joining.

During today’s presentation, we will cover the following topics.

First, I’ll briefly introduce you to the main highlights of the quarter, including key milestones on the progress we have made on our strategy: Positive Motion. Second, I’ll go through the highlights of the first half of the year, including the operational and financial performance of the group, before making some closing remarks.

Now, moving on to slide six, please.

Let’s start by covering the key market variables that affect our business. Crude prices during the second quarter followed a largely flat trend from the previous quarter, averaging $78 per barrel as a result of persistent doubts on the global oil demand recovery. CEPSA’s refining margin averaged $7.6 per barrel during the quarter, with a slight decrease when compared to Q1 ‘23 as a consequence of lower cracks but is still well above historical average.

With regards to the euro-dollar exchange rate, the dollar followed its depreciation trend during the second quarter of this year, stabilizing at around $ 1.09.

And finally, Spanish fuel demand increased considerably when compared to Q1 2023, driven by a seasonality effect, especially during the last month of the quarter.

And if we move on to slide seven, we will review the key financial and operational KPIs of the quarter.

This quarter's results have been marked by a general decrease in key market variables with declining oil prices, continued high inflation, and lower refining margins, partially offset by a strong operational performance.

And now, in terms of financials, we register an EBITDA of € 186 million during the quarter. Let me highlight that these results do not include the contribution of Abu Dhabi assets, being this is the first period after divestment. Cash Flows From Operation before working capital stood at € 214 million, evidencing our ability to generate sound operating cash.

In terms of Leverage, we posted a Net Debt to EBITDA ratio of 1.4 times, impacted by the decrease in EBITDA following our UAE asset divestment, something we already anticipated in our previous call.

And in terms of liquidity, we ended the quarter at € 4.1 billion, which well covers our debt maturities until the end of 2027.

With regards to our operational performance, refining margins stood at $7.6 per barrel, still well above the historical average and above several of our peers.

Refining utilization rates averaged 91% above Q1 levels, due to the finalization of the scheduled maintenance turnarounds at both energy parks.

Commercial product sales reached 4.3 million tons, backed by higher Spanish fuel demand.

And finally, Working Interest production of our upstream business was at 32,000 barrels per day, reflecting the change of our perimeter. But with room for improvement as there has been some scheduled workovers in our Algerian facilities.

On the next slides, I will highlight some of our key strategic achievements, another busy quarter for us as we advanced and execute on our Positive Motion strategy.

Now, on slide eight. In June, we announced with the presence of the Kings of Spain and Holland, a collaboration agreement with Yara Clean Ammonia, a regional world leader in a green ammonia and Gasunie a leading gas transport and infrastructure company, which is connecting the port of Rotterdam with other European industrial clusters in Germany, the Netherlands, and Denmark. The corridor will help create a renewable energy supply chain to decarbonize industry and maritime transport, connecting the Andalusian Green Hydrogen Valley, led by us in Southern Spain with Rotterdam, which has some of the highest energy demand in Europe. As part of the Andalusian Green Hydrogen Valley, we plan to build a new green ammonia plant at our San Roque Energy Park in Algeciras, with an annual production capacity of up to 750,000 tons, which can prevent 3 million tons of CO2 emissions. The plant, due to be operational in 2027 , will be the largest in Europe and involves a € 1 billion investment and the creation of 3300 jobs including direct, indirect, and induced.

Let me highlight that the Green Hydrogen Valley, the largest green hydrogen project presented in Europe is on track. With an estimated gross investment of € 3 billion and the creation of 10,000 jobs and a production capacity of 300,000 tons of green hydrogen, which will aim to avoid emissions of 6 million tons of CO2. We're currently developing the basic engineering of the projects and the management of permits to start production in 2026 at our energy park in Huelva and in 2027 in Cádiz.

And now, moving on to a slide nine. During this quarter, we have also other meaningful advances in the implementation of our strategy. From July, we have started the sale of second-generation sustainable aviation fuel, SAF, at Spain's four main airports. We produce this biofuel at La Rábida Energy Park from organic waste and used cooking oil. A significant milestone as we aim to become the leading producer of SAF in Spain and Portugal by 2030, promoting the decarbonization of air transport.

CEPSA Química will build the world's first plant in Huelva for the sustainable production of isopropyl alcohol, IPA; a product used in hydroalcoholic gels as well as in other industries such as medical, pharmaceutical, electronic, or automotive industry.

In addition, we will be able to offer full sustainable IPA to our customers using renewable or circular raw materials. The new plant will be operational by 2025. CEPSA and Grupo Ibereólica also agreed to promote the development of new renewable energy projects of up to five gigawatts allowing us complementary access to renewable electricity at competitive prices.

And we have also formed a partnership with Volotea to propel sustainable aviation.

And on slide 10, please. Some more examples. In June, we announced an agreement between Maersk, RENFE, and CEPSA to carry out the first 2G biofuels tests in Spain rail transport. We will test renewable diesel as a solution for Maersk customer shipments and we will supply diesel produced from used cooking oil to RENFE to avoid more than 600 tons of greenhouse gas emissions.

On the digitalization front, we continue deploying industry 4.0 initiatives in our energy parks, by developing a private 5G network at our sites using applications based on IoT, the Internet of Things, artificial intelligence, and augmented reality to improve the efficiency, safety, and sustainability of our operations.

On the research and development front, we have partnered up with the Instituto Tecnológico de Canarias to develop biofuels from microalgae to generate raw materials that can be converted into biofuels and sustainable chemical products. This type of biofuel allows 90% reduction in CO2 emissions, when compared to traditional fuels from a renewable product that does not compete with water resources or food.

And last but not least, let me highlight, as already announced in April, that we created a joint venture with Bio-Oils to build the largest 2G biofuels plant in southern Europe. The new plant will secure most of its supply from organic waste through a global long-term agreement with Apical, a parent company of Bio-Oils in Huelva. The plant's capacity will feature flexible annual production of 500,000 tons of SAF and renewable diesel to further decarbonize aviation, maritime, and land transport. We expect to create approximately 2000 direct and indirect jobs during the construction and operation, and we expect to save 1.5 million tons of CO2 emissions per year, equivalent to 30% of the emissions in the province of Huelva.

And now , moving on to slide 11. Everything we have mentioned so far and the whole Positive Motion strategy is backed by recognized third parties. For instance, beginning with Moody's, we improved four points in their ESG assessment, reinforcing our position as top-three in our sector in Europe. We have achieved the highest category, Advanced Level, in terms of sustainability and [this] supports our performance and management capacity in environmental, social, and good governance aspects. Ecovadis, which specializes in evaluating the sustainability of companies, has also recognized us recently with a gold medal, placing us amongst the top three companies in our sector worldwide. And also recently, Sustainalytics has updated their rating, placing us again as number one amongst the sector globally. And this is the third year in a row. With S&P, we're also well positioned amongst [the] top 5% companies in our sector and the only in our sector to receive the Industry Mover award. And lastly, Clarity AI awarded CEPSA as top-rated oil and gas company globally.

And now moving into the next section, we will review the highlights for the first half of the year.

In terms of financial, we register a clean CCS EBITDA of € 742 million during the period, in line with expectations after the Abu Dhabi asset sale. Normalized cash flow from operations, without considering the extraordinary effect of the windfall tax, stood at € 580 million, above the figure of last year. During the semester, we already paid around € 164 million for the first installment of the windfall tax imposed on energy Spanish companies. CFFO stood at € 416 million, which is in line with that of the first half of last year. And as previously mentioned, we have a strong liquidity position at € 4.1 billion, which well covers our Debt Maturities until the end of 2027 without refinancing risks. And we have also achieved around 10% of debt reduction during the semester on the back of conservative financial policy as we work closely with our credit rating agencies.

With regards to our operational performance, refining margin stood at $9.2 per barrel. A healthy range for the Mediterranean refiners and refining utilization rate averaged 88% during the period. Working Interest production of our upstream business decreased to 52,000 barrels per day, reflecting the change in the perimeter and commercial product sales reach 8.4 million tons in line with historicals.

And now, moving on to slide 14 on business performance.

In the energy segment, EBITDA stood at € 326 million in the period. Refining margin is mentioned at $9.2 per barrel, above historical averages. And, it is worth highlighting, that [the] first half of 2022 margin was boosted by extraordinary market conditions and commercial products in line with H1 of 2022. Regarding chemicals, besides the global demand reduction due to the recession risks, high inflation, and increased interest rates, the business continued to perform above expectations, showing resilient results due to the enhanced margins on the back of reduced energy cost. This segment posted an EBITDA of € 123 million in the first half of the year. And on upstream, let me highlight that the change of perimeter following the Abu Dhabi asset sale during the second quarter naturally impacted the results and operations. As such, when comparing figures with the previous quarters, we see an already expected decline of both working interest, production, and sales. That being said, working interest production stood at 52,000 barrels per day and crude oil sales decreased to 5.9 million barrels. EBITDA for the upstream segment in the first half of the year stood at € 368 million. Just to remind you that the disposal entails a meaningful cash in and will also allow for the future capital reallocation to invest in the energy transition while maintaining some exposure to upstream business, allowing us to gain synergies and offset risks.

And now, moving on to the next slide, where we will review the financial performance of the group for the first half of the year.

We posted an EBITDA of € 742 million, which reflects the sale of Abu Dhabi assets and a Net Income at € 145 million. Cash Flow From Operations stood at € 580 million, when excluding the extraordinary impact of the windfall tax, that does not reflect the performance of the business, evidencing that the company maintains a solid asset base to generate cash and that the sold assets had an onerous tax regime and low cash conversion. Even when considered the windfall tax, CFFO would be in line with the first half of 2022.

I will elaborate on organic CAPEX in a couple of slides. But as you may see, we have increased investments meaningfully in order to boost the Positive Motion strategy. Net Debt stood at € 2.5 billion. And we had a strong liquidity position as a result of our conservative financial policy and the view of management and shareholders to comply with an investment credit profile. Natural increase in leverage ratio to 1.4 times by the end of June, is as a consequence of lower EBITDA contribution from UAE sale.

And now, moving on to slide 16, please.

Most of the variables of these slides we have already covered and commented. So, just to highlight that CEPSA kept posting Organic Free Cash Flow generation even above last year's figure. And CAPEX increased materially in the period as we kept delivering on our Positive Motion strategy, as we will see in the next slide.

CAPEX spent in the quarter stood at € 162 million. An increase of 25% compared to Q2 of 2022, with sustainable investments increasing by 138% versus the same period and representing a 44% of total CAPEX during the quarter. During the first half of the year, investments stood at € 276 million, an increase of 26% versus the same period of last year. And sustainable investments increased by 135% versus the first semester of last year. In the first half of this year, 39% of CAPEX was allocated to sustainable projects mainly in energy parks, in commercial and clean energy business. And as such, those related to co-processing and biofuels production, CO2-emissions reduction projects, hydrogen, and the development of renewable projects and EV-charging at our network of service stations.

And now to wrap up, let's move on to slide 19, please.

To summarize, solid EBITDA of € 742 million during the first half of the year, being marked by the change of perimeter following Abu Dhabi divestment. We continue to execute our Positive Motion of strategy with a significant increase in sustainable CAPEX. Investments for the period stood at € 276 million, of which 39% were devoted to sustainable projects. We remain strongly committed to the key objective of leading the energy transition by decarbonizing our own business while helping our clients do so as well. And as part of our ambition, we plan to build the largest green ammonia plant in Europe with a € 1 billion investment. And since July, we have initiated the sale of sustainable aviation fuel, SAF, at four of Spain's main airports. And also, as we already mentioned, we have created JV with Bio-Oils to build the largest second-generation biofuels plant in Southern Europe. And on the financial side, we reduced our Net Debt to € 2.5 billion during the period and our liquidity remained solid at € 4.1 billion, covering debt maturities until the end of 2027.

Now, as we look ahead, I'm confident that our Positive Motion journey we have embarked on will continue to deliver positive results for us and generate positive impact on our stakeholders, thanks to our 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 to lead the energy transition journey.

And with this, we conclude today's presentation. Thank you all for joining us and I will now hand it over to Jaime for the Q&A session.

[JAIME CIFUENTES] Thank you very much, Carmen. Just let me remind you all how you may direct us your questions. There is an "Ask a Question" tab located at the bottom part of your screens and you may type directly on that dialog box, your questions. We will now give some time for you to post your questions.

Thank you.

It seems we already have one question here. So, we might be dealing with it since we've got some other questions.

So, the first one is: "How is the overall increase of interest rates affecting CEPSA's cost of debt?"

[CARMEN DE PABLO] Okay. Thank you. Thank you for the question.

We do not have any material impact at this point as—basically, around three quarters of our debt is at fixed rate. And of course, as I mentioned earlier, we do not have any relevant maturities in the short term, for the time being. So, refinancing risk at a higher cost is really foreseen. But I think it's fair to say that we have a very attractive overall cost of debt, as a result of how we have locked in fixed rates for, you know, more than 75% of our outstanding debt.

[JAIME CIFUENTES] Thank you, Carmen. So, we do have another question here and this one is related to windfall tax. We already mentioned we've paid part of it this year.

"So, when will the second installment of the windfall tax be paid?"

[CARMEN DE PABLO] Okay. So, as you know, the windfall tax has two installments. One already is in our accounts and we paid € 164 million during the first quarter. There is now a second payment, installment, that we need to make that will be, roughly, another € 160 and that will be recorded during the third quarter of this year as the payment is due in September.

[JAIME CIFUENTES] Thank you, Carmen. There doesn't seem to be any further questions. So, I think we can now conclude this presentation. In any case, you have our investor relations email address where you can contact us any time for any questions you may have. Once again, thank you for your time and we wish you all a wonderful and safe summer break. Goodbye and take care. Thank you.