PRESS RELEASE

Cepsa reports Clean CCS EBITDA of €1.4bn in 2023 as it accelerates its transformation

- In 2023, Cepsa accelerated its ambitious Positive Motion strategy to transform from a traditional oil and gas company to become a European leader in the production of green molecules this decade with the sale of 50% of its Upstream portfolio, and posted a **Clean CCS EBITDA of €1,402m**

- **2023 CCS Net Income was €278m**, also reflecting the sale of the Company's Upstream assets in Abu Dhabi

- **Cepsa's cash flow from operations of €1,126m for 2023 showed the resilience of its cash generation** even with lower Upstream production and the impact of Spain's extraordinary tax on energy companies, as the Energy and Chemicals segments performed within expectations in the period

- **Cepsa's total tax contribution in the year reached €5,529m, of which 75% or €4,150m was paid in Spain**. In addition, during 2023, Cepsa paid the extraordinary tax based on 2022 revenues, of c.€323m

- **Cepsa ended the year with net debt of €2,291m, a meaningful reduction compared with 2022, on the back of a strong Free Cash Flow generation.** The Company retains a **significant liquidity position of €4,359m**, allowing sufficient headroom to fund its Positive Motion strategy and covering debt maturities until the end of 2028

- **Capex spend for 2023 was €732m**, **with sustainable capex accounting for almost 40% of the total** as the Company continued to deliver on its Positive Motion strategy

- In February 2024, a key Positive Motion milestone was reached when Cepsa **broke ground on the construction of the largest second-generation biofuels plant in southern Europe, kicking off the start of a new chapter** for the Company. The plant, due to begin production in 2026, will be built with joint venture partner Bio-Oils, entailing a total 1.2-billion-euro investment and the ability to flexibly produce 500,000 tons of sustainable aviation fuel and renewable diesel annually, helping to position Spain as a leading provider of decarbonization solutions for land, sea and air transport

- **Cepsa made significant progress on its ESG commitments,** already achieving half of its 2030 target to reduce Scope 1 and 2 emissions by 55%, exceeding its 2025 goal to reduce freshwater withdrawal by 20%, and approaching its 2025 target of 30% women in leadership positions

- **Cepsa received top ESG ratings in its sector from international agencies such as S&P Global, Moody's and Sustainalytics** in recognition of the Company's ESG commitments and achievements

Financial highlights

€1,402m
Clean CCS EBITDA

€278m
Clean CCS Net Income

€1,126m
Cash flow from Operations

€732m
Capital Expenditure

€4,150m
Taxes in Spain

Maarten Wetselaar, Cepsa CEO

"In 2023 we laid the groundwork for our Positive Motion strategy to become a leading European provider of sustainable energy and mobility solutions this decade. Our financial results over the year reflect the strategic repositioning of our global portfolio towards more sustainable areas with the sale of our Upstream portfolio in Abu Dhabi and were furthermore negatively impacted by the poorly designed Spanish extraordinary tax on energy companies. Nevertheless, Cepsa's robust financial framework provides a solid foundation to fund our transformation and continue building on the significant progress made to date.

We kicked off 2024 with the final investment decision and start of construction on our second-generation biofuels plant in Huelva as part of a joint venture with Bio-Oils. The plant, the largest of its kind in southern Europe, will facilitate the immediate decarbonization of heavy transport like aviation and forms an integral part of the green molecules projects that we are developing alongside partners within the Andalusian Green Hydrogen Valley. For our Hydrogen investments we will continue to work with the Spanish government to generate the regulatory clarity and allocation of subsidies that are crucial to unlocking the potential of Cepsa and Spain to lead this industry in Europe. I am confident that the strength of our company and our supportive shareholders, together with the right regulatory support, will unlock a new era of clean energy and high-quality employment for the benefit of all."

Positive Motion Strategy - Key Milestones

In 2023, Cepsa continued to progress with its Positive Motion strategy to become a leader in sustainable mobility, green hydrogen and second-generation biofuels in Spain and Portugal this decade, delivering a number of key milestones including:

Bio-Oils joint venture for second-generation biofuels plant	**New partnerships for the Andalusian Green Hydrogen Valley**	**Sale of Upstream assets in Abu Dhabi to Total Energies**	**Significant progress on ESG commitments**

A major 2023 milestone was the announcement of Cepsa's joint venture with Bio-Oils, a member of the Apical Group, to build a **second-generation biofuels plant** in Huelva, securing the majority of feedstock supply for the plant that will have the capacity to flexibly produce up to 500,000 tons of sustainable aviation fuel (SAF) and renewable diesel annually. In February 2024, the two companies broke ground on the facility, due to start up in 2026, entailing a total 1.2 billion euro investment and the creation of 2,000 direct and indirect jobs during construction and operation. The Company also started to sell SAF at five of Spain's main airports and continued signing new alliances with airlines such as Volotea, Wizz Air and Air Europa to promote SAF for the decarbonization of air travel.

Regarding the development of the **Andalusian Green Hydrogen Valley**, set to be the largest green hydrogen hub in Europe, Cepsa welcomed a number of new partners to this important project, including Fertiberia, Enagas and Alter Enersun. It also announced the Green Hydrogen Maritime Corridor and plans to develop the largest green ammonia plant in Europe in Cádiz in partnership with Yara Clean Ammonia and Gasunie. And in the presence of the Spanish prime minister at COP28 in Dubai, the Company announced plans to develop the largest green methanol plant in Europe in partnership with C2X, an independent company majority owned by A.P. Moller Holding with A.P. Moller – Maersk as minority participant.

In **sustainable mobility**, another cornerstone of the new Cepsa, the Company launched an end-to-end charging solution for electric vehicle users and continued progress on installing its ultra-fast charging stations. It also expanded its electric charging business for professional customers, providing access to an interoperable network of more than 5,000 charging stations.

And in **chemicals**, Cepsa announced the construction of the world's first plant for the sustainable production of isopropyl alcohol (IPA), a product used in hydroalcoholic gels as well as in other industries such as the medical-pharmaceutical, electronic and automotive industries, in Huelva.

The **divestment of the Company's Exploration & Production assets in Abu Dhabi** was another step towards fulfilling objectives of Positive Motion by enabling maximum value creation from the E&P

division while advancing in the Company's green transformation. The transaction rationalises Cepsa's upstream footprint, rebalancing the overall portfolio towards sustainable businesses.

Among other milestones this year, Cepsa **made significant progress on its ESG commitments,** including achieving a 28% reduction in Scope 1 and 2 and a 21% reduction of freshwater withdrawal, both vs. 2019 baseline, and reached 28.9% of women in leadership positions.

Cepsa's commitments and achievements led to top international ESG ratings by the main sustainability rating agencies. **S&P Global** identified Cepsa as a global leader in its sector in 2023, while **Moody's** placed it in the top three in the European energy sector. Meanwhile, both **Sustainalytics** and **Clarity AI** have named the Company as first in its sector globally.

Market Environment

Crude prices in 2023 averaged $82.6/bbl, 18% lower than 2022, with global crude markets reaching a more balanced equilibrium as Russian crude found new customers from outside of Europe following the EU import ban on its crude and products, and OPEC+ crude supply curbs acted to offset the impact of increased supply. Even though 2023 saw a much less volatile crude oil market compared to 2022 (which saw multi-year highs following the Ukraine crisis), 2023 was not without its own events. In early June, OPEC+ members announced an extension to its production cuts through to the end of 2024, further exacerbated by Saudi Arabia's voluntary 1 million barrels per day cut through to the end 2023. This led to a crude oil price high of $98/bbl towards the end of September 2023, coinciding with the Israel-Hamas conflict. Crude prices in Q4 2023 were 3% lower than the previous quarter (Q4'23 $84.0/bbl vs Q3'23 $86.8/bbl) as fears of wider conflict and supply shortages eased and concerns over global demand for oil took control. At the very end of the year Houthi attacks on shipping vessels in the Red Sea acted as another potential supply block to crude travelling to various global markets, causing crude prices to increase and close the trading year at $78/bbl.

Refining margins for the full year 2023 were an average of $10/bbl, a 4% increase from 2022 levels of $9.6/bbl. The stable year-on-year margin levels were as a result of the significantly less volatile crude markets seen in 2023 with refining margins initially increasing to near-record levels but later correcting downward due to slumping gasoline and fuel oil cracks. While the Ukraine crisis and ensuing sanctions disrupted global energy flows, creating volatility in crude oil prices and impacting refinery margins, economic concerns and inflation dampened overall fuel demand, particularly in developed economies. Cepsa's Q4'23 average refining margin was $7.5/bbl, a 48% decrease from Q3'23 levels (Q3'23 $14.3/bbl) mainly associated to dampened demand for products in Europe.

As was the case with crude oil prices, 2023 saw a significant softening in European gas prices with an average TTF price for the year of 40.7 €/MWh, over 66% below 2022 levels of €120.5MWh. 2023's softening prices were mainly attributed to the refilling of storage facilities before winter which played a crucial role in moderating price spikes later in the year. Policy measures also came into force as EU member states implemented various strategies to alleviate consumer and business burdens, such as windfall taxes, price caps and subsidies. 2023 also saw LNG imports into Europe dramatically increase to compensate for reduced Russian supplies. A partial balancing of global gas markets meant that prices for European natural gas averaged 40.6 €/MWh in Q4 2023 (an increase of 23% from Q3'23 average prices of 33.0 €/MWh).

Spanish fuel demand in 2023 remained flat vs 2022 levels, increasing less than 1%, as 2023 marked the first full year-on-year period following the removal of Covid-19 restrictions on transportation with volumes returning to normalized levels seen prior to the pandemic. Spanish pool prices for electricity decreased significantly in 2023 by 48% to 87.1 €/MWh (2022: 167.5 €/MWh) reflecting the significant drop in European gas prices seen year on year.

Results Breakdown FY 2023

Cepsa's three businesses performed resiliently in 2023 against a backdrop of crude and natural gas prices significantly lower than the previous year. Clean CCS EBITDA for 2023 was €1,402m following the Company's divestment of its Abu Dhabi Upstream assets as well as lower underlying commodity prices. CCS EBITDA in Q4'23 of €237m mainly due to the Energy business coming under pressure from significantly lower refining margins in the period. Cash conversion was relatively strong compared to the previous year with 2023 cash flow from operations of €1,126m (€1,549m in 2022) after the upstream asset divestment. Capex for 2023 remained broadly flat at €732m (€743m in 2022) with €289m spent on sustainable capex, an increase of over 56% from 2022 (€185m in 2022). Net debt for 2023 was €2,291m and liquidity stood at €4,359m at the end of the period, an 8% increase from 2022 (€4,023m in 2022). By division:

Energy. (Energy Parks, Commercial & Clean Energies, Mobility & New Commerce and Trading). CCS EBITDA for the business in 2023 of €830m was flat in comparison to 2022 (€828m in 2022) as refining margins of $10/bbl in 2023 were 4% above margins seen in the previous year ($9.6/bbl in 2022). Refining utilization remained high at 90% (92% in 2022) which helped maintain healthy earnings in the business. Commercial sales of 17.0 mton in 2023 were broadly flat compared to 2022 (17.7 mton in 2022). CCS EBITDA in Q4 of 2023 was significantly lower at €170m (Q3'23 of €335m) as refining margins were 48% lower quarter-on-quarter.

Chemicals. CCS EBITDA for the Chemicals division was €223m in 2023 (€382m in 2022) as sales across Cepsa's product range were lower, especially in the Phenol/Acetone segment with 2023 full year sales of 2,125 kton (2022 of 2,490 kton). The slowdown in the economy depressed demand and caused a decrease in prices that lowered overall spreads. However, since the second half of 2023, there has been a recovery in demand that has partially offset these effects. CCS EBITDA in Q4 2023 in the Chemicals division was broadly flat at €47m (Q3'23 €52m) with product sales in Q4 2023 of 570 kton, 5% higher than in Q3'23 (Q3'23 544 kton).

Upstream. CCS EBITDA in Cepsa's Upstream segment in 2023 was €493m (€1,868m in 2022) as the majority of period was affected by the divestment of a large percentage of its production through its Abu Dhabi sale. CCS EBITDA for Q4 2023 was €51m, 30% lower than Q3 2023 (Q3'23 of €73m) as realized crude oil prices were lower in the period. Cepsa realised crude oil price in 2023 of $80.7/bbl, 17% lower than in 2022 ($97.7/bbl in 2022) which also added to the lower earnings in the Upstream sector in the year. Natural gas sales increased by 8% in 2023 compared to 2022 as less volatile European gas prices lead to slightly improved volumes.

Other 2023 Highlights

During this financial year, Cepsa has continued to deliver on its 2030 Positive Motion strategy, through which it has committed to reduce its Scope 1 and 2 emissions by 55% and its carbon intensity index by 15-20% by 2030, representing some of the most ambitious targets in the sector.

Throughout 2023, Cepsa strengthened its **Biofuels portfolio** with multiple offtake agreements to supply 2G biofuels to maritime and aviation customers. Among its new SAF partnerships, it reached an alliance with Air Europa to supply 14.4 tons of SAF to the airline for one year to cover the first monthly Madrid-Havana flight. It also ran successful trials of second-generation biofuels on passenger ferries and freight trains, supplied 2G biofuels in the Port of Barcelona and started the supply of 100% renewable diesel (HVO) to professional customers. Cepsa also started its activity in the development of biomethane production from agricultural and livestock wastes, reaching an agreement with Kira Ventures to develop up to 15 biomethane plants in Spain over this decade.

Among other **Green Hydrogen** partnerships, Cepsa reached an agreement to supply green ammonia to ACE Terminal in the Port of Rotterdam for conversion into green hydrogen for multiple industries in northern Europe or direct use in shipping. It also signed an agreement with GETEC, one of Europe's leading energy service providers and contracting specialists for industry and the real estate sector with regional platforms in Germany, the BeNeLux, Switzerland and Italy, to supply green hydrogen and its derivatives for use by GETEC's industry clients.

In **New Mobility**, Cepsa launched an updated loyalty program for retail customers, Cepsa GOW, offering savings options for customers on their service station purchases as well as their day-to-day shopping, and equipped more than 500 of its service stations with photovoltaic panels supplying renewable energy. Cepsa also reached an agreement to acquire Ballenoil's service station network, comprising more than 220 low-cost establishments in Spain. The agreement, which is pending regulatory approval, will widen Cepsa's service station network to around 2,000 establishments and allow the Company to have a low-cost, sustainable segment alongside its premium network of multi-energy service stations with ultra convenience food and shopping options.

Regarding the supply of renewable power, Cepsa and Grupo Ibereólica Renovables signed an agreement that will enable Cepsa to support renewable electricity supply in the long term for its green hydrogen generation plants, located in the Company's Energy Parks in Andalusia, as well as for its network of service stations.

Among other developments, the EIB granted two loans to Cepsa, one for €150 million to foster electric mobility in Spain and Portugal, supporting the roll-out of a wide network of ultra-fast electric vehicle chargers across the Iberian Peninsula, and another for €80 million to support Cepsa's solar photovoltaic projects in Spain.

And in January 2024, Cepsa and ManpowerGroup released a landmark study, "Green Molecules: The Upcoming Revolution in the European Employment Market", which forecast that green hydrogen and biofuels could create 1.7 million jobs across Europe and boost GDP by 145 billion euros by 2040.

Market Indicators

Market Indicators	Q4'23	Q3'23	Q4'22	Variation vs. Q4'22	Variation vs. Q3'23	FY 2023	FY 2022	FY Variation
Dated Brent oil price ($/bbl)	84.0	86.8	88.7	(5)%	(3)%	82.6	101.2	(18)%
Refining margin ($/bbl)[1]	7.5	14.3	8.7	(14)%	(48)%	10.0	9.6	4%
Dutch TTF Natural gas price (€/MWh)	40.6	33.0	94.4	(57)%	23%	40.7	120.5	(66)%
Spanish pool price (€/MWh)	75.3	96.5	113.2	(33)%	(22)%	87.1	167.5	(48)%
Exchange average rate ($/€)	1.10	1.09	1.02	8%	1%	1.08	1.05	3%
Spanish fuel demand (m3)	10,101	10,515	10,139	(0)%	(4)%	39,878	39,542	1%

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

1. Cepsa Refining margin indicator has been amended to reflect corporate group allocations, including variable energy costs.

Operational KPIs

Operational Overview	Q4'23	Q3'23	Q4'22	Variation vs. Q4'22	Variation vs. Q3'23	FY 2023	FY 2022	FY Variation
Refining output (mton)	5.1	5.3	4.9	4%	(4)%	20.3	20.7	(2)%
Refining utilization (%)	91%	94%	86%	6%	(3)%	90%	92%	(2)%
Bios installed capacity (kt/y)	733	685	705	4%	7%	733	705	4%
Commercial product sales (mton)	4.2	4.5	4.5	(7)%	(6)%	17.0	17.7	(4)%
Electricity production (GWh)	478	797	539	(11)%	(40)%	2,385	2,896	(18)%
Natural gas sales (GWh)	7,084	7,736	7,487	(5)%	(8)%	27,520	25,468	8%
Chemical product sales (kton)	570	544	567	1%	5%	2,125	2,490	(15)%
Working interest crude production (kbopd)	32.1	32.8	81.8	(61)%	(2)%	42.1	82.8	(49)%
Realized crude price($/bbl)	79.6	83.1	92.7	(14)%	(4)%	80.9	99.5	(19)%
Crude oil sales (million bbl)	1.1	1.3	5.8	(82)%	(19)%	8.3	22.3	(63)%

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

Financial Summary

Financial Summary - € million (unless otherwise stated)	Q4'23	Q3'23	Q4'22	Variation vs. Q4'22	Variation vs. Q3'23	FY 2023	FY 2022	FY Variation
Energy	170	335	(53)	420%	(49)%	830	828	0%
Chemicals	47	52	70	(33)%	(9)%	223	382	(42)%
Upstream	51	73	471	(89)%	(30)%	493	1,868	(74)%
Corporation	(31)	(37)	(41)	(23)%	(17)%	(144)	(139)	4%
EBITDA[1]	**237**	**423**	**448**	**(47)%**	**(44)%**	**1,402**	**2,939**	**(52)%**
EBIT[1]	140	188	304	(54)%	(25)%	766	2,178	(65)%
Net Income[1]	26	107	256	(90)%	(76)%	278	790	(65)%
IFRS Net Income[2]	(117)	278	117	(200)%	(142)%	(233)	1,100	(121)%
Cash flow from operations before WC	**304**	**284**	**113**	**170%**	**7%**	**1,087**	**1,797**	**(39)%**
Cash flow from operations	**442**	**267**	**570**	**(22)%**	**66%**	**1,126**	**1,549**	**(27)%**
Accounting Capex	**(292)**	**(163)**	**(293)**	**(0)%**	**79%**	**(732)**	**(743)**	**(1)%**
Sustainable	(115)	(66)	(100)	15%	74%	(289)	(185)	56%
Growth / Discretionary	(39)	(28)	(63)	(38)%	38%	(128)	(226)	(43)%
Maintenance & HSE	(138)	(69)	(130)	6%	100%	(315)	(231)	36%
M&A	0	0	0	n.a	n.a	0	(101)	(100)%
Free Cash Flow[3]	**245**	**139**	**412**	**(40)%**	**(76)%**	**1,614**	**901**	**79%**
Free Cash Flow before WC movements[3]	**107**	**156**	**(45)**	**335%**	**(32)%**	**1,576**	**1,149**	**37%**
Net debt[4]	**2,291**	**2,488**	**2,756**	**(17)%**	**(8)%**	**2,291**	**2,756**	**(17)%**
Net debt to LTM EBITDA[4]	**1.9x**	**1.7x**	**1.0x**	**89%**	**8%**	**1.9x**	**1.0x**	**89%**
Liquidity[5]	**4,359**	**4,162**	**4,023**	**8%**	**5%**	**4,359**	**4,023**	**8%**

Note: Figures do not include Abu Dhabi assets from 15th March 2023 onwards.

1. On a Clean CCS basis (excluding the effect of extraordinary items and inventories)

2. IFRS Net Loss of €233m in FY'23, mainly due to changes in stock valuations and the impact of the extraordinary tax imposed on energy companies in Spain

3. Before financing activities.

4. Excluding IFRS16 liabilities.

5. Defined as cash on balance sheet and undrawn committed and uncommitted lines.

Cepsa is a leading international company committed to sustainable mobility and energy with a solid technical experience after more than 90 years of activity. The company also has a world-leading chemicals business with increasingly sustainable operations.

Under its Positive Motion strategic plan for 2030, Cepsa aims to be a leader in sustainable mobility, biofuels, and green hydrogen in Spain and Portugal, and to become a benchmark in the energy transition. The company places customers at the heart of its business and will work with them to help them achieve their decarbonization objectives.

ESG criteria inspire everything Cepsa does as it advances toward its net positive objective. Over the course of this decade, it will reduce Scope 1 and 2 CO2 emissions by 55% and the carbon intensity index of energy products sold by 15-20% versus 2019, with the goal of achieving net zero emissions by 2050.

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