

The CEPSA Group



Madrid, March 2000





TABLE OF CONTENTS

- **THE CEPSA GROUP**
- **MEDIUM-TERM TARGETS**
- **MEASURES**
 - **Exploration & Production**
 - **Refining**
 - **Marketing**
 - **Petrochemicals**
- **2000-2004 INVESTMENT PLAN**
- **FIGURES AT DECEMBER '99 AND OUTLOOK**
 - **Key figures**
 - **Outlook**
 - **Valuation**



THE CEPSA GROUP





Facilities

- 3 Refineries: 21 million MT/year capacity**
- 5 Cogeneration Plants: 240 Mw power**
- 3 Asphalt y 11 asphalt derivative plants**
- 5 Ship supply terminals**
- 6 Aircraft supply stations**
- 1,750 Service Stations and Gasoline Pumps**
- 7 Petrochemical Plants**
- 2 Base lubricant plants**
- 2 Lubricant packaging plants**

Marketing

1999 Sales: 24.5 million MT of oil products

25% Spanish market share for oil products

Leader in Spanish mainland, Strait of Gibraltar and Canary Islands in ship supplies

Leader in Canary Islands for aircraft supplies

**2 lubricant brands: CEPSA and ERTOIL
Leading brand for automotive lubricants**



THE CEPSA GROUP

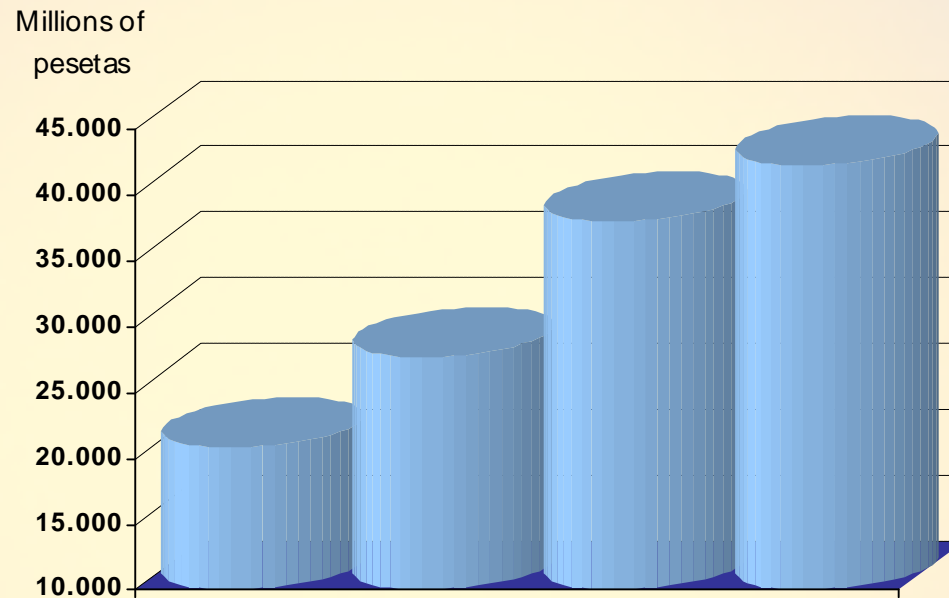
- **Strong position in downstream and refining in Spain and Portugal**
- **High level of integration between Refining and Petrochemicals**
- **One of the world leaders in several petrochemical derivatives (LAB, PTA, Phenol)**
- **Major upstream assets in Algeria. (Block 406A shared with SONATRACH)**
- **1999 Sales and Operating Revenues: 1,353,680 million pesetas**
- **1999 Workforce: 9,082 people**



THE CEPSA GROUP

Earnings Trends

Millions of pesetas	1996	1997	1998	1999	Var. 96/99
Net income	20,850	27,779	38,038	42,302	103%





MEDIUM-TERM TARGETS

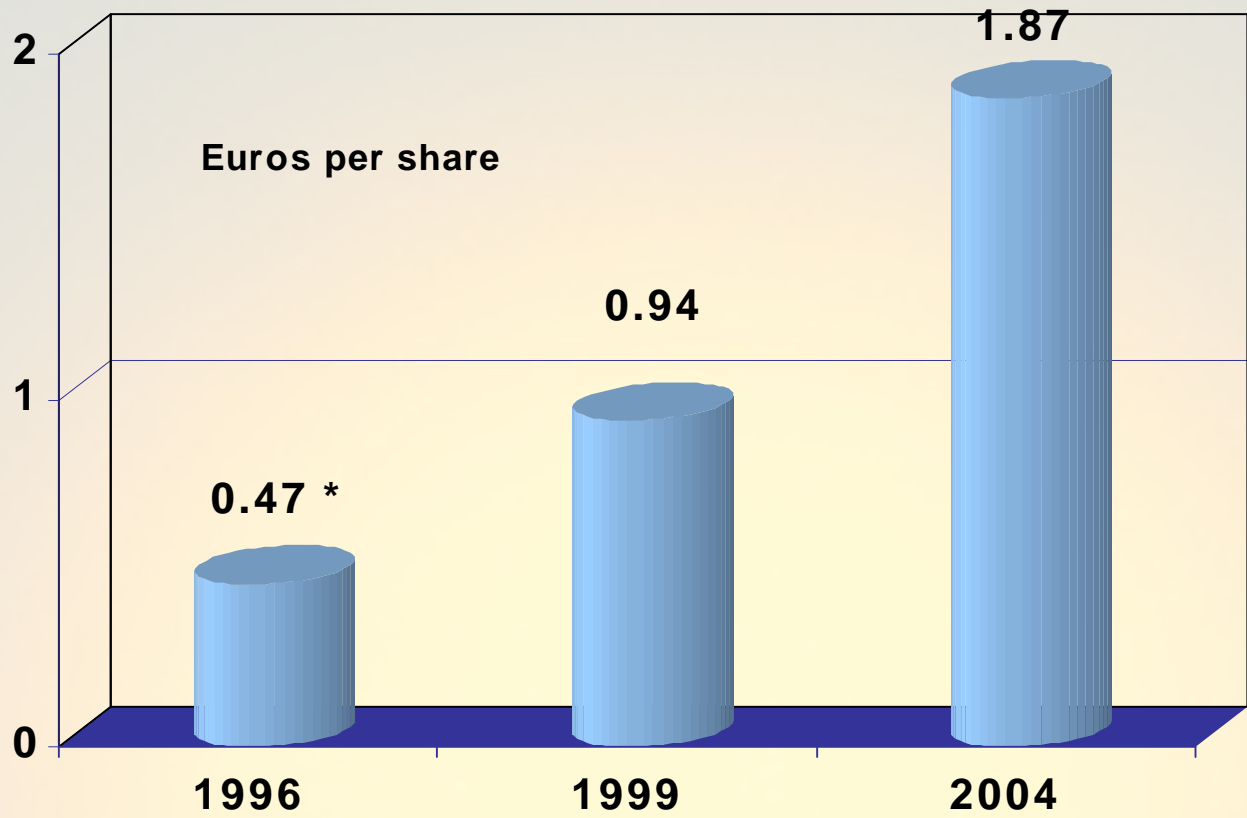




MEDIUM-TERM TARGETS



Double net earnings per share

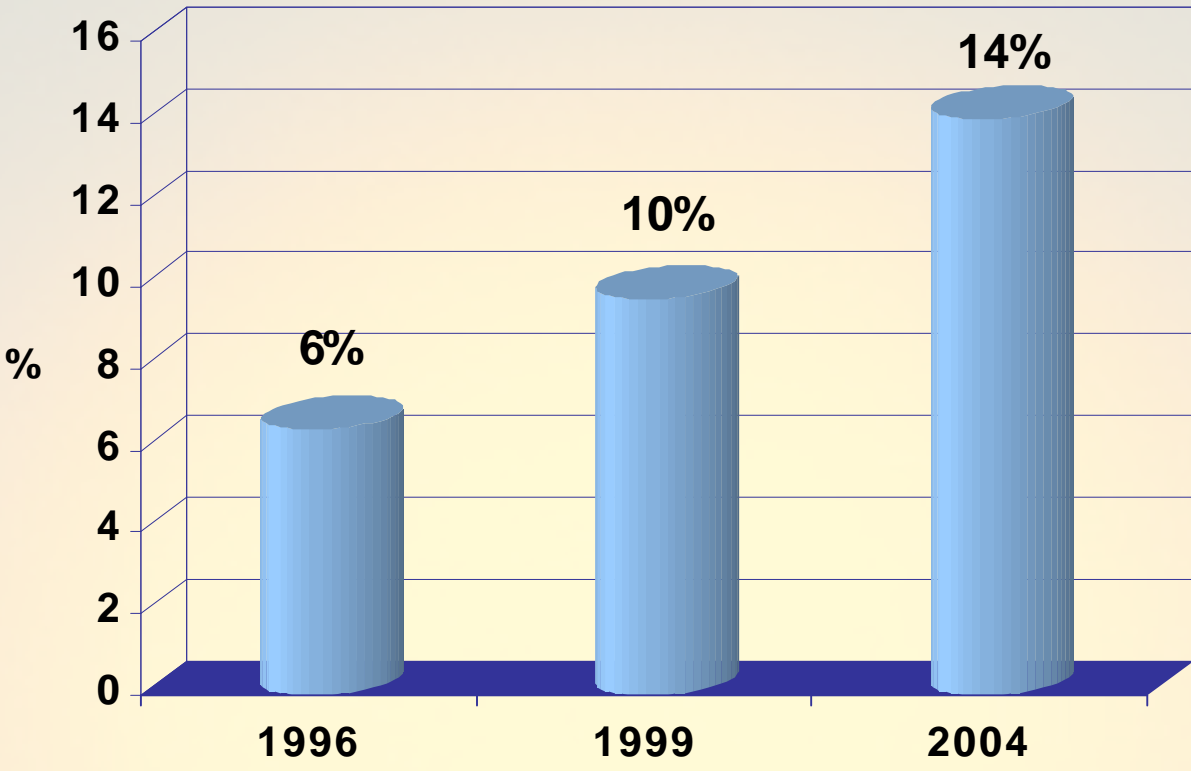


(*) Taking into account 267,574,941 shares as a result of the split carried out in July 1999



MEDIUM-TERM TARGETS

➔ Raise profitability as measured by ROCE after taxes

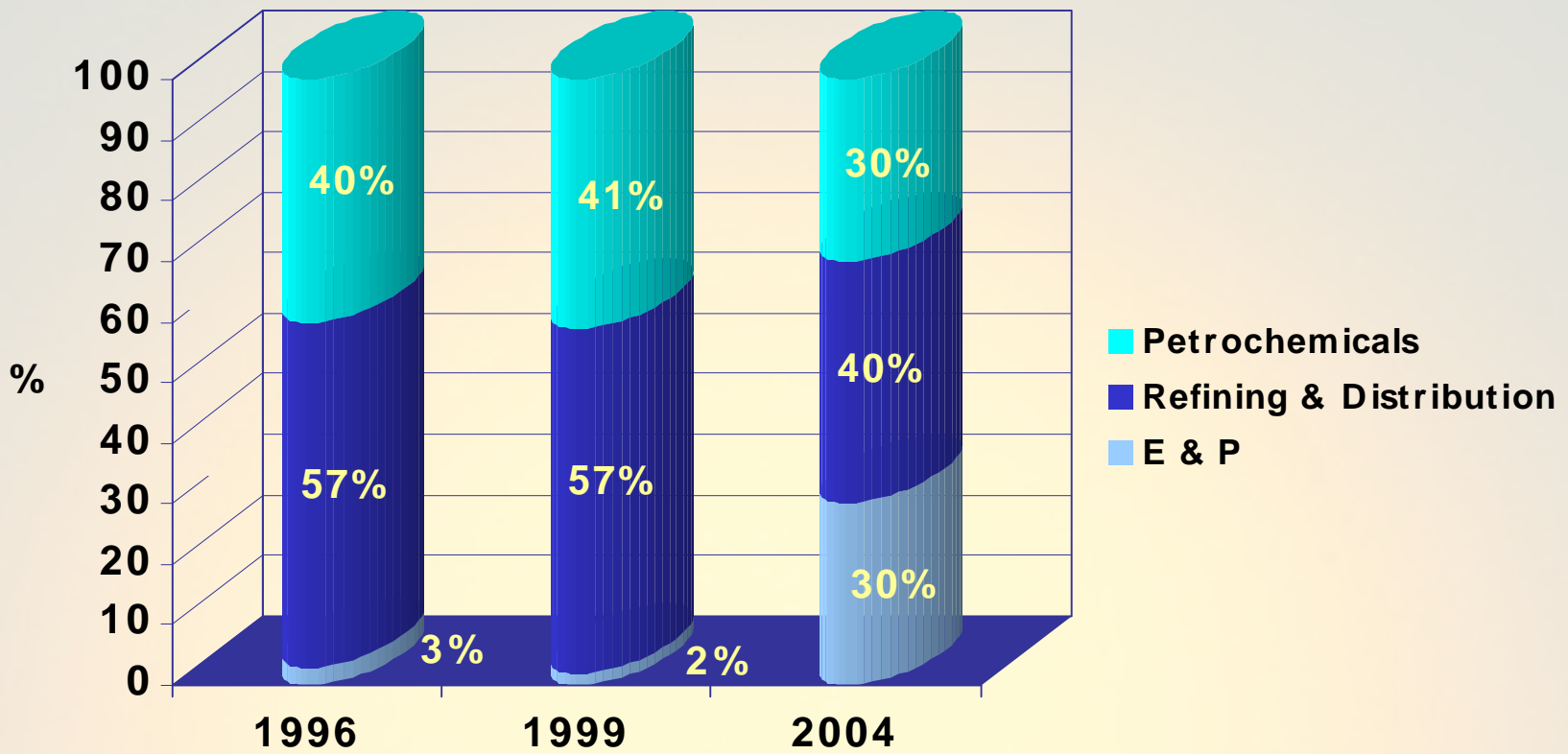




MEDIUM-TERM TARGETS



Achieve a more equitable balance in contributions to operating profit from the different business areas



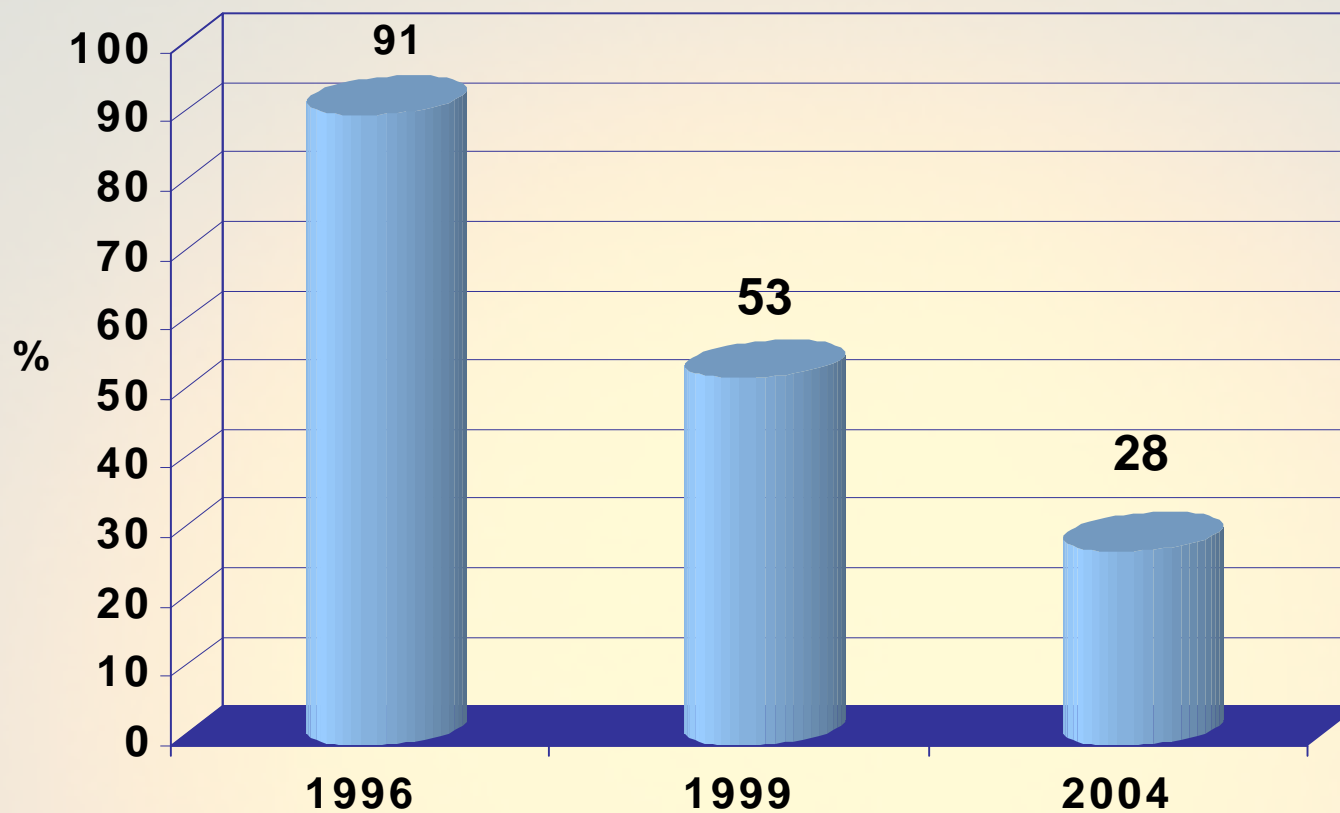


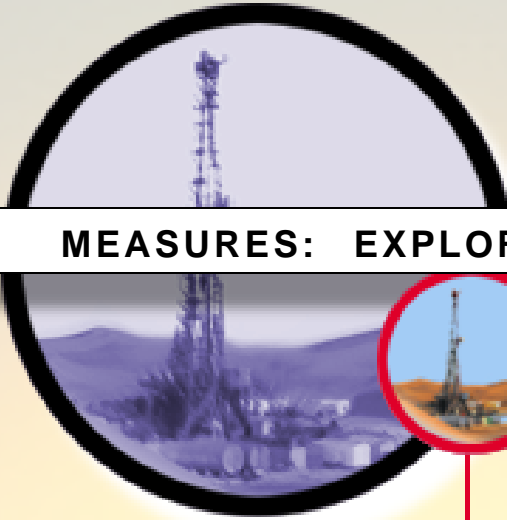
MEDIUM-TERM TARGETS



**Participate in new projects with high returns while
at the same time reducing debt**

Interest-bearing debt (includes internal provision for pension fund)/Shareholders' equity





MEASURES: EXPLORATION & PRODUCTION

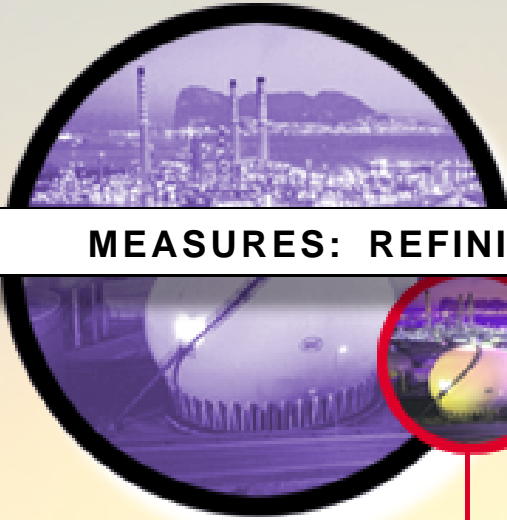




MEASURES: EXPLORATION & PRODUCTION

Bring major assets on stream

- **Boost output from RKF field in Algeria**
- **Start up production of OURHOUD field at the end of 2002**
 - **CEPSA stake: 39.8%**
 - **Recoverable reserves: 1.1 billion barrels**
- **Projects in actual negotiation:**
 - **CEPSA chosen for the Cheshmeh Khosh field in Iran (pending signature of contract)**
 - **Colombia**
 - **Guatemala**
- **Key E&P figures**
 - **E&P CAPEX in 2000-2004: 91,400 million pesetas**
 - **ROCE will come to 27.9% in 2004**
 - **Production about 80,000 b/d in 2003**



MEASURES: REFINING





MEASURES: REFINING

Raise added value of refineries (I)

- **Improve distillation efficiency**
 - Expand “Gibraltar” Refinery capacity up to 12 million tons per year
 - Revamp existing crude oil units
 - Invest in downstream units and infrastructures
 - Recovery of vacuum gas oil and n-paraffin
 - New alkylation plant

- **Align refineries to new specifications in Auto Oil 2005 Program**
 - 2000-2004 CAPEX: 20,000 million pesetas in three refineries



MEASURES: REFINING

Raise added value of refineries (II)

- **Boost synergies with petrochemicals**
 - Increase propylene production (“Gibraltar” and “La Rábida”)
 - Expand output of aromatics and intermediate products (“Gibraltar”)

- **Combined cycle power generation project in Algeciras with Unión Fenosa**
 - Capacity of up to 800 megawatts
 - Total estimated CAPEX: 50,000 million pesetas
 - Scheduled to come on line in 2002



MEASURES: MARKETING





MEASURES: MARKETING

Improve efficiency and increase hydrocarbon sales (I)

- **Retail network**
 - Take advantage of development of new roads and motorways to improve coverage and competitiveness
 - Strengthen non-oil activities: increase convenience stores by 50%
 - Raise number of company-owned, company/dealer-operated sites up to 80% of the network

- **Wholesale**
 - Complete the network of local subsidiaries to have nationwide coverage in all markets, channels and customers

- **Reduce fixed and logistical costs in Asphalt and Lubricant markets**



MEASURES: MARKETING

Improve efficiency and increase hydrocarbon sales (II)

- **Sales growth in international markets**
 - **Portugal: attain 10% market share, develop retail and wholesale network and start up bunker and aviation supply activities**
 - **Morocco: develop our own commercial structure and begin bunker and aviation supply activities**
 - **Panama: develop bunker business**

- **Expand marketing of new butane cylinder and development of piped propane sales and gas supplies to towns**
 - **Direct sales of over 50% of LPG output**



MEASURES: REFINING & MARKETING

- **Key Refining & Marketing Figures**

- **2000-2004 CAPEX in Refining & Marketing: 236,500 million pesetas**

- **ROCE will come to 10% in 2004**



MEASURES: PETROCHEMICALS





MEASURES: PETROCHEMICALS

International development of petrochemicals business (I)

- **Consolidate the international scope of production of biodegradable detergent feedstock (LAB)**
 - Acquisition of a 72% in the Brazilian company DETEN, S.A.: additional capacity of 170.000 Mt/year
 - Construction of a new n-paraffin plant in Spain to meet increase in consumption in Algeciras, Canada and Latin America

- **Globalize production of polyester feedstock (PTA)**
 - Construction of a plant in Montreal (Canada) with a 51% interest, alongside SGF



MEASURES: PETROCHEMICALS

International development of petrochemicals business (II)

- **Maximize phenol and acetone capacity potential in ERTISA**
- **Tight integration between Basic and Derivative Petrochemicals**
 - **Benzene: PETRESA and ERTISA**
 - **P-xylene: INTERQUISA**
- **Key Petrochemical Figures**
 - **2000-2004 CAPEX: 67,400 million pesetas (including basic petrochemical)**
 - **ROCE will come to 20.3% in 2004**



2000-2004 INVESTMENT PLAN





2000-2004 INVESTMENT PLAN

Million Ptas.	2000-2004
E & P	91,400
Refining and Marketing	236,500
Basic & Derivative Petrochemicals	67,400
Corporate and Others*	21,400
➤ Total	416,700
➤ 2000-2004 Operating cash flow	513,300
➤ Free cash flow before distribution	96,600

* including natural gas



1999 FIGURES AND OUTLOOK





1999 FIGURES AND OUTLOOK

Key Figures: 1999-1998

Million ptas.	1999	1998	%Variation
➤ Operating Results	65,346	72,330	-10%
➤ Oil	42,312	51,743	
➤ Petrochemicals	23,034	20,587	
➤ Operating Income	61,211	59,979	2%
➤ Oil	38,974	41,117	
➤ Petrochemicals	22,237	18,862	
➤ Income before Taxes	60,339	51,472	17%
➤ Oil	36,393	30,030	
➤ Petrochemicals	23,946	21,442	
➤ Corporate Income Tax	-17,857	-13,058	
➤ Minoritary Interest	-259	-376	
➤ Net Income	42,302	38,038	11.2%



1999 FIGURES AND OUTLOOK

Outlook: Targets in 2000-2004 Business Plan

Billion pesetas	1999	2004 Target
➤ Net fixed assets	420.2	580.9
➤ Working capital	119.2	74.7
➤ Long-term provisions	(49.4)	(24.5)
➤ Total Capital Employed	490.0	631.1
➤ Shareholders' equity	288.4	492.6
➤ Borrowed funds	202.1	138.5



1999 FIGURES AND OUTLOOK

Outlook: Valuation

(Euros)	1999	2004
➤ EBITDA/share	2.13	4.12
➤ Net earnings/share	0.94	1.87
➤ ROCE after taxes	10%	14%
➤ ROE	14.4%	17.0%