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July 29, 2016

Results
Second quarter 2016

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2Q16 highlights

- 2Q16 Ebitda of €337 m, down 25% YoY, given lower oil prices and refining margins
- Strong execution of key upstream assets, with six units already producing in Brazil
- WI production of 54.7 kboepd, down 3% QoQ, impacted by maintenance in Brazil during April
- Increase in raw materials processed QoQ, after maintenance in hydrocracker in 1Q16
- G&P contribution benefitting from sourcing optimisation
- Regulated gas infrastructure partnership with Marubeni/Toho Gas

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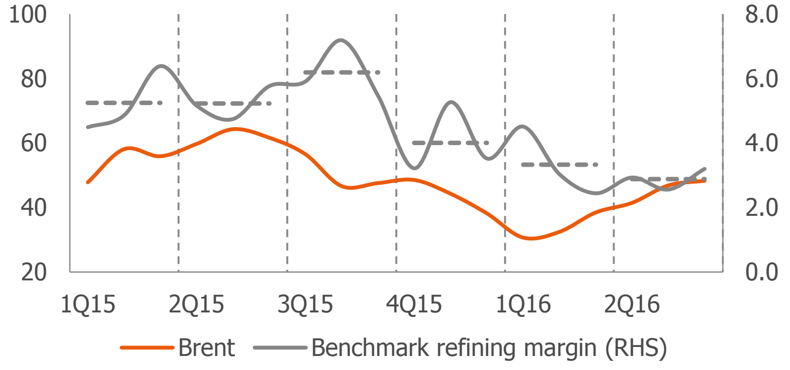
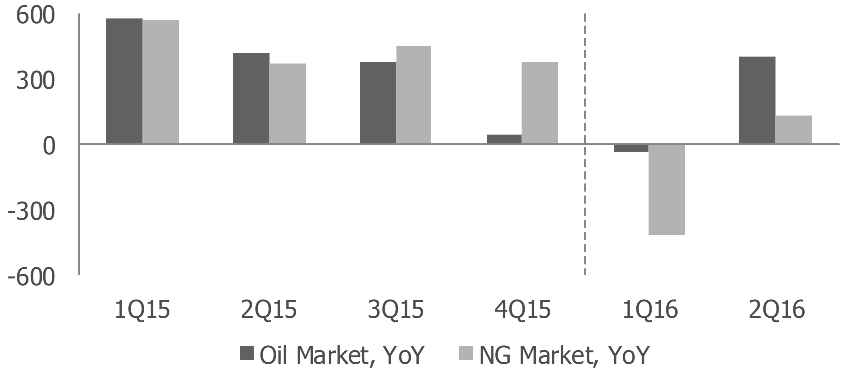
2Q16: High inventories cap crude price increase

Brent price vs. Refining margin ($/bbl)



Iberian market evolution (kton, mm^3)



- Significant capacity outage sustained an $11.6/bbl QoQ Brent increase
- Refining margins showed a slight QoQ decrease, with main products under pressure due to high inventories

- Iberian oil market increased 3% YoY, supported by high demand for middle distillates
- A cooler season across Iberia had a positive impact on gas demand

Source: Platts, APETRO, CORES, REN, Enagás.

Brazil: Strong execution in Lula/Iracema

FPSO #1 Angra dos Reis – Lula Pilot

100 kbopd

- Turnaround maintenance in April
- Steady production at plateau during the remainder of the quarter

FPSO #2 Paraty - Lula NE

120 kbopd

- Topside maintenance in April
- Unit returned to plateau

FPSO #3 Mangaratiba – Iracema South

150 kbopd

- Steady production
- Connection to gas export network expected in Q4 to provide additional flexibility

FPSO #4 Itaguaí – Iracema North

150 kbopd

- Five producers connected
- Production still constrained by gas export availability, with connection expected during Q3

FPSO #5 Maricá – Lula Alto

150 kbopd

- FPSO ramp-up ahead of plan
- Three producers and two injectors connected

FPSO #6 Saquarema – Lula Central

150 kbopd

- **Start-up on July 8**
- Production of c.30 kbopd from one well

Africa: Development activities under progress

Mozambique: area 4

- Focus on improving FLNG solution in Coral
- Analysing EPC proposals for the first stage of development of Mamba onshore

Angola: blocks 14/14k and block 32

- Block 14/14k: 2Q16 production slightly impacted by shutdown of TL platform for rig demobilisation
- Block 32: ongoing drilling campaign in Kaombo and FPSO and subsea construction underway

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Downstream and gas: Consistent delivery

Refining & Marketing

- Planned maintenance in some units during Q2
- Realised margin continuing to benefit from arbitrage opportunities, namely gasoline exports to the U.S.
- Optimising marketing activities in Iberia

Gas & Power

- Natural gas activity positively impacted by sourcing optimisation
- Power benefitting from increased electricity sales to the grid

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Ring fencing regulated gas infrastructure business

Transaction structure

Values @ June 30, 2016

Galp Energia, SGPS, SA

Total Assets: **€13.0 bn**

Net Debt: **€2.5 bn**

(GGND fully consolidated)

Galp Energia, SGPS, SA

Total Assets: **€11.7 bn**

Net Debt: **€1.8 bn**

Shareholder loans €568 m → **€0 m**

Equity 100% → **77.5%**

Galp Gás Natural Distribuição
(GGND)

Total Assets: **€1.3 bn**

Net Debt[1]: **€0.6 bn**

Highlights

- Marubeni led consortium with Toho Gas to acquire a stake of 22.5% in GGND
- Shared governance leading to accounting deconsolidation
- €138 m equity transaction, implying c.€1.3 bn EV, a 27% premium over RAB and 11.5x Ebitda 2016E multiple
- GGND to raise own funding to repay existing shareholder loans.
- Total cash proceeds of c.€700 m to Galp at completion

About GGND

- Holding of nine local distribution concessionaries
- €1.05 bn Regulated Asset Base, with RoR of 6.2% for the period Jul'16 - Jul'17

[1] GGND will raise stand-alone funding to reimburse existing shareholder loans of €568 m.

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Q2 Ebitda of €337 m, down 25% YoY

Profit & Loss RCA (€m)

	1Q16	2Q15	2Q16	QoQ	YoY	1H16	YoY
Turnover	**2,829**	**4,247**	**3,267**	*+15%*	*(23%)*	**6,095**	*(25%)*
Ebitda	**293**	**447**	**337**	*+15%*	*(25%)*	**631**	*(23%)*
E&P	*48*	*119*	*86*	*+79%*	*(27%)*	*135*	*(37%)*
R&M	*148*	*230*	*143*	*(3%)*	*(38%)*	*291*	*(22%)*
G&P	*90*	*89*	*97*	*+9%*	*+10%*	*187*	*(15%)*
Ebit	**137**	**304**	**185**	*+35%*	*(39%)*	**323**	*(39%)*
Associates	**21**	**17**	**24**	*+14%*	*+42%*	**45**	*+5%*
Financial results	**3**	**(10)**	**15**	*n.m.*	*n.m.*	**18**	*n.m.*
Taxes[1]	**(39)**	**(107)**	**(79)**	*+100%*	*(26%)*	**(118)**	*(34%)*
Non-controlling interests	**(9)**	**(15)**	**(12)**	*+41%*	*(16%)*	**(21)**	*(19%)*
Net Income	**114**	**189**	**133**	*+17%*	*(29%)*	**247**	*(20%)*
Net Income (IFRS)	**(58)**	**110**	**66**	*n.m.*	*(40%)*	**8**	*(89%)*

- E&P results impacted by oil price decline despite production growth YoY
- R&M down given lower refining margins
- G&P benefitted from natural gas sourcing effect
- Positive financial results driven by gains in mark-to-market of refining hedges
- RCA net income down 29% to €133 m in Q2, with IFRS net income of €66 m, impacted by non-recurring items of -€98 m and positive inventory effect of €31 m

[1] Includes the Special Participation tax payable in Brazil and IRP payable in Angola.
Notes:
Effective on 1 January 2016, exchange rate differences from operating activities are allocated to operating results. Until the end of 2015, these exchange rate differences were accounted for under financial results.
The accounting method for taxes on the energy sector in Iberia has changed and the annual cost is now mostly accounted for in Q1.
Both of these changes were applied to 2015 in order to make periods comparable. Please see additional detail on section 10. of the quarterly report.

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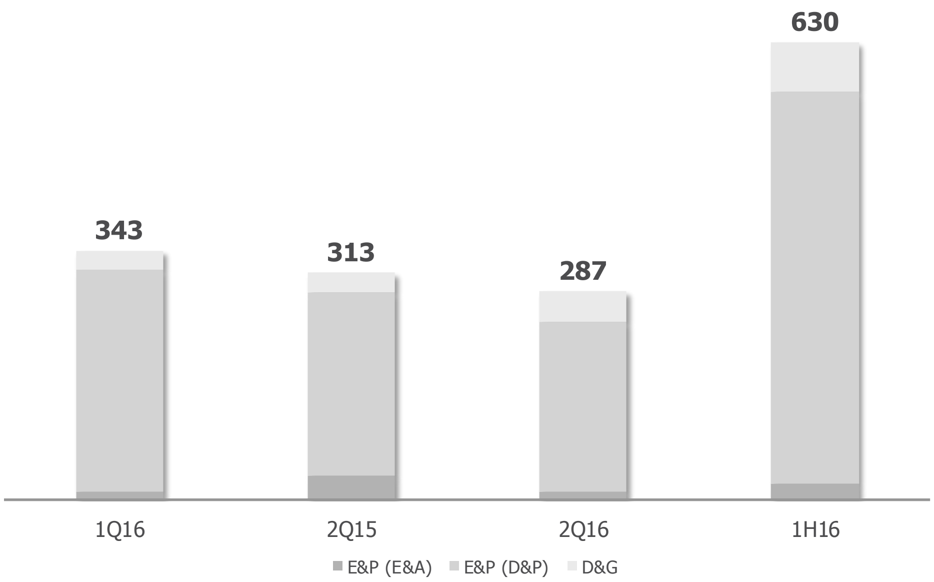
Group capex of €287 m in 2Q16

Capital Expenditure (€m)

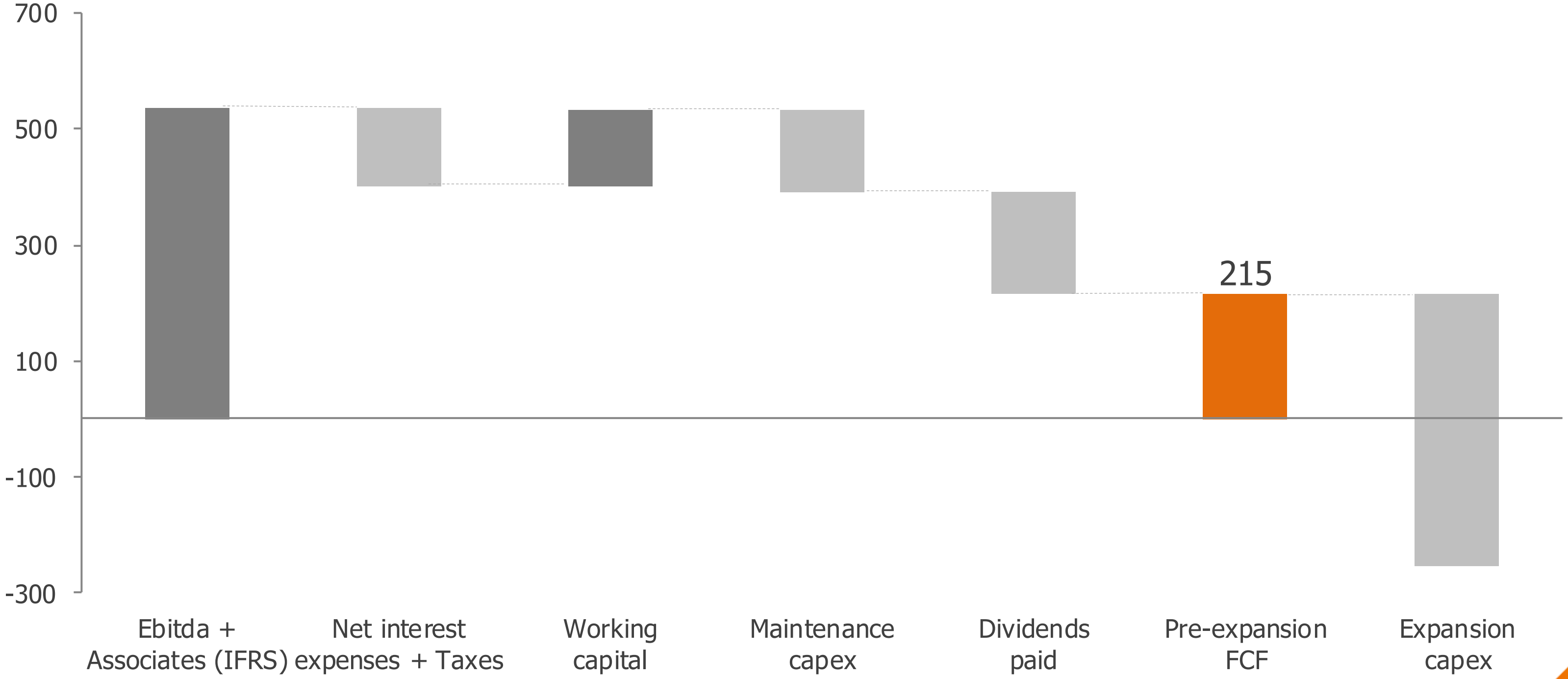


- 85% of overall investment allocated to E&P, of which 95% to development activities
- Downstream and gas capex of c.€42 m, up €15 m, impacted by planned refining maintenance
- 2016 capex guidance maintained at €1.1 - €1.3 bn, of which €630 m during 1H16

Notes:
E&A: Exploration & Appraisal.
D&P: Development & Production.
D&G: Downstream & Gas.

Pre-expansion FCF of €215 m during 1H16

(€m)



Maintaining a robust financial position

Balance Sheet (€m)[1]

	Dec.2015	Mar.2016	*Jun.2016 (prior to GGND reclassification)* [2]	Jun.2016	*Jun-Dec*	*Jun-Mar*
Net fixed assets	7,892	8,077	*8,439*	7,304	*(588)*	*(773)*
Work in progress	*2,077*	*2,133*	*2,347*	*2,347*	*+270*	*+214*
Working capital	510	369	*377*	365	*(145)*	*(4)*
Loan to Sinopec	723	627	*576*	576	*(147)*	*(50)*
Other assets (liabilities)	(515)	(573)	*(624)*	(335)	*+180*	*+238*
Non-current assets/liabilities held for sale			-	842	*+842*	*+842*
Capital employed	**8,610**	**8,499**	***8,768***	**8,752**	*+142*	*+253*
Net debt[3]	2,422	2,467	*2,483*	2,467	*+45*	*(0)*
Equity	6,188	6,032	*6,285*	6,285	*+97*	*+253*
Net Debt + Equity	**8,610**	**8,499**	***8,768***	**8,752**	*+142*	*+253*

- Net fixed assets of €8.4 bn, or €7.3 bn considering infrastructure assets accounted as held for sale
- Net debt of €1.9 bn considering loan to Sinopec as cash and equivalents, with implicit net debt to Ebitda of 1.6x[4]

[1] IFRS figures.
[2] Figures do not consider non-current assets/liabilities held for sale, in order to make previous periods comparable.
[3] Not considering loan to Sinopec as cash. Net debt as at 30 June 2016 excludes net bank debt of GGND (€16 m), which is considered under non-current assets/liabilities held for sale.
[4] Ratio considers net debt including the €576 m loan to Sinopec as cash, plus €169 m corresponding to Sinopec MLT Shareholder Loan to Petrogal Brasil and LTM Ebitda RCA of €1,323 m.

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Execution Update

Financial Overview

Appendix

E&P: Net entitlement production up 28% YoY

Main E&P data

		1Q16	2Q15	2Q16	QoQ	YoY	1H16	YoY
Working interest production[1]	kboepd	**56.3**	**43.8**	**54.7**	*(3%)*	*+25%*	**55.5**	*+30%*
Oil production	kbopd	52.9	40.5	51.7	*(2%)*	*+28%*	52.3	*+33%*
Net entitlement production[1]	kboepd	**53.7**	**40.9**	**52.2**	*(3%)*	*+28%*	**53.0**	*+33%*
Angola	kbopd	7.9	7.4	7.1	*(10%)*	*(3%)*	7.5	*(1%)*
Brazil	kboepd	45.8	33.5	45.0	*(2%)*	*+34%*	45.4	*+41%*
Realised sale price[2]	USD/boe	**26.2**	**53.0**	**38.3**	*+46%*	*(28%)*	**32.1**	*(38%)*
Production cost	USD/boe	8.9	7.6	9.8	*+10%*	*+29%*	9.3	*(3%)*
DD&A[3]	USD/boe	15.8	18.8	14.8	*(6%)*	*(21%)*	15.4	*(13%)*
Ebitda RCA	€ m	**48**	**119**	**86**	*+79%*	*(27%)*	**135**	*(37%)*
Ebit RCA	€ m	**(22)**	**56**	**24**	*n.m.*	*(57%)*	**2**	*(98%)*
Net Income from E&P Associates	€ m	**3**	**1**	**8**	*n.m.*	*n.m.*	**11**	*+21%*
CAPEX	€ m	**316**	**285**	**245**	*(23%)*	*(14%)*	**561**	*+0%*

- Brazilian production increased YoY, impacted by the start-up of FPSO #4 and FPSO #5
- Production cost up YoY, driven by higher cost base, with two new units, and lower dilution effect
- Ebitda decreased 27% YoY as production growth did not offset decline in oil prices

Note: Unit figures based on net entitlement production.
[1] Includes natural gas exported, excludes natural gas used or reinjected.
[2] Galp average oil and gas realised sale price, including change in production effects.
[3] Includes abandonment provisions.

R&M: Ebitda down YoY driven by lower refining contribution

Main R&M data

		1Q16	2Q15	2Q16	QoQ	YoY	1H16	YoY
Galp refining margin	USD/boe	**4.1**	**7.3**	**4.6**	*+12%*	*(37%)*	**4.3**	*(35%)*
Refining cash cost[1]	USD/boe	2.0	1.4	1.7	*(12%)*	*+25%*	1.8	*+17%*
Impact of refining margin hedging[2]	USD/boe	0.1	(1.1)	(0.0)	*n.m.*	*+98%*	0.1	*n.m.*
Raw materials processed	kboe	**25.2**	**29.8**	**26.3**	*+5%*	*(12%)*	**51.5**	*(8%)*
Total refined product sales	mton	**4.2**	**4.7**	**4.6**	*+9%*	*(4%)*	**8.7**	*(4%)*
Sales to direct clients	mton	2.1	2.3	2.3	*+5%*	*(2%)*	4.4	*(3%)*
Ebitda RCA	€ m	**148**	**230**	**143**	*(3%)*	*(38%)*	**291**	*(22%)*
Ebit RCA	€ m	**78**	**167**	**71**	*(9%)*	*(58%)*	**149**	*(36%)*
Net Income from R&M Associates	€ m	**1**	**(1)**	**(0)**	*n.m.*	*+75%*	**0**	*n.m.*
CAPEX	€ m	**23**	**21**	**35**	*+51%*	*+67%*	**59**	*n.m.*

- Refining margin of $4.6/boe given lower margins on the international market
- Sales to direct clients slightly lower YoY due to client portfolio optimisation
- Hedging of refining margins with neutral impact in Ebitda, compared to €30 m loss in 2Q15

Note: Unit figures based on total raw materials processed.
[1] Excluding impact of refining margin hedging operations.
[2] Impact on Ebitda.

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G&P: Ebitda up YoY driven by positive sourcing optimisation

Main G&P data

		1Q16	2Q15	2Q16	QoQ	YoY	1H16	YoY
NG supply total sales volumes	mm^3	**1,860**	**1,869**	**1,593**	*(14%)*	*(15%)*	**3,454**	*(15%)*
Sales to direct clients	mm^3	901	919	882	*(2%)*	*(4%)*	1,782	*(7%)*
Trading	mm^3	960	951	712	*(26%)*	*(25%)*	1,672	*(22%)*
Ebitda RCA	€ m	**90**	**89**	**97**	*+9%*	*+10%*	**187**	*(15%)*
Ebit RCA	€ m	**75**	**73**	**81**	*+8%*	*+11%*	**156**	*(16%)*
Net Income from G&P Associates	€ m	**18**	**17**	**17**	*(5%)*	*+0%*	**34**	*+0%*
CAPEX	€ m	**3**	**5**	**7**	*n.m.*	*+19%*	**9**	*+9%*

- NG volumes down YoY, reflecting decrease in trading volumes sold
- Sales to direct clients down 4%, due to lower sales to the electrical segment as hydro power generation increased in Iberia
- Stable regulated infrastructure and higher power contribution

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