energy creates energy

galp

Results
First quarter 2017

May 2, 2017

Cautionary Statement

By attending or reading this presentation, you acknowledge and agree to be bound by the following limitations and restrictions. This presentation has been prepared by Galp Energia, SGPS, S.A. ("Galp" or the "Company") and may be amended and supplemented, but may not be relied upon for the purposes of entering into any transaction. This presentation is strictly confidential, is being distributed to a limited range of persons solely for their own information and may not (i) be distributed to the media or disclosed to any other person in any jurisdiction, nor (ii) be reproduced in any form, in whole or in part, without the prior written consent of the Company.

Although the Company has taken reasonable care in preparing the information contained herein, no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein or any other material discussed at the presentation. Neither the Company nor any of its affiliates, subsidiaries, shareholders, representatives, agents, employees or advisors shall have any liability whatsoever (including in negligence or otherwise) for any loss or liability howsoever arising from any use of this presentation or its contents or any other material discussed at the presentation or otherwise arising in connection with this presentation.

This presentation does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of the Company or any of its subsidiaries or affiliates in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this presentation nor any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever in any jurisdiction.

This presentation is made to and directed only at persons (i) who are outside the United Kingdom, (ii) having professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This presentation must not be acted or relied on by persons who are not Relevant Persons.

Neither this presentation nor any copy of it, nor the information contained herein, in whole or in part, may be taken or transmitted into, or distributed, directly or indirectly in or to the United States. Any failure to comply with this restriction may constitute a violation of U.S. securities laws. No securities of the Company have been registered under the United States Securities Act of 1933 or the securities laws of any state of the United States, and unless so registered may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions usually identify forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp's markets; the impact of regulatory initiatives; and the strength of Galp's competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although Galp believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. No assurance, however, can be given that such expectations will prove to have been correct. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the Company's business strategy, industry developments, financial market conditions, uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements.

Actual future results, including financial and operating performance; demand growth and energy mix; Galp's production growth and mix; the amount and mix of capital expenditures; future distributions; resource additions and recoveries; project plans, timing, costs, and capacities; efficiency gains; cost savings; integration benefits; product sales and mix; production rates; and the impact of technology could differ materially due to a number of factors. These include changes in oil or gas prices or other market conditions affecting the oil, gas, and petrochemical industries; reservoir performance; timely completion of development projects; war and other political or security disturbances; changes in law or government regulation, including environmental regulations and political sanctions; the outcome of commercial negotiations; the actions of competitors and customers; unexpected technological developments; general economic conditions, including the occurrence and duration of economic recessions; unforeseen technical difficulties; and other factors.

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice. Galp and its respective representatives, agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this presentation to reflect any change in events, conditions or circumstances.

1Q17 highlights

- 1Q17 Ebitda of €419 m, up 43% YoY on the back of better performance in E&P and R&M
- Upstream benefiting from higher oil prices and production ramp-up in Brazil, despite FPSO #1 and FPSO #2 maintenance during the quarter
- Strong R&M results reflecting higher refining margins YoY and solid marketing performance
- Lower contribution from G&P driven by sourcing constraints, and few LNG trading operations
- Stable net debt despite temporary working capital increase

Agenda

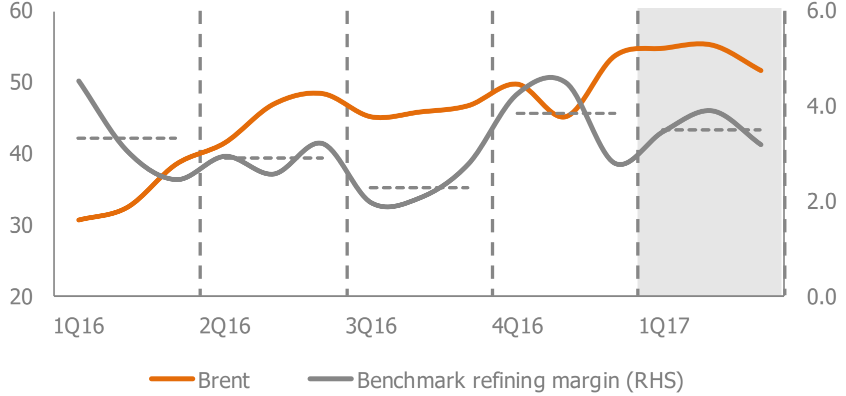
Execution Update

Financial Overview

Appendix

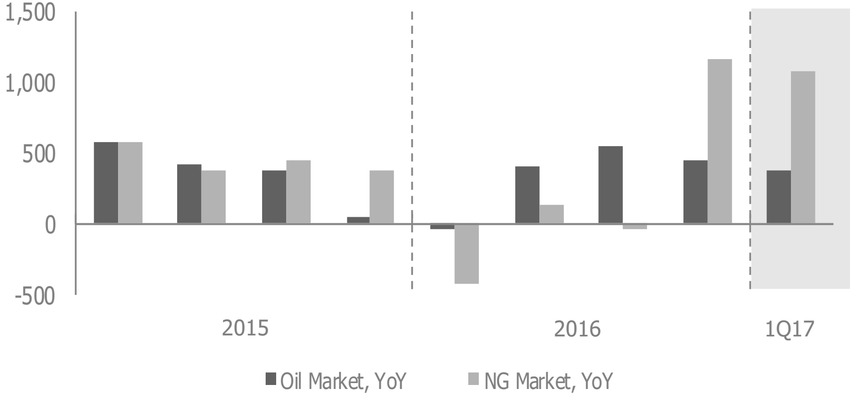
1Q17: OPEC cuts support oil price above $50/bbl

Brent price vs. Refining margin ($/bbl)



- Crude prices rebound on OPEC's compliance with production cuts agreement
- Refining margins resilient, despite oil price increase

Iberian market evolution (kton, mmcm)



- Iberian oil market growing, sustained by higher economic activity
- Iberian gas market supported by lower wind and hydroelectric production

Source: Platts, APETRO, CORES, REN, Enagas

Consistent growth with WI production of 88 kboepd

Brazil

- Production growth sustained by the ramp-up of FPSOs #5 and #6, which more than offset maintenance in units #1 and #2
- First replicant on location, with production start-up expected soon

Angola

- Declining WI production in blocks 14/14k due to the natural decline of the fields
- Ongoing drilling campaign in block 32, on track to start production during 2018



Downstream businesses to maintain resilient contribution

R&M

- Resilient refining results, with realised margin of $5.1/boe also benefiting from sourcing opportunities
- Solid marketing performance, supported by Iberian economic momentum

G&P

- Natural gas activity impacted by sourcing constraints and lower LNG trading contribution
- Deconsolidation of the regulated infrastructure business in 4Q16

Agenda

Q1 Ebitda of €419 m, up 6% QoQ and 43% YoY

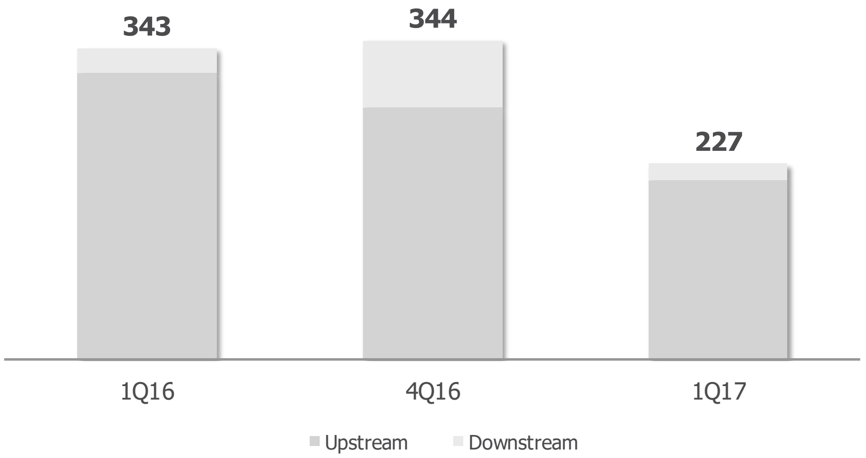
Profit & Loss RCA (€m)

	1Q16	4Q16	1Q17
Turnover	**2,822**	**3,547**	**3,844**
Ebitda	**293**	**396**	**419**
E&P	48	232	204
R&M	148	105	187
G&P	90	53	22
Others	8	6	6
Ebit	**137**	**238**	**220**
Associates	**21**	**24**	**32**
Financial results	**3**	**(27)**	**(12)**
Taxes	**(39)**	**(88)**	**(123)**
Non-controlling interests	**(9)**	**(27)**	**(18)**
Net Income	**114**	**121**	**99**
Net Income (IFRS)	**(58)**	**80**	**134**

- E&P Ebitda to have increased QoQ, excluding one-off events from previous quarter
- Downstream supported by resilient refining margins and robust marketing, offsetting constrained contribution from natural gas and deconsolidation of GGND
- Increase in taxes due to higher E&P results and non-cash deferred tax adjustments
- RCA net income down 13% YoY, with IFRS net income of €134 m, impacted by non-recurring items of -€18 m and inventory effect of +€54 m

Capex of €227 m, mostly allocated to upstream development

Capital Expenditure (€m)



- Over 90% of total investment allocated to E&P, with Brazil and Angola developments accounting, respectively, for 68% and 15% of overall expenditure in the quarter
- Downstream capex of c.€18 m

CFO contribution supporting investment cycle

Change in net debt (€m)

	1Q16	4Q16	1Q17
Ebit + DD&A	158	481	480
Dividends from Associates	-	26	-
Change in Working Capital	141	51	(203)
Cash flow from operations	**300**	**558**	**277**
Net capex[1]	(343)	(200)	(204)
Net financial expenses	(28)	(22)	(21)
Taxes	(25)	(30)	(81)
Dividends paid	-	(6)	-
FCF	**(96)**	**300**	**(30)**
GGND deconsolidation[2]	-	632	-
Others[3]	50	2	5
Change in net debt	**45**	**(935)**	**24**

- Working capital increased €203 m in the quarter, driven by a temporary increase in inventories
- Net debt stable despite working capital increase

[1] The first quarter of 2017 includes the proceeds of €22 m from the sale of the 25% indirect stake in Âncora project, and the fourth quarter of 2016 includes the proceeds of €141 m from the sale of 22.5% in GGND.
[2] Deconsolidation of assets and liabilities from GGND (4Q16).
[3] Includes CTAs (Cumulative Translation Adjustment) and partial reimbursement of the loan granted to Sinopec.

Maintaining a solid financial position

Balance Sheet (€m)[1]

	31 December, 2016	31 March, 2017	*Var. vs 31 Dec., 2016*
Net fixed assets	7,723	7,901	*177*
Work in progress	*2,650*	*2,687*	*37*
Working capital	490	693	*203*
Loan to Sinopec	610	561	*(49)*
Other assets (liabilities)	(410)	(586)	*(176)*
Capital employed	**8,414**	**8,569**	*155*
Net debt[2]	1,870	1,895	*24*
Equity	6,543	6,674	*131*
Net Debt + Equity	**8,414**	**8,569**	*155*

- Net fixed assets increased €177 m to €7.9 bn driven by the increase of investment during the period
- Net debt of €1.3 bn considering loan to Sinopec as cash and equivalents, with implicit net debt to Ebitda of 1.0x[3]

[1] IFRS figures.
[2] Not considering loan to Sinopec as cash.
[3] As at 31 March 2017, ratio considers net debt including loan to Sinopec as cash, plus €176 m corresponding Sinopec MLT Shareholder Loan to Petrogal Brasil, and LTM RCA Ebitda of €1,537 m.

Agenda

E&P: Working interest production up 56% YoY

Main E&P data

		1Q16	4Q16	1Q17
Working interest production[1]	kboepd	**56.3**	**84.9**	**88.0**
Oil production	kbpd	52.9	75.6	76.9
Net entitlement production[1]	kboepd	**53.7**	**82.7**	**86.2**
Angola	kbpd	7.9	6.8	6.9
Brazil	kboepd	45.8	75.8	79.3
Oil and gas average sale price[2]	USD/boe	**26.2**	**42.1**	**45.4**
Production costs	USD/boe	8.9	5.8	8.0
DD&A[3]	USD/boe	15.8	5.8	13.4
Ebitda RCA	€ m	**48**	**232**	**204**
Ebit RCA	€ m	**(22)**	**191**	**106**
Net Income from E&P Associates	€ m	**3**	**4**	**9**
CAPEX	€ m	**316**	**269**	**209**

- Brazilian production increased 5% QoQ, mainly due to ramp-up of FPSOs #5 and #6
- Increasing weight of gas sales due to the connection of Brazilian units to the pre-salt export network
- Unit costs normalised in 1Q17, continuing to benefit from production dilution

Note: Unit figures based on net entitlement production.
[1] Includes natural gas exported, excludes natural gas used or reinjected.
[2] In the fourth quarter of 2016, the contribution of the trading activity related to the oil produced was reallocated from the R&M business to the E&P business. The full year impact was accounted for in 4Q16, but the average realised sale price in 4Q16 is normalised.
[3] Includes abandonment provisions.

galp energy creates energy

R&M: Supportive refining margins and marketing performance

Main R&M data

		1Q16	4Q16	1Q17
Galp refining margin	USD/boe	**4.1**	**5.2**	**5.1**
Refining cash cost[1]	USD/boe	2.0	1.7	1.7
Impact of hedging on refining margin[2]	USD/boe	0.1	(0.2)	(0.0)
Raw materials processed	mmboe	**25.2**	**28.8**	**26.1**
Total refined product sales	mton	**4.1**	**4.6**	**4.4**
Sales to direct clients	mton	2.1	2.2	2.1
Ebitda RCA[3]	€ m	**148**	**105**	**187**
Ebit RCA	€ m	**78**	**1**	**94**
Net Income from R&M Associates	€ m	**1**	**0**	**(2)**
CAPEX	€ m	**23**	**68**	**16**

- Spread over benchmark of $1.6/boe due to sourcing opportunities during the quarter
- Refining margin hedging with neutral impact in Ebitda
- Solid contribution from marketing activities, whilst reducing exposure to wholesale clients

Note: Unit figures based on total raw materials processed.
[1] Excluding impact of refining margin hedging operations.
[2] Impact on Ebitda.
[3] In the fourth quarter of 2016, the contribution of the trading activity related to the oil produced was reallocated from the R&M business to the E&P business. The full year impact was accounted for in 4Q16.

G&P: Ebitda impacted by NG sourcing restrictions

Main G&P data

		1Q16	4Q16	1Q17
NG/LNG total sales volumes	mm^3	**1,860**	**1,861**	**2,006**
Sales to direct clients	mm^3	901	1,048	1,149
Trading	mm^3	960	814	857
Ebitda RCA	€ m	**90**	**53**	**22**
Ebit RCA	€ m	**75**	**42**	**15**
Net Income from G&P Associates	€ m	**18**	**20**	**25**
CAPEX	€ m	**3**	**4**	**2**

- Higher volumes driven by the increase in sales to the electrical and industrial segments
- Natural gas results impacted by sourcing restrictions and lower LNG trading opportunities
- Regulated infrastructure contribution of €8 m accounted for under Associates following the deconsolidation of GGND

galp energy creates energy

Investor Relations team

Pedro Dias, Head

Otelo Ruivo, IRO

Cátia Lopes

João G. Pereira

João P. Pereira

Teresa Rodrigues

+351 21 724 08 66

investor.relations@galp.com

Results & presentation weblink :

www.galpenergia.com/en/investidor/Relatorios-e-resultados/resultados-trimestrais

For further information on Galp, please go to:
www.galp.com

galp energy creates energy