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RESULTS
SECOND QUARTER 2018

JULY 30, 2018
INVESTOR RELATIONS

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Key Highlights

Operational Performance

Financial Performance

Appendix

Key highlights

- CFFO of €604 m, supported by higher oil and gas prices, production growth and refining performance
- Free Cash Flow of €398 m, and €146 m net of the €252 m dividend payment
- Ebitda up 38% YoY to €628 m, driven by upstream contribution and favourable macro environment
- FY2018 Ebitda expected above €2.1 bn and Capex guidance kept at €1.0 - €1.1 bn, now including recent Brazilian bid rounds signature bonuses
- Key milestones:
  - Kaombo first oil in Block 32 in Angola
  - Submission of the PoD for the 1st phase of Rovuma LNG project, in Mozambique
  - Acquisition of Uirapuru exploration block and reinforcing position in BM-S-8
  - 20-year LNG SPA from the Calcasieu Pass LNG export facility, in the U.S.

Agenda

Strong upstream execution

P-67 FPSO arriving at Rio de Janeiro bay

2Q overview

- WI production of 108.1 kboepd. Brazil output above 100 kboepd, after FPSO #7 reached plateau
- EWT ongoing in the Sururu area (Iara)

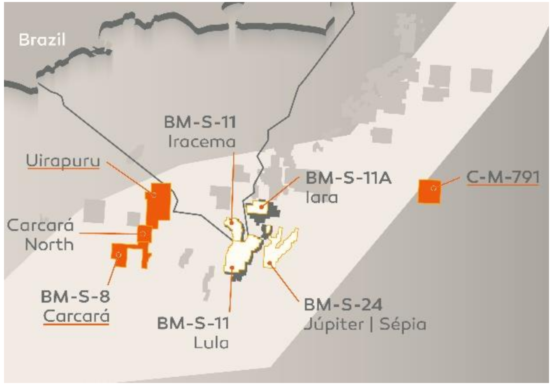
Outlook

- 3 new FPSOs starting production during 2H18
- Keeping FY2018 production guidance

Solid contribution from downstream

- Favourable refining market and sourcing & energy optimisation
- Delivering $0.3/boe from conversion and energy efficiency initiatives
- Solid oil marketing operational performance
- Natural gas activities supported by higher sales to industrial clients in Iberia

Reinforcing Galp's strategic position



Grow a competitive and resilient upstream portfolio

- Securing a 20% stake in Carcará and acquisition of new exploration licenses in Santos and Campos (Uirapuru and C-M-791)
- Spud of Guanxuma well, with exploration activities ongoing
- 2x 7.6 mtpa trains development plan submitted for Phase 1 of Rovuma LNG project

Adapt R&M to market changes | Adapt NG/LNG supply basket

- Progressing on refining efficiency and conversion initiatives
- Preparing for IMO global cap
- Securing 1 mtpa long-term LNG sourcing from the U.S.

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2Q18 Ebitda of €628 m, up 38% YoY

Profit & Loss RCA (€m)

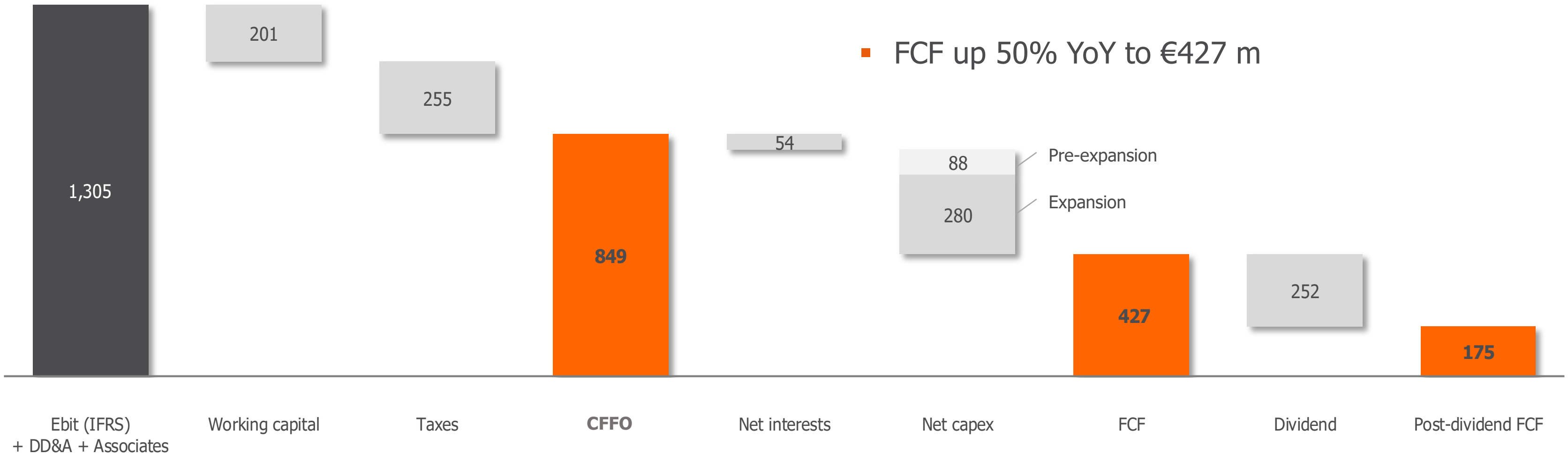
	2Q17	1Q18	2Q18
Turnover	**3,779**	**3,891**	**4,546**
Ebitda	**456**	**455**	**628**
E&P	171	293	411
R&M	231	121	174
G&P	45	34	34
Ebit	**262**	**278**	**457**
Associates	**41**	**39**	**35**
Financial results	**(13)**	**(8)**	**36**
Taxes[1]	**(123)**	**(144)**	**(227)**
Non-controlling interests	**(11)**	**(29)**	**(48)**
Net Income	**154**	**136**	**251**
Net Income (IFRS)	**102**	**132**	**330**

- Upstream Ebitda supported by production growth and higher realisation prices, despite USD depreciation
- Downstream Ebitda impacted by lag in marketing pricing formulas and by refining FX
- Positive financial results, driven by mark-to-market of refining hedges
- RCA net income of €251 m and IFRS net income of €330 m, considering inventory effect of €68 m and non-recurring items of €11 m

[1] Includes corporate income taxes and taxes payable on oil and gas production.

Positive FCF in 1H18 after dividend payment in 2Q

1H18 Cash flow (€m)



- CFFO 26% up YoY, supported by robust performance, despite weaker USD and working capital build-up
- 80% of capex allocated to E&P, including additional 3% stake acquisition in BM-S-8
- FCF up 50% YoY to €427 m

Update 2018 guidance

	FY2018 CMD guidance	1H18	FY2018 updated guidance
Ebitda	€1.8 - €1.9 bn	€1.1 bn	>€2.1 bn
Capex	€1.0 - €1.1 bn	€0.4 bn	€1.0 - €1.1 bn[1]
Brent	*$60/bbl*	*$71/bbl*	*$70/bbl - $75/bbl*
Benchmark refining margin	*$3.5/bbl*	*$2.1/bbl*	-
Galp refining margin	-	*$4.8/boe*	*$4.5/boe - $5.5/boe*

[1] Now includes signature bonuses related to the acquisition of stakes under Brazil bid rounds (C-M-791 and Uirapuru licenses).

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E&P: Strong results on higher production and realised price

Main E&P data[1]

		2Q17	1Q18	2Q18
Working interest production	kboepd	**89.9**	**104.1**	**108.1**
Oil production	kbpd	78.0	91.6	94.6
Net entitlement production	kboepd	**88.1**	**102.6**	**106.7**
Angola	kbpd	6.2	5.6	5.3
Brazil	kboepd	81.8	97.1	101.4
Oil and gas average sale price	USD/boe	**43.4**	**58.2**	**63.8**
Production costs	USD/boe	9.2	9.2	7.7
DD&A[2]	USD/boe	13.7	11.0	10.2
Ebitda RCA[3]	€ m	**171**	**293**	**411**
Ebit RCA	€ m	**71**	**210**	**328**
Net Income from E&P Associates	€ m	**8**	**13**	**10**
CAPEX	€ m	**144**	**117**	**176**

- Production increased 20% YoY and 4% QoQ, supported by the ramp up of FPSO #7
- Opex and DD&A benefiting from a weaker BRL during the quarter
- Results up QoQ on the back of higher production and unit margin, positively impacted by underlifting adjustments

[1] Unit figures based on net entitlement production. [2] Non-cash costs related to operating activities, includes abandonment provisions and excludes exploration expenses written-off. [3] Effective from 1 January 2018, G&G and G&A costs, mainly related to the exploration activity, started to be accounted as operating costs of the period in which they occur, and ceased to be capitalised. The Successful Efforts Method (SEM) was applied retrospectively and the 2017 figures were restated for comparison purposes.

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R&M: Supportive refining performance

Main R&M data

		2Q17	1Q18	2Q18
Galp refining margin	USD/boe	**5.7**	**3.3**	**6.1**
Refining cost	USD/boe	1.6	2.3	2.3
Impact of hedging on refining margin[1]	USD/boe	(0.3)	0.6	0.2
Raw materials processed	mmboe	**30.0**	**25.0**	**28.5**
Total oil product sales	mton	**4.7**	**4.1**	**4.7**
Sales to direct clients	mton	2.3	2.1	2.2
Ebitda RCA	€ m	**231**	**121**	**174**
Ebit RCA	€ m	**143**	**33**	**93**
Net Income from R&M Associates	€ m	**8**	**1**	**0**
CAPEX	€ m	**24**	**28**	**36**

- Refining margin of $6.1/boe, benefiting from middle distillate cracks, raw materials and energy sources optimisation, as well as gasoline exports to the U.S.
- Robust operational marketing performance
- Ebitda down YoY impacted by lag in marketing pricing formulas and by FX

Note: Unit figures based on total raw materials processed.
[1] Impact on Ebitda.

G&P: Resilient contributor to results

Main G&P data

		2Q17	1Q18	2Q18
NG/LNG total sales volumes	mm^3	**1,726**	**1,975**	**1,892**
Sales to direct clients	mm^3	1,052	1,225	1,133
Trading	mm^3	675	750	759
Ebitda RCA	€ m	**45**	**34**	**34**
Ebit RCA	€ m	**40**	**29**	**29**
Net Income from G&P Associates	€ m	**25**	**24**	**25**
CAPEX	€ m	**2**	**1**	**6**

- NG/LNG volumes up 10% YoY, on higher sales to industrial clients
- Improved power contribution, benefiting from time lag between NG purchase and electricity sales price
- Ebitda down YoY, impacted by lower contribution from the LNG trading activity

Strong financial position

Balance Sheet (€m)

	31 Dec, 2017	31 Mar, 2018	30 Jun, 2018
Net fixed assets	7,231	7,099	7,095
Working capital	584	744	785
Loan to Sinopec	459	449	451
Other assets (liabilities)	(613)	(637)	(601)
Capital employed	**7,661**	**7,655**	**7,730**
Net debt	1,885	1,885	1,737
Equity	5,776	5,770	5,993
Net Debt + Equity	**7,661**	**7,655**	**7,730**

- Net fixed assets in line QoQ, with net capex mostly offset by DD&A
- Net debt down to €1.7 bn, with implicit net debt to Ebitda RCA of 0.9x

galp energy creates energy

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