RESULTS
THIRD QUARTER 2018

OCTOBER 29, 2018
INVESTOR RELATIONS

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 who are outside the United Kingdom, or who are within the United Kingdom and either (i) 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 (i) high net worth entity, falling within Article 49(2) of the Order, or (iii) a person to whom the materials may be otherwise lawfully communicated, (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.This presentation is made to, and directed only at, persons who are not a “Retail Investor”, being a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC, where the customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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. This presentation does not constitute and should not be construed as an offer to sell or the solicitation of an offer to buy securities in the United States. 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 reflect the information available as at the date of this presentation and Galp’s view on the matters referred herein, 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.

Agenda

Key highlights

- Solid financial performance supporting business plan targets
- 9M18 FCF of €514 m, more than covering a €0.55/sh dividend
- CFFO in 3Q18 of €343 m supported by a solid upstream and downstream performance, despite working capital effect of €186 m related to inventory build
- Ebitda up 38% YoY to €642 m, driven by a higher contribution from upstream, and up 2% QoQ despite planned maintenance effects in Brazil and in refining
- FPSO #8 (P-69) started production in Lula Extreme South on October 23
- FY2018 Ebitda expected at c.€2.3 bn and Capex at c.€1.0 bn

Agenda

Q3 upstream performance impacted by planned maintenance

P-69 FPSO on location

3Q overview

- Planned maintenance in 3 FPSOs and gas export line in Brazil, with units/infrastructure now fully operational
- Completed Sururu West EWT in August with results to support ongoing development in the area
- Kaombo North ramp-up on track

Outlook

- P-69 started production in Lula Ext. South on October 23
- Lula North sail away to final location until the year end
- FY2018 production expected to be up 15% YoY

galp

Solid downstream performance despite start of maintenance

3Q overview

- Solid performance from the marketing of oil products and gas and power activities
- Refining margin of $5.8/boe, despite start of maintenance in the Matosinhos refinery and preparation for the Sines FCC unit

Outlook

- Expecting weaker refining environment in Q4, despite a supportive demand for oil products in Iberia
- Planned refining maintenance, including implementation of +$1/boe initiatives and solutions for IMO specs
- End of LNG structured contracts, with activity based on opportunistic trading going forward

Agenda

Ebitda increased 38% YoY to €642 m

Profit & Loss RCA (€m)

	3Q17	2Q18	3Q18
Turnover	3,891	4,546	4,540
Ebitda	**466**	**628**	**642**
E&P	204	411	396
R&M	215	174	195
G&P	40	34	44
Ebit	**289**	**457**	**470**
Associates	40	35	39
Financial results	(17)	36	(34)
Taxes[1]	(132)	(229)	(221)
Non-controlling interests	(24)	(48)	(43)
Net Income	**156**	**251**	**212**
Net Income (IFRS)	154	330	235

- Upstream Ebitda supported by higher realisation prices and production. QoQ impacted by maintenance and positive Q2 underlifting adjustments
- Downstream Ebitda impacted by a lower YoY contribution from refining
- Negative financial results, driven by mark-to-market adjustments
- RCA net income of €212 m and IFRS net income of €235 m, considering inventory effect of €34 m and non-recurring items of -€10 m

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

Cash flow impacted by working capital build

Cash flow IFRS (€m)

	3Q17	2Q18	3Q18
Ebit + DD&A	479	741	686
Taxes paid	(107)	(163)	(163)
Dividends from Associates	13	67	7
Change in Working Capital	13	(41)	(186)
CFFO	**398**	**604**	**343**
Net financial expenses	(19)	(7)	(10)
Net capex[1]	(216)	(199)	(246)
FCF	**164**	**398**	**87**
Dividends paid	(208)	(252)	(239)
Post-dividends FCF	**(44)**	**146**	**(153)**
Others[2]	(65)	2	(9)
Change in net debt	**110**	**(148)**	**162**

- CFFO of €343 m supported by solid upstream and downstream performance
- Inventory build driving working capital investment of €186 m, mainly driven by refining maintenance preparation and in transit Brazilian cargoes
- 81% of capex allocated to upstream, and including €103 m in signature bonuses for Uirapuru and block C-M-791
- FCF pre-dividend of €87 m with dividend payment of €239 m

[1] Net capex based on cash inflows/outflows during the period. [2] Includes CTAs (Cumulative Translation Adjustment) and partial reimbursement of the loan granted to Sinopec of €26 m during 3Q18.

Maintaining strong financial position

Balance Sheet (€m)

	31 Dec, 2017	30 Jun, 2018	30 Sep, 2018
Net fixed assets	7,231	7,095	7,157
Working capital	584	785	971
Loan to Sinopec	459	451	172
Other assets (liabilities)	(613)	(601)	(595)
Capital employed	**7,661**	**7,730**	**7,705**
Net debt	1,885	1,737	1,899
Equity	5,776	5,993	5,806
Net Debt + Equity	**7,661**	**7,730**	**7,705**

- Net fixed assets slightly higher QoQ, with net capex more than offsetting DD&A and the BRL depreciation
- Loan to Sinopec reduced against capital reduction in Galp/Sinopec JV
- Net debt increased to €1.9 bn, given dividend and bid round payments, with implicit net debt to Ebitda RCA stable at 0.9x

Agenda

E&P: Supported by higher realised price and production

Main E&P data[1]

		3Q17	2Q18	3Q18
Working interest production	kboepd	**94.6**	**108.1**	**103.8**
Oil production	kbpd	82.8	94.6	93.1
Net entitlement production	kboepd	**92.4**	**106.7**	**102.3**
Angola	kbpd	5.6	5.3	7.4
Brazil	kboepd	86.8	101.4	94.9
Oil and gas average sale price	USD/boe	**45.3**	**64.3**	**65.3**
Production costs	USD/boe	7.5	7.7	9.0
DD&A[2]	USD/boe	12.3	10.2	10.5
Ebitda RCA[3]	€ m	**204**	**411**	**396**
Ebit RCA	€ m	**115**	**328**	**311**
Net Income from E&P Associates	€ m	**13**	**10**	**15**
Capex	€ m	**184**	**176**	**188**

- Projects ramp-up driving YoY production increase, with QoQ variation reflecting higher concentration of planned maintenance in Brazil
- Ebitda higher YoY due to higher realised price and production, despite increased opex due to maintenance activities
- DD&A decreased mainly due to BRL depreciation effects

[1] Unit figures based on net entitlement production. [2] Includes abandonment provisions and excludes exploration expenditures 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.

galp

R&M: Impacted by weaker refining environment

Main R&M data[1]

		3Q17	2Q18	3Q18
Galp refining margin	USD/boe	**7.4**	**6.1**	**5.8**
Refining cost	USD/boe	1.6	2.3	2.0
Impact of hedging on refining margin[2]	USD/boe	(0.7)	0.2	0.0
Raw materials processed	mmboe	**29.7**	**28.5**	**27.7**
Total oil product sales	mton	**4.9**	**4.7**	**4.5**
Sales to direct clients	mton	2.4	2.2	2.4
Ebitda RCA	€ m	**215**	**174**	**195**
Ebit RCA	€ m	**132**	**93**	**115**
Net Income from R&M Associates	€ m	**2**	**(0)**	**1**
Capex	€ m	**30**	**36**	**44**

- Raw materials processed down 7% YoY to 27.7 mmboe due to start of planned maintenance in Matosinhos refinery
- Refining margin of $5.8/boe, down 21% YoY following international refining environment
- Robust marketing performance, benefiting from sales to direct clients
- Ebitda down YoY following lower refining contribution

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

G&P: Stable contribution to results

Main G&P data

		3Q17	2Q18	3Q18
NG/LNG total sales volumes	mm^3	**1,716**	**1,892**	**2,024**
Sales to direct clients	mm^3	1,064	1,133	1,201
Trading	mm^3	652	759	823
Ebitda RCA	€ m	**40**	**34**	**44**
Ebit RCA	€ m	**36**	**29**	**39**
Net Income from G&P Associates	€ m	**25**	**25**	**24**
Capex	€ m	**2**	**5**	**0**

- NG/LNG volumes up 18% YoY, on higher network trading activity and sales to industrial clients
- Ebitda up YoY, benefitting from stable Supply & Trading and increased contribution from Power

galp

energy creates energy

Galp Energia, SGPS, S.A.
Public Company

Rua Tomás da Fonseca, Torre A
1600 - 209 Lisbon
Tel.: +351 217 240 866
Fax: +351 217 242 965
e-mail: investor.relations@galp.com
galp.com