

Video Presentation

Maria João Carioca - CFO

Good morning everyone and thank you for watching.

Today, Galp presents a good set of results, anchored on strong portfolio fundamentals, financial position and also supported by focused strategic execution. Over the next few minutes, I will cover this quarter's highlights.

Let me start with operational results, up QoQ, despite lower commodity prices. This was backed by a robust contribution from Upstream and also from Industrial & Midstream.

Let me start with Upstream, where production was slightly down QoQ, following normalised maintenance activities. Having said this, we continue to see improved efficiencies in Brazil and, in Mozambique, Coral is ramping-up.

Bacalhau execution is progressing well. The FPSO hull is already in Singapore for topsides integration and drilling and completion is advancing.

In Namibia, we are getting ready to spud the first of two exploration wells by the end of this year. We secured the drilling rig and awarded the integrated oil services contract.

Now, for Industrial & Midstream, we had good Industrial performance, our refinery capturing the supportive cracks environment, whilst preparations for our green H2 and HVO projects are continuing.

Midstream delivered good strong results this quarter, particularly in gas trading activities, just captured fundamentally the opportunities in the market.

In Renewables & New Businesses, equity generation increased around 50% YoY, with Titan Solar now fully owned, and Galp realizations are following Iberian prices.

Licensing and permitting delays in Iberia continue to be a hindrance. And in Brazil, projects are challenged in meeting our return criteria. We will continue to grow renewables, pacing our execution to a value focused approach.

Finally, in Commercial oil volumes were seasonally up QoQ and we continue to see retail convenience contribution growing. Still, performance was contained by B2B segments in Spain and Africa given pressed market dynamics and reduced activity.

Overall, Group Ebitda was €916 m.

Below the line, and despite the lower price environment, taxes are up YoY, implying a 54% in tax rate. This includes almost €60 m from windfall taxes in Iberia and the Brazilian levy on oil exports, as expected ceased on June 30th.

Bottom line, RCA Net Income was two hundred and fifty-eight million euros €258 m.

Looking at cash flow, OCF reached seven hundred and two million euros €702 m. Capex was €207 m, still light and showcasing slower pace of investments in renewables and industrial low carbon projects.

A strong Free Cash Flow generation enabled Galp to maintain its net debt unchanged at €1.4 bn, even in a quarter of lower prices and despite dividend payments to shareholders and minorities, as well the continuation of our share buyback program.

With the first half of 2023 behind us, we look at the full year and adjust our outlook, now reflecting a softer commodity price deck. Still, we are maintaining both our Ebitda and OCF guidance, on the back of previous and expected improved operational performance.

The only operational highlight is the upgrading of our upstream production guidance to above 115 kboepd on average during 2023.

Net Capex should stay between €400 and €600 m this year, considering the lighter capex execution and the c.€600 m proceeds from the Angolan divestment. This is also part of our value over volume approach to investments.

On the dividend, we will propose an increase of 4% this year, to €0.54 per share, as per our guidelines. As usual, we expect an interim in the summer, with 27 cts to be paid in late August.

I thank you again for joining us.

Q&A session

Q&A Introduction

Otelo Ruivo – Director of Investor Relations

Hello everyone and welcome to the analyst Q&A session to review Galp's second quarter 2023 results. As usual, earlier this morning the team released all the materials related with the results together with a short video where Maria João covered the key quarter highlights. We will therefore follow the format used over the last earnings publications. This means going straight to Q&A.

So, today in the room we have Filipe, who will be the main host, together with the full Executive Team and some leadership team members as well. All here, happy to take your questions. Now the usual disclaimer. We would like to remind you that we may make forward-looking statements that refer to our estimates and actual results may differ due to a number of different factors, as per indicated in the cautionary statements included on our materials which will advise you to read.

Filipe, do you want to say a few words before we start the Q&A?

Filipe Silva - CEO

Thanks, Otelo. Good afternoon everyone. You have seen the robust underlying business performance after a few quarters with some noise. It is important that we all focus on the fundamentals of what Galp really is.

So, when you buy a Galp share, you're buying growth. Now, this is a growing company. You get yield, of course. You know we have longevity. In our upstream portfolio we have some of the lowest carbon and the most competitive barrels out there. We're doing very significant progress in decarbonising the traditional businesses. We have a profitable renewable footprint, which we want to integrate increasingly into our core businesses. Our core business is and remains liquids, and biofuels are a part of this. We have a fast-transforming commercial footprint with a very attractive network and convenience offering. More recently we have restructured the energy management organisation under Rodrigo's leadership. Results start to show. So we are creating long-term value.

And then you get all the upstream exploration upside. So, what we're trying to do here is to build a portfolio with a real terminal value, so that we try to get to a higher multiple of Ebitda which reflects the fundamental values of Galp beyond the short-term distributions.

Questions & Answers Session

Oswald Client – Bernstein

Thank you very much, everyone. And thanks for the stock pitch there, Filipe. You're almost doing our job for us. But first question just on Brazil oil volumes. It looks like you're talking about improved efficiencies again in the second quarter. I think you talked about that in the first quarter. I think you replied to us back then. It was understanding the reservoir and just making sure the reservoir is intact. Still below 100 kboepd of oil in the second quarter. So the question is, how much of the volume upgrade is Brazil oil? And could we ever see this getting back to 115 kboepd of oil in terms of that side of the portfolio?

And then secondly, just sticking with oil and Namibia, two exploration wells planned I see. Any chance you could share some indicative predrill estimates for these targets? And any update on farming down this acreage pre-spudding those wells? Thank you.

Filipe Silva – CEO

Thank you, Oswald. I'll start with Namibia. Daniel Elias in Brazil will take the first question. It is too early to share information on Namibia from our side. It looks like it's large and high quality (project). But I'll stop there. We do have 80% of the block, and Galp is actually carrying the other 20%. It's clearly too high of an exposure. So, at some stage, once we de-risk this, yes, we will be inviting a credible party to the table.

Daniel Elias – Upstream Brazil Country Manager

Oswald, thank you for the question. Yes, we confirm that in the first half of this year, we are observing in Brazil that production performance and as a consequence we provided an update on guidance for year-end. We have to highlight that the guidance that we had shared previously was a multi-year guidance. So, what we are going to do as the year closes, we are going to review the performance and the consequences of the maintenance program. Then, if reasonable, we will provide new guidance. But for the time being, this is the guidance. We are maintaining the multiyear guidance, and we are upgrading this year's guidance based on Brazil.

Biraj Borkhataria - RBC

Hi, there. Thanks for taking my questions. The first one is on refining. I've noticed a drop in medium heavy crudes in your sourcing and a commencing drop in the middle distillates. So I was wondering if that's intentional and you're shifting towards gasoline due to better pricing or if that was around the availability of heavy and medium crudes in the market post the Saudi cut? So any colour there would be helpful.

And then the second question is on the US LNG offtake. Venture Global recently announced a delay to Calcasieu Pass to the end of 2024. Obviously, you're in arbitration. It looks like Shell and BP are involved there also. But could you just remind us what was baked into your 2024 earnings guidance for energy management and what's that risk there? Thank you.

Ronald Doesburg – EVP Industrial

Yeah. Thank you for the question. Clearly, this plays to our advantage of actually having a relatively flexible system in Sines, where due to crude flexibility we can adapt to the market. And if you look at the developments in the quarter on diesel and gasoline cracks, the crude optimization basically has been driven by using the right crudes for the market that's at play at that moment in time. Yeah, so this has nothing to do with the availability, but purely an optimization game around Sines. Thank you.

Rodrigo Vilanova – EVP Energy Management

Yes. Thank you very much, Biraj. On Venture Global, so let me start with 2023 quickly. We are clearly very disappointed. According to publicly available information, they have already produced and sold well over 170 LNG cargoes so far, but they claim to be under commissioning still. We understand all those cargoes, over 170, have been sold in the short-term markets to whoever pays more, as opposed to delivering under the long-term contracts signed by foundational customers such as Galp who helped underpin the project. And Galp is actively engaged with the counterparty and is assessing all options to pursue the effectiveness of our contractual rights.

Regarding the updated guidance provided earlier today, for clarity, Galp is not considering now any Venture Global volumes in 2023. Period. So we are not giving guidance for 2024 yet. Thank you.

Alessandro Pozzi - Mediobanca

Hi, there. A couple of questions for me as well. You raised the guidance for the Industrial & Midstream, clearly Q2 was a big beat. I was wondering if you can give us a bit more colour on the driver of that in Q2 and whether the increase in the guidance was mainly driven by the Q2 or if there's more to go maybe in the second half of the year?

Also a few weeks ago, I believe you put out a press release suggesting that you're looking for offshore wind opportunities with TotalEnergies. And again, I was wondering if you can give us maybe your thoughts on how you can structure the business model there in terms of exposure, in terms of potential capital employed that you're looking to deploy in those

particular opportunities and the type of returns that you would be comfortable with? Thank you.

Filipe Silva – CEO

Thank you, Alessandro. Maria João will take the first question on drivers of the guidance, Industrial & Midstream and, Georgios, the offshore wind. Thanks.

Maria João Carioca - CFO

Thank you, Alessandro, for your questions. So indeed, for the second quarter, what we're seeing in terms of guidance is an uptick. So, we're bringing it from the initial guidance of €550 m to €700 m. This is indeed leveraging on the good performance of the first half, but it's also very much acknowledging that Midstream has had a good performance. So even though Industrial is remaining at c.€300 m, Midstream is now expected deliver a little bit above €400 m. So that overall is driving our performance and our uptick in guidance. Thank you.

Georgios Papadimitriou – EVP Renewables & New Businesses

And thank you Alessandro for the question. Yes, we are jointly exploring with Total the opportunity of offshore wind in Portugal. This is an opportunity that is clearly a long, long-term one. We have partnered with Total to explore this because of the expertise that Total clearly has in the area and, of course, because of who we are here in Portugal. This is a pure Portugal play but it's really, really early stage. Our involvement and any eventual commitment will critically depend on how this regulatory framework for offshore auctions in Portugal will develop. All the details are still remain to be seen, so it's very, very early to talk about business model and other commitments. Our focus remains on what we're doing here in Iberia, on the renewable space to mature our current portfolio and that would be it. We'll maintain a very disciplined approach when it comes to offshore wind. Thank you.

Alessandro Pozzi - Mediobanca

All right. Thank you very much.

Pedro Alves - CaixaBank

Hi, good afternoon. Thank you for taking my questions. The first one on renewables in Brazil. If you can give us more details on the specific constraints that you are facing in the country to reach the return thresholds that led to delay some of the FIDs.

And secondly, and this is a follow-up from this question in Renewables, and this is more in terms of capital allocation because you have projects under construction of just 0.3 GW and

most of the 7 GW in pipeline is said to be under development - in early stage of development. I think it is not illogical to say that you need to acquire portfolio in the market to meet your target by 2025. My question is, if you think that you have enough time to build your pipeline or is natural to think that Galp could be a buyer of operating portfolios as well? And in any of those options, what will be the priority in terms of markets? Do you think there is still a relevant long position in your supply and industrial operations in Iberia that could be covered by the pipeline of the 2 GW in Iberia or would you prefer to expand into other markets? Thank you.

Filipe Silva – CEO

Thank you, Pedro. On Brazil renewables, it is purely a consequence of what we're seeing in the market now. So, you will have seen inflation, capex inflation, over the last few months, sharply rising interest rates, cost of capital going up and power prices actually under pressure. The decision is not a strategic decision of Galp. It's purely based on economics and returns.

On the wider portfolio, we will not be pushed into meeting hard criteria on dates or gigawatts. We are very keen to keep the discipline and to continue to want the trust of the market that whatever we do in renewables is going to be economic. It has to comfortably cover our cost of capital. And the logic is also one of making sure that we find integration opportunities. We're not necessarily doing green electrons in isolation. In Iberia, it's pretty obvious. We have a huge business case to integrate green electrons, be it in our commercial footprint, be it in electrolyzers. And in Brazil, we also see logic on building a business case around green electrons and convert those into something else that is close to our business model. Thank you, Pedro.

Sasikanth Chilukuru – Morgan Stanley

Hi. Thanks for taking my questions, I had two please. The first was related to Mozambique. Last quarter, you had indicated that a second FLNG unit in Mozambique was not necessarily in your budget and you were more focused on the onshore development. But in recent weeks, there appears to be more traction for the Coral North FLNG unit with reportedly consultation meetings on the Environmental Impact Assessment already having taken place. Just wondering if you could provide more details on where we are on this project and on Rovuma LNG? And if the Coral North FLNG were to go ahead, how that would impact the capex plans for Galp?

The second question was related to capex. You've highlighted a slower pace of investments in Renewables and Industrial low carbon projects leading to lighter capex in 2Q. I was just wondering what the €0.4 bn to €0.6 bn 2023 net capex guidance was incorporating with

regards to the investments in renewables and if the previously mentioned issues in Iberia and Brazil were to persist should be any further revisions or it's already included in this guidance?

Filipe Silva – CEO

Thank you, Sasi. On Mozambique, yes, we are having discussions within the consortium on the second FLNG, but no decisions have been taken. We don't expect this to be an imminent decision to go ahead with the project and it clearly would increase our capex allocation to Mozambique if the projects were to go ahead. The focus of Galp has always been the main project in Mozambique, the onshore trains, and we're quite pleased with the pre-FEED work that is ongoing into this new modular concept that looks increasingly attractive. So, Galp is very committed to the Mozambique project, but most of the focus at Galp is on the onshore project.

On the capex numbers, first a reminder, these are net of divestments. We have guided the market to an average for the three years, 2023, 2024 and 2025 of about €1 bn net capex. This is the first time we're giving more granularity on 2023 only. And based on delays in sanctioning our new projects on the industrial front and on the challenging economics we see in renewables in Brazil, plus permitting delays in Iberia, we see net capex in 2023 of about a €0.5 bn or so. Thank you.

Henri Patricot - UBS

Thank you for the update. Two questions, please, from my side. The first one, just following up on this topic. Can you give us an update on the timeline for the green projects, HVO and the Green H2? And then secondly, on Refining, you haven't changed the margin guidance for the year at \$9/boe, but it looks like it's a quite healthy environment at the moment. So I would like to check what sort of margin you're seeing QTD and how is performance this quarter. Thank you.

Filipe Silva – CEO

Hi, Henri. So the low carbon projects on the Industrial front, it is - work is actively in progress. These are very important projects to Galp but you also know these are expensive projects. There's technology risk, there's regulatory risk. We need to tick all boxes before announcing the FID. So the strategic importance to Galp is critical. We're highly confident these projects will go ahead, but we haven't ticked all boxes for now.

Ronald Doesburg – EVP Industrial

Hi, Henri, thank you for your question. If you look at the refining margin, indeed, in the last few weeks, there's growing strength and the margins are leading up. There are relatively low

inventory levels for diesel in the US and for gasoline in Europe. And if you look on the overall Atlantic Basin, there's been insufficient capacity at the moment to meet the demand of this.

At the same moment in time, we also see a slow recovery of the Chinese economy, slower than expected at least, and inflation remains high, which leads to potentially future interest rate hikes and hence, in balance. We believe that the guidance we're giving for the second half of the year is actually the one which is plausible given there's ups and there's downs within balance of the year.

Giacomo Romeo - Jefferies

Yes, thank you. Two questions. One, I'd like to go back to Midstream. I appreciate the colour on what's driving the increase in the overall refining and midstream guidance for this year. Just wondering if the level of EBITDA you just discussed of €400 m from midstream, is that you think a good run rate going forward? Or is there any sort of one-off or any particular reasons why this year should be particularly higher or lower than what could be your medium-term guidance there?

And the second question is going back to a good upgrade in your volume's guidance for 2023. I appreciate you said that your longer-term guidance remains unchanged at 110 kbbl. But just wondering whether there's any change about the decline rates that you're seeing in Brazil? I think you talked about decline rates of less than five. Is that still valid guidance in your view? Just interesting to see if anything has changed there.

Filipe Silva – CEO

Thank you, Giacomo. Yeah, so our guidance is prudent as you as you know. And the guidance which you have in mind is the guidance pre-Bacalhau coming on stream in sometime in June 2025. But on the decline, Daniel, you want to comment?

Daniel Elias - Upstream Brazil Country Manager

Yes. Thank you very much, Giacomo. The performance that we are observing is mainly driven by good topsides availability and also good reservoir management practices. Our decline guidance today remains the same. We will continue to monitor all the production performance goals going forward to see if, based on these good reservoir management practices, there is room for improvement. But for now, we maintain the decline guidance we provided before. Thank you.

Matt Lofting – JPMorgan

Great. Thanks everybody for taking the questions. Two follow-ups, related to the last two points. Just coming back on upstream production, accepting that you just indicated that sort of the guidance around decline rates or expectation on decline rates has not changed.

I just wondered if you could zoom in, on what perhaps has sort of changed in terms of the underlying performance and expectation for 2023 versus the outlook that you gave in February. It appears that compared to the baseline of greater than 110 kbpd, there is a significant uplift of approximately 5% this year in terms of the overall change.

And then secondly, on the gas midstream contribution of €400 m EBITDA if I understood correctly for the full year. On my numbers, it looks like you sort of roughly €300 m for the first half of the year. So I wondered if you could just disaggregate what components were exceptional within the first half performance, particularly perhaps in the second quarter by looks of it, and which bits therefore you not expecting to sort of sustain from the third quarter onwards? Thank you.

Daniel Elias – Upstream Brazil Country Manager

The key driver is production efficiency. We are seeing the consequences of the good maintenance and turnarounds that were performed. This has a positive impact on production efficiency that we are observing throughout the year and guiding our revision until the end of this year. Thank you.

Rodrigo Vilanova – EVP Energy Management

Thank you, Matt. This is Rodrigo here. Regarding the midstream contribution, and just to be clear, I mean, the midstream contribution encompasses natural gas, but also oil products, biofuels and power. There's a whole suite of products here. We do not provide granularity specifically. But indeed, a big part of the contribution came from the natural gas operations. We do have, as mentioned in the last quarter's call, a more resilient portfolio overall, with different counterparties, different terms, indexations, additional flexibilities.

And more than that, although we are still at the beginning of our journey, we are quickly improving our portfolio optimization, risk management trading capabilities and being able to apply that beyond oil and gas. And I would just highlight power and biofuels here as key examples. This is indeed helping us develop in an integrated fashion our energy transition projects and indeed achieve better results. Thank you.

Irene Himona - Société Générale

Thank you very much. Just one question of clarification on capital expenditure. You guide today to Net capex this year of around €500 m. Do you retain the 3 billion three-year cumulative Net Capex guidance?

Filipe Silva – CEO

Yes, Irene, we do. Unchanged guidance for the three-year period. Thank you.

Biraj Borkhataria - RBC

Hi, there. Thanks for giving me a second chance. Just one follow-up on Bacalhau. This is obviously the key deliverable over the next couple of years for you. Could you just remind us where we are now? What are the key risks here? And then how much contingency you have in the budget? Thank you.

Filipe Silva – CEO

Hi, Biraj. It's all going relatively well. After the delays we announced in Q1, it's all going pretty well, I would say. So the unit is in Singapore. The topsides have been lifted. This should take us to, I would say, January, February 2024. So, we're confident that both the costs and the timings will be as announced in Q1.

This is a key project for Galp, as you would expect. So more than 40 k barrels per day, our share, so not only large but very competitive and low carbon barrels are coming our way. Thank you.

Otelo Ruivo - Director of Investor Relations

Thank you. I think this concludes our call. I hope it was a useful one for you. Do get in touch with the IR team if you have any follow-ups. Until then, we wish you all a great summer break. Hope to see you all in September.