Video Presentation

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Welcome everyone and thank you for watching this short summary of Galp's 3rd quarter results.

This was a quarter of strong operating momentum across all business units at Galp, in tandem with continued disciplined strategic execution and capital allocation.

Upstream production was again supported by improved operations in Brazil, now joined by the ramp-up of Coral Sul FLNG. Furthermore, the sustained low-cost profile of our portfolio once more drove Upstream contribution.

On our key Upstream developments, we continued to advance the execution of Bacalhau, including the appraisal campaign critical for the assessment of the phase II northern area development concept.

As for Namibia, we are well on track to spud the first exploration well in November.

Moving forward, given improved operating conditions, we expect production to be around 120 kboepd during 2023 and then to remain above 115 until the start of Bacalhau.

On Industrial, the high refining availability during the quarter allowed Galp to capture the strong cracks' market environment.

Our decarbonisation journey continued to progress steadily, with the FID of an advanced biofuels unit and of the 100 MW electrolyser for green hydrogen production. These two large scale projects will kick off the transformation of our Sines site and represent an important building block in our strategy.

Midstream delivered another robust set of results and, under the current outlook, is expected to maintain its positive momentum.

Now on Renewables, this was another seasonally strong quarter, consistent with the strong returns our disciplined execution seeks to achieve in this business.

We still expect to deploy additional capacity in Iberia over Q4, with one park already online, even though some construction works were impacted by weather events.

In Brazil, market dynamics remain challenging, requiring paced capital allocation to ensure projects are delivered in a value-accretive way.

Ultimately, under these circumstances, the full delivery of the 4 GW renewables organic portfolio is unlikely to be achieved by 2025 and is being re-assessed given the return profiles we are currently seeing in some projects, at levels well below Galp's minimums.

Commercial benefitted from seasonally higher mobility and increased contribution from convenience, which continues to gain relevance, already at around 25% of the Commercial Ebitda this year.

Overall, Group Ebitda in Q3 surpassed €1 bn. Ebit followed suite, including some impairments and provisions, such as the ones reflecting renewables market conditions in Brazil.

Implicit tax rate was 63%, which includes all extraordinary taxes in Iberia and showcases the heavy weight of taxation currently applicable to our businesses. On cash taxes, €116 m were paid regarding extraordinary taxation, including expenses related to the Extraordinary Energy Tax here in Portugal. Galp continues to dispute this tax.

Excluding extraordinary taxes, our tax rate would be closer to 50%, still a very high number.

Moving to Operating Cash Flow, Galp evidenced a robust performance this quarter. Net capex execution accelerated, and there was the beginning of our exploration campaign in Namibia, partially offset by an inflow from interim amounts related to the Angolan sale.

All in all, a strong Free Cash Flow generation, enabling Galp to reduce its net debt to €1.2 bn and land on a robust position with net debt to Ebitda at 0.3x.

Now, with just two months to go, we revisit our expectations for the full year and adjust our outlook. We are revising up our guidance on the back of subsisting macro tailwinds and a better-than-initially-expected operating performance, namely Upstream production and Industrial & Midstream contribution.

2023 Ebitda is now expected above €3.5 bn and OCF above €2.3 bn.

Finally, our gross capex is expected to be around €1.1 bn, with €0.6 bn of divestments assuming Angola upstream sale completion by year-end 23.

All in all, a well-rounded quarter. Thank you for joining us!