

Video Presentation

Maria João Carioca - CFO

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!

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 third quarter 2023 results. Earlier this morning, Galp released all the materials related with the results together with a short video where Maria João covered the key quarter highlights. Therefore, following the same format used in previous quarters the session, we'll start with a short opening remark from Filipe and then we'll move on straight to Q&A.

On our side, to take your questions, we have the full executive team and some leadership team members as well, both here in Lisbon and connected from Brazil. Let me just provide you with the usual disclaimer 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 indicated in the cautionary statements included on our materials which we will advise you to read.

Filipe, the mic is yours.

Filipe Silva - CEO

Thank you, Otelo. Good afternoon. If I look back at Q3, you start to see the structural improvements in our operating performance. The macro - it is what it is - but operationally we are in a much better place. We had our challenges a few years ago. It's all becoming more normal. And we continue to see outstanding reservoir performance and you will have no doubt seen the massive turnaround in our energy management business.

On the negative side, we continue to be subject to discriminatory taxation. It is an issue we are dealing with internally but, more strategically, we are transforming Galp. This is a growing company in the core business. It is also a company with long life assets, no Middle East exposure, and it is decarbonising whilst creating real shareholder value in our low carbon activities. We continue to de-risk the portfolio, so we continue to see significant upside and we're glad to see the market starting to give a bit more credit to companies like Galp which have a long term growth profile over shorter term yield considerations.

I'll stop here, Otelo. Thank you.

Questions & Answers Session

Oswald Client – Bernstein

Good afternoon, everyone. Thank you very much. Just on Brazil, obviously you're going slower on the renewables piece and the pipeline which is in line with what you've spoken about the last couple of quarters, but could you perhaps say what that does in terms of freeing up capex in 2024 perhaps? But also, there is a bid round coming up December 13th for the offshore oil and gas sector, should we expect you guys to bid a bit more aggressively in that as a consequence?

And then secondly, on the midstream or the supply optimisation piece. I mean, we can obviously back out refining and we're seeing this €100 m to €200 m contributions each quarter now coming through the year, and I know this quarter it's oil, gas and power responsible. Was it split across the three or is there any way to think about this rateability coming through this line as we look into next year and the year afterwards, please? Thank you.

Filipe Silva – CEO

Thank you Oswald. On Brazil renewables, again this could be in Brazil, could be anywhere else. This is the story of value over volume for us. We'd like to grow our renewables pipeline, we will grow our renewables pipeline. We actually need the electrons for some of the midstream and industrial activities that we carry out as we decarbonise.

Lower execution in 2024 inevitably leads to much lower capex. That's clear. We do have Namibia however, where we are keeping 80% as we speak and we're carrying the other 20% minorities. So, you'll see the mix of capex going into 2024 is different from what we had anticipated.

The bid rounds. Yes, Brazil is a place we like, we are looking at it carefully. We don't expect bid rounds coming our way to have any significant impacts in capex over the next few years.

Rodrigo Vilanova – EVP Energy Management

Thank you, Oswald. This is Rodrigo Vilanova from Energy Management. Regarding your question around the oil, gas and power contribution on the midstream, I would say that the natural gas business so far has been the largest contributor. However, the oil, the biofuel, the power, the other lines of businesses are now fully established. They are developing quickly and although we expect gas to remain the largest contributor within the next few months, the other businesses are growing and catching up quickly. Thank you.

Alessandro Pozzi - Mediobanca

Good afternoon. I have two questions. The first one, if you can give us a bit more colour on the reasoning behind the impairments in Brazil in the renewables side. Also, you mentioned a slight difference in capex in 2024, I guess you still have a guidance of €1 bn in net capex for this three-year plan which probably means anything between maybe €2.5 bn and €2.8 bn for the next couple of years. Any indication of whether this is split equally over the next couple of years or if it is more front or back loaded? Thank you.

Georgios Papadimitriou – EVP Renewables & New Businesses

Thank you, Alessandro. This is Georgios from the Renewables team. So, on the impairment in Brazil, we were given the opportunity by the regulator in Brazil to revisit our interconnection commitments. The market was full of projects that had interconnection commitments, and everybody was asking for extensions in their COD deadlines. What the regulator decided was to give everyone the opportunity to, let's say, release themselves of the commitments they had on these interconnection contracts. And as such, the market went and about 11 GW of capacity were then released.

We did the same on over 1 GW of our projects. That doesn't mean that the projects don't exist anymore. The projects are in our portfolio. However, they don't have interconnection rights and we will ask for interconnection rights when the market turns. Right now, the market has been, let's say, characterised by very low prices, high capex, high inflation and high interest rates. That is why many renewables' developers, including ourselves, decided not to proceed now with those projects, release their interconnection rights and then of course take time to decide if the market, when the market turns, to request again for interconnection rights. So, as a matter of prudence, we decided to impair €59 m invested in five of our projects.

Alessandro Pozzi - Mediobanca

Thank you. So, basically, at the moment, you're not planning to go ahead on new projects in the renewables industry.

Georgios Papadimitriou – EVP Renewables & New Businesses

At the moment the returns are not there, so at the moment, which means today, there's no opportunity for FIDs in Brazil.

Filipe Silva – CEO

On overall Capex, we will give you guidance in February. The golden rule at Galp is we've given you a multi-year net capex guidance and we should stick with that. We are a mid-sized company in really large projects so inevitably when we discuss investments and divestments they tend to be quite lumpy, so hard to pinpoint when they happen and if they happen at all. We see for example now less renewables but maybe a bit more of upstream because of Namibia, but we will play with the two sides, the two legs: the gross capex and with the divestments. And we don't have full visibility, so we decide some of this as we go along, but the commitment to the market is that we keep net capex over three years € 1 bn on average. Thank you.

Alessandro Pozzi - Mediobanca

All right. And just if you can give us maybe an update on the Namibia capex.

Filipe Silva – CEO

Namibia is two wells which we fund at 100% plus a dynamic testing so we're discussing \$200 m to \$300 m for the overall campaign. Thank you.

Biraj Borkhataria - RBC

Thanks for taking my questions. The first one just on Mozambique: there's some discussion about that potentially being part of the solve on the net capex front if you were to divest it in the face of more renewables investment. I was just wondering if you're thinking any differently about where that project fits in your portfolio and whether you started the sales process yet for Mozambique.

And then the second question on biofuels. That project is structured as a JV with you and Mitsui, I was just wondering if you can talk about the rationale for not going alone and also if you could talk about your feedstock strategy over the medium term. Thank you.

Filipe Silva – CEO

Biraj, Mozambique is a jewel of a project, and we really like the onshore part of the project. Coral is working well and we're not at the stage where we even know timings. So, we need to wait for force majeure to be lifted. We're going through pre-feed and next year all the front-end engineering is going to be carried out for the modular trains onshore and that is the focus of Galp at this stage. De-risk as much as we can this project. Thank you. Ronald.

Ronald Doesburg – EVP Industrial

Yeah, thank you Filipe, this is Ronald from Industrial. Thank you for the question. If you look at our JV the critical part is indeed the feedstock strategy. So going with Mitsui from an equity share 75% Galp / 25% Mitsui, but from a feedstock perspective 50% Mitsui and 50% Galp is one of the main reasons of actually partnering in this space. It gives us global reach from an overall feedstock perspective where Galp has already existing business built up in Iberia and South America. Together with Mitsui we will actually have a global reach also going clearly into the East where a lot of the used cooking oil is coming from for our future project. So that's actually the main reason.

Biraj Borkhataria - RBC

Okay. Very clear. Can I ask just one follow up on Mozambique? There's also some discussion around a second floating facility. Where do you stand on that one Filipe?

Filipe Silva – CEO

We're discussing within the consortium that project as we speak so it would be a copycat of Coral South. Again, it is a live situation. As I said before, three months ago, Galp is very focused on the onshore projects. Thank you.

Matt Smith – Bank of America

Hi there good afternoon. Thanks for taking my questions. A couple from me please. The first would be around the FID's taken in the industrial division in September. As I understand it these were sort of effectively delayed until then given the tax rates that you're expected to pay. Are you able to confirm what the fiscal and regulatory backdrops have been confirmed for those projects please?

And then the second one would just be an update on Bacalhau if I could. I think you've specified June 2025 as the first oil target. Can I just check whether that guidance remains unchanged and any update on the project if you could please? Thank you.

Filipe Silva – CEO

Thank you, Matt. I'll take the industrial projects and Daniel in Rio will take Bacalhau. The proposed state budget for 2024 includes an exemption of the extraordinary taxation that we have in the refinery for projects that comply with energy transition. This was one of the topics we were very concerned about that we would keep investing in Portugal and adapting our Sines refinery. Still, we know how challenging those projects can be, the last thing we need on top of the normal taxation in Portugal which is extremely high, that these new energy

transition projects would be subject to further extraordinary taxation. The state budget is being discussed in parliament, let's see what comes out but the direction of travel looks good. Thank you. Daniel.

Daniel Elias – Upstream Brazil Country Manager

Thank you, Matt. For the question on Bacalhau. So, Bacalhau is now progressing with the FPSO hull and modules in Singapore with integration by Seatrium. We have achieved major milestones with BOMESC delivering all the packages to Singapore and we are targeting to have the FPSO sail away from Singapore in the second half of 2024. We are maintaining our first oil date in the mid 2025. This will enable Galp to grow the production by 30% until 2026.

In Brazil we have now two rigs operating. One of those two rigs is currently drilling the ADR well, which is the appraisal well, very relevant for the Bacalhau second phase data acquisition. So, in a nutshell this is where we are with Bacalhau, all going according to the guidance we provided before.

Giacomo Romeo - Jefferies

Hello. Good afternoon. I have a question on the advanced biofuel unit. The unit capex looks relatively high compared to similar brownfield projects. I'm just wondering if you can share a bit more around the characteristics of the investment here and whether that could help explain the difference on the unit capex basis. And also can you share some details on the level of EBITDA you're planning to generate here, or is it too early at this stage?

And the second question I have is on the E&P segment. In the report today you mentioned some contractual adjustments for Brazilian equity gas contracts. Can you share more details? Anything we should keep in mind in terms around this when we model for long term gas price realisations? Thank you.

Ronald Doesburg – EVP Industrial

Thank you for the question. So, maybe first on the biofuels, we benchmarked overall HVO capex to different kind of projects across Europe and we are probably somewhere in the middle of the pack. If you look at the kind of benefits we are having we are clearly building this unit in an existing refinery. Some overall utilities and logistics we basically can benefit from our refinery structure, but yes we do need to build a treatment unit and a hydrogenation unit to produce the biofuels. We're also using our existing tank farms from a blending capacity point of view. So, all in all, from an overall project perspective I think we're well in line with the market.

Ebitda is clearly too early at this moment in time, but it does hit of course the hurdle rates that we have for ourselves when we look at making investments like this. Thank you.

Rodrigo Vilanova – EVP Energy Management

Giacomo you had a question on gas contracts in Brazil. Would you mind repeating the question please?

Giacomo Romeo - Jefferies

I just saw that that you mentioned that there have been some impacts to these quarters Brazilian contractual adjustments there. Just wondering if there are any impacts in terms of how we should think about Europe gas realisations in the country and going forward?

Rodrigo Vilanova – EVP Energy Management

Okay, no additional information so far. I mean our gas business in Brazil, we have over 50 clients. We have contracts in different terms, different pricing, but there has been no material change recently. Thank you.

Henri Patricot - UBS

Thank you for the update. Two questions for me please. The first on your green hydrogen project. I was wondering if you would share with us any comments around the expected returns here and whether this green hydrogen you would expect to use mostly for the traditional refinery or if that's something that you could use as well in the HVO unit.

And secondly you have to come back to the Upstream production guidance up to at least 115 kboepd for next year. Can you perhaps go back to what has changed compared to February when you were talking about close to 110 kboepd. Thank you.

Ronald Doesburg – EVP Industrial

Thank you for the question, Henri. So, if you look at the green hydrogen project there's clearly a European mandate to produce RFNBOs fuels. So, this green hydrogen will be used actually to fulfil the mandate on RFNBOs. We have the option later on if we would like to indeed use this green hydrogen in our HVO unit - that's building simultaneously - with the initial idea that we use to clean hydrogen in our RFNBO fuels.

Daniel Elias – Upstream Brazil Country Manager

Henri, thank you for the opportunity to dig deeper on the revision on production guidance. As we had commented before we were assessing for the solid and sustainable evidence to, if proven right, review our guidance and that's what we have observed for 2023.

We have reviewed our guidance up to c.120 kboepd. And going forward until the first oil of Bacalhau project, we have also materially reviewed our guidance. This is based on supportive evidence of the extraordinary performance of the reservoir in pre-salt and also the effective reservoir management being achieved. Also, we are confirming improved efficiencies in production units via an effective maintenance programme and, in addition, the execution of all the activities that we have planned in order to arrest decline via the infill wells and associated subsea activities. So based on all of this evidence, we have updated our guidance. Also, as it has been mentioned before, we have now Coral in Mozambique performing according to plan with good performance.

Irene Himona - Société Générale

Regarding the buyback, you have spent about €300 m in 9M23. What you can do is it just €200 m in Q4 to complete by year end or is it likely to complete early in the first quarter?

And then secondly, both the P&L tax and the cash flow tax include these special windfall and solidarity taxes. Can you please remind us what we should expect in the fourth quarter for these special taxes, and then perhaps what you're budgeting for 2024. Thank you.

Maria João Carioca - CFO

On the share buyback programme, we remain on track to execute the full programme this year. Slightly slower in the summertime given liquidity. But the broker that is executing this and has a blind mandate as you know, is still giving us comfort on the full execution. Quarter to date we're now at c.€370 m and again expecting to complete until the end of the year. We're thinking that we will be cancelling the shares still in 2023, starting 2024 with the share count already adjusted.

Filipe Silva – CEO

On taxation. On top of the normal corporate income tax rate which for recollection, we have 34% in Brazil, in Portugal the normal taxation income tax is 31%, and 25% I think in Spain. Now on top of all of this, governments have been trying to introduce, to our sector in particular, a number of other taxations.

Windfall taxation started as a European law. Somehow, the Spanish government chose its own route. Not clear if windfall taxation in Spain will continue or not. It depends also on the political landscape in Spain.

Portugal, we don't expect windfall taxation after 2023. We do have the CESE taxation, so the extraordinary taxation, that unfortunately looks as if it will continue. Originally, it started as a way to reduce the tariff deficit of the electrical system - nothing to do with oil and gas - and

it was expected that as the tariff deficit would go to zero, CESE would also go to zero. That promise has not been met. Actually, going into 2024 we see the tariff deficit going back up off the electrical system, so we're not as confident as we were that this sales taxation is as extraordinary as we want it. Hence, we have booked it as a non-recurring extraordinary, as the name says. Now it's becoming a more permanent than expected.

In Brazil, clearly the export tax of 9% on exports has ended at the end of June. On the cash flow statement you'll still see a tail of that from a cash disbursement point of view. Some of that fell into Q3. We don't expect this to come back but there are a number of discussions in Brazil about reorganising the tax system. We have some visibility, but a very incomplete one, on what may or may not happen in Brazil going forward.

Sasikanth Chilukuru – Morgan Stanley

Going back to the midstream businesses. It appears that the businesses have already delivered more than €400 m Ebitda so far this year, which was the guidance provided for this business for the full year last quarter. I'm just wondering what the latest guidance was and again it was as previously as well, I just wanted to understand how much of it can be structurally transferred for next year if current markets environment prevail.

The second question was a clarification. I just wanted to understand what the dividends to minorities was for 4Q.

Filipe Silva – CEO

Let me start with the last question and Rodrigo will take the midstream. The understanding with Sinopec is that we pay every year the free cash flow, post capex, generated on the year before. So, we expect this to be the rule. We haven't taken a final decision. There are also a number of tax considerations that we need to understand better as we approach year end.

Rodrigo Vilanova – EVP Energy Management

Regarding the midstream contribution, despite some continuous challenges on long term supply agreements, we have indeed posted a robust contribution. We expect in the near term this contribution to remain robust, but regarding guidance we are not at this stage giving guidance for next year. For the full year 2023 Industrial and Midstream we revised guidance up to €900 m.

Maria João Carioca - CFO

On non-controlling interests we've disbursed so far in 9M23 approximately €89 m and our expectation for full year is of at least more €82 m.

Michele Della Vigna – Goldman Sachs

The first one is on Namibia. Very exciting that you start the spudding of the well in November. I was wondering we've seen two wells being drilled relatively close to your acreage, the Cullinan-1X from Shell and the Nara-1X well from Total, and both in this case were unsuccessful wells. I was wondering if that in any way has changed the way that you approach your drilling and which kind of formations you are aiming at.

And then secondly given the very, very strong performance you've had on your gas marketing business I was wondering, you're still missing the volumes from Venture Global who is still not delivering to you. I was wondering what legal avenues you have to effectively force that delivery to start and when you expect that to contribute to your gas marketing business.

Adriano Bastos - Head of Upstream Special Projects

Good afternoon. This is Adriano Bastos. I will answer about Namibia. Unfortunately, Cullinan-1X and Nara-1X were not successful wells for two different reasons. Cullinan-1X is a carbonate target, which is not the reservoir that [Galp's] Mopane is subject to, which is to be a sandstone. Nara-1X failure was related probably by facetious degradation and that is part of our risk evaluation of our well.

Rodrigo Vilanova – EVP Energy Management

Regarding the supplies from Venture Global, you're right. I mean, we have not yet received any cargo under the long-term agreement. You understand we cannot comment on confidential legal proceedings. What I can say is that, at any time that we believe our contractual rights are not being met we have taken, and will take, all actions applicable to preserve our contractual rights.

Matt Lofting – JPMorgan

First capital allocation and Capex. At the beginning of the year when the company announced its exit from Angola, did you anticipate at that point that more disposals may be needed in order to manage three-year capex to the guided level? And then, as we sit today with renewables phasing, et cetera, appearing lower as you talked about earlier do you still think that more disposals are necessary?

And then secondly Filipe, I wanted to follow up on the comments you made earlier around the Brazil tax system and limited visibility by the sounds of it on possible future revisions, given that is such an important part of Galp's portfolio and business. Could you just expand there on any key areas of uncertainty from Galp's perspective and where your focus is on that?

Filipe Silva – CEO

Matt, on Brazil the information we have is public. So, there are different proposals on the table some of which entail a significant reduction of the corporate income tax rate from 34% to 27%, if I'm not mistaken. But there would be a new withholding tax on dividends that would be exported out of Brazil. Net, it would have a somehow negative consequence to us, but not that meaningful. That's one of the discussions.

There's a discussion about increasing the corporate tax rate. So that tells you how much of an insider we are. We see a number of negotiations going on in congress and we see the government trying to solve a budget deficit.

Relevant to us is also the ANP price or the price at which the molecules are - on what basis they're taxed. Today there's a basket that includes a number of components, including fuel oil at 3.5% sulphur. There's discussion about using a different metric, say 1% sulphur. So, that has implications to us as well.

The one piece that seems to be relatively clear by now is what they call interest. There's a deemed cost of equity that is tax deductible. It looks as if this will go away, meaning that not all the equity is going to be tax deductible in Brazil.

On capex, let me rephrase what I said before. The commitment to the market is c.€1 bn net capex. How we play both legs, be it both Capex and Divestments, is something that we decide depending on market context, whether the speed at which we build our renewal portfolio, et cetera. Hard to say that we need more disposal where we're sitting today, given what's happening in renewables in Brazil. We will have less need for divestments because we have unfortunately less need of Capex going into renewables, as we sit today this can change.

Ignacio Domínguez– JB Capital

Good afternoon. Thank you for taking my questions. The first one is on shareholder distribution. Given Galp's current stock price, it's logical to assume that this might have started an internal discussion. Could you share your perspective on the balance between dividends and share buybacks moving forward? Are you open to increasing the cash dividend portion at the expense of share buybacks?

Then my second question is related with Namibia. While I understand that you'll be commencing drilling on those two wells in mid-November, could you provide any initial estimates or indications of the potential oil reserves in the targeted reservoir? Thank you.

Maria João Carioca - CFO

Thank you for your questions, Ignacio. So, on share buybacks versus cash distribution, if I heard you correctly, I think for now the base case is to use buybacks in addition to a cash dividend representing one-third of OCF. This is what we've been discussing with the board, and it reflects our current direction.

As for Namibia, we currently have no specific guidance or preliminary estimates at this point. Thank you.

Alejandro Vigil - Santander

I have a couple of questions regarding your low carbon strategy. Firstly, could you provide an update on the lithium mining project with Northvolt, if there are any news from that?

Secondly, looking at the de-rating in the valuation of green projects and green companies, could you consider M&A as an option to expanding your renewable portfolio faster than expected?

Filipe Silva – CEO

On lithium, we're going through the FEED, we have a very interesting platform, we have teams from all over the world very dedicated to build this lithium conversion plant together with Northvolt. We're in the engineering phase, with plans to reach a FID by late 2024.

De-rating... we're monitoring as the valuation and Ebitda multiples converge very significantly over the last 12 months. Clearly it has not gone unnoticed at Galp. We need electrons in Iberia also to feed our electrolyzers, so we are keeping a close eye around this. Thank you

Pedro Alves – Caixa Bank

Thank you for taking my questions. And the first one on renewables so you have this reduction in the pipeline, clearly being more selective in renewables. We understand this demonstrates your capital discipline and considering the importance of renewables for the decarbonisation of Galp, it also inevitably triggers the question, if you at some point are changing your focus. So could you eventually prioritise more these low carbon industrial projects such as the advanced biofuels and hydrogen or the lithium. Or are you going to stick with to your long-term target in renewables and will you resort to M&A to reach them?

And the second question is on commercial. So, volumes look a bit weak not only in oil product but also power and gas, but margins surprised positively clearly above historical references. Can you perhaps give a little bit more colour on this performance over the commercial unit and whether or not this was driven by any one-off in this quarter? Thank you.

Filipe Silva – CEO

Thank you, Pedro. Galp is not going to be a renewables company in the sense that we want to be solely in renewables. Galp needs the green electrons to decarbonise its industrial footprint. Galp is and wants to remain a liquids company. It will be a different liquid, but we need to stick to what we do best which is to supply energy and we're going to do the difficult part. The part that is the hard-to-abate, where barriers to entry are very significant and where we have a huge competitive advantage because we have the ports, the tanks, the pipelines, you name it. So, for that we need electrons and that's why renewables are important to us so that we have an end-to-end value stream, same way as we go from exploration in upstream all the way to delivering gas oil at the gas stations. It has to be end-to-end so that we play the whole value chain. Thank you.

João Diogo – EVP Commercial

Thank you for your question. On the commercial side, of course we were in the season where we had the most activities, that is the summer season. I want to highlight the transformation we are under particularly in convenience retail which is one of the pillars that we have in commercial. But let me tell you that on the Portuguese side, we are already recovering on the volumes. We can also highlight at this point with a high price context that we are having a strong discount campaign in Portugal.

Let me also say on the Spanish side, that is a bit more pressured given the different locations from which the products are coming. We want a level playing field to compete, and we are also already having an integrated approach on the Spanish side as well as an integrated offer. Overall, on track, recovering, and looking forward to continuing our transformation in commercial. Thank you.

Kate O'Sullivan – Citi

Hi. Thanks for taking my questions. First, concerning Namibia, you previously mentioned involving another party after de-risking the project. Have you already had discussions with potential partners for sharing the equity in the Namibia project?

Secondly, you've obviously had good capture this quarter in terms of refining margins and have downtime at Sines now, but if you could give some colour on what you're seeing in terms of cracks quarter to date for 4Q. Thanks very much.

Filipe Silva – CEO

Hi, Kate. We have always said that we want to capture the exploration upsides and take all the exploration risk cost downside. So, yes, we have been having discussions with several



parties, but this is not the time to engage. We need to understand the scale of what we have at hand. Thank you.

Ronald Doesburg – EVP Industrial

Thank you for your question. If you look at the refining margin first of all in Q3 they were at the highest of the year, so they were \$14.6/boe, when in Q2 they were \$7.7/boe. So almost double.

Current refining margins are roughly around \$9/boe. You have higher oil prices, you have China exporting more products, your gasoline cracks are clearly coming off because it's the end of the driving season, and refining margin traditionally in this period of the year is supported by winter season, so gas prices but also heating oils cracks are creeping up depending on what the outside temperature is going to do.

That's the market. It's probably important to realise that for Sines we have a turnaround until the end of November. We won't produce anything and hence we won't capture any of that refining margin. Our costs clearly are there because we have turnaround during October and November, but the margin side is not there. So, the results for refining and industrial in that space for Q4 will of course be different versus what you have been seeing year to date.

Otelo Ruivo - Director of Investor Relations

Okay, I think this ends this session. Thank you all for participating in the Q&A. We hope it was a useful one for you. Do get in touch with the IR team if you have any follow-ups. We wish you all a fruitful results period. Hope to see you all soon.