ANNOUNCEMENT
October 24, 2022

Third quarter and nine months of 2022 results

All the materials related with the results and the short-term outlook, including the video presentation from Galp's executives, are available here. Galp's analyst Q&A session will be held at 14h (Portugal / U.K. time). Additional details below.

"During the quarter Galp posted a solid set of results based on a strong operational performance, as we continue to capture the strong, but volatile macro environment. Our Ebitda was close to €800 m and our Cash Flow from Operations over €1 bn. This allowed us to continue to deliver on our key projects and making progress in our decarbonization journey. We continue to execute our distribution policy and further reduce our Net Debt/ Ebitda ratio, now at 0.6x even after accounting for the Titan acquisition and its associated debt.

I would like to take this moment to express my thanks to the people of Galp for their unwavering support over the last two years. Given the exceptional quality of the Galp team and assets, I am confident that the company will continue to transform, decarbonize and profitably grow. During my time leading Galp, which will continue to the end of the year, I have seen Galp develop to become a more open, dynamic and profitable Company, adapting its portfolio to the cleaner energies of the future. I wish Galp and its people all the best for the future, I am sure it will be a bright one!"

Andy Brown, CEO

Third quarter 2022

Galp's 3Q22 results reflect a strong operational performance across the business segments, with Upstream and Industrial activities capturing the strong macro environment. Free cash flow generation was robust, enabling net debt to be reduced during the period.

Excluding inorganic moves related with the Titan Solar deal, net debt would have been reduced by c.€390 m.

RCA Ebitda reached €784 m, 29% higher YoY:

- Upstream: RCA Ebitda was €612 m, up YoY, reflecting improved oil differentials and gas realisations, although including a €138 m impact from the Berbigão/Sururu unitisation agreement and increased in-transit volumes.

  Working Interest (WI) production was in line YoY, but up 7% from last quarter reflecting a lower concentration of maintenance activities in the period.

- Commercial: RCA Ebitda was €103 m, mostly supported by a continued recovery of the aviation and maritime bunkers activities within the B2B segment. Sales of natural gas and electricity were impacted by a reduction in industrial activity.

- Industrial & Energy Management: RCA Ebitda was €48 m, with the robust contribution from the refining activity partially offset by the natural gas supply and trading activities, mostly given persistent natural gas sourcing restrictions.

- Renewables & New Businesses: RCA Ebitda was €38 m, reflecting the consolidation of Titan Solar from August onwards, following the acquisition of the remaining 25% stake.

  During the quarter, equity renewable power generation more than doubled YoY, driven by the higher capacity installed, now including the first project located in Portugal.

Group RCA Ebit was €408 m, including an impairment of €34 m in Upstream, related with the exploration well in São Tomé and Principe, and the booking as recurring of all 2022 provisions related to the decommissioning and transformation project of the Matosinhos site, amounting to €88 m.

RCA net income was €187 m, also benefiting from a positive effect of €114 m from mark-to-market swings on Brent and refining margin hedges, under financial results.

Galp's adjusted operating cash flow (OCF) was €484 m, whilst cash flow from operations (CFFO) reached €1,024 m, with a €693 m working capital release driven by the decrease in commodities prices and which includes a roll off in natural gas derivatives exposure of €306 m, as planned. FCF was positive at €427 m.

Net debt decreased €89 m since the end of the second quarter, after accounting for the €140 m expenditure related with Titan Solar's stake acquisition and the consolidation of the respective net debt of €157 m, and also €289 m in shareholder distributions, of which €213 m in dividends and €77 m within the share buyback programme in place since May.

Nine months of 2022

Galp's RCA Ebitda was €2,897 m, while OCF was €2,087 m.

Net Capex totalled €924 m, mostly directed towards Upstream's developments and Renewables's portfolio execution and acquisition of Titan Solar's remaining stake.

FCF amounted to €944 m, with the strong cash generation supported by the operational performance and margin account roll-off being partially offset by a working capital outflow resulting from the increased commodity price environment.

Considering distributions of €536 m (cash dividends and buybacks) and dividends to non-controlling interests of €145 m, as well as other adjustments, net debt decreased €261 m, compared to the end of last year.

At the end of the period, net debt amounted to €2,096 m and net debt to RCA Ebitda was at 0.6x.

Note: Adjusted operating cash flow (OCF) indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items. The reconciliation of this indicator with CFFO using IFRS is in chapter 6.3 Cash Flow of the report.

Short term outlook

Galp is adjusting its key financial guidance for the full year 2022, mostly to reflect the first nine months results while keeping the operational guidance unchanged.

Assumptions for 4Q22		4Q22
Brent	$/bbl	90
Realised refining margin	$/boe	15
Iberia solar capture price	€/MWh	130
Average exchange rate	EUR:USD	1

Operational indicators (full year 2022)		
Upstream		
WI production	kboepd	Flat YoY
Upstream production costs	$/boe	<3
Commercial		
Oil products sales to direct clients	mton	c.7.0
EV charging points	#	2k
Industrial & Energy Management		
Sines refining throughput	mboe	c.90
Sines refining cash costs	$/boe	c.2.0
Renewables		
Renewable generation capacity by YE (@100%)	GW	1.4
Renewable generation (@100%)	TWh	2.0

Financial indicators		
RCA Ebitda	**€ bn**	**c.3.8**
Upstream	€ bn	c.3.0
Commercial	€ m	>300
Industrial & Energy Management	€ m	c.500
Renewables & NB	€ m	c.60
OCF	**€ bn**	**c.2.8**
Upstream	€ bn	c.1.9
Commercial	€ m	c.230
Industrial & Energy Management	€ m	c.500
Renewables & NB	€ m	c.50
Net capex	**€ bn**	**1.1-1.2**
Net debt to RCA Ebitda by YE	-	<1
Total expected distributions	**-**	**1/3 OCF**

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