Video Presentation
Strategy and Business Overview

Andy Brown, CEO

Welcome to the Galp Q3 results call.

I will briefly introduce you to the main highlights during the quarter, and then pass the floor to Filipe, who will cover the financials and the updated outlook.

The macro remains extremely volatile, with Q3 seeing declining oil prices, a sharp increase in Iberian gas prices and a downturn in refining margins impacted by concerns of weaker demand.

We continued to execute on our key strategic projects and achieved robust operational performance.

Strong organic FCF during the quarter reflected strong operational performance: Ebitda was close to €800 m and Operational Cash Flow close to €500 m.

Our net debt continued to decrease, even accounting for the Titan acquisition and associated debt as well as distributions to shareholders and minority partners.

All in all, 3Q22 was a solid quarter which saw a further improvement in our financial performance.

I will now quickly run through the performance of our different divisions

In Upstream, production increased, due to higher uptimes, and we saw a reduction in the prices discounts to Brent and an improvement in the gas realizations, reflecting the strength of our expanded energy management capability.

We are on track to meet our production target for the year.

On Bacalhau, drilling activities are to start soon, an important milestone for the development of this significant project for Galp.

On exploratory activities, the results of our São Tomé and Príncipe well did not lead to a commercial discovery. However, we acquired valuable data and will now analyse what could be the next exploratory steps related with this area.

We continue to target an exploration well in the high potential block in Namibia, now targeting to happen in late 2023.

We are excited about the start-up of Coral South, and we eagerly await the first LNG cargo. The project will start to contribute to Galp in Q4 already.

Coral will put Mozambique on the LNG map as a key global supplier. LNG remains a crucial part of the energy supplies now and in the future and Mozambique will be a core growth area supplementing the US and Qatar.

This project is an amazing accomplishment, delivered on time and on budget! Our congratulations to the operator and the Galp team supporting them!

Our Upstream continues to grow in the short term to medium term, also with exciting opportunities for future growth.

In Commercial, and despite some concerns on reduced demand from the current price environment, we managed to achieve a solid contribution during the quarter with Ebitda of over €100 m.

Meanwhile, we continue to transform and expand our businesses. We see very strong growth in our decentralised solar business with our Iberian customers, customers looking to take control of their own energy supply to their homes and businesses

In e-mobility we have more than doubled the number of charging points YoY, heading to 2,000 by year-end.

In convenience retail we continue to see growth with an additional 20% in contribution margin year on year.

Looking forward, we are seeing customers reduce offtake volume in the B2B segments, but we remain on track to surpass €300 m Ebitda by year-end.

Galp's Industrial performance continues to show improving operational and safety performance with the refinery operating at 1st quartile availability levels.

Robust refining margins are above the average historically but in a very volatile environment.

The turmoil in the gas markets, with very high prices and a large TTF to PVB spread, coupled with the hedging position taken in 2020 by Galp and the restrictions in supply from Nigeria has reduced the cashflows from this segment in Q3.

Nigeria sourcing restrictions could have had an impact of over €500 m since 2021 but our Energy Management team has been able to significantly reduce this impact, to well less than half of this number.

And now we are dealing with the last news received from Nigeria and monitoring the LNG force majeure implications.

We send our commiserations to the people of Nigeria for the humanitarian impact being caused by the flooding.

Whilst it is still uncertain what the impacts from this event could be as we have pre-sold volumes, we are actively finding competitive alternative sources of gas.

However, we do expect 2023 gas supply & trading contribution to improve significantly. From January onwards, we have retained flexibility in our supply/demand balances and have not hedged our gas position forward. We also look forward to the start of competitively priced supplies from Venture Global next year.

Strong renewables performance in the quarter once again, as we continue to grow our capacity and capabilities.

Now with a solar project in Portugal of over 100MW, recently started up.

We now have 1.3 GW under operation, fully sold under merchant conditions.

Our Titan portfolio is 100% consolidated from August onwards.

On a consolidated basis, over the last 12 months, the current operating portfolio would have generated c.€240 m Ebitda with a gross investment capital of around €1 bn.

We're growing fast as in Q3 our equity renewables energy generation is double that of Q3 last year. And we are getting close to the 1.4 GW we forecast for year end. We are confident of being able to deliver against our growth targets of 4 GW by 2025 and 12 GW by 2030.

In summary, we continue to make good progress towards our objectives of growth, decarbonisation and competitive distributions.

We are growing our established businesses, with the start-up of Coral and the progress of Bacalhau, meanwhile transforming and growing our industrial and commercial businesses.

We're decarbonising the energy we produce through growth in Renewables: we have doubled the equity renewable electricity generation YoY and we are advancing with renewable fuels and battery value chain projects.

Our robust financial position allows us to offer competitive shareholder distributions.

We are finalising the €150 m buyback program, with shares to be cancelled by year end. And although we're slightly more conservative on our guidance for the year, we continue to remain confident that Galp may buyback as much as €500 m related with 2022 performance.

I'm confident that the journey we are on to Regenerate the Future Together will continue delivering strong results and that Galp has the quality of team and assets that will allow us to grow and transform, leading the sector in the energy transition.

It's been a privilege to be part of this journey as Galp CEO.

I will now hand over to Filipe.

Financial Overview

Filipe Silva, CFO

Thank you Andy, and thanks everybody for watching:

From me, the key themes of the quarter:

In Upstream, Ebitda was €612 m, this is driven by increased production, as expected, and improved oil differentials to Brent and gas realizations.

At the end of Q3, we had 3 cargoes in transit, and this is higher than usual. A cargo in transit is valued at cost of production, so the Ebitda does not reflect the market price of the molecules, this gets booked only in the following quarter.

In Ebitda, in Upstream, we also have the Berbigão / Sururu unitization. What is that? So our post-unitization stake will be lower than the current one, so Ebitda booked to date is adjusted by 138m to what will be our entitlement post-unitization. At completion of the unitization, we will be compensated for the capex we have invested over and above our final share. So, the net cash effect between the two, is calculated at the end of September, is a Galp payable of about €40 m. We've always assumed this effect to occur during this year, so this was baked-in into our guidance.

Commercial was solid, with €103 m in Ebitda, this was supported by recovery in oil volumes, mostly aviation and marine bunkers. B2B Gas and electricity sales, however, are starting to be impacted by slowdown in activity.

In Refining & Energy Management, Ebitda was €48 m. And here we saw strong operational performance in refining, with good throughput in the refinery. And our refining margin now values the input cost of the natural gas to the refinery at the Iberian spot prices.

Our refining hedges had an impact of €70 m, with a wide basis differential between the refining indicator we had hedged and the actual realized one. And we continued to face sourcing restrictions. And we have been impacted by gas pricing differentials. So because of our hedges, TTF is our effective acquisition cost of gas. We had to place some of the gas in Iberia at PVB pricing, which is trading at a significant discount to TTF, given the TTF issues that we're facing.

On Renewables & New Business we now have our renewable assets fully consolidated, with the acquisition of the remaining stake in Titan back in July. So, from August onwards, Ebitda was €38 m. It would have been over €60 m if the entire quarter had been consolidated.

Overall, Group Ebitda was €784 m, that's up 29% from last year.

Below the line, we have booked a €34 m impairment related to the exploration well we have drilled this year in São Tomé and Principe. We also recognised in RCA numbers €88 m related with 2022 provisions for the decommissioning of the Matosinhos refinery and its transformation into a new site. Now, this was booked under special items previously.

Financial results were positive reflecting the MTM gains from the Brent and Refining hedges, while the implicit tax rate was higher than usual given the fiscal treatment of in-transit cargoes and the unitisation impact.

All in all, group net income was €187 m.

If I move to cash flows: OCF of €484 m considers the unitization adjustments. CFFO was €1 bn, as the decrease in commodities, and the roll-off of our gas derivative positions, drove a working capital release of almost €700 m.

Net capex this quarter was €558 m, including €140 m for the Titan Solar acquisition, renewable development costs are now showing at 100%, and we also had a higher investment for the commissioning and start-up of Coral Sul, in Mozambique.

FCF generation was €427 m and we reduced net debt by €89 m in the quarter, after dividends and buybacks of around €290 m, and the consolidation of Titan's net debt.

So, overall, this leads to a net debt to Ebitda of about 0.6x.

We are keeping most macro assumptions unchanged for the rest of the year, except for the stronger dollar against the euro. So, we are adjusting downwards Industrial & Energy Management, where we now expect Ebitda to be around €500 m in 2022.

Now this assumes the higher-than-expected impact from gas sourcing restrictions in Q3, as well as a more conservative case for Q4 given the still wide PVB-TTF gas pricing differentials.

We are not factoring in the latest Nigeria LNG notice of force majeure. If we look at the current month-ahead Iberian gas prices of about €70/MWh, a missed cargo could represent a hit to Ebitda of €40-50 m.

The expected OCF of €2.8 bn for the full year keeps expected distributions of around €900 m, with buybacks of about €500 m related with 2022, and this is in line with what we said back in July.

We update our net capex estimate to €1.1 - 1.2 bn, this to accommodate for the stronger dollar but also considering some Renewables capex now at 100%. On the other hand, we are benefitting from the dollar appreciation in our dollar cash positions when translated to euros.

As we conclude, I would like to thank Andy for all he has brought to Galp over the last couple of years, and I wish him all the best for the future.

Thank you.

Q&A session

Q&A Introduction

Otelo Ruivo, Head of IR

Hello everyone and thank you for joining us today on the Analyst Q&A Session related to Galp's third quarter and nine months of 2022 results.

As usual, we released the results materials early this morning, including a Management presentation video, highlighting the key achievements during the quarter and covering the financial results. Therefore, we will start with some words from Andy, our CEO, and then go straight to Q&A.

As in previous occasions, we will have Andy, Filipe, Teresa, Georgios and Thore on the call. So, the full Executive Team here available to take your questions. If you want to participate, please follow the Operator's instructions at the end of the call.

Also as usual, I would like to remind you all that we will be making forward-looking statements that refer to our estimates. Actual results may differ due to factors included in the cautionary statement presented at the beginning of the presentation that we released this morning, which we advise you to read.

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

Andy Brown, CEO

Before we start, I'd just like to say a few words about my decision to step down at the end of my mandate at the end of this year. Two years ago, I received a challenge. A challenge to transform Galp, to change its portfolio to embrace the energy transition, to professionalise the operations, to improve the external image, and to adapt to the internal leadership style. I was asked to complete the two years of Carlos Gomes da Silva's mandate to end 2022. I came out of retirement, resigning my Board and advisory roles in order to avoid conflict.

Over these two years, we have expanded our Renewables position, doubling our portfolio and our equity generation capacity. We've launched a whole new hydrogen biofuels business on the verge of world-scale FIDs. We've secured a joint venture with Northvolt to enter the battery value chain. We've launched the project to transform Matosinhos refinery into an innovation district. In Commercial, we have new businesses – e-mobility and distributed solar, and we're building our convenience retail contribution.

In Upstream, we've cemented 25% growth with the Coral start-up and the progression of the Bacalhau project through FID into construction. Meanwhile, we have transformed the focus on operational excellence and safety and are now delivering in line with our plan.

What is not so visible is that we've reorganised and recruited the talent needed to take the businesses forward. Many new recruits are taken from the international world. And perhaps most importantly, we've changed the internal leadership culture, empowering staff and holding them accountable in a much more open and dynamic Galp. And whereas for many of you two years appears very short, and there's still a lot of work to do, the changes are deep rooted and hard-wired, and going forward in 2023, without the gas derivate hedges committed in 2020, Galp can go forward from strength to strength and reap the benefits of this transformation.

Galp has extraordinary people and world class assets. It's been a pleasure to lead Galp, and I will continue to the end of the year. I wish the new CEO every success in taking the company forward next year. Thank you.

Questions & Answers Session

Oswald Clint – Bernstein

Andy, thank you for the reminder of everything you've executed over these last two years and obviously good luck with what's next.

Perhaps a question just on capex please. You've taken up capex quite a bit; I understand the FX, I understand the Titan acquisition, but there's a lot of discussion around cost inflation more internationally now going into next year. So, if you could perhaps speak around what you're seeing there with rigs and vessels subsea, even exploration, and perhaps even across into the Renewables side of the market and perhaps how protected you feel Galp will be to those potential inflationary pressures?

Secondly, I wanted to ask about Brazil. I see good stable oil volumes in the last nine months relative to last year. So, that's good. I was curious around the natural gas realisations now given the increased marketing in Brazilian gas. The realisation is \$55/boe in the quarter. I had in my head that there was some sort of cap there for that gas. I thought it was sub \$50/boe. So perhaps you could remind us perhaps of the pricing formula as it relates to Brazilian natural gas?

Andy Brown, CEO

Firstly, I think the change in guidance for capex is as much about the exchange rate between the dollar and the euro and obviously now we're paying 100% of the Titan portfolio. So that has increased our capex guidance. But I'm going to pass the floor to Thore and then to Georgios to talk a little bit about Upstream and Renewables, what we see in the market and how much it actually affects us, how much is already locked in at a lower price.

Thore E. Kristiansen, COO Production & Operations

When it comes to the major projects that Galp has underway right now, and in particular I'm thinking about Bacalhau, we are largely well protected through the contracts that we already have in place, and where we have locked in for a large part the costs associated with it. So Bacalhau should be, overall, quite well protected. There are some exposures regarding when the unit comes to Brazil and the scope of work in Brazil, but overall that project is well protected.

What we do see, however, is that the rig market is firming up. New rig contracts will detain higher rig rates. So, we see a pressure in that market which, over time, will have an exposure for Galp and our operations. We also see that in the other part of the of the value chain, but in particular the rig market is now firming up a bit.

Georgios Papadimitriou, COO Renewables & New Businesses

On Renewables, we are obviously seeing an increase in capex, as in many other activities. In the Titan negotiation and the acquisition, we have made an arrangement so that a certain part of the costs is secured. In Brazil, we are seeing an increase in capex as our projects mature, but we're also seeing in Iberia, particularly, a very high, very strong price environment that is more than deflecting these capex increases. So, we are very comfortable with those levels today.

Andy Brown, CEO

So just on one point, we are above the guidance of €1 bn net capex on a five-year basis, I think you need to reflect that we haven't had any divestments this year. So, in the round over the years to come, we're expecting divestments that will balance this net capex number over. So, this isn't a one-off increase in guidance. This is just a reflection that this is a year without divestments.

Now on the natural gas realisations, we have something like 30 contracts in Brazil. We're selling our gas, we're selling third party / other people's gas, and we have a number of deals that we're negotiating where we will increase the amount of third party gas we're selling into the Brazilian market. The prices are based on Henry Hub and Brent and different indexes for different contracts of different forms. So, there was no hard ceiling at $50/boe a barrel, $55/boe I think was the realisation for this quarter, it was a little bit up from previously. But what is it? Five times more than we had last year. So clearly this is a significant cash flow for us.

Biraj Borkhataria – RBC Capital Markets

The first one's on Nigeria LNG. Looking through your slides it looks like you're assuming one missed cargo there. I was wondering if you had any commentary from the operator and the basis of what goes into that assumption.

Related to securing LNG, I know there's a lot of LNG waiting off the coast of Spain, but have you had any initial conversations on the availability of cargoes for October and November?

The second question is on Brazil, looking into 2023. I know 2022 was a heavy maintenance year. Could you just talk about the 2023 schedule relative to 2022? So, how we can compare and contrast them and help us with our modelling.

Andy Brown, CEO

To you and Oswald, I know I was with you both quite recently and obviously I couldn't give you indications of my impending departure, so apologies for that.

Now on Nigeria, clearly I think the first thing to say is our sympathy goes to the people that are suffering from the floods of Nigeria. Many hundreds have lost their lives and I think there's 1.5 m displaced people. So, this is a real tragedy.

For us clearly this is a concern in terms of our own deliveries. Force majeure has been called and we've heard that the cargo scheduled for the end of October has some impact on it, whether it's a delay or cancellation we are not quite sure. But I have actually invited to this call also Rodrigo Vilanova, who's our Head of Energy Management, and he is quite busily buying up some alternative supplies, I think at very reasonable prices. So, Rodrigo, give us a little bit of update about what you're buying, how you're buying it. And this thing about the LNG cargo tankers waiting to dock in Iberia. Rodrigo.

Rodrigo Vilanova, Head of Energy Management

As Andy mentioned, we received the notification of force majeure from Nigeria a week ago which is still in effect. The latest update from Nigeria is that one LNG cargo might be impacted at the end of October, and they are currently not expecting further impacts in November.

For the volumes potentially impacted in October, our gas trading team has already succeeded in acquiring most of the volumes under natural gas pipeline purchases. And we are seeing currently a limited impact, especially because pipeline gas prices are reduced due to the full inventories that you mentioned. So far, we are expecting one LNG cargo impacted late October, and most of the replacement gas has already been procured.

Andy Brown, CEO

I think we are securing it lower than we indicated in the presentation. And we don't know what spot prices will do, but the spot prices have moderated significantly, which is fortuitous for us at this moment.

In Brazil next year, this is always a balance between maintenance and natural declines and infill drilling. Thore, no guidance at this stage I guess, but any indications of how 2023 will pan out?

Thore E. Kristiansen, COO Production & Operations

What we can say is that we have to expect that maintenance will be kept basically at the same level that it is in 2022. We have a backlog to catch up from the time of Covid. So, this is well invested time and money in order to make sure that we secure the integrity and longevity of these facilities. Basically expect the maintenance activity to be in line with 2022. The final programme is still not firm, so I take a little bit of reservation that something could happen sometime towards the end of the year, but it's basically the same.

Andy Brown, CEO

If we just reflect on having Brazil, which is declining, obviously maintenance activity, some infill, but also we now have Coral that, as we say in our presentation, will be contributing. It's already contributing some volumes but contributing increasingly through Q4 into next year. So that's one of the areas where we hope to compensate for some of the natural declines for the fields that are producing today.

Mehdi Ennebati – Bank of America

The first one regarding the Rovuma project. It clearly became a very strategic project, but it also remains super challenging due to the political situation in Mozambique. I read in the specialised press that there was some news about developing part of the Rovuma project with FLNG units. So maybe can you tell us please the pros and cons between onshore energy trains and FLNG units especially regarding capex? Are we talking about much higher capex if the consortium decides to develop FLNG units or not? And what could also be the other positives and negatives regarding that project?

The second question is for you, Andy. You've announced that you are leaving the Company at the end of your mandate, and I wanted to ask you during those years, as CEO of Galp Energia, what has been the most challenging for you as the CEO? Was it running the operations or more the setup of a new strategy for the Group? Anything that you would have considered as particularly challenging? Just for us to better understand the challenges at Galp. Thank you.

Andy Brown, CEO

Let me say a few words on Rovuma and I might ask Thore if he wants to add. The partners are discussing the options for Rovuma because clearly what we've seen is: FLNG is working well, it's cost effective, on time and on budget. So, there's there is an opportunity clearly. If you wanted to stay well offshore, it would be to build another. Or if you can get nearer to the coast, you can go modular, you can go small scale, or the big scale scheme that we had before. And the partners are looking at all these schemes and I have to say there's no decision at this stage.

But what I think Coral has done, it creates optionality. Even in a deteriorated onshore security position, it does clearly show that the asset has significant value even on offshore solutions. That's not to say that's the way we're going, but it creates the optionality for that.

Thore E. Kristiansen, COO Production & Operations

So, just underlining. First of all, Coral South seems to be really, really well done. It's on time and it's below budget and we have got first LNG drop in October. We do see that by doing a second one you can actually optimise and make it even more efficient. So, that is natural that we study but as Andy said we have not taken the decision. In my mind the likely case forward will be that you will be doing both because the resources are so enormous in Rovuma. We're talking 85 tcf. So, a dual development offshore/onshore, it is most likely the way it will go forward. But the partnership is now studying the solutions and also learning from the very successful modular development that has been achieved in the US, which might be applicable also for the situation in Mozambique. Thank you.

Andy Brown, CEO

Now the other one, obviously I've got my team listening to me here. So, I think one of the issues has been tackling the legacy issues that the Company has faced and of course as you all know we've had a problem with the gas derivative hedges. It has meant that every single quarter we've had some kind of bad news which hasn't been very easy, clearly, as CEO. So getting through that and I think 2023 looks like we're going to have a much clearer path going forward, particularly in our gas positions.

I think the second thing is, you know, within the Company, driving operational excellence and safety and really getting everyone to understand their role in delivering to the bottom line.

And lastly would be getting our message across to the people of Portugal and to society in that Galp is transitioning. It is seen as a Company, I think in many ways, that is an oil and gas company that is a bit rigid but getting that across that we're much more open, we're much more dynamic and we're much more embracing the energy transition is the story we're still trying to tell and still trying to make sure that everyone understands that we are wanting to be on the right side of history as we go forward as a company. Thank you.

Joshua Stone – Barclays

First, to come back to the gas business and the restrictions there. Just talk about when you're looking for 2023, the additional flexibilities you expect to have in. Does it come at you from January? Is it like the contracts expire in January, and for how much volume do you still expect to pre-sell any gas? And when do you expect to get the Venture Global US LNG in the business as well? I'm just trying to work out how protected is this business going to be in 2023, if there are any further restrictions on sourcing?

Secondly, just coming back to the inflation point in Brazil, just looking at the Upstream operating costs. They have ticked higher for a few quarters in a row now, on a unit basis. Can you just talk about what's driving that? I presume there's some decline on the older fields in there. Where do you think cycle steady state unit costs should be now? Thank you.

Andy Brown, CEO

I think the first thing to say is that we've managed to reposition. We don't have any edges for 2023, which means the contracts we have from Algeria and Nigeria will be exposed to hopefully some upside. The gas prices are still solid. We haven't committed too much within the overall Energy Management and Commercial areas for sales for next year. So, we retain a buffer because clearly, we've been a little bit bitten by having no flexibility when Nigeria volumes don't appear as they should.

I think one message is we will have flexibility to cover all our commitments. And secondly, we are retaining at this stage what we believe should be a reasonably strong margin for the volumes we have from our legacy contracts.

So, if we go from what is significantly negative. Let's be clear, we've had a €150 m loss in Q3 as a result of the PVB-TTF spread and due to the restrictions in supply. So that's a negative number that we will flip from January onwards to a positive contribution. And then the Venture Global, we're hoping to receive it as early as possible next year. There's a long stop date in Q3, but it is now running. So, we're looking forward to those supplies which are clearly destination flexible, fixed price contracts, which will be extraordinarily accretive once we have those online.

So, both of those items I think will put Galp in a very different position next year when it comes to making money from the gas business, rather than losing money in the gas business. And I'm just disappointed I won't be here to enjoy that.

Now when it comes to production costs, these are very small numbers, around $3/boe. I think we went from slightly below $3/boe to slightly above $3/boe.

Thore E. Kristiansen, COO Production & Operations

Actually, for once, it's actually good cost. It's good cost because they were largely due to the fact that we paid some performance related bonuses to the operating companies due to better than anticipated performance. That's the main driver of the increased production costs for the quarter. Going forward, we still maintain that you can expect that to be below $3/boe. That's the sort of the guidance that we can give you at this stage.

Henri Patricot – UBS

Thank you for the presentation and the all the best for the future from my side as well. I've got two questions on the outlook please. The first one on the Upstream side. If we look at your guidance for the full year, things like the 4Q takes into account the absence of the unitisation and then the lower oil price, but not much for the reversal of the lower sales volumes because of the large number of some cargoes in transit in 3Q. So, is that fair that there is no reversal in the guidance for the full year, or is there another negative that we should have in mind when you think about the fourth quarter Upstream?

Secondly, just want to get a bit of an update on your thinking of the hedging policy for the next year: are we likely to see more of the refining option volumes due to be hedged over the next few months?

Andy Brown, CEO

On the Upstream guidance, we're sticking to our guidance of 127 kboepd. We're slightly shy of that at the moment, but actually we're going well in 4Q and we're maintaining the guidance for the full year. Clearly, we have three cargoes in transit. That's more than normal. Some of that money will be coming back to us in the fourth quarter, but those are only two things. I think we've talked about €3 bn Ebitda guidance for the full year. I think that's seeing something like $85/bbl going forward or $90/bbl for the 2H22.

Now when it comes to hedging. The gas derivative hedges, as I said, won't be there. Also, the oil price hedges won't be there, but we will have some legacy refinery hedges. I don't know if Thore wants to just discuss a little bit about that. Not significant volumes, but there will still be some refinery hedges for 2023.

Thore E. Kristiansen, COO Production & Operations

Yes, that's correct and that was put on back in early 2021. There's around 7 mboe that have been hedged on the refining margin, a part directly to the refining margin and a part through cracks, but it's limited to 7 mboe. We have no further plans for any further hedge at this stage.

Andy Brown, CEO

So, 7 mboe and about 90 mboe throughput was the run rate.

Thore E. Kristiansen, COO Production & Operations

Correct.

Andy Brown, CEO

So, relatively minor.

Raphaël Dubois – Société Générale

Thank you very much for taking my questions. The first one is about shareholder distribution. I guess there are always pros and cons on doing more buybacks at a certain point of time. There is certainly some pressure at the moment on all oil and gas companies to maybe refrain from being too generous with shareholders. But in the meantime, at current low share price, very strong balance sheet and strong cash flow generation, I would like to understand why do you not decide to increase the buyback programme now and still talk about a €500 m potential buybacks for next year. It will look like the best economic decision would be to accelerate it, instead of adding a pause. That would be my first question.

And the second one is about your pipeline in renewables. It would be great if you could give us an update on those 0.3 GW of projects that are in construction. When will they be in production? And when I look at what's under development, how quickly do you think some of it will be put into the construction phase? It's the >4 GW target in 2025 not at risk considering we are already at the end of 2022?

Andy Brown, CEO

I'm going to hand over in a second to Filipe, but I could just say that we clearly have this distribution policy with a dividend growing at 4% and then up to a third of our OCF, then the balance distributed in buybacks, if our net debt to Ebitda is below one. It's now, as you know, at 0.6x. So, we have some scope. The scheme is designed to be flexible based on our OCF and we do live in very volatile times.

Filipe Silva, CFO

Whilst it is true that our balance sheet is very strong and we are generating OCF, the formula already provides for that. One third of OCF, so if OCF is higher then distributions will be higher through share buybacks, and this comes on top of the 4% increase on the on the cash dividend. For now we're in October. The plan is to stick with about €500 m of share buybacks related to fiscal year 2022, until further notice. Then we'll see early next year how 2022 will close and how 2023 will look like. But for now, this is unchanged.

Andy Brown, CEO

And, Georgios, can you give a flavour of how quickly we can see projects coming into the final, ready to build (RTB) and then meeting our 4 GW target for 2025?

Georgios Papadimitriou, COO Renewables & New Businesses

Sure. As you said, we have 1.3 GW in operation now and 300 MW in construction. We expect 100 MW of those to be delivered and in operation by the end of this year. The other 200 MW, online date is expected sometime in the second half of 2023. Our pipeline in the meantime is maturing, and we expect in the next six months to have about 1 GW of new capacity at RTB. We will be ramping up considerably in starts of construction in the next year and, based on our decisions of how many to deploy, we will be seeing much higher numbers of CODs (Commercial Operation Date) 2024 onwards.

Pedro Alves – CaixaBank BPI

Thank you for taking my questions. The first one, regarding the decision of the Portuguese government to allow the temporary shift of clients in the gas market from the liberalised to the regulated tariffs. How do you see, until the end of the year and perhaps even for the next year, the number of clients moving to the regulated market because I think there was some delays in having this decision? And what could be the financial impact for you?

And the second question, I think you mentioned potential divestments over the coming years to offset some of the capex inflation. I know that you have touched on this on your Capital Markets Day, and you mentioned the potential portfolio management in Upstream and sell-downs in Renewables. But could you just give us a vision or colour, and how do you see this going on especially with this new cost of capital environment? Thank you very much.

Andy Brown, CEO

Now what happens next year? Clearly, we just need to note that in Nigeria there may well be a price review which may mean that the price passed on to the regulated customer will go up. So that's part of a discussion we have with Nigeria LNG at the moment. We'll reserve our position with the government on this particular move, and we have to see what's going to transpire next year. But for 2022 it is, because of the relatively low number of clients, perhaps nervous that the price will go up on 1st January anyway, have not moved across.

In terms of divestments, you will probably appreciate it's very difficult for me to say anything about divestments. I have to say we continue to actively look at our portfolio, not just in Upstream but in Renewables and in other areas of our business. We have no announcement at this stage on divestments, but I just need to note that we haven't changed our guidance on a net capex basis of €0.8 bn to €1 bn of net capex per year. So clearly there will be divestments at some stage in the coming years.

Giacomo Romeo – Jefferies

On the change in CEO, just wondering whether you have been involved in some capacity in terms of selecting your successor and if you can give a sense of the sort of the search parameters that the Board has and if the mandate will be one of continuity. It sounds like this is the case, but it would be helpful to have some colour around this.

The other question I have is about your OCF / Ebitda guidance for Upstream which remains unchanged and obviously your operational guidance is also unchanged: production, operational costs and $90/bbl in 2H22, which was the same you had last quarter. At the same time there is an FX effect which you have discussed for net capex. So just wondering why the

Upstream Ebitda guidance hasn't changed on the back of the effect that has impacted the capex. Just more of a maintenance question.

Andy Brown, CEO

If you will excuse me, I don't really want to divulge or go into details around individuals and succession at this stage. I have to say there is no change to the strategy. I have to say that the transformation we're on and the strategy that the Board has embraced with me as CEO remains unchanged. So clearly, I think a successor would be someone able to take that journey forward and continue with the transformation of Galp and particularly the transformation of the portfolio and the way we lead our organisation internally.

On the Ebitda / OCF guidance, Filipe, anything to add?

Filipe Silva, CFO

I think we've built a bit of cushion in our guidance, and we'll make sure we don't miss our expectations again. It will depend on number of cargoes in transit as of December 31st on the dollar, but yes this is a conservative guidance on the Upstream front.

Matt Lofting – J.P. Morgan

First just coming back to gas and power. I think Andy talked about some of the key steps or bridging points to think about for 2023 vs 2022, earlier. Could you talk about what the Company is thinking on diversification of supply? From the perspective that, even before Nigeria, more recently in the last 6 to 12 months, the business has arguably been characterised by challenges around gas sourcing in a market, globally, that can potentially stay tight for a period of time. Given Galp's relatively modest Upstream equity gas position, will the Venture Global volumes that come in next year be enough? Or whether from a risk management perspective there's planning and a scenario around sort of ways that that position could be further diversified through the medium term?

And then secondly, just coming back to Upstream and the point around cargoes in transit. I understood that three in transit is high vs the normal one to two. Could you give us a sense of the standard deviation or range around that historically, or the extent to which three is an abnormal quarter, or something that we could see reoccur looking into next year and beyond?

Andy Brown, CEO

Diversification of gas sourcing is something we do discuss. The Venture Global clearly adds another string to our bow, particularly with destination flexibility with a fixed price Henry Hub linked. It does diversify not only the sources but also the pricing basis of our cargoes, and we will continue to look forward at how that develops over time. We clearly need to look very much into the long term, meeting our customers' needs particularly in Iberia.

I'd say that we are also not linked into fixed sales volume in Iberia. We can flex how much we're selling in this market at the same time. The one lesson learned going forward is not to box ourselves in too much: a situation we found this year. I do think we're going to be in a better place, but we are going to keep a very careful eye on diversification of sources and pricing basis.

I don't know if we can say much about the cargoes. Three is more than normal, much more than normal. I don't know if you can say, Thore, that this would be as high as it will ever get but it's normally kind of one or two at the most isn't it? So how do you see it?

Thore E. Kristiansen, COO Production & Operations

On average what we have seen is that it is between one and two cargoes. This is, of course, very dependent on exactly what happens at the end of the quarter. So it's a bit haphazard as well. But I think for planning purposes, for your estimation purposes, use one to two cargoes. That's what you can do. Thank you.

Jason Kenney – Santander

I'm going to go back to the share buybacks. €150 m this year, €500 m for the calendar year 2022. Does that mean you do €350 m in the first part of next year. Just an idea of phasing of the balance to €500 m would be useful.

Secondly on exploration, obviously some disappointment with São Tomé. Any lessons learnt from São Tomé and the options going forward for São Tomé? And then maybe more broadly on exploration: you've still got Namibia on the second half of next year. Would that be a last traditional effort on new resource? Because my understanding was that there would be no new exploration outside of current licences on a medium-term basis. So I'm assuming that's going to be your last well next year.

Andy Brown, CEO

On the buybacks: €150 m this year is going to be for 2021, kind of reward for the shareholders in 2022. €500 m is extra, but it will be bought back over next year on a smooth basis. We want to avoid any market abuse issues, and in terms of making sure that we buy those back in a very steady way across the year.

On exploration, São Tomé e Príncipe was actually quite exciting and we saw some very interesting things in this well. No commercial discovery. It's what you call an exploration success, not a commercial success. We have said we are not going to pursue new areas, new licences for frontier exploration. That doesn't mean to say that in the blocks, in the areas we have now that we will fully appraise and develop what we discover, which is true in São Tomé e Príncipe and it's true in Namibia. I think what we're saying is at the moment we're not actively looking to buy into new upcoming frontier areas, as we focus our attention more now to the energy transition.

So, Thore, do you want to say something about our position in São Tomé e Príncipe or the blocks we've got and what we can imagine going forward?

Thore E. Kristiansen, COO Production & Operations

It's a relevant question on the exploration side. Actually, I would like to start in Namibia. Remember what our story in Namibia is: we participated in four dry wells, but we learned so much from those four wells that we decided to hang in Namibia even though it looked very bleak, and it was difficult to see opportunities. But we knew that we had the factors: we saw a working petroleum system in one well, we saw that we had the reservoir conditions in another well, it was all about - and what the exploration is a lot about - is to get the most pieces to fit together. And thank God, I would say, that we chose to hang in in Namibia and we are going to have a very interesting exploration phase coming up in Namibia.

When it comes to São Tomé e Príncipe, as Andy said, it was not commercial, but we actually found a working petroleum system and that is a very important achievement. So, we know that there is source rock that is working in São Tomé. We also found, higher up in that well, very interesting reservoir conditions. Galp has positions in three blocks in São Tomé e Príncipe with quite significant ownership share. We see that we have a very interesting exploration portfolio in São Tomé e Príncipe.

What we're doing right now is trying to analyse all the data that we have, including fluid samples that are in the lab and that we are interpreting. Then we will sit down with our partners and agree on what will then be the programme going forward both with respect to further exploration and possible appraisals. So, São Tomé e Príncipe remains a very interesting area for Galp to further explore.

But what we will not do, and what is not in our plans, is then to go further and beyond to look for new frontier exploration. Our focus then will be infrastructure led exploration, i.e. exploration around our existing assets to see how can we maximise the value of these assets and smoothen the plateau phase. That would be our focus going forward, beyond São Tomé and Namibia.

Pablo Cuadrado – Kepler

Two quick questions. The first one is on the outlook for the refining margin for Q4. It's actually more a clarification. I was wondering that the $15/boe that you mentioned as a guidance, if that reference assumes the new methodology of calculation or if it refers to the old one.

And the second question will be on the Renewables segment. Now that you have the time consolidated, clearly you have gained full disposal to that asset and clearly it's a new business line for the future and clearly the current environment with increasing gas prices, marginal technologies, gas in Europe. So prices have been very high. But the question is more strategic probably going forward. If you think you are comfortable now having that consolidated 100% to maintain everything on merchant, or if you have started to consider probably to move to a more PPI framework, or if you think that you are fine right now with the current capacity living on merchant and providing a focus on PPI, just on the future commissioning of assets?

Andy Brown, CEO

I'll hand over to Thore to talk a bit about the guidance and where we are with the new way of calculating that.

Thore E. Kristiansen, COO Production & Operations

It's correct and the guidance that we're giving you, are including the fact that we now are basing the refining margin on the spot gas prices PVB. Actually, month to date, we see very healthy refining margins, above $15/boe. Let's see how that develops during the quarter, but right now the margin stays very healthy with very strong diesel cracks and quite reasonable jet cracks as well. So, for now it's good and our guidance is based on the new gas spot assumptions, yes.

Andy Brown, CEO

So, I'll say a few words on pricing consolidation and on the merchant market, as I think we've reflected, if we had had all these assets in consolidated form for the last 12 months, it would generate €240 m Ebitda on about €1 bn of investment. So, this is obviously a very good portfolio for us, particularly on a consolidated basis. And so, now that's where we have that position.

What we want to say is we remain flexible. We remain flexible to get the most return for shareholders and having on the merchant today is certainly the most attractive way for us to do that. I don't know if Filipe or Georgios if you want to say anymore words than we remain flexible and at the right moment we may need to lock in some long-term contracts but at this stage we are very much enjoying that merchant position.

Filipe Silva, CFO

Galp is an integrated player, so we are a keen off-takers of those electrons. Could we consider internal PPAs? We could do that. One of the topics for next year will be how can we maximise project funding if we have PPAs, even if internal. Can we get much longer maturities at very competitive terms? Yes, we could do that. We need to keep an eye and be very mindful of regulation and taxation. It's not indifferent. But it is not obvious why an integrated company like Galp would sign offtake agreements with third parties. So most likely we would do it internally.

Now if we also want to rotate some assets, if we want to do dividend recaps which would reduce the capex, so in our capex guidance, if you recall, we had not only asset rotation; we also had dividend recaps. So we can do that to also reduce how much of the Galp shareholder stands behind those assets.

Alessandro Pozzi – Mediobanca

I just wanted to talk about maybe the Commercial. You alluded to the weakness potentially in the gas and electricity market with sales down in Q3. I was wondering if you can give us a sense of the impact that had on Ebitda. Also whether there is a risk for clients not paying and therefore it's a good time to increase the provisions against that risk.

I have a second question on Energy Management. You mentioned you're not hedging anymore; not sure if I got it right. But I guess that's a margin business in a way. So, I was wondering if a certain level of hedges will be in place for that business line.

Andy Brown, CEO

I think Teresa, I probably wanted you to talk about the oil market where we're 12% up YoY, but you've asked about the gas and power market, which is actually quite tough at the moment. Teresa, what can we say about that? Any provisions?

Teresa Abecasis, COO Commercial

Well, it's true that the sales of natural gas and power are down quarter on quarter, partly because of seasonality of course, but also because of some reduction in demand observed given the high prices. The impact on Ebitda is small. As you know this business line is small in terms of the overall Commercial Ebitda. What we expect in Q4 is actually some increase in volumes because of seasonality. We are working with our clients and trying to recover part of the demand that is being taken away by the high prices. But overall, we expect the situation to improve in Q4.

Andy Brown, CEO

It is a margin business on the gas business. If you look at the Venture Global volumes, we're potentially looking at placing some of the volumes on a medium-term basis at a price where we would lock in a margin. So, we are looking at those ways to secure the upside.

Now, clearly there will be a moment where we see the actual market prices and the price of our supply contracts closing, at which time we may want to take some limited hedges, and very much on the principle of hedging. It's when the value we can create is small versus the exposure we take and as long as the value is high, and the exposure is relatively small, then we won't hedge. The second we see those things reversing somewhat, we will consider taking out hedges but only on a basis where we can retain flexibility going forward.

Mehdi Ennebati - Bank of America

Just a follow-up question regarding the refining margin for 2023. So you said earlier that you hedged 7 mboe in 2023 out of 90 mboe of throughput. Can you please tell us at what refining margin level you hedged please? And second, did you hedge for a quarter in particular – 1Q23, for example. Or did you hedge 8% or 9% of your throughput in Q1, Q2, Q3 and Q4 of 2023?

Andy Brown, CEO

Yes, 7 mboe out of 90, less than 10%. What I can say is it's smeared across the whole year. So it's not on any specific quarter. I don't think we have at hand exactly the price of that hedge that we can reveal to you. You can follow up through our IR team and give you some indications on that.

Closing Remarks

Andy Brown, CEO

I think that was the last question. So, before we formally close, can I just thank you all because I knew most of you in my Shell career and I've known most of you in my Galp period, and I've found you all extraordinarily professional and supportive of everything we do! I just want to thank you for your professionalism and your engagement and your willingness to understand our business and the direction we're going. So, thank you all! You never know; there may be a third time. Let's see what happens next. So, nothing firm. No speculation, please. All right. So, thank you very much.