



3Q20 RESULTS

October 26
2020

An integrated energy player developing
profitable and sustainable businesses



CAUTIONARY STATEMENT

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors including obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. Statements regarding potential future financial or operating results made at Galp's Capital Markets Day of February 18, 2020 should not be considered to be updated or re-affirmed as of any later date except to the extent specifically updated or re-affirmed in this release or in subsequent public disclosures. Forward-looking statements are statements other than in respect of historical facts and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied by such forward-looking statements. Important factors that may cause actual results to differ from forward-looking statements are referred in Galp's Management Report & Accounts for the year ended 31 December 2019. Galp and its respective representatives, agents, employees or advisers do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this announcement to reflect any change in events, conditions or circumstances.



01

RECENT DEVELOPMENTS

Carlos Gomes da Silva, CEO

GALP'S ROBUST PERFORMANCE

WHILE STILL NAVIGATING THROUGH CHALLENGING MACRO CONDITIONS

Delivering from **highly competitive businesses** and increased **operational resilience**

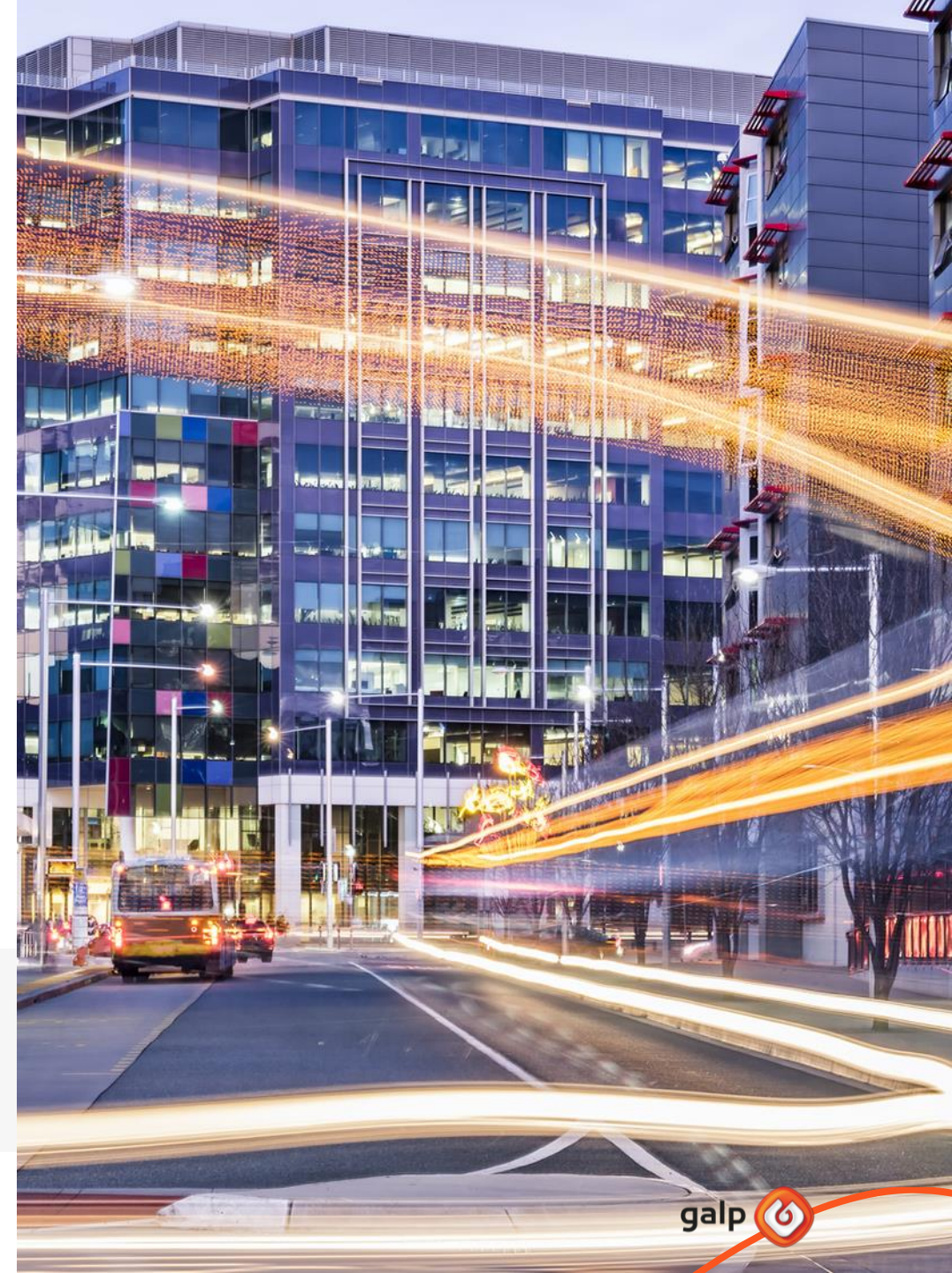
Spanish 2.9 GW solar PV **transaction completion**

Focus on **business performance** and controlling **financial position**

€ **391** m
3Q20 CFFO

€ **247** m
3Q20 FCF
(pre-acquisition)

€ **(79)** m
3Q20 FCF



UPSTREAM PERFORMANCE

STABLE OPERATIONS WHILST DEVELOPING FUTURE OPTIONALITY

3Q20

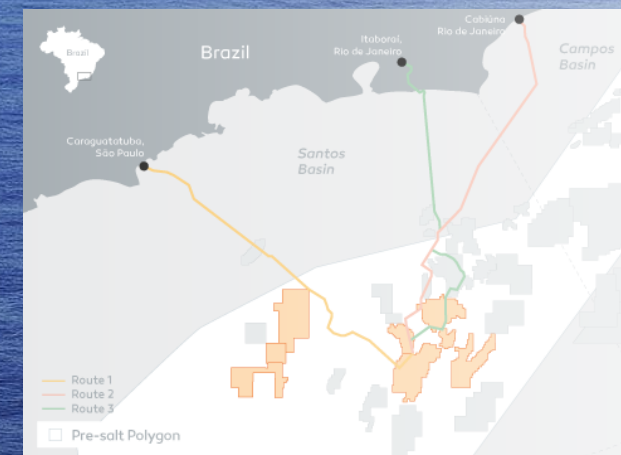
- Tupi North FPSO reaching plateau and leading to Tupi/Iracema 1st phase ramp-up completion

Outlook

- Resuming Berbigão/Sururu ramp-up
- Targeting ~10% for WI production growth in 2020
- BM-S-11 partners aligning on projects' new development phases



Brazil gas integrated system



- Santos Basin gas integrated systems agreement: gas offshore routes and onshore processing systems

COMMERCIAL AND MIDSTREAM ROBUST CONTRIBUTION

AMIDST STILL WEAK DEMAND AND HARSH REFINING ENVIRONMENT

Commercial



3Q20 operations

- Sales recovering across all segments, especially on B2C, also benefiting from summer season
- Performance also supported by increased weight from higher value segments

Outlook

- Cautious outlook given market uncertainty
- Continuously focus on operational efficiency while expanding our offer

Refining & Midstream



3Q20 operations

- Negative refining margin reflecting record low distillate cracks
- Robust Midstream contribution benefiting from stronger natural gas trading environment

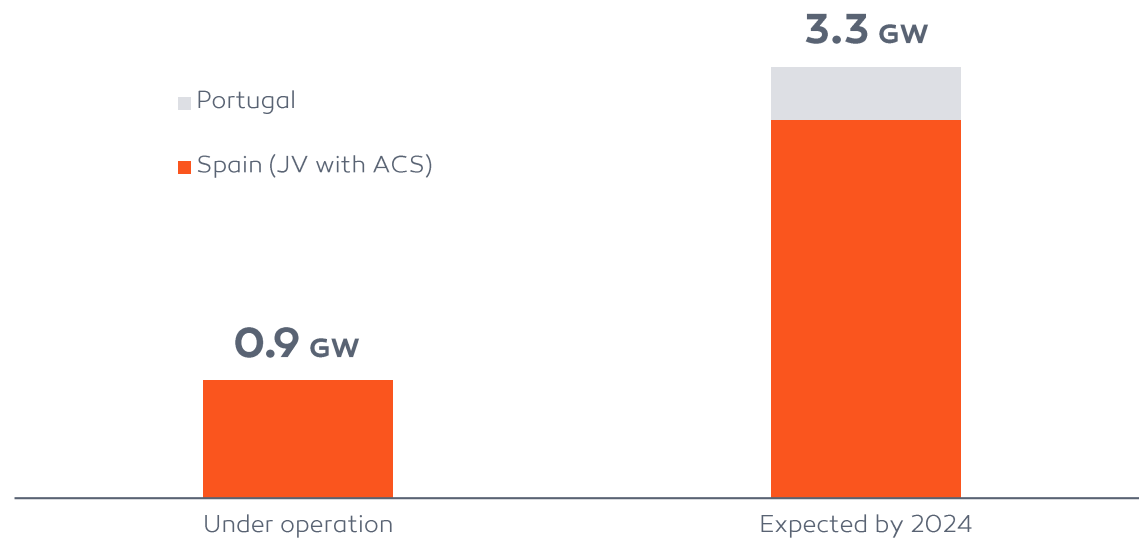
Outlook

- Economic-driven refining slowdown, namely on Matosinhos' fuels plant
- Preparing integration of solutions to produce lower carbon and more valuable products

RENEWABLES & NEW BUSINESSES

BECOMING LEADING SOLAR PLAYER IN IBERIA

Projects' solar PV installed capacity (100% basis)



Spanish solar acquisition completion 3Q20

c.€ 2.2bn	75.01%	€ 325m
Transaction EV (100%) Acquisition, development and construction of portfolio	Galp's JV share ACS Group holds 24.99%	Payment Stake acquisition and development costs



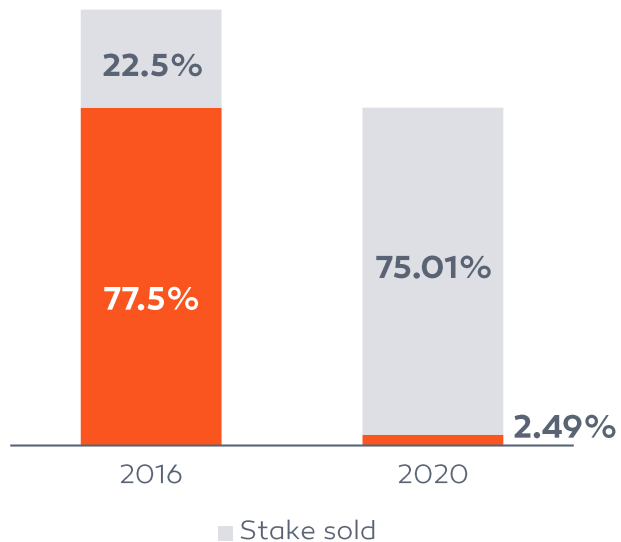
Renewables development while exploring New Businesses:

- Assessing upcoming energies: advanced biofuels, hydrogen
- Exploring new value pools: mobility solutions, decentralised energy

REGULATED GAS STAKE SALE AGREEMENT

CRYSTALLISING VALUE FROM NON-CORE ASSET

Galp's GGND stake transactions



Value accretive transaction taking advantage of market environment

Completion expected by 1Q21

75.01% stake sale

€ **368** m

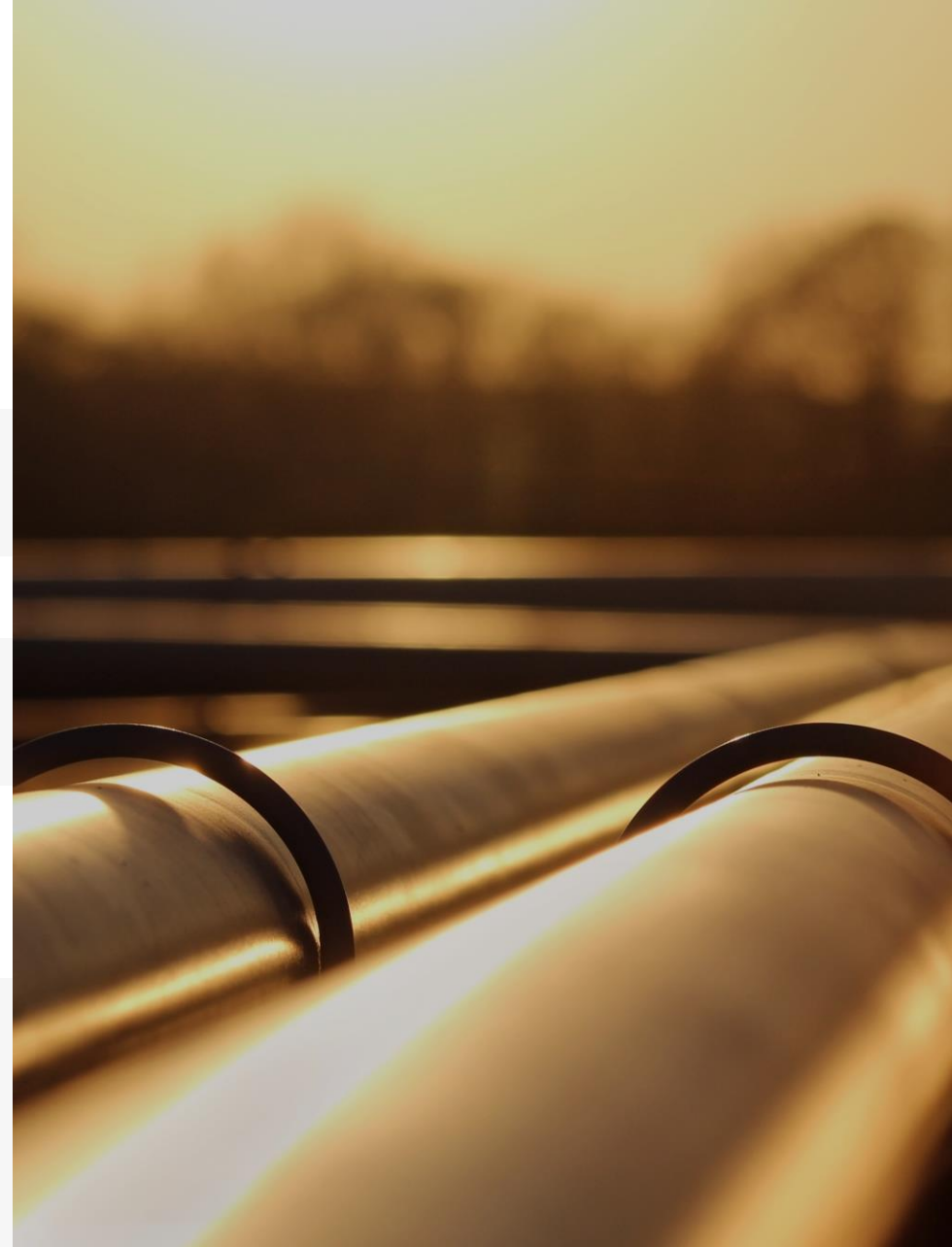
Stake sale amount

c.€ **1.2** bn

Implicit EV

c. **13** x

EV/Ebitda¹



EXECUTING A VALUE FOCUSED STRATEGY

WHILE MAINTANING GROUP'S FINANCIAL STRENGHT

Continuous focus on:

Short term **operational adjustments** and **cash preservation**

Key strategic projects development

Developing **new value driven solutions**

€ **0.5-0.7** bn p.a.

2020/21 expected net capex¹

Asset rotation:

€ **325** m

Solar PV acquisition



€ **368** m

GGND stake sale

below € **1.7** bn

Net debt

REINFORCING GALP'S DECARBONISATION PATH

ALIGNING WITH EUROPEAN UNION AMBITIONS

Our commitments brought us here...

Galp's **ESG performance** consistently recognised by the key independent sustainability institutions

Portfolio combining **industry leading cost-competitiveness** and **top environmental performance**

... and will continue to drive Galp's strategy

Bring the portfolio into line with the vision for **carbon neutrality in Europe by 2050**

Reduce carbon intensity of the Group's activities by **at least 15% by 2030¹**

to be achieved through the execution of the key previously announced strategic guidelines



02



3Q20 RESULTS
Filipe Silva, CFO

GROUP EBITDA OF €401 M IN 3Q20

RESILIENCE FROM UPSTREAM AND COMMERCIAL SEGMENTS

€m	3Q19	2Q20	3Q20
RCA Ebitda	619	291	401
Upstream	469	204	302
Commercial	113	59	105
Refining & Midstream	32	19	-12
Renewables & New Businesses	0	-4	-2
RCA Ebit	370	-57	108
Associates	31	24	23
Financial results	-89	-10	-93
Taxes ¹	-180	-20	-52
Non-controlling interests	-31	12	-9
RCA Net Income	101	-52	-23
IFRS Net Income	60	-154	-106

Upstream performance YoY impacted by weaker Brent and USD, despite higher production

Commercial YoY reflecting lower volumes to direct clients, despite recent recovery focused on higher-value segments

Refining & Midstream reflecting negative refining margin, although partially offset by a robust contribution from midstream activities

RCA net income of -€23 m, also impacted by -€93 m financial results, mostly related to non-cash charges from gas derivatives MTM and FX

9M20 PRE-ACQUISITION FCF AT €299 M

DESPITE CHALLENGING MACRO ENVIRONMENT

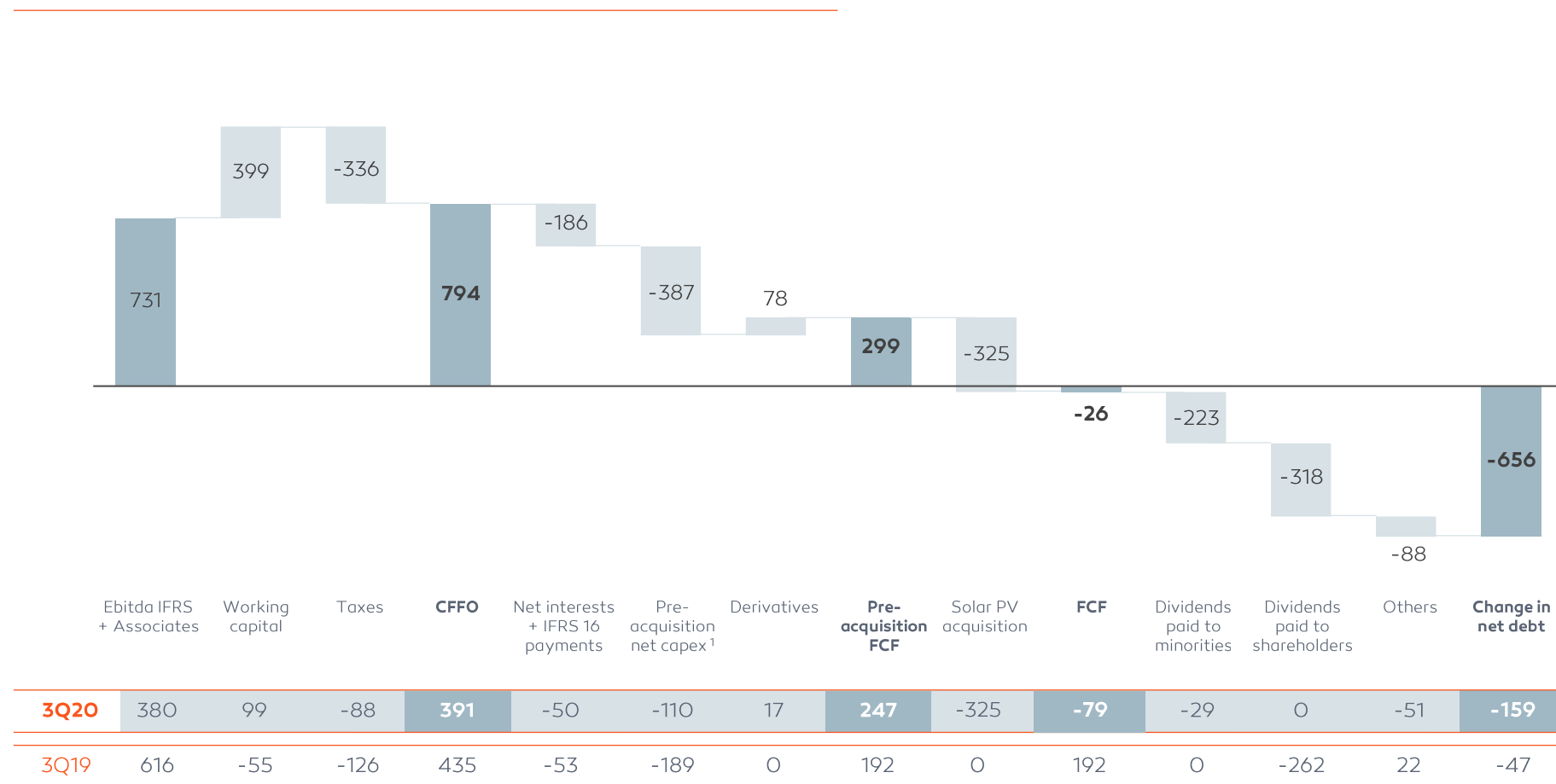
CFFO of €794 m

Operational performance impacted by market conditions, namely in 1H20, with 3Q20 delivering a robust cash generation

Net capex of €713 m

Reflecting cost saving initiatives and including the €325 m payment for the solar PV transaction

9M20 Cash Flow IFRS (€ m)



FINANCIAL POSITION

ENSURING STRENGTH TO COPE WITH MARKET UNCERTAINTY

€m	31 Dec., 2019	30 Jun., 2020	30 Sep., 2020
Net fixed assets ¹	7,358	7,008	6,786
Rights of use (IFRS 16)	1,167	1,124	1,077
Working capital	952	652	553
Other assets/liabilities ¹	-1,161	-982	-1,064
Assets available for sale	0	0	221
Capital employed	8,316	7,802	7,573
Net debt	1,435	1,932	2,091
Operating leases (IFRS 16)	1,223	1,188	1,147
Equity	5,657	4,682	4,335
Equity, net debt and op. leases	8,316	7,802	7,573

Net fixed assets

Variation during 2020 reflecting unitisation settlement, FX effects, impairments in Upstream and GGND as asset available for sale

Debt

Net debt increased, driven by the solar PV transaction and considering dividends paid to shareholders and to minorities

Net debt to Ebitda ratio at 1.3x²

Maintaining liquidity at c.€3 bn and keeping competitive cost of funding

¹ Net fixed assets and other assets/liabilities include the estimated impact from unitisations.

² Ratio considers the LTM Ebitda RCA (€1,620 m on 30 September 2020), which is adjusted for the impact from the application of IFRS 16 (€194 m on 30 September 2020).



03



Appendix

3Q20 UPSTREAM

QoQ IMPROVEMENT DRIVEN BY MORE SUPPORTIVE MARKET CONDITIONS

		3Q19	2Q20	3Q20
Working interest production	kboepd	125.5	132.2	133.8
Oil production	kbpd	111.0	118.6	120.0
Net entitlement production	kboepd	124.0	130.3	132.0
Angola	kbpd	12.7	12.7	11.8
Brazil	kboepd	111.3	117.6	120.2
Oil and gas realisations - Dif. to Brent	USD/boe	-7.3	-7.8	-4.4
Production costs	USD/boe	3.3	2.8	1.9
DD&A	USD/boe	14.2	13.4	16.3
RCA Ebitda	€ m	469	204	302
RCA Ebit	€ m	324	-32	133
Net Income from Upstream Associates	€ m	3	5	4
Capex	€ m	106	82	71

WI production up QoQ benefiting from the ramp-up of Tupi Norte and despite some operational constraints

Ebitda up QoQ driven by higher Brent prices and increased production during the quarter

Ebit reflecting operational performance but impacted by one-off non-cash effect on DD&A

3Q20 COMMERCIAL

POSITIVE SIGNS OF DEMAND RECOVERY SUPPORTING A ROBUST PERFORMANCE

		3Q19	2Q20	3Q20
Commercial sales to clients				
Oil products	mton	2.2	1.2	1.5
Natural gas	TWh	7.2	4.9	5.4
Electricity	TWh	0.8	0.7	0.9
RCA Ebitda	€ m	113	59	105
RCA Ebit	€ m	90	36	81
Net Income from Commercial Associates	€ m	3	1	0
Capex	€ m	25	26	28

Volumes sold to direct client reflecting QoQ demand recovery in all segments, with YoY variation still impacted by Covid-19 outbreak

Ebitda impacted by lower oil products and natural gas sales, partially offset by increased contribution from higher-value segments

3Q20 REFINING & MIDSTREAM

WEAK REFINING ENVIRONMENT OFFSET BY ROBUST MIDSTREAM

		3Q19	2Q20	3Q20
Raw materials processed	mboe	20.6	13.4	23.4
Galp refining margin	USD/boe	3.9	1.8	-0.7
Oil products supply ¹	mton	3.9	2.5	3.6
NG/LNG supply & trading volumes ¹	TWh	21.1	11.7	17.9
Trading	TWh	7.8	3.7	5.6
Sales of electricity to the grid ²	TWh	0.3	0.3	0.3
RCA Ebitda	€ m	32	19	-12
RCA Ebit	€ m	-46	-60	-108
Net Income from Ref. & Midstream Associates	€ m	25	18	16
Capex	€ m	53	23	15

Negative Galp refining margin, heavily impacted by the weak distillates' cracks

Supply & Trading volumes increased QoQ reflecting an improvement in macro conditions

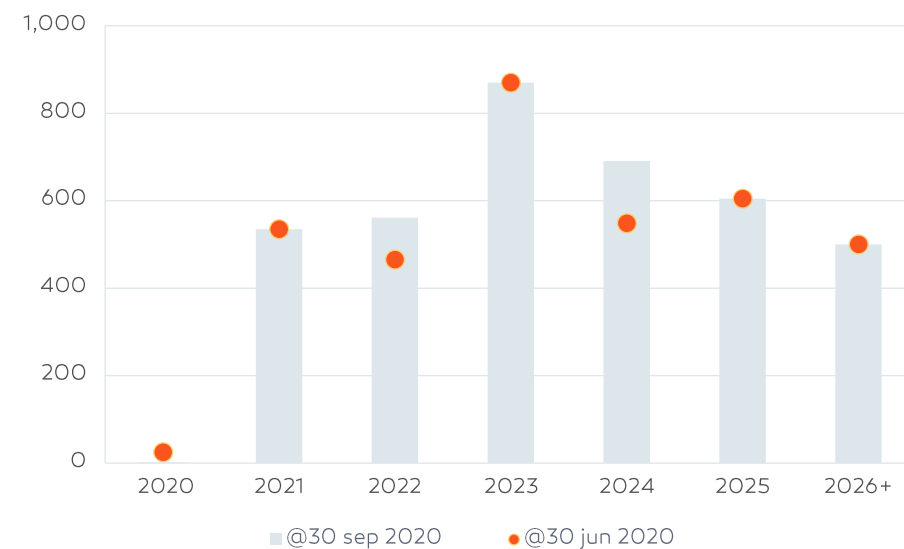
Ebitda negatively impacted by refining margins, partially offset by Midstream activities

DEBT INDICATORS

Debt indicators

€m	30 Jun., 2020	30 Sep., 2020
Cash and cash equivalents	1,696	1,687
Undrawn credit facilities	1,263	1,263
Gross debt	3,627	3,777
Average funding cost	1.7%	1.7%
Net debt	1,932	2,091
Operating leases (IFRS 16)	1,188	1,147
Net debt to RCA Ebitda¹	1.1x	1.3x
% Debt at fixed rate	51%	48%

Debt reimbursement (€m)





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