Financial outlook
Claudio De Marco
Chief Financial Officer
Shifting our capex focus

A new source of growth

Funding the growth

Committed to a strong capital structure

Final remarks

Appendix
Galp Energia doubled capex level in just three years

Historical capex channelled to maintenance and NG infrastructure

In 2007 transformational projects were yet to take off

From 2008 onwards Galp Energia was already preparing a shift in capex focus

Steps towards transformational projects drove capex up
2011 is a transition year for capex profile

From a refiner towards an integrated energy player
Finalizing our upgrade project according to plan

- Refining upgrade project will account for c.€500 Mln of 2011 capex
- Lula/Cernambi development with €200 Mln capex
- Exploration activities accounting for c.50% of E&P total capex
- G&P capex mainly channelled to Matosinhos refinery cogeneration
Capex plan focused on upstream growth

- Upstream projects gaining focus and accounting for c.70% of capex
- Lula/Cernambi development accounting for c.45% of upstream capex
- Maintenance capex in Iberian downstream business to sustain reliability and efficiency (c.€150 Mln/year)
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Appendix
Upstream EBITDA gaining weight going ahead

- Galp Energia’s strategic decisions paying off with strong EBITDA growth in the coming years
- Brazil as a new source of EBITDA, with Lula/Cernambi development
- Sustainable EBITDA contribution from Iberian downstream businesses

EBITDA (Mln €)

- 2007: €891 Mln
- 2015\(^1\)

\(^1\) Illustrative and non-exhaustive
Incremental EBITDA from our transformational projects

- Additional c.$3.5/bbl from the upgrade project with full year impact on 2012 and stable going ahead
- Steady E&P EBITDA growth through time
- Lula/Cernambi development to account for c.25% of total EBITDA in 2015
- EBITDA 2010 – 2015 CAGR of c.15%
Towards a more balanced portfolio

Refining EBITDA weight (%)

Iberian EBITDA weight (%)

Refining business will lose weight in Galp Energia EBITDA going forward after upgrade start up

Exposure to economic conditions in Iberia will be reduced with focus on upstream activities
Positive oil price outlook

- Galp Energia oil price outlook with a conservative approach vs market consensus
- Positive outlook for oil price improving future operating cash flow

Oil price outlook ($/bbl)

Source: Galp Energia and equity research
EBITDA generation with considerable upside driven by higher oil price

- Room for higher value to be captured from oil price increase
- Based on consensus oil price assumptions EBITDA CAGR would be up by 3 p.p. (or more than €200 million in 2015)
- Strong impact from 2015 onwards in line with production growth

EBITDA (Mln €)

2. 2011-2015 average oil price market consensus of $96/bbl
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Appendix
Transformational projects execution stretched our capital structure

- 2011 capex estimate will drive capital structure to an unbalanced level
- Conclusion of downstream transformational projects in 2011 ends a period of overextended capital structure
- Funding solution needed to permanently balance capital structure and support capex programme going ahead

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Net debt to Equity (%) vs Capex (Mln €)

- 2011 capex estimate will drive capital structure to an unbalanced level
- Conclusion of downstream transformational projects in 2011 ends a period of overextended capital structure
- Funding solution needed to permanently balance capital structure and support capex programme going ahead

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\(^2\)Does not consider funding solution execution
Using E&P Brazil for potential cash in of c.€2 Bln

**Brazilian portfolio**

- Assets in different life cycle stages from exploration to development
- Brazilian acreage, mainly pre-salt Santos basin, capturing companies interest worldwide
- Funding option to be executed in 2H2011

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1 Source: DeGolyer and MacNaughton
Prospective resources mean estimate unrisked
Funding solution to sustain further growth

- Anticipation of time to market of resources
- Funding option focused on upstream assets
- Keep assets under Galp Energia control

Brazilian assets monetization
Stronger capital structure after execution of funding solution

- Strengthening our capital structure without resorting to shareholders equity on the holding level
- Execution risk of future projects reduced
- Funding solution allowing for further growth flexibility
- Raising management focus

Net debt to equity (%)

- Before deal: >100%
- After deal: <50%
Shifting our capex focus

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**Committed to a strong capital structure**

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Appendix
Strict financial policy to maintain trustable capital structure

- Net debt to EBITDA target lower than 2.5x
- Long term net debt to equity below 50%
- Liquidity position to continue at comfortable levels
- Diversify sources of funding
- Debt maturity profile matching projects cash flow generation
Maintaining a solid capital structure

Gearing level to be maintained due to a balanced mix of capex and EBITDA

Net debt to equity\(^1\) (%)

105% → <50%


\(^1\) Considers funding solution execution in 2H11
Shifting our capex focus

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Final remarks

Appendix
A new era of sustainable growth

- Upstream development activities gaining importance in Galp Energia’s future
- No major development capex to be allocated to the downstream business
- Cash flow generation exposed to considerable upside
- Funding solution to allow for further growth flexibility
- Committed to a strong capital structure
Shifting our capex focus

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Final remarks

Appendix
## Mid-cycle assumptions

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>Average 2011-2015</th>
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<tr>
<td>Oil price $/bbl</td>
<td>61.5</td>
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<td>Benchmark refining margin $/bbl</td>
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<td>$</td>
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<tr>
<td>3D</td>
<td>Three dimensional seismic</td>
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<td>ANP</td>
<td>Brazilian agency for oil, natural gas and biofuels</td>
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<td>API gravity</td>
<td>American Petroleum Institute gravity</td>
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<td>Benguela, Belize, Lobito, and Tomboco</td>
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<td>Bcm</td>
<td>Billion cubic metres</td>
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<td>Bln</td>
<td>Billion</td>
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<td>Boe</td>
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<td>c.</td>
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<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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