

## Strategy overview

**Manuel Ferreira De Oliveira**  
**Chief Executive Officer**



## Delivering on our strategy

Solid foundations in place

Ensuring sustainable and responsible growth

Final remarks

# Long-term performance delivering unique returns

## Total annualized shareholder return since the IPO<sup>1</sup>



## 2011: a year of delivery unlocking further growth

### Commitment

Creating value through increased focus in upstream

Downstream transformational optimization

Reaching a sound capital structure

### Delivery

- Drilling in Rovuma basin far exceeding pre-drill estimates, turning Mozambique into a new core area

- Lula development on track, well ahead of expectations

- Upgrade project at its final stage

- Capital increase at Brazilian subsidiary allowing for cash-in of c.\$5.2 Bln

- Solid financial structure to enable future expansion

### Status



## Positioned for profitable growth

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Focus on three  
high prolific  
regions: Brazil,  
Mozambique  
and Angola

Still the most  
leveraged player  
to the  
outstanding  
Santos basin in  
Brazil

Continuous  
downstream  
optimization to  
maintain  
contribution to  
earnings

Enhanced  
financial  
flexibility  
allowing for  
expansion  
opportunities

Reaping the rewards on a well-defined strategic path

Delivering on our strategy

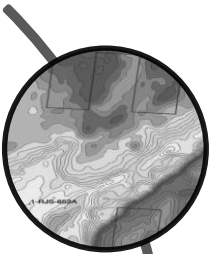
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# Increasing our upstream portfolio potential in 2011

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Intensive exploration activities led to the identification of new drilling targets

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World-class gas discovery in Rovuma basin, Mozambique

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First development steps taken in Lula field, Brazil, exceeding expectations

# Global E&P portfolio benefiting from distinctive capabilities

Regional focus

Portuguese  
flavour

Early movers

# of projects

Core area

Potential area

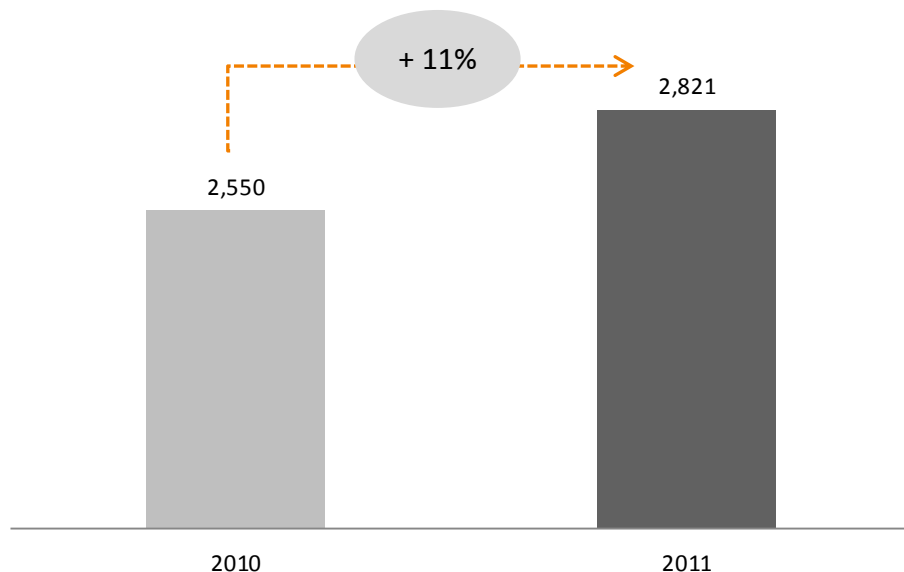


Enduring  
relationships



# Exploration focus to enhance and enlarge current portfolio

## Exploration resources<sup>1</sup> (Mln Boe)



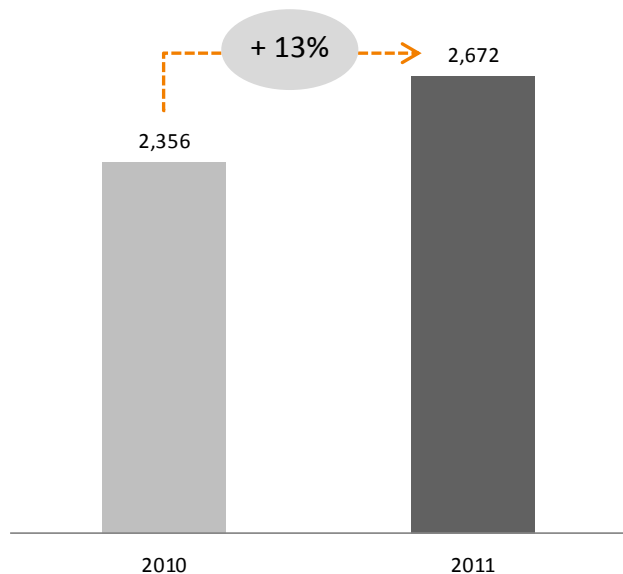
- Still a lot to take from current high potential exploration portfolio
- Looking to enlarge portfolio
- Focus on high risk/high reward exploration areas
- Galp Energia to leverage on key distinctive capabilities
- Exploration team allocating c.30% of its time to analyse new opportunities

<sup>1</sup> Mean unrisks estimate

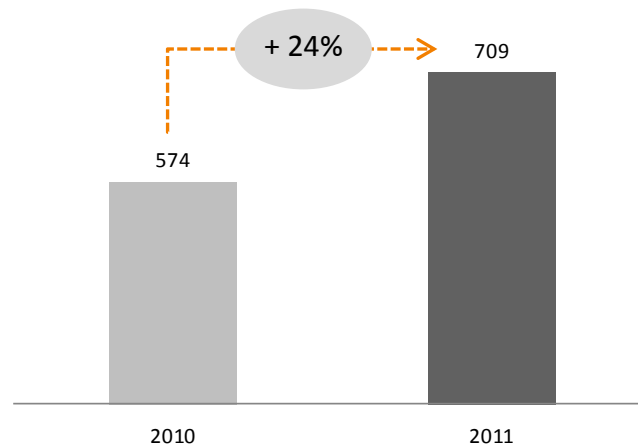
Source: DeGolyer and MacNaughton @ 31/12/2011

# Continuously adding resources and reserves to portfolio

## 3C contingent resources<sup>1</sup> (Mln Boe)

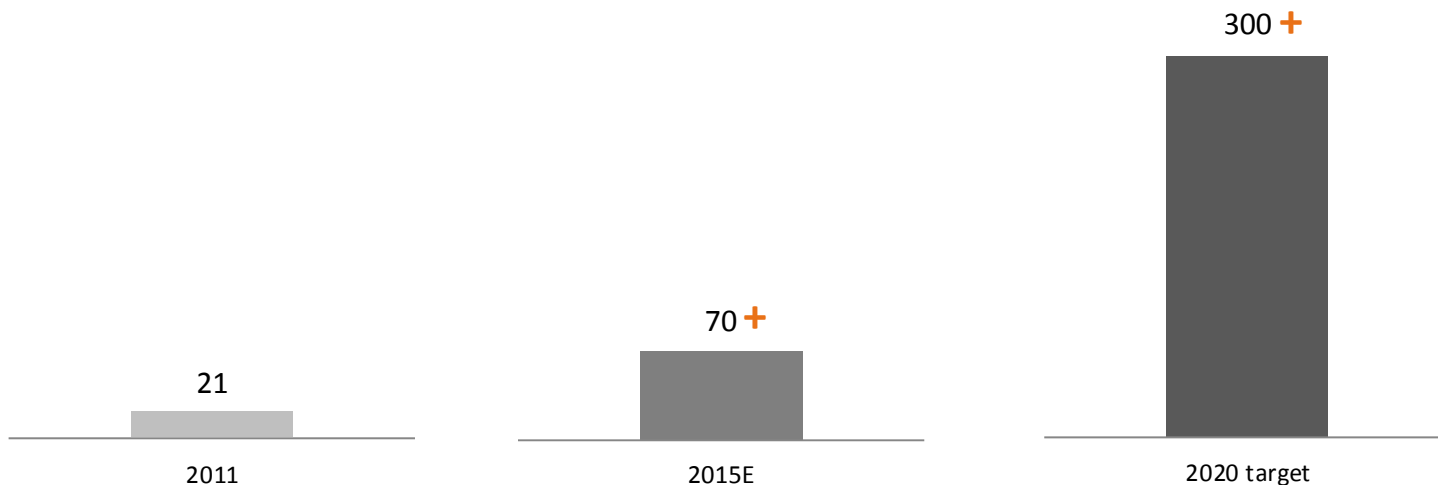


## 3P reserves<sup>2</sup> (Mln Boe)



# Building certainty on high-reward projects

## WI production (kboepd)



2011  
achievements

Faster Lula development on better reservoir data

Clear path outlined

Ambition confirmed

## Delivering profitable growth on current E&P portfolio

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- Strategic partnerships delivering outstanding value
- Exploration in core areas being intensified
- Enlarging exploration portfolio through new ventures
- Still a lot to know and to take from current Brazilian portfolio
- Resource base increased to 6.2 Bln boe

# Upstream growth supported by downstream sound foundations

## Refining & Marketing



- Total refining capacity of 330 kbpd
- Nelson complexity of 7.7<sup>1</sup> in Sines refinery and 10.7 in Matosinhos refinery
- 3<sup>rd</sup> player in Iberia
- 1,502 service stations and 595 non fuel stores in Iberia and in Africa
- Annual sales of c.16 Mln tons of refined products

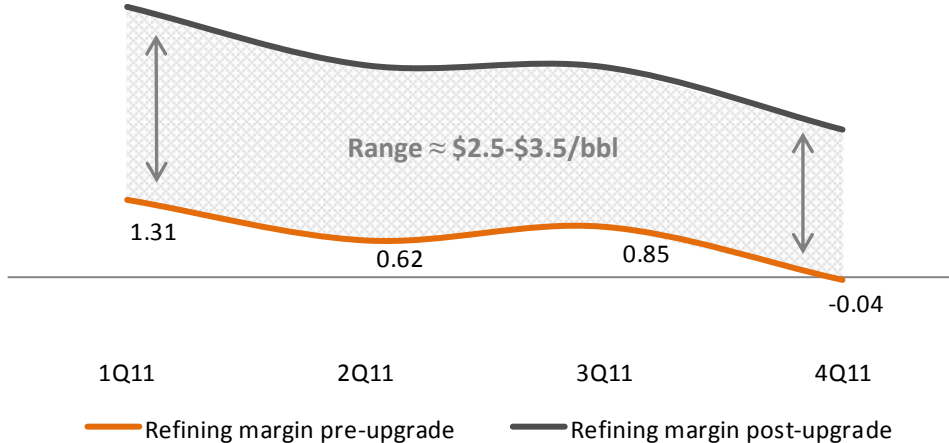
## Gas & Power



- Sourcing agreement of 6 bcm of natural gas
- 2<sup>nd</sup> natural gas player in Iberia with over 1.3 Mln clients
- 11,655 km of NG distribution network
- 245 MW of total capacity installed by 2012
- 1,200 GWh of annual electrical power generation

# Upgrade to increase refining profitability

## Galp Energia refining margin<sup>1</sup> (\$/bbl)



- Refining business fundamental to our integrated player strategy
- €1.4 Bln project to start generating returns from mid-2012
- Upgrade crucial considering the current refining environment
- Incremental refining margin throughout 2011 would have ranged between \$2.5-\$3.5/bbl

# Downstream businesses will face important challenges

## Refining & Marketing

## Gas & Power

Endogenous

- Guarantee successful integration of refining system
- Deliver Sines post-upgrade steady production
- Improve the marketing business performance
- Strengthen the business in Africa

- Maintain key competitive advantages in Iberia
- Strengthen natural gas leading position by raising focus on trading and supply businesses
- Start-up of Matosinhos cogeneration

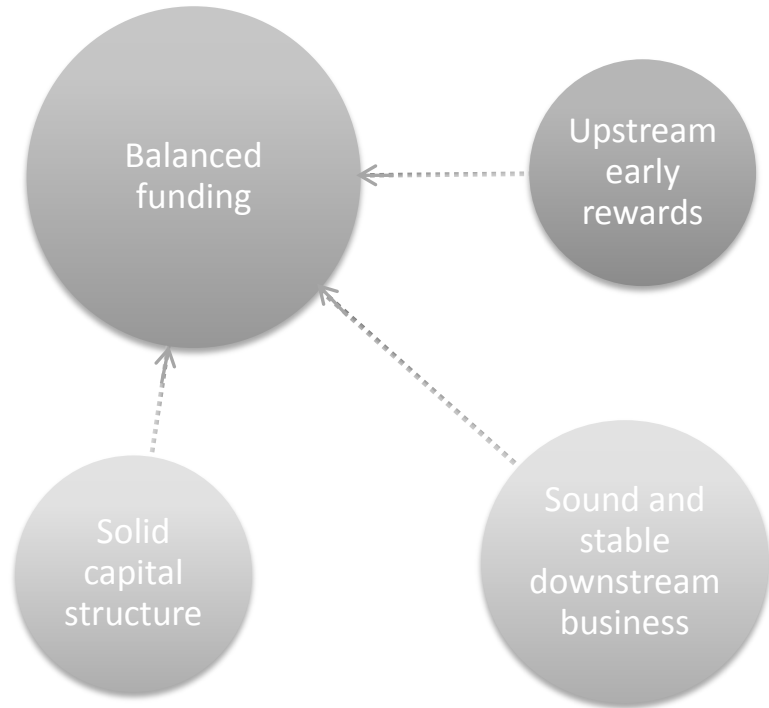
Exogenous

- Current European and Iberian adverse environment

- Progressive increase of competition

# Balanced funding is a strategic pillar

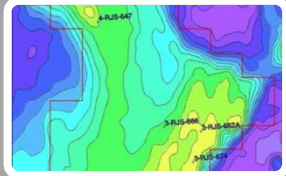
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- Monetization of Brazilian assets enabling stronger capital structure
- Robust downstream assets in place and set to deliver sustained long-term earnings
- Upstream focus to start generating consistent cash-flow
- Outstanding future ahead assured by balanced funding



# Exciting future ahead supported by robust fundamentals



Outstanding  
exploration  
potential



Delivering  
high  
potential  
projects



Sound  
downstream  
business



Solid  
capital  
structure

Upstream profitable growth

Balanced funding

Delivering on our strategy

Solid foundations in place

**Ensuring sustainable and responsible growth**

Final remarks

# Sustainability fully integrated into our strategic decision making process

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Getting the best from our people



Placing safety at the heart of our operations



Growing with better energy



Giving back to society

Responsible approach allows for  
higher **competitiveness**,  
corporate **risk reduction** and  
enables **social development**

# Getting the best from our people

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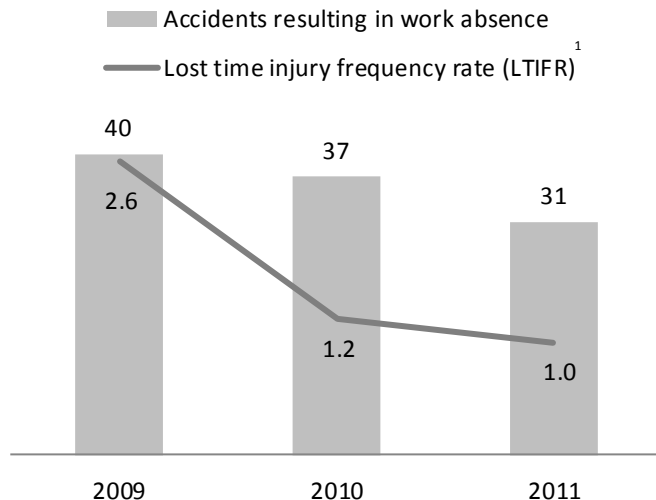
## Reservoir geoengineering advanced programme



- Leading highly skilled teams to deliver competitive performance
- Partnering with renowned Portuguese and Brazilian universities to implement innovative training programmes
- Promoting and developing expertise, namely in E&P and in refining businesses, through advanced training courses

# Placing safety at the heart of our operations

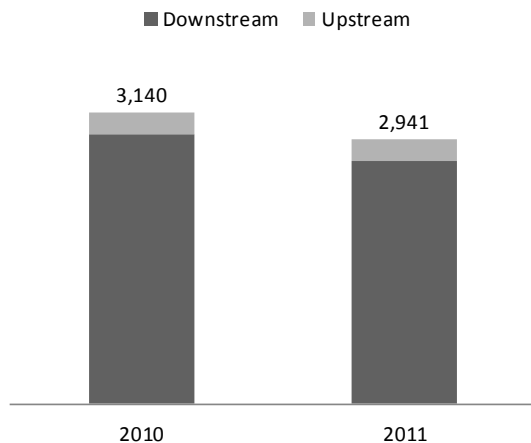
## Safety performance



- Safety management showing continuous improvement, with industry-leading LTIFR
- Integrated HSE management system implemented in 2006
- Safety oriented training averaging more than 24,000 hours per year since 2006
- HSE performance measured across all business segments

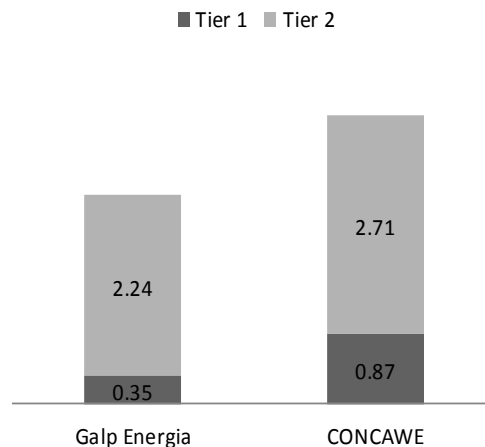
# Actively managing our environmental footprint

## CO<sub>2</sub> emissions (kton)



Leaving a smaller environmental footprint, actively managing CO<sub>2</sub> emissions

## Losses of containment index



Ecological preservation guides our activities, with good results within API-754 performance indicator<sup>1</sup>

# Growing with better energy

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## Biofuels



Over 13,000 hectares planted with  
Palma in Brazil and around 1,000  
hectares with Jatropha in Mozambique

## Energy efficiency



More than operating energy  
efficiently, we educate towards a  
more sustainable world

# Giving back to society

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## End Hunger, Walk the World - Swaziland

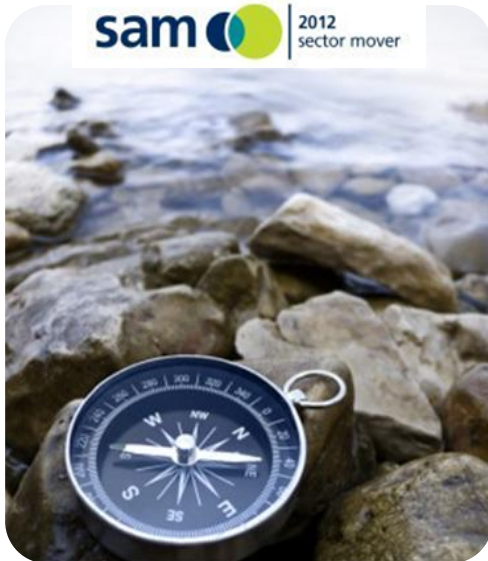


- Sponsoring health initiatives that are vital to local communities
- Eradicating social exclusion
- Intensifying educative initiatives in Africa, namely through scholarships
- Taking action towards sustainable mobility in Portugal
- Actively promoting corporate volunteering



## Galp Energia guided by sustainability

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- Sustainability incorporated into strategy and our daily routines
- Galp Energia is a sustainable company, with related practices within the industry top 15%
- Highly sustainable practices are already a reality, but there's still progress to be made
- Continuous improvement recognized by SAM Group, having achieved the qualification of Sector Mover 2012

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## Solid foundations to deliver sustainable value

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- Continuously delivering on our strategy
- Clearing the ground on a well defined strategic path
- Incorporating high responsible practices and leading our people further
- Creating shareholder value through key strategic pillars

# Acronyms

#	Number
\$	United States dollar
%	Percentage
2D	Two dimensional seismic
3D	Three dimensional seismic
API gravity	American Petroleum Institute gravity
BBLT	Benguela, Belize, Lobito, and Tomboco
Bbl	Barrel
Bcm	Billion cubic metres
Bln	Billion
Boe	Barrel of oil equivalent
c.	Circa
CAGR	Compound Annual Growth Rate
Capex	Capital expenditure
CO <sub>2</sub>	Carbon Dioxide
DA	Development area
DEH	Direct electrical heating
DoC	Declaration of commerciality
E/A	Exploration well /Appraisal well
E&P	Exploration & Production
EBITDA	Earnings before interest, taxes, depreciation and amortization
EOR	Enhanced oil recovery
EWT	Extended Well Test
FLNG	Floating liquefied natural gas
FPSO	Floating Production Storage Offloading

GWh	GigaWatt hour
HSE	Health, Safety and Environment
IPO	Initial Public Offering
Kboepd	Thousand barrels of oil equivalent per day
Kbpd	Thousand barrels per day
Km <sup>2</sup>	Square kilometre
LNG	Liquified Natural Gas
LTIFR	Lost time injury frequency rate
Mln	Million
MW	MegaWatt
Mmscf/d	Million standard cubic feet per day
NG	Natural Gas
OWC	Oil-water contact
POS	Probability of success
p.p.	Percentage point
R&M	Refining & Marketing
RCA	Replacement Cost adjusted
SAM	Sustainable Asset Management
SEE	Social, Environmental and Economic impact
SXEP	STOXX Europe 600 Oil & Gas
Tcf	Trillion cubic feet
Ton	Tonne
WAG	Water Alternating Gas
WI	Working interest
YE	Year End

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