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## Galp Energia's Capital Markets Day 2012 "Solid foundations to deliver sustainable value"

Galp Energia presents today, at its Capital Markets Day 2012 in London, the Company's strategy overview and financial outlook, as well as key information on its upstream portfolio.

In the upstream business, Galp Energia will intensify the exploration activities, de-risking its portfolio, and will keep developing high-rewarding projects. The balanced funding that arises from Galp Energia strong capital structure and from the sound downstream business, which is centered in Iberia and comprises the Refining & Marketing and Gas & Power businesses, will provide the Company with additional flexibility to further expand its activities, particularly in the upstream.

Galp Energia plans to further expand its exploration portfolio potential by leveraging on its distinctive capabilities. The upstream footprint will be enlarged, although remaining focused on core strategic areas, like the resource-rich Atlantic basin, comprising Brazil and Angola, and Eastern Africa, particularly Mozambique. Exploratory focus will be centered on geographies, and respective geologies, to which Galp Energia is already quite acquainted with. Access to new acreage will also take into account the political context on which it is involved. Galp Energia plans to keep addressing countries with a Portuguese connection, easing its access to those geographies.

The Company will continue leveraging on its early mover profile by entering in the early stages of exploration, so continuing capturing the most value creation potential. It will also continue leveraging on its successfully established strategic partnerships with world-renowned operators.

In 2012, Galp Energia will proceed with the de-risk of its current exploration portfolio through an intensive drilling activity, comprising over 20 exploration and appraisal wells to be drilled in the year. These wells include the key Júpiter NE appraisal well and the intensive exploration and appraisal campaign in Mozambique.

Galp Energia reiterates its ambition to produce more than 300 kboepd by 2020, a 15-fold increase considering working interest production of 21 kboepd in 2011. The production growth will be mainly supported by the outstanding growth in Brazil, particularly the production ramp-up in Lula and Cernambi fields, in Angola, namely the new projects in block 14 and 32, coming on stream in the following years, and Mozambique.

In fact, Galp Energia continued in 2011 the development of Lula and Cernambi project, which is running ahead of the initial expectations. The FPSO Cidade de Angra dos Reis, the first permanent production unit in Santos basin, will be producing at full speed a year after it started operations, which is remarkable. However, the development of Galp Energia's current portfolio is extended well beyond the development of Lula and Cernambi fields. The Company is working to accelerate several other world class projects development, like Júpiter and Iara in the pre-salt Santos basin, and the outstanding project of Area 4, offshore Mozambique.

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Galp Energia is at the beginning of a very interesting era of upstream growth, supported by a very exciting exploration portfolio on one hand, and, on the other, by the continuous delivery of world-class projects.

One of the foundations that supports Galp Energia's financial outlook is the capital increase at Petrogal Brasil, the Brazilian unit for the upstream business, announced in late 2011. This transaction enables a solid capital structure and allows the development of Galp Energia's growth projects with no major constraints.

Furthermore, the projects where the Company has been investing in the last few years are expected to increase their impact in earnings very soon, namely the upgrade project and the Lula project. In particular, the latter will be key towards its earnings diversification, significantly reducing Galp Energia exposure to the downstream activities, mainly in an adverse Iberian setting.

This positive cash generation will enable the reward of Galp Energia's shareholders through a new dividend policy, which will increase dividend consistently throughout the years, taking into account earnings and cash flow generation, as well as the long-term underlying growth. This change on the dividend policy demonstrates the strength of Galp Energia's future.

Galp Energia is committed to a strong financial position, having sound financials in place to control and build its future.

To conclude, Galp Energia considers that there is more to sustained value creation than simply delivering profitable growth. To truly create value means delivering growth, while ensuring that this is responsibly and sustainably generated. Galp Energia ensures that sustainability is fully integrated into its strategic decision making process. This responsible approach enables higher engagement with local communities, and substantially mitigates risks, particularly in terms of safety and environment.

### Key information on Galp Energia's upstream portfolio:

- Exploration resources (mean estimate unrisked) increased 11% in 2011 to 2,821 Mboe across 112 prospects and leads, through exploration activities, not only in the Santos basin and other Brazilian areas, but also in other regions, such as Uruguay.
- 3C contingent resources presented a 13% growth in 2011 to 2,672 Mboe, mainly following the exploration activities in the Rovuma basin, offshore Mozambique. Pre-salt Santos basin projects account for around 75% of total 3C contingent resources.
- 3P reserves increased by 24% to 709 Mboe in 2011, supported by continuous appraisal activities in Lula and Cernambi fields, offshore Brazil. Total gas reserves account for around 15% of 3P reserves.

### Key information on Galp Energia's financial outlook:

- 2012 will be a year of shift in terms of capital allocation towards upstream. Capital expenditure planned for the year is expected to range between €1.0 billion and €1.2 billion, with Exploration & Production accounting for around 60%.
- For the period 2013-2016, capital expenditure is expected to be approximately €1.2 billion per year, and will be mainly allocated to Galp Energia growth projects in upstream. The capital allocation towards downstream will increase these activities efficiency, with development projects related to small cogeneration units, natural gas underground storage and biofuels initiatives in Brazil and Mozambique, but will also be related to maintenance activities.
- EBITDA in 2012 is expected to range between €0.9 billion and €1.1 billion, with the most significant change coming from the Refining & Marketing business, with the increase in earnings from the conclusion of the upgrade project, but also from the Exploration & Production business, with the Lula-1 reaching full production in the first quarter of 2012.
- Driven by Lula and Cernambi fields' development, in Santos basin, Brazil, and by the positive impact of the upgrade project in Sines and Matosinhos refineries, Galp Energia's EBITDA CAGR should be around 25% for the period 2011-2016, considering a long term oil price assumption of \$90 per barrel.
- New dividend policy assumes an average dividend growth of 20% a year, for the period 2012 to 2016, starting with the dividend related to the 2012 financial year.
- Galp Energia's net debt to equity target is below 30%, positioning the Company with one of the most robust capital structures amongst peers, considering the Company growth profile.

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## Disclaimer

Exploration resources and contingent resources on a working interest bases. Reserves figures on a net entitlement basis. All figures based on DeGoyler and MacNaughton report at 31.12.2011.

RCA figures except otherwise noted.

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