

Galp Energia's Capital Markets Day 2013

"An integrated energy player focused on exploration and production"

Today, at its Capital Markets Day 2013 in London, Galp Energia will present its strategy overview and financial outlook, as well as key information on its upstream portfolio and activities.

Key material information:

- Exploration resources (mean estimate unrisks) increased 14% in 2012 to 3,203 mboe, driven by recently farmed in exploration areas, namely in Morocco and Namibia;
- 3C contingent resources presented a rise of 21% in 2012 to 3,245 mboe, mainly following the exploration activities being carried out during 2012 in Mozambique and the appraisal activities in Brazil;
- 3P reserves increased by 10% to 783 mboe in 2012, following the appraisal and development activities carried out at the Lula/Iracema field in the pre-salt Santos basin, in Brazil;
- Exploration strategy envisages the building of a lasting portfolio that comprises a drilling programme, which meets Galp Energia's target of drilling 7-10 high impact wells per year, with the goal of unlocking 100-200 mboe per year, thus enabling production sustainability at 300 kboepd beyond 2020;
- The scheduled drilling programme for 2013 anticipates the drilling of up to 10 key wells, which combined target 300 mboe, net to Galp Energia, namely in Brazil, Mozambique and Namibia;
- Galp Energia's production target for 2020 of 300 kboepd is on track and will be attained through the already identified projects and supported beyond that year by the new ventures activity;
- The Lula /Iracema project is progressing according to plan, with the next FPSO, Cidade de Paraty, to start production in May and expected to reach full capacity in 18 months, a period that will decrease for future FPSO as the project moves forward;
- Recovery factor improvement of Lula/Iracema area to 28%, from the previous 23%, when the Declaration of Commerciality was submitted, in December 2010;
- Annual estimated capex of c.€1.4-1.6 bn, mainly channeled to the upstream business, thus reflecting the impact of development of Carcará, Júpter and Lara in Brazil, the LNG project development in Mozambique and Block 32 in Angola. For 2013, capex is estimated to reach €1.2-1.4 bn;
- Estimated Ebitda CAGR to be over 25% between 2012-2017, with the upstream accounting for around 70% of the total Ebitda by 2017. In 2013, Ebitda is estimated at €1.1-1.3 bn;
- Galp Energia remains committed to a strong capital structure with net debt/Ebitda rising to c.2x and falling rapidly from 2016 onwards;
- Dividend payment of €0.24 per share concerning the 2012 fiscal year, in line with dividend policy.

Key strategic update:

Galp Energia has been paving the path to ensure delivery of its strategy, leveraging its competitive advantages, aiming to deliver profitable growth through its exploration and production activities, having already completed the shift towards the upstream business. As an integrated energy player focused on E&P, today, Galp Energia holds a promising portfolio of assets, which will allow the Company to take advantage of the positive oil and gas demand outlook. In fact, by pursuing a capital allocation towards exploration and production activities, Galp Energia has been building an outstanding upstream portfolio, which currently comprises over 50 projects, in already proven and in high potential basins, spread across 10 countries, namely in Brazil, Mozambique and Angola.

Galp Energia's delivery on its delineated strategy is highly correlated and dependent on a clear exploration strategy of which the goal is to build a balanced and a diversified exploration portfolio that will contribute to the continuous addition of oil and natural gas resources, later realised in production. Supported by the new ventures activity, the access to new high potential exploration areas will be focused on frontier and emerging plays and materiality, whilst allowing for active portfolio management. The recent farm-ins in Namibia and Morocco are already a reflection of Galp Energia's strategy materialisation.

In fact, Galp Energia targets the drilling of 7-10 high impact wells per year, with the goal of unlocking 100-200 mboe resources per year net for Galp Energia. As for 2013, the scheduled drilling programme is estimated to de-risk 300 mboe of resources and which will be the outcome of the drilling, of already identified, of up to 10 key wells, namely in Brazil, Namibia and Mozambique.

Galp Energia's production target of 300 kboepd for 2020 is on track and will be attained through the already identified projects. The aim is to sustain this level beyond that year, which will be supported by the exploration strategy in place. During the development phase, Galp Energia's goal is to gain the most value from every project, by focusing in maximising value through the increase of the recovery factor, capex optimisation, acceleration of the time to market of resources, whilst continuously mitigating execution risk.

In order to support the upstream profitable growth, Galp Energia is committed to a solid capital structure and a flexible funding strategy, which will be supported both by operating cash flow generation, namely from the downstream and natural gas businesses, as well as an active portfolio management.

In addition, Galp Energia continues to pursue and put in place responsible and sustainable practices, particularly in terms of safety and environment, and on the development of its human capital. The inclusion of these variables which are crucial to a successful corporate strategy are fully integrated into Galp Energia's strategic decision-making process and day-to-day operations.

Key data on upstream projects:

At Brazil's pre-salt Santos basin, in block BM-S-11, the Lula/Iracema project is progressing according to plan, with the infrastructure required having been already secured and with the replicant FPSO being developed according to plan. The next FPSO, Cidade de Paraty, to be allocated on the Lula North East area, will initiate operations in May and is expected to achieve full capacity in 18 months with 5 producing wells. It is important to highlight that the oil

recovery factor upside is an important driver for the project incremental value. In fact, the recovery factor of the Lula/Iracema area has increased so far to 28%, up from the previous 23%. This increase was supported by the improved connectivity proved by the extended well tests performed, and by the pressure performance of monitoring wells. Galp Energia is further working to increase oil recoverability and as such, the implementation of enhanced oil recovery techniques will be tested in 2013, namely water-alternating-gas and production through horizontal wells.

In addition, as the project moves forward and new FPSO are allocated on the area, Galp Energia will benefit from the learning curve, and expects to reduce the ramp-up period from the current 18 months, thus contributing to the maximisation of project value during the development stage. Furthermore, Galp Energia is already working on reducing the wells' drilling and completion time, which the Company expects to further reduce by 25%, thus positively affecting the value of the project.

At the Iara field, still in block BM-S-11, Galp Energia is currently drilling the second well in Iara West, and two additional appraisal wells are expected to be drilled during 2013, of which one is horizontal, aiming at de-risking and optimizing the development concept of that area. By the end of 2013, this area is expected to include the start-up of a contingent extended well test and production is expected to start by 2017 with 2 FPSO.

Relevant exploration potential will be further de-risked during 2013 in block BM-S-8. As such, drilling of the Carcará appraisal well and a contingent drill stem test are planned for the fourth quarter of the year, and that will be key to test productivity and resource potential in the reservoir flanks. In addition, the Guanxuma prospect will be de-risked in 2014 which could offer additional upside to the area. It is already expected that one FPSO will be allocated to the Carcará area by 2018.

Still, at the pre-salt Santos basin, in block BM-S-24, where the drilling of the most recent well, Júpiter NE, confirmed the hydrocarbon mix and the reservoir continuity with the first discovery, Júpiter, the oil rim development is being matured, whilst the gas cap development is still pending on results of ongoing research studies. The drilling of a new prospect in the block, Bracuhy, is scheduled for 2013 and will test the continuity of the Júpiter accumulation, whilst potentially offering additional resource upside. The first oil production in the Júpiter area is expected to start in 2018 with one FPSO.

In Mozambique, the natural gas project in Area 4 of the Rovuma basin, the Mamba and the Coral reservoirs have already confirmed a potential of 75 Tcf of gas in place. Galp Energia is currently drilling another appraisal well in the Mamba complex, and the drilling of an oil prospect, K Bulge, located at the South of the block, is still expected for 2013. The natural gas resources already discovered support the development of multi LNG trains, with production phase expected to start by 2018 with 2 trains of 5 mtpa each, at the first stage of development. This natural gas project is one of the most competitive LNG projects coming on stream over the coming years, driven by its proximity to the shore, expected excellent flow rates of up to 150 mmscf/d (27 kboepd) and its strategic location for LNG arbitrage between Europe and Asia.

In Angola, Galp Energia is continuing with the development activities, from which it should be highlighted the production coming on stream from Block 14 and Block 14K, namely the Lianzi field that will initiate production from 2015 onwards, and from Block 32, with two FPSO expected to be in place in the Kaombo field in 2016 and 2017.

Key data on reserves and resources:

On 31 December 2012, Galp Energia's certified exploration resources (mean estimate unrisked) stood at 3,203 mboe, representing an annual increase of 14%. This increase was driven by recently farmed-in exploration areas, namely in Morocco and Namibia, notwithstanding the decreased contribution from Brazil and Mozambique, following the success in exploration activities carried out on those areas during 2012.

Galp Energia's 3C contingent resources presented a yearly increase of 21% in 2012 to 3,245 mboe, following the intensive and successful exploration activities that were carried out during 2012 in Mozambique, and also by appraisal activities in Brazil. From the total 3C resources, 63% corresponded to oil resources and around 70% came from Brazil.

Following the appraisal and development activities carried out at the pre-salt Santos basin, in Brazil, 3P reserves increased 10% in 2012 to 783 mboe. This increase was driven by the appraisal activities at the pre-salt Santos basin, namely in Lula/Iracema, reinforcing the confidence in the future realisation of reserves into production and, as such, in the value creation of that area. Moreover, the appraisal works, including the extended well tests already performed, which allowed for a deeper knowledge of the Lula field and also to strengthen the evidence of better reservoir connectivity, contributed for the increase of 60% in 2P reserves to 639 mboe.

Key data on Galp Energia's financial outlook:

Galp Energia focuses on a disciplined capital allocation towards high quality assets and prioritised according to value delivery maximisation. As such, the estimated annual capex of c.€1.4-1.6 bn will be mainly channeled to the upstream business. The upwards revision in capex, compared to the financial outlook announced in 6 March 2012, was mainly driven by the recent exploration successes, namely the development of Carcará, Júpiter and Iara in Brazil, the LNG development at the Rovuma basin in Mozambique, and the block 32 in Angola. As for 2013, the Company estimates a capex of €1.2-1.4 bn, mainly channeled to the development activities in Lula/Iracema area.

The expected production increase in the following years will drive earnings growth, with Ebitda expected to present a CAGR of over 25% for the period of 2012-2017, with the upstream accounting for around 70% of the total Ebitda by 2017. In 2013 the Company expects an Ebitda of €1.1-1.3 bn, supported by the upstream business and by the refining upgrade project start-up.

Notwithstanding the increase in future cash generation, driven by the upstream business growth and supported by the resilient earnings from the downstream and gas businesses, free cash flow is expected to become positive during 2017, as demanding upstream capex will negatively impact free cash flow generation until then.

Galp Energia has a well-founded and sustainable funding strategy, mainly supported by operating cash flow generation, with flexibility reinforced by an active portfolio management and potential sale of non-core assets, if needed. In addition, the Company is addressing the extension of debt maturities, namely those maturing in 2013 and in 2014, thus matching debt reimbursement profile with free cash-flow generation. This debt renegotiation is key to maintain the Company's commitment to a strong capital structure, with net debt/Ebitda rising to c.2x and falling rapidly from 2016 onwards.

Galp Energia will continue to reward its shareholders also through dividends, proposing a €0.24 per share dividend payment for 2013, concerning the 2012 fiscal year, in line with the Company's dividend policy.

Appendix

Reserves and Resources ¹

Net entitlement reserves

	2011	2012	% Chg.
1P	145	154	6%
2P	399	640	60%
3P	709	783	10%

Working interest contingent resources

	2011	2012	% Chg.
1C	202	206	2%
2C	870	1,583	82%
3C	2,672	3,245	21%

Working interest exploration resources

	2011	2012	% Chg.
Unrisked	2,821	3,203	14%
Risked	478	526	10%

¹ Exploration resources and contingent resources on a working interest basis. Reserves figures on a net entitlement basis. All figures based on DeGoyler and MacNaughton report of 31.12.2012.

Acronyms

Ebitda - Earnings before interest and taxes

E&P - Exploration and Production

CAGR - Compound annual growth rate

FPSO - Floating production storage offloading

Kboepd - Thousand barrels of oil equivalent per day

LNG – Liquefied natural gas

mboe - Million barrels of oil equivalent

mmscf/d – Million standard cubic feet per day

mtpa - Million tonnes per annum

Tcf - Trillion cubic feet

Disclaimer

RCA figures except otherwise noted.

Matters presented in this announcement may constitute forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “will,” “may,” “continue,” “should” and similar expressions identify forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of Galp Energia’s markets; the impact of regulatory initiatives; and the strength of Galp Energia’s competitors. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in Galp Energia’s records and other data available from third parties. Although Galp Energia believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp Energia or the industry to differ materially from those results expressed or implied in this announcement by such forward-looking statements.

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