Full Year 2006 Results

Lisbon, 8 March 2007

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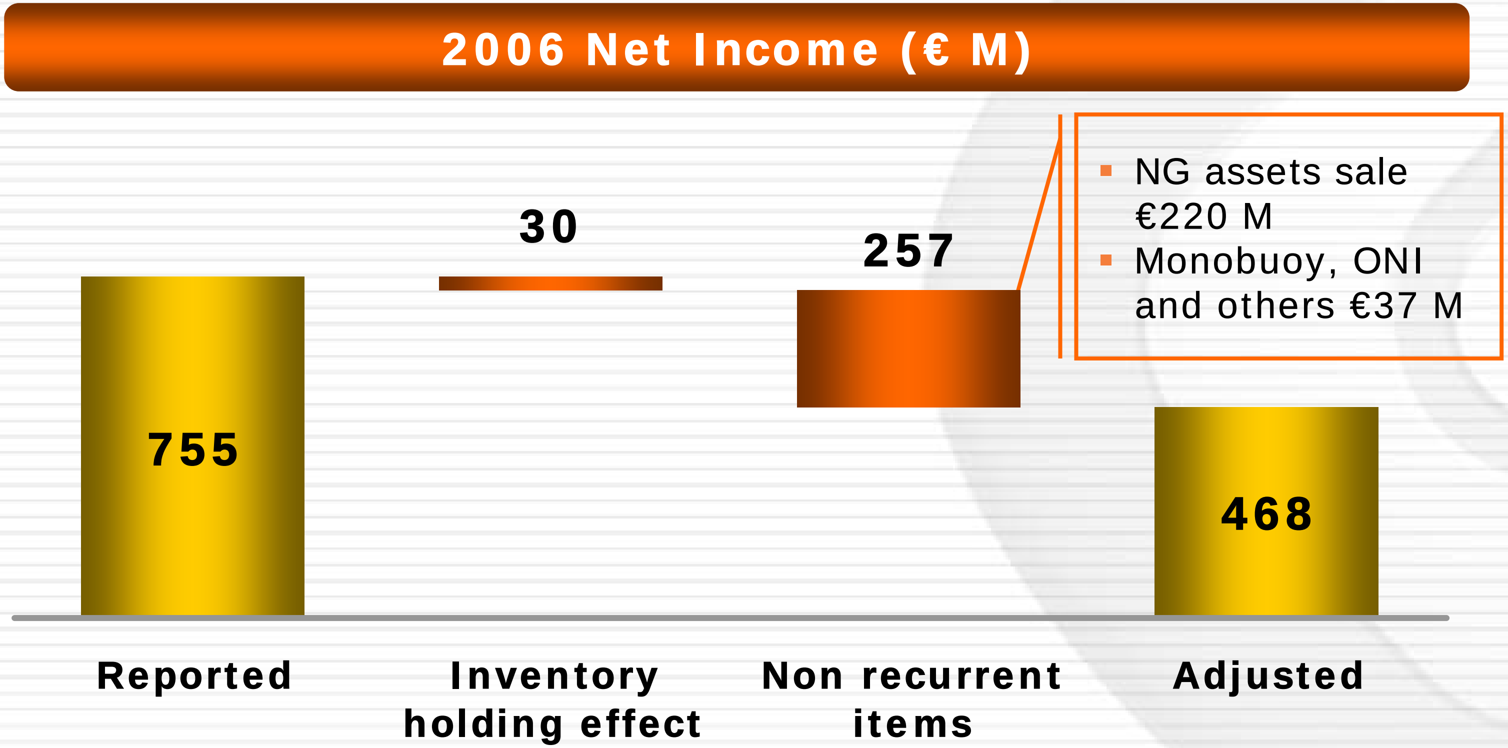
Adjusted EPS increased by 10%

Reported 2005	Reported 2006	Reported % Ch.	€ Million	Adjusted 2005	Adjusted 2006	Adjusted % Ch.
11,137	12,210	9.6%	**Sales**	11,134	12,107	8.7%
1,192	1,241	4.1%	**EBITDA**	877	958	9.3%
863	949	10.0%	**EBIT**	580	667	15.0%
51	41	(21%)	**Income from Associates**	51	41	(21%)
701	755	7.7%	**Net Income**	425	468	10.1%
0.84	0.91	7.7%	**EPS (Eur/share)**	0.51	0.56	10.1%

Net income positively impacted by sale of NG assets

- Inventory effect with a reduced contribution due to the decrease, since August, of crude and product prices
- Non recurrent items strongly impacted 2006 net income due to the €220 M of the NG assets sale effect

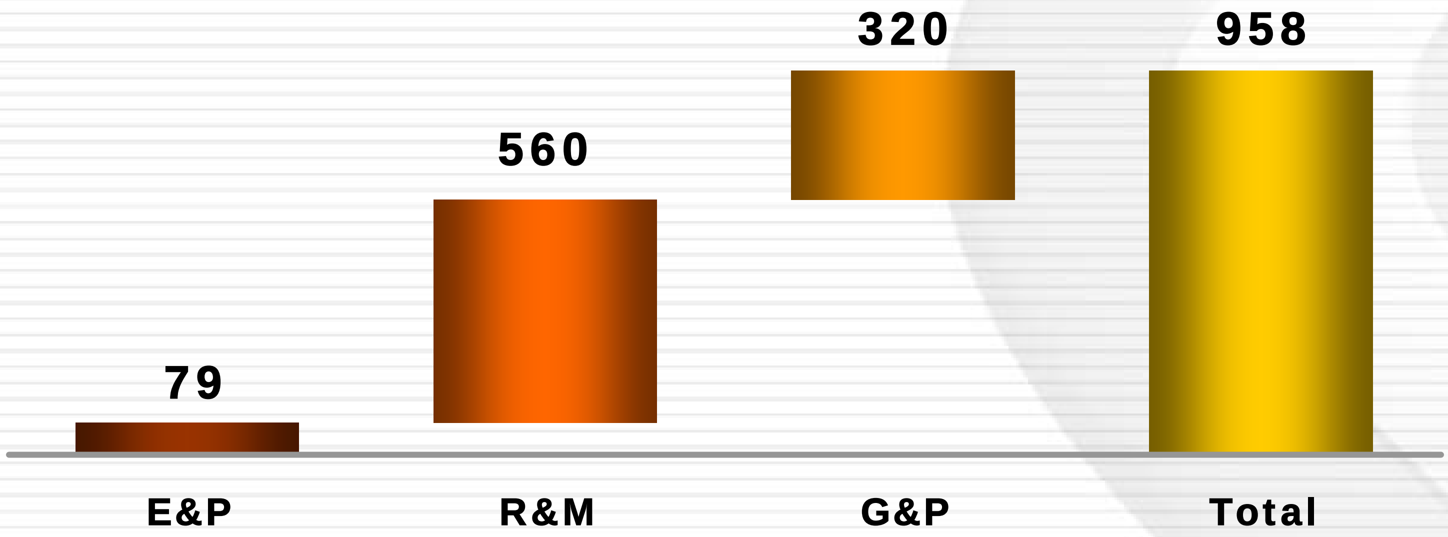


YoY	+8%	+10%

Adjusted EBITDA increased by 9% despite poorer market conditions

- Crude production increase confirming ramp up phase of Block 14 in Angola
- Resilient contribution of R&M despite lower refining margins in 2006
- G&P performance driven by higher volumes and margins on trading activities

2006 Adjusted EBITDA (€ M)

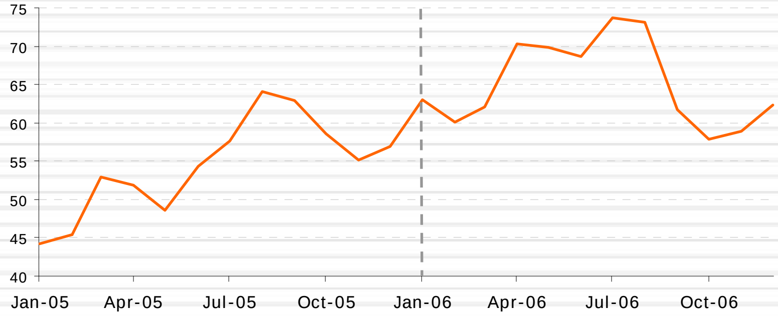


YoY	+97%	+1%	+13%	+9%

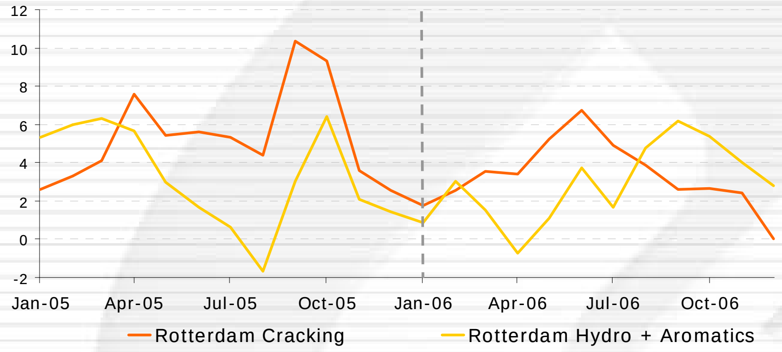
Market Overview

Less favourable market environment in 2006

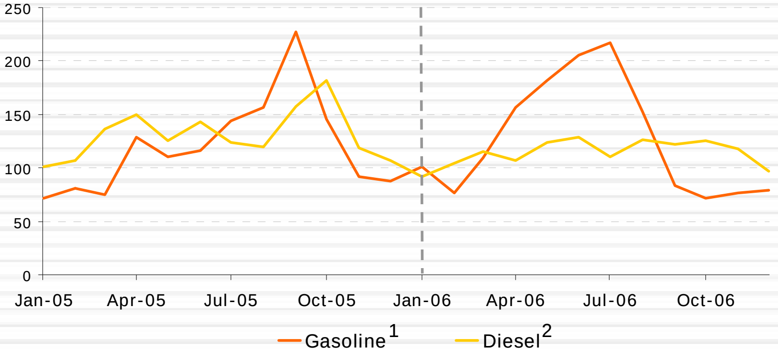
Brent price (Usd / bbl)



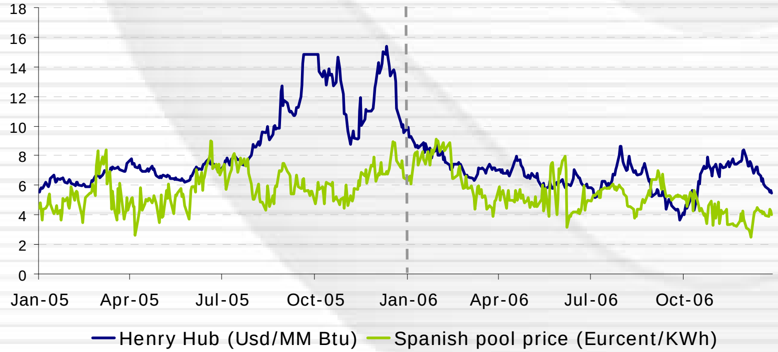
Rotterdam Cracking and Rotterdam (Hydro + Aromatics)[3] (Usd / bbl)



Diesel and Gasoline crack spreads (Usd / ton)



Henry hub and Spanish pool prices



Source: Platts; Monthly averages except for Henry Hub and Spanish Pool price

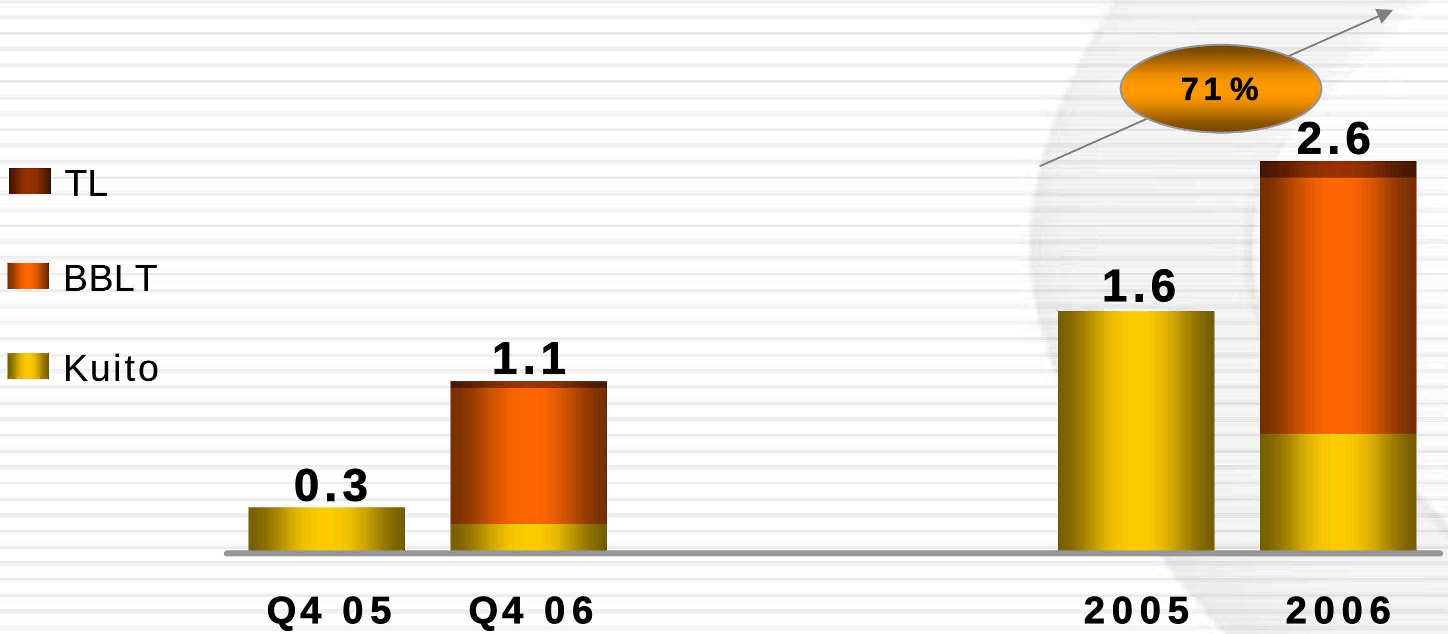
[1] Prem unlead NWE FOB barges; [2] ULSD 50 ppm NWE CIF ARA; [3] Considers 70% of Rotterdam Hydroskimming Margin + 30% of Aromatics margin

Business Overview

E&P production in a ramp up phase

- Production increase supported by BBLT and TL contribution
- Equity production of 11.6 kbbl/d in Q4 2006

Total Equity Production by Field (million bbl)



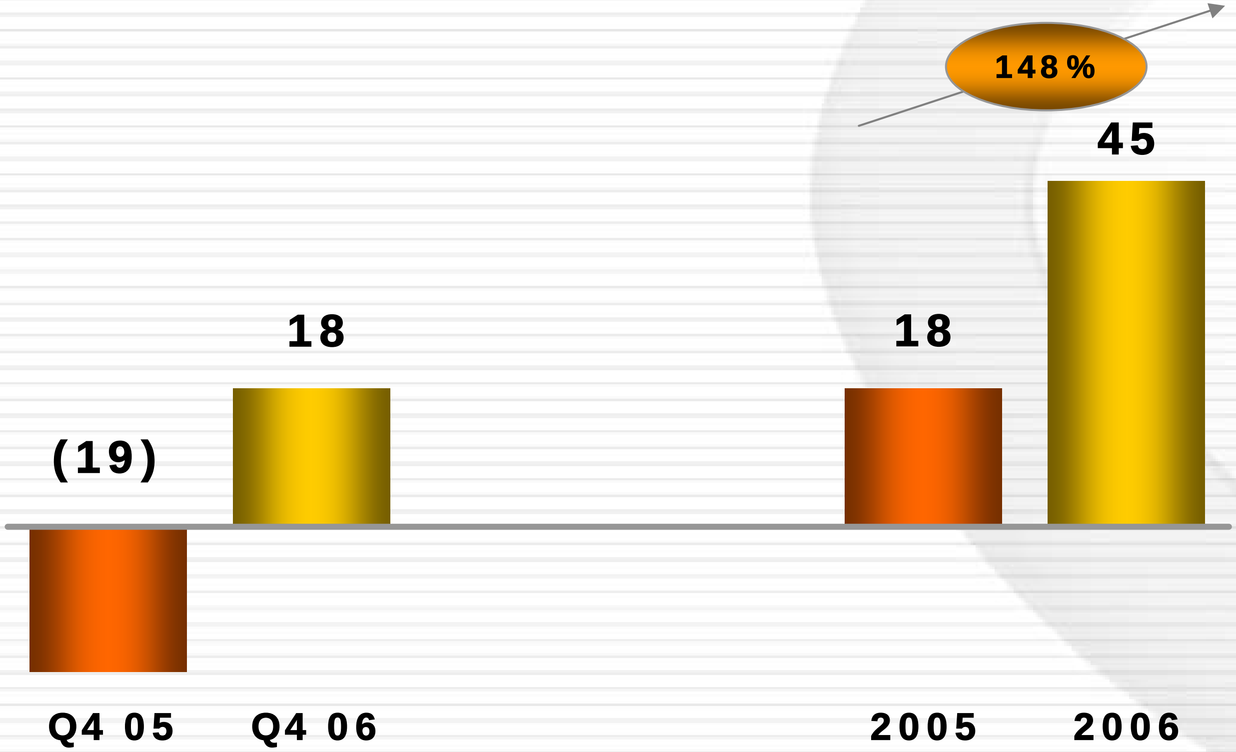
	Q4 05	Q4 06	2005	2006
WP* Kbbl/d	**4.4**	**14.6**	**5.0**	**9.5**

*Working Production corresponds to the total production before deducting the concessionaire share under Production Sharing Agreements ("PSA")

E&P results reflect rising production

- Increase in realized sale price due to higher Brent price and higher contribution from lighter crude from BBLT and TL
- Unit production costs down by 27% due to the beginning of production in BBLT field

Adjusted EBIT (€ M)



Block 14 crude reserves evolving positively

million bbl	Net Entitlement[1]		% Ch.	Working Reserves
Block 14[2]	June 30, 2006	Dec 31, 2006		Dec 31, 2006
Reference crude price	62.5 Usd/bbl	65 Usd/bbl	4%	-
Proved (P1)	35.6	**35.7**	0%	46.5
Proved + Probable (P2)	41.4	**50.4**	22%	80.7

Source: Gaffney, Cline & Associates

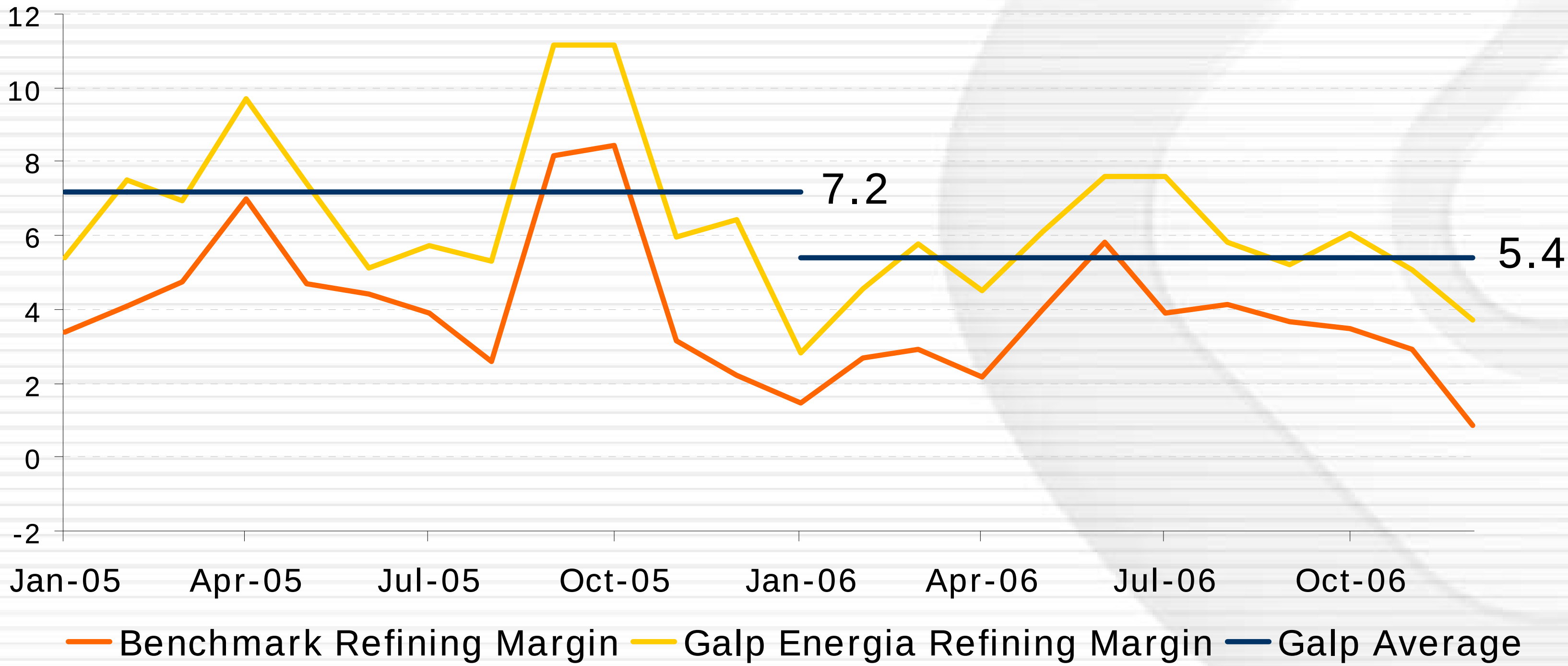
[1]Net Entitlement Interest Reserves are Galp's share of contractor entitlement to field reserves under the PSA.

2 Kuito, BBLT and TL only

Galp Energia refining margin consistently above benchmark

- Spread over benchmark of 2.2 Usd/bbl in 2006 and 2.5 Usd/bbl in Q4
- Premium over benchmark due to logistic advantage and crude slate in discount to Brent

Galp Energia vs Benchmark Refining Margin (Usd/bbl)



Source: Platts

Benchmark refining margin considers 70% of Rotterdam cracking and 30% of Rotterdam Hydro + Aromatics

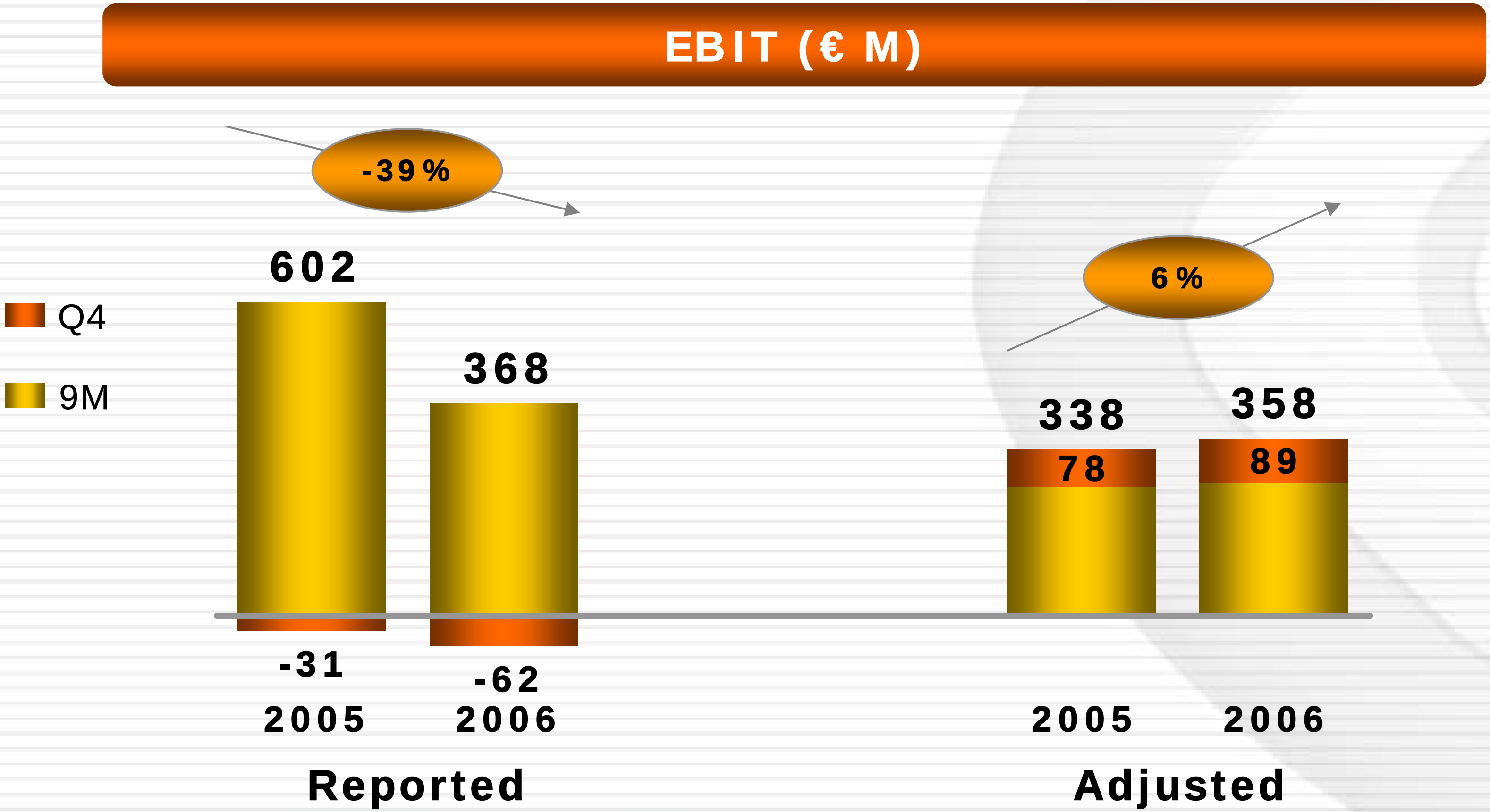
Higher levels of exports compensated decrease in Portuguese market

- Sales to Galp Energia clients represent 61% of total volumes processed
- Middle distillates and gasoline represent 44% and 25% respectively of total production

Million tons	2005	2006	% Ch.
Crude oil and other refinery inputs processed	**14.3**	**14.7**	**3%**
Total volumes of products sold	**15.9**	**16.2**	**2%**
Sales to Galp Energia direct customers	9.4	9.0	(4%)
Exports	2.3	3.1	35%
Sales to other Portuguese operators	4.2	4.1	(3%)

Resilient R&M EBIT generation

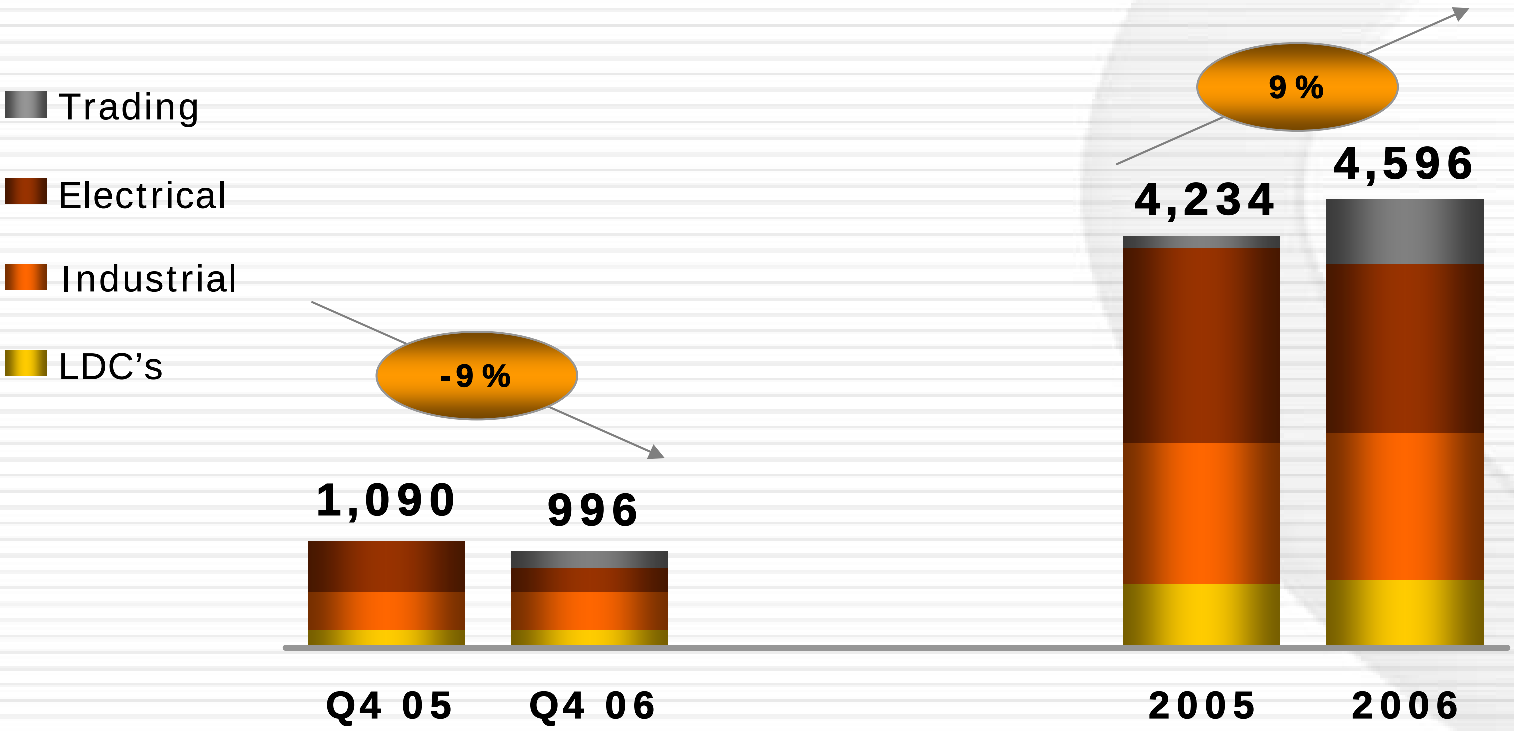
- Reported EBIT down by 39% on lower inventory effect of €303 M YoY
- Adjusted EBIT up by 6% despite lower refining margin of 26% YoY
- Lower refining margins were compensated by better trading and marketing margins



Strong increase in NG volumes regardless unfavourable Q4

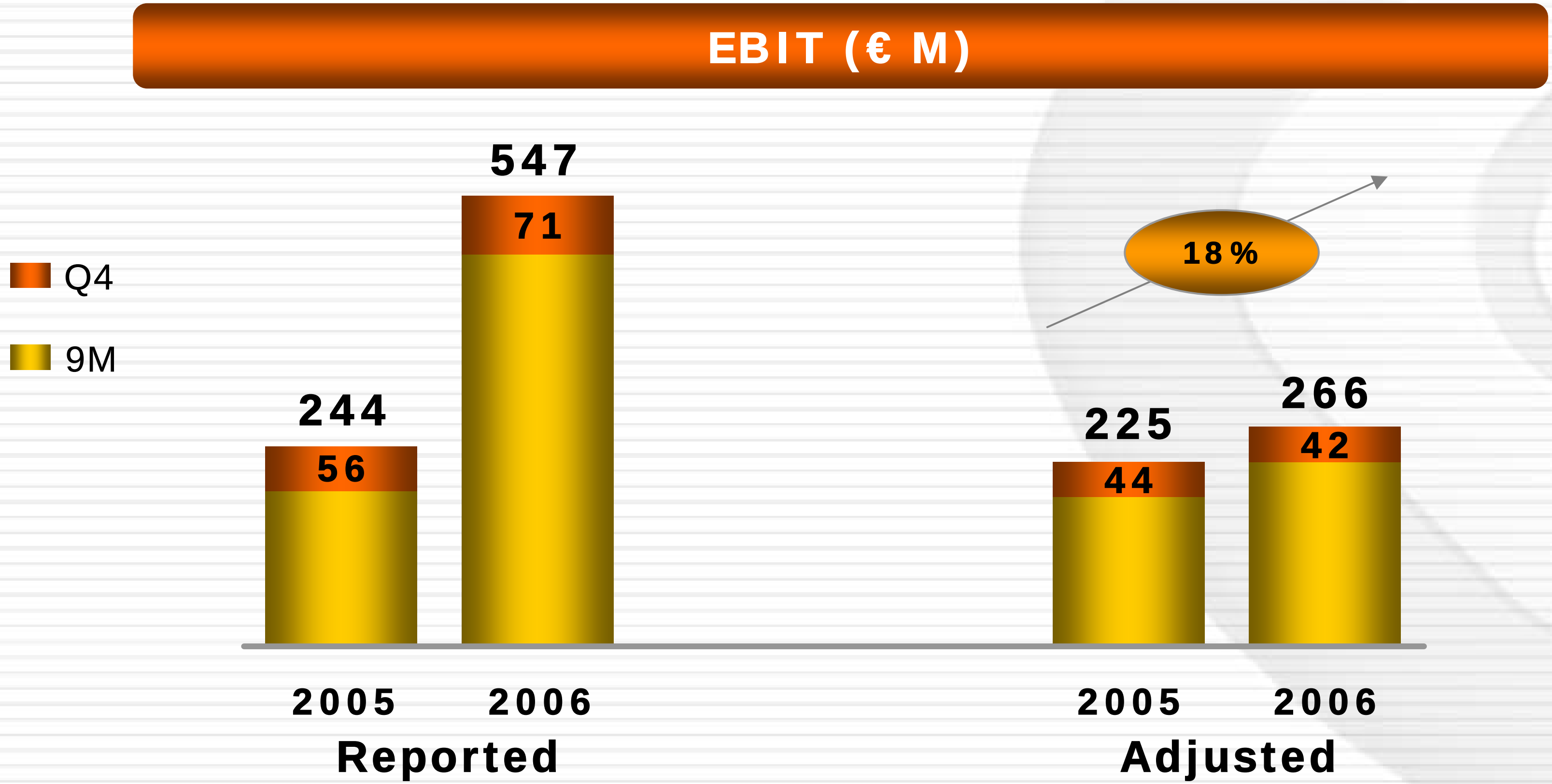
- Portuguese market, excluding power generation, increased by 5% even with warm weather in Q4
- Higher trading activity more than compensated power generation NG consumption due to strong rainfall in Portugal

Natural gas sales (M m³)



NG sales boosted adjusted EBIT by 18%

- Reported EBIT strongly affected by the sale of NG assets to REN
- Adjusted EBIT driven by high volumes growth and better trading margins
- Stable Q4 adjusted EBIT despite higher opex of €15 M with the effect of Unbundling



Financial Overview

Strong cash flow generation

Adjusted EBITDA vs Capex 2006 (€ M)

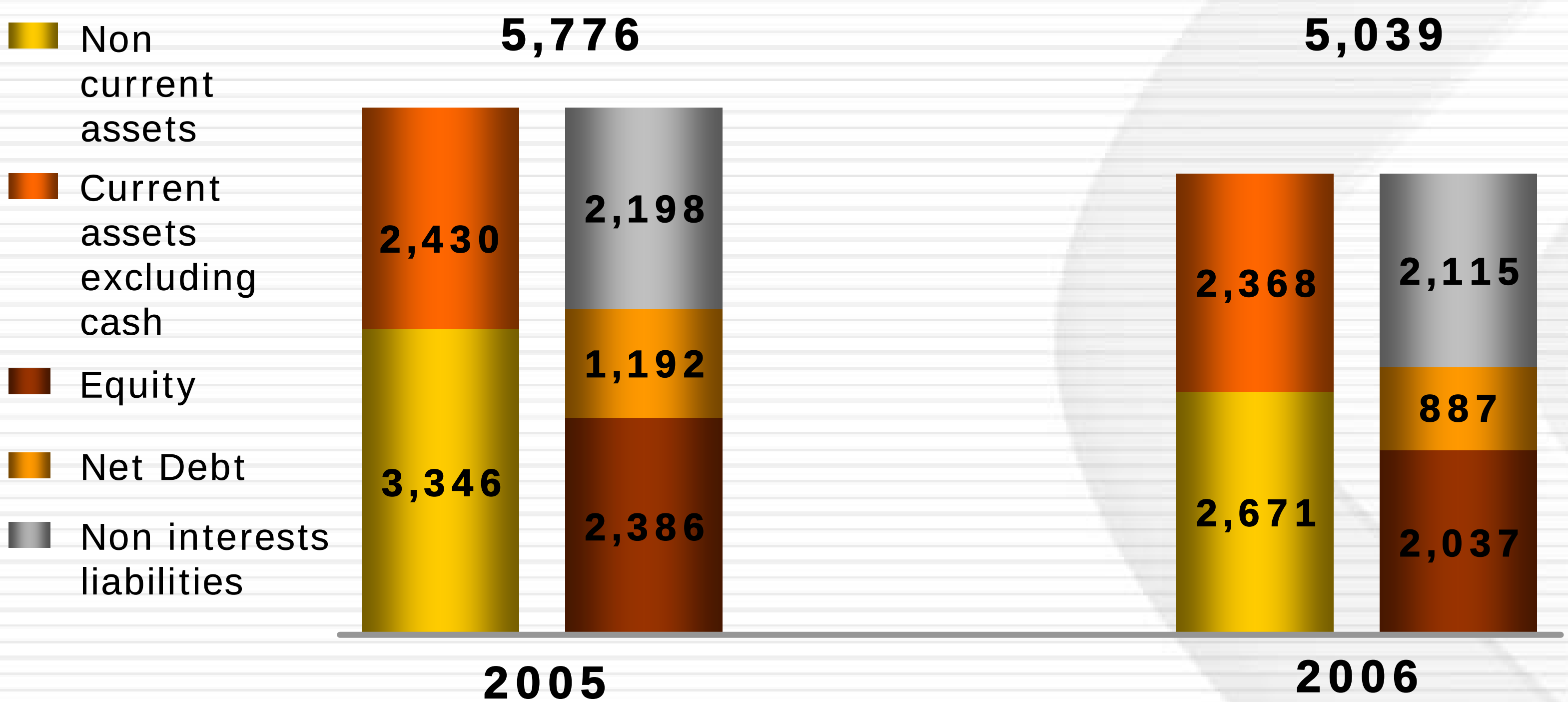
	E&P	R&M	G&P	Total
Adjusted EBITDA	79	560	320	958
Capex	106	131	112	349
Adjusted EBITDA – Capex	**(27)**	**429**	**209**	**609**
Adjusted EBITDA – Capex (2005)	**(42)**	**410**	**195**	**561**

Note: Segmental figures don't add up to total adjusted EBITDA due to Corporate & Others

Capital structure in place to finance future growth

- Net debt has reduced by €305 M since 2005

Balance Sheet (€ M)



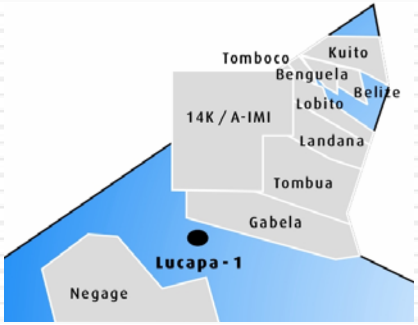
	2005		2006
D/E	50%	→	44%
Gearing	33%	→	30%

Strategy Update

E&P portfolio enriched by exploration success

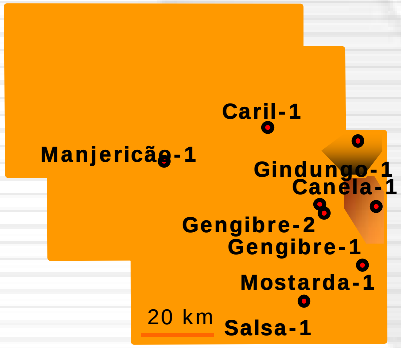
BM-S-11

- Tupi discovery
  - Hydrocarbons in place: 1.7 to 10 billion boe
  - Appraisal is expected in 2007 (Tupi Sul well)
  - Opening of a new hydrocarbon play
- Exploration Program
  - 3D seismic survey already completed
  - Iracema well programmed for 2007
  - Evaluate further prospects



Block 14

- Significant discovery in Lucapa - 1
- Appraisal program to be prepared

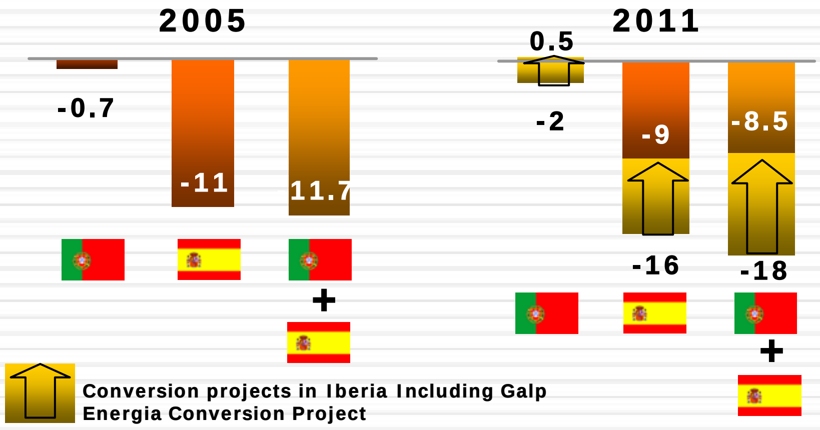


Block 32

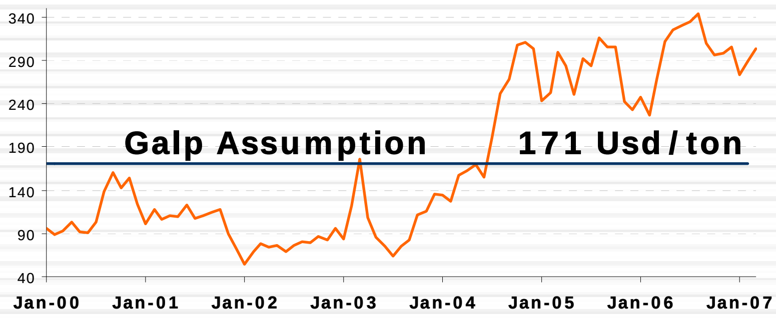
- 4 commercial discoveries in 2006
- Exploration drilling still ongoing
- Studies for development plans under way

+3.5 Usd/bbl incremental refining margin

Iberian Diesel Gap (M tons)



Diesel[1] / Fuel[2] spread (Usd/ton)



Source: Platts; [1] ULSD 50 ppm NWE CIF ARA; [2] 1% LSFO NEW CIF ARA

Major refineries investments

- Conversion Project
  - Investment of €998 M
  - Replace fuel production by diesel
  - Increase heavy crude processing
  - Fully operational in 2011
  - Additional 3 Usd/bbl
- Upgrading Investments
  - Two cogeneration plants, energy efficiency and process effectiveness
  - Reduce own consumption by 15%
  - Additional 0.5 Usd/bbl

+ 3.5 Usd/bbl in refining margin

Renegotiations will focus on value preservation

Regulation

- RAB methodology (remuneration rate to be known in Q2)
- Spare quantities have to be auctioned
- Profits of such auctions to be shared with the market on a 50%/50% basis

Legislation

- Unbundling of LDC's concession contracts*
- RAB to be adjusted by past inflation

Impact on Galp Energia

NG Supply

- Final Price on REN to be calculated after the final regulatory package
- Spare quantities auctions are in clear contradiction with current legislation and agreement signed with the Portuguese State

Local Distribution Companies

- Current concession contracts are in place until 2028/2035
- Renegotiation with Portuguese State of new distribution contracts and licences until Q3

Galp Energia position is well sustained

*For LDC's with more than 100 thousand clients

Outlook

Short Term Outlook

- Expected working production share of 16 Kbbl/d from Block 14 in Angola in 2007
- Sustained investment in exploration activity throughout 2007
- Turnaround of Oporto Refinery in Q3 2007 with an estimated capex of €40 M
- Current refining margins above last year levels due to stronger demand for transportation fuels
- End of build up phase of NG contracts reaching 5.7 bcm, although with some flexibility
- Final decision on 500 MW (Galp share 33%) wind farm tender expected for Q2
- CCGt's Licensing process to be completed in Q3 2007
- Proposal of 2006 dividend payment to be decided in Board meeting of 24 April

E&P and G&P confirming growth prospects

Resilient EBITDA from R&M

Galp Energia positioned for growth

Capital structure in place to finance future growth

Strong return on capital employed of 17%

Full Year 2006 Results

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