First Quarter 2007 Results

Lisbon, 17 May 2007
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Growth delivered

Q1 Highlights

- Working crude production of 17.2 thousand barrels per day, up 18% qoq
- Galp Energia refining margin up 22% yoy (equivalent to 1 Usd/bbl)
- Natural gas sales up by 12% qoq
- Adjusted proforma EBITDA* increased by 15%
- Net income of €143 million, corresponding to an EPS of 0.17 euros
- Capex of €76 million, 50% of which corresponded to E&P business segment
- Net debt reduction to 709 M€, placing the debt to equity ratio at 33%

* Adjusted by transportation, storage and regasification activities sold to REN (net impact of 30.8 M€) and E&P Q106 of 14.5 M€ to reflect the same accounting principles of Q1 07
Adjusted net income up by 30%

- Inventory effect of 21 M€ due to the increase in crude and oil products prices this quarter
- Tax rate decrease from 28% to 19% positively impacted net income

Q1 2007 Net Income (M€)

<table>
<thead>
<tr>
<th></th>
<th>Reported</th>
<th>Inventory holding effect</th>
<th>Non recurrent items</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY</td>
<td>+22%</td>
<td></td>
<td></td>
<td>+30%</td>
</tr>
</tbody>
</table>

143

(21)

(3)

119
Adjusted EBITDA increased by 5% without NG transport and regasification activities

- Block 14 continuing to deliver growth
- R&M higher contribution driven by improvement on refining margins
- Stable G&P EBITDA performance yoy on pro-forma¹ basis from 66 €M to 64 €M

Q1 2007 Adjusted EBITDA² (M€)

- E&P
  - Q1 2007 Adjusted EBITDA: 34 M€
  - YoY: n.m.

- R&M
  - Q1 2007 Adjusted EBITDA: 121 M€
  - YoY: +10%

- G&P
  - Q1 2007 Adjusted EBITDA: 64 M€
  - YoY: (33%)

- Total
  - Q1 2007 Adjusted EBITDA: 221 M€
  - YoY: +5%

¹ Adjusted by transportation, storage and regasification activities sold to REN (net impact of 30.8 M€)
² Segmental figures don't add up to total adjusted EBITDA due to Corporate & Others

First Quarter 2007 Results
Market Overview
Demand for gasoline sustained brent and refining margin levels

**Brent price (Usd/bbl)**

**Rotterdam Cracking and Rotterdam (Hydro + Aromatics)**

**Diesel, Gasoline and Fuel crack spreads (Usd/ton)**

**Henry hub and Spanish pool prices**

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

1 Prem unlead NWE CIF ARA; 2 ULSD 50 ppm NWE CIF ARA; 3 1% LSFO CIF ARA; 4 Considers 70% of Rotterdam Hydroskimming Margin + 30% of Aromatics margin
Stagnant Iberian market

- Higher prices not allow oil internal consumption to increase
- Rainy weather of last months of 2006 and warm weather in Q1 clearly affected demand

Iberian Oil market (M ton)

<table>
<thead>
<tr>
<th></th>
<th>Q1 06</th>
<th>Q1 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Spain</td>
<td>13.0</td>
<td>12.9</td>
</tr>
</tbody>
</table>

Portuguese natural gas market (M m3)

<table>
<thead>
<tr>
<th></th>
<th>Q1 06</th>
<th>Q1 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical</td>
<td>470</td>
<td>335</td>
</tr>
<tr>
<td>Industrial</td>
<td>618</td>
<td>637</td>
</tr>
</tbody>
</table>

Higher prices not allow oil internal consumption to increase
Rainy weather of last months of 2006 and warm weather in Q1 clearly affected demand
Business Overview
E&P production souring in a lighter crude

- Production increase supported by BBLT and TL contribution
- Lower Kuito production due to works to revamp production by 2008

**Total production by field (M bbl)**

<table>
<thead>
<tr>
<th>Field</th>
<th>Working Production</th>
<th>Equity Production</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 06</td>
<td>Q1 07</td>
</tr>
<tr>
<td>TL</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>BBLT</td>
<td>5.2</td>
<td>17.2</td>
</tr>
<tr>
<td>Kuito</td>
<td>0.5</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Note: Working Production corresponds to the total production before deducting the concessionaire share under Production Sharing Agreements ("PSA"); Equity production corresponds to net entitlement production, after deducting PSA effect.
E&P Q1 EBIT represents almost 50% of 2006

- Lighter crudes from BBLT and TL reduced discount to Brent
- Q1 2006 EBIT affected by definition of accounting principles
- Q1 2007 EBIT confirms sustained level of E&P activity

Adjusted EBIT (M€)

<table>
<thead>
<tr>
<th>Q1 06 Proforma*</th>
<th>Q1 06</th>
<th>Q1 07</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>(4)</td>
<td>22</td>
</tr>
</tbody>
</table>

* Assuming same accounting principles of Q1 2007
Galp Energia refining margin up 22% yoy

- Spread over benchmark of 2.2 USd/bbl in 2006 and 1.8 Usd/bbl in Q1 2007
- Premium to benchmark affected by lower utilization rate and consequently higher fuel & losses

**Galp Energia vs Benchmark Refining Margin (Usd/bbl)**

Source: Platts

Benchmark refining margin considers 70% of Rotterdam cracking and 30% of Rotterdam Hydro + Aromatics
Exports to US market up by 32% yoy

- Lower utilization rates due to maintenance shutdowns
- Exports of gasoline to US represent 34% of total exports
- Sales to Galp Energia clients increased by 1%, despite a weaker Iberian market

<table>
<thead>
<tr>
<th>Million tons</th>
<th>Q1 2006</th>
<th>Q1 2007</th>
<th>% Ch.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Crude oil and other refinery inputs processed</strong></td>
<td>3.6</td>
<td>3.4</td>
<td>(4%)</td>
</tr>
<tr>
<td><strong>Total volumes of products sold</strong></td>
<td>3.9</td>
<td>3.9</td>
<td>-</td>
</tr>
<tr>
<td>Sales to Galp Energia direct customers</td>
<td>2.3</td>
<td>2.3</td>
<td>1%</td>
</tr>
<tr>
<td>Exports</td>
<td>0.7</td>
<td>0.6</td>
<td>(7%)</td>
</tr>
<tr>
<td>Sales to other Portuguese operators</td>
<td>1.0</td>
<td>1.0</td>
<td>1%</td>
</tr>
</tbody>
</table>
Sales to direct clients supported by Spanish operations

- Sales to Galp Energia direct customers represented 69% of total raw materials processed
- Market share maintained despite decrease in the Portuguese market

Q1 2007 marketing volumes (M ton)

<table>
<thead>
<tr>
<th></th>
<th>Portugal</th>
<th>Spain</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>0.6</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Wholesale</td>
<td>1.1</td>
<td>0.1</td>
<td>1.2</td>
</tr>
<tr>
<td>LPG</td>
<td>0.6</td>
<td>0.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Large Clients</td>
<td>2.3</td>
<td>(2%)</td>
<td>2.3</td>
</tr>
</tbody>
</table>

YoY %

<table>
<thead>
<tr>
<th></th>
<th>YoY</th>
<th>Wholesale</th>
<th>LPG</th>
<th>Large Clients</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portugal</td>
<td>(8%)</td>
<td>(1%)</td>
<td>(11%)</td>
<td>+20%</td>
<td>+1%</td>
</tr>
</tbody>
</table>
R&M EBIT boosted by refining margins increase

- Reported EBIT positively impacted by inventory effect of 22 M€
- Adjusted EBIT up 28% impacted by higher refining margins despite Usd depreciation
- Maintenance shutdowns with a negative impact of 4% in volumes processed

<table>
<thead>
<tr>
<th></th>
<th>Reported EBIT (M€)</th>
<th>Adjusted EBIT (M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1 06</strong></td>
<td>86</td>
<td>62</td>
</tr>
<tr>
<td><strong>Q1 07</strong></td>
<td>104</td>
<td>80</td>
</tr>
</tbody>
</table>

21% increase

28% increase
Natural gas sales up by 12% qoq

- Consumption of power generators still being affected by strong rainfall occurred in the last months of 2006
- Warm weather affected growth of Portuguese market (+3% excluding power generators)

<table>
<thead>
<tr>
<th>Natural gas sales (M m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
</tr>
<tr>
<td>230</td>
</tr>
<tr>
<td>Up 31% qoq</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>+2%</td>
</tr>
<tr>
<td>Industrial</td>
<td>+4%</td>
</tr>
<tr>
<td>Electrical</td>
<td>(29%)</td>
</tr>
<tr>
<td>Trading</td>
<td>+46%</td>
</tr>
<tr>
<td>Total</td>
<td>(6%)</td>
</tr>
</tbody>
</table>
Unbundling effect strongly impacted yoy reported and adjusted EBIT

Stable EBIT on a proforma basis: (i) despite lower volumes and (ii) replacement of electrical volumes by trading volumes

* Proforma EBIT based on Q1 2006 EBIT of 82 M€, deducted from Unbundling impact of 23.9 M€ (34.2 M€ of transportation, storage and regasification fees – 2.4 M€ of personnel costs – 6.9 M€ of depreciations and – 1 M€ of maintenance costs
Financial Overview
### Adjusted EPS increased by 30%

<table>
<thead>
<tr>
<th></th>
<th>Reported</th>
<th>Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 06</td>
<td>Q1 07</td>
</tr>
<tr>
<td>Sales</td>
<td>3,026</td>
<td>2,754</td>
</tr>
<tr>
<td>EBITDA</td>
<td>227</td>
<td>237</td>
</tr>
<tr>
<td>EBIT</td>
<td>159</td>
<td>175</td>
</tr>
<tr>
<td>Income from Associates</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>Net Income</td>
<td>117</td>
<td>143</td>
</tr>
<tr>
<td>EPS (Eur/share)</td>
<td>0.14</td>
<td>0.17</td>
</tr>
</tbody>
</table>
Controlled cost structure

- COGS down by 12% mainly due to lower crude and oil products prices
- Proforma supply and services increased 2%, despite higher crude production costs driven by ramp up in production
- Lower personnel cost due to impact of 188 employees transferred to REN

Operational Costs (M€)

<table>
<thead>
<tr>
<th></th>
<th>COGS</th>
<th>Supply &amp; Services</th>
<th>Personnel</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YoY</td>
<td>(12%)</td>
<td>+22%</td>
<td>(3%)</td>
<td>(10%)</td>
</tr>
</tbody>
</table>

Includes 24.1 M€ of net costs related with ng activities
E&P represents more than 50% of total capex

- Development of Block 14 and exploration activities in Block 32
- Set of minor investments in refineries and construction of new service stations
- Additional 154 kms of ng distribution network built this quarter

<table>
<thead>
<tr>
<th>Capital expenditures (M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E&amp;P</td>
</tr>
<tr>
<td>40</td>
</tr>
</tbody>
</table>

YoY: +144%  n.m.: n.m.  (22%): (22%)  +79%
# First Quarter 2007 Results

Net debt decreased by 178 M€

## Balance Sheet Items (M€)

<table>
<thead>
<tr>
<th></th>
<th>Dec. 2006</th>
<th>Mar. 2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>2,413</td>
<td>2,445</td>
<td>31</td>
</tr>
<tr>
<td>Strategic Stock</td>
<td>453</td>
<td>443</td>
<td>(10)</td>
</tr>
<tr>
<td>Other assets (liabilities)</td>
<td>(148)</td>
<td>(192)</td>
<td>(44)</td>
</tr>
<tr>
<td>Working Capital</td>
<td>205</td>
<td>194</td>
<td>(11)</td>
</tr>
<tr>
<td>Net Debt</td>
<td>887</td>
<td>709</td>
<td>(178)</td>
</tr>
<tr>
<td>Equity</td>
<td>2,037</td>
<td>2,180</td>
<td>143</td>
</tr>
<tr>
<td><strong>Capital Employed</strong></td>
<td><strong>2,924</strong></td>
<td><strong>2,889</strong></td>
<td><strong>(34)</strong></td>
</tr>
<tr>
<td>Debt to Equity</td>
<td>44%</td>
<td>33%</td>
<td>(11 pp)</td>
</tr>
</tbody>
</table>
Dividend Policy
Dividend proposal up 13% from 2005

2006 Results (M€)

Reported net income: 755
Replacement cost adjustment: (30)
Impact of NG assets sale: (220)
Total: 504

50% Payout ratio

2006 dividend 0.304 €/share

Dividend yield of 4.1%

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1 Board proposal to the Annual General Meeting; 2 Based on share price for 30 of March 2007 of 7.5 €/share
Stable and clear dividend policy

**Annual Dividend of year n**

Net income \(@\) replacement cost \(\times\) 50% payout ratio \(\rightarrow\) Annual Dividend

**Interim Dividend of year n+1**

50% \(\times\) Annual dividend of year n \(\rightarrow\) Interim dividend

- Subject to approval of all related parties
- 1st half results sufficient to allow dividend payment
- Interim dividend is deducted to the annual dividend approved by the General Meeting

\[ 50\% \times 0.304€ = 0.152€ \]

2007 interim dividend of 0.152 €/share\(^1\)

First Quarter 2007 Results
Final Remarks
Q1 main events

E&P
- New oil discoveries in Block 32 and Block 14
- Confirmation of Block BM-S-11 major discovery (TUPI)
- Agreement with the Portuguese State for oil exploration and production rights in Alentejo’s costs

R&M
- Approval of conversion project for both Sines and Oporto refineries
- Definition of biofuel strategy
- Increase penetration of premium products (launching new GForce)

G&P
- Ventinveste short-listed for Phase B of Wind Power Tender
Short term outlook

**E&P**
- Drilling campaign in onshore Brazil has just started, 16 wells to be drilled in 2007

**R&M**
- Selecting phase of licensing entities of the major equipments for the conversion project
- Bidding for the EPC already launched
- Restructuring plan for convenience stores in order to increase profitability

**G&P**
- Negotiation with Portuguese Government to implement unbundling of natural gas distribution activity
- Final price on REN Transaction to be known by June
- Negotiation phase of the wind power contest to end by Q3
Galp Energia positioned for growth

Adjusted EBITDA Proforma Q1 06
- R&M 58%
- G&P 34%
- E&P 8%

192 M€

Adjusted EBITDA Q1 07
- R&M 56%
- G&P 29%
- E&P 15%

221 M€

Towards a more balanced portfolio

Adjusted EBITDA proforma Q1 2006: G&P adjusted by transportation, storage and regaseification activities sold to REN (net impact of 30.8 M€); R&M includes Corporate & Others; E&P Q106 of 14.5 M€ to reflect the same accounting principles of Q1 07

First Quarter 2007 Results
Onshore Brazil Review

Espírito Santo Basin (12 Blocks)
- Average area per block of 30 km²
- Galp is the operator in 5 blocks
- Ownership with Petrobras on a 50/50 basis
- Seismic and geological evaluation under way
- 4 operated exploration wells programmed for 2007

Sergipe / Alagoas Basin (4 Blocks)
- Average area per block of 30 km²
- Galp Energia is the operator in all the blocks
- Ownership with Petrobras on a 50/50 basis
- Ongoing processing of new 2D & 3D seismic surveys covering 2 blocks
- 2 operated exploration wells programmed for 2007

Potiguar Basin (28 Blocks)
- Average area per block of 30 km²
- Galp is the operator in 20 blocks
- Ownership with Petrobras on a 50/50 basis
- Ongoing processing of new 2D & 3D seismic surveys covering 7th round blocks
- 10 operated exploration wells programmed for 2007
First Quarter 2007 Results

Investor Relations

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