



# Results

## FOURTH QUARTER AND FULL YEAR 2010 RESULTS

February 11 2011

*Extending success into new challenges*

## Key highlights

Business overview

Financial overview

Short-term outlook

Strategy execution update

- EBITDA growth driven by improved overall operational performance
- 4Q10 net profit RCA growth of 16% to €40 Mln
- First commercial production from Lula field in Santos basin
- Significant reserves addition de-risking Galp Energia resources portfolio
- Increasing our Iberian downstream business efficiency

---

Key highlights

Business overview

Financial overview

Short-term outlook

Strategy execution update

# EBITDA growth driven by production from new projects

## Main E&P data

|                                 |         | 4Q10 | 4Q09 | YoY   | QoQ   | 12M10 | 12M09 | YoY   |
|---------------------------------|---------|------|------|-------|-------|-------|-------|-------|
| Working interest production     | kbbbl/d | 20.1 | 17.7 | +14%  | +2%   | 19.5  | 14.7  | +33%  |
| Net entitlement production      | kbbbl/d | 14.3 | 12.2 | +17%  | +50%  | 11.8  | 9.7   | +22%  |
| Net entitlement production      | M bbl   | 1.3  | 1.1  | +17%  | +50%  | 4.3   | 3.5   | +22%  |
| Angola - Block 14               | M bbl   | 1.1  | 0.8  | +32%  | +50%  | 3.7   | 3.3   | +13%  |
| Brazil - BM-S-11                | M bbl   | 0.2  | 0.3  | (29%) | +48%  | 0.6   | 0.3   | +122% |
| Realized sale price             | \$/bbl  | 80.0 | 76.9 | +4%   | +7%   | 76.7  | 59.8  | +28%  |
| OPEX/net entitlement production | \$/bbl  | 9.0  | 13.7 | (34%) | (42%) | 12.1  | 10.5  | +14%  |
| EBITDA                          | M €     | 56   | 39   | +45%  | +50%  | 186   | 112   | +66%  |
| CAPEX                           | M €     | 99   | 38   | +161% | +3%   | 341   | 193   | +77%  |

- Tupi and CPT Tômbua-Lândana projects drove working interest production growth
- Net-entitlement production increased on PSA's effect QoQ
- FPSO Cidade de Angra dos Reis accounting for 0.9 kbpd in 4Q10

# Refining margin of \$2.3/bbl in 4Q10, though impacted by Matosinhos outage

## Main R&M data

|                              |        | 4Q10 | 4Q09 | YoY   | QoQ   | 12M10 | 12M09 | YoY   |
|------------------------------|--------|------|------|-------|-------|-------|-------|-------|
| Galp Energia refining margin | \$/bbl | 2.3  | 0.9  | +145% | +8%   | 2.6   | 1.5   | +81%  |
| Spread over benchmark        | \$/bbl | 1.0  | 1.3  | (21%) | (35%) | 1.5   | 0.5   | +166% |
| Crude processed              | M bbl  | 18.0 | 21.1 | (15%) | (22%) | 84.7  | 77.6  | +9%   |
| Refining throughput          | M ton  | 2.7  | 3.0  | (13%) | (18%) | 12.3  | 11.5  | +6%   |
| Refined product sales        | M ton  | 4.0  | 4.2  | (5%)  | (5%)  | 16.7  | 16.7  | (0%)  |
| Sales to direct clients      | M ton  | 2.6  | 2.8  | (5%)  | +1%   | 10.4  | 11.1  | (6%)  |
| Portugal                     | M ton  | 1.4  | 1.5  | (9%)  | (7%)  | 5.8   | 6.1   | (5%)  |
| Spain                        | M ton  | 1.2  | 1.2  | (2%)  | +10%  | 4.6   | 5.0   | (8%)  |
| Operators                    | M ton  | 0.9  | 0.8  | +10%  | (7%)  | 3.5   | 3.2   | +10%  |
| Exports                      | M ton  | 0.5  | 0.7  | (20%) | (25%) | 2.8   | 2.4   | +14%  |
| EBITDA                       | M €    | 69   | 62   | +11%  | (45%) | 394   | 295   | +33%  |
| CAPEX                        | M €    | 238  | 232  | +3%   | (14%) | 800   | 456   | +75%  |

- Premium over benchmark decreased in 4Q10 due to Matosinhos outage
- Oil distribution business with resilient earnings contribution, helped by synergies captured
- Increase in EBITDA YoY driven by refining margin improvement

# Supply margins decrease driven by higher NG cost

## Main G&P data

|   |      | 4Q10         | 4Q09  | YoY   | QoQ   | 12M10 | 12M09 | YoY   |
|---|------|--------------|-------|-------|-------|-------|-------|-------|
| <b>NG supply total sales volumes</b>    | M m3 | <b>1,340</b> | 1,198 | +12%  | +3%   | 4,926 | 4,680 | +5%   |
| Electrical                              | M m3 | <b>465</b>   | 392   | +19%  | (24%) | 1,939 | 1,918 | +1%   |
| Industrial                              | M m3 | <b>443</b>   | 548   | (19%) | +7%   | 1,805 | 1,978 | (9%)  |
| Residential                             | M m3 | <b>152</b>   | 45    | +238% | +136% | 404   | 197   | +105% |
| Others                                  | M m3 | <b>280</b>   | 213   | +32%  | +33%  | 778   | 587   | +32%  |
| <b>Sales of electricity to the grid</b> | GWh  | <b>292</b>   | 285   | +2%   | (3%)  | 1,202 | 706   | +70%  |
| <b>EBITDA</b>                           | M €  | <b>50</b>    | 52    | (3%)  | (11%) | 261   | 216   | +21%  |
| <b>CAPEX</b>                            | M €  | <b>30</b>    | 24    | +26%  | +147% | 87    | 77    | +12%  |

- Natural gas supply volumes up 5% YoY
- Spanish NG acquisition contributed with NG volumes of 72 Mm<sup>3</sup> in the 4Q10
- NG infrastructure maintained its solid contribution to earnings

---

Key highlights

Business overview

Financial overview

Short-term outlook

Strategy execution update



# 4Q10 net profit RCA of €40 Mln, up 16% YoY

## Profit & Loss (€Mln)

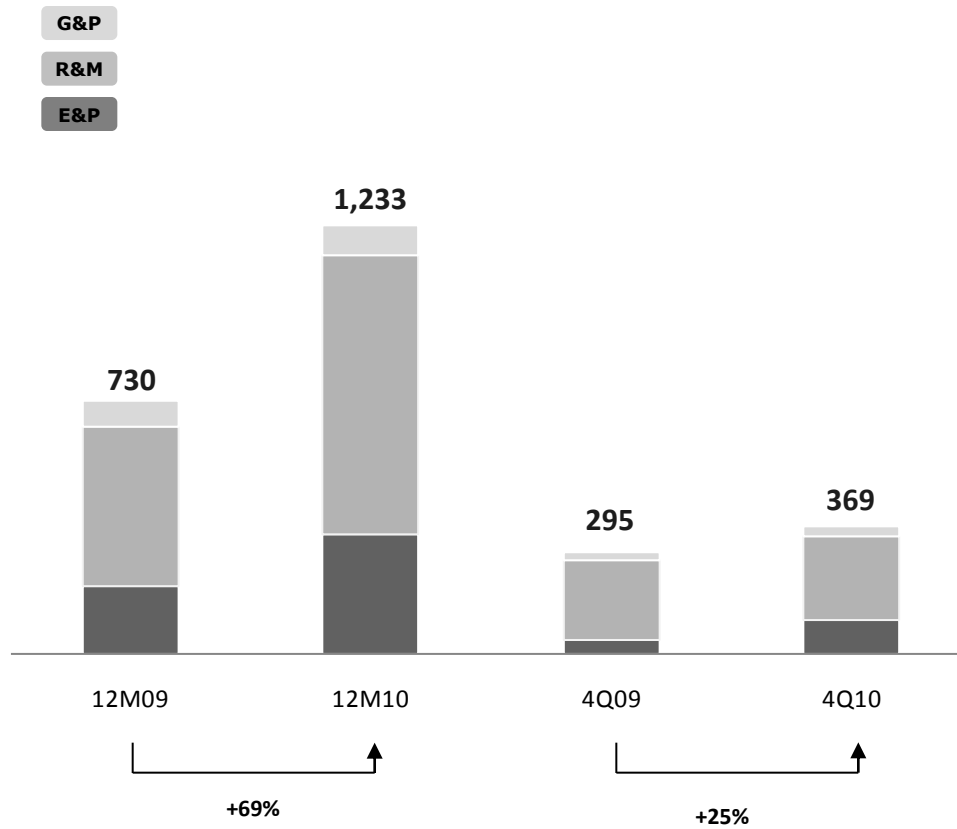
|                   | 4Q10  | 4Q09  | YoY   | QoQ   | 12M10  | 12M09  | YoY  |
|-------------------|-------|-------|-------|-------|--------|--------|------|
| Turnover          | 3,538 | 2,911 | +22%  | (1%)  | 13,998 | 11,960 | +17% |
| EBITDA            | 177   | 150   | +18%  | (21%) | 854    | 630    | +36% |
| E&P               | 56    | 39    | +45%  | +50%  | 186    | 112    | +66% |
| R&M               | 69    | 62    | +11%  | (45%) | 394    | 295    | +33% |
| G&P               | 50    | 52    | (3%)  | (11%) | 261    | 216    | +21% |
| Others            | 2     | (3)   | n.m.  | (58%) | 12     | 7      | +83% |
| EBIT              | 55    | 51    | +8%   | (59%) | 445    | 287    | +55% |
| Associates        | 27    | 13    | +106% | +51%  | 79     | 70     | +14% |
| Financial results | (27)  | (23)  | +17%  | +53%  | (98)   | (76)   | +29% |
| Taxes             | (14)  | (6)   | +161% | (66%) | (115)  | (61)   | +88% |
| Net Profit        | 40    | 34    | +16%  | (57%) | 306    | 213    | +43% |
| Net Profit (IFRS) | 86    | 87    | (2%)  | (10%) | 441    | 347    | +27% |

- EBIT increase driven by improved performance at R&M and G&P segments
- E&P EBIT impacted by higher depreciation and provisions
- Higher taxes on the back of higher oil tax in Angola and higher results
- Dividend per share of €0.20<sup>1</sup>

<sup>1</sup> Subject to the board of directors approval

# Transformational capex execution according to plan

## Capital expenditure<sup>1</sup> (€Mln)



- Santos basin driving E&P capex growth
- Upgrade refining project accounting for 50% of 2010 capex
- Cogeneration at Matosinhos refinery accounting for most of G&P capex

<sup>1</sup> does not include financial investments

# Key transformational projects capex execution driving net debt higher

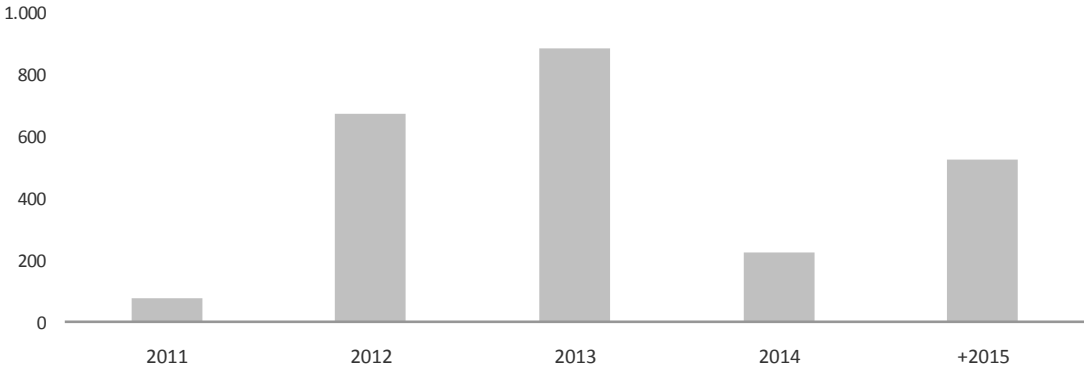
## Balance sheet (€Mln)

|                            | Dec. 2010    | Set. 2010 | Dec - Set | Dec. 2009 | Dec - Dec |
|----------------------------|--------------|-----------|-----------|-----------|-----------|
| <b>Fixed assets</b>        | <b>5,426</b> | 5,122     | +304      | 4,379     | +1,047    |
| Work in progress           | <b>1,981</b> | 1,684     | +297      | 1,015     | +966      |
| Strategic stock            | <b>792</b>   | 715       | +77       | 575       | +217      |
| Other assets (liabilities) | <b>(333)</b> | (349)     | +16       | (333)     | (0)       |
| <b>Working capital</b>     | <b>(333)</b> | (196)     | (137)     | (305)     | (28)      |
| <b>Net debt</b>            | <b>2,840</b> | 2,695     | +146      | 1,927     | +914      |
| <b>Equity</b>              | <b>2,711</b> | 2,597     | +114      | 2,389     | +322      |
| <b>Capital employed</b>    | <b>5,552</b> | 5,292     | +260      | 4,316     | +1,236    |
| <b>Net debt to equity</b>  | <b>105%</b>  | 104%      | 1.0 p.p.  | 81%       | 24.1 p.p. |

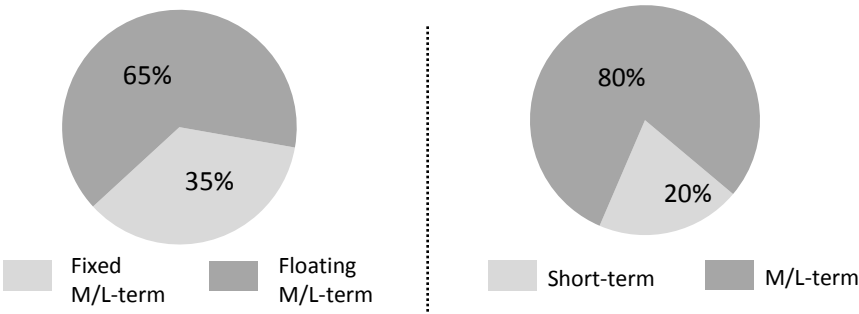
- Transformational projects leading to increased work in progress, reaching almost €2 Bln at YE2010
- Continued focus on working capital management

# Additional facilities of €1.2<sup>1</sup> Bln

## M/L-term debt reimbursement profile (€Mln)



## Debt structure as of December 2010



- Reimbursement profile aligned with cash flow generation
- Total net debt of €2.8 bln, with an average life of 3.1 years
- Average interest rate of 3.55%, down 25 b.p. YoY
- 65% of current additional facilities already contract guaranteed

<sup>1</sup> Liquidity position as of end December 2010

---

Key highlights

Business overview

Financial overview

Short-term outlook

Strategy execution update

# Short-term Outlook

## Exploration & Production

1Q11 crude production targeted at 20.0 kbopd

## Refining & Marketing

Depressed economic environment in Iberia and Sines refinery outage in 1Q11 will impact operating performance

## Gas & Power

1Q11 NG volumes higher QoQ driven by electrical segment volumes

## Financials

Liquidity facilities available to support current projects execution

---

Key highlights

Business overview

Financial overview

Short-term outlook

Strategy execution update

# Expected lower contribution from CPT Tômbua-Lândana

## CPT Tômbua-Lândana



- 3rd producing field in block 14, where Galp Energia holds a 9% stake
- Technical revision and production in 2010 driving working interest reserves down
- Gross production in 2011 of around 60 kbbbl/d



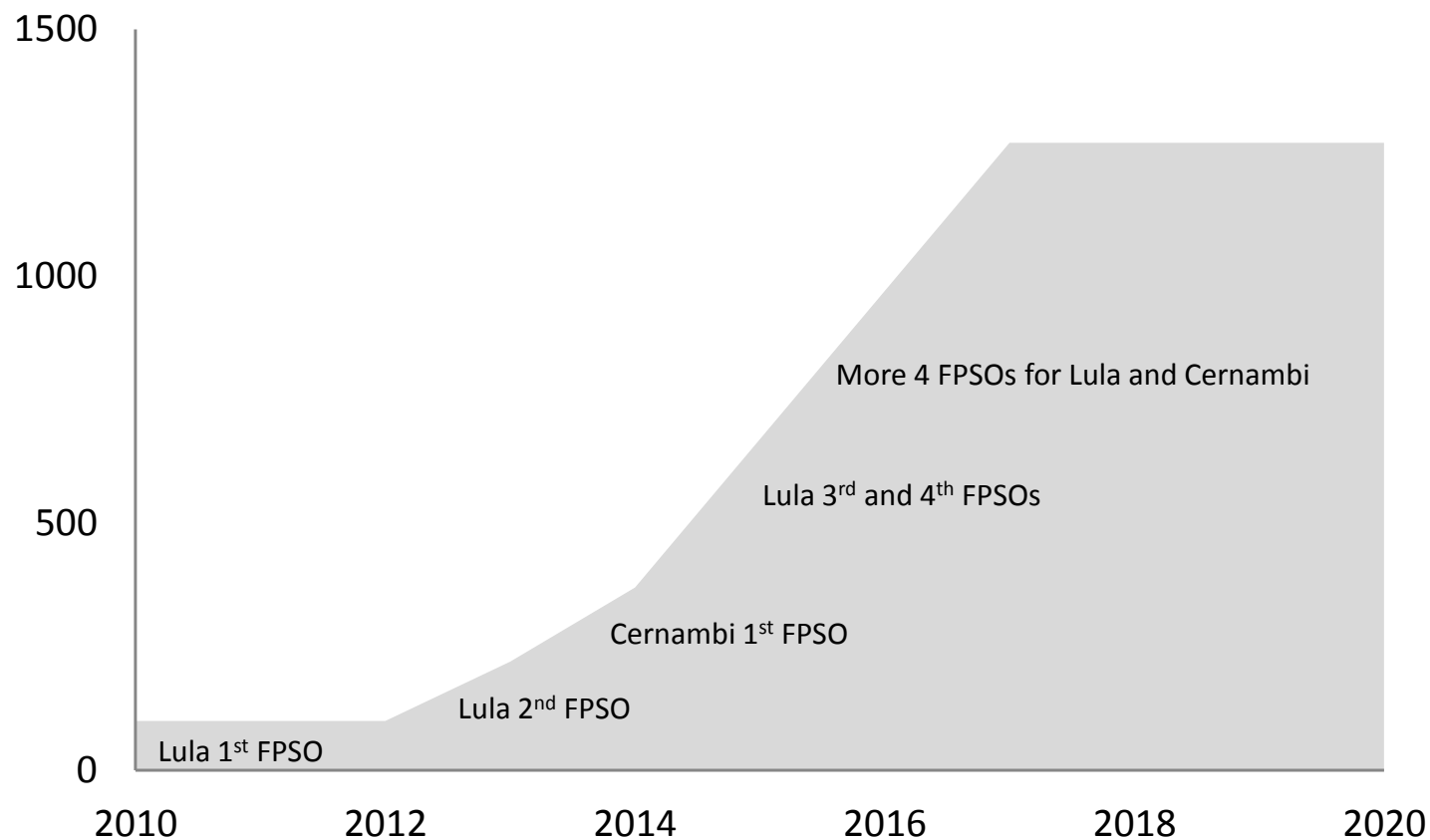
## FPSO Cidade de Angra dos Reis



- Total recoverable volume of 8.3 billion boe
- 9 FPSOs sanctioned for the Lula and Cernambi development
- FLNG FEEDs already concluded with final investment decision expected in 2011

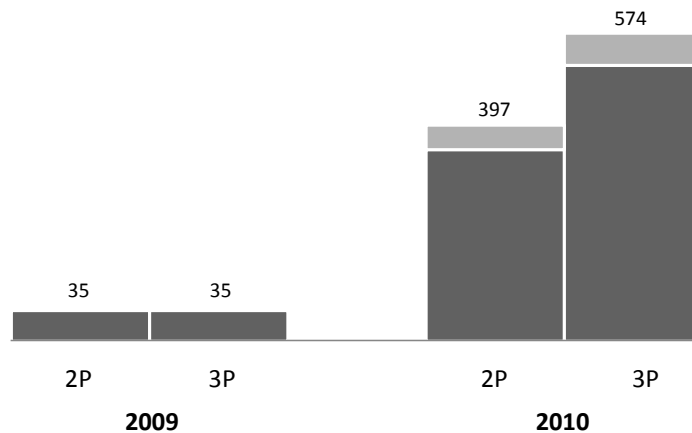
# Total gross capacity of 1,270 kbbl/d in 2017

## Gross FPSO production capacity (kbbl/d)

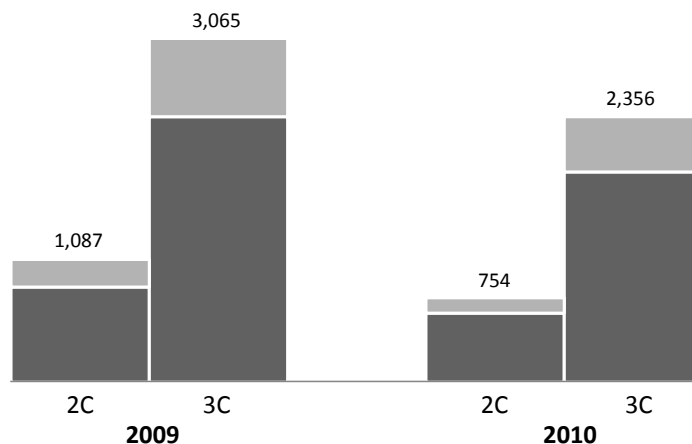


# Portfolio evolution allowing outstanding reserves addition

## Reserves<sup>1</sup> (Mln Boe)



## Contingent resources<sup>2</sup> (Mln Boe)



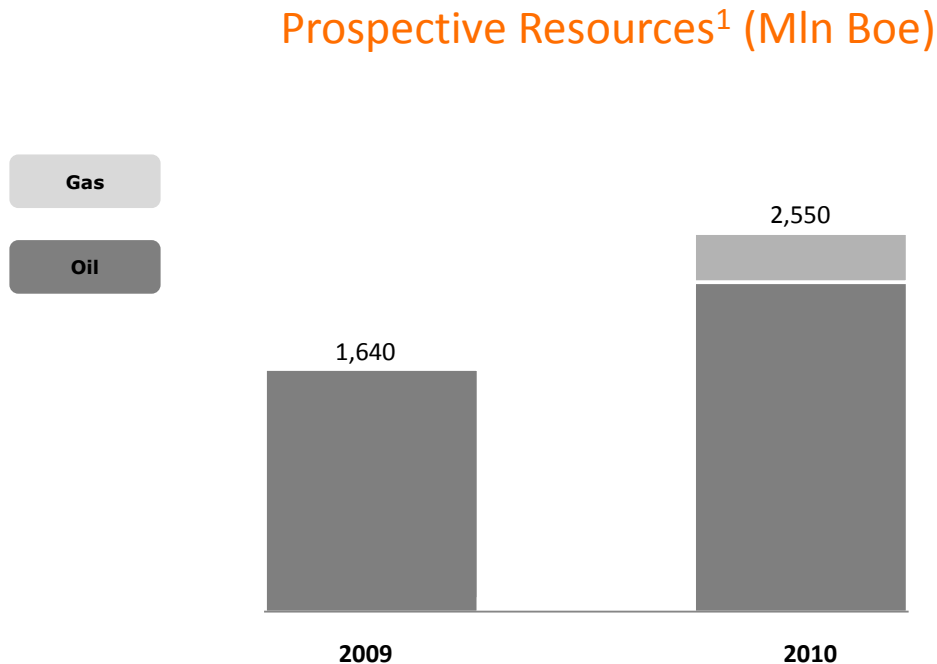
- Strong reserves addition in 2010 with BM-S-11 Development Plan submission
- Lula and Cernambi fields responsible for over 90% of total reserves
- Quality of overall contingent resources and reserves volumes mix improved considerably

Source: DeGolyer and MacNaughton

<sup>1</sup> Net entitlement reserves. 3P reserves not available for Angola.

<sup>2</sup> Working interest resources.

# Strong exploration resources addition in 2010



Source: DeGolyer and MacNaughton

- Prospective resources increase driven by exhaustive exploratory work
- Potential of Galp Energia portfolio not only in Santos basin
- Execution of intensive drilling exploration programme to contribute to de-risk exploration resources

<sup>1</sup> Mean estimate unrisked. Gas prospective exploration resources not available for 2009.

# Stringent upgrade project execution

## Upgrade project works



Works at Sines refinery



New units at Matosinhos refinery

- Project execution on cost, with €970 mln invested until FY2010
- Works at Matosinhos refinery ahead of original planned, with full production coming on stream in 2Q11
- Interconnections of new units with Sines refinery should be completed by 1Q11

## Galp Energia service stations in Iberia



- More than 1,400 service stations and over 500 convenience stores in Iberia ensure high market coverage
- Market share of 50% in Portugal and 15% in Iberia
- Acquisitions in Spain allowed to obtain synergies and network effects
- Synergies effect of €35 Mln captured in 2010

## Galp Energia supply coverage in Madrid region



- Acquisition of Madrileña Gas, both regulated and liberalized activities, allows for further Iberian cash generation
- Sales of 115 Mm3 since May 2010, in a market where the demand is concentrated in the winter season
- Platform in Spain to leverage natural gas business growth

# Matosinhos refinery cogeneration to support NG volumes growth

## Works at Matosinhos refinery cogeneration



- New 82 MW cogeneration at Matosinhos refinery to start operations by 4Q2011
- All main lead items have been procured, with the turbines and auxiliary equipment already installed
- Matosinhos refinery cogeneration to positively impact earnings



Galp Energia

Capital Markets Day 2011

Rio de Janeiro, Brazil

March 14, 2011



RCA figures except otherwise noted.

Matters discussed in this presentation 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 presentation 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 presentation by such forward-looking statements.

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice. Galp Energia does not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this presentation to reflect any change in events, conditions or circumstances.



# Results

## FOURTH QUARTER AND FULL YEAR 2010

February 11 2011

*Extending success into new challenges*

**TIAGO VILLAS-BOAS**  
**INVESTOR RELATIONS OFFICER**

tiagovb@galpenergia.com  
T: +351 21 724 08 66  
F: +351 21 724 29 65

[www.galpenergia.com](http://www.galpenergia.com)