

Introduction

Operator

Good afternoon, ladies and gentlemen. Welcome to Galp Energia's nine months and third quarter 2012 results conference call and strategy execution update. I'll now handover the floor to Mr. Tiago Villas-Boas, Head of Investor Relations division.

Tiago Villas-Boas, Head of Investor Relations

Good morning ladies and gentlemen and welcome to the Galp Energia's third quarter results and strategy execution update and conference call.

Joining me today is our CEO, Manuel Ferreira De Oliveira, and our new CFO, Filipe Silva. Manuel will start by giving you a brief summary on the execution of our main strategic projects and on the current business environment, and Filipe will then proceed by summarising our third quarter results.

Then we will be available for a brief Q&A session.

As usual, I remind you that we will be making several forward-looking statements during the call, so I'd like to draw your attention to the disclaimer at the end of the published presentation.

I'll now pass the floor over to Manuel.

Manuel Ferreira De Oliveira, Chief Executive Officer

Thank you, Tiago and Good morning ladies and gentlemen and thank you for being this morning with us.

I will start by referring the most important steps we have taken on our strategy execution, namely in the Exploration & Production business.

First looking into our high impact exploration campaign in Brazil, we continued to drill Carcará, in BM-S-8, and we started drilling and we are nearly completing Júpiter NE, in BM-S-24.

Regarding Carcará, and as we announced last August, we had already a significant discovery. The well has already reached the target depth of 6.700 meters. Now a DST is being planned to be performed, which will be key to better outline a development plan for the block. I note that we are currently assuming already,

with solid assumptions that, at least one FPSO will be allocated to this field and operating in 2018, with material investments to occur after 2015.

As far as Júpiter is concerned, I'm very pleased to see that finally this field is being de-risked, after the discovery back in 2008. So far, we have already confirmed the reservoir continuity between Júpiter NE and the first discovery well, as I referred in 2008 and the continuity of the reservoir is now evident with a similar hydrocarbon composition, so oil, natural gas and condensate. We are still drilling the well to reach target depth to potentially find deeper horizons. Only after this, will we be able to have a better estimate of the total recovery resources.

While drilling this well, we have also encountered the same level of CO₂, in line with the first discovery, confirming, in this way, the continuity of reservoir and the formation mechanisms, and next year we will evaluate how to best monetize this gas. As you know, the potential of injecting CO₂ in pre-salt reservoirs has already been tested in a lab, and we started to test it in a small scale in the operation of Lula project. Once this potential is established, and more oil is confirmed in Júpiter or nearby, like in Bracuhy prospect, in the same block, we have to decide on the development options for Júpiter, including the potential contribution of the condensates volumes. What we want is to have a clear project for the monetization of CO₂, for the recovery of condensate and for the production of oil.

I highlight, however, that we are already anticipating that an FPSO will be allocated to this field in 2018.

Let now move on to our Lula project, where we continue to deliver remarkable progress. Not only have we reached plateau production at the first FPSO in one year and a half, we will now start to test enhanced oil recovery techniques. I'm referring to WAG injection, so alternating water and gas injection, and also to the production through highly deviated wells, which we expect to initiate in 2013.

We've also started to inject CO₂ in our Lula project, in order to confirm the effectiveness of replacing natural gas injection for CO₂ in this type of carbonatious reservoirs.

Next year, we will also start producing from the highly deviated well already drilled through the salt, and which has the potential to increase the recoverability throughout the reservoir.

I emphasise the relevance of these work in EOR techniques to increase, significantly, we expect, the oil volumes to be recovered, by increasing the assumed conservative recovery factor, currently in our economic and reservoir models.

Today, I would also like to pay particular attention to the strategic agreement recently signed with ENH, in Mozambique. This is a result of our ability to establish long-lasting and win-win relationships with our partners, particularly important in key projects like the one in Mozambique.

This agreement, that we execute recently, increases our relevance in the country, and in particular, in what regards our stake in Area 4. This partnership will be key to the success of the development of Area 4 and Area 1, and it also creates new opportunities for Galp in that country. This partnership covers financing, operational, technical and human cooperation.

Further, with this agreement, we expect to contribute, in an active and relevant way, to the fast but sustainable and competitive development of the valuable Rovuma discoveries.

Regarding Area 4, I want to reassure you that the consortium is working restless to the fast development of the gas resources already discovered. We continue to develop appraisal activities in the block and, at the same time, proceed with exploration. In fact, after shooting seismic this year, in 2013 we will de-risk more gas prospects, but as well an oil prospect in the South of the block.

I also want to give you an update on our refining upgrade project, the commissioning of the hydrocracker is underway and will be completed in the short term. We expect steady production from the upgraded refining system this year, hopefully by the end of November, but the upgrade full impact in earnings will only be seen in the early of 2013, with a relevant impact in cash flow generation.

Regarding our oil marketing business, it will continue to be, impacted by the demand downturn in Iberia, due to the austerity measures in place in Portugal and in Spain, and others recently announced. We monitor this closely, and we are working to optimize our business, in order to partially offset the macro context.

On the other hand, looking into our natural gas business, the falling demand in Iberia, which is in part due to the increased competitiveness of coal coming from the US, has allowed us to divert LNG cargoes to markets with strong demand needs, like Japan. We've been able to capture opportunities, and we are confident that we will continue to do so. Not only that, our increased focus in this activity enables us to secure access to key international markets going forward and allow us to gather relevant experience on the global energy business, which at the end will be truly important for our participation in the Mozambican project development.

Lastly, I'm glad to tell you that we were recently included, for the first time, in the Dow Jones Sustainability Index, both at the European level and worldwide.

This is really a recognition of our focus on our soft skills, which are key to the sustainable success of our strategy, such as our employees, development programmes, our safety and environmental practices, our stakeholders' engagement and risk management policy, as well as our social corporate responsibility.

And now, before moving to Filipe, I want to leave you with these final remarks:

- On the exploration front, in 2012 we are pursuing a very active campaign, namely with the high impact wells in Júpiter and Carcará, but also with drilling onshore Portugal, and in Espírito Santo in Brazil;
- We continue to deliver a remarkable execution on the Lula development project and, more importantly, we are set to start testing EOR techniques which can add significant value to our company;
- In the Iberian business, the marketing business will continue to suffer from Iberia's tough economic conditions, but on the positive side, we'll have the start-up of the upgrade project and the increased support from the LNG trading activity, induced by the reduction of the demand of gas in Iberia;
- Regarding our financial position, we have one of the healthiest capital structures within the sector, key to enable our growth going forward.

With this comments, I want just to thank you, once again for your attention. I will now pass the word to Filipe.

Filipe Silva, Chief Financial Officer

Thank you Manuel and good morning to you all. It's a real pleasure to join you here today for the first time. I'm very pleased to have recently joined Galp's management team, especially at such an exciting time in the life of this company, and I look forward to meeting you in the near future.

A special word of appreciation to my predecessor Claudio di Marco who has been very helpful during my transition phase, and Claudio has left behind a very solid team of professionals in all the areas for which I am responsible for.

Let's go over our third quarter results.

On the profit and loss statement and I'm now on slide thirteen of the presentation, you will have seen that Q3 Ebitda increased by 38% year-on-year, to 306 million euros, with growth coming particularly from higher production in Brazil and the increased LNG volumes sold in the international market.

Our E&P business continued to perform well, with Ebitda up 74% year-on-year, having accounted for roughly one third of our Ebitda this quarter, as the production from Lula continued to advance steadily, in line with expectations.

On the other hand, and referring to our Refining & Marketing business, the oil demand downturn in Iberia continued to weight on volumes sold, which largely offsetted the better refining margin environment in the period.

However, and as Manuel mentioned, the decreased demand for gas from utilities in Iberia allowed us to divert LNG cargoes to international markets, especially to Asia, helping our Gas & Power Ebitda to grow 31% vs the same quarter last year.

Our Ebit was up 55% year-on-year, to 173 million euros, notwithstanding the abandonment provisions of Kuito and BBLT fields in Angola, of 17 million euros, higher provisions for doubtful accounts in our Refining & Marketing business, and higher depreciations resulting from the start up of the new units in the Matosinhos refinery.

As usually, we show Associates, below the Ebit line, but as you know these revenues come mostly from dividends from our stakes in the pipeline businesses, which are core, stable and recurring revenues. I also highlight the exceptionally low financial results, as we are still capitalizing interest related to our large work in progress capex, and we have positive gains and interest income from our high cash balances. I emphasize again that keeping a strong financial position is a key strategic objective for us.

I also draw your attention to the increased minorities in the period, this is a result of the capital increase subscribed by Sinopec in Brasil.

Now looking into our balance sheet on slide 14, our net debt was up by around 150 million euros in the quarter, impacted by our capex execution, the Setgás acquisition and consolidation, and the payment of the interim dividend. We have emphasized our loan to Sinopec of circa 950 million euros, which is currently booked as an asset and not as cash and equivalent, not allowing us to deduct it to our net debt calculation.

Capex in the period reached around 220 million euros, with E&P accounting for around 70% of the total. From these, capex was mainly allocated to the development of the Lula field, but also to the ongoing exploration campaign, namely in Mozambique. These is of course a very significant shift in capital allocation compared to the same period last year, when downstream accounted for over 70% of our capex. This is a natural result of the completion of our refinery upgrades and our focus on the two most prolific basins in the world.

Now, let me go briefly through the main drivers that we expect for our fourth quarter's performance.

Working interest production should be around 24 thousand boe per day, due to a slightly lower contribution from Lula/Iracema, namely following the conclusion of the extended well test in Iracema South and maintenance works that occurred this October in Lula 1.

On the refining business, we remain cautious on the international refining margins outlook, particularly as the third quarter performance seem to have been supported by non-structural events. Further, I point out that the refining workers' strike a couple of weeks ago and which lasted for six days, will impact crude processed and margin capture in the quarter.

On the oil marketing business, we expect a further decline in volumes sold, driven, as Manuel said, by the economic recession in Iberia and by the impact of recently introduced austerity measures.

The natural gas business should continue to be supported by volumes sold to premium markets, leveraging on our flexible natural gas and LNG sourcing base.

All this considered, we see 2012 Ebitda standing at around one billion euros, in line with the previous guidance, and confirming the positive characteristic of our integrated business model, as the worst economic context in Iberia and the refining upgrade start up delay were offsetted by a higher Brazilian E&P performance and by the LNG trading activity.

Thank you very much for your attention. And now, we are available to answer your questions.

Questions & Answers Session

Nitin Sharma, JP Morgan

Good Morning, gentlemen. I have two questions. First slight pushback in the start of timeline of finish upgrade, what are the reasons behind the slippage?

And two, in your formal announcement with Porto Energy, you flagged the startup of drilling of the pre-salt well in late August, could you please update us on the status of this well please?

Thank you.

Manuel Ferreira De Oliveira

Thank you, Nitin, for your questions. First the pushback in the Sines project. The project is now being commissioned, with nitrogen injected in the system, the system is pressurized, we hope as soon as possible to start the oil in into the system. We unfortunately had the strike, which causes disturbance and delays, but notwithstanding that, we hope to have the unit up and running and producing, by the end of November. But we have to assume that not everything could good go as well as we wanted and we assume that the full contribution of hydrocracker as from January next year, because it is most likely that during December we will might have operational instability due to the high complexity of the project. But from the physical point of view, the project has been complete, the subsystems are tested and overmade and now is a question of commissioning and startup.

We are at this moment drilling a well in Alcobaça, it's the block in which we entered and is controlled by Porto Energy. It is a small prospect... let us put it in that way. Our capital exposure is minimum and we have just to wait and see the completion of the well. It is not material relevant. For us, it is important that in the short-term we clarify the potential of that area and move forward, but we have no more information to share with you at this time. Thank you.

Brendan Warn, Jefferies

Hi. Good morning, gentlemen. It's Brendan Warn from Jefferies. I just have two questions. My first question is related to your Gas & Power business. Can you just give us some better clarification of expectations into the 2013, in terms of the strength from your LNG trading? Is this the sort of run rate you're able to achieve in the strong market?

And then, just secondly if you just have any update or insight into the ENI stake sale?

Manuel Ferreira De Oliveira

Thank you, Brendan. So, the first question is simple. Unfortunately, the Iberia conditions will be similar next year. And our gas division is already working hard to replicate, in 2013, the success we have this year, and I'm optimistic about that.

The ENI stake sale, what I know is that ENI is not a stressed seller and will do it in a manner that, as I already stated, creates value to everybody, including to ENI itself. So, I have no more news about that to share with you. Thank you.

Filipe Rosa, Espírito Santo

Hi, good morning everyone. Just two questions, as well. The first question relates to Mozambique, given the significant potential of resources that you already had identified, are you considering to lower your stake, or even sell your stake, in Mozambique, to help fund the development plan that you have from 2015?

And the second question, you're a little bit behind schedule in terms of Capex this year, are you still targeting \$1 billion or this target have been dropped? Thank you very much.

Manuel Ferreira De Oliveira

Filipe, thank you once again for your questions. About Mozambique first, the answer is, at this stage, no. We are not considering lowering our stake. We are now focus on deepening our relationship with ENH, and we will have our eyes and ears well opened to see other opportunities in Mozambique, so that we can consolidate a good operation. At this stage, our wish is to increase our exposure before structuring any financial transaction to support second phase of the development.

As far as the Capex, we maintain our guideline of about €1 billion this year, as Filipe referred to you before, mostly from E&P activities.

Filipe Rosa, Espírito Santo

Ok, sorry, just coming back to Mozambique, do you think that Galp's balance sheet will allow to develop all the resources, both in Brazil and Mozambique that you have already identified?

Manuel Ferreira De Oliveira

Filipe, we are committed to maintain a healthy balance sheet. Number two, we will be on our Capital Markets Day early next year sharing with all the investors, our view for the period 2013 to 2017. We already have the exact numbers and we are relaxed.

Thank you.

Bruno Silva, BPI

Good morning. Starting as a follow-up of the previous question about the relative size of your E&P portfolio: are you comfortable with the relative size of Brazil in your portfolio? Is not new, but given that you have a considerable and controlling stake in Galp Brazil, would you see that as a comfortable position in these days versus the size of the remaining portfolio? And if you agree that risk could be considered in terms of exposure, would you consider selling down a stake there?

And secondly, I would like just to confirm in the E&P business, until the end of this year, in terms of news flow, if it will be possible for the markets to know a bit more in terms of the potential recoverable resource from Carcará, and more material information from Júpter, or it is the kind of news flow that will only be known to the market next year?

Thank you very much.

Manuel Ferreira De Oliveira

First of all, Bruno, thank you for your questions. Our industry, as you well know, the active management of our portfolio is a constant reality. But we do feel comfortable with our present stake exposure to Brazil. We consider Brazil one of the most attractive hosting countries for E&P, our relationship with Petrobras is robust, creates value and we are not considering anything else different than what we are doing. We still have a lot of value to create out of our existing assets in Brazil.

Now, I think this is an opportunity to share with you, that our work together with Sinopec is going on the detailed daily operations, which is extremely positive. I want to emphasize that. We've learn fast how to work with our colleagues from China and I think we are mutually very satisfied with the work and the way we integrated our teams so far.

As far as news flows that you refer to, it is our intention to give material data on relation to Carcará and Júpter, before the end of the year, but before we release that data, we need to obtain the necessary

agreements with our partners in the two consortiums. We think the work that has been achieved so far, on both of these wells, it is positive. Thank you, Bruno.

Lydia Rainforth, Barclays

Thank you and good morning, gentlemen. Two questions if I could. Firstly on Júpiter, can you clarify in terms of what you found so far, is the idea of moving forward that you are now trying to establish a higher resource number or you still looking at a different potential mix in terms of CO₂, gas and oil to what you've discovered in the previous well?

And then secondly, if I could ask a quick question to Filipe, the investment line in the cash flow, that was substantially higher than the Capex number, how much of that is related to Setgás and how much is actually related to the financial cooperation agreement with ENH? Thank you.

Manuel Ferreira De Oliveira

Good morning, Lydia, and thank you for your questions. I'll take the first question and then Filipe will pick up, as you suggested, the second question.

As far as Júpiter, the basic objective if you remember is to test whether we have continuity between this well and the original well. It is the same reservoir, the same characteristics, the same fluid composition. So the second is to deepen the drilling to review the higher resource potential associated with the oil ring that exists in the bottom part of the reservoir. The third that is being stated at this moment is already the development strategy for both oil and condensate, and as well, how can we monetize the CO₂ and the natural gas, which is a major technological challenge to be de-risked by next year. These are issues that are extremely relevant. I think I've shared with you in other occasions, these kinds of details.

From the well point of view, we'll have the data that supports the analysis that we need to make before the end of the year. From the CO₂ injection point of view, we are already starting a pilot test in the Lula field, injecting CO₂ by itself, replacing natural gas and also next year injecting in another injection well in alternation water, to test the two major assumptions that are now being considered. Thank you Lydia for the question and Filipe will take care of the second question.

Filipe Silva

Lydia, it's a good question. We have announced about €613 millions of Capex in the period and the statement shows €771 millions. The difference is almost exclusively related to acquisition and consolidation of Setgás.

Lydia Rainforth, Barclays

Thanks. And how much of that will be going forward for Setgás? Thanks

Filipe Silva

Setgás is now a regulated business as you know and the Capex is not meaningful going forward. So, the number you should focus on is the €613 millions of pure Capex that we have announced. Thank you.

Michael Alsford, Citi

Hi, good afternoon. I've got two questions. One on E&P, about Lula NE, you mentioned that it's still on track for bringing on stream, in the second quarter 2013. And could you maybe talk about what the key risk for that timeline? And also how quickly you think that the best ramp up to production plateau?

And then secondly on refining, you seem to be running at relatively low utilization rates versus nameplate capacity in Sines refinery. The reason is because of the obviously hydrocracker commissioning or is it more about the market dynamics? If you could talk a little bit about that that would be great.

Manuel Ferreira De Oliveira

Michael, thank you for your questions. The wells of Lula Northeast, are being drilled at this moment to both injection and producing wells. The unit is going to be available to move onsite early second quarter. So connecting time and stabilization of the processes and so on in some way on mid second quarter, available to start production. So we see no delay on this development, at this time. The ramp up of production will take, in our view, between one year, and one year and a half. That's the best estimate that we have at this moment to achieve this unit. Remember will have oil producing capacity of 120,000 barrels a day plus about another 20% of gas equivalent, so it's totally nearly 140,000 boe a day.

The Sines refinery, before upgrading with hydrocracker, it is a cracking refinery as you probably are aware, but above 80% of load factor becomes hydroskimming. So when you compare the utilization factor as a complex refinery, you have to take as 80% of the nameplate capacity. It will obtain its full capacity as a fully upgrading refinery, after the commissioning of the hydrocracker, to the point that it does not produce the total vacuum gasoil that it needs to supply the hydrocracker and, as you know, we'll be importing some vacuum gasoil as well as producing a lot from our Matosinhos refinery. So on the third quarter, remember also that we have now starting up, what we called the major hydrocracking facility, there are also interference in the operations and we would expect non-recurrent lower reliability on certain units, which effectively happen in August and September, where the refinery margins were very good. Did I answer your question, Michael?

Michael Alsford, Citi

You did, thank you. And just a quick follow-up, I'm sorry, and if you look into 2013 and with ongoing operations with hydrocracker implemented, where should be the utilization going further?

Manuel Ferreira De Oliveira

The utilization is calculated from our linear programming models. At present refinery model and present refinery margins as we have today, we would have our two refineries at full capacity, if we have the hydrocracking running. Make sure that depends on the refinery margin and on the cracks between the different products. This is calculated to optimize the economic function of the refinery.

Jason Kenney, Santander

Hi there. Thanks for taking my questions. Just going back to an earlier question on the LNG surprise in Q3 earnings, I know that you try to answer the repeatability of LNG trading support, perhaps in 2013, I was just wondering if you're a bit more specific perhaps and maybe guide on underlying EBIT or EBITDA for 2012 and then an outlook to 2013 as well.

And then secondly going back to Brazil, obviously we're looking for some material news from both Carcará and Júpter in the coming weeks, I just wondered if you could remind us of the current prospect resources associated with both those assets, and the starting base for the upside that we're hoping to see from the current drilling.

Manuel Ferreira De Oliveira

So, let me refer once again to the LNG's surprise, as you named it Jason. So what happens is that we have contracts: supply contracts, gas contracts and LNG contracts. What we have done is very simple, maximize the take from the pipeline gas, we even bought some gas from central Europe into our business in Iberia, and we get availability to LNG from Nigeria, that is the simple exercise. What did we do? In agreement with our suppliers and with a joint effort, in terms of sharing incremental profits, we diverted cargos to customers in the Far East. This is a structural approach to management our portfolio of contracts. So, we can't guarantee the results, but the process to make these repeatable is there, and I'm positive about the contribution of this activity, next year to the results of gas. I would say that we can see into the future two or three years, of good results from our gas business, from the work that we have been doing.

Now to Brazil, first of all, the prospect of Carcará it is ultra-deep offshore prospect in order consider it a potential drilling target, we had to assume calculated recoverable resources of pre-drill estimates of about at least 400 million barrels, otherwise we would not have started drilling the well. What I can say is that we

are extremely positive about what will be the post-drill estimate to be-announced as soon as possible. Based upon the results that we already have, we have no doubt whatsoever that 1 FPSO needs to be placed and, as you've seen in the long-term plan of Petrobras, they already allocated one unit for Carcará to be operational in 2018, and we fully agree with that. The question is whether we have one or two FPSOs on that field.

The second is Júpiter. Just to remember the numbers, Júpiter is a reservoir that has approximately, with a recovery factor of about 20%/23%, so a very low recovery factor, it will have about 1.6 billion barrels of oil to produce, it will have approximately 1.6 billion barrels of condensate and it will also have natural gas of equivalent to 1.6 billion boe of gas, highly mixed with a lot of CO₂. So, the uncertainty is whether the oil recoverable reserves are higher or lower than the 1.6, and that is something that we will release, as soon as the data is analyzed. And the second is the project development that we need to present to ANP, the National Petroleum Agency. We need to have a project to recover the condensate, a project to recover the oil and a project to handle and create value for that mixture of natural gas and CO₂ and these are the uncertainties that we are facing and hopefully I say de-risking, throughout next year. Thank you, Jason.

Oswald Clint, Bernstein

Good afternoon. Just back on Brazil, please, I'm wondering if you can be a bit more granular with the timing or the length of testing for the water alternating gas injection next year, plus also the deviated wells. So which point in the year will they start and how long would it be until we can get some indication of results, from both those two activities?

And then secondly on your refining business, I just wondered if you were seeing, as certainly as the U.S. stops importing so much, Africa light sweet crude at the moment, are you seeing anything beneficial there from lower premium for light sweet crude coming out of Africa and into your refining system? Thank you.

Manuel Ferreira De Oliveira

Oswald, thank you for the two questions. First, the more granular details on Brazil: The deviated well has been drilled. It's being completed to be able to connect to the installation that we have in place. The objective of the deviated well is to basically increase the oil recovered from one well. So, its exposure to the reservoir is much higher than a vertical well and hopefully it's area of influence is higher and ultimately the recovery factor increases that needs to be tested. As far as the injection of CO₂, we have CO₂ in Lula. At this moment what happens is that we take the gas out of the reservoir, through membrane technology we separate the CO₂ from the natural gas, then the natural gas is pumped to onshore and some is retained together with the CO₂, it'll go back into the reservoir, for maintenance pressure. We also are injecting water in a low point of the reservoir, at this moment, according to good reservoir management practices.

What are we going to do? We have drilled the well that has been prepared for injecting alternatively gas and water, and it will start this exercise early next year. When we say gas, could be natural gas, or could be CO₂, a mixture of both CO₂ and natural gas and natural gas by itself. We are testing everything. In order to take meaningful conclusions, you have to have these wells operating for, at least, a year so that we can see whether the EOR technology being employed effectively enhances the recoverability in the neighborhood of that well and that's what we'll be doing. I tell you that we have all the evidence from all the work done elsewhere in the world, from analytical model and analogical model that this will be a successful experience. But in order to quantify it and in a reliable manner, share information with you, we need to do the work.

About the refining: we invested in our refinery and this could not be as positive as we wanted to benefit from the spread between light sweet crudes and heavy sour crudes. So we will be able, with our refinery system, to run the refinery at maximum capacity with heavy crude, and sour crude. Obviously if the light sweet crudes are cheaper as they've been recently, in order to benefit from them, we have to reduce the nameplate capacity, because higher the density, the lower is the distillation capacity of the refinery. So, the decision between one type of crudes and the others is a result of an economic model. Our refinery will be flexible to maximize it. Thank you, Oswald.

Mehdi Ennebati, Société Général

Hi. Good morning, gentlemen. Two questions please. The first one is regarding refining. How do you explain the decrease in your refinery cash costs in the Q3 2012? And do you expect to remain relatively low in Q4 or to come back to Q2 levels? And the second question is related on LNG trading. You announced that volumes sold in Q4 were decreased compared to Q3, just would like to know regarding the LNG trading margins, what can we expect in Q4 compared to Q3? Thank you.

Manuel Ferreira De Oliveira

Mehdi, thank you for the questions. As far as the refining costs, we had some costs on retirement of personnel and some maintenance costs during the period. What I want to let you know is that our two refineries will have a similar refining costs per barrel processed and, depending on where they are at full capacity or slightly lower, and depending on the margins and cracks of the different products, you can assume a variation between \$1.5 and \$1.8 per barrel of refining costs. It is no doubt a competitive cost structure.

As far as the LNG trading, we will decrease volumes because we have not yet exhausted the possibilities, the strategies that we implemented, but also we still have few cargos to divert this quarter and we have the guidelines, but overall the volumes will decrease because we have a very intensive activity in the

second and third quarter on the Gas business. It will decline but maintain the trend in the gas results. Thank you, Mehdi.

Anish Kapadia, TPH

Good afternoon. I have got a couple of questions, one on Mozambique and one on Lula's production. Firstly on Mozambique, I was just wondering if you could talk in terms of why you are confident in terms of the oil potential from a geological perspective and when exactly in 2013 you expect a well to be drilled.

The second one on Lula, just wanted to understand a bit better, when you talk about the plateau production, from what I understood the Lula FPSO has a capacity of 130,000 barrels a day of oil equivalents. So 100,000 barrels a day of oil, 30,000 barrels a day of gas, but it appears that the FPSO from your charts that you shown, only got up to 110,000 barrels of oil equivalent. So about 15% below capacity. So what I wanted to understand is, if 130,000 barrels a day still possible or it's the plateau rate that you're thinking about now more like 110,000 barrels a day, and can you give some guidance on where you think the production will be in 2013 with all the maintenance impacts of WAG, etc.?

Manuel Ferreira De Oliveira

Thank you, Anish, for the two questions. First Mozambique: the formation of gas and oil in the Rovuma basins is in the same geological context but different whether you go into the gas phase or the oil phase depending, essentially, on the pressure and temperature of the reservoir. So what we have there is fundamentally gas basin, but that does not mean that you may not have an area with higher condensate level or even crude oil. The prospect will be drilling, by mid next year, but if we have to choose one prospect, this one is high-risk prospect because is the one whose conditions indicate that is the most oil prone and we have to wait for the drilling of the well. We should not create over expectations on that but need to be done, because of the declaration of commerciality that we want to do by the end of next year. The probability of success for a prospect with these characteristics is around 15%.

Now moving into the Lula pilot, the design nameplate capacity of the FPSO Cidade de Angra dos Reis is in oil terms of 100,000 barrels a day. It is producing at that level. Obviously you are never able to produce it at permanently at full capacity. You can assume on average, 90% availability because there are moments where you have to stop it for maintenance, and failures can occur. But then you also have about 20% more gas. So, we will have 120,000 barrels of oil equivalent per day, 100,000 oil, 20,000 gas, that is excluding the consumption of gas in the unit. So, if you assume 90% in your models, I think is a conservative and realistic assumption, 90% availability of the full capacity and another 20% of natural gas that is commercialized after internal consumption. Did I clarify that Anish?

Anish Kapadia, TPH

Yes. And then one quick follow-up on Mozambique. I was just wondering if you look farming-in into the Petronas block, which Total has recently farmed-in and you talked about expanding your operations there, looking at the oil play, just wondering if that was of interest to you?

Manuel Ferreira De Oliveira

Anish, it is our duty to look at every opportunity that is presented to us, but our policy is never to refer any work that we did, we don't communicate what we study, we just communicate what we do. And in those circumstances, I would not want to comment on that transaction. It is a question of consistency. Thank you.

Haythem Rashed, Morgan Stanley

Good afternoon and thank you for your time. Most of my questions have been answered, but just two questions if I may. Firstly, on Angola and actually related to Nitin's question from previously, just in terms of thinking about production throughout the next quarter and beyond, you highlighted 24,000 barrels per day is a sort of a run rate for 4Q. I noticed that in the 3Q, you highlighted the decline rates in Angola coming through particularly on BBLT. I'm wondering if that's the decline rate that we have seen in this quarter, should we expect the similar source of level as we going to 2013 or likely to accelerate and if so given the sort of plateau that we've now reached on Brazil, whether that 24,000 barrels per day is a sort of sensible run rate for the next sort of six months or so.

Also and second question, I just wanted to clarify on the financing, you mentioned that you've got refinancing for 2013 debt, I know that just over \$800 million of debt that needs to be refinanced. If you could provide an update on where you are on that process whether that is ongoing or completed or partially completed would be very helpful? Thank you.

Manuel Ferreira De Oliveira

Thank you for the questions on Angola. The three fields where we operate in Angola are Kuito, Tômbua-Lândana and BBLT. We produced as you've seen about 13,000 barrels a day. We, in our estimate, we might maintain or slightly increase this production in the short-term but it will go next year to the levels of today I would say. So, basically you'll see this quarter a similar or slightly higher, that's coming from Tômbua-Lândana essentially, then a slight declination, but overall very similar to this year and then the declination being replaced for new fields to enter into production.

The refinancing question, Filipe will take that.

Filipe Silva

Thank you. Well, to recap, at the end of Q3, we had available facilities of €1.7 billion, that's unused facilities of which about 60% are contract guarantee. So we do have sufficient funding for the upcoming 2013 maturity which as you said correctly, about €800 million. Having said that, we intend to rollover most of the upcoming maturities and this includes the second tranche of the €700 million FRN which is due, and we have a number of funding initiatives being prepared. We are looking at diversification of our funding sources, like international bank markets, private placements, project finance, asians banks coming our way as well, and we are also looking at optimizing where we actually raise the funding and it make it much closer to operating assets than before. Iberia will be free cash flow positive going forward in all the units. So the Capex is actually needed is for Brazil and Mozambique. Brazil is fully funded. So, the sources that we'll be looking for refinancing are again, much closer to where the funds will be needed. Thank you.

Matthew Yates, Bank of America

Hi. Good afternoon gentlemen. Thanks for asking a couple of questions. The first is, at this stage whether you had any guidance on 2013 Capex, you mentioned the top of your remarks about potentially fast tracking Mozambique. I wondered if you could elaborate a little bit more on next year's Capex figure? And the second question is just a recap on the refining upgrade, in the past you've given some incremental EBITDA targets that you saw the upgrade could bring just whoever anything is changed in market conditions that maybe changed that guidance, if we could just get an update on that? Thanks a lot.

Manuel Ferreira De Oliveira

So, thank you Matthew for your two questions. The first one has to do with the Capex going forward. The Capex that we shared with the market in last Capital Markets Day, did not include the development of Carcará which is going to be a matter of fact, the development of Júpter, it included only the development of Iara. Now it includes also the growth and extraordinary success of Mozambique. Our guideline for next year is that Capex will be higher, but not much higher than the one that we expect this year. But I would prefer in order to share that information simultaneously to everybody, to give more granular details on this, on our Capital Markets Day that we organized early next year, which will present to you our view up to 2017.

As far as the refining upgrade, if refining margin were as of today, we would expect an incremental refining margin above the \$3 per barrel guidance, but we are not confident about the present refinery margins context. So we prefer to maintain the \$3 a barrel with a low case scenario of \$2 a barrel of incremental margin, and the high case scenario of \$4 a barrel. So we have no reliable estimate of the world refinery margin scenario for next year. Our job is to maintain the units available, operating at a minimum possible

cost and capture any opportunity to get the temporarily opening up the refinery margins to make sure that we catch that value.

Matt Lofting, Nomura International

Hi, good afternoon gentleman. Thanks for taking my questions. Firstly, just going back to the exploration activities in Brazil you told very clearly around the progress on Júpiter and Carcará. I just wondered that if you could give us an update on the well in the Potiguar basin offshore, I think you previously indicated that was due to spud in September.

Secondly, coming back to Capex, could you give us a sense of where you think normalized spend on the downstream goes 2013 plus following the completion of the upgrade program by the end of this year? Thanks.

Manuel Ferreira De Oliveira

Matt, thank you for the questions. The first is E&P Brazil, I already answered to these questions I think, in Carcará the well has been completed. So we've got still the rig in place. We are concluding the logging of the full well and preparing for DST, which will be valuable in the understanding of the reservoir at characteristics and other additional reservoir data. In Júpiter, we did not finish the well yet, we crossed already the gas cap and the gas condensate cap had confirmed the continuity. We still didn't get to the oil water contact.

As far as Potiguar, you probably are not aware but there is a natural environmental agency in Brazil called IBAMA that has different roles in different areas of Brazil, and particularly in the frontier area. They have different criteria, so what we have to do in the area, is simulate a spill, so that agency is totally satisfied that the operating activities are properly done and then start digging the well. We hope to do it early next year, but the well in Portiguar which is again, high risk, and high reward well, we hope to start it as early as possible next year.

As far as the Capex, again it will be materially discussed in our capital markets day, but if you take an order of €150 million to €170 million a year for the total business, is within that magnitude.

Closing remarks

Manuel Ferreira De Oliveira

Okay I just want to thank all of you that have been online for this long period of time. I hope we have answered the questions as clearly as possible and we will talk with you in three months time. Thank you for your support and for your questions. Good morning.