

**TRADING UPDATE**

Lisbon, January 31, 2017

**4Q16 Trading Update**

This trading update aims to provide estimated macroeconomic, operational and trading conditions experienced by Galp during the fourth quarter of 2016.

The fourth quarter margins, prices, production and other data referred to below are currently provisional. All such data is subject to change and may differ from the final numbers that will be reported on February 21.

**Market indicators**

	3Q16	4Q15	4Q16	Var. 4Q16/3Q16	Var. 4Q16/4Q15
Average dated Brent price <sup>1</sup> (USD/bbl)	45.9	43.8	49.3	7.6%	12.7%
UK NBP natural gas price <sup>2</sup> (USD/mmbtu)	4.4	5.5	5.9	34.0%	6.4%
LNG Japan and Korea price <sup>1</sup> (USD/mmbtu)	5.6	7.1	7.5	34.6%	5.6%
Benchmark refining margin <sup>1</sup> (USD/bbl)	2.3	4.0	3.9	70.1%	(3.4%)

<sup>1</sup>Source: Platts. For a complete description of the method of calculating the benchmark refining margin see page 2.

<sup>2</sup>Source: Bloomberg.

**Operating indicators****Exploration & Production**

	3Q16	4Q15	4Q16	Var. 4Q16/3Q16	Var. 4Q16/4Q15
Average working interest production (kboepd)	74.0	52.1	84.9	14.8%	63.2%
Oil production (kbpd)	68.8	48.9	75.6	9.8%	54.5%
Average net entitlement production (kboepd)	71.5	49.2	82.7	15.6%	67.9%

**Refining & Marketing**

	3Q16	4Q15	4Q16	Var. 4Q16/3Q16	Var. 4Q16/4Q15
Raw materials processed (mmboe)	29.4	28.8	28.8	(1.9%)	0.2%
Refined product sales (mton)	4.6	4.5	4.6	(1.2%)	1.3%
Sales to direct clients (mton)	2.3	2.2	2.2	(4.0%)	(2.0%)

**Gas & Power**

	3Q16	4Q15	4Q16	Var. 4Q16/3Q16	Var. 4Q16/4Q15
NG supply total sales volumes (mm <sup>3</sup> )	1,750	1,692	1,861	6.4%	10.0%
Sales to direct clients (mm <sup>3</sup> )	950	992	1,048	10.3%	5.6%
Trading (mm <sup>3</sup> )	800	700	814	1.7%	16.2%

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**Benchmark margin methodology**

45% Hydrocracking refining margin: Yields: -100% Brent dated, +2.2% LGP FOB Seagoing (50% Butane + 50% Propane), +19.1% EuroBob NWE FOB Bg., +8.7% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF Cg. +8.9% LSFO 1% FOB Cg; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.95/ton. Yields in % of weight.

42.5% Rotterdam cracking refining margin : Yields: -100% Brent dated, +2.3% LGP FOB Seagoing (50% Butane + 50% Propane), +25.4% EuroBob NWE FOB Bg., +7.5% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.7%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.95/ton. Yields in % of weight.

7% Base Oil refining margin yield: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, 34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg.,+ 14% Base Oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE Cg.; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.95/ton. Yields in % of weight.

5.5% Rotterdam aromatics refining margin yield: -60% EuroBob NWE FOB Bg., -40% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.5% EuroBob NWE FOB Bg., +6.5% Benzene Rotterdam FOB Bg., +18.5% Toluene Rotterdam FOB Bg., +16.6% Paraxylene Rotterdam FOB Bg., +4.9% Ortoxylyene Rotterdam FOB Bg. Consumption: -18% LSFO 1% CIF NEW. Yields in % of weight.

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