27 April 2012

Results & strategy execution update

FIRST QUARTER 2012

Solid foundations to deliver sustainable value

Key highlights

- Net profit in 1Q12 reached €50 Mln
- Outstanding exploration and appraisal results in Mozambique
- Exploration drilling activity underway on high potential projects
- Upgrade project heading to its end

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Net profit in 1Q12 reached €50 Mln

Profit & Loss (€Mln)

	1Q12	1Q11	YoY	4Q11	QoQ
Turnover	**4,795**	3,796	+26%	4,375	+10%
EBITDA	**200**	135	+48%	212	(6%)
E&P	**88**	48	+85%	66	+34%
R&M	**29**	23	+25%	53	(46%)
G&P	**83**	61	+35%	87	(5%)
Others	**1**	4	(79%)	5	(86%)
EBIT	**95**	54	+75%	110	(14%)
Associates	**20**	20	+0%	20	+1%
Financial results	**(41)**	(29)	(40%)	(29)	(41%)
Taxes	**(23)**	(1)	n.m.	(21)	(11%)
Net Profit	**50**	43	+16%	79	(37%)
Net Profit (IFRS)	**172**	192	(10%)	48	+258%

- E&P and G&P supported earnings growth
- R&M impacted by the evolution of refining margins
- Financial results impacted by both higher average net debt and interest rate

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Net debt impacted by the cash-in from capital increase in Petrogal Brasil

Balance sheet (€Mln)

	Mar. 2012	Dec. 2011	Change
Fixed assets	**6,120**	6,002	+118
Work in progress	**2,316**	2,174	+142
Strategic stock	**829**	996	(167)
Other assets (liabilities)	**430**	(407)	+836
Working capital	**227**	(146)	+373
Net debt	**790**	3,504	(2,714)
Equity	**6,816**	2,941	+3,875
Capital employed	**7,606**	6,446	+1,160
Net debt to equity	12%	119%	(107.5 p.p.)

- $5.2 bln deal successfully completed in March, ending a period of stretched balance sheet
- Cash-in ensures the capex execution going ahead
- Net debt to equity of 12% in 1Q12

Short term outlook

- 2Q12 working interest production targeted at c.25 kboepd
- Refining margin to recover QoQ, following benchmark trend
- Marketing volumes to remain depressed, still impacted by the Iberian economic environment
- Natural gas volumes to decrease QoQ due to seasonality, but still positively impacted by trading opportunities

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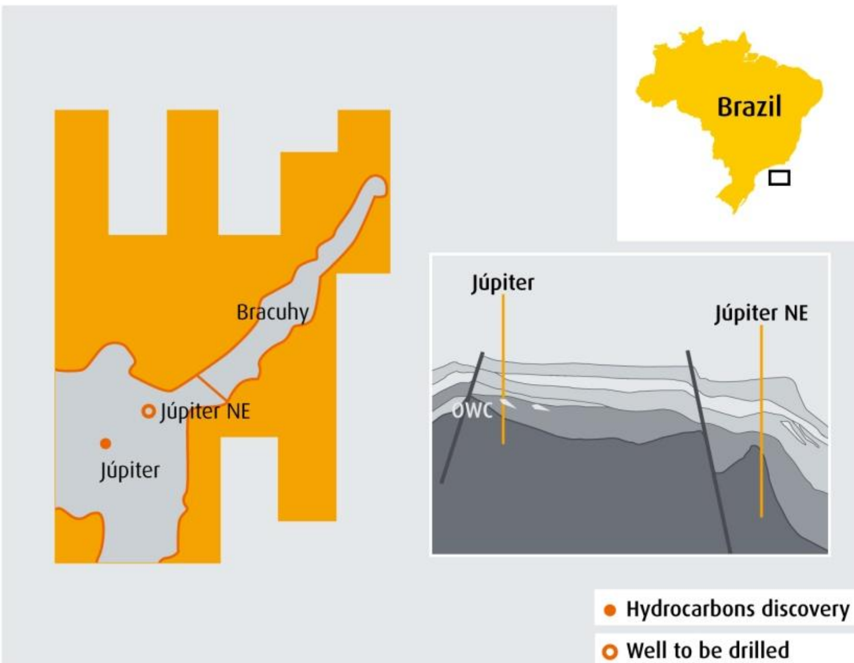
Outstanding exploration and appraisal results in Mozambique

Mozambique – Rovuma basin

- Mamba NE well reinforced Mamba complex natural gas in place estimate to at least 40 Tcf
- Currently drilling an Eocene prospect not connected to the Mamba structure, and with expected results by May
- 3 additional appraisal wells to be drilled throughout 2012

1st drilling phase completed in Júpiter NE key well

BM-S-24



- Júpiter NE well primary aim is to assess CO_2 distribution and thickness of oil rim
- The well is currently drilled until the top of the salt layer (c. 3,000 metres)
- Ultra-deepwater rig is expected to be in place by August to start the crucial drilling phase to the reservoir target

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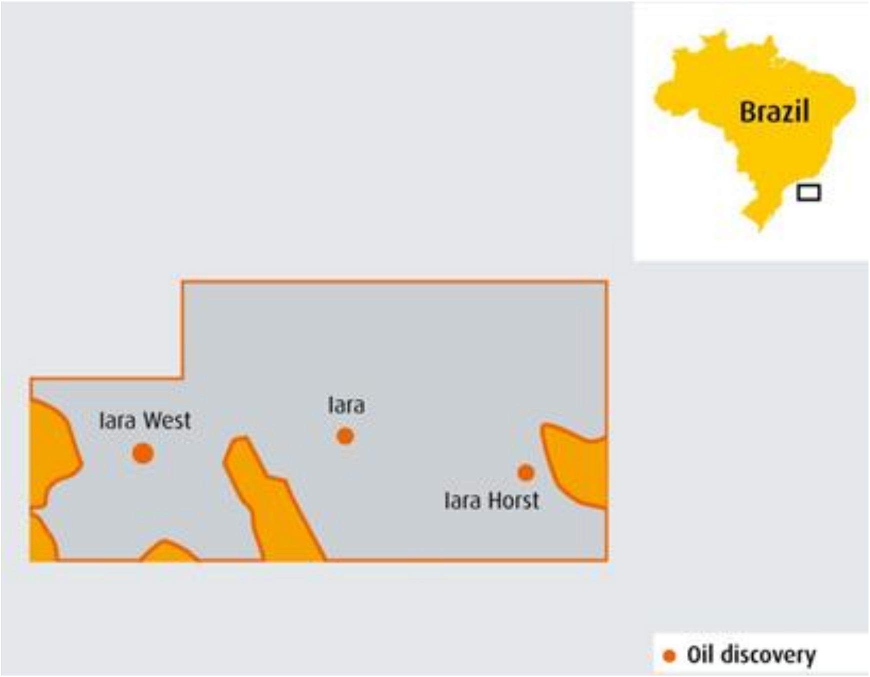
Appraisal activities reinforced Iara's potential

Iara field



- Iara West well successfully confirmed the discovery extension in the pre-salt layer
- Forthcoming DST will be key to define the subsequent appraisal activities, pending on rig availability
- Further appraisal activities being analysed towards the DoC by Dec 2013

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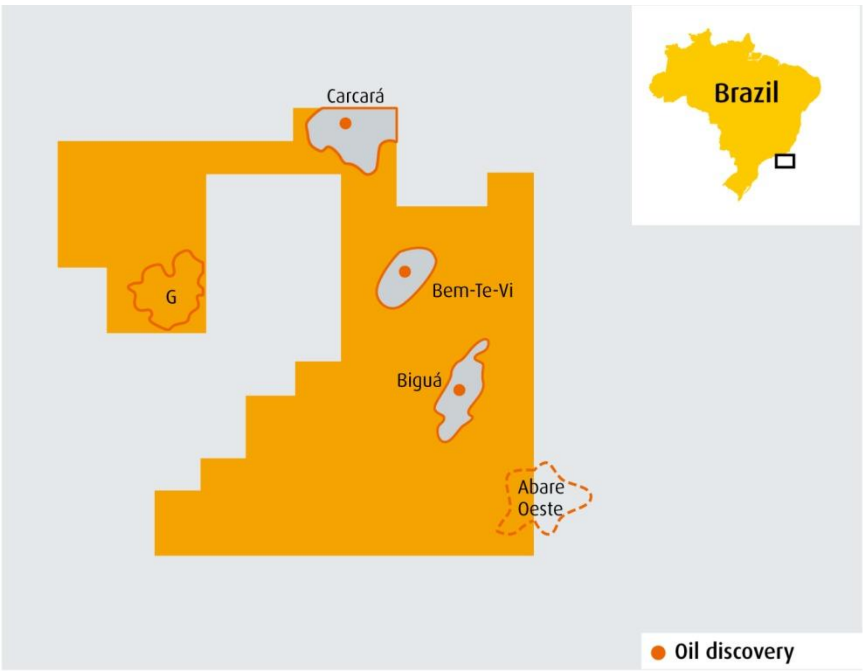
Currently drilling Carcará prospect in BM-S-8

BM-S-8



- Carcará well has already confirmed the presence of high quality oil in reservoirs located at c.5,750 meters
- The well continues being drilled to find the lower limit of the reservoirs with results expected by the end of 2Q12
- Results will be important towards the DoC by the end of the year

Upgrade project heading to its end

Sines refinery

- Commissioning started, with c.450 systems out of 600 already completed
- Hydrocracker handover to the refinery during 2Q12
- Production from new units should progressively start during 3Q12

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Final remarks

- Promising exploration and appraisal activity throughout 2012
- Lula development project on track with growing impact in earnings
- Upgrade project to positively impact earnings in 2H12
- Sound capital structure to fund current transformational projects and enabling flexibility to pursue new ventures

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E&P earnings supported by the production ramp up in Brazil

Main E&P data

		1Q12	1Q11	YoY	4Q11	QoQ
Working interest production	kboe/d	**22.6**	19.0	+19%	21.6	+5%
Net entitlement production	kboe/d	**16.5**	9.6	+72%	13.0	+27%
Angola	kbbl/d	**8.7**	8.2	+6%	6.5	+33%
Brazil	kboe/d	**7.9**	1.4	n.m.	6.4	+22%
Realized sale price	$/boe	**106.8**	102.1	+5%	109.8	(3%)
OPEX/net entitlement production	$/boe	**17.2**	18.7	(8%)	16.5	+4%
EBITDA	M €	**88**	48	+85%	66	+34%
EBIT	M €	**53**	23	+135%	60	(11%)
CAPEX	M €	**137**	59	+130%	91	+50%

- Lula-1 project drove production growth with an average production of 7.4 kboepd
- Iracema South contributed with an average of 0.4 kbopd
- EBITDA impacted by higher production and higher average sale price

EBITDA up 25% YoY following marketing business improvement

Main R&M data

		1Q12	1Q11	YoY	4Q11	QoQ
Galp Energia refining margin	$/bbl	**0.8**	1.3	(41%)	0.0	n.m.
Spread over benchmark	$/bbl	**1.4**	1.8	(24%)	0.6	+127%
Crude processed	M bbl	**20.3**	13.6	+49%	21.0	(3%)
Refining throughput	M ton	**3.0**	2.1	+42%	3.0	(2%)
Sales to direct clients	M ton	**2.6**	2.4	+7%	2.6	(2%)
Exports	M ton	**0.9**	0.4	+111%	0.8	+8%
EBITDA	M €	**29**	23	+25%	53	(46%)
EBIT	M €	**(29)**	(23)	(26%)	(18)	(64%)
CAPEX	M €	**48**	230	(79%)	81	(40%)

- Galp Energia refining margin followed the trend of the international refining environment
- Despite the depressed Iberian oil market, marketing of oil products business performance improved
- EBIT impacted by higher non-cash items in 1Q12

G&P improvement on the back of trading activity

Main G&P data

		1Q12	1Q11	YoY	4Q11	QoQ
NG supply total sales volumes	M m3	**1,725**	1,605	+7%	1,414	+22%
Electrical	M m3	**368**	502	(27%)	387	(5%)
Industrial	M m3	**558**	483	+16%	506	+10%
Residential and Commercial	M m3	**213**	284	(25%)	160	+33%
Trading	M m3	**560**	289	+94%	314	+78%
Sales of electricity to the grid	GWh	**320**	224	+43%	334	(4%)
EBITDA	M €	**83**	61	+35%	87	(5%)
EBIT	M €	**71**	52	+36%	63	+12%
CAPEX	M €	**17**	12	+39%	18	(7%)

- Natural gas supply volumes supported by the trading activity
- Improvement in natural gas international supply margins
- Resilient contribution from NG infrastructure

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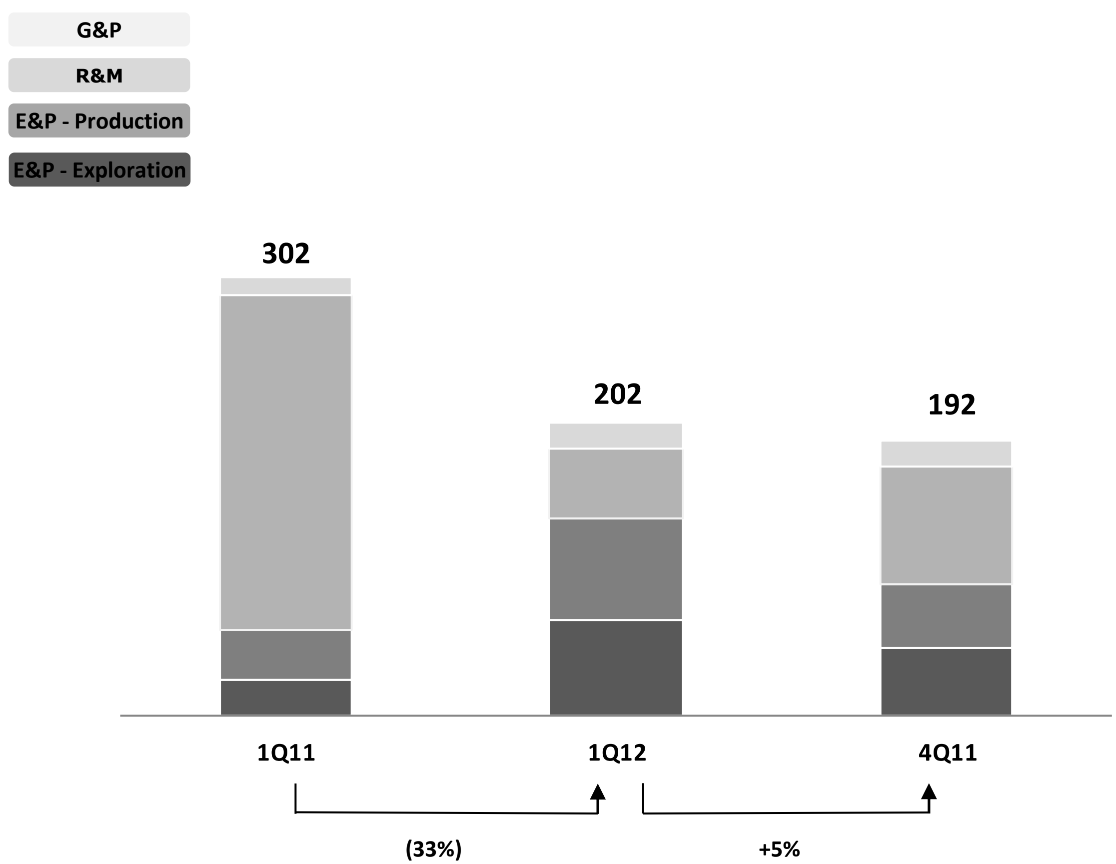
Capex shift towards upstream growth projects

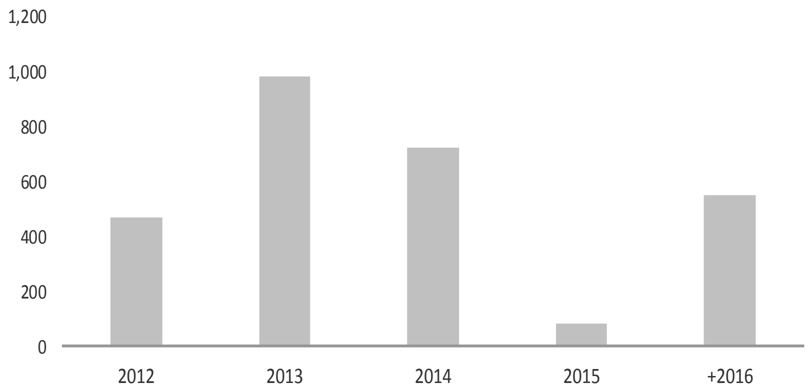
Capital expenditure (€Mln)



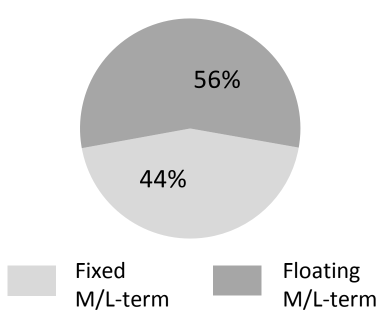
- Development activities in Brazil responsible for majority of E&P capex
- Exploration activities in Mozambique accounted for c.25% of exploration capex
- Downstream capex reducing its relevance as upgrade project is physical completed

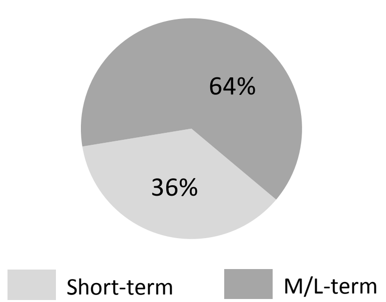
Major debt reimbursement scheduled for 2013-14 period

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



Debt structure as of March 2012





- Total net debt of €0.8 Bln, with an average life of 2.1 years
- Average interest rate of 4.5%, up 82 b.p. YoY
- Available credit lines of €1.5[1] Bln, of which 60% contract guaranteed
- Net debt to Ebitda of 0,9x in 1Q12

[1] As of the end of March 2012

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