

# Results

## SECOND QUARTER AND FIRST HALF 2013



*An integrated energy player focused on exploration and production*

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## Key highlights

Strategy execution update

Business overview

Final remarks

Appendix

## Key highlights

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- E&P drilling campaign ongoing, with Iara West revealing excellent results
- FPSO Cidade de Paraty production started in early June with full ramp-up expected in 18 months
- Hydrocracker running at full capacity and contributing steadily to earnings
- Ebitda in 2Q13 of €304 m, up 7% YoY, mainly driven by the contribution of the refining upgrade and of the sustained LNG trading activity

Key highlights

Strategy execution update

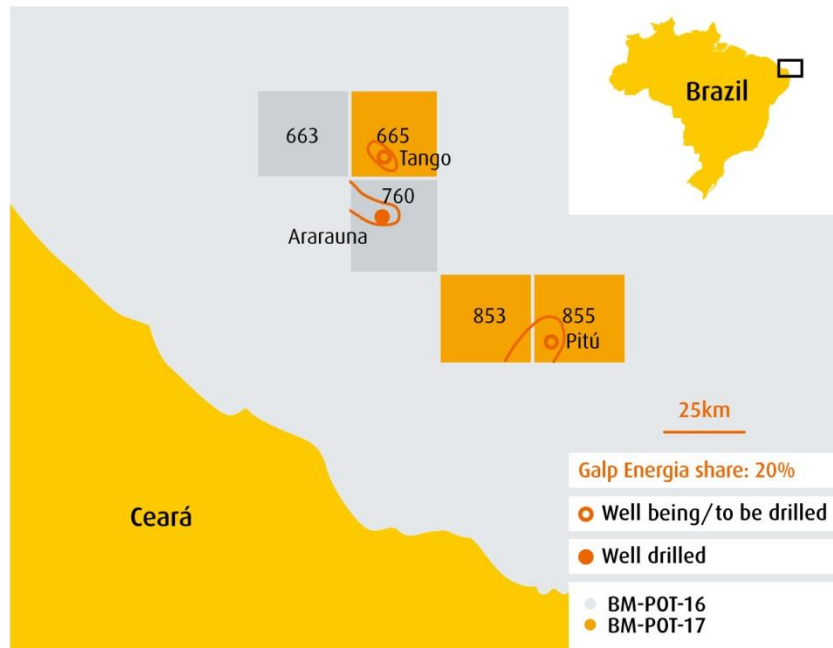
Business overview

Final remarks

Appendix

# Drilling Tango after a working hydrocarbon system was proved in the basin

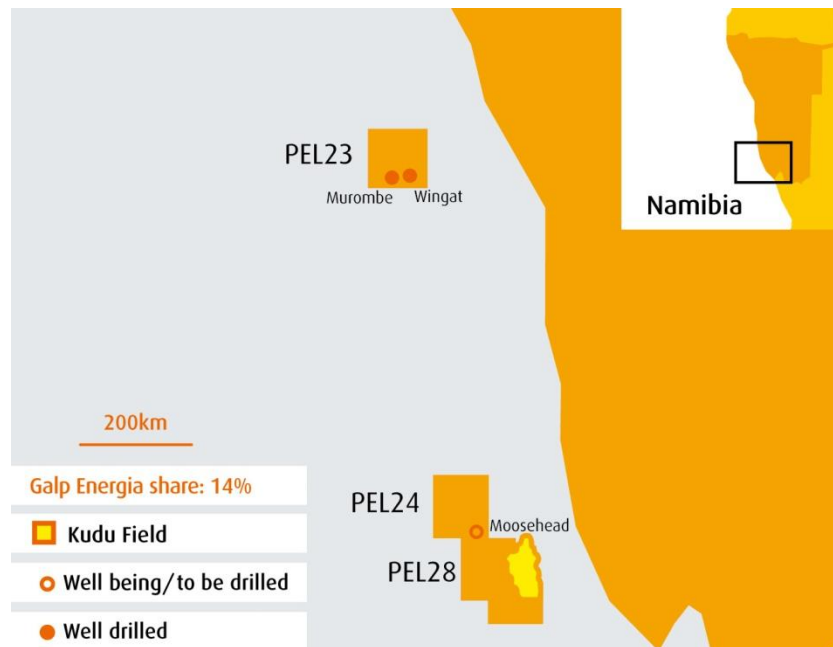
## Potiguar basin



- 10 prospects identified in a predominantly stratigraphic setting (Cretaceous clastics)
- 1<sup>st</sup> exploration well, Araraúna, proved the presence of a working hydrocarbon system in the basin
- Tango well spudded in May targeting a deeper objective than the first well
- Pitú to be drilled in 3Q13

# Drilling campaign in Walvis basin revealed non commercial volumes

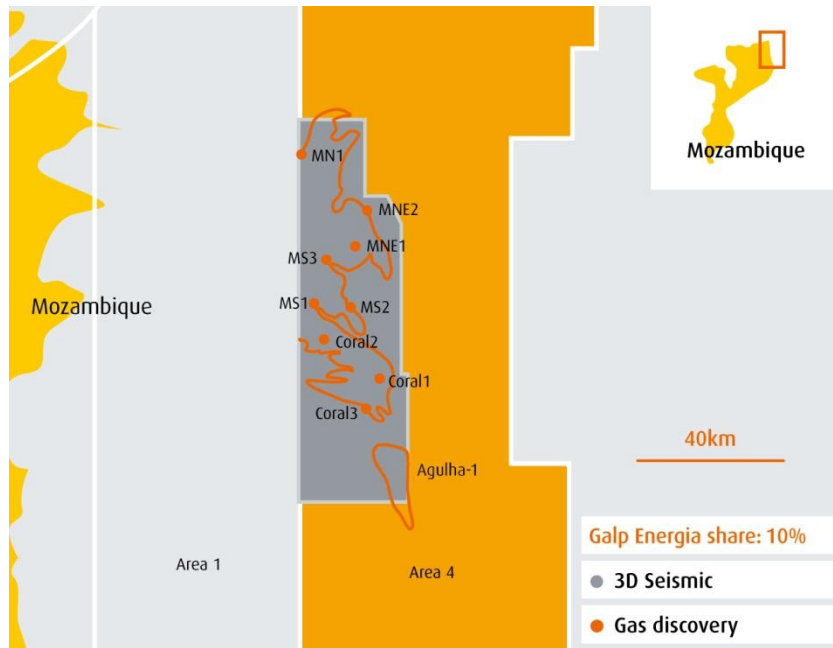
## Galp Energia acreage in Namibia



- Wingat proved the presence of two source rocks in Walvis basin, both within the oil window
- Murombe target revealed non-reservoir facies with low porosity
- Moosehead prospect in Orange basin will target carbonates and should reach c.4,100 depth
- Spud of Moosehead-1 well expected to start shortly

# Mozambique: testing oil potential in Area 4 with ongoing Agulha-1 well

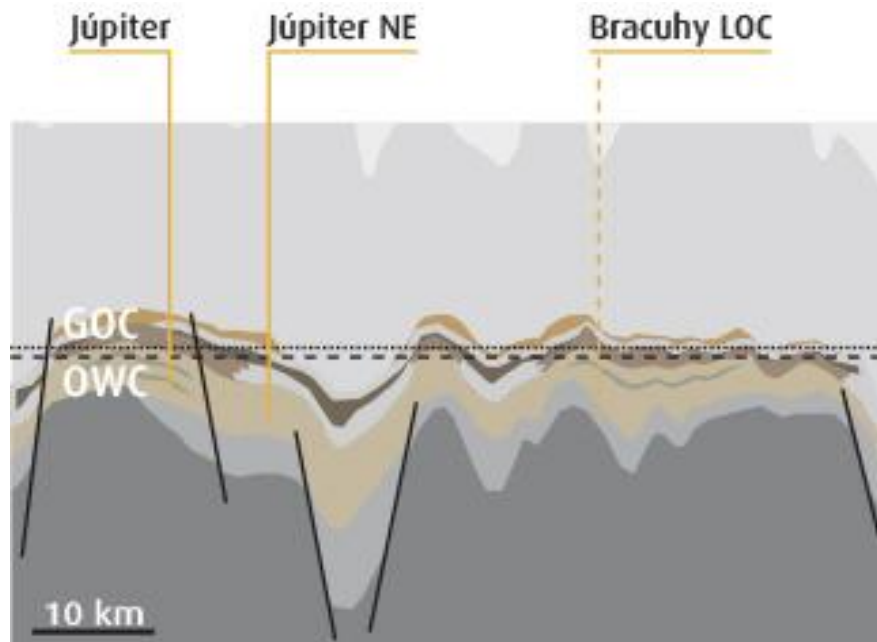
## Area 4



- Agulha-1 (former K Bulge) prospect testing Paleocene and Cretaceous age targets
- Appraisal campaign to be resumed in Mamba complex with the drilling of Mamba NE-2 well in 3Q13
- Mamba NE-2 targets the reservoir level not subject to unitisation

# Assessing Bracuhy potential in BM-S-24

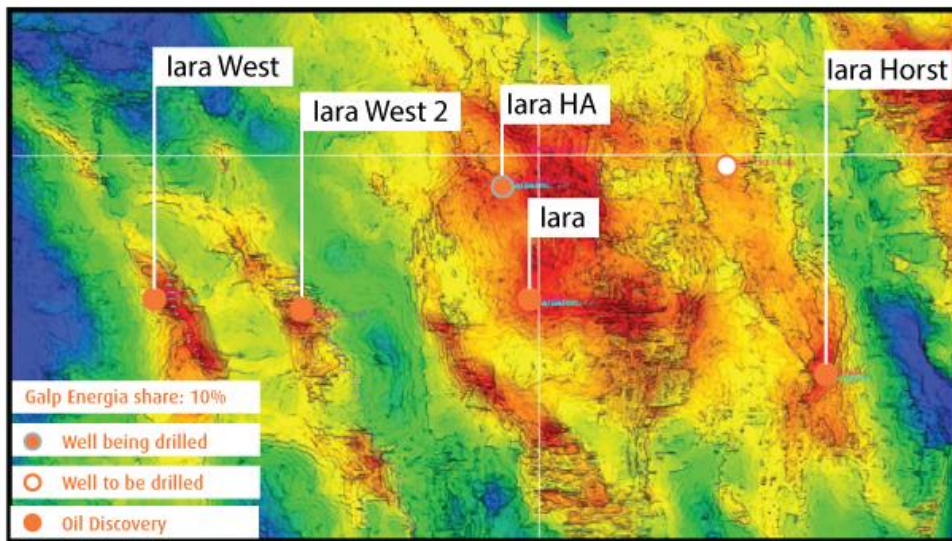
## Geological cross-section at BM-S-24



- Bracuhy well already being drilled since July
- Bracuhy is an already well defined structure that could be an important satellite to Júpiter development
- Results expected before the year end
- Development options for Júpiter being matured, and not restricted by technology

# Iara: Intensive appraisal campaign being conducted to de-risk development

## Iara: Structural map



- Iara West-2 found good quality oil carbonate reservoirs in regard to the porosity and permeability levels
- DST in Iara West-2 already concluded revealing excellent reservoir productivity
- Iara High Angle (HA) well to be completed in 4Q13 followed by a DST, will be key to evaluate reservoir productivity
- Two FPSO already planned for 2017 onwards, with potential for further development to be decided after the appraisal campaign in 2013/14

# Intensive exploration and appraisal drilling campaign underway

## Galp Energia 2013 drilling schedule

Area	Target	Interest	E/ A	Spud date	Duration (# days)	Well status
<b>Brazil</b>						
Lula	Lula West-2	10%	A	4Q12	-	Concluded
Iara	Iara West-2	10%	A	4Q12	-	Concluded
Iara	Iara HA	10%	A	Jun-13	120	In progress
BM-S-8	Carcará (extension)	14%	A	4Q13	150	-
BM-S-24	Bracuhy	20%	E	Jul-13	150	In progress
Potiguar	Araraúna	20%	E	Feb-13	120	In progress
Potiguar	Tango	20%	E	May-13	120	In progress
Potiguar	Pitú	20%	E	4Q13	120	-
<b>Mozambique</b>						
Rovuma	Mamba South-3	10%	A	1Q13	-	Concluded
Rovuma	Agulha-1	10%	E	May-13	90	In progress
Rovuma	Mamba Northeast-3	10%	A	3Q13	60	-
<b>Namibia</b>						
PEL 23	Wingat	14%	E	1Q13	-	Concluded
PEL 23	Murombe	14%	E	2Q13	-	Concluded
PEL 24	Moosehead	14%	E	3Q13	90	-
<b>Angola</b>						
Block 14	Menongue	9%	A	4Q13	60	-
Block 32	Cominhos-2	5%	E	3Q13	60	-
Block 32	B-11	5%	A	4Q13	60	-

# Lula NE: Ramp-up period of 18 months, with full capacity during 2H14

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## FPSO Cidade de Paraty

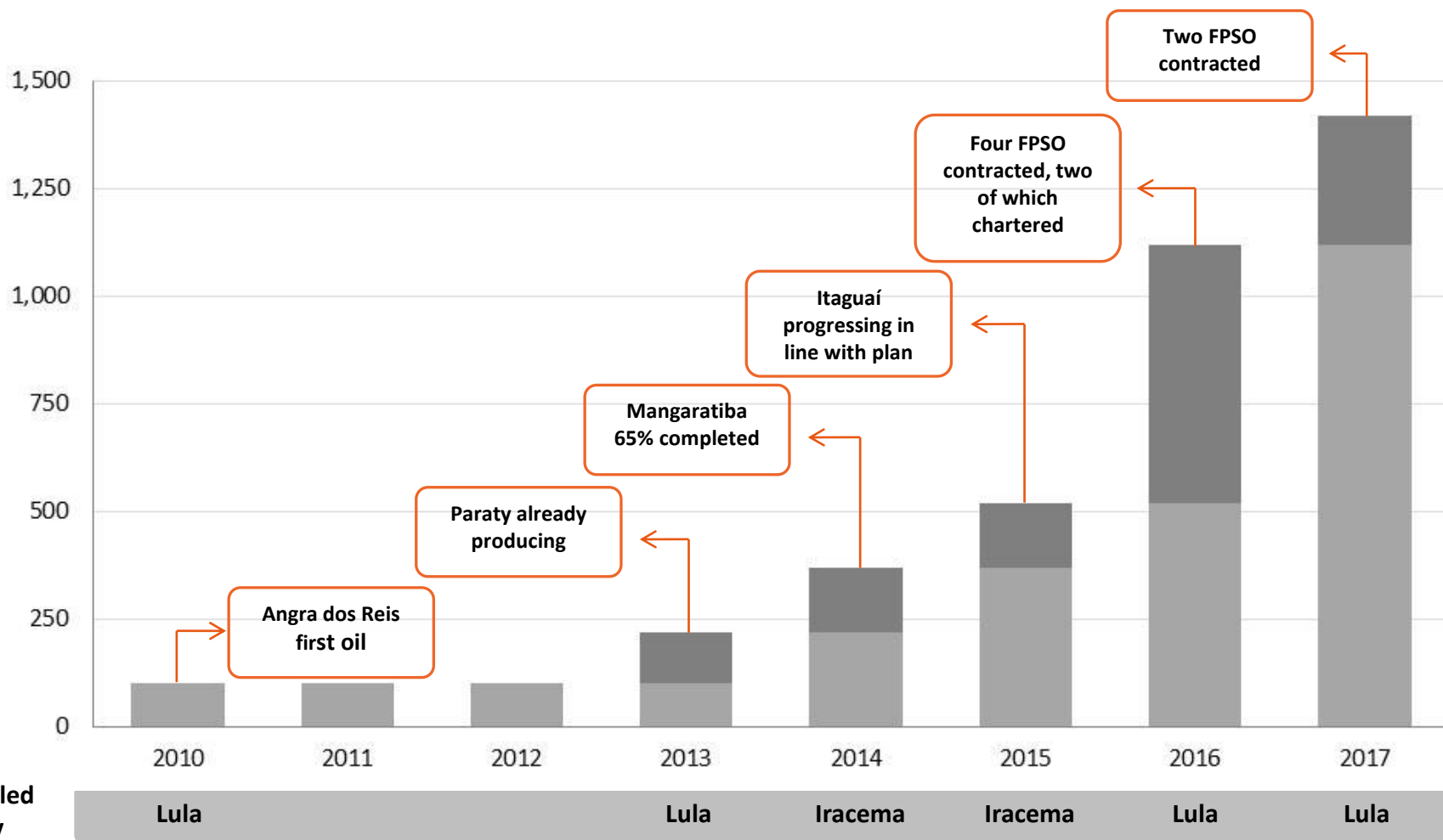


Petrobras, Banco de Imagens

- Committed to production ramp-up plan with mitigation measures taken by using flexible risers
- Production currently limited by gas flaring restrictions
- Next key milestones comprise the installation of BSR and connection of the gas export pipeline
- 2013 exit production rate expected at 75 kboepd, without material delays expected

# Timely delivery of FPSOs is on track

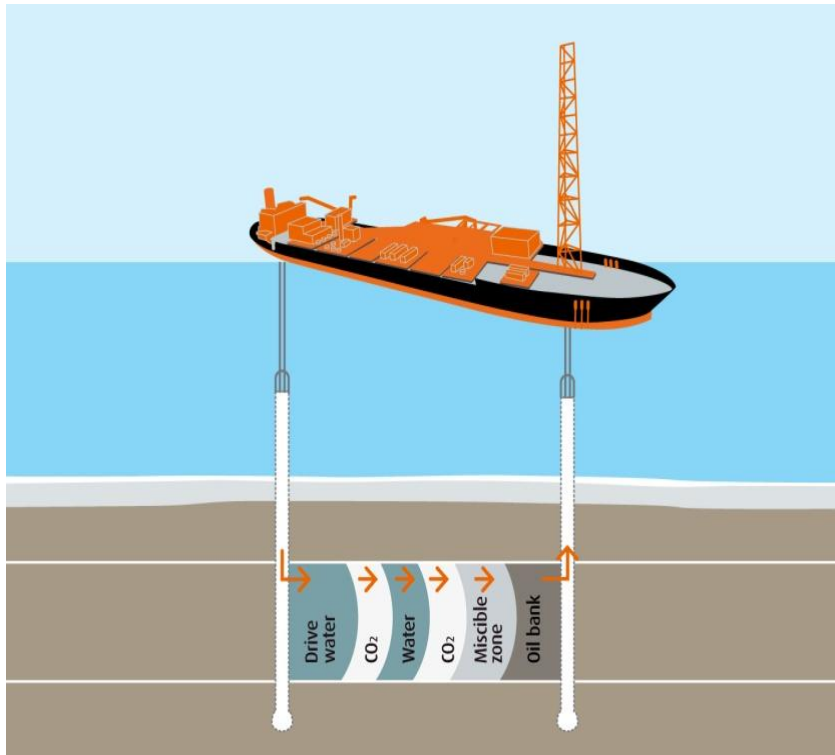
## Installed capacity in Lula/Iracema (kbopd)



New installed capacity

# WAG mechanism being tested in FPSO Cidade de Angra dos Reis

## WAG mechanism



- Recovery factor in Lula/Iracema fields recently revised upwards from 23% to 28%
- Maximise oil recoverability through appraisal campaign and WAG test in 2013
- WAG performance expected to improve reservoir management and further increase recovery factor
- RDA wells campaign to continue with four additional wells completed in Lula/Iracema areas in 2013 and two being drilled

# Unlocking development of the new world-class natural province in Mozambique

## Mozambique: LNG possible routes



- HoA between Eni and Anadarko, mainly regarding joint development of LNG liquefaction facilities, supports fast development
- FEEDs being performed according to plan through a competitive bidding process
- Focus on establishing LNG supply contracts which are key to take FID by early 2014
- Strong backing from the Mozambican Government expected to enable supportive legal framework

# Upgrade project fully operational and generating return

## New units at Sines refinery



- Average utilisation rate of the hydrocracker of c.96% in 2Q13
- Utilisation rate of refining system expected at mid-80%, with hydrocracker operating at full capacity
- Incremental refining Ebitda estimated to range between €150 m- €250 m per year
- Strong commitment on processes efficiency and cost optimisation to improve profitability

# Oil marketing business: squeezing the orange

## Service station in Lisbon

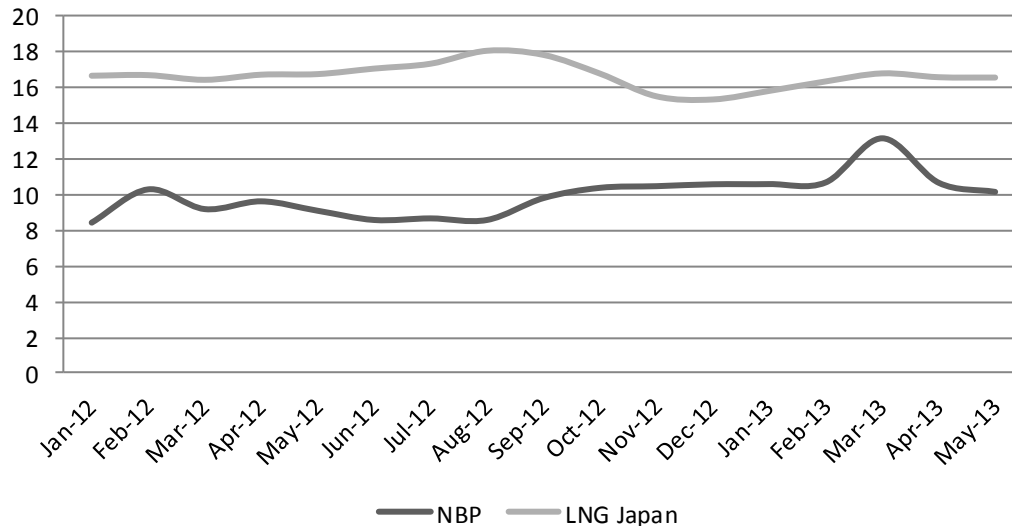


Service station at Avenida Almirante Gago Coutinho, Lisbon

- Optimising our network to better align it with current market dynamics
- Intensifying focus on cost optimisation across the business
- Regaining market share through implementation of new loyalty programmes
- Increasing efficiency and taking advantage of synergies between Iberian operations

# Leveraging LNG momentum in high value markets

## Price evolution of NBP vs LNG in Japan (USD/mmbtu)



- Robust trading activity with 14 cargoes sold in 2013 despite force majeure in Nigeria
- 3.4 bcm of LNG contracted with Nigeria, supporting trading activity in the long run
- c.1.4 bcm of LNG sales p.a. secured until 2015, considering contracts in force
- Focusing on securing LNG trading after 2015

Key highlights

Strategy execution update

Business overview

Final remarks

Appendix

## Q2 Ebitda of €304 m, up 7% YoY

### Profit & Loss (€ m)

	2Q13	2Q12	YoY	QoQ	1H13	YoY
Turnover	4,624	4,556	+2%	+3%	9,095	(3%)
Ebitda	304	285	+7%	+20%	557	+14%
E&P	85	99	(14%)	(7%)	176	(6%)
R&M	115	107	+8%	+96%	174	+25%
G&P	93	75	+24%	(9%)	196	+24%
Ebit	151	179	(15%)	+2%	299	+8%
Associates	13	21	(38%)	(24%)	31	(26%)
Financial results	(19)	20	n.m.	+48%	(57)	n.m.
Taxes	(46)	(72)	(36%)	+14%	(86)	(9%)
Minority interests	(13)	(19)	(34%)	(0%)	(26)	+22%
Net Profit	86	129	(33%)	+15%	162	(9%)
Net Profit (IFRS)	(36)	(15)	+142%	n.m.	27	(83%)

- Ebitda increase driven mainly by the positive contribution of the hydrocracker and LNG trading activities
- Ebit impacted by higher DD&A in the E&P and R&M businesses
- Higher financial expenses YoY given €29 m forex gains in 2Q12 and interest costs related with upgrade project no longer capitalised

# Maintaining a robust financial position

## Balance sheet (€ m)

	Jun.2013	Mar.2013	Jun - Mar	Dec.2012	Jun - Dec
Fixed assets	6,843	6,862	(19)	6,599	+244
Work in progress	1,377	2,803	(1,426)	2,655	(1,278)
Other assets (liabilities)	(481)	(551)	+70	(451)	(30)
Loan to Sinopec	944	959	(16)	931	+12
Working capital	1,467	1,553	(86)	1,324	+143
Capital employed	8,773	8,824	(51)	8,403	+370
Net debt	2,117	1,887	+230	1,697	+420
Equity	6,656	6,938	(281)	6,706	(50)
Net Debt + Equity	8,773	8,824	(51)	8,403	+370

- DD&A, impairments and currency exchange impacts led to a decrease of fixed assets in the period
- Net debt increased QoQ following capex execution and dividend payment
- Net debt of €1.2 bn considering loan to Sinopec as cash and equivalents, with an implicit net debt to Ebitda of 1.1x

## Short term outlook

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- 3Q13 working interest production targeted at c.27 kboepd, as FPSO Cidade Angra dos Reis resumes normal operations and FPSO Cidade Paraty ramps up
- Refining margin continuing to be positively impacted by the upgrade project, as the hydrocracking complex operates at full capacity
- Iberian economic environment still impacting demand of oil products, although contraction of the market slows down
- NG supply continuing to benefit from strong LNG trading activity

Key highlights

Strategy execution update

Business overview

Final remarks

Appendix

## Final remarks

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- Exploration campaign being conducted with expected newsflow during 2H13
- Lula development project successfully executed with two FPSO already producing and mitigation risk measures being taken
- Testing upside potential in Lula through WAG system and ongoing RDA campaign
- Continuing to deliver stable performance on downstream and gas businesses on the back of refining upgrade and LNG trading activity

Key highlights

Strategy execution update

Business overview

Final remarks

Appendix

# Production increased 3% YoY in 2Q13 despite maintenance activities in Lula

## Main E&P data

		2Q13	2Q12	YoY	QoQ	1H13	YoY
Working interest production	kboepd	23.4	25.8	(9%)	(1%)	23.5	(3%)
Net entitlement production	kboepd	19.4	18.8	+3%	(3%)	19.8	+12%
Angola	kbopd	8.6	8.5	+2%	+5%	8.4	(2%)
Brazil	kboepd	10.8	10.4	+5%	(9%)	11.4	+25%
Realised sale price	USD/boe	96.9 <sup>(1)</sup>	96.4	+0%	+7%	93.6	(8%)
OPEX/net entitlement production	USD/boe	12.5	8.9	+40%	+11%	11.8	(7%)
Ebitda	€ m	85	99	(14%)	(7%)	176	(6%)
Ebit	€ m	29	61	(53%)	(52%)	89	(22%)
CAPEX	€ m	191	118	+62%	+24%	346	+36%

- Lula field with an average production of 10.4 kboepd, despite maintenance activities in the FPSO
- Angola net entitlement production stable YoY despite the maturity stage of block 14 fields
- Opex impacted by maintenance activities and also by the start-up of the new FPSO in Lula field

# Refining activity was the driver of the Ebitda increase

## Main R&M data

		2Q13	2Q12	YoY	QoQ	1H13	YoY
Galp Energia refining margin	USD/bbl	3.4	2.5	+38%	+88%	2.7	+60%
Refining cash cost	USD/bbl	2.6	2.3	+13%	+0%	2.6	+15%
Crude processed	mbbl	22.3	21.5	+4%	+4%	43.9	+5%
Total refined product sales	mton	4.5	4.0	+10%	+10%	8.5	+2%
Sales to direct clients	mton	2.5	2.4	+3%	+6%	4.8	(5%)
Exports <sup>(1)</sup>	mton	1.1	0.8	+37%	+10%	2.1	+27%
Ebitda	€ m	115	107	+8%	+96%	174	+25%
Ebit	€ m	39	55	(30%)	n.m.	39	+34%
CAPEX	€ m	32	35	(6%)	+1%	64	(7%)

- The R&M business benefited from the hydrocracker stable operations and refinery related supply activities
- Oil distribution contribution to Ebitda remained stable YoY, positively impacted by cost optimization
- Ebit was impacted by higher non cash costs as the hydrocracker started to be depreciated

# Ebitda up 24% YoY on the back of continued strong LNG trading performance

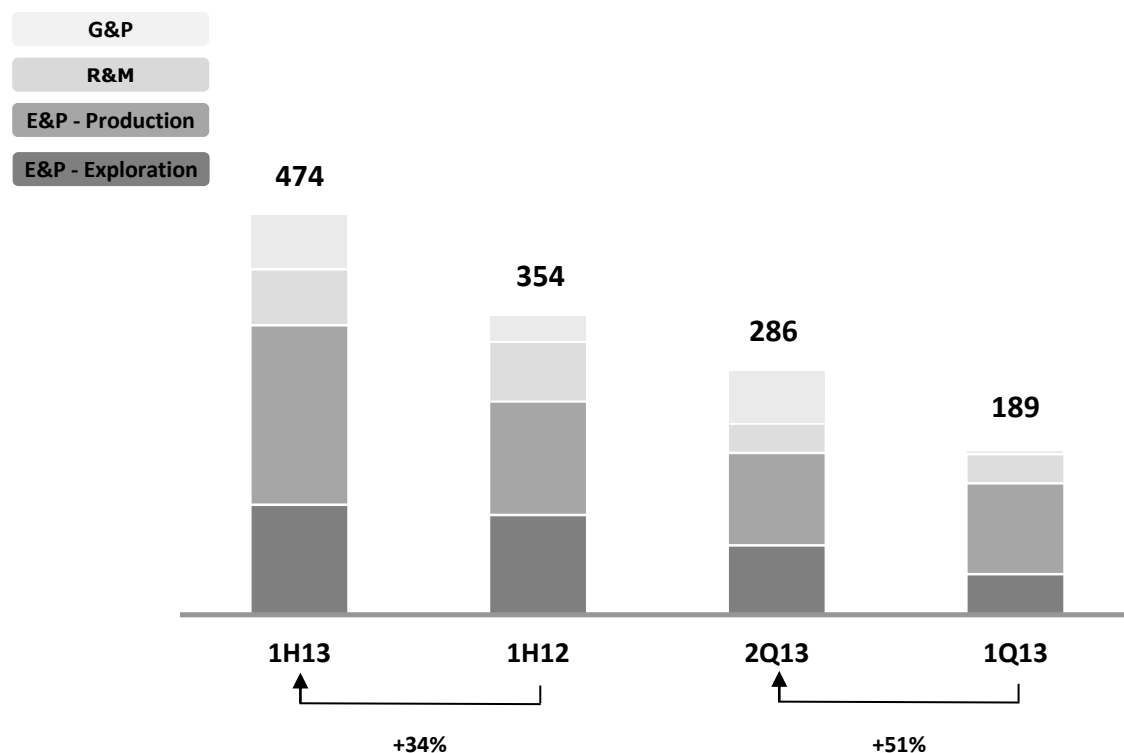
## Main G&P data

		2Q13	2Q12	YoY	QoQ	1H13	YoY
NG supply total sales volumes	mm <sup>3</sup>	1,457	1,500	(3%)	(15%)	3,178	(1%)
Sales to direct clients	mm <sup>3</sup>	892	868	+3%	(17%)	1,967	(3%)
Electrical	mm <sup>3</sup>	142	223	(36%)	(29%)	341	(42%)
Industrial	mm <sup>3</sup>	639	515	+24%	+3%	1,258	+17%
Residential	mm <sup>3</sup>	99	102	(4%)	(55%)	316	+3%
Trading	mm <sup>3</sup>	565	632	(11%)	(13%)	1,211	+2%
Sales of electricity to the grid	GWh	449	317	+42%	(4%)	917	+44%
Ebitda	€ m	93	75	+24%	(9%)	196	+24%
Ebit	€ m	75	60	+24%	(15%)	163	+23%
CAPEX	€ m	62	13	n.m.	n.m.	64	+119%

- Robust LNG trading activity, despite force majeure in Nigeria during the second quarter
- Increased results on the back of continued exposure to higher LNG pricing particularly in Asia and LatAm markets
- Power business benefited from higher sales of electricity to the grid, following Matosinhos cogeneration operations start-up

## Around 70% of total capex allocated to E&P activities in 2Q13

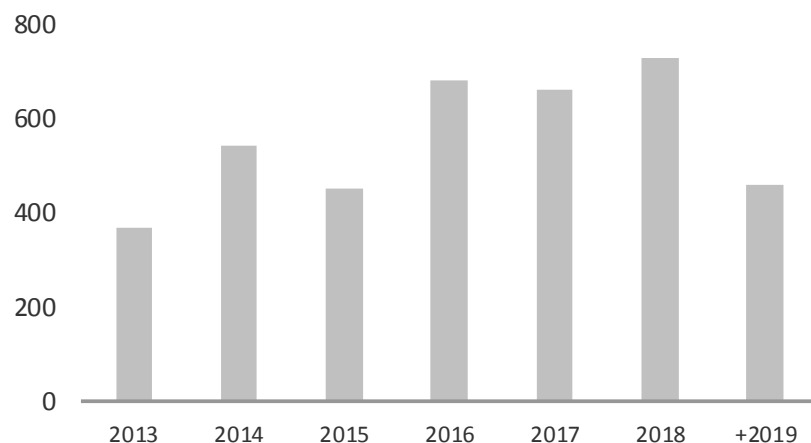
### Capital expenditure (€ m)



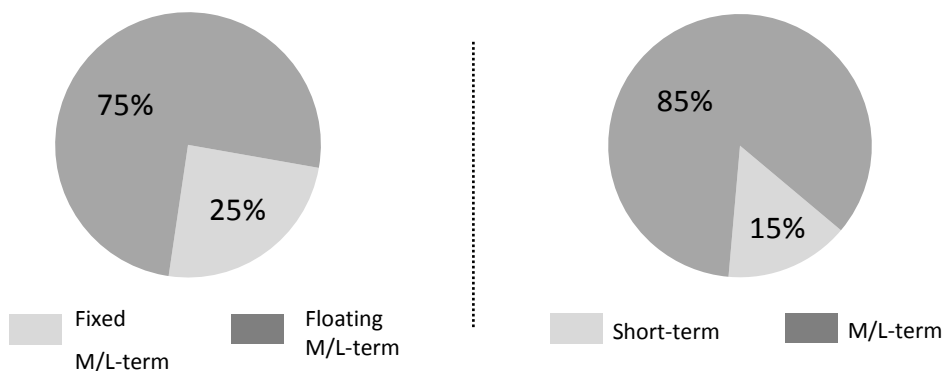
- Exploration activities responsible for c.40% of E&P capex in 2Q13, namely in Brazil and Namibia
- Lula project responsible for the majority of E&P development capex
- Downstream and gas capex mainly channeled to maintenance activities and Porto cogeneration

# Putting in place the financing strategy by extending debt maturities

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



## Debt structure as of June 2013



- c.€1.5 bn in long term facilities already signed in 2013
- Net debt to Ebitda of 1.1x, considering loan to Sinopec as cash and equivalents
- Average cost of debt of 4.5% at the end of June 2013
- Available credit lines of €1.3<sup>1</sup> bn

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