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29 April 2014

Results

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Key highlights

- Lula/Iracema project being executed according to plan, with FPSO #2 on track to reach full capacity during 4Q14
- Appraisal activities underway to optimise Iara development plan
- First oil accumulation tested in Potiguar basin
- 1Q14 Ebitda of €265 m, up 5% with higher production in Brazil and LNG supply and trading activity, but impacted by refining performance

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E&P: FPSO Cidade Paraty (#2) expected to reach full capacity during 4Q14

Lula NE milestones	Schedule	Status
Delivery of FPSO Cidade Paraty	May-13	✓
Start of production	Jun-13	✓
Connection of injector well	Aug-13	✓
Connection of producer well[1]	Jan-14	✓
Connection to gas export pipeline	Jan-14	✓
Installation of BSR South	Jan-14	✓
Connection of producer wells #2 and #3	2Q14	May and June
Installation of BSR North	2Q14	BSR on site
Connection of producer wells #4 to #6	3Q14	
FPSO at full capacity	4Q14	

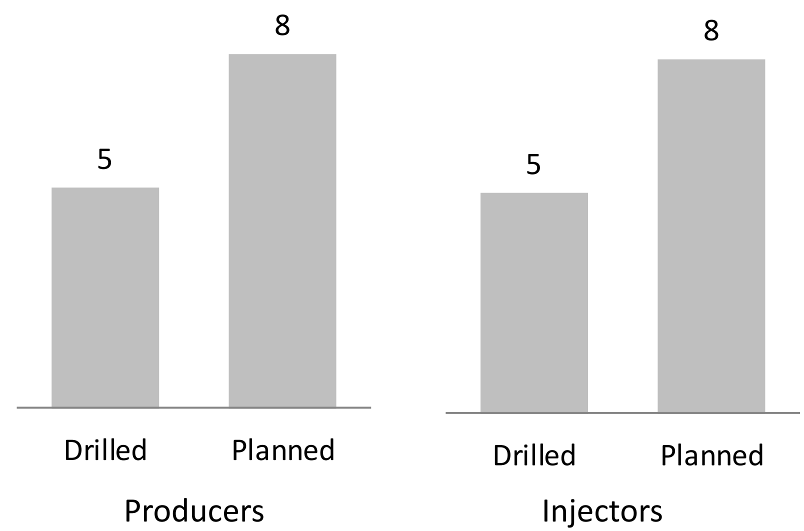
[1] Contingency measure for using a flexible riser considering delay in first BSR installation. Well disconnected at the end of 1Q14 in the context of BSR North installation, and will be reconnected in the 3Q14 (producer well #4)

E&P: FPSO Cidade Mangaratiba (#3) on track to first oil by 4Q14

FPSO Cidade Mangaratiba (#3)

Topsides integration works progressing with execution rate of c.90%[1]

Iracema South project development wells



Development wells will be connected to the FPSO through flexible risers

[1] At the end of February.

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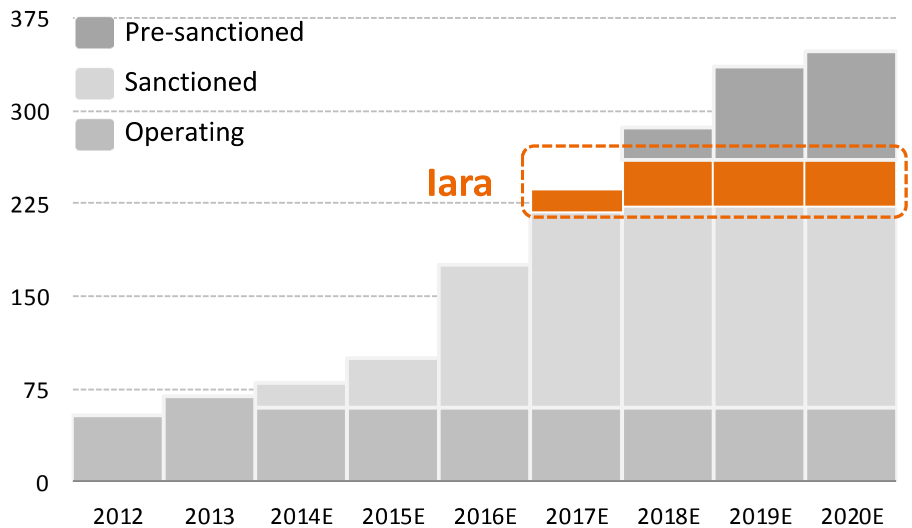
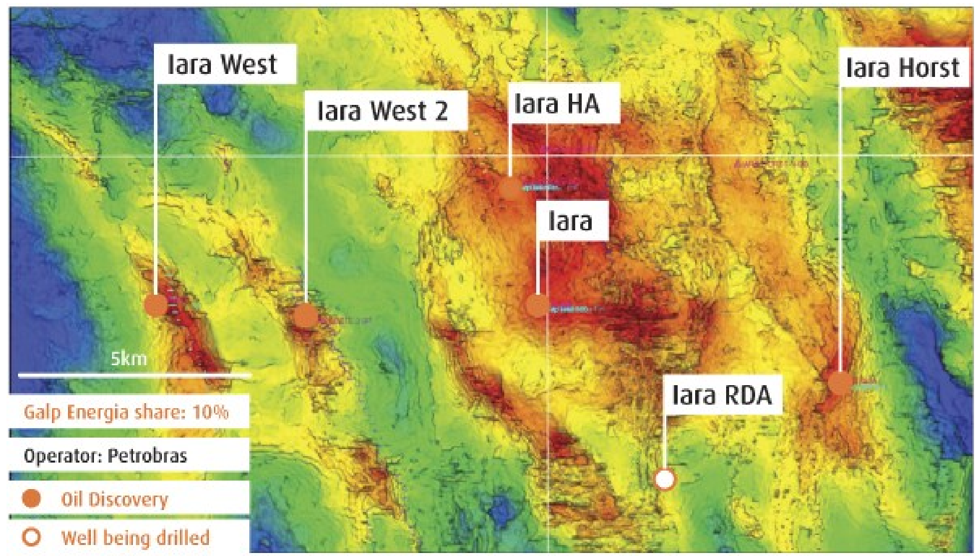
E&P: Iara appraisal campaign underway to de-risk development

Total infrastructure net installed capacity (kboepd)



Iara first oil expected in 2017, with two FPSO already contracted

Iara: structural map



EWT expected to start by June in Iara West-2 with FPSO Dynamic Producer

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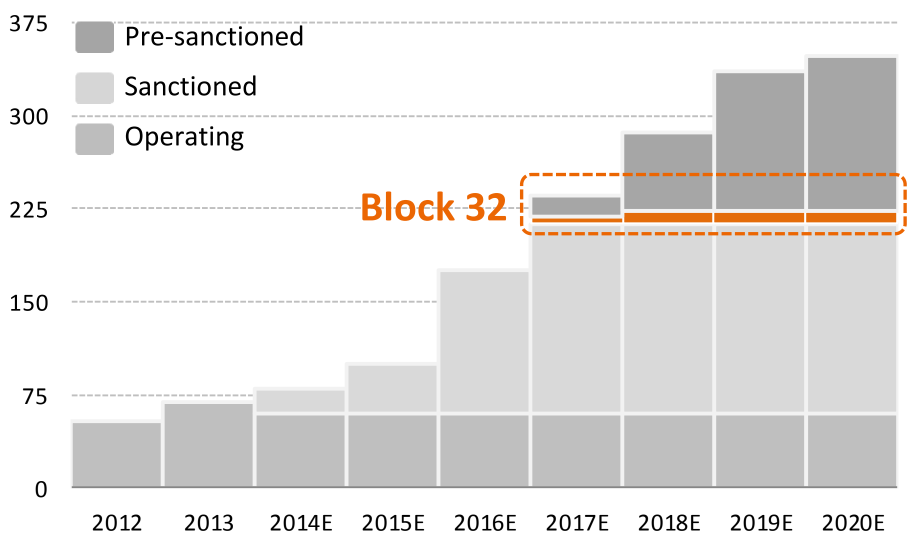
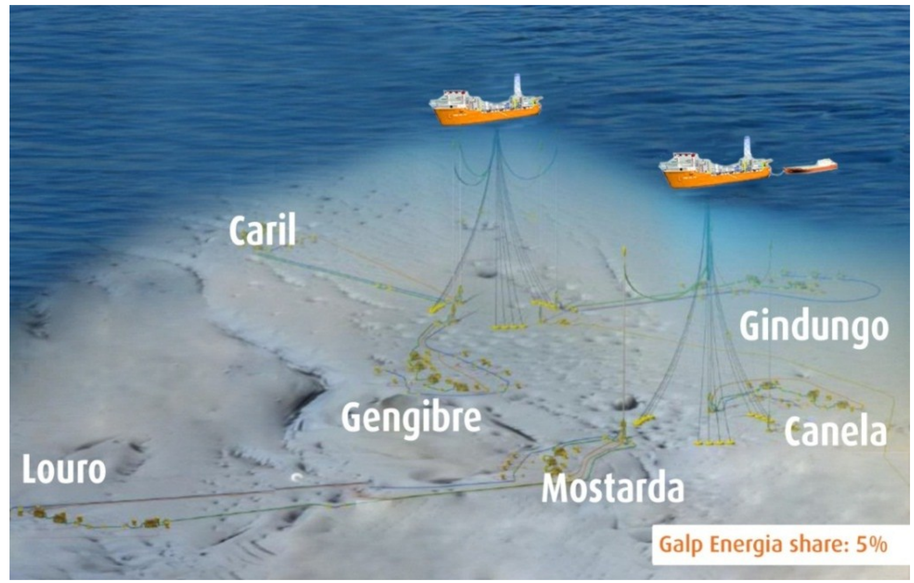
E&P: FID made on Block 32 Kaombo in Angola

Total infrastructure net installed capacity (kboepd)



First oil expected by 2017 and peak production by 2019

Kaombo development plan



Two FPSO with a combined capacity of 230 kbopd to be deployed

E&P: Seven to nine E&A wells expected to be drilled in 2014

Galp Energia 2014 drilling schedule

Area	Target	Interest	E/A[1]	Spud date	Duration (# days)	Well status
Brazil[2]						
BM-S-8	Carcará (extension)	14%	A	**4Q14**	120	-
BM-S-24	Jupiter SW	20%	A	**3Q14**	120	-
BM-S-24	Bracuhy NE	20%	A	**4Q14**	120	-
Mozambique						
Rovuma	Agulha-2	10%	A	**1Q14**	60	In progress
Rovuma	Dugongo-1[3]	10%	E	**2Q14**	60	-
Rovuma	Querimbas Central[4]	10%	E	**3Q14**	60	-
Angola						
Block 32	Cominhos-2	5%	A	**1Q14**	60	In progress
Block 32	Cominhos-3[4]	5%	A	**3Q14**	60	-
Morocco						
Tarfaya	Trident	50%	E	**2Q14**	90	-

[1] E – Exploration well; A – Appraisal well
[2] Petrogal Brasil: 70% Galp Energia; 30% Sinopec
[3] Formerly known as Querimbas East-1
[4] Pending on previous wells results

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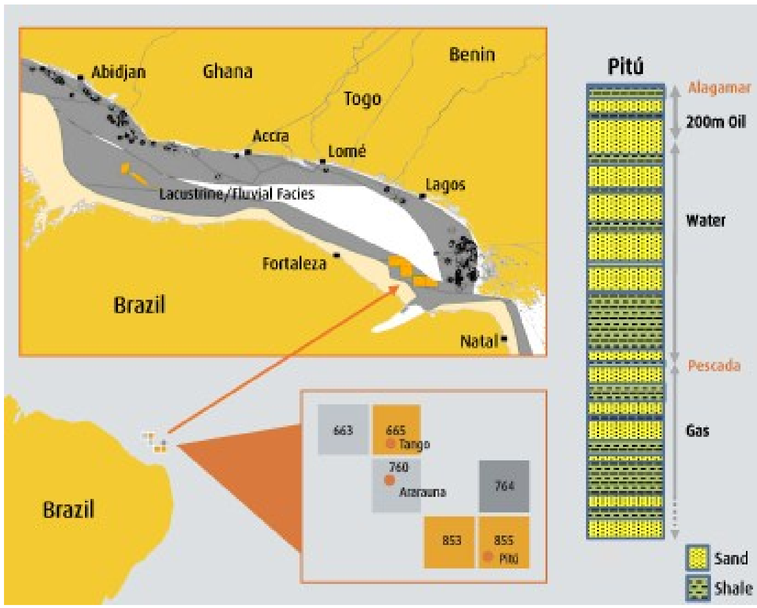
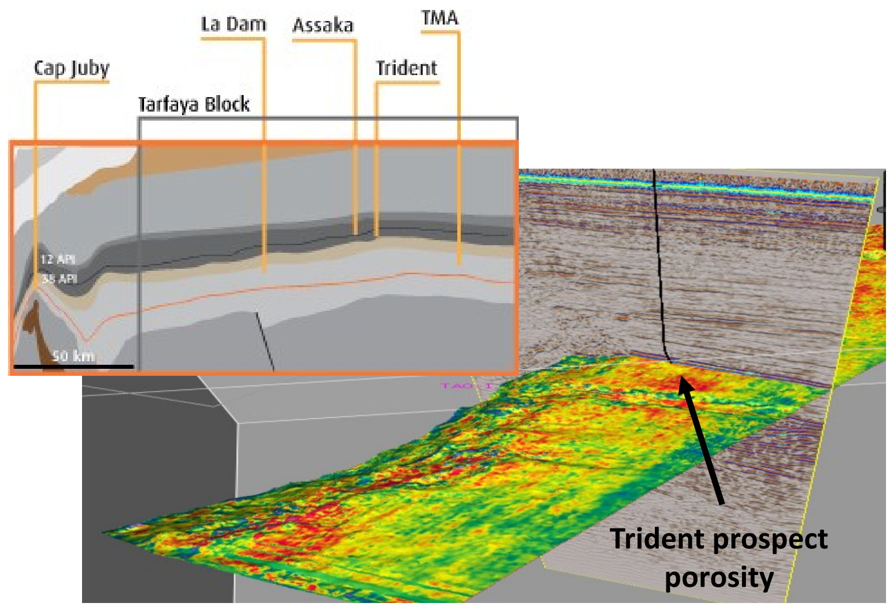
E&P: Progress on 2014 exploration programme

Potiguar basin in Brazil



DST revealed good reservoir quality in terms of porosity and permeability

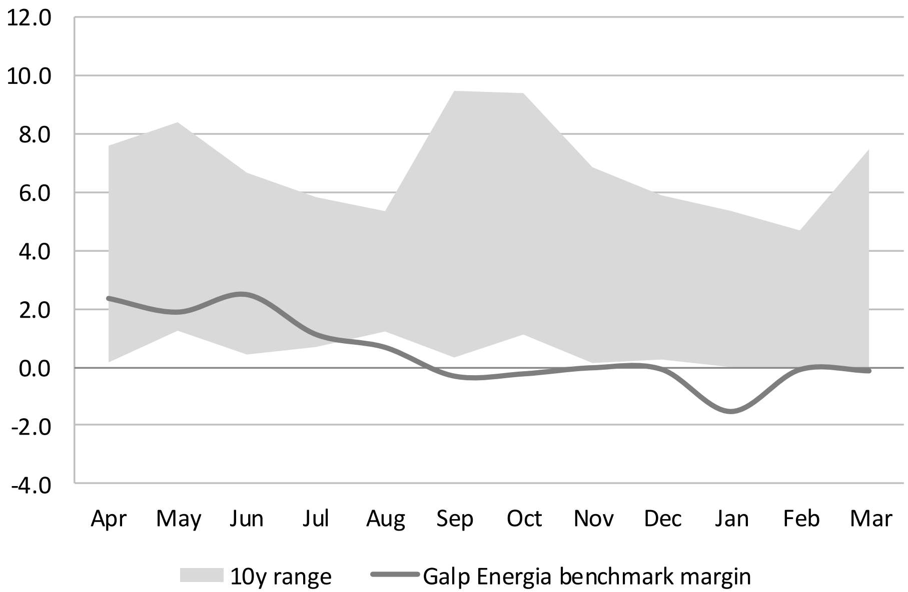
Tarfaya Offshore Area in Morocco



Jack-up rig Ralph Coffman already contracted and to start drilling by June

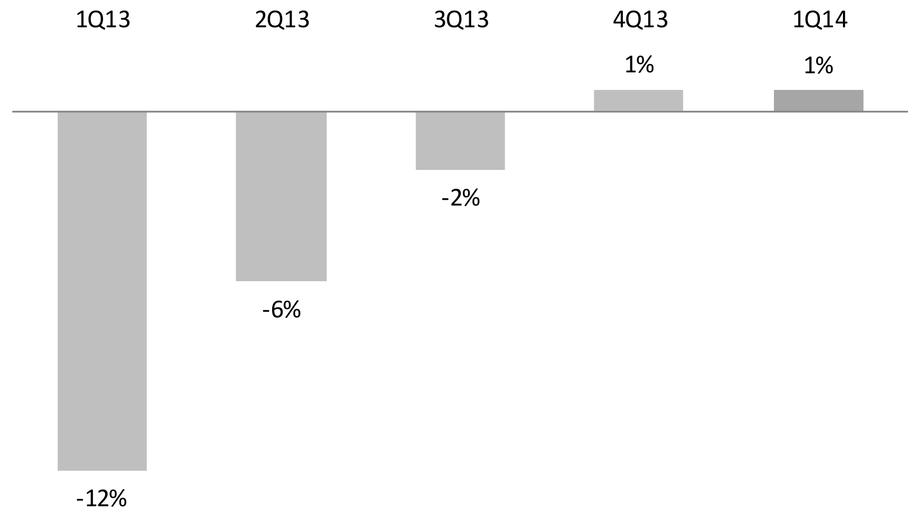
R&M: Challenging environment

Benchmark refining margin evolution ($/bbl)



Evaluating options to face persistent challenging refining environment

Iberian oil market (YoY change)



Leverage Iberian demand potential recovery by increasing weight of CIF volumes

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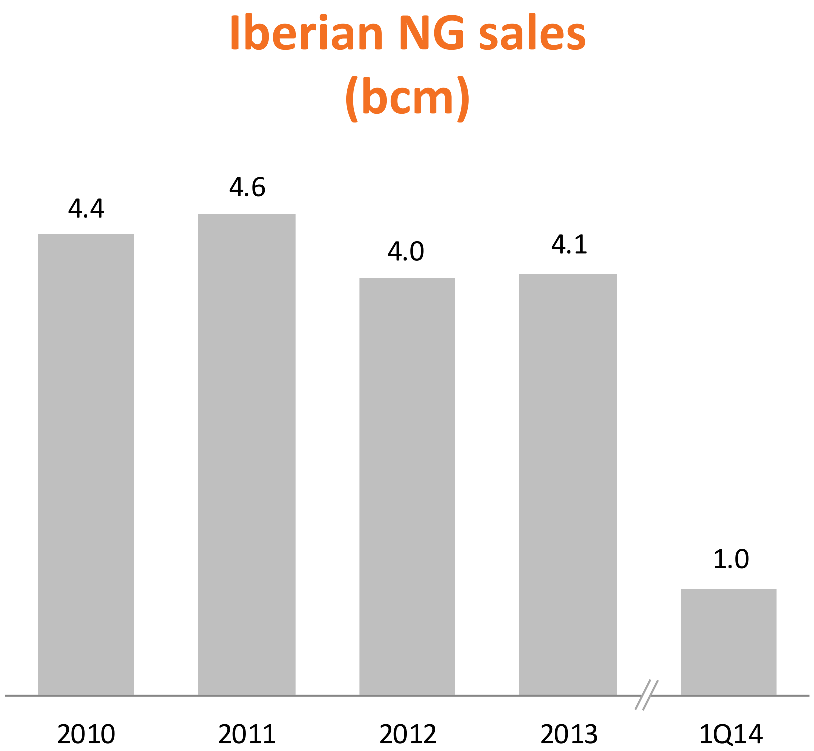
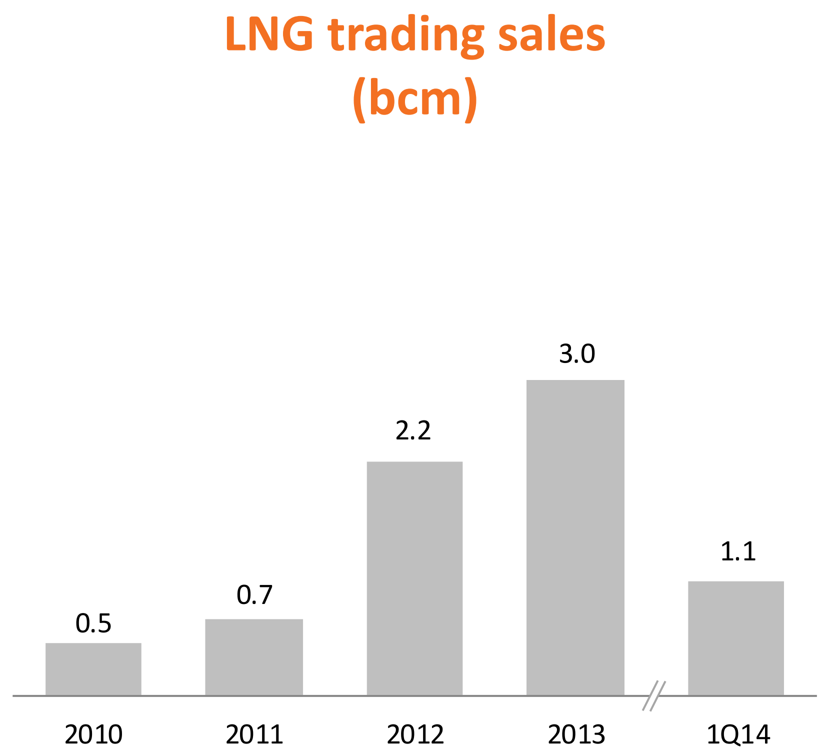
G&P: Sustaining LNG supply and trading activity



Material demand in Iberia, despite lower consumption from power generation plants



Leveraging LNG trading volumes on international markets, namely Asia and LatAm

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1Q14 Ebitda up 5% YoY driven by higher E&P production and LNG activity

Profit & Loss (€ m)

	1Q14	1Q13	YoY
Turnover	**4,125**	**4,471**	(8%)
Ebitda	**265**	**253**	+5%
E&P	**104**	**92**	14%
R&M	**36**	**57**	(37%)
G&P	**122**	**104**	+17%
Ebit	**130**	**148**	(12%)
Associates	**17**	**18**	(4%)
Financial results	**(42)**	**(37)**	(11%)
Taxes	**(46)**	**(40)**	+14%
Non-controlling interests	**(13)**	**(13)**	+2%
Net Profit	**47**	**75**	(38%)
Net Profit (IFRS)	**14**	**62**	(78%)

- Ebitda benefited from higher production in Brazil and strong LNG supply and trading activity, compensating weak R&M performance
- Refining environment and Sines general outage preventing a stronger Group performance
- Net profit impacted by higher DD&A and interest cost recognition, following start-up of hydrocracking complex at the end of 1Q13

Maintaining a robust balance sheet

Balance sheet (€ m)[1]

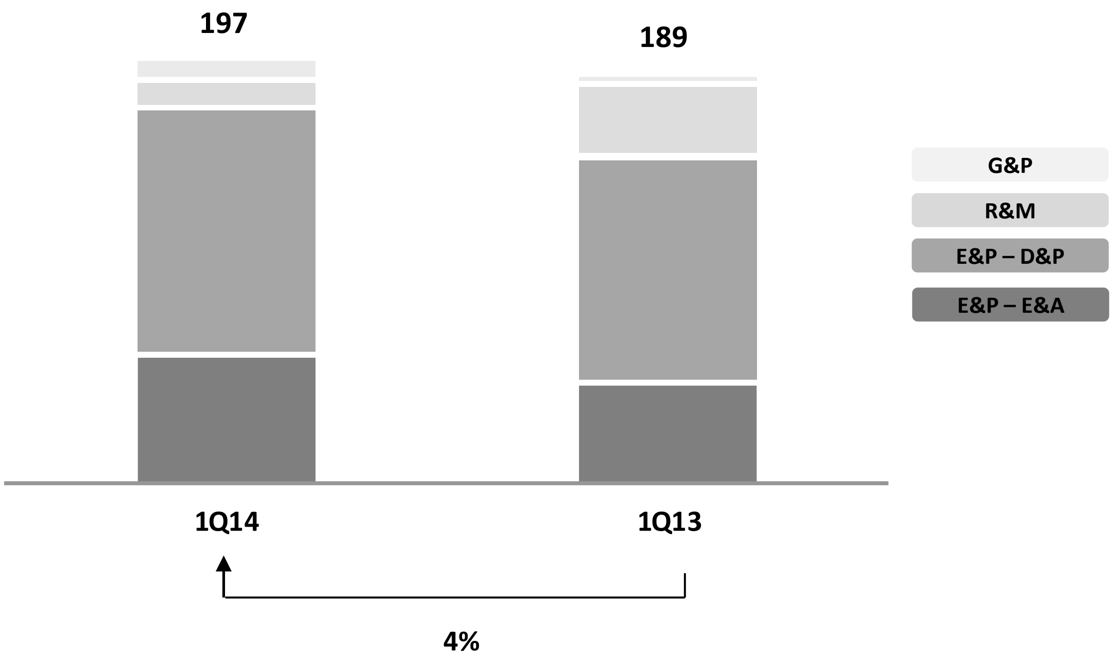
	Mar.2014	Dec.2013	Mar - Dec
Fixed and LT assets	**7,014**	**6,883**	+131
Working capital	**1,405**	**1,294**	+111
Loan to Sinopec	**840**	**871**	(31)
Other assets (liabilities)	**(480)**	**(460)**	(20)
Capital employed	**8,780**	**8,589**	+191
Net debt[2]	**2,296**	**2,173**	+123
Equity	**6,483**	**6,416**	+68
Net Debt + Equity	**8,780**	**8,589**	+191

- Sines outage negatively impacted working capital
- Net debt stable at €2.3 bn despite working capital and fixed investment in the period
- Net debt of €1.5 bn considering loan to Sinopec as cash and equivalents, with implicit net debt to Ebitda of 1.3x

[1] IFRS figures
[2] Excludes loan to Sinopec

Capex mainly allocated to development of Lula/Iracema project

Capital expenditure (€ m)

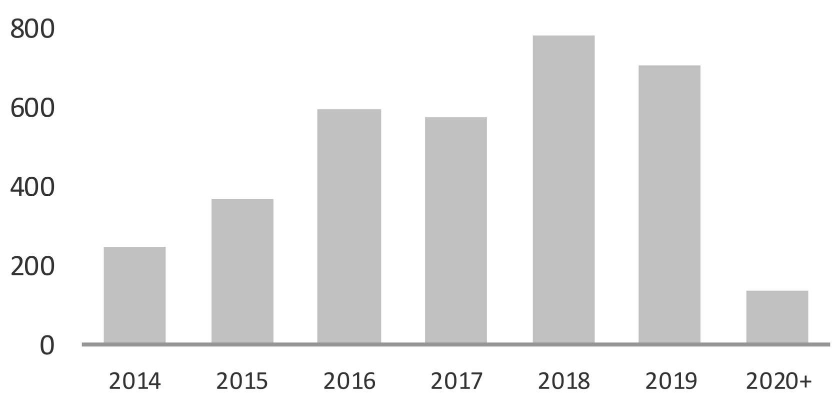


- Development activities in BM-S-11 accounted for c.65% of E&P capex, including FPSO and development wells
- Exploration capex in 1Q14 mainly allocated to Pitú well in Potiguar basin and to Agulha-2 in Mozambique
- Capex execution to accelerate in the remaining quarters of 2014

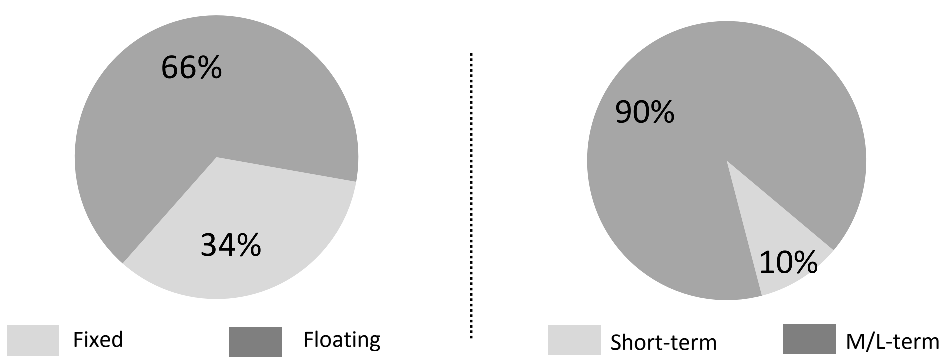
E&A: Exploration and appraisal
D&P: Development and production

Sucessfully aligning debt maturities with cash flow profile

Debt reimbursement profile[1] (€ m)



Debt structure[1]



- Gross debt[1] of €3.5 bn with an average maturity of 3.4 years
- 50% of total gross debt expected to be reimbursed from 2018 onwards
- Average cost of debt[1] of 4.6%, whilst bond in the market with yield of 2.9%[1]
- Liquidity of €3.3[1] bn: Cash and equivalents of €1.2 bn; loan to Sinopec of €0.8 bn; available credit lines of €1.3 bn

[1] As of the end of March 2014.

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Short term outlook

- 2Q14 WI production expected at c.26 kboepd, impacted by the end of two EWT in Lula field in April
- Volumes of crude processed in 2Q14 to be impacted by the ongoing Sines refinery turnaround
- Iberian oil products volumes expected to be up YoY, following the anticipated recovery in market demand
- NG supply volumes should be impacted by end of 1Q seasonality, although supported by LNG trading

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- Lula/Iracema project on time and on budget with production ramp-up expected in 2014
- Appraisal activities underway to de-risk development of pre-sanctioned projects, namely Iara
- First operated offshore well in Morocco and Dugongo-1 well in Mozambique to be spud in 2Q14
- Downstream and gas results supported by strong LNG supply and trading activity despite adverse refining environment in Europe

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Production increased 19% YoY driven by Lula NE and EWT in Lula

Main E&P data

		1Q14	1Q13	YoY
Working interest production	kboepd	**28.1**	**23.5**	+19%
Oil production	kbopd	**26.9**	**21.1**	+28%
Net entitlement production	kboepd	**24.6**	**20.1**	+23%
Angola	kbopd	**7.3**	**8.2**	(10%)
Brazil	kboepd	**17.3**	**11.9**	+45%
Realised sale price	USD/boe	**96.2**	**90.3**	+7%
OPEX/net entitlement production	USD/boe	**13.1**	**11.2**	+17%
Ebitda	€ m	**104**	**92**	+14%
Ebit	€ m	**68**	**60**	+13%
CAPEX	€ m	**178**	**154**	+15%

- Brazil production increased 5.4 kboepd YoY, following start-up of FPSO #2 and two EWT in Lula field
- Angola production impacted by the decommissioning of FPSO Kuito at YE2013
- Ebitda increased from higher production and higher realised sale price, which in 1Q13 had been negatively impacted by under-invoicing

R&M earnings impacted by continued negative refining environment

Main R&M data

		1Q14	1Q13	YoY
Galp Energia refining margin	USD/bbl	**1.1**	**1.8**	(39%)
Refining cash cost	USD/bbl	**3.6**	**2.6**	+37%
Crude processed	mbbl	**16.6**	**21.5**	(23%)
Total refined product sales	mton	**3.7**	**4.0**	(8%)
Sales to direct clients	mton	**2.2**	**2.3**	(1%)
Exports [(1)]	mton	**0.6**	**1.0**	(41%)
Ebitda	€ m	**36**	**57**	(37%)
Ebit	€ m	**(45)**	**(0)**	n.m.
CAPEX	€ m	**10**	**32**	(68%)

- Sines refinery general outage, started in March and impacted crude processed and cash cost per barrel processed
- Sales to direct clients impacted by Easter effect, credit restrictions and product availability
- Ebit decreased YoY, due to lower refining earnings and higher DD&A related to hydrocracking complex start-up

[1] Exports outside Iberia.

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LNG trading volumes reached over 1 bcm driving Ebitda increase

Main G&P data

		1Q14	1Q13	YoY
NG supply total sales volumes	mm^3	**2,078**	**1,721**	+21%
Sales to direct clients	mm^3	**1,011**	**1,075**	(6%)
Electrical	mm^3	**158**	**199**	(21%)
Industrial	mm^3	**649**	**619**	+5%
Residential	mm^3	**180**	**222**	(19%)
Trading	mm^3	**1,067**	**646**	+65%
Sales of electricity to the grid	GWh	**428**	**468**	(9%)
Ebitda	€ m	**122**	**104**	+17%
Ebit	€ m	**104**	**88**	+18%
CAPEX	€ m	**7**	**2**	n.m.

- LNG trading volumes supported by flexible sourcing mix, including new supply contracts and spot market
- Decreased Iberian demand in the electrical and residential segments, partially offset by improving industrial demand in Iberia
- Infrastructure and power businesses continue to make steady contributions to earnings, with combined Ebitda of €52 m in 1Q14

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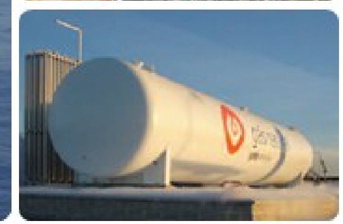

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