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October 28, 2016

# Results
# Third quarter 2016

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# 10 Years IPO

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## Share performance[1]

# +121%

**vs.**

**Peers[2]:** -31%

**SXXP:** -3%

**SXEP:** -27%

## Total shareholder return[1]

# +190%

**vs.**

**Peers[2]**

+14%

[1] Evolution since 23 October 2006 until 23 October 2016. TSR calculated in Euros.
[2] Peers include: Eni, OMV, Repsol, Shell and Statoil.

# 3Q16 highlights

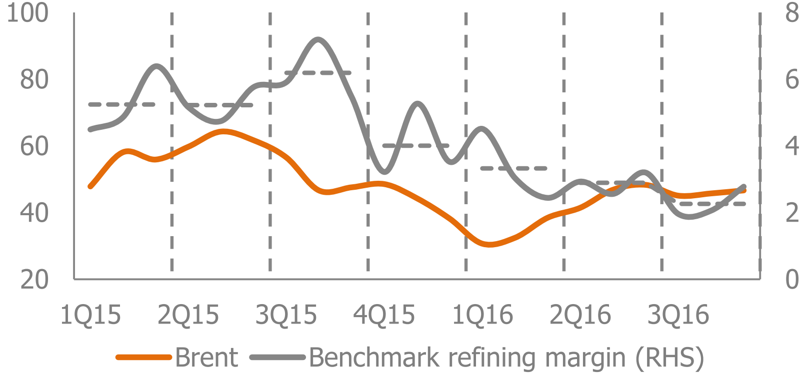


- 3Q16 Ebitda of €384 m, up 14% QoQ on higher upstream production and oil marketing seasonality, although down 6% YoY due to lower Oil & Gas prices and refining margins
- Maintaining a strong upstream development execution, with WI production increase driven by units' ramp-up and start-up of FPSO #6 in Brazil, now expecting 2016 exit production at 82-85 kboepd
- R&M benefitted from high availability of the refining system and strong marketing performance
- G&P solid contribution despite adverse market conditions
- GGND debt issuance and shareholder loan repayment to Galp during 3Q16, with sale of the 22.5% stake of this holding concluded on October 27

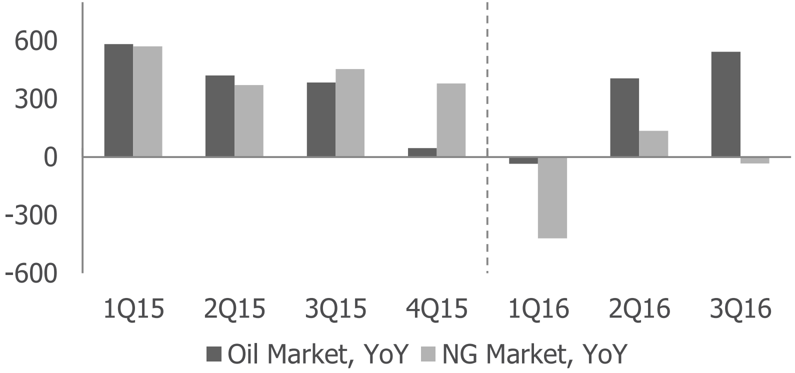
# Agenda

# 3Q16: Higher volumes but lower margins

## Brent price vs. Refining margin ($/bbl)




## Iberian market evolution (kton, mm$^3$)



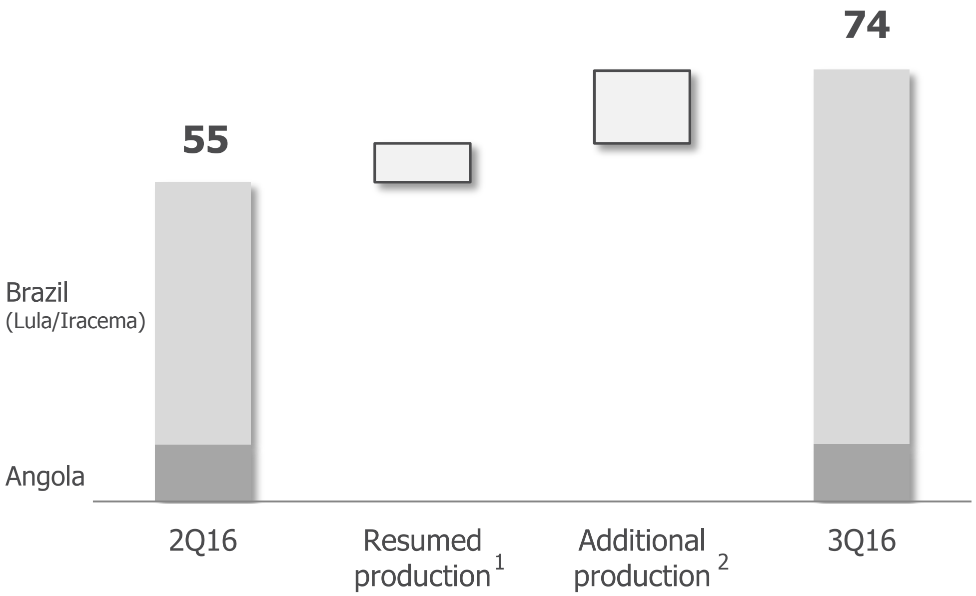

- Crude prices remained within the $40-50/bbl range
- Refining margins decreased YoY, with main products under pressure due to ample stocks
- Iberian oil market increased 4% YoY, supported by growth in tourism activity
- Lower demand in Spain for electric production negatively impacted the Iberian gas market

Source: Platts, APETRO, CORES, REN, Enagás.

# Maintaining strong execution pace

## WI production growth QoQ

kboepd

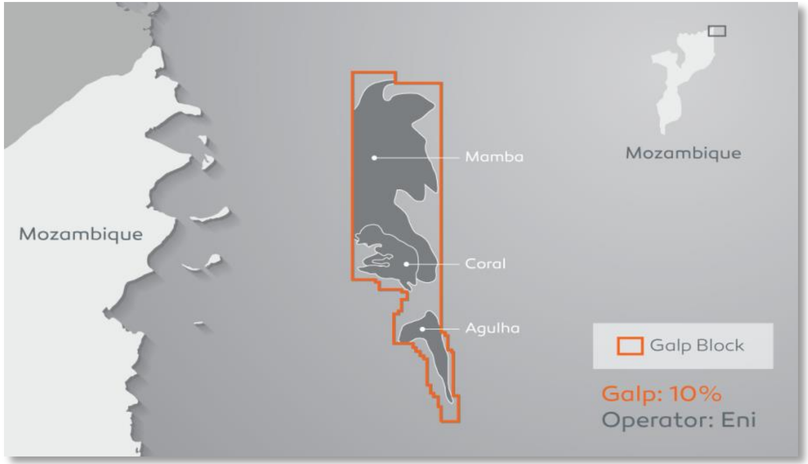



- FPSO #4 at plateau since August with full ramp-up achieved in 13 months
- FPSO #5 continues to ramp-up with five producers expected to be online by YE2016
- FPSO #6 started production in July, with three producer wells connected by October
- 2016 exit production expected at c.82-85 kboepd

[1] Normalisation of production following maintenance activities during 2Q16.
[2] Considers net additional production from the ramp-up of units #4 and #5 vs. 2Q16 and the contribution of FPSO #6.

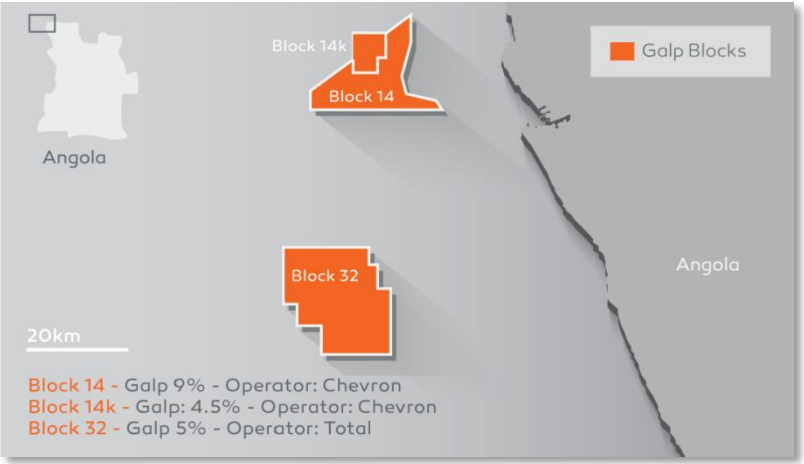
# Africa: Progressing with development projects

## Mozambique: Area 4




- Coral South: Finalising commercial agreements, with LNG offtake agreement signed with BP
- Mamba: Analysing EPC proposals for the first stage of development onshore

## Angola: blocks 14/14k and block 32




- Block 14/14k contributing steadily to production
- Block 32: Drilling & Completion campaign and FPSO conversion works ongoing

# R&M: Robust contribution from downstream activities



## Refining

- Benefitting from the high availability of the refining system, despite much lower benchmark margins
- Planned maintenance during 4Q16, namely at Sines Visbreaker and FCC units

## Marketing


- Solid marketing performance, benefitting from continued optimisation in Iberia
- Ongoing strategy to minimise exposure to low margin wholesale activities within Iberia

Note: FCC - Fluid Catalytic Cracking



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# G&P: Challenging NG/LNG macro environment



## Supply & Trading


- LNG trading impacted by fewer arbitrage opportunities, although supported by structured contracts
- Sales to direct clients benefitted from higher gas fired electricity generation in Portugal

## NG Infrastructure

- Regulated infrastructure business impacted by RoR revision from 7.9% to 6.2%
- GGND ceases to be consolidated following transaction closing for €141 m, with total proceeds to Galp of €709 m[1]

## Power

- Power benefitting from increased electricity sales to the grid
- Improving sales in the Portuguese market through gas and power integrated offering

[1] Considers the reimbursement of the shareholder loan of €568 m, plus the €141 m equity price paid to Galp.



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# Agenda

# Q3 Ebitda of €384 m, up 14% QoQ and down 6% YoY



## Profit & Loss RCA (€m)

| | 2Q16 | 3Q15 | 3Q16 | *QoQ* | *YoY* | 9M16 | *YoY* |
|---|---|---|---|---|---|---|---|
| **Turnover** | **3,267** | **3,904** | **3,499** | *+7%* | *(10%)* | **9,595** | *(21%)* |
| **Ebitda** | **337** | **407** | **384** | *+14%* | *(6%)* | **1,015** | *(17%)* |
| *E&P* | *86* | *89* | *127* | *+47%* | *+43%* | *262* | *(13%)* |
| *R&M* | *143* | *241* | *180* | *+26%* | *(25%)* | *471* | *(23%)* |
| *G&P* | *97* | *72* | *73* | *(25%)* | *+0%* | *260* | *(11%)* |
| *Others* | *10* | *5* | *4* | *(57%)* | *(14%)* | *22* | *+2%* |
| **Ebit** | **185** | **259** | **211** | *+14%* | *(19%)* | **534** | *(33%)* |
| **Associates** | **24** | **17** | **16** | *(35%)* | *(8%)* | **61** | *+2%* |
| **Financial results** | **15** | **(8)** | **(16)** | *n.m.* | *n.m.* | **3** | *n.m.* |
| **Taxes**[1] | **(79)** | **(68)** | **(83)** | *+5%* | *+21%* | **(201)** | *(18%)* |
| **Non-controlling interests** | **(12)** | **(20)** | **(13)** | *+8%* | *(34%)* | **(34)** | *(25%)* |
| **Net Income** | **133** | **180** | **115** | *(14%)* | *(36%)* | **361** | *(26%)* |
| **Net Income (IFRS)** | **66** | **46** | **91** | *+39%* | *+97%* | **99** | *(15%)* |

- Higher E&P Ebitda driven by strong production growth YoY and QoQ
- Downstream impacted by lower benchmark refining margins YoY and QoQ, although supported by a strong marketing performance
- Increase in taxes given higher contribution from E&P results
- RCA net income down 36% YoY, with IFRS net income of €91 m, impacted by non-recurring items of -€37 m and inventory effect of €14 m

[1] Includes the Special Participation tax payable in Brazil and IRP payable in Angola.

Notes:

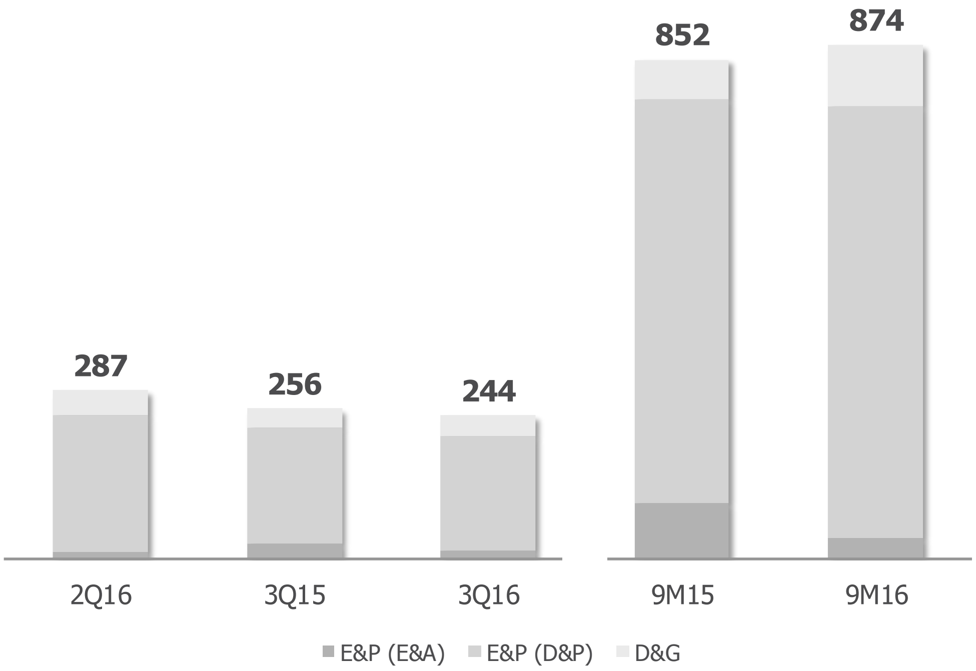
Effective on 1 January 2016, exchange rate differences from operating activities are allocated to operating results. Until the end of 2015, these exchange rate differences were accounted for under financial results.

The accounting method for Extraordinary Energy Sector Contribution in Iberia has changed and the annual cost is now accounted for in Q1.

Both of these changes were applied to 2015 in order to make periods comparable. Please see additional detail on section 9. of the quarterly report.

# Group capex of €244 m mostly related to upstream

## Capital Expenditure (€m)




- 85% of overall investment allocated to E&P, of which 93% to development activities, mainly in block BM-S-11 (Brazil) and block 32 (Angola)
- Downstream and gas capex of c.€35 m, in line YoY, including maintenance activities, IT systems and retail and gas network upgrade

Notes:
E&A: Exploration & Appraisal.
D&P: Development & Production.
D&G: Downstream & Gas.

# Strengthening financial position



## Balance Sheet (€m)[1]

| | Dec.2015 | Jun.2016 (prior to GGND reclassification)[2] | Sep.2016 (prior to GGND reclassification)[2] | Sep.2016 | *Δ Sep-Dec* | *Δ Sep-Jun* |
|---|---|---|---|---|---|---|
| Net fixed assets | 7,892 | 8,439 | 8,486 | 7,357 | *(535)* | *(1,082)* |
| *Work in progress* | *2,077* | *2,347* | *2,455* | *2,455* | *378* | *108* |
| Working capital | 510 | 377 | 541 | 529 | *19* | *153* |
| Loan to Sinopec | 723 | 576 | 575 | 575 | *(148)* | *(2)* |
| Other assets (liabilities) | (515) | (624) | (654) | (383) | *133* | *241* |
| Non-current assets/liabilities held for sale | | | | 270 | *270* | *270* |
| **Capital employed** | **8,610** | **8,768** | **8,947** | **8,348** | *(262)* | *(420)* |
| Net debt[3] | 2,422 | 2,483 | 2,805 | 2,205 | *(216)* | *(278)* |
| Equity | 6,188 | 6,285 | 6,143 | 6,143 | *(45)* | *(142)* |
| **Net Debt + Equity** | **8,610** | **8,768** | **8,947** | **8,348** | *(262)* | *(420)* |

- Net fixed assets of €8.5 bn, or €7.4 bn considering infrastructure assets accounted as held for sale
- Net debt of €1.6 bn considering loan to Sinopec as cash and equivalents, with implicit net debt to Ebitda of 1.4x[4]

[1] IFRS figures.
[2] Figures do not consider non-current assets/liabilities held for sale, in order to make periods comparable.
[3] Not considering loan to Sinopec as cash. Net Debt at 30 September 2016 excludes net debt of GGND (€599 m), which is considered under assets/liabilities held for sale.
[4] Ratio considers net debt including loan to Sinopec (€575 m) as cash, plus Sinopec MLT Shareholder Loan to Petrogal Brasil (€169 m) and LTM Ebitda RCA of €1,297 m.



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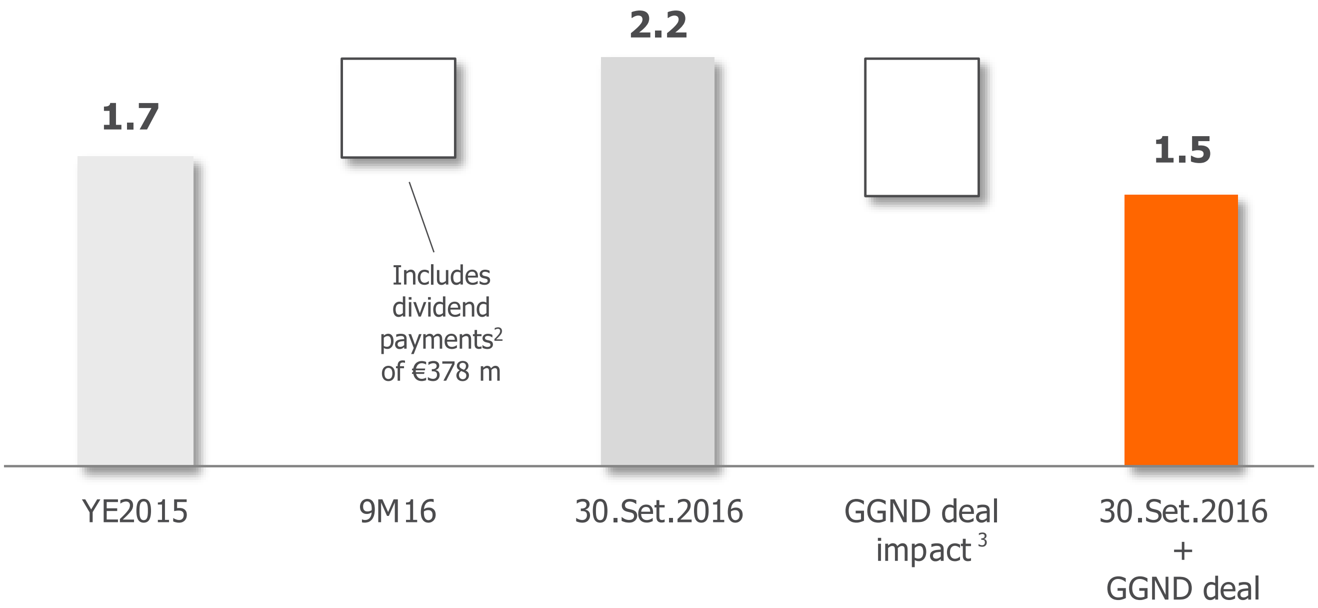
# GGND deal enhancing financial flexibility

## Net debt evolution[1] (€bn)




[1] Considering loan to Sinopec as cash.
[2] Includes the payment of €206 m relating to the interim dividend of 2016 and €172 m related to the final dividend of the 2015 financial year.
[3] Considers the deconsolidation of GGND's net debt as of 30 Set. 2016 plus the €141 m equity price to be paid to Galp for the 22.5% stake sale.

# Agenda

# E&P: Working interest production up 62% YoY



## Main E&P data

| | | 2Q16 | 3Q15 | 3Q16 | QoQ | YoY | 9M16 | YoY |
|---|---|---|---|---|---|---|---|---|
| **Working interest production**[1] | kboepd | **54.7** | **45.7** | **74.0** | *+35%* | *+62%* | **61.7** | *+41%* |
| Oil production | kbpd | 51.7 | 42.2 | 68.8 | *+33%* | *+63%* | 57.8 | *+43%* |
| **Net entitlement production**[1] | kboepd | **52.2** | **43.9** | **71.5** | *+37%* | *+63%* | **59.2** | *+44%* |
| Angola | kbpd | 7.1 | 6.1 | 7.3 | *+2%* | *+19%* | 7.5 | *+5%* |
| Brazil | kboepd | 45.0 | 37.8 | 64.2 | *+43%* | *+70%* | 51.7 | *+52%* |
| **Realised sale price**[2] | USD/boe | **38.3** | **43.8** | **36.4** | *(5%)* | *(17%)* | **33.9** | *(31%)* |
| Production cost | USD/boe | 9.8 | 9.5 | 7.6 | *(23%)* | *(21%)* | 8.6 | *(10%)* |
| DD&A[3] | USD/boe | 14.8 | 15.5 | 13.8 | *(7%)* | *(11%)* | 14.7 | *(13%)* |
| **Ebitda RCA** | € m | **86** | **89** | **127** | *+47%* | *+43%* | **262** | *(13%)* |
| **Ebit RCA** | € m | **24** | **33** | **46** | *+90%* | *+39%* | **48** | *(64%)* |
| **Net Income from E&P Associates** | € m | **8** | **2** | **2** | *(69%)* | *+8%* | **13** | *+19%* |
| **CAPEX** | € m | **245** | **223** | **208** | *(15%)* | *(7%)* | **770** | *(2%)* |

- Brazilian production increased YoY, supported by the ramp-up of FPSO #4, FPSO #5 and start of new unit
- FPSO #6 contributed with an average 2.7 kbpd in the quarter
- Production cost down YoY on unit basis, driven by higher production dilution, but also by a one-off adjustment in Brazil
- Ebitda increased 43% YoY as production growth more than offset decline in sale price

Note: Unit figures based on net entitlement production.
[1] Includes natural gas exported, excludes natural gas used or reinjected.
[2] Galp average oil and gas realised sale price, including change in production effects.
[3] Includes abandonment provisions.



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# R&M: Ebitda impacted by lower refining margins



## Main R&M data

| | | 2Q16 | 3Q15 | 3Q16 | QoQ | YoY | 9M16 | YoY |
|---|---|---|---|---|---|---|---|---|
| **Galp refining margin** | USD/boe | **4.6** | **6.7** | **3.4** | *(26%)* | *(50%)* | **4.0** | *(40%)* |
| Refining cash cost[1] | USD/boe | 1.7 | 1.6 | 1.5 | *(13%)* | *(4%)* | 1.7 | *+10%* |
| Impact of refining margin hedging[2] | USD/boe | (0.0) | (1.3) | 0.2 | *n.m.* | *n.m.* | 0.1 | *n.m.* |
| **Raw materials processed** | mmboe | **26.3** | **29.8** | **29.4** | *+12%* | *(1%)* | **80.9** | *(6%)* |
| **Total refined product sales** | mton | **4.6** | **4.8** | **4.7** | *+4%* | *(2%)* | **13.4** | *(4%)* |
| Sales to direct clients | mton | 2.3 | 2.4 | 2.3 | *0%* | *(5%)* | 6.7 | *(4%)* |
| **Ebitda RCA** | € m | **143** | **241** | **180** | *+26%* | *(25%)* | **471** | *(23%)* |
| **Ebit RCA** | € m | **71** | **168** | **107** | *+51%* | *(36%)* | **256** | *(36%)* |
| **Net Income from R&M Associates** | € m | **(0)** | **(2)** | **(2)** | *n.m.* | *(39%)* | **(2)** | *+25%* |
| **CAPEX** | € m | **35** | **24** | **26** | *(27%)* | *+6%* | **84** | *+68%* |

- Spread to benchmark of $1.1/boe, continuing to leverage arbitrage opportunities between Europe and the USA
- Robust marketing contribution, despite client portfolio optimisation impact on direct sales volumes
- Refining margin hedging contracts contributing with €5 m to Ebitda

Note: Unit figures based on total raw materials processed.
[1] Excluding impact of refining margin hedging operations.
[2] Impact on Ebitda.



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# G&P: Ebitda flat YoY supported by structured trading



## Main G&P data

| | | 2Q16 | 3Q15 | 3Q16 | *QoQ* | *YoY* | 9M16 | *YoY* |
|---|---|---|---|---|---|---|---|---|
| **NG/LNG total sales volumes** | $mm^3$ | **1,593** | **1,909** | **1,750** | *+10%* | *(8%)* | **5,203** | *(13%)* |
| Sales to direct clients | $mm^3$ | 881 | 933 | 950 | *+8%* | *+2%* | 2,732 | *(4%)* |
| Trading | $mm^3$ | 712 | 976 | 800 | *+12%* | *(18%)* | 2,471 | *(21%)* |
| **Ebitda RCA** | € m | **97** | **72** | **73** | *(25%)* | *+0%* | **260** | *(11%)* |
| **Ebit RCA** | € m | **81** | **54** | **55** | *(32%)* | *+1%* | **211** | *(12%)* |
| **Net Income from G&P Associates** | € m | **17** | **16** | **16** | *(7%)* | *(5%)* | **50** | *(1%)* |
| **CAPEX** | € m | **7** | **8** | **10** | *+48%* | *+20%* | **19** | *+14%* |

- NG/LNG volumes down 8% YoY given fewer trading opportunities
- Sales to direct clients up 2% YoY due to higher volumes sold to the electrical segment
- Lower contribution from regulated infrastructure due to the RoR, offset by normalisation of Power Ebitda



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