

2Q19 Results

July 29, 2019



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2Q19 Key Highlights



Corporate

- **Strong cash flow generation** despite challenging refining environment
- **FCF of €342 m** covering the dividend payments to minorities and shareholders
- Maintaining **robust financial position**

Upstream

- **Good progress** on Lula units' ramp-up (#8 & #9) and **fast ramp-up** in Kaombo
- 2Q19 production reflecting **unitisation of Lula**, as of April 1, 2019
- Upstream contribution benefiting from **operational performance** and macro

Downstream

- Refining performance impacted by **weak refining margins** environment
- **Solid oil marketing** and **G&P** activities contribution

A hand holding a globe over a city skyline at sunset. The scene is framed by a large, semi-transparent circular graphic. The background shows a city skyline with various skyscrapers under a warm, orange and yellow sky. The hand is positioned in the center, holding a globe that reflects the city and sky. The text "Operational performance" is overlaid on the hand and globe.

Operational performance

Upstream portfolio

continuing to ramp up according to plan

2Q Overview



WI Production of 112 kboepd, with units' ramp-up offset by Lula unitisation and maintenance

Start-up of Kaombo South FPSO in April, with fast ramp-up

Greater Carcará stakes' alignment (Galp 20%¹) after ANP approval on the remaining 3% BM-S-8 stake acquisition

Outlook



Continuing development activities in Iara towards first oil by YE2019

Performing DST in Carcará East and defining concept solution for first Carcará FPSO

Working towards FID on the Rovuma LNG project in 2019



Resilient downstream contribution

supported by oil marketing and G&P performance



**2Q
Overview**



Outlook

Refining & Marketing

Refining performance impacted by weaker product cracks and challenging sourcing conditions

Supportive contribution from marketing

Maintenance in Sines in 3Q19 (40-50 days)

Refining supported by recent market recovery, with Galp prepared to benefit from IMO by 4Q19

Gas & Power

Strong performance from commercial activity, also benefiting from sourcing optimisation

NG network trading activity continuing to deliver volumes growth

New long-term gas sourcing agreement with Sonatrach

FY2019 contribution from G&P could exceed initial forecast despite an expected normalisation in 2H19

Delivering according to plan

with the same discipline and focus



Integrated profile and **execution performance** supporting results

Consistently **improving our financial position**

Well positioned to deliver **€1 bn organic FCF by 2020**

Maintaining a **resilient** and **competitive** portfolio

Selective **capital allocation**

Working on the **next growth cycle** (2020+)

Potential for **dividends growth**, while maintaining **financial discipline**

ROACE
15%



Financial
performance

galp



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Solid earnings

under a challenging refining environment

Profit & Loss (€m)

	2Q18 w/o IFRS 16	1Q19 IFRS 16	2Q19 IFRS 16	2Q19 w/o IFRS 16
RCA Ebitda	628	494	615	566
E&P	411	374	408	374
R&M	174	70	142	129
G&P	34	47	57	57
RCA Ebit	457	278	386	372
Associates	35	36	47	47
Financial results	37	1	(10)	(3)
Taxes ¹	(230)	(173)	(190)	(188)
Non-controlling interests	(48)	(39)	(34)	(32)
RCA Net Income	251	103	200	197
IFRS Net Income	332	(8)	231	228

Ebitda up QoQ across all businesses, but down YoY driven by lower macro

Upstream YoY performance impacted by lower macro offsetting increased production

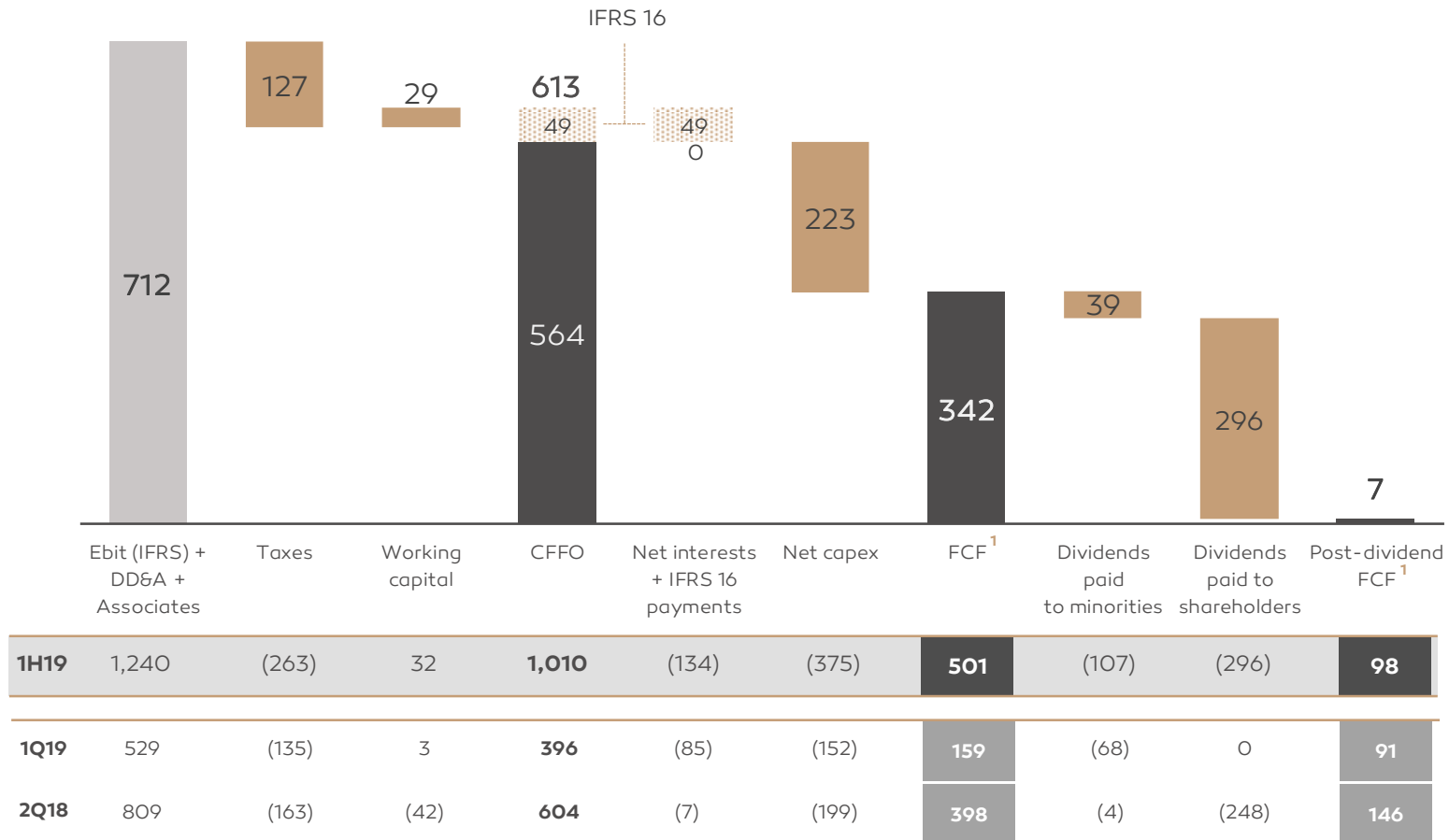
Downstream benefiting from supportive oil marketing and G&P activities, despite challenging refining environment

Ebit down YoY, also considering depreciation charges from IFRS 16 and higher upstream DD&A

Strong cash generation

covering dividend payments

FCF 2Q19 (€m)



CFFO of €613 m, up €217 m QoQ despite challenging refining environment

Net capex includes €77 m related to payment for the last 3% stake acquisition in BM-S-8

Positive post-dividend FCF including payments to minorities and shareholders

Updating 2019 expected performance

	FY2019 guidance @Feb-19 Outlook	1H19 (real)	FY2019 guidance Update	
Ebitda	€2.1 - €2.2 bn	€1.1 bn	>€2.2 bn	↑
Capex	c.€1.0 bn	€0.4 bn	c.€0.9 bn	↓

RCA Ebitda now expected above the high end of the guidance, with higher oil prices and operational performance offsetting weaker refining margins

Solid CFFO and lighter capex should allow for FCF outperformance

A person in a dark sweater is plugging a white charging cable into a charging station. The background is a blurred city street at night with warm lights. A large, semi-transparent graphic of a hand pointing up is overlaid on the right side. In the center, the word "Appendix" is written in white inside a thin white circle, with two short orange lines above and below it.

Appendix

2Q19 E&P

Stable production QoQ but better macro

Main E&P data

		2Q18 w/o IFRS 16	1Q19 IFRS 16	2Q19 IFRS 16	2Q19 w/o IFRS 16
Working interest production	kboepd	108.1	112.6	111.7	
Oil production	kbpd	94.6	99.5	99.4	
Net entitlement production	kboepd	106.7	110.8	109.7	
Angola	kbpd	5.3	8.7	12.1	
Brazil	kboepd	101.4	102.1	97.6	
Oil and gas realisations - Dif. to Brent	USD/boe	(10.6)	(8.9)	(7.8)	
Production costs	USD/boe	7.7	3.8	4.6	8.5
DD&A	USD/boe	10.2	13.5	14.5	12.0
RCA Ebitda	€ m	411	374	408	374
RCA Ebit	€ m	328	256	278	267
Net Income from E&P Associates	€ m	10	16	17	17
Capex	€ m	176	132	177	

Production in line QoQ, with Lula and Kaombo South ramp-up offset by impact from Lula unitisation and maintenance

Opex and DD&A impacted by start-up of new units

RCA Ebitda down YoY, with lower oil prices more than offsetting higher production and stronger USD:EUR

RCA Ebitda up QoQ, on the back of higher oil prices

2Q19 R&M

Challenging refining quarter but solid marketing contribution

Main R&M data

		2Q18 w/o IFRS 16	1Q19 IFRS 16	2Q19 IFRS 16	2Q19 w/o IFRS 16
Galp refining margin	USD/boe	6.0	2.3	3.0	
Refining cost	USD/boe	2.2	2.4	2.3	
Hedging impact on Ebitda	USD/boe	0.2	0.2	0.1	
Raw materials processed	mmboe	28.9	22.6	26.1	
Total oil product sales	mton	4.6	3.6	4.4	
Sales to direct clients	mton	2.1	2.1	2.3	
RCA Ebitda	€ m	174	70	142	129
RCA Ebit	€ m	93	(21)	48	46
Net Income from R&M Associates	€ m	(0)	(2)	6	6
Capex	€ m	36	15	54	

Raw materials processed down 10% YoY and refining margin of \$3.0/boe driven by challenging product cracks environment

RCA Ebitda down YoY given the lower contribution from refining, with robust oil marketing performance

2Q19 G&P

Strong natural gas segment performance

Main G&P data

		2Q18 w/o IFRS 16	1Q19 IFRS 16	2Q19 IFRS 16	2Q19 w/o IFRS 16
NG/LNG total sales volumes	mm ³	1,892	1,963	1,887	
Sales to direct clients	mm ³	1,133	1,149	1,205	
Trading	mm ³	759	814	682	
Sales of electricity to direct clients	GWh	977	841	788	
Sales of electricity to the grid	GWh	343	339	328	
RCA Ebitda	€ m	34	47	57	57
RCA Ebit	€ m	29	42	53	53
Net Income from G&P Associates	€ m	25	23	24	24
Capex	€ m	5	1	2	

NG/LNG volumes stable YoY, with increased sales to direct clients offset by lower LNG trading volumes

RCA Ebitda up €23 m YoY, benefiting from sourcing optimisation and a stronger performance from the commercial activity in Iberia

Maintaining a solid financial position

Balance sheet (€m)

	31 Dec. 2018	31 Mar. 2019	30 Jun., 2019
Net fixed assets ¹	7,340	7,380	7,424
Rights of use (IFRS 16)	-	1,209	1,240
Working capital	814	811	782
Loan to Sinopec	176	-	-
Other assets/liabilities ¹	(546)	(704)	(779)
Capital employed	7,784	8,696	8,666
Net debt	1,737	1,603	1,598
Operating leases (IFRS 16)	-	1,230	1,252
Equity	6,047	5,862	5,817
Equity, net debt and op. leases	7,784	8,696	8,666

Cash generation during the first half leads to net debt reduction of €139 m to €1,598 m.

Net debt to Ebitda RCA was 0.7x²



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