

Pedro Dias, Head of Strategy and Investor Relations

Good morning, ladies and gentlemen, and welcome to the first quarter of 2019 results conference call. Today, Carlos will start with a quick overview of Galp's strategy execution and operational update of the quarter. Filipe will then go through the results. At the end of the presentation we will be available to take any questions you may have. Thore is here with us as well. I would like to remind you that we may be making several forward-looking statements. Actual results may differ due to factors included in the cautionary statement available at the beginning of our presentation, which we advise you to read. Carlos, the floor is yours. Thank you.

Carlos Gomes da Silva, CEO

Thank you, Pedro, and good morning to you all. During Q1 Galp delivered a resilient set of results in a context of lower oil prices, weaker refining margins, and refining operational issues. Our cash flow from operations (CFFO) was healthy in the quarter, and our downstream commercial activities performed well across all products, notably in gas and electricity.

Let me briefly go through the performance of our divisions starting with Exploration & Production (E&P) on slide #5.

As you may see, the working interest production was flat quarter-on-quarter (QoQ), as planned. The FPSO #9 has started in February in Lula North, and the FPSO #8 is ramping up in the extreme south of Lula. The two units ramping up was offset by planned maintenance in the Mangaratiba unit (FPSO #3) placed in Iracema South. Again, this is consistent with the plan we presented to you back in February.

The unitisation of Lula is now in place, meaning that from April 1st onwards, our stake has been reduced to around 9.2% of the wider Lula reservoir, including the area outside the BM-S-11 concession. Iracema, as you know, is a separate field, and therefore our stake will remain unchanged at 10%. This is in line with what we assumed in our planned guidance for the 2019 year. Equalisation of past costs and also capex supported over the original 10% interest, and profits received thereunder are being finalised amongst the partners. A similar process will follow for the Iara field, with Galp standing in an overall net receiver position.

In Iara, works are proceeding according to plan towards the first production in the second half of this year from Berbigão and a tieback from Sururu, both fields belonging to the Iara area.

In Carcará, we can continue the appraisal works in Carcará North, where we also confirmed hydrocarbon presence in the second well drilled in the area, in the east side of Carcará North. Results are still being analysed, but we are positive on the potential of this area.

Moving to Angola, and on blocks 14 and 32, they have been contributing heavily to production. The Kaombo South FPSO started production at the beginning of this month, April, and we expect to fully ramp-up the unit before the year end.

In Mozambique, the Coral FLNG execution is progressing according to plan. As for the first phase of the large Rovuma LNG onshore liquefaction project, the consortium is getting ready to take the FID over the next few months.

On the exploration side we have concluded around 3,000 km² of seismic acquisition in our Namibian operated concession, in PEL 83.

Overall, Galp's Q2 production is expected to be quite stable QoQ, considering the impact from Lula unitisation and the ramp-up of the most recent units in Brazil and in Angola. This unitisation effect was considered in our plan and is within our guidance for the year that I recalled to you, with an increase in production between 8-12% comparing with 2018.

Moving to our downstream activities now, on slide #6.

Refining had a challenging quarter, with a significant decrease in refining margins, pressured by weaker gasoline cracks, the upset in the Matosinhos refinery we mentioned to you back in February, and industrial action during the quarter.

Galp's margin has been at around \$4/boe during this month of April, with a healthier market environment and higher availability of the units. For now, we are maintaining our guidance of \$5-6/boe for the year. We do not expect major maintenance activities before Q3, where we expect the Sines refinery atmospheric distillation unit to stop for 40-50 days. This should not compromise the operational availability of the conversion units. I would like to notice this and

underline this. The conversion units will continue to work and the respective margins are expected to happen.

On the marketing front, we continue to benefit from supportive sales to direct clients across all products such as diesel, gasoline, jet, and the bunkers that are really outstanding during the year.

As for the Gas & Power (G&P) business, this was a strong quarter, benefitting from the performance of the natural gas and electricity commercial activity where we are implementing a set of initiatives to be more efficient, to increase our competitiveness, and the value of our services to the clients.

Looking forward, we expect that our network trading activity to continue adding volume, and additionally we are aiming at strengthening our commercial initiatives in Iberia and securing a competitive long-term natural gas and electricity sourcing basket.

Filipe will now go through the financials.

Filipe Silva, CFO

Thank you, Carlos. Good morning.

I will start with the P&L on slide #8.

The group Ebitda was €450 m, excluding the positive effects on IFRS 16. Under IFRS 16, €44 m in operating lease costs are excluded from Ebitda. If we ignore this, the uplift from IFRS on a comparable basis, group Ebitda was flat year-on-year (YoY) as the higher production in E&P was offset by a lower contribution from refining.

E&P Ebitda of €341 m, again ex-IFRS 16, was up YoY, and this was mostly driven by rising production. Compared with Q4 last year, E&P Ebitda was flat, driven on the one hand by lower oil prices, which were down almost \$6/bbl, but on the other hand you will recall Q4 had been hit by over €50 m of under-lifting effects.

On Refining & Marketing (R&M), EBITDA was only €59 m ex-IFRS 16, and that's down both QoQ and YoY, driven by the weak refining contribution Carlos alluded to before.

G&P had a strong quarter with Ebitda up €14 m YoY, reflecting a stronger performance from the natural gas and electricity commercial activity.

Below the line, I would highlight the positive swing in financial results with a reversal of the market-to-market of financial derivatives we alluded to during our last call. This is as expected. Also, on this financial results line, and considering IFRS 16, we have €35 m in operating lease interests and some IFRS 16-driven non-cash exchange rate effects.

Net income under RCA was down YoY and marginally up QoQ. Under IFRS, net income was affected by a non-recurring €98 m related to the Lula unitisation where we have recognised the effect of past costs and profits. These are net of tax and minority interests.

Now on cash flow on slide #9.

CFFO in Q1 was a healthy €353 m, and again this is ex-IFRS 16. Capex was only €152 m as normally Q1 is lighter in terms of investment payments. Group free cash flow (FCF) reached, therefore, €159 m. You will please note that our FCF includes all operating lease payments – that is deemed interest and the principal repayments. We are considering IFRS 16 to be neutral at the FCF level, reflecting the substance of the operating lease payments.

As Brazil became cash positive last year, in Q1 we distributed a dividend of €68 m to our partner, Sinopec, from the Brazil JV. Also, the remaining €176 m of the loan to Sinopec was fully reimbursed by Sinopec against a capital reduction in the JV.

On the balance sheet on slide #10, assets increased by about €1.2 billion (bn), driven by the inclusion of the rights-of-use of assets which are under operating lease contracts. An equivalent amount is recognised as a liability.

The other assets/liabilities line includes, as of March 31st, an amount payable of €133 m related to the equalisation estimates under the Lula unitisation process. This amount does not yet include the estimate of payments to be received by Galp to compensate for the share of Lula

investments borne by Tupi B.V. and for the unitisation of the Iara fields. As we stated before, Galp expects to be in a net receiver position of about €100 m.

Net debt, ex the lease liabilities, was down to €1.6 bn. Net debt to Ebitda was 0.7x, with Ebitda here also stripped out of the IFRS 16 uplift. Including the lease liabilities as debt and our Ebitda also inflated according to IFRS 16, the ratio would be 1.3x.

I will stop here and we're happy to take your questions. Thank you.

Questions & Answers Session

Oswald Clint – Bernstein

Thank you very much Carlos, good morning.

First question, just on your confidence, I guess, around the refining margin for 2019 at \$5-6 per barrel, obviously, at \$2.3 in the quarter, and you mentioned \$4 so far, but you really need to step that up to, I guess, \$5 and \$6 per barrel to get to that sort of margin environment. Could you perhaps just talk around what your expectations are here? Is it product pricing? Is it the light/heavy differentials expanding again? Is it something operational through the rest of the year that gives you the confidence you can still hit that sort of refinery margin level, please? That's the first question.

The second question, I was curious around some recent news flows from, I think from Petrobras, around a bit of pilot FPSO on Júpiter by early 2023. It seems a bit more specific than some of the indications from Galp, so I just want to clarify, is that a project that's moving forward a little bit quicker than we might have expected before? Thank you.

Carlos Gomes da Silva, CEO

Good morning, Oswald. Thank you for your two questions.

Effectively, in refining margins what we will expect is clearly that the spread between heavy and light, or if you prefer, with sour and sweet crudes, will increase across the year once the IMO approaches, which means that the cracks of diesel, so the demand of marine diesel and the

middle distillates, will also increase. Therefore, it tends to press up the cracks and therefore the refining margins. You also should consider that the dollar-per-barrel project that we are implementing, that is midway, should be completed by the second half of this year, so we tend to conclude the year in a better position.

In respect to Júpiter, I will ask Thore to take the question. Thank you.

Thore E. Kristiansen, COO E&P

Thank you, Oswald.

When it comes to Júpiter, you will know that we have a very comprehensive R&D programme going on for Júpiter with respect to maturing the development of this very interesting but challenging field. The first step now is really the testing at the hi-sep lab conducted during the second half of 2019, and thereafter we plan internally in the JV to see whether we can pass on FEL one forecasted for '19 as well. That is how far we have firm plans, and over and above that, it is too early and too premature for us to make a conclusion. But yes, it is a very interesting field if you can find an economical development.

Biraj Borkhataria – RBC

Hi, thanks for taking my questions. Two, please.

The first one is on production guidance. Carlos, could you talk through what it would take for you to be at the top or the bottom end of your production first guidance for 2019 and some of the key moving parts there?

Second question on the downstream, could you update us on the industrial action that impacted Q1 and how that impacts Q2 at all? Thank you.

Carlos Gomes da Silva, CEO

Good morning Biraj.

Concerning the production, as I mentioned to you back in February, we have considered in our guidance that the unitisation process was already considered and also all the planned maintenance for the year of 2019, so we have anticipated some maintenance during this first Q. We will have, or we have already, from 1st April onwards, the unitisation process effective, and therefore the range that we have provided to you in the beginning of the year was precisely considering the undefinition of all those variables. We are confident that the guidance that we have presented to you is still the reality.

In relation to industrial action, we had during this quarter some initiatives from the unions that were related with some benefits, or pre-retirement benefits, they are trying to recover from the past. I think we are having good discussions with the unions and we hope that the situation might be stabilised in the next coming weeks. Thank you.

Mehdi Ennebati – Société Générale

Hi, good morning, and thanks for taking my questions. Two questions, please.

The first one regarding Petrogal's dividend payment to the shareholders. We can see, as you highlighted, that Sinopec received €68 m, of course you received the remaining, but I would like to know what is, let's say, the frequency of that dividend payment. Is it a quarterly dividend, is it a half-yearly dividend, is it a yearly dividend? Could you also tell us if there is a clear policy regarding that dividend payment? Is it correlated to the free cash flow generation of Petrogal Brasil, is it correlated to the earnings? Just for us to try to forecast it.

Second question, regarding the refining. The utilisation rate has been relatively low compared to Q1 last year, so I wanted to know if that was in order to preserve the refining margins or if there were some other reasons. If the refining margins remain close to the current level, should we expect that utilisation rate will remain in line with the first quarter of 2019, excluding maintenance impact of course? Thank you.

Carlos Gomes da Silva, CEO

Hi Mehdi, good morning.

Concerning the dividends paid in Petrogal Brasil, and as Filipe has mentioned, this is a one-off event. Of course, we are seeing that Petrogal Brasil is generating free cash flow positive, and of course this free cash flow has to be considered for future needs or future requirements related with new projects and new investments in Brazil, otherwise the cash generated will turn back to the shareholders. You know that we have 70% in the JV and Sinopec has 30%. You should not make any direct relation with the dividends paid in Q1 and the free cash flow and, as well, the dividends policy. In the plan we presented to you back in February we have already considered that dividends could span between €100 m and €150 m in a yearly basis, so you cannot extrapolate, but you can see over time that these will originate dividends to be paid to the shareholders, including to Sinopec.

Concerning the utilisation rates in refining, there are two contributions here. The refining margins were historically low and therefore that put some pressure in terms of the refinery utilisation also. What you can see is that going forward our conversion capacity should stand at the maximum as possible, because that's where we can get more value from our throughputs. That's what we will expect, and as I mentioned before to Oswald, it is expected that as the year goes by and the IMO approaches, we may see that the differentials between sweet and sour and, at the same time, the cracks in the diesel and also in the very-low-sulphur fuel oils will increase. That realigned, and related also with the dollar-per-barrel, we do see that we might have a second half of the year that could be really positive for refining. The utilisation rate will always take into consideration the optimisation based on the economics that we provide to our refining system. Thank you.

Flora Trindade – CaixaBank BPI

Hello, very short questions. Just wondering, regarding the refining outlook, can you update us on the opex you expect for the full year?

Also, regarding Iara, you mentioned unitisation expected. Do you expect unitisation agreements still during this year? Thank you.

Carlos Gomes da Silva, CEO

Good morning Flora, thank you for your two questions.

Concerning the refining opex, the levelised refining opex should stand close to \$2-2.1 per barrel if you take out the maintenance effects that we are taking for the interventions in the units. The only intervention that we are planning for this year with relevance is, as I mentioned before, in the atmospheric distillation unit in Sines, and it is to implement one of the relevant initiatives related with the dollar-per-barrel, so for your consideration, should be between \$2-2.1 per barrel.

Concerning lara, what I have to say is that all the agreements that will be required between the parties are already concluded and they have been delivered to ANP, so to the regulator, and therefore we are now expecting that ANP will properly and timely answer to that. Thank you.

Thomas Adolff – Credit Suisse

Good morning, just one quick question, please.

You have three key projects in 2019, two of which have started up, FPSO #9 in line with the revised guidance, Kaombo in early April, slightly ahead, and then the remaining project is Berbigão/Sururu. I wanted to better understand what you assume for the ramp-up pace on FPSO #9 and where we are exactly on Berbigão/Sururu, and how many wells have been pre-drilled there? Thank you.

Carlos Gomes da Silva, CEO

Thomas, good morning. I will split the answer between myself and Thore.

In terms of ramp-up, what we have considered in our plan is a 15-month ramp-up period of time. You may know that the previous experience that we have in more recent units, we stood between 11 and 12 months, but the plan that we have presented to you has considered 15 months, so that is one of the flexibilities that we may have. I'm speaking about Brazilian units, and that refers to the two that are ramping up.

In relation to Kaombo, and as I mentioned to you, we expect to have the ramp-up completed and the plateau period of production before the end of this year, which means between six and seven months.

Concerning Berbigão, I will pass to Thore, pointing out that we have a different perspective in terms of what is the most likely scenario. We are assuming that Berbigão could be onstream in the fourth quarter of this year, but I will hand to Thore to elaborate on this subject. Thank you.

Thore E. Kristiansen, COO E&P

Thank you, Thomas.

A few facts on Kaombo, we have actually drilled nine of the 16 wells that we are planning to drill with respect to producing at Kaombo Sul. We will, however, ramp-up Kaombo Sul slightly slower than on Kaombo Norte in order to make sure that we are managing the reservoir in a good way, so by the end of the year it should reach plateau, but a little slower than what was done in Kaombo Norte.

When it comes to Berbigão and Sururu, there are six wells that were drilled already in Berbigão and Sururu, two of which are completed, so are ready to be connected whenever the unit is there. We are following this project very very closely. We lately had a group at the yard one-and-a-half weeks ago and the execution of this project is going to be very crucial. All the necessary equipment is at the yard, however it's a project that requires the utmost attention and focus in order to be able to be completed within the timeframe. For now, we maintain before the end of the year as the first oil. Thank you.

Thomas Adolff – Credit Suisse

So, and quickly, if I may, just to follow up, now assuming Berbigão/Sururu slips into 2020, what does that mean to your 2019 production growth guidance of 8-12%?

Thore E. Kristiansen, COO E&P

In our production forecasts for 2019, we have not factored in a huge contribution from Berbigão/Sururu anyway, so this will not have any major impact on our 2019 production forecast. Thank you.

Jason Kenney – Santander

Hi there. I'm going to have another go at the production number, if I can, for 2019, because I think you're guiding relatively flat QoQ for 2Q19. So, what kind of exit rate do you think we could see in 2019 from all of your particular projects?

The second question is on the unitisation in lara. I think you mentioned €100 m net compensation this year, can you split that €100 m between the Lula faction and the lara compensation?

Maybe just a third question, if I can, where do you see tax rates moving to in the 2Q19 with refining bouncing back? Is there a normalisation back towards 50%? Thanks.

Carlos Gomes da Silva, CEO

Hi, Jason. Good morning.

Again, the guidance that we have provided to you, I have to reinforce because there are a lot of questions with that, continues to be 8-12%. The exit production is worthless because what is important is the pace of growing during the year, and that is the most relevant one. We should stand well above 120 kboepd as an exit rate, but what is important is the pace that we reach that.

In terms of unitisation and recovering one of the questions that Thomas addressed. The unitisation in lara fields is now waiting for ANP decision that we expect to have during 2019. What has been mentioned, and Filipe has alluded to that, is that Galp is in a net receiver position concerning both Lula and lara, and it is around €100 m, so you can easily see that if Lula is negatively impacting around €100 m, the remaining part comes from lara. Thank you.

Jason Kenney – Santander

Okay, and on the tax?

Carlos Gomes da Silva, CEO

Tax, yes, Filipe will address the tax part. Thank you.

Filipe Silva, CFO

Good morning, Jason.

Yes, indeed in Q1 we had a higher optical tax rate on the P&L. This is a mix effect, so we have negative results in downstream, we have results in upstream, so the weight of upstream is higher, as you know. We should expect normalisation in Q2 as downstream comes back. Thank you.

Rob Pulley – Morgan Stanley

Thank you, gentlemen. So, if we can go back to refining, is the \$4/boe margin you referenced for April meant to be indicative for 2Q, especially given the improvement in the U.S. gasoline market?

Secondly, could you update us, or remind us, on how the remainder of 2019 looks and how much of the refining is hedged and at what level? Thank you.

Carlos Gomes da Silva, CEO

Hi, Rob. Good morning.

Your first question, the answer is yes, the \$4/boe is indicative. Anyway, what we are seeing is that the gasoline cracks have recovered. Just to give you an idea, we came out from EuroBob Gasoline from \$57/ton to more than \$145/ton. If you go to the RBob Gasoline, which is the reference for the U.S., it gained from \$95/ton to \$190/ton. Effectively, it's a huge difference between quarters. I think that, with the gasoline season coming and with recovery on the gasoline cracks, we might see the refining margins going up. In any case, it's our reading about the market.

Concerning the hedging strategy, and as mentioned before, for 2019, we have hedged around 20% of our throughputs at around \$4/boe. Thank you.

Matt Lofting – JP Morgan

Morning. Thanks for taking the questions. Two, if I could, please. Firstly, with preparations for a 4Q19 transfer of rights auction appearing to move forward in Brazil, could you share any latest thoughts on the opportunities out there and some of the key drivers that will influence how Galp looks to allocate capital towards it?

Then second, coming back to the questions on refining margins, could you give a sense of how tightened YTD light-heavy spreads are affecting Galp's ability to extract a margin premium and if we relate that back to the full year plan you presented in February, how much better you'd assumed 2H19 would be versus 1H19? I'm still just trying to understand the confidence around hitting the \$5 – 6/boe for the full year. Thank you.

Carlos Gomes da Silva, CEO

Hi, Matt. Good morning.

In Brazil and the excess of transfer of rights that has been recently announced. It is still quite unclear how the auction will happen. Key points for Galp: we are attentive, of course, Brazil is a strategic geography and geology for Galp. We are there for more than twenty years, we know the geology quite well, I think we have good partners there, and therefore, we will be attentive to that. That said, it's still unclear for us what will be the terms and conditions for the excess of transfer of rights, and therefore, we need more information to have a more informed position. But of course, it's something that we were waiting for, some time ago, and we are prepared to move if we think that is the right value on that.

Concerning the refining margins. You know, everything that we can say it's clearly speculative because it's based on the reading of the market, but what we are observing today is that gasoline cracks are increasing. We are also seeing that there are some fears in the market due to the sanctions that the United States have now against some countries that are putting more pressure on the heavy grades. Therefore, there are concerns about capacity of who will supply the market in terms of fuel oil and that is sustaining the fuel oil spreads, and the IMO is coming, so the maximum conversion capacity will also be required.

We are in a compound of different contributions that each one individually seems easy to explain and to see the impact that might happen to the refining margins, but globally, we cannot say that all will be aligned favourably. We do think that the \$5 – 6/boe is a probable case and that is the reason why we are reaffirming our guidance for the year. You can also see that, at the same time, the yields related with the crude slates in the market are reducing the fuel oil and that is also putting pressure on complying with IMO in the middle distillates. So, effectively, we have here a compound that is unique. It will be repeatable possibly, in the coming years, but it could be triggering what someone could call, and let me put that under brackets, a perfect storm related to this business. Thank you.

Alwyn Thomas – Exane

Hi, good morning team. I just wanted to ask, initially, on your exploration and drilling plans for this year, including the rest of Carcará, whether you are able to give a little bit more detail on that?

Separately, on the unitisation of Lula, are you still pursuing separate tax treatment for the Iracema and Lula fields?

A third one, if I may, just related to the refining investment outlook, could you give specific timing on the atmospheric upgrading plans for this year, and potentially what you're thinking on the medium term in terms of converting away from gasoline yield? Thanks.

Carlos Gomes da Silva, CEO

Hi, Alwyn. Good morning. I will take the second and the third questions, and Thore will elaborate in exploration initiatives for the year.

So, the answer to the tax question related with Lula and Iracema, the answer is yes. They are independent and separate reservoirs, and you know that for tax purposes, we are considering and we are paying taxes based in a single one, but we still have this dispute with ANP, as you know. We are preventing any future different considerations, but from the geological point of view they are independent and the same happens with the lara fields, they are independent

fields – we have Sururu, Berbigão and Atapu as independent fields and therefore with different tax frameworks.

In what relates to refining investments, so the ones that we have undergoing are most related with regular maintenance and \$1/boe initiatives. For the medium term, as I've previously mentioned to you, we are looking at what we can call our future refining system and taking into consideration how we can get more viable solutions for our throughput, for our outcomes, considering the possibility to increase our exposure to the supplying, feed stocks, for aromatics purposes and also to get more lighter hydrocarbon yields from our system.

I think in the short term, it's the maintenance and the \$1/boe, and I've mentioned to you before that the Sines distillation crude unit will have a maintenance intervention precisely to implement one of the projects that is energy efficiency related with \$1/boe. The conversion units will stay at full availability.

Thore, could you please elaborate on the exploration? Thank you.

Thore E. Kristiansen, COO E&P

Alwyn, on the exploration. Particularly with respect to Carcará and Carcará North East the operation has gone really well from a technical point of view. The data acquisition of those have been good and we have informed the market that there is some oil discovery. That is now being evaluated as we are continuing to acquire data. We are now around a little bit more than 6,500 m in depth. We are considering whether we should call this DD or whether we should go further. Next step for us will then be to go into a DST. It's very important for us to conduct a proper DST to understand better the physical properties for the record.

So far, so good, and then we need to go through an evaluation phase to say anything more. Thank you.

Christopher Kuplent – Bank of America

Thank you very much. I think these are mainly questions to clarify a few of the things you've said.

Carlos, earlier, you talked about a business plan reflecting €100 m and €150 m of dividend payments. Maybe I didn't quite understand, could you put that, please, into context against the €68 m dividend that you're showing in Q1 and that you're suggesting is a one-off?

Secondly, as far as the operating lease addition into your balance sheet is concerned, I wonder which net debt to Ebitda figure you've given us, 0.7 or 1.3, matters to you more these days? I appreciate you don't have a credit rating that's published, but maybe any additional colour you could give us here would be helpful.

Lastly, I just wanted to test again whether you could be a bit more specific in terms of your outlook on the Gas & Power business, particularly what you call the network trading activity. That seems to have gone really well in the first quarter, is that something we should expect at this rate going forward? Thank you.

Carlos Gomes da Silva, CEO

Hi Chris, good morning. I will take the first and the third question, and Filipe will go through the second one.

In terms of the dividends paid by Petrogal Brasil to their shareholders and therefore to Sinopec, you should see that all the FCF, unless it will be required for further investments, will be paid to the shareholders as dividends going forward. What I've mentioned to you is that during 2019, and based on the assumptions that we have taken for the macro environment, we may consider that the dividend to be paid to Sinopec would stand between €100 m and €150 m. That will increase over time as the production goes up and depending, of course, on the FCF that will be released, and again, future reinvestment opportunities. If we find out relevant investment opportunities, this FCF will be prioritised for reinvesting, otherwise it will go back to the shareholders including, of course, Galp.

In the Gas & Power there are a set of initiatives that have been implemented and now we are seeing them flourish. The reorganisation of the Gas & Power business is a reality, so today we have a much healthier and well-managed and controlled operation, which means that we are able to take more advantage from our Iberian position. Looking at the trading activities, and

therefore the one that is related to the European gas hubs, as we use to call the network trading business, it's progressing, it's progressing healthier as the time goes by with few or no working capital requirements because this is based on daily transactions. I think the team is today in a much better position to continue to promote and develop this business. Looking to the full year, and considering the guidance that we've provided to you of having Gas & Power with an Ebitda of between €100 m and €150 m, I can consider that we'll stay in the right side of this range for the full year.

Filipe, can you go in the second question, please?

Filipe Silva, CFO

Hi Chris.

At least for this year, we will continue to publish numbers before and after IFRS 16. As far as our covenants with the bankers, they will specifically exclude the impact of IFRS 16 on our covenants. So, from a lender's perspective, this is not a topic. Now, I remind you that Galp is including in its FCF statements the repayment of deemed capital that we pay out every month when we pay the operating leases. So, that's already net off the FCF, so we think it is also coherent that when we're looking at net debts to EBITDA that the debt within the net debt to Ebitda ratio is also before the lease obligations. Thank you.

Jon Rigby – UBS

Thank you. The first question I wanted to ask was on the BM-S-8, the Carcará North, second discovery. Can you just, to the extent you can, maybe give a bit more colour on what this means, or what it may mean in terms of how you think about the development, should the results of the test that you're about to take forward be successful or towards the better end of prognosis? How important are these about delineating and defining what the future development's going to look like? To that point, actually, and related to a couple of other questions that have come up, it's notable you've not actually written off or amortised any kind of exploration expense for about five or six quarters now. So, I noticed with the seismic acquisition, etc., there's a bit more

exploration going on, should we be expecting some sort of impact on the income statement of exploration activity? That's one question, testing the limits.

The second question was around gas. I just wanted to ask, you alluded to the fact that Mozambique will likely be FID this year, you've obviously made some sort of early commitment to taking volumes. I just wondered whether you thought that the existing Gas & Power business that you have rooted in Iberia has the critical mass to support an LNG marketing business implied by the type of commitment that you likely will make around off-take around Mozambique? Thank you.

Carlos Gomes da Silva, CEO

Hi Jon, good morning. I will take the second question and the combination of the two first. So, I will elaborate on that.

On the Gas & Power, and specifically, the LNG or the natural gas supply basket. You should bear in mind that we are working towards the full reorganisation of our gas supply basket. We have been doing that effort in the last one, two years, and one of the initiatives that we have already implemented was precisely to expose ourselves to the United States supply. We are trying to find out diversification of sources, diversification of counterparts, diversification in terms of maturities, diversifications of indices, and therefore Mozambique will play an important role in these reorganisations. You know that some of the existing contracts will end from 2020 onwards, namely with Algeria and Nigeria. We are already working with these two counterparts in order to review the contracts and to review the possibilities of continuing to have a relationship in the future, but precisely by having a relevant Iberian position allows us to have long-term contracts. And by having long-term contracts, we can aspire to have a supply chain, a supply basket that could allow us to be a player in the global market by using equity gas, which is one of the innovations that we are bringing to our organisation. We are, I think, approaching consistently with both, on one side, reorganisation of our gas supply basket, and the other, keeping and strengthening our position in Iberia that allows us to continue to expand outwards. Thore, could you please elaborate on that?

Thore Kristiansen, COO E&P

Yes, I would like to do that for Jon. When it comes to BM-S-8, let me phrase it like this, we are encouraged by the results but it is too early to make any conclusions on what Carcará North results really are. They require a much deeper analysis, including a DST. Please remember that towards the first phase, we are already very well advanced when it comes to deciding a ground-breaking novelty for Brazil, namely that there we will go for a huge 200 kbpd FPSO. We have said that we believe there is a breakeven below \$40 per barrel, and I think that's indicating some of the possibility and the quality of that asset. Now, it is for us to continue to evaluate what the North will give us. What seems to be already the case is that with the two wells that we now have, namely Carcará North West and now Carcará North East, we believe we have sufficient information also to take the decision with respect to how to develop also the second phase. The focus of Galp now, together with the partners, is to maximise speed to first oil, number one, and number two is to shorten the distance between the first and the second FPSO as much as possible in order to maximise value for our shareholders, that's where we have our focus.

With respect to the exploration write-offs, yes, you have not seen this because we have changed our practice and that goes now directly to the opex line where we are writing off on a monthly basis or a quarterly basis. Thank you.

Michael Alsford – Citi

Hello all. Thanks for taking my questions. I've just got a couple, if I could.

Just coming back to the medium-term plan for the refining system, when would you look to be able to launch a more major investment into that system, and how big could you potentially see that range of investment being?

Then just secondly on the E&P business, I was just wondering whether you could elaborate a little bit more on what the final hurdles are to take FID on the Rovuma energy project in Mozambique? Thank you.

Carlos Gomes da Silva, CEO

Good morning Michael, thank you.

In terms of the refining system, we are still analysing, so it's a value question for us always. We are looking attentively for both increasing conversion and as well looking at possibly increasing in terms of feedstock for aromatics purposes. I think we'll have to elaborate more on this in the coming months and get back to you at our Capital Markets Day that should be happening by October.

Concerning the Rovuma onshore project, we are working towards the FID during this year, so the sooner the better. There is a complexity of different initiatives being taken by all the parties, and once we're capable of concluding them, including the approvals from the government of Mozambique, we will be in that position, but for the moment, we are considering that during this year, we might be in a position to take the FID. Thank you.

Pedro Dias, Head of Strategy and Investor Relations

Well, ladies and gentlemen, thank you for your attention. We hope you have found this update useful, and I remind you that you have the IR team always available for additional clarifications. Have a great day. Goodbye.

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