

Otelo Ruivo, Head of Investor Relations

Good morning ladies and gentlemen. Welcome to Galp's 3Q20 results conference call.

Today, Carlos will provide an overview of our operations as well as cover the recent developments, and Filipe will then take us through the quarter results. At the end, we will be available to take your questions when Thore will join us as well.

I would like to remind you that we may make several forward-looking statements. Actual results may differ to the factors included on the cautionary statement available at the beginning of our presentation, which we advise you to read. Thank you. Carlos, the floor is yours.

Carlos Gomes da Silva, CEO

Thank you, Otelo, and good morning to you all. I hope you and your families remain safe and healthy in these very challenging times. So, I will start by covering the quarter and then address the events announced earlier this morning.

I'm on slide 4. So, after a challenging first half, we saw some signs of recovery during the third quarter. And more importantly, we saw Galp's operational resilience coming into play and driving a robust performance during this quarter, which was really challenging. Besides the operational performance, we are moving forward with our strategic guidelines back to our Capital Markets Day in 2020, in February.

During September, we have completed the transaction related with the acquisition of 2.9 GW solar PV portfolio in Spain, an important milestone on the path to deliver our Renewables strategy. The third quarter was also much cleaner in terms of one-off impacts which affected the sector during the very volatile first half of the year.

So, you see this quarter's numbers show Galp's cash generation resilience, even during these challenging times. The third quarter provided a much more robust Cash Flow From Operations (CFFO) of around the €390 m – actually, it was €391 m - and almost €250 m of Free Cash Flow (FCF), before the payment for the solar transaction. More importantly, in one of the most difficult years ever for this industry, and considering the relevant solar acquisition, Galp is almost FCF neutral in the first nine months of 2020. So, I think it is something to retain as one of the key messages.

Moving now to slide 5 and looking at the upstream performance. We have resumed the ramp-up of our Brazilian projects, the unit allocated to Tupi North reached plateau. This is a notable milestone, which represents the completion of the so-called first development phase of the Tupi and Iracema fields. First oil for this project was just 10 years ago, and we were able to deploy nine units, which are now at plateau, delivering on a 100% basis, c.1.3 mbpd, plus the associated gas which is piped to the domestic market.

Additionally, on BM-S-11A, that incorporates three fields, we resumed the ramp-up process of the unit, which is developing the Berbigão and Sururu fields, having connected the fourth producer well in early-October. In the meantime, the planned maintenance programme has resumed, with some activities being performed and other planned to happen this quarter.

In terms of production guidance, we maintain at c.10% growth YoY. It is also important to highlight the efforts to optimise the development of Tupi and Iracema, and continuously, assess value added opportunities for these giant fields.

As I mentioned, we have completed what we call the first development phase. Today, we have the experience and also the technical data, which indicates further potential to optimise and extract more value through a second development phase. We maintain - and you should remember that - the vision of increasing the recovery factor to over 40%, and the JV partners are already working toward such objective.

Finally, during this period, the Santos Basin pre-salt players agreed on a new integrated framework which cover the utilisation of the offshore gas pipelines and also the access to the onshore gas processing facilities. This will be supportive for our oil production and increases our gas monetisation options.

Now, looking into our downstream operations, and I'm on slide 6. Starting by our commercial activities.

You may see that the Commercial activities have delivered a robust performance given the challenging environment, with oil and gas sales clearly down compared with last year. But if we compare with Q2, we saw a supportive recovery trend, especially on the retail segment, where oil sales increased over 50% QoQ, also, of course, supported by the summer driving season. This was also followed by the recovery of other value-added segments, leading to a strong quarter in our commercial division. Of course, under the present market circumstances, we maintain our cautious outlook for the months ahead as the outbreak is far from being under control. We will keep the course – focus on business optimisation and operational efficiency.

On the Refining and Midstream arena, really, really tough, tough times, especially for refining. We saw the first half of the year ending with worldwide inventories at high levels. After the lockdown measures in Europe eased, we saw refineries, or most of the refineries, increasing crude runs and a lot of in-tank volumes returning to the market. At the other end, the demand for oil products remained capped by concerns over Covid. This is a dreadful combination, which is leading to record low distillate prices and negative margins across the industry. Still, our Midstream segment was supported by our trading activities, which behaved quite well, inclusively comparing with last year.

Looking forward and considering the weaknesses of our refining environment, we are reducing the utilisation of lower conversion units, especially the fuels plant of Matosinhos refinery, and this should last for most of the quarter. We are assessing options for the production of low-to-no carbon products in our refining sites to increase resilience and the competitiveness, while reducing the carbon footprint, adapting to market trends and of course to the future EU regulation. These projects are mostly targeting the usage or reconversion of existing facilities or benefit from the utilities and services already available in our sites and therefore entail only incremental investments.

Moving now to Renewables & New Businesses division on slide 7.

We have now completed the solar acquisition in Spain, becoming a leader in the solar marketplace in Iberia. Currently, we have 914 MW of solar projects in operation through our joint venture with ACS. This capacity should reach 2.9 GW by 2024, when we expect to also have our projects onstream in Portugal, totalling around 3.3 GW on a gross basis.

We are fully committed to continuing to identify efficient solutions, to maximise the projects' generation capacity, and also explore the potential of these high quality, premium located solar projects, all of which with grid permits, which I underline.

The size and quality of this portfolio will allow us to accelerate the integration across the power value chain and the development of our low-carbon business. Additionally, we keep pushing forward New Businesses, leveraging our strong position in Iberia, core competences and also the integration of innovative concepts to create new, cleaner and more valuable energy solutions.

This includes also the assessment of projects related with upcoming energies, like the hydrogen project in Sines that we flagged in the recent past, and advanced biofuels such as sustainable aviation fuels, taking advantage of the circular economy potential and its alignment with EU strategic goals.

At the same time, we are also exploring consumer driven experience solutions related with sustainable mobility and also the decentralised energy generation, which we have recently launched in Iberia.

Moving now to the operation related with our gas infrastructure that we have announced early today, and I'm on slide 8.

As you will have seen, we have agreed the sale of 75% of our regulated gas business. This transaction was well-flagged and is part of our asset rotation strategy, crystallising value from assets in high demand and strengthen our financial position. This also supports the Company's plan to develop projects more aligned with the energy transition process.

Looking at the numbers of this transaction, we have a total consideration of €368 m for the 75% stake, equates to an implicit Enterprise Value of c.€1.2 bn, which represents roughly 13x Ebitda. We will use the proceeds to further reinforce our balance sheet and support our investment plan.

Moving now to slide 9, and I would like to leave you with some key takeaways. First, we will keep the execution focus and also the financial strength that got us to where we are today. Secondly, delivering on our outstanding projects remains our priority. I think nothing highlights better the strength of our core portfolio than being FCF neutral during the most difficult period our industry has ever gone through and considering the solar acquisition during the period.

With the asset rotation moves that we have executed this year, we should be very much on track to meet our €0.5 bn to €0.7 bn annual average net capex guidance for the period 2020-21.

Ultimately, as we approach the end of the year, we find ourselves in a supportive financial position, with net debt falling and the €1.7 bn, once the GGND sale completes.

I'm moving now to slide number 10. I would like to conclude by addressing Galp's sustainability profile and the journey ahead. Our portfolio holds today a set of world class assets which combine industry-leading cost competitiveness with a recognised carbon intensity performance. And we said in the past, we want to improve this further.

With today's announcement, we reaffirm the ambition to reduce progressively our carbon intensity, promoting the energy transition and supporting EU climate targets by 2050, and in that path, reduce the carbon intensity of our activities by at least 15% by 2030, considering 2017 as the base year.

This is expected to be met primarily as a consequence of our existing strategic guidelines. We will continuously explore other solutions that may prove to be technically and economically feasible and that can combine value creation with the reduction of our carbon intensity. I have mentioned a couple of them today.

Until then, we have the responsibility of not establishing aggressive targets that we may fail to deliver. But, at the same time, work to develop new ways of sustainable technologies and business models which may allow us to improve the environmental impact of our future activities and the usage of energy and services that we will provide to our customers.

So, we will keep our longstanding commitment to disclose our emissions and impacts of our activities using the best principles, using methodologies that are clearly understood and externally verified.

I will finish here and I hand over now to Filipe to go through to the financials. Filipe, the floor is yours.

Filipe Silva, CFO

Thank you, Carlos. Good morning, guys.

I will keep it short, starting with the P&L on slide 12. So, you will have seen group Ebitda of €401 m in the quarter. That's down over 35% from last year, given the very tough environment we have been operating in in all our businesses.

Upstream Ebitda was €302 m. That is 36% down from last year, with average Brent of under \$43/bbl in the quarter and that is some \$20/bbl below last year, and we also have the weaker dollar, and this more than offset the production growth. Quarter on quarter the increased Ebitda came mostly from improved oil realised prices. This was supported by higher Brent and more normalised freight costs and these positives more than offset the even weaker dollar.

Now, on Commercial, Ebitda was €105 m, down 7% from last year despite oil and gas volumes down 30% and 25% respectively. Now, the decline in volumes has mostly been driven by jet fuel and bunkers, which as you know, are higher-volume, lower-margin businesses.

Refining & Midstream Ebitda was impacted, of course, by the very harsh refining environment, although this was partially offset by a good midstream quarter supported by our trading activities.

On the Renewables and New Businesses, we have completed the Spanish solar portfolio acquisition at the very end of the quarter, so hence we have no relevant contribution to Galp yet. And such contribution will be booked under Associates, so it is below the Ebitda as we are not consolidating this business.

Financial results in the P&L were quite negative, with over €60 m coming from mark-to-market valuation on September 30, of financial derivatives to cover natural gas prices and related USD/EUR hedges. Now, as we delivered the molecules to our clients over time, these mark-to-market valuations get compensated.

P&L taxes basically reflect the upstream tax on production, and this leads to a Q3 net income of €-23 m.

On slide 13, we have our cash flow statement. Year-to-date our IFRS Ebitda plus Associates was €731 m, with a full €380 m from the third quarter only. And the nine months Working Capital release was almost €400 m, mostly driven by inventory markdowns, which have also affected the IFRS Ebitda.

And the CFFO for the nine months was €794 m, of which €391 m generated during Q3. So, CFFO in Q3 of €391 m.

And net capex year-to-date was €387 m before the solar acquisition. And this leads to a pre-acquisition FCF of about €300 m.

And in the nine months, we have distributed €318 m to our shareholders. This is related to the 2019 fiscal year as well as €223 m to Sinopec.

Now, I think this cash flow slide is an important one. So, with low oil prices, terrible refining margins, and much, much lower commercial volumes, this perfect storm still brought Galp some €300 m of FCF in nine months and before the solar acquisition. So, I would say this crisis should help to differentiate the Galp equity story even more. And in our case, we also have a high-quality, long-life asset base with good FCF visibility over many years and with much less reinvestment risk.

My third and final slide, 14. On the balance sheet, net debt Ebitda was up to 1.3x with the combined effect of higher net debt from the solar acquisition and lower Ebitda, of course. Now, this should improve as we conclude the divestment in GGND.

And finally, we have maintained our strong liquidity at c.€3 bn, cash of €1.7 bn, and undrawn credit lines of €1.3 bn.

And that's all from my side. We are happy to take your questions. Thank you.

Questions & Answers Session

Oswald Clint – Bernstein

Thank you, everyone. Thank you very much. First question, I think you've clearly executed the portfolio high grading pretty well, which came this morning. But just as we think about that, I just want to get your thoughts on how those steps, completing of those deals, and really the overall cash flow you've just been speaking about in the 3Q20, and 4Q20 even holds at these levels, really just gives your conviction around exiting the year with a strong balance sheet. It seems like you're a little bit more positive this time than you were back at the end of the 2Q20. Certainly, with that net debt number you're talking about, you could easily be 1.1x, 1.2x net debt to Ebitda for the end of the year. I just want to think about whether those numbers seem fair at this point.

And second question please, just on the gas export system here in Brazil. Obviously, as we think about potential earnings contribution, we still need the market bill, I think, to be passed in the country. So, love to get your thoughts on when that's, or your expectations around that bill, and your plans for signing up new customers for Galp in the country, please. Thank you.

Carlos Gomes da Silva, CEO

Hi, Oswald, good morning. Thank you for your questions.

Yes, the range that you have mentioned for the net debt to Ebitda is within the range that we are forecasting for the end of the year. So, I think there's not much need to go further in depth on that.

In relation to the gas export system, this is an opportunity for all the players, and we should remember that Galp is the third player in Brazil, so, the liberalisation of the gas market in Brazil is a unique opportunity. Of course, we have gas associated. So just for you to have a global perspective, that represents c.12% of our production, and therefore it is a beginning. This could flag the beginning of going into the market and starting to explore the Brazilian market that is a tremendous opportunity for all of us. We have already some opportunities developed to place part of that gas, and we are exploring additional ones. So clearly, one of the hotspots to the near future.

Filipe will complement a little bit on the first part.

Filipe Silva, CFO

Morning, Oswald. Your question steps to M&A completion.

So, the solar transaction is completed. The GGND transaction will follow the normal regulatory approvals and with some minority shareholders, we do not expect any issues. We have a super credible buyer, no overlapping assets. It is not impossible that this closes this side of the new year, but the base case is 1Q21.

Your question on cash flows. I think your numbers are broadly correct. 1.1x net debt to Ebitda seems fair as we deliver out balance sheet post the GGND divestments. Thank you.

Oswald Clint – Bernstein

Thank you very much.

Thomas Adolff - Credit Suisse

Good morning. Just a question on refining. Not sure what your view is on refining margins longer term, but on Matosinhos refinery, you're looking to reduce runs there in 4Q20, but have you also considered potentially closing that refinery? Maybe building a renewable diesel facility there? That's the first question.

And my second question is on production in 2021. In 2020, your guidance has come down to 10% YoY. You targeted something bigger than that, but at the start of the year, you had some outages related to Covid, and then the ramp-up on Berbigão/Sururu has also slowed down on the back of Covid-19. As we look at 2021, how should we think about production growth? Thank you.

Carlos Gomes da Silva, CEO

Thank you, Thomas, and good morning. So, in relation to our refining system and globally, we are observing the lowest cracks for the last decade. And of course, all the refineries with low conversion capacity are suffering even more. So, what I've mentioned to you is that under this persisting weakness environment for refining, of course, we have to look at the operations also in an economic approach, and that was the reason why we have looked at the fuels plant and we have shut down during this quarter. We are still evaluating and considering alternative scenarios for the future development of our refining system. Once we have them stabilised, we will come with news flow to all of you.

In relation to the production, of course, by reducing 2020, we will have different expectations for 2021. In terms of guidelines, I will let Thore elaborate a little bit on that.

Thore Kristiansen, COO Upstream

Thank you, Carlos. Thomas, it is for us too early to say something about 2021. Our focus now is really to deliver on 2020 and then we really need to assess the whole situation with impact of Covid-19. Covid-19 has an impact because we, for precautionary measures, have less PoB on the different installations than we normally would have in order to try to confine the issue with Covid-19. That is why tie-up of new wells are going so much slower than expected.

But with respect to 2021, let's come back to that next year when we will make an update on that. The focus now is to deliver on 2020. Thank you.

Mehdi Ennebati – Bank of America

Hi, good afternoon you all. Thanks for taking my question. So, two questions please on my side. First one regarding your organic capex, excluding asset purchase and asset disposal. Should we expect a decrease in your organic capex in 2021 versus 2020? I am asking that just because operators at Bacalhau and Rovuma LNG project are currently working quite hard to lower the capex for these projects. So, do you see any potential capex saving from those projects which might lower your guidance for next year compared to 2020?

And a second question regarding your opex in the Upstream division. Opex per barrel has been extremely low. You had \$1.9/boe, despite I might have expected some extra cost due to Covid-19. So, can you please tell us if there has been any kind of one-off which might explain such a low opex in the Upstream, or if you have been able to lower the costs? And then with the ramp-up of the other units, operating costs should remain that low in the near-term? Thank you.

Carlos Gomes da Silva, CEO

Hi, Mehdi. Good morning. I will take your first question. So, actually, we have to look in more detail at what the organic capex will be because that has to do also with the development projects that we have. What you know, and I have mentioned to you during my initial introduction, is that if you compare, in average terms, 2020 and 2021, you should consider a capex between €0.5 – 0.7 bn. So, that's what is included on our forecasts, and that's what it should be considered. But we have to revisit that and come with a clearer perspective during the CMD in the beginning of next year. Regarding the opex in the Upstream, I will ask Thore to go into the detail. Thank you.

Thore Kristiansen, COO Upstream

Thank you, Carlos. Yes, the unit cost of \$1.9/boe was indeed low. The main reasons associated with that is that we've had some lower production in Angola and that has benefited the unit costs as somewhat lower. In 2Q20, we also had a one-off effect with respect to paying a bonus to one of the FPSO performers, and thirdly, we're also actually benefitting from the foreign exchange rate, the weaker dollar has also benefited us. So, that is really the key reasons for this number versus last quarter. Thank you.

Mehdi Ennebati – Bank of America

And sorry, you might then explain those costs to go back to their normal level of \$2.7 – 3/boe in the coming quarter?

Thore Kristiansen, COO Upstream

That is what we are using, ourselves, for the internal planning basis for the time being. We will, of course, also, with respect to this, do a total review when we are putting in place the budgets for 2021 onwards, but for internal purposes at this stage, this is what we're using, yes.

Mehdi Ennebati - Bank of America

All right. OK. Thank you very much, both of you.

Alwyn Thomas - Exane BNP Paribas

Hi, good morning or afternoon maybe, just now. A couple of questions from me. Carlos, if I could ask perhaps a little bit more broadly, we're going through most of this year and the change that you've had to enact this year. How do you think about the Company strategically going forward? Do you think there will be a greater shift to green versus what you'd planned at the beginning of the year? What do you think it means to your oil and gas business going forward? Where do you have to adjust for forward outlook?

And then perhaps could I just get some commentary on guidance from where you think the dividend perhaps will be, or roughly how you are thinking about the dividend at this point going into the CMD next year? Thank you.

Carlos Gomes da Silva, CEO

Thank you, Alwyn, for your question. From the strategic point of view, I think back in February, we anchored and gave you the key avenues that we were launching for the next decade. You saw that the capex allocation that we have decided was to be above 40% related with energy transition initiatives, and we are progressing on that, including our gas projects in Mozambique. So, when you speak about them being greener, actually that will include gas and power developments as part of our strategy.

You have also seen, during the year, increasing our exposure to the renewables spotlight. So, that will also imply that we will be deepening and accelerating the process of having more electrons inside our energy mix, it is also something that is absolutely essential for the future of this Company. And progressively, we have also to take into consideration that the full energy mix will require different types of energies, and we have to take advantage of such a high quality set of assets in our upstream portfolio. And we have a lot of value to continue to extract from them, so the ambition to continue to increase the recovery factors and to extract more value from data and cash and using that cash, to finance both our capex as well our dividends, it is something that is important.

On the Commercial front, the transformation and the adaptation to the new business models, which includes more digitalisation and more electric mobility, different solutions as in the case of decentralised power generation, there are a set of initiatives that we have to concentrate ourselves. So, we cannot disperse, we have to be focused from one side. But on the other way, we have to accelerate, because the opportunities to do this change and to do these transitions are there today, but they might not be the day after.

In respect of the dividend policy, as I mentioned before, we will only speak about that after the year end results, but you are seeing that as time goes by and our cash positions are being consolidated, that gives also some signs, but still uncertainty in the system. So, we will have to wait until the year end and take the decision after that. Thank you.

Alwyn Thomas - Exane BNP Paribas

OK. Thanks.

Sasikanth Chilukuru - Morgan Stanley

Hi. Good afternoon. Thanks for taking my questions. I have two, please. The first one's regarding the solar PV assets. I was just wondering if it was possible to provide an updated timeline in terms of development and execution to reach the targeted capacity of 3.3 GW by 2024, at least for the capacity expected by the end of 2021. ACS so far has announced the sale of its corporate business to Vinci. I was just wondering whether this has any implication on the development timeline in your view. I also wanted to check whether your expectations of around €600 m of equity capex to develop these assets are still valid.

My second question was mostly a clarification. I just wanted to check, regarding the Bacalhau project, whether you would still believe that FID will be taken next year or if there's any expectation of it being realised a little quicker as well. Thanks.

Carlos Gomes da Silva, CEO

Good morning, Sasi. Thank you for your questions. So, in terms of timeline, what we have is that we have already around 1 GW that is under production. Actually, it's 926 MW because that splits between our solar PV projects of 914 MW and a small wind farm that we have with 12 MW. So, looking forward, we will add in Spain next year 500 MW, the year after around 1 GW. In 2023, more or less 0.5 GW. So, we have also some projects in Portugal that are also being developed in a similar pace, which means by the end of 2024, we should have these 3.3-3.4 GW projects in full development.

From the equity capex point of view, we are not so far away from the figure that you have mentioned. So clearly, you can assume that target.

In respect of Bacalhau, I will leave the floor for Thore to go in detail about that.

Thore Kristiansen, COO Upstream

Thank you, Carlos, and thank you for the question, Sasi. On Bacalhau, it's moving very well ahead. We are very pleased with the project, and it's moving according to plan. Also, very happy now that we agreed with the operator to re-tender the rig services because we think there is really a market opportunity now to further improve the overall profitability of the product. So, full steam ahead. This will be a very exciting addition to Galp's portfolio, when it comes onstream in 2024. Thank you

Sasikanth Chilukuru - Morgan Stanley

Thank you.

Biraj Borkhataria – Royal Bank of Canada

Hi. Thanks for taking my questions. Just got one clarification and one question. In refining, I believe you have no more hedging in place, but could you just clarify whether there is anything in place for 2021. I'm assuming you haven't been able to, given where refining margins are?

And the second question is on the carbon intensity target. When I think about the portfolio from now to 2030, obviously the biggest change is going to be Mozambique LNG added into the group volume. So, can you just clarify or give some perspective on the carbon intensive difference between the base portfolio and Mozambique energy? I was trying to understand whether the reduction is just a function of that mix change plus renewables, or if there's anything in addition you're doing to drive that lower. Thank you.

Carlos Gomes da Silva, CEO

Hi. good morning, Biraj. Thank you. In relation to the hedging, refining hedging, you're absolutely right. We don't have anything in place. We have monetised them back in the first half. So, you are aware of that.

On climate carbon intensity targets, there is a set of contributions for that that come across the whole Company, from the efficiency of the operations up to the renewables business that we are integrating now and accelerating in the coming years. Clearly, one of the key contributors is the capacity of being an integrated company and selling more electrons to end users. That's what it will contribute more. So, the more we sell in terms of electrons to our customers, the better for this process. Of course, the more renewable energy we'll have, the better, because that also will have positive implications in the mix that contribute for the full mix.

And the efficiency, that is also related, not with energy consumption, but also with the nature of the products that we will produce all over the next decade. So, everything that is carbon content and more other components content is better, including the biofuels, including other products. And with time, I think hydrogen also could play an important role, even though we are not considering that contribution in this process. So, it's basically an analysis that has been done in a well - to - wheel and has to do with the strategy that we have released to you, and we were waiting just for the fact that we asked for external certification.

In relation to Mozambique, it has very small implications in this process. It's included, but the integration of our upstream portfolio is one of the key elements, and those are one of the key contributors for that. By the way, we will put in our site some details on the methodology and more information for that. Thank you.

Biraj Borkhataria – Royal Bank of Canada

Thank you very much.

Joshua Stone - Barclays

Thanks. Good afternoon. I've got two more questions, please. Firstly, just on net debt, you talked about a level below €1.7 bn. Should we see that as a level you're comfortable with inside the business, or actually next year would you rather see that number go lower over time during the next, over those next 12 months?

And then, secondly, back on capex, when you look to next year, can you talk about your willingness to pursue more or get inorganic opportunities in the market? Or given your transactions this year, should we see the rate of M&A slowing down? Thanks.

Carlos Gomes da Silva, CEO

Hi, Josh. Good morning. I will take the second question, even though I think we have already mentioned to the first one. So, for the next 12 months, which seems to be an immense period of time under the present circumstances, inorganic opportunities, we have always to be attentive to them, especially in the new arena related with the renewable businesses, even though we have now to look ahead and we have assets that we have to put under production. So, we will keep relatively occupied on that front. We will look at the opportunities in a very disciplined, financially wise and economic wise way, as you recognise from our profile. So, any of those decisions that we might take, they always have to comply with the principles that we have released to you.

So, yes, we will continue to observe. That doesn't mean that we will execute, but we have that obligation. So, Filipe, can you please elaborate a little bit on our debt position, please?

Filipe Silva, CFO

Morning, Josh. The guidance we have consistently provided the market is that we would go no higher than 2x net debt to Ebitda. And so, there will be no change to that. The driver of the absolute level of net debt, so in euros, of course, we need to take a view on the Ebitda that we are looking at five or ten years down the road, what Ebitda is this Company going to generate, and capex levels.

So, because of the very high longevity of our portfolio, there are no plans for inorganic acquisitions, nor do we need to, given how big the opportunity set is already inside Galp. Plus capex that we do plan to deploy in taking more out of the potential in Brazil. So, we see potentials in plateau times, in well productivity, phase two Lula. Our capex goes into projects that you know, so it's de-risk capex, and this is going to consume what we call organic only capex. So, you have Bacalhau coming up and you have Mozambique coming up. Other than that, there should be nothing to affect our net debt levels. Thank you.

Joshua Stone - Barclays

Thank you.

Anish Kapadia – Palissy Advisors Limited

Hi. Good afternoon. I had a couple of questions. Just thinking strategically about Angola. It's now a fairly mature asset now that Block 32 has come online and the rest of the assets are moving into decline; it doesn't seem like there's a lot of upside potential. So, I'm just wondering what's the strategic rationale for Galp holding onto the asset over the next couple of years or so? What's the future that you see for Angola upstream?

And the second question is thinking in terms of growth ambitions and Galp over the longer term. Previously, in terms of your exploration business, one of the stated policies was to explore in Portuguese-speaking countries. I was wondering, could we see a similar type strategy for low carbon investment going forward over the next few years? Thank you.

Carlos Gomes da Silva, CEO

Good morning, Anish. I hope to find you well. So, Angola, Block 32. So I think we are in a moment that we have all the options to continue to optimise these assets and I think this should be our priority. You see, if you go back to Block 14, for instance, every time we start to say that it's starting to decommission, we find always some routes and some alternatives to continue to extract additional valuable volumes. So, I think Block 32 is in an early stage and plenty of incremental optimisation alternatives going forward. And bear in mind that the margins that we get from our portfolio, including Block 32, it's quite significant, so it's a good asset going forward.

About the strategy of new business and renewables. If we will follow the Portuguese-speaking countries strategy, the answer is yes. Or no. Or it depends. So, in the matrix that we are considering looking abroad Iberia, where we have an integrated operation, we have to consider the risk profile of the different opportunities and different geographies. And, of course, the geographies where we are already present rank higher than the others, which means from that perspective countries like Brazil, for instance, could have an important role in this process, but we have to look more broadly to other geographies. We have a well-skilled, experienced, capable, mature people team that has experience in many countries that goes beyond the ones where we are today. And we have to consider not only the fact that we have a strategic angle by being present and the relationship with Portuguese-speaking countries, but also looking at where are the opportunities in this new area and combining both. So, it's a combination of a set of different subjects or elements that we have to consider on deciding to enter in the new geography.

To conclude and to summarise, yes, we will consider the Portuguese-speaking countries, but no, we will not exclude anyone, any country that could offer a potential opportunity to help. Thank you.

Anish Kapadia – Palissy Advisors Limited

Thank you.

Matt Lofting - JP Morgan

Hi, gents. Thanks for taking the questions. First, could you just talk a bit about the strength in demand that you're seeing for the Lula/Iracema crudes? I thought it was noticeable that, apart from higher absolute prices, the discount to Brent in terms of the average oil and gas realisation narrowed substantially Q3 versus Q2. I wonder to what extent we can read through from that in terms of what it tells us around demand, particularly incremental demand off the bottom from Asia.

And then, secondly, can I follow up on the earlier question and the points that you made on the introduction of the 15% decarbonisation target to 2030? And if I understand correctly, it sounds like you're saying that

the natural portfolio mix change through the 2020s will be the key driver of that 15% reduction. I wonder, with that in mind, and if that's correct, whether you see the 15% reduction as being more of a base case output of the portfolio mix change through the period or a stretch target?

And if it's the former, what could be the key sources of potential upside that could ultimately deepen that 15% target as we move forward, for example, dependent in part on where your evaluation comes out on the medium-term strategy around the downstream refining and potentially hydrogen? Thank you.

Carlos Gomes da Silva, CEO

Hi, Matt. Good morning. In terms of the realisation price, I think there are two components that are important to take and to see what happened. So, increasing demand from Asian markets, is the first one and the second contribution is the freights that have been significantly reduced during the quarter. So, these two have clearly given us a push in our realisation price.

In what considers to the carbon intensity targets that we have set up for 2013. They were based on our strategic guidelines that have been released to you, or announced to you, back in February. So, this is nothing different from what we have said. It is what we can call our base case. There are differences in terms of portfolio, yes, and you know them. So, we have committed ourselves to invest and to allocate capital for the energy transition-related projects, as I mentioned to you; the renewals front is one of them.

One that is important is also to review and to optimise and to produce cleaner products from our refining system, which is also an important milestone or contribution. Being more efficient, from the energy efficiency point of view is also important. And the one that is more relevant, as I mentioned before, is the electrons that this Company will sell to the market. So, it's producing and selling electrons in our portfolio. These are based on what you already know, and it is embedded in our strategy. So, we took a while during this period just to certify our model to guarantee that we are launching our base case scenario related with our strategic guidelines. Over time, if we change by any means our strategy, we have to also adjust the targets, and I think there are, of course, downsides, but there are some upsides that are relevant, depending on the pace and the speed of development that we will be able to do in the next decade. So, we are relatively comfortable with the targets that we have set up, and I think sooner or later we will be able to accelerate these targets. Thank you.

Matt Lofting - JP Morgan

Thanks very much.

Jorge Guimarães - JB Capital Markets

Hi. Good afternoon, everyone. My two questions would be: First, is it possible to elaborate on the mark-to-market losses in the gas trading? I believe you approached this issue early in the call, but I did not quite understand your explanation. And together with this, if there are any news about the losses that you booked in Q2.

And the second one would be related to the Rovuma project in Mozambique. There was some news that the consortium was looking for reductions in capex. Is it possible for you to comment on this, and does it mean that the FID will be delayed to 2022? Thank you very much.

Carlos Gomes da Silva, CEO

Jorge, good morning. I will ask my colleague Filipe to take the first question and Thore to take the second one. Thank you.

Filipe Silva, CFO

Morning, Jorge. These are mark-to-market valuations. These are not losses. What we have at Galp is a significant client base for gas molecules that require euro and TTF indexed formulas. And most of the gas that we have in our portfolio are purchasing contracts, either from Nigeria, from Algeria or others, in dollars and they're Brent indexed. So, what we do when we have a new client, typically large industrial clients, before we close with the clients, we will go to the derivatives markets and offer the clients what he is seeking. And that is euro-denominated TTF-linked baskets, and we protect the gap the basis risk between what we buy and what we sell. So, we are hedged and we've locked in our margin. Unfortunately, in the P&L, this is P&L only, you have a lot of volatility every day. And the picture you see on September 30 could be completely different the day before or the day after, given how Brent will vary. Our client positions are not mark-to-market. Our derivatives are, so you have temporary mismatches in the P&L only. Hope this was helpful.

Thore Kristiansen, COO Upstream

Good afternoon, Jorge. Regarding your question relating to Rovuma LNG, yes, it is correct. As you have seen that FID has been delayed, what we're really doing right now is that we are running a comprehensive value enhancement plan in order to see how we can further optimise the project both on the midstream level and on the offshore level. This is work in full progress. I expect that in the beginning of next year, we will then sit down and look into what are the results, and from then, decide what is going to be the way forward. So, we have not set a new target for FID at this stage. Thank you.

Jorge Guimarães - JB Capital Markets

Thank you.

Michael Alsford - Citi

Hi, good afternoon. Thanks taking my questions. I've just got a couple. Just to follow up on Brazil and the potential for Phase II Tupi and Iracema. I'm just wondering if you can give a sense as to where that project sits in the priorities of the operator, and really how meaningful could it be in terms of reducing decline rates from that Tupi and Iracema area?

And then, just secondly, to follow up on the strategy in solar. You've highlighted the opportunity in this area, particularly across Iberia, but others have also seen that potential and competition is pretty high as you've

seen with the recent low bid in Portugal - I think it was around €11/MWh, I think. So, could you maybe just update us to what you're expecting in terms of what you're targeting in terms of returns, and how you compete, and your confidence in achieving them when competition remains pretty high? Thank you.

Carlos Gomes da Silva, CEO

Hi, Michael, good morning. I will take the solar question and Thore will go through the Brazilian one.

Yes, we have observed the highly competitive solar auctions in Portugal, and we have also observed that Galp was completely outside of that. We have some projects already under development in Portugal in a completely different economic framework. And we do see different approaches comparing with ones that have been visible in the auction, especially from entities that have very low financing costs and probably with other returns required other than the ones that Galp is aiming for.

So, clearly, we continue to have this target, or this range, of having a double-digit equity IRR in the projects that we involve ourselves in this marketplace will continue to be very selective in the projects that we choose and we get involved in with the same financial discipline that you know. The competition is high. We have the advantage of having this integrated profile which obliges others to be more exposed to the market. And that's probably the reason why we are observing these kinds of approaches. Brazil, Thore, could you please elaborate?

Thore Kristiansen, COO Upstream

Good afternoon, Michael. Lula/Iracema or Tupi/Iracema, which is, of course, the name today is by any standard a world-class offshore development. As you know, we think there are something like almost 20 bn bbl OIP, so there's a lot to work with. We started out in our business plan, having an expected recovery factor of 28%. Galp is today around 34%. And I would say that has been really good work in alignment in the partnership over the last several months with Petrobras and with Shell, and I think we are getting very close to an alignment of what could be a very exciting second Phase II development of this field. So, very good work. It sits very high on the priority list for Petrobras. Petrobras is doing an excellent job. I think there's very good collaboration in the partnership, but I think we are starting to see some real realism on this ambition that Galp stated actually five years ago that we should target more than 40% recovery in this field. There's a lot to come in Lula and Tupi/Iracema in the years to come. Thank you.

Michael Alsford - Citi

Thanks, Thore. Thanks, Carlos.

Jason Kenney - Santander

Good afternoon. I was just looking for some insight on the moving parts for Associates. I vaguely recall back in 2013/14, we had quite good disclosure on Associates, but it's been a bit hit and miss over recent years, averaged around €140 m per year 2017/18/19. Obviously, you're swapping one out GGND and one in with the

Solar Associate. So, should we still be expecting that level of associates contribution going forward over the next few years?

And secondly, on minorities, again, really just more clarity. It seems to be more volatile than just simply Brazil movements would imply. Is there anything else in minorities that I might be missing? Thanks.

Carlos Gomes da Silva, CEO

Hi, Jason. Good morning. Hope to find you well. Filipe will elaborate on both questions. Thank you.

Filipe Silva, CFO

Morning Jason. The difference in associates from the past and going forward is, as members of the consortium in Brazil, we had this Tupi BV in Holland renting out equipment into Brazil. All that equipment has been nationalised, meaning it's been exported to the consortium in Brazil. So, that is now captured within the Ebitda and less within associates. So, we're going to lose that on. GGND will also become non-meaningful. The solar is going to be the big driver of that, plus some of the pipelines we have, be it the CLC pipelines in Portugal or the pipelines in Maghreb. Thank you.

On the minorities, no. This is purely volatility from the P&L in Brazil, and that's 30% of the consolidated P&L of Petrogal Brasil. Thank you.

Jason Kenney - Santander

OK. Thanks.

Raphaël Dubois - Société Générale

Good afternoon. Two questions, please. The first one is you took some restructuring charges in Q3. Can you please give us some guidelines for what is left to be expensed and cashed out?

And with regards to the ACS solar assets, can you please tell us how they operated compared to expectations over the month of September when you booked them, at least in the associate line, maybe in terms of load factor? And it would be great to know what sort of realised price was obtained.

Carlos Gomes da Silva, CEO

Bonjour, Raphaël. I will ask Filipe to go through the questions. Thank you.

Filipe Silva, CFO

Raphaël, restructuring charges are the unfortunate cost optimisations that we had to instil throughout the organisation, given the context. Most of the people will be retired. So, this is going to be a long cash-out process until they reach the age of going into the Social Security, typically when they're 67. So, there are

some people that have left voluntarily, so we'd agreed some cash out, but most are pre-retirement agreements. And the entire €40 m or so that you see is related to that.

Your question on the solar performance. It is as expected. So, the production is going according to plan. We have, of course, summer months, so it's actually 20% over the expected average for the month, and the pool prices have recovered quite significantly in Iberia. So, all going according to expectations when we modelled the acquisition price. Thank you.

Raphaël Dubois - Société Générale

Thank you.

Otelo Ruivo, Head of IR

So, this concludes today's conference call. Thank you, all, for participating. I hope it was a useful one for you. The IR team will be glad to follow up on anything you might need.

Have a great rest of the day and results season.

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