Otelo Ruivo, Head of Investor Relations

Good morning or good afternoon to you all, and welcome to Galp’s 4Q and full year 2020 results presentation. I would like to thank you for joining us today and wish that you are all in good health.

We will start with a brief introduction from our recently appointed CEO, Andy Brown, followed by Filipe, which will take us through the quarterly and full year results and provide you with the outlook for this year, where Thore will participate as well. We will then be happy to take your questions. Please follow the Operator’s instructions at the end of the presentation if you want to participate in the Q&A session, which will be audio only.

Andy Brown, CEO

Thank you very much, Otelo, and good day to all of you. I’m thrilled to be here on my first results announcement for Galp. As you all know, I was on the Executive Committee of Shell for seven years and since I left in the middle of 2019, I have been in various advisory and board positions.

I’ve had a career that is not afraid of taking on business transformations and adapting to new trends, but also with a sharp focus on efficient execution. As the Upstream Director of Shell, I was responsible to integrate the BG assets into the company and that obviously meant integrating the deep-water assets in pre-salt in Brazil. In Shell also, I was involved in many gas and LNG projects, bringing cleaner fuels into the company. So, I’m not a stranger to Galp’s upstream portfolio.

But also in Shell, and in my portfolio work since, I’ve worked on introducing low carbon technologies into the energy system. And so, I’m really enthusiastic about the opportunity that provides to Galp going forward.

I’ve only been enrolled for two weeks, but I’ve really got a good impression of the Company and, as I thought, it has enviable deep-water assets in Brazil and the Mozambique integrated gas assets are truly world class.

But I’ve also found that this Company has a great brand. It has a solid refining position and a commercial value chain in gas, fuels, electricity, that goes from end to end in Iberia.

Galp is also of a size that can be agile and can move quicker compared to some of its larger competitors. One demonstration of this is what Galp has already done in Iberia. It is now the leading solar player in Iberia, in just over a year and has a platform for further growth and diversification.

What I’ve also found is really talented people, professional people, focused people. My job will be to focus them further to accelerate our delivery, to make sure that we keep financial discipline, to create a profitable, efficient, clean, integrated energy Company.

I also found a Company that is doing very well in ESG and is being ranked in Europe in its sector at the top.

So, in short, I’m just really excited with what I’ve found and all credit to the team on the ground, but also to Carlos for leading the Company to this point and all his predecessors.

Going forward, we do need to clarify our strategic direction. We do need to create a strong and sustainable business. We have a strong portfolio. We know our strengths, but we should not be afraid of making difficult decisions. We need to create a Company that is dynamic and able to seize opportunities.
I look forward to demonstrating the progress we’re making periodically, starting with the Capital Markets Day 2021. But I want to leave you in no doubt. We will be value driven. We will be driven to sustain our growth. We want to not only be able to thrive through the energy transition, but to be a great investment opportunity for our shareholders.

However, despite this great excitement for the future, the short term does look challenging. The pandemic is not fully under control and we need to show prudence in our investments. So, going forward, we will still be focused on a disciplined capital investment and prioritise where we will spend money.

I believe in the Bacalhau project, and we should proceed in the first half of this year to FID. It is a truly exceptional project from an economic and environmental standpoint against the vast majority of the comparable projects. So, it makes a lot of sense to go forward. But also it makes sense to go forward with the renewables portfolio that we have built and to grow and deliver that funnel.

But we maintain our investment guidance. Over 2020 and 2021 we will stay in the band of €0.5 - 0.7 bn net capex, net of divestment, but that does include the Bacalhau project.

Because we’re going to be prudent in capex, we believe also we should be prudent in shareholder remuneration. So, related to the 2020 dividends, the Board has proposed €0.35/sh. That will be submitted to the AGM for approval. This is a 50% cut from our pre-COVID dividends of €0.70/sh but reflects the economic downturn that we’ve experienced, and it reflects some prudence going forward to maintain our balance sheet.

For 2021, we expect to increase this dividend towards €0.50/sh. Despite the recovery in 2021, from 2020, it looks like a tough year, particularly in the midstream and downstream. We see no real signs of recovery yet and although the oil price has gone up to $60/bbl and above, we don’t take this as a basis for planning. We are planning more prudently, at $50/bbl.

Going forward, we are a Company that has distinctive growth. We are a Company that doesn’t want to be valued by dividend distribution alone. We want to combine growth and shareholder returns.

I do respect that we need to create some clarity around this. Therefore, we’re going to be having a CMD in May, when I can describe what I’ve been doing in my first 100 days. We can deep dive into the various business sectors. We can talk about our operational performance, about our growth, about our medium to long term strategy and capital allocation.

I’m very excited about leading Galp. I’m very excited about coming with you on a journey that can demonstrate what we can achieve.

Now, I’m going to hand over to Filipe, who’s going to explain the fourth quarter and full year results to you. Thank you very much.

**Filipe Siva, CFO**

Hey, guys. I will start with the P&L on slide eight, a brief review of the 4Q and the full year. In the quarter, Group RCA Ebitda was only €410 m, given the environment all our businesses were operating in. The upstream Ebitda was €319 m. That’s down 36% YoY, mostly reflecting low oil prices, lower production, but also the depreciation of the USD versus the Euro. QoQ the increase in Ebitda comes mostly from a positive impact
from adjustments in overcharges booked in previous periods. The full year Ebitda for Upstream was one €1.1 bn, and that’s down also 37%.

Commercial Ebitda was €71 m in the quarter and €325 m for the full year, also highly affected by the effects of the Iberian lockdowns and the travel restrictions on the sales of oil products and natural gas.

Now, you know this is a very touristic part of the world and the economic effects have been particularly harsh in our core countries of Spain and Portugal.

Refining & Midstream, the Ebitda was €17 m in the quarter. Actually, with quite a negative number in refining, given how challenging the refining environment was. But this was partially offset by a very resilient Midstream contribution, including trading. The full year R&M Ebitda was €113 m, here also with a negative contribution from refining.

Renewables & New Businesses is deconsolidated, so we have no contribution to Ebitda from our Spanish solar portfolio and the net income of that business will follow under the associates line.

Financial results were only -€19 m, so we have positive contributions from FX and mark-to-market valuations in some of our risk hedges.

After taxes, net income was €3 m. IFRS net income was -€35 m in the quarter, mainly reflecting the post-tax effects from the Matosinhos refinery shutdown decision, partially offset by the capital gains we had from the sale of GGND. For the full year, we have over €0.5 bn in IFRS losses with a very large inventory effect here on those numbers.

Here on the cash flow table on slide nine, we have cash flow from operations of €231 m in the quarter, reflecting the weak downstream contribution as well as a working capital built.

For the full year, CFFO of €1 bn was almost half of what we had in 2019, of course, highly impacted by the macro environment and the operational constraints brought about by COVID.

Now, this is especially true for our downstream activities with refining highly impacted by inventory effects, given the sharp decline in the commodity prices during 1H20. Commercial was way more resilient, despite the hefty reduction in oil and gas demand in Iberia, both in B2B and B2C. Upstream was very resilient with free cash flow actually up YoY, given the magnitude of the capex reductions and the higher production.

Bottom line here is that FCF was €42 m in this most difficult year and this already including the €300 m plus Solar acquisition in Spain.

On the balance sheet, you see that our fixed assets declined. Now this is the result mostly from the Matosinhos impairments, equalisations and also the USD depreciation against the Euro. This affects the Euro accounting value of all of our upstream assets.

On GGND, the transaction that we announced back in October should be completed very soon. The relevant regulatory conditions have been met and the sale has been booked, except for the cash proceeds. So, we have a receivable of €368 m booked under the caption of other assets and liabilities.

Net debt was stable at €2.1 bn in the quarter. Again, not considering the proceeds from GGND. And the liquidity position also remained very stable at about €3 bn.
This last slide on 2020 sums up pretty well actuals versus our guidance back in February, which seems like ages ago. Back then, we expected CFFO of €2.2 bn and ended up with less than half of that. Having said this, we had substantial cash preservation decisions whilst also completing the very strategic Solar acquisition in Spain.

And if you were to consider the sale of GGND, net capex would have been €0.5 bn, so at the very bottom of the revised guidance we have provided you with back in April.

There will now cover the next slide on upstream as we move into the 2021 outlook section. Thank you.

**Thore E. Kristiansen, COO Upstream**

Thank you, Filipe. Let us start this short-term update by briefly covering Upstream. As you all are aware, we disappointed on the production growth YoY with 7% versus what we initially targeted, namely between 13% and 17%. In our analyses, 65% of the shortfall was due to COVID, directly or indirectly.

First, we had the direct shutdown of two FPSOs, due to COVID outbreak on the installations. And, secondly, we had significant slower hook-up of new wells due to reduced people on board (POB), on the installations and in the logistics chain which we needed in order to perform the work.

The reduced POB was a preventive measure to reduce the number of exposed individuals as much as possible and that reduced capacity in the logistics chain was also linked to COVID outbreaks on several of the vessels and the drilling platforms, where we also had a policy of minimum POB. This gave us less capacity to conduct the plant programme.

But as you all know, COVID-19 directly or indirectly impacted upstream businesses across the industry and looking at our closest peers, no one else reported any production growth. Galp still delivered a 7% growth, all of which from very profitable low breakeven projects, and this remains unparalleled in the integrated universe of companies.

As a matter of fact, Galp’s Upstream actually delivered a higher FCF in 2020 than in 2019. Due to a forceful response to the price shortfall, with a 55% reduction in capex versus the original plan, as well as a 25% reduction in staffing due to the lower activity level.

More importantly, Galp’s highly competitive portfolio remains intact with a top tier delivery in terms of sustainability, both economically, with the production cost of round $3/boe, and environmentally, with one of the lowest carbon intensity levels in the whole industry.

Regarding our reserves and resources, results shows that our 2P reserves and 2C resources were of 2.4 bn boe for 2020. That’s in line with 2019, with 2020 production offset by added resources. We have included some details on this preliminary evaluation in the appendix.

And now some guidance for 2021. Considering our recent experience, the uncertain period we are facing and the persistent difficulties on all offshore activities related to COVID-19, we have decided to add a new layer of prudence to our forecast.

We therefore see production in 2020 to be in the range of 125 – 135 kbd, i.e., in line with 2020. We will, of course, continue to work with our partners to implement and reinforce all mitigation measures whenever
possible. However, the pandemic effects introduce a risk which we have tried to cater for with this production guidance.

In 2021 we will conclude the ramp-up of the unit in Berbigão/Suru, an important contributor to our production, and we will start up the production in the Sépia project. As mentioned by Andy, we’re moving fast to clear all relevant milestones to sanction Phase 1 of Bacalhau. This is another world class project with the consortium successfully capturing the opportunities available in the market to further optimise what was already a very competitive project.

All in all, the FID is planned for 1H21 and first oil in 2024. We have started early stages of FPSO construction works while we’re still working on optimising development concept. We will continue, along with our partners in BM-S-11, to optimise the development of Tupi/Iracema and continuously assess value added opportunities for further development in the field.

An updated plan for development for the field is to be submitted to ANP later this year. And finally, we aim to spud Jaca in São Tomé and Príncipe towards the end of 2021. This is a low-cost exploration activity which, if successful, will add very valuable resources to our portfolio in the frontier basin.

We will be sure to provide you a more in-depth view on our projects at the CMD. But in conclusion, and despite the short-term challenges, I am confident Galp’s upstream portfolio continues to be differentiated both in terms of competitiveness and sustainable growth opportunities.

I will now hand back to Filipe. Thank you.

**Filipe Siva, CFO**

Thank you, Thore. So, on the other fronts, we still have the lockdown measures in place and the economic environment is still quite uncertain for Iberian oil and gas, at least during the first half of this year. So, keeping our prudent stance, we have 2021 commercial Ebitda in line with 2020. Hopefully the second half will prove us very wrong, and the environment will pick up quickly.

The refining macroconditions remain challenging, although the forward curves look supportive compared to the 2020 levels. So, we see the Galp refining margins at $2-3/boe for the full year.

Now, concentrating all refining activities in Sines will lead to overall better competitiveness given the Sines FCC and hydrocracker. The opex and capex savings should become fully visible next year, as we decommission the Matosinhos processing units this year. And whilst difficult, the decision to close the industrial activities of Matosinhos became inevitable given the markets and regulatory circumstances.

Midstream 2021 Ebitda is estimated at €50 - €100 m. This is, compared with our previous guidance of €150 m, impacted by the weak gas environment, which may limit our trading potential, as well as by one-off costs related with particularly high tariffs for access to the Portuguese regasification terminal this year in 2021.

In renewables, we continue to build up the competitive Spanish portfolio. We expect to have about 1.2 GW installed by year end, with the additional 300 MW to be online by 4Q21. And in the 4Q20, we had upsets in two transformers. This is covered by insurance and this affected 375 MW of solar capacity. So, this should be sorted out by next month, so well ahead of the summer peak production period.
And we continue to look for attractive renewable projects and our portfolio now stands at 3.7 GW. This is with land and access to the grid. We will keep our discipline, value over volume, and unlikely to win anything through auction mechanisms, which have recently had outcomes in this region which we really struggle to understand. So, we’re not on that camp.

Putting it all together on slide 15. Now, considering the restricted downstream environments in Iberia and Brent at $50/bbl, Group Ebitda in 2021 should be in the range of €1.6 - €1.8 bn, while CFFO at €1.3 - €1.5 bn. We kept the capex guidance we have given you last year, so €0.5 - €0.7 bn. This considers the Bacalhau FID and the proceeds of the sale of GGND.

Now, regarding the dividends of €0.35/sh related to 2020, this should be distributed out after the AGM in April, so in May. And the Board has also indicated that under the foreseen scenario, at a Brent of around $50/bbl, Galp should target a dividend of about €0.50/sh related to the 2021 fiscal year, with an interim payment to be considered sometime in 3Q21.

So, I will stop here, and we will now take your questions. Thank you.

**Otelo Ruivo. Head of Investor Relations**

So, we will open the Q&A now. We have the team remotely connected from all over Europe to take your questions. So, operator, could you open the session please?
Questions & Answers Session

Biraj Borkhataria – RBC

Hi, thanks for taking my question, and Andy best of luck for the coming months and into the Capital Markets Day. I have two questions please.

The first one is on capex. On your growth capex for 2021, what do you assume for the renewables spend? You also mentioned that you’re expecting a lot of the bulk of the Bacalhau spend to be in that number, but can you also say whether you have factored in FID in Mozambique? Or is that not assumed till 2022?

And then the second question on the production guidance. I mean, you normally come out with very conservative production guidance at the start of the year. You said you’ve taken this to another level. I wanted to get your thoughts on whether the changes at Petrobras have played a part in that conservative guidance and your early thoughts there. Thank you.

Andy Brown, CEO

Great, thanks Biraj. It’s good to be talking to you again. So, thank you for questions. So, in terms of our growth capex this year; Bacalhau is the largest element in that investment plan and we really hope that we can go forward with that soon.

On renewables, we are talking about €200 m. So, a substantial amount of money actually is going into renewables. But we aren’t putting any money in for Rovuma at this stage. Still, we’re evaluating the way forward with our partners there. Do remember we are spending money on Coral, the floating LNG scheme. So, some Coral, some renewables, and Bacalhau being large element in that capex plan.

In terms of our production guidance, Biraj, coming into this job, I know the 7% increase was a disappointment. But I think it just shows how amazing that portfolio is, that even in this really dreadful year, we could grow by 7%.

What we saw last year, we still see this year. We see issues with availability. We see wells not been hooked up in the times we expected. So, this is an ongoing difficult production environment, but in no way is this related to changes of leadership in Petrobras. As you know, I know them very well from being partners with them before. They are an impressive executor of projects. And I don’t think that change is impacting those production numbers.

I might ask Thore, if he wants to say anymore about 2021 production numbers, because I can understand they are a little bit disappointing from what previously was announced. Thore?

Thore E. Kristiansen, Upstream COO

Thank you, Andy. Well, you know the upstream business better than most. So, I think you actually have covered it actually really well. What we have done is exactly what you said - based on our experience from 2020, we have seen that it takes longer to hook up new wells, to have the necessary capacity in the logistic chains.
And therefore, we have actually done it in two ways. We have done both the probabilistic and the deterministic sort of simulation of what is the expected outcome of production and that’s why we are guiding in the way we’re doing right now between 125 and 135 kboepd. That is our best view as of today. Thank you.

Biraj Borkhataria – RBC

And anything on the changes at Petrobras, any comments you can share?

Thore E. Kristiansen, Upstream COO

On my side, absolutely. I completely concur with Andy. Petrobras is really executing very well. They have a very professional team. And I think that team will continue to execute. So, at this stage, we have no reason to have any worry on that.

Oswald Clint – Bernstein

Hi, good afternoon. Thank you very much, everyone. Andy, obviously, great to have you on the call, thank you. I mean, I want to ask a bigger question. Obviously, Galp have great assets and you know them very well. But I guess one of the issues you’re going to find is investors do think of Galp as more of a, let’s say, passive participant in some of these assets, whether it’s Brazil or Mozambique. And having to wait for decisions further up the chain, which, I guess, was you in your old Shell position.

So, I wanted to firstly get you to talk about what you can do or say to dispel some of those views. And I know it’s early, but any views on how you might be able now to get the market to really better appreciate the underlying asset quality in this portfolio, because I think it has struggled over time to be fully valued.

And then secondly, I wanted to ask about: you talked about Solar and Filipe mentioned the recent auction. So, you want to grow that funnel: prices in January: €24/MWh. You’re collecting closer to €40/MWh at the moment on the current portfolio. Does this mean you have to step outside of the Iberian Peninsula to really grow the renewables pipeline? Thank you.

Andy Brown, CEO

Thank you, Oswald, it’s great to be talking to you again. It’s interesting. Clearly, I understood the Galp portfolio really well when I was in Shell. And what I can see with this portfolio, not only is it probably the best in our industry, and one of the rationales for Shell to buy BG was always to get into the Brazilian pre-salts.

And, I think Galp has a great and enviable position there. And it wouldn’t surprise you that Shell always looked at Mozambique quite positively. And I think that is one of the best and, clearly, one of the most prolific gas resources available to OC’s.

Now, am I concerned about the fact that we are a non-operator? I think Galp has been a really strong non-operator. I think it has been able to bring really relevant technical information to the table, which actually, sometimes the operator has been influenced by.

And, again, from my experience, being a non-operator is not an issue, if you have really good operators. And I think Petrobras and Equinor in Brazil, ExxonMobil in Mozambique, Eni with the floating LNG, I think these are
companies that I always enjoyed working with. And I think in this Galp role not only have they got great resources; I think they have also got great partners as operators. And we will continue to play our role. And hopefully, I can add a little bit there because my experience as a non-operator to influence them.

As it goes on renewables, Oswald, indeed. So majority of the investments we have made so far, the 900 MW, there is a price floor on that, a regulatory price floor. Going forward, we are going to have to look at how we balance the risks to the markets we are in. And we are going to be looking at what other markets we may move into. Now, I can’t give you any more details on that today. But I think that will be one of the things that we will address when it comes to the Capital Markets Day in May, about how we would like to grow that renewables portfolio to increase its resilience, but also to increase the cash flows over a period of time.

Mehdi Ennebati – Bank of America

Hi, so good afternoon, all, and thanks for taking my questions. So, two questions, please, if I may. First one, on the dividend, so you provided, let’s say, your dividend for full year 2021 at €0.50/sh. So, what oil price would make you revise down, let’s say, that €0.50/sh level? So, let’s say that the oil price goes back to $50/bbl. Will you still keep your €0.50/sh dividend target or, no? And if I may, just regarding the decision on the interim dividend, you said that this will be taken in the first quarter. Just for us to try to anticipate it, what will make you choose to pay an interim dividend on that? Is it related to the oil price only?

And another question regarding your capex guidance. I mean, last year, you said that the net capex will be between €500 m and €700 m on average for 2020 and 2021. So, given that in 2020, you, let’s say, had net capex of €800 m, I’d say that the market would have expected you to have a lower guidance this year or lower capex this year than last year. So, can you tell us why your guidance is relatively high in 2021?

Is it you being overly cautious or is it because, in fact, you and Equinor decided to accelerate on the development of Bacalhau or maybe on the development of your renewables pipeline? Thank you.

Andy Brown, CEO

Thank you, Mehdi. So, firstly, on the dividends and oil price up and down, our results are a basket of prices and demand levels in the refinery, in oil prices, in the commercial business. So, we haven’t prescribed a formula here. And, I don’t think that is what we’re doing at the moment. We’re saying, if we have a reasonable year, it’s €0.50/sh dividend. I don’t think we’re going to be looking at small tweaks up and down as we track oil prices. We are going to come back in May with a dividend policy, so we can be clearer and give the shareholders more certainty about their remuneration.

But in this sense, unless there are any disasters either way, then it is a €0.50/sh dividend, subject to all the approvals that we need to have. The interim dividend, I think we’ll perhaps ask Filipe to talk about it in a minute. I think we will have to see how the market develops.

We’re in a full lockdown in Portugal at the moment, which is one of our key markets. So, we have to see how COVID-19 plays out this year. And we have to see, as we get into the giving that interim dividend, how much confidence we have over the overall market. And I hope we can declare one. But I’ll perhaps ask in a second for Filipe to talk in a bit more detail about the dividend policy.
As to the capex guidance, unlike the company I worked in before, big investments either way can be quite lumpy in this Company. The GGND was recognised on the books for last year, but the cash is this year. So, you could imagine that if GGND had hit the books last year, then we clearly would be well within the range.

And so, this year, we are going to invest in Bacalhau, but we’re going to take benefit from the GGND sale in a cash basis. I think you need to look across these two years and combine them and say, “Okay, what is the average across the two years of the €0.5 bn to €0.7 bn?” But, indeed, I think our message is for this year that we are not stopping on capex. We are continuing with a few selected investments. And I think particularly in the renewables portfolio, and specifically, in Bacalhau if we can get all the approvals and we can go forward.

I think it’s probably worth Filipe just to talk a bit about the dividends and what will determine how much we pay on an interim basis. So, Filipe?

Filipe Silva, CFO

Hi, Mehdi. Mehdi, clearly, versus the previous guidance as we have provided before, we now have more prudent production levels. Obviously, we have lower Brent price assumption at about $50/bbl, refining margin $2-3/boe. I mean, all this could surprise on the upside. We’ll see. Lockdowns may cease further.

But at this stage, we will want also to deleverage a bit this Company. We’re going to take the FID for Bacalhau. Bacalhau is about 30% of our production. So, it’s a massive project for us, highly profitable. And we look at shareholder value creation at large. If you look at the screen today, we are €0.50/sh. We are at 5.5% yield for a company that has a very high terminal value. I think our peers are at about 6% on average. So, the investment proposition of Galp we think is different. We do not aim to be the highest dividend payer. So, some discrimination is warranted in our view. Our cost of capital should be different given the longevity of our portfolio. And say, as we approach CMD, and then the fall, and if things go really well, yes, so there might be a component of the €0.50/sh that could be distributed out within 2021. And that is the expectation within the microframework we’re looking at.

Just maybe a word on capex. So, before the divestment in GGND and for 2021, very round numbers, about €850 m this year, and say about €0.5 bn or so for upstream, so that would be about 60% of our capex. That includes Bacalhau, Coral, and it also includes the last tranche of the payment for the Bacalhau South acquisition, which is due with the unitization that should come shortly.

The €200 m alluded by Andy on renewables, this is the equity component. So, the total growth capex, if we had 100%, and if it was all financing our books would be much more than that. And then you have about €100 m in Commercial or so and a bit in refining. So, I hope this answered your questions, Mehdi.

Thomas Adolff - Credit Suisse

Hi, good afternoon, and welcome, Andy. I’ll stick to the upstream if I may. And it’s just a question generally about Brazil. So, not just for Galp. Are all the FPSOs in Brazil facing the same problem you are facing, i.e., it makes sense to be risking the production potential across Brazil by 10%?
And then, secondly, you did have a high impact while you were drilling. I think you hit the target that’s just before COVID-19. That’s the Uirapuru well. I was wondering if there’s an update on that. Thank you.

Andy Brown, CEO

Thank you, Thomas. Good to hear you again, as well. So, look, I really wouldn’t want to give any guidance on FPSOs in Brazil. Interestingly, as you may know, I was Vice Chairman of SBM before this, so I could see how challenging it was to operate these FPSOs during the COVID-19 time, just in terms of getting people onto the FPSOs and keeping things at minimum manning, not being able to get specialist vendors, with all the flight restrictions and everything else that goes on. And I think we see those even tightening today. So, this is a difficult environment, and then clearly not one where you can get access to the resources as regularly as you normally can.

It’s not predictable how that affects your production. But clearly it does, and it affects the pace in which you can continue to hook up things. I think there is a macro impact of this, and particularly on these offshore units in Brazil, which has obviously been impacted hard by COVID-19. But I wouldn’t give you guidance on that.

I think Thore may add to that. But the other thing is, Uirapuru to get an update on that, because obviously that predated me. So, Thore?

Thore E. Kristiansen, Upstream COO

Thank you, Andy. When it comes to Uirapuru, we have finished the evaluation of the Uirapuru West well, which was the one that we drilled. And the evaluation is actually not conclusive at this stage.

For a prudence basis, we have actually impaired the amounts that we have spent on that well. As we view it at this stage, it doesn’t justify a standalone development. However, there is more prospectivity in that license. And what we are doing right now is, with them together with the partnership, evaluating what is now the next step, including then possibly reprocessing the seismic data, in order to see the further potential.

We see further prospectivity in Uirapuru. So, the last word is not said regarding this opportunity in Brazil for us. Thank you.

Thomas Adolf - Credit Suisse

What went wrong, I guess? You thought this would be Carcará look alike. And then obviously, it turned out to be non-commercial. Was it at least a discovery where you’ve encountered oil and what was exactly the issue there? Thank you.

Thore E. Kristiansen, Upstream COO

Yes, so I can confirm there’s discovery. As I said, it also was notified into the press via an ANP. So, hydrocarbons are definitely located. And that is why we see that the petroleum systems are confirmed. But as you know, there are always several factors that needs to fit together in order for this to be 100% commercial.
And at this stage, I would not like, Thomas, to go into further detail. As you know, this is something that there are a lot of sensitivity with. And we would like now to keep that information internally in the partnership as we are evaluating further opportunities, but petroleum systems have been confirmed, hydrocarbons have been found. And there are still very interesting prospects to be tested and evaluated in Urupuru. Thank you.

Jon Rigby - UBS

Thank you and, hi, Andy. I want to just ask you, when we first met, I think you were running Qatar in Shell and that was two giant development projects going on. So, you presumably can see how a successful upstream business runs both non-op and op, because, obviously, there are skill-sets that you can add and add value to. I mean, do you think, in advance of the Capital Markets Day, one of the things you’ll get your head around is whether some sort of rebalancing of that exposure for the Company to be successful makes some sense, just because of the way your experience in that. That’ll be my first question.

Andy Brown, CEO

Okay, Jon. Thanks for the question. And, I think, we’ll probably again update in May. Yes, Shell clearly brought to the table masses of technical capability experienced across the world. I think, certainly for Galp, it’s a much leaner organization that is set up on a non-operative basis at the moment. So, I think if we went into an operative position, we’d need to think very clearly about what that meant for us.

The Qatar operation, as you know, was enormous, I mean, the hole project itself. What was interesting about that was, I think, we’re bringing together a number of things around technology and access to resources and things. So, I think some of those fundamentals, we can bring to the table, understanding the basic of the energy system, understanding where Galp can invest for benefit, and leveraging partnerships in that process.

So, I have a big network in upstream. I have some experience in operatorship. I’m not sure if that translates to ‘let’s be an operator in Galp’. But I’m sure, I think, I can bring a real value-added benefit, particularly in the integrated gas world. And we can see those projects that clearly the operators have already selected and they’re really good ones as I said.

Let’s see as we go forward, as we explore more how we develop that upstream portfolio. But to be honest, I have to say Thore and team are top world class upstream players. I have been really impressed with the people I’ve met and the depth of insight they’ve had in the places they have a position as non-operator.

Jon Rigby - UBS

Right. And just to pick up on one of the comments you made in your introductory remarks. You talked about taking hard decisions. I think, you sort of intonated about dynamism and so on. I guess is a no-no, a lot of the fact is then around about how you manage portfolios. So, do you envisage the Company being somewhat more dynamic in the way that it manages its portfolio going forward with an eye on value?

Andy Brown, CEO

Jon, you touched on the key points as I come into this Company of what’s really important, is that we set out our strategic direction. We have a rich portfolio in the upstream, specifically, obviously, projects like Bacalhau,
and a good exploration portfolio as well. We have this massive opportunity in Mozambique with integrated gas.

We need to look very clearly at Sines, what we do with the refinery there and how we make that fit for the future. We have big ambitions in the commercial arena. We have big ambitions to grow our renewables.

And we have things like battery value chains, hydrogen value chains to look at. When I say, we have to take tough choices, I think, we have to be really clear on which things and which of these horses we’re backing, because I don’t think we can afford to do everything. And so that clarity of purpose is what I’m really keen to bring into the plan for Galp.

Joshua Stone - Barclays

Yeah, thanks, and congratulations on the new role.

Andy, I’ve got two questions, please. Firstly, just going back to the upstream production guidance for this year, are you able to say how much contingency you’re actually including in these numbers? Just starting to think if its availability does come back in 2020 and we’re in a sort of COVID-19 free world, touchwood, or a vaccine world, how much production could come back in 2022?

And then my second question, slightly more high level. You mentioned sort of Galp being the right size for an agile transition. I was wondered if you could talk at a high level what you think the right pace of change is for Galp from the upstream to renewables and maybe talk about at a high level your intentions there? Thank you.

Andy Brown, CEO

Thank you! So, Joshua, in terms of the production numbers, yeah, I mean, I think many may think I’ve come in, and, clearly wanted to kitchen sink it or something like that. This is not the case. I perhaps facilitated a discussion about where we thought we were and what was the likely outcome and that’s what we’ve done.

Clearly, we’d love to be able to offer more, and I will be putting a lot of pressure on Thore and team to see what they can do to achieve that. But this is, I think, a fair representation of how we see the market today. So, we’re not going to speculate.

Then the second question is around, apologies, Joshua, what was your second question?

Joshua Stone - Barclays

On the speed of the transition, so how quickly you’re prepared to move from upstream to renewables?

Andy Brown, CEO

So, I think this is again something for May. As I said in my remarks, a year ago there was really no renewables to speak about, to now large Iberian solar plant. So, clearly, this is a company that can make moves and make a difference very quickly.

If you look at upstream position, it’s been impressive, it’s been growing fast, but it’s 130 kbpd. I do think this is a company that has the agility to look at certainly through this decade of making substantial changes.
Now, we have to decide what’s prudent for the shareholder, we have to decide what is in line with the energy transition, and how fast we feel we need to go. That’s something that we will be studying quite carefully in the next three months and then coming back to you with some guidance of how we see that.

Now, Galp has already guided 10 GW by 2030. And, if you do the sums versus our upstream size, that’s massive. So, that’s the ratio, that’s a bigger transition, a faster transition than any of our competitors. So, this is a Company that can move fast. This is a Company that can build a substantial portfolio in the new energy space and execute it.

As Filipe said, we have 3.7 GW in the funnel of opportunities with grid connection already in place. So, let’s see how fast that goes. But it’s underpinned by a really solid upstream in assets, as we know, that have very low decline rates. So, this is a great platform for a company to launch into a transition and to do it, I think, effectively and persuasively and ahead of the rest of the market.

**Sasikanth Chilukuru - Morgan Stanley**

Hi, good afternoon, everyone, and thanks for taking my questions.

I had two left, please. The first one was related to the upstream and upstream production. I was just wondering, if it was possible to provide the production profile, or the expected production profile on a quarterly basis in 2021, but just wanted to check whether there was any major turnaround activity in the first half of 2021, or if there’s any difference in production levels in the first half and the second half.

Any comments on the production levels so far this year, would also be useful. And if we were to look into 2022, other than Sépia, are there any FPSO units that will be ramping up in 2022? And based on the current assumptions, would 2022 production be higher or lower than that of 2021?

My second question was related to the capex and the comment of the capex level being c.€850 m in 2021. Would that be a starting point for 2022 organic capex given potentially higher spend in Bacalhau next year. Would you see 2022 organic capex levels being higher than €1 bn potentially in 2022?

**Andy Brown, CEO**

Thank you, Sasi. Thank you for your question. Look, I think on the first point, and I’ll probably pass it to Thore to talk about it, I am not sure we give QoQ guidance, but Thore will be able to elucidate on that.

On capex numbers and certainly on production for subsequent years, really, you’re going to have to wait, until the Capital Markets Day for us to reveal how we think that production goes in subsequent years. On a capex level also, this is again something for us to explain in a bit more detail with the rationale in our Capital Markets Day, so I’m not able to give any guidance on that.

So, I’m going to hand to Thore to talk about what kind of production anticipation we’ve got over the year. Thore?
Thore E. Kristiansen, COO Upstream

Thank you, Andy. Sasi, we do not have the practice of guiding on a quarterly basis, so that would not be correct of me to give you a guidance on that. I think the best thing we can do for now is to remind you on 125 –135 kboepd, that is the range.

And then as we come to the Capital Markets in May, we will also then start to speak about what is going to happen beyond 2021. But at this stage, it would not also be correct of me to mention what our thinking is beyond 2022, except for the fact that, as you correctly mentioned, Sêpia will ramp-up and also remember that towards the end of 2022, we also expect to have the contribution from Coral. But guidance on the volumes, I think, we will leave until the Capital Markets Day in May. Thank you.

Michael Alsford - Citi

Hi. Good afternoon. Thanks for taking my questions. I’ve got a couple, if I could.

Firstly, on the Midstream, the Ebitda guidance is typically much higher than what you’ve guided to for 2021. So, I was just hopeful you can perhaps elaborate on the assumptions that you’re assuming for 2021? And what were the one-off costs that Filipe mentioned in his prepared comments?

And then just secondly, I think, it was interesting that you’re one of the very few companies that provide prospective resources in the upstream. And I noticed that it was interesting given the Urirapuru well, that actually prospective resources increased by over 10% in 2021. And just more broadly, I just wondered if you could maybe talk a little bit about how, given the energy transition, how you plan to try and monetise this potential resource base going forward? Thanks.

Andy Brown, CEO

Thank you, Michael. Thank you for your question. Look, I’m going to leave the detailed guidance on the Midstream Ebitda to Filipe. I think he did mention that the high costs for liquefaction that we have in 2021, and obviously some depressed demand through the year, but he may be able to elucidate more on that. And I will ask Thore to also talk about the increase in prospective resources.

I have to say that we do give and I think we give 2P and 2C numbers, and some of you will remember how I often talked about the ratio of 2P and 2C to production, and how many years we would like to have in the bank. Galp is in a really, really good position with respect to that metric. And, I think, again, it is a real strength of this Company, going forward. And therefore, it doesn’t necessarily have to look to the exploration success to see a funnel of good projects coming through over time.

So, it’s in a strong position in the resource base. And, of course, again, in the Capital Markets Day, we will talk about how we’re going to turn that into production, over a period of time. So, can I just then ask Filipe; is there any more to add on the midstream Ebitda guidance? Filipe?

Filipe Silva, CFO

Hi, Michael. So, in late last year, there was the auction for access to the liquefaction plant in Sines and that’s the only one we have in Portugal. And a number of players were very long gas with take or pay commitments
trying to unload their molecules. So, the auction led to very high one-off costs for access to the 2021 capacity. This is most likely going to be reversed next year. You will have seen there was a peak pricing both in Asia and in Europe for gas, not as much in Europe. So, inventories are down and we see a lot less pressure for unloading gas molecules in Portugal, going forward.

So, the guidance of €100-ish of Ebitda Midstream and refining is actually all midstream trading effectively of gas and oil as the $2-3/boe assumption for the refinery leaves almost no Ebitda. So our cash costs at c. $2.5-2.7/boe, on our assumptions, there will be very little Ebitda left in 2021 on our assumptions. Thank you.

Thore E Kristiansen, COO Upstream

And then if I should just comment on your second question regarding the prospective resources.

Michael, the two key contributors of the increase there has been in São Tomé e Principe and also there is some contribution from Namibia.

From Uirapururu, as you very correctly pointed out, and as I said in my comments, we have made a discovery there that has led us to be able to include that in the (contingent) resources. But as we said, as for now, we do not see that they, on a standalone basis, are commercial, but there is more opportunities in that block, and we will continue to look for ways to deal with that. Thank you.

Alessandro Pozzi - Mediobanca

Hi, there, good afternoon and thank you for taking my questions.

For Andy, please. If you had to meet an investor today, and if their question was, what are your top two priorities for Galp? I was interested, what would be your answer?

And the second question is, what do you think about refining, do you think that a refinery like Sines can remain competitive over the next two years? So, really, we may see some coming back of the margins on the back of pent-up demand, but going forward, demand in Europe was sluggish. I was wondering if you think that Sines can remain competitive over the next few years.

Andy Brown, CEO

Thank you, Alessandro. So, I have been obviously thinking very hard about what the top priorities are for me coming into the Company and I think the number one priority is to set the strategic direction of the Company. We’ve embarked upon a detailed strategy refresh exercise looking at the opportunities we have and the choices we may need to make going forward, and clearly, I will not be able to reveal everything, but hopefully, I’ll give some further guidance in May at the Capital Markets Day on that.

The second, I think, is really just about bringing into Galp a sense of teamwork, of delegation, accountability, performance management, and agility that will make this a really dynamic Company. I have some experience outside of the Company and, coming in, I think I can sense how I can take what is already a super team and take it to the next level of performance. So, something about direction and something about unlocking the latent performance of the Company.
I think the future of Sines is one of those big strategic questions. Clearly, it’s a lot more profitable refinery than we had in Matosinhos, but still, the world is changing fast, so what will we need to invest in that refinery in order to make it fit for the future and how long is that future going to be? These are really important considerations for us as we get into planning our way forward.

So, we hopefully will see a bounce back of some of these margins. But we also have to recognise that Iberian liquids demand will diminish over time. So, how does Sines fit and how do we make it one of the top Iberian refineries in the world, are really important decisions for us to take. Thank you very much for your question.

Jason Kenney - Santander

Hey, thanks and good to hear your voice again, Andy. Sorry, my voice is cracking. But really good that you’re the head of a very dynamic Company.

I’ve got a couple of questions on. Firstly, to Filipe, the usual tax rate question, if you could. I think I ask it every quarter, any guidance for the early part of 2021 in the next 12 months at your base case assumptions?

Secondly, I’m still a bit confused about the deconsolidation of renewables, because obviously, you created a new renewables division and then deconsolidated everything. So, do you think it will still be a deconsolidated business for the foreseeable future or once you get past 3.7 GW and start rolling out towards 10 GW you consolidate that business back in time. Maybe just turning on renewables, just the proportion of PPA versus merchant exposure of those 3.7 GW, please? Thanks.

Andy Brown, CEO

Right, Jason, could I just hand those questions to Filipe. I think, they’re very much in his court.

Filipe Silva, CFO

Jason, same question, same answer, every quarter. Longer-term, on a normal world, we should be at c.40% on a cash basis, 50% on a P&L basis. Now, we’re not living in a normal world and not only have we, unfortunately, created substantial tax losses this year, if you look at the P&L in 2020, most of what you see on the P&L is actually SPT taxes in Brazil. So, 85% or 90% is SPT, because, unfortunately, the non-upstream division was not generating any net income. So, we need to wait for more normal times to get to our guidance has been.

On deconsolidation of renewables, this is a big point for debate and there will be some discussion ahead of the Capital Markets Day. But at this stage, we are an oil and gas Company. Oil and gas companies have a very low leverage and have a much higher cost of capital than renewables. So, it kind of makes sense to arbitrage and lever up to the renewables division, because there’s a different pool of lenders that are very keen to do that.

So, where do we consolidate and you see that on the balance sheet is a bit optical, frankly. We will give you guidance on, if we were to have 100% of this business and fully funded by Galp, what would be the Ebitda. You’ll get that. But accounting wise, as an oil and gas Company, this cannot still be seen as an on-balance sheet proposition given the ambitions and the size of the portfolio we want to develop. Thank you.
Anish Kapadia – Palissy Advisors Limited

Hi, I had a couple of questions. Just wanted to get some guidance on a few of the financial items if you could give some detail on your expectations for the associate dividends that you’d get this year, the Sinopec dividends that are going out, and your cash financial expenses?

And then just a second question going back to Brazil at the moment, where you are in terms of Tupi in your existing FPSO, what’s your expectation in terms of decline rates on those FPSOs now that you’ve reached plateau production? Should we be expecting those to be moving into decline without any further projects on those? Thank you.

Andy Brown, CEO

Thank you, Anish. Let me ask Filipe to give some guidance on the first one and, I’ll ask Thore to give some guidance on the decline rates and plans for the plant development for the Tupi field in general. Thank you.

Filipe Silva, CFO

Hi, Anish. The dividends to Sinopec fall at the very bottom of the P6L under minority payments, so that’s outside of the associates line. We know it was a high number in 2020. That was based on the 2019 performance in Brazil. So, we’re not expecting that sort of number in 2021.

The other associates or the associates have been predominantly the pipelines that we have coming from Northern Africa into Iberia and GGND. Both of these are expected to disappear shortly. So, we are selling GGND and our access or the use of the pipelines from Northern Africa is under negotiation with Sonatrach and the Moroccan authorities. So, I would not bank on continuity of these two lines.

We also had the Dutch entity held by Shell, ourselves, and Petrobras that was the owner of a lot of the upstream equipment in Brazil and that’s been all sold into the JV in Brazil. So, you will be seeing that disappearing as well going forward. The associates line structurally will be heavily weighted by the solar portfolio. Thank you.

Thore E. Kristiansen, COO Upstream

Anish, when it comes to Tupi and Iracema way forward, right now, what is the key challenge for us is actually to have, and making available, the capacity that we actually have for the different unit, i.e., we need to be able to hook up the wells, and connect the wells, and commission the wells faster, so that we can get additional production capacity. We still have wells that need to be drilled, and wells that need to be connected. So, that is the short-term focus.

And then a little bit longer focus and as I mentioned in my introductory remarks, and which we are really excited about really, is the fact that in the partnership now, there is very good discussion about how should an updated development plan for Tupi and Iracema look like. And what we are in alignment in the partnership is now that we intend to go to the ANP towards the end of this year, and to deliver a new plan for development and production. As you know, Galp sees quite a bit of additional potential for Tupi and Iracema. We think there are 20 bn bbl of oil in place in that reservoir and only 1% point improvement in recovery is 200 mbbl. So,
we think that there is a significant opportunity to get significantly more resources out of Tupi and Iracema. and that is our key focus right now. Thank you.

Matt Lofting - JP Morgan

Hi, gents. Thanks for taking the questions and Andy, welcome to Galp and congrats on the appointment. Two questions if I could, please.

First, on energy transition. Andy, I wanted to come back to the reference you made during your introductory remarks on Galp being right sized to be agile for the transition. You pointed to pretty active renewables investment this year relatively. When you look beyond pure size, could you share some initial thoughts on where the Company can positively differentiate industrially through the transition and how that perhaps feeds into capital allocation thinking into May, particularly given apparent competition of recent low carbon auctions in the region?

And then, secondly, returning to the cash return frame, 2020 was an exceptional year in the number of different ways. But when you look forward and we take €0.50/sh indication for 2021, it strikes me that conceptually with the industries macrocycles combined with Galp’s growth and potential transition objectives, it has proved challenging in recent history for the Company to calibrate and sustain an absolute dividend policy.

So, could you just talk a bit more specifically about the nature of the dividend mechanism that you’re trying to communicate with the €0.50/sh here? Can it be part of the through cycle absolute distribution grown commensurate with earnings and cash or while Galp remains in growth mode, does it ultimately need to be configured more around a payout base logic? Thanks.

Andy Brown, CEO

Thanks Matt. Thanks for the question. So look the differentiators, I came into this Company kind of aware that they’ve made this big solar investment and which is clearly a lot of MW in Iberia. But when it actually came into the Company, I found that it was really dynamic and then there were a lot of other avenues that are being explored.

Whether it’s through hydrogen, through Sines and connections, or it’s through the battery value chain, or it’s through creating a business that puts solar panels on roofs. What I find is a Company that with the right focus on innovation can move fast and create these different value chains.

So, I think that’s a key strength. And why is that? Because it’s an engineering Company, because it’s a Company that has access to markets and understands particularly the Iberian market, its customers well. It straddles these businesses and, therefore, can look at the integration opportunities, but also can invest, as we’ve seen also, in close relationships across Iberia. And arguably over time, I think in more international spaces with the relationships it has to build up an upstream renewable generation portfolio.

So, it is a mixture of things coupled with this innovation, the size, where our senior team like I believe will be able to understand the returns that we get from those various investments. That clearly is the priority to put that together and to be able to articulate that in a really compelling way when we come back in May.
As for how we look at shareholder distributions, as I said in my remarks, I don’t want this Company to be valued just because it has some kind of terminal value and we will distribute dividends until we run out of path. That’s not the intention. The intention is, for a Company that does give a very competitive return to the shareholder, but at the same time is growing not only in its upstream, but also in its new energies’ positions. And I think that Galp uniquely has that capability to the shareholder: to offer good distributions, but also to demonstrate that it is growing, growing in cash flows, and then obviously, over time, will hopefully allow also those distributions to grow.

So, I think this is a Company that, for those two reasons, should be able to come back with a really compelling proposition to you, starting in May and then building away from there.

**Jorge Guimarães - JB Capital Markets**

Hi, good afternoon. Thank you for taking my questions. My first question would be related to your guidance on refining margin. Is it possible to provide us with an update on the long-term guidance, just with the Sines refinery, I assume it’s more efficient, so would like to have your view on that?

And the second one, it’s about the guidance for Commercial in 2021. You are guiding for a higher volume of oil product sales, and yet you maintain Ebitda flat YoY. So, I would like to understand better what could be happening in 2021. Is it a reduction in margin? Or what could be going on? Thank you very much.

**Andy Brown, CEO**

Thanks Jorge. Look, I will start and I’m going to ask Filipe also to add something on this. With respect to refinery margins, we enjoyed $4-5/boe before. We’re talking about $2-3/boe this year. So, clearly, we believe there’s much more potential to the margin without doing anything.

Now, clearly, in terms of Galp, having focused only on Sines, and obviously, closing down Matosinhos, it is going to improve the average margin that we enjoy as a company. And we’ll really enjoy that in 2022 once we’ve gone through the decommissioning and decontamination exercises.

Now, clearly, the big decision is that how many more investments we’re going to make in Sines to actually improve that margin further and look at the various ways that we can do that. And there are multiple different avenues that we could consider investing in the refinery going forward.

I think in terms of commercial, it was a strong year in 2020 given the demand and demand recovers but doesn’t get back to the 2019 levels this year. And this is all around an assumption of the different products and what kind of margin we’re going to get on those products through the year.

So, I think we’re expecting another strong year like last year I think is our conclusion from the commercial business. Do you want to add anything to that, Filipe?

**Filipe Silva, CFO**

Yes, just on the refining. Without Matosinhos and given its hydro-skimming nature, the theoretical margin increase of Sines alone would be about $1/boe over what we had before for the two refineries on a normalised
year. So, this year, clearly, we will not have Capex going to Matosinhos, but we still have a lot of the Opex as we decommission, decontaminate, etc...

On commercial, just a reminder that we had a pretty good two months last year over the summer. And also, January and February were quite good. So, 2020 was bad, but we had a pretty solid period that where we stand today, we’re pretty far from where we were last summer. Hence, still some caution. Thank you.

Raphaël Dubois - Société Générale

Thank you very much for taking my questions and welcome on board, Andy. One question on upstream. Can you just explain the decline rate that you’re observing at the various Brazilian zones where you are, if some of those zones have experienced, finally, a pickup in decline in 2020? That will be my first question.

And then on Matosinhos, you were trying to sell some paths from this refinery. Can you also give us an update on the disposal target?

Andy Brown, CEO

Thank you, Raphael. So, look, I don’t know to what detail we would want to go into in terms of individual FPSOs and decline rate. It’s a difficult combination of availability level, water injection performance, all sorts of other aspects that go into the overall production of these individual FPSOs.

As Thore kind of explained, there is a lot of oil and a lot of further opportunity for infill drilling and to compensate for declining rates. So, to kind of have an image, ‘this thing is up to peak, and now will just slowly decline away’, I think isn’t giving the true nature of the potential of that resource. I will give Thore the floor, just in case there’s any more to add to that.

As to Matosinhos, and I have to first say that, I think coming into this company, my heart goes out to the people that worked so hard but for so long on that refinery. And I know that clearly the decision made by the Board in December to close it is a very heavy one on the people involved. Clearly, it’s going to remain as a logistics path for us. And, we will look for other ways to use that facility and we’re studying that carefully. Clearly, some of the equipment there is equipment that we can use, potentially, in other projects in Sines. But there are no clear plans for exactly what we might do there.

But our priority at the moment is clearly to make sure that we have a good plan for the people, have a good plan for how we’re going to very responsibly decommission and decontaminate the site. And then plan on what we will do and what we can do with the facilities going forward.

So, Thore, any more to add on this? I guess, you will agree, this isn’t a simple, ‘now it’s all about decline’. It’s all about coming up with a plan that makes sure that we don’t get too much decline at all. So, Thore, how do you want to address that?

Thore E Kristiansen, COO Upstream

So, first of all, it would not be correct for us to go in on this on an individual FPSO basis to discuss this. The key focus last year, and it will remain the key focus this year, is to make sure that we get available the resources, i.e., the well injectors that we have in place, make sure that we do the planned well workovers.
Due to the capacity constraints, that has not been to the level that we really wanted to do in 2020. That is also why we are a bit cautious for 2021, that we do not necessarily have access to the resources in this respect as needed.

And then it as Andy said. It is a combination of the water injection capacity, the gas export capacity available, and then at the same time prudent reservoir management, where we do see that there is the need to make sure that we have the proper reservoir pressure in order to make sure that we can, in the best possible way, optimise the production. But as I said in my previous intervention as well, key focus here, guys, is that there’s still a lot of oil to be taken out of Tupi/Iracema, and our focus now is really now to come up with a very good plan for how can we further maximise recovery in this field to a second phase of development. The partnership, as I said is working really well in this aspect, to maximise recovery of the field. Thank you.

**Otelo Ruivo, Head of Investor Relations**

So, I think we have come to the end of the session. Thank you, all. And the IR team will be happy to take any further questions that you might have, as always. So, I hope to see you all soon. Bye-bye.
Cautory Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp’s markets; and impacts of the COVID-19 pandemic on Galp’s businesses and results; any of which may significantly differ depending on a number of factors, including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp’s actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp’s competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors, including changes in law and regulations and obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations, including negotiations with governments and private entities; and other factors discussed in Galp’s Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. This document may also contain statements regarding the perspectives, objectives, and goals of Galp, including with respect to energy transition, carbon intensity reduction or carbon neutrality. An ambition expresses an outcome desired or intended by Galp, it being specified that the means to be deployed may not depend solely on Galp. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements express future expectations that are based on management’s expectations and assumptions as of the date they are disclosed and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Galp to market risks and statements expressing management’s expectations, beliefs, estimates, forecasts, projections, and assumptions. These forward-looking statements may generally be identified by the use of the future or conditional tense or the use of terms and phrases such as “aim”, “ambition”, “anticipate”, “believe”, “consider”, “could”, “envision”, “estimate”, “expect”, “goals”, “intend”, “may”, “objectives”, “outlook”, “plan”, “probably”, “project”, “risks”, “schedule”, “seek”, “should”, “target”, “think”, “will” or the negative of these terms and similar terminology.

Financial information by business segment is reported in accordance with the Galp’s management reporting policies and shows internal segment information that is used to manage and measure the Group’s performance. In addition to IFRS measures, certain alternative performance measures are presented, such as performance measures adjusted for special items (adjusted earnings before interest, taxes, depreciation and amortisation, adjusted earnings before interest and taxes, and adjusted net income), return on equity (ROE), return on average capital employed (ROACE), gearing ratio, cash flow from operations and free cash flow. These indicators are meant to facilitate the analysis of the financial performance of Galp and comparison of results and cash flow among periods. In addition, the results are also measured in accordance with the replacement cost method, adjusted for special items. This method is used to assess the performance of each business segment and facilitate the comparability of the segments’ performance with those of its competitors. This document also contains non-financial performance indicators, including a carbon intensity indicator for energy products sold by Galp, that measures the amount of greenhouse gas emissions of those products, from their production to their end use, per unit of energy delivered. This indicator covers the direct GHG emissions of production and processing facilities (scope 1) and their indirect emissions associated with energy purchased (scope 2), as well as the emissions associated with the use of products by Galp’s customers (scope 3). The same emissions are considered for products purchased from third parties and sold or transformed by Galp. For a complete definition of scopes 1, 2 and 3 and the methodology used by Galp for this indicator please refer to Galp’s website at galp.com.

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