PRESS RELEASE
Lisbon, July 26, 2021

Second-quarter and first-half 2021 results

Galp today presented its 2Q21 and 1H21 results.

"Galp's financial performance during this first half was robust. Our assets have been able to capture the continued recovery of the macro context, namely higher Brent prices and increased Iberian demand for oil products, crucial for Galp to deliver a solid set of results, generating a free cash flow of over €0.7 bn and strengthening its financial position. However, Covid restrictions are still impacting operational performance, refinery margins and commercial sales volumes. Nevertheless, we are already at our targeted leverage ratio, which allows us to have confidence on the outlook for our financial performance and on the capacity to keep delivering a highly competitive and differentiated investment proposition.

In our latest Capital Markets Day in June, Galp presented an updated strategy, with a clear capital allocation framework aiming to continue to deliver growth from one of the most efficient portfolios in the industry, whilst progressively transforming and decarbonising our activities. We have progressed on that direction during the first half of the year, advancing on key developments that will support our path. We have also refreshed our organisational structure and, with that, made some changes to our Executive Team, as we aim to adopt a leaner and more agile management model to embrace the exciting challenges ahead.

These are important times in Galp's history, and I am confident that we will thrive through the energy transition."

Andy Brown, Galp's CEO

Second quarter 2021

Galp's adjusted operating cash flow (OCF)[1] reached €470 m, up €231 m YoY, reflecting the very challenging macro conditions during 2020, supported by a higher Upstream contribution as well as a better downstream performance. Cash flow from operations (CFFO) was €440 m.

FCF generation was strong at €228 m, with net capex during the period of €186 m.

Net debt at the end of the period was €1,711 m, with net debt to RCA Ebitda decreasing to 1.0x.

RCA Ebitda was €571 m, with the following highlights:

- **Upstream**: RCA Ebitda was €467 m, a €263 m increase YoY, reflecting the higher oil price environment, which more than offset the lower production and the depreciation of the USD against the Euro.
- **Commercial**: RCA Ebitda of €73 m, up 22% YoY, reflecting the higher demand of oil products from a partial relief of lockdown measures in Iberia.
- **Industrial & Energy Management**: RCA Ebitda was €50 m, up €31 m YoY, with margins still pressured by the international environment. Energy Management Ebitda benefited from timing differences on trading gas derivatives, which should be partially reverted during 2H21.

- **Renewables & New Businesses**: No relevant RCA Ebitda as most of the operations are not consolidated. The pro-forma Ebitda[2] of the Renewables operations reached €17 m in the period, driven by robust Iberian solar capture prices in Iberia.

RCA Ebit was up €362 m YoY to €305 m, supported by the stronger operational performance, whilst including €50 m of impairments in exploration assets in Upstream.

RCA net income was €140 m. IFRS net income was €71 m, with an inventory effect of €68 m and special items of -€137 m.

First half 2021

Galp's OCF[1] was €914 m, 68% higher YoY, while RCA Ebitda was €1,071 m, 41% higher YoY, given the improved macro conditions.

Capex totalled €402 m, with Upstream accounting for 71% of total investments, whilst the downstream activities represented 11% and Renewables & New Businesses 16%. Net capex represented a gain of €8 m, considering the proceeds from divestments during the period, most notably the stake in GGND.

FCF amounted to €746 m, with the strong cash generation supported by operational performance and the GGND divestment.

Considering dividends paid to shareholders of €290 m and to non-controlling interests of €78 m, as well as other adjustments, net debt decreased €354 m, compared to the end of last year.

[1] The adjusted operating cash flow indicator represents a proxy of Galp's operational performance excluding inventory effects, working capital changes and special items. The reconciliation of this indicator with CFFO using IFRS is in chapter 6.3 Cash Flow of the report. [2] Pro-forma considers all Renewables projects as if they were consolidated according to Galp's equity stakes.

€m (IFRS, except otherwise stated)

Quarter						First Half			
2Q20	1Q21	2Q21	Var. YoY	% Var. YoY		2020	2021	Var. YoY	% Var. YoY
291	**499**	**571**	**281**	**97%**	**RCA Ebitda**	**760**	**1,071**	**311**	**41%**
204	438	467	263	n.m.	Upstream	490	906	416	85%
59	69	73	13	22%	Commercial	149	142	(7)	(5%)
19	(6)	50	31	n.m.	Industrial & Energy Management	109	45	(64)	(59%)
(4)	(2)	(6)	2	58%	Renewables & New Businesses	(5)	(8)	4	79%
(57)	**284**	**305**	**362**	**n.m.**	**RCA Ebit**	**161**	**588**	**428**	**n.m.**
(32)	314	290	322	n.m.	Upstream	113	603	490	n.m.
36	44	48	12	32%	Commercial	104	92	(13)	(12%)
(60)	(67)	(9)	(51)	(85%)	Industrial & Energy Management	(51)	(76)	25	50%
(9)	(3)	(5)	(4)	(45%)	Renewables & New Businesses	(16)	(8)	(8)	(52%)
(52)	**26**	**140**	**192**	**n.m.**	**RCA Net income**	**(22)**	**166**	**188**	**n.m.**
(154)	**161**	**71**	**225**	**n.m.**	**IFRS Net income**	**(410)**	**232**	**642**	**n.m.**
(18)	34	(137)	119	n.m.	Special items	(26)	(103)	77	n.m.
(84)	101	68	152	n.m.	Inventory effect	(362)	169	531	n.m.
239	**445**	**470**	**231**	**96%**	**Adjusted operating cash flow**	**544**	**914**	**370**	**68%**
123	390	346	223	n.m.	Upstream	255	736	481	n.m.
55	67	69	14	26%	Commercial	145	136	(9)	(6%)
49	(9)	64	15	31%	Industrial & Energy Management	134	55	(79)	(59%)
(4)	(2)	(2)	(2)	(56%)	Renewables & New Businesses	(4)	(4)	(1)	(12%)
160	**377**	**440**	**280**	**n.m.**	**Cash flow from operations**	**404**	**817**	**413**	**n.m.**
(149)	**195**	**(186)**	**37**	**25%**	**Net Capex**	**(360)**	**8**	**368**	**n.m.**
16	**518**	**228**	**212**	**n.m.**	**Free cash flow**	**107**	**746**	**639**	**n.m.**
(86)	-	**(78)**	**(8)**	**(9%)**	**Dividends paid to non-controlling interests**	**(194)**	**(78)**	**(116)**	**(60%)**
(318)	-	**(290)**	**(28)**	**(9%)**	**Dividends paid to shareholders**	**(318)**	**(290)**	**(28)**	**(9%)**
1,932	**1,552**	**1,711**	**(221)**	**(11%)**	**Net debt**	**1,932**	**1,711**	**(221)**	**(11%)**
1.1x	**1.1x**	**1.0x**	**0.0x**	**n.m.**	**Net debt to RCA Ebitda[1]**	**1.1x**	**1.0x**	**0.0x**	**n.m.**

[1] Ratio considers the LTM Ebitda RCA (€1,697 m on 30 June 2021), which includes the adjustment for the impact from the application of IFRS 16 (€184 m on 30 June 2021).

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