**PRESS RELEASE**
Lisbon, July 30, 2018

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# INTERNATIONAL ACTIVITIES BOOST EARNINGS

- **Oil and gas working interest production increased 20% with addition of new Brazilian pre-salt unit and its ramp-up to maximum capacity production**
- **Energy efficiency and increased exports benefit refining system**
- **Capex of €218 million boosts 1st half investment to €364 million**
- **Adjusted net income totals €251 million**

Galp's continued increase in oil and gas production in Brazil, combined with the optimization of the supply chain and energy efficiency gains allowed the company to keep the strong growth pace that sets it apart from international oil & gas peers.

Working interest production advanced 20% to an average 108.1 thousand barrels per day from the same period a year before, as the seventh FPSO-type (floating, production, storage and offloading) unit operating in Brazil's pre-salt region produced its first oil and gradually reached its maximum capacity.

Average net entitlement production rose 21% to 106.7 thousand daily barrels. The average oil and gas sale price increased $20 from the second quarter of 2017, to $63.8 per barrel, reflecting the evolution of prices in the international markets.

Galp's oil and gas production will continue to increase next year as two new production units are set to start operations in Brazil before the end of the current year, in addition to the Kaombo North FPSO, whose first oil was announced last week.

Refining & Distribution benefited from the optimization of feedstock provisioning, from energy efficiency gains and by the increase in exports.

Natural gas sales added 10%, with positive contributions from sales to direct clients (+8%) as well as from trading operations (+12%) in the European hubs. Electricity sales increased 13%.

Net income before interest, taxes, depreciation and amortizations (Ebitda) increased 38% in the second quarter when compared with the same period of 2017, totaling €628 million. The main driver of this increase came from the Exploration and Production (E&P) unit, whose Ebitda more than doubled to €411 million. This surge more than made up for the Ebitda declines in the Refining & Marketing (-25%) and in the Gas & Power (-24%) divisions.

The drive to the company's international expansion, launched almost two decades ago, is clearly driving Galp's earnings today, which is the best evidence of the importance of long-term strategic planning in this industry.

Adjusted net income totaled €251 million in the second quarter, a 63% increase from the same period of a year before. Net income according to international accounting standards totaled €330 million.

Capex totalled €218 million during the quarter, bringing the combined investment in the first half to €364 million. More than 80% of the investment was allocated to the E&P business. Cash flow from operations reached €604 million, up 13% year on year, supported by the recovery in oil and gas prices, by the increase in production and by the performance of the refining system. Free cash flow totaled €398 million before payment of the final dividend from the 2017 exercise, standing at €146 million after that payment.

Net debt stood at €1,737 million, a reduction of €148 million from the end of March 2018. The net debt to adjusted Ebitda decreased to 0,9x.

## Figures for the semester

Ebitda for the full six months to June 30th increased 28% to €1.1 billion, also boosted by the E&P division's results. E&P Ebitda doubled to €704 million. Adjusted net income increased 68% to €387 million, totaling €462 million when calculated according to international accounting standards.

## About Galp

Galp is a publicly held, Portuguese-based energy company, with an international presence. Our activities cover all stages of the energy sector's value chain, from prospection and extraction of oil and natural gas from reservoirs located kilometers under the sea surface, to the development of efficient and environmentally sustainable energy solutions for our customers – whether large industries that seek to increase their competitiveness, or individual consumers that seek the most flexible solutions for their home and mobility needs. We also contribute to the economic development of the 11 countries where we operate and to the social progress of the communities that welcome us. Galp employs 6,389 people.

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## Operational data

| Quarter | | | | | | First Half | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2Q17 | 1Q18 | 2Q18 | Var. YoY | % Var. YoY | | 2017 | 2018 | Var. YoY | % Var. YoY |
| 89.9 | 104.1 | 108.1 | 18.2 | 20% | Average working interest production (kboepd) | 88.9 | 106.1 | 17.2 | 19% |
| 88.1 | 102.6 | 106.7 | 18.6 | 21% | Average net entitlement production (kboepd) | 87.2 | 104.7 | 17.5 | 20% |
| 43.4 | 58.2 | 63.8 | 20.4 | 47% | Oil and gas average sale price (USD/boe) | 43.9 | 60.9 | 17.1 | 39% |
| 30.0 | 25.0 | 28.5 | (1.5) | (5%) | Raw materials processed (mmboe) | 56.1 | 53.4 | (2.7) | (5%) |
| 5.7 | 3.3 | 6.1 | 0.3 | 6% | Galp refining margin (USD/boe) | 5.5 | 4.8 | (0.7) | (12%) |
| 2.3 | 2.1 | 2.2 | (0.1) | (5%) | Oil sales to direct clients (mton) | 4.4 | 4.3 | (0.1) | (2%) |
| 1,052 | 1,225 | 1,133 | 81 | 8% | NG sales to direct clients ($mm^3$) | 2,201 | 2,358 | 157 | 7% |
| 675 | 750 | 759 | 84 | 12% | NG/LNG trading sales ($mm^3$) | 1,532 | 1,508 | (24) | (2%) |

## Financial data

€m (IFRS, except otherwise stated)

| Quarter | | | | | | First Half | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2Q17 | 1Q18 | 2Q18 | Var. YoY | % Var. YoY | | 2017 | 2018 | Var. YoY | % Var. YoY |
| **456** | **455** | **628** | **172** | **38%** | **RCA Ebitda** | **844** | **1,083** | **239** | **28%** |
| 171 | 293 | 411 | 240 | 140% | Exploration & Production | 350 | 704 | 354 | 101% |
| 231 | 121 | 174 | (57) | (25%) | Refining & Marketing | 415 | 295 | (120) | (29%) |
| 45 | 34 | 34 | (11) | (24%) | Gas & Power | 64 | 68 | 4 | 6% |
| **262** | **278** | **457** | **195** | **74%** | **RCA Ebit** | **457** | **735** | **278** | **61%** |
| 71 | 210 | 328 | 257 | n.m. | Exploration & Production | 154 | 538 | 384 | n.m. |
| 143 | 33 | 93 | (50) | (35%) | Refining & Marketing | 237 | 126 | (111) | (47%) |
| 40 | 29 | 29 | (11) | (28%) | Gas & Power | 54 | 58 | 4 | 7% |
| **154** | **136** | **251** | **97** | **63%** | **RCA Net income** | **231** | **387** | **156** | **68%** |
| **102** | **132** | **330** | **228** | **n.m.** | **IFRS Net income** | **215** | **462** | **247** | **n.m.** |
| (17) | (39) | 11 | 28 | n.m. | Non-recurring items | (35) | (28) | (7) | (20%) |
| (35) | 35 | 68 | 103 | n.m. | Inventory effect | 19 | 103 | 84 | n.m. |
| **533** | **245** | **604** | **71** | **13%** | **Cash flow from operations** | **676** | **849** | **173** | **26%** |
| **171** | **146** | **218** | **47** | **27%** | **Capex** | **372** | **364** | **(8)** | **(2%)** |
| **127** | **29** | **146** | **19** | **15%** | **Post-dividend free cash flow** | **70** | **175** | **105** | **n.m.** |
| **1,895** | **1,885** | **1,737** | **(158)** | **(8%)** | **Net debt** | **1,895** | **1,737** | **(158)** | **(8%)** |
| **1,1x** | **1.0x** | **0.9x** | **-** | **-** | **Net debt to RCA Ebitda** | **1,1x** | **0.9x** | **-** | **-** |

**Galp**

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