27 July 2012

Results & strategy execution update

FIRST HALF AND SECOND QUARTER 2012

Solid foundations to deliver sustainable value

Key highlights

- Net profit in 2Q12 reached €129 Mln, up 81% YoY
- Several high impact wells to be drilled before year end
- Sines hydrocracker commissioning to start early August
- Sound financial position despite sovereign credit risk

Key highlights

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Net profit in 2Q12 reached €129 Mln, up 81% YoY

Profit & Loss (€Mln)

	2Q12	2Q11	YoY	QoQ	1H12	YoY
Turnover	**4,556**	4,356	+5%	(5%)	9,351	+15%
EBITDA	**281**	232	+21%	+40%	481	+31%
E&P	**99**	75	+32%	+13%	187	+53%
R&M	**104**	96	+8%	+263%	132	+11%
G&P	**75**	59	+26%	(10%)	157	+30%
Others	**3**	2	+98%	n.m.	4	(26%)
EBIT	**174**	122	+43%	+84%	269	+53%
Associates	**21**	15	+41%	+5%	42	+17%
Financial results	**24**	(35)	n.m.	n.m.	(17)	+74%
Taxes	**(72)**	(27)	+162%	n.m.	(95)	n.m.
Minority interests	**(19)**	(4)	n.m.	n.m.	(21)	n.m.
Net Profit	**129**	71	+81%	+159%	178	+57%
Net Profit (IFRS)	**(15)**	101	n.m.	n.m.	157	(46%)

- EBITDA increase driven by higher Brazilian oil production and by LNG trading opportunities
- EBIT positively impacted by lower DD&A due to the reserves increase in 2011
- Net profit benefited from lower net interest costs and forex gains

Sound financial structure enabling flexibility

Balance sheet (€Mln)

	Jun.2012	Mar.2012	Jun - Mar	Dec.2011	Jun - Dec
Fixed assets	**6,154**	6,120	+34	6,002	+152
Work in progress	**2,399**	2,316	+83	2,174	+225
Strategic stock	**754**	829	(75)	996	(242)
Other assets (liabilities)	**516**	430	+86	(407)	+922
Working capital	**560**	227	+333	(146)	+706
Net debt	**1,221**	790	+431	3,504	(2,283)
Equity	**6,763**	6,816	(53)	2,941	+3,821
Capital employed	**7,983**	7,606	+378	6,446	+1,538
Net debt to equity	18%	12%	6.5 p.p.	119%	n.m.

- Net debt increase followed capex, working capital needs and the dividend payment during 2Q12
- Working capital negatively impacted by the decrease in accounts payables
- Competitive cost of debt maintained and debt maturity extended

Short term outlook

- 3Q12 working interest production targeted at c.26 kboepd
- Cautious outlook on refining, despite the robust benchmark margin QTD
- Marketing volumes increasing QoQ due to seasonality despite harsh Iberian environment
- Natural gas volumes to remain stable QoQ supported by electrical and trading segments
- Expected 2012 EBITDA close to €1 Bln, in line with previous guidance

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Lula development project execution on the right path

FPSO Cidade de Paraty (120 kbopd)

Hull conversion was concluded at the Keppel shipyard, in Singapore

Topsides are already under construction at the BrasFels shipyard, in Brazil

- FPSO Cidade de Paraty to be allocated to Lula NE area is on schedule to start operations by 2Q13
- Topside modules contracts for the first replicants being built in Brazil already awarded at competitive costs
- Increased project flexibility through the chartering of additional FPSO units

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Preparing world class province development

Mozambique – Area 4

- Mamba complex estimated natural gas in place of at least 47 Tcf to 52 Tcf
- Unitisation discussions ongoing with Area 1 and appraisal activities underway to better understand the reservoir
- 1,850 km^2 3D seismic campaign concluded in the North of the area to identify potential drilling targets

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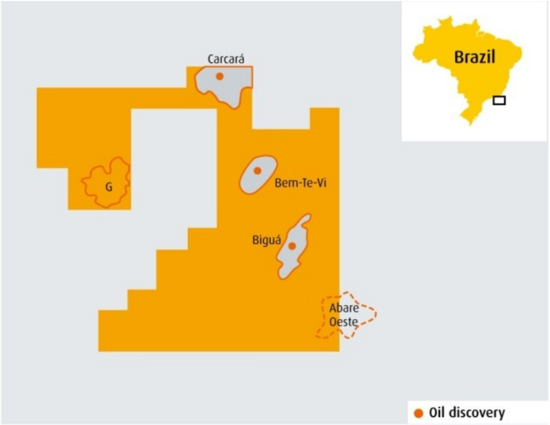
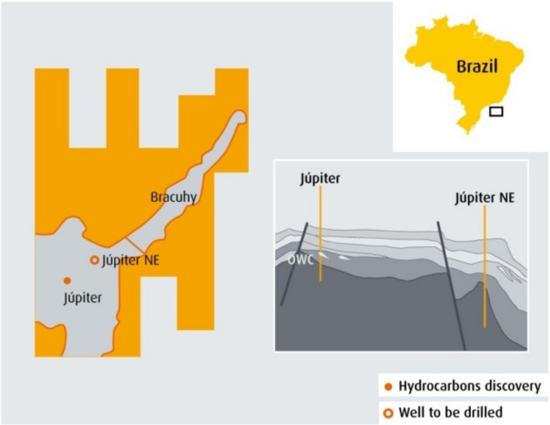
Several high impact wells to be drilled before year end

BM-S-8



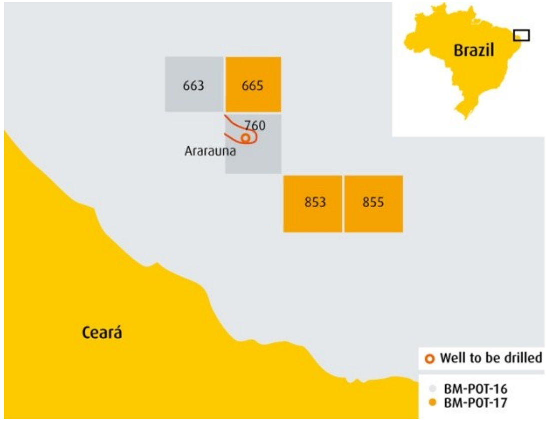
Carcará well reached already c.6,200 metres, with results expected by August

BM-S-24



Rig secured to start key drilling phase in September with results expected in 4Q12

Potiguar



1st exploration well scheduled for September to de-risk a high potential play

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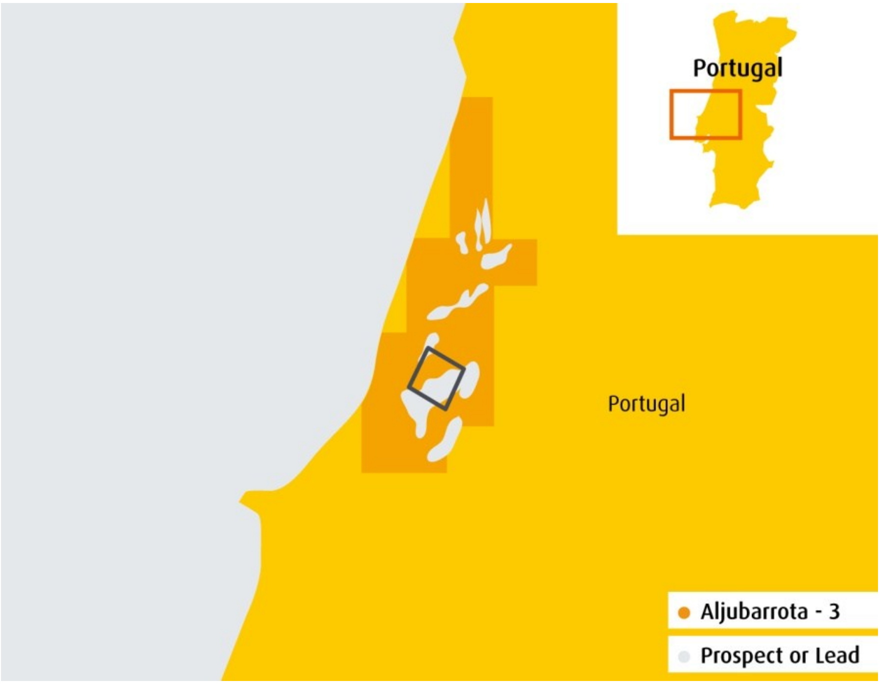
Exploration acreage addition materializing strategy outlined

Aljubarrota-3 concession



- Entering in early exploration phase with a material stake, with an option to become operator
- Aljubarrota-3 concession is more gas prone with 1.3 bln boe of exploration resources[1]
- Alcobaça #1 exploration well to start in August targeting pre-salt layer

[1] mean unrisked estimate

Source: Netherland Sewell & Associates (NSAI) as of March 2012

Sines hydrocracker commissioning to start early August

Sines refinery

- 571 of the 585 new systems already handed-over to the refinery
- Hydrocracker commissioning expected to take 60 days to reach full capacity
- Additional flexibility to adjust production yield to market conditions

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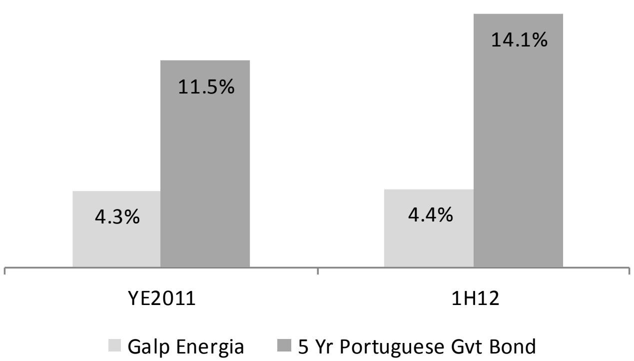
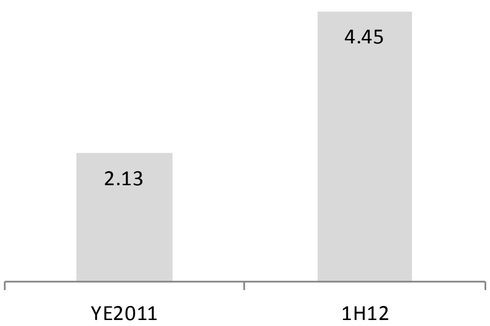
Sound financial position despite sovereign credit risk

Cost of debt (%)



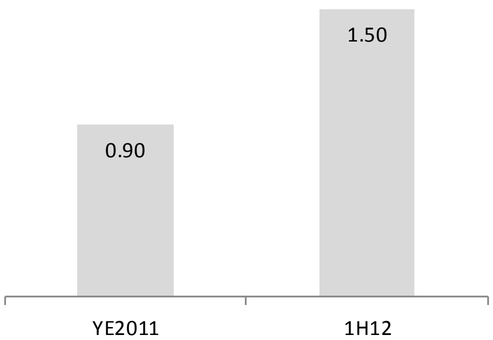
Current cost of debt of 4.4%, 9.7 p.p. below 5Yr Portuguese bond

Debt average life (years)



Extending debt maturities with competitive financial conditions

Available credit lines (€ Bln)



Maintaining a confortable level of available credit lines

Source: Bloomberg
Generic Portugal 5 Year Government Bond

Final remarks

- Lula world class development project being successfully executed and with increased operational flexibility

- 2H12 exploration campaign focusing on high impact exploration wells

- Exploration acreage addition materializing exploration strategy outlined

- Upgrade project contributing to incremental cash flow generation in 4Q12

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Lula-1 project produced close to full capacity during June

Main E&P data

		2Q12	2Q11	YoY	QoQ	1H12	YoY
Working interest production	kboepd	**25.8**	21.8	+18%	+14%	24.2	+19%
Net entitlement production	kboepd	**18.8**	13.8	+37%	+14%	17.7	+51%
Angola	kboepd	**8.5**	10.1	(16%)	(2%)	8.6	(6%)
Brazil	kboepd	**10.4**	3.7	n.m.	+31%	9.1	n.m.
Realized sale price	$/boe	**96.4**	108.4	(11%)	(10%)	101.3	(4%)
OPEX/net entitlement production	$/boe	**8.9**	13.8	(36%)	(48%)	12.7	(20%)
EBITDA	M €	**99**	75	+32%	+13%	187	+53%
EBIT	M €	**61**	28	+118%	+15%	115	+126%
CAPEX	M €	**137**	81	+68%	+0%	274	+81%

- Lula-1 project drove production growth with an average production of 9.2 kboepd
- Brazil contributed to 55% of total net entitlement production
- EBITDA increase driven by higher production

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EBIT 13% higher YoY following refining margin improvement

Main R&M data

		2Q12	2Q11	YoY	QoQ	1H12	YoY
Galp Energia refining margin	$/bbl	**2.5**	0.6	n.m.	n.m.	1.7	n.m.
Spread over benchmark	$/bbl	**0.3**	1.9	(85%)	(80%)	0.9	(49%)
Crude processed	M bbl	**21.5**	20.9	+3%	+6%	41.7	+21%
Refining throughput	M ton	**3.1**	3.1	+2%	+6%	6.1	+19%
Sales to direct clients	M ton	**2.5**	2.6	(7%)	(6%)	5.1	(0%)
Exports	M ton	**0.8**	0.8	+6%	(5%)	1.7	+43%
EBITDA	M €	**104**	96	+8%	n.m.	132	+11%
EBIT	M €	**51**	45	+13%	n.m.	22	(1%)
CAPEX	M €	**37**	182	(80%)	(23%)	85	(79%)

- Positive refining margin evolution, despite the decrease in premium to benchmark
- Operational constraints and lower heavy-light spread impacted negatively premium to benchmark
- Despite the lower contribution of the marketing of oil products business, EBIT was up by 13% YoY

G&P positively impacted by the trading activity

Main G&P data

		2Q12	2Q11	YoY	QoQ	1H12	YoY
NG supply total sales volumes	M m3	**1,500**	1,187	+26%	(13%)	3,225	+16%
Electrical	M m3	**223**	487	(54%)	(39%)	591	(40%)
Industrial	M m3	**515**	532	(3%)	(8%)	1,072	+6%
Residential and Commercial	M m3	**102**	103	(0%)	(52%)	315	(19%)
Trading	M m3	**632**	46	n.m.	+13%	1,192	n.m.
Sales of electricity to the grid	GWh	**317**	323	(2%)	(1%)	636	+16%
EBITDA	M €	**75**	59	+26%	(10%)	157	+30%
EBIT	M €	**60**	48	+25%	(16%)	131	+31%
CAPEX	M €	**14**	12	+15%	(16%)	31	+27%

- Trading activity with a 42% weight on total natural gas supply volumes
- Leveraging on international natural gas supply margins
- Resilient contribution from NG infrastructure

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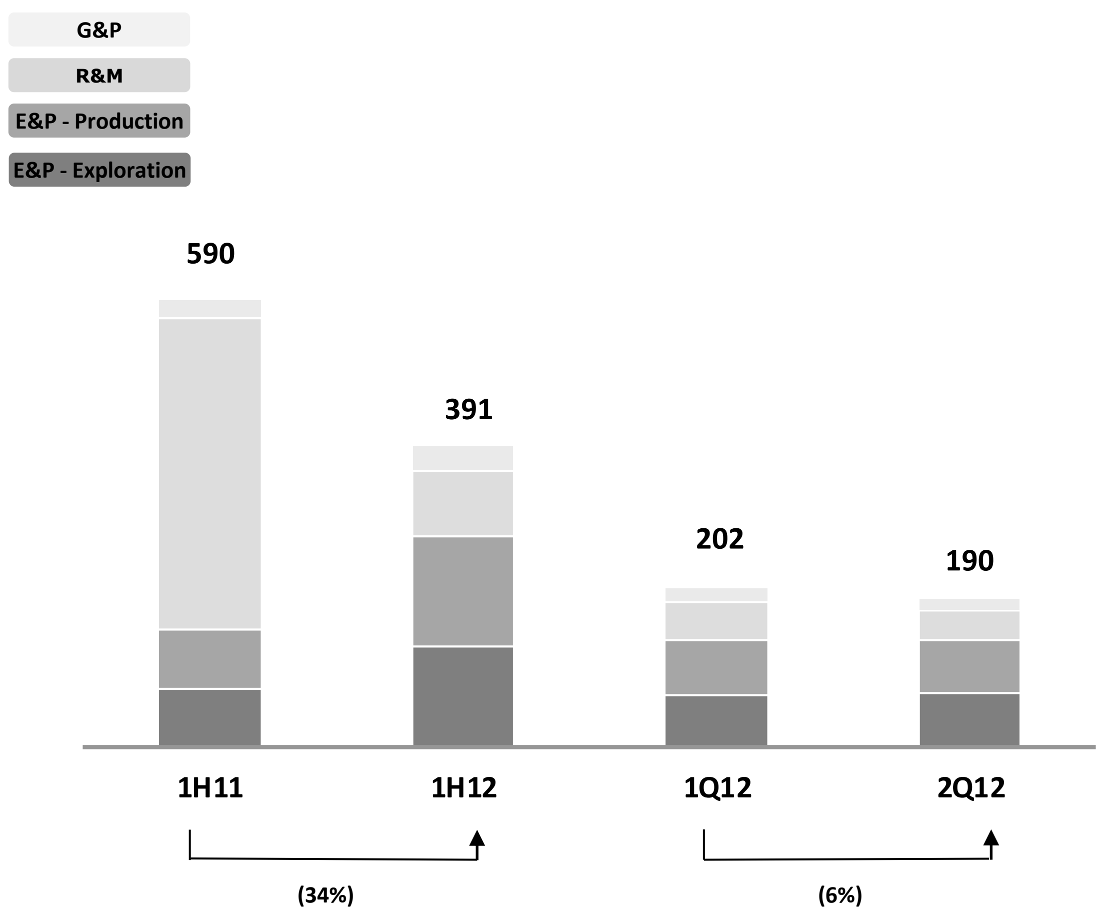
Capex shift to world class upstream projects materialized

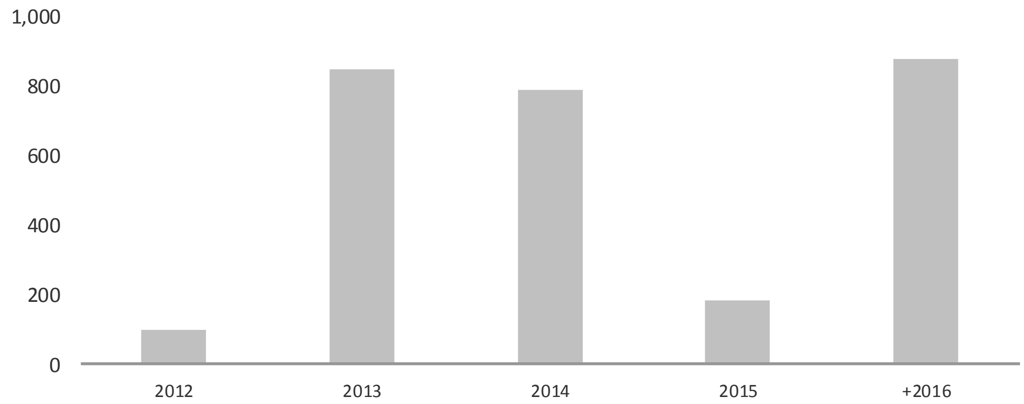
Capital expenditure (€Mln)



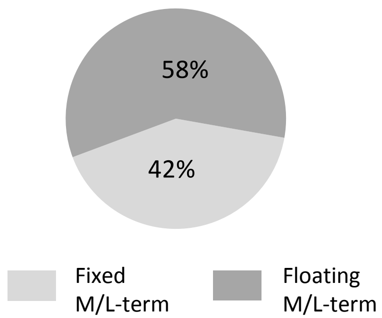
- Lula project responsible for the majority of E&P development capex
- Exploration activities in 2Q12 accounted for c.50% of E&P capex
- Downstream capex decreased with the physical completion of upgrade project

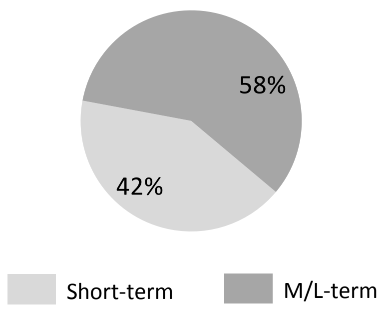
Major debt reimbursement scheduled for the 2013-14 period

M/L-term debt reimbursement profile (€Mln)



Debt structure as of June 2012





- Total net debt of €1.2 Bln, with an average life of 4.4 years
- Average interest rate of 4.4%, up 34 b.p. YoY
- Available credit lines of €1.5[1] Bln, of which 60% contract guaranteed
- Net debt to Equity at 18% and net debt to Ebitda of 1.3x at the end of 2Q12

[1] As of the end of June 2012

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RCA figures except otherwise noted.

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