

Pedro Dias, Head of Strategy and Investor Relations

Good morning ladies and gentlemen, and welcome to Galp Energia's 2015 first quarter results conference call.

Joining me today is our new CEO, Carlos Gomes da Silva. Carlos will start with our strategy execution update and Filipe will go over our first quarter results. At the end, we will be available for Q&A, also with Thore, our E&P COO.

And now, I would like to welcome Carlos in his new role in a Company that he knows so well. As some of you may know, Carlos has been working in the Oil & Gas industry for over 20 years now. He has been with the Company since the early 90's and has actively participated in its transformation, from an Iberian downstream and gas Company into a truly integrated player, focused on Exploration & Production.

For the past eight years, Carlos was first Executive Director responsible for the Marketing Oil division and, more recently, in charge of the Gas & Power division, developing the LNG trading business and consolidating our presence in Iberia.

We wish him all the best in his new role.

Please bear in mind that we may be making several forward-looking statements, including about our plans and expectations. Actual results and outcomes may differ materially due to factors which are presented on the disclaimer shown at the beginning of our presentation.

I will now hand over to Carlos. Thank you.

Carlos Gomes da Silva, Chief Executive Officer

Thank you Pedro, for the introduction, and good morning to you all.

It is really a pleasure to host this call for the first time as CEO of Galp Energia.

Let me start by saying that I have worked very closely with Manuel over the past years.

I would like to thank him for all his support over the years and particularly during this transition period, where we've worked together to make it as smooth as possible. Manuel did an outstanding job as CEO of

Galp, strongly contributing to the transformation of the Company. His tireless dedication to this Company and his kindness will be missed.

On behalf of the whole firm, thank you Manuel.

Today's Galp strategy is clear, as highlighted by the Company during our recent Capital Markets Day.

As CEO, I will ensure the continuity of our strategy and setting ambitious goals.

Now, I emphasize, it's time for execution.

I will be particularly focusing on:

- Executing and exploring value upside of our upstream projects, as well as guaranteeing their sustainability in the long run, capitalizing on our world class assets, namely the pre-salt projects in Brazil and in Mozambique;
- We will continue to promote the optimisation of our refining and marketing businesses, and we will continue to reinforce our trading activities and consolidate our Iberian outlet within the Gas & Power division;
- Our strategic path to deliver growth and create shareholders' value will proceed with strict financial discipline, in order to maintain a solid capital structure.

To do that, I will rely on my colleagues at the management team. On that note, I would like to welcome Tiago Pestana and Pedro Ricardo, the new executive directors. I am confident that Tiago will bring relevant contribution to the Company with his experience in the retail sector, while Pedro will contribute with his experience and deep understanding of the natural gas market, as he was previously responsible for the LNG trading business.

Let's now go over our presentation for today, with a brief strategy execution update and comments on our main financials.

Operationally it was a strong quarter, especially if we compare with Q1 last year which had been particularly challenging.

- On Exploration & Production, our production reached over 41 thousand barrels of oil equivalent per day (kboepd);
- On Refining & Marketing, our realized margin amounted to \$5.9/boe as we benefitted from the improvement in the refining environment;
- As for Gas & Power, LNG traded volumes hit a new high in the quarter, of around 1.2 bcm.

Our results reflect our vertically integrated profile, as we were able to reach stronger operating results even under a challenging oil price environment.

I would highlight that this scenario of low prices for oil and natural gas has been supportive for demand. In Iberia, after many years of significant declines, we have seen oil demand stable for six quarters and this first quarter with visible growth of around 5%. Demand for natural gas in Iberia has also increased.

In such a challenging scenario, our integrated profile has served us well. But, as you know, we continue to be focused on the execution of our development projects, mainly in Brazil.

And I am pleased to say, that Lula/Iracema continues to deliver above initial expectations.

As you can see on slide 6, FPSO #1 and #2 continue to run at full capacity, and with no major operational constraints. This means that the first unit is producing at plateau for almost three years now, whereas the second unit in Lula Northeast is producing at plateau since last September.

As for the third FPSO, production continues to ramp-up. The third producer well was connected during March, leading production from Cidade de Mangaratiba to increase to around 100 kbopd, which is outstripping the expectations.

This means that each well in Iracema South is now producing over 30 kbopd, which is outstanding by any standard. The fourth producer well and an additional injector well should be connected during the third quarter.

For now, we are maintaining our guidance for achieving full capacity by the first half of 2016.

As for the next FPSO to be allocated to Iracema, FPSO Cidade de Itaguaí, all works are proceeding according to plan and we expect the unit will start production during the fourth quarter this year. The

FPSO is currently undergoing integration works at the Brasfels shipyard in Brazil, and in-field works continue to progress, with a total of nine wells drilled to date.

The FPSO #5, Cidade de Maricá, which will be allocated to Lula Alto, is currently sailing from China to Brazil, where it will undergo the final integration works at the Brasa shipyard. The FPSO #6 continues to be converted in China and should sail away to Brazil rather shortly.

This means that within one year or so from now, we will have three additional units producing in Lula/Iracema, or another 450 kbopd capacity, 45 kbopd net to Galp, or more than double our current overall production.

Regarding the replicant units, on P-66, the first replicant, integration works are progressing at Brasfels. P-67 and P-69 continue to be constructed in Brazil, whereas P-68 is under construction in a Cosco shipyard in China. We have no new guidance, good or bad, from what we already shared with you at the CMD.

Moving now to Angola, development works continue to progress, most notably in Lianzi and in Block 32. Lianzi is on track to start production in the second half of this year. Regarding block 32, we have engineering and procurement works ongoing, and conversion of the FPSOs has already started.

In Mozambique, we are clearing the ground to support our investment decision for the offshore solution this year and for the onshore Mamba solution in 2016. As we have stated before, the main goal here is to get a solution which is as competitive as possible. And ultimately, a development with robust economics.

And before I pass the floor to Filipe, I must highlight the performance of our downstream and gas businesses.

Our Refining & Marketing business posted a strong set of results, with supportive refining margins in the international market, and with stronger oil demand in Iberia.

As for the Gas & Power business, we reached a new high in LNG trading sales in the quarter. This is also a result of our previous efforts to sustain the LNG trading activity in the medium-term. Our team is permanently looking into new markets and opportunities, and that is why we have been able to consistently deliver a strong performance.

And now, I will handover to Filipe to go over our results this quarter.

Filipe Silva, Chief Financial Officer

Thank you Carlos. And good morning to all of you. Just a quick overview of the results for this past quarter before we move to Q&A.

Starting with the P&L on slide 11, Group Ebitda was €398 m, significantly up YoY, but flat QoQ. As Carlos mentioned, we took advantage from the improving European refining margins, which actually were negative in Q1 last year.

E&P Ebitda, was down 10% YoY to €94 m, as the higher production and the favourable exchange rate did not offset the large fall in average sale prices.

Refining & Marketing Ebitda was up, to €165 m, benefitting from the recovery in European refining margins and from a stronger dollar. We also benefitted from the higher availability of our refineries and from higher marketing volumes.

Gas & Power Ebitda reached €131 m, up 7 % YoY. Ebitda from supply and trading of natural gas and LNG increased by €28 m, on higher volumes and sourcing optimisation. However, this was partially offset by lower earnings from the regulated infrastructure and power activities.

Group Ebit was €250 m, reflecting the improved Ebitda, with an increase in DD&A related to the ramp-up of FPSO #2 and the commissioning of FPSO #3.

Below the Ebit line, I would highlight the increase in financial costs. Interest expenses were down but within financial costs we have FX costs from a stronger dollar against the Euro on some trade payables, and also €18 m in net mark to market of hedging instruments, which were mostly related to refining margins hedging. Under IFRS, our bottom line was slightly negative, reflecting the inventory effects of a declining Brent, and impairments in both Angola and Brazil.

As for capex, on the next slide, of the €283 m invested during the first quarter, 96% was allocated to E&P. Unsurprisingly, most of the capex was channelled to the drilling of development wells and the construction of FPSOs and subsea systems, as well as to the construction of the Cabiúnas pipeline.

On our balance sheet, on slide 13, you will see that working capital was down by €105 m in the quarter. This was mainly driven by the decrease in the value of inventories, following lower crude and products prices.

At the end of March, net debt stood at €2.3 bn, that is €167 m less than at the end of the last year. This comes as a result of a neutral free cash flow during the quarter and the benefit of the dollar appreciation on our cash balance. If we consider the outstanding loan to Sinopec as cash and equivalents, net debt was €1.4 bn, or about 1 time net debt to Ebitda.

Our liquidity remains high, at €3.1 bn, of which cash of €1.1 bn, loan to Sinopec of €925 m and undrawn credit lines of €1.1 bn.

And with this, we are happy to take your questions. Thank you.

Questions & Answers Session

Oswald Clint, Sanford C. Bernstein

Good afternoon and thank you.

My first question, really related to Brazil, has nothing to do with the operations which seem to be moving ahead fine. But if there is a scenario where Petrobras may offer an increased equity participation in some other licenses or yet-to-be developed fields, can you just talk about Galp's appetite to increase your own exposure to those potential assets going forward?

My second question would be related just to the LNG side of the business, where price is obviously much weaker but you've still posted a healthy number here. You speak about natural gas sourcing optimisation, maybe could you just expand on that point and some of the opportunities that you still see within LNG? Thank you.

Carlos Gomes da Silva, CEO

Thank you Oswald for your two questions.

In relation to Petrobras and Brazil, we don't comment what Petrobras' portfolio management will be. But we have good resources on Brazil, we keep our focus on the execution of our projects in Brazil, and we hope that if and when any disposal of Petrobras' assets will come to the market, we will promptly analyse them and if it is something that we think we could add value, we will be around. But for the time being, we are fully concentrated on our activities on developing and maximizing value on the existing portfolio asset basis.

In what relates to the LNG and namely to the sourcing of our supply, what I can tell you is that our team is permanently screening the market to see where we can improve our sourcing activity. As you can see and we have already disclosed it to you, we have structured an operation in a medium-term basis that guarantees to Galp that in the next couple of years, we will benefit from having an allocation of our long-term contracts to a structured trading. Meanwhile, what we are doing is benefitting of the arbitrage between the spot and the long-term contracts. It was the case in the last couple of quarters - as the Brent prices are falling down, the long-term contracts are more expensive and therefore we are trying to optimize that.

For the coming years, we are already working deeply in order to secure the contracts that start to end up by 2020. I recall that the first one ends in 2020 and the fourth one in 2025. We have already several alternatives to postpone and to secure that long-term supply, but of course we don't comment until the moment that we close those contracts. What I can tell is that we are working together with the existing suppliers as well as new alternative sources of supply to diversify our risk.

Oswald Clint, Sanford C. Bernstein

Thank you very much.

Haythem Rashed, Morgan Stanley

Thank you. Good afternoon, gentlemen. Two questions from my side please.

Firstly on production and just in relation to the outlook for the rest of the year. If I look at the Capital Markets Day guidance and the 30%-35% growth we should expect to see over the course of the year - if we annualize your current production for 1Q then you're pretty much there. I just wondered if you could just give us a sense of how we should think about this next connected well in 3Q, whether actually that 30% to 35% now looks quite conservative relative to what you're seeing at the moment or whether there might be some other downtime with declines elsewhere that might offset some of the production you bring onstream from that third well and also the fourth connected well?

Second question is a little bit more on strategy. Carlos, perhaps if I can ask a question on Brazil in a slightly different way. As you think about Mozambique and developing Brazil beyond BM-S-11 over the coming years, how should we think about prioritizing your capital during that period? If I think about Petrobras potentially selling down assets or interest in some of these other assets outside of the producing assets at the moment for example, is that an opportunity that you see for Galp to actually farm down some of its own interest or actually monetize some of that to then put it into Mozambique or do you feel comfortable being able to develop some of those plus Mozambique over that time period? If you could give us a sense on that, that will be great. Thank you.

Carlos Gomes da Silva, CEO

Thank you Haythem for your questions.

In what relates to the production, I think we have several contributions, and they are all positive and we are not seeing the other part of the glass. Let me deepen a little bit my thought. We have experienced from Cidade de Mangaratiba an amazing production with only three wells - we overcame 100 kbopd just having three wells. As you might be aware, this is an outstanding achievement for our industry and therefore, the guidance that we gave to you recently in Capital Markets Day has to remain the same. You should also not forget that we are still in discussions related with to unitisation process in Lula/Iracema, and therefore it is something that we have to see what is coming in the coming months.

Nevertheless - and as I've shared with you - we are anticipating that in the second half of this year, we will have an additional well in Cidade de Mangaratiba and once we have the Cabiúnas pipeline fully available by the end of this year and the new production well in Cidade de Mangaratiba, new production will come to the spot.

Of course we will have also Cidade de Itaguaí starting production by the end of this year and the two new units for the next year. So when you balance unitisation, outstanding production as well as some maintenance works that have to be done, I think the guidance that we have given to you is still updated. We will do a new update by the second half of this year, and also when we will be analysing the 2Q results we can have more insights on this.

In relation to strategy, and you have balanced the Brazilian assets and as well as the Mozambique assets. We prioritize by all means the BM-S-11. So our focus, and keeping our healthy balance sheet, will be on BM-S-11, that doesn't mean that we don't want to look to what is around. The dynamic asset management of our portfolio remains very alert in order to seize any kind of possible alternatives that come to the spot. If and when Petrobras will come to the market, when any disposable happens, we obviously stay alert and we will decide on that moment.

In relation to Mozambique, this is an amazing asset that has a true potential for the coming decade where we are now completely focused in getting the best solution technical-wise and financial-wise because we think that for the coming years, this will be one of our key assets. And therefore, we are not considering for the time being any different approach to these assets from what we have already shared with you. But we will keep our eyes open and we will be very committed in order to get feasible and valuable solutions for the Mozambican asset.

Haythem Rashed, Morgan Stanley

Great Thank you

Bruno Almeida Silva, BPI

Good morning, everyone. First of all, congratulations and good luck to the renewed management team of Galp.

I have two questions. The first one related with asset impairments namely in the Amazon Basin. You also mentioned that the exploration works are still ongoing. Can you please provide the investment that is being committed this year in these new exploration wells, in order to try to anticipate what could be further asset impairments in the basin?

Second question is related with the dividend policy. The 20% growth that you provided to the market in the Capital Markets Day - I just wanted to confirm – if the energy taxes in Portugal and taxes on LNG profits, were assumed in the best case and whether or not this could produce any sort of change in this guidance. Thank you very much.

Carlos Gomes da Silva, CEO

Thank you, Bruno. And thank you for your words, I'm sure that the renewed management team will be focused our strategy and keep adding value to all the shareholders.

I will pass the Amazonas impairments to Filipe, but before that, let me share with you our view in relation to the dividend policy, and as well the LNG taxes.

In the dividend policy, what we have integrated in our business case is to keep the 20% per year up to 2016, and keep it as it is from 2017 onwards. Of course, depending on our execution performance, we can review that because we will be in a moment where we start to converge and be seen by the market, not only as a Company that is granting an upside value but also that is based on a dividend yield approach. And therefore, we think that we can review that, but for the time being, you should assume the guidance we have given before.

In what relates to LNG taxes, this is a very unique situation because what our Company has made was going to the internationalisation of this business, trying to capture value and to support the free cash flow generation for the Company. We have done that very professionally and with fantastic results. And at the end of the day, what we are seeing is some taxes that, in our opinion, are not legally applicable. So what we will do, is defend by all the means the rights of Galp and we are prepared to open a litigation in order to protect value of this Company. And therefore in what relates to cash, we don't anticipate that we will spend money on paying those taxes in the coming years. But it will be a litigation that will take time, and we are convinced that at the end of the day this is a decision that we will be able to get the confidence of the courts of law, the European institution and that this will not be applicable to our Company. So cash wise, it won't affect the company for the coming years.

Filipe Silva, CFO

Hi, Bruno. On Amazonas, we are close to the final stages of the exploration, so you should not expect to see any meaningful impairments even in a worst-case scenario. So it should be less than €20 m for sure. Thank you.

Bruno Almeida Silva, BPI

Ok. Thank you very much.

Filipe Rosa, BESI

Hi, good morning everyone. First of all, I wish you all the best, Carlos, for your new role and to your team.

And secondly, my two questions will be: the first one would be the follow-up question on Brazil and on the ramp-up of FPSO Cidade de Mangaratiba. So, you have reached 100 kbopd with just three wells. Could you just let us know why the fourth well is only coming onstream in the 3Q, and could you let us know when do you plan to have the fifth well, which in theory should allow you to reach plateau? So, that would be my first question.

And related with this question, I would like to know: there has been a significant number of contracts with rigs being cancelled by Petrobras, or that are in the process of being cancelled. On the one hand this

should allow you to have some cost savings – so it would be interesting for you guide us with what you think would be your average daily rate for instance in 2016 – but should we expect further delays in the development wells going forward as the reduction of the number of rigs could have a significant impact on the development in the pre-salt?

Thank you very much.

Carlos Gomes da Silva, CEO

Thank you Filipe.

I will pass this to Thore who is around and I think he can explain to you what is going on.

Thore E. Kristiansen, Executive Director – E&P

Thank you very much and let me first address the issue with regards to Mangaratiba. Let me, at number one, underline what Carlos said in his opening remarks and which have been repeated a few times. The ramp-up that is going on at Mangaratiba right now with an average production per well of more than 30 kbopd is world-class by any standards. Number two, the next producer in Mangaratiba is expected during the 3Q. We will actually also then have, and very importantly, in order to be able to take out the production potential, an injector in place, and because it is not only production capacity, it is also the injection capacity that is important. Then, the two next producers are anticipated in 2016. However, I can share with you that we are doing - and are pushing as hard as possible - if there is any possibility to anticipate this. But as it is now, they are scheduled, the fifth and the sixth producer, to come into production in the first half of 2016.

When it comes to rigs, we will not do anything with respect to rigs that will jeopardize the ramp-up of production in BM-S-11, but of course we are using the opportunity as the market is now presenting with respect to see how can we optimise on the cost-side. There is a clear and significant potential to lower the costs. And that opportunity is now being explored, initially by - as you have rightfully seen in the market-, we have been cancelling contracts, typically the more expensive contracts. And secondly now, it is being evaluated what is going to be the most effective way of testing new capacity back onstream. I think it is right to see that we see that rates are coming down in a very rapid manner and rates of below \$400 k per day should clearly be achievable.

Thank you.

Nitin Sharma, J.P. Morgan

Good afternoon gentlemen.

Two questions. First one on oil & gas demand in Iberia. You highlighted that both that markets have showed growth. My question is on the demand situation in Portugal. So is the trend similar to Iberia? I.e. was there growth in the 1Q in Portugal as well?

The second question is on Carcará. You are currently drilling the Extension well. Should we expect information on resource potential when you announce results for this Extension well in Carcará?

Thank you.

Carlos Gomes da Silva, CEO

Thank you Nitin for your two questions. I will take the first one.

Yes, we are experiencing in Iberia and as well in Portugal. The natural gas consumption or demand is increasing and it is mainly due to the power generation contribution. So in the retail market and in the industry it is falling down, but for power generation purposes it is increasing. So it is the same path that we are reaching on Spain in terms of demand.

In what relates to the Extension well in Carcará, I will pass to Thore that will share with you our view.

Thore E. Kristiansen, E&P COO

You are correct that the RDA Carcará P2 is right now being drilled. It is too early to anticipate any results of that well at this stage, and then when we have the results it will be as with normal procedures, evaluated and it should be communicated to the market according to normal market practices. Thank you.

Anish Kapadia, Tudor, Pickering, Holt & Co.

Hi, good morning. I have a couple of questions on Brazil.

On the replicant FPSOs, I would like to try to get a sense of where you are in terms of a couple of the FPSOs and in terms of what is left to be done, specifically on the ones that were due onstream next year, the P-66 and P-67. I was just wondering what work do you see as left to be done on those FPSOs? What are the biggest areas of bottlenecks on those units and which contracts, integration contracts, are at risk?

The second one was on the P-69 FPSO for Lula West. I was wondering if you have got an idea of what would be the revised capacity of the FPSO. I think you were talking about maybe lowering the capacity. Thank you.

Carlos Gomes da Silva, CEO

Thank you for your two questions.

In relation to the replicants, we are heading them on-track, we don't have any different guidance, positive or negative, from what has been said to you in the Capital Markets Day. We think that for the P-66 and P-67, the first oil will be in 2017. We keep that. We are doing all the mitigation measures in order to guarantee that we would be on schedule for those two units, even though we consider the complexity that is around all the suppliers in Brazil.

In what relates to P-69, the new FPSO that should be allocated to Lula West, we still don't have a final decision. This is something that is under technical discussions and we think that we can have a flavour in the coming months. When we'll have a possible decision we will disclose that to the market. Thank you.

Anish Kapadia, Tudor, Pickering, Holt & Co.

Just to follow-up, just trying to get a sense on P-66 and P67. You mentioned that you are taking the mitigation issues. I just wanted to get a sense of what are the key issues that you're dealing with at the moment, and what are the milestones that we should be watching for over the next year on those FPSOs.

Carlos Gomes da Silva, CEO

What I was saying to you, that the difficulties they experienced on financial capacity as well as on the technical capacity of some of the suppliers, are being dealt within the consortium. So we are anticipating some measures that will grant us the possibility to comply the schedule that we have defined. One of the key issues has to do with pack number three, on the different replicants. And, as you know, they may have

a complex financial situation and, therefore, we have launched an international tender for the joint venture and we are in the border of having the final decision to replace IESA for another entity that will be capable to fully comply with the timetable that we have disclosed to you just one month ago.

I will pass to Thore that could deepen a little bit in relation to Lula West.

Thore E. Kristiansen, E&P COO

First of all, I would just say that is 150% correct what you have just described the situation with P-66 and P-67. It is the pack three that is in the critical line, and hopefully the mitigating actions will be finalised in a very near future.

When it comes to Lula West, I think your discussion is very correct. This is a technical evaluation based on what is the necessary capacity needed for the efficient production of Lula West. These discussions have not been concluded and still more work remains to be done. So, for the time being, no new decisions have been taken on that respect.

Michael Alford, Citigroup

Thank you, thanks for taking my questions. Just a couple from me as well, please.

Just coming back to Gas & Power. Obviously clearly refining margins were stronger in the quarter but I think the highlight of the results has been the strength of the Gas & Power results. If you recall on the Capital Markets Day, only a month ago, your guidance on Gas & Power was €350 m to €400 m per year. But if I annualise 1Q, we are going to be closer to €525 m. Could you maybe help me understand, what's the one-off due to good conditions in the quarter, what is more of a structural change perhaps within that business? I'm just trying to get a sense that if the €350m to €400m are very conservative and actually the markets have slightly changed in the last few weeks? Or is it just a one-off in the quarter?

Secondly, on Mozambique, you've talked about a focus around value. Can I read into that comment perhaps that initial indications that you've seen from contractors around the EPC contracts are too high and the project doesn't fly up to those economics? And if that is not the case, could you just update us to when we should see those confirmed and the actual timing on FID for that project would be great? Thank you very much.

Carlos Gomes da Silva, CEO

Thank you Michael and thank you for your two questions.

In what relates to the LNG business, the Gas & Power business to be more general, we can share with you the following. You should keep in mind that we have disclosed to you that the structure trading contracts that we have implemented will live up to 2017-2018. This is the first pillar, the first anchor to stabilise and to cash-in the LNG activity. This is, I would say, in the medium-term, sustainable.

The second one is the new area of activity that we have launched two years ago related with network operations. We have just started, as you are well aware, in Spain and we are now coming to France, to Belgium and to Holland, which means that we are acting in very liquid markets in central Europe and that starts to give the first results.

The third one, I won't say that it is a one-off but it should be saw as optimising our supplying activity. As you are aware, the falling down of the crude prices and therefore the implications in the long-term contract prices have some time lag once they are based on past Brent quotations. Therefore, we have been able to optimise our supply by using what I can call some arbitrage between the spot market and the long-term contracts. Of course this is the short-term approach. We will have to comply the annual volumes that are contracted with long-term suppliers, and depending on the evolution on the Brent as well as the spot market, this could be leveraged for the future or could be attenuated for the future. But these are the three main contributions for the team.

In what relates to Mozambique. Mozambique is an amazing project, it is an amazing reservoir, and it should be seen not in a short or medium term. We should look to Mozambique as a long-term run for those that are investing over there. Of course for the kick-off of this project, we have to guarantee at least three things. We have to have the offtake heads of agreements with reliable parts that will grant the possibility to marketing the gas. Secondly, we have to have, technically-wise, a project that is by any means capable to guarantee that you will deliver without any major concerns and that will be fully efficient, with the cost basis very competitive in what relates to the comparable projects. And thirdly, we also have to guarantee that we will have a financial structure that could support that project.

So, if you put all of those three issues in a basket, we will have to meet them and to guarantee that by the end and in a long-term evaluation, because there are facilities that won't be only used by the initial unit,

but for the entire life of the project. This is something that we have to optimise to be competitive in the short-term, medium-term and in the long-term we have to have the best project and a world-class one.

There are also some things that I also have to share with you. The legal framework has to be already qualifying what relates mainly in the fiscal terms. So we are still waiting for more clarification in the tax applicable framework that will impact the project.

So concluding and to tell you, we are working hard together with the other consortium partners to make this project a profitable one that could rent value for all the shareholders not only in the long-term, but in the medium-term, because we have to guarantee that we have one of the best economical and technical projects around the world and that could be competitive with what is coming to the surface in the USA and as well, in the Australia projects. So we have to be competitive on those projects because Mozambique has an additional advantage, which is its geographical position for supplying either the Atlantic basin and the Asian markets as well. This is the best well-positioned project. And therefore, we are obliged to maximise and to optimise the project.

Michael Alford, Citigroup

Great, thank you so much for your answers. It's been very helpful. Thank you.

Mehdi Ennebati, Société Générale

Good afternoon to all. I will ask to questions.

The first one regarding your Ebitda guidance for the full-year 2015. So, you said €1.1 bn to €1.3 bn, if we take the end of your range, it looks like in the 1Q you have made almost one-third of your full-year 2015 Ebitda guidance. So as Haythem Rashed said earlier, there might be some upside potential regarding production growth. However, it looks like there is also some upside potential on the Refining & Marketing side. And I just wanted to know, if you agree that your full-year 2015 Ebitda guidance looks too conservative post your 1Q earnings release?

The second question regards with the Brazil and the Iracema South FPSO ramp-up. So you explained that you are trying to get the fifth producing well earlier than the first half of 2016. I just wanted to know if there are some difficulties on PLSV's availability given the whole high activity in the present area? Thank you.

Carlos Gomes da Silva, CEO

Thank you Mehdi for your two questions.

In what relates to the Ebitda guidance, we will keep the one that we have already disclosed to you and we are not doing that just for being conservative, but because the scenario that we are experiencing is so volatile that if we start to make changes quarter-after-quarter, we will get wrong in a more dramatic way. So we will keep our guidance taking in consideration what will happen, but of course we will keep one eye on what is going on depending on the evolution of the major scenario variables. And you see, we are well and highly impacted by the refinery margin as well as the Brent prices. So therefore, for the time being, we will keep it.

In what relates to Iracema South, and the ramp-up of Cidade de Mangaratiba. Yes, you are absolutely right, we will keep our guidance for the fifth producer well for the beginning of the next year. And we are doing all the works that are required for that. I draw your attention for the fact that we will also need to have the gas evacuation working properly, which will come with Cabiúnas pipeline that should be completed by the second half of this year. And all the questions related with the supply of materials are not impacting, for the time being, our projects. So, for the time being, we are comfortable with this guidance.

Matt Lofting, Nomura

Thanks for the presentation, gentlemen. Two quick questions left please.

Just firstly coming back to the Gas & Power, I think you've talked through some of the main moving parts previously, but I just wanted to focus more specifically on the trading volumes. The growth that we've seen through the last few quarters into what extent, or not, you think Galp can continue to deliver growth in trading volumes as we go through the next 12 months to 18 months, or is there a point based on the existing business scope where you sort of start to see those volumes level off?

Secondly just on Refining, I think Filipe mentioned the impact of mark-to-market on hedging in the net financials. It sounds like a chunk of that is sort of hedging of the refining margin. If you could just give us a bit more color on what proportion of volumes in the downstream business you're hedging, for how long

for and is there liquidity in the market now to look to lock-in current margins for the next few quarters?
Thanks.

Carlos Gomes da Silva, CEO

Thank you Matt for your two questions.

In what relates to the trading volumes and just to add something to what I have said before, this first quarter was particularly strong in what relates to the trading activity. Nevertheless, our guidance for this year is above 7 bcm. So what we are doing now is keeping the track of our structure's trading activity, pursuing our network operations in Europe and benefiting, when, and if possible, the arbitrage that we can have for the market. But that part is the one that we cannot anticipate and therefore, when you see our guidance as conservative is because we never put on our business plan the contributions that could come from the volatility of the market, as it was the case with this variation of the Brent.

In what relates to the refining margins and the hedging that we have done for 2015; and we have no hedging for the coming years; We have started that strategy last year, and we have frozen some refining margins for 2015 based on the fact that the refining margins will stay very low, and therefore, we have decided to capture for this year about 30 mboe. When Filipe mentioned to you the mark-to-market, that doesn't mean cash out from the company, that has to do with the fact that comparing with present refining margins in the market, we are sharing with the counterparties, that have hedged those margins for us, and therefore, we are anticipating that value in our P&L. Over the quarters, we will have to spend money and this is a very positive surprise, even though we are paying for it, because our previous assumption was to have refining margins below \$3/bbl. So, this is a very good and positive view and we are happy to pay, because we are benefiting of about 70% of our entirely throughput in a positive way.

Thank you

Hamish Clegg, Bank of America Merrill Lynch

Good afternoon. Thanks for taking my questions. Hamish Clegg from Bank of America Merrill Lynch.

I have couple few quick one's for you. First of all, as you start your new role, can you give us an update on if you think there's opportunity to impose your own strategic priorities on the company or do we see things going forward to be the same? And I'll refer specifically to the fit and sort of appropriateness of

keeping the Gas & Power business within Galp and the capital it consumes. Could that money be better spent capitalizing or exploiting opportunities in Brazil?

Then my second question, is notably you're hedged in the downstream. Is this something we can expect going forward as a kind of continuing strategy? or would you look to try and benefit from some of the higher margins the same this year?

Carlos Gomes da Silva, CEO

Thank you, Hamish for your questions.

So in what relates to the strategy let me be very clear. The strategy of this company has not changed for having changes in the management team. So, we pursue and we are fully committed with the Company's strategy that was reiterated in our CMD, last March. For that perspective, you should count with us, and with our full commitment, to pursue the strategy that we have disclosed to you.

Nevertheless, as you have mentioned, we have also referred to you that we will pursue a dynamic management portfolio, as long as we respect our financial robustness. And therefore, if and when, possible alternatives could appear, namely in Brazil, which is a country where we are already exposed and we appreciate the level and the quality of the assets where we are participating, of course we can consider that. But, I think that is something that we will do in a very permanently screening, and in a dynamic approach, but without losing our momentum and without losing our path in what relates to the execution mode that we are presently doing. Of course this management team has also the responsibility to start to prepare the company for the new decade that comes in 2020, but we will only be able to do that if we guarantee a robust financial structure, and at the same time if the swapping of our assets of the new entrants, that we could consider, will bring value to this company.

In what relates to the hedging, I would say that we are only doing the hedging this year and we are not considering doing anything for the next coming years. But we will continue to look to the market and if and when we consider that could be a momentum, we will do it.

Thank you.

Lydia Rainforth, Barclays Capital

Thanks and good afternoon, gentlemen. Carlos, let me congratulate you on the new role and then two very quick questions actually.

On the cost side and the E&P side, the production costs were down to 10% YoY. Is that in line with what your expectations were and purely a reflection of the volume increase? or are you actually starting to see some wider cost deflation coming through that?

And then secondly, and just to come back for hedging issue in the downstream, the refining cash costs were negatively impacted by the hedging of the refining margin. So, the €18 m that you talked about as being an impact on the finance cost, what was the impact on the cash cost on the refining side?

Thank you.

Filipe Silva, CFO

Hi, Lydia. This is Filipe. I'll take the second question. Carlos will cover the first one.

When we hedged, we hedge because the futures market was strong. Ideally, we would want to hedge a significant part of our refining volumes, because as you know we are quite long refining.

In Q1, we have booked within EBITDA €14 m of refining cost related to hedging. This is money we've paid out to banks. The €18 m net that is still outstanding is for the forthcoming nine months to the end of 2015. Reason why we don't have hedges post 2015 is because the market is not fair. So we don't want to hedge given how bad the derivative markets is pricing in 2016 onwards.

I'll pass on to Carlos now.

Carlos Gomes da Silva, CEO

Hi, Lydia, and thank you for your kind words. In what relates to the E&P costs and just to clarify that. In absolute terms, they have improved of course. What has been impacted was once we have increased our production, the unit costs have been lower. So that is the main impact.

Henri Patricot, UBS

Hello and just one question left for me. On Shell offer over BG, have you view that potential change in partner in Brazil, does it make any difference to you? Thank you.

Carlos Gomes da Silva, CEO

Thank you Henri for your question.

We are for the time being, and the experiences that we had with BG in the past times were very positive. Let me emphasize that to you because we are happy to participate with so experienced and capable companies like Petrobras and BG. Of course, this business will bring new experience and the new competence for the JV and Shell is one of the major oil and gas companies and of course, the complementarity that Shell could bring to BG is being very positively viewed by Galp. I think both Petrobras and Galp will have a positive impact on that entry of Shell and therefore we are very happy to see the movement that has been establishing in BG.

Thomas Adolff, Credit Suisse

Hi, guys. Just a few quick questions. Going back to the hedging in the downstream, presumably you are more hedged in the first half, than the second half. Is that a fair assumption here?

Second one, I just wanted to go back to Anish's question on Lula West and the capacity of the FPSO. Presumably that is related to the reserves downgrade that you announced back in March 2014, if you can confirm that. And just another one on Brazil, possibly way too early for you to comment on that, but I guess you've got a model around prospectivity, on the "G" prospect in BM-S-9. Should I think about it based on your view on the prospectivity as potentially a standard resource base, unless you can firm-up more resources in the facility for a tie-back, or is your view that it could potentially be tied-back to Carcará or even a standalone? Thank you.

Carlos Gomes da Silva, CEO

Thank you Thomas for your questions. In relation to the hedging of the refining margins, I have to tell you that it is a flat hedging, which means that will affect identically the company for all year.

For the second question in relation to Lula West, yes, you are absolutely right, it was the appraisal that brought up news to the surface and therefore, in a technical perspective, we are considering a different capacity, because there are less resources than we have seen in the beginning. Therefore the unit that should be allocated to Lula West should be reviewed and when we have a decision of course we will come back to the market.

In relation to the third question, I will pass it to Thore. Thank you.

Thore E. Kristiansen, E&P COO

So when it comes to Guanxuma that is still the plan to be drilled by end of this year, early next year. It would be way too early to anticipate any outcome of that well, but it is an important well when it comes to the ongoing de-risking activity that is taking place in that prospect.

Thank you

Brendan Warn, BMO Capital Markets

Thank you gentlemen and good afternoon, its Brendan Warn from BMO Capital Markets. Just a couple of questions around Coral and Mamba, just going back to your Capital Markets Day, and it's probably a question directed at you, Carlos, in your new role. As you head through LNG negotiations or technical negotiations, if you can remind me whether you are responsible for your own off-take or if that is being done on behalf of the operator. And how do you see the returns on future investments in Coral/Mamba? Sort of reconcile back with your aspirations or your previously stated aspirations of your gross-sheet target or returns on capital? I am pretty sure that you mentioned the word profitability from that project, you mentioned Australia, but obviously we are all aware that the returns from LNG have been pretty poor. And can you just touch on what sort of the equity and financing options are in front of you, as you head towards sort of FID for Coral this year and think about Mamba for next year and the year after?

Carlos Gomes da Silva, CEO

Thank you, Brendan for your questions. In what relates to the offtake of the gas in Mozambique, just to confirm to you – yes, there is a marketing team that is acting on behalf of the consortium, not the operator. So this is a very standard way to approach, as we have in so many different projects around the

world, and therefore all the partners in the consortium are integrating properly, and with the required skills, the marketing team.

So in what relates to the returns of this project, we have a wide different level of projects around the world and it depends on the moment that they enter into the market, it depends on the location, it depends on the contract, the offtake gas contracts that they have done, and of course, it depends on the technology and the way they have been financed. So we are working on those different areas and unless we have all of them confirmed, or at least with a clear view, we cannot disclose a figure that comes from the return of this project. But we are working within the JV in order to guarantee that the decision that will be taken will be profitable and sustainable for a project of this dimension.

I will pass to Filipe the part that relates with the funding of the project that I'm sure he can give you a more deep flavour on that.

Filipe Silva, CFO

Brendan, the financing is what you would expect. So the upstream components are going to be equity financed by the sponsors; the midstream, which is likely to be a tolling structure, will be very significantly levered; and we have seen very ample demand by lenders for the project. So we are not expecting any issues with raising financing assuming the bankable structure of course.

Thank you.

Brendan Warn

Can I just follow-up on that for Coral, what do you define between upstream and midstream?

Filipe Silva, CFO

Is your question what you have split between the parcel? The upstream is all the subsea equipment, drilling and completion, so that's all likely to be equity financed by the sponsors. The equipment to liquefy, the onshore trains, the offshore floating LNG equipment, that is what I call midstream, and that is likely to be a tolling structure with significant leverage.

Thank you.

Carlos Gomes da Silva, CEO (After Q&A)

I was wondering if there were no other questions so, ladies and gentlemen, I hope this session has been useful, thank you for attending.

The way forward, I think is clear, and I ensure you that the priority at every level of our Organisation is to deliver on the outlined strategy. I speak on behalf of my colleagues at the management team, when I say that our ultimate goal is to ensure sustainable delivery of value to our shareholders.

We will do that by enhancing our strategic path, focused on the development of our E&P projects, and on optimising our downstream and gas businesses, while maintaining a healthy financial position and keeping an eye on future business sustainability.

To those I already had the opportunity to meet in the past, I hope to see you again very shortly. To those I haven't had the chance to meet yet, I do hope to meet you in the coming months, and I will be very happy to exchange views about Galp during these exciting times ahead.

Thank you all and have a good day.