FY2018 RESULTS & OUTLOOK

11 FEBRUARY 2019

galp energy creates energy

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2018 | In a nutshell

Upstream

Successfully developing and accessing top Pre-Salt projects (Brazil)

Start of production from Kaombo (Angola)

PoD submission for Rovuma LNG mega trains (Mozambique)

Downstream

Increasing refining efficiency

Solid performance from oil and gas marketing activities

Enhancing commercial competitiveness in core regions

ESG recognitions

Dow Jones Sustainability Indexes

CDP A LIST 2018

FTSE4Good

ETHIBEL

Increasing
our high quality resources base

2.4 bn boe | 2P+2C

+15% | YoY

Upwards revision on the Brazil and Mozambique developments

Securing a 20% stake **in Carcará**

Accessing new high potential prospective **pre-salt blocks** (Uirapuru and C-M-791)

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2018 | Delivering on our commitments

WI production (YoY growth)	Ebitda (€bn)	Capex (€bn)	Net debt to Ebitda	CFFO
20%	2.2	1.1	< 2.0x	€1,594 m
15%	2.1	1.0	0.8x	
	1.9	0.9	1.2x (IFRS 16)	**FCF**
	1.8			€619 m

Actual — CMD18 guidance — Adjusted for macro[1]

[1]CMD18 guidance adjusted for average 2018 Brent, refining margin and EUR:USD exchange rate.

Strategy execution update

Developing our competitive **upstream portfolio**

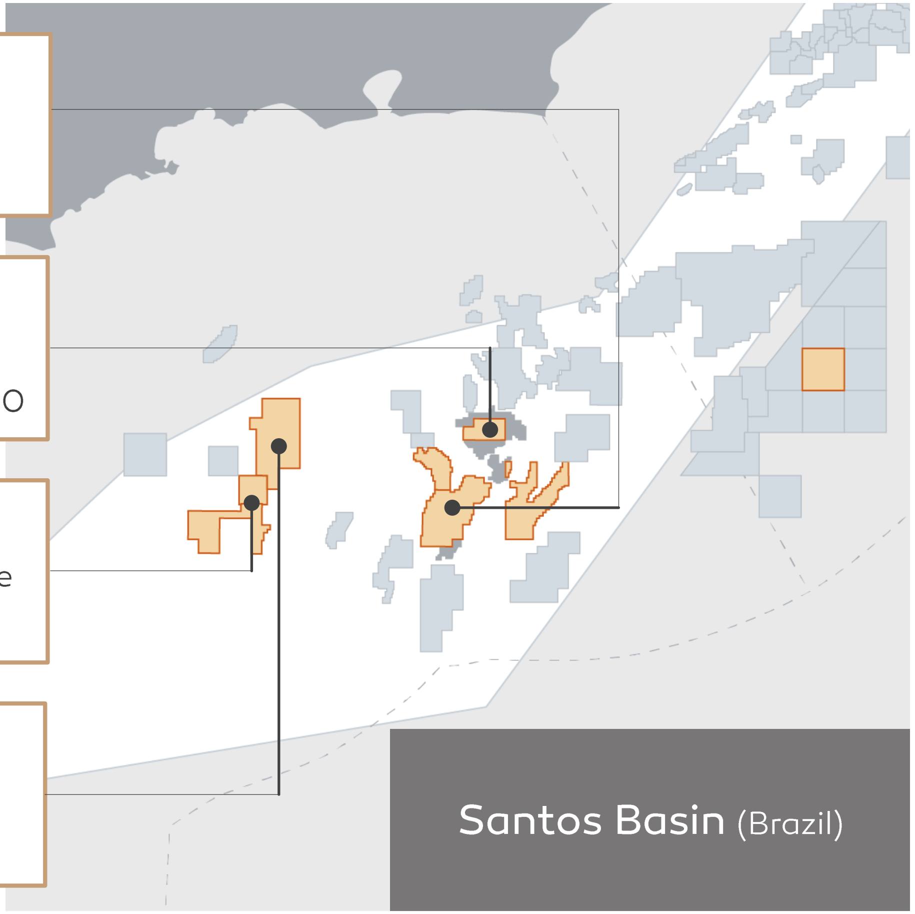
Main upstream activities expected during 2019/20

Lula & Iracema
9 FPSO producing,
o.w. 2 ramping-up

Iara
First oil in
Berbigão/Sururu in
2019 and Atapu in 2020

Carcará
Preparing Phase 1 while
appraising Phase 2

Uirapuru
First exploration well

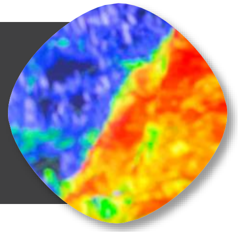


Coral South (Mozambique)
FLNG execution
targeting first gas by 2022

Rovuma LNG (Mozambique)
Moving towards FID on the
first development phase in 2019

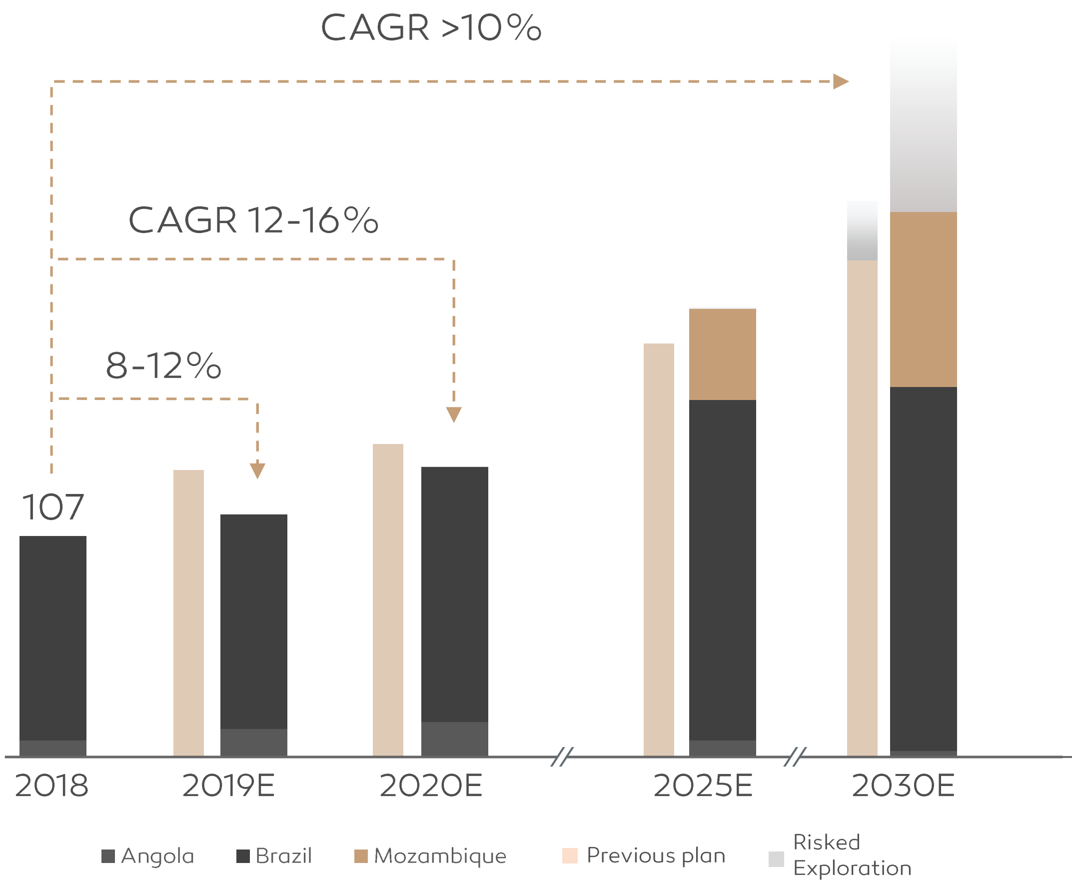
Kaombo (Angola)
Kaombo South first oil in 2019

PEL 83 (Namibia)
3D seismic campaign
to cover 3,000 km^2



Increasing potential of long-term **production growth**

WI production from existing portfolio (kboepd)



$25/bbl
NPV_{10} breakeven[1]

/ **2019/2020**
Adjusting Lula and Iara timeline, reflecting P67 and P68 units' later start-up

/ **2020+**
Increasing contribution from existing portfolio (Brazil and Mozambique)

Note: As per usual guidance, production levels consider the expected stake adjustments from unitisation processes in Brazil.

[1]Weighted E&P portfolio NPV_{10} breakeven 2019 real terms based on 2025 producing assets.

Enhancing efficiency and flexibility of R&M activities

Refining

"+$1/boe" initiatives to deliver full contribution by 2020

Developing the Refinery 4.0 digitalisation programme

IMO: Galp system to produce compliant low sulphur fuel oil, with expected positive margin impact by 2020

Marketing

Enhancing efficiency of operations and strengthening regional presence

Launching new services while improving fuel and non-fuel offering

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Adapting NG/LNG sourcing and power portfolio to market trends

Gas & Power

Building new NG/LNG sourcing basket

Strengthening gas and electricity commercial position in Portugal and Spain

Low Carbon & New business solutions

Preparing integration with renewable power generation through solar power projects in Iberia

Developing alternative mobility services, including an electric offer

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2018 dividend proposal

+15%

or c.€0.63/sh

Organic Capex

≤1.0

€bn/yr

Organic FCF generation

c.1.0

€bn/yr
by 2020

Strengthening financial position while entering into a **new cash cycle**

Maintaining a **resilient** and **competitive** portfolio

Working on the **next growth cycle** (2020+)

Commitment to **shareholder value creation**

Ongoing developments strengthening our **unique growth and value proposition**

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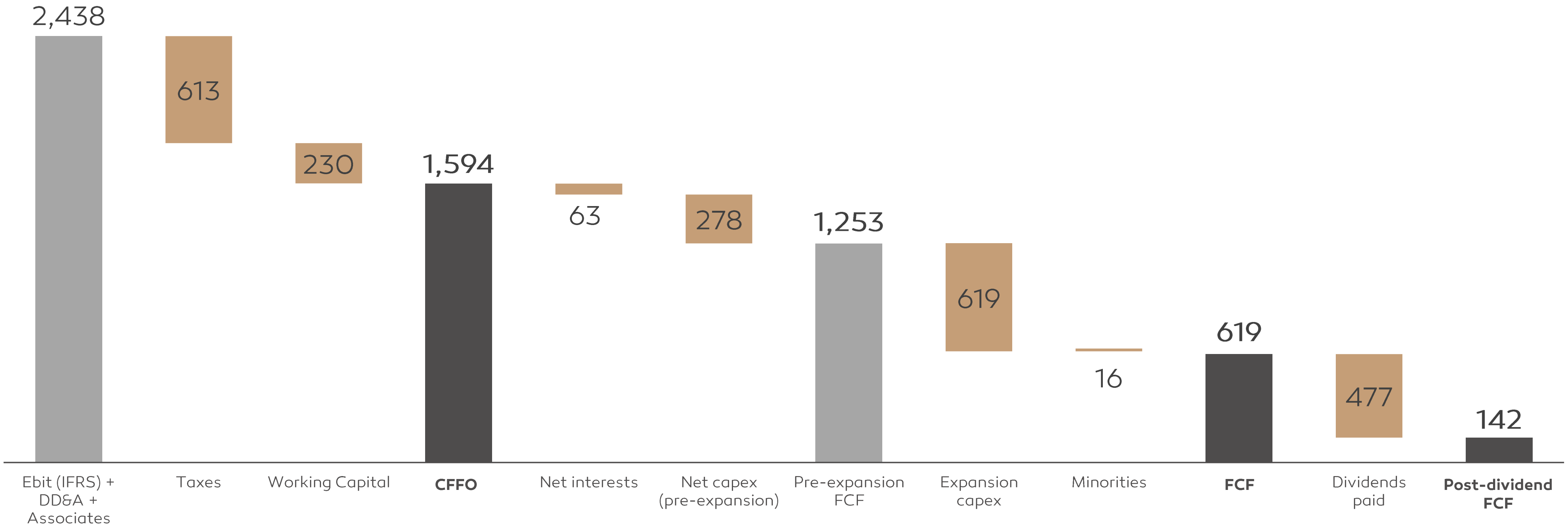
Results & Financial update

Solid cash generation in 2018

despite working capital build

2018 Cash flow (€m)



4Q18	441	(195)	156	402	1	(140)	263	(142)	(1)	120	0	120

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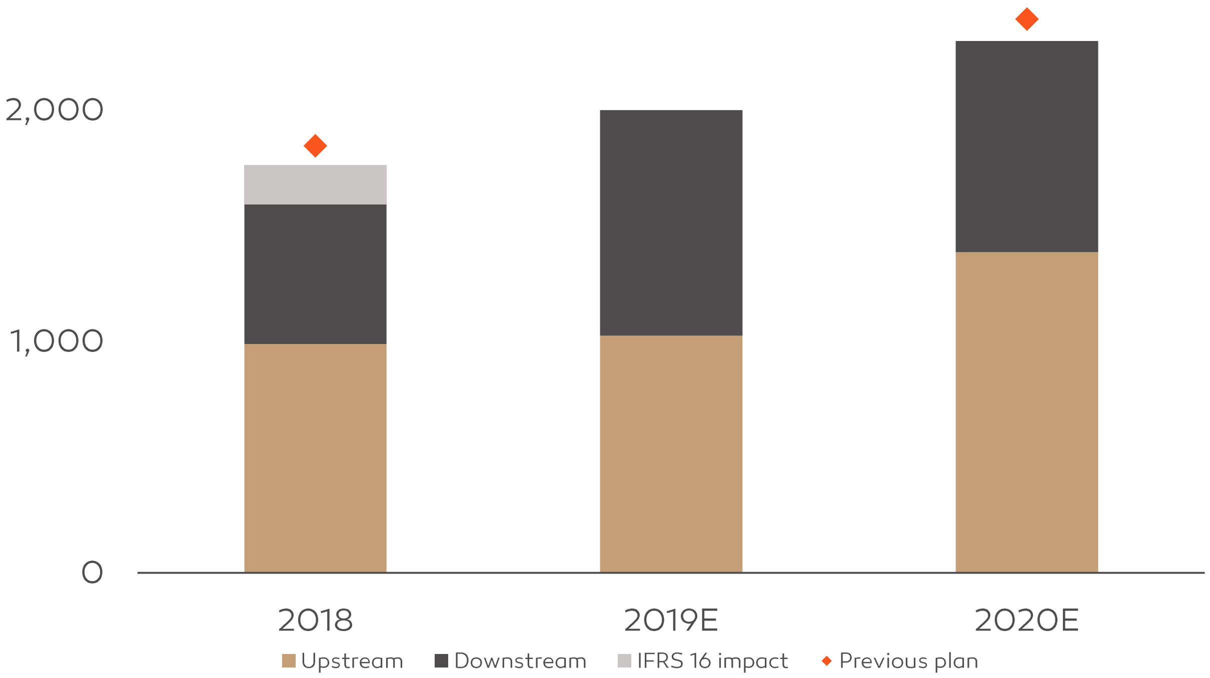
Organic CFFO

2018-20 CAGR of 10-15%

CFFO (€m)



	2018	2019E	2020E
Brent	$71/bbl	$60/bbl	$65/bbl
Refining margin	$5.0/boe	$5.0-6.0/boe	$6.0-7.0/boe
EUR:USD	1.18	1.20	1.20

>10%
Upstream
CFFO
2018-20 CAGR

€0.8-0.9bn
Downstream
CFFO
2019-20

Upstream to benefit from **production growth** and reflecting **lower oil taxes** from Iara

Downstream performance supported by **improved operations** and **efficiency initiatives**

IMO regulation expected to positively impact **upstream and downstream performance**

Group Ebitda expected at **€2.1-2.2 bn in 2019** and **above €3 bn from 2020 onwards**

Note: All figures according to IFRS 16. For comparison purposes, previous plan figures and growth rates were adjusted for both IFRS 16 and macro.

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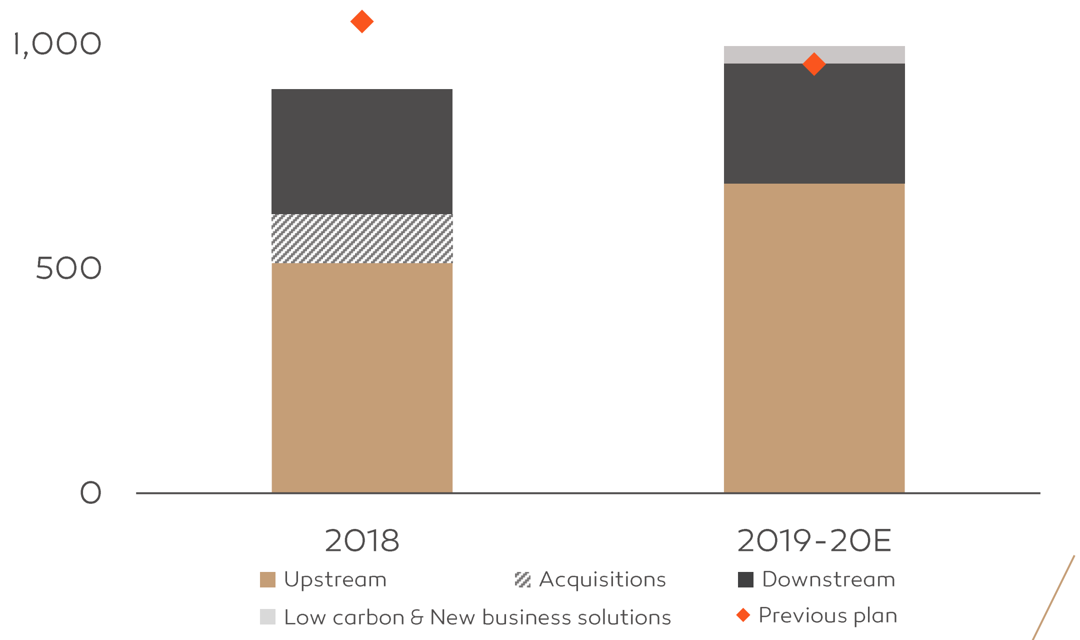
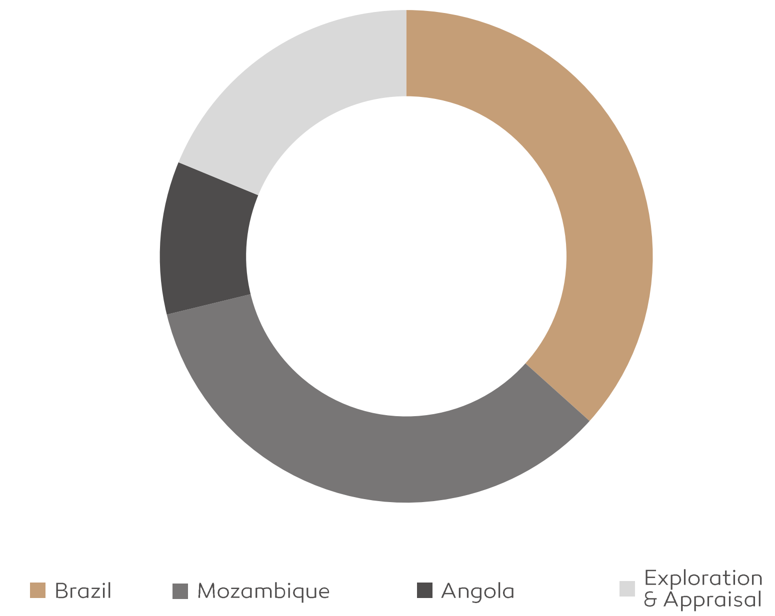
Organic capex
of c.€1 bn p.a.

Annual average net capex (€m)



Non-upstream capex to average €250 – 300 m p.a. until 2020, mainly driven by refining efficiency initiatives

Upstream 2019-20 capex



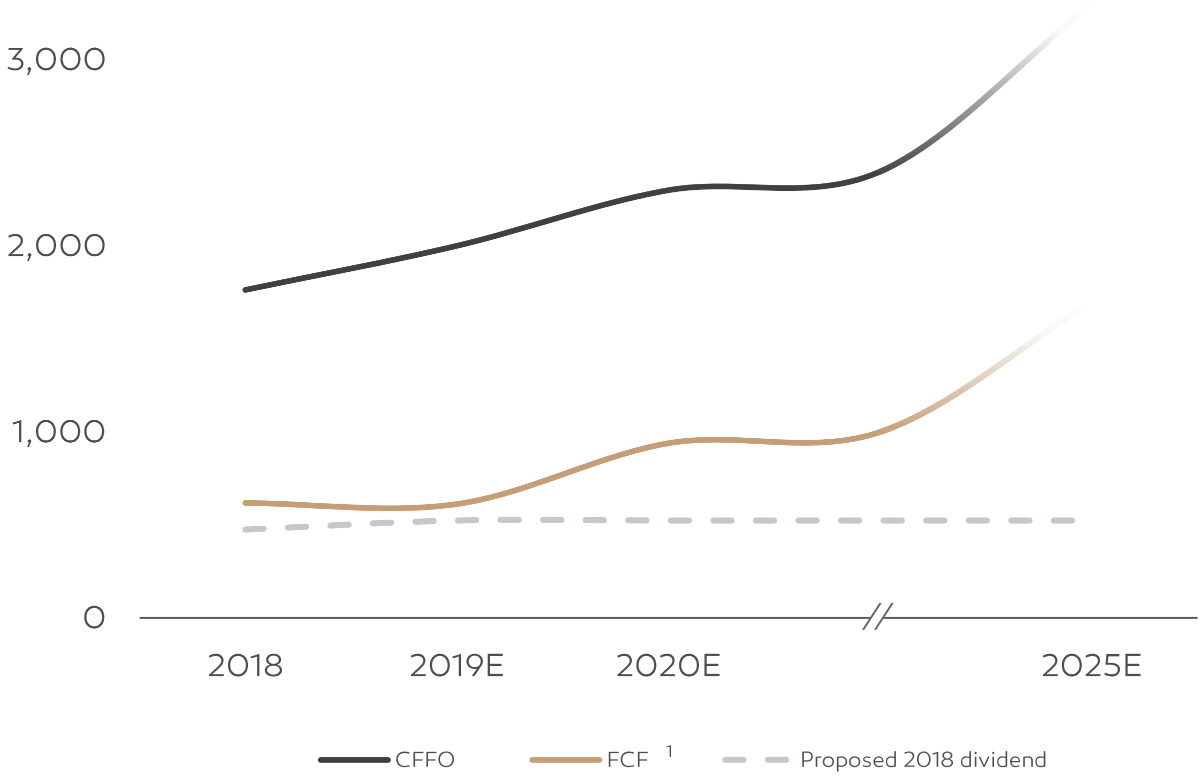
E&P accounting for c.70% of Group investments, with Mozambique gaining relevance

Note: Upstream net capex for 2019-20 considers equalisations from past costs/profits adjustments related with unitisation processes in Brazil. The estimated equalisation net position as of 31.Dec.2018 amounted to a c.€100 m receivable.

Organic FCF

of c.€1 bn from 2020

Free cash flow (€m)



<$25/bbl

Group's FCF breakeven

New cash cycle supported on a highly **competitive and resilient portfolio**

Net debt to Ebitda expected **below 1.0x from 2020** (under IFRS 16)

Operational cash generation and asset rotation to support **portfolio optionality**

[1]FCF net of dividend payments to minority interests, namely to Sinopec in Brazil.

Appendix

Macro assumptions

and plan sensitivity

Galp assumptions	2018 (actual)	2019E	2020E
Brent price ($/bbl)	71	60	65
Galp refining margin ($/boe)	5.0	5.0-6.0	6.0-7.0
EUR:USD	1.18	1.20	1.20

		Ebitda		CFFO		FCF[1]	
Sensitivities (€m)	Change	2019E	2020E	2019E	2020E	2019E	2020E
Brent price	$5/bbl	145	180	95	85	70	65
Refining margin	$1/boe	90	100	90	70	90	70
EUR:USD	0.05	(75)	(100)	(60)	(70)	(25)	(35)

[1]FCF net of dividend payments to minority interests, namely to Sinopec in Brazil.

IFRS 16
impacts

Balance sheet

All leases on balance sheet

Leased FPSOs and subsea equipment account for c.70% of operational leases

Fixed assets **c.€1.2 bn** ↑	=	Liabilities **c.€1.2 bn** ↑

Profit & Loss | Cash Flow

Leases subject to depreciation and interest

Opex	↓
DD&A	↑
Net interests	↑
Tax	=

CFFO c.€170 m	↑
FCF €0 m	=

No changes on receivables / payments ⟶ **No impact on FCF**

Note: Balance sheet figures as of 1 January 2019 and CFFO calculated based on 2018.

Galp reserves
and resources

Reserves (mmboe)	2017	2018	Chg.
1P	383	389	2%
2P	748	755	1%
3P	965	985	2%
Contingent resources (mmboe)	**2017**	**2018**	**Chg.**
1C	296	425	43%
2C	1,352	1,659	23%
3C	3,297	3,671	11%
Prospective resources (mmboe)	**2017**	**2018**	**Chg.**
Unrisked	3,835	4,216	10%
Risked	566	623	10%

Source: All figures are based on DeGolyer and MacNaughton report as of 31.12.2018.
Reserves figures on a net entitlement basis. Contingent resources and prospective resources on a working interest basis.

2018 results
supported on strong operational performance

Profit & Loss (€m)

	2017	2018	YoY
Ebitda RCA	**1,786**	**2,218**	**24%**
E&P	850	1,440	69%
R&M	774	610	(21%)
G&P	132	137	4%
Ebit RCA	**1,032**	**1,518**	**47%**
Associates	150	137	(8%)
Financial results	(34)	(70)	n.m.
Taxes	(483)	(726)	50%
Non-controlling interests	(88)	(151)	72%
Net Income RCA	**577**	**707**	**23%**
Net Income IFRS	597	741	24%

Balance sheet (€m)

	Dec.17	Dec.18	YoY	IFRS 16 01.Jan.19
Net fixed assets	7,231	7,340	109	8,543
o.w. operating leases	-	-	-	*1,203*
Working capital	584	814	230	814
Loan to Sinopec	459	176	(283)	176
Other assets (liabilities)	(609)	(546)	63	(546)
Capital employed	**7,665**	**7,784**	**118**	**8,987**
Net debt	1,886	1,737	(149)	2,940
o.w. operating leases	-	-	-	*1,203*
Equity	5,779	6,047	268	6,047
Net Debt + Equity	**7,665**	**7,784**	**118**	**8,987**

4Q18 E&P

Higher production QoQ offset by lower realisations

Main E&P data

		4Q17	3Q18	4Q18
Working interest production	**kboepd**	**101.2**	**103.8**	**113.1**
Oil production	kbpd	88.6	93.1	99.8
Net entiltlement production	**kboepd**	**99.1**	**102.3**	**111.7**
Angola	kbpd	5.2	7.4	8.9
Brazil	kbpd	93.9	94.9	102.9
Oil and gas average sale price	USD/boe	53.6	65.3	61.0
Production costs	USD/boe	8.0	9.0	7.0
DD&A	USD/boe	10.7	10.5	8.8
Ebitda RCA	**€m**	**296**	**396**	**339**
Ebit RCA	€m	213	311	260
Net Income from E&P Associates	€m	13	15	12
Capex	€m	281	188	141

Production up QoQ, benefiting from the start-up of FPSO#8 and the ramp-up of Kaombo North FPSO

Ebitda impacted by lower realisations and underliftings adjustments during a period of declining oil price

DD&A benefiting from the weaker BRL:EUR and reversion of abandonment provisions in Angola

4Q18 R&M

Quarter impacted by planned maintenance in refining

Main R&M data

		4Q17	3Q18	4Q18
Galp refining margin	USD/boe	4.9	5.8	4.3
Refining cost	USD/boe	1.9	2.0	4.3
Hedging impact on Ebitda	USD/boe	0.1	0.0	0.3
Raw materials processed	mmboe	28.4	27.7	19.2
Total oil product sales	mton	4.5	4.5	3.7
Sales to direct clients	mton	2.2	2.4	2.2
Ebitda RCA	€m	144	195	118
Ebit RCA	€m	44	115	24
Net Income from R&M Associates	€m	2	1	(8)
Capex	€m	75	44	149

Raw materials processed lower YoY and QoQ, due to planned partial maintenance in Sines and Matosinhos refineries

Galp refining margin impacted by weaker international refining environment and maintenance activities

Ebitda down YoY and QoQ on the back of lower contribution from refining, despite robust marketing performance

4Q18 G&P

Resilient despite challenging power and trading

Main G&P data

		4Q17	3Q18	4Q18
NG/LNG total sales volumes	mm^3	1,899	2,024	1,725
Sales to direct clients	mm^3	1,109	1,201	1,181
Trading	mm^3	790	823	544
Ebitda RCA	€m	27	44	25
Ebit RCA	€m	22	39	20
Net Income from R&M Associates	€m	22	24	20
Capex	€m	1	0	2

LNG trading volumes down, reflecting the end of long term structured contracts in 3Q18

Ebitda impacted by a lower contribution from the power business YoY

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