galp energia

First Quarter 2007 Results

Lisbon, 17 May 2007

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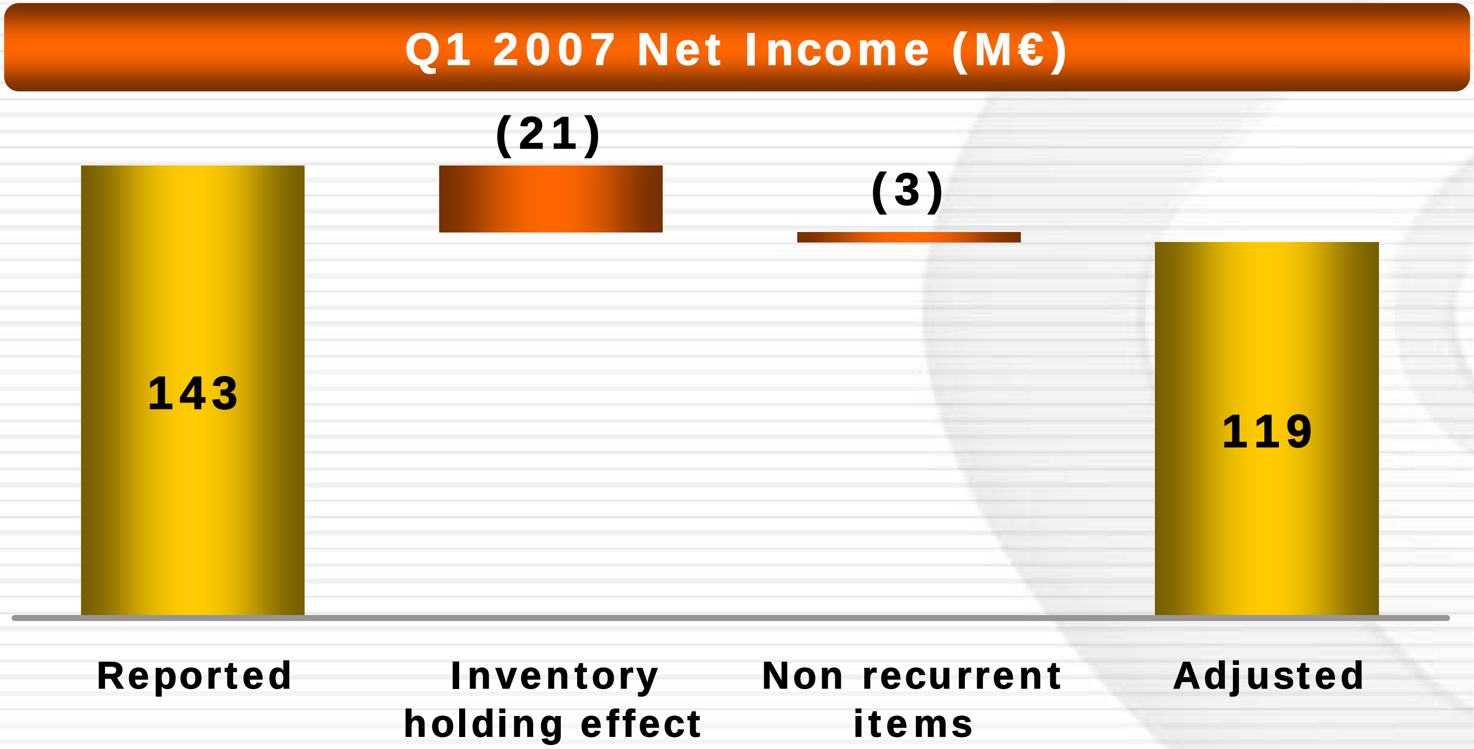
Q1 Highlights

- Working crude production of 17.2 thousand barrels per day, up 18% qoq
- Galp Energia refining margin up 22% yoy (equivalent to 1 Usd/bbl)
- Natural gas sales up by 12% qoq
- Adjusted proforma EBITDA* increased by 15%
- Net income of €143 million, corresponding to an EPS of 0.17 euros
- Capex of €76 million, 50% of which corresponded to E&P business segment
- Net debt reduction to 709 M€, placing the debt to equity ratio at 33%

* Adjusted by transportation, storage and regaseification activities sold to REN (net impact of 30.8 M€) and E&P Q106 of 14.5 M€ to reflect the same accounting principles of Q1 07

Adjusted net income up by 30%

- Inventory effect of 21 M€ due to the increase in crude and oil products prices this quarter
- Tax rate decrease from 28% to 19% positively impacted net income

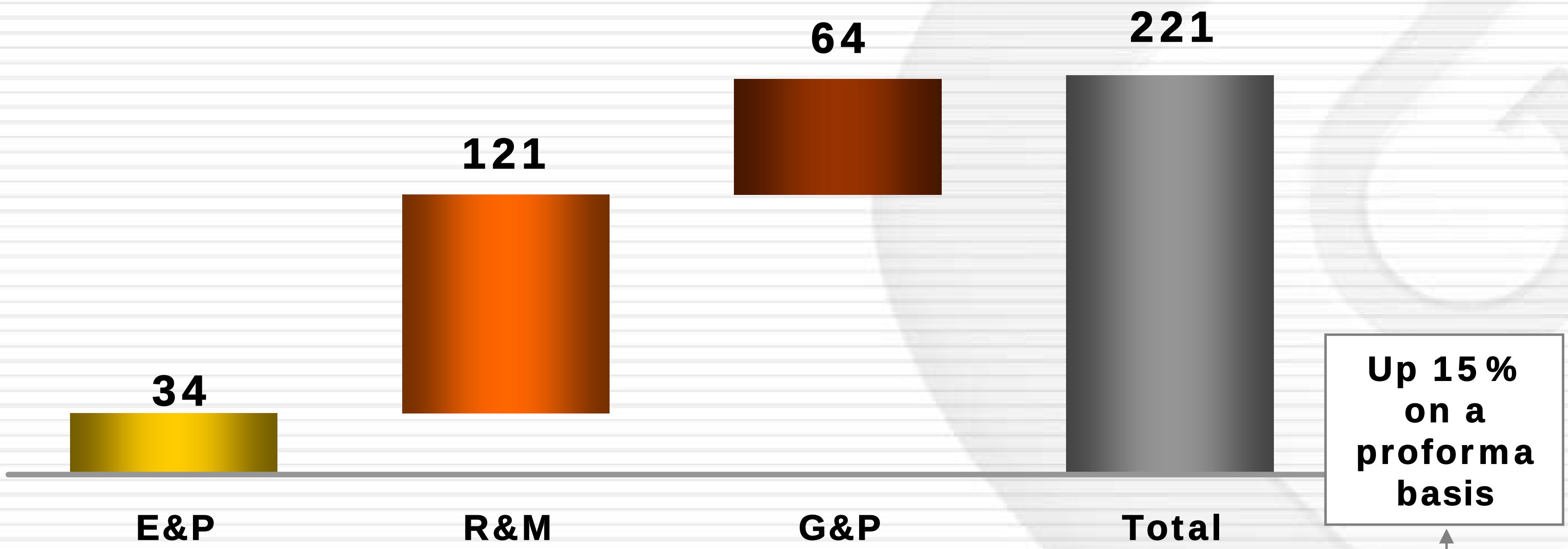


YoY	+22%	+30%

Adjusted EBITDA increased by 5% without NG transport and regasification activities

- Block 14 continuing to deliver growth
- R&M higher contribution driven by improvement on refining margins
- Stable G&P EBITDA performance yoy on pro-forma[1] basis from 66 €M to 64 €M

Q1 2007 Adjusted EBITDA[2] (M€)



YoY	n.m.	+10%	(33%)	+5%

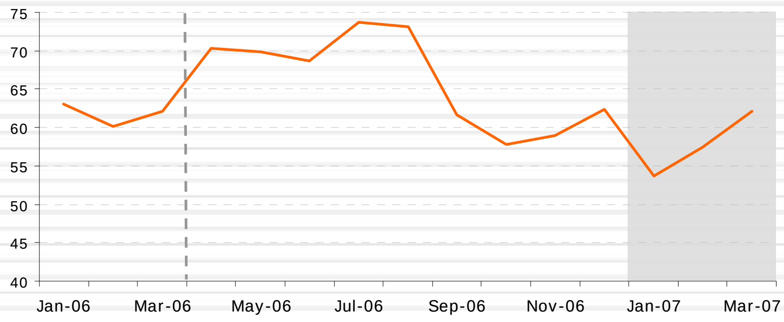
[1] Adjusted by transportation, storage and regasification activities sold to REN (net impact of 30.8 M€)

[2] Segmental figures don't add up to total adjusted EBITDA due to Corporate & Others

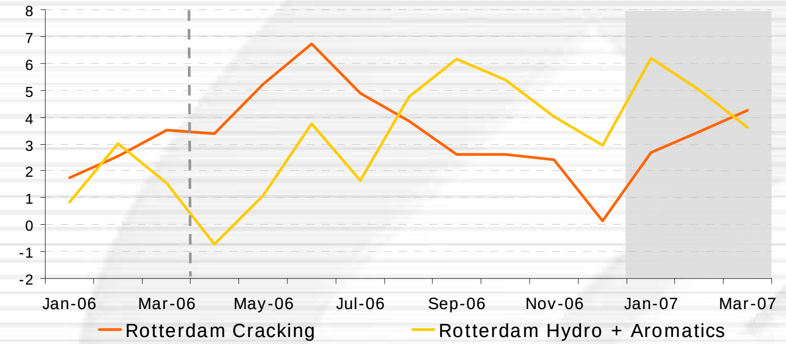
Market Overview

Demand for gasoline sustained brent and refining margin levels

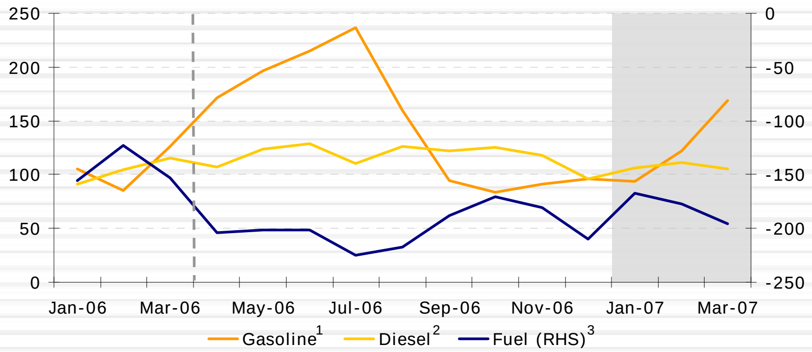
Brent price (Usd / bbl)



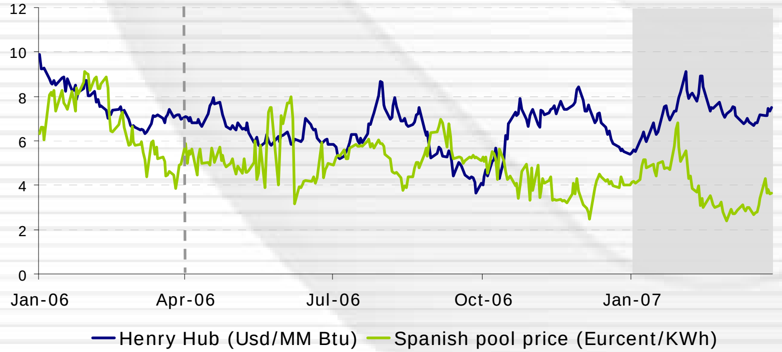
Rotterdam Cracking and Rotterdam (Hydro + Aromatics)[4] (Usd / bbl)



Diesel, Gasoline and Fuel crack spreads (Usd / ton)



Henry hub and Spanish pool prices



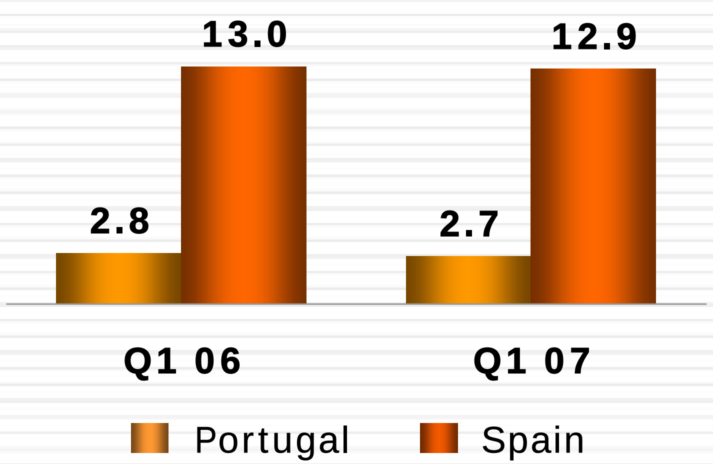
Source: Platts; Monthly averages except for Henry Hub and Spanish Pool price

[1] Prem unlead NWE CIF ARA; [2] ULSD 50 ppm NWE CIF ARA; [3] 1% LSFO CIF ARA; [4] Considers 70% of Rotterdam Hydroskimming Margin + 30% of Aromatics margin

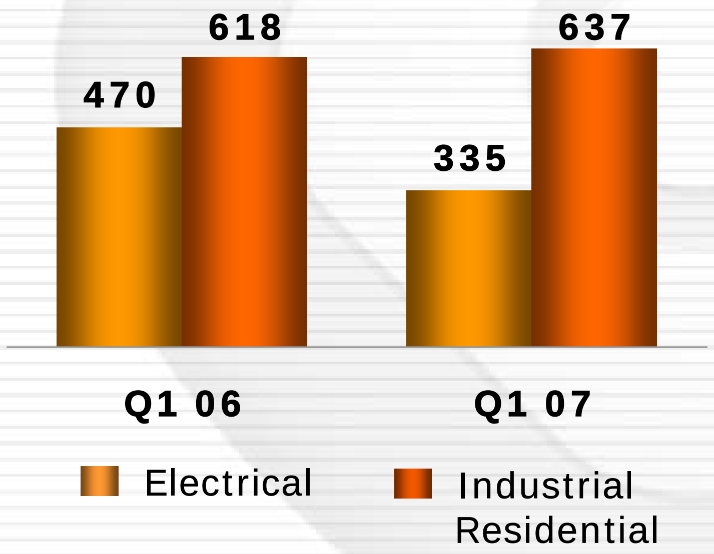
Stagnant Iberian market

- Higher prices not allow oil internal consumption to increase
- Rainy weather of last months of 2006 and warm weather in Q1 clearly affected demand

Iberian Oil market (M ton)



Portuguese natural gas market (M m3)

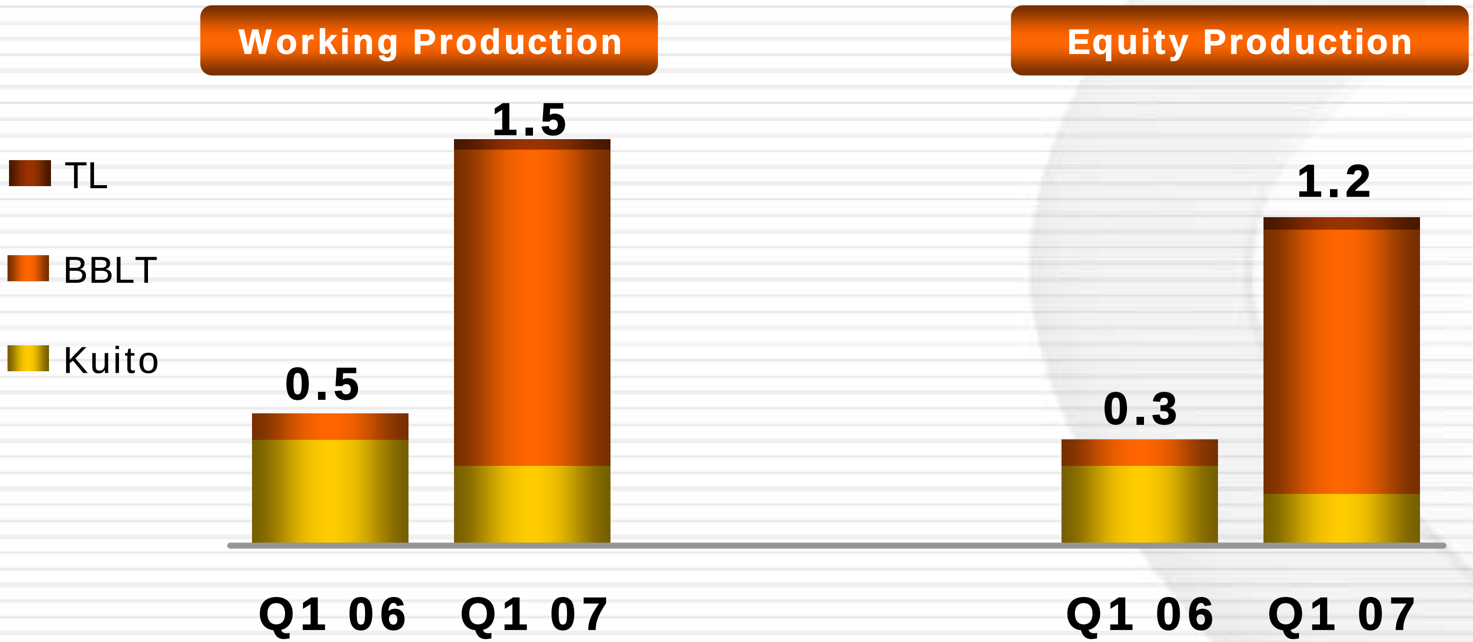


Business Overview

E&P production souring in a lighter crude

- Production increase supported by BBLT and TL contribution
- Lower Kuito production due to works to revamp production by 2008

Total production by field (M bbl)

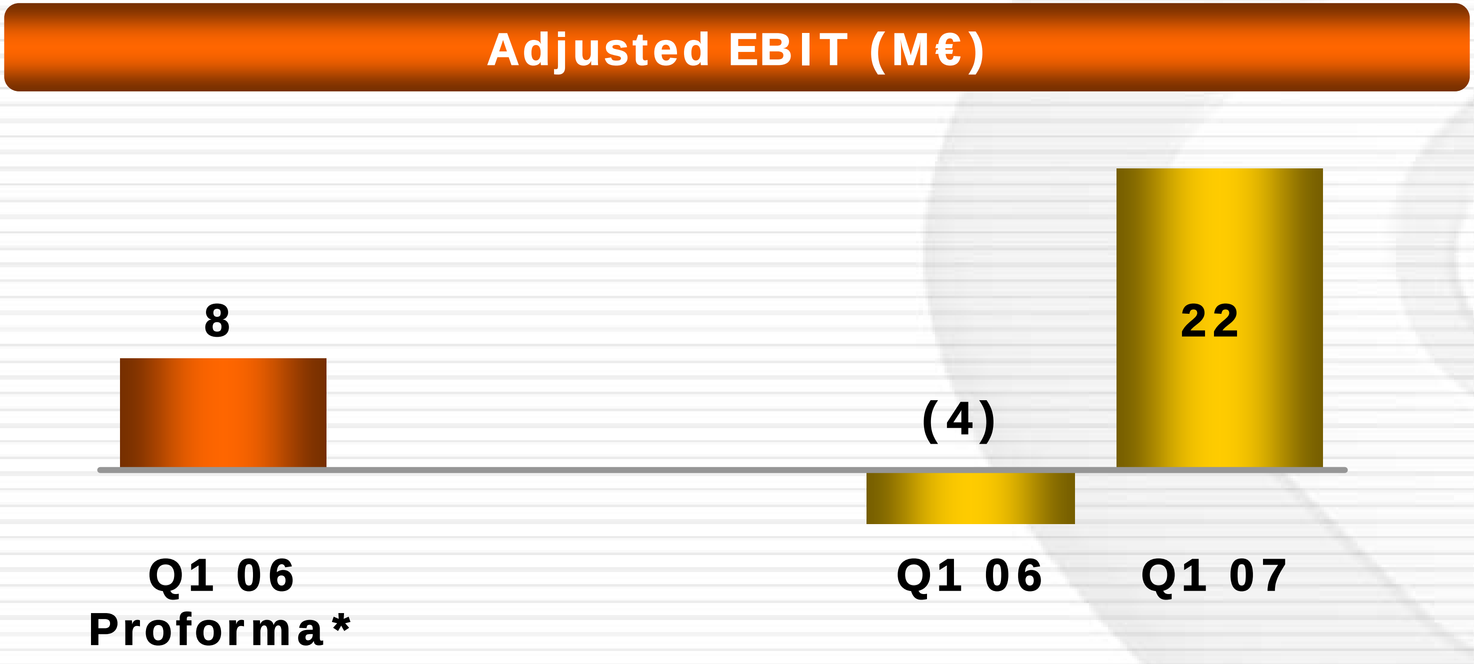


	Working Production Q1 06	Working Production Q1 07	Equity Production Q1 06	Equity Production Q1 07
Kbbl/d	5.2	17.2	3.8	13.8

Note: Working Production corresponds to the total production before deducting the concessionaire share under Production Sharing Agreements ("PSA"); Equity production corresponds to net entitlement production, after deducting PSA effect.

E&P Q1 EBIT represents almost 50% of 2006

- Lighter crudes from BBLT and TL reduced discount to Brent
- Q1 2006 EBIT affected by definition of accounting principles
- Q1 2007 EBIT confirms sustained level of E&P activity

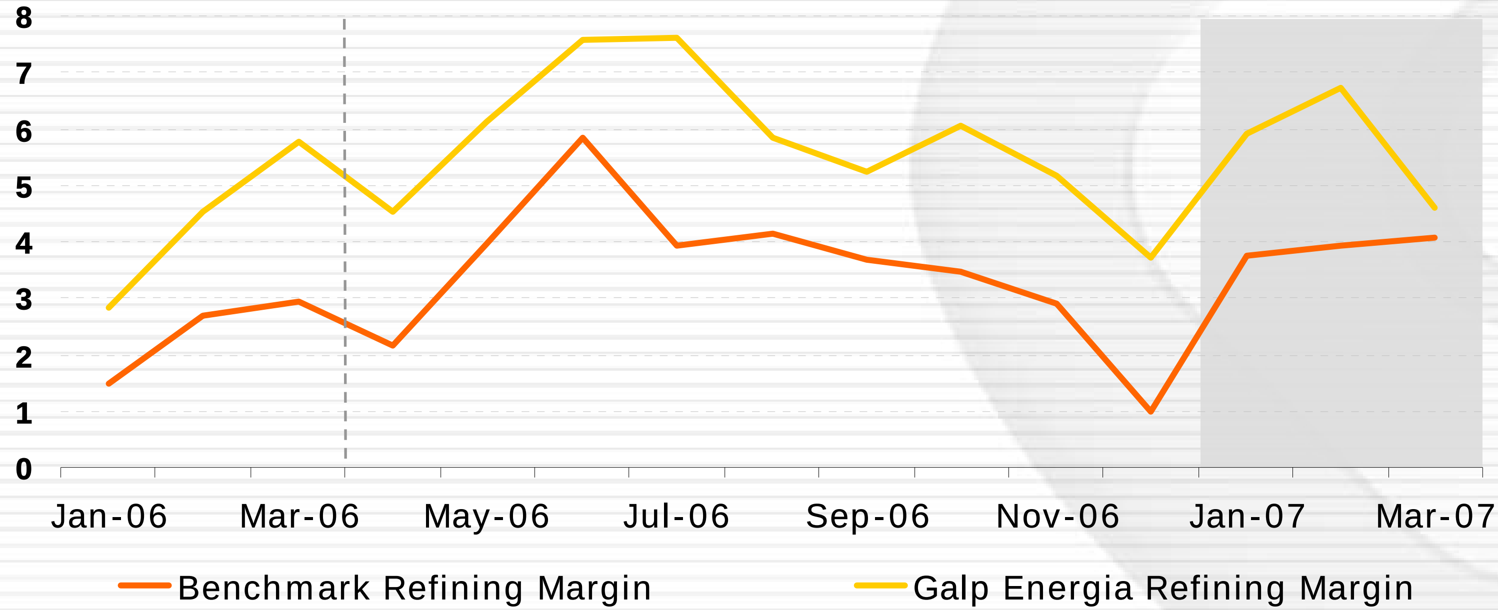


* Assuming same accounting principles of Q1 2007

Galp Energia refining margin up 22% yoy

- Spread over benchmark of 2.2 USd/bbl in 2006 and 1.8 Usd/bbl in Q1 2007
- Premium to benchmark affected by lower utilization rate and consequently higher fuel & losses

Galp Energia vs Benchmark Refining Margin (Usd/bbl)



Source: Platts
Benchmark refining margin considers 70% of Rotterdam cracking and 30% of Rotterdam Hydro + Aromatics

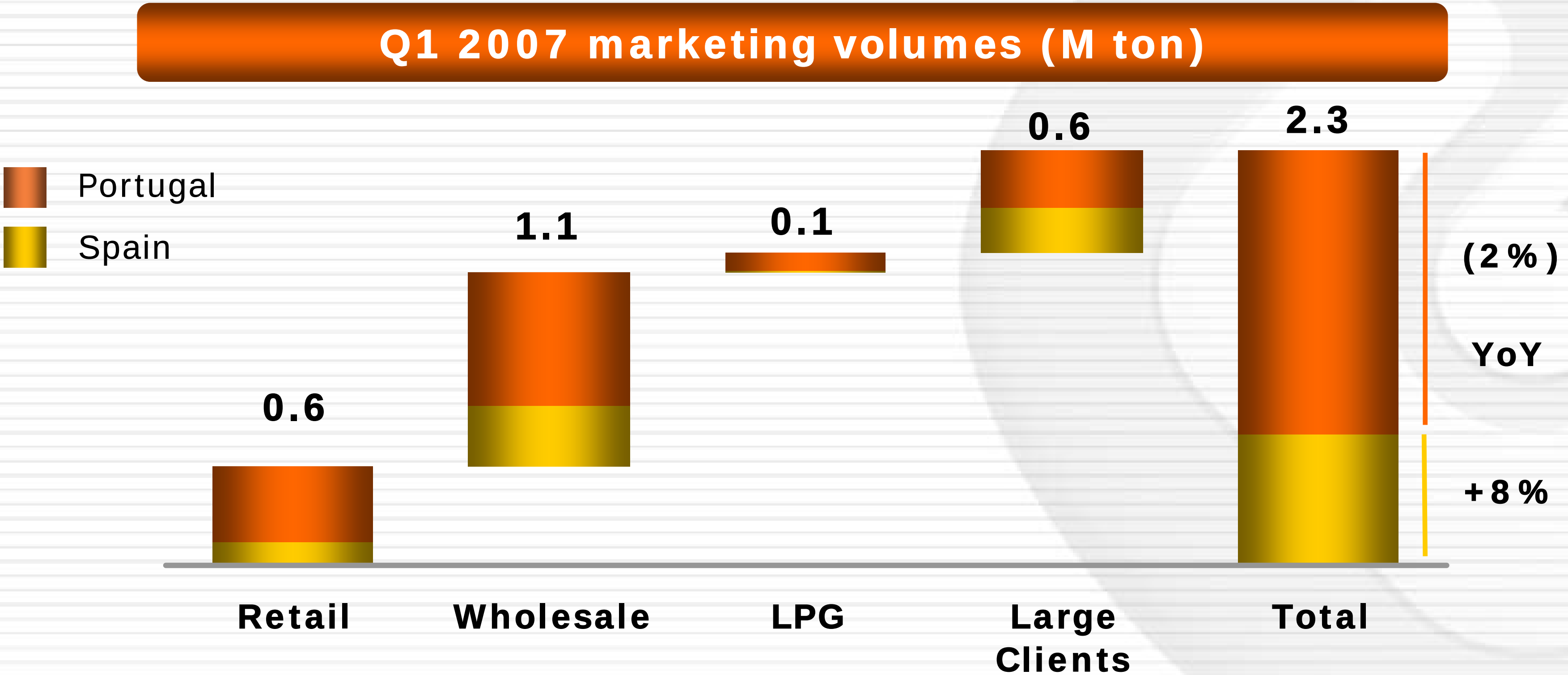
Exports to US market up by 32% yoy

- Lower utilization rates due to maintenance shutdowns
- Exports of gasoline to US represent 34% of total exports
- Sales to Galp Energia clients increased by 1%, despite a weaker Iberian market

Million tons	Q1 2006	Q1 2007	% Ch.
Crude oil and other refinery inputs processed	**3.6**	**3.4**	**(4%)**
Total volumes of products sold	**3.9**	**3.9**	**-**
Sales to Galp Energia direct customers	2.3	2.3	1%
Exports	0.7	0.6	(7%)
Sales to other Portuguese operators	1.0	1.0	1%

Sales to direct clients supported by Spanish operations

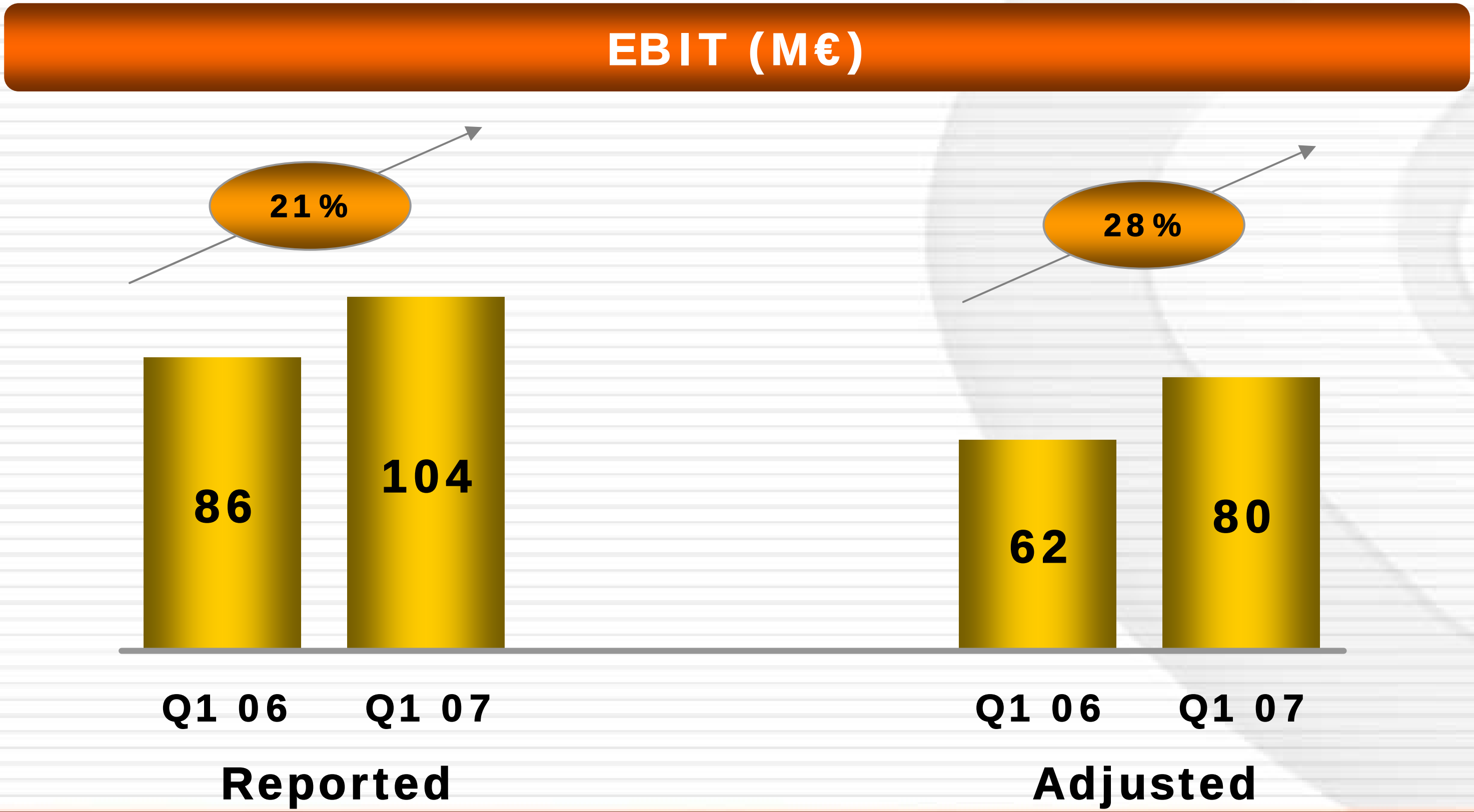
- Sales to Galp Energia direct customers represented 69% of total raw materials processed
- Market share maintained despite decrease in the Portuguese market



YoY	(8%)	(1%)	(11%)	+20%	+1%

R&M EBIT boosted by refining margins increase

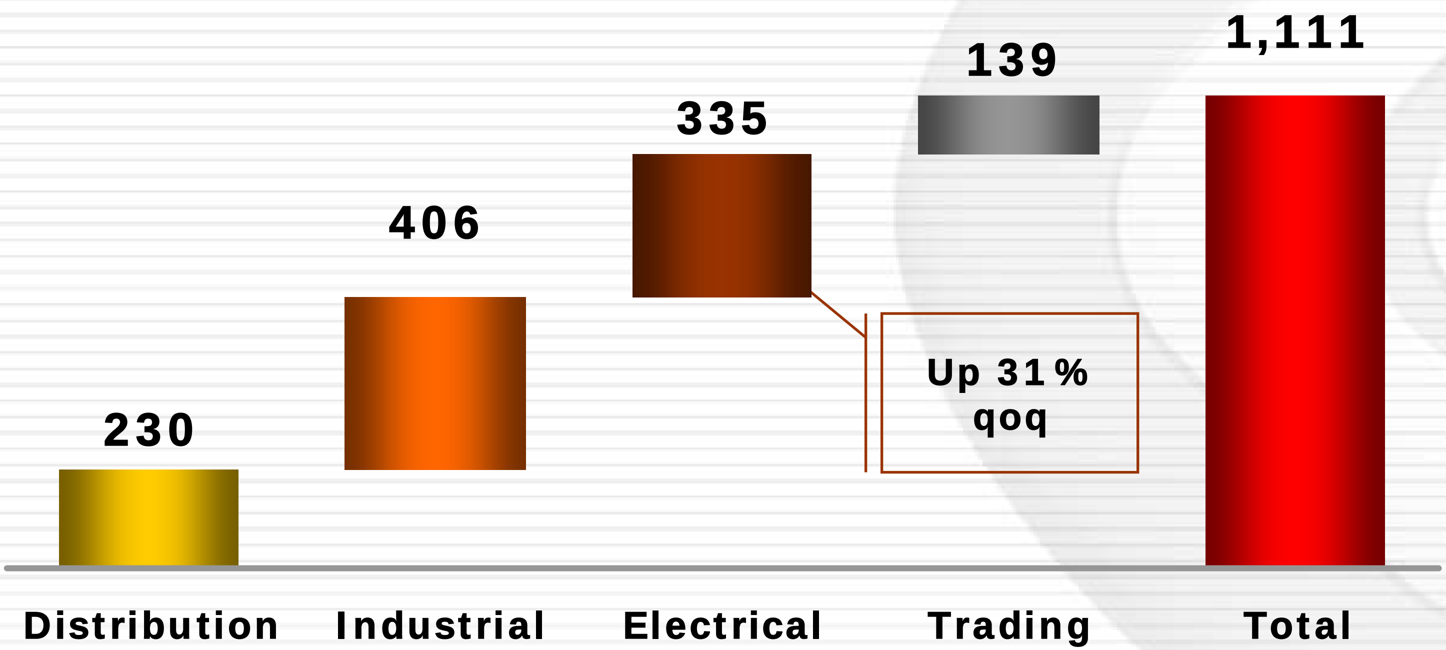
- Reported EBIT positively impacted by inventory effect of 22 M€
- Adjusted EBIT up 28% impacted by higher refining margins despite Usd depreciation
- Maintenance shutdowns with a negative impact of 4% in volumes processed



Natural gas sales up by 12% qoq

- Consumption of power generators still being affected by strong rainfall occurred in the last months of 2006
- Warm weather affected growth of Portuguese market (+3% excluding power generators)

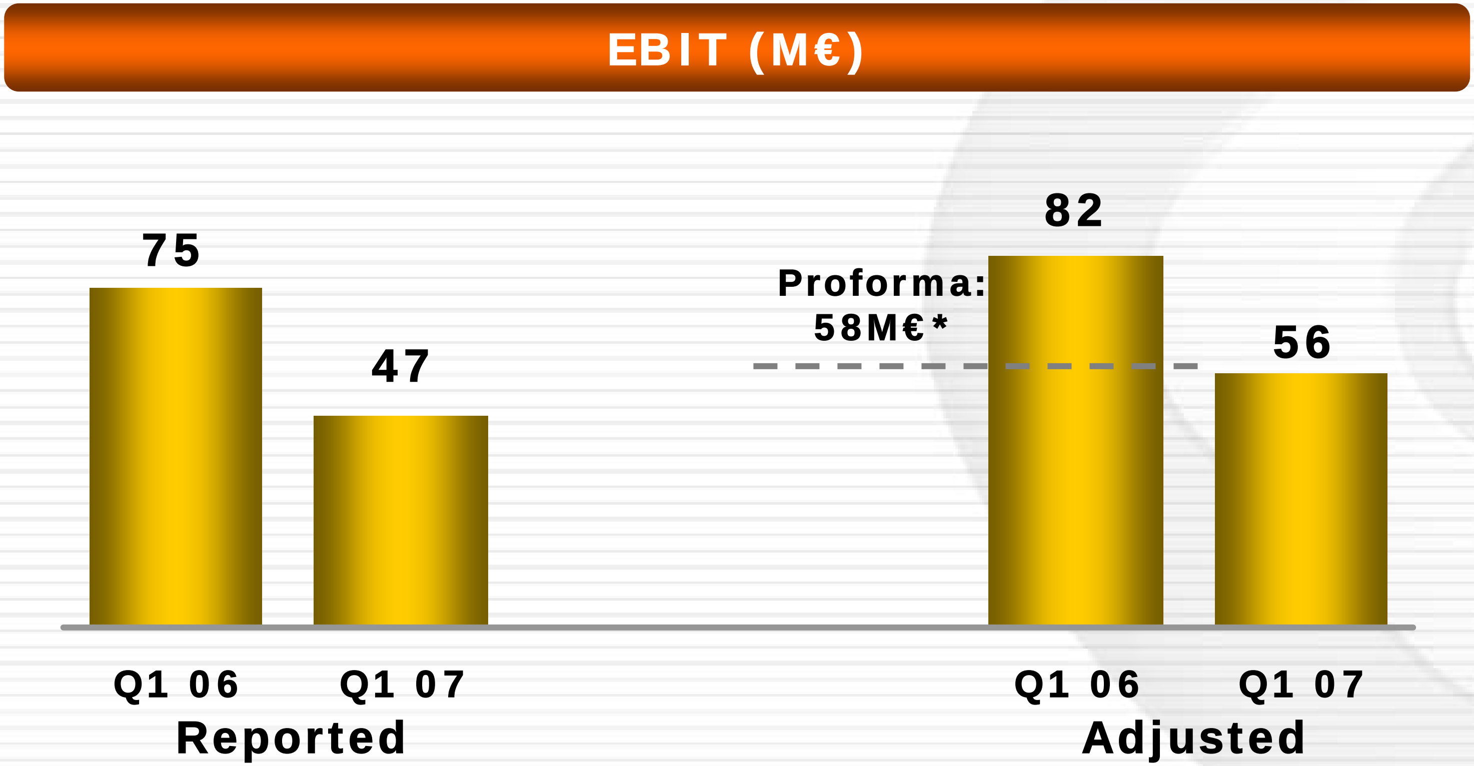
Natural gas sales (M m³)



YoY	+2%	+4%	(29%)	+46%	(6%)

Constant EBIT on a proforma basis despite lower volumes

- Unbundling effect strongly impacted yoy reported and adjusted EBIT
- Stable EBIT on a proforma basis: (i) despite lower volumes and (ii) replacement of electrical volumes by trading volumes



* Proforma EBIT based on Q1 2006 EBIT of 82 M€, deducted from Unbundling impact of 23.9 M€ (34.2 M€ of transportation, storage and regasification fees – 2.4 M€ of personnel costs – 6.9 M€ of depreciations and – 1 M€ of maintenance costs

Financial Overview

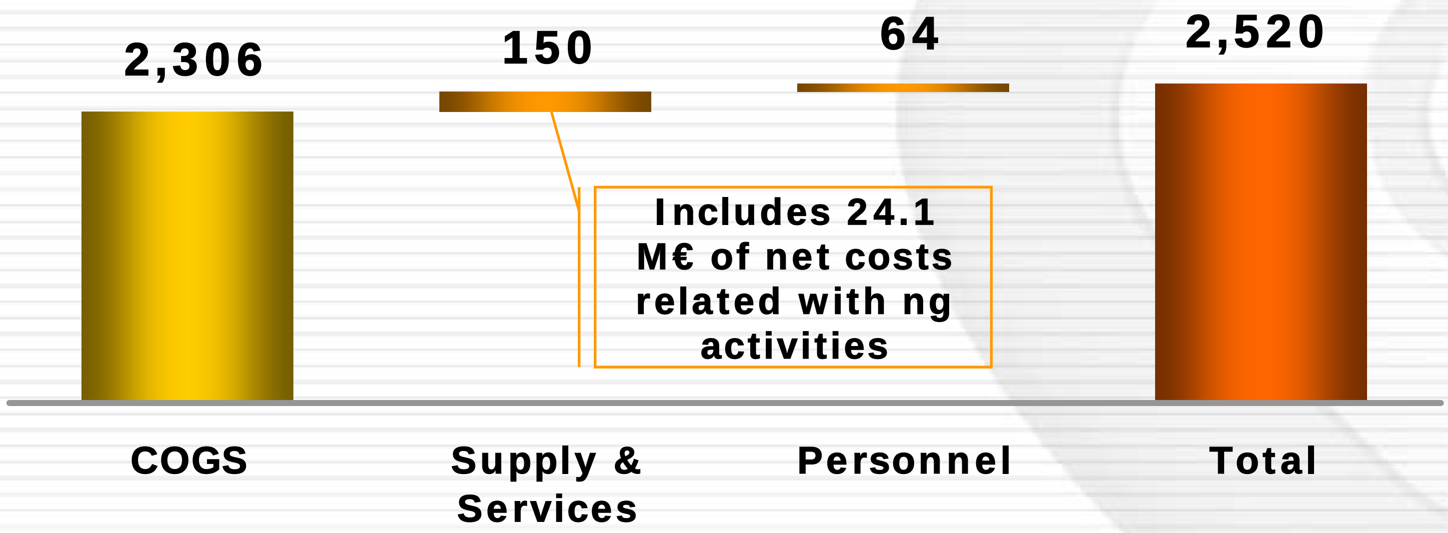
Adjusted EPS increased by 30 %

Reported				Adjusted		
Q1 06	Q1 07	% Ch.	€ Million	Q1 06	Q1 07	% Ch.
3,026	2,754	(9.0%)	**Sales**	3,026	2,750	(9.1%)
227	237	4.5%	**EBITDA**	210	221	5.2%
159	175	10.1%	**EBIT**	142	160	12.6%
14	19	31.8%	**Income from Associates**	14	19	31.8%
117	143	22.1%	**Net Income**	91	119	30.4%
0.14	0.17	22.1%	**EPS (Eur/share)**	0,11	0,14	30.4%

Controlled cost structure

- COGS down by 12% mainly due to lower crude and oil products prices
- Proforma supply and services increased 2%, despite higher crude production costs driven by ramp up in production
- Lower personnel cost due to impact of 188 employees transferred to REN

Operational Costs (M€)

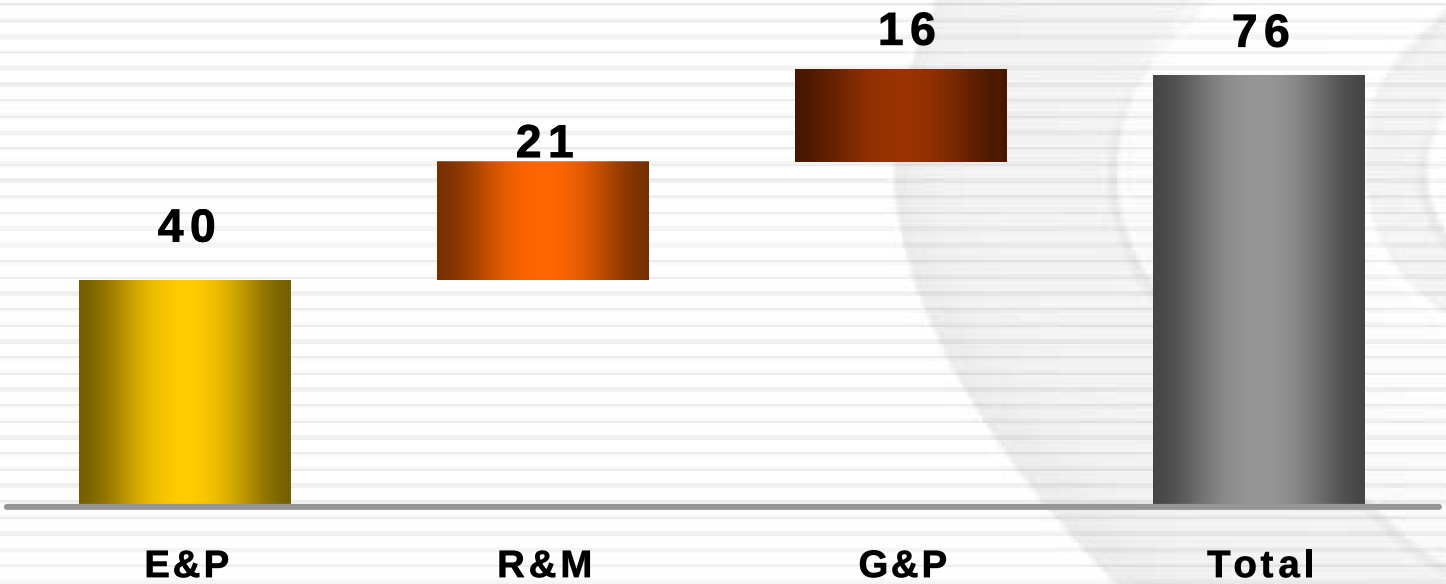


YoY	(12%)	+22%	(3%)	(10%)

E&P represents more than 50% of total capex

- Development of Block 14 and exploration activities in Block 32
- Set of minor investments in refineries and construction of new service stations
- Additional 154 kms of ng distribution network built this quarter

Capital expenditures (M€)



YoY	+144%	n.m.	(22%)	+79%

Net debt decreased by 178 M€

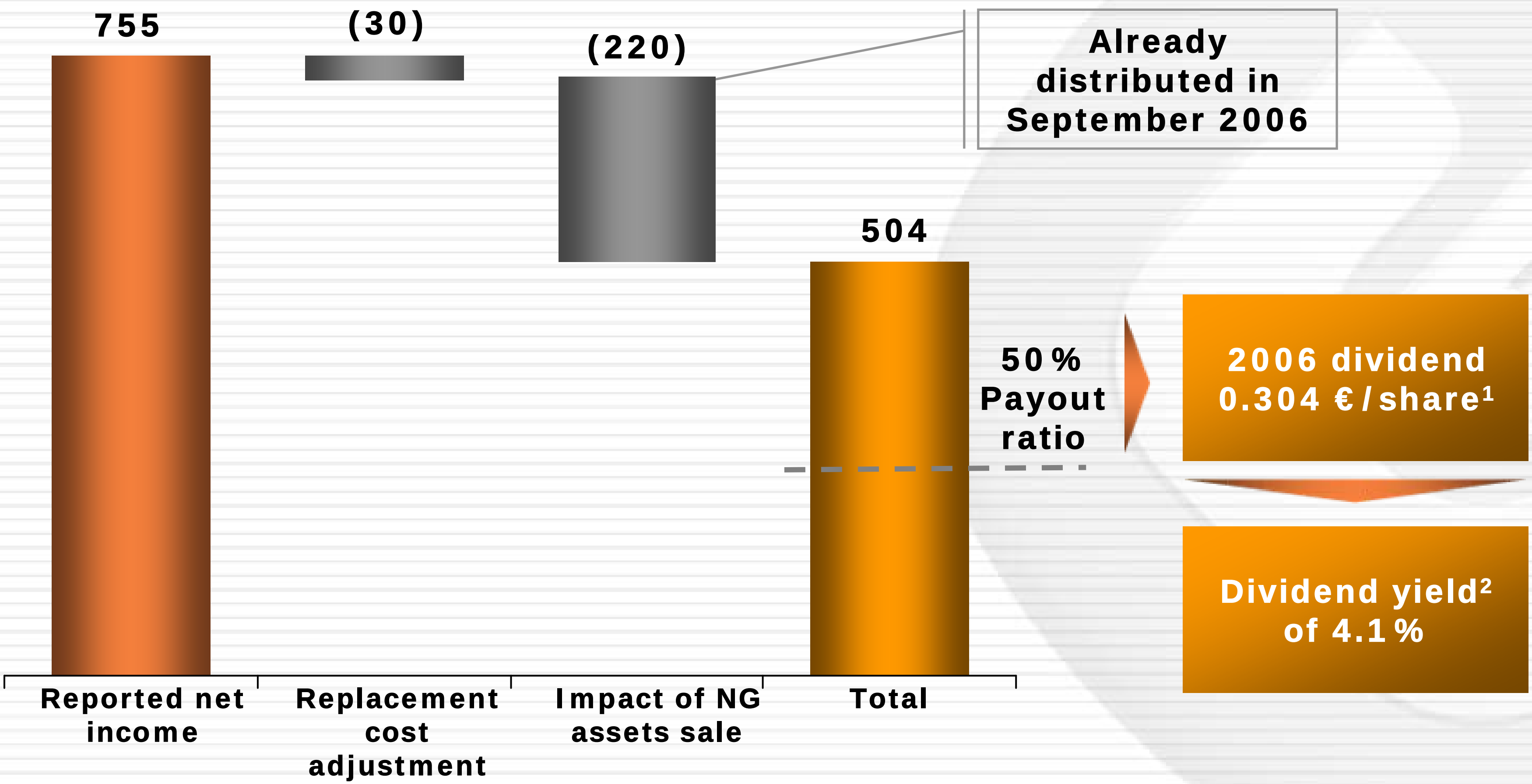
Balance Sheet Items (M€)

	Dec. 2006	Mar. 2007	Change
Fixed Assets	2,413	2,445	31
Strategic Stock	453	443	(10)
Other assets (liabilities)	(148)	(192)	(44)
Working Capital	205	194	(11)
Net Debt	887	709	(178)
Equity	2,037	2,180	143
Capital Employed	**2,924**	**2,889**	**(34)**
Debt to Equity	44%	33%	(11 pp)

Dividend Policy

Dividend proposal up 13% from 2005

2006 Results (M€)



[1] Board proposal to the Annual General Meeting; [2] Based on share price for 30 of March 2007 of 7.5 €/share

Stable and clear dividend policy

Annual Dividend of year n

Net income @ replacement cost X 50% payout ratio → Annual Dividend

Interim Dividend of year n+1

50% X Annual dividend of year n → Interim dividend

→ 2007 interim dividend of 0.152 €/share[1]

- Subject to approval of all related parties
- 1st half results sufficient to allow dividend payment
- Interim dividend is deducted to the annual dividend approved by the General Meeting

[1] 50% x 0.304€ = 0.152€

Final Remarks

Q1 main events

E&P

- New oil discoveries in Block 32 and Block 14
- Confirmation of Block BM-S-11 major discovery (Tupi)
- Agreement with the Portuguese State for oil exploration and production rights in Alentejo's costs

R&M

- Approval of conversion project for both Sines and Oporto refineries
- Definition of biofuel strategy
- Increase penetration of premium products (launching new GForce)

G&P

- Ventinveste short-listed for Phase B of Wind Power Tender

Short term outlook

E&P

- Drilling campaign in onshore Brazil has just started, 16 wells to be drilled in 2007

R&M

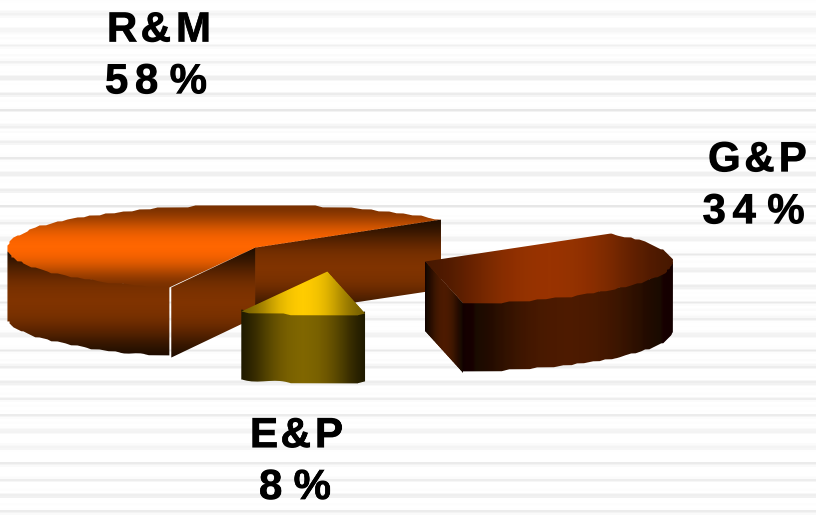
- Selecting phase of licensing entities of the major equipments for the conversion project
- Bidding for the EPC already launched
- Restructuring plan for convenience stores in order to increase profitability

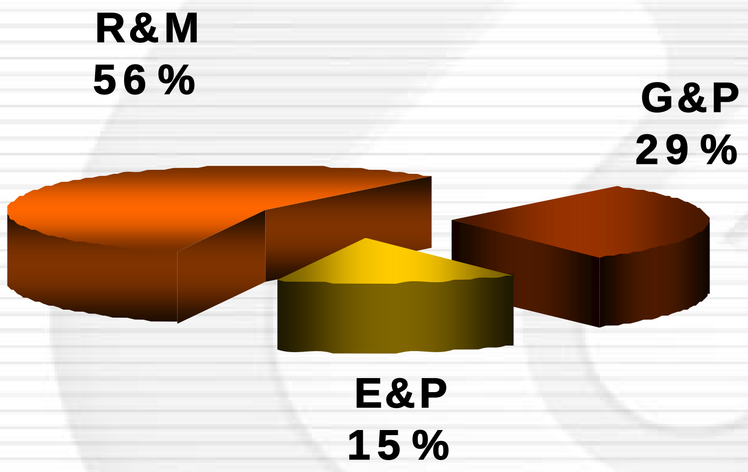
G&P

- Negotiation with Portuguese Government to implement unbundling of natural gas distribution activity
- Final price on REN Transaction to be known by June
- Negotiation phase of the wind power contest to end by Q3

Galp Energia positioned for growth

Adjusted EBITDA Proforma Q1 06	Adjusted EBITDA Q1 07





192 M€ → +15% → 221 M€

Towards a more balanced portfolio

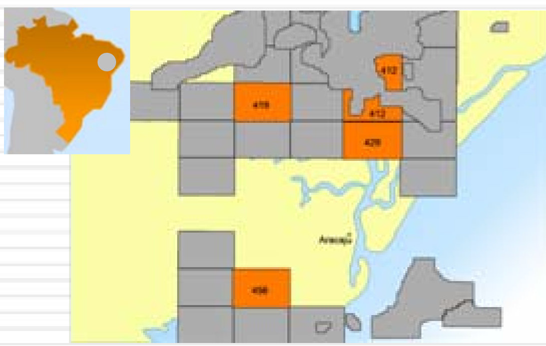
Adjusted EBITDA proforma Q1 2006: G&P adjusted by transportation, storage and regaseification activities sold to REN (net impact of 30.8 M€); R&M includes Corporate & Others; E&P Q106 of 14.5 M€ to reflect the same accounting principles of Q1 07

Appendix

Espírito Santo Basin (12 Blocks)

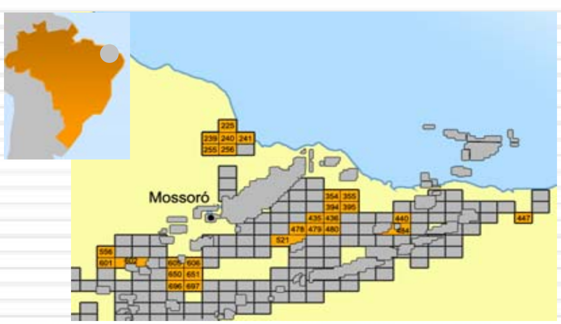
- Average area per block of 30 km^2
- Galp is the operator in 5 blocks
- Ownership with Petrobras on a 50/50 basis
- Seismic and geological evaluation under way
- 4 operated exploration wells programmed for 2007

Sergipe / Alagoas Basin (4 Blocks)



- Average area per block of 30 km^2
- Galp Energia is the operator in all the blocks
- Ownership with Petrobras on a 50/50 basis
- Ongoing processing of new 2D & 3D seismic surveys covering 2 blocks
- 2 operated exploration wells programmed for 2007

Potiguar Basin (28 Blocks)



- Average area per block of 30 km^2
- Galp is the operator in 20 blocks
- Ownership with Petrobras on a 50/50 basis
- Ongoing processing of new 2D & 3D seismic surveys covering 7th round blocks
- 10 operated exploration wells programmed for 2007

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