

Pedro Dias, Head of Strategy and Investor Relations

Good morning ladies and gentlemen, and welcome to our Q3 2017 results conference call.

Joining me today is Carlos, who will start with our strategy execution update; and Filipe, who will go over the results. Thore will join us for the Q&A, where we will be available to answer any questions you may have.

As always, I would like to remind you that we may be making several forward-looking statements. Actual results may differ due to factors included in the cautionary statements at the beginning of our presentation, which we advise you to read. I will now hand over to Carlos.

Thank you.

Carlos Gomes da Silva, Chief Executive Officer (CEO)

Thank you, Pedro, and good morning to you all. I would like to start by highlighting an important milestone for Galp: we have recently reached a production of over 100 thousand barrels per day (kboepd). This compares with the production of under 20 kboepd just few years ago. We will continue to execute our fast growth story, working to deliver on our operational commitments and enhancing our world-class portfolio.

In slide #5, you can see our two transactions announced last Friday, which reinforce our Brazilian Pre-Salt footprint. Actually, during the Brazil bid rounds, which included pre-salt acreage, Galp acquired a 20% stake in Carcará North, the area adjacent to our high-quality Carcará discovery, within block BM-S-8.

We bid through our Brazilian subsidiary, Petrogal Brasil, in partnership with Statoil and Exxon. Our interest in this asset had been well-flagged, and we are very happy with the outcome. We did not bid for any other asset and we will continue to be disciplined with our portfolio decision.

Carcará North is a great asset on its own. Critically, we will be able to leverage our position in BM-S-8, taking advantage of the synergies arising from having the same key partners on both side of Greater Carcará reservoir.

Apart from the 20% in Carcará North, we have also secured an additional 3% stake in BM-S-8, subject to government and partners' approvals and Statoil completion of the 10% acquisition from Queiroz

Galvão. Considering both transactions, we will be increasing our exposure to the Greater Carcará with 20% in the North and 17% in the Southern side in BM-S-8.

In terms of cash outflow, Petrogal Brasil will be disbursing \$186 million (m) before year-end for Carcará North signature bonus, and \$114 m for the 3% in BM-S-8 phased over time as certain milestones are accomplished. With this double transaction, we reinforce our sustainable and highly competitive portfolio, keeping in mind the long execution road ahead, de-risking, and extracting value.

Moving now to our third quarter results, and let's do an update about that in slide #6. You can observe another solid set of results. Ebitda was €487 m, in line QoQ, but up 27% YoY supported by Exploration & Production (E&P) and Refining & Marketing (R&M).

In Upstream, our focus continues to be, first and foremost, on executing the Lula and Iracema projects, which now have seven FPSOs in production, six of which at plateau level and the first replicant ramping up. R&M benefitted mainly from higher international refining margins and exporting opportunities, namely gasoline to the United States.

Our Gas & Power (G&P) business continues to be a stable contributor to cash flow, though with limited trading opportunities in the LNG market. Overall, I would highlight that the strong operating performance support a positive free cash flow before dividends of about €170 m in the quarter.

Looking now to the E&P in slide #8, maintenance works in some of the Lula and Iracema units have since been completed. We are on track to achieve our production target for the year of between 90 to 95 kboepd, with production during the fourth quarter expected be over today's 100 kboepd mark, with two additional producer wells expected to be connected to the replicant unit.

In Angola, production from Block 14 continues to decline, as expected. We are working on the basis of a start-up of Kaombo project in Block 32 next year.

Moving now to the downstream on slide #9. R&M delivered a strong set of results, as we were able to maintain a high conversion utilisation rate, while international refining margins reached new highs on the back of the unfortunate event, which caused supply disruptions in the Caribbean and Gulf of Mexico during this Summer. Additionally, the current economic momentum in Iberia has been supportive, with higher volumes sold.

On G&P, we are increasing the sales particularly to the industrial segment. Consumption from the electrical segment has also been strong, given low hydro generation in Iberia. All-in-all, the increase in volumes sold to direct clients has offset the lower volumes traded in the international market.

So, Filipe will now go through our financials this quarter. Thank you.

Filipe Silva, Chief Financial Officer (CFO)

Thank you Carlos, and good morning to you all. Just a quick overview from me on the Q3 numbers and where we stood at the end of September.

Starting with the P&L on slide #11, Group Ebitda in Q3 was up 27% YoY, to €487 m. This was just 3% QoQ, partly given currency reporting effects.

E&P Ebitda reached €215 m in the quarter, up YoY and QoQ, supported by production growth and higher oil and natural gas prices, despite the effects of the Dollar depreciation against the Euro.

R&M Ebitda was €218 m, 21% up YoY, and mostly on the back of higher international refining margins and market opportunities. Nevertheless, R&M contribution was slightly down QoQ, impacted by the Dollar depreciation and price lag effects in a quarter marked by rising commodity prices. Also, bear in mind that we have hedged around 25% our 2017 refining throughput at about \$3.7/bbl, which capped our full margin potential by about €17 m.

As for G&P, Ebitda would have been stable if we exclude the impact from the gas infrastructure business deconsolidation.

At the Ebit level, I would just highlight that depreciation charges in Upstream were lower than one would expect considering the higher production, driven by a weaker Brazilian Real against the Euro.

Below the Ebit line, we have a higher contribution from associated companies, where we now also book the c.77% of the gas infrastructure results. Higher P&L taxes reflect higher results and the increased contribution from E&P.

Net income was €166 m in the quarter on an RCA basis. Under IFRS, net income was €163 m, with no material non-recurring items to highlight.

On slide #12, capex so far this year amounted to €638 million, lower YoY, helped by a weaker Dollar and considering the advanced execution stage of the Lula and Iracema projects, with almost 80% of the wells already drilled.

Given our recent acquisition in Brazil, we now expect full year capex to fall within the €1.0 to 1.1 bn range.

Slide #13 shows Galp's cash generation during the first nine months. The strong operational contribution was supported by the outstanding competitiveness of our current asset base, which generated over €900 m. This allowed Galp to be FCF neutral post-dividends and after the significant investments we are making to expand our Upstream operations.

On the balance sheet on slide #14, it shows the €2.5 bn we have as work-in-progress. This makes up a full one-third of our fixed asset base not generating any cash yet.

At the end of September, net debt was about €2 bn, after the payment of the interim dividend related to the 2017 financial year. Considering the outstanding balance of the loan to Sinopec as cash, Net Debt to Ebitda stood at 0.9x.

Galp's liquidity was around €2.6 bn, of which around €800 m in cash, undrawn credit lines of €1.3 bn, and the loan to Sinopec of half a billion.

We are now happy to take your questions. Thank you.

Questions & Answers Session

Brendan Warn – BMO Capital Markets

Just two questions if I may. First question, now that you've got North Carcará as part of your portfolio, can you just talk through the work programme both at BM-S-8 and then also to mature North Carcará, and how they are going to work together? And then I'll have a follow-up question please.

Carlos Gomes da Silva, CEO

Hi, good morning Brendan and thank you for the question.

Actually, we are happy with the last Friday's transaction. Effectively the Carcará North acreage that we have secured in the bid rounds allows us several main and relevant milestones for this project.

First and foremost, it is relevant to guarantee the avoidance of any delays in projects since the joint development of both North and South parts in Greater Carcará is an obligation. Therefore having this alignment between the consortium grants us two or three relevant points.

First, the concept design and unitisation process will be fast-tracked. Of course, there is an appraisal programme that should be put in force and we will present in the next half a year, and put it working effectively, immediately. So, based on the information that not only we have collected from the available 3D seismic in the North, but based also in the additional appraisal programmes that we have already designed for BM-S-8.

Second point, it's the optimisation in terms of costs and the timeline.

And third, that we also consider as relevant, is the synergies that we will get from having a unique development, a joint development project.

So all in all, it's still early to go further in depth in terms of these details. But what we can tell to you today is that we are confident that the recoverable volumes in the greater Carcará will be clearly above 2 billion barrels of oil, and we will work together, taking the experience and the knowledge that we have for this high quality reservoir. You should also keep in mind that we have additional leads within BM-S-8 to be de-risked, and it is a programme that we have also to work on. Thank you.

Brendan Warn – BMO Capital Markets

And my follow-up question relates to slide #13. Thanks for splitting out, in terms of pre-expansion capex. Just talking about next year, is that a similar sort of run-rate we should expect in terms of maintenance capex?

And it just led me to ask myself again, why do your report in Euros still? Is it something that you're obligated to? Can you just remind me why you still report in Euros, please? And also just considering the move depreciation in the Dollar?

Carlos Gomes da Silva, CEO

You see, the capex that we will have for the next year, the one that is required is an appraisal well. But effectively we will be completely capable to accommodate in our capex programme. In what relates to the remaining part of the [Carcará] capex, it won't come for the next year from these. It will come in the next coming years.

So all in all, we are not seeing anything relevant to be addressed. Another point that possibly you might also take into consideration is the additional 3% stake that we have bought from BM-S-8 and that was not in our initial capex.

In any case, the guidance that we gave to you in the last Capital Markets Day is clearly in line with what we are saying today, due to some project adjustments and some delays also in some of the expenditures as we have mentioned to you in previous quarters related with Mozambique delays. And there is another point that is clearly also impacting our capex, which is the exchange rate. With the depreciation of the Dollar, in Euros we are spending less.

Brendan Warn – BMO Capital Markets

Okay, and just to clarify again, can you remind me why you still report in Euros. Is this something you're looking at in terms of changing? Some of your other peers are talking about changing to Dollars?

Carlos Gomes da Silva, CEO

I will let Filipe go in detail on that.

Filipe Silva, CFO

Thank you, Carlos. This is a topic that we revisit periodically. We are an Euro-based company. We invoice in Euros for a big part of our activity. Do bear in mind, this is a purely translational issue. So, even some of our peers that report in Dollars, they will actually just convert their different currencies in which they operate for their financial statements. So, it doesn't really change the fundamentals of the business. It's purely translational. And if you are, as many of our shareholders are U.S.-based shareholders, they also seize through that our Euro-denominated listing in Euro. Thank you.

Oswald Clint – Bernstein

Maybe just a question on R&M. Potentially, could you just talk about how much extra gasoline sales you were able to sell this quarter and what the normal run-rate. Or at least, should there be a reduction in that in the fourth quarter from the third quarter?

And also, just related to Marketing, do you normally recover all of the kind of margin squeeze within Marketing whenever the oil price moves up swiftly, which happened in the third quarter. Obviously

impacts the Marketing business, but does that typically get recovered again in the fourth quarter? That's my first question.

And then maybe back on the Upstream, I was just curious if you could give us an update on, potentially more specifically, progress on FPSO #8 and FPSO #9, in terms of Brazil? Thank you.

Carlos Gomes da Silva, CEO

Thank you, Oswald, and good morning.

So, in terms of gasoline, what we have done in the 3Q, it was the cumulative effect. It was the driving season in United States, and at the same time we have the hurricane season that has dramatically affected the Caribbean and Gulf of Mexico. So therefore, we have optimised and we have maximised the number of cargos to the United States. We have made approximately five cargoes, which adds up to 140 thousand tons (kton) last month in the quarter. We do think that we will be over that value in the fourth quarter. And the gasoline as a whole, it accounts for approximately 24% of our oil exports.

And with respect to the volatility of the commodities, effectively the prices rise up very fast and that has affected the price alignment between the market and the prices that we were doing in the market. But all in all, and if you look to the annual valuation, it is fairly neutral. So, there is an impact in the quarter, but in an annual basis, it is fairly neutral.

In the replicant FPSO units, we have a special task force team allocated to working on risk mitigation and development of all the replicant units. The ones that will come in the next year, so, the #8 and the #9, they are basically in line. So we are experiencing some adjustments, but it's months and not more than that. So fairly and in a summary, I would say that both units for Lula will be in place with first oil during 2018. And we are also working in the one that will be placed in Berbigão, with a tie-back from Sururú, which is one of the replicant units that should also be with first oil next year.

So all in all, in Brazil we should have the three new units on site. One of them more in the end of the year, rather than the in the middle or beginning. And we will continue to monitor and to work hard in order to guarantee that all the integration works all the licenses will be granted timely to guarantee that we will continue with the execution according to what we have shared with you all. Thank you.

Flora Trindade – CaixaBank BPI

First one, more broad in strategic terms. In your last Capital Markets Day you were featuring the investment in growth projects ahead of dividends. And now that you manage to get Carcará North and

the 14th bid round has already taken place, would you invert your priority with dividends ahead of new capex, or are you still looking into further potential investments?

And then the second question is specific on R&M, just wondering if you have any scheduled stoppages for your refineries next year. Thank you.

Carlos Gomes da Silva, CEO

Thank you, Flora for your two questions.

So, the first one related with dividends and investments. We will continue to be absolutely financially disciplined. And we are not anxious or in a hurry to rebuild our portfolio. We have an outstanding high-quality asset portfolio that still has room space not only to extract more value, and as well to be de-risked. And therefore, we will continue to give priority to the assets that we have already in our portfolio. That doesn't mean that we will not do our work in what relates to benefiting from the opportunities that market will give to us. But we have the obligation to have well balanced decision related with dividends policy, capex allocation, and of course sustainability in terms of strategy. That said, we will see in due time the flexibility and how we will allocate our dividends policy. You should bear in mind that we have shared with you that the €0.50/sh is a kind of floor to us. And that said, we will continue to have the total shareholders' return as the global objective, and not only one of these parts, which is the dividend itself.

Going forward, and looking to the refinery stoppages. We have, for the next year, two important stoppages. One in the hydrocracker, and the hydrocracker is mainly due to the fact that we have to replace the catalyst, and therefore we have planned for the 1Q an outage of about 40 days. And we will also do an outage in our FCC unit by the end of the year, which might take between 40 and 50 days. But this is basically what we will have for the next year, and that will be presented to you in our Capital Markets Day, and should be included in our plans going forward. Thank you.

Biraj Borkhataria – Royal Bank of Canada

The first one, could you just give us your expectations about exit rate production guidance for 2017, with the maintenance volumes coming back online plus a couple of new wells, that would be quite helpful.

And second one is probably better for Thore, if he's on the line. Regarding Brazil specifically, have you seen any reduction in the quality of wells as you ramp up the various FPSOs, or has there been anything surprising versus the initial time you laid out a few years ago? Thank you.

Thore E. Kristiansen, Executive Director E&P (COO E&P)

Thank you very much for your questions.

When it comes to our production, first of all, we are staying with the guidance for the year between 90 to 95 kboepd. That is still the guidance for the year. As we have communicated, we are expecting two more wells to be tied up to P-66, which means that we will have the production capacity by the end of the year that will be somewhere between 105 and 110 kboepd. That's the production capacity when there's blue skies and everything works normally. We will revert to you at the Capital Markets Day with our production forecast for 2018, when we will then have all the sufficient information to factor into what will be the maintenance schedule for 2018. So this is not the guidance on the 2018 production, but giving you what production capacity we expect to have installed.

Then when it comes to your second question regarding the producibility of the wells, that remains good. P-66 is currently producing around 54 to 55 kbpd from two wells, which indicates that the producibility continues to be very good in Brazil. So, so far, nothing that is leading us to do any adjustments in our evaluation of the producibility of the fields. Thank you.

Mehdi Ennebati – Société Générale.

Two questions, if I may. The first one on the G&P division. Can you please tell us what could be the impact on the trading opportunities from both the current increase in the oil price, but also the increase in the natural gas price, which looks pretty strong. And this can help us to anticipate any potential material valuation on your G&P Ebit for the quarters to come, depending on the oil and the natural gas price.

And maybe can you also update us on your refining margin hedging for 2018, please? You provided us 2017, but have you hedged also for 2018? I wanted to check. Thank you.

Carlos Gomes da Silva, CEO

Hi Mehdi, good morning. Thank you for your questions.

So, starting by G&P trading opportunities. Yes, you are absolutely right. The market is now opening, and a few opportunities may come on the coming times due to the economic growth, namely, Asian markets are now more demanding, even though there is still no visibility in terms of arbitrage between the different geographies. So, we are attentive to that. You know that we are still doing the support of our LNG trading opportunities based on past contracts. Meanwhile, we have rebuilt, or we have launched a new business in the European trading hubs, that has already over passed more than 1 bcm year-to-date, and we will continue to do that. So, we are slightly positive about the possibilities with these economic developments, and the demand that we are observing in India and also in the Asian markets that can be a possibility, and we will be attentive to that. But you shouldn't consider that in the short term in our results, so bottom line, we will continue to work still with the contracts that we have made some years ago.

About refining strategy, we will continue to follow the strategy that we have implemented some years ago to smooth the cash generation. For 2018, we have already secured about 20% of our annual throughput at around \$4/bbl. Thank you.

Hamish Clegg – Bank of America Merrill Lynch.

Two questions. I'd like to just expand a little bit more on the capex guidance for the full year, and wondered if you could let us know what the actual cash impact from the transactions in Brazil is going to do in the fourth quarter, and what a capex would look like excluding those?

With that in mind, could you share where the cost savings have been, because I'm guessing the U.S. Dollar impact, or devaluation, won't really have impacted your overall capex in the quarter that much because they're all locked in? And then the other thing I'd like to ask you, you mentioned the downtime in the Refining division next year. Could you share if there's any intentional plan to increase complexity with that, especially in light of the marine regulation changes that we expect to hit the market in 2020? Thanks.

Carlos Gomes da Silva, CEO

So, I will take the second question. There are three items related with your question.

The first one is related with the additional dollar per barrel that we have committed ourselves in terms of refining premium increase. When you look at the premium over benchmark, we have already some of the investments that we have committed ourselves of about between \$0.2/boe and \$0.3/boe in this

benchmark premium. And we will continue to implement the projects that we have highlighted to you in the last Capital Markets Day. So, this is the first point that you should bear in mind, and it will continue to increase over time, mainly after 2019. So, we have some of the outages next year, and it will be exactly to implement part of those investments.

The second point has to do with the IMO. So, the Marine Diesel was initially pointed out for 2025 and we were preparing ourselves to organise our refining system to fulfill the requirements that will come just five years after. So, everyone has been surprised with that, and part of the supporting refining margins that we are observing today, in our opinion, are related with this market disruption that will happen in between today and 2022/23. And therefore, how will the industry will be adapted? Because there is a lack of conversion and desulphurisation capacity in the system, and therefore it won't be possible to achieve the regulation specification requirements with the existing conversion and desulphurisation capacity, and there is no time to install scrubbers, LNG fleet, and so on. So, how will the industry react and what will Galp do in this context? So, we will use blending alternatives and we will use of course more light grades in order to guarantee that we will be capable to produce the marine fuel oil compliant with the 0.5% sulphur content.

The third point is most structural, which means that after this transition period, what will we do? We are still analysing what might be the best and relevant alternative in terms of refining and industrial scenario. But there's one point that I would like to highlight. If this differential between sweets and sour is opening in the market during this disruptive period of time, which it seems would be the case, our Lula and Iracema production oil will increase significantly the premium over Brent. And therefore, during this period at least, we have a natural hedging process internally because we are growing our production from one side, and in the other we are getting more sweet crude that will be more valued by the market. So, next CMD we will certainly disclose and share with you the strategy that we are still maturing internally in order to see how in a more structural way we could address this issue. But I do think the markets will be disruptive for a few years and when disruption comes, a lot of opportunities are there to be captured. So, this is all in all what I think that might happen. I will now pass to Filipe to go through the capex. Thank you.

Filipe Silva, CFO

Hey, Hamish. So, the announcement on Friday was that Petrogal Brasil would pay this year \$186 m for the bid round. We will be drawing on the Sinopec loan for 30% of that, and you convert that into Euros, that will be about €110 m of cash impact to Galp. You also asked where are the savings are coming from, pre this acquisition. Pre-acquisition, the full-year guidance was clearly below €1 bn. We

have capex efficiencies still coming our way, so effectively what this acquisition does is it puts us back closer to the original guidance before M&A. Thank you.

Theepan Jothilingam – Exane BNP Paribas.

One thing, just coming back to the balance sheet, could you just outline again where you feel the optimal leverage or gearing ratio should be for Galp? And the second question, just on Brazil please, if you could provide any timelines on the unitisation discussions, and where we are on those? That would be, again, very helpful.

Carlos Gomes da Silva, CEO

Hi Theepan, good morning. So, I will take the second part, or your second question and will let Filipe go through the first one.

So, in terms of unitisation, it's moving forward. So everything in relation to Lula that has to be done has already been addressed to ANP and therefore, for the time being, we are just waiting for the final results. We still have an issue that is related with PPSA, because PPSA being a public entity, a state-owned entity, they are required to market their oil, but they have to have some legislation adaptation. But in what relates to the technicalities related with unitisation, the process is closed and is just a question of implementing it. We do think that it might happen in the beginning of next year, but we are not 100% sure.

In what relates to the other areas and namely in Iara, in two out of three of the Iara fields we have already a pre-agreement, and we still are working in Atapú. But it is moving forward, and we do think that taking into consideration that Lula is the first unitisation process in Brazil, everyone is taking it very carefully because it will flag and it will anchor the decisions that will be taken for the coming unitisation processes, and there are few in the pipeline. I will pass now to Filipe.

Filipe Silva, CFO

Theepan, on our optimal gearing level, the guidance we have been giving the market for the last few years remains unchanged. We have a maximum Net Debt to Ebitda of 2x. This is the metric that drives our strategy and our commitments to shareholders and lenders. If you look at our balance sheet, do bear in mind that our equity is massively under-valued. So, the market value of our key assets, and especially Mozambique and Brazil, these assets are worth multiple times what we have in our balance

sheet. So we think Net Debt to Ebitda is what matters to our shareholders and lenders, and we want to stay at 2x or below.

Filipe Rosa – Haitong Bank

My questions are around Carcará, coming back to these deals that you announced last Friday. You are now giving a guidance of recoverable oil of 2 bn bbl. Could you just let us know what is the recovery factor that you are assuming for the oil portion in this guidance, and whether you could also give us an idea of what is the oil and gas ratio at the production stage that you expect? And whether you could give us some idea what would be the split of the resources between the ones that are located in the Carcará field on block BM-S-8 and on the portion on Carcará North. So those would be my three questions on Carcará.

Carlos Gomes da Silva, CEO

Good morning and thank you for your questions.

As you might understand, we are still in an appraisal mode in what relates to this Greater Carcará, and namely to Carcará North. There are no wells still drilled and the appraisal campaign will start next year, and all evaluations that we have done was based on the high-quality 3D seismic that we have been capable to use, and at the same time, our experience in BM-S-8, in the South part of Carcará. That said, we are confident that the recoverable volumes are above 2 bn bbl. But we still need additional appraisal in order to see which kind of expectations between low, medium and high scenario cases will be the ones that we will run. In any case, when we are disclosing within the consortium that we have at least 2 bn bbl, recoverable oil, is based on the knowledge and the development concepts that we have already in Brazil, and therefore it's too early to tell you which is the recovery factor.

This is a high pressure reservoir, which is completely different from the others that we have already under production, which means that it could give us much better results than the other ones in terms of unitary basis.

We also know that the gas content might be slightly above what we have in, for instance in Lula and as well in Iracema, but I do apologise, because we are not in a condition as of today to go further in depth in details.

As a main message that you should bear in your mind is that our investment decision only takes into consideration the value creation that we do think that this decision takes for all the shareholders. And

this is a relevant investment for us, that we have well flagged many times, and we are confident that the synergies and the capacity of the consortium to extract value from this global project is very positive. But in due time, we will come out with more. So the 2 bn bbl of oil is the minimum that you should count from today, and we will see what comes in the coming months.

Anish Kapadia – TPH

Hi. I just had another clarification on the resources size. When Statoil was initially talking about its purchase on BM-S-8, it talked about 1 bn bbl recoverable at the midpoint of its range for the entire BM-S-8 block. So that implies that the North of Carcará has an additional 1 bn bbl plus, versus the ANP's estimate of 2.2 bn bbl in place. So, sounds like either your estimate on the existing BM-S-8 is significantly higher than that of Statoil's or you're assuming the North Carcará is a lot higher than that of what ANP is estimating. So could you just explain where the differences lie on that, please?

Carlos Gomes da Silva, CEO

Anish, good morning. You have made a true statement. It's the fact. But at the same time, we should bear in mind that, from the BM-S-8 perspective, we are still far from a full appraisal of the Carcará discovery. We have not still found oil-water contact, which means that there are many works to perform in order to see the full dimension of the reservoir, and of course when you take the 1 bn bbl of oil recoverable, it's based on the medium points. And we are working together with the consortium from now on to see what comes. We think that the North part might be more prospective than the one that is inside BM-S-8. But again, we have to be very careful in order to guarantee that the information that we will release is technical, robust and is based on an appraisal campaign that allows us to guarantee that the volumes that will be recoverable are exactly the ones that we think that might be. And as we always say, big reservoirs always behave better, and this is a big one.

Anish Kapadia – TPH

Okay and then, I have a second question on that as well. Can you talk about the expected development cost and timing of FID and first oil that you've envisaged based on the price that you paid for the assets? So, I understand that everything is still up in the air, but just based on kind of the value that you've seen in the assets and bid for them, can you talk about what that assumes in terms of development costs and timing?

Carlos Gomes da Silva, CEO

I would be more than happy to do that, but I cannot. As you can imagine, we have modelised our view, that is really aligned with our consortium partners; with Statoil and Exxon. So, we are really aligned on that. But there are some uncertainties that we should not send misleading messages to the market at this time. So, the confidence and the positivity about this investment is a reality, since we have taken the decision of expanding our position in BM-S-8 and exposing ourselves to Carcará North. And again, doing that in a disciplined way and aiming to have a return on capital employed. That is clearly in mind for everyone. So in due time, we will come out with that to you. I'm sorry for that.

And on the first oil, which is something that has to do with the development concept. We have also considered a normal and regular development and the synergies that comes from having a joint coordination between the two areas. We think that in the first half of the 2020s we will have the first oil in Carcará, and it will be as soon as the appraisal programme gives us the confidence in terms of the development concept programme.

If you go back two years, no one was speaking about BM-S-8. We are clearly in a different mode, and we have to promote that and take that advantage, not only in Carcará but also in other risked projects that we have, and they are outstanding reservoirs and projects that we have in our assets. So now we have the focus, we have the consortium, we have the resources, so I think we have all the conditions. We have the flexibility in terms of the local content issues, because you know that what we will apply to the global Greater Carcará is the one that are enforced in BM-S-8, which means that we have a lot of flexibility to have a kind of a fast track development project.

Joshua Stone – Barclays

Hi, good afternoon. I've got two questions please. Firstly, can you give an update on the exploration well in BM-S-8, and when you expect results from this?

And the second, if I look at the free cash flow of the business, you previously said you'd be expecting to cover dividends of \$55/bbl next year. If I exclude working capital, you've been running near a \$40/bbl this year. I know refining margins are still stronger, but to what extent do you think you might be able to cover dividends below \$55/bbl next year?



Carlos Gomes da Silva, CEO

Good morning Josh. In terms of the appraisal in Carcará it will start next year, so the sooner the better. There are pre-works that have been already secured, and therefore we are ready to move as long as all the permits and licenses are obtained. In terms of results, it depends on what we find, but we do think that by the end of next year, or beginning of 2019, we will start to have some flow news from that appraisal campaign.

In what relates to dividends, too early to go more in details, we will see. But we will continue with this total shareholders' return approach and with the financial discipline, and taking in consideration that the valuation of the company is getting sustainable growth, and therefore, we have also to look into the dividends policy. But we will have the chance to take that decision next year based on all the variables that will contribute to that, because it should be coherent and sustainable over time. Thank you.

Jon Rigby – UBS

Hi, so just a quick one. On the deal you've done, you've obviously still got Barra involved in the existing acreage. Has there been any discussions about effectively aligning fully across the whole of the acreage going forward, if you attempted to do that just to simplify ownership fully?

And then secondly, clearly you've moved the maturity of this potential project forward quite significantly through the realignment and introduction of partners. Is this a model that we should expect to see for Júpiter? And indeed, should we be aware of any discussions or opening investigations of that kind of thing, because it would seem to me to be a project that is currently stalled. Thanks.

Carlos Gomes da Silva, CEO

Hi Jon. Good questions and good challenges.

In relation to the partner that is only in BM-S-8, I shouldn't, for being polite, to make additional comments. But if a project is value accretive, it's on the best interest of all and every part. So, that's the most that I can tell you.

In relation to Júpiter, Júpiter is clearly one amazing reservoir that requires technology. Our partner is Petrobras, and therefore what I can tell to you is that they are in Libra, and now the one that has been awarded last Friday called Peroba. They are kind of a cluster of high CO₂ content reservoirs, for not

saying different, that will imply that technology will be addressing this. So we have projects running within the consortium, and the focus on developing Júpiter is progressing, and sooner or later it will come to the surface. But basically, it will be with technology, and through technology we will be capable to de-risk Júpiter. The only point that is really important is that there is a focus within the consortium on doing this in a fast-track way.

Jon Rigby – UBS

Just speculatively, would you say that you would think that the development would go forward with the current consortium, in its current structure?

Carlos Gomes da Silva, CEO

I will not speculate on that. What I can ensure it to you is that Galp is fully committed with this partnership, and mainly with this outstanding asset. And we will continue doing our best efforts, putting our best people, and all the technology development in order to guarantee this will be de-risked, and will be hopefully another good surprise in our assets. Thank you.

Matthew Lofting – JP Morgan

Firstly, I'd like to circle back on capex from a headline guidance perspective. It moved slightly higher for the full year albeit I think as Filipe referenced earlier, if you adjust for the Brazil signature bonuses, it appears as underlying spend is sort of well within the previous guidance issued at half year. Accounting on top of that for the weaker Dollar, and continued underlying efficiency gains, could you just discuss what scope for medium-term capex efficiencies you see that potentially drives 2018+ capex guidance to the low-end of the range that you set out with the CMD earlier in the year, or possibly even below the low-end of that range?

And then secondly, Brazil production, I mean you delivered the 2017 FPSO maintenance programme. As we look forward into 2018 and beyond, could you outline, at least directionally, how you see medium-term maintenance requirements across the FPSOs, and whether in that context you see 2017 as a high maintenance year, or broadly representative of the ongoing maintenance requirements? Thanks.

Carlos Gomes da Silva, CEO

Filipe and Thore will address on each of your questions.



Filipe Silva, CFO

Matt, at the forthcoming CMD we'll be providing revised guidance. What we are seeing is the continuation of the trend over the last years, so, more efficiency. We still have in our existing drillship fleet expensive contracts from the past. These are maturing as we get to maturity. So, expect day rates to continue to fall on average significantly from what we have, and expect the number of drilling days to be increasing in efficiency. So, our guidance will not be materially different from what we have given you earlier this year, but the trend is clear. It's getting more and more efficient. Thank you.

Thore E. Kristiansen, COO E&P

Thank you Matt for your question. Regarding Brazilian production, we will continue to ramp up our Brazilian production, or the overall Galp production, within the framework that we have communicated in the last Capital Markets Day. That's sort of the guidance that we will give you at this stage. Any updates to that, we will come back at the Capital Markets Day next year.

With respect to maintenance, you will have to just look at our maintenance this year as quite representative of what you have to expect. This will of course, on our side, be experience-based as well, but currently the plans are in line with what we have experienced this year. And then we will have to evaluate whether there is need for any adjustment based on the experiences from this year. Thank you.

Marc Kofler – Jefferies

Can you talk about potential deal completion risks around the transactions in Brazil that you've announced, and any colour you can give there in terms of expected closing?

And then I wanted to switch over to Mozambique. I think in the press release, you referenced the capital spending in Mozambique starting to go up. Can you perhaps say what that's been year-to-date and how you see that moving into 2018, and how you're feeling about project sanctioning as for the onshore? Thank you.

Carlos Gomes da Silva, CEO

Good morning, Marc. In relation to the completion deal risks, basically they are subject to governmental approval, which means ANP, and of course the waiver of the remaining parts, which in

this case is Barra Energia. So, we do not anticipate any relevant issue and we will hope to have it completed according to the plan that has been designed, hopefully, up to the end of this year maximum.

In what relates to Mozambique, the project is running. We have mobilised the teams for the FLNG. That's more than 1,300 people spread around different sites from Europe to Africa and to Asia. We continue to develop the onshore projects, the two trains in Mamba, analysing the technical and the economical proposals, and at the same time dealing with the marketing of the gas, and looking to the financing issues. So, net of finance, I would say that we will have about \$70 m for 2017. In our plan, as you may recall, we have considered €1 bn, and an additional €1 bn based on project financing. We have secured, as you are also aware, the part that is related to the FLNG, and we have to work in the part related with the onshore project. Thank you.

Michael Alford – Citi

I just had a quick clarification if I could. Just on the ramp-up of production in Brazil into next year. Can you just confirm what quarter FPSO #8 on BM-S-11 is due to start up? And more broadly, I guess one of the challenges has been to manage the environmental permit process. I'm just wondering whether there's been any changes to that process to perhaps streamline it to ensure that you can plan around the start of those next vessels accordingly? Thank you.

Carlos Gomes da Silva, CEO

Hi Michael, good morning. I am sorry but we are not disclosing quarterly the first oil of the different units. But you can consider they will happen spread in the year. That's the maximum that I can tell you, because they are coming one after the other. And if you count that new spread of the units during the year, it's a base calculation for your forecasting.

In relation to the permits, they are being prepared in order to guarantee that once the units are prepared to produce, they will be capable to start. So, we have to take the lessons learned with P-66 and therefore we are working on that by anticipation in order to guarantee that we will not have delays as it was the case in P-66. We cannot be 100% sure, but that's how we are working together in the consortium. Thank you.

Rob Pulleyn – Morgan Stanley

If I can get back to Mozambique and the discussion on Mamba, from your perspective, do you believe that one of your partners, that has another very large gas opportunity that has just emerged since they

committed to the Mozambique on Coral project, do you think that this may delay the sanction of the Mamba prospect, or any other colour you could give around timing?

Carlos Gomes da Silva, CEO

We do not expect any delay due to the issue that we have addressed. Different consortium, different interests, but same focus. We are observing the operator, namely Eni, fully focused on the development concept. And we are waiting for the moment where Exxon might step in, which is another partner that will support all of us in moving this project forward, and putting it in the track that we have shared with you. So no issue whatsoever that we can anticipate today, without any focus in this project. Thank you.

Tristan de Jerphanion – Kepler Cheuvreux

All of my questions have been answered already, thanks. Maybe just a very quick one on Angola, several oil and gas companies in the past few days have mentioned a negative cash tax impact in Q3 from a settlement with the Angolan government regarding past PSC claims. Have you had similar discussions with the government as well on blocks 14 and 14K, please?

Carlos Gomes da Silva, CEO

Yes, Filipe, can you take the question please?

Filipe Silva, CFO

Yes Tristan, the discussions have been industry-wide, so we are a part of the discussion. We're not expecting any material net cash disbursement. Thank you.

Jason Kenney – Santander

So, I was just wondering if you're able to comment on the commitment of Parpública to its equity stake in Galp?

And separately, could you give us some update on tax rates 2017 full year, and maybe an early view of 2018 tax, under say a \$55/bbl to \$60/bbl oil price?



Carlos Gomes da Silva, CEO

Hi Jason, good morning and thank you for your two questions. I will take the first one.

In what relates to the Parpública shareholding, the convertible bonds that have been issued have matured recently, and Parpública remains a shareholder. We do not have visibility in relation to what might happen. What do we do know is that according to privatisation programme, those shares should be disbursed in the market, and that's the only thing that we know for the time being. So, nothing else to add. Thank you. Filipe?

Filipe Silva, CFO

We're expecting a similar tax rate next year as this year. So around 45% or so. Thank you.

Pedro Dias, Head of Strategy and Investor Relations

Ladies and gentlemen, thank you for attending the session. We hope that this has been useful, and to have an update on our strategy and Q3 highlights. As always, feel free to contact our IR team for further clarifications. We wish you all a good day. Thank you, bye.

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