galp energia

RESULTS

THIRD QUARTER AND NINE MONTHS OF 2013



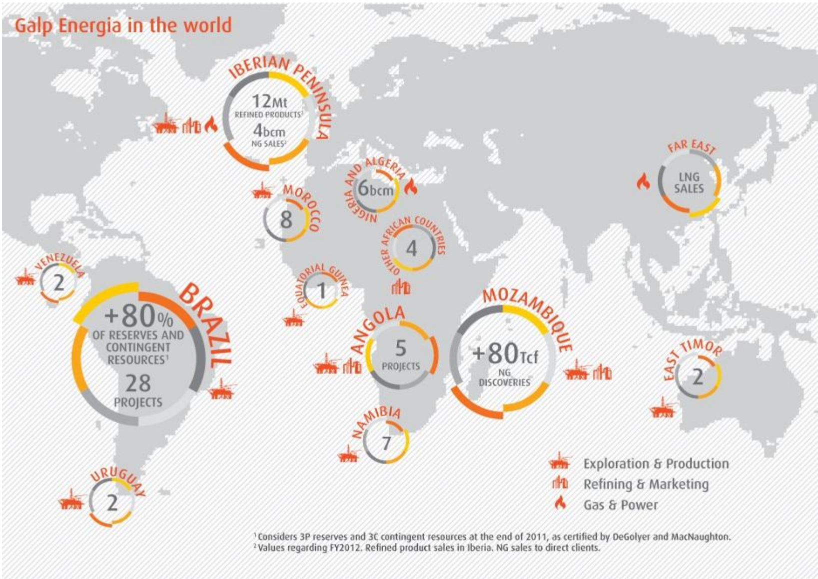

An integrated energy operator focused on exploration and production

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

GROWING ENERGY TO CREATE SUSTAINABLE VALUE

Who we are

- We are an integrated energy operator focused on exploration and production, with a portfolio of assets which will lead to a unique profitable growth in the industry
- Our exploration and production activities are focused on three core countries: Brazil, Mozambique and Angola
- Our profitable and resilient Iberian businesses will contribute to outstanding growth in exploration and production



Our vision and purpose

To be an integrated energy player renowned for the quality of its exploration activities, delivering sustained value to its shareholders.

Our strategy

To strengthen our exploration and production activities in order to deliver profitable and sustainable growth to shareholders, based on efficient and competitive Iberian business, on solid financial capacity and on highly responsible practices.

Our strategic drivers

- Greater focus on exploration.
- Development of world-class production projects.
- Solid financial capacity.

Our competitive advantages

- We are the national flag carrier.
- We offer integrated know-how.
- We benefit from a solid and flexible organisation.
- We establish successful and enduring partnerships.
- We have acquired skills in some of the most promising projects worldwide.

To learn more visit Galp Energia's website www.galpenergia.com.

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EXECUTIVE SUMMARY

In the third quarter of 2013, Galp Energia continued to implement its strategy, which is focused on the Exploration & Production (E&P) business segment, with an emphasis on the exploration and development activities in Brazil and Mozambique.

In the exploration front, it should be highlighted the drilling of prospects Bracuhy, in Brazil, and Agulha, in Mozambique. Results obtained in Bracuhy reinforce the volumes of oil and condensates in block BM-S-24 development, and the well indicated connectivity between the Júpiter and Bracuhy areas. Regarding Agulha, this proved a new play in the Southern part of Area 4. Other important activities focused on the exploration campaign in Brazil's Potiguar basin as well as the conclusion of the drilling campaign scheduled for 2013 in Namibia, where Moosehead-1, the third well drilled, was considered to be dry.

The Company also pursued important appraisal and development activities in the period. In Brazil, FPSO *Cidade de Paraty* began producing c.30 kbopd in the Lula NE area after the first gas injection well was connected. In the context of the Lula project, Galp Energia and its partners continued to test water alternating gas (WAG) injection in the Lula-1 area, while executing the drilling campaign for reservoir data acquisition (RDA) in several areas of the field. In Iara area, it was continued the drilling of Iara High Angle (HA), the area's first horizontal well.

Replacement cost adjusted (RCA) Ebitda amounted to €312 million (m) in the third quarter of 2013, which was in line with a year earlier as rising net entitlement production in E&P and stronger LNG trading activity in Gas & Power (G&P) offset a falling refining margin, which tumbled in line with the trend in international markets.

RCA net profit for the third quarter of 2013 fell €42 m year on year (yoy) to €57 m, mainly on rising amortisation and provisions in the Refining & Marketing (R&M) business, and deteriorated financial results, which have been impacted since the second quarter of 2013 by the discontinued capitalisation of interest costs related to the upgrade project.

Capital expenditure amounted to €253 m in the period, c.85% of which was channelled to exploration and production activities, particularly the development of Brazil's Lula field.

Net debt at the end of September 2013 amounted to €2,191 m, or €1,305 m considering the loan to Sinopec as cash and cash equivalents. In this case, net debt to Ebitda was 1.2x.

OPERATING HIGHLIGHTS IN THE THIRD QUARTER OF 2013

- Net entitlement production of oil and natural gas in the third quarter of 2013 amounted to 21.9 kboepd, with production from Brazil accounting for 60% of the total;
- Galp Energia's refining margin in the quarter was \$1.7/bbl, down \$2.8/bbl yoy, despite the favourable contribution from the Sines hydrocracking complex, which reflected the steep fall in refining margins in international markets;
- Marketing of oil products, despite continued adverse economic environment in the Iberian Peninsula, had a stable performance compared with a year earlier, following the implementation of cost optimisation measures;
- Natural gas sold in the quarter amounted to 1,971 million cubic metres (mm^3) with trading volumes in international markets reaching an all-time high of 1,014 mm^3.

KEY FIGURES

FINANCIAL DATA

€ m (RCA)

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
310	**312**	**3**	**0.8%**	**Ebitda**	**799**	**869**	**71**	**8.8%**
110	110	0	0.3%	Exploration & Production	297	286	(10)	(3.5%)
89	74	(15)	(17.3%)	Refining & Marketing	229	248	19	8.5%
105	122	17	16.5%	Gas & Power	264	318	55	20.8%
177	**142**	**(36)**	**(20.2%)**	**Ebit**	**455**	**441**	**(14)**	**(3.1%)**
59	51	(7)	(12.6%)	Exploration & Production	174	140	(33)	(19.1%)
26	(18)	(43)	n.m.	Refining & Marketing	55	21	(33)	(61.0%)
88	102	14	15.9%	Gas & Power	220	265	45	20.4%
98	**57**	**(42)**	**(42.3%)**	**Net profit**	**277**	**218**	**(58)**	**(21.0%)**
200	**253**	**53**	**26.5%**	**Investment**	**554**	**728**	**174**	**31.4%**
419	**1,305**	**886**	**n.m.**	**Net debt including loan to Sinopec**	**419**	**1,305**	**886**	**n.m.**
0.4x	**1.2x**	**0.8x**	**n.m.**	**Net debt inc. loan to Sinopec to Ebitda**	**0.4x**	**1.2x**	**0.8x**	**n.m.**

OPERATIONAL DATA

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
25.9	25.8	(0.1)	(0.4%)	Average working interest production (kboepd)	24.8	24.3	(0.5)	(2.0%)
19.5	21.9	2.5	12.7%	Average net entitlement production (kboepd)	18.3	20.5	2.2	12.1%
102.4	107.2	4.8	4.7%	Oil and gas average sale price (USD/boe)	101.8	98.2	(3.6)	(3.5%)
21,281	22,308	1,027	4.8%	Crude processed (kbbl)	63,001	66,180	3,179	5.0%
4.4	1.7	(2.8)	(62.4%)	Galp Energia refining margin (USD/bbl)	2.6	2.3	(0.3)	(10.5%)
2.5	2.6	0.1	3.4%	Oil sales to direct clients (mton)	7.5	7.3	(0.2)	(2.2%)
1,470	1,971	501	34.1%	NG supply total sales (mm^3)	4,696	5,149	454	9.7%
488	1,014	526	107.8%	NG/LNG trading sales (mm^3)	1,680	2,225	545	32.4%
317	500	183	57.7%	Sales of electricity to the grid[1] (GWh)	954	1,417	464	48.7%

[1] Includes companies that do not consolidate but where Galp Energia holds a significant interest

MARKET INDICATORS

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
109.5	110.3	0.8	0.7%	Dated Brent price[1] (USD/bbl)	112.2	108.5	(3.8)	(3.3%)
(0.8)	(0.9)	0.1	(14.7%)	Heavy-light crude price spread[2] (USD/bbl)	(1.5)	(1.2)	(0.3)	22.5%
56.9	65.3	8.5	14.9%	UK NBP natural gas price[3] (GBp/therm)	57.8	68.2	10.4	18.0%
13.4	15.7	2.3	17.2%	LNG Japan and Korea price[1] (USD/mmbtu)	15.2	16.1	0.9	5.7%
5.5	0.5	(5.0)	(90.6%)	Benchmark refining margin[4] (USD/bbl)	3.4	1.6	(1.9)	(54.0%)
15.5	15.1	(0.3)	(2.2%)	Iberian oil market[5] (mton)	46.6	43.4	(3.2)	(6.8%)
7,649	6,838	(811)	(10.6%)	Iberian natural gas market[6] (mm^3)	26,157	23,740	(2,417)	(9.2%)

[1] Source: Platts.

[2] Source: Platts. Dated Urals NWE for heavy crude; Dated Brent for light crude.

[3] Source: Bloomberg.

[4] For a complete description of the method of calculating the new benchmark refining margin see "Definitions" at the end of this report.

[5] Source: Apetro for Portugal; Cores for Spain and includes an estimate for September 2013.

[6] Source: Galp Energia and Enagás.

EXPLORATION & PRODUCTION ACTIVITIES

EXPLORATION AND APPRAISAL ACTIVITIES

In the third quarter of 2013, Galp Energia continued to execute its strategy, namely in the E&P business, by pursuing exploration and appraisal activities in order to de-risk the development of resources in its portfolio.

BRAZIL

Exploration activities in Brazil moved forward, particularly in the Santos basin, as drilling of the Bracuhy prospect proceeded in block BM-S-24. Results from this well identified the presence of hydrocarbons, namely a gross column of 160 metres, from which 100 metres corresponded to an oil column. The data collected helped to identify the distribution of fluids in the Bracuhy area and confirmed the same fluid mix as the one identified in the Júpiter area, namely oil, condensates and gas mixed with CO_2, which reinforces the block BM-S-24 volumes to be developed, namely oil and condensates, and where production is scheduled to start by 2019. The data also indicated the connectivity between the Bracuhy area and Júpiter area.

In the Iara field, in block BM-S-11, Galp Energia and its partners continued to execute relevant appraisal activities, particularly the Iara HA well, currently being drilled through the pre-salt layer. This is the first horizontal well ever drilled in the Iara area and the second in the pre-salt Santos basin. Upon completion of the well, the consortium will conduct a Drill Stem Test (DST) to evaluate the pressure, permeability and productivity of Iara's central area. The results from this well will be particularly important for laying out the development plan for the field. During October, the consortium started a DST in the Iara Oeste-1 area to increase the knowledge of the reservoir.

The consortium has planned an extended well test (EWT) for the Iara area prior to submission of the Declaration of Commerciality (DoC) scheduled for December 2014, after ANP approved a one-year extension. The consortium will evaluate the data recently collected in Iara appraisal wells, namely in the Iara Oeste-2, which proved good conditions of porosity and permeability alongside excellent reservoir productivity. Production is expected to start in 2017, being two FPSO already contracted.

Galp Energia will, in the fourth quarter of 2013, start drilling the appraisal well Carcará (Extension), in block BM-S-8, whose purpose is to evaluate the resource potential in the flank of the Carcará discovery, followed by a DST to evaluate reservoir's productivity. The well will be drilled in two phases, by two rigs with distinctive features. The first phase will comprise drilling through the salt layer and will start in the beginning of November 2013. The second phase and the formation test are scheduled for the second half of 2014.

In the Potiguar basin, a frontier area in the Brazilian equatorial margin, Galp Energia concluded the Araraúna well, which confirmed the presence of a working hydrocarbon system in the basin. At the same time, the consortium continued to drill the Tango prospect, which was completed in October. The purpose of this well, whose drilling started in May, was to evaluate the potential of the Cretaceous interval, with preliminary results proving the presence of a working hydrocarbon system in the Potiguar basin, confirming the results of the Araraúna well. However, because the Tango reservoir is not well developed, this was considered to be a non-commercial discovery. During October, the Company started to drill Pitú prospect, the third well of the Potiguar basin exploration campaign for 2013.

MOZAMBIQUE

In the Rovuma basin, the consortium completed the drilling of the 10th and 11th wells in Area 4, where exploration activities have so far achieved a 100% success rate. The Agulha-1 well, which proved the existence of a new exploration play in the Southern part of Area 4, found a substantial zone of net gas pay in good quality reservoirs in the Paleocene and Cretaceous intervals, with estimated resources of natural gas in place of between 5 and 7 Tcf. At the same time, indications of wet gas were found in the Cretaceous interval, which will be object of further evaluation. Three exploration wells are proposed to be drilled in the Southern part of Area 4 in 2014, in order to evaluate the new exploration play.

The consortium for exploration of Area 4 resumed the appraisal campaign in the Mamba/Coral complex and completed the drilling of the Mamba Northeast-3 well in the third quarter. The purpose of the well was to increase knowledge of the reservoir in this area to optimise the development plan for the resources exclusively located in Area 4 of the Rovuma basin. This was the last appraisal well scheduled for 2013 in the Mamba/Coral complex, which contains around 80 Tcf of natural gas in place.

OTHER EXPLORATION AREAS

In offshore Namibia, the exploration campaign scheduled by the consortium for 2013 was completed with the drilling of wells Murombe-1 and Moosehead-1, located in the Walvis and Orange basins, respectively. Both wells were completed in the third quarter of 2013 and were considered to be dry.

Although the campaign of three exploration wells did not result in any commercial discovery, it proved the potential for oil in the Namibia offshore. The consortium will continue to analyse both the data and the samples collected in the exploration campaign and will reprocess seismic. These activities will be essential to determine future exploration activities in Namibia, where exploration licences expire in 2015.

SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A[1]	Spud date	Duration (# days)	Well status
Brazil[2]						
Lula	Lula Oeste-2	10%	A	**4Q12**	-	Concluded
Iara	Iara Oeste-2	10%	A	**4Q12**	-	Concluded
Iara	Iara HA	10%	A	**Jun-13**	120	In progress
BM-S-8	Carcará (extension) - 1st phase	14%	A	**4Q13**	60	-
BM-S-24	Bracuhy	20%	E	**3Q13**	-	Concluded
Potiguar	Araraúna	20%	E	**1Q13**	-	Concluded
Potiguar	Tango	20%	E	**3Q13**	-	Concluded
Potiguar	Pitú	20%	E	**Oct-13**	120	In progress
Mozambique						
Rovuma	Mamba South-3	10%	A	**1Q13**	-	Concluded
Rovuma	Agulha-1	10%	E	**2Q13**	-	Concluded
Rovuma	Mamba Northeast-3	10%	A	**3Q13**	-	Concluded
Namibia						
PEL 23	Wingat	14%	E	**1Q13**	-	Concluded
PEL 23	Murombe	14%	E	**2Q13**	-	Concluded
PEL 24	Moosehead	14%	E	**3Q13**	-	Concluded

[1] E – Exploration well; A – Appraisal well

[2] Petrogal Brasil: 70% Galp Energia; 30% Sinopec.

DEVELOPMENT ACTIVITIES

BRAZIL

Galp Energia and its partners continue to perform important activities for the development of the Brazilian projects, aiming to execute them on time and on budget.

In the third quarter of 2013, it is worth highlighting the development activities in the Lula NE area, in Lula field. FPSO *Cidade de Paraty*, which started operations in June, reached production of c.30 kbopd after the connection in August of the first gas injection well, thereby increasing the production of oil, which up to that point was restricted by gas flaring limits. Whereas the first two wells are connected to the FPSO *Cidade de Paraty* by a system of flexible risers, the remaining wells that are part of the development plan will be connected to the FPSO by a system of decoupled risers through the installation of two Buoyancy Supported Risers (BSR).

The first BSR should be installed in the first quarter of 2014, for subsequent connection of additional production wells from the second quarter of 2014. Adverse weather conditions delayed the BSR installation and, consequently, the connection of the production wells of oil and natural gas.

In order to mitigate the impact of such delay, the consortium is evaluating the connection of the second producer well through a flexible riser still during the fourth quarter of 2013.

The Lula NE area should be connected to the Lula-Mexilhão gas pipeline during the first quarter of 2014.

The second BSR should be installed in the second quarter of 2014, with FPSO *Cidade de Paraty* reaching full production capacity in the second half of 2014, or 18 months after it started production, in accordance with the initial plan.

The consortium continues to monitor progress of the Cabiúnas gas pipeline, the second one for exporting natural gas in the pre-salt Santos basin. Most manufacturing works related with the pipes were completed in the third quarter. The equipment is already in Brazil and it will start to be installed when the required environmental permits are obtained. The gas pipeline will have a capacity to export around 15 mm^3 of natural gas per day and should start operations in 2015.

As for the FPSO units to come on stream in Brazil, works on FPSO *Cidade de Mangaratiba* are progressing according to plan with a 70% execution rate. This FPSO is in Brasfels shipyards in Brazil, for integration of the topsides. The FPSO is scheduled to start operations in the fourth quarter of 2014 in the Iracema Sul area and it will have a production capacity of around 150 kbopd and 8 mm^3 of natural gas per day.

Galp Energia continued to execute in 2013 the development plan for wells in the Lula/Iracema area. In the Lula NE area, from the seven development wells scheduled for 2013, two are concluded, two are connected and two are in progress, of which one started in the third quarter. The consortium will still complete the injection well Lula NE I3 in 2013. In the Iracema Sul area, three wells were completed, of which two injection wells and one producing well, the latter in the third quarter. Until the end of the year, it is expected the drilling of two additional development wells.

In the Lula-1 project, WAG injection continues to be tested. The purpose of this technique is to maintain the pressure of the reservoir, thereby raising the oil recovery factor in the area. Two WAG injection wells are now connected to FPSO *Cidade de Angra dos Reis*. The first WAG injection well is in the gas cycle since June, after going through the water cycle, while the second WAG injection well is currently in the water cycle.

The consortium also took important steps in the drilling of RDA in the Lula/Iracema area. The purpose of the drilling is to raise knowledge of the reservoir, to lower development risk and to adapt the production equipment to the specific conditions at the distinct areas of the Lula field, with a potentially positive impact on the field's oil recovery factor. Two RDA wells, in Lula Alto 2 and Lula Norte 2, were completed in the third quarter of 2013 for a total of six RDA wells completed in 2013. In addition, drilling of two new RDA wells, located in the Lula Extremo Sul and Lula Oeste areas, started in the quarter.

ANGOLA

Progress in Angola's development projects continued in 2013, particularly in the Tômbua-Lândana field, in block 14. Three new wells were connected in the year, two of which in the third quarter. In this area, one producing well is in progress, with an additional well scheduled for drilling in late 2013.

DEVELOPMENT WELLS IN THE LULA/IRACEMA AREA

Project	Type of wells	Execution rate		
		Total planned	Drilled	In progress
Lula 1	Producers	6	6	-
FPSO Cidade de Angra dos Reis	Injectors	3	3	-
Lula NE	Producers	8	4	1
FPSO Cidade de Paraty	Injectors	6	5	-
Iracema Sul	Producers	8	1	1
FPSO Cidade de Mangaratiba	Injectors	8	2	1

OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

In the third quarter of 2013, the dated Brent averaged \$110.3/bbl, in line with a year earlier, supported by supply constraints in some oil-producing countries, particularly Iraq and Libya, and geopolitical tensions, namely involving Syria. One year earlier, the average dated Brent had also been supported by geopolitical tensions in the Middle East alongside shutdowns for maintenance in the North Sea oil producing platforms.

In the first nine months of 2013, the dated Brent averaged \$108.5/bbl, down 3% yoy when the price was influenced by political unrest in some oil producing countries, namely Syria, South Sudan and Yemen.

In the third quarter of 2013, the average spread between the prices of heavy and light crudes widened \$0.1/bbl yoy to -\$0.9/bbl. This evolution was due to the higher increase of dated Brent price, compared to the heavy crude prices, which were nevertheless supported in the quarter by lower exports from Russia and higher demand for heavy crude following cutbacks in Iraqi supply.

In the first nine months of 2013, the average spread between the prices of heavy and light crude narrowed \$0.3/bbl yoy to -\$1.2/bbl.

REFINING MARGINS

In the third quarter of 2013, Galp Energia's benchmark refining margin tumbled \$5.0/bbl yoy to \$0.5/bbl. This fall reflected the trend in cracking and hydrocracking margins, which fell \$5.9/bbl and \$5.3/bbl yoy, respectively, following tighter crack spreads for diesel, gasoline and fuel oil. Diesel and gasoline crack spreads narrowed 21% and 43%, respectively, compared with a year earlier, when supply was cut back by maintenance outages of refineries in the USA and United Kingdom.

In the first nine months of 2013, the benchmark refining margin fell \$1.9/bbl yoy to \$1.6/bbl as hydrocracking and cracking margins fell \$2.0/bbl and \$2.3/bbl, respectively.

IBERIAN MARKET

In the third quarter of 2013, the Iberian market for oil products contracted 2% yoy to 15.1 million tonnes (mton) mainly following the Spanish market's 2% contraction, while the Portuguese market retreated 1%. It should be highlighted that markets for diesel and jet already increased 2% and 1% yoy, respectively, whereas the market for gasoline shrank 3%.

Although the market contracted in comparison with a year earlier, the rate of contraction slowed down against the yoy decrease of 7% in the second quarter of 2013.

In the first nine months of 2013, the volume of oil products sold in the Iberian Peninsula contracted 7% yoy to 43.4 mton, which reflected the adverse economic environment affecting the region.

In the third quarter of 2013, the Iberian market for natural gas contracted 11% yoy to 6,838 mm^3, mainly due to lower demand from the electrical segment, which contracted around 36% following the rise in hydropower generation.

In the first nine months of 2013, the Iberian market for natural gas contracted 9% yoy to 23,740 mm^3 as demand in the electrical segment decreased around 43%.

2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
25.9	**25.8**	**(0.1)**	**(0.4%)**	**Average working interest production[1] (kboepd)**	**24.8**	**24.3**	**(0.5)**	**(2.0%)**
19.5	**21.9**	**2.5**	**12.7%**	**Average net entitlement production (kboepd)**	**18.3**	**20.5**	**2.2**	**12.1%**
7.2	8.7	1.5	21.6%	Angola	8.1	8.5	0.4	4.9%
12.3	13.2	0.9	7.6%	Brazil	10.2	12.0	1.8	17.9%
102.4	**107.2**	**4.8**	**4.7%**	**Average realised sale price (USD/boe)**	**101.8**	**98.2**	**(3.6)**	**(3.5%)**
9.2	**10.2**	**1.0**	**10.9%**	**Royalties[2] (USD/boe)**	**9.7**	**9.2**	**(0.5)**	**(4.7%)**
9.7	**14.9**	**5.2**	**53.4%**	**Operating cost (USD/boe)**	**11.7**	**12.9**	**1.3**	**11.0%**
23.1	**29.8**	**6.7**	**29.0%**	**Amortisation[3] (USD/boe)**	**24.5**	**26.3**	**1.7**	**7.0%**
110	**110**	**0**	**0.3%**	**Ebitda**	**297**	**286**	**(10)**	**(3.5%)**
33	59	25	76.4%	Depreciation & Amortisation	96	144	48	49.5%
18	(0)	(18)	n.m.	Provisions	27	2	(25)	(91.1%)
59	**51**	**(7)**	**(12.6%)**	**Ebit**	**174**	**140**	**(33)**	**(19.1%)**

[1] Includes production of natural gas which was exported (excludes gas which is consumed or injected).
[2] Based on production from Brazil.
[3] Excludes abandonment provisions.

OPERATIONS

THIRD QUARTER

In the third quarter of 2013, the average working interest production of oil and natural gas remained stable compared with a year earlier at 25.8 kboepd, of which 94% was oil production.

In Angola, production decreased around 1 kbopd, or 8%, yoy to 12.6 kbopd as production in the block 14's Kuito and BBLT fields fell due to their natural decline stage.

The 8% rise in Brazilian production was mainly supported by the Lula NE area, in the Lula field, with the connection in August of the first gas injection well to FPSO *Cidade de Paraty*, which in the quarter achieved 2.3 kbopd, that is, around 17% of total production in Brazil. Production from FPSO *Cidade Angra dos Reis* was affected by a two-day interruption in August following a failure in the flare transmitter and by the increased injection of natural gas since June, when the gas cycle started in the WAG well. In the third quarter of 2013, 54% of the gas produced in the Lula-1 area was re-injected or consumed, against 12% a year earlier. Consequently, production in the Lula-1 area fell 0.3 kboepd yoy.

Net entitlement production rose 13% yoy to 21.9 kboepd on higher production in Angola and Brazil. In Angola, production benefited from higher productivity in the Tômbua-Lândana field and higher cost-oil production rates available under the cost-recovery mechanisms of the production-sharing agreement (PSA).

NINE MONTHS

In the first nine months of 2013, working interest production fell 2% yoy to 24.3 kboepd on lower contribution from production in Angola, which fell 16% yoy to 12.3 kbopd. The maturity stage of the Kuito and BBLT fields in block 14, and the maintenance conducted in the fields in the first quarter of 2013 led to the declining production in Angola in the period.

Conversely, production in Brazil rose 18% yoy to 12 kboepd as production from FPSO *Cidade de Angra dos Reis* increased and FPSO *Cidade de Paraty* started production in June from one producing well.

Net entitlement production rose 12% yoy to 20.5 kboepd, supported by rising production in Brazil and increased production rates available under the PSA mechanism in Angola.

RESULTS

THIRD QUARTER

Ebitda in the quarter amounted to €110 m, in line with a year earlier despite higher net entitlement production and the rise in the average sale price of oil and natural gas in the period.

The average sale price was $107.2/boe, up from $102.4/boe a year earlier, following higher oil prices in international markets and mainly lower exports of natural gas produced.

Production costs rose €9 m yoy to €23 m as the maturity of Angolan fields affected operating costs and the FPSO *Cidade de Paraty* started operations with a single producing well out of six scheduled to come on stream. In unit terms, on a net entitlement basis, production costs amounted to $14.9/boe against $9.7/boe a year earlier.

Other operating costs rose €3 m yoy to €20 m as insurance premiums allocated to operations in Brazil were revised upwards following higher activity and investment in the country.

Depreciation charges excluding abandonment provisions rose €12 m yoy to €45 m on rising investment and the subsequent increase in Angola's asset base, and the downward revision of reserves in the Kuito field, related to the expected decommissioning of the FPSO in the field in late 2013. This impact was partly offset by lower depreciation charges in Brazil compared with a year earlier after the upward revision of reserves. On a net entitlement basis, unit depreciation charges rose to $29.8/boe from $23.1/boe a year earlier.

Provisions for abandonment amounted to €13 m in the quarter, down from €18 m a year earlier.

Ebit fell €7 m yoy to €51 m on higher operating costs and depreciation charges.

NINE MONTHS

Ebitda for the first nine months of 2013 fell €10 m yoy to €286 m following lower sale prices of oil and natural gas and higher operating costs.

The average sale price decreased to $98.2/boe from $101.8/boe a year earlier as oil prices fell in international markets.

Production costs rose €9 m yoy to €55 m as costs rose in Angola following maintenance activities due to the maturity of the fields in block 14, and as the FPSO *Cidade de Paraty* started operations in Brazil. In unit terms, production costs rose to $12.9/boe from $11.7/boe a year earlier.

Other operating costs rose €13 m yoy to €48 m primarily as a result of the upward revision of insurance premiums allocated to Brazilian operations due to the increased activity coupled with the strengthening of the E&P team.

Depreciation charges excluding abandonment provisions rose €16 m yoy to €112 m on higher investment and production, namely in Brazil. In Angola, depreciation charges were also influenced by the downward revision of reserves in the Kuito field in the second quarter of 2013, owing to the expected decommissioning of the FPSO in late 2013. On a net entitlement basis, unit depreciation charges rose to $26.3/boe from $24.5/boe a year earlier.

Provisions for the first nine months of 2013 amounted to €34 m, up from €27 m a year earlier, influenced by rising abandonment provisions related to the Kuito field in anticipation of the expected decommissioning in late 2013 of the FPSO in place.

Ebit for the first nine months of 2013 fell €33 m yoy to €140 m.

2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4.4	**1.7**	**(2.8)**	**(62.4%)**	**Galp Energia refining margin (USD/bbl)**	**2.6**	**2.3**	**(0.3)**	**(10.5%)**
1.8	**2.7**	**0.9**	**47.2%**	**Refining cash cost (USD/bbl)**	**2.1**	**2.7**	**0.5**	**24.9%**
21,281	**22,308**	**1,027**	**4.8%**	**Crude processed (kbbl)**	**63,001**	**66,180**	**3,179**	**5.0%**
4.2	**4.3**	**0.1**	**2.9%**	**Total refined product sales (mton)**	**12.5**	**12.8**	**0.3**	**2.5%**
2.5	2.6	0.1	3.4%	Sales to direct clients (mton)	7.5	7.3	(0.2)	(2.2%)
0.8	0.8	(0.0)	(0.8%)	Exports[1] (mton)	2.5	3.0	0.4	17.6%
89	**74**	**(15)**	**(17.3%)**	**Ebitda**	**229**	**248**	**19**	**8.5%**
54	70	16	29.2%	Depreciation & Amortisation	156	188	31	20.1%
10	21	12	n.m.	Provisions	18	39	21	n.m.
26	**(18)**	**(43)**	**n.m.**	**Ebit**	**55**	**21**	**(33)**	**(61.0%)**

[1] Exports from Galp Energia group, excluding sales into the Spanish market.

OPERATIONS

THIRD QUARTER

In the third quarter of 2013, crude processed rose 5% yoy to around 22 million barrels (mbbl). Operations of the hydrocracking complex were stable in the quarter, with a capacity utilisation of 105%. Crude accounted for 84% of total raw materials processed in the quarter, whose volume rose 19% yoy.

Although it was favourably influenced by the stable operations of the hydrocracking complex, the volume of crude oil processed was negatively affected by scheduled and unscheduled shutdowns, namely in the Sines refinery's vacuum distillation, visbreaker and fluid catalytic cracking (FCC) units. The volume of crude processed was also influenced by the optimisation policy of the refining system following the decline in refining margins in international markets in the third quarter.

In the third quarter of 2013, medium and heavy crude accounted for 89% of total crude processed in the Galp Energia refineries, against 66% a year earlier, which reflected a more complex and flexible refining system.

In the third quarter, gasoline contributed with 20% of the total production. Fuel oil and middle distillates (diesel and jet) accounted for 14% and 50%, respectively, of total production in the period, against 21% and 40% a year earlier, following the stable operation of the hydrocracking complex. In the third quarter, consumption and losses amounted to 9%.

Volumes sold to direct clients rose 3% yoy to 2.6 mton, reflecting higher sales in both the Iberian Peninsula, namely related with chemical products, and Africa, which accounted for 8% of total volumes sold to direct clients.

Exports, outside the Iberian Peninsula, slid 1% yoy to 0.8 mton, with diesel, gasoline and fuel oil accounting for 17%, 25% and 31%, respectively, of total exports.

NINE MONTHS

In the first nine months of 2013, the volume of raw materials processed rose 17% yoy, with capacity utilisation at 73% and crude oil accounting for 84% of the total raw materials processed.

Medium and heavy crude accounted for 83% of total crude processed in the Galp Energia refineries, against 70% a year earlier.

Gasoline and middle distillates accounted for 20% and 47%, respectively, of total production in the period, whereas fuel oil contributed 16%. Consumption and losses in the period amounted to 9%.

Volumes sold to direct clients fell 2% yoy, reflecting the adverse effect of economic environment in the Iberian Peninsula on the demand for oil products. Volumes sold to direct clients in Africa accounted for 8% of the total.

Exports, outside the Iberian Peninsula, increased 18% yoy to 3.0 mton, with diesel, gasoline and fuel oil accounting for 19%, 28% and 30% of the total, respectively.

RESULTS

THIRD QUARTER

Ebitda for the quarter fell 17% yoy to €74 m due to refining activity worse performance following lower refining margins in international markets, which led to Galp Energia's refining margin falling $2.8/bbl yoy to $1.7/bbl, despite the stable operation of the hydrocracking complex in the third quarter of 2013, and respective positive impact.

The refineries' operating cash costs rose €15 m yoy to €45 m on higher operating costs, which followed the operations of the hydrocracking complex. Unit cash costs rose to $2.7/bbl, from $1.8/bbl a year earlier.

The marketing of oil products continued to reflect in the third quarter of 2013 the difficult economic context in the Iberian Peninsula, albeit to a lower degree than in the previous quarters of 2013. The contribution to results from this business was in line with a year earlier following the optimisation measures implemented, which had an impact on operating costs.

The supply activity, which is related to the refining business, contributed with around €8 m to the third quarter of 2013 results.

Depreciation charges rose €16 m yoy to €70 m, primarily on the depreciation of assets related to the hydrocracking complex, which had an impact of €21 m in the quarter.

Provisions rose €12 m yoy to €21 m on higher charges for doubtful debtors, namely in the oil marketing business.

Ebit for the quarter was negative €18 m, against €26 m a year earlier, influenced by higher depreciation and provisions in the period.

NINE MONTHS

Ebitda for the first nine months of 2013 rose €19 m yoy to €248 m mainly supported by the supply activity related to the refining business.

Galp Energia's refining margin for the first nine months of 2013 fell to $2.3/bbl from $2.6/bbl a year earlier, influenced by declining benchmark margins in international markets but reflecting the favourable contribution from the hydrocracking complex, which operates steadily since the end of the first quarter of 2013.

The refineries' operating cash costs rose €26 m yoy to €134 m on the purchase of licences for the emission of carbon dioxide (CO_2), and higher operating costs due to operations of the hydrocracking complex. Unit cash costs rose to $2.7/bbl, from $2.1/bbl a year earlier.

Although in deceleration during the year, the adverse economic environment in the Iberian Peninsula affected the marketing of oil products, particularly in terms of volumes sold. This unfavourable effect was, however, partly offset by optimisation measures with impact on operating costs.

Results for the first nine months of 2013 were positively impacted by the supply activity related to the refining business, which amounted to €32 m.

Depreciation charges rose €31 m yoy to €188 m as the assets related to the hydrocracking complex started to be depreciated in the second quarter of 2013.

Provisions rose to €39 from €18 m a year earlier primarily on higher charges for doubtful debtors.

Ebit for the first nine months of 2013 fell €33 m yoy to €21 m on higher depreciation and provisions.

2.3. GAS & POWER

€ m (RCA, except otherwise noted)

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
1,470	**1,971**	**501**	**34.1%**	**NG supply total sales volumes (mm³)**	**4,696**	**5,149**	**454**	**9.7%**
983	**958**	**(25)**	**(2.5%)**	**Sales to direct clients (mm³)**	**3,016**	**2,925**	**(91)**	**(3.0%)**
407	191	(216)	(53.0%)	Electrical	998	532	(466)	(46.7%)
493	706	213	43.2%	Industrial	1,565	1,964	399	25.5%
58	54	(4)	(7.5%)	Residential	373	370	(3)	(0.9%)
488	**1,014**	**526**	**107.8%**	**Trading (mm³)**	**1,680**	**2,225**	**545**	**32.4%**
317	**500**	**183**	**57.7%**	**Sales of electricity to the grid[1] (GWh)**	**954**	**1,417**	**464**	**48.7%**
105	**122**	**17**	**16.5%**	**Ebitda**	**264**	**318**	**55**	**20.8%**
10	16	5	50.5%	Depreciation & Amortisation	35	45	11	31.3%
6	4	(2)	(30.9%)	Provisions	9	8	(1)	(10.4%)
88	**102**	**14**	**15.9%**	**Ebit**	**220**	**265**	**45**	**20.4%**
59	68	9	15.2%	Supply	130	164	35	26.9%
25	27	1	5.9%	Infrastructure	73	79	6	8.1%
5	8	4	80.1%	Power	17	21	4	23.7%

[1] Includes Energin, which does not consolidate but where Galp Energia has an equity holding of 35%; in the third quarter and the first nine months of 2013, sales of electricity to the grid of 81 GWh and 243 GWh, respectively, were attributed to this company.

OPERATIONS

THIRD QUARTER

Natural gas sold in the quarter rose 34% yoy to 1,971 mm³.

This favourable evolution benefited from strong LNG trading activity, where volumes sold in the international markets reached an all-time high of 1,014 mm³ driven by both previously signed contracts and sales in the spot market. Thirteen cargoes, primarily bound for Latin America and Asia, were sold in the quarter, compared with six a year earlier.

In the Iberian Peninsula, volumes of natural gas sold to direct clients fell on lower demand from the electrical segment following higher hydropower production and increased imports from Spain. This fall was, however, almost wholly offset by higher demand from the industrial segment, namely Galp Energia's own units, such as the hydrocracking complex at the Sines refinery and the cogeneration plant at the Matosinhos refinery.

Sales of electricity to the grid were, at 500 GWh, 183 GWh ahead of a year earlier, an increase that resulted from the Matosinhos cogeneration operation.

NINE MONTHS

Natural gas sold in the first nine months of 2013 amounted to 5,149 mm³, an increase of 454 mm³ compared with a year earlier.

The rise in volumes sold came in on the back of higher LNG sales from increased trading activity in international markets, which reached 2,225 mm³ in the period, up 32% from a year earlier.

Volumes of natural gas sold to direct clients fell 3% to 2,925 mm³, as the 25% rise in volumes sold to the industrial segment, namely on the back of higher demand from Galp Energia's own units, did not offset the 47% fall in volumes sold to the electrical segment.

Sales of electricity to the grid amounted in the first nine months of 2013 to 1,417 GWh, considering the start-up of the Matosinhos cogeneration.

RESULTS

THIRD QUARTER

Ebitda for the G&P business amounted to €122 m in the quarter, up €17 m yoy on improved results from the supply activity, namely LNG trading in international markets.

Ebitda for the supply activity rose €9 m to €72 m on the back of higher LNG volumes sold in the international markets.

Ebitda of the infrastructure business rose €3 m yoy to €38 m, influenced by full consolidation of the natural gas distribution company Setgás from August 2012.

Ebitda for the power business rose to €13 m from €7 m a year earlier as the Matosinhos cogeneration started operating in the end of the first quarter of 2013.

Depreciation and amortisation for the G&P business in the quarter rose to €16 m, up €5 m from a year earlier, mainly influenced by the start of operations at the Matosinhos cogeneration in 2013 and by the full consolidation of the company Setgás from August 2012.

Provisions for the quarter amounted to €4 m and were mostly related to doubtful debtors.

Ebit for the G&P business rose €14 m yoy to €102 m on improved LNG trading activity in the international markets.

NINE MONTHS

Ebitda for the G&P business amounted to €318 m in the first nine months of 2013, up €55 m yoy on the improved operating performance of the supply activity.

Ebitda for supply activity rose 27% yoy to €174 m on higher LNG volumes traded in international markets.

Combined Ebitda for the infrastructure and power businesses rose to €145 m, up €19 m from a year earlier. This rise was primarily related to full consolidation, from the third quarter of 2012, of natural gas distribution company Setgás, and to the contribution from the Matosinhos cogeneration starting at the end of the first quarter of 2013.

Depreciation and amortisation for the G&P business in the first nine months of 2013 rose to €45 m, up €11 m yoy following the start of depreciation of the Matosinhos cogeneration from the end of first quarter 2013 and full consolidation of natural gas distributor Setgás from the third quarter of 2012.

Provisions for the period amounted to €8 m and were mostly related to doubtful debtors.

Ebit for the G&P business rose €45 m yoy to €265 m on improved contribution from all activities.

3. FINANCIAL PERFORMANCE

3.1. INCOME STATEMENT

€ m (RCA, except otherwise noted)

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,925	5,808	884	17.9%	Turnover	14,276	14,903	627	4.4%
(4,625)	(5,503)	879	19.0%	Operating expenses	(13,504)	(14,066)	562	4.2%
(4,300)	(5,154)	854	19.9%	Cost of goods sold	(12,546)	(13,037)	492	3.9%
(243)	(266)	23	9.6%	Supply and services	(722)	(783)	61	8.5%
(81)	(82)	1	1.5%	Personnel costs	(237)	(245)	9	3.6%
10	7	(2)	(25.3%)	Other operating revenues (expenses)	27	32	5	18.9%
310	**312**	**3**	**0.8%**	**Ebitda**	**799**	**869**	**71**	**8.8%**
(99)	(145)	46	46.8%	Depreciation & Amortisation	(290)	(379)	89	30.8%
(33)	(26)	(8)	(23.0%)	Provisions	(54)	(49)	(4)	(8.3%)
177	**142**	**(36)**	**(20.2%)**	**Ebit**	**455**	**441**	**(14)**	**(3.1%)**
15	16	2	11.4%	Net profit from associated companies	57	47	(9)	(16.1%)
0	0	0	n.m.	Net profit from investments	0	0	0	n.m.
(18)	(34)	(16)	87.5%	Financial results	(43)	(90)	(47)	n.m.
174	124	(50)	(28.7%)	Net profit before taxes and minorities interests	468	398	(70)	(15.0%)
(59)	(50)	(9)	(14.6%)	Income tax	(154)	(137)	(17)	(11.1%)
34%	*41%*	*7 p.p.*	19.7%	*Effective income tax*	*33%*	*34%*	*2 p.p.*	4.6%
(17)	(17)	0	1.3%	Minority Interests	(38)	(43)	5	12.8%
98	**57**	**(42)**	**(42.3%)**	**Net profit**	**277**	**218**	**(58)**	**(21.0%)**
7	22	(14)	n.m.	Non recurrent items	(8)	(32)	24	n.m.
106	78	(27)	(25.9%)	Net profit RC	269	186	(82)	(30.6%)
68	35	(33)	(48.3%)	Inventory effect	62	(47)	(109)	n.m.
173	113	(60)	(34.7%)	Net profit IFRS	331	140	(191)	(57.7%)

THIRD QUARTER

Turnover increased 18% yoy, in the quarter, and amounted to €5,808 m mainly driven by volumes of crude processed and natural gas sold, coupled with higher prices of natural gas, offsetting the lower prices of oil products compared with a year earlier.

Operating costs rose 19% yoy to €5,503 m on the higher cost of goods sold and increased supply and service costs. The latter followed higher E&P activity, namely in Brazil, with an impact on costs related to the production of oil and natural gas.

Ebitda amounted to €312 m, in line with a year earlier, with underperformance in the R&M segment being offset by improved results in G&P.

Ebit for the quarter fell €36 m to €142 m, primarily following an increase of €46 m in depreciation and amortisation, particularly in the E&P and R&M business segments, and higher provisions, mainly related with doubtful debtors in the R&M business segment.

Results from associates amounted to €16 m, with international gas pipelines contributing €13 m, in line with a year earlier.

Financial results of minus €34 m represented a deterioration of €16 m yoy, mainly due to the fact that interest charges related to capital expenditure on the upgrade project for the Sines refinery ceased to be capitalised in the second quarter of 2013, which had a negative impact of €15 m on financial results in the third quarter.

Net interest expenses rose to €31 m from €22 m a year earlier.

Income tax amounted to €50 m, of which €34 m were related to tax arising from concession agreements for the exploration and production of oil and natural gas in Angola and Brazil. The effective tax rate for the quarter was 41%, influenced by the rise in tax related to the production of oil and natural gas.

Minority interests in the quarter amounted to €17 m, in line with a year earlier.

Net profit for the quarter was €57 m, or 42% lower yoy.

RC net profit of €78 m was negatively affected by non-recurrent items mainly related to impairments of €18 m for dry and non-commercial wells in the E&P segment, which were, however, more than offset by a capital gain of €52 m on the disposal of a 5% equity stake in the Spanish oil logistics company CLH.

NINE MONTHS

Sales and services rendered in the first nine months of 2013 rose 4% primarily on increased crude processed and sales of natural gas.

Operating costs rose 4% yoy on higher variable costs related to supply and services following increased costs associated with the production of oil and natural gas and transport of oil products activity.

Ebitda amounted to €869 m, up €71 m yoy, following improved performance in the R&M and G&P business segments.

Ebit for the first nine months of 2013 decreased 3% yoy to €441 m after depreciation and amortisation increased €89 m mainly in the E&P and R&M segments.

The contribution to profit from associates fell €9 m to €47 m, primarily influenced by the full consolidation of Setgás from the third quarter of 2012. International gas pipelines contributed €38 m to associates results.

Financial results of minus €90 m represented a deterioration of €47 m yoy following unfavourable exchange differences of €8 m against favourable exchange differences of €11 m a year earlier. Net interest expense amounted to €109 m, up from €101 m a year earlier.

Interest charges related to capital expenditure on the Sines refinery upgrade project ceased to be capitalised in the second quarter of 2013, which affected financial results negatively.

Income tax amounted to €137 m, of which €69 m were related to tax arising from concession agreements for the exploration and production of oil in Angola and Brazil. The effective tax rate was 34%, in line with a year earlier.

Following the capital increase subscribed to by Sinopec in the subsidiary Petrogal Brasil and related companies in March 2012, minority interests amounted to €43 m in the first nine months of 2013, up €5 m from a year earlier.

Net profit for the first nine months of 2013 fell 21% yoy to €218 m.

RC net profit of €186 m reflected the impact of unfavourable non-recurrent items of €32 m mainly related to impairments for dry and non-commercial wells accounted in the second and third quarters of the year, which were not fully offset by the capital gain of €52 m on the disposal of a 5% equity stake in Spanish oil logistics company CLH.

3.2. CAPITAL EXPENDITURE

€ m

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
151	211	60	39.7%	Exploration & Production	404	557	152	37.7%
52	98	46	88.6%	Exploration and appraisal activities	168	228	60	35.9%
99	113	14	14.2%	Development and production activities	237	329	92	39.0%
37	32	(6)	(15.2%)	Refining & Marketing	107	96	(11)	(10.2%)
11	10	(1)	(10.9%)	Gas & Power	40	74	34	84.3%
1	1	(0)	(18.5%)	Others	2	1	(2)	(69.7%)
200	**253**	**53**	**26.5%**	**Investment[1]**	**554**	**728**	**174**	**31.4%**

[1]Amounts for 2012 were restated so as to exclude capitalised interest.

THIRD QUARTER

Capital expenditure in the quarter amounted to €253 m, of which 83% was channelled into the E&P business, in line with the Company's strategy.

Investment in the E&P business amounted to €211 m, of which 44% was allocated to development of Brazil's BM-S-11, namely the drilling and completion of development wells in Lula NE, RDA wells and the development of subsea systems and FPSOs.

Around 46% of capital spending in E&P was allocated to exploration activities, mainly in Namibia, Mozambique and Brazil. In Namibia, spending was aimed for the exploration campaign planned for 2013, namely the drilling of exploration wells Murombe-1 and Moosehead-1, located in the Walvis and Orange basins, respectively. In Mozambique, investment was mainly channelled into appraisal activities in the Mamba/Coral complex, namely the conclusion of the Mamba Northeast-3 well and drilling of exploration well Agulha-1. In Brazil, spending went into the drilling of the Bracuhy prospect, in block BM-S-24, in the pre-salt Santos basin, as well as exploration wells Araraúna and Tango, both located in the Potiguar basin.

Combined capital expenditure in the R&M and G&P business segments amounted to €41 m and was primarily channelled into maintenance and safety activities, as well as maintenance and enhancement of the infrastructure for distribution of natural gas.

NINE MONTHS

Investment in the first nine months of 2013 amounted to €728 m, of which 77%, or €557 m, was channelled into the E&P business, up €152 m from a year earlier.

Out of total expenditure in the E&P business, 59% was related to development activities, mainly in the Lula/Iracema field in Brazil's block BM-S-11. Exploration and appraisal activities accounted for the remaining 41% and consisted of exploration and appraisal campaigns in Brazil, namely in the Potiguar and Santos basins, in Mozambique's Area 4 and Namibia's exploration campaign.

Combined capital spending in the R&M and G&P business segments amounted to €170 m. In addition to maintenance, investment was mainly channelled into completion of the Matosinhos cogeneration and cushion gas related to a new natural gas underground storage facility.

3.3. CASH FLOW

€ m (IFRS figures)

Third Quarter			Nine Months	
2012	2013		2012	2013
269	166	Ebit	510	285
7	9	Dividends from associated companies	41	44
111	164	Depreciation, depletion and amortisation (DD&A)	319	448
4	64	Change in working capital	(459)	(79)
391	**402**	**Cash flow from operations**	**411**	**697**
(233)	(143)	Net investment[1]	2,359	(608)
(25)	(33)	Net financial interest	(103)	(116)
(34)	(58)	Taxes	(72)	(130)
(101)	(120)	Dividends paid	(267)	(223)
(146)	(121)	Others	(193)	(115)
(148)	**(74)**	**Cash flow**	**2,135**	**(494)**

[1] The amount of €2,359 m includes €2,946 m from the capital increase in Petrogal Brasil and related companies, subscribed by Sinopec in 2012. The 2013 figures include the amount of €111 m from the 5% stake sale in CLH.

THIRD QUARTER

Net cash outflow of €74 m in the quarter followed primarily from the investment in fixed assets mostly for the E&P segment and the payment of an interim dividend of €120 m related to the 2013 financial year results.

The sale of the equity stake in CLH positively impacted cash generation in the quarter, by €111 m.

Cash flow from operations amounted to €402 m with a positive contribution of €64 m from divestment in working capital in the quarter. A longer payable period coupled with shorter receivables period more than offset investment in inventories, the latter having resulted from higher prices of crude and oil products in the third quarter.

Cash flow for the quarter was also affected by an unfavourable change of €121 m in Others, which was primarily related to currency exchange effect of Group companies assets in foreign currency.

NINE MONTHS

Net cash outflow of €494 m in the first nine months of 2013 followed primarily from the investment in fixed assets in the period.

Cash flow from operations amounted to €697 m, driven by the positive contribution of all business segments.

3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December, 2012	30 June, 2013	30 September, 2013	Change vs. 31 Dec, 2012	Change vs. 30 Jun, 2013
Non-current assets	6,599	6,838	6,833	235	(4)
Other assets (liabilities)	(451)	(479)	(420)	30	59
Loan to Sinopec[1]	931	944	886	(45)	(58)
Working capital[1]	1,324	1,467	1,404	79	(64)
Capital employed	**8,403**	**8,770**	**8,703**	**299**	**(67)**
Short term debt	1,106	624	617	(489)	(7)
Medium-Long term debt	2,477	3,457	3,238	761	(219)
Total debt	**3,583**	**4,081**	**3,855**	**272**	**(226)**
Cash	1,886	1,964	1,664	(222)	(300)
Net debt	**1,697**	**2,117**	**2,191**	**494**	**74**
Total equity	**6,706**	**6,653**	**6,512**	**(194)**	**(141)**
Total equity and net debt	**8,403**	**8,770**	**8,703**	**299**	**(67)**
Total net debt including loan to Sinopec	**766**	**1,173**	**1,305**	**539**	**131**

[1] At 31 December 2012 the amount of the loan to Sinopec was changed from €918 m to €931 m so as to include the short-term portion of the loan, which was previously recorded under working capital, whose amount changed from €1,338 m to € 1,324 m

Non-current assets at 30 September 2013 amounted to €6,833 m, €4 m lower than at the end of June 2013, and were negatively affected by the sale of the equity holding in CLH. In addition, in spite of the investment in the quarter, assets were also affected by both depreciation and impairment charges, mainly related to exploration wells considered to be dry and non-commercial in the E&P business segment.

Capital employed at the end of the first nine months of 2013 reached €8,703 m, and included the loan granted to Sinopec following the capital increase in Petrogal Brasil and related companies, which at the end of the period amounted to €886 m, including a repayment of €36 m in August.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December, 2012		30 June, 2013		30 September, 2013		Change vs. 31 Dec, 2012		Change vs. 30 Jun, 2013	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	566	619	146	1,670	330	1,487	(236)	868	184	(183)
Bank debt	539	1,609	478	1,395	287	1,360	(252)	(248)	(191)	(35)
Commercial paper	-	250	-	392	-	391	-	141	-	(2)
Cash and equivalents	(1,886)	-	(1,964)	-	(1,664)	-	222	-	300	-
Net debt	**1,697**		**2,117**		**2,191**		**494**		**74**	
Net debt including loan to Sinopec[1]	**766**		**1,173**		**1,305**		**539**		**131**	
Average life (years)	2.6		3.5		3.3		0.70		(0.16)	
Net debt to Ebitda	1.7x		1.9x		2.0x		0.3x		0.1x	
Net debt inc. loan to Sinopec to Ebitda[1]	0.7x		1.1x		1.2x		0.4x		0.1x	

[1] At 31 December 2012 net debt including the loan to Sinopec changed from €780 m to €766 m following reclassification of the short-term portion of the loan, €14 m, previously recorded under working capital

Net debt of €2,191 m at 30 September 2013 was €74 m higher than at the end of June following investment in fixed assets and the payment in September of the interim dividend related to the financial 2013 period.

Net debt was positively impacted by the sale, concluded in July 2013, of the 5% equity stake in CLH, an oil logistics company in the Spanish market, for €111 m.

Adjusted net debt at 30 September 2013 amounted to €1,305 m after considering as cash and cash equivalents the €886 m loan to Sinopec following the share capital increase in Petrogal Brasil and related companies.

Net debt to Ebitda at 30 September 2013 was 1.2x considering the loan to Sinopec as cash and cash equivalents.

At the end of September 2013 medium- and long-term debt accounted for 84% of the total, which was in line with the end of the first half of the year. 26% of medium and long term debt was on fixed rate at the end of the first nine months of 2013.

After announcing debt issuance for a combined €1.5 bn in the first half of 2013, Galp Energia secured additional funding of $200 m in the third quarter. It is of note that those debt issuances have maturities between 4 and 6 years. Therefore, and according to the debt reimbursement profile at the end of September, which is shown below, Galp Energia has been extending its debt maturity, so that debt reimbursement is more aligned with the expected cash flow generation of the Company.

Medium and long term debt had, at the end of September 2013, an average life of 3.3 years.

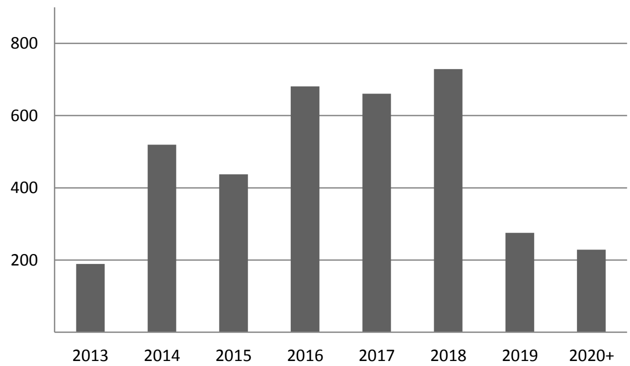
The average cost of debt at the end of the first nine months of 2013 was 4.4%, which was in line with the previous year.

Cash and cash equivalents attributable to minority interests at 30 September 2013 amounted to €66 m, most of which was recorded at subsidiary Petrogal Brasil.

At the end of the first nine months of 2013 Galp Energia had contracted, but not used credit lines of €1.4 bn, of which 30% was firmed with international banks and 50% was contractually guaranteed.

DEBT REIMBURSEMENT PROFILE AT 30 SEPTEMBER 2013

€ m



4. SHORT TERM OUTLOOK

The purpose of this chapter is to disclose Galp Energia's view on a few key variables that influence its short-term operational performance. However, because some of these variables are exogenous, they are not all controlled by the Company.

MARKET ENVIRONMENT

Galp Energia anticipates that the price of dated Brent will be in line with the third quarter, reflecting the current balance between supply and demand, although current low levels of oil production spare capacity may exert upward pressure on the price.

In the fourth quarter, the benchmark refining margin should be supported mainly by the diesel and fuel oil crack spreads, whilst it is expected that the gasoline crack narrows compared with the third quarter of 2013 considering the driving seasonal effect. Support to the diesel crack spread is expected to come from both low stocks in the Atlantic basin and the starting Winter, while the fuel oil crack spread is likely to be supported by lower production in Asia.

OPERATING ACTIVITY

In the E&P business segment, working interest production of oil and natural gas in the fourth quarter is expected to average around 27 kboepd. Production will be affected by maintenance on the Mexilhão platform, which is expected to last for 50 days, with an impact on production from FPSO Cidade de Angra dos Reis. On the other hand, it is expected the start of the extended well tests in the Lula Central and Lula Sul areas in the fourth quarter, which should offset the production shortfall from FPSO Cidade de Angra dos Reis.

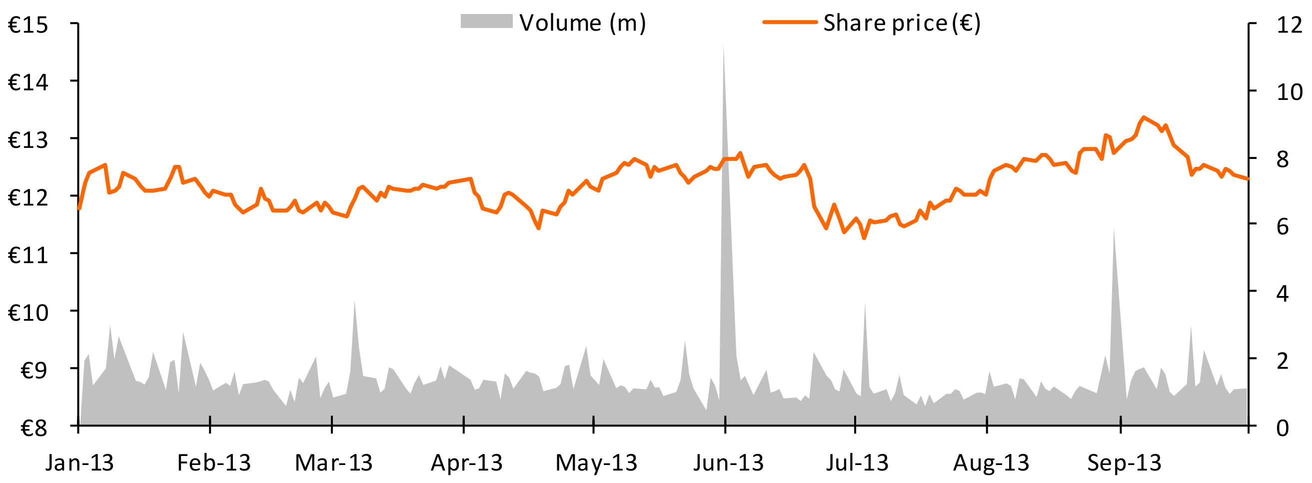
In the R&M business segment, the volume of crude oil processed in the fourth quarter is expected to be in line with the third quarter of 2013, influenced by the refining optimisation actions taking into consideration the level of refining margins in international markets.

Oil products sold to direct clients in the fourth quarter of 2013 are expected to decline compared with a year earlier, influenced by continued adverse conditions in the Iberian economies, although it is expected a slowdown in market contraction.

In the G&P segment, volumes of natural gas sold in the fourth quarter of 2013 are likely to fall in comparison with the third quarter, although it is expected that volumes remain supported by a robust LNG trading activity.

THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Fonte: Euroinvestor

THIRD QUARTER

The Galp Energia share gained 8% in the third quarter of 2013, closing at €12.30 at the end of the period. From its initial public offering on 23 October 2006 up to the end of September 2013, the share gained 112%. During the quarter the share hit a high of €13.40 and a low of €10.76.

In the quarter, 355 m shares were traded, of which 84 m on regulated NYSE Euronext Lisbon. The average daily volume amounted to 5.4 m shares, of which 1.3 m on NYSE Euronext Lisbon regulated market. Galp Energia's market capitalisation at the end of the quarter was €10.2 bn.

NINE MONTHS

The Galp Energia share gained 5% in the first nine months of 2013, when 1,106 m shares were traded, 267 m of which on regulated NYSE Euronext Lisbon. Trading volumes benefited from Eni's placement on the market, in the second quarter of 2013, of shares representing 8% of Galp Energia's share capital. The average daily volume traded in the first nine months of 2013 amounted to 5.8 m shares, of which 1.4 m on NYSE Euronext Lisbon.

Main indicators			
	2012	3Q13	2013
Min (€)	8.33	10.76	10.76
Max (€)	13.78	13.40	13.40
Average (€)	11.79	12.36	12.20
Close price (€)	11.76	12.30	12.30
Volume (m shares)[1]	321.6	84.0	266.9
Average volume per day (m shares)[1]	1.3	1.3	1.4
Market cap (€m)	9,752	10,196	10,196

[1] NYSE Euronext Lisbon.

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the nine months ended on 30 September 2013 and 2012 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on 30 September 2013 and 2012 and the nine-month periods ended on these dates. The financial information in the consolidated financial position is reported at 30 September and 30 June 2013, and 31 December 2012.

Galp Energia's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the cost of goods sold and is valued at weighted-average cost. The use of this valuation method may, when goods and commodities prices fluctuate, cause volatility in results through gains or losses in inventories, which do not reflect the Company's operating performance. This effect is called the *inventory effect*.

Another factor that may affect the Company's results but is not an indicator of its true performance is the set of non-recurrent items, such as gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

For the purpose of evaluating Galp Energia's operating performance, replacement cost adjusted (RCA) profit measures exclude non-recurrent items and the inventory effect, the latter because the cost of goods sold has been calculated according to the Replacement cost (RC) valuation method.

RECENT CHANGES

Effective from 1 January 2013, Galp Energia changed the method of recognising provisions for the abandonment of assets used in the production of crude oil and natural gas. Obligations are now totally recognised against an asset depreciated, like before, at an UOP (units-of-production) rate. The effect on results is neutral as provisions are simply replaced by depreciation charges. This change was not reflected in the financial statements of the third quarter and first nine months of 2012.

Also effective from 1 January 2013, Galp Energia started to recognise net interest expense related to its defined-benefit post-employment plans under financial results, while they were previously recognised under staff costs. This change was reflected in the financial statements of the third quarter and first nine months of 2012 so as to make periods comparable.

Galp Energia completed on 1 August 2012 the acquisition of a 21.9% equity stake in Setgás, which holds a regulated concession for the distribution of natural gas, thereby raising its stake in the company to 66.9%. As from this date Galp Energia started to fully consolidate Setgás, which was previously accounted for under results from associates. This change was not reflected in the financial statements of the third quarter and first nine months of 2012.

2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

Third Quarter					2013	Nine Months				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
357	**(45)**	**312**	**0**	**312**	**Ebitda**	**786**	**72**	**859**	**11**	**869**
110	-	110	(0)	110	E&P	286	-	286	1	286
122	(48)	74	(0)	74	R&M	168	71	238	10	248
119	3	122	1	122	G&P	317	2	318	0	318
6	(0)	6	-	6	Others	16	-	16	0	16

€ m

Third Quarter					2012	Nine Months				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
414	**(96)**	**318**	**(9)**	**310**	**Ebitda**	**885**	**(84)**	**801**	**(2)**	**799**
110	-	110	(0)	110	E&P	291	-	291	6	297
198	(100)	98	(9)	89	R&M	318	(81)	237	(8)	229
100	5	105	0	105	G&P	266	(3)	263	0	264
6	0	6	-	6	Others	9	-	9	0	10

2.2. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

Third Quarter					2013	Nine Months				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
166	**(45)**	**121**	**21**	**142**	**Ebit**	**285**	**72**	**357**	**83**	**441**
34	-	34	17	51	E&P	70	-	70	70	140
28	(48)	(21)	3	(18)	R&M	(63)	71	8	14	21
99	3	102	0	102	G&P	264	2	265	(0)	265
5	(0)	5	-	5	Others	14	-	14	0	14

€ m

Third Quarter					2012	Nine Months				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
269	**(96)**	**173**	**4**	**177**	**Ebit**	**510**	**(84)**	**426**	**29**	**455**
47	-	47	12	59	E&P	138	-	138	36	174
132	(100)	31	(6)	26	R&M	141	(81)	60	(6)	55
85	5	90	(2)	88	G&P	225	(3)	222	(2)	220
5	0	5	-	5	Others	6	-	6	0	7

3. REPLACEMENT COST ADJUSTED SALES AND SERVICES RENDERED

€ m

Third Quarter					Nine Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,925	**5,808**	**884**	**17.9%**	**Sales and services rendered RCA**	**14,276**	**14,903**	**627**	**4.4%**
127	157	30	23.3%	Exploration & Production[1]	338	419	81	24.1%
4,154	4,896	742	17.9%	Refining & Marketing	12,022	12,570	548	4.6%
691	871	180	26.1%	Gas & Power	2,199	2,413	214	9.7%
31	28	(3)	(10.9%)	Others	91	90	(1)	(1.2%)
(78)	(142)	(64)	(82.7%)	Consolidation adjustments	(373)	(589)	(215)	(57.6%)

[1]Does not include change in production. RCA sales and services rendered in the E&P business, including change in production, amounted to €419 m and €164 m, in the first nine months and third quarter of 2013, respectively.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.0	(0.0)	Gains / losses on disposal of assets	(0.0)	(0.0)
-	(0.0)	Assets write-offs	-	0.6
11.8	17.6	Assets impairments	29.7	68.0
-	(0.2)	Provision and impairment of receivables	-	1.5
(0.0)	-	Other services rendered - Brazil capital increase studies	5.9	-
11.8	**17.4**	**Non-recurrent items of Ebit**	**35.6**	**70.2**
11.8	**17.4**	**Non-recurrent items before income taxes**	**35.6**	**70.2**
(4.0)	0.2	Income taxes on non-recurrent items	(11.0)	(3.7)
(2.3)	0.1	Minority interest	(3.8)	(2.1)
5.5	**17.7**	**Total non-recurrent items**	**20.7**	**64.3**

REFINING & MARKETING

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.0	0.0	Accidents caused by natural facts and insurance compensation	(1.0)	0.2
(0.2)	(0.3)	Gains / losses on disposal of assets	(1.5)	(0.6)
(0.0)	0.0	Assets write-offs	0.1	0.8
-	2.6	Penalties	-	2.6
0.2	6.1	Employees contracts rescission	2.6	15.6
-	(8.9)	Accidents - fire in Sines Refinery	-	(8.9)
0.1	1.1	Provisions for environmental charges and others	0.1	1.5
2.8	1.1	Provision and impairment of receivables	2.8	1.1
(0.0)	1.2	Assets impairments	(0.0)	1.2
(8.6)	-	Platinum sell	(8.6)	-
(5.7)	**3.0**	**Non-recurrent items of Ebit**	**(5.6)**	**13.6**
-	(52.1)	Capital gains / losses on disposal of financial investments	-	(52.1)
(1.1)	-	Goodwill following stake increase in Setgás	(1.1)	-
(6.8)	**(49.1)**	**Non-recurrent items before income taxes**	**(6.7)**	**(38.5)**
2.4	9.5	Income taxes on non-recurrent items	2.2	6.2
(4.4)	**(39.6)**	**Total non-recurrent items**	**(4.5)**	**(32.3)**

GAS & POWER

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
-	-	Gains / losses on disposal of assets	(0.0)	-
0.0	-	Assets write-offs	0.0	(0.0)
-	0.5	Employees contracts rescission	0.1	0.1
(1.7)	-	Provisions for environmental charges and others	(1.7)	-
-	(0.2)	Assets impairments	-	(0.6)
(1.7)	**0.3**	**Non-recurrent items of Ebit**	**(1.6)**	**(0.4)**
(5.4)	0.1	Capital gains / losses on disposal of financial investments	(5.4)	0.1
(3.5)	-	Goodwill following stake increase in Setgás	(3.5)	-
(10.6)	**0.5**	**Non-recurrent items before income taxes**	**(10.5)**	**(0.3)**
2.1	(0.1)	Income taxes on non-recurrent items	2.0	0.1
(8.5)	**0.4**	**Total non-recurrent items**	**(8.5)**	**(0.2)**

OTHER

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
-	-	Accidents caused by natural facts and insurance compensation	(0.1)	-
-	-	Employees contracts rescission	0.4	0.1
-	**-**	**Non-recurrent items of Ebit**	**0.3**	**0.1**
-	**-**	**Non-recurrent items before income taxes**	**0.3**	**0.1**
-	-	Income taxes on non-recurrent items	(0.1)	(0.0)
-	**-**	**Total non-recurrent items**	**0.2**	**0.1**

CONSOLIDATED SUMMARY

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.0	0.0	Accidents caused by natural facts and insurance compensation	(1.1)	0.2
(0.2)	(0.3)	Gains / losses on disposal of assets	(1.6)	(0.6)
0.0	(0.0)	Assets write-offs	0.1	1.4
(8.6)	-	Platinum sell	(8.6)	-
0.2	6.6	Employees contracts rescission	3.1	15.8
-	(8.9)	Accidents - fire in Sines Refinery	-	(8.9)
(1.6)	1.1	Provisions for environmental charges and others	(1.6)	1.5
2.8	0.9	Provision and impairment of receivables	2.8	2.6
11.8	18.7	Assets impairments	29.7	68.7
-	2.6	Penalties	-	2.6
(0.0)	-	Other services rendered - Brazil capital increase studies	5.9	-
4.4	**20.8**	**Non-recurrent items of Ebit**	**28.8**	**83.4**
(5.4)	(52.0)	Capital gains / losses on disposal of financial investments	(5.4)	(51.9)
(4.6)	-	Goodwill following stake increase in Setgás	(4.6)	-
(5.6)	**(31.2)**	**Non-recurrent items before income taxes**	**18.7**	**31.4**
0.5	9.6	Income taxes on non-recurrent items	(6.9)	2.6
(2.3)	0.1	Minority interest	(3.8)	(2.1)
(7.4)	**(21.5)**	**Total non-recurrent items**	**8.0**	**31.9**

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

Third Quarter			Nine Months	
2012	2013		2012	2013
		Operating income		
4,800	5,680	Sales	13,928	14,525
125	129	Services rendered	348	378
34	37	Other operating income	91	117
4,959	**5,846**	**Total operating income**	**14,367**	**15,020**
		Operating costs		
(4,205)	(5,109)	Inventories consumed and sold	(12,462)	(13,110)
(243)	(266)	Material and services consumed	(728)	(783)
(81)	(89)	Personnel costs	(240)	(261)
(16)	(24)	Other operating costs	(53)	(80)
(4,545)	**(5,489)**	**Total operating costs**	**(13,482)**	**(14,234)**
414	**357**	**Ebitda**	**885**	**786**
(111)	(164)	Amortisation and depreciation cost	(319)	(448)
(35)	(28)	Provision and impairment of receivables	(55)	(54)
269	**166**	**Ebit**	**510**	**285**
19	16	Net profit from associated companies	61	47
5	52	Net profit from investments	5	52
		Financial results		
23	22	Financial profit	53	80
(32)	(53)	Financial costs	(109)	(168)
(13)	(8)	Exchange gain (loss)	11	(8)
4	6	Profit and cost on financial instruments	3	7
(0)	(0)	Other gains and losses	(1)	(1)
275	**200**	**Profit before taxes**	**534**	**294**
(88)	(70)	Income tax expense	(169)	(113)
188	**130**	**Profit before minority interest**	**365**	**181**
(15)	(17)	Profit attributable to minority interest	(34)	(41)
173	**113**	**Net profit for the period**	**331**	**140**
0.21	**0.14**	**Earnings per share (in Euros)**	**0.40**	**0.17**

5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December, 2012	30 June, 2013	30 September, 2013
Assets			
Non-current assets			
Tangible fixed assets	4,490	4,596	4,577
Goodwill	232	232	232
Other intangible fixed assets[1]	1,458	1,532	1,525
Investments in associates	399	403	474
Investments in other participated companies	3	3	3
Assets available for sale	-	58	-
Other receivables[2]	1,078	850	912
Deferred tax assets	252	299	290
Other financial investments	19	21	27
Total non-current assets	**7,932**	**7,995**	**8,040**
Current assets			
Inventories	1,976	1,761	1,967
Trade receivables	1,351	1,402	1,314
Other receivables	755	1,026	1,060
Other financial investments	7	8	4
Current Income tax recoverable	(0)	0	(0)
Cash and cash equivalents	1,887	1,965	1,663
Total current assets	**5,976**	**6,162**	**6,009**
Total assets	**13,909**	**14,157**	**14,048**
Total assets	**13,909**	**14,157**	**14,048**
Exploration & Production	6,234	6,212	5,959
Refining & Marketing	7,401	7,320	7,346
Gas & Power	2,575	2,550	2,663
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(48)	(75)	(182)
Other reserves	2,685	2,684	2,684
Hedging reserves	(6)	(4)	(3)
Retained earnings	1,516	1,796	1,676
Profit attributable to equity holders of the parent	343	27	140
Equity attributable to equity holders of the parent	**5,401**	**5,340**	**5,228**
Minority interest	1,305	1,316	1,284
Total equity	**6,706**	**6,656**	**6,512**
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1,858	1,788	1,751
Bonds	619	1,670	1,487
Other payables	534	533	576
Retirement and other benefit obligations	327	312	320
Deferred tax liabilities	131	132	135
Other financial instruments	7	4	3
Provisions	138	182	174
Total non-current liabilities	**3,614**	**4,620**	**4,447**
Current liabilities			
Bank loans and overdrafts	539	478	287
Bonds	566	146	330
Trade payables	1,469	1,254	1,466
Other payables	1,005	997	1,004
Other financial instruments	9	6	3
Income tax	0	(0)	(0)
Total current liabilities	**3,588**	**2,881**	**3,090**
Total liabilities	**7,203**	**7,501**	**7,537**
Total equity and liabilities	**13,909**	**14,157**	**14,048**

[1] Includes concession agreements for the distribution of natural gas

[2] Includes the medium-term portion of the loan to Sinopec

DEFINITIONS

Crack spread

Difference between the price of an oil product and the price of Dated Brent.

EBIT

Operating profit.

EBITDA

Operating profit plus depreciation, amortisation and provisions.

GALP ENERGIA, COMPANY OR GROUP

Galp Energia, SGPS, S. A. and associates.

IRP

Income tax on oil sales in Angola.

BENCHMARK REFINING MARGIN

The benchmark refining margin is calculated with the following weighting: 45% hydrocracking margin + 42.5% Rotterdam cracking margin + 7% Rotterdam base oils + 5.5% Aromatics.

ROTTERDAM HYDROCRACKING MARGIN

The Rotterdam hydrocracking margin has the following profile: -100% dated Brent, +2.2% LPG FOB Seagoing (50% Butane + 50% Propane), +19.1% PM UL NWE FOB Bg, +8.7% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF and +8.9% LSFO 1% FOB Cg.; C&Q: 7.9%; Terminal rate: 1$/ton; Ocean loss: 0.15% over Brent; Freight 2013: WS Aframax (80 kts). Route Sullom Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg, +7.5% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF and +15.3% LSFO 1% FOB Cg.; C&Q: 7.4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Brent; Freight 2013: WS Aframax (80 kts). Route Sullow Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LPG FOB Seagoing (50% Butane + 50% Propane), +13% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg, +14.0% Base oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE; Losses: 7.4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2013: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM AROMATICS MARGIN

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg, - 40.0% Naphtha NWE FOB Bg., + 37% Naphtha NWE FOB Bg., + 16.5% PM UL NWE FOB Bg + 6.5% Benzene Rotterdam FOB Bg + 18.5% Toluene Rotterdam FOB Bg + 16.6% Paraxylene Rotterdam FOB Bg + 4.9% Ortoxylene Rotterdam FOB Bg.; Consumptions: - 18% LSFO 1% CIF NEW. Yields in % of weight.

REPLACEMENT COST (RC)

According to this method of valuing inventories, the cost of goods sold is valued at the of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by accounting standards – either Portuguese GAAP or IFRS – and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

REPLACEMENT COST ADJUSTED (RCA)

In addition to using the replacement cost method, adjusted profit excludes non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its operational performance.

ABBREVIATIONS:

APETRO: *Associação portuguesa de Empresas petrolíferas* (Portuguese association of oil companies)

bbl: oil barrel

BBLT: Benguela, Belize, Lobito and Tomboco

bn: billion

boe: barrels of oil equivalent

Bg: Barges

Cg: Cargoes

CIF: Costs, Insurance and Freights

CORES: *Corporación de reservas estratégicas de produtos petrolíferos*

D&A: Depreciation & amortisation

DGEG: Direção Geral de Energia e Geologia

E&P: Exploration & Production

€: Euro

FOB: Free on Board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GWh: Gigawatt hour

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

LSFO: Low sulphur fuel oil

k: thousand

kbbl: thousand barrels

kboe: thousand barrels of oil equivalent

kboepd: thousand barrels of oil equivalente per day

kbopd: thousand barrels of oil per day

LNG: liquified natural gas

m: million

m^3: cubic metres

mbbl: million barrels

mboepd: million barrels of oil equivalente per day

mbopd: million barrels of oil per day

mm^3: million cubic metres

mton: million tonnes

NBP: National Balancing Point

NYSE: New York Stock Exchange

n.m.: not meaningful

PM UL: Premium unleaded

PSA: Production Sharing Agreement

R&M: Refining & Marketing

RC: replacement cost

RCA: replacement cost adjusted

Ton: tonnes

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes

USD/$: Dollar of the United States of America

USA or US: United States of America

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