



RESULTS

FOURTH QUARTER AND TWELVE MONTHS OF 2013



*An integrated energy operator focused
on exploration and production*

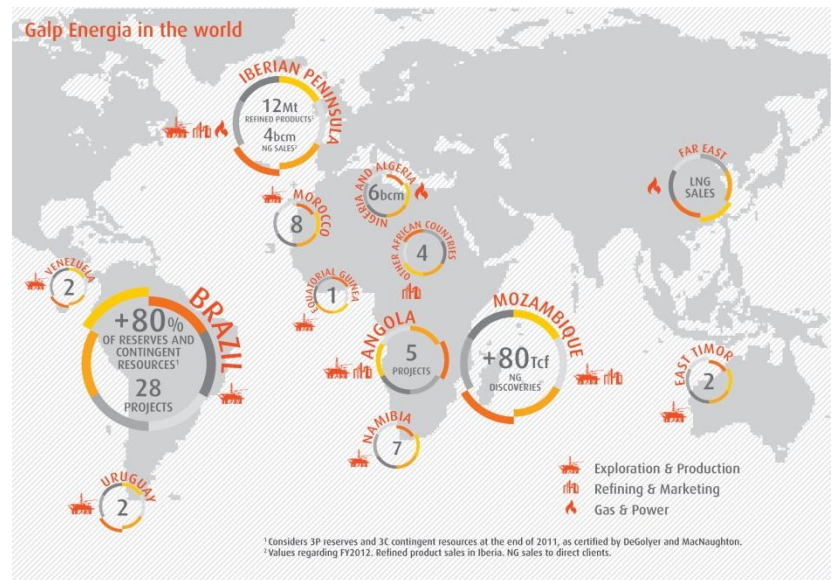
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In Collaboration with RobecoSAM

Results – Fourth quarter and twelve months of 2013

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 sustainable value.

Our strategy

To strengthen our exploration and production activities in order to deliver profitable and sustainable growth to shareholders, based on an 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 establish successful and enduring partnerships.
- We offer integrated know-how.
- We benefit from a solid and flexible organisation.
- We have acquired skills in some of the most promising projects worldwide.

To learn more visit www.galpennergia.com.

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EXECUTIVE SUMMARY

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

In exploration and appraisal, the completion of drilling of the exploration well Bracuhy, in block BM-S-24, in Brazil's Santos basin, had particular relevance as it confirmed connectivity with the Júpiter area and reinforced the volumes of oil and condensates to be developed. In block BM-S-11, in the same basin, after the drilling of the Iara HA well was completed, the consortium started a Drill Stem Test (DST) to test the pressure, permeability and productivity of that area of the reservoir. In the Potiguar basin, the exploration well Pitú started to be drilled and revealed the first discovery of an oil accumulation in the secondary objective, thereby opening a new play in the Brazilian offshore.

The Company proceeded with relevant development activities in the period. In the Santos basin, progress was particularly important in the Lula NE area, where FPSO Cidade de Paraty (FPSO #2) has produced through one well c.30 kbopd since the connection of the first gas injector well. In January 2014, the second producing well was connected through flexible risers to the FPSO, which led to a production increase of around 28 kbopd. Within the scope of the Lula project, Galp Energia continued to test the water alternating gas injection (WAG) technique and proceeded with reservoir data acquisition (RDA) drilling campaign in different areas of the field.

Replacement cost adjusted (RCA) Ebitda amounted to €271 million (m) in the fourth quarter of 2013, up 16% year on year (yoy). This resulted from the increase of

net entitlement production in the E&P business segment and stronger liquefied natural gas (LNG) supply & trading activity in the Gas & Power (G&P) business segment, which offset lower results of the Refining & Marketing (R&M) business segment.

RCA net profit for the fourth quarter of 2013 increased €8 m yoy to €92 m despite being affected by higher depreciations in the E&P and R&M business segments.

Investment in the period amounted to €236 m, with exploration and production activities, namely the development activities in Brazil's Lula field, accounting for around 70% of the total.

Net debt at the end of December 2013 amounted to €2,173 m, or €1,302 m considering the loan to Sinopec as cash and cash equivalents. In this context, net debt to Ebitda stood at 1.1x.

OPERATING HIGHLIGHTS IN THE FOURTH QUARTER OF 2013

- Net entitlement production of oil and natural gas in the fourth quarter of 2013 was 21.9 kboepd, with production from Brazil accounting for around 65% of the total;
- Galp Energia's refining margin in the quarter was \$1.7/bbl on the back of the positive contribution of the Sines hydrocracking complex;
- The marketing of oil products performed better than the same period a year earlier as the Iberian market for oil products recovered and cost-optimisation measures were implemented;
- Sales of natural gas in the period amounted to 1,941 million cubic metres (mm³), with trading volumes in international markets increasing by 44% yoy.

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KEY FIGURES

FINANCIAL DATA

€ m (RCA)

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
234	271	38	16.2%	Ebitda	1,032	1,141	108	10.5%
77	109	33	42.4%	Exploration & Production	373	396	22	5.9%
80	67	(12)	(15.6%)	Refining & Marketing	308	315	7	2.2%
87	93	6	7.5%	Gas & Power	350	412	61	17.5%
147	149	3	1.7%	Ebit	602	590	(12)	(2.0%)
72	91	19	26.8%	Exploration & Production	245	231	(14)	(5.7%)
21	(18)	(39)	n.m.	Refining & Marketing	75	3	(72)	(95.7%)
65	75	11	16.5%	Gas & Power	285	340	56	19.5%
83	92	8	9.9%	Net profit	360	310	(50)	(13.9%)
308	236	(72)	(23.5%)	Investment	862	963	101	11.8%
766	1,302	536	n.a.	Net debt including loan to Sinopec	766	1,302	536	n.a.
0.7x	1.1x	0.4x	n.a.	Net debt inc. loan to Sinopec to Ebitda	0.7x	1.1x	0.4x	n.a.

OPERATIONAL DATA

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
23.4	25.3	1.9	8.3%	Average working interest production (kboepd)	24.4	24.5	0.1	0.5%
17.6	21.9	4.2	24.1%	Average net entitlement production (kboepd)	18.1	20.8	2.7	15.1%
98.9	108.3	9.4	9.5%	Oil and gas average sale price (USD/boe)	101.3	100.8	(0.5)	(0.5%)
18,791	21,348	2,557	13.6%	Crude processed (kbbbl)	81,792	87,528	5,736	7.0%
0.9	1.7	0.8	82.5%	Galp Energia refining margin (USD/bbl)	2.2	2.2	(0.0)	(1.7%)
2.3	2.6	0.3	11.6%	Oil sales to direct clients (mton)	9.8	9.9	0.1	1.1%
1,558	1,941	383	24.6%	NG supply total sales (mm ³)	6,253	7,090	837	13.4%
562	810	247	44.0%	NG/LNG trading sales (mm ³)	2,242	3,034	792	35.3%
345	486	142	41.1%	Sales of electricity to the grid ¹ (GWh)	1,298	1,904	606	46.7%

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

MARKET INDICATORS

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
110.1	109.2	(0.8)	(0.8%)	Dated Brent price ¹ (USD/bbl)	111.7	108.7	(3.0)	(2.7%)
(1.4)	(1.6)	0.2	10.6%	Heavy-light crude price spread ² (USD/bbl)	(1.5)	(1.3)	(0.2)	(14.0%)
65.4	67.5	2.1	3.2%	UK NBP natural gas price ³ (GBP/therm)	59.8	68.0	8.3	13.8%
14.7	17.9	3.2	22.0%	LNG Japan and Korea price ¹ (USD/mmbtu)	15.1	16.6	1.5	9.7%
3.8	(0.1)	(4.0)	n.m.	Benchmark refining margin ⁴ (USD/bbl)	3.5	1.2	(2.4)	(67.5%)
15.0	15.1	0.1	1.0%	Iberian oil market ⁵ (mton)	61.6	58.6	(3.0)	(4.9%)
9,231	8,928	(304)	(3.3%)	Iberian natural gas market ⁶ (mm ³)	35,388	32,674	(2,714)	(7.7%)

¹ Source: Platts.

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

³ Source: Bloomberg.

⁴ For a complete description of the method of calculating the new benchmark refining margin see "Definitions".

⁵ Source: Apetro for Portugal; Cores for Spain and includes an estimate for December 2013.

⁶ Source: Galp Energia and Enagás.

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EXPLORATION AND APPRAISAL ACTIVITIES

In the fourth quarter of 2013, Galp Energia continued with its outlined exploration and appraisal campaign, aiming to increase resources in its portfolio.

BRAZIL

In November, Galp Energia completed the drilling of lara HA appraisal well, the fifth well in the lara field, in block BM-S-11. The well was designed and executed with a sub-horizontal geometry at 72°, having been the first horizontal well to be drilled in the lara area. Upon the completion of the well, the consortium began a DST for testing the pressure, permeability and productivity of that area of the reservoir, which is still ongoing. In the fourth quarter of 2013 another DST was performed, at lara West-1 well, which contributed to enhance knowledge of that area.

Still in the Santos basin, by the end of October, Galp Energia completed the drilling of the Bracuhu prospect, in block BM-S-24, which indicated the presence of hydrocarbons and confirmed the same mix of fluids which were identified in the area of Júpter, as well as the connectivity with that area. Accordingly, the volumes to be developed in block BM-S-24, namely oil and condensates, were thus reinforced.

In December, Galp Energia began the drilling of the Carcará Extension appraisal well, in block BM-S-8, which was suspended in January 2014 due to issues with the rig's performance. The consortium is still evaluating whether to drill the well in two stages with two different rigs, or whether the well should be drilled in one stage. In any case, the second drilling stage will begin in the second half of the year, followed by a formation test. This is due to the need of availability of a rig with an adequate equipment for the drilling of high pressure reservoirs.

In the Potiguar basin, Galp Energia continued its planned exploration campaign for 2013, with the drilling of the Pitú well which revealed the first oil accumulation in that basin, in the secondary objective, which was of Upper Aptian geological age, thus opening a new play in the Brazilian offshore. The consortium proceeded with its activities aimed at drilling the well until the target depth, verifying the extension of the new discovery and at characterizing the reservoir conditions. The Araraúna and Tango wells which were completed in the second and third quarter of the year, respectively, had already confirmed the presence of an active hydrocarbon system in the basin, although these two discoveries were considered as non-commercial.

MOZAMBIQUE

In the Rovuma basin, the consortium completed the programmed exploration and appraisal campaign for 2013 with the drilling of three wells.

The Agulha-1 well has proved the existence of a new exploration play in the South of Area 4, with estimated resources of natural gas in place between 5 and 7 tcf. At the same time, evidence of wet gas was found in the Cretaceous interval, which will be object of further evaluation. With regards to the appraisal campaign in the Mamba/Coral complex, Galp Energia has completed the drilling of the Mamba South-3 and Mamba Northeast-3 wells during the first and third quarter, respectively, which increased knowledge of the reservoir and estimated the potential of natural gas in place in the Mamba/Coral complex at 80 tcf.

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SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A ¹	Spud date	Duration (# days)	Well status
Brazil²						
Lula	Lula Oeste-2	10%	A	4Q12	-	Concluded
Iara	Iara Oeste-2	10%	A	4Q12	-	Concluded
Iara	Iara HA	10%	A	3Q13	-	DST in progress
BM-S-8	Carcará (extension) - 1 st phase	14%	A	4Q13	60	Suspended
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 continued to take important steps in the development of projects in Brazil, namely the Lula/Iracema project, aiming to execute these on time and on budget. Accordingly, critical equipment contracts have been awarded to Brazilian and international companies for the development of the project.

During the fourth quarter of 2013, the Company proceeded with the development plan defined for the Lula/Iracema field. In the Lula NE area, FPSO Cidade de Paraty, which began operating in June with one producer well, achieved stable production of c.30 kbopd, which represents the highest productivity rate of the wells currently in production in the Lula field. Following the previously announced contingency plan, the consortium has completed the connection of the second producer well to the FPSO during the beginning of January 2014, through a flexible riser system, having achieved a production of c.28 kbopd. In this way, during the first quarter of 2014, production will already benefit from this connection. It should be noted that production in FPSO Cidade de Paraty was suspended during one week in January

due to a leak in the gas injection compression collection system, with the issue having been fixed and production been normalised in c.57 kbopd.

The consortium for the development of the area has also proceeded with the installation of the first Buoyancy Supported Risers system (BSR) in the beginning of the month of January, as planned. The BSR is already submersed, being connected to four foundations at the seabed through eight tethers. The consortium expects the connection of two producer wells, through the BSR, in the second quarter of 2014, according to plan. The installation of the second BSR, BSR North, is expected for the second quarter of 2014, when operations for the second producer well, currently under production, will have to be interrupted for that installation. It is thus expected that the maximum production capacity will be reached by the end of the year, 18 months after FPSO Cidade de Paraty entry in operation.

FPSO Cidade de Paraty was connected to the Lula-Mexilhão gas pipeline in the first quarter of 2014, and it is scheduled to start exporting gas by the beginning of the second quarter. With regards to the construction of the Lula-Cabiúnas gas pipeline, the second pipeline for natural gas export in the Santos

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basin, the consortium has responded to the requests of the Brazilian Institute for the Environment and Natural Renewable Resources (IBAMA), and it is expected that the environmental license for the project will be issued in the first quarter of 2014. In the meanwhile, most of the construction works for these pipes has already been concluded and the equipment is located in Brazil. This gas pipeline, which has an export capacity of c.15 mm³ of natural gas per day, is expected to start operations in 2015.

It is also worth highlighting the beginning of the Extended Well Tests (EWT) in the Lula Central and Lula South areas, which are producing through FPSO Dynamic Producer since October, and FPSO Cidade de São Vicente since November, respectively. Both FPSO have reached a stable production of c.15 kbopd each, constrained by the natural gas flaring restrictions imposed by the Brazilian regulator (ANP).

During the fourth quarter of 2013, the execution of future FPSO scheduled to come into operation in the Lula/Iracema field, has also progressed. Installation works of the topsides modules of FPSO Cidade de Mangaratiba (FPSO #3) continued to proceed according to plan in the Brasfels shipyard, in Brazil, with an execution rate of 81%. The start of operations of the FPSO, with a production capacity of c.150 kbopd and 8 mm³ of natural gas per day, is scheduled for the fourth quarter of 2014 in the Iracema South area. The remaining FPSO which will be allocated to the Lula/Iracema project between December 2015 and the first quarter of 2016, are currently being converted in shipyards in China, in order to secure the start of production in that time frame in the areas of Iracema North, Lula Alto and Lula Central.

During the fourth quarter of 2013, Galp Energia proceeded with the development of the Lula/Iracema wells, where the drilling of one producer well was concluded in Lula NE area and completion activities were performed in two development wells. The

Company continued with its scheduled drilling plan in the Iracema South area, where one injector well was concluded and one producer well and one injector well are being drilled.

The Water Alternating Gas (WAG) injection continues to be tested in Lula-1, where the aim is to increase the pressure in the reservoir in a way as to sustain production level and increase the recovery factor in that area. There are currently two WAG wells connected to FPSO Cidade de Angra dos Reis (FPSO #1), where the first WAG well has been under the gas injection cycle since June upon executing the water cycle, and the second WAG well has been under the water injection cycle. The WAG injection process for the Lula-1 project began in 2013 and has revealed an excellent response from the reservoir. On one hand, the gas/CO₂ is reinjected in the reservoir as a form of reducing oil viscosity and thus increasing flow, on the other, the water cycle facilitates the displacement of oil towards the producer well. The process, in a stabilised stage, consists of successive water and gas injection cycles for periods of around three months each.

During the fourth quarter of 2013 it was concluded the drilling of RDA wells in the Lula Extreme South and Lula West areas, as well as it begun the drilling of the first RDA well in the Iara area. The programme has particular relevance since by increasing reservoir knowledge, the consortium can adapt the equipment used to the specific conditions of each area and, consequently, decrease the risk associated to the development of the field.

ANGOLA

Six development wells were drilled in Angola during 2013, three of which in the fourth quarter of 2013. Of these, two wells were drilled in the Tômbua-Lândana field and one in BBLT field, which both are located in block 14.

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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	5	-
FPSO Cidade de Paraty	Injectors	6	5	-
Iracema Sul	Producers	8	4	1
FPSO Cidade de Mangaratiba	Injectors	8	3	1

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OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

In the fourth quarter of 2013, the dated Brent averaged \$109.2/bbl, in line with a year earlier. Whereas geopolitical tensions played a role in the fourth quarter of 2012, the shortfall in Libyan exports influenced the price in the fourth quarter of 2013.

In 2013, the dated Brent averaged \$108.7/bbl, down 3% from a year earlier, when the price was influenced by political unrest in some oil-producing countries, namely in the Middle East.

In the fourth quarter of 2013, the average spread between prices of heavy and light crude widened to -\$1.6/bbl from -\$1.4/bbl a year earlier. This was the result of the lower demand for heavy crude, which followed the maintenance shutdown of some refineries in Western Europe and the former Soviet Union.

In the twelve months of 2013, the average spread between the prices of heavy and light crude narrowed \$0.2/bbl yoy to -\$1.3/bbl.

REFINING MARGINS

In the fourth quarter of 2013, Galp Energia's benchmark margin dropped \$4.0/bbl yoy to -\$0.1/bbl as the cracking and hydrocracking margins decreased \$3.8/bbl and \$4.0/bbl yoy, respectively, on the back of a decrease in crack spreads for gasoline, diesel and fuel oil. Diesel and gasoline crack spreads decreased \$5.1/bbl and \$4.5/bbl, respectively, influenced by

excess refining capacity in Europe and increasing exports of oil products, namely diesel, by refineries in the USA and the Middle East.

In the twelve months of 2013, Galp Energia's benchmark refining margin decreased \$2.4/bbl yoy to \$1.2/bbl as hydrocracking and cracking margins decreased \$2.7/bbl and \$2.5/bbl, respectively.

IBERIAN MARKET

In the fourth quarter of 2013, the Iberian market for oil products remained stable at 15.1 million tonnes (mton) compared with a year earlier. The Portuguese market showed a positive evolution of 4% while demand in the Spanish market was unchanged. The markets for diesel and jet, in particular, experienced a 4% and 5% increase, respectively.

In 2013, the Iberian market for oil products contracted 5% yoy to 58.6 mton, which reflected the adverse economic environment that contributed to a decrease of demand for oil products of 5% and 3% in Spain and Portugal, respectively.

In the fourth quarter of 2013, the Iberian market for natural gas contracted 3% yoy to 8,928 mm³, primarily as a result of lower demand from the electrical segment, which was down by close to 18% as a result of the increase in hydro and wind electricity production.

In 2013, the Iberian market for natural gas contracted 8% yoy to 32,674 mm³, which was mainly due to the 37% decrease in demand from the electrical segment.

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2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
23.4	25.3	1.9	8.3%	Average working interest production ¹ (kboepd)	24.4	24.5	0.1	0.5%
17.6	21.9	4.2	24.1%	Average net entitlement production (kboepd)	18.1	20.8	2.7	15.1%
6.8	7.9	1.0	14.8%	Angola	7.8	8.3	0.5	7.1%
10.8	14.0	3.2	29.9%	Brazil	10.3	12.5	2.2	21.1%
98.9	108.3	9.4	9.5%	Average realised sale price (USD/boe)	101.3	100.8	(0.5)	(0.5%)
9.2	10.3	1.1	12.3%	Royalties ² (USD/boe)	9.5	9.5	(0.0)	(0.3%)
18.5	15.7	(2.8)	(15.0%)	Operating cost (USD/boe)	13.3	13.7	0.3	2.4%
8.1	11.7	3.6	44.8%	Amortisation ³ (USD/boe)	20.6	22.5	1.9	9.5%
77	109	33	42.4%	Ebitda	373	396	22	5.9%
10	19	8	81.1%	Depreciation & Amortisation	106	162	56	52.5%
(5)	(0)	5	n.m.	Provisions	22	2	(20)	n.m.
72	91	19	26.8%	Ebit	245	231	(14)	(5.7%)

¹ Includes production of natural gas which was exported (excludes gas which was consumed or injected).

² Based on production from Brazil.

³ Excludes abandonment provisions.

OPERATIONS

FOURTH QUARTER

In the fourth quarter of 2013, the average working interest production of oil and natural gas increased by 8% yoy to 25.3 kboepd, of which 98% was oil production.

In Angola, production decreased around 1.3 kbopd, or 10%, yoy to 11.3 kbopd as production dropped in block 14's Tômbua-Lândana (TL) and BBLT fields due to their natural decline stage. Production in the quarter was also hit by the several stoppages of FPSO Kuito, which ended up being decommissioned from the field in mid-December, as planned.

The 30% increase in Brazilian production to 14.0 kboepd was mainly supported by the Lula NE area, in the Lula field, which benefited from the output of one producer well throughout the quarter. FPSO Cidade de Paraty has accounted for around 22% of total production in Brazil. The start of EWT in the Lula Central and Lula Sul areas in October and November, respectively, also contributed, with a joint production of 1.8 kbopd, to the increasing production from Brazil.

Production from FPSO Cidade Angra dos Reis fell, however, 15% yoy following scheduled maintenance activities in the Mexilhão platform and constraints in the natural gas compression system, which had an impact on the export of natural gas and, consequently, on oil production. In addition, the injection of natural gas increased from June 2013 as the gas cycle started in the WAG well, with consumed and injected gas accounting for around 88% of the gas produced in the fourth quarter of 2013, compared with 14% a year earlier. As a result, the export of gas in the Lula-1 area decreased 85% compared with the fourth quarter of 2012, from 1.9 kboepd to 0.3 kboepd.

Net entitlement production increased around 24% yoy to 21.9 kboepd, supported by increasing contribution in Angola and Brazil. In Angola, the higher contribution was due to increased production rates available from cost oil, under the production sharing agreement (PSA) contracts.

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TWELVE MONTHS

In 2013, working interest production of oil and natural gas remained stable at 24.5 kboepd compared with a year earlier, with increasing production from Brazil offsetting decreasing production from Angola.

Production in Brazil increased 21% yoy to 12.5 kboepd as a result of the increase in production from FPSO Angra dos Reis and the contribution from FPSO Cidade de Paraty, which began production in June 2013 with one producer well. Production in the Lula-1 area reached 10.2 kboepd in 2013, corresponding to a capacity utilisation rate of around 90%. On the other hand, production from Angola decreased 15% yoy, from 14.1 kbopd to 12.0 kbopd. The declining stage of the Kuito and BBLT fields, in block 14, maintenance activities in the first quarter of 2013 and the stoppages of FPSO Kuito in the fourth quarter of the year resulted in a decline of production in Angola in the period.

Net entitlement production increased 15% yoy to 20.8 kboepd, supported by the growth of production in Brazil and increased production rates available from cost oil, under the cost-recovery mechanisms of the PSA in Angola.

RESULTS

FOURTH QUARTER

Ebitda in the quarter amounted to €109 m, up €33 m from a year earlier as net entitlement production increased and the average sale price of oil and natural gas increased.

The average sale price was \$108.3/boe, up from \$98.9/boe a year earlier, primarily as a result of the increased weight of oil production compared to that of natural gas.

Production costs remained stable yoy at €23 m, with higher costs in Brazil being offset by lower costs in Angola. In Brazil, costs increased mainly on the back of the activity of FPSO Cidade de Paraty and the start

of EWT operations in the Lula Central and Lula Sul areas. In Angola, decrease of production and the demobilisation of FPSO Kuito led to a reduction in production costs. In unit terms, on a net entitlement basis, production costs in the fourth quarter of 2013 decreased by around \$2.8/boe yoy to \$15.7/boe.

Other operating costs increased around €4 m yoy to €18 m as insurance premiums related to operations in Brazil were revised upwards on the back of higher activity and investment in the country.

In the fourth quarter of 2013, depreciation charges excluding abandonment provisions amounted to €17 m, up from €10 m a year earlier. This was primarily due to a smaller downward correction of depreciation charges in the fourth quarter of 2013, following the revision of reserves, than in the same period of 2012. On a net entitlement basis, unit depreciation charges increased from \$8.1/boe yoy to \$11.7/boe. This figure would have been \$22.0/boe if the correction of depreciation charges related to previous quarters, as a result of the upward revision of reserves, had not been accounted for.

Provisions for abandonment amounted to €1 m compared with a positive amount of €5 m a year earlier.

Consequently, Ebit increased €19 m yoy to €91 m.

TWELVE MONTHS

Ebitda in 2013 increased €22 m yoy to €396 m, primarily on the back of higher net entitlement production.

The average sale price in the period decreased to \$100.8/boe from \$101.3/boe a year earlier on the back of oil price decrease in international markets.

Production costs increased €10 m yoy to €78 m following the start of operations of FPSO Cidade de Paraty, in Brazil, and the increase in production costs in Angola that was mainly related to the maintenance activities related to the maturity stage of block 14

Results – Fourth quarter and twelve months of 2013

fields. In unit terms, production costs in the 2013 increased to \$13.7/boe from \$13.3/boe a year earlier.

Other operating costs increased €16 m yoy to €65 m due to reinforcement of the E&P team and the upward revision of insurance premiums related to Brazilian operations on the back of the increase of activity and investment in the country.

Depreciation charges excluding abandonment provisions amounted to €129 m, up €23 m yoy primarily on increased investment and production in Brazil, influenced by the start of production of FPSO Cidade de Paraty. In Angola, depreciations were also influenced by the downward revision of reserves in the Kuito field in the second quarter of 2013. On a net entitlement basis, unit depreciation charges were \$22.5/boe up from \$20.6/boe a year earlier.

Provisions amounted to €35 m, up from €22 m a year earlier, influenced by the increase in abandonment provisions for the Kuito field in anticipation of the FPSO decommissioning at the end of the year.

Ebit for the twelve months of 2013 dropped €14 m yoy to €231 m as a result of increased production costs and depreciation charges.

Results – Fourth quarter and twelve months of 2013

2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
0.9	1.7	0.8	82.5%	Galp Energia refining margin (USD/bbl)	2.2	2.2	(0.0)	(1.7%)
2.7	2.5	(0.2)	(6.0%)	Refining cash cost (USD/bbl)	2.2	2.6	0.4	15.9%
18,791	21,348	2,557	13.6%	Crude processed (kbbl)	81,792	87,528	5,736	7.0%
3.9	4.5	0.6	14.2%	Total refined product sales (mton)	16.4	17.2	0.9	5.3%
2.3	2.6	0.3	11.6%	Sales to direct clients (mton)	9.8	9.9	0.1	1.1%
0.8	1.0	0.3	33.7%	Exports ¹ (mton)	3.3	4.0	0.7	21.3%
80	67	(12)	(15.6%)	Ebitda	308	315	7	2.2%
48	80	32	66.4%	Depreciation & Amortisation	204	267	63	31.0%
11	6	(5)	(49.6%)	Provisions	29	45	16	54.8%
21	(18)	(39)	n.m.	Ebit	75	3	(72)	(95.7%)

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

OPERATIONS

FOURTH QUARTER

In the fourth quarter of 2013, 21.3 million barrels (mbbl) of crude oil were processed, up 14% from a year earlier. Crude oil accounted for 81% of total raw materials processed, whose volume was adversely affected by unplanned shutdowns, namely of the hydrocracking complex and the fluid catalytic cracking (FCC) unit in the Sines refinery. Another factor influencing the volume of crude oil processed was the optimisation policy of the refining system, set up as a response to the negative evolution of refining margins in international markets.

Affected by unplanned shutdowns in the quarter, the hydrocracking complex achieved an utilisation rate of 95%.

In the fourth quarter of 2013, medium and heavy crude accounted for 88% of total crude processed in the Galp Energia refineries, against 76% a year earlier.

The production of middle distillates (diesel and jet) accounted for 46% of total production, against 40% a year earlier, whereas gasoline and fuel oil accounted for 20% and 19%, respectively. Consumption and losses in the quarter amounted to 8%.

Volumes sold to direct clients increased 12% yoy to 2.6 mton, reflecting higher sales, namely chemical products, in the Iberian Peninsula, and in Africa, with

the latter market accounting for 8% of total volumes sold to direct clients.

Exports to non-Iberian countries increased 34% yoy to around 1.0 mton, with gasoline, fuel oil and diesel accounting for 35%, 26% and 21% of the total exports, respectively.

TWELVE MONTHS

In the twelve months of 2013, the volume of raw materials processed increased 20% yoy, with crude oil accounting for 83% of the total. The year was marked by the hydrocracking complex start-up, which started stable operations from the end of the first quarter of the year, thus turning Galp Energia's refining system more complex and flexible.

Medium and heavy crude accounted for 84% of total crude processed in Galp Energia refineries in the period, against 71% a year earlier.

Gasoline and middle distillates accounted for 20% and 47%, respectively, of total production, whereas fuel oil accounted for 17%. Consumption and losses amounted to 9%, in 2013.

Volumes sold to direct clients were in line with that of 2012 despite the adverse economic environment in the Iberian Peninsula, which negatively influenced the demand for oil products in the region. Volumes of oil products sold to direct clients in Africa accounted for 8% of the total.

Results – Fourth quarter and twelve months of 2013

Exports to non-Iberian countries were up 21% yoy to 4.0 mton, with gasoline, fuel oil and diesel accounting for 30%, 29% and 19% of the total exports, respectively.

RESULTS

FOURTH QUARTER

The R&M business segment Ebitda reached €67 m, down 16% compared with a year earlier, when it was favourably influenced by the renegotiation and actuarial re-evaluation of health insurance contracts, with a positive impact of €23 m.

Despite the negative performance of refining margins in international markets, Galp Energia's refining margin was up to \$1.7/bbl on the back of the positive contribution from the hydrocracking complex. The premium over the benchmark refining margin was \$1.8/bbl.

The refineries' operating cash costs amounted to €40 m, in line with a year earlier. In unit terms, cash costs dropped to \$2.5/bbl from \$2.7/bbl a year earlier.

Marketing of oil products increased its contribution to results compared with a year earlier, on the back of a recovery in the Iberian market for oil products, coupled with the implementation of optimisation measures, namely cost related.

Depreciation charges increased €32 m yoy to €80 m, mainly due to depreciations related to the hydrocracking complex assets, which had an impact of around €21 m in the quarter.

Provisions were of €6 m and came primarily as a result of impairments on receivables, namely in the marketing of oil products activity.

Ebit for the quarter was negative in €18 m, against €21 m a year earlier, influenced by higher depreciation charges in the period.

TWELVE MONTHS

Ebitda for the twelve months of 2013 amounted to €315 m, which was in line with a year earlier.

Despite the negative performance of refining margins in international markets, Galp Energia's refining margin remained stable at \$2.2/bbl, influenced by the positive contribution from the hydrocracking complex, which began stable operations from the end of the first quarter of 2013.

The refineries' operating cash costs amounted to €172 m, up €29 m from a year earlier, influenced by the purchase of licences for the emission of carbon dioxide (CO₂) and the increase in operating costs related to the hydrocracking complex. In unit terms, operating cash costs amounted to \$2.6/bbl, up from \$2.2/bbl in 2012.

The supply activity related to the refining and oil marketing businesses contributed positively to results around €35 m.

In 2013, notwithstanding the adverse economic backdrop in the Iberian Peninsula, the marketing of oil products business was positively influenced by optimisation measures that had an impact on operating costs.

Depreciation charges for 2013 increased €63 m yoy to €267 m, reflecting the impact of €62 m related with the start, of the depreciations of the hydrocracking complex assets, in the second quarter of 2013.

Provisions of €45 m were primarily due to impairments on receivables for the marketing of oil products activity.

Ebit for the twelve months of 2013 amounted to €3 m, down €72 m yoy.

Results – Fourth quarter and twelve months of 2013

2.3. GAS & POWER

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
1,558	1,941	383	24.6%	NG supply total sales volumes (mm ³)	6,253	7,090	837	13.4%
995	1,131	136	13.6%	Sales to direct clients (mm ³)	4,011	4,056	45	1.1%
253	204	(49)	(19.5%)	Electrical	1,251	736	(515)	(41.2%)
548	754	206	37.7%	Industrial	2,113	2,718	605	28.6%
159	151	(8)	(4.9%)	Residential	533	521	(11)	(2.1%)
562	810	247	44.0%	Trading (mm ³)	2,242	3,034	792	35.3%
345	486	142	41.1%	Sales of electricity to the grid ¹ (GWh)	1,298	1,904	606	46.7%
87	93	6	7.5%	Ebitda	350	412	61	17.5%
15	16	1	3.3%	Depreciation & Amortisation	50	61	11	22.7%
7	2	(5)	(69.7%)	Provisions	16	10	(6)	(36.0%)
65	75	11	16.5%	Ebit	285	340	56	19.5%
25	32	7	30.1%	Supply & Trading	154	197	42	27.4%
34	39	5	14.6%	Infrastructure	107	118	11	10.1%
6	5	(2)	(26.8%)	Power	24	26	2	10.1%

¹ Includes Energin, which does not consolidate but where Galp Energia has an equity holding of 35%. In the fourth quarter and twelve months of 2013, Sales of electricity to the grid of 54 GWh and 297 GWh, respectively, were attributed to this company.

OPERATIONS

FOURTH QUARTER

Natural gas volumes sold in the quarter reached 1,941 mm³, an increase of 25% from the previous year.

This positive performance was driven by higher volumes sold in the trading and industrial segments, by 44% and 38%, respectively.

Volumes sold in the trading segment reached 810 mm³, with nine cargoes of LNG sold in international markets, compared with six a year earlier. Most of the cargoes were bound for Asian markets, but also to Latin America.

In the industrial segment, where volumes sold amounted to 754 mm³, the 38% increase yoy was primarily a result of higher demand from Galp Energia's own units, namely the hydrocracking complex at Sines refinery and the cogeneration at Matosinhos refinery. Volumes sold were also supported, though in a smaller scale, by the increase of new clients in Spain.

Sales of electricity to the grid increased 142 GWh yoy to 486 GWh, an increase that was due to operation of the Matosinhos cogeneration.

TWELVE MONTHS

Volumes of natural gas sold in the twelve months of 2013 hit an all-time high of 7,090 mm³, or 13% ahead of 2012, and came primarily as a result of improved supply & trading performance.

Thirty-six cargoes of LNG were sold in international markets, nine more than in 2012. This increase reflected higher activity to Latin American countries, notwithstanding sustained demand from Asia.

Volumes sold to direct clients remained stable at 4,056 mm³ as the increase in the industrial segment, which was supported by demand from the Company's own units, was able to offset the 515 mm³ shortfall in the electrical segment. Volumes sold into this segment continued to be negatively affected by the increased wind, hydro and coal electricity generation to the detriment of natural gas.

Sales of electricity to the grid increased 606 GWh yoy to 1,904 GWh as a result of the start of operations of the Matosinhos cogeneration.

Results – Fourth quarter and twelve months of 2013

RESULTS

FOURTH QUARTER

Ebitda for the G&P business in the quarter increased €6 m yoy to €93 m.

The improved results came primarily on the back of the supply & trading activities, namely LNG in international markets, which achieved an Ebitda of €35 m, or 12% ahead of a year earlier.

The regulated infrastructure and power businesses maintained their stable contribution to results, with a combined Ebitda of €58 m.

Depreciation and amortisation in the G&P business segment amounted to €16 m in the period, up €1 m from a year earlier as a result of the start of operations in the Matosinhos cogeneration in 2013.

Provisions, namely related to impairments on receivables, amounted to €2 m.

Ebit for the G&P business increased €11 m yoy to €75 m on improved results in supply & trading activities.

TWELVE MONTHS

Ebitda for the G&P business in the twelve months of 2013 advanced €61 m yoy to €412 m following better results from supply & trading activities.

Ebitda for supply & trading activities hit an all-time high of €209 m in 2013, or €42 m ahead of a year earlier, as supply & trading activities intensified in international markets.

Ebitda for the infrastructure business amounted to €160 m after it benefited from the full consolidation of natural gas distribution company Setgás from the third quarter of 2012.

The power business also reported improved operating performance, with Ebitda increasing €11 m to €43 m on the back of increased volumes of electricity sold to the grid, as a result of start of operations of the Matosinhos cogeneration.

Depreciation and amortisation in 2013 amounted to €61 m, up €11 m from a year earlier as a result of the start of depreciations related to the Matosinhos cogeneration in the second quarter of 2013.

Provisions of €10 m were primarily due to impairments on receivables.

Ebit for the G&P business increased 19% yoy to €340 m with the contribution of all business sub-segments.

Results – Fourth quarter and twelve months of 2013

3. FINANCIAL PERFORMANCE

3.1. INCOME STATEMENT

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,231	4,717	486	11.5%	Turnover	18,507	19,620	1,113	6.0%
(4,009)	(4,449)	440	11.0%	Operating expenses	(17,514)	(18,515)	1,001	5.7%
(3,682)	(4,080)	397	10.8%	Cost of goods sold	(16,228)	(17,117)	889	5.5%
(262)	(286)	23	8.9%	Supply and services	(984)	(1,069)	85	8.6%
(65)	(84)	19	29.6%	Personnel costs	(301)	(329)	28	9.2%
12	3	(9)	(72.4%)	Other operating revenues (expenses)	39	35	(3)	(8.9%)
234	271	38	16.2%	Ebitda	1,032	1,141	108	10.5%
(75)	(115)	40	54.2%	Depreciation & Amortisation	(364)	(494)	130	35.6%
(13)	(7)	(5)	(40.5%)	Provisions	(66)	(57)	(10)	(14.4%)
147	149	3	1.7%	Ebit	602	590	(12)	(2.0%)
16	16	0	2.2%	Net profit from associated companies	72	64	(9)	(12.1%)
(0)	0	0	n.m.	Net profit from investments	(0)	0	1	n.m.
(36)	(31)	5	15.1%	Financial results	(79)	(121)	(42)	(52.5%)
126	135	9	7.0%	Net profit before taxes and minorities interests	595	533	(62)	(10.4%)
(28)	(31)	3	9.6%	Income tax	(182)	(168)	(14)	(7.9%)
22%	23%	1 p.p.	2.4%	Effective income tax	31%	31%	1 p.p.	2.7%
(15)	(13)	(2)	(14.5%)	Minority Interests	(53)	(55)	3	5.2%
83	92	8	9.9%	Net profit	360	310	(50)	(13.9%)
(35)	(27)	(8)	(22.5%)	Non recurrent items	(43)	(59)	16	37.6%
49	65	16	33.0%	Net profit RC	317	251	(66)	(20.8%)
(36)	(16)	20	(55.9%)	Inventory effect	26	(62)	(89)	n.m.
13	49	36	n.m.	Net profit IFRS	343	189	(155)	(45.0%)

FOURTH QUARTER

Turnover increased 11% yoy to €4,717 m primarily on the back of higher volumes of oil products sold, increasing production of oil and natural gas, and higher volumes sold of natural gas and LNG.

Operating costs increased 11% yoy to €4,449 m on the back of the increase in cost of goods sold, supply and service costs and personnel costs. Higher supply and service costs stemmed from higher variable costs mainly related to E&P activity, particularly in Brazil. Personnel costs increased €19 m compared with a year earlier, when they were positively influenced by the renegotiation of health insurance contracts and the consequent effect on actuarial recalculations.

Ebitda amounted to €271 m, up 16% yoy as a result of the improved performance of the E&P and G&P business segments.

Ebit amounted to €149 m, which was in line with a year earlier, influenced by higher depreciation and amortisation, particularly in the E&P and R&M business segments.

Results from associates were in line with a year earlier at €16 m, with international gas pipelines contributing €12 m.

Financial results were negative €31 m, an improvement of €5 m yoy, mainly reflecting the unfavourable exchange differences of €9 m in the fourth quarter of 2012 compared to nil in the fourth of 2013. It should be highlighted that from the second quarter of 2013, interest charges related to capital expenditure on the Sines refinery upgrade project ceased to be capitalised, following the start of operations of the hydrocracking complex.

Results – Fourth quarter and twelve months of 2013

Income tax amounted to €31 m, of which €26 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 was 23%, in line with the fourth quarter of 2012 and influenced by a reversal the tax levied on activities in Angola, IRP, and by the fact that tax is payable based on the profit oil component and not at the Ebt level.

Minority interests amounted to €13 m, down €2 m from a year earlier.

Net profit amounted to €92 m, up 10% compared with the fourth quarter of 2012.

RC net profit of €65 m was negatively affected by non-recurrent items, which followed primarily from the return of the Bem-te-vi area in Brazil's BM-S-8 block and the recognition of financial costs related to the early repayment of a loan in the fourth quarter of 2013.

TWELVE MONTHS

Turnover for the twelve months of 2013 increased 6% yoy primarily on higher volumes of oil products sold, increasing production of oil and natural gas, and higher volumes sold of natural gas and LNG.

Operating costs increased 6% yoy primarily due to the increase in variable costs related to external supply and service costs. These came in turn as a result of higher costs incurred in the production of oil and natural gas, and the transportation of oil products. Personnel costs increased €28 m yoy, due to an one-off effect related to the renegotiation and actuarial recalculations of health insurance contracts accounted in fourth quarter of 2012.

Ebitda amounted to €1,141 m, up 11% yoy as a result of the improved performance of the E&P and G&P business segments.

Ebit amounted to €590 m, down 2% yoy as depreciation and amortisation, primarily in the E&P and R&M business segments, increased.

The contribution from associates was €64 m, down €9 m yoy due to the full consolidation of Setgás from the third quarter of 2012 and the disposal of 4.6% in EMPL in the same quarter. International gas pipelines contributed €50 m to results from associates.

Financial losses of €121 m were €42 m higher than in 2012 as a result of lower interests capitalised and unfavourable exchange differences close to €9 m in 2013 compared with favourable exchange differences of €2 m in 2012. The lower interests capitalised were due to the fact that interest charges related to capital expenditure on the Sines refinery upgrade project ceased to be capitalised from the second quarter of 2013, on the back of start of operations of the hydrocracking complex.

Income tax amounted to €168 m, of which €95 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 was 31%, in line with 2012.

Following the capital increase in Petrogal Brasil and related companies, subscribed by Sinopec in March 2012, minority interests amounted to €55 m in 2013, up €3 m from a year earlier.

Consequently, net profit for the twelve months of 2013 amounted to €310 m, down 14% yoy.

RC net profit of €251 m reflected adverse non-recurrent items of €59 m primarily related to impairments on dry and non-commercial wells, the return of the Bem-te-vi area in Brazil's BM-S-8 block and the recognition of financial costs in respect of the early repayment of a loan in the fourth quarter of 2013. The combined effect of these items was not offset by the €52 m gain from the sale of the equity holding in CLH in the third quarter of 2013 and by the €11m insurance compensation related with Sines refinery incident, in 2009, also recognised as non-recurrent.

Results – Fourth quarter and twelve months of 2013

3.2. CAPITAL EXPENDITURE

€ m

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
229	166	(62)	(27.3%)	Exploration & Production	633	723	90	14.2%
88	51	(37)	(42.1%)	Exploration and appraisal activities	256	279	23	9.0%
141	115	(25)	(18.1%)	Development and production activities	377	444	67	17.7%
55	57	3	4.8%	Refining & Marketing	162	153	(8)	(5.1%)
23	11	(12)	(51.3%)	Gas & Power	63	85	22	34.4%
1	1	(0)	(37.8%)	Others	4	1	(2)	(58.2%)
308	236	(72)	(23.5%)	Investment¹	862	963	101	11.8%

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

FOURTH QUARTER

Capital expenditure in the quarter amounted to €236 m, of which €166 m, or close to 70% of the total, was channelled into the E&P business.

Around 55% of capital expenditure in the E&P business went into development of the Lula/Iracema field, in Brazil's BM-S-11 block, namely into the drilling of development wells and the manufacturing of FPSO units and subsea systems.

Investment on exploration and appraisal activities reached €50 m in the quarter and was mainly channelled into the exploration campaign in the offshore Potiguar basin, with drilling of the Pitú well, and the completion of the appraisal well Iara HA, in the Santos basin.

The combined capital expenditure in the R&M and G&P business segments amounted to €69 m and was primarily channelled into maintenance and safety activities in refining and marketing of oil products, as well as into expansion and maintenance of the natural gas infrastructure.

TWELVE MONTHS

Capital expenditure in the twelve months of 2013 amounted to €963 m, of which 75% went into the E&P business.

Investment on development activities, primarily in the Lula/Iracema field, in block BM-S-11, accounted for around 60% of capital expenditure in the E&P business segment. The remaining 40% went into the intensive exploration and appraisal campaign conducted during the year, with particular emphasis on exploration activities in Namibia and Brazil's Potiguar basin, and the drilling of exploration and appraisal wells in Area 4 of Mozambique's Rovuma basin.

The combined capital expenditure in the R&M and G&P businesses in 2013 amounted to €238 m. This was primarily channelled into maintenance and safety activities but also into completion of the Matosinhos cogeneration and investment in cushion gas for a new storage cavern, for a combined amount for the two investments of €58 m.

Results – Fourth quarter and twelve months of 2013

3.3. CASH FLOW

€ m (IFRS figures)

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
48	116	Ebit	559	401
25	20	Dividends from associated companies	65	64
107	138	Depreciation, depletion and amortisation (DD&A)	426	585
(14)	110	Change in working capital	(474)	30
166	384	Cash flow from operations	577	1,081
(294)	(245)	Net investment ¹	2,065	(854)
(42)	(61)	Net financial interest	(144)	(176)
(59)	(24)	Taxes	(131)	(154)
(3)	1	Dividends paid	(270)	(222)
(96)	(37)	Others	(290)	(152)
(328)	18	Cash flow	1,807	(476)

¹ The amount of €2,065 m includes €2,946 m from the capital increase in Petrogal Brasil and related companies, subscribed by Sinopec in 2012. For 2013 it includes the amount of €111 m from the sale of the 5% equity stake in CLH.

FOURTH QUARTER

Despite the investment in fixed assets, particularly in E&P activities, the Company generated positive cash flow of €18 m in the quarter primarily as a result of divestment in working capital.

The €110 m reduction in working capital followed not only divestment in oil products stocks on the back of lower volumes and prices, but also higher balance of suppliers.

TWELVE MONTHS

Cash flow was negative €476 m in the twelve months of 2013, which came primarily as a result of capital expenditure in the period.

Cash flow from operating activities reached €1,081 m on the back of divestment of working capital, namely in oil products stocks.

Results – Fourth quarter and twelve months of 2013

3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December, 2012	30 September, 2013	31 December, 2013	Change vs. 31 Dec, 2012	Change vs. 30 Sep, 2013
Non-current assets	6,599	6,833	6,883	284	50
Other assets (liabilities)	(451)	(420)	(460)	(9)	(39)
Loan to Sinopec ¹	931	886	871	(60)	(14)
Working capital ¹	1,324	1,404	1,294	(30)	(110)
Capital employed	8,403	8,703	8,589	186	(114)
Short term debt	1,106	617	373	(732)	(244)
Medium-Long term debt	2,477	3,238	3,304	826	66
Total debt	3,583	3,855	3,677	94	(178)
Cash	1,886	1,664	1,504	(382)	(160)
Net debt	1,697	2,191	2,173	476	(18)
Total equity	6,706	6,512	6,416	(290)	(96)
Total equity and net debt	8,403	8,703	8,589	186	(114)
Total net debt including loan to Sinopec	766	1,305	1,302	536	(3)

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 31 December 2013 amounted to €6,883 m, up €50 m from the end of September 2013 primarily on investment in the fourth quarter, despite being negatively impacted by depreciations and impairment charges mainly as a result of the return of the Bem-te-vi area to the E&P business segment.

Capital employed at the end of 2013 amounted to €8,589 m, including the loan granted to Sinopec due to the capital increase in Petrogal Brasil and related companies, whose balance amounted to €871 m at 31 December 2013.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December, 2012		30 September, 2013		31 December, 2013		Change vs. 31 Dec, 2012		Change vs. 30 Sep, 2013	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	566	619	330	1,487	147	1,839	(419)	1,220	(183)	352
Bank debt	539	1,609	287	1,360	227	1,075	(313)	(534)	(61)	(285)
Commercial paper	-	250	-	391	-	390	-	140	-	(1)
Cash and equivalents	(1,886)	-	(1,664)	-	(1,504)	-	382	-	160	-
Net debt	1,697	2,191	2,173	2,173	476	(18)				
Net debt including loan to Sinopec¹	766	1,305	1,302	1,302	536	(3)				
Average life (years)	2.6	3.3	3.6	3.6	1.04	0.34				
Net debt to Ebitda	1.7x	2.0x	1.9x	1.9x	0.2x	(0.1)x				
Net debt inc. loan to Sinopec to Ebitda ¹	0.7x	1.2x	1.1x	1.1x	0.4x	(0.0)x				

¹ At 31 December 2012, net debt including the loan to Sinopec was changed from €780 m to €766 m after the short-term portion of this loan, amounting to €14 m, ceased to be recorded as working capital.

Net debt of €2,173 m at 31 December 2013 was in line with the end of the third quarter of 2013 as cash

flow generated covered capital expenditure in the period.

Results – Fourth quarter and twelve months of 2013

Adjusted net debt at 31 December 2013 amounted to €1,302 m after considering as cash and cash equivalents the €871 m loan to Sinopec.

Net debt to Ebitda at the end of 2013 was 1.1x considering the loan to Sinopec as cash and cash equivalents.

At the end of 2013, 33% of debt was on fixed rate and accounted for 90% of total debt, 6 p.p. above that of September 2013 as debt refinancing in the fourth quarter of 2013 extended loan maturities.

In the fourth quarter of 2013 Galp Energia issued debt securities for €500 m under its Euro Medium Term Note (EMTN) programme, announced in November. The Company's first debt issuance in the capital markets contributed to diversifying funding sources, extending the average maturity of its debt and reducing the average cost of funding.

The average cost of debt at the end of 2013 was 4.4% and medium and long term debt had an average maturity of 3.6 years.

During 2013, Galp Energia issued debt of €2.2 bn, with maturities between 4 and 6 years.

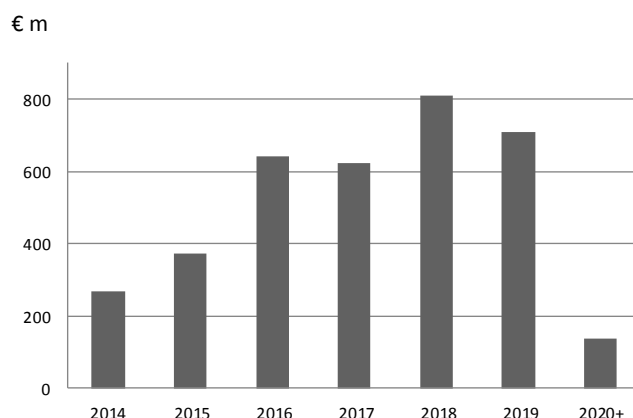
As illustrated by the debt repayment profile at the end of December 2013, shown below, Galp Energia has been extending the maturity of its debt, so as to

align debt reimbursement profile with the cash flow expected to be generated by the Company.

Cash and cash equivalents attributable to minority interests at 31 December 2013 amounted to €64 m, most of which recorded at subsidiary Petrogal Brasil.

At the end of 2013 Galp Energia had unused credit lines of €1.2 bn, 25% of which with international banks and 60% of total extended lines was contractually guaranteed.

DEBT REIMBURSEMENT PROFILE AT 31 DECEMBER 2013



Results – Fourth quarter and twelve months of 2013

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

During the first quarter of 2014, Galp Energia anticipates that the price of dated Brent will be sustained around \$106/bbl, given the current balance between supply and demand.

Benchmark refining margins in the first quarter of 2014 should decrease compared to the fourth quarter of 2013, mainly as a result of the expected negative evolution of the diesel crack spread, which will be impacted by exports from the USA, Russia and Middle East. On the other hand, the gasoline crack spread should show a recovery, on the back of USA refineries maintenance season start up.

OPERATING ACTIVITY

In the E&P business segment, working interest production of oil and natural gas in the first quarter of 2014 is expected to average around 26 kboepd. Production will be positively affected by the ramp up of production of the second producer well which is connected to the FPSO Cidade de Paraty in the Lula NE area, although it is expected the suspension of the operations of this well at the end of the quarter for the installation of BSR North. FPSO Cidade de Angra dos Reis production should increase compared to the previous quarter, albeit impacted from scheduled maintenance activities for CO₂ membrane replacement which are expected to last for 10 days. Furthermore, the first quarter is also expected to benefit from the contribution of the EWT underway in the Lula Central and Lula South areas. In Angola, production is expected to be influenced by the natural decline of producing fields as well as by the demobilisation of the FPSO in Kuito that took place in December 2013.

In the R&M business segment, the volume of crude oil processed in the first quarter of 2014 is expected to be lower than in the fourth quarter of 2013, as a result of a general planned maintenance outage at Sines refinery, including the hydrocracking complex. The outage is scheduled for the beginning of March and is expected to last for 45 days.

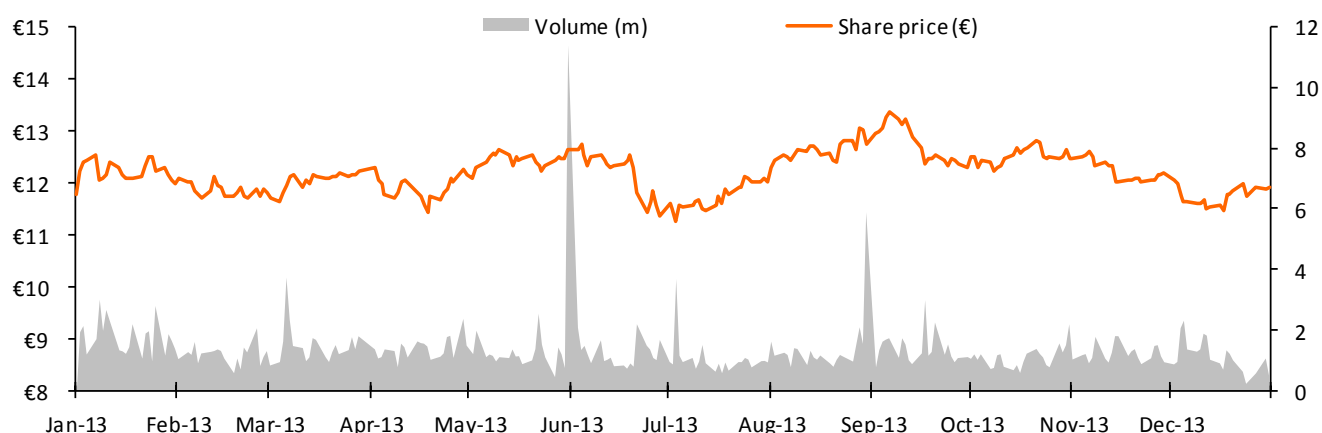
Oil products sold to direct clients in the Iberian Peninsula in the first quarter of 2014 is expected to increase compared with a year earlier, due to the expected recovery of market demand.

In the G&P segment, volumes of natural gas sold in the first quarter of 2014 are expected to stay in line with volumes of the previous quarter, as these continue to be supported by a robust LNG supply & trading activity.

Results – Fourth quarter and twelve months of 2013

THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Fonte: Euroinvestor

FOURTH QUARTER

The Galp Energia share depreciated 3% in the fourth quarter of 2013, closing at €11.92 after hitting a high of €12.97 and a low of €11.42 in the period. From its initial public offering on 23 October 2006 up to the end of December 2013, the share has had a positive performance and gained close to 105%.

In the fourth quarter, around 166 m shares were traded. During the period, 57 m shares were traded over-the-counter (OTC) and 109 m on regulated markets, from which 74 m on NYSE Euronext Lisbon. The average daily volume on regulated markets was 1.7 m shares, 1.2 m of which on the NYSE Euronext

Lisbon. Galp Energia's market capitalisation at the end of the quarter was €9.9 bn.

TWELVE MONTHS

The Galp Energia share gained 1% in 2013, with 1,265 m shares traded in the year. In 2013, 763 m shares were traded OTC and 502 m on regulated markets, of which 341 m on NYSE Euronext Lisbon. The average daily volume traded on regulated markets was 1.9 m shares, including 1.3 m shares on NYSE Euronext Lisbon. Trading volumes were favourably influenced by Eni's placement on the market, in the second quarter of 2013, of an equity stake of 8% in Galp Energia.

Main indicators			
	2012	4Q13	2013
Min (€)	8.33	11.42	10.76
Max (€)	13.78	12.97	13.40
Average (€)	11.79	12.18	12.19
Close price (€)	11.76	11.92	11.92
Volume (m shares) ¹	321.6	73.6	340.5
Average volume per day (m shares) ¹	1.3	1.2	1.3
Market cap (€m)	9,752	9,881	9,881

¹ NYSE Euronext Lisbon.

Results – Fourth quarter and twelve months of 2013

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the twelve months ended on 31 December 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 31 December 2013 and 2012 and the twelve months ended on these dates. The financial information in the consolidated financial position is reported at 31 December and 30 September 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 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 wholly 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 fourth quarter and twelve 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 fourth quarter and twelve 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 twelve months of 2012.

Results – Fourth quarter and twelve months of 2013

2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

Fourth Quarter					2013	Twelve Months				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
255	19	274	(3)	271	Ebitda	1,041	91	1,133	8	1,141
110	-	110	(0)	109	E&P	395	-	395	0	396
49	21	69	(2)	67	R&M	216	91	308	7	315
95	(2)	93	0	93	G&P	412	(0)	411	0	412
2	0	2	-	2	Others	18	-	18	0	18

€ m

Fourth Quarter					2012	Twelve Months				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
170	51	221	13	234	Ebitda	1,054	(33)	1,022	11	1,032
76	-	76	1	77	E&P	367	-	367	7	373
26	57	83	(3)	80	R&M	344	(25)	320	(11)	308
77	(5)	72	15	87	G&P	344	(8)	336	15	350
(10)	-	(10)	0	(10)	Others	(1)	-	(1)	1	(0)

2.2. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

Fourth Quarter					2013	Twelve Months				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
116	19	135	14	149	Ebit	401	91	493	97	590
72	-	72	18	91	E&P	143	-	143	89	231
(34)	21	(13)	(5)	(18)	R&M	(97)	91	(5)	8	3
77	(2)	75	1	75	G&P	340	(0)	340	0	340
1	0	1	-	1	Others	15	-	15	0	15

€ m

Fourth Quarter					2012	Twelve Months				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
48	51	100	47	147	Ebit	559	(33)	526	76	602
55	-	55	17	72	E&P	193	-	193	52	245
(42)	57	15	6	21	R&M	100	(25)	75	0	75
46	(5)	41	24	65	G&P	271	(8)	262	22	285
(11)	-	(11)	0	(11)	Others	(5)	-	(5)	1	(4)

Results – Fourth quarter and twelve months of 2013

3. REPLACEMENT COST ADJUSTED SALES AND SERVICES RENDERED

€ m

Fourth Quarter					Twelve Months			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,231	4,717	486	11.5%	Sales and services rendered RCA	18,507	19,620	1,113	6.0%
137	135	(2)	(1.6%)	Exploration & Production ¹	475	554	79	16.7%
3,548	3,846	298	8.4%	Refining & Marketing	15,570	16,416	846	5.4%
720	875	154	21.4%	Gas & Power	2,919	3,287	368	12.6%
24	30	5	22.9%	Others	115	120	4	3.8%
(198)	(168)	31	15.4%	Consolidation adjustments	(572)	(756)	(185)	(32.3%)

¹ Does not include change in production. RCA turnover in the E&P segment, including change in production, amounted to €579 m and €160 m, in the twelve months and the fourth quarter of 2013, respectively.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
(0.0)	(0.1)	Gains / losses on disposal of assets	(0.0)	(0.1)
0.6	(0.4)	Assets write-offs	0.6	0.3
15.1	19.1	Assets impairments	44.8	87.1
-	0.1	Provisions for environmental charges and others	-	0.1
1.0	(0.2)	Provision and impairment of receivables	1.0	1.4
(0.0)	-	Other services rendered - Brazil capital increase studies	5.9	-
16.7	18.5	Non-recurrent items of Ebit	52.3	88.7
-	21.5	Other financial results	-	21.5
16.7	40.0	Non-recurrent items before income taxes	52.3	110.1
(5.0)	(4.9)	Income taxes on non-recurrent items	(16.0)	(8.5)
(1.8)	(2.8)	Minority interest	(5.6)	(5.0)
9.9	32.3	Total non-recurrent items	30.6	96.6

Results – Fourth quarter and twelve months of 2013

REFINING & MARKETING

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.2	-	Stock impairments -Soturis	0.2	-
(0.3)	(1.0)	Accidents caused by natural facts and insurance compensation	(1.3)	(0.7)
(1.0)	(0.5)	Gains / losses on disposal of assets	(2.6)	(1.1)
1.3	0.0	Assets write-offs	1.4	0.8
-	-	Penalties	-	2.6
13.5	1.7	Employees contracts rescission	16.1	17.3
-	(2.5)	Insurance compensation: Fire in Sines Refinery	-	(11.4)
0.1	(1.5)	Provisions for environmental charges and others	0.2	(0.0)
0.6	(4.5)	Provision and impairment of receivables	3.4	(3.4)
8.1	3.1	Assets impairments	8.1	4.3
(12.0)	-	Steam tariff adjustment to G&P	(12.0)	-
(4.7)	-	Platinum sell	(13.3)	-
5.8	(5.1)	Non-recurrent items of Ebit	0.2	8.4
-	-	Capital gains / losses on disposal of financial investments	-	(52.1)
(0.2)	-	Goodwill following stake increase in Setgás	(1.3)	-
1.2	-	Goodwill impairments Spain Companies (Madrilenas)	1.2	-
6.8	(5.1)	Non-recurrent items before income taxes	0.1	(43.6)
(5.3)	(0.7)	Income taxes on non-recurrent items	(3.1)	5.5
1.5	(5.8)	Total non-recurrent items	(3.0)	(38.1)

GAS & POWER

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.0	0.0	Gains / losses on disposal of assets	-	0.0
0.2	0.0	Assets write-offs	0.2	0.0
-	(0.0)	Accidents caused by natural facts and insurance compensation	-	(0.0)
2.5	0.1	Employees contracts rescission	2.6	0.2
0.0	-	Provisions for environmental charges and others	(1.7)	-
9.4	0.5	Assets impairments	9.4	(0.1)
12.0	-	Steam tariff adjustment of R&M	12.0	-
24.1	0.6	Non-recurrent items of Ebit	22.5	0.1
-	-	Capital gains / losses on disposal of financial investments	(5.4)	0.1
(0.2)	-	Goodwill following stake increase in Setgás	(3.7)	-
23.8	0.6	Non-recurrent items before income taxes	13.3	0.2
(0.8)	(0.1)	Income taxes on non-recurrent items	1.3	(0.0)
23.1	0.4	Total non-recurrent items	14.6	0.2

Results – Fourth quarter and twelve months of 2013

OTHER

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
-	-	Accidents caused by natural facts and insurance compensation	(0.1)	-
0.4	-	Employees contracts rescission	0.8	0.1
0.4	-	Non-recurrent items of Ebit	0.7	0.1
0.4	-	Non-recurrent items before income taxes	0.7	0.1
(0.1)	-	Income taxes on non-recurrent items	(0.2)	(0.0)
0.3	-	Total non-recurrent items	0.5	0.1

CONSOLIDATED SUMMARY

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.2	-	Stock impairments -Soturis	0.2	-
(0.3)	(1.0)	Accidents caused by natural facts and insurance compensation	(1.4)	(0.7)
(1.0)	(0.6)	Gains / losses on disposal of assets	(2.6)	(1.2)
2.1	(0.3)	Assets write-offs	2.2	1.1
(4.7)	-	Platinum sell	(13.3)	-
16.4	1.8	Employees contracts rescission	19.5	17.7
-	(2.5)	Insurance compensation: Fire in Sines Refinery	-	(11.4)
0.1	(1.5)	Provisions for environmental charges and others	(1.5)	0.0
1.6	(4.7)	Provision and impairment of receivables	4.4	(2.0)
32.6	22.7	Assets impairments	62.3	91.3
-	-	Penalties	-	2.6
(0.0)	-	Other services rendered - Brazil capital increase studies	5.9	-
46.9	13.9	Non-recurrent items of Ebit	75.7	97.3
-	-	Capital gains / losses on disposal of financial investments	(5.4)	(51.9)
(0.5)	-	Goodwill following stake increase in Setgás	(5.1)	-
1.2	-	Goodwill impairments Spain Companies (Madrilenas)	1.2	-
-	21.5	Other financial results	-	21.5
47.7	35.4	Non-recurrent items before income taxes	66.4	66.9
(11.2)	(5.7)	Income taxes on non-recurrent items	(18.1)	(3.1)
(1.8)	(2.8)	Minority interest	(5.6)	(5.0)
34.7	26.9	Total non-recurrent items	42.7	58.8

Results – Fourth quarter and twelve months of 2013

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

Fourth Quarter			Twelve Months	
2012	2013		2012	2013
		Operating income		
4,113	4,576	Sales	18,041	19,101
118	141	Services rendered	466	519
46	29	Other operating income	137	146
4,277	4,746	Total operating income	18,644	19,767
		Operating costs		
(3,734)	(4,098)	Inventories consumed and sold	(16,196)	(17,208)
(262)	(286)	Material and services consumed	(990)	(1,069)
(81)	(86)	Personnel costs	(321)	(347)
(30)	(21)	Other operating costs	(83)	(101)
(4,107)	(4,491)	Total operating costs	(17,590)	(18,725)
170	255	Ebitda	1,054	1,041
(107)	(138)	Amortisation and depreciation cost	(426)	(585)
(14)	(1)	Provision and impairment of receivables	(69)	(55)
48	116	Ebit	559	401
16	16	Net profit from associated companies	78	64
(1)	0	Net profit from investments	4	52
		Financial results		
32	30	Financial profit	85	110
(57)	(88)	Financial costs	(166)	(255)
(9)	(0)	Exchange gain (loss)	2	(9)
(2)	6	Profit and cost on financial instruments	1	13
(0)	(0)	Other gains and losses	(2)	(1)
27	81	Profit before taxes	561	375
(2)	(22)	Income tax expense	(171)	(136)
25	59	Profit before minority interest	390	239
(13)	(10)	Profit attributable to minority interest	(47)	(50)
13	49	Net profit for the period	343	189
0.02	0.06	Earnings per share (in Euros)	0.41	0.23

Results – Fourth quarter and twelve months of 2013

5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December, 2012	30 September, 2013	31 December, 2013
Assets			
Non-current assets			
Tangible fixed assets	4,490	4,577	4,565
Goodwill	232	232	233
Other intangible fixed assets ¹	1,458	1,525	1,545
Investments in associates	399	474	516
Investments in other participated companies	3	3	3
Assets available for sale	-	-	-
Other receivables ²	1,078	912	944
Deferred tax assets	252	290	271
Other financial investments	19	27	25
Total non-current assets	7,932	8,040	8,102
Current assets			
Inventories	1,976	1,967	1,846
Trade receivables	1,351	1,314	1,327
Other receivables	755	1,060	936
Other financial investments	7	4	10
Current Income tax recoverable	(0)	(0)	(0)
Cash and cash equivalents	1,887	1,663	1,503
Total current assets	5,976	6,009	5,622
Total assets	13,909	14,048	13,723
Total assets	13,909	14,048	13,723
Exploration & Production	6,234	5,959	5,073
Refining & Marketing	7,401	7,346	6,850
Gas & Power	2,575	2,663	2,674
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(48)	(182)	(284)
Other reserves	2,685	2,684	2,680
Hedging reserves	(6)	(3)	(1)
Retained earnings	1,516	1,676	1,666
Profit attributable to equity holders of the parent	343	140	189
Equity attributable to equity holders of the parent	5,401	5,228	5,161
Minority interest	1,305	1,284	1,255
Total equity	6,706	6,512	6,416
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1,858	1,751	1,465
Bonds	619	1,487	1,839
Other payables	534	576	545
Retirement and other benefit obligations	327	320	338
Deferred tax liabilities	131	135	129
Other financial instruments	7	3	2
Provisions	138	174	154
Total non-current liabilities	3,614	4,447	4,471
Current liabilities			
Bank loans and overdrafts	539	287	227
Bonds	566	330	147
Trade payables	1,469	1,466	1,510
Other payables	1,005	1,004	943
Other financial instruments	9	3	10
Income tax	0	(0)	(0)
Total current liabilities	3,588	3,090	2,836
Total liabilities	7,203	7,537	7,307
Total equity and liabilities	13,909	14,048	13,723

¹ Includes concession agreements for the distribution of natural gas.

² Includes the medium and long-term portion of the loan to Sinopec.

Results – Fourth quarter and twelve months of 2013

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.

EBT

Net profit before taxes and minorities interests.

GALP ENERGIA, COMPANY OR GROUP

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

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 Sullom 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.

Results – Fourth quarter and twelve months of 2013

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% Ortoxylyene 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.

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ABBREVIATIONS:

ANP: *Agência Nacional do Petróleo, Gás Natural e Biocombustíveis* (Brazilian energy sector regulator)

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

bbl: oil barrel

BBLT: Benguela, Belize, Lobito and Tomboco

Bg: Barges

bn: billion

boe: barrels of oil equivalent

BSR: Buoyancy Supported Risers

Cg: Cargoes

CIF: Costs, Insurance and Freights

CORES: *Corporación de reservas estratégicas de productos petrolíferos*

CO₂: Carbon dioxide

D&A: Depreciation & amortisation

DST: Drill Stem Test

E&P: Exploration & Production

€: Euro

EWT: Extended Well Test

FCC: Fluid Catalytic Cracking

FOB: Free on Board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GWh: Gigawatt hour

IAS: International Accounting Standards

IBAMA: *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (Brazilian Institute for the Environment and Natural Resources)

IFRS: International Financial Reporting Standards

IRP: *Imposto sobre o Rendimento do Petróleo* (Tax paid in Angola)

LSFO: Low sulphur fuel oil

k: thousand

kbbbl: thousand barrels

kboepd: thousand barrels of oil equivalente per day

kbopd: thousand barrels of oil per day

LNG: liquified natural gas

m: million

m³: cubic metres

mbbl: million barrels

mm³: million cubic metres

mton: million tonnes

NBP: National Balancing Point

NYSE: New York Stock Exchange

n.m.: not meaningful

OTC: Over-The-Counter

PM UL: Premium unleaded

p.p.: percentage points

PSA: Production Sharing Agreement

RC: replacement cost

RCA: Replacement Cost Adjusted

RDA: Reservoir Data Acquisition

R&M: Refining & Marketing

Tcf: trillion cubic feet

TL: Tômbua-Lândana

Ton: tonnes

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes

\$: Dollar of the United States of America

USA or US: United States of America

WAG: Water alternating gas injection

Yoy: Year on year

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