



RESULTS

FIRST QUARTER OF 2014



*An integrated energy operator focused
on exploration and production*

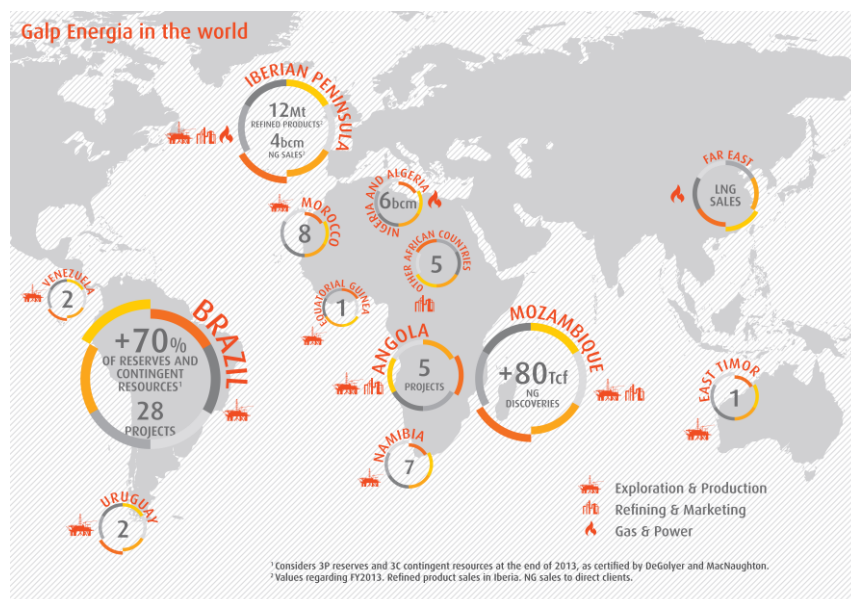
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Results – First quarter of 2014

GALP ENERGIA: DEVELOPING ENERGY

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 growth in the industry.
- Our exploration and production activities are focused on three core countries: Brazil, Mozambique and Angola.
- Our resilient Iberian businesses, with their cash flow, will enable Galp Energia to maintain a solid financial capacity.



Our vision and purpose

To be an integrated energy player renowned for excellence of its exploration and production activities, delivering sustainable value.

Our strategy

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

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 organisational structure.
- We have acquired skills in some of the most promising projects worldwide.

To learn more, visit www.galpenenergia.com.

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EXECUTIVE SUMMARY

In the first quarter of 2014, 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 activities, the conclusion of drilling of the Pitú exploration well was particularly relevant to the extent that it resulted in the discovery of the first accumulation of oil and gas in the deep water of Brazil's Potiguar basin. Also in Brazil, Galp Energia and its partners proceeded with appraisal activities, namely to optimise the development plan of the Iara area in block BM-S-11, in the Santos basin.

Relevant development activities were undertaken in the quarter. In the Santos basin, it is of note the activities performed in the Lula NE area, where the FPSO Cidade de Paraty (FPSO #2) produced from two producer wells. Also in the first quarter, the installation of the first system of buoyancy supported risers (BSR) was concluded, and it is expected that the second and third permanent producer wells start production during the second quarter of 2014, according to the plan previously defined. Galp Energia and its partners anticipate that FPSO #2 will reach full production capacity in the fourth quarter of the year, as initially expected.

Replacement cost adjusted (RCA) Ebitda amounted to €265 million (m) in the first quarter of 2014, up 5% year on year (yoy) on the back of rising net entitlement production in the E&P business segment and stronger supply & trading of liquefied natural gas (LNG) in the Gas & Power (G&P) business segment, which jointly offset weaker results from the Refining & Marketing (R&M) business segment, which were

due to the backdrop of negative refining margins in international market.

RCA net profit for the first quarter of 2014 retreated €29 m yoy to €47 m as depreciation charges surged in the R&M business segment following the start-up of the hydrocracking complex.

Capital expenditure in the quarter amounted to €197 m, with exploration and production activities, accounting for around 90% of the total, namely the development of Brazil's Lula field.

Net debt at the end of March 2014 amounted to €2,296 m, or €1,456 m considering the loan to Sinopec as cash and cash equivalents. In this context, net debt to Ebitda was 1.3x.

OPERATING HIGHLIGHTS IN THE FIRST QUARTER OF 2014

- Net entitlement production of oil and natural gas in the first quarter of 2014 amounted to 24.6 kboepd, of which production from Brazil accounted for around 70%;
- Galp Energia's refining margin of \$1.1/bbl reflected the unfavourable trend in refining margins on international market, although it benefited from the contribution from the hydrocracking complex;
- Marketing of oil products maintained its positive contribution to results following cost optimisation measures;
- Natural gas sold in the quarter amounted to 2,078 million cubic metres (mm³), of which trading activities in international market accounted for around 50%.

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KEY FIGURES

FINANCIAL DATA

€ m (RCA)

	First Quarter			
	2013	2014	Chg.	% Chg.
Ebitda	253	265	12	4.8%
Exploration & Production	92	104	13	13.8%
Refining & Marketing	57	36	(21)	(37.5%)
Gas & Power	104	122	17	16.7%
Ebit	148	130	(17)	(11.8%)
Exploration & Production	60	68	8	13.2%
Refining & Marketing	(0)	(45)	(45)	n.m.
Gas & Power	88	104	15	17.5%
Net profit	75	47	(29)	(37.9%)
Investment	189	197	8	4.2%
Net debt including loan to Sinopec	926	1,456	530	57.2%
Net debt inc. loan to Sinopec to Ebitda	0.9x	1.3x	0.4x	n.m.

OPERATIONAL DATA

	First Quarter			
	2013	2014	Chg.	% Chg.
Average working interest production (kboepd)	23.5	28.1	4.5	19.2%
Average net entitlement production (kboepd)	20.1	24.6	4.6	22.7%
Oil and gas average sale price (USD/boe)	90.3	96.2	5.9	6.5%
Crude processed (kbbl)	21,535	16,574	(4,961)	(23.0%)
Galp Energia refining margin (USD/bbl)	1.8	1.1	(0.7)	(38.8%)
Oil sales to direct clients (mton)	2.3	2.2	(0.0)	(0.7%)
NG supply sales to direct clients (mm ³)	1,075	1,011	(64)	(5.9%)
NG/LNG trading sales (mm ³)	646	1,067	421	65.1%
Sales of electricity to the grid ¹ (GWh)	468	428	(40)	(8.6%)

MARKET INDICATORS

	First Quarter			
	2013	2014	Chg.	% Chg.
Dated Brent price ¹ (USD/bbl)	112.6	108.2	(4.4)	(3.9%)
Heavy-light crude price spread ² (USD/bbl)	(2.0)	(2.0)	(0.1)	(3.5%)
UK NBP natural gas price ³ (GBp/therm)	74.1	60.5	(13.7)	(18.5%)
LNG Japan and Korea price ¹ (USD/mmbtu)	17.9	18.3	0.4	2.3%
Benchmark refining margin ⁴ (USD/bbl)	2.0	(0.6)	(2.7)	n.m.
Iberian oil market ⁵ (mton)	13.9	14.0	0.1	0.7%
Iberian natural gas market ⁶ (mm ³)	9,567	8,502	(1,064)	(11.1%)

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".

⁵ Source: Apetro for Portugal; Cores for Spain; includes an estimate for March 2014.

⁶ Source: Galp Energia and Enagás.

EXPLORATION & PRODUCTION ACTIVITIES

EXPLORATION AND APPRAISAL ACTIVITIES

BRAZIL

In the first quarter of 2014, Galp Energia concluded the drilling of exploration well Pitú, in the Potiguar basin, where results obtained confirmed the discovery announced in mid-December 2013. The Pitú well revealed the first oil and gas accumulation in the basin, thereby opening a new play in the Brazilian offshore. The consortium continued to review the data gathered by both the drilling and the drill stem test (DST), with a view to define the evaluation plan for the area.

In block BM-S-8, the consortium continued to prepare for the drilling of appraisal well Carcará (Extension), which is expected to start in the fourth quarter of 2014. The purpose of this well is to investigate the resource potential in the flank of the Carcará discovery. The consortium contracted the managed pressure drilling (MPD) equipment, which will allow for drilling operations in the Carcará area to be performed in a faster and safer manner, while it continues to evaluate options for contracting a drilling rig appropriate to the characteristics of that well.

MOZAMBIQUE

In Mozambique, the consortium initiated the drilling of the appraisal well, Agulha-2, in Area 4 of the Rovuma basin. The aim of this well is to appraise the gas discovery made in the Agulha-1 well, which was drilled in 2013, in the Palaeocene and Cretaceous intervals, in the South of that area.

The consortium expects the drilling of one exploration well in the second quarter of 2014, with the potential for an additional well, which aims to explore new prospects that were identified through the 3D seismic data acquired in that area, namely the Dugongo-1 prospect, formerly known as Querimbas East-1.

ANGOLA

In Angola, the consortium started to drill in the first quarter of 2014 the appraisal well Cominhos-2, in the northern part of block 32, to test the reservoir in the Oligocene interval. If successful, the drilling will extend in the third quarter to an additional well, Cominhos-3.

MOROCCO

In the first quarter, Galp Energia, as the operator in the Moroccan project, contracted the Ralph Coffman jack-up rig to start drilling prospect Trident in June 2014.

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SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A ¹	Spud date	Duration (# days)	Well status
Brazil²						
BM-S-8	Carará (extension)	14%	A	4Q14	120	-
BM-S-24	Jupiter SW	20%	A	3Q14	120	-
BM-S-24	Bracuhy NE	20%	A	4Q14	120	-
Mozambique						
Rovuma	Agulha-2	10%	A	1Q14	60	In progress
Rovuma	Dugongo-1 ³	10%	E	2Q14	60	-
Rovuma	Querimbas Central ⁴	10%	E	3Q14	60	-
Angola						
Block 32	Cominhos-2	5%	A	1Q14	60	In progress
Block 32	Cominhos-3 ⁴	5%	A	3Q14	60	-
Morocco						
Tarfaya	Trident	50%	E	2Q14	90	-

¹ E-Exploration well; A – Appraisal well.

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

³ Previously known as Querimbas East-1.

⁴ Pending the outcome of previous drilling.

DEVELOPMENT ACTIVITIES

BRAZIL

In the first quarter of 2014, Galp Energia and its partners proceeded with the development of the Lula/Iracema project according to the expected schedule and budget.

In the Lula NE area, the second producer well was connected in January to the FPSO Cidade de Paraty through a system of flexible risers. As previously announced, this well was disconnected in late March in order to the second system of buoyancy supported risers (BSR), the BSR North, to be installed. This BSR is already on site, and conclusion of installation is expected in the second quarter of 2014.

Also in the first quarter, the installation of the first BSR system, the BSR South, was concluded and the second and third permanent producer wells were connected to the buoy by rigid risers. The connection to the FPSO and the start of production of both wells are expected in the second quarter of 2014, according to the plan previously defined.

FPSO Cidade de Paraty is expected to reach full production capacity in the fourth quarter of 2014, or

18 months after it started operations, as initially planned.

In February 2014, FPSO Cidade de Paraty was connected to the Lula-Mexilhão gas pipeline, with the export of natural gas expected to start in the second quarter of 2014.

Regarding the project for the Lula-Cabiúnas gas pipeline, the consortium obtained in the first quarter the environmental licence, known as “preliminary licence”, as well as the offshore installation licence.

The offshore installation of this second gas pipeline for the export of natural gas from the Santos basin is expected to start in the second quarter of 2014. The pipeline, which is expected to come on stream in 2015, will have the capacity to export around 15 mm³ of natural gas per day.

The extended well tests (EWT) in the Lula Central and Lula South areas, which produced during the entire quarter through FPSO Dynamic Producer and FPSO Cidade de São Vicente respectively, ended in April.

It should also be highlighted the progress of the manufacturing works of the FPSO units to be allocated to the Lula/Iracema field, and that are

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scheduled to come into operation in the coming years. The topsides installation works at FPSO Cidade de Mangaratiba (FPSO #3) are close to be completed in Brazil's Brasfels shipyard, with a current execution rate of around 90%. This FPSO is expected to start production, as scheduled, in the Iracema South area, in the fourth quarter of 2014. The other FPSO units which will be allocated to the Iracema North, Lula Alto and Lula Central areas, with production expected to start between 2015 and the first half of 2016, are under conversion in Chinese shipyards.

Work on the remaining production units, the replicant FPSOs, proceed according to schedule. In early April, the hull of FPSO P-66 left the dry dock of Brazil's Rio Grande shipyard. This was the first out of six replicant hulls under construction for block BM-S-11. After the departure of the FPSO P-66 hull, parts of the FPSO P-67 hull, proceeding from China, will be moved to the dry dock. Each one of these production units will have a processing capacity of 150 mbopd and 6 mm³ of natural gas per day.

In the first quarter of 2014, Galp Energia continued to execute the Lula/Iracema well development plan. In the Lula NE area, two wells, a producer and an injector well, were completed, and a new producer well started to be drilled.

In the Iracema South area, drilling proceeded as planned, with the conclusion of an injector well and a

producer well, and the start of drilling of an injector well. Out of the sixteen wells planned for the Iracema South area, nine have been drilled, with a tenth being drilled.

In the first quarter of 2014, the first well started to be drilled for reservoir data acquisition (RDA) in the lara area. The purpose of these wells is to raise reservoir knowledge and consequently adapt both equipment and infrastructure to the specific conditions in the area, thereby reducing uncertainty of its development plan.

In June, FPSO Dynamic Producer is expected to start an EWT in the lara area, that is scheduled to last for at least two months.

ANGOLA

In the Tômbua-Lândana field, drilling of an injector well was concluded and the drilling of a producer well started in the first quarter of 2014.

Already into the second quarter of 2014, the consortium for exploration of Block 32 made the final investment decision to develop the Kaombo project, which is estimated to have a production capacity of 230,000 barrels a day and reserves of 650 million barrels. The project will develop six of the 12 discoveries already made in Block 32, with production expected to start in 2017.

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

OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

In the first quarter of 2014, the dated Brent average fell \$4.4/bbl yoy to \$108.2/bbl as lower imports of light crude by the United States, following higher local production, raised the availability of crude in both Europe and Asia.

The average price spread in the quarter between heavy and light crude was -\$2.0/bbl, in line with a year earlier. This was due to the fact that the price of heavy crude also decreased yoy, following lower demand from Asian markets.

REFINING MARGINS

In the first quarter of 2014, Galp Energia's benchmark margin dropped \$2.7/bbl yoy to -\$0.6/bbl as both the hydrocracking and cracking margins fell \$2.6/bbl, following narrower oil product crack spreads, namely for gasoline and diesel.

The gasoline crack spread tightened \$5.1/bbl as the utilisation of USA refineries rose compared with a year earlier, which led to decreasing opportunities for European refineries to export to the United States.

The diesel crack spread narrowed \$2.6/bbl as demand decreased in Europe and supply from USA, Russian and Middle Eastern refineries expanded.

IBERIAN MARKET

In the first quarter of 2014, the Iberian market for oil products stood at 14 million tonnes (mton), a rise of 1% yoy.

That increase was due to the positive trend of the Spanish market, which expanded 1% in the period, having benefited from the 3% and the 22% increases on jet and bunker fuel demand, respectively. It is important however to note that the demand for road fuels continued to be impacted by the adverse economic environment in the region, and also by the fact that the Easter period had positively influenced demand in March 2013. In fact, diesel demand was down by 1% yoy, while the market for gasoline remained stable. On the other hand, the Portuguese market contracted by 3%, namely with demand for gasoline and jet decreasing by 2% and 1%, respectively. However, it is important to note that diesel demand increased by 1% yoy.

The Iberian market for natural gas contracted 11% yoy to 8,502 mm³ as a result of lower demand from both the electrical segment, as hydro and wind generation rose, and from the industrial and residential segments, as a consequence of the current Iberian economic environment and the milder temperatures in 2014 compared with 2013.

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2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

	First Quarter			
	2013	2014	Chg.	% Chg.
Average working interest production¹ (kboepd)	23.5	28.1	4.5	19.2%
Oil production (kbopd)	21.1	26.9	5.8	27.7%
Average net entitlement production (kboepd)	20.1	24.6	4.6	22.7%
Angola	8.2	7.3	(0.8)	(10.3%)
Brazil	11.9	17.3	5.4	45.2%
Average realised sale price (USD/boe)	90.3	96.2	5.9	6.5%
Royalties² (USD/boe)	9.1	10.2	1.1	12.2%
Operating cost (USD/boe)	11.2	13.1	1.9	17.1%
Amortisation³ (USD/boe)	18.0	19.2	1.2	6.6%
Ebitda	92	104	13	13.8%
Depreciation & Amortisation	31	36	5	15.1%
Provisions	-	(0)	(0)	n.m.
Ebit	60	68	8	13.2%

¹ Includes natural gas exported, excludes natural gas used or injected.

² Based on production from Brazil.

³ Excludes abandonment provisions.

OPERATIONS

In the first quarter of 2014, the average working interest production of oil and natural gas rose around 19% yoy to 28.1 kboepd, of which 96% was oil production.

In Brazil, production rose around 45% yoy to 17.3 kbopd, mostly due to the contribution from the Lula NE area, in the Lula field. FPSO Cidade de Paraty, which started production in June 2013, accounted for 4.5 kbopd, or 26% of Brazilian production, having benefited from the temporary connection of the second producer well, through a flexible riser. The EWTs in the Lula Central and Lula South areas also contributed to rising production in the country, with a joint production of 2.6 kbopd.

The production of FPSO Cidade Angra dos Reis fell 16% yoy due to maintenance activities, namely related to the replacement of molecular sieves and the flexible riser of the P1 well. The start of the gas cycle in the WAG well in June 2013 raised the injection of natural gas, which led to gas used and

injected accounting for around 70% of gas produced in the first quarter of 2014, against 20% a year earlier. This also implied that the export of gas from the Lula-1 area fell 60% yoy, from 2.2 kboepd to 0.8 kbopd.

In Angola, working interest production fell close to 0.9 kbopd yoy, or 7%, to 10.8 kbopd, as production declined in the Kuito field, on Block 14, after the decommissioning of the respective FPSO in late 2013. Conversely, the BBLT and Tômbua-Lândana (TL) fields raised their production 0.7 kbopd and 0.1 kbopd yoy, respectively, as new wells came into production.

Net entitlement production in the first quarter of 2014 increased around 23% yoy to 24.6 kboepd, supported by the rising contribution from Brazil, which more than offset falling production in Angola. Net entitlement production in Angola dropped 10% yoy to 7.3 kbopd, following the lower working interest production, although this was partly offset by higher production rates available from cost oil,

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under the cost-recovery mechanisms of the production sharing agreements (PSAs).

Production from Brazil accounted for around 70% of total net entitlement production, against 59% a year earlier.

RESULTS

Ebitda for the first quarter of 2014 rose €13 m yoy to €104 m as net entitlement production increased by 23% and the average sale price of oil and natural gas rose in the period.

The average sale price was \$96.2/boe, up from \$90.3/boe a year earlier. This increase is mainly due to the fact that average sale price in the first quarter of 2013 had been impacted by under-invoicing of around \$7 m. Excluding this effect, the sale price in the previous year would have been \$94.2/boe.

Production costs increased around €6 m yoy to €21 m. This increase was due to the start of production of FPSO Cidade de Paraty in June 2013, which is yet to reach its full production capacity, and also due to the EWTs in the Lula Central and Lula South areas in Brazil. Rising costs in this country were partially offset

by declining costs in Angola, which followed from lower production and from the decommissioning of the Kuito FPSO in December 2013.

In unit terms, on a net entitlement basis, production costs in the first quarter of 2014 increased around \$1.9/boe yoy to \$13.1/boe.

Other operating costs increased around €8 m yoy to €17 m as insurance premiums related to operations in Brazil were revised upwards, following higher activity and cumulative investment in the country.

Depreciation charges in the first quarter of 2014, excluding abandonment provisions, rose around €6 m yoy to €31 m, on the back of rising production and of the expansion of the asset base in Brazil. On a net entitlement basis, unit depreciation charges increased to \$19.2/boe from \$18.0/boe a year earlier.

Provisions for abandonment in the first quarter of 2014 were €5 m, down from €7 m a year earlier.

As a result, Ebit in the quarter for the E&P business segment rose €8 m yoy to €68 m.

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2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

	First Quarter			
	2013	2014	Chg.	% Chg.
Galp Energia refining margin (USD/bbl)	1.8	1.1	(0.7)	(38.8%)
Refining cash cost (USD/bbl)	2.6	3.6	1.0	36.6%
Crude processed (kbbbl)	21,535	16,574	(4,961)	(23.0%)
Total refined product sales (mton)	4.0	3.7	(0.3)	(8.2%)
Sales to direct clients (mton)	2.3	2.2	(0.0)	(0.7%)
Exports ¹ (mton)	1.0	0.6	(0.4)	(41.2%)
Ebitda	57	36	(21)	(37.5%)
Depreciation & Amortisation	49	72	23	45.7%
Provisions	8	9	1	8.1%
Ebit	(0)	(45)	(45)	n.m.

¹ Exports from Galp Energia companies, excluding sales in Spain.

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In the first quarter of 2014, crude oil processed fell 23% yoy to 16.6 million barrels (mmbbl). This was due to the planned outage for general turnaround at the Sines refinery, which started in early March, and due to the bad weather conditions that hit the port of Leixões and, consequently, the normal operation of some units in the Matosinhos refinery. In addition, the volume of raw materials processed, of which crude oil accounted for 82%, was also affected by the optimisation policy for the refining system, considering the refining margins backdrop in the period.

The 69% utilisation rate of the hydrocracking complex was mainly due to the start of the turnaround of the Sines refinery.

In the first quarter of 2014, medium and heavy crude accounted for 84% of total crude oil processed in the Galp Energia refineries, against 73% a year earlier.

The production of middle distillates (diesel and jet) accounted for 48% of total production, against 45% a year earlier, whereas gasoline and fuel oil accounted for 20% and 17%, respectively. Consumption and losses in the quarter amounted to 8%.

Volumes sold to direct clients fell 1% yoy to 2.2 mt, reflecting lower sales of chemicals and marine bunkers

in the Iberian Peninsula, tighter credit control to clients and the fact that the first quarter of 2013 had benefited from the Easter period. Sales to direct clients in the first quarter of 2014 were also impacted by lower volumes sold in Africa, which accounted for 8% of total volumes sold in the period.

Exports to non-Iberian countries fell 41% yoy to around 0.6 mt as the availability of product for export declined in anticipation, and following, the general outage at the Sines refinery. Fuel oil, gasoline and diesel accounted for 29%, 27% and 18% of exports, respectively.

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Ebitda for the R&M business segment in the first quarter of 2014 fell 37% yoy to €36 m as results from the refining activity deteriorated.

The Galp Energia refining margin fell \$0.7/bbl yoy to \$1.1/bbl in the first quarter of 2014 as refining margins slumped in international market. The premium over the benchmark refining margin was \$1.8/bbl.

The refineries' operating cash costs amounted to €43 m, in line with a year earlier. In unit terms, cash costs increased \$1.0/bbl to \$3.6/bbl in the first quarter of 2014 as costs increased with the turnaround at the Sines refinery and as the base for diluting fixed costs

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contracted, following lower volumes of crude processed in the period.

Marketing of oil products in the first quarter of 2014 maintained its contribution to results compared with a year earlier, benefiting from optimisation measures, namely at the cost structure.

Depreciation charges increased €23 m yoy to €72 m as the hydrocracking complex assets started to be depreciated in the second quarter of 2013.

Provisions of €9 m were in line with a year earlier and resulted primarily from impairments on receivables, namely from marketing of oil products.

Subsequently, Ebit for the R&M business segment was negative by €45 m, against almost nil a year earlier, as results from the refining activity deteriorated and depreciation charges increased.

Results – First quarter of 2014

2.3. GAS & POWER

€ m (RCA, except otherwise noted)

	First Quarter			
	2013	2014	Chg.	% Chg.
NG supply total sales volumes (mm³)	1,721	2,078	357	20.7%
Sales to direct clients (mm³)	1,075	1,011	(64)	(5.9%)
Electrical	199	158	(41)	(20.7%)
Industrial	619	649	30	4.8%
Residential	222	180	(42)	(18.9%)
Trading (mm³)	646	1,067	421	65.1%
Sales of electricity to the grid (GWh)	468	428	(40)	(8.6%)
Ebitda	104	122	17	16.7%
Depreciation & Amortisation	14	16	2	13.4%
Provisions	2	2	0	0.7%
Ebit	88	104	15	17.5%
Supply & Trading	51	67	17	32.9%
Infrastructure	27	32	5	17.6%
Power	11	5	(6)	(53.7%)

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Natural gas sold in the first quarter of 2014 rose 21% yoy to 2,078 mm³ primarily on higher volumes of LNG traded in the international market.

Volumes sold in the trading segment reached 1,067 mm³, as 13 transactions occurred in the quarter, compared with eight a year earlier. LNG trading activity was supported by the establishment of new supply sources, including access to the spot market. Cargoes sold in the first quarter of 2014 were primarily bound for Asian markets, but also Latin America.

Volumes sold in the electrical segment fell 21% yoy to 158 mm³, namely as hydro and wind generation in Portugal increased in the period.

Sales in the industrial segment were of 649 mm³, up 5% on a year earlier, with the contribution of the Spanish client base. This partly offset the 19% fall in volumes sold to the residential segment, which amounted to 180 mm³.

Sales of electricity to the grid fell 40 GWh yoy to 428 GWh as the contribution from the Sines cogeneration was impacted by the refinery outage and the Energin cogeneration ceased operations in late 2013.

RESULTS

FIRST QUARTER

The G&P business segment achieved Ebitda of €122 m, up €17 m from a year earlier.

The improved results came primarily from the supply & trading activity, namely of LNG in the international market. Higher volumes sold drove the Ebitda of this activity to €70 m.

The regulated-infrastructure and power businesses maintained their stable contribution to Ebitda, with a combined amount of €52 m in the period.

Depreciation and amortisation in the G&P business segment amounted to €16 m in the period, up €2 m yoy, following the start-up of the Matosinhos cogeneration at the end of the first quarter of 2013.

Results – First quarter of 2014

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

Consequently, Ebit for the G&P business segment amounted to €104 m, up €15 m yoy.

Results – First quarter of 2014

3. FINANCIAL PERFORMANCE

3.1. INCOME STATEMENT

€ m (RCA, except otherwise noted)

	First Quarter			
	2013	2014	Chg.	% Chg.
Turnover	4,471	4,125	(346)	(7.7%)
Operating expenses	(4,223)	(3,865)	(358)	(8.5%)
Cost of goods sold	(3,889)	(3,490)	(399)	(10.3%)
Supply and services	(253)	(290)	37	14.8%
Personnel costs	(82)	(85)	3	4.0%
Other operating revenues (expenses)	6	6	(0)	(2.3%)
Ebitda	253	265	12	4.8%
Depreciation & Amortisation	(95)	(124)	29	30.4%
Provisions	(10)	(10)	1	6.5%
Ebit	148	130	(17)	(11.8%)
Net profit from associated companies	18	17	(1)	(4.0%)
Net profit from investments	-	(0)	(0)	n.m.
Financial results	(37)	(42)	(4)	(11.4%)
Net profit before taxes and non-controlling interests	128	106	(22)	(17.5%)
Taxes ¹	(40)	(46)	6	14.5%
<i>Effective income tax</i>	<i>31%</i>	<i>44%</i>	<i>12 p.p.</i>	<i>38.8%</i>
Non-controlling Interests	(13)	(13)	0	1.8%
Net profit	75	47	(29)	(37.9%)
Non recurrent items	(7)	(16)	9	n.m.
Net profit RC	68	31	(38)	(55.3%)
Inventory effect	(6)	(17)	(11)	n.m.
Net profit IFRS	62	14	(49)	(77.8%)

¹ Includes taxes related to the production of oil and natural gas activity, namely the Special Participation Tax in Brazil and oil tax payable in Angola (IRP).

FIRST QUARTER

Turnover fell 8% yoy to €4,125 m primarily on lower volumes of oil products sold.

Operating costs fell 8% yoy on the lower cost of goods sold, following the general outage of the Sines refinery, which affected the volume of oil products sold in the period. This effect was, however, partly offset by higher supply and service costs, as variable costs related to the production of oil and natural gas increased, and to the transportation of VGO between the Matosinhos and Sines refineries.

Ebitda amounted to €265 m, up 5% yoy primarily as a result of the higher production of oil and natural gas in the E&P business and the increasingly robust supply & trading activity in the G&P business.

Ebit amounted to €130 m, down 12% yoy, reflecting higher depreciation and amortisation, which resulted from the increased production and the expanded asset base in Brazil within the E&P business, and the start of depreciation of the hydrocracking complex in the R&M business.

Results from associates, of €17 m, were in line with a year earlier. The equity holdings in international gas pipelines contributed €13 m to results.

Financial losses were aggravated by €4 m and reached €42 m, as interest costs related to the upgrade of the Sines refinery ceased to be capitalised from the second quarter of 2013 onwards. This effect was partially offset by the favourable movement in

Results – First quarter of 2014

exchange differences, which were negative by €5 m compared to negative €16 m a year earlier.

Income tax amounted to €46 m, of which €27 m were related to tax arising from the production of oil and natural gas activity in Angola and Brazil. The effective tax rate was 44%, against 31% a year earlier, as the results from the E&P business gained relevance in the Group's results.

Non-controlling interests accounted for €13 m, in line with a year earlier.

As a result, net profit for the first quarter of 2014 amounted to €47 m, down €29 m yoy.

RC net profit of €31 m was negatively affected by non-recurrent items, in particular by the impairment of €12 m related to the relinquishment of the Biguá area, in Brazil's block BM-S-8, and by the €5 m provision related to the tax regarding the contribution over the energy sector, applicable in Portugal in 2014.

Results – First quarter of 2014

3.2. CAPITAL EXPENDITURE

€ m

	First Quarter			
	2013	2014	Chg.	% Chg.
Exploration & Production	154	178	24	15.5%
Exploration and appraisal activities	47	62	14	30.3%
Development and production activities	107	117	10	9.0%
Refining & Marketing	32	10	(22)	(67.8%)
Gas & Power	2	7	5	n.m.
Others	0	0	0	n.m.
Investment	189	197	8	4.2%

FIRST QUARTER

Capital expenditure in the first quarter of 2014 amounted to €197 m, of which €178 m, around 90% of the total, were channelled into the E&P business.

Around 65% of capital expenditure in the E&P business was allocated to development activities, most notably, to the Lula/Iracema field in Brazil's BM-S-11 block, particularly into the drilling of development wells and the manufacturing of FPSO units and subsea systems.

Expenditure on exploration and appraisal activities amounted to around €62 m in the period and was allocated to activities related to the Pitú well, in Brazil's Potiguar basin, and the drilling of appraisal well Agulha-2, in Mozambique's Area 4.

Combined capital expenditure in the R&M and G&P business segments in the first quarter of 2014 amounted to €18 m. Investment in the R&M business, which amounted to €10 m, included expenditure related to the general outage of the Sines refinery which initiated in March, as well as in the biofuels business.

Results – First quarter of 2014

3.3. CASH FLOW

€ m (IFRS figures)

	First Quarter	
	2013	2014
Ebit	128	92
Dividends from associated companies	-	-
Depreciation, depletion and amortisation (DD&A)	101	138
Change in working capital	(229)	(111)
Cash flow from operations	(0)	120
Net investment	(187)	(195)
Net financial interest	(43)	(41)
Taxes	(48)	(25)
Dividends paid	-	-
Others	90	17
Cash flow	(189)	(123)

FIRST QUARTER

Cash flow generated from operating activities amounted to €120 m, although it was negatively impacted by the increase in working capital in the period, which was due to the planned general outage at the Sines refinery.

On the other hand, investment made on fixed assets, primarily in the E&P activity, resulted in a negative cash flow of €123 m in the first quarter of 2014.

Results – First quarter of 2014

3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December 2013	31 March 2014	Change vs. 31 Dec. 2013
Non-current assets	6,883	7,014	131
Working capital	1,294	1,405	(20)
Loan to Sinopec	871	840	(31)
Other assets (liabilities)	(460)	(480)	111
Capital employed	8,589	8,780	191
Short term debt	373	344	(29)
Medium-Long term debt	3,304	3,154	(150)
Total debt	3,677	3,498	(179)
Cash	1,504	1,202	(303)
Net debt	2,173	2,296	123
Total equity	6,416	6,483	68
Total equity and net debt	8,589	8,780	191
Total net debt including loan to Sinopec	1,302	1,456	155

On 31 March 2014, non-current assets amounted to €7,014 m, up €131 m from the end of 2013. This was the result of investment made in the first quarter of 2014, despite the negative influence of depreciation charges and impairment charges related to the E&P business, namely the impairment charge of €12 m on

account of the relinquishment of the Biguá area, in the Santos basin.

Capital employed at the end of the first quarter of 2014 amounted to €8,780 m, including the loan to Sinopec, which amounted to €840 m on 31 March 2014.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December 2013		31 March 2014		Change vs. 31 Dec. 2013	
	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	147	1,839	144	1,835	(3)	(4)
Bank loans and other debt	227	1,465	200	1,319	(27)	(146)
Cash and equivalents	(1,504)	-	(1,202)	-	303	-
Net debt	2,173		2,296		123	
Net debt including loan to Sinopec	1,302		1,456		155	
Average life (years)	3.6		3.4		(0.20)	
Average cost of debt	4.4%		4.6%		0.2 p.p.	
Net debt to Ebitda	1.9x		2.0x		0.1x	
Net debt inc. loan to Sinopec to Ebitda	1.1x		1.3x		0.1x	

Net debt on 31 March 2014 was of €2,296 m, an increase of €123 m compared to the end of December 2013 primarily due to investment in fixed assets and increased working capital in the period.

On 31 March 2014, adjusted net debt amounted to €1,456 m, considering the €840 m cash balance of the loan to Sinopec as cash and cash equivalents.

Net debt to Ebitda at the end of March 2014 was 1.3x, considering the loan to Sinopec as cash and cash equivalents.

On 31 March 2014, 34% of the debt was on a fixed rate. The medium- and long-term debt accounted for 90% of the total, in line with the end of 2013.

Results – First quarter of 2014

The average cost of debt for the first quarter of 2014 was 4.6% and the medium- and long-term debt at the end of the quarter had an average maturity of 3.4 years.

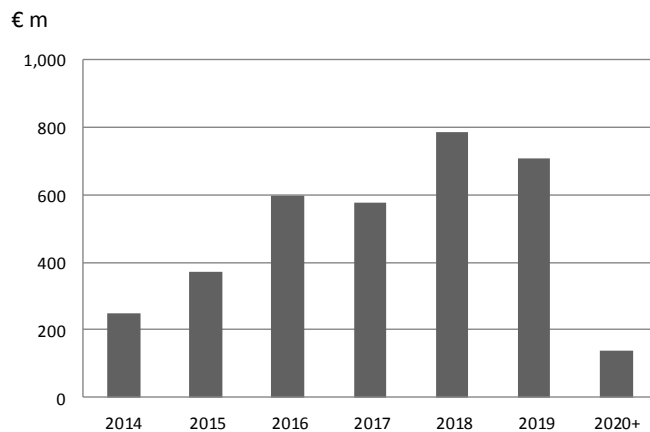
Around 50% of the medium- and long-term debt matures from 2018, in accordance with the goal to align debt reimbursement to the Company's expected cash flow profile.

Cash and cash equivalents attributable to minority interests on 31 March 2014 amounted to €22 m, with most of this amount recorded at the subsidiary Petrogal Brasil.

At the end of the first quarter of 2014, Galp Energia had unused credit lines of €1.3 bn, 25% of which from

international banks. 60% of total lines were contractually guaranteed.

DEBT REIMBURSEMENT PROFILE AT 31 MARCH 2014



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 second quarter of 2014, Galp Energia anticipates a slight QoQ decrease of the dated Brent price, following the opening of some of the Libyan ports, and the lower expected demand, as some refineries undergo maintenance.

The benchmark refining margin should increase in the second quarter QoQ, mainly due to the positive evolution of the gasoline crack, in anticipation to the beginning of the U.S. driving season. In addition, diesel and fuel oil cracks should be sustained by the expectations of an economic recovery in Europe and by the refineries' maintenance season.

OPERATING ACTIVITY

In the E&P business segment, working interest production of oil and natural gas in the second quarter of 2014 is expected to average around 26 kboepd. Production should be negatively impacted by the end of the EWT in the Lula South and Lula Central areas, that contributed with a joint production of 2.6 kbopd in the first quarter. On the other hand, the impact of the disconnection of the second producer well connected temporarily to the FPSO Cidade de Paraty is expected to be offset by the connection of two new producer wells through the BSR South, and which is expected in the second quarter. In Angola, it is anticipated that production will decline, considering the advanced maturity stage of fields currently producing in Block 14.

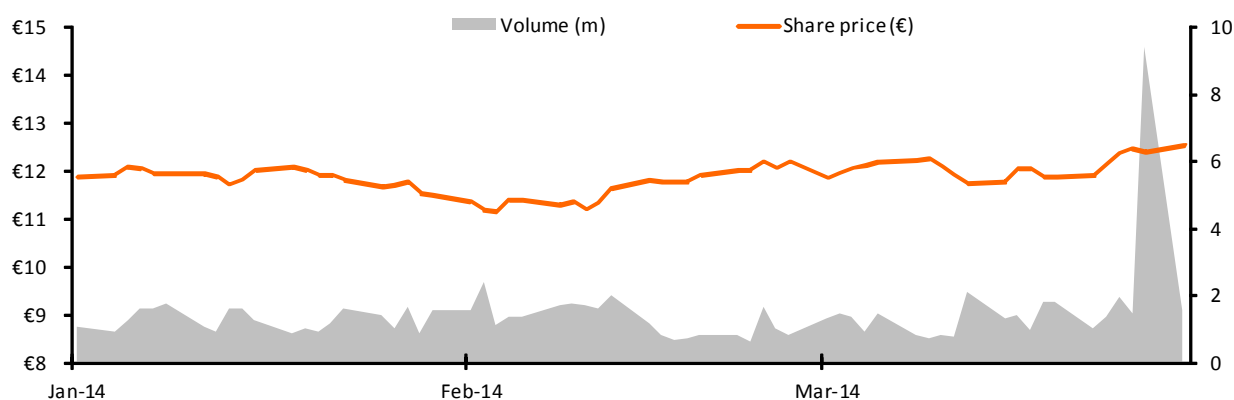
In the R&M business segment, it is expected that the volume of crude oil processed in the second quarter continues to be impacted by the general outage at the Sines refinery. This outage for turnaround, which includes the hydrocracking complex, should last until the beginning of May. The volumes sold to direct clients are expected to increase yoy in the second quarter, considering an anticipated slight recovery in the Iberian market.

In the G&P business segment, the volumes sold of natural gas are expected to decrease QoQ, as volumes sold in the residential segment benefited from the seasonality effect in the first quarter of 2014. The LNG supply & trading activity should continue to support the volumes sold in the period, although at less extent than in the first quarter.

Results – First quarter of 2014

THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Fonte: Euroinvestor

FIRST QUARTER

The Galp Energia share gained 5% in the first quarter of 2014, closing the period at €12.54 after hitting a low of €10.20. Since its initial public offering on 23 October 2006 until the end of March 2014, the share has gained close to 116%.

In the first quarter of the year, 129 m shares were traded on regulated markets, of which 87 m on NYSE Euronext Lisbon. The average daily volume traded on

regulated markets was 2.1 m shares, of which 1.4 m on NYSE Euronext Lisbon.

It should be highlighted that volume traded in the quarter benefited from Eni's placement, on regulated market, of a stake corresponding to approximately 7% of Galp Energia's share capital.

Galp Energia's market capitalisation at the end of the first quarter of 2014 was €10.4 bn.

Main indicators		
	2013	1Q14
Min (€)	10.76	10.20
Max (€)	13.40	12.60
Average (€)	12.19	11.86
Close price (€)	11.92	12.54
Regulated markets volume (m shares)	501.6	129.4
Average volume per day (m shares)	2.0	2.1
<i>Of which NYSE Euronext Lisbon (m shares)</i>	<i>1.3</i>	<i>1.4</i>
Market cap (€m)	9,881	10,395

¹ NYSE Euronext Lisbon.

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the quarters ended on 31 March 2014 and 2013 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on 31 March 2014 and 2013. The financial information in the consolidated financial position is reported at 31 March 2014 and 31 December 2013.

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.

Results – First quarter of 2014

2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

2013					First Quarter	2014				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
239	9	247	6	253	Ebitda	241	22	263	2	265
92	-	92	0	92	E&P	104	-	104	0	104
40	12	51	6	57	R&M	5	29	34	2	36
107	(3)	104	0	104	G&P	128	(6)	122	0	122
0	(0)	0	0	1	Others	4	-	4	0	4

2.2. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

2013					First Quarter	2014				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
128	9	136	12	148	Ebit	92	22	115	16	130
54	-	54	6	60	E&P	54	-	54	14	68
(18)	12	(6)	6	(0)	R&M	(76)	29	(47)	2	(45)
92	(3)	89	(0)	88	G&P	110	(6)	104	(0)	104
(0)	(0)	(0)	0	(0)	Others	3	-	3	0	3

Results – First quarter of 2014

3. REPLACEMENT COST ADJUSTED TURNOVER

€ m

	First Quarter			
	2013	2014	Chg.	% Chg.
Sales and services rendered RCA	4,471	4,125	(346)	(7.7%)
Exploration & Production ¹	139	178	39	27.9%
Refining & Marketing	3,644	3,080	(564)	(15.5%)
Gas & Power	827	1,034	206	25.0%
Others	24	28	3	14.0%
Consolidation adjustments	(164)	(194)	(31)	(18.7%)

¹ Does not include change in production. RCA turnover in the E&P segment including change in production amounted to €156 m in the first quarter of 2014.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

	First Quarter	
	2013	2014
Exclusion of non-recurrent items		
Gains / losses on disposal of assets	-	0.0
Assets write-offs	0.0	0.1
Assets impairments	5.9	14.1
Non-recurrent items of Ebit	5.9	14.1
Other financial results	-	-
Non-recurrent items before income taxes	5.9	14.1
Income taxes on non-recurrent items	(2.0)	(4.6)
Non-controlling interest	(1.2)	(2.4)
Total non-recurrent items	2.7	7.1

Results – First quarter of 2014

REFINING & MARKETING

€ m

	First Quarter	
	2013	2014
Exclusion of non-recurrent items		
Sale of strategic stock	-	(69.6)
Cost of sale of strategic stock	-	66.7
Accidents caused by natural facts and insurance compensation	0.1	0.0
Gains / losses on disposal of assets	(0.1)	(0.4)
Assets write-offs	0.4	0.2
Employees contracts rescission	5.2	5.1
Provisions for environmental charges and others	0.3	0.1
Assets impairments	(0.0)	(0.2)
Non-recurrent items of Ebit	5.9	2.0
Capital gains / losses on disposal of financial investments	0.1	-
Non-recurrent items before income taxes	6.0	2.0
Income taxes on non-recurrent items	(1.7)	(0.5)
Energy sector contribution tax	-	1.7
Non-controlling interest	-	(0.1)
Total non-recurrent items	4.3	3.1

GAS & POWER

€ m

	First Quarter	
	2013	2014
Exclusion of non-recurrent items		
Assets write-offs	(0.0)	-
Assets impairments	(0.2)	(0.2)
Non-recurrent items of Ebit	(0.2)	(0.2)
Provision for impairment of financial investments (Energin)	-	2.8
Non-recurrent items before income taxes	(0.2)	2.6
Income taxes on non-recurrent items	0.0	0.0
Energy sector contribution tax	-	3.5
Non-controlling interest	-	(0.2)
Total non-recurrent items	(0.1)	5.9

Results – First quarter of 2014

OTHER

€ m

	First Quarter	
	2013	2014
Exclusion of non-recurrent items		
Employees contracts rescission	-	0.0
Non-recurrent items of Ebit	-	0.0
Capital gains / losses on disposal of financial investments	-	(0.0)
Non-recurrent items before income taxes	-	0.0
Income taxes on non-recurrent items	0.1	-
Total non-recurrent items	0.1	0.0

CONSOLIDATED SUMMARY

€ m

	First Quarter	
	2013	2014
Exclusion of non-recurrent items		
Sale of strategic stock	-	(69.6)
Cost of sale of strategic stock	-	66.7
Accidents caused by natural facts and insurance compensation	0.1	0.0
Gains / losses on disposal of assets	(0.1)	(0.4)
Assets write-offs	0.4	0.2
Employees contracts rescission	5.2	5.1
Provisions for environmental charges and others	0.3	0.1
Assets impairments	5.7	13.7
Non-recurrent items of Ebit	11.7	15.9
Capital gains / losses on disposal of financial investments	0.1	(0.0)
Provision for impairment of financial investments (Energin)	-	2.8
Non-recurrent items before income taxes	11.8	18.7
Income taxes on non-recurrent items	(3.6)	(5.1)
Energy sector contribution tax	-	5.2
Non-controlling interest	(1.2)	(2.7)
Total non-recurrent items	6.9	16.1

Results – First quarter of 2014

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

	First Quarter	
	2013	2014
Operating income		
Sales	4,355	4,055
Services rendered	116	139
Other operating income	27	21
Total operating income	4,498	4,215
Operating costs		
Inventories consumed and sold	(3,898)	(3,579)
Material and services consumed	(253)	(290)
Personnel costs	(87)	(90)
Other operating costs	(22)	(15)
Total operating costs	(4,259)	(3,974)
Ebitda	239	241
Amortisation and depreciation cost	(101)	(138)
Provision and impairment of receivables	(10)	(11)
Ebit	128	92
Net profit from associated companies	18	17
Net profit from investments	(0)	(3)
Financial results		
Financial profit	33	29
Financial costs	(57)	(67)
Exchange gain (loss)	(16)	(5)
Profit and cost on financial instruments	3	1
Other gains and losses	(0)	(0)
Profit before taxes	108	65
Taxes ¹	(34)	(35)
Energy sector contribution tax	-	(5)
Profit before non-controlling interest	74	24
Profit attributable to non-controlling interest	(12)	(10)
Net profit for the period	62	14
Earnings per share (in Euros)	0.08	0.02

¹ Includes taxes related to the production of oil and natural gas activity, namely the Special Participation Tax in Brazil and oil tax payable in Angola (IRP).

Results – First quarter of 2014

5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December 2013	31 March 2014
Assets		
Non-current assets		
Tangible fixed assets	4,565	4,645
Goodwill	233	231
Other intangible fixed assets ¹	1,545	1,537
Investments in associates	516	570
Investments in other participated companies	3	8
Assets available for sale	-	-
Other receivables ²	944	886
Deferred tax assets	271	279
Other financial investments	25	28
Total non-current assets	8,102	8,184
Current assets		
Inventories ³	1,846	1,486
Trade receivables	1,327	1,350
Other receivables	930	866
Other financial investments	10	10
Current Income tax recoverable	(0)	-
Cash and cash equivalents	1,503	1,202
Total current assets	5,616	4,913
Total assets	13,717	13,097
Equity and liabilities		
Equity		
Share capital	829	829
Share premium	82	82
Translation reserve	(284)	(259)
Other reserves	2,680	2,680
Hedging reserves	(1)	(1)
Retained earnings	1,666	1,855
Profit attributable to equity holders of the parent	189	14
Equity attributable to equity holders of the parent	5,161	5,200
Non-controlling interest	1,255	1,283
Total equity	6,416	6,483
Liabilities		
Non-current liabilities		
Bank loans and overdrafts	1,465	1,319
Bonds	1,839	1,835
Other payables	545	549
Retirement and other benefit obligations	338	344
Liabilities from financial lease	0	0
Deferred tax liabilities	129	126
Other financial instruments	2	0
Provisions	154	162
Total non-current liabilities	4,471	4,336
Current liabilities		
Bank loans and overdrafts	227	200
Bonds	147	144
Trade payables	1,510	874
Other payables ⁴	937	1,054
Other financial instruments	10	6
Income tax	0	0
Total current liabilities	2,830	2,278
Total liabilities	7,302	6,614
Total equity and liabilities	13,717	13,097

¹ Includes concession agreements for the distribution of natural gas.

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

³ Includes €316 m of stocks from third parties on 31 March 2014.

⁴ Includes €131 m de of payables related with stocks from third parties on 31 March 2014.

Results – First quarter of 2014

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

Earnings before taxes.

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% Brent dated, +2.2% LGP 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 Cg. +8.9% LSFO 1% FOB Cg; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2014: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.23/ton. Yields in % of weight.

ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% Brent dated, +2.3% LGP 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 Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2014: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.23/ton. Yields in % of weight.

ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, 34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg., +14% Base Oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE Cg.; Losses: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2014: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$6.23/ton. Yields in % of weight.

Results – First quarter of 2014

ROTTERDAM AROMATICS MARGIN

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg., -40% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.6% 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. Consumption: -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.

Results – First quarter of 2014

ABBREVIATIONS:

ANP: *Agência Nacional do Petróleo, Gás Natural e Biocombustíveis do Brasil* (Brazil's energy 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: *Corporacion de reservas estratégicas de produtos 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*

IFRS: International Financial Reporting Standards

LSFO: Low sulphur fuel oil

k: thousand

kbbl: 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

mt: 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

R&D: Refining & Marketing

RC: Replacement cost

RCA: Replacement cost adjusted

RDA: Reservoir Data Acquisition

Tcf: trillion cubic feet

TL: Tômbua-Lândana

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

WAC: Weighted-Average Cost

WAG: Water alternating gas injection

DISCLAIMER:

This report has been prepared by Galp Energia, SGPS, S.A. (“Galp Energia” or the “Company”) and may be amended and supplemented.

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The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in the Company’s records and other data available from third parties. Although Galp Energia believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the Company’s business strategy, industry developments, financial market conditions, uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp Energia or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

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