galp energia

RESULTS

FOURTH QUARTER AND TWELVE MONTHS OF 2014

An integrated energy operator focused on exploration and production

MEMBER OF
Dow Jones Sustainability Indices
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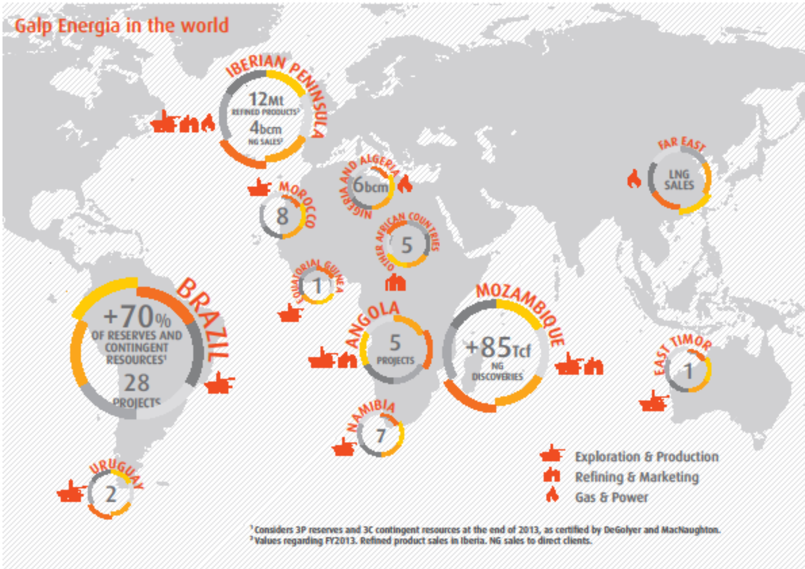
CDP
DRIVING SUSTAINABLE ECONOMIES

GALP ENERGIA: DEVELOPING ENERGY

Who we are

- An integrated energy operator focused on exploration and production, with a portfolio of assets that will lead to a unique growth within the industry.
- Exploration and production activities focused on three core countries: Brazil, Angola and Mozambique.
- Iberian businesses whose cash flow will enable Galp Energia to maintain a solid financial capacity.



Our vision and purpose

To be an integrated energy player recognised for 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, by a solid financial capacity.

Our strategic drivers

- Focus on E&P businesses.
- Development of world-class upstream projects.
- Financial discipline.

Our competitive advantages

- National flag carrier.
- Enduring and successful partnerships.
- Integrated skills and know-how.
- Solid and flexible organisation.
- Experience in some of the most promising projects worldwide.

To learn more, visit www.galpenergia.com.

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EXECUTIVE SUMMARY

Galp Energia continued to implement its strategy during the fourth quarter of 2014, against a backdrop of steep decline of oil prices. Although the Company's strategy is mainly focused on the growth of its Exploration & Production (E&P) business, Galp Energia has benefitted from its integrated business profile, through its Refining & Marketing (R&M) and Gas & Power (G&P) businesses, which contributed to the Group's improved operating performance in the period.

During the quarter, the E&P activities performed in Brazil should be highlighted.

Regarding exploration and appraisal activities, Galp Energia and its partners in block BM-S-8 concluded the first phase of drilling of the Carcará Extension appraisal well and started to drill a second appraisal well, Carcará Extension-2, whose purpose is to evaluate the resource potential of the discovery. Also in the Santos basin, a drill stem test (DST) was concluded in the Bracuhy well, in block BM-S-24, during the period.

In December, the consortium for the development of block BM-S-11 submitted the Declaration of Commerciality (DoC) for the Iara area, along with the Entorno de Iara area (Transfer of Rights, 100% operated by Petrobras) to ANP, the Brazilian national agency for oil, natural gas and biofuels.

Development activities proceeded in the quarter, namely in block BM-S-11, in the Lula/Iracema field, where production started in October with FPSO Cidade de Mangaratiba (FPSO #3), in the Iracema South area. After the connection in December of the first gas-injector well and the second producer well, production from FPSO #3 reached, in the beginning of 2015, around 65 kbopd.

Regarding downstream and gas activities, Galp Energia continues to focus on optimising its operations, in order to increase the return on capital employed in these businesses.

Notwithstanding the increase in net entitlement production, the E&P business was impacted by the lower oil and gas average sale price. On the other hand, the improved refining margin and the higher volumes sold of liquefied natural gas (LNG) led to a 47% year on year (yoy) increase of the Group's Ebitda, which reached in the fourth quarter €399 million (m) on a replacement cost adjusted basis (RCA).

Capital expenditure in the quarter amounted to €366 m, of which 86% were allocated to exploration and production activities, namely for the development of Brazil's Lula/Iracema field.

Net debt at the end of December 2014 amounted to €2,520 m, or €1,630 m considering the loan to Sinopec as cash and equivalents, in which case, net debt to Ebitda was 1.2x.

OPERATING HIGHLIGHTS IN THE FOURTH QUARTER OF 2014

- Net entitlement production of oil and natural gas amounted to 33.4 kboepd, of which Brazilian production accounted for 76%;
- Galp Energia's refining margin was $5.4/bbl as margins improved in international markets; the marketing of oil products continued to contribute positively to results;
- Natural gas sold in the fourth quarter amounted to 1,885 million cubic metres (mm³), driven by higher LNG volumes traded in the international market.

KEY FIGURES

FINANCIAL DATA

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
271	**399**	**128**	**47.0%**	**Ebitda**	**1,141**	**1,314**	**173**	**15.2%**
109	102	(8)	(6.9%)	Exploration & Production	396	444	48	12.1%
64	191	127	n.m.	Refining & Marketing	311	412	101	32.4%
96	101	5	5.3%	Gas & Power	416	438	22	5.4%
149	**258**	**109**	**73.1%**	**Ebit**	**590**	**775**	**185**	**31.3%**
91	65	(26)	(28.4%)	Exploration & Production	232	295	64	27.6%
(20)	105	125	n.m.	Refining & Marketing	5	99	94	n.m.
77	84	7	9.6%	Gas & Power	338	363	25	7.3%
92	**137**	**45**	**49.3%**	**Net profit**	**310**	**373**	**63**	**20.2%**
236	**366**	**131**	**55.5%**	**Capex**	**963**	**1,143**	**180**	**18.6%**
1,302	**1,630**	**329**	**25.3%**	**Net debt including loan to Sinopec[1]**	**1,302**	**1,630**	**329**	**25.3%**
1.1x	**1.2x**	**0.1x**	**n.m.**	**Net debt inc. loan to Sinopec to Ebitda[1]**	**1.1x**	**1.2x**	**0.1x**	**n.m.**

[1] Loan to Sinopec considered as cash and equivalents.

OPERATIONAL DATA

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
25.3	36.3	11.0	43.4%	Average working interest production (kboepd)	24.5	30.5	6.0	24.3%
21.9	33.4	11.5	52.5%	Average net entitlement production (kboepd)	20.8	27.1	6.2	29.8%
108.3	66.4	(41.9)	(38.7%)	Oil and gas average sale price (USD/boe)	100.8	88.7	(12.1)	(12.1%)
21,348	24,293	2,945	13.8%	Crude processed (kbbl)	87,528	79,345	(8,183)	(9.3%)
1.7	5.4	3.6	n.m.	Galp Energia refining margin (USD/bbl)	2.2	3.3	1.1	52.3%
2.5	2.4	(0.1)	(5.6%)	Oil sales to direct clients (mton)	9.5	9.3	(0.2)	(2.3%)
1,131	968	(163)	(14.4%)	NG supply sales to direct clients (mm^3)	4,056	3,759	(297)	(7.3%)
810	917	107	13.3%	NG/LNG trading sales (mm^3)	3,034	3,713	679	22.4%
486	375	(111)	(22.8%)	Sales of electricity to the grid (GWh)	1,904	1,590	(314)	(16.5%)

MARKET INDICATORS

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
109.2	76.6	(32.7)	(29.9%)	Dated Brent price[1] (USD/bbl)	108.7	98.9	(9.7)	(8.9%)
(1.6)	(1.4)	0.2	12.6%	Heavy-light crude price spread[2] (USD/bbl)	(1.3)	(1.7)	(0.4)	(34.9%)
67.5	53.0	(14.4)	(21.4%)	UK NBP natural gas price[3] (GBp/therm)	68.0	50.2	(17.8)	(26.2%)
17.9	11.6	(6.3)	(35.4%)	LNG Japan and Korea price[1] (USD/mmbtu)	16.6	13.9	(2.7)	(16.2%)
(0.1)	2.9	3.0	n.m.	Benchmark refining margin[4] (USD/bbl)	1.2	1.1	(0.0)	(3.2%)
15.1	14.9	(0.2)	(1.5%)	Iberian oil market[5] (mton)	58.6	58.8	0.2	0.4%
8,927	7,990	(937)	(10.5%)	Iberian natural gas market[6] (mm^3)	32,691	29,717	(2,973)	(9.1%)

[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 benchmark refining margin see "Definitions".
[5] Source: Apetro for Portugal; Cores for Spain; the figures include an estimate for December 2014.
[6] Source: Galp Energia and Enagás.

EXPLORATION AND PRODUCTION ACTIVITIES

Exploration and appraisal

BRAZIL

During the fourth quarter of 2014, it was concluded the DST on the Bracuhy well, located in block BM-S-24, in the Santos basin, which enabled the consortium to evaluate the oil productivity potential of this area of the reservoir.

In September, the consortium for block BM-S-8 resumed the first drilling phase of the Carcará Extension appraisal well, which was concluded in November. This well aims to evaluate the resource potential of the Carcará discovery, and the second drilling phase is scheduled for the second half of 2015 whereupon a DST will be conducted to test the pressure, permeability and productivity of this area of the reservoir.

Still in block BM-S-8, drilling of the Carcará Extension-2 appraisal well began in January 2015. Drilling is being performed in a single phase using a rig equipped with managed pressure drilling (MPD), which is expected to be concluded during the first half of 2015. Drilling will be followed by a DST.

In the Amazonas basin, the exploration campaign started during the fourth quarter of 2014. The first well, which was concluded in December, was abandoned after no hydrocarbons were found. The second well is currently being drilled, and it is expected the drilling of two additional exploration wells during 2015.

ANGOLA

In Angola, drilling of the Cominhos-3 appraisal well was concluded in the central-northeast area of block 32. Drilling had started in the second quarter of 2014 with the goal of testing the reservoir in the Oligocene and Eocene intervals, having proved the existence of an active hydrocarbon system and raised knowledge of this area of the block.

SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A[1]	Spud date	Duration (# days)	Well status
Brazil[2]						
BM-S-8	Carcará Extension[3]	14%	A	**3Q14**	120	Concluded
BM-S-8	Carcará Extension-2	14%	A	**1Q15**	120	In progress
BM-S-24	Apollonia	20%	A	**2Q14**	120	Concluded
Amazonas	Rio Jatapu - 1	40%	E	**4Q14**	120	Concluded
Amazonas	São Sebastião -1	40%	E	**4Q14**	120	In progress
Mozambique						
Rovuma	Agulha-2	10%	A	**1Q14**	60	Concluded
Rovuma	Dugongo-1	10%	E	**2Q14**	60	Concluded
Rovuma	Coral-4	10%	A	**2Q14**	60	Concluded
Angola						
Block 32	Cominhos-2	5%	A	**1Q14**	60	Concluded
Block 32	Cominhos-3	5%	A	**2Q14**	60	Concluded
Morocco						
Tarfaya	Trident	50%	E	**2Q14**	90	Concluded

[1] E – Exploration well; A – Appraisal well.
[2] Petrogal Brasil: 70% Galp Energia; 30% Sinopec.
[3] First phase.

DEVELOPMENT ACTIVITIES

BRAZIL

During the fourth quarter of 2014, Galp Energia and its partners proceeded with the development of the Lula/Iracema area. FPSO Cidade de Mangaratiba (FPSO #3) started production in the Iracema South area in October with one producer well, and it has a production capacity of 150 kbopd and 8 mm^3 of natural gas per day. The development plan includes the connection of 16 wells, eight of which are producer wells. After the connection in December of the first gas-injector well and the second producer well, production from FPSO #3 reached, in the beginning of 2015, around 65 kbopd. Plateau production is expected for the first half of 2016.

The fifth permanent producer well was connected during the fourth quarter of 2014 to FPSO Cidade de Paraty (FPSO #2), which had already reached plateau production in September 2014, thereby contributing to more flexibility of production and better reservoir management.

The consortium continued to progress with the execution of the Cabiúnas gas pipeline project, having obtained in 2014 the required licenses from Brazil's environmental regulator, IBAMA. Work on the offshore installation, which started in the second quarter of 2014, is proceeding according to plan. The pipeline is expected to be installed and pre-commissioned until the end of 2015.

Construction works for the remaining FPSO units intended to be assigned to the Lula/Iracema field proceeded in the fourth quarter.

The hull of FPSO Cidade de Itaguaí (FPSO #4) was converted in a Cosco shipyard, in China, and the unit is already in Brasfels' shipyard, in Brazil, for topside integration works. The FPSO is scheduled to start production in the Iracema North area in the fourth quarter of 2015.

FPSO Cidade de Maricá and FPSO Cidade de Saquarema, which have been assigned to the Lula Alto and Lula Central areas, respectively, and are scheduled to start production in the first half of 2016, are currently being converted in Chengxi shipyards, in China.

Regarding the works on the replicant FPSO units, the progress on the hull of P-66 continued, which arrived in December at the Brasfels shipyard in Angra dos Reis, in Brazil, is worth highlighting. In the fourth quarter of 2014, the integration of the blocks of P-67 and P-69 hulls proceeded in the dry dock of the Ecovix shipyard, in Rio Grande do Sul, and work proceeded on P-68 in the Cosco shipyard, in China.

Still regarding the replicant units, the consortium for the development of block BM-S-11 terminated in November 2014 the contract signed with the company IESA Óleo e Gás S.A. (IESA) for the construction of CO_2 and gas compression and injection modules. In order to replace these modules, which will be integrated in the replicant units, the consortium has launched an international tender at the end of 2014 for the construction of those modules.

During the fourth quarter of 2014, Galp Energia and its partners in the BM-S-11 consortium advanced with the well development plan in the Lula/Iracema area where, in the Lula Pilot area, the sub-horizontal P8H well was connected to FPSO Cidade Angra dos Reis (FPSO #1), which allowed the unit to reach full capacity again.

In the Lula NE area, the drilling of a producer well and an injector well was concluded, with a total of 11 wells drilled, six of which are producer wells.

Under the development plan for the Iracema South area, 12 wells have been concluded, with two producer wells and an injector well connected to FPSO #3.

Regarding the areas subsequent to Iracema South, the consortium has so far concluded the drilling of 23 wells under the development plan.

In December 2014, the consortium for the development of block BM-S-11 submitted to ANP the DoC for the Iara area, along with the Entorno de Iara area (Transfer of Rights, 100% Petrobras), whereby three accumulations – Berbigão, Sururu and Atapú West – were defined, whose boundaries extend outside the BM-S-11 concession area. The fields will be subject to Production Individualisation Agreements (PIA) under the process of unitisation of Iara and Entorno de Iara.

During the fourth quarter of 2014, the drilling of the second reservoir data acquisition (RDA) well was concluded in the Iara area, with the aim of testing the quality of the carbonate reservoirs and confirming the oil-water contact (OWC) in the flank of the area. The extended well test (EWT) in the Iara West area, which was conducted by FPSO Dynamic Producer, was also concluded in the period. This EWT lasted from June to December and reached an average production of 29 kbopd.

ANGOLA

In Angola’s block 14, drilling of a producer well in the Tômbua-Lândana (TL) field was concluded, and new producer wells came on-stream in the BBLT field.

Regarding Lianzi in block 14k, development works progressed in the quarter, with the start of drilling of four wells, of which two producers. Production is expected to start in the second half of 2015.

DEVELOPMENT WELLS IN THE LULA/IRACEMA AREA

Project	Type of wells	Execution rate			
		Planned	Drilled	In progress	Connected
Lula Pilot	Producers	6	5	0	5
FPSO Cidade de Angra dos Reis	Injectors	5	4	0	3
Lula NE	Producers	8	6	0	5
FPSO Cidade de Paraty	Injectors	6	5	1	3
Iracema South	Producers	8	6	0	2
FPSO Cidade de Mangaratiba	Injectors	8	6	0	1
Iracema North	Producers	8	5	1	0
FPSO Cidade de Itaguaí	Injectors	9	3	0	0

OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

During the fourth quarter of 2014, the price of dated Brent decreased $32.7/bbl yoy to an average of $76.6/bbl, the lowest average value since the first quarter of 2010, as global demand for oil slowed down, supply from OPEC exceeded its daily quota of 30 million barrels (mbbl) and the output of non-conventional oil, particularly shale oil in the USA, increased.

During 2014, dated Brent averaged $98.9/bbl, down $9.7/bbl from the previous year.

During the fourth quarter of 2014, the average price spread between heavy and light crude stood at -$1.4/bbl, in line with the previous year.

In 2014, the spread between heavy and light crude widened $0.4/bbl yoy to -$1.7/bbl as the Urals price decreased following higher supply from Russia and Iraq and lower demand for heavy crudes.

REFINING MARGINS

During the fourth quarter of 2014, Galp Energia's benchmark refining margin increased $3.0/bbl yoy to $2.9/bbl as both the hydrocracking and cracking margins improved by $2.5/bbl and $3.2/bbl, respectively, following wider gasoline and fuel oil crack spreads, and lower oil prices.

The gasoline crack spread widened $5.3/bbl yoy, also due to the fact that the demand for gasoline increased in the USA and India, particularly after diesel subsidies ended in the latter country. The fuel oil crack spread increased $2.3/bbl as the severe winter temperatures in both the USA and Europe boosted demand for this product. The diesel crack spread was in line with the previous year.

During the twelve months of 2014, Galp Energia's average benchmark refining margin remained stable yoy, at $1.1/bbl, although with significant changes between the first and the second half of the year.

IBERIAN MARKET

In the fourth quarter of 2014, the Iberian market for oil products contracted 1% yoy to 14.9 million tonnes (mton).

The Portuguese market remained stable compared with the previous year, as the increases in demand for diesel and jet, of 2% and 8% respectively, offset the 12% fall in bunker fuel demand. The Spanish market contracted 2% yoy as demand for both diesel and gasoline decreased 3%.

During 2014, the Iberian market for oil products stood at 58.8 mton, in line with the previous year.

During the fourth quarter of 2014, the Iberian market for natural gas contracted 10% yoy to 7,990 mm^3 after demand from the electrical and conventional segments fell 14% and 10%, respectively. The electrical segment was impacted by the increasing electricity generation through alternative sources such as coal and hydroelectric generation, whereas demand from the conventional segment continued to be impacted by the economic environment in the region.

During 2014, the Iberian market for natural gas retreated 9% yoy to 29,717 mm^3 on the back of a decline in demand across all segments.

2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
25.3	**36.3**	**11.0**	**43.4%**	**Average working interest production[1] (kboepd)**	**24.5**	**30.5**	**6.0**	**24.3%**
24.7	34.0	9.3	37.5%	Oil production (kbopd)	22.9	28.8	5.9	25.9%
21.9	**33.4**	**11.5**	**52.5%**	**Average net entitlement production (kboepd)**	**20.8**	**27.1**	**6.2**	**29.8%**
7.9	8.1	0.2	2.7%	Angola	8.3	7.2	(1.1)	(13.3%)
14.0	25.3	11.3	80.3%	Brazil	12.5	19.8	7.3	58.4%
108.3	**66.4**	**(41.9)**	**(38.7%)**	**Average realised sale price (USD/boe)**	**100.8**	**88.7**	**(12.1)**	**(12.1%)**
10.3	**7.1**	**(3.2)**	**(31.5%)**	**Royalties[2] (USD/boe)**	**9.5**	**8.8**	**(0.7)**	**(7.6%)**
15.7	**11.4**	**(4.3)**	**(27.3%)**	**Production costs (USD/boe)**	**13.7**	**13.4**	**(0.2)**	**(1.6%)**
11.7	**13.3**	**1.6**	**13.3%**	**Amortisation[3] (USD/boe)**	**22.5**	**17.6**	**(4.9)**	**(21.6%)**
109	**102**	**(8)**	**(6.9%)**	**Ebitda**	**396**	**444**	**48**	**12.1%**
19	36	18	95.9%	Depreciation & Amortisation	162	149	(14)	(8.4%)
(0)	0	1	n.m.	Provisions	2	(0)	(3)	n.m.
91	**65**	**(26)**	**(28.4%)**	**Ebit**	**232**	**295**	**64**	**27.6%**

[1] Includes natural gas exported; excludes natural gas used or injected.
[2] Based on production in Brazil.
[3] Excludes abandonment provisions.

OPERATIONS

FOURTH QUARTER

During the fourth quarter of 2014, the average working interest production of oil and natural gas increased 43% yoy to 36.3 kboepd, of which 94% was oil production.

Production from Brazil increased by 11.3 kboepd yoy to 25.3 kboepd, primarily due to the contribution from FPSO #2, whose average production of 11.7 kboepd accounted for 46% of total production in Brazil, and due to the start of operations of FPSO #3, which contributed with an average production of 1.4 kbopd. FPSO #1 maintained its contribution to production in the quarter, despite maintenance activities related to the atmospheric separator.

The EWT in the Iara area also contributed to increased production in Brazil, with 2.7 kbopd.

Exports of gas from the Lula area increased to 1.9 kboepd from 0.3 kboepd the previous year, following the start of natural gas exports from the Lula NE area in July 2014.

In Angola, working interest production decreased 0.3 kbopd, or 2% yoy to 11.0 kbopd, as the contribution from the Kuito field, in block 14, declined following the decommissioning of the Kuito FPSO in late 2013.

Net entitlement production increased 52% yoy to 33.4 kboepd, mainly due to the higher contribution from Brazil. In Angola, net entitlement production increased 3% yoy to 8.1 kbopd, as the lower working interest production was offset by increased production rates available from cost oil, under the production-sharing agreements (PSAs).

Production from Brazil accounted for 76% of total net entitlement production in the quarter, compared with 64% the previous year.

TWELVE MONTHS

During 2014, average working interest production of oil and natural gas increased 24% yoy to 30.5 kboepd following the higher production from Brazil, which increased by 58% yoy to 19.8 kboepd. This increase was supported by the higher production from FPSO #2, and the contribution from the EWTs performed in the Lula Central, Lula South and Iara areas during the year, and also the start of operations of FPSO #3 in the fourth quarter. FPSO #1 operated steadily throughout the period.

Working interest production in Angola decreased 11% as production from the Kuito field in block 14 declined, although production from the BBLT field increased by 10% yoy as new wells came on stream.

Net entitlement production increased 30% yoy to 27.1 kboepd as production increased in Brazil.

RESULTS

FOURTH QUARTER

Ebitda for the fourth quarter of 2014 declined €8 m yoy to €102 m as higher net entitlement production did not offset the lower average sale price of oil and natural gas in the period.

The average sale price in the quarter was $66.4/boe, down from $108.3/boe the year before, following lower oil prices.

Production costs increased €5 m yoy to €28 m. In Brazil, production costs increased as FPSO #3 started operations in the Iracema South area and an EWT was performed in the Iara area. In Angola, production costs remained stable. In unit terms and on a net entitlement basis, production costs in the fourth quarter of 2014 decreased $4.3/boe yoy to $11.4/boe, due to a higher dilution of costs over production.

As activities expanded, other operating costs increased by around €1 m yoy to €19 m.

Depreciation, excluding abandonment charges, increased €15 m yoy to €33 m. Depreciation charges were stable in Brazil, despite the expanded asset base and the increase in production, whereas in Angola, depreciation increased following lower charges the previous year as proven reserves were revised upward in late 2013. On a net entitlement basis, unit depreciation charges increased to $13.3/boe from $11.7/boe the previous year, when charges had been impacted by the reserves revision.

Abandonment charges in the quarter in 2014 were €4 m, up from €1 m the previous year.

Ebit in the E&P business segment decreased €26 m yoy to €65 m, as a result of the lower realised sale price and the higher depreciation charges.

TWELVE MONTHS

In 2014, Ebitda increased €48 m yoy to €444 m, primarily as a result of increased net entitlement production.

The average sale price in the period was $88.7/boe, down from $100.8/boe the previous year due to lower oil prices in international markets during 2014.

Production costs increased €22 m yoy to around €100 m as FPSO #3 began operations in October 2014 and EWTs were performed in the Lula Central, Lula South and Iara areas, in Brazil. On the other hand, production costs in Angola decreased €4 m yoy following the lower production and the decommissioning of the Kuito FPSO in December 2013. In unit terms, production costs amounted to $13.4/boe, compared to $13.7/boe in the previous year.

Other operating costs decreased €2 m yoy to €63 m.

Depreciation, excluding abandonment charges, increased €2 m yoy to €131 m, following higher capital expenditure and production in Brazil. This was in spite of the lower depreciation charges in Angola, due to the decommissioning of the Kuito FPSO in

December 2013. In unit terms, depreciation charges decreased to $17.6/boe, down $4.9/boe from the previous year.

Abandonment charges declined to €17 m from €35 m the previous year, as provisions in 2013 had increased following the decommissioning of the Kuito FPSO.

As a result, Ebit of the E&P business segment increased €64 m yoy to €295 m in 2014.

2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
1.7	**5.4**	**3.6**	**n.m.**	**Galp Energia refining margin (USD/bbl)**	**2.2**	**3.3**	**1.1**	**52.3%**
2.5	**2.4**	**(0.1)**	**(3.8%)**	**Refining cash cost (USD/bbl)**	**2.6**	**2.9**	**0.3**	**12.5%**
21,348	**24,293**	**2,945**	**13.8%**	**Crude processed (kbbl)**	**87,528**	**79,345**	**(8,183)**	**(9.3%)**
4.5	**4.6**	**0.2**	**3.5%**	**Total refined product sales (mton)**	**17.2**	**16.8**	**(0.4)**	**(2.2%)**
2.5	2.4	(0.1)	(5.6%)	Sales to direct clients (mton)	9.5	9.3	(0.2)	(2.3%)
1.1	1.3	0.2	17.4%	Exports[1] (mton)	4.4	4.0	(0.4)	(8.8%)
64	**191**	**127**	**n.m.**	**Ebitda**	**311**	**412**	**101**	**32.4%**
80	76	(3)	(4.1%)	Depreciation & Amortisation	267	289	22	8.2%
4	10	6	n.m.	Provisions	39	23	(15)	(39.6%)
(20)	**105**	**125**	**n.m.**	**Ebit**	**5**	**99**	**94**	**n.m.**

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

OPERATIONS

FOURTH QUARTER

Crude oil processed in the period increased 14% yoy to 24.3 mbbl. The volume of crude processed benefitted from the optimisation of sourcing and the high availability of the refining system – with the hydrocracking complex operating at full capacity – that enabled the Company to take advantage of favourable market conditions. The volume of crude oil processed in the Galp Energia refineries accounted for 85% of processed raw materials, 78% of which were medium and heavy crude.

Middle distillates (diesel and jet) accounted for 47% of total production, whereas gasoline and fuel oil accounted for 22% and 16%, respectively. Own consumption and losses in the quarter were 8%, in line with the previous year.

Volumes sold to direct clients decreased 6% yoy to 2.4 mton due to the lower contribution from the Iberian wholesale segment, following the rationalisation of the portfolio of clients. Volumes sold in Africa accounted for 8% of total volumes sold to direct clients, a contribution in line with the previous year.

Exports to non-Iberian countries increased 17% yoy to 1.3 mton, with exports of gasoline, fuel and diesel accounting for 31%, 28% and 21%, respectively, of total products exported.

TWELVE MONTHS

Crude oil processed in 2014 decreased 9% yoy to 79.3 mbbl, impacted by the planned outage for maintenance of the Sines refinery during the first half of the year.

During 2014, medium and heavy crude accounted for 78% of total crude oil processed in the refineries.

Middle distillates and gasoline accounted for 47% and 20%, respectively, of total production, whereas fuel oil accounted for 18%. Consumption and losses in the period were of 8%.

Volumes sold to direct clients decreased 2% yoy as a result of lower volumes sold in the Iberian market. Oil products sold to direct clients in Africa accounted for 8% of the total.

Exports to non-Iberian countries decreased 9% yoy to 4.0 mton, mainly due to lower product availability following the planned outage for maintenance of the Sines refinery in the first half of the year. Fuel oil, gasoline and diesel accounted, respectively, for 34%, 25% and 19% of exports.

RESULTS

FOURTH QUARTER

Ebitda for the R&M business segment increased €127 m yoy to €191 m on the back of improved results from refining activities, which also benefitted from a stronger USD:EUR exchange rate.

Galp Energia's refining margin rose $3.6/bbl yoy to $5.4/bbl as refining margins improved in the international markets. The premium to benchmark margin was of $2.5/bbl, supported by the optimised sourcing of raw materials.

Refining cash costs amounted to €47 m, or $2.4/bbl in unit terms, down from $2.5/bbl the previous year.

Marketing of oil products maintained its positive contribution to results, following lower operating costs.

Depreciation charges amounted to €76 m, a reduction of €3 m yoy.

Provisions in the period increased by €6 m yoy as additional charges were taken on trade receivables, particularly regarding the wholesale segment.

As a result, Ebit for the R&M business segment in the fourth quarter of 2014 amounted to €105 m.

TWELVE MONTHS

Ebitda for the R&M business segment in 2014 increased €101 m yoy to €412 m, on the back of improved results from Galp Energia's refining activities, as the refining margin increased to $3.3/bbl from $2.2/bbl the previous year, primarily as a result of higher refining margins in international markets in the second half of the year.

Refining cash costs amounted to €175 m, or $2.9/bbl in unit terms, up from $2.6/bbl the previous year, following the general outage for maintenance of the Sines refinery in the first half of the year and the lower volumes of crude oil processed, which led to a lower dilution of fixed costs.

Marketing of oil products maintained a positive contribution to results, benefitting from stabilised operations in both Portugal and Spain, and from the reduction of operating costs.

Depreciation charges increased €22 m yoy to €289 m as the assets related to the hydrocracking complex started to be depreciated in the second quarter of 2013.

Provisions decreased by €15 m yoy to €23 m as impairments on trade receivables fell.

As a result, Ebit for the R&M business segment in 2014 increased by €94 m yoy to €99 m as the refining context improved in the second half of the year.

2.3. GAS & POWER

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
1,941	**1,885**	**(55)**	**(2.9%)**	**NG supply total sales volumes (mm³)**	**7,090**	**7,472**	**382**	**5.4%**
1,131	**968**	**(163)**	**(14.4%)**	**Sales to direct clients (mm³)**	**4,056**	**3,759**	**(297)**	**(7.3%)**
204	189	(15)	(7.2%)	Electrical	736	726	(10)	(1.3%)
754	637	(117)	(15.5%)	Industrial	2,718	2,550	(168)	(6.2%)
151	120	(31)	(20.4%)	Residential	521	424	(97)	(18.7%)
810	**917**	**107**	**13.3%**	**Trading (mm³)**	**3,034**	**3,713**	**679**	**22.4%**
486	**375**	**(111)**	**(22.8%)**	**Sales of electricity to the grid (GWh)**	**1,904**	**1,590**	**(314)**	**(16.5%)**
96	**101**	**5**	**5.3%**	**Ebitda**	**416**	**438**	**22**	**5.4%**
16	15	(1)	(7.3%)	Depreciation & Amortisation	61	63	1	(2.1%)
3	2	(1)	(32.6%)	Provisions	16	12	(3)	22.0%
77	**84**	**7**	**9.6%**	**Ebit**	**338**	**363**	**25**	**7.3%**
34	56	22	66.4%	Supply & Trading	195	240	46	23.4%
39	21	(18)	(46.3%)	Infrastructure	118	108	(10)	(8.7%)
5	8	3	62.7%	Power	26	15	(11)	(41.5%)

OPERATIONS

FOURTH QUARTER

Natural gas sold in the quarter decreased 3% yoy to 1,885 mm³ as volumes sold to direct clients declined, mainly in the industrial segment.

Volumes sold to the electrical segment decreased 7% yoy to 189 mm³ due to the lower usage of natural gas for power generation in Portugal, as a result of the increased electricity generation from coal and hydroelectric power stations.

Sales in the industrial segment stood at 637 mm³, down 16% from the previous year following the rationalisation of the portfolio of clients, the decrease in the demand from large industrial clients in Portugal and the lower consumption from Galp Energia's own units.

Volumes sold to the residential segment decreased 20% to 120 mm³, mainly due to intensified competition in both Portugal and Spain.

The trading segment reached sales volumes of 917 mm³, up 13% yoy, with eight trades closed in the quarter. The cargoes were primarily bound to Asian markets but also to Latin America.

Sales of electricity to the grid decreased by 111 GWh yoy to 375 GWh, following the Carriço cogeneration shutdown and the end of operations of Energin cogeneration in late 2013.

TWELVE MONTHS

Natural gas sold in the period increased 5% yoy to 7,472 mm³, achieving record sales in the year. This increase was due to higher LNG volumes traded in the international market, which reached a maximum of 3,713 mm³, with 40 trading operations in the period. The increase in the trading segment more than offset the decrease in sales to direct clients, which fell 7% yoy following the lower demand from both the industrial and residential segments.

The decrease in volumes sold to the industrial segment resulted from a rationalisation of the client portfolio, a decrease in the demand from large industrial clients in Portugal, and due to the outage of Sines cogeneration during the first half of 2014. The contraction of the residential sector was a result of increased competition in the Iberian market.

Volumes sold to the electrical segment were in line with the previous year.

Sales of electricity to the grid fell 314 GWh yoy to 1,590 GWh as a result of the Energin cogeneration shutdown.

RESULTS

FOURTH QUARTER

Ebitda for the G&P business in the fourth quarter of 2014 increased 5% yoy to €101 m.

Ebitda for the supply & trading activity improved €17 m yoy to €55 m on the back of higher LNG volumes traded in the international market, and which offset the lower sales to direct clients.

Ebitda for the regulated infrastructure business decreased €14 m yoy to €35 m, due to the downward revision to around 8% of the estimated rate of return for the regulatory gas year 2014-2015.

The power business contributed with an Ebitda of €11 m in the quarter.

Depreciation and amortisation stood at €15 m, in line with the previous year.

Provisions of €2 m, which were primarily related to impairments on receivables, were stable compared with the previous year.

As a result, Ebit for the G&P business segment increased 10% yoy to €84 m.

TWELVE MONTHS

Ebitda for the G&P business in 2014 increased 5% yoy to €438 m primarily on the back of improved results from the supply & trading activity. Ebitda for this activity amounted to €251 m during the year.

The regulated infrastructure business contributed with €154 m to Ebitda in the period, although impacted by the downward revision of the rate of return.

The power business generated Ebitda of €33 m, down €10 m from the year before, due to the outage of the Sines cogeneration in the first half of the year, and the Carriço and Energin cogenerations shut down.

Depreciation and amortisation amounted to €63 m, up from €61 m the previous year after the Matosinhos cogeneration started operations at the end of the first quarter of 2013.

Provisions of €12 m were €3 m lower than in the previous year.

As a result, Ebit for the G&P business segment in the twelve months of 2014 increased 7% yoy to €363 m.

3. FINANCIAL PERFORMANCE

3.1. PROFIT & LOSS

€ m (RCA, except otherwise noted)

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
4,717	4,470	(247)	(5.2%)	Turnover	19,620	17,904	(1,717)	(8.7%)
(4,449)	(4,082)	(367)	(8.3%)	Operating expenses	(18,515)	(16,624)	(1,891)	(10.2%)
(4,080)	(3,672)	(408)	(10.0%)	Cost of goods sold	(17,117)	(15,133)	(1,984)	(11.6%)
(286)	(318)	33	11.4%	Supply & Services	(1,069)	(1,158)	89	8.3%
(84)	(92)	8	9.5%	Personnel costs	(329)	(333)	4	1.2%
3	11	8	n.m.	Other operating revenues (expenses)	35	35	(1)	(2.1%)
271	**399**	**128**	**47.0%**	**Ebitda**	**1,141**	**1,314**	**173**	**15.2%**
(115)	(129)	(14)	(11.9%)	Depreciation & Amortisation	(494)	(504)	(10)	(2.0%)
(7)	(12)	(5)	(65.5%)	Provisions	(57)	(36)	21	37.5%
149	**258**	**109**	**73.1%**	**Ebit**	**590**	**775**	**185**	**31.3%**
16	14	(2)	(9.8%)	Net profit from associated companies	63	60	(3)	(5.5%)
0	1	1	n.m.	Net profit from investments	0	3	2	n.m.
(30)	(49)	(19)	(61.9%)	Financial results	(121)	(145)	(24)	(19.9%)
135	**225**	**90**	**66.4%**	**Net profit before taxes and non-controling interests**	**533**	**693**	**160**	**30.0%**
(31)	(73)	(42)	n.m.	Taxes[1]	(168)	(253)	86	51.0%
(13)	(16)	3	24.4%	Non-controlling interests	(55)	(67)	12	20.8%
92	**137**	**45**	**49.3%**	**Net profit**	**310**	**373**	**63**	**20.2%**
(27)	(109)	(82)	n.m.	Non recurrent items	(59)	(203)	(144)	n.m.
65	28	(37)	(56.9%)	Net profit RC	251	170	(81)	(32.3%)
(16)	(277)	(261)	n.m.	Inventory effect	(62)	(343)	(281)	n.m.
49	(249)	(298)	n.m.	Net profit IFRS	189	(173)	(362)	n.m.

[1] Includes tax related to the production of oil and natural gas such as the Special Participation tax payable in Brazil and IRP payable in Angola.

FOURTH QUARTER

Turnover decreased 5% yoy to €4,470 m as the prices of oil, natural gas and oil products fell in international markets.

Operating costs decreased 8% yoy to €4,082 m as the 10% fall in the cost of goods sold more than offset the increase in personnel and supply and services costs. Supply & Services costs increased 11% yoy, particularly after the increase in variable costs related to the production of oil and natural gas, and the increase in international freight prices. Personnel costs increased 10% yoy, driven by adjustments in accrual of variable remuneration.

Ebitda for the quarter increased €128 m yoy to €399 m on the back of a higher refining margin in the R&M business segment and of higher LNG volumes sold in the G&P business. The lower contribution of the E&P business followed primarily from the decrease in the realised sale price.

Ebit increased €109 m yoy to €258 m, reflecting an improved operating performance, particularly in the R&M business.

Results from associates were stable yoy at €14 m, primarily due to the contribution from equity stakes in international gas pipelines.

Financial results aggravated by €19 m yoy to €49 m, mostly related to the mark-to-market of refining margin hedges.

Net interest expenses increased €3 m yoy to €29 m, following a higher amount of net debt outstanding.

Taxes amounted to €73 m, of which around €30 m related to tax on oil and natural gas production in Angola and Brazil.

Non-controlling interests increased to €16 m from €13 m the previous year, mostly due to higher results attributable to Sinopec.

As a result, RCA net profit for the fourth quarter of 2014 amounted to €137 m, up €45 m yoy. On the other hand, IFRS net income decreased €298 m and was negative by €249 m as the inventory effect took its toll with the sharp fall in oil prices. Non-recurrent items of €109 m included a reversion on deferred taxes related to the marketing of oil products in Spain, restructuring charges and an impairment related to the termination of the contract between BM-S-11 consortium and IESA.

TWELVE MONTHS

Turnover declined 9% yoy to €17,904 m as the prices of oil, natural gas and oil products fell in international markets, and the volume of oil products sold contracted, on the back of the Sines refinery planned maintenance.

Operating costs decreased 10% yoy to €16,624 m as the 12% fall in the cost of goods sold offset the increase of €89 m in Supply & Services costs that followed from higher variable costs related to oil and natural gas production, and the rise in international freight. Personnel costs amounted to €333 m, in line with the previous year.

Ebitda for the year increased €173 m yoy to €1,314 m, following the higher contribution from all business segments.

Ebit advanced 31% yoy to €775 m, as a result of the improved operating performance in all business segments and the lower provisions in the R&M business.

Results from associates amounted to €60 m, primarily from the contribution of equity stakes in international gas pipelines.

Financial results in 2014 aggravated by €24 m yoy, and amounted to €145 m. This increase was due to the mark to market of refining margin hedges, and exchange rate differences.

Taxes increased by €86 m to €253 m, driven by the increased contribution from the E&P business to Group results.

Non-controlling interests amounted to €67 m, up €12 m from the previous year.

As a result, RCA net profit for 2014 increased €63 m yoy to €373 m, whereas IFRS net profit was negative by €173 m, after an adverse inventory effect of €343 m post-tax and non-recurrent items of €203 m. The latter were primarily related to impairments in the E&P business, and included costs with the exploration well in Morocco and impairments related to assets in Brazil.

3.2. CAPITAL EXPENDITURE

€ m

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
166	315	148	89.2%	Exploration & Production	723	998	275	38.0%
51	63	12	23.6%	Exploration and appraisal activities	279	253	(26)	(9.2%)
115	252	136	n.m.	Development and production activities	444	745	301	67.7%
57	40	(17)	(30.4%)	Refining & Marketing	153	108	(45)	(29.6%)
11	8	(3)	(29.7%)	Gas & Power	85	29	(56)	(65.4%)
1	4	3	n.m.	Others	1	7	6	n.m.
236	**366**	**131**	**55.5%**	**Investment**	**963**	**1,143**	**180**	**18.6%**

FOURTH QUARTER

Capital expenditure in the quarter amounted to €366 m, 86% of which was channelled into the E&P business.

Around 80% of capital expenditure in the E&P business was allocated to development activities, manly in Brazil. In the quarter, it should be highlighted the drilling of development wells, the construction of FPSO units and subsea systems for the Lula/Iracema field development, and also the construction of the Cabiúnas pipeline.

Investment in exploration and appraisal activities in the quarter amounted to €63 m, and it was allocated to appraisal activities in blocks BM-S-8 and BM-S-24, in the Santos basin, and to the exploration drilling campaign in the Amazonas basin. Investment in the quarter was also impacted by the costs related to the exploration well drilled in Morocco during the first half of the year.

The combined capital expenditure in the R&M and G&P businesses amounted to €48 m and was primarily related to maintenance and safety of the Sines refinery, and the expansion of the natural gas distribution network.

TWELVE MONTHS

Capital expenditure during 2014 amounted to €1,143 m, 87% of which was allocated to the E&P business.

Capital spending on development activities, namely in the Lula/Iracema field, accounted for 75% of total spending in the E&P business segment.

The remaining 25% were allocated to the exploration and appraisal campaign executed throughout the year, particularly to activities in the Brazilian pre-salt, in Mozambique and in Morocco.

The combined capital expenditure in the R&M and G&P businesses amounted to €137 m and was mostly allocated to maintenance of the Sines refinery and the expansion of the natural gas distribution network.

3.3. CASH FLOW

€ m (IFRS figures)

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
116	(166)	Ebit	401	180
20	19	Dividends from associates	64	74
138	162	Depreciation, depletion and amortisation (DD&A)	585	614
110	316	Change in working capital	30	326
384	**331**	**Cash flow from operations**	**1,081**	**1,193**
(245)	(365)	Net capex[1]	(854)	(1,142)
(61)	(30)	Net financial expenses	(176)	(130)
(24)	(39)	Taxes paid	(154)	(159)
1	(8)	Dividends paid	(222)	(275)
(37)	29	Others[2]	(152)	166
18	**(82)**	**Change in net debt**	**(476)**	**(347)**

[1] The 2013 figures include the €111 m in proceeds from the sale of 5% in CLH.
[2] Includes CTAs (*Cumulative Translation Adjustments*) and partial reimbursements of the loan extended to Sinopec.

FOURTH QUARTER

Net debt increased by €82 m in the quarter, despite investments in fixed assets of €365m in the period.

Cash flow from operations, of €331 m, was positively impacted by the decrease in working capital, which benefitted from lower commodity prices and from a reduction in volumes.

TWELVE MONTHS

Net debt increased by €347 m in the twelve months of 2014 mostly as a result of investment in fixed assets.

Net capital expenditure was offset by cash flow from operations of €1,193 m primarily following the positive operating performance in the second half of 2014 and the reduction in working capital during the fourth quarter. The Company's integrated business profile allowed it to cope with the decrease in oil prices during the second half of 2014.

3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December 2013	30 September 2014	31 December 2014	Change vs. 31 Dec. 2013	Change vs. 30 Sept. 2014
Non-current assets	6,883	7,413	7,599	715	186
Working capital	1,294	1,284	968	(326)	(316)
Loan to Sinopec	871	855	890	18	34
Other assets (liabilities)	(460)	(451)	(512)	(52)	(61)
Capital employed	**8,589**	**9,101**	**8,945**	**356**	**(157)**
Short term debt	373	228	303	(70)	76
Medium-Long term debt	3,304	3,639	3,361	57	(278)
Total debt	**3,677**	**3,867**	**3,664**	**(13)**	**(203)**
Cash and equivalents	1,503	1,429	1,144	(359)	(285)
Net debt	**2,173**	**2,438**	**2,520**	**347**	**82**
Total equity	**6,416**	**6,663**	**6,425**	**9**	**(239)**
Total equity and net debt	**8,589**	**9,101**	**8,945**	**356**	**(157)**
Net debt including loan to Sinopec[1]	**1,302**	**1,583**	**1,630**	**329**	**48**

[1] Loan to Sinopec considered as cash and equivalents.

On 31 December 2014, non-current assets amounted to €7,599 m, up €186 m from 30 September 2014 following investment in fixed assets in the fourth quarter.

Capital employed at the end of December 2014 amounted to €8,945 m including the loan to Sinopec, whose balance at 31 December 2014 was €890 m.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December 2013		30 September 2014		31 December 2014		Change vs. 31 Dec. 2013		Change vs. 30 Sept. 2014	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	147	1,839	-	2,326	-	2,248	(147)	409	-	(78)
Bank loans and other debt	227	1,465	228	1,314	303	1,114	77	(351)	76	(200)
Cash and equivalents	(1,503)		(1,429)		(1,144)		359		285	
Net debt	**2,173**		**2,438**		**2,520**		**347**		**82**	
Net debt including loan to Sinopec[1]	**1,302**		**1,583**		**1,630**		**329**		**48**	
Average life (years)	3.6		3.8		3.7		0.03		(0.16)	
Average interest rate of debt	4.6%		4.3%		4.2%		(0.4 p.p.)		(0.1 p.p.)	
Net debt to Ebitda	1.9x		2.1x		1.9x		0.0x		(0.1x)	
Net debt inc. loan to Sinopec to Ebitda[1]	1.1x		1.4x		1.2x		0.1x		(0.2x)	

[1] Loan to Sinopec considered as cash and equivalents.

Net debt on 31 December 2014 amounted to €2,520 m, up €82 m from the end of September 2014, as capital expenditure was almost offset by cash flow from operating activities.

Net debt at the end of the fourth quarter of 2014 amounted to €1,630 m, considering the €890 m loan to Sinopec as cash and equivalents.

Net debt to Ebitda at the end of December 2014 was 1.2x, considering the loan to Sinopec as cash and equivalents.

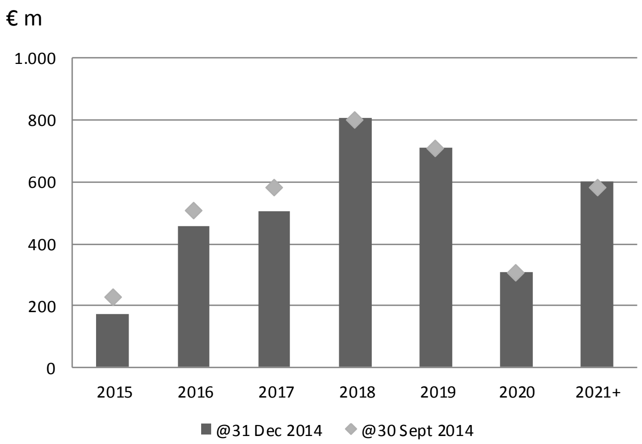
On 31 December 2014, 43% of total debt was on a fixed-rate basis. Medium- and long-term debt accounted for 92% of the total, in line with the end of September 2014.

The average interest rate at the end of the fourth quarter of 2014 was 4.2% and debt at the end of the quarter had an average maturity of 3.7 years.

At 31 December 2014, around 65% of the debt outstanding was scheduled to mature from 2018 onwards, in accordance with the objective to align debt repayment with the Company's expected free cash flow profile.

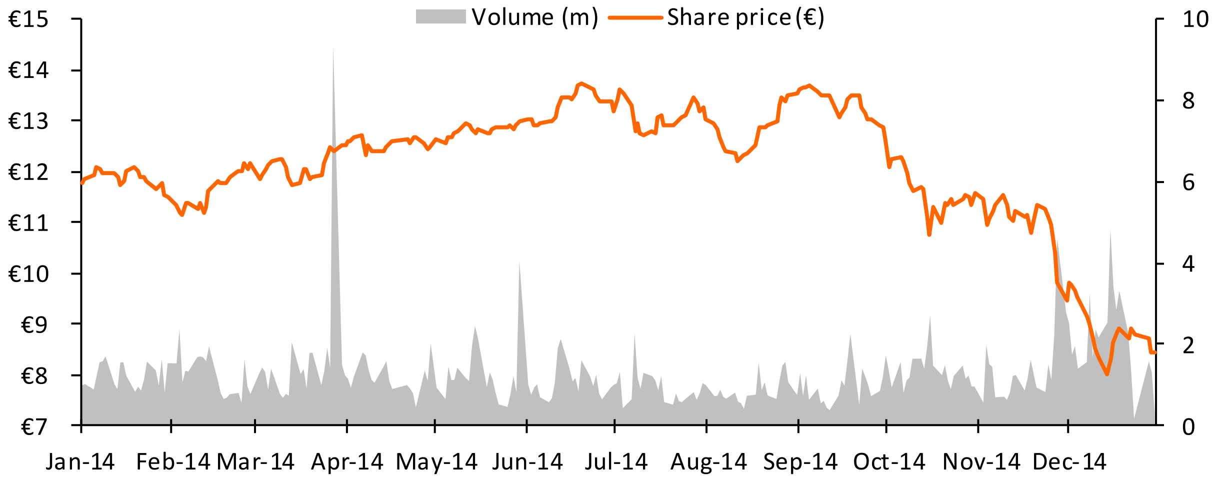
At the end of the fourth quarter of 2014, Galp Energia had unused credit lines of €1.2 bn, 60% of which were contractually guaranteed.

DEBT MATURITY PROFILE



THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Source: *Euroinvestor*

FOURTH QUARTER

The Galp Energia share price closed at €8.43, a decrease of 34% in the quarter, as a result of the declining oil prices in the international markets. The Galp Energia share reached a minimum of €7.82 and a high of €12.75.

During the quarter, 180 m shares were traded on regulated markets, of which 103 m on Euronext Lisbon. The average daily volume traded in regulated markets amounted to 2.8 m shares, of which 1.6 m on Euronext Lisbon. At the end of the fourth quarter of 2014, Galp Energia had a market capitalisation of €7.0 bn.

TWELVE MONTHS

The Galp Energia share price decreased 29% in the twelve months of 2014, with 548 m shares traded on regulated markets, having been impacted by Eni's placement of an equity stake of approximately 8% of Galp Energia. The average daily volume traded on regulated markets amounted to 2.1 m shares, of which 1.3 m on Euronext Lisbon.

Main indicators			
	2013	4Q14	12M14
Min (€)	10.76	7.82	7.82
Max (€)	13.40	12.75	13.75
Average (€)	12.19	10.54	12.10
Close price (€)	11.92	8.43	8.43
Regulated markets volume (m shares)	501.6	180.4	547.9
Average volume per day (m shares)	2.0	2.8	2.1
Of which Euronext Lisbon (m shares)	*1.3*	*1.6*	*1.3*
Market cap (€m)	9,881	6,991	6,991

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's consolidated financial statements for the twelve months ended on 31 December 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information in the consolidated income statement is reported for the quarters ended on 31 December 2014 and 2013 and the twelve months ended on these dates. The financial information in the consolidated financial position is reported at 31 December 2014, 30 September 2014 and 31 December 2013.

Galp Energia's financial statements are prepared in accordance with 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, 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.

2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

Fourth Quarter					2014	Twelve Months				
Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
9	**367**	**375**	**24**	**399**	**Ebitda**	**825**	**455**	**1,279**	**35**	**1,314**
101	-	101	0	102	E&P	443	-	443	0	444
(198)	371	173	19	191	R&M	(82)	466	384	28	412
102	(5)	97	4	101	G&P	445	(11)	433	5	438
4	-	4	1	5	Others	19	-	19	2	21

€ m

Fourth Quarter					2013	Twelve Months				
Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda IFRS	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	396	-	396	0	396
46	21	67	(2)	64	R&M	213	90	304	7	311
97	(2)	96	0	96	G&P	414	1	415	0	416
2	-	2	-	2	Others	18	-	18	0	18

2.2. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

Fourth Quarter					2014	Twelve Months				
Ebit IFRS	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit IFRS	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
(166)	**367**	**201**	**58**	**258**	**Ebit**	**180**	**455**	**635**	**140**	**775**
38	-	38	26	65	E&P	191	-	191	104	295
(291)	371	81	25	105	R&M	(400)	466	66	33	99
83	(5)	79	6	84	G&P	371	(11)	359	4	363
3	-	3	1	4	Others	19	-	19	(2)	17

€ m

Fourth Quarter					2013	Twelve Months				
Ebit IFRS	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit IFRS	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	232
(35)	20	(15)	(5)	(20)	R&M	(94)	90	(3)	8	5
78	(1)	76	1	77	G&P	337	1	338	0	338
2	0	2	-	2	Others	15	-	15	0	15

3. REPLACEMENT COST ADJUSTED TURNOVER

€ m

Fourth Quarter					Twelve Months			
2013	2014	Chg.	% Chg.		2013	2014	Chg.	% Chg.
4,717	**4,470**	**(247)**	**(5.2%)**	**Sales and services rendered RCA**	**19,620**	**17,904**	**(1,717)**	**(8.7%)**
135	159	24	18.1%	Exploration & Production[1]	554	696	142	25.6%
3,765	3,476	(290)	(7.7%)	Refining & Marketing	16,169	14,007	(2,161)	(13.4%)
888	931	43	4.8%	Gas & Power	3,323	3,676	353	10.6%
30	35	5	15.1%	Others	120	121	1	1.1%
(101)	(131)	(30)	(29.1%)	Consolidation adjustments	(545)	(597)	(52)	(9.6%)

[1] Does not include change in production. RCA turnover in the E&P segment, including change in production, amounted to €163 m in the fourth quarter of 2014 and €659 m in the twelve months of 2014.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Exclusion of non-recurrent items		
(0.1)	(0.0)	Gains / losses on disposal of assets	(0.1)	0.0
(0.4)	0.3	Assets write-offs	0.3	0.4
19.1	25.8	Assets impairments	87.1	103.3
0.1	0.3	Provisions for environmental charges and others	0.1	0.3
(0.2)	-	Provision for impairment of accounts receivables	1.4	-
-	0.0	Employee restructuring charges	-	0.0
18.5	**26.5**	**Non-recurrent items of Ebit**	**88.7**	**104.0**
21.5	5.9	Capital gains / losses on disposal of financial investments	21.5	24.9
40.0	**32.4**	**Non-recurrent items before income taxes**	**110.1**	**128.9**
(4.9)	(3.4)	Income taxes on non-recurrent items	(8.5)	(9.6)
(2.8)	(7.3)	Non-controling interest	(5.0)	(10.3)
32.3	**21.7**	**Total non-recurrent items**	**96.6**	**109.1**

REFINING & MARKETING

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Exclusion of non-recurrent items		
-	-	Sale of strategic stock	-	(117.4)
-	-	Cost of sale of strategic stock	-	113.5
(1.0)	(1.1)	Accidents caused by natural phenomena and insurance compensation	(0.7)	(1.0)
(0.5)	(1.5)	Gains / losses on disposal of assets	(1.1)	(0.5)
0.0	0.3	Assets write-offs	0.8	1.2
-	-	Non taxed-related fines	2.6	-
1.7	21.0	Employee restructuring charges	17.3	32.7
(2.5)	-	Accidents	(11.4)	-
(1.5)	(0.2)	Provisions for environmental charges and others	(0.0)	0.0
(4.5)	-	Provisions for accounts receivables	(3.4)	-
3.1	6.1	Assets impairments	4.3	5.0
(5.1)	**24.6**	**Non-recurrent items of Ebit**	**8.4**	**33.5**
-	(1.0)	Capital gains / losses on disposal of financial investments	(52.1)	(2.2)
-	8.4	Provisions for financial investments	-	8.4
(5.1)	**32.1**	**Non-recurrent items before income taxes**	**(43.6)**	**39.7**
(0.5)	(6.1)	Income taxes on non-recurrent items	5.5	(8.4)
-	31.8	Tax deferrals reversions	-	31.8
-	6.0	Energy sector contribution tax	-	18.4
-	0.2	Non-controling interest	-	(0.4)
(5.6)	**63.9**	**Total non-recurrent items**	**(38.1)**	**81.1**

GAS & POWER

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Exclusion of non-recurrent items		
0.0	0.1	Gains / losses on disposal of assets	0.0	0.1
0.0	2.1	Assets write-offs	0.0	2.2
(0.0)	-	Accidents caused by natural phenomena and insurance compensation	(0.0)	-
0.1	1.9	Employee restructuring charges	0.2	2.3
-	(0.1)	Provisions for environmental charges and others	-	(2.0)
0.5	1.6	Assets impairments	(0.1)	1.3
0.6	**5.6**	**Non-recurrent items of Ebit**	**0.1**	**3.8**
-	0.1	Capital gains / losses on disposal of financial investments	0.1	0.3
-	-	Provision for impairment of financial investments	-	2.8
0.6	**5.6**	**Non-recurrent items before income taxes**	**0.2**	**6.8**
(0.3)	(1.5)	Income taxes on non-recurrent items	(0.0)	(1.5)
-	2.9	Energy sector contribution tax	-	12.1
-	(0.5)	Non-controling interest	-	(1.2)
0.3	**6.6**	**Total non-recurrent items**	**0.2**	**16.1**

OTHER

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Exclusion of non-recurrent items		
-	0.9	Employee restructuring charges	0.1	1.7
-	-	Provisions for environmental charges and others	-	(3.2)
-	**0.9**	**Non-recurrent items of Ebit**	**0.1**	**(1.6)**
-	16.0	Capital gains / losses on disposal of financial investments	-	(1.6)
-	**16.9**	**Non-recurrent items before income taxes**	**0.1**	**(3.2)**
-	(0.3)	Income taxes on non-recurrent items	(0.0)	(0.5)
-	**16.6**	**Total non-recurrent items**	**0.1**	**(3.6)**

CONSOLIDATED SUMMARY

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Exclusion of non-recurrent items		
-	-	Sale of strategic stock	-	(117.4)
-	-	Cost of sale of strategic stock	-	113.5
(1.0)	(1.1)	Accidents caused by natural facts and insurance compensation	(0.7)	(1.0)
(0.6)	(1.5)	Gains / losses on disposal of assets	(1.2)	(0.5)
(0.3)	2.8	Assets write-offs	1.1	3.8
1.8	23.8	Employee restructuring charges	17.7	36.6
(2.5)	-	Accidents	(11.4)	-
(1.5)	0.0	Provisions for environmental charges and others	0.0	(4.9)
(4.7)	-	Provision and impairment of receivables	(2.0)	-
22.7	33.6	Assets impairments	91.3	109.6
-	-	Non-taxed fines	2.6	-
13.9	**57.6**	**Non-recurrent items of Ebit**	**97.3**	**139.7**
-	15.1	Capital gains / losses on disposal of financial investments	(51.9)	21.4
-	8.4	Provision for impairment of financial investments (Energin)	-	2.8
-	-	Provision for financial investments	-	8.4
21.5	5.9	Other financial results	21.5	-
35.4	**87.0**	**Non-recurrent items before income taxes**	**66.9**	**172.3**
(5.7)	(11.3)	Income taxes on non-recurrent items	(3.1)	(19.9)
-	31.8	Tax deferrals reversions	-	31.8
-	8.9	Energy sector contribution tax	-	30.5
(2.8)	(7.6)	Non-controling interest	(5.0)	(12.0)
26.9	**108.8**	**Total non-recurrent items**	**58.8**	**202.6**

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

Fourth Quarter			Twelve Months	
2013	2014		2013	2014
		Operating income		
4,576	4,316	Sales	19,101	17,479
141	154	Services rendered	519	542
27	35	Other operating income	144	106
4,744	**4,505**	**Total operating income**	**19,764**	**18,127**
		Operating costs		
(4,098)	(4,038)	Inventories consumed and sold	(17,208)	(15,701)
(286)	(318)	Materials and services consumed	(1,069)	(1,158)
(86)	(116)	Personnel costs	(347)	(370)
(19)	(24)	Other operating costs	(99)	(73)
(4,489)	**(4,497)**	**Total operating costs**	**(18,723)**	**(17,302)**
255	**9**	**Ebitda**	**1,041**	**825**
(138)	(162)	Amortisation and depreciation cost	(585)	(614)
(1)	(12)	Provision and impairment of receivables	(55)	(31)
116	**(166)**	**Ebit**	**401**	**180**
16	(2)	Net profit from associated companies	63	43
0	(11)	Net profit from investments	52	(13)
		Financial results		
30	14	Financial profit	62	51
(88)	(34)	Financial expenses	(207)	(151)
(0)	(5)	Exchange gain (loss)	(9)	(27)
6	(24)	Gains and losses on financial instruments	12	(18)
(0)	-	Other gains and losses	-	-
81	**(229)**	**Profit before taxes**	**375**	**66**
(22)	(4)	Taxes[1]	(136)	(154)
-	(9)	Energy sector contribution tax	-	(30)
58	**(241)**	**Profit before non-controling interest**	**239**	**(119)**
(10)	(8)	Profit attributable to non-controling interest	(50)	(55)
49	**(249)**	**Net profit for the period**	**189**	**(173)**

[1] Includes tax related to the production of oil and natural gas, namely Special Participation tax payable in Brazil and IRP payable in Angola.

5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December 2013	30 September 2014	31 December 2014
Assets			
Non-current assets			
Tangible fixed assets	4,565	4,926	5,052
Goodwill	233	233	225
Other intangible fixed assets[1]	1,545	1,522	1,443
Investments in associates	516	700	787
Investments in other participated companies	3	3	3
Assets available for sale	-	-	71
Other receivables[2]	944	902	383
Deferred tax assets	271	289	313
Other financial investments	25	34	21
Total non-current assets	**8,102**	**8,608**	**8,299**
Current assets			
Inventories[3]	1,846	1,597	1,210
Trade receivables	1,327	1,297	1,115
Other receivables[2]	897	905	1,386
Other financial investments	10	21	10
Current Income tax recoverable	33	0	32
Cash and equivalents	1,503	1,429	1,144
Total current assets	**5,616**	**5,249**	**4,898**
Total assets	**13,717**	**13,857**	**13,197**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(284)	(18)	18
Other reserves	2,680	2,680	2,684
Hedging reserves	(1)	(0)	(1)
Retained earnings	1,666	1,609	1,565
Profit attributable to equity holders of the parent	189	76	(173)
Equity attributable to equity holders of the parent	**5,161**	**5,258**	**5,005**
Non-controling interests	1,255	1,405	1,420
Total equity	**6,416**	**6,663**	**6,425**
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1,465	1,314	1,114
Bonds	1,839	2,326	2,248
Other payables	545	553	556
Retirement and other benefit obligations	338	348	411
Liabilities from financial leases	0	0	0
Deferred tax liabilities	129	123	121
Other financial instruments	2	0	1
Provisions	154	170	185
Total non-current liabilities	**4,471**	**4,832**	**4,634**
Current liabilities			
Bank loans and overdrafts	227	228	303
Bonds	147	-	-
Trade payables	1,510	1,175	898
Other payables[4]	937	947	921
Other financial instruments	10	1	15
Payable income tax	(0)	9	1
Total current liabilities	**2,830**	**2,361**	**2,138**
Total liabilities	**7,302**	**7,193**	**6,772**
Total equity and liabilities	**13,717**	**13,857**	**13,197**

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

[2] Non-current other receivables include the medium- and long-term portion of loan to Sinopec; current other receivables include the short-term portion.

[3] Includes €156.5 m in inventory from third parties on 31 December 2014.

[4] Includes €48.8 m in advance payments related to inventory from third parties on 31 December 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 tax.

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.

REPLACEMENT COST (RC)

According to this method, the cost of goods sold is valued at the cost of replacement, i.e. at the average cost of raw materials in 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.

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.; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated 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% 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 dated Brent; Freight 2014: WS Aframax (80 kts) Route Sullow Voe / Rotterdam - Flat $6.23/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 2014: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat $6.23/ton. Yields in % of weight.

ROTTERDAM AROMATICS MARGIN

Rotterdam aromatics margin: -60% PM UL NWE FOB Bg., -40% Naphtha NWE FOB Bg., +37% Naphtha NWE FOB Bg., +16.5% PM UL NWE FOB Bg., +6.5% Benzene Rotterdam FOB Bg., +18.5% Toluene Rotterdam FOB Bg., +16.6% Paraxylene Rotterdam FOB Bg., +4.9% Ortoxylene Rotterdam FOB Bg. Consumption: -18% LSFO 1% CIF NEW. Yields in % of weight.

ABBREVIATIONS:

APETRO: Associação Portuguesa de Empresas Petrolíferas

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: Cost, Insurance and Freight

CORES: Corporación de Reservas Estratégicas de Produtos Petrolíferos

DHSV: Down Hole Safety Valve

D&A: Depreciation and amortisation

DST: Drill stem test

E&P: Exploration & Production

EUR/€: Euro

EWT: Extended well test

FCC: Fluid Catalytic Cracking

FOB: Free on board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GBp: Great British pence

GNL: Gás natural liquefeito

GWh: Gigawatt per hour

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

IRP: Tax on oil revenue

k: thousand

kbbl: thousand barrels

kboepd: thousand barrels of oil equivalent per day

kbopd: thousand oil barrels per day

LSFO: Low sulphur fuel oil

m: million

m^3: cubic metre

mbbl: million barrels

mmbtu: million British termal units

mm^3: million cubic metres

mton: million tonnes

NBP: National balancing point

NYSE: New York Stock Exchange

OTC: Over-the-counter

OWC: Oil-water contact

PM UL: Premium unleaded

R&M: Refining & Marketing

RC: Replacement Cost

RCA: Replacement Cost Adjusted

RDA: Reservoir Data Acquisition

Tcf: trillion cubic feet

TL: Tômbua-Lândana

ULSD CIF Cg: Ultra low sulphur diesel CIF Cargoes

USA: United States of America

USD/$: United States dollar

WAG: Water alternating gas

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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 that 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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