galp energia

RESULTS

THIRD QUARTER AND NINE MONTHS 2009

Extending success into new challenges

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EXECUTIVE SUMMARY

Galp Energia's replacement cost adjusted (RCA) net profit in the first nine months of 2009 dropped by 49.2% year on year (yoy) to €179 million as operating performance was hit by the current economic environment. However, RCA net profit of €78 million in the third quarter advanced 50.6% compared with the previous quarter.

Operating performance in the first nine months of 2009 was affected by falling prices of dated Brent and lower volumes sold of natural gas, which had an adverse impact on the results reported by the Exploration & Production and the Gas & Power segments, respectively. The deterioration in refining margins negatively influenced operating performance in the Refining & Marketing segment, which benefited, however, from the favourable contribution from the Agip and ExxonMobil acquisitions.

SUMMARY OF RESULTS – THIRD QUARTER AND NINE MONTHS 2009

- Working interest production of crude oil in the first nine months of 2009 was 13.6 thousand barrels per day, down 8.6% yoy, as OPEC cut back production; in the third quarter, working interest production advanced 6.7% quarter on quarter (qoq) to 14.3 thousand barrels per day after the Compliant Piled Tower project at the Tômbua-Lândana field started production;

- Galp Energia's refining margin tumbled 60.0% yoy to Usd 1.6/bbl in the first nine months of 2009; in the third quarter, the refining margin was Usd 0.9/bbl, which compares to Usd 5.4/bbl a year earlier;

- Volumes of natural gas sold in the first nine months dropped 21.1% yoy to 3,482 million cubic metres following lower volumes achieved in the electricity and trading segments; in the third quarter, 1,293 million cubic metres were sold;

- RCA EBITDA dropped 35.5% yoy in the first nine months to €472 million; third-quarter RCA EBITDA was €191 million;

- RCA net profit of €179 million in the first nine months equated to €0.22 per share, with the third quarter contributing €0.09 per share;

- Capital expenditure in the first nine months of 2009 amounted to €435 million, of which 39.4% in the third quarter, and was primarily channelled to the refinery conversion project.

CONFERENCE CALL

Date:	Thursday 12 November 2009
Time:	9:00am GMT (10:00am CET)
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KEY FIGURES

Financial data

Million euros

Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
263	258	(4)	(1.6%)	EBITDA	1,006	569	(437)	(43.4%)
280	193	(87)	(31.0%)	EBITDA RC[1]	724	454	(271)	(37.4%)
282	**191**	**(91)**	**(32.3%)**	**EBITDA RCA[2]**	**731**	**472**	**(259)**	**(35.5%)**
175	171	(4)	(2.1%)	Operating profit	796	340	(456)	(57.3%)
193	106	(86)	(44.9%)	Operating profit RC[1]	514	225	(289)	(56.3%)
198	**104**	**(95)**	**(47.7%)**	**Operating profit RCA[2]**	**515**	**235**	**(279)**	**(54.3%)**
122	123	1	0.9%	Net profit	568	260	(308)	(54.3%)
134	74	(60)	(44.7%)	Net profit RC[1]	352	170	(182)	(51.6%)
139	**78**	**(61)**	**(43.7%)**	**Net profit RCA[2]**	**353**	**179**	**(173)**	**(49.2%)**

[1] Replacement cost figures exclude inventory effects
[2] Adjusted figures exclude inventory effects and other non recurrent items

Market indicators

Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2.8	0.3	(2.6)	(90.3%)	Rotterdam cracking refining margin[1] (Usd/bbl)	2.1	1.5	(0.6)	(29.3%)
1.8	(0.7)	(2.5)	n.m.	Rotterdam hydroskimming + aromatics + base oil refining margin[1] (Usd/bbl)	(0.7)	0.4	1.1	n.m.
60.3	21.7	(38.6)	(64.0%)	UK NBP natural gas price[2] (GBp/term)	58.1	31.9	(26.1)	(45.0%)
70.4	35.0	(35.4)	(50.2%)	Spanish pool price[2] (€/MWh)	64.4	38.3	(26.1)	(40.5%)
114.8	68.3	(46.5)	(40.5%)	Average Brent dated price[3] (Usd/bbl)	111.0	57.2	(53.9)	(48.5%)
1.50	1.43	(0.1)	(4.8%)	Average exChg. rate[2] (Eur/Usd)	1.52	1.37	(0.2)	(10.2%)
5.18	1.13	(4 p.p.)	n.m.	Euribor - six month[2] (%)	4.87	1.57	(3 p.p.)	n.m.

[1] Source: Platts. For a complete description of the method for calculating Rotterdam margins see "Definitions"
[2] Source: Bloomberg
[3] Source: Platts

Operating data

Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
15.5	14.3	(1.2)	(7.8%)	Average working interest production (kbbl/day)	14.9	13.6	(1.3)	(8.6%)
9.1	8.9	(0.2)	(2.4%)	Average net entitlement production (kbbl/day)	10.1	8.9	(1.2)	(12.1%)
5.4	0.9	(4.5)	(83.0%)	Galp Energia refining margin (Usd/bbl)	4.1	1.6	(2.4)	(60.0%)
3.0	3.3	0.3	8.9%	Raw materials processed (million tonnes)	10.1	8.5	(1.6)	(15.9%)
2.2	2.7	0.5	23.1%	Oil sales direct clients (million tonnes)	6.9	8.4	1.5	21.8%
1,464	1,293	(171)	(11.7%)	Natural gas sales (million m^3)	4,413	3,482	(931)	(21.1%)
140	142	2	1.8%	Electric power generation[1] (GWh)	385	426	41	10.5%

[1]Includes unconsolidated companies where Galp Energia has a significant interest

BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the nine months ended 30 September 2009 and 2008 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended 30 September 2009 and 30 September 2008 and for the nine-month periods ended on those dates. The financial information in the consolidated financial position is reported at 30 September 2009, 30 June 2009 and 31 December 2008.

Galp Energia's financial statements are prepared in accordance with IFRS and the cost of goods sold is, from 1 November 2008, valued at WAC (see a detailed explanation of the change in accounting method in this chapter's Recent changes section). The use of this valuation method may, when goods and commodity prices fluctuate, cause volatility in results owing to gains or losses in inventories that 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 events 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 the operating performance of Galp Energia's businesses, replacement cost adjusted (RCA) operating profit and net profit exclude non recurrent events and the inventory effect as they are calculated using the *replacement cost* method.

RECENT CHANGES

In January 2009, Galp Energia changed to the equity method as the way of accounting for its shareholdings in jointly controlled companies. Up to the end of 2008, these holdings had been consolidated using the proportionate method. This change resulted from the publication of the International Accounting Standards Board's Exposure Draft 9 recommending the use of the equity method from the first quarter of 2009. This change in accounting method was not applied to the financial statements for the first nine months and third quarter of 2008, the reason these are not comparable with the financial statements of the first nine months and third quarter of 2009.

The inventory accounting method was changed from FIFO to WAC in the fourth quarter of 2008. Galp Energia had used FIFO from 2004, when it adopted IAS/IFRS. Considering, however, the variety of inventories and their geographical spread, the WAC method – widely used by peers – was thought to be the appropriate one for the company. To make periods comparable, these changes have been applied to results in the first nine months and third quarter of 2008.

The acquisitions of the Agip and ExxonMobil Iberian subsidiaries, which closed on 1 October and 1 December 2008, respectively, altered the comparability of results. Galp Energia consolidates the Agip operations from 1 October 2008 and ExxonMobil's from 1 January 2009.

MARKET ENVIRONMENT

BRENT

The average price of dated Brent in the first nine months of 2009 was Usd 57.2/bbl, down 48.5% compared with a year earlier, when crude oil was trading at peak prices. At the end of September 2009, however, the dated Brent reached Usd 65.7/bbl or 79.7% up from its closing price in December 2008.

In the first quarter of 2009, the dated Brent traded at Usd 44.4/bbl on average, albeit with a volatile pattern. First, it rose on the back of expectations that OPEC would cut back production, and then, it declined after demand weakened and inventories rose. Finally, it moved up again as sentiment about a recovering world economy improved.

In the second quarter, the rising trend from the previous quarter gathered pace and the dated Brent reached an average price of Usd 58.8/bbl or 32.4% up (qoq). This rise, which was particularly strong in the two last months of the quarter, was sustained by an improving economy, increased refinery demand after the stops for maintenance, the start of the US driving season and the decision by OPEC in late May to leave production goals unchanged.

In the third quarter, the average price of dated Brent climbed a further 16.1% qoq to Usd 68.3/bbl. This rise was particularly noticeable in July and August following signs of a recovering economy and rising demand for oil, namely in China and the US. The rise in these two months more than offset the price decline in September when doubts surfaced about the pace and depth of the world economic recovery.

OIL PRODUCTS

In the first nine months of the year, the gasoline crack spread averaged Usd 14.8/bbl, down 6.4% yoy. In the first half, spreads rose consistently month on month as the supply of gasoline fell in the wake of lower refinery capacity utilisation and rising demand in the second quarter as the US driving season started. In the third quarter, the gasoline crack spread corrected 8.4% qoq to an average of Usd 16.7/bbl. This correction followed from the uncertainty about economic recovery and the end of the US driving season, which led to rising inventories on the market. Year on year, the average gasoline crack spread rose 2.2% in the third quarter.

The diesel crack spread averaged Usd 10.4/bbl in the first nine months of 2009, down 65.3% yoy. This drop stemmed primarily from falling world demand in the wake of lower activity in the industrial and transportation sectors, which led to inventory accumulation. In the third quarter, inventories continued to rise and reached peak five-year levels, which knocked the average diesel crack spread down to Usd 7.9/bbl, off 10.1% qoq and 73.5% yoy.

In the first nine months of 2009, the fuel oil crack spread averaged Usd -14.2/bbl, up 60.4% yoy. This was due, firstly, to the rising competitiveness of fuel oil against natural gas and, secondly, to cuts in the production of heavy crude oil by OPEC. In the third quarter, the average crack spread was Usd -14.8/bbl, up 52.9% yoy, following the decline in the price of dated Brent.

REFINING MARGINS

In the first nine months of 2009, the average hydroskimming and cracking margins moved by Usd 1.8/bbl and Usd -0.6/bbl yoy to Usd -0.9/bbl and Usd 1.5/bbl, respectively. In the third quarter of 2009, the hydroskimming and cracking margins retreated by Usd 0.4/bbl and Usd 0.8/bbl qoq, respectively. In this period, the hydroskimming margin averaged Usd -2.0/bbl and the cracking margin traded at an average of Usd 0.3/bbl, which resulted from the decline in the crack spreads of both gasoline and middle distillates.

EUR/USD

In the first nine months of 2009, the euro/dollar exchange rate averaged Usd 1.37, implying that the value of the euro against the dollar slid 10.2% yoy. However, the euro staged a recovery in 2009 with the average for the third quarter reaching Usd 1.43 or a 4.9% appreciation qoq. The single currency peaked for the year in September at Usd 1.48.

IBERIAN MARKET

The Portuguese market for oil products for the first nine months of the year was 8 million tonnes, which was in line with the same period of 2008. The market for diesel expanded 3.2% yoy to 4.1 million tonnes whereas the market for gasoline contracted 1.0% to 1.1 million tonnes. The market for jet continued to lack recovery signs and contracted 7.0% to 0.7 million tonnes.

Volumes sold in the third quarter of 2009 advanced 3.1% yoy to 2.8 million tonnes. This rebound was particularly visible in the market for diesel, which reached 1.4 million tonnes, up 6.0% yoy. The market for gasoline stabilised at 0.4 million tonnes in line with a year earlier. The 3.0% drop yoy to 0.3 million tonnes in the market for jet in the third quarter was, however, milder than the 9.5% drop yoy in the first six months of the year.

In Spain the market for oil products contracted 5.8% yoy to 40.1 million tonnes in the first nine months of 2009. The diesel and gasoline markets posted a decrease of 5.9% and 4.2% to 21.2 million tonnes and to 4.12 million tonnes, respectively. The jet and fuel oil markets posted a stronger decrease of 12.0% and 11.9% to 3.4 million tonnes and 2.4 million tonnes, respectively, following the slowdown of economic activity.

In the third quarter of 2009, the decrease in the Spanish oil products market was of 4.7% yoy. If in one had the gasoline market was stable with 1.2 million tonnes, the diesel and jet markets decreased 2.9% and 2.4% to 5.3 million tonnes and to 1.0 million tonnes, respectively.

The Portuguese market for natural gas contracted 10.7% yoy to 3,200 million cubic metres in the first nine months of 2009. This contraction was due to lower demand by electricity producers, which used hydro power to the detriment of natural gas combustion, particularly in the first quarter of the year as rainfall increased. The 8.3% contraction in the industrial sector that followed the slowdown in economic activity was also an important factor in the drop in natural gas volumes sold in Portugal in the first nine months of the year.

In the third quarter of 2009, the market for natural gas contracted 7.0% yoy to 1,102 million cubic metres, which was mainly due to a shortfall in demand from both the industrial and electricity segments.

Market indicators

Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
114.8	68.3	(46.5)	(40.5%)	Average Brent dated price[1] (Usd/bbl)	111.0	57.2	(53.9)	(48.5%)
29.9	7.9	(22.0)	(73.5%)	Diesel crack[2] (Usd/bbl)	29.8	10.4	(19.5)	(65.3%)
16.3	16.7	0.4	2.2%	Gasoline[3] crack (Usd/bbl)	15.8	14.8	(1.0)	(6.4%)
(31.5)	(14.8)	16.7	52.9%	Fuel oil crack[4] (Usd/bbl)	(35.8)	(14.2)	21.6	60.4%
2.8	0.3	(2.6)	(90.3%)	Rotterdam cracking refining margin[1] (Usd/bbl)	2.1	1.5	(0.6)	(29.3%)
(0.9)	(2.0)	(1.1)	(114.2%)	Rotterdam hydroskimming refining margin[1] (Usd/bbl)	(2.6)	(0.9)	1.8	67.1%
2.7	2.8	0.1	3.1%	Portuguese oil market[5] (million ton)	8.0	8.0	(0.0)	(0.3%)
10.7	10.2	(0.5)	(4.7%)	Spanish oil market[6] (million ton)	42.6	40.1	(2.5)	(5.8%)
1,185	1,102	(83)	(7.0%)	Portuguese natural gas market[7] (million m^3)	3,583	3,200	(383)	(10.7%)

[1] Source: *Platts*
[2] Source: *Platts*; *ULSD 10ppm NWE CIF ARA* (ULSD 50 ppm up to the end of October 2008)
[3] Source: *Platts*; Unleaded gasoline, *NWE FOB Barges*
[4] Source: *Platts*; 1% LSFO, NWE FOB Cargoes
[5] Source: DGEG
[6] Source: Cores. In 2009, data for September is estimated. Data for the third quarter of 2008 and the nine months of 2008 has been adjusted to be comparable with the corresponding data for 2009, which includes the marine bunker segment
[7] Source: Galp Energia

FINANCIAL REVIEW

1. INCOME STATEMENT

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
3,970	3,257	(713)	(18.0%)	Turnover	11,507	9,050	(2,457)	(21.4%)
(3,722)	(3,020)	(702)	(18.9%)	Operating expenses	(10,533)	(8,531)	(2,001)	(19.0%)
14	22	7	49.0%	Other operating revenues (expenses)	32	51	19	59.6%
263	**258**	**(4)**	**(1.6%)**	**EBITDA**	**1,006**	**569**	**(437)**	**(43.4%)**
(88)	(87)	0	0.6%	D&A and provisions	(210)	(229)	19	9.0%
175	**171**	**(4)**	**(2.1%)**	**Operating profit**	**796**	**340**	**(456)**	**(57.3%)**
11	13	2	15.1%	Net profit from associated companies	33	57	23	70.3%
(0)	(0)	(0)	n.m.	Net profit from investments	(0)	(0)	(0)	n.m.
(31)	(20)	11	36.2%	Net interest expenses	(45)	(53)	(8)	(18.4%)
155	164	9	5.7%	Profit before tax and minority interests	784	343	(441)	(56.2%)
(32)	(39)	7	22.3%	Income tax	(213)	(79)	(133)	(62.6%)
(1)	(1)	1	77.8%	Minority Interests	(3)	(4)	1	16.4%
122	**123**	**1**	**0.9%**	**Net profit**	**568**	**260**	**(308)**	**(54.3%)**
122	**123**	**1**	**0.9%**	**Net profit**	**568**	**260**	**(308)**	**(54.3%)**
11	(49)	61	n.m.	Inventory effect	(216)	(89)	127	58.6%
134	**74**	**(60)**	**(44.7%)**	**Net profit RC**	**352**	**170**	**(182)**	**(51.6%)**
5	4	(1)	20.0%	Non recurrent items	1	9	8	n.m.
139	**78**	**(61)**	**(43.7%)**	**Net profit RCA**	**353**	**179**	**(173)**	**(49.2%)**

NINE MONTHS

IFRS net profit in the first nine months of 2009 was €260 million, down €308 million yoy, a development which was influenced by the unfavourable economic context in the period, negatively impacting the operating performance of all business segments due to the decrease in refining margins and in the prices of crude and natural gas.

RCA net profit was €179 million, down €173 million yoy, a drop that was caused by lower operating profits from the Exploration & Production and Gas & Power segments. The drop in operating profit was, however, partially offset by larger contributions from associates and by a lower effective tax rate due to the decrease in Angola's IRP.

THIRD QUARTER

IFRS net profit in the third quarter of 2009 was €123 million, in line with a year earlier despite a favourable inventory effect of €49 million that contrasted with an unfavourable inventory effect of €11 million a year earlier.

The RCA net profit of €78 million, which was down 43.7% yoy mainly reflected the deteriorating operating performance of the Refining & Marketing business segment. The 50.6% improvement in RCA net profit qoq was driven by the recovery in the Refining & Marketing business segment.

2. ANALYSIS OF INCOME STATEMENT ITEMS

SALES AND SERVICES RENDERED

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
3,970	**3,257**	**(713)**	**(18.0%)**	**Sales and services rendered**	**11,507**	**9,050**	**(2,457)**	**(21.4%)**
-	-	-	n.m.	Non recurrent items	(24)	-	24	100.0%
3,970	**3,257**	**(713)**	**(18.0%)**	**Sales and services rendered RCA**	**11,483**	**9,050**	**(2,433)**	**(21.2%)**
17	46	29	175.0%	Exploration & Production	171	99	(72)	(42.1%)
3,454	2,953	(501)	(14.5%)	Refining & Marketing	10,074	8,053	(2,021)	(20.1%)
520	331	(189)	(36.4%)	Gas & Power	1,436	1,055	(380)	(26.5%)
29	22	(7)	(23.9%)	Others	87	85	(2)	(2.2%)
(50)	(95)	(45)	(90.5%)	Consolidation adjustments	(285)	(243)	42	14.8%

NINE MONTHS

Sales and services rendered amounted to €9,050 million, in line with the adjusted amount, which dropped 21.2% yoy. The drop cut across the three business segments, which were all affected by the adverse economic environment in the period, which in turn impacted negatively the price of crude oil, the market for oil products and the demand for natural gas. This drop was partly offset by the favourable contribution from the Iberian operations acquired from Agip and ExxonMobil.

THIRD QUARTER

In the third quarter of 2009, the Refining & Marketing and Gas & Power business segments suffered a shortfall in sales as the market for oil products contracted and sales of natural gas fell.

OTHER NET OPERATING REVENUES

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
14	**22**	**7**	**49.0%**	**Other net operating revenues**	**32**	**51**	**19**	**59.6%**
1	(6)	(6)	n.m.	Non recurrent items	9	(6)	(14)	n.m.
15	**16**	**1**	**5.3%**	**Adjusted other net operating revenues**	**41**	**45**	**4**	**10.9%**

Other net operating revenues in the first nine months of 2009 rose €19 million yoy to €51 million, a rise that was influenced by the €9 million charge in 2008 for the abandonment of ten onshore blocks in Brazil. Excluding non recurrent events, other net operating revenues amounted to €45 million. Non recurrent events consisted mainly of: (i) the write-off of dry wells in the Brazilian onshore, (ii) non recurrent revenues related to indemnities following the Sines refinery incident and (iii) gains in the third quarter from the sale of carbon dioxide emission licenses.

In the third quarter of 2009, other net operating revenues amounted to €22 million, €16 million in adjusted terms, in line with a year earlier. Non recurrent events in the third quarter reflected the gains from the sale of carbon dioxide emission licenses.

OPERATING COSTS

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
3,722	**3,020**	**(702)**	**(18.9%)**	**Operational costs**	**10,533**	**8,531**	**(2,001)**	**(19.0%)**
(17)	65	83	n.m.	Inventory effect	282	115	(166)	(59.1%)
3,704	**3,085**	**(619)**	**(16.7%)**	**Operational costs RC**	**10,814**	**8,647**	**(2,167)**	**(20.0%)**
(2)	(3)	(1)	(72.2%)	Non recurrent items	(22)	(23)	(2)	(8.6%)
3,703	**3,082**	**(621)**	**(16.8%)**	**Operational costs RCA**	**10,793**	**8,623**	**(2,169)**	**(20.1%)**
3,703	**3,082**	**(621)**	**(16.8%)**	**Operational costs RCA**	**10,793**	**8,623**	**(2,169)**	**(20.1%)**
3,475	2,826	(649)	(18.7%)	Cost of goods sold	10,121	7,850	(2,271)	(22.4%)
158	176	18	11.5%	Supply and services	467	541	74	15.9%
70	80	10	14.2%	Personnel costs	205	233	28	13.5%

NINE MONTHS

Operating costs in the first nine months of 2009 amounted to €8,531 million and €8,623 million in RCA terms. The drop of 20.1% in the latter was caused by the lower cost of goods sold in the wake of declining prices of crude oil and natural gas.

The rise in supply and services cost reflected mainly the cost of €60 million relating to the consolidation of the Agip and ExxonMobil operations. The rise of 13.5% in personnel costs also originated in these operations, accounted to €35 million. Excluding the effect of these acquisitions, the total amount for personnel and supply and services costs remained stable in comparison with a year earlier.

Non recurrent operating costs of €23 million were mainly due to the Sines refinery incident and the personnel restructuring programme.

THIRD QUARTER

In the third quarter of the year, operating costs amounted to €3,020 million. In RCA terms, costs dropped by 16.8% to €3,082 million, owing to the lower cost of goods sold. This decrease more than offset the rise in supply and services cost and personnel costs, which resulted from the integration of the Agip and ExxonMobil operations, which had an impact of €17 million and €11 million, respectively. Excluding the effect of these acquisitions, the sum of personnel costs and supply and services cost remained in line with a year earlier.

The non recurrent cost of €3 million in the third quarter is primarily related to the personnel restructuring programme.

EMPLOYEES

	December 31, 2008	June 30, 2009	September 30, 2009	Change vs Dec 31, 2008	Change vs Jun 30, 2009
Exploration & Production	70	77	79	9	2
Refining & Marketing	6,686	6,660	6,537	(149)	(123)
Gas & Power	476	470	478	2	8
Corporte & Others	585	590	593	8	3
Total employees	**7,817**	**7,797**	**7,687**	**(130)**	**(110)**
Service stations employees	3,918	3,931	3,878	(40)	(53)
Total off site employees	**3,899**	**3,866**	**3,809**	**(90)**	**(57)**

At the end of September 2009, Galp Energia had a total of 7,687 employees, 3,878 of whom worked at service stations. The change from June is mainly due to the Refining & Marketing business segment, where the number of employees fell owing to the seasonal pattern of service station activity and to the personnel restructuring programme.

DEPRECIATION AND AMORTISATION

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
63	**63**	**(0)**	**(0.1%)**	**Depreciation & amortisation**	**169**	**184**	**16**	**9.4%**
(0)	0	0	n.m.	Non recurrent items	11	(1)	(13)	n.m.
63	**63**	**(0)**	**(0.0%)**	**Adjusted depreciation & amortisation**	**180**	**183**	**3**	**1.6%**
63	**63**	**(0)**	**(0.0%)**	**Adjusted depreciation & amortisation**	**180**	**183**	**3**	**1.6%**
21	12	(8)	(40.9%)	Exploration & Production	49	32	(17)	(34.1%)
36	44	8	21.2%	Refining & Marketing	107	130	22	20.8%
6	7	1	11.5%	Gas & Power	23	20	(3)	(11.7%)
0	0	0	n.m.	Others	0	0	0	42.4%

NINE MONTHS

Adjusted depreciation and amortisation of €183 million in the first nine months of 2009 were in line with a year earlier. The evolution reflected, on the one hand, the decrease in the Exploration & Production business segment as the depreciation rate fell following the upward revision of net entitlement reserves due to a lower crude price reference and, on the other hand, increased depreciation charges in the Refining & Marketing business segment following the acquisition of the Agip and ExxonMobil operations and the expenditure relating to the scheduled stop of the Sines refinery in 2008. Lower depreciation in the Gas & Power business segment, followed the extension to 40 years of the natural gas network distribution concession, which led to a lower depreciation rate, particularly in investments related to the conversion of natural gas clients.

THIRD QUARTER

In the third quarter, adjusted depreciation and amortisation of €63 million was unchanged yoy. The Exploration & Production business segment contributed to a decrease of €8 million as the price of crude oil fell, leading to an upward revision of net entitlement reserves and, consequently, a lower depreciation rate. This decrease was offset by increased depreciation and amortisation in the Refining & Marketing business segment, which was mainly due to the expenditure on the scheduled stop of the Sines refinery in 2008 and the acquisition of the Agip and ExxonMobil operations.

PROVISIONS

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
24	**24**	**(0)**	**(1.6%)**	**Provisions**	**41**	**44**	**3**	**7.5%**
(4)	(0)	4	n.m.	Non recurrent items	(5)	9	14	n.m.
20	**24**	**4**	**19.4%**	**Adjusted provisions**	**36**	**53**	**17**	**46.8%**
20	**24**	**4**	**19.4%**	**Adjusted provisions**	**36**	**53**	**17**	**46.8%**
1	1	(0)	(18.5%)	Exploration & Production	3	5	1	40.7%
6	3	(2)	(41.5%)	Refining & Marketing	6	16	9	n.m.
13	19	6	48.3%	Gas & Power	28	32	4	16.2%
(0)	-	0	n.m.	Others	(1)	1	2	n.m.

NINE MONTHS

In the first nine months of 2009, provisions rose by 7.5% yoy to €44 million and adjusted provisions of €53 million were primarily related to (i) the renegotiation of natural gas contracts in the Gas & Power business segment, (ii) the cost of abandoning fields BBLT and Kuito on Angola's Block 14 and (iii) doubtful debtors in the distribution of oil products and natural gas businesses.

Non recurrent events of €9 million consisted mainly of reversed provisions for debtors and the environment.

THIRD QUARTER

In the third quarter of 2009, provisions of €24 million were unchanged yoy and equal to the adjusted amount for the period. The recorded amount consisted primarily of provisions for the renegotiation of natural gas contracts in the Gas & Power business segment.

OPERATING PROFIT

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
175	**171**	**(4)**	**(2.1%)**	**Operating profit**	**796**	**340**	**(456)**	**(57.3%)**
17	(65)	(83)	n.m.	Inventory effect	(282)	(115)	166	(59.1%)
193	**106**	**(86)**	**(44.9%)**	**Operating profit RC**	**514**	**225**	**(289)**	**(56.3%)**
6	(2)	(8)	n.m.	Non recurrent items	1	11	10	n.m.
198	**104**	**(95)**	**(47.7%)**	**Operating profit RCA**	**515**	**235**	**(279)**	**(54.3%)**
198	**104**	**(95)**	**(47.7%)**	**Operating profit RCA**	**515**	**235**	**(279)**	**(54.3%)**
29	15	(14)	(48.1%)	Exploration & Production	123	36	(87)	(70.5%)
111	58	(53)	(47.8%)	Refining & Marketing	157	86	(71)	(45.3%)
59	35	(24)	(40.8%)	Gas & Power	228	105	(123)	(53.8%)
(1)	(4)	(3)	n.m.	Others	7	8	1	15.2%

NINE MONTHS

IFRS operating profit fell 57.3% yoy to €340 million following a slower rise in the prices of crude and oil products in 2009.

RCA operating profit fell 54.3% yoy to €235 million following a weaker performance by all business segments. This reflected an economic environment that impacted negatively the crude oil prices, the crack spreads for oil products and the demand for natural gas.

THIRD QUARTER

In the third quarter of 2009, IFRS operating profit edged lower yoy to €171 million, but in RCA terms, it fell 47.7% to €104 million, as the adverse economic environment took its toll on all business segments, a development only mitigated by the contribution of the newly acquired Agip and ExxonMobil operations.

OTHER RESULTS

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
11	13	2	15.1%	Net profit from associated companies	33	57	23	70.3%
(0)	(0)	(0)	n.m.	Net profit from investments	(0)	(0)	(0)	n.m.
(31)	(20)	11	36.0%	Financial results	(45)	(53)	(8)	(18.4%)

NINE MONTHS

In the first nine months of 2009, results from associates contributed €57 million, up from €33 million a year earlier. This result was primarily due to (i) the consolidation of CLC according to the equity method instead of the proportionate method as before, which made a favourable contribution of €7 million, (ii) the results from the equity holdings in international gas pipelines EMPL, Metragaz, Gasoducto Al Andaluz and Gasoducto Extremadura, which contributed €32 million and (iii) CLH's favourable contribution of €7 million.

Financial losses increased by €8 million to €53 million, which was primarily the result of increased interest costs as the average debt increased from €884 million in the first nine months of 2008 to €2,278 million a year later, a development whose effects were cushioned by the fall of 1.5 percentage points, to 3.53%, in the average cost of debt in the first nine months of 2009.

THIRD QUARTER

In the third quarter of 2009, results from associates of €13 million consisted mainly of (i) the contribution of €3 million from the change in consolidation method for CLC and (ii) the results of €11 million from the holdings in the international gas pipelines.

Financial losses of €20 million in the period resulted primarily from the level of average debt in the period.

INCOME TAX

Million euros (except otherwise noted)								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
32	**39**	**7**	**22.3%**	**Income tax IFRS[1]**	**213**	**79**	**(133)**	**(62.6%)**
21%	*24%*	*3 p.p.*	*n.m.*	*Effective income tax*	*27%*	*23%*	*(4 p.p.)*	*n.m.*
6	(16)	22	*n.m.*	Inventory effect	(65)	(26)	(40)	(60.6%)
38	**23**	**(15)**	**(38.4%)**	**Income tax RC[1]**	**147**	**54**	**(93)**	**(63.5%)**
1	(0)	(1)	n.m.	Non recurrent items	(0)	2	2	n.m.
39	**23**	**(16)**	**(40.5%)**	**Income tax RCA[1]**	**147**	**56**	**(91)**	**(62.1%)**
22%	*22%*	*1 p.p.*	*n.m.*	*Effective income tax*	*29%*	*23%*	*(6 p.p.)*	*n.m.*

[1] Includes oil tax (IRP) payable in Angola

NINE MONTHS

In the first nine months of 2009, IFRS income tax fell by €133 million yoy to €79 million. In RCA terms, income tax was €56 million, or a decline of 62.1% yoy, as operating profit contracted and Angola's IRP fell by €42 million yoy to €14.5 million. The fall in IRP was due to lower taxable production and crude oil prices in the period. The effective RCA tax rate fell from 29.2% in the first nine months of 2008 to 23.3% a year later.

THIRD QUARTER

IFRS income tax of €39 million in the third quarter equated to an effective tax rate of 23.9%. RCA income tax of €23 million equated to 22.4%, in line with a year earlier. Angola's IRP amounted to €2 million in the quarter.

3. FINANCIAL POSITION

Million euros (except otherwise noted)	December 31, 2008	June 30, 2009	September 30, 2009	Change vs Dec 31, 2008	Change vs Jun 30, 2009
Fixed assets	3,881	3,824	3,941	60	117
Strategic stock	480	603	636	157	34
Other assets (liabilities)	(29)	(82)	(64)	(34)	18
Working capital	(249)	(27)	(23)	226	4
	4,082	**4,318**	**4,491**	**409**	**173**
Short term debt	687	242	409	(278)	167
Long term debt	1,304	1,985	1,974	670	(10)
Total debt	**1,991**	**2,227**	**2,383**	**392**	**156**
Cash	127	126	184	57	59
Total net debt	**1,864**	**2,101**	**2,198**	**335**	**98**
Total shareholder's equity	**2,219**	**2,217**	**2,293**	**74**	**75**
Capital employed	**4,082**	**4,318**	**4,491**	**409**	**173**

At the end of September 2009, fixed assets of €3,941 million were €117 million higher than at the end of June following capital spending in the third quarter. When compared to the end of December 2008, fixed assets increased €60 million, which is below the capital expenditures amount during the period and which results from (i) the equity consolidation of associated companies that were consolidated by the proportionate method until the end of 2008 and (ii) the reclassification of stock associated with the acquired Agip's and ExxonMobil's Iberian subsidiaries from fixed assets to working capital.

The average rise in the prices of oil products and crude oil in international markets led to an increase of €34 million in the value of the strategic stock. Efficient working capital management kept this measure stable in comparison with the end of the June.

DEBT

Million euros (except otherwise noted)	December 31, 2008		June 30, 2009		September 30, 2009		Change vs Dec 31, 2008		Change vs June 30, 2009	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	2	-	2	700	1	700	(0)	700	(0)	-
Bank debt	485	754	240	1,035	407	1,024	(78)	270	167	(10)
Commercial paper	200	550	-	250	-	250	(200)	(300)	-	-
Cash	(127)	-	(126)	-	(184)	-	(57)	-	(59)	-
Net debt	**1,864**		**2,101**		**2,198**		**335**		**98**	
Average life (years)	2.68		3.56		3.71		1.03		0.16	
Net debt to equity	84%		95%		96%		11.9 p.p.		1.1 p.p.	

Net debt at the end of September 2009 of €2,198 million was €98 million higher than at the end of June 2009.

At 30 September 2009, 82.9% of total debt was long term.

On the same date, net-debt-to-equity ratio of 95.9% was in line with the end of June but ahead of December 2008, reflecting the amount of capital expenditure in 2009.

The average life of debt rose from 3.56 years at the end of June 2009 to 3.71 years, or 4.15 years if we only consider long-term debt, at the end of September 2009.

At the end of September of 2009, 35.8% of medium- and long-term debt was at fixed rate.

The average cost of debt in the first nine months of 2009 of 3.53% was 1.5 percentage points lower yoy following a decline in benchmark rates.

Net debt attributable to minority interests amounted to €33 million at 30 September.

4. CASH FLOW

Million euros				
Third quarter			Nine months	
2008	2009		2008	2009
175	171	Operating profit	796	340
63	63	Non cash costs	169	184
62	(124)	Change in operational stock	(24)	(181)
(17)	(34)	Change in strategic stocks	(300)	34
284	**76**	**Sub total**	**641**	**378**
(12)	(20)	Interest expenses	(30)	(53)
(77)	(68)	Taxes	(135)	(82)
(58)	120	Change in working capital excluding operational stock	(87)	(5)
138	**109**	***Cash flow from operating activities***	**389**	**238**
(218)	(173)	Net capital expenditures and disposals[1]	(422)	(470)
1	7	Dividends paid / received	(123)	(121)
17	(40)	Others	15	18
(63)	**(98)**	**Total**	**(141)**	**(335)**

[1] Net capital expenditure and disposals include financial investments

NINE MONTHS

Net cash outflow of €335 million in the first nine months of 2009 reflected the weak performance of all business segments, which impacted operating profit unfavourably. Cash flow from operating activities could therefore not offset cash requirements from financing and investing activities. Cash flow was also negatively impacted by the change of €181 million in the operational stock following the rise in the average price of oil products as prices rose in international markets.

The rise in interest costs that followed from rising debt also led to a larger cash outflow in respect of paid interest. Tax of €82 million paid in the first nine months of 2009 included Angola's IRP of €15 million, down from €68 million a year earlier.

Capital expenditure in the period focused on execution of the conversion project in the Refining & Marketing business segment. Dividend payments of €121 million had a impact on the outflow of funds and included the payment in May of dividends to shareholders.

THIRD QUARTER

Net cash outflow of €98 million in the third quarter of 2009 compared unfavourably with €63 million a year earlier. Despite virtually unchanged operating profit yoy, cash flow was negatively affected by the rise in the prices of crude and oil products, which had an impact on the amount invested on operational stock.

Interest of €20 million paid in the quarter is explained by the rise in debt. Cash flow was also negatively impacted by tax payments of €68 million, of which €6 million related to Angola's IRP. From a positive angle, working capital requirements excluding the operational stock decreased, following the efficient management of its components.

Cash outflow of €173 million from investing activities stemmed from capital spending in the Refining & Marketing business segment, namely on the refinery conversion project.

5. CAPITAL EXPENDITURE

Million euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
34	83	49	143.4%	Exploration & Production	152	155	3	2.2%
128	73	(55)	(42.7%)	Refining & Marketing	195	224	29	14.9%
49	14	(35)	(70.5%)	Gas & Power	79	53	(26)	(32.8%)
0	1	0	41.0%	Others	1	2	2	n.m.
211	**171**	**(40)**	**(18.9%)**	**Investment**	**427**	**435**	**8**	**1.8%**

NINE MONTHS

Capital expenditure of €435 million in the first nine months of 2009 was allocated to the three business segments in the following proportions: 51.6% to Refining & Marketing, 35.7% to Exploration & Production and 12.3% to Gas & Power.

Spending in the Exploration & Production business segment included works on Angola's Block 14 as development of fields BBLT and Tômbua-Lândana progressed. Expenditure of €90 million in Brazil included €67 million in offshore exploration and development in the Santos Basin, where the Tupi field accounted for €58 million. Spending of €19 million in the Brazilian onshore was primarily channelled to the Potiguar and Sergipe-Alagoas basins. Simultaneously, €6 million were spent on the signing bonus in the tenth round of bidding for exploration licences in Brazil.

In the Refining & Marketing business segment, capital expenditure was mainly channelled to the conversion project, which absorbed €135 million. Out of the €41 million spent on the distribution of oil products in the Iberian Peninsula, €18 million went to Portugal and €23 million to Spain, namely towards the integration of the recently acquired Agip and ExxonMobil operations.

Capex of €53 million in the Gas & Power business segment was mainly allocated to natural gas activities following the connection of new and converted clients and the expansion and renewal of the distribution network by close to 431 km. In the Power segment, expenditure was mainly channelled to the cogeneration plants at the Sines and Porto refineries.

THIRD QUARTER

Capital expenditure of €171 million in the third quarter of the year was primarily allocated to the Exploration & Production business segment, with 48.5% of the total, and to the Refining & Marketing business segment, with 42.7%.

In the Exploration & Production business segment, exploration and development works in Angola accounted for €27 million, which were mainly channelled to Block 14, particularly the Tômbua--Lândana field. Out of the €55 million spent in Brazil, €49 million went to offshore fields in the Santos Basin, particularly to the Tupi field, which absorbed €43 million. In the Extended Well Test at Tupi's field, both production costs and the proceeds from production are capitalised during the testing period. This means that the difference between income from sales of crude oil and the attendant operational expenses are booked as capital expenditure.

Capital spending on the Refining & Marketing business segment was predominantly allocated to the conversion project, which absorbed €50 million, and the distribution of oil products, mainly in Portugal.

Expenditure of €14 million in the Gas & Power business segment was primarily allocated to expansion of the natural gas distribution network. In the Power business, spending was mainly channelled to the cogeneration plant at the Sines refinery.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
15.5	**14.3**	**(1.2)**	**(7.8%)**	**Average working interest production (kbbl/day)**	**14.9**	**13.6**	**(1.3)**	**(8.6%)**
9.1	**8.9**	**(0.2)**	**(2.4%)**	**Average net entitlement production (kbbl/day)**	**10.1**	**8.9**	**(1.2)**	**(12.1%)**
0.8	**0.8**	**(0.0)**	**(2.4%)**	**Total net entitlement production (million bbl)**	**2.8**	**2.4**	**(0.3)**	**(12.4%)**
0.1	0.1	0.1	71.3%	Kuito (million bbl)	0.3	0.3	0.1	21.2%
0.7	0.6	(0.1)	(15.7%)	BBLT (million bbl)	2.4	1.9	(0.5)	(19.6%)
0.1	0.1	0.0	63.6%	Tômbua-Lândana (million bbl)	0.1	0.2	0.1	47.7%
103.7	**60.9**	**(42.8)**	**(41.3%)**	**Average realized sale price1 (Usd/bbl)**	**109.9**	**54.3**	**(55.6)**	**(50.6%)**
6.9	**7.9**	**1.0**	**14.5%**	**Operating cost[1] (Usd/bbl)**	**9.9**	**9.5**	**(0.4)**	**(4.1%)**
37.3	**21.4**	**(16.0)**	**(42.8%)**	**Amortisation[1] (Usd/bbl)**	**27.1**	**18.3**	**(8.8)**	**(32.5%)**
-	**1.0**	**1.0**	**n.m.**	**Total sales[2] (million bbl)**	**1.9**	**2.0**	**0.1**	**3.6%**
-	**-**	**-**	**-**	**Net total assets**	**644**	**877**	**232**	**36.1%**
17	46	29	n.m.	Turnover	171	99	(72)	(42.1%)
29	**14**	**(14)**	**(50.2%)**	**Operating profit**	**113**	**28**	**(85)**	**(75.2%)**
0	1	0	n.m.	Non recurrent items	10	8	(1)	(14.9%)
29	**15**	**(14)**	**(48.1%)**	**Operating profit RCA**	**123**	**36**	**(87)**	**(70.5%)**

[1] Based on net entitlement production
[2] Considers actual sales

EXPLORATION AND PRODUCTION ACTIVITIES

NINE MONTHS

Working interest production in the first nine months of 2009 fell 8.6% yoy to 13.6 thousand barrels a day as maintenance works proceeded in the first quarter and OPEC countries cut back production.

The BBLT field produced 10.6 thousand barrels a day and continues to be the field with the largest share of production with 78.0% of the total production in the first nine months of 2009. The Tômbua-Lândana field, where production from the CPT project started in August, contributed 5.9% against 3.8% a year earlier.

The lower working interest production, coupled with the Production Sharing Agreement in force, led net entitlement production 12.1% lower to 8.9 thousand barrels a day. The BBLT field, with 6.9 thousand barrels a day, accounted for 78.3% of total net entitlement production.

Two cargoes were sold in the first nine months of 2009, one in June and the other in September. These amounted to 2.0 million barrels and came from production in the BBLT and Kuito fields. Considering both these effective cargoes and underlifting, the average sales price was Usd 54.3/bbl.

Production in the Santos Basin’s Tupi field started in May under an EWT. The first oil was offloaded in late June and the first cargo totalled around 315 thousand barrels of oil. Both the production costs and the production from the EWT are capitalised during the testing phase and therefore do not impact the income statement.

THIRD QUARTER

Working interest production in the third quarter fell 7.8% yoy to 14.3 thousand barrels a day as OPEC cut back production. However, it advanced 6.7% qoq as all fields, particularly the Tômbua-Lândana, contributed positively to production.

Net entitlement production fell 2.4% yoy to 8.9 thousand barrels a day and 4.4% qoq. Given its PSA terms, the greatest impact on net entitlement production was in the BBLT field.

A cargo of 971 thousand barrels of oil from the Kuito field was sold in September at a discount of Usd 2.6/bbl to the dated Brent benchmark, as Kuito's crude has a quality inferior to that reference, with an API of 22º. Considering both this sale and overlifting, the average sales price was Usd 60.9/bbl, up 5.4% from that achieved in the second quarter of the year.

OPERATING PROFIT

NINE MONTHS

RCA operating profit in the first nine months of 2009 fell to €36 million from €123 million a year earlier following the decline of 48.5% yoy, 42.7% yoy in euros, in the price of crude oil, to Usd 57.2/bbl. In addition to the lower price of crude oil, results from this business segment were negatively affected by the decline of 12.1% in net entitlement production to 8.9 thousand barrels a day.

The 6.5% fall in production costs to €17 million was largely due to higher maintenance costs in the BBLT field in 2008 following operational setbacks. Unit costs on the basis of net entitlement production fell 4.1% yoy to Usd 9.5/bbl.

Adjusted for non recurrent events, depreciation for the period dropped €17 million yoy to €32 million. This decline resulted from the fall in the price of dated Brent compared with 31 December 2008, which reduced the depreciation rate as net entitlement reserves were revised upwards. Based on the net entitlement production, unit depreciation charges fell 32.5% yoy to Usd 18.3/bbl from Usd 27.1/bbl a year earlier.

Non recurrent events of €8 million consisted primarily of provisions for onshore dry wells in the Espírito Santo and Sergipe-Alagoas basins, whose blocks have been returned to Brazil's energy agency ANP.

THIRD QUARTER

RCA operating profit in the third quarter of 2009 fell to €15 million from €29 million a year earlier in the wake of lower crude oil prices and net entitlement production.

Weaker results were also due to the rise in production costs to €5 million in the third quarter from €4 million a year earlier. Based on net entitlement production, unit costs rose 14.5% yoy to Usd 7.9/bbl.

Adjusted depreciation dropped to €12 million from €21 million a year earlier. Unit depreciation charges fell to Usd 21.4/bbl from Usd 37.3/bbl a year earlier, which reflected a lower depreciation rate as net entitlement reserves rose in response to lower crude oil prices.

2. REFINING & MARKETING

Million euros (except otherwise noted)								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2.8	**0.3**	**(2.6)**	**(90.3%)**	**Rotterdam cracking refining margin[1] (Usd/bbl)**	**2.1**	**1.5**	**(0.6)**	**(29.3%)**
1.8	**(0.7)**	**(2.5)**	**n.m.**	**Rotterdam hydroskimming + aromatics + base oil refining margin[1] (Usd/bbl)**	**(0.7)**	**0.4**	**1.1**	**n.m.**
5.4	**0.9**	**(4.5)**	**(83.0%)**	**Galp Energia refining margin (Usd/bbl)**	**4.1**	**1.6**	**(2.4)**	**(60.0%)**
2.4	**1.8**	**(0.7)**	**(27.7%)**	**Refinery cash cost (Usd/bbl)**	**2.1**	**2.1**	**0.0**	**1.9%**
20,221	**21,840**	**1,619**	**8.0%**	**Crude processed (k bbl)**	**69,000**	**56,525**	**(12,476)**	**(18.1%)**
3.0	**3.3**	**0.3**	**8.9%**	**Raw material processed (million tonnes)**	**10.1**	**8.5**	**(1.6)**	**(15.9%)**
3.8	**4.3**	**0.5**	**13.9%**	**Total refined product sales (million tonnes)**	**11.8**	**12.5**	**0.7**	**5.9%**
2.2	**2.7**	**0.5**	**23.1%**	**Sales to direct clients (million tonnes)**	**6.9**	**8.4**	**1.5**	**21.8%**
1.1	1.5	0.4	34.8%	Wholesale	3.2	4.3	1.0	32.0%
0.6	0.9	0.3	49.7%	Retail	1.9	2.7	0.9	46.8%
0.1	0.1	0.0	12.0%	LPG	0.3	0.3	0.0	10.7%
0.4	0.3	(0.2)	(40.9%)	Others	1.5	1.1	(0.4)	(29.7%)
0.5	**0.7**	**0.2**	**45.2%**	**Exports (million tonnes)**	**1.9**	**1.7**	**(0.1)**	**(6.8%)**
-	-	-	-	**Number of service stations**	**1,015**	**1,459**	**444**	**43.7%**
-	-	-	-	**Number of c-stores**	**233**	**449**	**216**	**92.7%**
-	-	-	-	**Net total assets**	**4,414**	**4,774**	**360**	**8.2%**
3,454	2,953	(501)	(14.5%)	Turnover	10,098	8,053	(2,045)	(20.3%)
80	**131**	**52**	**65.2%**	**Operating profit**	**431**	**239**	**(192)**	**(44.6%)**
30	(70)	(101)	n.m.	Inventory effect	(260)	(147)	113	43.6%
2	(3)	(5)	n.m.	Non recurrent items	(14)	(6)	8	(58.1%)
111	**58**	**(53)**	**47.8%**	**Operating profit RCA**	**157**	**86**	**(71)**	**(45.3%)**

[1] Source: Platts. For a complete description of the method for calculating Rotterdam margins, see "Definitions"

REFINING AND MARKETING ACTIVITIES

NINE MONTHS

In the first nine months of 2009, 8.5 million tonnes of raw materials were processed against 10.1 million tonnes a year earlier. This drop was primarily due to the incident in the utilities unit in the Sines refinery on 17 January, which discontinued the processing of raw materials for an approximate period of six weeks. Utilisation of refinery capacity in the nine months fell to 66.8% from 81.2% a year earlier in the wake of the incident and the policy for optimising refinery runs in the face of the ongoing refining margins.

Crude oil accounted for 89.3% of processed raw materials. The shares of different grades of crude oil in the production structure were the following: medium crude 40.9%, light crude and condensates 40.3% and heavy crude 18.8%.

The production profile, in line with a year earlier, consisted of 15.9% fuel oil, 6.7% jet, 35.7% diesel and 23.5% gasoline.

Own consumption and losses edged down to 8.0% from 8.4% a year earlier.

Volumes sold rose 5.9% yoy to 12.5 million tonnes of which 1.9 million tonnes were sold by the acquired Agip and ExxonMobil operations. The acquired Spanish subsidiaries accounted for 89.5% of that amount, leading to Spain's share of total volumes sold to direct clients to increase to 44.9% from 30.9% a year earlier.

Exports fell 6.8% yoy and featured a decline of 14.1% in gasoline as production was impacted by the incident in the Sines refinery and the strategy for a reduction in refinery runs was implemented to respond to the international backdrop in refining margins.

In the first nine months of the year, the cover ratio of refining by marketing activities surged to 93.1% from 69.5% a year earlier. This was influenced by the incident in the utilities unit in Sines refinery and the addition of sales of oil products by the acquired Agip and ExxonMobil operations.

Sales to direct clients rose 21.8% yoy, which was mainly a result of added sales of oil products by the Agip and ExxonMobil operations.

At the end of September 2009, Galp Energia had 1,459 service stations, less 12 than a quarter earlier, as the Portuguese and Spanish distribution networks were optimised following the acquisition of the Agip and ExxonMobil operations. The number of service stations rose by 444 yoy, an increase that was originated mostly in Spain as a consequence of the mentioned acquisition.

The 449 Galp Energia convenience stores in the Iberian Peninsula at the end of September 2009 were in line with a quarter earlier but reflected an increase of 216 stores yoy, mainly as a result of the acquisition of the Agip and ExxonMobil operations in Spain.

THIRD QUARTER

In the third quarter, 3.3 million tonnes of raw materials were processed and the amount of crude processed rose by 8.0%. This development was primarily due to the scheduled stop for maintenance of the Sines refinery that started on 10 September 2008, which also contributed to the rise in the refineries' capacity utilisation rate to 76.6% from 70.9% a year earlier.

The cover of refining by marketing activities soared to 88.3% in the third quarter from 68.1% a year earlier, an increase that reflected primarily the incremental volumes from the acquired Agip and ExxonMobil operations.

Sales of oil products rose 13.9% yoy to 4.3 million tonnes on the back of the acquired Agip and ExxonMobil operations, which contributed 0.6 million tonnes in the quarter. This contribution accounted for 23.0% of sales to direct clients, which amounted to 2.7 million tonnes.

OPERATING PROFIT

NINE MONTHS

RCA operating profit dropped by 45.3% yoy to €86 million and reflected (i) the incident in the Sines refinery that led to the temporary stop of the alkylation and FCC units until the end of the first quarter, (ii) the drop in refining margins, (iii) the rise in operating expenses and (iv) the unfavourable time lag effect.

The fall in Galp Energia's unit refining margin in the first nine months of 2009 to Usd 1.6/bbl impacted the operating performance of the business segment. This drop resulted from falling international refining margins and the narrowing gap between light and heavy crude, which impacted the spread between Galp Energia's own refining margin and the benchmark refining margin.

Operating cash expenses in euros rose by 13.8% to €1.5/bbl, as the processing of crude oil declined in the period, although operating expenses in dollars remained stable yoy at Usd 2.1/bbl.

The time lag effect in the first nine months of the year was unfavourable at €37 million, which was above the negative effect of €27 million a year earlier.

The weak performance of the refining activities was partially offset by the results of marketing of oil products. This was due not only to the stable earnings profile of this business, but also to the favourable contribution of results from the acquired Agip and ExxonMobil operations and the synergies achieved in procurement and logistics that resulted from the acquisitions.

THIRD QUARTER

RCA operating profit dropped €53 million yoy to €58 million.

In the third quarter, Galp Energia's refining margin dropped to Usd 0.9/bbl from Usd 5.4/bbl a year earlier, which reflected the adverse international environment of refining margins and the narrowing spread to the benchmark following a reduction in the gap between light and heavy crude.

Refining cash costs dropped to Usd 1.8/bbl from Usd 2.4/bbl a year earlier. This drop was due to the scheduled stop of the Sines refinery in September 2008, which led to a reduction in the volume of crude processed and the consequent lower dilution of fixed costs.

The time lag effect in the third quarter was slightly positive at around €1 million, which was significantly below the favourable €32 million a year earlier, but recovering from the unfavourable amount of €39 million in the first half of 2009.

The weaker results of the refining activities were partly offset by the results from marketing of oil products both in Spain and Portugal and by the synergies achieved with the acquisition of the Agip and ExxonMobil operations.

3. GAS & POWER

Million euros (except otherwise noted)								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
1,464	**1,293**	**(171)**	**(11.7%)**	**NG supply total sales volumes (million m^3)**	**4,413**	**3,482**	**(931)**	**(21.1%)**
926	**1,063**	**136**	**14.7%**	**Liberalised market sales volumes (million m^3)**	**2,633**	**2,326**	**(306)**	**(11.6%)**
643	600	(43)	(6.7%)	Electrical	1,798	1,526	(271)	(15.1%)
36	318	282	n.m.	Industrial	71	651	580	n.m.
248	145	(102)	(41.3%)	Trading	764	150	(615)	(80.4%)
537	**230**	**(308)**	**(57.2%)**	**Regulated market sales volumes (million m^3)**	**1,781**	**1,156**	**(625)**	**(35.1%)**
442	156	(286)	(64.8%)	Industrial	1,409	779	(630)	(44.7%)
14	19	5	38.9%	Commercial	54	77	23	43.6%
38	32	(5)	(14.6%)	Residential	146	152	6	4.1%
44	23	(21)	(48.0%)	Other supply companies	171	148	(24)	(14.0%)
-	-	-	-	**NG distribution clients[1] (thousands)**	**853**	**902**	**49**	**5.7%**
140	**142**	**2**	**1.8%**	**Electric power generation[2] (GWh)**	**385**	**426**	**41**	**10.5%**
135	**141**	**6**	**4.2%**	**Sales of electricity to the grid[2]**	**376**	**417**	**41**	**10.9%**
-	-	-	-	**Natural gas net fixed assets[3]**	**747**	**771**	**23**	**3.1%**
-	-	-	-	**Net total assets**	**1,625**	**1,648**	**23**	**1.4%**
520	331	(189)	(36.4%)	Turnover	1,436	1,055	(380)	(26.5%)
67	**30**	**(38)**	**(56.0%)**	**Operating profit**	**245**	**73**	**(172)**	**(70.4%)**
(13)	5	18	n.m.	Inventory effect	(21)	32	53	n.m.
4	(0)	(4)	n.m.	Non recurrent items	5	1	(3)	(73.7%)
59	**35**	**(24)**	**(40.8%)**	**Operating profit RCA**	**228**	**105**	**(123)**	**(53.8%)**
46	16	(30)	(65.1%)	Supply	165	35	(130)	(78.7%)
12	18	7	57.1%	Infrastructure	62	70	8	13.1%
1	0	(0)	n.m.	Power	2	1	(1)	(68.3%)

[1] Includes unconsolidated companies where Galp Energia has a significant interest
[2] Includes Energin, which does not consolidate but where Galp Energia has a 35% holding. In the first nine months of 2009, the company generated power of 215 GWh and sold 211 GWh of electricity to the grid. In the third quarter, the company generated power of 76 GWh and sold 75 GWh of electricity to the grid
[3] Excludes financial investments. Net fixed assets are on a consolidated basis

GAS AND POWER ACTIVITIES

NINE MONTHS

Sales of natural gas in the first nine months of 2009 dropped 21.1% yoy to 3,482 million cubic metres as demand from the electricity and trading segments declined. In the electricity segment, volumes fell 15.1% as hydro-powered and coal-fired generation increased. In the trading segment, the drop of 80.4% in traded volumes was due to falling sales margins as international demand for natural gas decreased.

On the other hand, volumes in the industrial segment remained stable in comparison with a year earlier and edged 3.4% lower when considering the liberalised and regulated markets combined. In Spain, sales to the industrial segment surged to 133 million cubic metres from 66 million cubic metres a year earlier.

The volume of natural gas transported by the networks owned by Galp Energia's distribution companies totalled 1 billion cubic metres.

The generation of 426 GWh of electricity in the first nine months used 127 million cubic metres of natural gas in Galp Energia's cogenerations plants, corresponding to 9.8% of the Portuguese industrial market. Sales of electricity to the grid rose 10.9% yoy to 417 GWh.

THIRD QUARTER

Sales of natural gas in the third quarter dropped 11.7% yoy to 1,293 million cubic metres following lower demand from the electricity and trading segments.

Despite this decline, the third quarter staged, like the second quarter, a recovery in sold volumes, which advanced 16.0% qoq. This development was due to rising demand from the trading and electricity segments as the use of hydropower declined.

In natural gas distribution, transported volumes reached 300 million cubic metres.

Power generation in the third quarter edged up 3.9% qoq to 142 GWh, which was in line with a year earlier. Sales of electricity to the grid were, at 141 GWh, in line with the power generation level.

OPERATING PROFIT

NINE MONTHS

Operating profit RCA in the first nine months 2009 was €105 million, down from €228 million a year earlier. Lower RCA results stemmed primarily from a faltering supply business, which reported operating profit of €35 million, down from €165 million a year earlier. This weaker performance was due to (i) lower volumes sold, (ii) lower margins caused by the time lag effect between sourcing and marketing natural gas contracts, primarily in the beginning of the year, and the higher acquisition cost of natural gas following the revision of the NLNG+ contract in late 2008 and (iii) the regulated tariff for the last resort supply activity since the second half of 2008.

The resilience nature of the infrastructure business allowed the delivery of an operating profit of €70 million.

In the Power business, the unit margin declined to €9.5/MWh from €11.9/MWh a year earlier and sales to the grid were made at an average price of €94.5/MWh.

THIRD QUARTER

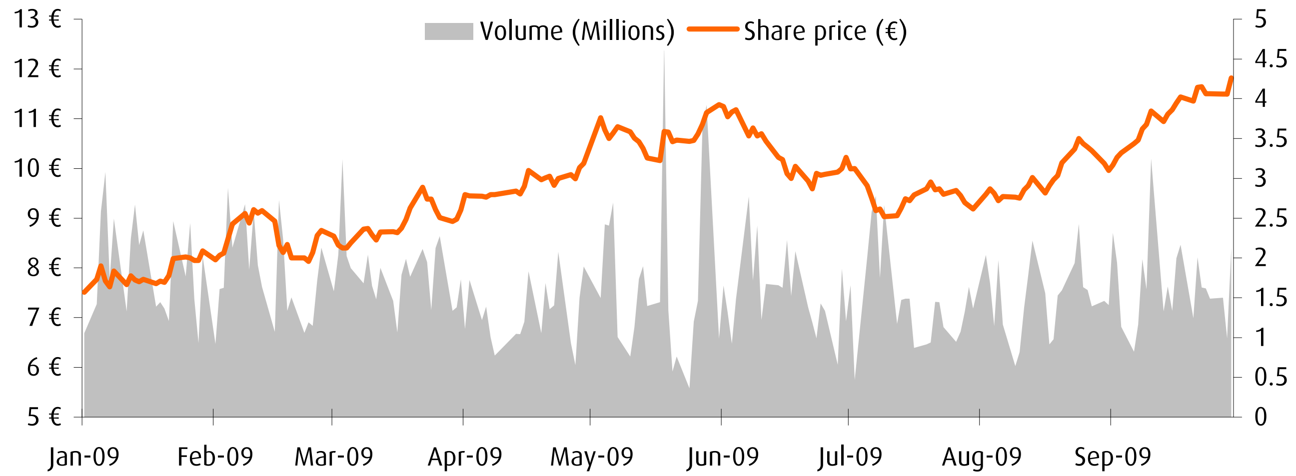
RCA operating profit in the third quarter fell 40.8% yoy to €35 million as the supply business tumbled 65.1% yoy to €16 million under the effect of (i) lower volumes sold to the electricity and trading segments and (ii) falling margins in the liberalised market after the revision of the procurement NLNG+ contract in late 2008.

The infrastructure business reported RCA operating profit of €18 million, which evidenced the resilient contribution of this activity to the results of the Gas & Power business segment.

The unit margin in the Power business was of €11.0/MWh, which compares to €16.6/MWh a year earlier. Sales to the grid were made at a price of €89.0/MWh.

THE GALP ENERGIA SHARE

Performance of the Galp Energia stock



Source: Bloomberg

NINE MONTHS

The Galp Energia stock performed favourably in the nine months of 2009 as it gained 64.6% and reached a peak of €11.86 in the period. Since it started trading at the Euronext on 23 October 2006 up to 30 September 2009, the stock gained 103.4%. Over this period, 315 million shares were traded, the equivalent of a daily average of 1.6 million shares. At 30 September 2009, Galp Energia had a market capitalisation of €9,802 million.

THIRD QUARTER

In the third quarter of 2009, the stock gained 18.2% and 102.3 million shares were traded, or an average daily rate of 1.6 million shares.

Share detail	
ISIN	PTGAL0AM0009
Reuters	GALP.LS
Bloomberg	GALP PL
Number of shares	829,250,635

Main indicators	2008	3Q 2009	9M2009
Min (€)	5.95	8.86	7.22
Max (€)	18.95	11.86	11.86
Average (€)	13.05	10.11	9.60
Close price (€)	7.18	11.82	11.82
Volume (M shares)	643.6	102.3	315.0
Average volume per day (M shares)	2.5	1.6	1.6
Market cap (M€)	5,954	9,802	9,802

MATERIAL EVENTS IN THE THIRD QUARTER OF 2009

DIVIDEND PAYMENT

Galp Energia announced on 25 September the payment, as from 22 October 2009, of the first dividend of €0.06 per share relating to financial year 2009.

CORPORATE

GALP ENERGIA SIGNS SECOND PART OF FINANCING AGREEMENT FOR REFINERIES' CONVERSION PROJECTS

On July 10 2009, Galp Energia and the European Investment Bank signed a €200 million financing agreement, representative of the second and last part of the financing of the conversion project for both Sines and Porto's refineries, which totalizes €500 million. The loan is a 16 year term loan.

APPOINTMENT OF NEW MEMBERS OF THE BOARD OF DIRECTORS

On July 31 Galp Energia announced that following the resignation presented by Mr. Luigi Piro and Mr. Alberto Chiarini, to their positions of members of the Board of Directors of Galp Energia, the Board of Directors approved the appointment of Mr. Luigi Spelli and Mr. Massimo Mondazzi, in replacement of those members respectively. The decision of the Board of Directors will have to be confirmed at the next General Shareholder Meeting.

BOARD OF DIRECTORS APPROVES SECOND QUARTER AND FIRST HALF REPORT

On August 31, the Board of Directors of Galp Energia approved the Second Quarter and First Half 2009 Report, subject to limited review by the independent auditors, Deloitte & Associados, SROC, S.A..

EXPLORATION & PRODUCTION

EXTENDEND WELL TEST RESUMED AT TUPI

On September 8, Galp Energia announced that the Extended Well Test on Tupi area was resumed on September 5, on the pre salt of Santos Basin. The Tupi Sul well was closed on July 6 to replace the Wet Christmas Tree. The replacement of the equipment was performed with success in a period of two months, much less than the initial forecast of up to four months.

FIRST OIL PRODUCTION STARTS AT TÔMBUA-LÂNDANA FIELD IN ANGOLA

On September 9, Galp Energia announced the beginning of production at the Tômbua-Lândana field, Block 14. The development of this project represents an investment of $3.8 billion for the contractor group and will have a peak production of 100 thousand barrels pf crude oil per day, which is expected to be reached in 2011 and recoverable resources are estimated at 350 million barrels.

REFINING & MARKETING

GALP ENERGIA AGREES TO SELL SOME OPERATIONS RECENTLY ACQUIRED TO EXXONMOBIL

On July 31, Galp Energia agreed with Gestmin, SGPS, S.A. the sale of a number of petroleum products distribution operations in Portugal recently acquired from ExxonMobil Group, in order to fulfil the commitments made by Galp Energia to the European Commission.

AWARDS WON

Galp Energia won the award of Best Annual Report in the Non-Financial Sector at Investor Relations & Governance Awards 2009 sponsored by Deloitte which recognises best professional practice in investor relations in Portugal.

ASSOCIATES

1. MAJOR ASSOCIATES

Company	Country	Business Segment	Equity Share	Consolidation method
Petróleos de Portugal, Petrogal, S.A.	Portugal	R&M	100%	Full
Galp Energia España, S.A.	Spain	R&M	100%	Full
Galp Exploração e Produção Petrolífera, S.A.	Portugal	E&P	100%	Full
CLCM - Companhia Logística da Madeira, S.A.	Portugal	R&M	75%	Full
CLC - Companhia Logística de Combustíveis, S.A.	Portugal	R&M	65%	Equity
CLH - Compañia Logística de Hidrocarboros, S.A.	Spain	R&M	5%	Equity
GDP, Gás de Portugal, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Gás Natural, S.A.	Portugal	G&P	100%	Full
Transgás, S.A.	Portugal	G&P	100%	Full
Transgás, Armazenagem, S.A.	Portugal	G&P	100%	Full
EMPL - Europe MaghrebPipeline, Ltd	Spain	G&P	27%	Equity
Gasoduto Al-Andaluz, S.A.	Spain	G&P	33%	Equity
Gasoduto Extremadura, S.A.	Spain	G&P	49%	Equity
GDP Distribuição, SGPS, S.A.	Portugal	G&P	100%	Full
Lisboagas, S.A.	Portugal	G&P	100%	Full
Lusitaniagás, S.A.	Portugal	G&P	85%	Full
Setgás, S.A.	Portugal	G&P	45%	Equity
Beiragás, S.A.	Portugal	G&P	59%	Full
Duriensegás, S.A.	Portugal	G&P	100%	Full
Tagusgás, S.A.	Portugal	G&P	41%	Equity
Galp Power, SGPS, S.A.	Portugal	G&P	100%	Full
Galp Energia, S.A.	Portugal	Others	100%	Full

2. RESULTS FROM ASSOCIATES

Million Euros								
Third quarter					Nine months			
2008	2009	Chg.	% Chg.		2008	2009	Chg.	% Chg.
2.5	3.5	1.0	38.3%	CLH	6.1	7.1	0.9	15.1%
-	2.6	2.6	n.m.	CLC	-	7.4	7.4	n.m.
9.3	10.5	1.2	12.9%	International Pipelines	27.8	32.4	4.6	16.5%
0.3	0.4	0.1	26.8%	Setgás - Natural Gas Distribution Company	1.6	2.7	1.0	62.6%
1.0	(4.5)	(5.6)	n.m.	Others	1.5	6.7	5.2	n.m.
13.2	**12.5**	**(0.7)**	**(5.1%)**	**Sub total**	**37.1**	**56.3**	**19.1**	**51.4%**
(2.1)	0.3	2.4	n.m.	Consolidation adjustments	(3.9)	0.3	4.2	n.m.
11.1	**12.8**	**1.7**	**15.1%**	**Total**	**33.2**	**56.6**	**23.3**	**70.3%**

RECONCILIATION OF REPORTED AND *REPLACEMENT COST* ADJUSTED FIGURES

1. REPLACEMENT COST ADJUSTED OPERATING PROFIT BY SEGMENT

Million euros

Third quarter					2009	Nine months				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
171	**(65)**	**106**	**(2)**	**104**	**Operating profit**	**340**	**(115)**	**225**	**11**	**235**
14	-	14	1	15	E&P	28	-	28	8	36
131	(70)	61	(3)	58	R&M	239	(147)	92	(6)	86
30	5	35	(0)	35	G&P	73	32	104	1	105
(4)	(0)	(4)	-	(4)	Others	1	-	1	7	8

Million euros

Third quarter					2008	Nine months				
Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA		Operating profit	Inventory effect	Operating profit RC	Non recurrent items	operating profit RCA
175	**17**	**193**	**6**	**198**	**Operating profit**	**796**	**(282)**	**514**	**1**	**515**
29	-	29	0	29	E&P	113	-	113	10	123
80	30	110	2	111	R&M	431	(260)	171	(14)	157
67	(13)	55	4	59	G&P	245	(21)	223	5	228
(1)	-	(1)	-	(1)	Others	7	0	7	0	7

2. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

Million euros

Third quarter					2009	Nine months				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
258	**(65)**	**193**	**(3)**	**191**	**EBITDA**	**569**	**(115)**	**454**	**18**	**472**
28	-	28	1	28	E&P	65	-	65	8	73
179	(70)	109	(3)	106	R&M	377	(147)	230	1	231
56	5	61	(0)	61	G&P	125	32	157	1	158
(4)	(0)	(4)	-	(4)	Others	2	-	2	7	9

Million euros										
Third quarter					2008	Nine months				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
263	**17**	**280**	**1**	**282**	**EBITDA**	**1,006**	**(282)**	**724**	**7**	**731**
51	-	51	0	51	E&P	166	-	166	9	175
122	30	152	2	154	R&M	533	(260)	273	(2)	271
91	(13)	78	(0)	78	G&P	300	(21)	279	(0)	279
(1)	-	(1)	-	(1)	Others	6	0	6	0	6

3. NON RECURRENT ITEMS

Exploration & Production

Million Euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	(0.0)	Gains / losses on disposal of assets	-	(0.0)
0.2	0.8	*Assets write offs*	9.5	8.2
-	(0.0)	Assets impairments	-	0.0
-	-	Provisions for environmental charges and others	-	-
-	-	Others	-	-
0.2	**0.8**	**Non recurrent items of operating profit**	**9.5**	**8.2**
-	-	Other financial results	-	-
0.2	**0.8**	**Non recurrent items before income taxes**	**9.5**	**8.2**
(0.0)	(0.3)	Income taxes on non recurrent items	(3.2)	(2.8)
0.2	**0.5**	**Total non recurrent items**	**6.3**	**5.4**

Refining & Marketing

Million Euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Sale of strategic stock	(24.1)	-
-	-	Sale of strategic stock cost	20.4	-
-	-	Monobuoy costs	-	-
-	(1.2)	Accidents caused by natural facts	-	(6.9)
(0.7)	(0.9)	Gains / losses on disposal of assets	(0.6)	(2.7)
0.3	0.0	*Assets write offs*	0.3	0.1
0.7	1.4	Employees contracts rescission	1.2	8.8
-	1.3	Sines refinery fire - accidents	-	5.8
(0.0)	0.1	Provisions for environmental charges and others	-	(8.6)
0.5	(0.0)	Assets impairments	(11.0)	1.4
-	(3.6)	Margin in the sale of CO_2 emission licenses	-	(3.6)
0.8	-	Others	(0.1)	-
1.6	**(3.0)**	**Non recurrent items of operating profit**	**(13.8)**	**(5.8)**
-	6.3	Capital gains / losses on disposal of financial investments	-	0.4
1.6	**3.3**	**Non recurrent items before income taxes**	**(13.8)**	**(5.4)**
(0.3)	0.7	Income taxes on non recurrent items	3.9	1.1
1.3	**4.0**	**Total non recurrent items**	**(9.9)**	**(4.3)**

Gas & Power

Million Euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Services rendered	-	-
(0.3)	(0.0)	Gains / losses on disposal of assets	(0.5)	(0.1)
0.1	0.0	*Assets Write offs*	0.2	0.0
-	-	Collections related to the sale of land	-	-
-	(0.0)	Accidents caused by natural facts	-	(0.0)
(0.1)	0.3	Employees contracts rescission	(0.1)	1.8
4.1	(0.0)	Provisions for environmental charges and others	5.0	-
-	(0.5)	Margin in the sale of CO_2 emission licenses	-	(0.5)
3.9	**(0.3)**	**Non recurrent items of operating profit**	**4.7**	**1.2**
-	-	Capital gains / losses on disposal of financial investments	-	-
-	-	Other financial results	-	-
3.9	**(0.3)**	**Non recurrent items before income taxes**	**4.7**	**1.2**
(0.2)	0.1	Income taxes on non recurrent items	(0.4)	(0.3)
3.7	**(0.2)**	**Total non recurrent items**	**4.2**	**0.9**

Other

Million Euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Gains / losses on disposal of assets	-	-
-	-	Sines refinery fire - accidents	-	7.0
(0.0)	-	*Assets write-offs*	0.0	-
0.0	0.0	Provisions for environmental charges and others	0.0	-
0.0	**0.0**	**Non recurrent items of operating profit**	**0.0**	**7.0**
-	-	Capital gains / losses on disposal of financial investments	-	-
0.0	**0.0**	**Non recurrent items before income taxes**	**0.0**	**7.0**
-	-	Income taxes on non recurrent items	-	-
0.0	**0.0**	**Total non recurrent items**	**0.0**	**7.0**

Consolidated summary

Million Euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Exclusion of non recurrent items		
-	-	Sale of strategic stock	(24.1)	-
-	-	Sale of strategic stock cost	20.4	-
-	-	Monobuoy costs	-	-
	(1.3)	Accidents caused by natural facts	-	(6.9)
(1.0)	(0.9)	Gains / losses on disposal of assets	(1.0)	(2.8)
0.6	0.8	*Assets write off*	10.1	8.3
-	(4.1)	Margin in the sale of CO_2 emission licenses	-	(4.1)
0.6	1.7	Employees contracts rescission	1.2	10.7
-	1.3	Sines refinery fire - accidents	-	12.8
4.1	0.1	Provisions for environmental charges and others	5.0	(8.6)
0.3	(0.0)	Assets impairments	(11.2)	1.4
1.2	-	Others	0.2	-
5.9	**(2.5)**	**Non recurrent items of operating profit**	**0.6**	**10.7**
-	6.3	Capital gains / losses on disposal of financial investments	-	0.4
-	-	Other financial results	-	-
5.9	**3.8**	**Non recurrent items before income taxes**	**0.6**	**11.1**
(0.5)	0.5	Income taxes on non recurrent items	0.2	(2.0)
5.3	**4.3**	**Total non recurrent items**	**0.8**	**9.0**

CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

Million euros				
Third quarter			Nine months	
2008	2009		2008	2009
		Operating income		
3,916	3,195	Sales	11,387	8,829
54	62	Services rendered	119	221
22	27	Other operating income	61	83
3,992	**3,284**	**Total operating income**	**11,567**	**9,132**
		Operating costs		
(3,493)	(2,761)	Inventories consumed and sold	(9,860)	(7,735)
(158)	(178)	Material and services consumed	(467)	(554)
(70)	(81)	Personnel costs	(206)	(243)
(63)	(63)	Amortisation and depreciation cost	(169)	(184)
(24)	(24)	Provision and impairment of receivables	(41)	(44)
(7)	(5)	Other operating costs	(29)	(32)
(3,817)	**(3,112)**	**Total operating costs**	**(10,771)**	**(8,792)**
175	**171**	**Operating profit**	**796**	**340**
11	13	Net profit from associated companies	33	57
(0)	(0)	Net profit from investments	(0)	(0)
		Financial results		
2	4	Financial profit	9	10
(14)	(24)	Financial costs	(38)	(63)
(19)	0	Exchange gain (loss)	(14)	1
(0)	-	Profit and cost on financial instruments	(0)	0
(0)	(0)	Other gains and losses	(1)	(1)
155	**164**	**Profit before taxes**	**784**	**343**
(32)	(39)	Income tax expense	(213)	(79)
123	**124**	**Profit before minority interest**	**572**	**264**
(1)	(1)	Profit attributable to minority interest	(3)	(4)
122	**123**	**Net profit for the period**	**568**	**260**
0.15	**0.15**	**Earnings per share (in Euros)**	**0.69**	**0.31**

2. CONSOLIDATED FINANCIAL POSITION

Million euros	December 31, 2008	June 30, 2009	September 30, 2009
Assets			
Non current assets			
Tangible fixed assets	2,760	2,818	2,928
Goodwill	172	188	185
Other intangible fixed assets	409	439	440
Investments in associates	297	376	385
Investments in other participated companies	1	3	1
Other receivables	84	94	93
Deferred tax assets	200	197	195
Other financial investments	5	1	2
Total non current assets	**3,928**	**4,116**	**4,230**
Current assets			
Inventories	1,076	1,065	1,223
Trade receivables	988	929	897
Other receivables	500	523	572
Other financial investments	3	1	1
Current Income tax recoverable	-	0	-
Cash and cash equivalents	127	126	184
Total current assets	**2,695**	**2,644**	**2,877**
Total assets	**6,623**	**6,760**	**7,107**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(27)	(18)	(17)
Other reserves	174	193	193
Hedging reserves	(2)	(8)	(8)
Retained earnings	1,020	977	927
Profit attributable to equity holders of the parent	117	137	260
Equity attributable to equity holders of the parent	**2,194**	**2,193**	**2,267**
Minority interest	25	24	26
Total equity	**2,219**	**2,217**	**2,293**
Liabilities			
Non current liabilities			
Bank loans and overdrafts	1,304	1,285	1,274
Bonds	-	700	700
Other payables	56	68	69
Retirement and other benefit obligations	256	270	272
Deferred tax liabilities	18	27	31
Other financial instruments	3	10	10
Provisions	99	105	125
Total non current liabilities	**1,737**	**2,465**	**2,481**
Current liabilities			
Bank loans and overdrafts	685	240	407
Bonds	2	2	1
Trade payables	993	830	892
Other payables	982	994	1,032
Other financial instruments	2	1	0
Income tax	4	11	(0)
Total current liabilities	**2,667**	**2,077**	**2,333**
Total liabilities	**4,404**	**4,543**	**4,814**
Total equity and liabilities	**6,623**	**6,760**	**7,107**

ADDITIONAL INFORMATION

GLOSSARY

EBITDA	EBITDA is defined as net operating income plus depreciation, amortisation and provisions. EBITDA is not a standard measure, the reason it should not be used in comparisons between companies. EBITDA is not a direct liquidity measure and should be analyzed jointly with the actual cash flows resulting from operating activities and taking into account existing financial commitments
Galp Energia, company or group	Galp Energia, SGPS, S.A. and associates
IRP	Tax on revenue generated by the sale of oil in Angola
Rotterdam cracking refining margin	Rotterdam Cracking refining margin: -100% Dated Brent, +2.3% LGP FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg., +7.4% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 50 ppm NWE CIF Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.7%; Terminal rate: 1 $/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 $/ton. Yields in % of weight.
Rotterdam hydroskimming + aromatics + base oils refining margin	Rotterdam hydroskimming refining margin: -100% Dated Brent, +2.1% LGP FOB Seagoing (50% Butane + 50% Propane), +15.1% PM UL NWE FOB Bg., +4.0% Naphtha NWE FOB Bg., +9% Jet NWE CIF Cg., +32.0% ULSD 10 ppm NWE CIF Cg. and +33.8% LSFO 1% FOB NWE Cg.; C&L: 4.0%; Terminal rate: 1 $/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 $/ton. Rotterdam aromatics refining 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.. Consumptions: -18% LSFO 1% CIF NEW. Yields in % of weight. 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% NWE FOB Cg.; Losses: 0.6%; Terminal rate: 1 $/ton; Ocean loss: 0.15% over Dated Brent; Freight 2008: WS Aframax (80 kts) Route Sullom Voe / Rotterdam - Flat 5.13 $/ton. Yields in % of weight. Rotterdam hydroskimming + Aromatics + Base oils refining margin = 65%

	Rotterdam hydroskimming refining margin + 15% Rotterdam aromatics refining margin + 20% Base Oils refining margin.
Replacement cost ("RC")	According to this method of valuing inventories, the cost of goods sold is valued at *the cost 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.

ACRONYMS

Bbl: barrels; BBLT: Benguela, Belize, Lobito and Tomboco; bbl/d: barrels a day; Bg: *Barges*; Cg: *Cargoes*; CIF: *Cost, Insurance and Freight*; CLC: Companhia Logística de Combustíveis; CLH: Companhia Logística de Hidrocarburos, S.A.;CPT: Compliant Piled Tower; DGEG: Direcção Geral de Energia e Geologia; E&P: Exploration & Production; €: Euro; EWT: Extended Well Test; FCC: Fluid Catalytic Cracking; FIFO: First In First Out (inventory valuation method); FOB: *Free on Board*; G&P: Gas & Power; IAS: International Accounting Standards; IFRS: International Financial Reporting Standards; LIFO: Last In First Out (inventory valuation method); LNG: Liquefied Natural Gas; LSFO: *Low sulphur fuel oil*; m^3: cubic metres; n.m.: not meaningful; PM UL: *Premium unleaded*; PSA: Production Sharing Agreement; qoq: quarter on quarter; R&M: Refining & Marketing; RCA: Replacement Cost Adjusted; SXEP: DJ Europe Oil&Gas Index; TL: Tômbua-Lândana; ULSD CIF Cg: *Ultra Low sulphur diesel* CIF *Cargoes*; USA: United States of America; Usd: US dollar; OPEC - *Organization of the Petroleum Exporting Countries*; WAC: Weighted Average Cost (inventory valuation method); yoy: year on year.

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