RESULTS

FIRST QUARTER OF 2012




Solid foundations to deliver sustainable value

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galp energia

EXECUTIVE SUMMARY

In the first quarter of 2012 Galp Energia's replacement cost adjusted net profit was €50 million, €7 million higher than a year earlier, following the improved performance of the Exploration & Production and Gas & Power business segments.

SUMMARY OF RESULTS – FIRST QUARTER OF 2012

- Net entitlement production of crude oil and natural gas in the first quarter of 2012 was 16.5 kboepd, 48% of which came from Brazil;
- Galp Energia's refining margin was Usd 0.8/bbl in the first quarter of 2012, against Usd 1.3/bbl a year earlier, reflecting the negative trend of refining margins in international markets;
- Although it was affected by the adverse economic environment in the Iberian Peninsula, marketing of oil products performed in the first quarter of 2012 in line with a year earlier;
- Natural gas sold in the first quarter of 2012 rose 7% year on year (yoy) to 1,725 million cubic metres, driven by the trading segment sales;
- RCA EBIT of €95 million in the first quarter of 2012 was 75% higher than a year earlier;
- RCA net profit of €50 million in the first quarter of 2012 equated to €0.06 per share;
- Capital expenditure of €202 million in the first quarter of 2012 was primarily allocated to the Exploration & Production business segment;
- At the end of the first quarter of 2012 the net debt to equity ratio dropped to 12% as net debt was brought down to €790 million;
- Financial close, at the end of March, of the share capital increase with total proceeds of Usd 5.2 billion, and subscribed by Sinopec, in Petrogal Brasil, Galp Energia's subsidiary, and in other related entities.

CONFERENCE CALL

Date:	Friday, 27 April 2012
Time:	14:00 (UK time)
Hosted by:	Manuel Ferreira De Oliveira (CEO) Claudio De Marco (CFO) Tiago Villas-Boas (IRO)
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Chairperson:	Tiago Villas-Boas

KEY FIGURES

FINANCIAL DATA

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
188	EBITDA	357	369	13	3.5%
218	EBITDA RC[1]	135	201	66	49.2%
212	**EBITDA RCA[2]**	**135**	**200**	**65**	**47.7%**
63	EBIT	260	264	4	1.5%
93	EBIT RC[1]	39	96	58	149.4%
110	**EBIT RCA[2]**	**54**	**95**	**41**	**74.7%**
48	Net profit	192	172	(20)	(10.2%)
69	Net profit RC[1]	33	51	18	53.2%
79	**Net profit RCA[2]**	**43**	**50**	**7**	**16.5%**

[1] Replacement cost figures exclude inventory effects

[2] Replacement cost adjusted figures exclude inventory effects and non-recurrent events

MARKET INDICATORS

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
109.3	Average dated Brent price[3] (Usd/bbl)	105.0	118.5	13.5	12.9%
(0.6)	Benchmark refining margin[1] (Usd/bbl)	(0.5)	(0.6)	(0.1)	(20.9%)
56.8	UK NBP natural gas price[2] (GBp/term)	57.1	59.4	2.3	4.1%
1.35	Average exchange rate[2] (Eur/Usd)	1.37	1.31	(0.1)	(4.2%)
1.72	Euribor - six month[2] (%)	1.37	1.34	*(0.03 p.p.)*	*n.m.*

[1] Source: *Platts*

[2] Source: *Platts*. For a complete description of the method for calculating the benchmark refining margin see "Definitions"

[3] Source: *Bloomberg*

OPERATING DATA

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
21.6	Average working interest production (kboepd)	19.0	22.6	3.6	19.1%
13.0	Average net entitlement production (kboepd)	9.6	16.5	6.9	72.0%
(0.0)	Galp Energia refining margin (Usd/bbl)	1.3	0.8	(0.5)	(41.2%)
3.0	Raw materials processed (million tonnes)	2.1	3.0	0.9	42.4%
2.6	Oil sales direct clients[1] (million tonnes)	2.4	2.6	0.2	6.6%
1,414	Natural gas sales (million m^3)	1,605	1,725	120	7.5%
334	Sales of electricity to the grid[1] (GWh)	224	320	96	42.7%

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

BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the three months ended 31 March 2012 and 2011 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on 31 March 2012 and 2011, and on 31 December 2011. The financial information in the consolidated financial position is reported at 31 March 2012 and 31 December 2011.

Galp Energia's financial statements are prepared in accordance with IFRS and the cost of goods sold is valued at WAC. The use of this valuation method may, when prices of goods and commodities fluctuate, cause volatility in results following 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 Galp Energia's operating performance, RCA operating and net profit exclude non recurrent events and the inventory effect, the latter because the cost of goods sold has been calculated according to the replacement cost (RC) valuation method.

RECENT CHANGES

In December 2011, Galp Energia changed the accounting method of its pension obligations, previously recorded according to the so-called *corridor method* in compliance with IAS 19, itself revised in 2011. Galp Energia has since recognised all actuarial gains or losses in the accounting period against equity, with an impact on the Company's financial position. Because this change has not been applied to the financial statements for the first quarter of 2011, these are not directly comparable with those of the first quarter of 2012.

In December 2011 Galp Energia began to include in total production the volumes of natural gas sold from Brazil's Lula field after gas pipeline Lula-Mexilhão started operations at the end of the third quarter of 2011.

In September 2011, Galp Energia began to calculate its net debt classing marketable securities as cash equivalents. To make periods comparable, this change was reflected in the financial information reported at 31 March 2011.

In June 2011 Galp Energia changed the method of accounting for its equity stake in Cape Verde subsidiary Enacol, which had previously been recorded according to the equity method. Enacol became fully consolidated as Galp Energia, despite not being a majority shareholder, took control, on an expectedly permanent basis, of its subsidiary's financial and operating policies. As this change was not reflected in the financial statements of the first quarter of 2011, these are not directly comparable with the financial statements of the first quarter of 2012.

MARKET ENVIRONMENT

CRUDE OIL

The dated Brent averaged Usd 118.5/bbl in the first quarter of 2012, up 13% yoy. This rise followed primarily from unrest in Syria, southern Sudan and Yemen, which wiped 600 thousand barrels of crude oil off global daily supply in the first quarter of the year. The embargo on Iranian crude oil by the United States and the European Union also raised dated Brent prices compared with 2011, although prices then were inflated by cutbacks in Libyan supply.

The price spread between heavy and light crude oil narrowed by Usd 1.1/bbl yoy to Usd -1.8/bbl in the first quarter of 2012 as the price of light crude was particularly affected in 2011 by the reduced supply from African countries, namely Libya, which mainly produces this type of crude.

OIL PRODUCTS

In the first quarter of 2012, the gasoline crack spread averaged Usd 7.5/bbl, up 41% yoy as supply of this product was cut back, mainly in the United States, where a refinery was closed down and there were some unplanned outages in several other refineries. This offered European refineries opportunities to export not only to the United States, but also to the Middle East and to Western Africa.

In the first quarter of 2012, the diesel crack spread averaged Usd 18.5/bbl, in line with a year earlier despite the rise in dated Brent, which was offset by lower diesel supply from Russia.

In the first quarter of 2012, the fuel oil crack spread averaged Usd -5.2/bbl, up Usd 8.7/bbl yoy as marine bunkers increased demand and the outage of a number of European refineries restrained the supply of fuel oil to the market.

REFINING MARGINS

Galp Energia's benchmark margin of Usd -0.6/bbl in the first quarter of 2012 was Usd 0.1/bbl lower than a year earlier. Although cracking and hydroskimming margins rose Usd 0.4/bbl and Usd 1.5/bbl yoy to Usd -0.1/bbl and Usd -2.8/bbl, respectively, the benchmark margin was negatively affected by lower aromatics and base oils crack spreads.

EUR/USD

In the first quarter of 2012, the euro/dollar exchange rate averaged 1.31, down 4% from a year earlier. The weakening of the single currency followed the continued crisis in the Eurozone sovereign debt, while US economic indicators showed signs of recovery.

THE IBERIAN MARKET

In the first quarter of 2012, the Portuguese market for oil products contracted 3% yoy to 2.2 million tonnes. Despite the fact that this contraction was lower than the one last year, the adverse economic environment, and in particular, the austerity measures in place, continued to impact the oil product demand. The market for gasoline and diesel took the highest toll, with demand falling 7% yoy, to 0.3 million tonnes and 1.1 million tonnes, respectively. The market for jet, however, advanced 2% to 0.2 million tonnes.

In Spain, the market for oil products fell 5% yoy to 13.7 million tonnes during the first quarter of 2012. The market for gasoline fell the most, having contracted 6% to 1.2 million tonnes. Demand for diesel and for jet was also negatively impacted by the current economic context, leading to a decrease in demand for diesel of 3% yoy to 7.6 million tonnes and for jet of 4% to 1.2 million tonnes.

In the first quarter of 2012, the Portuguese market for natural gas contracted 10% yoy to 1,253 million cubic metres. The lower demand was mainly due to the fall of 16% of consumption by the electrical segment, following lower electrical generation in Portugal and the higher electrical production through coal. The lower consumption by the residential and industrial segment also impacted negatively the Portuguese natural gas market. The declining demand from this segment was due to the milder temperatures in the period, when comparing to the first quarter of the previous year.

The Spanish market for natural gas remained little changed yoy in the first quarter of 2012, as the fall of 17% in the electrical segment consumption was almost offset by the 6% increase in demand by the residential and industrial segment. The lower electrical segment consumption was due to the higher electricity production through coal and nuclear sources.

MARKET INDICATORS

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
109.3	Dated Brent price[1] (Usd/bbl)	105.0	118.5	13.5	12.9%
(0.7)	Heavy-light crude price spread[2] (Usd/bbl)	(2.9)	(1.8)	(1.1)	(38.3%)
22.3	Diesel crack[3] (Usd/bbl)	18.4	18.5	0.1	0.8%
2.7	Gasoline crack[4] (Usd/bbl)	5.3	7.5	2.2	40.6%
(7.0)	Fuel oil crack[5] (Usd/bbl)	(14.0)	(5.2)	8.7	62.4%
(0.6)	Benchmark refining margin (Usd/bbl)	(0.5)	(0.6)	(0.1)	(20.9%)
2.3	Portuguese oil market[6] (million ton)	2.3	2.2	(0.1)	(2.7%)
14.0	Spanish oil market[7] (million ton)	14.3	13.7	(0.6)	(4.5%)
1,085	Portuguese natural gas market[8] (million m^3)	1,386	1,253	(133)	(9.6%)
8,210	Spanish natural gas market[9] (million m^3)	9,491	9,477	(13)	(0.1%)

[1] Source: Platts

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

[3] Source: Platts; *ULSD 10ppm NWE CIF ARA*

[4] Source: Platts; Unleaded gasoline, *NWE FOB Barges*

[5] Source: Platts; 1% LSFO, NWE FOB Cargoes

[6] Source: DGEG

[7] Source: Cores. Includes March estimate

[8] Source: Galp Energia

[9] Source: Enagás

FINANCIAL REVIEW

1. INCOME STATEMENT

Million euros (RCA, except otherwise noted)

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
4,375	Turnover	3,796	4,795	1,000	26.3%
(4,188)	Operating expenses	(3,681)	(4,605)	924	25.1%
24	Other operating revenues (expenses)	21	10	(11)	(52.3%)
212	**EBITDA**	**135**	**200**	**65**	**47.7%**
(102)	D&A and provisions	(81)	(105)	24	29.7%
110	**EBIT**	**54**	**95**	**41**	**74.7%**
20	Net profit from associated companies	20	20	0	0.0%
(0)	Net profit from investments	-	-	-	n.m.
(29)	Net interest expenses	(29)	(41)	(12)	(40.0%)
101	Profit before tax and minority interests	46	74	29	63.4%
(21)	Income tax	(1)	(23)	22	n.m.
(1)	Minority Interests	(2)	(2)	(0)	(7.6%)
79	**Net profit**	**43**	**50**	**7**	**16.5%**
79	**Net profit**	**43**	**50**	**7**	**16.5%**
(10)	Non recurrent items	(9)	1	11	n.m.
69	**Net profit RC**	**33**	**51**	**18**	**53.2%**
(21)	Inventory effect	159	121	(37)	(23.5%)
48	**Net profit IFRS**	**192**	**172**	**(20)**	**(10.2%)**

RCA net profit of €50 million in the first quarter of 2012 was €7 million higher than a year earlier as the Exploration & Production and Gas & Power business segments improved their performance, following higher production from Brazil and higher prices of crude oil, and increased volumes of natural gas sold in the trading activity, respectively.

IFRS net profit of €172 million in the first quarter of 2012 included a favourable inventory effect of €121 million, as the prices of crude oil and oil products rose in international markets.

2. ANALYSIS OF INCOME STATEMENT ITEMS

SALES AND SERVICES RENDERED

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
4,375	**Sales and services rendered RCA**	**3,796**	**4,795**	**1,000**	**26.3%**
163	Exploration & Production	60	80	20	33.1%
3,771	Refining & Marketing	3,250	4,021	772	23.7%
668	Gas & Power	599	795	195	32.6%
33	Others	36	28	(8)	(22.6%)
(259)	Consolidation adjustments	(149)	(129)	21	13.9%

In the first quarter of 2012, sales and services rendered RCA rose 26% yoy to €4,795 million, with the contribution from all business segments. This followed rising prices of crude oil, oil products and natural gas in international markets and the growth of volumes sold of both crude oil and natural gas.

OPERATING COSTS

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
4,188	**Operational costs RCA**	**3,681**	**4,605**	**924**	**25.1%**
3,852	Cost of goods sold	3,373	4,274	901	26.7%
254	Supply and services	226	248	22	9.7%
82	Personnel costs	82	83	1	1.4%

In the first quarter of 2012, RCA operating costs rose 25% yoy to €4,605 million as the cost of goods sold rose 27%, mainly as a result of rising prices of crude oil and natural gas in international markets. Supply and services cost rose 10% yoy to €248 million, partially due to the Sines technical outage in the first quarter of 2011. That rise was also due to the increased costs in Brazil, following a higher production in that country, to the operating costs of the new Matosinhos refinery units and to the consolidation of Enacol as from the second quarter of 2011. Excluding these effects, supply and services cost would have been in line with a year earlier.

Staff costs of €83 million in the first quarter of 2012 were in line with a year earlier.

DEPRECIATION AND AMORTISATION

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
76	**Depreciation & amortisation RCA**	**80**	**96**	**16**	**19.4%**
(1)	Exploration & Production	25	30	5	20.3%
58	Refining & Marketing	44	53	9	21.6%
18	Gas & Power	11	11	0	4.2%
1	Others	0	1	0	n.m.

In the first quarter of 2012 depreciation and amortisation RCA rose €16 million yoy to €96 million.

In the Exploration & Production business segment depreciation and amortisation of €30 million was primarily due to depreciation in Angola, although depreciation related to the activities in Brazil also contributed, as production rose in the Lula field.

In the Refining & Marketing business segment the rise of €9 million in depreciation and amortisation was mainly due to the start of depreciation of the new units of the Matosinhos refinery's upgrade project.

In the Gas & Power business segment depreciation and amortisation was in line with a year earlier.

PROVISIONS

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
26	**Provisions RCA**	**1**	**10**	**9**	**n.m.**
7	Exploration & Production	(0)	4	5	n.m.
14	Refining & Marketing	2	5	2	99.2%
6	Gas & Power	(1)	1	2	n.m.
(0)	Others	0	(0)	(0)	n.m.

In the first quarter of 2012 provisions RCA of €10 million were €9 million higher than a year earlier, primarily as a result of provisions in Exploration & Production and Refining & Marketing business segments. Provisions in the Exploration & Production business segment covered primarily abandonment costs of Angola's BBLT field in block 14, whereas provisions in the Refining & Marketing segment were mainly related to doubtful debtors and to provisions related to other risks and liabilities.

OPERATING PROFIT

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
110	**EBIT RCA**	**54**	**95**	**41**	**74.7%**
60	Exploration & Production	23	53	31	135.5%
(18)	Refining & Marketing	(23)	(29)	(6)	(26.3%)
63	Gas & Power	52	71	19	36.5%
5	Others	3	(0)	(3)	n.m.

RCA EBIT of €95 million in the first quarter of 2012 soared 75% yoy on the back of the improved performance in Exploration & Production and Gas & Power business segments.

In the Exploration & Production business segment RCA EBIT rose €31 million to €53 million as net entitlement production grew by 6.9 kboepd and the average price of crude oil rose Usd 13.5/bbl compared with a year earlier.

The Refining & Marketing business segment reported negative RCA EBIT of €29 million, or €6 million lower yoy, as the refining margin decreased.

The Gas & Power business segment improved its performance compared with a year earlier and reported a rise of €19 million in RCA EBIT to €71 million following larger volumes of natural gas sold in the trading segment and a higher contribution to results from the power business.

OTHER RESULTS

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
20	Net profit from associated companies	20	20	0	0.0%
(0)	Net profit from investments	-	-	-	n.m.
(29)	Financial results	(29)	(41)	(12)	(40.0%)

Results from associates amounted in the first quarter of 2012 to €20 million and included €14 million from international gas pipelines EMPL, Gasoducto Al Andalus and Gasoducto Extremadura.

Net financial losses increased by €12 million yoy to €41 million as interest expenses increased mainly following the rise in average debt.

INCOME TAX

Million euros (except otherwise noted)

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
5	**Income tax**	**58**	**70**	**12**	**20.8%**
10%	*Effective income tax*	*23%*	*29%*	*6 p.p.*	*n.m.*
9	Inventory effect	(63)	(46)	(17)	(26.3%)
14	**Income tax RC**	**(5)**	**24**	**29**	**n.m.**
7	Non recurrent items	6	(0)	(7)	n.m.
21	**Income tax RCA**	**1**	**23**	**22**	**n.m.**
21%	*Effective income tax*	*3%*	*31%*	*29 p.p.*	*n.m.*

RCA income tax was €23 million, which equated to an effective tax rate of 31% against 3% a year earlier, when an excess estimate of IRP, accounted in previous years, resulted in a reversal of €10 million.

It is worth mentioning that the marginal tax rate applicable to companies based in Portugal increased from 2012 onwards, thus impacting the payable tax in the period.

Income tax of €23 million was also influenced by the rise in results from Brazilian operations as the production of crude oil and natural gas rose.

3. FINANCIAL POSITION

Million euros (except otherwise noted)

	December 31, 2011	March 31, 2012	Change vs Dec 31, 2010
Fixed assets	6,002	6,120	118
Strategic stock	996	829	(167)
Other assets (liabilities)	(407)	430	836
Working capital	(146)	227	373
	6,446	**7,606**	**1,160**
Short term debt	1,528	1,326	(203)
Long term debt	2,274	2,326	52
Total debt	**3,803**	**3,652**	**(151)**
Cash	298	2,862	2,564
Total net debt	**3,504**	**790**	**(2,714)**
Total shareholder's equity	**2,941**	**6,816**	**3,875**
Capital employed	**6,446**	**7,606**	**1,160**

Fixed assets of €6,120 million at 31 March 2012 were €118 million higher than at the end of December 2011, which reflected capital expenditure in the quarter, namely on Exploration & Production activities.

On the other hand, strategic inventories were reduced by €167 million, comparing with 31 December 2011, following lower volumes of oil products.

The rise in capital employed was driven by the €836 million increase in other assets and liabilities to €430 million at 31 March 2012 after Petrogal Brasil lent Sinopec €920 million, in accordance with the agreement established between Galp Energia and Sinopec.

The €373 million rise in working capital requirements in the first quarter of 2012 was primarily a result of higher operating inventories, which followed the higher prices and volumes of crude oil and oil products in the quarter. The reduction in suppliers, following the conclusion of the investment in the upgrade project in the fourth quarter of 2011, also impacted working capital.

DEBT

Million euros (except otherwise noted)

	December 31, 2011		March 31, 2012		Change vs Dec 31, 2010	
	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	280	905	280	905	-	-
Bank debt	863	1,119	646	1,421	(218)	302
Commercial paper	385	250	400	-	15	(250)
Cash	(298)	-	(2,862)	-	(2,564)	-
Net debt	**3,504**		**790**		**(2,714)**	
Average life (years)	2.13		2.09		(0.04)	
Net debt to equity	119%		12%		(107.5 p.p.)	

Net debt of €790 million at 31 March 2012 was €2,714 million lower than at the end of December 2011 following the close of the capital increase in Petrogal Brasil, and in other related companies, and which was subscribed by Sinopec.

At 31 March 2012 the net debt to equity ratio had fallen to 12% from 119% at 31 December 2011. On the other hand, net debt to ebitda RCA was 0.9x at the end of the first quarter of 2012, against 4.4x at the end of December 2011.

At the end of March 2012, long-term debt accounted for 64% of total debt, against 60% at the end of December 2011. Forty-four per cent of medium and long term debt was on fixed rate compared with 42% at the end of December 2011.

The average life of debt was 2.1 years at the end of March 2012 and the bulk of medium and long term debt is scheduled to mature between 2013 and 2014. Repayments in 2012 will be close to €470 million.

The average cost of debt for the first quarter of 2012 was 4.5%, or 82 basis points higher than a year earlier, and followed the rising of credit costs.

At 31 March 2012, net debt attributable to minority interests amounted to minus €27 million.

At the end of March 2012, Galp Energia had contracted, but not used, credit lines of €1.5 billion, of which 50% signed with international banks and 60% contracted guarantee.

4. CASH FLOW

Million euros

Fourth quarter		First quarter	
2011		2011	2012
59	EBIT	260	264
96	Non cash costs	98	95
(76)	Change in operational stock	(31)	(348)
64	Change in strategic stocks	(358)	167
143	**Sub total**	**(31)**	**178**
(38)	Interest expenses	(21)	(36)
(66)	Taxes	(27)	(18)
(10)	Change in working capital excluding operational stock	130	(24)
28	***Cash flow from operating activities***	**50**	**100**
(211)	Net capital expenditures and disposals[1]	(294)	(205)
27	Dividends paid / received	-	-
30	Others	3	2,819
(126)	**Total**	**(242)**	**2,714**

[1] *Net capital expenditures and disposals* includes financial investments

Net cash generated in the first quarter of 2012 amounted to €2,714 million, following the capital increase in Petrogal Brasil and in other related subsidiaries, that resulted in a net cash in of €2,946 million, and which more than offset the unfavourable impact of a €348 million rise in operating inventories and net capital expenditure of €205 million.

Cash flow from operating activities was, however, hit by rising interest payments, as the average debt rose, by tax payments in the quarter, and by the change in working capital in this period.

On the other hand, cash generation in the first quarter of 2012 benefited from an improved operating profit of €264 million and of the €167 million reduction in strategic inventories, the latter following lower volumes of oil products allocated to this category of inventories.

5. CAPITAL EXPENDITURE

Million euros

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
91	Exploration & Production	59	137	77	130.0%
81	Refining & Marketing	230	48	(182)	(79.1%)
18	Gas & Power	12	17	5	39.4%
2	Others	0	0	(0)	n.m.
192	**Investment**	**302**	**202**	**(100)**	**(33.2%)**

Capital expenditure in the first quarter of 2012 amounted to €202 million, 68% of which was allocated to the Exploration & Production business segment, reflecting a turning point in the Company's capital spending profile, which up to 2011 was marked by the upgrade project in the Refining & Marketing business segment.

In Exploration & Production business segment, spending of €137 million was markedly ahead of €59 million a year earlier and was mostly allocated to Brazilian operations, which absorbed close to €98 million, mainly to block BM-S-11 where close to €65 million was spent. In Angola capital expenditure of close to €19 million was primarily allocated to development of block 14. In Mozambique spending of €17 million was related to the exploration and appraisal of the Rovuma basin's Mamba structure. Capital expenditure was split into 48% for exploration and 52% for development.

In Refining & Marketing, capital expenditure of €48 million was primarily allocated to the refining activity but was €182 million lower yoy after spending on the upgrade project came to an end.

In Gas & Power capital spending of €17 million reflected primarily expenditure on the natural gas distribution network and on the cogeneration plant at Matosinhos.

SEGMENT REVIEW

1. EXPLORATION & PRODUCTION

Million euros (except otherwise noted)

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
21.6	**Average working interest production (kboepd)**	**19.0**	**22.6**	**3.6**	**19.1%**
13.0	**Average net entitlement production (kboepd)**	**9.6**	**16.5**	**6.9**	**72.0%**
6.5	Angola	8.2	8.7	0.5	5.8%
6.4	Brazil	1.4	7.9	6.5	n.m.
109.8	**Average realized sale price[1] (Usd/boe)**	**102.1**	**106.8**	**4.7**	**4.6%**
16.5	**Operating cost[1] (Usd/boe)**	**18.7**	**17.2**	**(1.6)**	**(8.3%)**
(1.0)	**Amortisation[1] (Usd/boe)**	**39.8**	**26.4**	**(13.4)**	**(33.7%)**
1,411	**Net total assets**	**1,234**	**5,838**	**4,605**	**n.m.**
97	Turnover[2]	64	122	58.2	90.7%
66	**EBITDA RCA**	**48**	**88**	**40.4**	**84.8%**
60	**EBIT RCA**	**23**	**53**	**31**	**135.5%**

[1] Based on net entitlement production in Angola and on production in Brazil
[2] Considers sales and change in production

ACTIVITIES

Working interest production in the first quarter of 2012 rose 19% yoy to 22.6 kboepd primarily on the back of increased production in Brazil's Lula field, which counted on three producing wells and one gas-injection well against one single producing well a year earlier. Production in Brazil amounted to 7.9 kboepd, 15% of which was natural gas. The anticipated production system in Iracema South, which contributed to a month of production in the quarter, had an average production of 0.4 kbopd. Angola's working interest production declined 16% yoy to 14.7 kbopd as producing fields in this country have reached maturity.

Net entitlement production soared 72% yoy to 16.5 kboepd mainly as a result of rising production in Brazil and higher cost-oil production rates associated with the cost recovery mechanism in Angola's PSA. The latter was most relevant in the BBLT as recovery of abandonment costs, through the cost oil component, started this quarter.

RESULTS

RCA EBIT in the first quarter of 2012 progressed €31 million yoy to €53 million as net entitlement production rose 6.9 kboepd and the average crude oil sales price increased by Usd 4.7/boe.

Brazil's contribution to the segment's RCA EBIT rose to 58% in the first quarter of 2012 from 40% a year earlier, mainly as a result of rising production from the Lula field.

Production costs rose €8 million yoy to €20 million as production increased in Brazil and maintenance work proceeded on Angola's fields. On a net entitlement basis, unit costs fell to Usd 17.2/boe from Usd 18.7/boe a year earlier.

Depreciation rose to €30 million in the first quarter of 2012 compared with €25 million a year earlier as charges in Brazil rose following the 6.5 kboepd rise in production and the depreciation of gas pipeline Lula-Mexilhão, which initiated operations in the fourth quarter of 2011. In unit terms, on a net entitlement basis, depreciation charges fell to Usd 26.4/boe from Usd 39.8/boe a year earlier.

2. REFINING & MARKETING

Million euros (except otherwise noted)

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
(0.6)	**Benchmark refining margin[1] (Usd/bbl)**	**(0.5)**	**(0.6)**	**(0.1)**	**(20.9%)**
(0.0)	**Galp Energia refining margin (Usd/bbl)**	**1.3**	**0.8**	**(0.5)**	**(41.2%)**
2.2	**Refinery cash cost (Usd/bbl)**	**3.3**	**2.2**	**(1.1)**	**(31.9%)**
20,973	**Crude processed (k bbl)**	**13,572**	**20,263**	**6,691**	**49.3%**
3.0	**Raw material processed (million tonnes)**	**2.1**	**3.0**	**0.9**	**42.4%**
4.2	**Total refined product sales (million tonnes)**	**3.7**	**4.2**	**0.6**	**15.3%**
2.6	**Sales to direct clients (million tonnes)**	**2.4**	**2.6**	**0.2**	**6.6%**
1.6	Wholesale	1.4	1.5	0.1	7.0%
0.8	Retail	0.8	0.7	(0.1)	(6.3%)
0.1	LPG	0.1	0.1	(0.0)	(6.7%)
0.2	Others	0.2	0.3	0.1	74.8%
0.8	**Exports[2] (million tonnes)**	**0.4**	**0.9**	**0.5**	**110.7%**
1,502	**Number of service stations**	**1,531**	**1,506**	**(25)**	**(1.6%)**
595	**Number of c-stores**	**590**	**591**	**1**	**0.2%**
6,902	**Net total assets**	**6,924**	**7,575**	**651**	**9.4%**
3,771	Turnover	3,250	4,021	772	23.7%
53	**EBITDA RCA**	**23**	**29**	**6**	**24.8%**
(18)	**EBIT RCA**	**(23)**	**(29)**	**(6)**	**(26.3%)**

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

[2] Galp Energia exports excluding sales in the Spanish market

ACTIVITIES

In the first quarter of 2012, Galp Energia's refineries processed 20 million barrels of crude oil, up 7 million barrels from the first quarter of 2011, when the Sines refinery had a technical outage for maintenance and interconnections associated with the upgrade project. Refinery capacity utilisation in the first quarter of 2012 was 67%, up from 49% a year earlier.

Crude oil had a share of 93% in raw materials processed, with light crude and condensates accounting for 29%, medium crude 52% and heavy crude 19%.

In what regards the production profile, diesel accounted for 35%, followed by gasoline with 22%. Fuel oil and jet accounted for 18% and 8%, respectively, of total production and own consumption and losses for 8%.

Volumes sold to direct clients in the first quarter of 2012 increased by 7% yoy to 2.6 million tonnes despite an adverse economic environment that continued to affect the Iberian market for oil products.

Exports from the Iberian Peninsula in the first quarter of 2012 progressed to 0.9 million tonnes from 0.4 million tonnes a year earlier, when the production available for export was hit by the Sines refinery's technical outage. Gasoline accounted for 37% of exports and benefited from the favourable movement in the gasoline crack spread in the first quarter of the year.

RESULTS

RCA EBIT for the Refining & Marketing business segment deepened to minus €29 million from minus €23 million a year earlier as the refining margin fell by Usd 0.5/bbl.

Galp Energia's refining margin was Usd 0.8/bbl in the first quarter of 2011, down from Usd 1.3/bbl a year earlier following unfavourable conditions in the international refining sector, particularly in the crack spreads of aromatics and base oils.

In the first quarter of 2012, Galp Energia's refining margin was at a premium of Usd 1.4/bbl to the benchmark against Usd 1.8/bbl a year earlier. This followed primarily from the narrowing gap between the price of light and heavy crudes and the heavier weight of aromatics in Galp Energia's refining margin compared with the benchmark.

In the first quarter of 2012 the refineries' operating cash costs amounted to €35 million, or Usd 2.2/bbl in unit terms, which was an improvement on a year earlier as lower volumes of crude processed in 2011, after the technical outage of the Sines refinery, narrowed the base for spreading fixed costs.

Despite the adverse economic environment in the Iberian Peninsula, which affected the market for oil products negatively, marketing activities performed in line with a year earlier.

Full consolidation of Enacol, a company that was previously consolidated by the equity method from the second quarter of 2011, had a favourable effect of on RCA EBIT for the first quarter of 2012.

3. GAS & POWER

Million euros (except otherwise noted)

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
1,414	**NG supply total sales volumes (million m³)**	**1,605**	**1,725**	**120**	**7.5%**
1,100	**Sales to direct clients (million m³)**	**1,316**	**1,165**	**(150)**	**(11.4%)**
387	Electrical	502	368	(133)	(26.6%)
506	Industrial	483	558	75	15.5%
160	Residential	284	213	(71)	(25.0%)
46	Other supply companies	47	26	(21)	(44.4%)
314	**Trading (million m³)**	**289**	**560**	**271**	**93.6%**
1,301	**NG clients[1] (thousands)**	**1,322**	**1,298**	**(24)**	**(1.8%)**
334	**Sales of electricity to the grid[2] (GWh)**	**224**	**320**	**96**	**42.7%**
1,063	**Natural gas net fixed assets[3]**	**1,047**	**1,052**	**5**	**0.5%**
2,327	**Net total assets**	**2,060**	**2,321**	**262**	**12.7%**
668	Turnover	599	795	195	32.6%
87	**EBITDA RCA**	**61**	**83**	**21**	**35.0%**
63	**EBIT RCA**	**52**	**71**	**19**	**36.5%**
27	Supply[4]	15	40	25	162.5%
27	Infrastructure	33	24	(8)	(25.2%)
10	Power	4	6	2	55.1%

[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. This company had in the first quarter of 2012 sales of power to the grid of 81 GWh, respectively

[3] Excludes financial investments; net fixed assets are on a consolidated basis

[4] Includes liberalised and regulated supply

ACTIVITIES

Sales of natural gas in the first quarter of 2012 rose 7% yoy to 1,725 million cubic metres following higher sales in the trading segment.

Sales to direct clients fell 11% yoy to 1,165 million cubic metres following the shortfall in sales to the power and residential segments. The decrease of 133 million cubic metres in the power segment followed primarily from lower generation in Portugal and the rising use of coal in power generation. In the residential segment lower volumes sold followed milder temperatures in the period.

On the other hand, sales to direct clients benefited from a 16% rise, to 558 million cubic metres, in volumes sold to the industrial segment as new clients were acquired and demand rose from the Sines refinery's cogeneration plant compared with the first quarter of 2011, when production was partly discontinued.

Sales in the trading segment increased by 271 million cubic metres yoy to 560 million cubic metres as demand for natural gas, particularly from Japan, picked up.

Sales of power to the grid in the first quarter of 2012 progressed to 320 GWh from 224 GWh a year earlier, when production at the Sines and Energin cogeneration plants was partly discontinued.

RESULTS

RCA EBIT in the first quarter of 2012 rose €19 million yoy to €71 million following improved results from natural gas marketing, particularly in the international market, and power.

In natural gas supply, RCA EBIT surged €25 million to €40 million following a rise of 120 million cubic metres in volumes sold, coupled with improved marketing margins in sales to the international market.

The infrastructure business generated RCA EBIT of €24 million, down €8 million yoy, partly as a result of the discontinued seasonal equal weighting of allowed revenues among quarters. From gas year July 2011-2012 these became equally distributed among quarters, which had a negative effect on the allowed revenues of the first quarter of 2012 in comparison with a year earlier.

RCA EBIT for the power business advanced to €6 million from €4 million a year earlier following increased sales of power to the grid.

SHORT-TERM OUTLOOK

This chapter aims to disclose Galp Energia's view on a range of key variables that influence its short-run operational performance. However, all these variables are not controlled by Galp Energia as some of them are exogenous.

MARKET ENVIRONMENT

Galp Energia anticipates that the dated Brent price will decrease slightly in the second quarter of 2012, not only due to the seasonality and lower crude demand from refineries that are in maintenance programs, but also to the lower pressure to Iran crude embargo.

Gasoline cracks should be maintained at high levels during the second quarter of 2012, supported by the optimism regarding the USA's economy recovery and also by higher demand from Latin America. The start of the driving season in the USA should also positively impact the evolution of the gasoline crack.

The crack of diesel should be supported by a stable demand in the following months, as the expected decline in European demand should be offset by the demand increase from non-OECD countries.

The fuel oil crack should be positively impacted by lower supply, mainly taking into account the upgrade of several refineries, which will lead to lower production of fuel oil.

Benchmark refining margins, although continuing to be subject to high volatility, should remain supported, partially due to the shutdown of some refineries both in Europe and in the USA.

OPERATING ACTIVITY

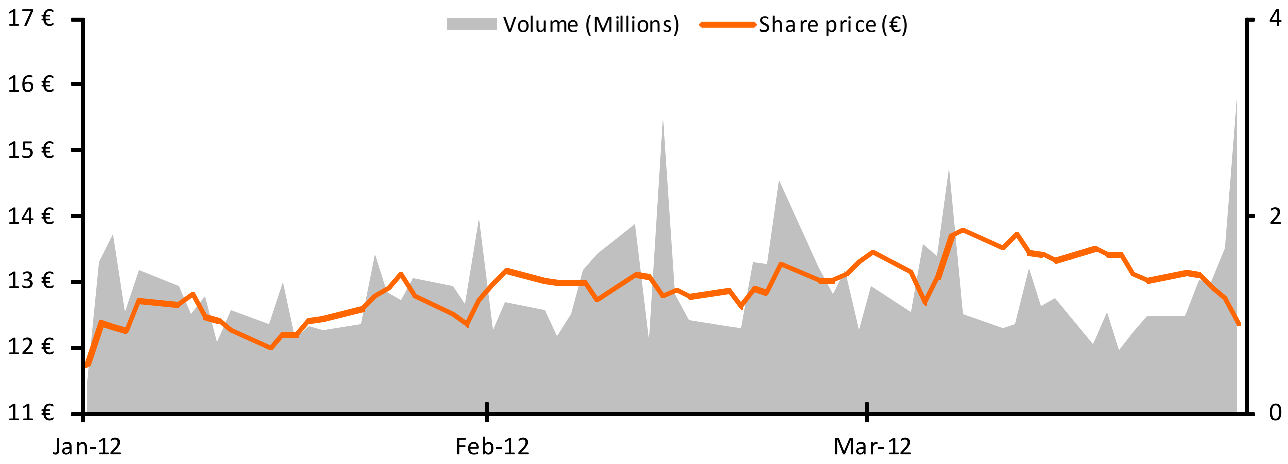
In the second quarter of 2012, in the Exploration & Production business segment, the working interest production should reach c.25 kboepd. The increase in production levels will be supported by the contribution of the anticipated production system in Iracema South area and by the fourth producing well that is connected to the FPSO Cidade de Angra dos Reis, in Lula's field, which initiated operations in the last days of March.

In the Refining & Marketing business segment, the crude processed should increase slightly when compared to the first quarter of 2012. The sales to direct clients should continue to be negatively impacted by the adverse Iberian economic environment, given the programmes of austerity measures in place.

In the Gas & Power business segment, the natural gas volumes should decrease in the second quarter of 2012, when compared to the first quarter levels. This decrease follows the seasonal evolution that characterizes this activity, namely in the industrial, residential and electrical segments. Nevertheless, natural gas volumes sold should be positively impacted by opportunities pursued in the international markets, namely higher demand from emerging markets, such as Asia, Middle East and Latin America. The infrastructure activity should have a stable contribution when compared with the first quarter of 2012.

THE GALP ENERGIA STOCK

PERFORMANCE OF THE GALP ENERGIA STOCK



Source: Euroinvestor

In the first quarter of 2012, the Galp Energia stock gained 8% and closed the quarter at €12.34. From the initial public offering on 23 October 2006 until 31 March 2012 the stock gained nearly 112%. The share price hit a peak of €13.78 in the quarter and a low of €11.43. Approximately 81 million shares, or a daily average of 1.2 million, were traded in the period. At 31 March 2012 Galp Energia had a market capitalisation of €10,233 million.

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

Main indicators	2011	1Q12
Min (€)	11.26	11.43
Max (€)	16.97	13.78
Average (€)	14.31	12.87
Close price (€)	11.38	12.34
Volume (M shares)	341.2	80.7
Average volume per day (M shares)	1.3	1.2
Market cap (M€)	9,437	10,233

EVENTS IN THE FIRST QUARTER OF 2012

CORPORATE

CAPITAL MARKETS DAY

Galp Energia presented its strategy as well as information on its business plan 2012-2016 on 6 March when it held its Capital Markets Day in London. The full release with relevant information announced in the event can be found in the following link: http://www.galpenergia.com/EN/investidor/Noticias/Paginas/Home.aspx

GALP ENERGIA AND SINOPEC CONCLUDE THE CAPITAL INCREASE AT PETROGAL BRASIL

On March 28, Galp Energia and Sinopec announced the financial close of the capital increase at Petrogal Brasil and other related entities, responsible for Galp Energia's upstream activities in Brazil. As per the agreement, and after receiving the approval of the competent authorities, the total cash in at Galp Energia amounted to $5.2 billion. In consequence of this transaction, Galp Energia now holds 70% of Petrogal Brasil and other related entities, maintaining the full consolidation of those companies, while Sinopec holds the remaining 30%.

AGREEMENT BETWEEN GALP ENERGIA'S SHAREHOLDERS

On March 29, Amorim Energia, ENI and Caixa Geral de Depósitos reached an agreement regarding the terms and conditions under which Eni can sell its stake in Galp Energia and will cease to be part of the shareholders agreement currently in place between the three companies, regarding Galp Energia. To see a summary of the terms of this agreement, follow the link (Portuguese version): http://web3.cmvm.pt/sdi2004/emitentes/docs/FR38535.pdf

EXPLORATION & PRODUCTION

NEW GIANT GAS DISCOVERY OFFSHORE MOZAMBIQUE

On February 15, Galp Energia announced that the consortium that explores Area 4 in the Rovuma basin, offshore Mozambique, made a new giant natural gas discovery at the Mamba North 1 prospect, located in that area. The discovery well encountered a potential of 212.5 billion cubic meters (7.5 tcf) of gas in place.

NEW WELL CONFIRMS OIL PRESENCE IN BLOCK BM-S-8

On March 20, Galp Energia announced that the consortium for the exploration of block BM-S-8 confirmed, through the drilling of the Carcará well, the presence of high quality oil, proved by oil samples with around 31º API, in reservoirs located at around 5,750 meters of depth.

DRILLING RESULTS OF MAMBA NORTH EAST-1 WELL FURTHER ENHANCE THE POTENTIAL OF AREA 4 IN MOZAMBIQUE

On March 26, Galp Energia announced a new giant natural gas discovery at the Mamba North East-1 exploration prospect. The results of this well increased the resource base of the reservoirs inside Area 4 by at least 10 trillion cubic feet (tcf), of which 8 tcf contained in reservoirs exclusively located in Area 4.

AWARDS

In March, the European Investor Relations Perception Study, the 2011 survey conducted by Institutional Investor, awarded Galp Energia the first place, within the European Oil & Gas industry, in the Best Investor Relations Officer category, ranked both by the buy side and by the sell side analysts. This study is based on the voting of the most influential professional within the capital markets, including 825 buy side analysts and portfolio managers from 436 financial institutions worldwide and from 1,467 sell side analysts from 146 investment banks around the world. Galp Energia was the only Portuguese company that obtained the first place in its sector by both types of analysts (buy side and sell side).

EVENTS AFTER THE CLOSE OF THE FIRST QUARTER OF 2012

CORPORATE

RESOLUTIONS OF THE GENERAL SHAREHOLDERS MEETING

Galp Energia, announced on April 24 the approval of the following items proposed on the agenda of the general shareholders meeting:

1. Election of the Company's board of directors for the 2012-2014 triennium;

2. Amendment and restructuring of the Articles of Association of Galp Energia, SGPS, S.A. – Public Company;

3. Extension, to four years, of the current mandates of the supervisory board, the statutory auditors and the remuneration committee.

DESIGNATION OF GALP ENERGIA'S NEW GOVERNING BODIES

Galp Energia announced on April 24, that following the General Shareholder Meeting convened on April 24, new governing bodies were designated for the 2012-2014 period.

EXPLORATION & PRODUCTION

WELL CONFIRMS DISCOVERY EXTENSION IN PRE-SALT OF SANTOS BASIN

On April 10, Galp Energia, partner of the Consortium for the exploration of block BM-S-11, announced that it completed the drilling of the Iara Oeste exploration well, located in the Iara Evaluation Area, in the pre-salt of Santos basin. The results obtained, and proved through good quality oil samples ranging from 21º and 26º API in carbonate reservoirs of the pre-salt, demonstrated the high potential of the pre-salt reservoirs of this area.

EMPLOYEES

	December 31, 2011	March 31, 2012	Change vs Dec 31, 2011
Exploration & Production	95	97	2
Refining & Marketing	6,131	6,090	(41)
Gas & Power	509	498	(11)
Corporte & Others	646	719	73
Total employees	**7,381**	**7,404**	**23**
Total employees offsite	**4,117**	**4,113**	**(4)**

RESULTS FROM ASSOCIATES

Fourth quarter		First quarter			
2011		2011	2012	Chg.	% Chg.
1.8	CLH	2.0	1.6	(0.4)	(21.4%)
1.0	CLC	1.2	1.3	0.1	6.8%
15.4	*International Pipelines*	12.4	14.5	2.1	17.1%
1.0	Setgás - Natural Gas Distribution Company	1.3	0.8	(0.5)	(37.7%)
1.0	Others	3.5	2.3	(1.2)	(35.3%)
20.1	**Total**	**20.4**	**20.4**	**0.0**	**0.0%**

RECONCILIATION OF REPORTED AND REPLACEMENT COST ADJUSTED FIGURES

1. REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

Million euros

2011					First quarter	2012				
EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA		EBIT	Inventory effect	EBIT RC	Non recurrent items	EBIT RCA
260	**(222)**	**39**	**16**	**54**	**EBIT**	**264**	**(168)**	**96**	**(2)**	**95**
5	0	5	18	23	E&P	53	-	53	(0)	53
198	(221)	(22)	(1)	(23)	R&M	138	(166)	(28)	(1)	(29)
54	(1)	53	(1)	52	G&P	73	(2)	71	0	71
3	0	3	-	3	Others	(0)	-	(0)	(0)	(0)

2. REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

Million euros

2011					First quarter	2012				
EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA		EBITDA	Inventory effect	EBITDA RC	Non recurrent items	EBITDA RCA
357	**(222)**	**135**	**0**	**135**	**EBITDA**	**369**	**(168)**	**201**	**(1)**	**200**
48	0	48	(0)	48	E&P	88	-	88	0	88
244	(221)	24	(1)	23	R&M	196	(166)	30	(1)	29
61	(1)	60	1	61	G&P	84	(2)	83	-	83
4	0	4	-	4	Others	1	-	1	(0)	1

3. NON RECURRENT ITEMS

EXPLORATION & PRODUCTION

Million Euros

Fourth quarter		First quarter	
2011		2011	2012
	Exclusion of non recurrent items		
(0.7)	Gains / losses on disposal of assets	(0.0)	0.0
(0.2)	*Assets write offs*	0.0	-
18.4	Assets impairments	18.0	(0.2)
0.5	Provisions for environmental charges and others	-	-
17.9	**Non recurrent items of EBIT**	**18.0**	**(0.2)**
0.0	Other financial results	-	-
17.9	**Non recurrent items before income taxes**	**18.0**	**(0.2)**
(5.6)	Income taxes on non recurrent items	(6.1)	0.1
12.4	**Total non recurrent items**	**11.9**	**(0.1)**

REFINING & MARKETING

Million Euros

Fourth quarter		First quarter	
2011		2011	2012
	Exclusion of non recurrent items		
5.2	Accidents caused by natural facts and insurance compensation	(2.1)	(1.1)
(12.3)	Gains / losses on disposal of assets	(0.0)	(0.5)
0.3	*Assets write offs*	0.1	0.0
1.7	Employees contracts rescission	1.4	0.3
1.9	Provisions for environmental charges and others	(0.1)	(0.1)
1.6	Assets impairments	(0.2)	(0.0)
(1.6)	**Non recurrent items of EBIT**	**(0.9)**	**(1.4)**
0.0	Capital gains / losses on disposal of financial investments	-	-
(1.6)	**Non recurrent items before income taxes**	**(0.9)**	**(1.4)**
(1.3)	Income taxes on non recurrent items	0.3	0.3
(2.8)	**Total non recurrent items**	**(0.7)**	**(1.1)**

GAS & POWER

Million Euros

Fourth quarter		First quarter	
2011		2011	2012
	Exclusion of non recurrent items		
(0.0)	Gains / losses on disposal of assets	(0.0)	-
0.1	*Assets Write offs*	1.1	-
(0.7)	Accidents caused by natural facts	-	-
1.0	Employees contracts rescission	-	-
(0.0)	Provisions for environmental charges and others	(2.6)	(0.0)
0.4	**Non recurrent items of EBIT**	**(1.5)**	**(0.0)**
-	Capital gains / losses on disposal of financial investments	(0.0)	-
0.4	**Non recurrent items before income taxes**	**(1.5)**	**(0.0)**
(0.1)	Income taxes on non recurrent items	(0.3)	(0.0)
0.3	**Total non recurrent items**	**(1.8)**	**(0.0)**

OTHER

Million Euros

Fourth quarter		First quarter	
2011		2011	2012
	Exclusion of non recurrent items		
-	Accidents caused by natural facts and insurance compensation	-	(0.1)
-	**Non recurrent items of EBIT**	**-**	**(0.1)**
-	**Non recurrent items before income taxes**	**-**	**(0.1)**
-	Income taxes on non recurrent items	-	0.0
-	**Total non recurrent items**	**-**	**(0.0)**

CONSOLIDATED SUMMARY

Million Euros

Fourth quarter		First quarter	
2011		2011	2012
	Exclusion of non recurrent items		
4.5	Accidents caused by natural facts and insurance compensation	(2.1)	(1.1)
(13.1)	Gains / losses on disposal of assets	(0.1)	(0.5)
0.2	*Assets write off*	1.2	0.0
2.7	Employees contracts rescission	1.4	0.3
2.4	Provisions for environmental charges and others	(2.7)	(0.1)
20.0	Assets impairments	17.8	(0.2)
16.7	**Non recurrent items of EBIT**	**15.6**	**(1.6)**
0.0	Capital gains / losses on disposal of financial investments	-	-
16.7	**Non recurrent items before income taxes**	**15.6**	**(1.6)**
(6.9)	Income taxes on non recurrent items	(6.2)	0.4
9.8	**Total non recurrent items**	**9.4**	**(1.2)**

CONSOLIDATED FINANCIAL STATEMENTS

1. IFRS CONSOLIDATED INCOME STATEMENT

Million euros

Fourth quarter		First quarter	
2011		2011	2012
	Operating income		
4,254	Sales	3,695	4,684
121	Services rendered	101	112
55	Other operating income	42	32
4,430	**Total operating income**	**3,838**	**4,828**
	Operating costs		
(3,882)	Inventories consumed and sold	(3,151)	(4,106)
(254)	Material and services consumed	(226)	(248)
(84)	Personnel costs	(83)	(83)
(96)	Amortisation and depreciation cost	(98)	(95)
(28)	Provision and impairment of receivables	2	(10)
(22)	Other operating costs	(20)	(21)
(4,367)	**Total operating costs**	**(3,578)**	**(4,564)**
63	**EBIT**	**260**	**264**
20	Net profit from associated companies	20	20
(0)	Net profit from investments	(0)	-
	Financial results		
3	Financial profit	8	6
(41)	Financial costs	(30)	(42)
9	Exchange gain (loss)	(5)	(4)
(0)	Profit and cost on financial instruments	(3)	(0)
(0)	Other gains and losses	(0)	(0)
54	**Profit before taxes**	**252**	**244**
(5)	Income tax expense	(58)	(70)
49	**Profit before minority interest**	**194**	**174**
(1)	Profit attributable to minority interest	(2)	(2)
48	**Net profit for the period**	**192**	**172**
0.06	**Earnings per share (in Euros)**	**0.23**	**0.21**

2. CONSOLIDATED FINANCIAL POSITION

Million euros

	December 31, 2011	March 31, 2012
Assets		
Non current assets		
Tangible fixed assets	4,159	4,249
Goodwill	232	232
Other intangible fixed assets	1,301	1,300
Investments in associates	304	326
Investments in other participated companies	3	14
Other receivables	171	1,085
Deferred tax assets	198	183
Other financial investments	3	1
Total non current assets	**6,372**	**7,390**
Current assets		
Inventories	1,875	2,056
Trade receivables	1,066	1,292
Other receivables	541	763
Other financial investments	2	6
Current Income tax recoverable	-	(0)
Cash and cash equivalents	298	2,861
Total current assets	**3,783**	**6,977**
Total assets	**10,155**	**14,367**
Equity and liabilities		
Equity		
Share capital	829	829
Share premium	82	82
Translation reserve	11	(5)
Other reserves	193	2,692
Hedging reserves	(1)	(5)
Retained earnings	1,338	1,771
Profit attributable to equity holders of the parent	433	172
Equity attributable to equity holders of the parent	**2,885**	**5,536**
Minority interest	56	1,280
Total equity	**2,941**	**6,816**
Liabilities		
Non current liabilities		
Bank loans and overdrafts	1,369	1,421
Bonds	905	905
Other payables	360	500
Retirement and other benefit obligations	366	348
Deferred tax liabilities	84	89
Other financial instruments	2	4
Provisions	111	105
Total non current liabilities	**3,197**	**3,372**
Current liabilities		
Bank loans and overdrafts	1,248	1,046
Bonds	280	280
Trade payables	1,365	1,650
Other payables	1,034	1,176
Liabilities from financial lease	0	0
Other financial instruments	90	4
Income tax	0	24
Total current liabilities	**4,017**	**4,180**
Total liabilities	**7,214**	**7,551**
Total equity and liabilities	**10,155**	**14,367**

ADDITIONAL INFORMATION

DEFINITIONS

Crack

Spread between a given oil product price and the price of dated Brent.

EBIT

Operating profit

EBITDA

Operating profit plus depreciation, amortisation and provisions. EBITDA is not a direct measure of liquidity and should be analysed jointly with the actual cash flows from operating activities and taking into account existing financial commitments

Galp Energia, Company or Group

Galp Energia, SGPS, S.A. and associates

IRP

Income tax on oil sales in Angola

Benchmark refining margin

Benchmark refining margin is calculated based on the following profile: 70% Rotterdam cracking margin + 30% Hydroskimming margin+ Aromatics + Rotterdam base oils

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, +7.4% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF Cg and +15,3% LSFO 1% FOB Cg.; C&Q: 7.7%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.81 $/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98 $/ton). Yields in % of weight.

Hydroskimming margin+ Aromatics + Rotterdam base oils

Rotterdam hydroskimming margin: -100% dated Brent, +2.1% LPG 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% NWE FOB Cg.; C&Q: 4.0%; Terminal rate: 1$/ton; Ocean loss: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98 $/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98 $/ton).

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

Base oils refining margin: -100% Arabian Light, +3.5% LPG 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, +14.0% 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 losses: 0.15% over dated Brent; Freight 2012: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 6.81 $/ton (Freight 2011: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat 5.98 $/ton). Yields in % of weight.

Hydroskimming Margin+ Aromatics + Rotterdam base oils = 65% Rotterdam hydroskimming margin + 15% Rotterdam aromatics 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.

ABBREVIATIONS:

bbl: barrels;

BBLT: Benguela, Belize, Lobito and Tomboco;

boe: barrels of oil equivalent;

Bg: Barges;

CCGT: Combined cycle gas turbine;

Cg: Cargoes;

CIF: Costs, 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;

FIFO: First In First Out;

FOB: Free on Board;

G&P: Gas & Power;

IAS: International Accounting Standards;

IFRS: International Financial Reporting Standards;

kbopd: thousand barrels of oil per day;

kboepd: thousand barrels of oil equivalent per day;

LIFO: Last In First Out;

LSFO: Low sulphur fuel oil;

m^3: cubic metres;

N.M.: not meaningful;

OECD: Organisation for Economic Cooperation and Development;

OPEC: Organisation of Petroleum-Exporting Countries;

PM UL: Premium unleaded;

p.p.: percentage points;

PSA: Production Sharing Agreement;

qoq: quarter on quarter;

R&M: Refining & Marketing;

RCA: Replacement cost adjusted;

RC: Replacement cost;

SXEP: DJ Europe Oil & Gas stock index;

TL: Tômbua-Lândana;

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes;

Usd ($): dollar of the United States;

US or USA: United States of America;

WAC: Weighted-average cost;

yoy: year on year.

DISCLAIMER:

This report contains forward-looking statements about the activities and results of Galp Energia as well as some Company plans and objectives. The terms “anticipates”, “believes”, “estimates”, “expects”, “predicts”, “aims”, “plans” and other similar ones aim to identify such forward-looking statements.

As a result of their nature, forward-looking statements involve risks and uncertainties as they are associated with events and circumstances that may occur in the future. Real outcomes and developments may as a result of several factors differ significantly from outcomes, either express or implicit, in the statements. These include but are not limited to changes in costs, economic conditions or regulatory framework.

Forward-looking statements only refer to the date when they were made and Galp Energia has no obligation to update them in the light of new data or future developments or otherwise explain the reasons actual outcomes are possibly different.

Galp Energia, SGPS, S.A.

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