



February 8, 2016

RESULTS

FOURTH QUARTER OF 2015

*An integrated energy player focused on
exploration and production*



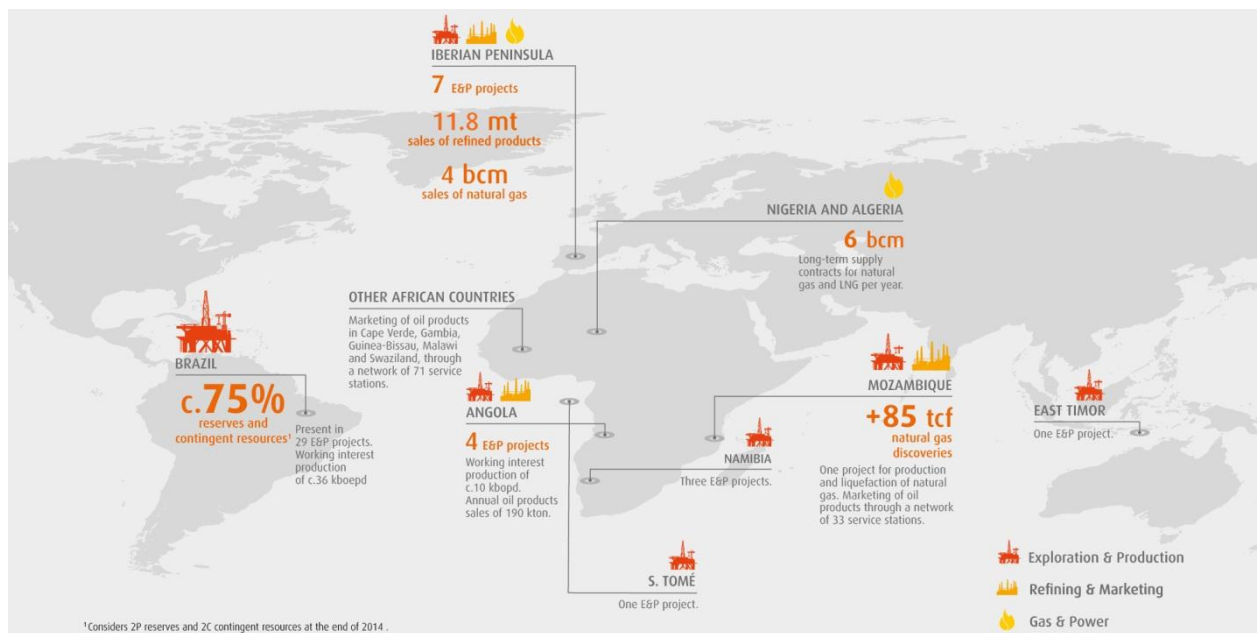
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Galp Energia: energy on the move



WHO WE ARE

- An integrated energy player focused on exploration and production, with a portfolio of assets with a unique growth profile within the industry.
- Exploration and production activities anchored in three core countries: Brazil, Angola and Mozambique.
- Significant presence in the downstream oil and gas businesses in the Iberian Peninsula and in Africa.
- Distribution and marketing of natural gas and electricity in Iberia, with a solid LNG structured trading activity.

Our vision and purpose

To be an integrated energy player recognised for its exploration and production activities, creating sustainable value for its stakeholders.

Our strategy

To strengthen our exploration and production activities, complemented by efficient and competitive downstream and gas businesses and supported by a solid financial capacity and sustainable practices.

Our strategic drivers

- Efficient business development.
- Financial discipline and value creation.
- Organisational effectiveness.
- Human capital development.
- Commitment to sustainability.

Our competitive advantages

- Participation in some of the most promising projects worldwide.
- Successful and enduring partnerships with leading companies.
- Integrated skills and know-how of the business.
- Financial capacity and flexible organisation.

To learn more, visit www.galpennergia.com

Executive summary

MAIN OPERATING HIGHLIGHTS DURING THE FOURTH QUARTER OF 2015

- Working interest production of oil and natural gas reached 52.1 kboepd, with the production increase in Brazil contributing to this result.
- Galp Energia's refining margin was \$4.1/boe, with maintenance downtime in some units. The marketing of oil products maintained its contribution to results, despite lower volumes.
- Natural gas sales decreased to 1,692 million cubic metres (mm³), mainly due to lower volumes in the trading segment.
- The Group's consolidated Ebitda decreased 22% year-on-year (YoY), on a replacement cost adjusted (RCA) basis, with lower contribution from all business segments, mainly due to the decrease in prices of oil, natural gas and oil products.
- Capital expenditure amounted to €431 m, of which 75% was allocated to exploration and production activities.
- Net debt at the end of 2015 amounted to €1,699 m considering the balance of the loan to Sinopec as cash and equivalents.

During the fourth quarter of 2015, Galp Energia continued to implement its strategy focused on the execution of its Exploration & Production (E&P) projects and on the optimisation of its Refining & Marketing (R&M) and Gas & Power (G&P) businesses.

In the E&P business, development activities proceeded in the Lula/Iracema fields in Brazil, with FPSO Cidade de Mangaratiba (FPSO #3), in Iracema South, reaching plateau production during the quarter, after the connection of the fifth producer well. Production by FPSO Cidade de Itaguaí (FPSO #4), in the Iracema North area, continued to increase following the connection of the second and third producer wells. FPSO Cidade de Angra dos Reis (FPSO #1) and Cidade de Paraty (FPSO #2) continued to produce at plateau levels in the Lula area.

Declaration of Commerciality (DoC) for the Sépia East area was submitted in November to the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP). In block BM-S-8, the consortium concluded the drill stem test (DST) in

the Carcará North well, whose results proved excellent productivity levels.

In the Potiguar basin, the drilling results of the Pitu North appraisal well, under license BM-POT-17, proved the extension of the Pitu discovery.

Regarding the R&M business, it is worth highlighting its resilient contribution to results during the quarter, despite the decrease of the refining margin and volumes of products sold to direct clients.

In the G&P business, despite the narrowing of opportunities in the international natural gas (NG) and liquefied natural gas (LNG) markets, the Company benefited from the structured contracts for the sale of LNG, as well as from maintaining a relevant client base in the Iberian Peninsula.

Key figures

FINANCIAL DATA

€ m (RCA)

Quarter					Twelve Months				
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
411	399	309	(90)	(22.5%)	Ebitda	1,314	1,564	250	19.0%
89	102	53	(49)	(48.2%)	Exploration & Production	444	356	(88)	(19.8%)
245	191	166	(26)	(13.4%)	Refining & Marketing	412	800	388	94.3%
72	101	88	(13)	(13.1%)	Gas & Power	438	382	(55)	(12.7%)
263	258	180	(78)	(30.3%)	Ebit	774	996	221	28.6%
180	137	149	12	8.8%	Net income	373	639	266	71.5%
256	385	431	46	11.9%	Capex	1,161	1,283	121	10.4%
1,606	1,630	1,699	-	-	Net debt including loan to Sinopec¹	1,630	1,699	-	-
1.1x	1.2x	1.2x ²	-	-	Net debt to Ebitda	1.2x	1.2x ²	-	-

¹Considering loan to Sinopec as cash and equivalents.

²Ratio considers net debt including loan to Sinopec of €723 m as cash, plus €173 m corresponding to Sinopec MLT Shareholder Loan to Petrogal Brasil.

OPERATIONAL DATA

Quarter					Twelve Months				
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
45.7	36.3	52.1	15.7	43.3%	Average working interest production (kboepd)	30.5	45.8	15.3	50.1%
43.9	33.4	49.2	15.9	47.6%	Average net entitlement production (kboepd)	27.1	43.2	16.2	59.8%
43.8	66.4	30.0	(36.4)	(54.8%)	Oil and gas average sale price (USD/boe)	88.7	43.5	(45.2)	(51.0%)
29,814	27,592	28,763	1,170	4.2%	Raw materials processed (kboe)	92,864	114,572	21,708	23.4%
6.7	4.7	4.1	(0.6)	(12.2%)	Galp Energia refining margin (USD/boe)	2.8	6.0	3.2	n.m.
2.4	2.3	2.2	(0.1)	(5.3%)	Oil sales to direct clients (mton)	9.1	9.1	0.0	0.0%
933	968	992	23	2.4%	NG supply sales to direct clients (mm ³)	3,759	3,843	84	2.2%
976	917	700	(217)	(23.7%)	NG/LNG trading sales (mm ³)	3,713	3,822	109	2.9%

MARKET INDICATORS

Quarter					Twelve Months				
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
50.5	76.6	43.8	(32.8)	(42.9%)	Dated Brent price ¹ (USD/bbl)	98.9	52.4	(46.6)	(47.1%)
(1.3)	(1.4)	(2.3)	(1.0)	(68.6%)	Heavy-light crude price spread ² (USD/bbl)	(1.7)	(1.4)	0.3	17.6%
41.3	54.7	37.9	(16.9)	(30.8%)	UK NBP natural gas price ¹ (GBP/therm)	51.0	42.5	(8.5)	(16.7%)
7.6	11.6	7.1	(4.4)	(38.3%)	LNG Japan and Korea price ¹ (USD/mmbtu)	13.9	7.5	(6.4)	(46.3%)
6.2	2.9	4.0	1.1	39.7%	Benchmark refining margin ³ (USD/bbl)	1.1	5.2	4.1	n.m.
15.5	15.0	15.1	0.0	0.3%	Iberian oil market ⁴ (mton)	58.7	60.1	1.4	2.4%
7,168	7,990	8,370	380	4.8%	Iberian natural gas market ⁵ (mm ³)	29,718	31,497	1,779	6.0%

¹Source: Platts.

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

³For a complete description of the method of calculating the benchmark refining margin see "Definitions".

⁴Source: Apetro for Portugal; Cores for Spain; the figures include an estimate for December 2015.

⁵Source: Galp Energia and Enagás.

Exploration & Production activities

DEVELOPMENT ACTIVITIES

Brazil

During the fourth quarter of 2015, Galp Energia and its partners continued with the development activities on the Lula/Iracema project.

In the Iracema South area, the connection of the fifth producer well to FPSO #3 in the beginning of November, allowed the unit to reach plateau production in only 13 months. Currently, the unit has five injector wells connected as well.

In the Iracema North area, the second and third producer wells were connected to FPSO #4 in October and November, respectively, with the unit reaching an average production of c.63 kbopd during the fourth quarter. The third injector well was also connected in December. The consortium expects that the fourth producer well will be connected during the first quarter of 2016.

During the fourth quarter of 2015, FPSO #1 and #2 continued producing steadily at plateau levels in the Lula Pilot and Lula Northeast (NE) areas, respectively.

It is worth highlighting the arrival of FPSO Cidade de Maricá (FPSO #5) to the Lula Alto area, whose start of production is imminent. This chartered unit has an installed production capacity of 150 kbopd and 6 mm³ of natural gas.

Regarding the Cabiúnas pipeline, the consortium completed the installation works at the end of 2015, and started the commissioning of the onshore treatment unit. This gas pipeline is expected to start operating by the end of the first quarter of 2016.

FPSO Cidade de Saquarema (FPSO #6), assigned to the Lula Central area, is now at the Brasa shipyard, in Brazil, for conclusion of the remaining integration works. This FPSO, chartered from SBM Offshore, is expected to start production in mid-2016.

Also in the context of the Lula/Iracema project, regarding the replicant FPSO units, the topsides integration works on the unit to be allocated to the Lula South area are being completed, in the Brasfels shipyard. During January, the hull of the unit set for the Lula North area arrived to the Offshore Oil Engineering Co. Ltd (COOEC) shipyard, in China, where the topsides integration works will be executed.

Regarding the replicant set for the development of the Lula Extreme South area, the construction works proceeded on the hull in the COSCO shipyard, in China.

The DoC for the Sépia East area was submitted to ANP in November. During the exploration activity, it was confirmed that the Sépia discovery (located in the Transfer of Rights area) extended into the Sépia East area (BM-S-24 concession), with reservoirs of excellent permeability and porosity and good quality oil (26° API). The unitisation process regarding Sépia and Sépia East areas has started, aiming at the joint development of the field.

DEVELOPMENT WELLS IN THE LULA/IRACEMA AREAS

	Project	Type of wells			
			Planned	Drilled	Connected
#1	Lula Pilot <i>FPSO Cidade de Angra dos Reis</i>	Producers	7	6	5
		Injectors	5	5	5
#2	Lula NE <i>FPSO Cidade de Paraty</i>	Producers	8	6	6 ¹
		Injectors	6	6	5
#3	Iracema South <i>FPSO Cidade de Mangaratiba</i>	Producers	8	7	5
		Injectors	8	7	5
#4	Iracema North <i>FPSO Cidade de Itaguaí</i>	Producers	8	7	3
		Injectors	9	7	3

¹Includes EWT in Lula North.

Mozambique

In Mozambique, the consortium of Area 4 continued to negotiate the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) proposals for the offshore Coral project. During the fourth quarter, there was progress on the negotiations for the LNG offtake agreement regarding that unit, which are close to conclusion. The consortium is also negotiating with the Mozambican Government in what concerns this area's development plan.

Regarding the Mamba onshore project, the Area 4 consortium continued with the preparation works for the EPCIC of the first two trains.

During 2015 the unitisation agreement was concluded between the partners of the Mamba project (Area 4) and of the Prosperidade project (Area 1), which is still pending approval from the Mozambican Government.

Angola

During the fourth quarter, the Lianzi field, in block 14k, started production through a tie-back to the compliant piled tower (CPT) platform in the Benguela-Belize-Lobito-Tomboco field (BBLT) in block 14, which was performed during the third quarter of 2015.

In block 32, it is worth highlighting the start of the development drilling campaign. Also during the fourth quarter, the conversion works of the FPSO units associated to the Kaombo project proceeded, in Singapore.

EXPLORATION AND APPRAISAL ACTIVITIES

Brazil

In block BM-S-8, the DST of the Carcará North well was concluded during the fourth quarter of 2015, with results confirming the good oil quality (31° API) of the Carcará accumulation, and without the presence of contaminants (H₂S and CO₂). According to this DST results, it is expected that the productivity of this well will be equivalent to

the best producer wells of the Santos basin pre-salt. During the quarter, the second drilling phase of the Carcará NW well was also concluded.

In the Potiguar offshore basin, drilling of the Pitu North appraisal well was concluded. The results proved the extension of the Pitu discovery.

2015 EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/A ²	Spud date	Duration (# days)	Well status
Brazil ¹						
BM-S-11	Iara RDA 4	10%	A	1Q 15	-	Concluded
BM-S-8	Carcará North	14%	A	1Q 15	-	Concluded
BM-S-8	Carcará NW ³	14%	A	3 Q 15	-	Concluded
Potiguar	Pitu North	20%	A	3 Q 15	-	Concluded
Amazonas	Jan-1	40%	E	1Q 15	-	Concluded
Amazonas	Sil-1	40%	E	2 Q 15	-	Concluded

¹Petrogal Brasil: 70% Galp Energia; 30% Sinopec.

²E – Exploration well; A – Appraisal well.

³Second drilling phase.

Operating and financial performance

1. MARKET ENVIRONMENT

EUR:USD

In the fourth quarter of 2015, the EUR:USD exchange rate was 1.095, down 12% YoY.

During 2015, the average EUR:USD exchange rate was 1.110, corresponding to a depreciation of 16% YoY.

Dated Brent

During the fourth quarter of 2015, the average dated Brent decreased \$32.8/bbl YoY to \$43.8/bbl. In fact, the global oil demand of c.94.5 million barrels of oil per day (mmbopd) in 2015 was not sufficient to absorb the world production of c.96.3 mmbopd during the same period, mainly due to the increase in USA, Iraq and Saudi Arabia production.

During 2015, dated Brent averaged \$52.4/bbl, corresponding to a decrease of \$46.6/bbl YoY.

In the fourth quarter of 2015, the average price spread between the Urals and the dated Brent increased from -\$1.4/bbl, in the previous year, to -\$2.3/bbl. The devaluation of the Urals crude resulted from increased competition of the heavy crudes from the Middle East and West Africa.

During 2015, the average price spread was -\$1.4/bbl, compared to -\$1.7/bbl in 2014.

Natural gas

The spread between the Asian LNG reference price (JKM) and the natural gas price in Europe (NBP) tightened from \$2.9/mmbtu, during the fourth quarter of 2014, to \$1.4/mmbtu during the same period of 2015. This was due to the JKM steeper decrease caused by the increased use of nuclear energy in the region and by a higher LNG supply, namely resulting from the start of

production of new gas liquefaction plants in Australia.

During 2015, the price spread tightened \$4.5/mmbtu YoY to \$1.0/mmbtu.

Refining margins

During the fourth quarter of 2015, the benchmark refining margin increased \$1.1/bbl YoY to \$4.0/bbl, following the improvement of the light distillates crack as well as the decrease of the crude price, impacting consumptions and losses.

The gasoline crack increased \$2.7/bbl YoY to \$10.9/bbl, supported by the strong demand in the USA, Middle East and Asia.

The refining margins context continued to support a higher utilisation rate of the European refining system, which generated a production surplus of middle distillates, impacting the jet and diesel cracks. The jet crack decreased \$6.8/bbl compared to the fourth quarter of 2014, to \$11.6/bbl, also impacted by imports from the Middle East and Asia. The diesel crack was down by \$5.7/bbl YoY, to \$12.7/bbl, marked by large inventories and increased exports from the USA and Russia to Europe.

The benchmark refining margin increased from \$1.1/bbl in 2014 to \$5.2/bbl in 2015.

Iberian market

During the fourth quarter of 2015, the Iberian market for oil products reached 15.1 million tonnes (mton), corresponding to an increase of 0.3% YoY. Road diesel consumption experienced the largest increase, benefitting from lower retail prices and some economic recovery in the region.

During 2015, the Iberian market for oil products rose 2.4% YoY to 60.1 mton.

During the fourth quarter of 2015, the Iberian natural gas market increased 4.8% YoY to 8,370 mm³. The electrical segment consumption was up 28%, given low hydroelectric generation which led to a greater use of natural gas.

During 2015 the natural gas market reached 31,497 mm³, up 6% YoY. The electrical segment rose 32%, whilst the conventional segment increased 1%.

2. OPERATING PERFORMANCE



EXPLORATION & PRODUCTION

€ m (RCA, except otherwise stated)

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
45.7	36.3	52.1	15.7	43.3%	Average working interest production ¹ (kboepd)	30.5	45.8	15.3	50.1%
42.2	34.0	48.9	14.9	43.8%	Oil production (kbopd)	28.8	42.5	13.7	47.5%
43.9	33.4	49.2	15.9	47.6%	Average net entitlement production ¹ (kboepd)	27.1	43.2	16.2	59.8%
6.1	8.1	7.6	(0.5)	(5.9%)	Angola	7.2	7.2	(0.0)	(0.0%)
37.8	25.3	41.6	16.3	64.6%	Brazil	19.8	36.0	16.2	81.6%
43.8	66.4	30.0	(36.4)	(54.8%)	Average realised sale price (USD/boe)	88.7	43.5	(45.2)	(51.0%)
3.9	7.1	3.6	(3.5)	(48.9%)	Royalties ² (USD/boe)	8.8	4.2	(4.6)	(52.1%)
9.5	11.4	10.5	(1.0)	(8.7%)	Production costs (USD/boe)	13.4	9.8	(3.6)	(26.8%)
15.4	14.9	9.8	(5.1)	(34.3%)	Amortisation ³ (USD/boe)	19.9	14.8	(5.2)	(26.0%)
89	102	53	(49)	(48.2%)	Ebitda	444	356	(88)	(19.8%)
56	36	41	4	11.8%	Depreciation & Amortisation	149	211	62	42.0%
-	0	-	(0)	n.m.	Provisions	(0)	-	0	n.m.
33	65	12	(53)	(81.6%)	Ebit	295	145	(150)	(50.8%)

Note: unit values based on net entitlement production.

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

²Based on production in Brazil.

³Includes abandonment provisions.

Operations

FOURTH QUARTER

In the fourth quarter of 2015, the average working interest production of oil and natural gas increased 43% YoY to 52.1 kboepd, of which 94% was oil production.

Production from Brazil increased 16.3 kboepd YoY to 41.6 kboepd, primarily as a result of the incremental production from FPSO #3 and #4, which produced on average 13.0 kbopd and 6.3 kbopd, respectively, during the period. FPSO #1 and #2 maintained their contribution to production during the quarter, with 10.3 kboepd and 11.4 kboepd, respectively. Gas exports increased 0.8 kboepd to 3.2 kboepd, of which 2.7 kboepd from the Lula field.

In Angola, working interest production decreased 0.6 kbopd YoY, to 10.4 kbopd, due to the natural decline of the BBLT and Tômbua-Landana (TL) fields, and despite the start of production of the Lianzi field, in block 14K, which contributed with an average production of 0.5 kbopd in the quarter.

During the fourth quarter of 2015, net entitlement production increased 48% YoY to 49.2 kboepd, due to the additional contribution from Brazil. In Angola, net entitlement production decreased around 0.5 kbopd YoY, to 7.6 kbopd, due to the lower working interest production in the period.

Production from Brazil accounted for 85% of total net entitlement production during the fourth quarter of 2015, compared to 76% in the previous year.

TWELVE MONTHS

During 2015, working interest production increased 50% to 45.8 kboepd, due to a higher production from Brazil, which increased 82% YoY to 36.0 kboepd. This evolution was mainly supported by the higher output of FPSO #2 and #3.

During 2015, net entitlement production rose 60% YoY to 43.2 kboepd, following increasing production from Brazil. Net entitlement production in Angola remained stable at 7.2 kbopd.

Results

FOURTH QUARTER

Ebitda for the fourth quarter of 2015 dropped €49 m YoY to €53 m, following the decrease in the average sale price of oil and natural gas.

The average sale price during the period was \$30.0/boe, down from \$66.4/boe the year before, following the lower oil price in the international markets.

Production costs increased around €15 m YoY to €43 m, resulting from the increase in Brazil, mostly due to the production of FPSO #3 and #4. In unit terms, on a net entitlement basis, production costs in the fourth quarter of 2015 decreased by around \$1.0/boe YoY to \$10.5/boe, as a result of production dilution.

Depreciation charges during the fourth quarter of 2015 increased €4 m YoY to €41 m, primarily on the back of the increased asset base under production in Brazil. On a net entitlement basis, unit depreciation charges were \$9.8/boe during the quarter, compared to \$14.9/boe in the previous year.

Ebit in the E&P business segment decreased €53 m YoY to €12 m.

TWELVE MONTHS

Ebitda for the year dropped €88 m YoY to €356 m, following the decrease in the average sale price of oil and natural gas, despite the increase in net entitlement production and the appreciation of the Dollar against the Euro.

The average sale price was \$43.5/boe, against \$88.7/boe during 2014.

Production costs increased €40 m YoY to €140 m, as a result of increased production in FPSO #2 and #3 in Brazil. In unit terms, production costs decreased \$3.6/boe YoY to \$9.8/boe.

Depreciation charges during 2015 increased €62 m YoY to €211 m, as a result of the increased asset base and higher production in Brazil. On a net entitlement basis, depreciation charges decreased \$5.2/boe during 2015, to \$14.8/boe.

Ebit in the E&P business segment decreased €150 m YoY to €145 m.



REFINING & MARKETING

€ m (RCA, except otherwise stated)

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
6.7	4.7	4.1	(0.6)	(12.2%)	Galp Energia refining margin (USD/boe)	2.8	6.0	3.2	n.m.
2.9	2.1	2.0	(0.1)	(3.9%)	Refining cash cost¹ (USD/boe)	2.5	2.5	(0.0)	(1.2%)
29,814	27,592	28,763	1,170	4.2%	Raw materials processed (kboe)	92,864	114,572	21,708	23.4%
26,965	24,293	25,568	1,275	5.2%	Crude processed (kbbbl)	79,345	102,012	22,667	28.6%
4.8	4.6	4.6	0.0	0.5%	Total refined product sales (mton)	16.8	18.6	1.8	10.5%
2.4	2.3	2.2	(0.1)	(5.3%)	Sales to direct clients (mton)	9.1	9.1	0.0	0.0%
245	191	166	(26)	(13.4%)	Ebitda	412	800	388	94.3%
68	76	68	(8)	(10.7%)	Depreciation & Amortisation	289	273	(16)	(5.6%)
4	10	3	(7)	(67.9%)	Provisions	23	11	(12)	(53.0%)
173	105	94	(11)	(10.4%)	Ebit	99	516	417	n.m.

¹Includes impact of hedging of the refining margin of around \$0.2/boe and \$0.8/boe in the fourth quarter and twelve months of 2015, respectively.

Operations

FOURTH QUARTER

During the fourth quarter of 2015, raw materials processed increased 4% YoY to c.28.8 million barrels (mmbbl), with the Company taking advantage of the favourable market conditions. Crude oil accounted for 89% of raw materials processed, with 78% of crude oil processed corresponding to medium and heavy crudes.

Middle distillates (diesel and jet) accounted for 47% of total production, whereas gasoline and fuel oil accounted for 22% and 16% of total production, respectively. Consumption and losses accounted for 8% of raw materials processed during the fourth quarter, in line with the previous year.

Volumes sold to direct clients stood at 2.2 mton, down 5% YoY, following the rationalisation of the portfolio of wholesale clients. Volumes sold in Africa accounted for 8% of total volumes sold to direct clients, a contribution in line with the previous year.

TWELVE MONTHS

During 2015, 114.6 mmbbl of raw materials were processed, corresponding to an increase of 23% YoY, with the hydrocracking complex operating at

close to maximum capacity during the year. It should be noted that the volume of raw materials processed in 2014 was affected by the planned outage of the Sines refinery for maintenance during the first half of that year.

During 2015, crude oil processed accounted for 89% of raw materials processed, of which 82% corresponded to medium and heavy crudes.

Middle distillates accounted for 47% of total production, whereas gasoline and fuel oil accounted for 22% and 17%, respectively. Consumption and losses accounted for 8% in the year.

Volumes sold to direct clients remained stable YoY. Volumes of oil products sold in Africa accounted for 8% of total volumes sold to direct clients in the period.

During 2015, Galp Energia continued to implement its energy efficiency programmes, with highlight to the positive trend in the Sines refinery emission indicators, which reached 32.1 kgCO₂/CWT, compared to 32.9 kgCO₂/CWT in 2014. That value is well below the 37.7 kgCO₂/CWT average of the refining sector.

Results

FOURTH QUARTER

Ebitda for the R&M business in the fourth quarter of 2015 stood at €166 m, down 13% YoY, affected by the decrease in refining margins and by the positive effect from time lag of oil products during the last quarter of 2014.

During the fourth quarter of 2015, Galp Energia's refining margin stood at \$4.1/boe, compared to \$4.7/boe in the fourth quarter of 2014. The spread to benchmark margin was \$0.1/boe during the period, down \$1.7/boe YoY, impacted by planned outages for maintenance in some units of the Sines refinery. It should be noted that during the fourth quarter of 2014, the premium to benchmark had benefited from sourcing optimisation of crude and other raw materials.

Refining cash costs amounted to €54 m, or \$2.0/boe in unit terms, compared to \$2.1/boe the previous year. In 2015, those costs were negatively impacted by the hedging of the refining margin, representing approximately \$0.2/boe. Excluding that impact, the refining cash costs stood at \$1.9/boe.

Marketing of oil products maintained its contribution to results, despite the lower volumes sold to direct clients YoY.

Depreciation charges and provisions remained stable during the period, at €71 m, with Ebit reaching €94 m in the fourth quarter of 2015.

TWELVE MONTHS

During 2015, Ebitda reached €800 m, mainly due to improved results from refining activities.

During 2015, Galp Energia's average refining margin was \$6.0/boe, compared to \$2.8/boe in the previous year, following the recovery of the refining margins in the international market.

Refining cash costs increased €80 m during 2015, to €255 m, impacted by the hedging of the refining margin. In unit terms, cash costs were \$2.5/bbl. Excluding the impact of the margin hedging, cash costs stood at \$1.7/boe.

Marketing of oil products also contributed to the higher results from the R&M business, benefiting from the recovery of the Iberian market.

Ebit for the R&M business reached €516 m during 2015.



GAS & POWER

€ m (RCA, except otherwise stated)

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
1,909	1,885	1,692	(193)	(10.3%)	NG supply total sales volumes (mm ³)	7,472	7,665	193	2.6%
933	968	992	23	2.4%	Sales to direct clients (mm ³)	3,759	3,843	84	2.2%
976	917	700	(217)	(23.7%)	Trading (mm ³)	3,713	3,822	109	2.9%
1,219	996	1,170	174	17.4%	Sales of electricity (GWh)	3,792	4,636	844	22.3%
72	101	88	(13)	(13.1%)	Ebitda	438	382	(55)	(12.7%)
37	55	58	3	5.4%	Natural Gas	251	248	(3)	(1.1%)
33	35	31	(4)	(11.6%)	Infrastructure	154	133	(21)	(13.7%)
2	11	(1)	(12)	n.m.	Power	33	2	(32)	(94.7%)
14	15	15	0	0.9%	Depreciation & Amortisation	63	58	(4)	(6.9%)
4	2	2	(1)	(31.6%)	Provisions	12	11	(2)	(13.6%)
54	84	71	(13)	(15.0%)	Ebit	363	313	(49)	(13.6%)

Operations

FOURTH QUARTER

Volumes sold in the natural gas segment amounted to 1,692 mm³ during the fourth quarter, down 10% YoY as a result of the decrease in volumes sold in the trading segment, which was partially offset by higher volumes sold to direct clients in the Iberian Peninsula.

Volumes sold in the international market decreased 24% to 700 mm³, mainly due to the lower number of LNG cargoes sold. During the quarter, six LNG trading operations were carried out, mostly to Latin America and Asia.

The increase of sales to direct clients was mainly caused by the 86% increase in volumes sold to the electrical segment, which reached 352 mm³, following the higher consumption of natural gas for power generation in the Iberian Peninsula.

Volumes sold in the industrial segment dropped 12% to 565 mm³ due to the decrease of sales in Portugal, with the lower consumption from the Galp Energia units contributing to that drop.

Volumes sold in the retail segment decreased 45% to 75 mm³, following the sale of the natural gas marketing activities in the Madrid region.

Sales of electricity in the quarter stood at 1,170 GWh, up 174 GWh YoY, mainly as a result of increased marketing of electricity. Sales of

electricity to the grid decreased 105 GWh YoY to 271 GWh.

TWELVE MONTHS

During 2015, natural gas volumes sold increased 3% YoY to 7,665 mm³, reflecting the higher volumes sold in the electrical and trading segments.

Volumes sold in the international market increased 3% to 3,822 mm³. A total of 33 LNG trading operations took place, a decrease YoY of seven operations that was offset by the higher network trading activity, whose volumes increased to 1,224 mm³, compared to 570 mm³ in the previous year.

Sales in the electrical segment increased 49% to 1,082 mm³, as a result of the lower hydro and wind power generation in the Iberian Peninsula.

Volumes sold to industrial and retail clients in the Iberian Peninsula decreased 6% and 24%, to 2,397 mm³ and 365 mm³, respectively.

Sales of electricity increased 844 GWh YoY to 4,636 GWh in 2015, mainly due to the increased marketing of electricity, which more than offset the drop on sales of electricity to the network, standing at 1,299 GWh.

Results

FOURTH QUARTER

Ebitda for the G&P business during the fourth quarter of 2015 was down €13 m YoY to €88 m, mainly due to lower results from the power activity.

During the fourth quarter of 2015, Ebitda for the natural gas segment rose €3 m YoY to €58 m despite the lower volumes. The increase was mainly due to sourcing optimisation.

Ebitda for the regulated infrastructure business dropped €4 m YoY to €31 m, reflecting the downward revision of the remuneration rate.

In turn, Ebitda for the power business dropped €12 m YoY to -€1 m, due to the sub-optimal utilisation of the cogeneration in the Matosinhos refinery.

Depreciation and amortisation in the G&P business segment stood at €15 m, in line with the previous year.

Ebit was €71 m, down 15% YoY, following the Ebitda decrease.

TWELVE MONTHS

During 2015, Ebitda for the G&P business reached €382 m, down €55 m YoY, mostly due to lower results in the power and regulated infrastructure businesses.

Ebitda for the power business decreased €32 m to €2 m, impacted by the sub-optimal operation of the cogeneration in the Matosinhos refinery and the lag in the natural gas purchase price indexes, compared to the pricing formulas of energy produced, particularly during the first half of 2015.

Ebitda for the infrastructure segment dropped 14% to €133 m, impacted by the remuneration rate revision to 7.94%, compared to 8.4% the year before.

Ebitda for the natural gas segment remained stable YoY, with the slight increase in volumes sold offsetting the price decrease.

Depreciation and amortisation stood at €58 m, compared to €63 m in 2014. Provisions accounted for €11 m, compared to €12 m in 2014.

Ebit for the G&P business segment stood at €313 m during 2015.

3. FINANCIAL PERFORMANCE

3.1. PROFIT & LOSS

€ m (RCA, except otherwise stated)

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
3,906	4,470	3,435	(1,035)	(23.2%)	Turnover	17,904	15,517	(2,387)	(13.3%)
(3,086)	(3,672)	(2,701)	(971)	(26.4%)	Cost of goods sold	(15,133)	(12,337)	(2,797)	(18.5%)
(331)	(318)	(342)	24	7.5%	Supply & Services	(1,158)	(1,316)	159	13.7%
(85)	(92)	(89)	(3)	(2.9%)	Personnel costs	(333)	(330)	(3)	(0.8%)
8	11	7	(4)	(39.2%)	Other operating revenues (expenses)	35	31	(4)	(10.4%)
411	399	309	(90)	(22.5%)	Ebitda	1,314	1,564	250	19.0%
(140)	(129)	(125)	(4)	(2.9%)	Depreciation & Amortisation	(504)	(547)	43	8.5%
(8)	(12)	(5)	(8)	(62.1%)	Provisions	(36)	(22)	(14)	(39.1%)
263	258	180	(78)	(30.3%)	Ebit	774	996	221	28.6%
17	16	24	8	48.0%	Net income from associated companies	60	84	24	39.3%
0	1	1	(0)	(6.4%)	Net income from investments	3	2	(0)	(11.4%)
(11)	(51)	(4)	46	91.8%	Financial results	(145)	(98)	46	32.1%
269	225	201	(24)	(10.8%)	Net income before taxes and non-controlling interests	693	984	291	42.0%
(69)	(73)	(47)	(26)	(35.7%)	Taxes ¹	(253)	(294)	41	16.0%
(20)	(16)	(5)	(10)	(65.8%)	Non-controlling interests	(67)	(51)	(16)	(23.3%)
180	137	149	12	8.8%	Net income RCA	373	639	266	71.5%
(38)	(100)	(55)	(45)	(45.1%)	Non recurring items	(203)	(244)	(41)	(20.2%)
142	37	94	57	n.m.	Net income RC	170	395	225	n.m.
(115)	(277)	(88)	189	68.3%	Inventory effect	(343)	(272)	71	20.7%
27	(240)	6	246	n.m.	Net income IFRS	(173)	123	296	n.m.

¹Includes Special Participation Tax in Brazil and IRP in Angola.

FOURTH QUARTER

During the fourth quarter of 2015, turnover stood at €3,435 m, down 23% YoY, due to the fall in oil, natural gas and oil products prices in international markets.

Operating costs decreased by 23% YoY to €3,125 m, following a 26% fall in the cost of goods sold. The supply & services costs increased by 7%, mainly following the increase in the oil and natural gas production activity.

During the quarter, Ebitda dropped by 22% to €309 m, following the lower contribution from all business segments, which was mostly due to the decrease in the commodities prices. Ebit was €180 m, down €78 m YoY.

Results from associated companies amounted to €24 m, compared to €16 m in the previous year, due to the contribution of Tupi B.V.

Financial results were negative by €4 m, an improvement of €46 m YoY, and included a €5 m gain related with the mark-to-market of financial instruments. In the fourth quarter of 2014, financial results had been impacted by a €23 m loss relating to the mark-to-market of financial instruments, namely related to refining margin hedging.

Net interest expenses stood at €25 m, in line with the same period of 2014.

Taxes decreased by €26 m to €47 m, following lower results across all business segments. Taxes on oil production from the E&P activity were down to €24 m.

Non-controlling interests, primarily attributable to Sinopec, decreased to €5 m, following the lower results of the E&P activity in Brazil.

RCA net income reached €149 m, a €12 m increase YoY.

IFRS net income stood at €6 m, including a €88 m negative inventory effect following the decrease of commodities prices, as well as €55 m of negative non-recurring items, which were mostly

related to impairments regarding the E&P business, in particular related to the LNG II project in Angola, in the amount of €40 m. Non-recurring items also include around €7 m related to the Portuguese extraordinary contribution to the energy sector (CESE).

TWELVE MONTHS

During 2015, turnover stood at €15,517 m, a 13% decrease YoY, resulting from lower commodities prices.

Operating costs amounted to €13,952 m, down 16% YoY, following an 18% decrease in the cost of goods sold.

Ebitda reached €1,564 m, a €250 m increase YoY, which was due to improved results in the R&M business. Ebit increased by €221 m, to €996 m.

Results from associated companies were up by €24 m, reaching €84 m.

Financial results were negative by €98 m, an improvement of €46 m YoY, mainly due to an increase in capitalised interest.

Taxes increased by €41 m to €294 m, due to better results.

Non-controlling interests amounted to €51 m and were primarily attributable to Sinopec.

RCA net income stood at €639 m, a €266 m increase YoY.

IFRS net income was up by €296 m to €123 m, including a €272 m negative inventory effect, as well as €244 m in negative non-recurring items, which were mostly related to impairments regarding the E&P business, in particular related to the project LNG II in Angola and the impairments on the exploration activity in the Brazilian basin of Amazonas. Non-recurring items also include around €55 m related to the CESE. This provision related with CESE results from the strict applicability of accounting standards. However, in Galp Energia's opinion, based on the opinion of the renowned legal experts, is that the laws regarding CESE have no legal grounds and accordingly these amounts are not due.

3.2. CAPITAL EXPENDITURE

€ m

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
223	333	321	(12)	(3.6%)	Exploration & Production	1,017	1,103	86	8.5%
13	63	46	(17)	(27.4%)	Exploration and appraisal activities	253	94	(159)	(62.9%)
210	270	276	5	2.0%	Development and production activities	764	1,009	245	32.1%
24	40	60	20	50.5%	Refining & Marketing	108	110	2	1.9%
8	8	49	41	n.m.	Gas & Power ¹	29	65	36	n.m.
0	4	1	(3)	(82.0%)	Others	7	4	(3)	(42.5%)
256	385	431	46	11.9%	Investment	1,161	1,283	121	10.4%

¹Includes €39 m related to the acquisition of a 33% stake in Setgas in the fourth quarter of 2015 and in the twelve months of 2015.

FOURTH QUARTER

During the fourth quarter of 2015, capital expenditure reached €431 m, 75% of which was invested in the E&P business. Excluding the €39 m acquisition of c.33% in Setgás, total capex reached €392 m.

Development activities accounted for 86% of capital expenditure in the E&P business, of which 69% was channelled to projects in Brazil, notably to the drilling of development wells and the construction of FPSO units and subsea systems for the development of the Lula/Iracema fields. The remaining was mostly invested in block 32, in Angola.

During this quarter, investment in exploration and appraisal activities totalled €45 m and was mainly allocated to appraisal activities in Brazil, namely in the Potiguar basin and in block BM-S-8 in the Santos basin.

Regarding the R&M and the G&P businesses, capital expenditure amounted to €109 m, including the acquisition of the 33.05% additional stake in the natural gas distribution company Setgás. Excluding this impact, total capex allocated to downstream and gas activities was c.€70 m, having been mainly allocated to maintenance and safety activities in refineries.

TWELVE MONTHS

During 2015, capital expenditure amounted to €1,283 m, 86% of which was invested in the E&P business.

The E&P activity accounted for €1,103 m, 91% of which was allocated to development activities, namely to the construction of FPSO units and the development of Lula/Iracema in Brazil, and block 32 in Angola.

Capital expenditure in downstream and gas activities stood at €176 m, a 28% increase YoY, impacted by the stake acquisition in the natural gas distribution company Setgás during the fourth quarter of the year.

3.3. CASH FLOW

€ m (IFRS figures)

Quarter				Twelve Months	
3Q15	4Q14	4Q15		2014	2015
104	(166)	(17)	Ebit	180	450
8	19	27	Dividends from associates	74	73
142	162	212	Depreciation, Depletion and Amortization (DD&A)	614	722
275	316	50	Change in Working Capital	326	442
530	331	272	Cash flow from operations	1,193	1,687
(252)	(365)	(392)	Net capex ¹	(1,142)	(1,192)
(31)	(30)	(26)	Net financial expenses	(130)	(124)
(27)	(39)	(33)	SPT and Corporate taxes	(159)	(127)
(172)	(8)	(1)	Dividends paid	(275)	(318)
(105)	30	144	Others ²	165	172
57	82	35	Change in net debt	348	(98)

¹Includes €39 m related to the acquisition of a 33% stake in Setgas during the fourth quarter of 2015, as well as the €69 m divestment from the NG underground storage and the €35 m sale of the Madrilenas companies in the twelve months of 2015.

²Includes CTA's (Cumulative Translation Adjustment) and partial reimbursement of loan granted to Sinopec.

FOURTH QUARTER

During the fourth quarter of 2015, cash flow from operations of €272 m, together with the loan reimbursement from Sinopec of around €88 m, partially offset the investments made during the period. Working capital benefited from lower receivables and inventories.

TWELVE MONTHS

During 2015, net debt decreased by €98 m, having been positively impacted by cash flow from operations of €1,687 m and by €270 m of loan reimbursement by Sinopec. Cash flow also benefited from working capital improvement, primarily stemming from lower receivables and inventories.

3.4. FINANCIAL POSITION

€ m (IFRS figures)

	31 December, 2014	30 September, 2015	31 December, 2015	Change vs. 31 Dec. 2014	Change vs. 30 Sep. 2015
Non-current assets	7,599	7,638	7,877	278	239
Working capital	968	577	527	(442)	(50)
Loan to Sinopec	890	781	723	(167)	(58)
Other assets (liabilities)	(512)	(536)	(517)	(5)	19
Capital employed	8,945	8,459	8,609	(336)	150
Short term debt	303	529	493	189	(36)
Medium-Long term debt	3,361	3,063	3,060	(302)	(3)
Total debt	3,664	3,592	3,552	(112)	(40)
Cash and equivalents	1,144	1,205	1,130	(14)	(75)
Net debt	2,520	2,387	2,422	(98)	35
Total equity	6,425	6,072	6,187	(238)	115
Total equity and net debt	8,945	8,459	8,609	(336)	150

On 31 December 2015, non-current assets stood at €7,877 m, €2,077 m of which related to work-in-progress, mostly on E&P projects.

Capital employed at the end of the period amounted to €8,609 m, including the €723 m loan granted to Sinopec.

3.5. FINANCIAL DEBT

€ m (except otherwise stated)

	31 December, 2014	30 September, 2015	31 December, 2015	Change vs. 31 Dec. 2014	Change vs. 30 Sep. 2015
Bonds	2,248	2,152	2,154	(94)	2
Bank loans and other debt	1,417	1,440	1,398	(19)	(41)
Cash and equivalents	1,144	1,205	1,130	(14)	(75)
Net debt	2,520	2,387	2,422	(98)	35
Net debt including loan to Sinopec¹	1,630	1,606	1,699	-	-
Average life (years)	3.7	3.3	3.1	(0.60)	(0.24)
Average debt interest rate	4.21%	3.82%	3.75%	(0.5 p.p.)	(0.1 p.p.)
Net debt to Ebitda	1.2x	1.1x	1.2x ²	-	-

¹Net debt of €2,422 m adjusted for the €723 m loan to Sinopec.

²Ratio considers net debt including loan to Sinopec as cash, plus €173 m corresponding Sinopec MLT Shareholder Loan to Petrogal Brasil, and LTM Ebitda RCA €1,564 m.

As of 31 December 2015, net debt stood at €2,422 m, up €35 m when compared to the end of the third quarter. However, compared to the end of 2014, net debt was down €98 m.

Considering the €723 m balance of the Sinopec loan as cash and equivalents, net debt totalled €1,699 m at the end of the year, which translates into a net debt to Ebitda ratio of 1.2x, considering as part of this ratio Sinopec's €173 m shareholder loans to Petrogal Brasil.

At the end of 2015, the average interest rate was 3.75%, with 42% of total debt on a fixed-rate basis.

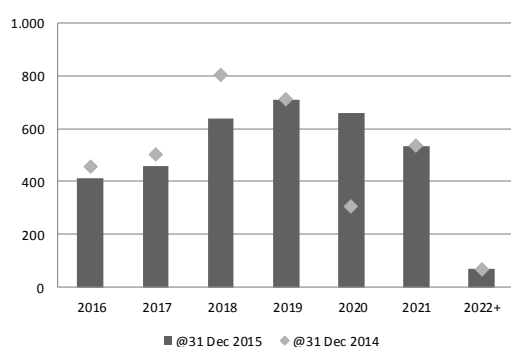
Debt had an average maturity of 3.1 years, and medium and long-term debt accounted for 86% of the total.

As of 31 December 2015, around 75% of total debt was scheduled to mature from 2018 onwards.

It is also worth mentioning that, at the end of the year, Galp Energia had unused credit lines of approximately €1.1 bn, 60% of which were contractually guaranteed.

DEBT MATURITY PROFILE

€ m



3.6. REPLACEMENT COST ADJUSTED TURNOVER

€ m

Quarter						Twelve Months			
3Q15	4Q14	4Q15	Chg. YoY	% Chg. YoY		2014	2015	Chg.	% Chg.
3,906	4,470	3,435	(1,035)	(23.2%)	Turnover RCA	17,904	15,517	(2,387)	(13.3%)
162	159	129	(30)	(19.1%)	Exploration & Production ¹	696	617	(78)	(11.2%)
3,183	3,476	2,737	(739)	(21.2%)	Refining & Marketing	14,007	12,110	(1,898)	(13.5%)
741	931	679	(252)	(27.1%)	Gas & Power	3,676	3,230	(446)	(12.1%)
30	35	33	(1)	(4.0%)	Other	121	124	3	2.4%
(211)	(131)	(144)	13	10.0%	Consolidation adjustments	(597)	(565)	(32)	(5.3%)

¹Does not include change in production. RCA turnover in the E&P segment, including change in production, amounted to €122 m in the fourth quarter of 2015 and €624 m in the twelve months of 2015.

3.7. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

REPLACEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

Fourth Quarter					2015	Twelve Months				
Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA		Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
198	116	314	(5)	309	Galp Energia	1,200	357	1,557	7	1,564
53	-	53	(0)	53	E&P	351	-	351	5	356
60	112	172	(7)	166	R&M	466	330	797	4	800
82	4	86	2	88	G&P	357	27	384	(2)	382
3	-	3	0	3	Others	25	-	25	0	26

€ m

Fourth Quarter					2014	Twelve Months				
Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA		Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
8	367	375	24	399	Galp Energia	825	455	1,279	35	1,314
101	-	101	0	102	E&P	443	-	443	0	444
(198)	371	173	19	191	R&M	(82)	466	384	28	412
101	(5)	97	4	101	G&P	445	(11)	433	5	438
4	-	4	1	5	Others	19	-	19	2	21

REPLACEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

Fourth Quarter					2015	Twelve Months				
Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA		Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
(17)	116	99	81	180	Galp Energia	450	357	807	189	996
(74)	-	(74)	86	12	E&P	(25)	-	(25)	170	145
(11)	112	101	(7)	94	R&M	168	330	498	18	516
66	4	70	1	71	G&P	286	27	313	1	313
2	-	2	0	2	Others	21	-	21	0	21

€ m

Fourth Quarter					2014	Twelve Months				
Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA		Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
(166)	367	200	58	258	Galp Energia	180	455	635	140	774
38	-	38	26	65	E&P	191	-	191	104	295
(291)	371	81	25	105	R&M	(400)	466	66	33	99
83	(5)	78	6	84	G&P	370	(11)	359	4	363
3	-	3	1	4	Others	19	-	19	(2)	17

3.8. NON-RECURRING ITEMS

€ m

Quarter				Twelve Months	
3Q15	4Q14	4Q15		2014	2015
-	-	-	Sale of strategic stock	(117.4)	-
-	-	-	Cost of sale of strategic stock	113.5	-
0.0	(1.1)	0.1	Accidents caused by natural facts and insurance compensation	(1.0)	(0.8)
(0.1)	(1.5)	(5.5)	Gains/losses on disposal of assets	(0.5)	(8.4)
5.1	2.8	0.7	Assets write-offs	3.8	6.1
(3.7)	-	-	Fine for breach of contract	-	-
-	-	-	Investment subsidies - disposal underground gas caverns	-	(2.6)
4.5	23.8	0.1	Employee restructuring charges	36.6	13.2
1.2	0.0	(1.6)	Provisions for environmental charges and others	(4.9)	6.0
2.5	33.6	87.0	Assets impairments	109.6	175.5
9.6	57.6	80.8	Non-recurring items in Ebit	139.7	189.0
3.2	21.1	(6.6)	Capital gains/losses on disposal of financial investments	21.4	12.0
-	-	-	Provision for impairment of financial investments	2.8	-
-	8.4	3.1	Provision for financial investments	8.4	52.0
12.8	87.0	77.3	Non-recurring items before income taxes	172.3	253.1
(1.5)	(11.3)	(1.8)	Income taxes on non-recurring items	(19.9)	(35.0)
-	31.8	(19.4)	Tax deferrals reversions	31.8	(19.4)
26.6	0.0	7.2	Energy sector contribution tax	30.5	67.0
0.1	(7.4)	(8.3)	Non-controlling interests on non-recurring items	(12.0)	(22.0)
38.0	100.1	54.9	Total non-recurring items	202.6	243.6

3.9. CONSOLIDATED FINANCIAL STATEMENTS

€ m

Quarter				Twelve Months	
3Q15	4Q14	4Q15		2014	2015
3,746	4,316	3,258	Sales	17,479	14,884
160	154	177	Services rendered	542	633
22	35	32	Other operating income	105	100
3,927	4,505	3,466	Total operating income	18,126	15,617
(3,235)	(4,038)	(2,816)	Inventories consumed and sold	(15,701)	(12,693)
(331)	(318)	(342)	Materials and services consumed	(1,158)	(1,316)
(90)	(116)	(89)	Personnel costs	(370)	(343)
(15)	(24)	(20)	Other operating costs	(73)	(63)
(3,672)	(4,497)	(3,268)	Total operating costs	(17,302)	(14,417)
256	8	198	Ebitda	825	1,200
(142)	(162)	(212)	Amortisation, depreciation, impairments	(614)	(722)
(9)	(12)	(3)	Provision and impairment of receivables	(31)	(28)
104	(166)	(17)	Ebit	180	450
17	(15)	23	Net profit from associated companies	30	81
(3)	(11)	5	Net profit from investments	(13)	(62)
(11)	(36)	(3)	Financial results	(132)	(96)
6	14	10	Interests income	48	28
(36)	(43)	(34)	Interests expenses	(173)	(148)
27	13	23	Interests capitalised	46	89
(8)	(5)	(2)	Exchange gain (loss)	(27)	(35)
4	(23)	5	Mark to market of hedging derivatives	(18)	(13)
(4)	7	(4)	Other financial costs/income	(9)	(16)
107	(229)	8	Income before taxes	66	374
(33)	(4)	2	Taxes ¹	(154)	(155)
(27)	-	(7)	Energy sector contribution tax ²	(30)	(67)
47	(232)	3	Income before non-controlling interests	(119)	152
(20)	(8)	3	Profit attributable to non-controlling interests	(55)	(29)
27	(240)	6	Net income	(173)	123

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

²Includes €28.5 m and €26.8 m related to the CESE I and CESE II, respectively, in the twelve months of 2015.

3.10. CONSOLIDATED FINANCIAL POSITION

€ m	31 December, 2014	30 September, 2015	31 December, 2015
Assets			
Non-current assets			
Tangible fixed assets	5,052	5,029	5,213
Goodwill	225	139	137
Other intangible fixed assets ¹	1,447	1,401	1,403
Investments in associates	787	1,020	1,101
Investments in other participated companies	3	3	2
Loan to Sinopec	171	-	-
Other receivables	212	333	320
Deferred tax assets	364	429	428
Other financial investments	21	24	24
Total non-current assets	8,282	8,380	8,629
Current assets			
Inventories ²	1,210	890	873
Trade receivables	1,115	1,076	801
Other receivables	667	604	571
Loan to Sinopec	719	781	723
Assets available for sale	67	26	-
Other financial investments	10	3	4
Current Income tax recoverable	-	-	-
Cash and equivalents	1,144	1,205	1,131
Total current assets	4,933	4,585	4,102
Total assets	13,215	12,965	12,731
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	18	(110)	1
Other reserves	2,684	2,684	2,684
Hedging reserves	(1)	3	(2)
Retained earnings	1,565	1,061	1,056
Profit attributable to equity holders of the parent	(173)	117	123
Equity attributable to equity holders of the parent	5,005	4,667	4,773
Non-controlling interests	1,420	1,405	1,414
Total equity	6,425	6,072	6,187
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1,114	1,156	1,151
Bonds	2,248	1,906	1,908
Other payables ³	556	556	549
Retirement and other benefit obligations	411	423	422
Liabilities from financial leases	0	0	0
Deferred tax liabilities	121	110	78
Other financial instruments	1	6	2
Provisions	185	407	419
Total non-current liabilities	4,634	4,564	4,529
Current liabilities			
Bank loans and overdrafts	303	283	247
Bonds	-	246	246
Trade payables	898	903	643
Other payables ⁴	921	859	842
Other financial instruments	15	23	29
Income tax payable	19	14	9
Total current liabilities	2,157	2,328	2,015
Total liabilities	6,791	6,892	6,544
Total equity and liabilities	13,215	12,965	12,731

¹Includes concession agreements for the distribution of natural gas.

²Includes €46.8 m in inventory from third parties on 31 December 2015.

³Includes €173.0 m long-term loan from Sinopec to Petrogal Brasil as of 31 December 2015.

⁴Includes €30.0 m in advance payments related to inventory from third parties as of 31 December 2015.

3.11. CASH FLOW (DIRECT METHOD)

€ m

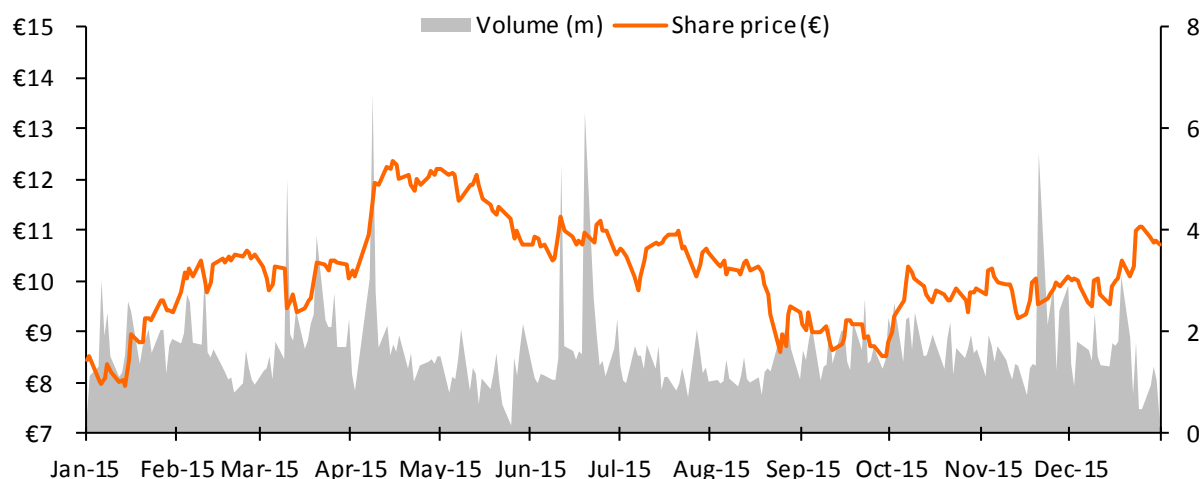
Quarter				Twelve Months	
3Q15	4Q14	4Q15		2014	2015
1,169	1,292	1,087	Cash and equivalents at the beginning of the period¹	1,406	1,023
4,405	5,203	4,166	Received from customers	20,475	17,666
(2,782)	(3,712)	(2,785)	Paid to suppliers	(14,611)	(11,421)
(72)	(113)	(123)	Staff related costs ²	(358)	(371)
8	19	27	Dividends from associated companies	74	73
(683)	(664)	(635)	Taxes on oil products (ISP)	(2,489)	(2,633)
(482)	(488)	(333)	VAT, Royalties, PIS, Cofins, Others	(2,078)	(1,720)
395	245	318	Total operating flows	1,013	1,594
(234)	(285)	(391)	Net capex	(1,060)	(1,200)
(14)	(27)	(26)	Net Financial Expenses	(118)	(111)
(172)	(8)	(1)	Dividends paid	(275)	(318)
(27)	(39)	(33)	SPT and Corporate taxes	(159)	(127)
(7)	(198)	(24)	Net new loans	(67)	(119)
53	(10)	88	Sinopec loan reimbursement	101	270
(76)	54	26	FX changes on cash and equivalents	183	31
1,087	1,023	1,045	Cash and equivalents at the end of the period¹	1,023	1,045

¹Cash and equivalents differ from the Balance Sheet amounts due to IAS 7 classification rules. The difference refers to overdrafts which are considered as debt in the Balance Sheet and as a deduction to cash in the Cash Flow Statement.

²Staff related costs in 2014 reclassified to include social security and pension fund contributions.

Galp Energia share

PERFORMANCE OF THE GALP ENERGIA SHARE



Source: Euroinvestor

FOURTH QUARTER

Galp Energia share price closed at €10.72, a 22% gain during the period. The share price reached a minimum of €8.86 and a high of €11.08.

In the fourth quarter, around 207 m shares were traded on regulated markets, 110 m of which on Euronext Lisbon. Thus, the average daily volume traded on regulated markets was approximately 3.1 m shares, 1.7 m of which on Euronext Lisbon. Galp Energia's market capitalisation at the end of the quarter was €8.9 bn.

TWELVE MONTHS

During 2015, Galp Energia share gained 27%, with 712 m shares traded on regulated markets, of which 421 m on Euronext Lisbon.

The average daily volume traded on regulated markets was 2.8 m shares, including 1.6 m shares on Euronext Lisbon.

Main indicators			
	2014	4Q15	2015
Min (€)	7.82	8.86	7.81
Max (€)	13.75	11.08	12.48
Average (€)	12.10	9.93	10.17
Close price (€)	8.43	10.72	10.72
Regulated markets volume (m shares)	547.9	207.4	711.6
Average volume per day (m shares)	2.1	3.1	2.8
of which Euronext Lisbon (m shares)	1.3	1.7	1.6
Market cap (€m)	6,991	8,890	8,890

BASIS OF PRESENTATION

Galp Energia's consolidated financial statements for the years ended on 31 December 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial information in the consolidated income statement is reported for the quarters ended on 31 December 2015 and 2014, and on 30 September 2015. The financial information in the consolidated financial position is reported on 31 December and 30 September 2015, and on 31 December 2014.

Galp Energia's financial statements are prepared in accordance with IFRS, and the cost of goods sold is valued at a weighted-average cost. When goods and commodity prices fluctuate, the use of this methodology may cause volatility in results through gains or losses in inventories, which do not reflect the Company's operating performance. This is called the inventory effect.

Another factor that may affect the Company's results, without being an indicator of its true

performance, is the set of non-recurring items, namely gains or losses on the disposal of assets, impairments or reinstatements of fixed assets, and environmental or restructuring charges.

For the purpose of evaluating Galp Energia's operating performance, RCA profit measures exclude non-recurring items and the inventory effect, the latter because the cost of goods sold and materials consumed has been calculated according to the Replacement Cost (RC) valuation method.

RECENT CHANGES

As of 1 January 2015, Galp Energia's basis for calculating both the unit refining margin and associated cash costs considers all processed raw materials (converted into barrels of oil equivalent), whereas before the calculation only considered processed crude. For comparison purposes, this change has been reflected in the same period of last year.

Definitions

Crack spread

Difference between the price of an oil product and the price of Dated Brent.

EBIT

Operating profit.

EBITDA

Operating profit plus depreciation, amortisation and provisions.

EBT

Earnings before taxes.

GALP ENERGIA, COMPANY OR GROUP

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

Benchmark refining margin

The benchmark refining margin is calculated with the following weighting: 45% hydrocracking margin 42.5% Rotterdam cracking margin + 7% Rotterdam base oils + 5.5% Aromatics.

ROTTERDAM HYDROCRACKING MARGIN

The Rotterdam hydrocracking margin has the following profile: -100% Brent dated, +2.2% LGP FOB Seagoing (50% Butane + 50% Propane), +19.1% PM UL NWE FOB Bg., +8.7% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF Cg. +8.9% LSFO 1% FOB Cg; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent dated; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.60/ton. Yields in % of weight.

ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% Brent dated, +2.3% LGP FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg., +7.5% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF Cg. and +15.3% LSFO 1% FOB Cg.; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent dated; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.60/ton. Yields in % of weight.

ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13.0% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34.0% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg., +14%; Base Oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE Cg.; Losses: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2015: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.60/ton. Yields in % of weight.

ROTTERDAM AROMATICS MARGIN

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

REPLACEMENT COST (RC)

According to this method, 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 the Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

REPLACEMENT COST ADJUSTED (RCA)

In addition to using the replacement cost method, RCA items exclude non-recurrent events such as capital gains or losses on the disposal of assets, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its regular operational performance.

Abbreviations

ANP: Agência Nacional de Petróleo, Gás Natural e Biocombustíveis (Brazilian National Agency of Petroleum, Natural Gas and Biofuels)

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

API: American Petroleum Institute

bbl: oil barrel

BBLT: Benguela, Belize, Lobito and Tomboco

bcm: billion cubic metres

Bg: Barges

bn: billion

boe: barrels of oil equivalent

Cg: Cargoes

CESE: Portuguese extraordinary contribution on the energy sector

CIF: Costs, Insurance and Freight

CORES: *Corporación de Reservas Estratégicas de Productos Petrolíferos*

COOEC: Offshore Oil Engineering Co. Ltd

CPT: compliant piled tower

CTA: Cumulative Translation Adjustment

CWT: Carbon weighted tonne

DoC: Declaration of Commerciality

DST: drill stem test

E&P: Exploration & Production

EPCIC: Engineering, Procurement, Construction, Installation and Commissioning

EUR/€: Euro

EWT: Extended well test

FEED: Front-End Engineering Design

FOB: Free on Board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GWh: Gigawatt per hour

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

IRP: Oil income tax

JKM: Japan Korea Marker

LNG: liquefied natural gas

LSFO: low sulphur fuel oil

k: thousand

kbbl: thousand barrels

kboe: thousand barrels of oil equivalent

kboepd: thousand barrels of oil equivalent per day

kbopd: thousand barrels of oil per day

m: million

m³: cubic metres

mmbbl: millions of barrels

mmboe: million barrels of oil equivalent

mmbopd: million barrels of oil per day.

mbbl: million barrels

mmbtu: million British thermal units

mm³: million cubic metres

mton: million tonnes

NBP: National balancing point

NE: North East

NG: natural gas

n.m.: not meaningful

OPEC: Organisation of the Petroleum Exporting Countries

PIA: Production Individualization Agreement

PM UL: Premium unleaded

p.p.: percentage points

PSA: production sharing agreement

R&M: Refining & Marketing

RC: Replacement Cost

RCA: Replacement Cost Adjusted

RDA: Reservoir Data Acquisition

Tcf: trillion cubic feet

TL: Tômbua-Lândana

T: tonnes

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes

USA: United States of America

USD/\$: Dollar of the United States of America

VGO: *vacuum gasoil*

YoY: *year-on-year* (annual change rate)

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