

3rd Quarter 2019

Results & Consolidated information

October, 2019



Table of Contents

1.	Third quarter and first nine months of 2019 highlights.....	3
2.	Exploration & Production	6
3.	Refining & Marketing.....	9
4.	Gas & Power	12
5.	Financial data	15
5.1.	Income statement	15
5.2.	Capital expenditure.....	17
5.3.	Cash flow	18
5.4.	Financial position and debt.....	19
5.5.	IFRS income statement	23
5.6.	Consolidated financial position.....	24
6.	Basis of reporting.....	25
7.	Appendixes	26
7.1.	IFRS condensed consolidated financial statements.....	26
8.	Definitions	51

1. Third quarter and nine months of 2019 highlights

Third quarter 2019

- CFFO amounted to €435 m and FCF to €192 m.
- Consolidated RCA Ebitda of €619 m:
 - E&P: RCA Ebitda was €469 m, up 18% YoY, driven by production increase, benefitting as well from the U.S. Dollar appreciation against the Euro, and despite a lower oil price (-18% YoY).

Working interest production was up 21% YoY to 125.5 kboepd, supported by the ramp-up of the Lula project in Brazil, namely FPSO #9 and #8, and the contribution of block 32, in Angola, with the ramp-up of the Kaombo project.
 - R&M: RCA Ebitda was €104 m, a 47% decrease YoY, mostly due to a lower refining contribution, impacted by planned maintenance activities and operational restrictions. Maintenance period was used for the implementation of energy efficiency projects.
 - G&P: RCA Ebitda declined 16% YoY to €37 m, considering the lower natural gas volumes sold, namely after the termination of the LNG structured contracts.
- RCA Ebit was down YoY to €370 m, with increased DD&A from the new units in the upstream and IFRS 16.
- RCA net income was €101 m. IFRS net income was €60 m, with negative non-recurring items of -€17 m and an inventory effect of -€24 m.
- Capex totalled €188 m in the quarter, of which 57% allocated to the E&P business, mostly focused on Lula's execution and Coral South FLNG. R&M capex weighted 42% on the back of the “+\$1/boe” initiatives and maintenance works performed in the Sines refinery.

Nine months of 2019

- CFFO of €1.4 bn impacted by the weaker performance from refining activities. The €253 m YoY positive change reflects a significant working capital build in 2018 and a higher upstream contribution during 2019.
- RCA Ebitda was €1.7 bn, flat YoY, considering the application of the IFRS 16 standard. Excluding such effect, RCA Ebitda would have been down YoY, reflecting the lower contribution from refining.
- Capex reached €573 m, with E&P accounting for 73% and the remaining mainly focused on maintenance and improvement of energy efficiency in the refining system.
- FCF reached €694 m, covering full year dividends to non-controlling interest and to shareholders.

Note: As of January 1, 2019, Galp adopted the IFRS 16 accounting standard. 2018 figures were not restated according to this accounting standard. For comparison purposes, the report also includes 2019 adjusted figures excluding the IFRS 16 impacts.

Financial data

€m (IFRS, except otherwise stated)

Quarter								Nine Months			
3Q18	2Q19	3Q19	Var. YoY					2018	2019	Var. YoY	
642	615	619	(23)	(4%)	RCA Ebitda			1,725	1,728	3	0%
396	408	469	73	18%	Exploration & Production			1,100	1,251	151	14%
195	142	104	(91)	(47%)	Refining & Marketing			492	317	(175)	(36%)
44	57	37	(7)	(16%)	Gas & Power			112	141	30	27%
470	386	370	(100)	(21%)	RCA Ebit			1,205	1,033	(172)	(14%)
311	278	324	13	4%	Exploration & Production			849	857	8	1%
115	48	7	(108)	(94%)	Refining & Marketing			242	34	(208)	(86%)
39	53	32	(7)	(17%)	Gas & Power			96	127	31	32%
212	200	101	(111)	(52%)	RCA Net income			598	403	(195)	(33%)
235	231	60	(175)	(74%)	IFRS Net income			697	283	(413)	(59%)
(10)	14	(17)	6	62%	Non-recurring items			(38)	(128)	90	n.m.
34	17	(24)	(58)	n.m.	Inventory effect			137	8	(129)	(94%)
343	613	435	92	27%	Cash flow from operations			1,192	1,445	253	21%
234	236	188	(45)	(19%)	Capex			597	573	(24)	(4%)
87	342	192	106	n.m.	Free cash flow			514	694	180	35%
(153)	7	(70)	(83)	(54%)	Post-dividend free cash flow			22	28	6	25%
1,899	1,598	1,645	(254)	(13%)	Net debt			1,899	1,645	(254)	(13%)
0.9x	0.7x	0.8x	-	-	Net debt to RCA Ebitda ¹			0.9x	0.8x	-	-

¹ Ratio considers the LTM Ebitda RCA (€2,080 m on 30 September 2019), adjusted for the impact from the application of IFRS 16 (€140 m on 30 September 2019).

Operational data

Quarter								Nine Months			
3Q18	2Q19	3Q19	Var. YoY					2018	2019	Var. YoY	
103.8	111.8	125.5	21.8	21%	Average working interest production (kboepd)			105.3	116.7	11.4	11%
102.3	109.8	124.0	21.6	21%	Average net entitlement production (kboepd)			103.9	114.9	11.0	11%
(9.8)	(7.8)	(7.3)	(2.5)	(26%)	Oil & gas realisations - Dif. to Brent (USD/boe)			(9.1)	(7.8)	(1.3)	(14%)
28.0	26.1	20.6	(7.4)	(26%)	Raw materials processed (mmboe)			82.1	69.3	(12.8)	(16%)
5.8	3.0	3.9	(1.9)	(33%)	Galp refining margin (USD/boe)			5.1	3.0	(2.0)	(40%)
4.5	4.4	3.9	(0.6)	(13%)	Total oil products sales (mton)			13.2	12.0	(1.2)	(9%)
1,201	1,205	1,131	(70)	(6%)	NG sales to direct clients (mm ³)			3,559	3,485	(75)	(2%)
823	682	673	(150)	(18%)	NG/LNG trading sales (mm ³)			2,331	2,169	(162)	(7%)

Market indicators

Quarter						Nine Months			
3Q18	2Q19	3Q19	Var. YoY			2018	2019	Var. YoY	
1.16	1.12	1.11	(0.05)	(4%)	Average exchange rate EUR:USD	1.19	1.12	(0.07)	(6%)
4.59	4.40	4.41	(0.18)	(4%)	Average exchange rate EUR:BRL	4.29	4.37	0.07	2%
75.2	68.9	62.0	(13.2)	(18%)	Dated Brent price (USD/bbl)	72.1	64.6	(7.5)	(10%)
(1.2)	(1.2)	(1.2)	(0.0)	(0%)	Heavy-light crude price spread ¹ (USD/bbl)	(1.6)	(0.9)	(0.8)	(46%)
26.9	14.9	12.7	(14.2)	(53%)	Iberian MIBGAS natural gas price (EUR/MWh)	22.2	16.7	(5.5)	(25%)
24.6	13.0	11.5	(13.1)	(53%)	Dutch TTF natural gas price (EUR/MWh)	21.2	15.3	(5.9)	(28%)
10.7	4.9	4.7	(6.0)	(56%)	Japan/Korea Marker LNG price (USD/mmbtu)	9.7	5.4	(4.3)	(44%)
16.7	16.5	17.0	0.3	2%	Iberian oil market (mton)	48.7	49.6	0.9	2%
7,793	9,296	10,042	2,249	29%	Iberian natural gas market (mm ³)	25,770	29,532	3,761	15%

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market; Galp and Enagás for Iberian natural gas market.

¹ Urals NWE dated for heavy crude; dated Brent for light crude.



2. Exploration & Production

€m (RCA, except otherwise stated; unit figures based on total net entitlement production)

Quarter						Nine Months			
3Q18	2Q19	3Q19	3Q19 (w/o IFRS16)	Var. YoY		2018	2019	2019 (w/o IFRS16)	Var. YoY
103.8	111.8	125.5		21.8 21%	Average working interest production ¹ (kboepd)	105.3	116.7		11.4 11%
93.1	99.5	111.0		17.9 19%	Oil production (kbpd)	93.1	103.3		10.2 11%
102.3	109.8	124.0		21.6 21%	Average net entitlement production ¹ (kboepd)	103.9	114.9		11.0 11%
7.4	12.2	12.7		5.3 72%	Angola	6.1	11.2		5.1 84%
94.9	97.6	111.3		16.3 17%	Brazil	97.8	103.7		5.9 6%
(9.8)	(7.8)	(7.3)		(2.5) (26%)	Oil and gas realisations - Dif. to Brent (USD/boe)	(9.1)	(7.8)		(1.3) (14%)
6.1	5.4	4.8		(1.4) (22%)	Royalties (USD/boe)	3.8	3.3		(0.5) (13%)
9.0	4.6	3.3	6.7	(5.8) (64%)	Production costs (USD/boe)	8.6	3.9	7.5	(4.7) (55%)
10.5	14.5	14.2	12.0	3.7 35%	DD&A ² (USD/boe)	10.6	14.1	11.7	3.5 33%
396	408	469	434	73 18%	RCA Ebitda	1,100	1,251	1,149	151 14%
85	129	146	123	60 71%	Depreciation, Amortisation and Impairments ²	251	394	326	142 57%
311	278	324	311	13 4%	RCA Ebit	849	857	823	8 1%
311	281	324	312	13 4%	IFRS Ebit ³	849	661	627	(188) (22%)
15	17	3	3	(12) (78%)	Net Income from E&P Associates	39	36	36	(3) (7%)

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

² Includes abandonment provisions.

³ Includes unitisation impacts.

Operations

Third quarter

Working interest (WI) production increased 21% YoY to 125.5 kboepd, mainly driven by the continued development of the Lula project in Brazil and block 32 in Angola. Natural gas amounted to 12% of Galp's total production.

In Brazil, production was higher YoY, benefiting from the ramp-up of FPSO #9 and #8, with the latter unit reaching plateau production levels during the period, 10 months after the start of operations in the Lula Extreme South area. During the quarter, planned maintenance works were performed on FPSO #6.

It should also be highlighted that the FPSO to develop the Berbigão / Sururu areas, in the Iara project, is at its final location and production is expected to start before year-end.

In Angola, WI production increased 5.4 kbpd YoY to 14.2 kbpd, supported by block 32, namely with the ramp-up as planned of the Kaombo South FPSO, which started operations in April.

Group's net entitlement production increased YoY to 124.0 kboepd.

Nine months

Average WI production during the first nine months of 2019 was 116.7 kboepd, 11% higher YoY, supported by the ramp-up of the Lula project and block 32.

Net entitlement production increased 11% YoY, to 114.9 kboepd.

Results

Third quarter

RCA Ebitda was €469 m, higher YoY, supported by the higher production and U.S. Dollar appreciation against the Euro, which more than offset the lower oil prices environment in the period.

Production costs were €34 m, excluding costs related with operating leases of €35 m due to the application of IFRS 16. In unit terms, and on a net entitlement basis, production costs were \$3.3/boe. Excluding the impacts from accounting changes, production costs decreased YoY to \$6.7/boe, reflecting a higher production dilution from the projects' ramp-up.

Amortisation and depreciation charges (including abandonment provisions) increased €60 m YoY to €146 m, reflecting the higher operating asset base, both in Brazil and Angola, as well as a €23 m impact from IFRS 16. On a net entitlement basis, DD&A was \$14.2/boe, or \$12.0/boe on a comparable YoY basis.

RCA Ebit was €324 m, a 4% increase YoY.

Nine months

RCA Ebitda was €1,251 m, up 14% YoY, on the back of the higher production in the period, stronger U.S. Dollar against the Euro and the application of IFRS 16, and despite the weaker oil prices.

Production costs were €109 m, excluding costs related with operating leases of €102 m. In unit terms, and on a net entitlement basis, production costs were \$3.9/boe or \$7.5/boe on a comparable YoY basis.

Amortisation and depreciation charges (including abandonment provisions) amounted to €394 m, an increase of €142 m YoY, impacted by the higher operating asset base and IFRS 16 effects of €68 m. On a net entitlement basis, DD&A was \$14.1/boe, (or \$11.7/boe on a comparable YoY basis, not considering IFRS 16).

RCA Ebit was €857 m, slightly higher YoY.

Other E&P highlights

ANP approved the unitisation agreements related with the Atapu and Sépia accumulations, which became effective as of September 1, 2019. These had been submitted by the BM-S-11A and BM-S-24 consortia, respectively, along with Petrobras for the Transfer of Rights area (ToR) and Pré-Sal Petróleo S.A. (PPSA) for Atapu's open area. The agreements establish the tract participation each party will hold in the unitised areas, as well as the terms and conditions for the shared development of the projects.

The Atapu accumulation extends towards the BM-S-11A licence. The agreement establishes that the licence represents 17.03% of the unitised area (BM-S-11A + ToR + Open Area), with Galp now holding a 1.703% interest through its 10% stake in BM-S-11A. It should be highlighted that the BM-S-11A licence holds two additional accumulations, Berbigão and Sururu, which are still subject to unitisation processes. These agreements have been submitted to ANP in 2018 and are pending approval from the regulator.

The Sépia discovery extends towards the Sépia East area, within the BM-S-24 licence. The agreement establishes that the licence represents 12.07% of the unitised area (BM-S-24 + ToR), with Galp now holding a 2.414% interest through its 20% stake in BM-S-24. Block BM-S-24 also holds the large Júpter discovery, which is a separate accumulation and therefore not included in this agreement.

Galp recognised in its financial statements the best estimate, as of September 30, 2019, for the impacts on its Brazilian subsidiary from the stake's adjustments related with Sépia. These include a negative €4 m non-recurring item in net income and increased investments of €17 m, contributing to an estimated net equalisation payable position of €26 m.

Atapu's unitisation agreement impact has yet to be recognised on Galp's financial statements considering that this process is mostly concentrated in associated companies and therefore dependent on certain legal and regulatory procedures. Nevertheless, the amounts related with associated companies are estimated to originate a net equalisation receivable position of c.€150 m.

Considering the already approved unitisation agreements of Lula, Atapu and Sépia, as well as the remaining ongoing processes mentioned, Galp expects a to be in a net receivable position of c.€110 m.

Regarding the Greater Carcará project, the partners concluded the DST performed on the Carcará East well and are now analysing the data collected. During the quarter, the BM-S-8 partners also performed an additional DST on the Guanxuma well, concluded in early October, to further access the discovery.

In Mozambique, the Joint Venture developing Area 4 awarded the Midstream EPC contract for Phase I of the Rovuma LNG onshore facilities to the JFT consortium, composed by JGC, Fluor and TechnipFMC. The government of Mozambique also approved the project's LNG sales and purchase agreements, with the Area 4 partners working on the remaining milestones for the project's FID, expected during 2020. LNG production is estimated to start in 2025.



3. Refining & Marketing

€m (RCA, except otherwise stated)

Quarter							Nine Months				
3Q18	2Q19	3Q19	3Q19 (w/o IFRS16)	Var. YoY			2018	2019	2019 (w/o IFRS16)	Var. YoY	
5.8	3.0	3.9		(1.9)	(33%)	Galp refining margin (USD/boe)	5.1	3.0		(2.0)	(40%)
1.9	2.3	3.0		1.1	57%	Refining cost (USD/boe)	2.1	2.6		0.4	20%
0.0	0.1	(0.4)		(0.5)	n.m.	Refining margin hedging ¹ (USD/boe)	0.2	(0.0)		(0.3)	n.m.
28.0	26.1	20.6		(7.4)	(26%)	Raw materials processed (mmboe)	82.1	69.3		(12.8)	(16%)
25.6	23.0	15.3		(10.3)	(40%)	Crude processed (mmbbl)	75.4	58.3		(17.1)	(23%)
4.5	4.4	3.9		(0.6)	(13%)	Total oil products sales (mton)	13.2	12.0		(1.2)	(9%)
2.3	2.3	2.3		(0.0)	(2%)	Sales to direct clients (mton)	6.4	6.6		0.2	3%
195	142	104	92	(91)	(47%)	RCA Ebitda	492	317	279	(175)	(36%)
80	94	97	87	17	21%	Depreciation, Amortisation and Impairments	250	283	252	33	13%
115	48	7	5	(108)	(94%)	RCA Ebit	242	34	27	(208)	(86%)
154	101	(23)	(25)	(178)	n.m.	IFRS Ebit	429	84	78	(345)	(80%)
1	6	3	3	2	n.m.	Net Income from R&M Associates	2	7	7	4	n.m.

¹ Impact on Ebitda.

Operations

Third quarter

Raw materials processed in Galp's refining system were 20.6 mmboe during the quarter, 26% lower YoY, impacted by planned maintenance, mostly focused on Sines' atmospheric distillation unit, as well as by the implementation of energy efficiency projects in key units, part of the "+\$1/boe" initiatives. Additionally, operational restrictions in September resulted in lower utilisation of the conversion units in the Sines refinery.

Crude oil accounted for 74% of raw materials processed, of which 91% corresponded to medium and heavy crudes.

Middle distillates (diesel and jet) accounted for 42% of production, gasoline for 22% and fuel oil for 18%. Consumption and losses accounted for 9% of raw materials processed.

Total product sales decreased 13% YoY, with lower refining throughput impacting exports. Volumes sold to direct clients declined 2% YoY to 2.3 mton.

Nine months

Raw materials processed were 69.3 mmboe during the period, 16% lower YoY due to the planned maintenance works and operational restrictions in the refining system. Crude oil accounted for 84% of raw materials processed, of which 86% corresponded to medium and heavy crudes.

Middle distillates (diesel and jet) accounted for 45% of production, gasoline for 23% and fuel oil for 16%. Consumption and losses accounted for 8% of raw materials processed.

Total product sales decreased 9% YoY, driven by fewer exports considering lower refining throughput. Volumes sold to direct clients increased 3% YoY to 6.6 mton following the positive demand evolution in Iberia.

Results

Third quarter

RCA Ebitda for the R&M business was €104 m, considering the application of IFRS 16 (positive €12 m impact in Ebitda). Results reflected a lower YoY performance from the refining activity, following the operational constraints during the period, and despite a robust contribution from the marketing activity.

Galp's refining margin was down YoY to \$3.9/boe, as the more supportive international environment was more than offset by the suboptimal performance of the refining system.

Refining costs were €56 m, higher YoY due to the maintenance works, or \$3.0/boe in unit terms also reflecting the lower volumes processed. Refining margin hedging had a negative impact on Ebitda of €8 m during the quarter.

The marketing activity continued to deliver a strong performance despite slightly lower volumes sold to direct clients.

RCA Ebit was €7 m. IFRS Ebit was negative by €23 m, considering a negative inventory effect of €30 m.

Nine months

RCA Ebitda for the R&M business was €317 m, considering the application of the IFRS 16 (positive €37 m impact on Ebitda), down YoY impacted by a lower contribution from the refining activity.

Galp's refining margin decreased YoY to \$3.0/boe, reflecting the higher operational restrictions in the refining system during the period.

Refining costs increased YoY to €158 m, or \$2.6/boe in unit terms.

The oil products marketing activity benefited from robust sales to direct clients.

RCA Ebit was €34 m, while IFRS Ebit was €84 m, with a positive inventory effect of €25 m and a positive non-recurring item of €25 m related to a gain from the sale of logistics asset in the second quarter of 2019.



4. Gas & Power

€m (RCA, except otherwise stated)

Quarter						Nine Months			
3Q18	2Q19	3Q19	3Q19 (w/o IFRS16)	Var. YoY		2018	2019	2019 (w/o IFRS16)	Var. YoY
2,024	1,887	1,803		(221) (11%)	NG/LNG total sales volumes (mm ³)	5,891	5,654		(237) (4%)
1,201	1,205	1,131		(70) (6%)	Sales to direct clients (mm ³)	3,559	3,485		(75) (2%)
823	682	673		(150) (18%)	Trading (mm ³)	2,331	2,169		(162) (7%)
931	788	762		(170) (18%)	Sales of electricity to direct clients (GWh)	2,986	2,391		(595) (20%)
328	328	304		(23) (7%)	Sales of electricity to the grid (GWh)	1,023	972		(52) (5%)
44	57	37	37	(7) (16%)	RCA Ebitda	112	141	141	30 27%
30	46	26	26	(4) (14%)	Supply & Trading	74	108	108	34 46%
14	11	11	11	(3) (21%)	Power	38	33	33	(4) (12%)
5	5	5	5	(0) (9%)	Depreciation, Amortisation and Impairments	15	14	14	(1) (8%)
39	53	32	32	(7) (17%)	RCA Ebit	96	127	127	31 32%
44	48	32	32	(12) (27%)	IFRS Ebit	108	119	119	11 10%
24	24	24	24	1 4%	Net Income from G&P Associates	73	72	72	(1) (1%)

Operations

Third Quarter

Total volumes of NG/LNG sold reached 1,803 mm³, down 11% YoY, mostly impacted by lower trading volumes after the end of long-term LNG structured contracts. Sales to direct clients decreased 70 mm³ YoY to 1,131 mm³, due to a decline in volumes sold to the electrical and industrial segments, as a result of less favourable spot gas prices and own consumptions from Sines after maintenance works, respectively.

Sales of electricity to direct clients were 762 GWh, down 18% YoY, driven by lower volumes sold in Portugal.

Sales of electricity to the grid were down, to 304 GWh, also following the above-mentioned operational restrictions in Sines, which impacted the cogeneration plant.

Nine months

Sales of NG/LNG were 5,654 mm³, slightly down YoY. Trading volumes were down, to 2,169 mm³, with the stronger network trading volumes not offsetting the fewer LNG trading opportunities. Sales to direct clients were down to 3,485 mm³, mostly driven by lower volumes sold to the electrical segment, and despite the increased sales to conventional clients, mostly industrial.

Sales of electricity to direct clients were 2,391 GWh, down 20% YoY, on the back of lower volumes to industrial clients.

Electricity sales to the grid were 972 GWh, down 5% YoY.

Results

Third Quarter

During the third quarter of 2019, RCA Ebitda decreased €7 m YoY to €37 m, impacted by the lower contribution from the trading business and by fewer market sourcing opportunities.

Ebitda for the Power generation activity was €11 m.

RCA and IFRS Ebit stood at €32 m.

Results from associated companies were stable at €24 m, of which €6 m related to the equity interest in Galp Gás Natural Distribuição, S.A. (GGND).

Nine months

RCA Ebitda increased €30 m YoY to €141 m, as a result of a higher contribution from the natural gas and electricity commercial activity in Iberia.

RCA Ebitda for the Power generation activity was slightly down YoY to €33 m, following operational restrictions in the refining system.

RCA Ebit was €127 m, up 32% YoY while IFRS Ebit was €119 m.

Results from associated companies stood at to €72 m, of which €18 m related to GGND.



Other G&P highlights

Early in October, Galp announced it has strengthened its commercial portfolio to provide renewable power to its clients by means of a framework agreement set with X-Elio to enter into synthetic Power Purchase Agreements. These agreements are based on c.200 MW solar power generation projects in Spain, which are currently under development, covering a total notional amount of 358 GWh per year during a period of 12 years.

5. Financial Data

5.1. Income Statement

€m (RCA, except otherwise stated)

Quarter							Nine Months			
3Q18	2Q19	3Q19	3Q19 (w/o IFRS16)	Var. YoY			2018	2019	2019 (w/o IFRS16)	Var. YoY
4,540	4,587	4,284	4,284	(256)	(6%)	Turnover	12,977	12,429	12,429	(548) (4%)
(3,382)	(3,516)	(3,138)	(3,138)	(245)	(7%)	Cost of goods sold	(9,726)	(9,352)	(9,352)	(374) (4%)
(432)	(404)	(401)	(449)	(31)	(7%)	Supply & Services	(1,336)	(1,198)	(1,338)	(138) (10%)
(87)	(73)	(90)	(90)	2	3%	Personnel costs	(241)	(245)	(245)	4 2%
8	22	(36)	(36)	(44)	n.m.	Other operating revenues (expenses)	62	92	92	30 49%
(5)	(1)	(1)	(1)	(4)	(88%)	Impairments on accounts receivable	(11)	0	0	12 n.m.
642	615	619	571	(23)	(4%)	RCA Ebitda	1,725	1,728	1,587	3 0%
686	666	589	541	(97)	(14%)	IFRS Ebitda	1,924	1,569	1,428	(355) (18%)
(172)	(229)	(249)	(215)	77	45%	Depreciation, Amortisation and Impairments	(519)	(695)	(595)	175 34%
(0)	0	(0)	(0)	0	n.m.	Provisions	(0)	0	0	0 n.m.
470	386	370	356	(100)	(21%)	RCA Ebit	1,205	1,033	992	(172) (14%)
514	437	340	326	(175)	(34%)	IFRS Ebit	1,404	879	838	(526) (37%)
39	47	31	31	(8)	(21%)	Net income from associates	113	114	114	1 1%
(34)	(10)	(89)	(13)	55	n.m.	Financial results	(6)	(97)	21	92 n.m.
(9)	(5)	(4)	(4)	(4)	(49%)	Net interests	(33)	(11)	(11)	(22) (66%)
4	5	7	7	3	84%	Capitalised interest	30	18	18	(12) (41%)
(15)	7	(35)	17	20	n.m.	Exchange gain (loss)	(33)	(34)	16	1 4%
(6)	15	(30)	(30)	24	n.m.	Mark-to-market of hedging derivatives	43	16	16	(28) (64%)
-	(23)	(23)	0	(23)	n.m.	Operating leases interest (IFRS 16)	-	(68)	0	(68) n.m.
(8)	(8)	(3)	(3)	(5)	(62%)	Other financial costs/income	(13)	(18)	(18)	5 36%
475	424	312	373	(164)	(34%)	RCA Net income before taxes and minority interests	1,312	1,050	1,127	(262) (20%)
(221)	(190)	(180)	(200)	(41)	(19%)	Taxes	(594)	(543)	(568)	(51) (9%)
(117)	(125)	(124)	(124)	7	6%	Taxes on oil and natural gas production ¹	(329)	(359)	(359)	30 9%
(43)	(34)	(31)	(43)	(12)	(27%)	Non-controlling interests	(120)	(104)	(118)	(16) (14%)
212	200	101	131	(111)	(52%)	RCA Net income	598	403	441	(194) (33%)
(10)	14	(17)	(17)	6	62%	Non-recurring items	(38)	(128)	(128)	90 n.m.
201	214	84	114	(117)	(58%)	RC Net income	560	275	313	(285) (51%)
34	17	(24)	(24)	(58)	n.m.	Inventory effect	137	8	8	(129) (94%)
235	231	60	90	(175)	(74%)	IFRS Net income	697	283	321	(413) (59%)

¹ Includes SPT payable in Brazil and IRP payable in Angola.

Third quarter

RCA Ebitda decreased 4% YoY to €619 m, already considering the application of the IFRS 16 standard, with a positive effect of €48 m. The higher E&P contribution YoY, driven by the production ramp-up, was offset by the weaker refining performance, as well as the lower commodity prices. IFRS Ebitda was €589 m, considering an inventory effect of €31 m and non-recurring items of €1 m.

RCA Ebit was down YoY to €370 m, considering a €34 m impact in depreciation charges from the application of IFRS 16 and higher DD&A, namely in the upstream segment. IFRS Ebit was €340 m.

During the quarter, financial results were negative €89 m, considering interest charges related to operating leases from the application of IFRS 16 standard of €23 m. Exchange losses amounted to €35 m, reflecting the effect of the Brazilian Real depreciation on the IFRS 16 lease liabilities, and the €30 m mark-to-market adjustment was mostly related with derivatives to cover natural gas price risks.

RCA taxes decreased from €221 m to €180 m, following the lower operating results, namely from the downstream activities.

Non-controlling interests of €31 m were mainly attributable to Sinopec's stake in Petrogal Brasil.

RCA net income was €101 m, while IFRS net income was €60 m, with non-recurring items of €17 m, which considers a €9 m impact from the unitisation agreements, and an inventory effect of €24 m.

Nine months

RCA Ebitda was €1,728 m, flat YoY, considering the positive impact from the application of the IFRS 16 standard. Excluding such effect, RCA Ebitda would have been down reflecting the lower contribution from R&M, due to a weaker refining performance.

RCA Ebit was €1,033 m, down YoY, impacted by higher DD&A, given the increased asset base in the upstream, and impacted by depreciation charges from the application of IFRS 16. IFRS Ebit was €879 m.

Financial results were negative €97 m, impacted by the interests expenses related with operational leases under IFRS 16, as well as exchange losses in the amount of €34 m. It is worth highlighting the YoY decrease in net interests following the reduction in debt and in the average cost of funding.

RCA taxes decreased YoY to €543 m, reflecting the lower operating results, namely in the R&M business.

Non-controlling interests of €104 m were mainly attributable to Sinopec's 30% stake in Petrogal Brasil.

RCA net income was €403 m and IFRS net income reached €283 m in the first nine months of 2019. Non-recurring items, which amounted to €128 m, include the impact from the unitisation of the Lula and Sépia fields, as well as c.€40 m related to CESE.

The provision related to CESE results from the strict applicability of accounting standards. However, in Galp's opinion, based on the opinion of renowned legal experts, the laws regarding CESE have no legal grounds and, accordingly, such amounts are not due.

5.2. Capital Expenditure

Quarter									Nine Months				
3Q18	2Q19	3Q19	Var. YoY							2018	2019	Var. YoY	
188	177	106	(82)	(43%)	Exploration & Production					481	416	(65)	(13%)
117	91	12	(105)	(90%)	Exploration and appraisal activities					192	119	(73)	(38%)
71	87	95	24	33%	Development and production activities					289	297	8	3%
44	54	80	35	80%	Refining & Marketing					109	149	40	37%
0	2	1	1	n.m.	Gas & Power					7	4	(2)	(37%)
1	2	1	0	54%	Others					1	4	3	n.m.
234	236	188	(45)	(19%)	Capex ¹					597	573	(24)	(4%)

¹Capex figures based in change in assets during the period.

Third quarter

Capex totalled €188 m during the quarter, of which 57% allocated to the E&P business.

Investment in development and production activities reached €95 m and were mostly related with the execution of Lula in block BM-S-11, as well as Coral South FLNG in Mozambique.

Investments in downstream activities were mainly directed to energy efficiency improvements in the refining system, part of the “\$1/boe” initiatives, and maintenance works.

Nine months

During the first nine months of 2019, capex reached €573 m. E&P accounted for 73% of capex, with development and production activities accounting for 71% of the total investments in the upstream. E&A capex was mainly related with works in the North of Carcará and BM-S-8 block and the acquisition of the final 3% stake in BM-S-8.

Investments in downstream were mainly focused on the improvement of refining energy efficiency as well as maintenance activities.

5.3. Cash flow

Indirect Method

€m (IFRS figures)

Quarter					Nine Months		
3Q18	2Q19	3Q19	3Q19 (w/o IFRS16)		2018	2019	2019 (w/o IFRS16)
514	410	339	325	Ebit ¹	1,404	1,051	1,010
7	76	28	28	Dividends from associates	74	114	114
171	225	249	215	Depreciation, Amortisation and Impairments	519	690	591
(186)	29	(55)	(55)	Change in Working Capital	(387)	(23)	(23)
(163)	(127)	(126)	(126)	Corporate income taxes and oil and gas production taxes	(418)	(389)	(389)
343	613	435	387	Cash flow from operations	1,192	1,445	1,304
(246)	(223)	(189)	(189)	Net capex	(614)	(564)	(564)
(10)	0	(5)	(5)	Net financial expenses	(64)	(46)	(46)
-	(49)	(48)	-	Operating leases payments (IFRS 16) ²	-	(141)	-
87	342	192	192	Free cash flow	514	694	694
(11)	(39)	(0)	(0)	Dividends paid to non-controlling interests ³	(15)	(107)	(107)
(228)	(296)	(262)	(262)	Dividends paid to shareholders	(477)	(559)	(559)
(153)	7	(70)	(70)	Post-dividend free cash flow	22	28	28
(8)	(1)	22	22	Others	(35)	64	64
161	(5)	47	47	Change in net debt	12	(92)	(92)

¹ Adjusted for the non-cash unitisation non-recurring item.

² Includes both interest and capital payments, which in 3Q19 amounted to €23 m and €25 m, respectively.

³ Dividends paid to Sinopec.

Third quarter

CFFO was up YoY to €435 m, considering the €48 m positive effect from the IFRS 16, benefiting from the higher contribution from the upstream business, which offset the negative impact from the refining in the period.

FCF was €192 m, considering a net capex of €189 m. Cash flow after the payment of dividends to shareholders and to non-controlling interests was negative by €70 m.

Nine months

CFFO of €1.4 bn impacted by the weaker performance from refining activities. The €253 m YoY positive change reflects a significant working capital build in 2018 and a higher upstream contribution during 2019.

During the first nine months of 2019, FCF reached €694 m. Post-dividends, the cash flow was €28 m, considering non-controlling interest payments of €107 m, mainly to Sinopec, and full year dividends to shareholders amounting to €559 m.

5.4. Financial position and debt

€m (IFRS figures)

	31 Dec., 2018	30 Jun., 2019	30 Sep., 2019	Var. vs 31 Dec., 2018	Var. vs 30 Jun., 2019
Net fixed assets ¹	7,340	7,424	7,437	98	14
Rights of use (IFRS 16)	-	1,240	1,202	1,202	(38)
Working capital	814	782	837	23	55
Loan to Sinopec	176	-	-	(176)	-
Other assets/liabilities ¹	(546)	(779)	(879)	(333)	(100)
Capital employed	7,784	8,666	8,597	814	(69)
Short term debt	559	671	566	6	(106)
Medium-Long term debt	2,686	2,337	2,326	(360)	(11)
Total debt	3,245	3,008	2,892	(353)	(116)
Cash and equivalents	1,508	1,410	1,246	(261)	(164)
Net debt	1,737	1,598	1,645	(92)	47
Operating leases (IFRS 16)	-	1,252	1,274	1,274	22
Equity	6,047	5,817	5,678	(369)	(139)
Equity, net debt and operating leases	7,784	8,666	8,597	814	(69)

¹ For the periods ending in 30 June 2019 and 30 September 2019, net fixed assets and other assets/liabilities include the estimated impact from unitisations.

On September 30, 2019, net fixed assets were €7,437 m, up €14 m QoQ. Work-in-progress, mainly related to the E&P business, stood at €2,013 m.

Note that, as of January 1st, assets and liabilities were adjusted to incorporate impacts from IFRS 16, leading to an increase in capital employed.

5.5. Financial debt

€m (except otherwise stated)

	31 Dec., 2018	30 Jun., 2019	30 Sep., 2019	Var. vs 31 Dec., 2018	Var. vs 30 Jun., 2019
Bonds	2,142	1,819	1,827	(315)	8
Bank loans and other debt	1,103	1,189	1,065	(38)	(125)
Cash and equivalents	(1,508)	(1,410)	(1,246)	261	164
Net debt	1,737	1,598	1,645	(92)	47
Operating leases (IFRS 16)	-	1,252	1,274	1,274	22
Average life (years) ¹	2.7	2.8	2.6	(0.1)	(0.2)
Average funding cost ¹	2.5%	1.8%	1.8%	(0.7 p.p.)	0.0 p.p.
Debt at floating rate ¹	48%	59%	60%	13 p.p.	1 p.p.
Net debt to Ebitda RCA ²	0.8	0.7x	0.8x	-	-

¹ Debt does not include operating leases.

² Ratio considers the LTM Ebitda RCA (€2,080 m at 30 September 2019), adjusted for the impact from the application of IFRS 16 (€140 m at 30 September 2019).

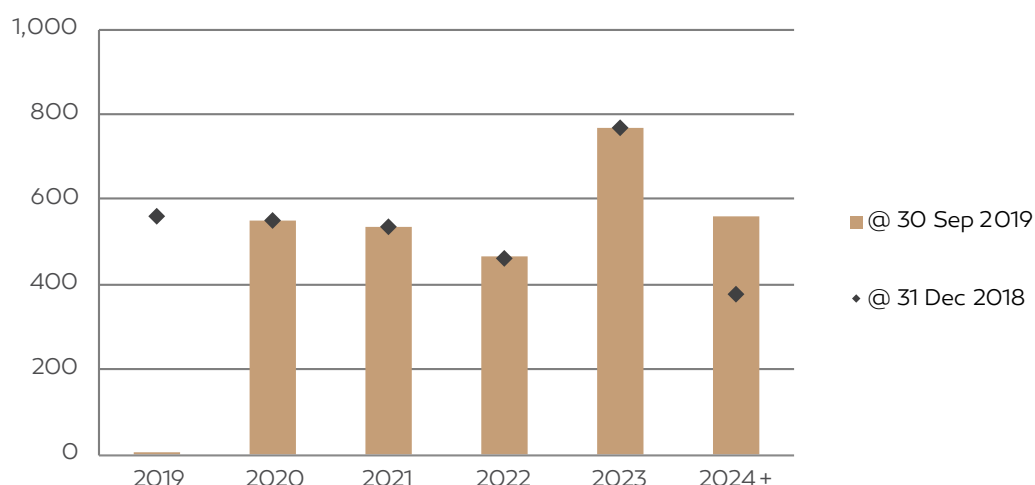
On September 30, 2019 net debt was €1,645 m, up €47 m QoQ, as the cash generation during the period did not fully cover the dividends paid. Liabilities associated with operating leases were €1,274 m. Net debt to RCA Ebitda was 0.8x.

The average funding cost stood at 1.8% and the average life was 2.6 years, with medium and long term debt accounting for 80% of total debt.

At the end of the period, Galp had unused credit lines of approximately €1.4 bn, of which c.75% were contractually guaranteed.

Debt maturity profile

€m



Reconciliation of IFRS and RCA figures

Ebitda by segment

€m

Third Quarter					2019	Nine Months				
IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda		IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
589	31	619	(1)	619	Galp	1,569	(17)	1,552	175	1,728
470	-	470	(1)	469	E&P	1,050	-	1,050	201	1,251
74	30	104	-	104	R&M	367	(25)	342	(25)	317
37	0	37	-	37	G&P	133	9	141	-	141
8	-	8	-	8	Others	19	-	19	-	19

€m

Third Quarter					2018	Nine Months				
IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda		IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
686	(45)	641	0	642	Galp	1,924	(169)	1,754	(30)	1,725
396	-	396	-	396	E&P	1,100	-	1,100	-	1,100
235	(40)	195	0	195	R&M	679	(158)	521	(30)	491
49	(5)	44	-	44	G&P	123	(12)	112	-	112
6	-	6	-	6	Others	21	-	21	-	21

Ebit by segment

€m

Third Quarter					2019	Nine Months				
IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit		IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
340	31	370	(1)	370	Galp	879	(17)	862	171	1,033
324	-	324	(1)	324	E&P	661	-	661	196	857
(23)	30	7	-	7	R&M	84	(25)	59	(25)	34
32	0	32	-	32	G&P	119	9	127	-	127
7	-	7	-	7	Others	15	-	15	-	15

€m

Third Quarter					2018	Nine Months				
IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit		IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
514	(45)	470	0	470	Galp	1,404	(169)	1,235	(30)	1,205
311	-	311	-	311	E&P	849	-	849	-	849
154	(40)	115	0	115	R&M	429	(158)	271	(30)	242
44	(5)	39	-	39	G&P	108	(12)	96	-	96
5	-	5	-	5	Others	18	-	18	-	18

Non-recurring items

€m

Quarter				Nine Months	
3Q18	2Q19	3Q19		2018	2019
0.4	(28.5)	(0.6)	Non-recurring items impacting Ebitda	(29.7)	175.3
-	(3.0)	(0.6)	Margin (Change in production) - Lula unitisation	-	200.7
-	(25.4)	-	Gains/losses on disposal of assets	-	(25.4)
0.4	-	-	Employee restructuring charges	1.7	-
-	-	-	Litigation costs (revenues)	(31.4)	-
-	0.1	0.0	Non-recurring items impacting non-cash costs	-	(4.4)
-	0.1	0.0	Depreciations and Amortisations - Lula unitisation	-	(4.4)
0.3	0.3	13.1	Non-recurring items impacting financial results	7.5	32.6
0.3	0.4	4.0	Gains/losses on financial investments	7.5	11.3
-	(0.2)	9.1	Financial costs - Lula and Sépia unitisation	-	21.4
9.6	13.1	5.7	Non-recurring items impacting taxes	60.2	(32.5)
(0.0)	3.7	(3.7)	Income taxes on non-recurring items	9.5	(72.1)
9.7	9.3	9.4	Energy sector contribution taxes	50.7	39.6
(0.0)	0.6	(1.5)	Non-controlling interests	(0.1)	(42.9)
10.3	(14.5)	16.7	Total non-recurring items	37.9	128.1

5.6. IFRS consolidated income statement

€m

Quarter				Nine Months	
3Q18	2Q19	3Q19		2018	2019
4,386	4,436	4,137	Sales	12,484	11,973
154	151	147	Services rendered	493	456
21	101	(31)	Other operating income	157	198
4,561	4,688	4,253	Total operating income	13,134	12,627
(3,338)	(3,491)	(3,168)	Inventories consumed and sold	(9,557)	(9,536)
(432)	(404)	(401)	Materials and services consumed	(1,336)	(1,198)
(88)	(73)	(90)	Personnel costs	(243)	(245)
(5)	(1)	(1)	Impairments on accounts receivable	(11)	0
(13)	(54)	(5)	Other operating costs	(64)	(80)
(3,875)	(4,022)	(3,664)	Total operating costs	(11,211)	(11,059)
686	666	589	Ebitda	1,924	1,569
(172)	(230)	(249)	Depreciation, Amortisation and Impairments	(519)	(690)
514	437	340	Ebit	1,404	879
39	47	27	Net income from associates	106	103
(34)	(9)	(98)	Financial results	(6)	(119)
11	8	9	Interest income	31	29
(20)	(14)	(14)	Interest expenses	(64)	(40)
4	5	7	Capitalised interest	30	18
-	(23)	(23)	Operating leases interest (IFRS 16)	-	(68)
(15)	7	(35)	Exchange gain (loss)	(33)	(34)
(6)	15	(30)	Mark-to-market of hedging derivatives	43	16
(8)	(7)	(12)	Other financial costs/income ¹	(13)	(39)
520	474	269	Income before taxes	1,504	863
(232)	(200)	(169)	Taxes ²	(636)	(470)
(10)	(9)	(9)	Energy sector contribution taxes ³	(51)	(49)
278	265	90	Income before non-controlling interests	817	344
(43)	(34)	(30)	Income attributable to non-controlling interests	(120)	(61)
235	231	60	Net income	697	283

¹ Mostly related to Lula's unitisation process² Includes SPT payable in Brazil and IRP payable in Angola.³ Includes €14.5 m, €25.1 m and €9.0 m related to CESE I, CESE II and FNEE, respectively, during the first nine months of 2019.

5.7. Consolidated financial position

€m

	31 Dec., 2018	30 Jun., 2019	30 Sep., 2019
Assets			
Tangible fixed assets	5,333	5,324	5,539
Goodwill	85	86	87
Other intangible fixed assets	547	597	576
Rights of use (IFRS 16)	-	1,240	1,202
Investments in associates	1,295	1,297	1,089
Financial investments held for sale	3	3	3
Receivables	298	344	375
Deferred tax assets	369	428	439
Financial investments	31	41	40
Total non-current assets	7,960	9,359	9,351
Inventories ¹	1,171	1,211	1,210
Trade receivables	1,032	1,209	1,183
Other receivables	636	689	919
Loan to Sinopec	176	-	-
Financial investments	200	107	107
Current Income tax recoverable	4	7	0
Cash and equivalents	1,508	1,410	1,246
Total current assets	4,726	4,632	4,665
Total assets	12,687	13,991	14,016
Equity			
Share capital	829	829	829
Share premium	82	82	82
Reserves	1,843	1,403	1,449
Retained earnings	1,091	2,054	1,791
Net income	741	223	283
Total equity attributable to equity holders of the parent	4,587	4,591	4,434
Non-controlling interests	1,460	1,226	1,243
Total equity	6,047	5,817	5,678
Liabilities			
Bank loans and overdrafts	1,041	518	499
Bonds	1,644	1,819	1,827
Operating leases (IFRS 16)	-	1,073	1,089
Other payables ²	126	122	127
Retirement and other benefit obligations	304	298	297
Deferred tax liabilities	196	261	280
Other financial instruments	37	8	12
Provisions	658	767	808
Total non-current liabilities	4,006	4,865	4,938
Bank loans and overdrafts	61	671	566
Bonds	498	-	-
Operating leases (IFRS 16)	-	179	186
Trade payables	933	1,075	1,060
Other payables	958	1,160	1,391
Other financial instruments	102	114	103
Income tax payable	82	109	95
Total current liabilities	2,634	3,309	3,400
Total liabilities	6,640	8,174	8,338
Total equity and liabilities	12,687	13,991	14,016

¹ Includes €50.6 m in inventories made on behalf of third parties as of 30 September 2019.

² Includes €1.3 m in advanced payments related to inventories from third parties as of 30 September 2019.

6. Basis of reporting

Galp's consolidated financial statements have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on September 30, 2019 and 2018, and June 30, 2019. The information in the consolidated financial position is reported as of September 30 and June 30, 2019 and as of 31 December 2018.

Galp's financial statements are prepared in accordance with IFRS, and the cost of goods sold is valued at weighted-average cost. When goods and commodity prices fluctuate, the use of this valuation method 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 material items considering the Group's activities.

For the purpose of evaluating Galp's operating performance, RCA profitability 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.

With regards to risks and uncertainties, please read chapter 7. Part I – C. III Internal control and risk management of Galp's Integrated Report 2018, as no material changes are expected during the following six months.

Recent changes

Galp started adopting IFRS 16 as of January 1, 2019. Under this accounting standard, most lease agreements were recognised in the balance sheet as a right-of-use asset and a financial liability. Subsequently, the right-of-use asset is depreciated through the shortest of its economic useful life or the lease agreement tenure. The financial liability considers interest based on the agreement's effective interest rate or the contracting entity's borrowing rate. Lease payments are reflected as a reduction of lease liabilities.

The adoption of IFRS 16 will not impact the Company's cash generation.

7. Appendixes

7.1. IFRS Condensed Consolidated Financial Statements

INDEX

Condensed Consolidated Statement of Financial Position	27
Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income	28
Condensed Consolidated Statement of Changes in Equity	29
Condensed Consolidated Statement of Cash Flows	30
Notes to the condensed consolidated financial statements	31
1. Corporate information	31
2. Basis for preparation and changes to the Group's accounting policies	31
3. Segment reporting	32
4. Tangible assets	36
5. Intangible assets and Goodwill	37
6. Leases	38
7. Investments in associates and joint ventures	39
8. Inventories	40
9. Trade and other receivables	41
10. Other financial assets	42
11. Cash and cash equivalents	42
12. Financial debt	43
13. Other payables	44
14. Taxes and other contributions	44
15. Post-employment benefits	46
16. Provisions	46
17. Other financial instruments	46
18. Non-controlling interests	47
19. Revenue and income	48
20. Costs and expenses	48
21. Financial results	49
22. Approval of the financial statements	50
23. Explanation regarding translation	50

Condensed Consolidated Statement of Financial Position

Galp Energia, SGPS, S.A.

Condensed Consolidated Statement of Financial Position as of 30 September 2019 and 31 December 2018

(Amounts stated in million Euros - € m)

Assets	Notes	September 2019	December 2018
Non-current assets:			
Tangible assets	4	5,539	5,333
Intangible assets and Goodwill	5	663	632
Right-of-use of assets	6	1,202	-
Investments in associates and joint ventures	7	1,089	1,295
Deferred tax assets	14.1	439	369
Other receivables	9.2	375	298
Other financial assets	10	43	33
Total non-current assets:		9,351	7,960
Current assets:			
Inventories	8	1,210	1,171
Other financial investments	10	107	200
Trade receivables	9.1	1,183	1,032
Other receivables	9.2	919	640
Loans to Sinopec	9.4	-	176
Cash and cash equivalents	11	1,246	1,508
Total current assets:		4,665	4,726
Total assets:		14,016	12,687
Equity and Liabilities			
Equity:			
Share capital and share premium		911	911
Reserves		1,449	1,843
Retained earnings		2,075	1,832
Total equity attributable to shareholders:		4,434	4,587
Non-controlling interests	18	1,243	1,460
Total equity:		5,678	6,047
Liabilities:			
Non-current liabilities:			
Financial debt	12	2,326	2,686
Lease liabilities	6	1,089	-
Other payables	13	127	126
Post-employment and other employee benefit liabilities	15	297	304
Deferred tax liabilities	14.1	280	196
Other financial instruments	17	12	37
Provisions	16	808	658
Total non-current liabilities:		4,938	4,006
Current liabilities:			
Financial debt	12	566	559
Lease liabilities	6	186	-
Trade payables		1,060	933
Other payables	13	1,391	958
Other financial instruments	17	103	102
Current income tax payable		95	82
Total current liabilities:		3,400	2,634
Total liabilities:		8,338	6,640
Total equity and liabilities:		14,016	12,687

The accompanying notes form an integral part of the condensed consolidated statement of financial position and must be read in conjunction.

Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Galp Energia, SGPS, S.A.

Condensed Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the nine-month periods ended 30 September 2019 and 30 September 2018

(Amounts stated in million Euros - € m)

	Notes	September 2019	September 2018
Sales	19	11,973	12,484
Services rendered	19	456	493
Other operating income	19	198	157
Financial income	21	47	77
Earnings from associates and joint ventures	7/19	103	106
Total revenues and income:		12,778	13,317
Cost of sales	20	(9,536)	(9,557)
Supplies and external services	20	(1,198)	(1,336)
Employee costs	20	(245)	(243)
Amortisation, depreciation and impairment losses on fixed assets	20	(690)	(519)
Provisions and impairment losses on receivables	20	-	(11)
Other operating costs	20	(80)	(64)
Financial expenses	21	(166)	(83)
Total costs and expenses:		(11,915)	(11,813)
Profit before taxes and other contributions:		863	1,504
Taxes and SPT	14.1	(470)	(636)
Energy sector extraordinary contribution	14.2	(49)	(51)
Consolidated net profit for the period		344	817
Income attributable to:			
Galp Energia, SGPS, S.A. Shareholders		283	697
Non-controlling interests	18	61	120
Basic and Diluted Earnings per share (in Euros)		0.34	0.84
Consolidated net profit for the period		344	817
Items which will not be recycled in the future through net income:			
Remeasurements		30	4
Items which may be recycled in the future through net income:			-
Currency translation adjustments		81	(273)
Hedging reserves		(1)	(11)
Income taxes related to the above items		21	62
Total Comprehensive income for the period, attributable to:		474	599
Galp Energia, SGPS, S.A. Shareholders		407	548
Non-controlling interests		67	51

The accompanying notes form an integral part of the condensed consolidated income statement and consolidated statement of comprehensive income.



Condensed Consolidated Statement of Changes in Equity

Galp Energia, SGPS, S.A

Condensed Consolidated Statement of changes in equity for the nine-month periods ended 30 September 2019 and 30 September 2018

(Amounts stated in million Euros - € m)

	Share Capital and Share Premium		Reserves			Retained earnings	Sub-Total	Non- controlling interests	Total
	Share Capital	Share Premium	Currency Translation Reserves	Hedging Reserves	Other Reserves				
As at 1 January 2018	829	82	(151)	4	2,688	889	4,341	1,435	5,776
Consolidated net income for the period	-	-	-	-	-	697	697	120	817
Other gains and losses recognised in equity	-	-	(154)	9	-	(4)	(149)	(69)	(218)
Comprehensive income for the period	-	-	(154)	9	-	693	548	51	599
Dividends distributed	-	-	-	-	-	(477)	(477)	(28)	(505)
Increase in reserves	-	-	-	-	-	-	-	(64)	(64)
As at 30 September 2018	829	82	(305)	13	2,688	1,105	4,412	1,394	5,806
	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2019	829	82	(186)	6	2,024	1,832	4,587	1,460	6,047
Consolidated net income for the period	-	-	-	-	-	283	283	61	344
Other gains and losses recognised in equity	-	-	95	(1)	-	30	123	6	130
Comprehensive income for the period	-	-	95	(1)	-	313	406	67	474
Dividends distributed	-	-	-	-	-	(559)	(559)	(40)	(599)
Increase/decrease in reserves	-	-	-	-	(489)	489	-	(244)	(244)
Balance as at 30 September 2019	829	82	(91)	5	1,535	2,075	4,434	1,243	5,678

The accompanying notes form an integral part of the condensed consolidated statement of changes in equity and must be read in conjunction.

Condensed Consolidated Statement of Cash Flows

Galp Energia, SGPS, S.A.

Condensed Consolidated Statement of Cash Flows for the nine-month periods ended 30 September 2019 and 30 September 2018

(Amounts stated in million Euros - €m)

	Notes	September 2019	September 2018
Operating activities:			
Cash received from customers		13,831	14,671
(Payments) to suppliers		(8,558)	(9,452)
(Payments) relating to tax on oil products ("ISP")		(1,905)	(1,940)
(Payments) relating to VAT		(1,228)	(1,226)
(Payments) relating to royalties, levies, "PIS" and "COFINS" and Others		(139)	(124)
(Payments) relating to payroll		(254)	(245)
Other (payments) relating to the operational activity		(29)	(149)
(Payments) of income taxes - income tax (IRC), oil income tax (IRP), special participation (SPT)		(389)	(418)
Cash received relating to dividends	7	114	74
Cash Flows from operating activities (1)		1,445	1,191
Investing activities:			
Cash received from disposal of tangible and intangible assets		33	-
(Payments) for the acquisition of tangible and intangible assets		(779)	(842)
Cash received relating to financial investments		300	307
(Payments) relating to financial investments		(53)	(69)
Cash received from loans granted		254	61
(Payments) relating to loans granted		(98)	(38)
Cash received from interests and similar income		26	20
Cash Flows used in investing activities (2)		(317)	(561)
Financing activities:			
Cash received from loans obtained	12	1,427	1,500
(Payments) relating to loans obtained	12	(1,808)	(1,242)
(Payments) from interest and similar costs		(72)	(84)
(Payments) relating to leasing (IFRS16)	6	(73)	-
(Payments) relating to leasing (IFRS16) interests	6	(68)	-
Capital/reserves reduction and other equity instruments	9.4	(244)	19
Dividends paid		(598)	(510)
Cash Flows used financing activities (3)		(1,436)	(317)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		(308)	313
Effect of foreign exchange rate changes in cash and cash equivalents		34	(66)
Cash changes due to changes in the consolidation perimeter		-	-
Cash and cash equivalents at the beginning of the period		1,504	1,096
Cash and cash equivalents at the end of the period	11	1,230	1,343

The accompanying notes form an integral part of the condensed consolidated statement of Cash Flows.

Notes to the condensed consolidated financial statements

1. Corporate information

Galp Energia SGPS, S.A. (the Company) has its Head Office in Lisbon, Portugal and its shares are listed on Euronext Lisbon.

2. Basis for preparation and changes to the Group's accounting policies

2.1 Basis for preparation

The condensed consolidated financial statements for the nine-month period ended 30 September 2019 were prepared under IAS 34 - Interim Financial Reporting. These financial statements do not include all the information and disclosures required in the annual financial statements. In addition, only the material changes required by IFRS 7 and IFRS 13 are disclosed. For this reason, these financial statements should be read in conjunction with the consolidated financial statements of the Galp Group for the year ended 31 December 2018.

Based on the results of the Galp Group and its business units, as well as on the macroeconomic conditions in the countries and segments in which each business unit operates, there were no indications, as at 30 September 2019, leading us to alter the conclusions reached during the preparation of the annual financial statements as at 31 December 2018 regarding the recoverability of tangible and intangible assets, goodwill and financial investments in associates and joint ventures.

The condensed consolidated financial statements have been prepared in millions of Euros, except where expressly indicated otherwise. Due to rounding, the totals and sub-totals of the presented tables may not be equal to the sum of the figures presented.

2.2 New standards, interpretations and amendments adopted by the Group

IFRS 16 - Leases

a) Nature of the effects of the adoption of IFRS 16

The Group has applied IFRS 16 using the modified retrospective approach, and therefore the comparative information has not been restated and continues to be reported in accordance with IAS 17 and IFRIC 4.

b) Summary of new accounting policies

Recognition

The Group recognises both a right-of-use asset and a lease liability as at the lease commencement date. The right-of-use asset is initially measured at cost, which represents the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred, plus an estimate of the costs required to dismantle and remove the underlying asset or to restore the site on which it is located (if applicable), less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that have not yet been paid as at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The types of lease payments included in the measurement of the lease liability are as follow:

- Fixed payments, including in-kind fixed payments;
- Variable lease payments that are pegged to an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to be able to exercise, lease payments over an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for the early termination of a lease, unless the Group is reasonably certain not to terminate it early.

The lease liability is remeasured when there are changes in the amounts of future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities in a separate line in the statement of financial position.

Short-term leases and leases of low-value assets

As permitted under the standard, the Group does not recognise right-of-use assets and lease liabilities for short-term leases of assets that have lease terms of 12 months or less, and leases of low-value assets. The Group recognises the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

Amortisation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as the lives of the property and equipment items.

Impairment

The right-of-use assets are periodically reduced by the amounts of impairment losses and adjusted to reflect certain remeasurements of the respective lease liabilities.

Accounting estimates and judgments

Useful lives, residual values of intangible assets and discount rates

The calculation of the assets' residual values, the estimation of the useful lives, and the discount rates used are based on the lease contracts (or the values for similar assets) and are set based on Management's judgment, as well as on industry practices.

Impairment of Right-of-use Assets

Identifying impairment indicators, estimating the future cash flow and determining the fair value of assets requires Management to use significant judgment in terms of the identification and evaluation of the different impairment indicators, the expected cash flow, the applicable discount rates, useful lives and residual amounts.

For quantitative information, please see Note 6.

3. Segment reporting

The Group operates across three different business segments based on the types of products sold and services rendered: Exploration & Production, Refining & Marketing and Gas & Power.

The Exploration & Production segment is Galp's presence in the upstream sector of the oil and gas industry, which involves the management of all activities relating to the exploration, development and production of hydrocarbons, mainly focused in Brazil, Mozambique and Angola.

The Refining & Marketing segment owns two refineries in Portugal, and also covers all activities relating to the retail and wholesale marketing of oil products (including LPG). This segment also cover storage and transportation infrastructure for oil products in Portugal and Spain, both for export and import, and the marketing of its products to the main consumer centres. This retail marketing activity using the Galp brand also extends to certain countries in Africa.

The Gas & Power segment encompasses the procurement, supply, distribution and storage of natural gas, electric and thermal power generation.

Besides these three business segments, the Group has also included within the category “Others” the holding company Galp Energia, SGPS, S.A. and companies with various other activities including Tagus Re, S.A. and Galp Energia, S.A., a reinsurance company and a provider of shared services at the corporate level.

The segment reporting is presented on a replacement cost (RC) basis, which is the earnings measure used by the Chief Operating Decision Maker to make decisions regarding the allocation of resources and to assess performance. Under the RC method, the current cost of sales measured under IFRS (the weighted average cost) is replaced by the crude reference price (i.e. Brent-dated) as at the balance sheet date, as though the cost of sales had been measured at the replacement cost of the inventory sold.



The financial information for the previously identified segments, for the nine-month periods ended 30 September 2019 and 2018 is as follows:

Unit: € m

	Consolidated		Exploration and Production		Refining and Marketing		Gas and Power		Others		Consolidation adjustments	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sales and services rendered	12,429	12,977	1,877	1,138	9,214	9,762	2,001	2,209	112	103	(774)	(235)
Cost of sales	(9,553)	(9,727)	(375)	460	(8,236)	(8,639)	(1,508)	(1,640)	-	-	566	92
of which Variation of Production	(433)	149	(346)	(5)	(87)	154	-	-	-	-	-	-
Other revenues & expenses	(1,324)	(1,496)	(452)	(498)	(636)	(602)	(351)	(458)	(97)	(82)	211	143
of which Under & Overliftings	90	55	90	55	-	-	-	-	-	-	-	-
EBITDA at Replacement Cost	1,552	1,754	1,050	1,100	342	521	141	112	16	21	3	-
Amortization, depreciation and impairment losses on fixed assets	(690)	(519)	(389)	(251)	(283)	(250)	(14)	(15)	(4)	(3)	-	-
EBIT at Replacement Cost	862	1,235	661	849	59	271	127	96	12	18	3	-
Earnings from associates and joint ventures	103	106	36	39	(5)	2	72	65	-	-	-	-
Financial results	(119)	(6)	-	-	-	-	-	-	-	-	-	-
Taxes at Replacement Cost	(462)	(604)	-	-	-	-	-	-	-	-	-	-
Energy Sector Extraordinary Contribution	(49)	(51)	-	-	(21)	(23)	(28)	(28)	-	-	-	-
Consolidated net income at Replacement Cost, of which:	336	680	-	-	-	-	-	-	-	-	-	-
Attributable to non-controlling interests	(61)	(120)	-	-	-	-	-	-	-	-	-	-
Attributable to shareholders of Galp Energia SGPS SA	275	560	-	-	-	-	-	-	-	-	-	-

OTHER INFORMATION

Segment Assets ⁽¹⁾

Financial investments ⁽²⁾	1,092	1,297	716	918	93	97	283	282	-	-	-	-
Other assets	12,924	11,389	7,334	5,871	4,930	4,566	1,174	1,086	2,487	2,441	(3,001)	(2,575)
Segment Assets	14,016	12,686	8,050	6,789	5,023	4,663	1,456	1,367	2,488	2,441	(3,001)	(2,575)
of which Rights of use of assets	1,202	-	804	-	394	-	1	-	3	-	-	-

Investment in Tangible and Intangible Assets	772	856	648	752	116	96	4	7	4	1	-	-
--	-----	-----	-----	-----	-----	----	---	---	---	---	---	---

⁽¹⁾ Net amount

⁽²⁾ Accounted for based on the equity method of accounting

The details of sales and services rendered, tangible and intangible assets and financial investments for each geographic region in which Galp operates are as follows:

Unit: € m

	Sales and services rendered ¹		Tangible and intangible assets		Financial investments	
	2019	2018	2019	2018	2019	2018
	12,429	12,977	6,202	5,965	1,092	1,297
Africa	494	417	1,019	1,207	56	58
Latin America	1,135	1,035	2,937	2,561	733	928
Europe	10,800	11,525	2,247	2,197	303	311

¹ Net consolidation operation

The reconciliation between the segment reporting and the Condensed Consolidated Income Statement for the periods ended 30 September 2019 and 2018 is as follows:

Unit: €m

	2019	2018
Sales and services rendered	12,429	12,977
Cost of sales	(9,536)	(9,557)
Replacement cost adjustments (1)	(17)	(169)
Cost of sales at Replacement Cost	(9,553)	(9,727)
Other revenues & expenses	(1,324)	(1,496)
Depreciation and amortization	(690)	(519)
Earnings from associates and joint ventures	103	106
Financial results	(119)	(6)
Profit before taxes and other contributions at Replacement Cost	846	1,335
Replacement Cost adjustments	17	169
Profit before taxes and other contributions at IFRS	863	1,504
Income tax	(470)	(636)
Income tax on Replacement Cost Adjustment (2)	9	32
Energy Sector Extraordinary Contribution	(49)	(51)
Consolidated net income for the period at Replacement Cost	336	680
Replacement Cost (1) +(2)	8	137
Consolidated net income for the period at IFRS	344	817

4. Tangible assets

	Unit: € m				
	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under constructio n	Total
<i>As at 30 September 2019</i>					
Acquisition cost	1,217	9,786	476	2,082	13,561
Impairment	(31)	(82)	(4)	(99)	(216)
Accumulated depreciation and depletion	(742)	(6,632)	(432)	-	(7,806)
Net Value	444	3,071	40	1,983	5,539
Balance as at 1 January 2019					
Additions	-	108	1	708	818
Depreciation, depletion and impairment	(16)	(531)	(10)	(4)	(562)
Disposals/Write-offs	(8)	-	-	(6)	(14)
Transfers	9	882	10	(901)	-
Currency exchange differences and other adjustments	1	(1)	-	(36)	(35)
Balance as at 30 September 2019	444	3,071	40	1,983	5,539

During the period under review and in line with its strategy, the Group made the following investments: in the E&P business unit, related to projects in Brazil (€580 m), Angola (€75 m) and Mozambique (€48 m). The R&M segment made investments in the amount of €112 m. The additions to tangible assets for the nine-month period ended 30 September 2019 also include the capitalization of financial charges in the amount of €18 m (Note 21).

During the period under analysis, the Brazilian National Agency of Petroleum, Natural Gas and Biofuels (ANP) approved the Unitisation Agreements (UA) related to the shared deposits of Lula, Atapu and Sépia.

Regarding Lula, submitted by consortium BM-S-11, the approval of the UA was effective from April 1, 2019. As a result of this unitisation process, Galp's participation, through its subsidiary Petrogal Brasil, stood at 9.209% of the Unitised Lula area (BM-S-11 consortium + Transfer of Rights area + Open area).

With regard to Sépia, covered by the BM-S-24 licence, the approval of the UA was effective from 1 September 2019. Following this unitisation process, Galp's participation, through its subsidiary Petrogal Brasil, stood at 2.414% of the Unitised Sépia area (BM-S-24 consortium + Transfer of Rights area).

In the case of Atapu, whose accumulation extends beyond the boundaries of the BM-S-11A license, the approval of the UA was effective from 1 September 2019. Following this unitisation process, Galp's participation, through its subsidiary Petrogal Brasil, stood at 1.703% of the Unitised Atapu area (BM-S-11A consortium + Transfer of Rights area + Open area).

It should be noted that the BM-S-11A license holds two additional accumulations, Berbigão and Sururu, which are also subject to unitisation processes. These UAs were submitted to ANP in 2018 and have not yet been approved by the regulator.

Unitisation processes require equalisations among the parties, based on the past capital expenditures carried by partners on account of their original interest, and to reflect operational profits resulting from the production received there-under. These equalisations lead to reimbursements among partners as per the terms and conditions agreed between themselves.

During the period under analysis, regarding Lula's UA, Galp recognised a negative impact of €96 m in net profit (after non-controlling interests) and a decrease of €130 m in other assets/liabilities (of which €71 m is included in currency exchange differences and other adjustments in the table above), resulting from the adjustment of past revenues and net Investments. Additional amounts related to the associate Tupi B.V. have not yet been recognised and should lead to a net equalisation payable position of approximately €85 m.

Regarding Sépia, a negative impact on net profit (after non-controlling interests) of €4 m was recognised in September 2019 and an increase in investments of €17 m (included in currency exchange differences and other adjustments in the table above), which resulted in a net equalisation payable position of approximately €26 m.

Concerning Atapu, the unitisation process is concentrated significantly on the associate Iara B.V.. The accounting impacts from such unitisation process is dependent on certain legal and regulatory procedures to

be carried out by Iara B.V.. We estimate that this unitisation process will result in a net receivable of c.€150 m.

Altogether, the expected Group's position related to these five unitisation processes is a net receivable of c.€110 m.

5. Intangible assets and Goodwill

Unit: € m

	Industrial properties and other rights	Intangible assets in progress	Goodwill	Total
<i>As at 30 September 2019</i>				
Acquisition cost	992	55	89	1.136
Impairment	(19)	(25)	(2)	(46)
Accumulated amortization	(426)	-	-	(426)
Net Value	546	30	87	663
Balance as at 1 January 2019				
Balance as at 1 January 2019	516	31	85	632
Additions	-	62	-	62
Amortisation and impairment	(29)	-	-	(29)
Write-offs/Disposals	-	-	-	-
Transfers	64	(64)	-	-
Currency exchange differences and other adjustments	(5)	1	2	(2)
Balance as at 30 September 2019	546	30	87	663

The additions to intangible assets for the period under analysis include €53 m related to the final 3% interest acquisition in BM-S-8. The Group's stake in this license now stands at 20%, in line with the adjacent block of Carcará North.

6. Leases

The details of Right-of-use assets are as follows:

						Unit: € m
	FPSOs	Buildings	Service stations	Vessels	Other usage rights	Total
<i>As at 30 September 2019</i>						
Acquisition cost	683	86	132	189	211	1,301
Accumulated amortization	(36)	(4)	(13)	(32)	(13)	(99)
Net Value	646	82	119	157	198	1,202
As at 1 January 2019						
Additions	-	1	28	6	3	38
Amortisation	(38)	(4)	(13)	(31)	(13)	(100)
Currency exchange differences and other adjustments	27	1	(14)	17	-	31
Balance as at 30 September 2019	646	82	119	157	198	1,202

Lease liabilities are as follows:

	Unit: € m
	September 2019
Maturity analysis – contractual undiscounted cash flow	2,028
Less than one year	194
One to five years	636
More than five years	1,198
Lease liabilities included in the statement of financial position	1,274
Non Current	1,089
Current	186

The amounts recognised in profit or loss are as follows:

	Unit: € m
	September 2019
	326
Interest on lease liabilities	68
Expenses related to short term, low value and variable payments of operating leases ¹	258

¹ Includes variable payments and short term leases recognised within the caption of transport of goods.

Amounts recognised in the statement of cash flows are as follows:

	Unit: € m
	September 2019
Financing activities	141
(Payments) relating to leasing (IFRS16)	73
(Payments) relating to leasing (IFRS16) interests	68

7. Investments in associates and joint ventures

Investments in associates and joint ventures are as follows:

	Unit: € m	
	September 2019	December 2018
	1,089	1,295
Joint ventures	1,010	1,220
Associates	79	75

7.1. Investments in joint ventures

	As at 31 December 2018	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividends	As at 30 September 2019
	1,220	(252)	46	49	(53)	1,010
Tupi B.V.	648	(138)	36	35	(18)	563
Iara B.V.	229	(130)	-	12	-	111
Galp Gás Natural Distribuição, S.A.	220	-	21	-	(28)	213
Belém Bioenergia Brasil, S.A.	51	15	(5)	(2)	-	59
Coral FLNG, S.A.	41	-	-	2	-	42
Other joint ventures	31	2	(6)	2	(7)	22

During the period, the joint ventures Tupi BV and Iara BV repaid share premium contributions to their shareholders in the amount of €304 m (€138 m and €166 m, respectively) as a result of a cash surplus arising from the sale of equipment to the E&P operations in Brazil. The capital of Iara B.V. was also increased by €36 m.

During the nine-month period, Galp recognised €21 m related to the application of the equity method from GGND, of which €8 m is related to GGND's acquisition of a 58.03% stake in Tagusgás S.A..

In August 2019, Galp signed an agreement to acquire from Petrobras, the 50% interest that it held in Belém Bioenergia Brasil, S.A. (BBB) becoming the sole shareholder of this company. The closing of this transaction is conditional upon formal approval from the Brazilian Competition Authority. Therefore, the consolidated financial statements for the nine-month period ended 30 September 2019 do not yet reflect the accounting impacts resulting from this transaction.

Simultaneously with the acquisition of a 50% interest in BBB, Galp, in partnership with Ecotauá, Participações, S.A., will constitute a new entity - Tauá Brasil Palma, SA. (Tauá), where BBB will hold 49.9%. BBB will perform capital contributions in kind to Tauá using certain BBB's assets. At the closing of the transaction, BBB will only have significant influence on Tauá's operational and financial decision-making and therefore it will be classified as an associate in Galp's consolidated financial statements.

7.2. Investments in associates

	As at 31 December 2018	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividend s	Unit: € m As at 30 September 2019
	75	-	57	3	(53)	81
EMPL - Europe Magreb Pipeline, Ltd	35	-	46	2	(35)	48
Sonangal - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	13	-	3	(1)	(5)	10
Gasoduto Al-Andaluz, S.A.	11	-	4	-	(7)	8
Other associates	16	-	4	2	(6)	16

During the nine-month period under review, the amount of €106 m was declared in dividends from investments in joint ventures and in associates and the amount of €3 m was still to be received. Additionally, €10 m was received from associates related to dividends declared in 2018, namely in the first quarter of 2019. Consequently, the amount of €114 m was received.

8. Inventories

Inventories as at 30 September 2019 and 31 December 2018 were as follows:

	September 2019	December 2018
	1,210	1,171
Raw, subsidiary and consumable materials	568	439
Crude oil	340	198
Other raw materials	66	59
Raw materials in transit	162	181
Finished and semi-finished products	472	561
Goods	187	222
Adjustments to net realisable value	(18)	(51)

The movements in the adjustments to net realisable value balance for the nine-month period ended 30 September 2019 are as follows:

	Notes	Raw, subsidiary and consumable materials	Finished and semi-finished products	Goods	Total
Adjustments to net realisable value at 1 January 2019		24	26	2	51
Net reductions	20	(8)	(24)	-	(33)
Adjustments to net realisable value at 30 September 2019		15	2	1	18

The net reductions in the amount of €33 m (Note 20) were recorded in the income statement as part of cost of sales. These reductions are mainly related to adjustments due to expected market price movements during the period under review.

9. Trade and other receivables

9.1. Trade receivables

The details of trade receivables as at 30 September 2019 and 31 December 2018 are as follows:

Unit: € m			
	Notes	September 2019	December 2018
		1,183	1,032
Trade receivables		1,347	1,206
Allowance for doubtful amounts	9.3	(164)	(173)

9.2. Other receivables

The details of other receivables as at 30 September 2019 and 31 December 2018 were as follows:

Unit: € m					
		September 2019		December 2018	
	Notes	Current	Non-current	Current	Non-current
		919	375	640	298
State and other Public Entities		22	28	11	43
Other debtors		532	-	259	-
Non-operated oil blocks		393	-	191	-
Underlifting		114	-	40	-
Other receivables		24	-	29	-
Related Parties		51	118	61	60
Share capital to be subscribed		44	-	42	-
Loans to associates, joint ventures and other related parties		2	118	-	60
Other receivables from associates, joint ventures and other related parties		5	-	19	-
Other accounts receivables		39	53	43	34
Accrued income		212	68	198	67
Sales and services rendered but not yet invoiced		117	-	138	-
Adjustments to tariff deviation - "pass through"		16	-	16	-
Other accrued income		79	68	45	67
Deferred charges		69	108	74	94
Energy sector extraordinary contribution (CESE II)	14.2	17	50	24	61
Prepaid relating to contracts		3	21	3	22
Other deferred charges		49	37	47	11
Impairment of other receivables	9.3	(6)	-	(6)	-

The balance of €393 m recorded under "Other debtors - Non-operated oil blocks" includes €69 m related to receivables from partners regarding payments made on their behalf, which will be recovered from such partners during the production period.

The balance of €114 m recorded in "Other debtors – Underlifting" corresponds to the amounts receivable by the Group as a result of the lifting of barrels of crude oil below the production quota, and is valued at the lower of the market price as at the date of sale and the market price as at 30 September 2019.

The balance of €44 m refers to the right to receive held by Petrogal Brasil S.A. from Winland International Petroleum (Sinopec) for the capital subscribed but not yet paid in during the period.

Other deferred charges include the amount of €36 m relating to post-employment benefits (Note 15).

9.3. Impairment of Trade Receivables and Other Receivables

The movements noted in impairment of trade receivables and other receivables, for the nine-month period ended 30 September 2019, were as follows:

	Initial balance	Increase	Decrease	Utilisation	Others	Ending balance
	179	9	(9)	(11)	2	170
Trade receivables	173	9	(9)	(11)	1	164
Other receivables	6	-	-	-	1	6

Unit: € m

9.4. Loan to Sinopec

During the period, namely in the first quarter of 2019, Galp Sinopec Brazil Services (GSBV) carried out a share premium reduction in the amount of €813 m of which €244 m is the Sinopec share in the share premium reduction (Note 18). Part of such share premium reduction (€176 m) was funded by Sinopec reimbursement of the entirety of the outstanding loan it had received from GSBV.

10. Other financial assets

As at 30 September 2019 and 31 December 2018, Other financial assets are as follows:

	Notes	September 2019		December 2018	
		Current	Non-current	Current	Non-current
		107	43	200	33
Financial Assets at fair value through profit & loss	17	107	17	200	7
Financial Assets at fair value through comprehensive income		-	3	-	3
Others		-	23	-	23

Unit: € m

11. Cash and cash equivalents

For the periods ended 30 September 2019 and 31 December 2018, Cash and cash equivalents as in the Condensed consolidated statement of cash flow are detailed as follows:

	Notes	September 2019	December 2018
		1,230	1,504
Cash at bank		1,246	1,508
Bank overdrafts	12	(16)	(4)

Unit: € m

12. Financial debt

The details of financial debt as at 30 September 2019 and 31 December 2018 are as follows:

		September 2019		December 2018	
		Current	Non-current	Current	Non-current
Notes					
		566	2,326	559	2,686
Bank loans		566	499	61	1,042
Origination fees		-	(1)	(1)	(1)
Loans and commercial paper		549	500	59	1,044
Bank overdrafts	11	16	-	4	-
Bonds and notes		-	1,827	498	1,644
Origination fees		-	(7)	(2)	(6)
Bonds		-	834	-	650
Notes		-	1,000	500	1,000

Changes in financial debt during the period from 31 December 2018 to 30 September 2019 were as follows:

Unit: € m						
	Initial balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Ending balance
	3,246	1,427	(1,808)	13	14	2,892
Bank loans:	1,104	1,250	(1,308)	13	6	1,065
Origination fees	(2)	-	-	-	2	(1)
Loans and commercial paper	1,102	1,250	(1,308)	-	4	1,049
Bank overdrafts	4	-	-	13	-	17
Bond and notes:	2,142	177	(500)	-	8	1,827
Origination fees	(8)	-	-	-	1	(7)
Bonds	650	177	-	-	7	834
Notes	1,500	-	(500)	-	-	1,000

The average cost of financial debt for the period under review, including charges for the use of credit lines, amounted to 1.84%.

During the first nine months of 2019, the Group contracted new bonds as detailed below:

Unit: € m					
Issuance	Initial amount	Due amount	Interest rate	Maturity	Reimbursement
	177	184			
GALP ENERGIA/2019 - USD 100 M DUE MARCH 2024	88	92	USD Libor 6M + spread	March '24	March '24
GALP ENERGIA/2019 - USD 100 M DUE 2024	88	92	USD Libor 6M + spread	March '24	March '24

During this period, the Group issued and repayed €1,250 m under commercial paper programs.

During the first nine months of 2019, the following notes were repaid:

Unit: €m				
Issuance	Due amount	Interest rate	Maturity	Reimbursement
	500			
Galp 4.125% 01.2019	500	Fixed Rate 4.125%	January '19	January '19

During the period, €57 m of other bank loans and project finance were repaid.

Financial debt, excluding origination fees and bank overdrafts, had the following repayment plan as at 30 September 2019:

Maturity	Unit: €m		
	Total	Current	Loans Non-current
	2,882	548	2,335
2019	2	2	-
2020	549	546	3
2021	535	-	535
2022	468	-	468
2023 and onwards	1,329	-	1,329

13. Other payables

As at 30 September 2019 and 31 December 2018, the details of Other payables were as follows:

	Unit: € m			
	September 2019		December 2018	
	Current	Non-current	Current	Non-current
	1,391	127	958	126
State and other public entities	482	-	348	-
Payable VAT	231	-	219	-
Tax on oil products (ISP)	220	-	94	-
Other taxes	31	-	35	-
Other payables	407	72	259	74
Tangible and intangible assets suppliers	373	72	154	74
Advances on sales	1	-	7	-
Overlifting	24	-	35	-
Other Creditors	9	-	63	-
Related parties	8	-	8	-
Other accounts payables	34	5	33	5
Accrued costs	440	34	302	30
External supplies and services	304	-	153	-
Holiday, holiday subsidy and corresponding contributions	47	3	51	4
Other accrued costs	89	31	97	27
Deferred income	20	16	8	16

The balance of accrued costs – external supplies and services, includes €156 m related to the unitisation process in Brazil (€130 m for Lula and €26 m for Sépia) – see Note 4 for details.

14. Taxes and other contributions

14.1. Taxes and SPT (Special Participation Tax)

The Group's operations take place in several regions and are carried out by various legal entities, subject to locally established income tax rates, varying between 25% in Spain and the Netherlands, 31.5% in Portugal and 34% for companies based in Brazil.

Group companies headquartered in Portugal in which the Group has an interest equal to or greater than 75%, if such participation grants voting rights of more than 50%, are taxed in accordance with the special regime for the taxation of groups of companies, with the taxable income being determined at the level of Galp Energia, SGPS, S.A.

Spanish tax resident companies, in which the percentage held by the Group exceeds 75%, have been taxed on a consolidated basis in Spain from 2005 onwards. Currently, the fiscal consolidation in Spain is performed by Galp Energia España S.A.

The Company and its subsidiaries' income tax estimates are recorded based on the taxable income.

Taxes and SPT recognised in the consolidated income statement for the nine-month periods ended 30 September 2019 and 2018 are as follows:

Unit: € m

	September 2019			September 2018		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Taxes for the period	437	34	470	486	150	636
Current income tax	69	43	111	131	177	308
Oil income Tax - (IRP)	21	1	22	7	3	10
Special Participation Tax (SPT)	347	(10)	337	348	(30)	318

As at 30 September 2019, the movements in deferred tax assets and liabilities are as follows:

Unit: € m

	As at 31 December 2018	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As at 30 September 2019
Deferred Taxes – Assets	369	75	-	(5)	439
Adjustments to tangible and intangible assets	13	(1)	-	-	11
Retirement benefits and other benefits	87	(2)	-	-	86
Tax losses carried forward	80	(3)	-	(1)	76
Regulated revenue	7	1	-	-	8
Temporarily non-deductible provisions	85	31	-	(1)	115
Potential foreign exchange rate differences in Brazil	24	43	-	(1)	65
Others	73	6	-	(1)	78
Deferred Taxes – Liabilities	(196)	(109)	21	4	(280)
Adjustments to tangible and intangible assets	(170)	(87)	-	4	(253)
Adjustments to fair value of tangible and intangible assets	(7)	1	-	-	(6)
Regulated revenue	(13)	(1)	-	-	(14)
Potential foreign exchange rate differences in Brazil	-	(21)	21	-	-
Others	(6)	(1)	-	-	(7)

14.2. Energy Sector Extraordinary Contribution

As at 30 September 2019, the details of the Energy Sector Extraordinary Contribution balances are as follows:

					Unit: € m
	Statement of financial position				Income statement
	Provisions (Note 16)		"CESE II" Deferred Charges (Note 9.2)		Energy Sector Extraordinary Contribution
	CESE I	CESE II	Current	Non-current	
As at 1 January 2019	(86)	(211)	24	61	-
"CESE I" Increase	(14)	-	-	-	14
"CESE II" Increase	-	(7)	(7)	(11)	25
"Fondo Nacional de Eficiencia Energética (FNEE)"	-	-	-	-	9
As at 30 September 2019	(101)	(218)	17	50	49

15. Post employment benefits

During the period under review there were no significant changes compared to 31 December 2018.

As at 30 September 2019 and 31 December 2018, the detail of post employee benefits are as follows:

	Unit: € m	
	September 2019	December 2018
Assets under the heading "Other Receivables"	36	10
Liability	(297)	(304)
Net responsibilities	(260)	(294)
Obligations, of which:	(528)	(541)
Past service liability covered by the pension fund	(232)	(238)
Others employee benefits liabilities	(296)	(303)
Assets	268	247

16. Provisions

During the nine-month period ended 30 September 2019, the movements in Provisions were as follows:

	Unit: € m			
	September 2019			
	Decommissioning/ environmental provisions	CESE (I and II)	Other provisions	Total
As at 1 January 2019	315	297	45	658
Additional provisions and increases to existing provisions	111	21	23	155
Decreases of existing provisions	(1)	-	-	(1)
Amount used during the period	(2)	-	(1)	(3)
Regularization	-	-	-	1
Adjustments during the period	(1)	-	(1)	(2)
As at 30 September 2019	423	319	67	808

The increase in decommissioning/environmental provisions is due to a number of wells drilled during the period. This increase was also reflected in the additions to tangible assets in amount of €108 m and in other financial costs in the amount of €3 m.

17. Other financial instruments

The details of the financial position of the balance of derivative financial instruments as at 30 September 2019 and 31 December 2018 are as follows:

	Unit: € m				
	September 2019				
	Assets (Note 10)		Liabilities		Equity
	Current	Non current	Current	Non current	
As at 30 September 2019	107	17	(103)	(12)	6
Commodity swaps	57	6	(84)	(9)	(4)
Options	3	-	(2)	-	-
Commodity futures	11	-	-	-	4
Forwards	36	11	(18)	(3)	6

The accounting impact on the income statement and comprehensive income as at 30 September 2019 and 30 September 2018 related to the gains and losses on derivative financial instruments are presented as follows:

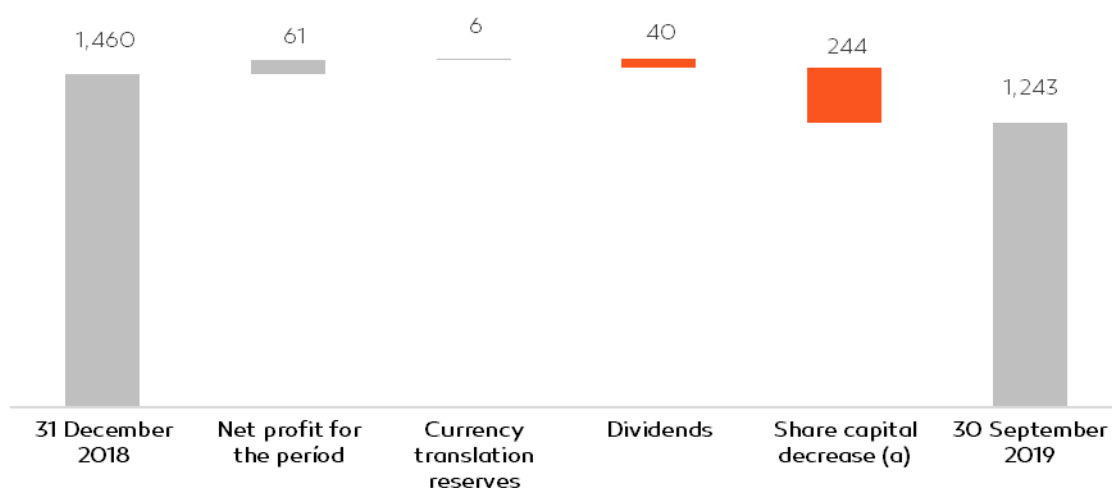
The realised results from derivative financial instruments are mainly recognised as part of cost of sales (Note 20), financial income or expenses. Results from financial instruments are as follows:

Unit: € m

	September 2019	September 2018
	16	43
Commodity Swaps	(57)	48
Options	2	-
Commodity Futures	40	1
Other trading operations	31	(6)

18. Non-controlling interests

Unit: € m



^(a) Share capital decrease is related to the share premium reduction in Galp Sinopec Brazil Services (GSBV) as explained in Note 9.4.

19. Revenue and income

The details of revenue and income for the nine-month periods ended 30 September 2019 and 2018 are as follows:

		Unit: € m	
	Notes	September 2019	September 2018
		12,778	13,317
Total sales		11,973	12,484
Goods		5,394	5,177
Products		6,556	7,272
Exchange differences		23	35
Services rendered		456	493
Other operating income		198	157
Underlifting income		90	55
Others		108	102
Earnings from associates and joint ventures*	7	103	106
Financial income	21	47	77

* Earnings from associates and joint ventures represent the results of applying the equity method.

20. Costs and expenses

The details of costs and expenses, for the nine-month periods ended 30 September 2019 and 2018 are as follows:

		Unit: € m	
	Notes	September 2019	September 2018
		11,915	11,813
Cost of sales		9,536	9,557
Raw and subsidiary materials		3,980	4,633
Goods		2,987	2,995
Tax on oil products		2,128	2,102
Variation in production		433	(149)
Adjustments to net realisable value in inventories	8	(33)	3
Financial derivatives	17	30	(39)
Exchange differences		11	12
External supplies and services		1,198	1,336
Subcontracts - network use		276	352
Transport of goods		229	161
E&P - production costs		144	205
E&P - exploration costs		26	31
Royalties		141	140
Other costs		381	447
Employee costs		245	243
Amortisation, depreciation and impairment losses on fixed assets	4/ 5/ 6	690	519
Provision and impairment losses on receivables	9.3	-	11
Other costs		80	64
Other taxes		16	17
CO ₂ Emissions		20	16
Other operating costs		44	31
Financial expenses	21	166	83

The variation in production includes the negative amount of €201 m related to the unitisation process in Brazil (Note 4).

21. Financial results

The details of financial income and costs for the nine-month periods ended 30 September 2019 and 2018 are as follows:

		Unit: € m	
	Notes	September 2019	September 2018
		(119)	(6)
Financial income		47	77
Interest on bank deposits		27	23
Interest and other income with related companies		1	8
Other financial income		3	3
Results from derivative financial instruments	17	16	43
Financial expenses		(166)	(83)
Interest on bank loans, bonds, overdrafts and others		(41)	(59)
Interest with related parties		-	(5)
Interest capitalised in fixed assets	4	18	30
Interest on lease liabilities	6	(68)	-
Exchange gains/(losses)		(34)	(33)
Other financial costs		(41)	(16)

Other financial costs include the amount of €21 m related to the unitisation process in Brazil (Note 4).

22. Approval of the financial statements

The consolidated financial statements were approved by the Board of Directors on 18 October 2019.

Chairman:

Paula Amorim

**Vice-chair and Lead
Independent Director:**

Miguel Athayde Marques

Vice-chair:

Carlos Gomes da Silva

Members:

Filipe Silva

Thore E. Kristiansen

Carlos Costa Pina

Carlos Silva

Sofia Tenreiro

Susana Quintana-Plaza

Marta Amorim

Francisco Rêgo

Carlos Pinto

Luís Todo Bom

Jorge Seabra

Rui Paulo Gonçalves

Diogo Tavares

Edmar de Almeida

Cristina Neves Fonseca

Adolfo Mesquita Nunes

Accountant:

Paula de Freitas Gazul

23. Explanation regarding translation

These English language financial statements are a translation of the financial statements prepared in Portuguese in accordance with IAS 34 – Interim Financial Reporting and with the International Financial Reporting Standards adopted by the European Union, some of which may not comply with the generally accepted accounting principles in other countries. In the event of any discrepancies, the Portuguese language version shall prevail.

8. Definitions

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 of 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 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, extraordinary taxes, impairment or reinstatement of fixed assets and environmental or restructuring charges which may affect the analysis of the Company's profit and do not reflect its operational performance.

Acronyms

%: Percentage

ANP: Brazil's National Agency for Petroleum, Natural Gas and Biofuels

APETRO: Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)

BBB: Belém Bioenergia Brasil, S.A.

bbl: barrel of oil

bn: billion

boe: barrels of oil equivalent

BRL: Brazilian real

c.: circa

CESE: Contribuição Extraordinária sobre o Sector Energético (Portuguese Extraordinary Energy Sector Contribution)

CFFO: Cash flow from operations

COFINS: Contribution for the Financing of Social Security

CORES: Corporación de Reservas Estratégicas de Productos Petrolíferos (Spain)

DD&A: Depreciation, Depletion and Amortisation

DST: Drill Stem Test

E&A: Exploration & Appraisal

E&P: Exploration & Production

Ebit: Earnings before interest and taxes

Ebitda: Ebit plus depreciation, amortisation and provisions

EMPL: Europe Magreb Pipeline, Ltd

EUR/€: Euro

FCF: Free Cash Flow

FLNG: Floating liquified natural gas

FNEE: Fondo Nacional de Eficiencia Energética (Spain)

FPSO: Floating, production, storage and offloading unit

Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies

G&P: Gas & Power

GGND: Galp Gás Natural Distribuição, S.A.

GSBV: Galp Sinopec Brazil Services

GWh: Gigawatt per hour

IAS: International Accounting Standards

IFRIC: International Financial Reporting Interpretations Committee

IRC: Income tax

IFRS: International Financial Reporting Standards

IRP: Oil income tax (Oil tax payable in Angola)

ISP: Payments relating to tax on oil products

JFT: Consortium of JGC, Fluor and Technip FMC

kboepd: thousands of barrels of oil equivalent per day

kbpd: thousands of barrels of oil per day

LNG: liquefied natural gas

LPG: Liquefied petroleum gas

LTM: last twelve months

m: million

MIBGAS: Iberian Market of Natural Gas

mmbbl: million barrels of oil

mmboe: millions of barrels of oil equivalent

mmbtu: million British thermal units

mm³: million cubic metres

mton: millions of tonnes

MWh: Megawatt-hour

NE: Net entitlement

NG: natural gas

n.m.: not meaningful

NWE: Northwestern Europe

PIS: payment initiation service

p.p.: percentage point

PPSA: Pré-Sal Petróleo S.A.

QoQ: Quarter-on-quarter

R&M: Refining & Marketing

RC: Replacement Cost

RCA: Replacement Cost Adjusted

SPT: Special participation tax

ton: tonnes

ToR: Transfer of Rights

UA: Unitisation Agreements

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

WI: working interest

YoY: year-on-year

Cautionary Statement

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

This report does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or otherwise acquire securities of the Company or any of its subsidiaries or affiliates in any jurisdiction or an inducement to enter into investment activity in any jurisdiction. Neither this report nor any part thereof, nor the fact of its distribution, shall form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever in any jurisdiction.

This report may include forward-looking statements. Forward-looking statements are statements other than in respect of historical facts. The words "believe", "expect", "anticipate", "intends", "estimate", "will", "may", "continue", "should" and similar expressions usually identify forward-looking statements. Forward-looking statements may include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; energy demand and supply; developments of Galp's markets; the impact of regulatory initiatives; and the strength of Galp's competitors.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although Galp believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. No assurance, however, can be given that such expectations will prove to have been correct. Important factors that may lead to significant differences between the actual results and the statements of expectations about future events or results include the Company's business strategy, industry developments, financial market conditions, uncertainty of the results of future projects and operations, plans, objectives, expectations and intentions, among others. Such risks, uncertainties, contingencies and other important factors could cause the actual results of Galp or the industry to differ materially from those results expressed or implied in this report by such forward-looking statements.

Real future income, both financial and operating; an increase in demand and change to the energy mix; an increase in production and changes to Galp's portfolio; the amount and various costs of capital, future distributions; increased resources and recoveries; project plans, timing, costs and capacities; efficiency gains; cost reductions; integration benefits; ranges and sale of products; production rates; and the impact of technology can differ substantially due to a number of factors. These factors may include changes in oil or gas prices or other market conditions affecting the oil, gas, and petrochemical industries; reservoir performance; timely completion of development projects; war and other political or security disturbances; changes in law or government regulation, including environmental regulations and political sanctions; the outcome of commercial negotiations; the actions of competitors and customers; unexpected technological developments; general economic conditions, including the occurrence and duration of economic recessions; unforeseen technical difficulties; and other factors.

The information, opinions and forward-looking statements contained in this report speak only as at the date of this report, and are subject to change without notice. Galp and its respective representatives, agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this report to reflect any change in events, conditions or circumstances.



Galp Energia, SGPS, S.A.
Investor Relations

Pedro Dias, Head
Otelo Ruivo, IRO
Cátia Lopes
João G. Pereira
João P. Pereira
Teresa Rodrigues

Contacts:
+351 21 724 08 66

Address:
Rua Tomás da Fonseca,
Torre A, 1600-209 Lisboa,
Portugal

Website: www.galp.com
Email: investor.relations@galp.com

Reuters: GALP.LS
Bloomberg: GALP PL