3rd QUARTER 2020

RESULTS
OCTOBER
2020

Cautionary Statement

This document may include forward-looking statements, including, without limitation, regarding future results, namely cash flows, dividends, and shareholder returns; liquidity; capital and operating expenditures; performance levels, operational or environmental goals, targets or commitments and project plans, timing, and outcomes; production rates; developments of Galp's markets; and impacts of the COVID-19 pandemic on Galp's businesses and results; any of which may significantly differ depending on a number of factors including supply and demand for oil, gas, petroleum products, power and other market factors affecting them; the outcome of government policies and actions, including actions taken to address COVID-19 and to maintain the functioning of national and international economies and markets; the impacts of the COVID-19 pandemic on people and economies; the impact of Galp's actions to protect the health and safety of its employees, customers, suppliers and communities; actions of Galp's competitors and commercial counterparties; the ability to access short- and long-term debt markets on a timely and affordable basis; the actions of consumers; other legal and political factors including obtaining necessary permits; unexpected operating events or technical difficulties; the outcome of commercial negotiations including negotiations with governments and private entities; and other factors discussed in Galp's Management Report & Accounts filed with the Portuguese Securities Market Commission (CMVM) for the year ended December 31, 2019 and available on our website at galp.com. Statements regarding potential future financial or operating results made at Galp's Capital Markets Day of February 18, 2020 should not be considered to be updated or re-affirmed as of any later date except to the extent specifically updated or re-affirmed in this release or in subsequent public disclosures. Forward-looking statements are statements other than in respect of historical facts and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied by such forward-looking statements. Important factors that may cause actual results to differ from forward-looking statements are referred in Galp's Management Report & Accounts for the year ended 31 December 2019. Galp and its respective representatives, agents, employees or advisers 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 announcement to reflect any change in events, conditions or circumstances.

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RESULTS HIGHLIGHTS

1. RESULTS HIGHLIGHTS

Third quarter 2020

CFFO was down 10% YoY to €391 m, following the weaker market environment conditions caused by Covid-19, and despite the signs of recovery already noticed during the period. Investments amounted to €444 m, including the €325 m payment for 75.01% of the 2.9 GW Spanish solar photovoltaic (PV) transaction. FCF was -€79 m, or positive €247 m if adjusted for the solar acquisition payment.

RCA Ebitda of €401 m:

- Upstream: RCA Ebitda was €302 m, down 36% YoY, reflecting the much lower Brent prices and USD depreciation against the Euro, and despite the higher production in the period.

  Working interest (WI) production was up 7% YoY to 133.8 kboepd, driven by the higher contribution from the BM-S-11 / 11A projects in Brazil, although partially offset by some operational constraints during the period;

- Commercial: RCA Ebitda of €105 m, down 7% YoY, as a result of the decline in oil products and natural gas demand, and despite the increased contribution from higher-value segments, as well as the cash preservation measures put in place.

- Refining & Midstream: RCA Ebitda was -€12 m, a €45 m decrease YoY, with negative Refining performance, reflecting the harsh refining margin environment, only partially offset by a robust natural gas trading contribution in the Midstream segment;

RCA Ebit was down YoY to €108 m, mostly driven by the weaker operational performance.

RCA net income was -€23 m. IFRS net income was -€106 m, with an inventory effect of €2 m and non-recurring items of -€85 m.

Nine months of 2020

CFFO was €794 m, 45% lower YoY, while RCA Ebitda amounted to €1,161 m, 33% lower YoY, both reflecting the much weaker market conditions during the period.

Total investment reached €724 m, with Renewables & New Businesses accounting for 46% after the €325 m payment for the solar PV acquisition in 3Q20. Upstream accounted for 35% of total capex, mostly related with the continued execution of Tupi (ex-Lula) and Berbigão/Sururu in Brazil, as well as with the Area 4 projects, in Mozambique.

FCF was €299 m, excluding the solar acquisition. Net debt increased to €2.1 bn, considering dividends paid to shareholders and to minorities, as well as the solar transaction payment.

Other 3rd quarter highlights

During the period, Galp and ACS completed the transaction for the creation of a Joint Venture to develop 2.9 GW of solar PV projects in Spain. Galp acquired 75.01% of the target solar company, while ACS will keep 24.99%. A joint control governance structure has been set up and the stake will be booked in Galp's financial statements under the equity method.

The 2.9 GW portfolio incorporates 914 MW of operating assets and a pipeline at different stages of development. Total capacity is expected to be fully operational by 2024.

Galp has paid €325 m to ACS for the stake acquisition and development costs associated with the portfolio.

Galp’s decarbonisation path

Galp´s decarbonisation ambitions are embedded in its strategic plan. The Company has established long-term objectives and a pathway towards carbon intensity reduction, by bringing its portfolio in line with the vision for carbon neutrality in Europe by 2050 and committing to reduce the carbon intensity of its activities by at least 15% by 2030 (2017 as reference year).

Galp holds a set of world class assets which combine both industry-leading cost-competitiveness and environmental performance. The 2030 carbon intensity reduction is expected to be met primarily by the execution of the main strategic guidelines previously announced by the Company.

For the purpose of the carbon intensity calculation, Galp adopted a methodology considering a “well-to-wheel”, full life cycle, approach with the energy and emissions accounted for under this metric (scopes 1, 2 and 3) reflecting the production, processing and delivery of energy to Galp’s end consumers, as well as the usage of this energy. According to the revised methodology, Galp’s 2017 carbon intensity was 78 gCO_2e/MJ. For more information on the methodology, please visit the Sustainability page on Galp’s website (here).

Financial data

€m (IFRS, except otherwise stated)

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
619	291	401	(218)	(35%)	**RCA Ebitda**	1,728	1,161	(567)	(33%)
469	204	302	(167)	(36%)	Upstream	1,251	792	(459)	(37%)
113	59	105	(8)	(7%)	Commercial	308	255	(54)	(17%)
32	19	(12)	(45)	n.m.	Refining & Midstream	156	97	(59)	(38%)
(0)	(4)	(2)	1	n.m.	Renewables & New Businesses	(0)	(6)	6	n.m.
370	(57)	108	(262)	(71%)	**RCA Ebit**	1,033	268	(764)	(74%)
324	(32)	133	(190)	(59%)	Upstream	857	246	(611)	(71%)
90	36	81	(9)	(10%)	Commercial	241	185	(56)	(23%)
(46)	(60)	(108)	63	n.m.	Refining & Midstream	(71)	(159)	88	n.m.
(0)	(9)	(2)	1	n.m.	Renewables & New Businesses	(0)	(17)	17	n.m.
101	(52)	(23)	(124)	n.m.	**RCA Net income**	403	(45)	(449)	n.m.
60	(154)	(106)	(166)	n.m.	**IFRS Net income**	283	(516)	(799)	n.m.
(17)	(18)	(85)	68	n.m.	Non-recurring items	(128)	(111)	(17)	(13%)
(24)	(84)	2	26	n.m.	Inventory effect	8	(360)	(368)	n.m.
188	136	444	256	n.m.	**Capex**	573	724	151	26%
435	160	391	(44)	(10%)	**Cash flow from operations**	1,445	794	(650)	(45%)
192	(10)	(79)	(271)	n.m.	**Free cash flow**	694	(26)	(720)	n.m.
(0)	(86)	(29)	29	n.m.	**Dividends paid to non-controlling interests**	(107)	(223)	116	n.m.
(262)	(318)	-	262	n.m.	**Dividends paid to shareholders**	(559)	(318)	(240)	(43%)
1,645	1,932	2,091	445	27%	**Net debt**	1,645	2,091	445	27%
0.8x	1.1x	1.3x	0.5x	-	**Net debt to RCA Ebitda**[1]	0.8x	1.3x	0.5x	-

[1] Ratio considers the LTM Ebitda RCA (€1,620 m on 30 September 2020), which includes the adjustment for the impact from the application of IFRS 16 (€194 m on 30 September 2020).

Operational data

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
125.5	132.2	133.8	8.3	7%	Average working interest production (kboepd)	116.7	132.5	15.8	14%
124.0	130.3	132.0	8.0	6%	Average net entitlement production (kboepd)	114.9	130.6	15.8	14%
(7.3)	(7.8)	(4.4)	(2.9)	(40%)	Oil & gas realisations - Dif. to Brent (USD/boe)	(7.8)	(5.8)	(2.0)	(26%)
20.6	13.4	23.4	2.8	14%	Raw materials processed (mboe)	69.5	63.7	(5.8)	(8%)
3.9	1.8	(0.7)	(4.6)	n.m.	Galp refining margin (USD/boe)	3.0	0.9	(2.1)	(70%)
3.9	2.5	3.6	(0.3)	(8%)	Oil products supply[1] (mton)	12.0	10.2	(1.8)	(15%)
21.1	11.7	17.9	(3.2)	(15%)	NG/LNG supply & trading volumes[1] (TWh)	66.1	47.3	(18.8)	(28%)
0.3	0.3	0.3	0.0	12%	Sales of electricity to the grid[2] (TWh)	1.0	1.0	0.0	3%
2.2	1.2	1.5	(0.7)	(30%)	Oil Products - client sales (mton)	6.3	4.5	(1.8)	(29%)
7.2	4.9	5.4	(1.8)	(24%)	Natural gas - client sales (TWh)	23.9	17.0	(6.9)	(29%)
0.8	0.7	0.9	0.1	14%	Electricity - client sales (TWh)	2.4	2.4	0.1	2%

[1] Includes volumes sold to the Commercial segment.
[2] Sales from cogeneration plants.

Market indicators

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
1.11	1.10	1.17	0.06	5%	Average exchange rate EUR:USD	1.12	1.13	0.01	1%
4.41	5.92	6.28	1.87	42%	Average exchange rate EUR:BRL	4.37	5.71	1.34	31%
62.0	29.6	42.9	(19.1)	(31%)	Dated Brent price (USD/bbl)	64.6	41.1	(23.5)	(36%)
(1.0)	(0.1)	0.1	1.2	n.m.	Heavy-light crude price spread[1] (USD/bbl)	(0.6)	(0.8)	0.2	28%
12.7	6.5	9.1	(3.6)	(28%)	Iberian MIBGAS natural gas price (EUR/MWh)	16.7	8.2	(8.5)	(51%)
10.2	5.3	7.8	(2.4)	(23%)	Dutch TTF natural gas price (EUR/MWh)	13.9	7.5	(6.4)	(46%)
4.7	2.1	3.6	(1.1)	(23%)	Japan/Korea Marker LNG price (USD/mbtu)	5.4	3.1	(2.3)	(42%)
46.8	24.0	38.7	(8.1)	(17%)	Iberian power pool price (EUR/MWh)	50.6	32.9	(17.7)	(35%)
16.8	9.6	13.3	(3.5)	(21%)	Iberian oil market (mton)	49.4	37.6	(11.8)	(24%)
117	91	102	(15)	(13%)	Iberian natural gas market (TWh)	345	313	(32)	(9%)

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market (internal estimate for September oil market in Spain); REN and Enagás for Iberian natural gas market.
[1] Urals NWE dated for heavy crude; dated Brent for light crude.

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UPSTREAM

2. UPSTREAM

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

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
125.5	**132.2**	**133.8**	**8.3**	**7%**	**Average working interest production[1] (kboepd)**	**116.7**	**132.5**	**15.8**	**14%**
111.0	118.6	120.0	9.0	8%	Oil production (kbpd)	103.3	118.9	15.5	15%
124.0	**130.3**	**132.0**	**8.0**	**6%**	**Average net entitlement production[1] (kboepd)**	**114.9**	**130.6**	**15.8**	**14%**
12.7	12.7	11.8	(0.9)	(7%)	Angola	11.2	12.9	1.7	15%
111.3	117.6	120.2	8.9	8%	Brazil	103.7	117.8	14.1	14%
(7.3)	**(7.8)**	**(4.4)**	**(2.9)**	**(40%)**	**Oil and gas realisations - Dif. to Brent (USD/boe)**	**(7.8)**	**(5.8)**	**(2.0)**	**(26%)**
4.8	**2.3**	**3.5**	**(1.3)**	**(27%)**	**Royalties (USD/boe)**	**5.1**	**3.3**	**(1.8)**	**(35%)**
3.3	**2.8**	**1.9**	**(1.3)**	**(41%)**	**Production costs (USD/boe)**	**3.9**	**2.4**	**(1.5)**	**(38%)**
14.2	**13.4**	**16.3**	**2.1**	**15%**	**DD&A[2] (USD/boe)**	**14.1**	**14.3**	**0.2**	**2%**
469	**204**	**302**	**(167)**	**(36%)**	**RCA Ebitda**	**1,251**	**792**	**(459)**	**(37%)**
(146)	(233)	(169)	23	16%	Depreciation, Amortisation and Impairments[3]	(394)	(542)	148	38%
-	(4)	-	-	n.m.	Provisions	-	(4)	(4)	n.m.
324	**(32)**	**133**	**(190)**	**(59%)**	**RCA Ebit**	**857**	**246**	**(611)**	**(71%)**
324	**(4)**	**132**	**(192)**	**(59%)**	**IFRS Ebit[4]**	**661**	**309**	**(352)**	**(53%)**
3	**5**	**4**	**0**	**12%**	**Net Income from Upstream Associates**	**36**	**8**	**(28)**	**(79%)**

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

[2] Includes abandonment provisions. 2Q20 unit figures exclude impairments of €92 m related with small scale exploration assets.

[3] Includes abandonment provisions.

[4] Includes unitisation impacts.

Third quarter

Operations

WI production increased 7% YoY to 133.8 kboepd, driven by the higher contribution from the BM-S-11 / 11A projects, although partially offset by some operational constraints during the period. Natural gas amounted to 10% of Galp's total production.

In Brazil, production was 8% higher YoY, at 120.2 kboepd, mainly driven by the ramp-up of the Tupi North FPSO, which is now producing at plateau after the connection of the 6th producer well, benefiting as well from the recently deployed Atapu FPSO contribution. Already in early October, the 4th producer well was connected in the Berbigão / Sururu FPSO.

In Angola, WI production decreased YoY, from 14.2 kbpd to 13.7 kbpd, with the lower performance also reflecting Block 14 gradual decline.

The Group's net entitlement production increased 6% YoY to 132.0 kboepd.

Results

RCA Ebitda was €302 m, a 36% decrease YoY, reflecting the much lower Brent prices and USD depreciation against the Euro, and despite the higher production in the period.

Production costs were €20 m, excluding costs related with operating leases of €32 m, lower YoY reflecting past periods adjustments on costs' allocation. In unit terms, and on a net entitlement basis, production costs were $1.9/boe, also benefiting from the higher production dilution.

Amortisation and depreciation charges (including abandonment provisions) were €169 m, with the €23 m increase YoY mostly driven by one-off adjustments on equipment's charges registered during the period. On a net entitlement basis, DD&A and Provisions are higher YoY, at $16.3/boe.

RCA Ebit was €133 m, down 59% YoY. IFRS Ebit amounted to €132 m.

Nine months

Operations

Average WI production during the first nine months of 2020 was 132.5 kboepd, 14% higher YoY, supported by the continued development of Tupi/Iracema, Berbigão/Sururu and Atapu projects, benefiting as well from the higher contribution from the Kaombo project, in Angola.

Net entitlement production increased 14% YoY to 130.6 kboepd.

Results

RCA Ebitda was €792 m, down 37% YoY, as the lower oil prices conditions experienced in the period more than offset the higher production.

Production costs were €77 m, excluding costs related with operating leases of €102 m. In unit terms, and on a net entitlement basis, production costs were $2.4/boe.

Amortisation and depreciation charges (including abandonment provisions) amounted to €542 m, an increase of €148 m YoY, including €92 m impairments related with smaller scale exploration assets, registered in 2Q20. On a net entitlement basis, and not considering the 2Q20 impairments, unit DD&A was $14.3/boe.

RCA Ebit was €246 m, down from €857 m YoY. IFRS Ebit was €309 m.

03

COMMERCIAL

3. COMMERCIAL

€m (RCA, except otherwise stated)

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
					Commercial sales to clients				
2.2	1.2	1.5	(0.7)	(30%)	Oil products (mton)	6.3	4.5	(1.8)	(29%)
7.2	4.9	5.4	(1.8)	(24%)	Natural Gas (TWh)	23.9	17.0	(6.9)	(29%)
0.8	0.7	0.9	0.1	14%	Electricity (TWh)	2.4	2.4	0.1	2%
113	**59**	**105**	**(8)**	**(7%)**	**RCA Ebitda**	**308**	**255**	**(54)**	**(17%)**
(23)	(23)	(24)	1	6%	Depreciation, Amortisation and Impairments	(67)	(69)	3	4%
(0)	(0)	(0)	0	n.m.	Provisions	(0)	(0)	(0)	(37%)
90	**36**	**81**	**(9)**	**(10%)**	**RCA Ebit**	**241**	**185**	**(56)**	**(23%)**
89	**31**	**79**	**(10)**	**(11%)**	**IFRS Ebit**	**241**	**177**	**(64)**	**(27%)**
3	**1**	**0**	**(2)**	**(94%)**	**Net Income from Commercial Associates**	**5**	**(1)**	**(6)**	**n.m.**

Third quarter

Operations

Total oil products' sales decreased 30% YoY to 1.5 mton, reflecting the lower market demand in Iberia, namely in the aviation and bunkers segments, as a result of the weaker economic environment.

Natural gas volumes sold declined 24% YoY to 5.4 TWh, impacted by the market conditions in the quarter and lower consumption from the B2B segment in Iberia.

Sales of electricity of 0.9 TWh, 14% up YoY, benefiting from an increased customer base in Iberia.

Results

RCA Ebitda for the Commercial business was €105 m, down 7% YoY, as a result of the decline in oil products and natural gas sales, and despite the increased contribution from higher-value segments, as well as the cash preservation measures put in place.

RCA Ebit was €81 m, while IFRS Ebit was €79 m.

Nine months

Operations

Total oil products' sales were 4.5 mton, down 29% YoY, following the lower demand across most segments, mostly impacted by lockdown measures adopted to control the Covid-19 pandemic.

Natural gas volumes were 17.0 TWh, down 29% YoY, impacted by the challenging macro environment and lower contribution from the B2B segment.

Electricity sales were 2.4 TWh, in line YoY.

Results

RCA Ebitda decreased 17% YoY to €255 m, reflecting the lower volumes sold to direct clients during the period.

RCA Ebit was €185 m, while IFRS Ebit was €177 m.

04

REFINING & MIDSTREAM

4. REFINING & MIDSTREAM

€m (RCA, except otherwise stated)

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
20.6	**13.4**	**23.4**	**2.8**	**14%**	**Raw materials processed (mboe)**	**69.5**	**63.7**	**(5.8)**	**(8%)**
15.3	11.3	21.0	5.7	37%	Crude processed (mbbl)	58.3	57.5	(0.8)	(1%)
3.9	**1.8**	**(0.7)**	**(4.6)**	**n.m.**	**Galp refining margin (USD/boe)**	**3.0**	**0.9**	**(2.1)**	**(70%)**
3.0	**2.4**	**2.4**	**(0.7)**	**(22%)**	**Refining cost (USD/boe)**	**2.6**	**2.6**	**0.1**	**4%**
(0.4)	**0.6**	**-**	**0.4**	**n.m.**	**Refining margin hedging[1] (USD/boe)**	**(0.0)**	**0.3**	**0.3**	**n.m.**
3.9	**2.5**	**3.6**	**(0.3)**	**(8%)**	**Oil products supply[2] (mton)**	**12.0**	**10.2**	**(1.8)**	**(15%)**
21.1	**11.7**	**17.9**	**(3.2)**	**(15%)**	**NG/LNG supply & trading volumes[2] (TWh)**	**66.1**	**47.3**	**(18.8)**	**(28%)**
7.8	3.7	5.6	(2.2)	(28%)	Trading (TWh)	25.3	14.7	(10.7)	(42%)
0.3	**0.3**	**0.3**	**0.0**	**12%**	**Sales of electricity to the grid[3] (TWh)**	**1.0**	**1.0**	**0.0**	**3%**
32	**19**	**(12)**	**(45)**	**n.m.**	**RCA Ebitda**	**156**	**97**	**(59)**	**(38%)**
(78)	(79)	(96)	18	24%	Depreciation, Amortisation and Impairments	(227)	(255)	28	12%
(0)	(0)	0	0	n.m.	Provisions	0	(0)	(1)	n.m.
(46)	**(60)**	**(108)**	**63**	**n.m.**	**RCA Ebit**	**(71)**	**(159)**	**88**	**n.m.**
(76)	**(171)**	**(118)**	**42**	**56%**	**IFRS Ebit**	**(29)**	**(658)**	**629**	**n.m.**
25	**18**	**16**	**(9)**	**(37%)**	**Net Income from R&Mid. Associates**	**74**	**57**	**(17)**	**(23%)**

[1] Impact on Ebitda.
[2] Includes volumes sold to the Commercial segment.
[3] Sales from cogeneration plants.

Third quarter

Operations

Raw materials processed in Galp's refining system were 23.4 mboe during the period, 14% higher YoY, as last year's operations were impacted by planned maintenance.

Crude oil accounted for 89% of raw materials processed, of which 92% corresponded to medium and heavy crudes. Sweet crudes accounted for 91% of the total crudes processed.

Middle distillates (diesel and jet) accounted for 48% of production and gasoline for 21%. Fuel oil production accounted for 16%, entirely very low sulphur fuel oil. Consumption and losses accounted for 8% of raw materials processed.

Total supply of oil products decreased 8% YoY to 3.6 mton, mainly impacted by the lower demand in Iberia, still reflecting the weaker economic environment.

Supply & trading volumes of NG/LNG decreased 15% YoY to 17.9 TWh, impacted by the slowdown of the industrial activity.

Sales of electricity to the grid from the cogeneration plants were 340 GWh during the period, a 12% increase YoY following the higher availability of the system.

Results

RCA Ebitda for the Refining & Midstream business was -€12 m compared to €32 m one year ago.

Galp's refining margin was down YoY to -$0.7/boe, reflecting the pressured international refining environment, especially impacted by weak distillates cracks during the period.

Refining costs were $2.4/boe, or €48 m in absolute terms, down YoY reflecting cost optimisation measures.

Midstream contribution in the quarter was robust, mostly supported on the trading activities.

Results from associated companies were €16 m, related to Galp's equity interest in the international pipelines and in Galp Gás Natural Distribuição, S.A. (GGND).

RCA Ebit was -€108 m, with non-cash costs including an impairment mostly related with feasibility studies in the refining activity. IFRS Ebit was negative at -€118 m.

Nine months

Operations

Raw materials processed were 63.7 mboe during the period, 8% lower YoY, amid the planned maintenance and the operational slowdown of the refining system following the lower demand and weak refining environment.

Crude oil accounted for 90% of raw materials processed, of which 89% corresponded to medium and heavy crudes, and 89% to sweet crudes.

Middle distillates (diesel and jet) accounted for 46% of production, gasoline for 20% and fuel oil for 18%. Consumption and losses accounted for 8% of raw materials processed.

Total oil products supplied decreased 15% YoY to 10.2 mton, driven by the lower demand.

Supply & trading volumes of NG/LNG were 47.3 TWh, decreasing 28% YoY, mainly impacted by the decline in NG/LNG trading activities.

Sales of electricity to the grid were 1,004 GWh during the period, up 3% YoY.

Results

RCA Ebitda for Refining & Midstream decreased €59 m YoY to €97 m.

Galp's refining margin was down YoY to $0.9/boe, reflecting the weak refining macro conditions.

Refining costs were $2.6/boe, lower YoY considering cost optimisation measures. Refining margin hedging had a positive impact on Ebitda of €16 m during the period.

Midstream Ebitda benefited from a positive swing in pricing lag effects in 1Q20, and a robust performance from trading activities during the period.

Results from associated companies were €57 m.

RCA Ebit was -€159 m. IFRS Ebit was negative by –€658 m reflecting the inventory effect.

05

RENEWABLES & NEW BUSINESSES

5. RENEWABLES & NEW BUSINESSES

€m (RCA, except otherwise stated)

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
					Operational indicators on a 100% basis				
12	12	926	914	n.m.	Renewable generation installed capacity (MW)	12	926	914	n.m.
4.8	6.4	142.7	137.9	n.m.	Renewable power generation (GWh)	20.1	157.4	137.3	n.m.
					Consolidated indicators				
(0.4)	(3.9)	(1.8)	1.4	n.m.	RCA Ebitda	(0.4)	(6.4)	6.0	n.m.
(0.4)	(9.1)	(1.6)	1.2	n.m.	RCA Ebit	(0.4)	(17.3)	16.9	n.m.
(0.4)	(9.1)	(1.6)	1.2	n.m.	IFRS Ebit	(0.4)	(17.3)	16.9	n.m.
(0.0)	(0.3)	2.8	2.8	n.m.	**Net Income from Renewables & NB Associates**	0.0	2.0	2.0	n.m.

Operational indicators such as installed capacity or power generation are reported on a 100% basis even if some assets are not 100% held by Galp. The Associates line captures the net income from the assets which are not consolidated and do not contribute to Ebitda or Ebit.

On September 15, Galp and ACS completed the transaction for the creation of a Joint Venture (JV) to develop 2.9 GW of solar photovoltaic (PV) projects in Spain. Galp acquired 75.01% of the target solar company, while ACS will keep 24.99%. A joint control governance structure has been set up and the stake will be booked in Galp's financial statements under the equity method.

The 2.9 GW portfolio incorporates 914 MW of operating assets and a pipeline at different stages of development. Total capacity is expected to be fully operational by 2024.

Galp has paid €325 m to ACS for the stake acquisition and development costs associated with the portfolio. The JV currently has €434 m of non-recourse debt related with the operating assets, and the partners intend to project finance the remaining developments. The transaction considers an enterprise value of c.€2.2 bn related with the acquisition, development and construction of the entire portfolio (100%).

In addition to the operating 914 MW solar PV capacity, Galp's renewable generation installed capacity also includes 12 MW from a wind farm in which the Company holds a participation, through the associate Ventinveste, S.A., Portugal (Galp 51.5%). Therefore, as of September 2020, Galp´s total gross generation capacity is 926 MW.

Renewable power generated in the period was 143 GWh, with solar power generation only accounted from September. Considering that the recently created solar JV will not be consolidated, Renewables & New Businesses Ebitda mostly includes general administrative and corporate expenses.

06

FINANCIAL DATA

6. FINANCIAL DATA

6.1 Income Statement

€m (RCA, except otherwise stated)

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
4,284	1,965	2,899	(1,385)	(32%)	Turnover	12,429	8,552	(3,877)	(31%)
(3,138)	(1,307)	(2,012)	(1,126)	(36%)	Cost of goods sold	(9,352)	(5,892)	(3,460)	(37%)
(401)	(355)	(370)	(31)	(8%)	Supply & Services	(1,198)	(1,175)	(22)	(2%)
(90)	(68)	(73)	(17)	(19%)	Personnel costs	(245)	(223)	(22)	(9%)
(36)	58	(38)	2	6%	Other operating revenues (expenses)	92	(94)	(186)	n.m.
(1)	(2)	(4)	3	n.m.	Impairments on accounts receivable	0	(7)	(8)	n.m.
619	**291**	**401**	**(218)**	**(35%)**	**RCA Ebitda**	**1,728**	**1,161**	**(567)**	**(33%)**
589	**207**	**362**	**(226)**	**(38%)**	**IFRS Ebitda**	**1,569**	**695**	**(874)**	**(56%)**
(249)	(338)	(294)	45	18%	Depreciation, Amortisation and Impairments	(695)	(877)	183	26%
(0)	(9)	1	1	n.m.	Provisions	0	(15)	(15)	n.m.
370	**(57)**	**108**	**(262)**	**(71%)**	**RCA Ebit**	**1,033**	**268**	**(764)**	**(74%)**
340	**(144)**	**69**	**(270)**	**(80%)**	**IFRS Ebit**	**879**	**(202)**	**(1,080)**	**n.m.**
31	24	23	(8)	(27%)	Net income from associates	114	65	(49)	(43%)
(89)	(10)	(93)	4	4%	Financial results	(97)	(163)	65	67%
(4)	(7)	(7)	3	64%	Net interests	(11)	(19)	8	74%
7	5	(1)	(8)	n.m.	Capitalised interest	18	9	(8)	(48%)
(35)	(32)	(25)	(11)	(30%)	Exchange gain (loss)	(34)	(112)	78	n.m.
(30)	18	(36)	6	21%	Mark-to-market of derivatives	16	(102)	(118)	n.m.
(23)	(21)	(20)	(3)	(13%)	Operating leases interest (IFRS 16)	(68)	(61)	(6)	(9%)
(3)	26	(3)	0	16%	Other financial costs/income	(18)	123	141	n.m.
312	**(43)**	**37**	**(274)**	**(88%)**	**RCA Net income before taxes and minority interests**	**1,050**	**171**	**(879)**	**(84%)**
(180)	(20)	(52)	(128)	(71%)	Taxes	(543)	(218)	(325)	(60%)
(124)	(50)	(80)	(44)	(35%)	Taxes on oil and natural gas production[1]	(359)	(229)	(130)	(36%)
(31)	12	(9)	(22)	(71%)	Non-controlling interests	(104)	1	105	n.m.
101	**(52)**	**(23)**	**(124)**	**n.m.**	**RCA Net income**	**403**	**(45)**	**(449)**	**n.m.**
(17)	(18)	(85)	68	n.m.	Non-recurring items	(128)	(111)	(17)	(13%)
84	**(70)**	**(108)**	**(192)**	**n.m.**	**RC Net income**	**275**	**(156)**	**(432)**	**n.m.**
(24)	(84)	2	26	n.m.	Inventory effect	8	(360)	(368)	n.m.
60	**(154)**	**(106)**	**(166)**	**n.m.**	**IFRS Net income**	**283**	**(516)**	**(799)**	**n.m.**

[1] [1]Includes income taxes and taxes on oil and natural gas production. Includes SPT payable in Brazil and IRP payable in Angola.

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Third quarter

RCA Ebitda decreased 35% YoY to €401 m, impacted by the lower contribution from Upstream and refining, mostly reflecting much weaker commodity prices and market conditions. IFRS Ebitda was €362m.

RCA Ebit was 71% down YoY, at €108 m, following the lower operational contribution and impacted by the one off adjustments in Upstream.

During the quarter, financial results were -€93 m, considering a mark to market valuation of -€36 m related with derivatives to cover natural gas price risk, and exchange loses of -€25 m.

RCA taxes decreased YoY from €180 m to €52 m, following the lower operating results, namely from Upstream.

Non-controlling interests of -€9 m were mostly attributed to Sinopec's stake in Petrogal Brasil.

RCA net income was negative at -€23 m and IFRS net income was -€106 m, with non-recurring items of -€85 m, mostly related with the non-cash exchange rate variations on deferred tax positions in Brazil and restructuring expenses.

Nine months

RCA Ebitda of €1,161 m, 33% lower YoY, impacted by the much weaker market conditions.

RCA Ebit was €268 m, down 74% YoY, following lower operational contribution, as well as the impairments registered in 2Q20.

Financial results were -€163 m, impacted by FX variations of -€112 m, mostly from the Brazilian Real depreciation and a -€102 m negative swing on mark-to-market, mostly related with natural gas derivatives. This includes the loss registered in 2Q20 from CO_2 licences derivatives. Financial results benefitted from realised gains on Brent derivatives in 1Q20 and the unwind in 2Q20 of the outstanding refining hedges for the year.

RCA taxes decreased YoY from €543 m to €218 m, following the lower production taxes and operating results.

Non-controlling interests positive at €1 m, related with Petrogal Brazil results.

RCA net income was negative at -€45 m, while IFRS net income was negative at -€516 m, with non-recurring items of -€111 m and a large inventory effect of -€360 m.

6.2 Capital Expenditure

€m

Quarter						Nine months			
3Q19	2Q20	3Q20	Var. YoY	% Var. YoY		2019	2020	Var. YoY	% Var. YoY
106	82	71	(35)	(33%)	Upstream	416	257	(159)	(38%)
12	(0)	-	(12)	n.m.	Exploration and appraisal activities	119	0	(118)	(100%)
95	82	71	(24)	(25%)	Development and production activities	297	256	(41)	(14%)
25	26	28	3	13%	Commercial	49	78	29	59%
53	23	15	(38)	(72%)	Refining & Midstream	82	51	(31)	(38%)
2	2	328	325	n.m.	Renewables & New Businesses	17	330	313	n.m.
2	4	3	0	17%	Others	10	9	(0)	(5%)
188	136	444	256	n.m.	Capex[1]	573	724	151	26%

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

Third quarter

Capex totalled €444 m during the quarter, mostly allocated to the Renewables & New Businesses, given the €325 m payment for the 2.9 GW Spanish solar PV acquisition.

Investments in Upstream development and production activities reached €71 m and were mostly related with appraisal and development activities in the Brazilian pre-salt.

Investments in downstream activities were mainly directed to the Commercial retail segment in Portugal.

Nine months

Capex was €724 m, of which 46% allocated to the Renewables & New Businesses and mostly related to the 2.9 GW Spanish solar PV transaction during 3Q20.

Upstream accounted for 35% of total investments and were mostly related with the execution of Tupi and Berbigão/Sururu in Brazil, as well as of Area 4 projects, in Mozambique.

Investments in downstream activities were mostly allocated to the Commercial business, including logistic assets in Mozambique, and to efficiency improvements in the refining system.

6.3 Cash Flow

€m (IFRS figures)

Quarter				Nine months	
3Q19	2Q20	3Q20		2019	2020
339	(144)	69	Ebit[1]	1,051	(202)
249	343	294	Depreciation, Amortisation and Impairments	690	882
28	34	17	Dividends from associates	114	52
(55)	11	99	Change in Working Capital	(23)	399
(126)	(83)	(88)	Corporate income taxes and oil and gas production taxes	(389)	(336)
435	**160**	**391**	**Cash flow from operations**[2]	**1,445**	**794**
(189)	(149)	(432)	Net capex[2]	(564)	(792)
(5)	(13)	(3)	Net financial expenses	(46)	(41)
-	(43)	17	Realised Income from derivatives	-	78
(48)	(48)	(47)	Operating lease payments (IFRS 16)[3]	(141)	(145)
-	83	(3)	Equalisation related with unitisation processes	-	80
192	**(10)**	**(79)**	**Free cash flow**	**694**	**(26)**
(0)	(86)	(29)	Dividends paid to non-controlling interests[4]	(107)	(223)
(262)	(318)	-	Dividends paid to shareholders	(559)	(318)
22	(21)	(51)	Others[5]	64	(88)
47	436	159	Change in net debt	(92)	656

[1] Nine months 2019 adjusted for the non-cash unitisation non-recurring item in 1Q19 and 2Q19.
[2] Adjusted for the effects related with Lula, Atapu and Sépia equalisation processes, namely -€137 m on the CFFO caption and €220 m on net capex, leading to a net receivable position of €83 m.
[3] Includes both interest and capital payments, which in 3Q20 amounted to €17 m e €30 m, respectively.
[4] Mainly dividends paid to Sinopec.
[5] Others include FX impacts on Brazilian Real and USD cash balances.

Third quarter

CFFO was down 10% YoY to €391 m, considering the weak market environment.

Excluding the €325 m outflow related with the Spanish solar transaction, FCF was robust at €247 m. Change in net debt was also impacted under Others adjustments, which reflect the depreciation of the U.S. Dollar against the Euro.

Nine months

CFFO amounted to €794 m, reflecting the lower operational contribution under a volatile and pressured market environment.

FCF was €299 m, excluding the solar acquisition. Net debt increased to €2.1 bn, considering dividends paid to shareholders and to minorities, as well as the solar transaction payment.

6.4 Financial Position

€m (IFRS figures)

	31 Dec., 2019	30 Jun.,2020	30 Sep.,2020	Var. vs 31 Dec., 2019	Var. vs 30 Jun., 2020
Net fixed assets[1]	7,358	7,008	6,786	(572)	(222)
Rights of use (IFRS 16)	1,167	1,124	1,077	(90)	(47)
Working capital	952	652	553	(399)	(99)
Other assets/liabilities[1]	(1,161)	(982)	(1,064)	97	(83)
Assets held for sale	-	-	221	221	221
Capital employed	**8,316**	**7,802**	**7,573**	**(743)**	**(229)**
Short term debt	278	631	559	281	(71)
Medium-Long term debt	2,616	2,997	3,218	602	221
Total debt	**2,895**	**3,627**	**3,777**	**883**	**150**
Cash and equivalents	1,460	1,696	1,687	227	(9)
Net debt	**1,435**	**1,932**	**2,091**	**656**	**159**
Operating leases (IFRS 16)	1,223	1,188	1,147	(77)	(42)
Equity	5,657	4,682	4,335	(1,322)	(346)
Equity, net debt and operating leases	**8,316**	**7,802**	**7,573**	**(743)**	**(229)**

[1] Net fixed assets and other assets/liabilities include the estimated impact from unitisations.

On September 30, 2020, net fixed assets were €6,786 m, a €222 m reduction QoQ reflecting the reclassification of GGND as assets held for sale. Work-in-progress, mainly related to the Upstream business, stood at €1,664 m.

6.5 Financial debt

€m (except otherwise stated)	31 Dec., 2019	30 Jun.,2020	30 Sep.,2020	Var. vs 31 Dec., 2019	Var. vs 31 Jun., 2020
Cash and equivalents	1,460	1,696	1,687	227	(9)
Undrawn credit facilities	1,163	1,263	1,263	100	(0)
Bonds	1,822	2,669	2,910	1,089	241
Bank loans and other debt	1,073	958	867	(206)	(91)
Net debt	1,435	1,932	2,091	656	159
Operating leases (IFRS 16)	1,223	1,188	1,147	(77)	(42)
Average life (years)[1]	2.9	3.2	3.0	0.1	(0.2)
Average funding cost[1]	1.8%	1.7%	1.7%	-	n.m.
Debt at floating rate[1]	60%	49%	52%	-	n.m.
Net debt to RCA Ebitda [2]	0.7x	1.1x	1.3x	0.6x	0.2x

[1] Debt does not include operating leases.
[2] Ratio considers the LTM Ebitda RCA (€1,620 m on 30 September 2020), which includes the adjustment for the impact from the application of IFRS 16 (€194 m on 30 September 2020).

On September 30 2020, net debt was €2,091 m, up €159 m QoQ, mostly reflecting the €325 m payment for the 2.9 GW Spanish solar PV acquisition made during the quarter. Net debt to RCA Ebitda stood at 1.3x. Liabilities associated with operating leases were €1,147 m.

At the end of the period, Galp had unused credit lines of approximately €1.3 bn, of which c.75% were contractually guaranteed.

Debt maturity profile (€ m)

Reconciliation of IFRS and RCA figures

Ebitda by segment

€m

Third Quarter					2020	Nine months				
IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda		IFRS Ebitda	Inventory effect	RC Ebitda	Non-recurring items	RCA Ebitda
362	**(4)**	**359**	**42**	**401**	Galp	**695**	**492**	**1,187**	**(26)**	**1,161**
301	-	301	2	302	Upstream	859	(0)	859	(67)	792
104	1	104	1	105	Commercial	247	7	254	1	255
(22)	(4)	(26)	14	(12)	R&Mid.	(402)	485	83	14	97
(2)	-	(2)	-	(2)	R&NB	(6)	-	(6)	-	(6)
(18)	-	(18)	26	7	Others	(2)	-	(2)	26	23

Ebit by segment

€m

Third Quarter					2020	Nine months				
IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit		IFRS Ebit	Inventory effect	RC Ebit	Non-recurring items	RCA Ebit
69	**(4)**	**66**	**42**	**108**	Galp	**(202)**	**492**	**290**	**(22)**	**268**
132	-	132	2	133	Upstream	309	(0)	309	(63)	246
79	1	80	1	81	Commercial	177	7	184	1	185
(118)	(4)	(122)	14	(108)	R&Mid.	(658)	485	(173)	14	(159)
(2)	-	(2)	-	(2)	R&NB	(17)	-	(17)	-	(17)
(22)	-	(22)	26	4	Others	(12)	-	(12)	26	14

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	Upstream	1,050	(0)	1,050	201	1,251
112	0	113	-	113	Commercial	308	(0)	308	-	308
2	30	32	-	32	R&Mid.	198	(16)	181	(25)	156
(0)	-	(0)	-	(0)	R&NB	(0)	-	(0)	-	(0)
5	-	5	-	5	Others	13	-	13	-	13

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	Upstream	661	(0)	661	196	857
89	0	90	-	90	Commercial	241	(0)	241	-	241
(76)	30	(46)	-	(46)	R&Mid.	(29)	(16)	(46)	(25)	(71)
(0)	-	(0)	-	(0)	R&NB	(0)	-	(0)	-	(0)
2	-	2	-	2	Others	6	-	6	-	6

Non-recurring items

€m

Quarter				Nine months	
3Q19	2Q20	3Q20		2019	2020
(0.6)	**(32.9)**	**42.4**	**Non-recurring items impacting Ebitda**	**175.3**	**(26.0)**
(0.6)	(30.6)	0.6	Margin (Change in production) - Unitisation	200.7	(30.0)
-	-	-	Gains/losses on disposal of assets	(25.4)	-
-	(0.4)	41.0	Headcount restructuring charges	-	41.0
-	(1.9)	0.8	Exchange rate differences related with Brazil unitisation processes	-	(37.0)
0.0	**4.3**	**(0.1)**	**Non-recurring items impacting non-cash costs**	**(4.4)**	**4.2**
0.0	4.3	(0.1)	Depreciations and Amortisations - Unitisation	(4.4)	4.2
13.1	**(61.1)**	**10.6**	**Non-recurring items impacting financial results**	**32.6**	**(43.5)**
4.0	1.4	0.2	Gains/losses on financial investments	11.3	8.5
-	(67.1)	10.5	Gains/losses on financial investments - Unitisation	-	(56.7)
9.1	4.7	(0.1)	Financial costs - Unitisation	21.4	4.6
5.7	**111.8**	**53.3**	**Non-recurring items impacting taxes**	**(32.5)**	**194.2**
0.3	8.1	(12.3)	Taxes on non-recurring items	(59.7)	7.9
(4.0)	95.9	58.5	BRL/USD FX impact on deferred taxes in Brazil	(12.4)	154.4
9.4	7.8	7.1	Energy sector contribution taxes	39.6	31.9
(1.5)	**(4.0)**	**(20.9)**	**Non-controlling interests (FX on deferred taxes Brazil)**	**(42.9)**	**(17.9)**
16.7	**18.1**	**85.1**	**Total non-recurring items**	**128.1**	**111.0**

6.6 IFRS consolidated income statement

€m

Quarter				Nine months	
3Q19	2Q20	3Q20		2019	2020
4,137	1,822	2,747	Sales	11,973	8,070
147	143	152	Services rendered	456	482
(31)	61	46	Other operating income	198	159
4,253	**2,026**	**2,944**	**Operating costs**	**12,627**	**8,711**
(3,168)	(1,392)	(2,009)	Inventories consumed and sold	(9,536)	(6,354)
(401)	(355)	(370)	Materials and services consumed	(1,198)	(1,175)
(90)	(68)	(114)	Personnel costs	(245)	(264)
(1)	(2)	(4)	Impairments on accounts receivable	0	(7)
(5)	(2)	(85)	Other operating costs	(80)	(216)
(3,664)	**(1,819)**	**(2,582)**	**Total operating costs**	**(11,059)**	**(8,017)**
589	**207**	**362**	**Ebitda**	**1,569**	**695**
(249)	(343)	(294)	Depreciation, Amortisation and Impairments	(690)	(882)
(0)	(9)	1	Provisions	0	(15)
340	**(144)**	**69**	**Ebit**	**879**	**(202)**
27	90	12	Net income from associates	103	114
(98)	(15)	(93)	Financial results	(119)	(167)
9	7	9	Interest income	29	23
(14)	(14)	(16)	Interest expenses	(40)	(43)
7	5	(1)	Capitalised interest	18	9
(23)	(21)	(20)	Operating leases interest (IFRS 16)	(68)	(61)
(35)	(32)	(25)	Exchange gain (loss)	(34)	(112)
(30)	18	(36)	Mark-to-market of derivatives	16	(102)
(12)	21	(3)	Other financial costs/income[1]	(39)	119
269	**(69)**	**(12)**	**Income before taxes**	**863**	**(256)**
(169)	(92)	(99)	Taxes[2]	(470)	(239)
(9)	(8)	(7)	Energy sector contribution taxes[3]	(49)	(41)
90	**(169)**	**(118)**	**Income before non-controlling interests**	**344**	**(535)**
(30)	15	12	Income attributable to non-controlling interests	(61)	19
60	**(154)**	**(106)**	**Net income**	**283**	**(516)**

[1] 2019 amounts mostly related with the unitisation process of Tupi; Nine months 2020 includes realised income of €105 m from Brent interest in 1Q20.

[2] Includes SPT payable in Brazil and IRP payable in Angola.

[3] Includes €14 m, €17 m and €9 m related to CESE I, CESE II and FNEE, respectively, during nine months of 2020.

6.7 Consolidated financial position

€m

	31 Dec., 2019	30 Jun., 2020	30 Sep., 2020
Assets			
Tangible fixed assets	5,671	5,548	5,239
Goodwill	85	87	86
Other intangible fixed assets	577	578	563
Rights of use (IFRS 16)	1,167	1,124	1,077
Investments in associates	870	606	709
Receivables	259	252	251
Deferred tax assets	367	479	468
Financial investments	169	206	206
Total non-current assets	**9,167**	**8,880**	**8,598**
Inventories[1]	1,055	689	745
Trade receivables	980	772	982
Other receivables	935	686	443
Financial investments	174	229	150
Current Income tax recoverable	-	41	73
Cash and equivalents	1,460	1,696	1,687
Subtotal current assets	4,603	4,112	4,080
Non-current assets held for sale	-	-	221
Total current assets	**4,603**	**4,112**	**4,301**
Total assets	**13,770**	**12,992**	**12,899**

[1] Includes €35 m in inventories made on behalf of third parties as of 30 September 2020.

€m

	31 Dec., 2019	30 Jun., 2020	30 Sep., 2020
Equity			
Share capital	829	829	829
Share premium	82	82	82
Reserves	1,356	1,344	1,158
Retained earnings	1,764	1,833	1,833
Net income	389	(410)	(516)
Total equity attributable to equity holders of the parent	**4,420**	**3,677**	**3,385**
Non-controlling interests	1,237	1,004	950
Total equity	**5,657**	**4,682**	**4,335**
Liabilities			
Bank loans and overdrafts	795	827	808
Bonds	1,822	2,169	2,410
Operating leases (IFRS 16)	1,042	1,009	973
Other payables	121	108	110
Retirement and other benefit obligations	332	321	356
Deferred tax liabilities	299	484	502
Other financial instruments	5	26	16
Provisions	819	873	865
Total non-current liabilities	**5,234**	**5,817**	**6,040**
Bank loans and overdrafts	278	131	59
Bonds	-	500	500
Operating leases (IFRS 16)	182	180	173
Trade payables	852	472	740
Other payables	1,343	1,064	939
Other financial instruments	84	147	111
Income tax payable	141	-	-
Total current liabilities	**2,879**	**2,493**	**2,523**
Total liabilities	**8,113**	**8,310**	**8,564**
Total equity and liabilities	**13,770**	**12,992**	**12,899**

07

BASIS OF REPORTING

7. BASIS OF REPORTING

Galp's consolidated financial statements have been prepared in accordance with IFRS. The financial information in the consolidated income statement and in the consolidated financial position is reported for the quarters ended on September 30 and June 30, 2020 and 2019 and December 31, 2019.

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 Part I – C. III Internal control and risk management of Corporate Governance Report 2019.

APPENDIX

8. APPENDIX

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Condensed Consolidated Statement of Financial Position

Galp Energia, SGPS, S.A.

Condensed Consolidated Statement of Financial Position as of 30 September 2020 and 31 December 2019

(Amounts stated in million Euros - € m)

Assets	Notes	September 2020	December 2019
Non-current assets:			
Tangible assets	4	5,239	5,671
Goodwill	5	86	85
Intangible assets	5	563	578
Right-of-use of assets	6	1,077	1,167
Investments in associates and joint ventures	7	709	870
Deferred tax assets	14.1	468	367
Other receivables	9.2	250	259
Other financial assets	10	206	169
Total non-current assets:		8,598	9,167
Current assets:			
Non-current assets held for sale	7	221	-
Inventories	8	745	1,055
Other financial investments	10	150	174
Current income tax receivable		73	-
Trade receivables	9.1	982	980
Other receivables	9.2	443	935
Cash and cash equivalents	11	1,687	1,460
Total current assets:		4,301	4,603
Total assets:		12,899	13,770

Equity and Liabilities	Notes	September 2020	December 2019
Equity:			
Share capital and share premium		911	911
Reserves		1,158	1,356
Retained earnings		1,316	2,153
Total equity attributable to shareholders:		3,385	4,420
Non-controlling interests	18	950	1,237
Total equity:		4,335	5,657
Liabilities:			
Non-current liabilities:			
Financial debt	12	3,218	2,616
Lease liabilities	6	973	1,042
Other payables	13	110	121
Post-employment and other employee benefit liabilities	15	356	332
Deferred tax liabilities	14.1	502	299
Other financial instruments	17	16	5
Provisions	16	865	819
Total non-current liabilities:		6,040	5,234
Current liabilities:			
Financial debt	12	559	278
Lease liabilities	6	173	182
Trade payables	18	740	852
Other payables	13	939	1,343
Other financial instruments	17	111	84
Current income tax payable		-	141
Total current liabilities:		2,523	2,879
Total liabilities:		8,564	8,113
Total equity and liabilities:		12,899	13,770

The accompanying notes form an integral part of the condensed consolidated statement of financial position and should 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 2020 and 30 September 2019
(Amounts stated in million Euros - € m)

	Notes	September 2020	September 2019
Sales	19	8,070	11,973
Services rendered	19	482	456
Other operating income	19	159	198
Financial income	21	62	47
Earnings from associates and joint ventures	7/19	114	103
Total revenues and income:		8,887	12,778
Cost of sales	20	(6,354)	(9,536)
Supplies and external services	20	(1,175)	(1,198)
Employee costs	20	(264)	(245)
Amortisation and depreciation on fixed assets	20	(782)	(576)
Impairment losses on fixed assets	20	(100)	(114)
Provisions and impairment losses on receivables	20	(22)	-
Other operating costs	20	(216)	(80)
Financial expenses	21	(230)	(166)
Total costs and expenses:		(9,143)	(11,915)
Loss before taxes and other contributions:		(256)	863
Taxes and SPT	14.1	(239)	(470)
Energy sector extraordinary contribution	14.2	(41)	(49)
Consolidated net loss for the period		(535)	344
Attributable to:			
Galp Energia, SGPS, S.A. Shareholders		(516)	283
Non-controlling interests	18	(19)	61
Basic and Diluted Earnings per share (in Euros)		(0.62)	(0.34)

Consolidated net loss for the period	(535)	344
Items which will not be recycled in the future through net income:		
Remeasurements	(2)	30
Income taxes related to remeasurements	0	-
Items which may be recycled in the future through net income:		-
Currency translation adjustments	(230)	81
Hedging reserves	9	(1)
Income taxes related to the above item	(2)	21
Total Comprehensive income for the period, attributable to:	(761)	474
Galp Energia, SGPS, S.A. Shareholders	(717)	407
Non-controlling interests	(44)	67

The accompanying notes form an integral part of the condensed consolidated income statement and consolidated statement of comprehensive income and should be read in conjunction.

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 2020 and 30 September 2019
(Amounts stated in million Euros - € m)

	Share Capital and Share Premium		Reserves						
	Share Capital	Share Premium	Currency Translation Reserves	Hedging Reserves	Other Reserves	Retained earnings	Sub-Total	Non-controlling interests	Total
As at 1 January 2019	829	82	(186)	6	2,024	1,832	4,587	1,460	6,047
Consolidated net loss 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 in reserves	-	-	-	-	(489)	489	-	(244)	(244)
As at 30 September 2019	829	82	(91)	5	1,535	2,075	4,434	1,243	5,678
	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2020	829	82	(169)	(10)	1,535	2,153	4,420	1,237	5,657
Consolidated net loss for the period	-	-	-	-	-	(516)	(516)	(19)	(535)
Other gains and losses recognised in equity	-	-	(206)	7	-	(2)	(201)	(25)	(225)
Comprehensive income for the period	-	-	(206)	7	-	(518)	(717)	(44)	(761)
Dividends distributed	-	-	-	-	-	(318)	(318)	(98)	(416)
Increase/decrease in reserves	-	-	-	-	-	-	-	(145)	(145)
Balance as at 30 September 2020	829	82	(375)	(3)	1,535	1,316	3,385	950	4,335

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

Condensed Consolidated Statement of Cash Flow

Galp Energia, SGPS, S.A.

Condensed Consolidated Statement of Cash Flow for the nine-month periods ended 30 September 2020 and 30 September 2019

(Amounts stated in million Euros - €m)

	Notes	September 2020	September 2019
Operating activities:			
Cash received from customers		10,082	13,831
(Payments) to suppliers		(6,166)	(8,558)
(Payments) relating to tax on oil products ("ISP")		(1,416)	(1,905)
(Payments) relating to VAT		(939)	(1,228)
(Payments) relating to royalties, levies, "PIS" and "COFINS" and Others		(109)	(139)
(Payments) relating to payroll		(249)	(254)
Other (payments) relating to operating activities		(124)	(29)
(Payments) of income taxes - income tax (IRC), oil income tax (IRP), special participation (SPT)		(336)	(389)
Cash flow from Equalization processes from Brazilian Blocks		(137)	-
Cash received relating to dividends	7	52	114
Cash flow from operating activities (1)		658	1,445
Investing activities:			
Cash received from the disposal of tangible and intangible assets		-	33
(Payments) for the acquisition of tangible and intangible assets		(510)	(779)
Cash received in relation to financial investments		138	300
(Payments) relating to financial investments		(360)	(53)
Cash flow from Equalization processes from Brazilian Blocks		216	-
Cash received from loans granted		10	254
(Payments) relating to loans granted		(66)	(98)
Cash received from interest and similar income		11	26

Cash flow used in investing activities (2)		(560)	(317)
Financing activities:			
Cash received from loans obtained	12	2,290	1,427
(Payments) relating to loans obtained	12	(1,388)	(1,808)
(Payments) of interest and similar costs		(54)	(72)
(Payments) related to leasing (IFRS16)	6	(144)	(141)
Capital/reserve reductions and other equity instruments	18	(145)	(244)
Dividends paid	18	(396)	(598)
Other financing receipts		78	-
Cash flow from (used in) financing activities (3)		241	(1,436)
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		339	(308)
Effect of foreign exchange rate changes in cash and cash equivalents		(108)	34
Cash and cash equivalents at the beginning of the period		1,431	1,504
Cash and cash equivalents at the end of the period	11	1,662	1,230

The accompanying notes form an integral part of the condensed consolidated statement of Cash Flow and should be read in conjunction.

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, changes to the Group's accounting policies and matters related to the condensed consolidated financial statements

2.1. Basis for preparation

The condensed consolidated financial statements for the nine-month period ended 30 September 2020 were prepared in accordance with IAS 34 - Interim Financial Reporting. These financial statements do not include all of the information and disclosures required for 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 2019.

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

From 1 January 2020, the subsidiary Petrogal Brasil S.A. changed its functional currency from Brazilian Reais to US Dollars. Due to the significant impact of foreign currency translation movements in Petrogal Brasil's financial statements, the Group concluded that the currency which best reflects the primary economic environment in which Petrogal Brasil operates is the US Dollar. As per IAS 21, a change in functional currency should be accounted for prospectively from the date of the change. For this reason, the opening balance sheet as at 1 January 2020 had been translated from Brazilian Reais into US Dollars using the exchange rate at 1 January 2020.

Impacts of the COVID-19 pandemic

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization (WHO). Strict social isolation measures have been put in place in several countries, contributing to a significant slowdown in the global economic environment, sharply reducing worldwide demand for oil and its products, including in key markets in which Galp operates such as Portugal and Spain.

As a result of this unpredictable scenario, Galp adopted a set of actions to mitigate the impact of the pandemic on its financial position, including cost and investment reductions, and increasing financial liquidity. Galp management believes that the company has adequate resources to continue its operations in the long-term, and therefore the going concern principle has been applied to the preparation of these condensed consolidated financial statements.

Triggered by recent macro events, during Q2 the Company approved a more conservative set of long-term assumptions compared to those issued in 2019, leading to an impairment review of Galp's non-current assets. Further details of the impairment assessment carried out are included in the condensed consolidated financial statements of 30 June 2020. With the information available as at 30 September 2020, we have revisted the impairment assessment made for Q2 and no material changes are booked.

2.2. Consolidation perimeter - changes

During the nine-month period ended 30 September 2020, the following companies were included in Galp's consolidation perimeter, and were both consolidated based on the full consolidation method:

- LGA – Logística Global de Aviação, Lda. - Galp acquired 60% of the company's interest, for an acquisition amount equivalent to €0.3 m;
- Tagusgás - Propano, S.A. - Galp acquired 100% of the company's interest, for an amount of €3 m;
- Recule Investments, S.L.U. – Galp acquired 100% of this Spanish company for an amount of €3k;

The following companies were included in Galp's perimeter by using the Equity Method:

- Zero – E - Euro Assets, SA - Galp acquired a 75.01% stake for €325 m. The interest is jointly controlled by Galp and ACS and will be accounted as a Joint Venture (note 2.4);

The following company was liquidated, previously classified as a Joint Venture:

- Galpek, Lda. – Galp had an interest of 50%. The interest was impaired in prior years and therefore had no impact in 2020 P&L.

The following company was reclassified from the heading Investments in associates and joint ventures to Non-current Assets Held for Sale

- Galp Gás Natural Distribuição, S.A. (GGND) - During the quarter ended 30 September 2020, the investment of 77.5% held in the joint venture GGND was reclassified to non-current assets held for sale, in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. Fair value less cost to sell for GGND is higher than its carrying amount, and therefore no adjustment was made to the carrying amount of GGND due to this reclassification (note 7.1).

2.3. Equalization agreements

Following the approval of the Unitisation Agreements (UA) related to the Lula, Atapu and Sépia accumulations, Galp, through its Brazilian subsidiary Petrogal Brasil S.A., and its partners in the BM-S-11, BM-S-11A and BM-S-24 concessions, along with Petrobras for the Transfer of Rights area and Pré-Sal Petróleo S.A. open area, when applicable, agreed on the, following stakes.

Concession | Galp's stake	Unitised area | Galp's stake
BM-S-11 | 10%	Lula | 9.209%
BM-S-11A | 10%	Atapu | 1.703%
BM-S-24 | 20%	Sépia | 2.414%

The equalisation agreements for the above mentioned UAs were signed on April 30, 2020, based on the tract participation each party holds in the unitised areas, the past capital expenditures incurred by partners for their original interests, and the income received thereunder.

As a result of these agreements, all processes were settled simultaneously during the second quarter of 2020, with Galp having received a net amount of €80 m, which includes €220 m related to past capital expenditure made by Petrogal Brazil, S.A. in Brazil, and by its joint ventures Tupi B.V. and Iara B.V. in the Netherlands, adjusted by €137 m related income received from the concessions.

The BM-S-11A licence holds two additional accumulations, Berbigão and Sururu, which are still subject to unitisation approval.

2.4. Q3 update on solar energy projects in Spain

On 22 January 2020, Galp signed a Sale and Purchase Agreement (SPA) with the ACS Group for the acquisition of solar photovoltaic projects in Spain comprising c.2.9 GW, of which 914 MW are in operation. The transaction considers an enterprise value of c.€2.2 bn related with the acquisition, development and construction of the entire portfolio.

During Q2, the SPA was amended to establish new terms and conditions for the acquisition, including the setting up of a joint venture under which Galp acquires 75.01% and ACS Group maintains a stake of 24.99%, with a Shareholders' Agreement. This investment is a Joint Venture in accordance with IFRS 11 – 'Joint Arrangements' and

accounted for based on the equity method. Provisional Purchase Price Allocation (PPA) was recorded in Q3 in relation to the acquisition. Definitive PPA, if applicable, will be measured in accordance with accounting standard IFRS 3 during the course of 12 months from the acquisition date.

Galp paid €325 m at closing for the stake acquisition and previous development costs. The JV currently has €434 m of non-recourse debt related with the operating assets. All further development and construction costs related with the portfolio will be assumed by the joint venture and intended to be project financed. The agreement signed maintains the development and construction of the planned portfolio to be made by Cobra, an affiliate of ACS.

2.5. Statement of Cash Flow – Incorrect Classification

An incorrect classification in the Consolidated Statement of Cash Flow was identified related to previous periods. Cash flow from investing activities (payments for the acquisition of tangible and intangible assets) were overstated by €17 m in relation to the six-months period ended as of 30 June 2020, and €39 m and €60 m related to the years ending 31 December 2019 and 2018, respectively. Cash flows from operating activities (Other payments relating to operating activities) were consequently overstated by the same amounts.

The incorrect classification was related to investments made by the subsidiary Petrogal Brasil as part of the nationalization process (REPETRO legislation). There are no impacts on the Consolidated Statements of Financial Position nor the Consolidated Income Statements. The impact in the Consolidated Statement of Cash Flow related to the six-months period ended as of 30 June 2020 was adjusted accordingly in this Interim Condensed Consolidated Financial Statements for the nine-month period ended as of 30 September 2020 and no restatement of the 2019 Consolidated Statement of Cash Flow was performed due to the immateriality of the impacts identified.

3. Segment reporting

Galp has restructured its organisation in order better to capture the full potential of each business, according to its characteristics, cash contribution and risk profile. The new structure consists of four business units: Upstream segment (unchanged), Refining & Midstream segment, Commercial segment and Renewables & New Businesses segment.

The Upstream segment represents 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 & Midstream segment incorporates the refining and logistics business, as well as the Group's oil, gas and power supply and trading activities. This segment also includes co-generation and gas infrastructure.

The Commercial segment integrates the entire offering to Galp's clients - business to business (B2B) and business to consumer (B2C), of oil, gas, power and non-fuel products.This retail marketing activity also extends to certain countries in Africa.

The Renewables & New Businesses segment encompasses renewables power generation, mobility and new businesses.

Besides these four 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, respectively.

Therefore, figures related to nine-month period ended 30 September 2019 have been restated for comparison purposes.

Segmented reporting is presented on a replacement cost (RC) basis, which is the earnings metric used by the Chief Operating Decision Maker to make decisions regarding the allocation of resources and to assess performance. Based on 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 replacement cost financial information for the segments identified above, for the nine-month periods ended 30 September 2020 and 2019, is as follows:

Unit: € m

	Consolidated		Upstream		Refining and Midstream		Commercial		Renewable and New businesses		Others		Consolidation adjustments	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sales and services rendered	8,552	12,429	1,501	1,877	3,253	4,481	4,469	6,719	22	17	153	108	(846)	(774)
Cost of sales	(5,862)	(9,553)	2	(375)	(2,744)	(3,902)	(3,703)	(5,816)	(17)	(13)	-	-	600	554
of which Variation of Production	(213)	(433)	(4)	(346)	(210)	(87)	-	-	-	-	-	-	-	-
Other revenue & expenses	(1,503)	(1,324)	(644)	(452)	(426)	(398)	(512)	(595)	(12)	(4)	(155)	(99)	246	224
of which Under & Overlifting	(172)	90	(172)	90	-	-	-	-	-	-	-	-	-	-
EBITDA at Replacement Cost	1,187	1,552	859	1,050	83	181	254	308	(6)	-	(2)	9	-	5
Amortisation, depreciation and impairment losses on fixed assets	(882)	(690)	(546)	(389)	(255)	(227)	(69)	(67)	(1)	-	(10)	(7)	-	-
Provisions (net)	(15)	-	(4)	-	-	-	-	-	(10)	-	-	-	-	-
EBIT at Replacement Cost	290	862	309	661	(173)	(46)	184	241	(17)	-	(12)	2	-	5
Earnings from associates and joint ventures	114	103	64	36	48	63	(1)	5	2	-	-	-	-	-
Financial results	(167)	(119)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes at Replacement Cost	(371)	(462)	-	-	-	-	-	-	-	-	-	-	-	-
Energy Sector Extraordinary Contribution	(41)	(49)	-	-	(19)	(27)	(9)	(8)	-	-	(13)	(13)	-	-
Consolidated net income at Replacement Cost, of which:	(175)	336	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to non-controlling interests	19	(61)	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to shareholders of Galp Energia SGPS SA	(156)	275	-	-	-	-	-	-	-	-	-	-	-	-
OTHER INFORMATION														
Segment Assets [1]														
Financial investments [2]	709	870	276	524	48	281	21	15	362	49	1	1	-	-
Other assets	12,190	12,900	6,605	7,485	2,837	3,082	2,256	2,523	30	43	1,233	980	(771)	(1,212)
Segment Assets	12,899	13,770	6,881	8,008	2,886	3,363	2,278	2,538	392	92	1,234	982	(771)	(1,212)
of which Rights of use of assets	1,077	1,167	656	750	200	194	145	144	-	-	76	79	-	-
Investment in Tangible and Intangible Assets	475	772	359	648	52	82	51	33	5	-	9	8	-	-

[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 geographical region in which Galp operates were as follow:

Unit: € m

	Sales and services rendered [1]		Tangible and intangible assests		Financial investiments	
	2020	2019	2020	2019	2020	2019
	8,552	12,429	5,888	6,334	709	870
	441	494	1,087	1,168	66	53
Latin America	687	1,135	2,961	3,154	251	528
Europe	7,424	10,800	1,840	2,012	393	290

[1] Net consolidation operation

The reconciliation between the segment reporting and the Condensed Consolidated Income Statement for the periods ended 30 September 2020 and 2019 was as follows:

Unit: € m

	2020	2019
Sales and services rendered	8,552	12,429
Cost of sales	(6,354)	(9,536)
Replacement cost adjustments (1)	492	(17)
Cost of sales at Replacement Cost	(5,862)	(9,553)
Other revenue and expenses	(1,503)	(1,324)
Depreciation and amortisation	(882)	(690)
Provisions (net)	(15)	0
Earnings from associates and joint ventures	114	103
Financial results	(167)	(119)
Profit before taxes and other contributions at Replacement Cost	237	847
Replacement Cost adjustments	(492)	17
Profit before taxes and other contributions at IFRS	(256)	863
Income tax	(239)	(470)
Income tax on Replacement Cost Adjustment (2)	(132)	8
Energy Sector Extraordinary Contribution	(41)	(49)
Consolidated net income for the period at Replacement Cost	(175)	336
Replacement Cost (1) +(2)	(360)	8
Consolidated net income for the period based on IFRS	(535)	344

4. Tangible assets

Unit: € m

	Land, natural resources and buildings	Plant and machinery	Other equipment	Assets under construction	Total
As at 30 September 2020					
Acquisition cost	1,234	10,473	491	1,832	14,031
Impairment	(29)	(60)	(4)	(209)	(302)
Accumulated depreciation and depletion	(759)	(7,289)	(442)	-	(8,490)
Net Value	446	3,124	46	1,623	5,239
Balance as at 1 January 2020	457	3,267	51	1,896	5,671
Additions	-	21	1	449	471
Depreciation, depletion and impairment	(16)	(610)	(14)	(111)	(751)
Disposals/Write-offs	-	(2)	-	-	(2)
Transfers	7	518	8	(542)	(8)
Currency exchange differences and other adjustments	(2)	(70)	(1)	(69)	(142)
Balance as at 30 September 2020	446	3,124	46	1,623	5,239

During the period under review and in line with its strategy, the Group has made investments mostly in the Upstream business unit, in the amount of €371 m, essentially related to projects in Brazil (€289 m), Angola (€29 m) and Mozambique (€51 m). The additions to tangible assets for the nine-month period ended 30 September 2020 also include the capitalisation of financial charges amounting to €9 m (Note 21). The €325 m investment in solar assets in Spain is booked under Joint ventures (note 7.1).

5. Goodwill and intangible assets

Unit: € m

	Industrial properties and other rights	Intangible assets in progress	Goodwill	Total
As at 30 September 2020				
Acquisition cost	998	67	88	1,153
Impairment	(21)	(22)	(2)	(45)
Accumulated amortisation	(459)	-	-	(459)
Net Value	518	45	86	649
Balance as at 1 January 2020	542	35	85	663
Additions	2	21	2	24
Amortisation and impairment	(28)	-	-	(28)
Write-offs/Disposals	-	-	-	-
Transfers	18	(10)	-	8
Currency exchange differences and other adjustments	(17)	-	(1)	(18)
Balance as at 30 September 2020	518	45	86	649

The additions of €2 m recorded in Goodwill are related to the provisional business combination impacts related to the acquisition of Tagusgás - Propano, S.A. (Note 2.2).

6. Leases

The details of Right-of-use assets were as follow:

Unit: € m

	FPSO's[1]	Buildings	Service stations	Vessels	Other usage rights	Total
As at 30 September 2020						
Acquisition cost	629	91	167	183	230	1,300
Accumulated amortisation	(80)	(9)	(29)	(73)	(32)	(223)
Net Value	549	82	138	110	199	1,077
As at 1 January 2020	607	85	136	146	194	1,167
Additions	-	3	22	4	1	30
Amortisation	(35)	(4)	(14)	(36)	(14)	(102)
Write-offs/Disposals	-	1	1	-	0	2
Currency exchange differences and other adjustments	(23)	(2)	(7)	(4)	18	(19)
Balance as at 30 September 2020	549	82	138	110	199	1,077

[1] Floating, production, storage and offloading unit.

Lease liabilities were as follow:

Unit: € m

	September 2020	December 2019
Maturity analysis – contractual undiscounted cash flow	1,774	1,919
Less than one year	185	190
One to five years	566	606
More than five years	1,023	1,123
Lease liabilities included in the statement of financial position	1,147	1,223
Non current	973	1,042
Current	173	182

The amounts recognised in consolidated profit or loss were as follow:

Unit: € m

	September 2020	September 2019
	405	326
Interest on lease liabilities	61	68
Expenses related to short term, low value and variable payments of operating leases [1]	344	258

[1] Includes variable payments and short term leases recognised under the heading of transport of goods.

Amounts recognised in the consolidated statement of cash flow were as follow:

Unit: € m

	September 2020	September 2019
Financing activities	144	141
(Payments) relating to leasing (IFRS 16)	80	73
(Payments) relating to leasing (IFRS 16) interests	64	68

7. Investments in associates and joint ventures

Investments in associates and joint ventures were as follow:

Unit: € m

	September 2020	December 2019
	709	870
Joint ventures	619	758
Associates	90	112

7.1. Investments in joint ventures

Unit: € m

	As at 31 December 2019	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividends	IFRS 5 Reclassification	As at 30 September 2020
	758	3	17	69	(6)	(221)	619
Tupi B.V.	368	(152)	10	(9)	-	-	218
Iara B.V.	114	(171)	(2)	59	-	-	-
Galp Gás Natural Distribuição, S.A.	213	-	9	-	-	(221)	-
Zero -E-Euro Assets, S.A.	-	325	-	-	-	-	325
Coral FLNG, S.A.	41	-	(1)	17	-	-	58
Other joint ventures	22	-	-	1	(6)	-	17

During the period, Galp Sinopec Brasil Services B.V. sold 0.74% and 8.28% of Tupi B.V. and Iara B.V.'s, respectively (Note 19).

In addition, Tupi B.V. and Iara B.V. repaid share premium contributions to their shareholders in the amount of €323 m, which includes a result of a cash surplus arising from the sale of equipment to the E&P operations in Brazil and an agreed equalization amount (Note 2.3).

In September, Galp acquired the company Zero E for €325 m (note 2.2.).

In September the company Galp Gas Natural Distribuição (GGND) was reclassified to Non-current Assets Held for Sale since Galp considered that IFRS 5 conditions were met (note 2.2.). In accordance with IFRS 5 non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

7.2. Investments in associates

Unit: € m

	As at 31 December 2019	Share capital increase/ decrease	Equity Method	Foreign exchange rate differences	Dividends	As at 30 September 2020
	112	48	42	(66)	(47)	89
EMPL - Europe Magreb Pipeline, Ltd	40	-	31	(2)	(40)	30
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	8	-	1	(1)	(2)	6
Gasoduto Al-Andaluz, S.A.	7	-	4	-	(2)	9
Tauá Brasil Palma, S.A.	45	48	2	(63)	-	32
Other associates	12	-	4	(0)	(3)	12

During the nine-month period under review, the amount of €53 m was declared in dividends from investments in joint ventures and associates, with €2 m still to be received. Additionally, €1 m was received from associates related to dividends declared in 2019.

8. Inventories

Inventories as at 30 September 2020 and 31 December 2019 were as follows:

Unit: € m

	September 2020	December 2019
	745	1,055
Raw, subsidiary and consumable materials	296	358
Crude oil	96	167
Other raw materials	67	68
Oil Raw materials in transit	132	123
Finished and semi-finished products	331	537
Goods	135	180
Adjustments to net realisable value	(17)	(20)

As of 30 September 2020, the Group had live Contango operations, whereby some cargos of Crude Oil are valued on a fair value basis with a €10 m positive impact on P&L included in the 'Crude oil' line item in the table above. These operations are covered by financial derivatives (Note 17).

The movements in the adjustments to net realisable value balance for the nine-month period ended 30 September 2020 were as follow:

Unit: € m

	Raw, subsidiary and consumable materials	Finished and semi-finished products	Goods	Adjustments	Total
Adjustments to net realisable value at 1 January 2020	16	1	3	-	20
Net reductions	(3)	1	(1)	2	(1)
Other adjustments	-	-	-	(2)	(2)
Adjustments to net realisable value at 30 September 2020	12	3	2	-	17

The net reductions in the amount of €1 m were recorded in the income statement as part of cost of sales. These reductions are mainly related to adjustments to reflect 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 2020 and 31 December 2019 were as follow:

Unit: € m

	Notes	September 2020	December 2019
		Current	Current
		982	980
Trade receivables		1,127	1,143
Allowance for doubtful amounts	9.3	(145)	(163)

9.2. Other receivables

The details of other receivables as at 30 September 2020 and 31 December 2019 were as follow:

Unit: € m

	Notes	September 2020		December 2019	
		Current	Non-current	Current	Non-current
		443	250	935	259
State and other Public Entities		27	17	24	28
Other debtors		153	77	623	65
Non-operated oil blocks		69	-	348	-
Underlifting		20	-	190	-
Other receivables		63	77	84	65
Related Parties		3	-	5	-
Contract Assets		200	69	206	68
Sales and services rendered but not yet invoiced		88	-	96	-
Adjustments to tariff deviations - "pass through"		17	-	17	-
Other accrued income		94	69	94	68
Deferred charges		66	88	82	98
Energy sector extraordinary contribution (CESE II)	14.2	12	38	15	46
Deferred charges for services		2	20	3	21
Other deferred charges		52	30	65	31
Impairment of other receivables	9.3	(5)	-	(6)	-

The balance of €69 m recorded under “Other debtors - Non-operated oil blocks” includes €45 m related to receivables from partners for payments made by the Group on their behalf, which will be recovered from the respective partners during the production period.

The balance of €20 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 sale date and the market price as at 30 September 2020.

Other deferred charges (non-current) include the amount of €29 m relating to post-employment benefits (Note 15).

9.3. Impairment of Trade Receivables and Other Receivables

The movements in the impairment of trade receivables and other receivables, for the nine-month period ended 30 September 2020, were as follow:

Unit: € m

	Opening balance	Increase	Decrease	Utilisation	Closing balance
	169	14	(6)	(26)	150
Trade receivables	163	13	(6)	(26)	145
Other receivables	6	-	-	-	5

10. Other financial assets

As at 30 September 2020 and 31 December 2019, Other financial assets were as follow:

Unit: € m

	Notes	September 2020		December 2019	
		Current	Non-current	Current	Non-current
		150	206	174	169
Financial Assets at fair value through profit & loss	17	109	13	131	9
Financial Assets at fair value through comprehensive income		-	3	-	3
Financial Assets not measured at fair value - Loans and Capital subscription		41	168	43	135
Others		-	22	-	23

Loans and Capital subscription (current) in the amount of €41 m relate to the subscribed and unrealised capital increase made by Winland International Petroleum, S.A.R.L. (a Sinopec company) in Petrogal Brasil, S.A., which is considered as a financial asset given the terms established for this capital increase.

11. Cash and cash equivalents

For the periods ended 30 September 2020 and 31 December 2019, the details of Cash and cash equivalents in the Condensed consolidated statement of cash flow were as follow:

Unit: € m

	Notes	September 2020	December 2019
		1,662	1,431
Cash at bank		1,687	1,460
Bank overdrafts	12	(25)	(29)

12. Financial debt

The details of financial debt as at 30 September 2020 and 31 December 2019 were as follow:

Unit: € m

		September 2020		December 2019	
	Notes	Current	Non-current	Current	Non-current
		559	3,218	278	2,616
Bank loans		59	808	278	795
Origination fees		-	(1)	-	-
Loans and commercial paper		35	808	249	795
Bank overdrafts	12	25	-	29	-
Bonds and notes		500	2,410	-	1,822
Origination fees		-	(10)	-	(6)
Bonds		-	1,421	-	828
Notes		500	1,000	-	1,000

Changes in financial debt during the period from 31 December 2019 to 30 September 2020 were as follow:

Unit: € m

	Opening balance	Loans obtained	Principal Repayment	Changes in Overdrafts	Foreign exchange rate differences and others	Closing balance
	2,895	2,290	(1,388)	(4)	(15)	3,777
Bank Loans:	1,073	1,190	(1,388)	(4)	(3)	867
Origination fees	(0)	-	-	-	(0)	(1)
Loans and commercial papers	1,044	1,190	(1,388)	-	(3)	843
Bank overdrafts	29	-	-	(4)	-	25
Bond and Notes:	1,822	1,100	-	-	(11)	2,910
Origination fees	(6)	-	-	-	(4)	(10)
Bonds	828	600	-	-	(7)	1,421
Notes	1,000	500	-	-	-	1,500

The average cost of financial debt for the period under review, including charges for the use of credit lines, amounted to 1.69%.

During the first nine months of 2020, the Group contracted new bonds as detailed below:

Issuance	Due amount	Interest rate	Maturity
	600		
BONDS GALP ENERGIA 2020/2025	100	Euribor 6M + spread	March '25
GALP ENERGIA/2020 - 2023	100	Euribor 6M + spread	May '23
GALP ENERGIA/2020 - EUR 150.000.000 FRN DUE 20 APRIL 2025	150	Euribor 6M + spread	April '25
GALP ENERGIA/2020 - EUR 150.000.000 FRN DUE 2024	150	Euribor 6M + spread	July '24
GALP ENERGIA/2020 - EUR 100.000.000 FRN DUE SEPTEMBER 2022	100	Euribor 6M + spread	September '22

Additionally, during this period, the Group contracted new notes as detailed below:

Issuance	Due amount	Interest rate	Maturity
	500		
GALP ENERGIA/2020-EMTN-EUR 500,000,000 FIXED RATE NOTES-15 JAN.2026-SR.4	500	Fixed Rate 2.000%	January '26

During this period, the Group issued and repaid €1,190 m under commercial paper programmes.

During the period, €198 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 2020:

Unit: € m

Maturity	Loans		
	Total	Current	Non-current
	3,764	535	3,229
2020	2	2	-
2021	535	533	2
2022	561	-	561
2023	870	-	870
2024	691	-	691
2025	605	-	605
2026	500	-	500

13. Trade payables and other payables

As at 30 September 2020 and 31 December 2019, the details of Other payables were as follow:

Unit: € m

	September 2020		December 2019	
	Current	Non-current	Current	Non-current
Trade payables	740	-	852	-
Other payables	940	110	1,343	121
State and other public entities	310		355	
Payable VAT	172	-	219	-
Tax on oil products (ISP)	106	-	100	-
Other taxes	32		35	-
Other payables	257	66	477	70
Suppliers of tangible and intangible assets	85	66	430	70
Advances on sales	1	-	1	-
Overlifting	22	-	20	-
Other Creditors	149	-	26	-
Related parties	2	-	3	-
Other accounts payable	56	5	41	6
Accrued costs	287	27	461	30
External supplies and services	142	-	295	-
Holiday, holiday subsidy and corresponding contributions	42	3	52	4
Other accrued costs	104	23	115	26
Contract liabilities	23	-	6	-
Other deferred income	5	12	-	15

14. Taxes and other contributions

14.1. Taxes and Special Participation Tax (SPT)

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 since 2005. Currently, 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 condensed consolidated income statement for the nine-month periods ended 30 September 2020 and 2019 were as follow:

Unit: € m

	September 2020			September 2019		
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total
Taxes for the period	128	110	239	437	34	470
Current income tax	(108)	117	9	69	43	111
Oil income Tax (IRP)	20	(7)	13	21	1	22
Special Participation Tax (SPT)	216	-	216	347	(10)	337

As at 30 September 2020, the movements in deferred tax assets and liabilities were as follow:

Unit: € m

	As at 31 December 2019	Impact on the income statement	Impact on equity	Foreign exchange rate changes	As at 30 September 2020
Deferred Taxes – Assets	367	113	(2)	(11)	468
Adjustments to tangible and intangible assets	10	98	-	(4)	105
Retirement benefits and other benefits	96	7		-	102
Tax losses carried forward	73	(1)	-	(1)	71
Regulated revenue	8	(2)	-	-	6
Temporarily non-deductible provisions	110	7	-	(3)	114
Potential foreign exchange rate differences in Brazil	41	-	-	(2)	39
Others	30	4	(2)	(1)	31
Deferred Taxes – Liabilities	(299)	(223)	-	21	(502)
Adjustments to tangible and intangible assets	(272)	(229)	-	21	(480)
Adjustments to the fair value of tangible and intangible assets	(6)	1	-	-	(5)
Regulated revenue	(14)	1	-	-	(13)
Others	(8)	4	-		(3)

14.2. Energy Sector Extraordinary Contribution

As at 30 September 2020, the details of the Energy Sector Extraordinary Contribution were as follow:

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 2020	(102)	(220)	15	46	-
"CESE I" Increase	(14)	-	-	-	14
"CESE II" Increase	-	(7)	(3)	(8)	18
Fondo Nacional de Eficiencia Energética (FNEE)	-	-	-	-	9
As at 30 September 2020	(116)	(227)	12	38	41

15. Post-employment benefits

During the period under review there were no significant changes compared to 31 December 2019.

On 30 September 2020 and 31 December 2019, the assets of the Pension Funds, valued at fair value, were as follows, in accordance with the report presented by the respective pension plan management company:

Unit: € m

	September 2020	December 2019
Total	258	267
Shares	46	39
Bonds	158	151
Real Estate	45	49
Liquidity	4	23
Others	5	5

As at 30 September 2020 and 31 December 2019, the details of post employee benefits were as follow:

Unit: € m

	September 2020	December 2019
Assets under the heading "Other Receivables"	29	30
Liabilities	(356)	(332)
Net responsibilities	(326)	(301)
Liabilities, of which:	(585)	(568)
Past service liabilities covered by the pension fund	(230)	(237)
Other employee benefit liabilities	(355)	(331)
Assets	258	267

16. Provisions

During the nine-month period ended 30 Sepember 2020, the movements in Provisions were as follow:

Unit: € m

	September 2020				December 2019
	Decomissioning/ environmental provisions	CESE (I and II)	Other provisions	Total	
At the beginning of the period	421	322	77	819	658
Additional provisions and increases to existing provisions	19	21	18	58	175
Decreases of existing provisions	-	-	(1)	(1)	(7)
Amount used during the period	(4)	-	(5)	(9)	(5)
Regularization	10	-	19	29	()
Adjustments during the period	(16)	-	(15)	(31)	-
At the end of the period	430	343	92	865	819

17. Other financial instruments

The details of the financial position of the balance of derivative financial instruments as at 30 September 2020 and 31 December 2019 were as follow:

Unit: € m

	September 2020					December 2019				
	Assets (Note 10)		Liabilities		Equity	Assets (Note 10)		Liabilities		Equity
	Current	Non current	Current	Non current		Current	Non current	Current	Non current	
	109	13	(111)	(16)	(4)	131	9	(84)	(5)	(13)
Commodity swaps	55	13	(73)	(16)	(2)	68	6	(72)	(4)	(3)
Options	12	-	(12)	-	-	19	-	-	-	-
Commodity futures	35	-	-	-	(2)	19	-	-	-	(10)
Forwards	8	-	(26)	-	-	25	3	(12)	(1)	-

The accounting impacts of gains and losses on derivative financial instruments on the income statements and comprehensive income as at 30 September 2020 and 30 September 2019 are presented below:

Unit: € m

	September 2020				September 2019			
	Income statement			Equity	Income statement			Equity
	MTM	Realised	MTM + Realised		MTM	Realised	MTM + Realised	
	(76)	(59)	(135)	9	2	(32)	(30)	(1)
Commodities	(44)	(7)	(51)	9	(15)	(37)	(52)	(7)
Swaps	(17)	(19)	(36)	1	(73)	(24)	(98)	(5)
Swaps - Fair value hedge	12	-	12	-	16	-	16	-
Options	(19)	105	86	-	2	(2)	-	-
Futures	(20)	(93)	(113)	8	40	(10)	29	(2)
Currency	(32)	(52)	(84)	-	17	5	22	6
Forwards	(32)	(52)	(84)	-	17	5	22	6

The heading Futures (Realised) includes a loss of €60 m regarding to closed CO_2 futures position and the heading Swaps (Realised) includes a €33 m gain on early termination of Oil margin Swaps.

The MTM heading includes a derivative swap in the amount of €2 m negative, which is connected with the Contango operations carried out in March 2020 and still open (Note 8). The MTM of these derivatives is recognized directly in Cost of Sales.

The table above has a negative MTM of a Swap derivative (c.€100 k), related to a Synthetic Power Purchase Agreement of a solar project in Spain, for which the fair value valuation was not based on observable market data (level 3). The derivative commencement date is 10 August 2020 and has a life span of 12 years. With this Synthetic Power Purchase Agreement a fixed quantity of Guarantees of Origin are going to be transferred from te solar project to Galp during the same time frame.

The inputs used by Galp to value the derivative were as follow: Floating Price calculation was done by using a known market index as a proxy; For long term price predictions for which no previsable market data was available a flat price assumption was used; Credit risk mitigations of the counterparty was taken into account in the valuation model.

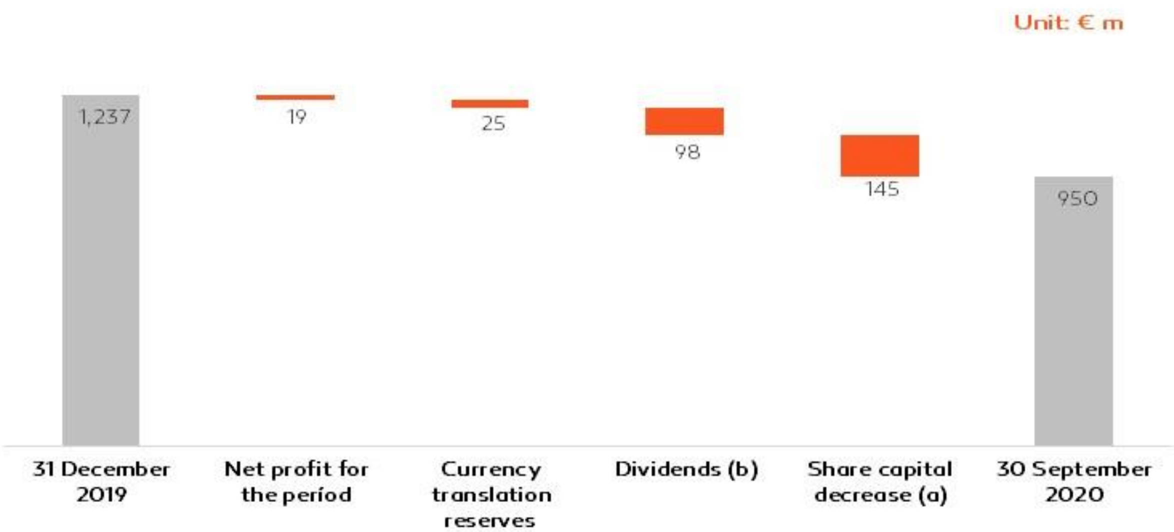
The realised results of derivative financial instruments are mainly recognised as part of the cost of sales (Note 21), financial income or expenses. The breakdown of the financial results related to derivative financial instruments (Note 21) is as follows:

Unit: € m

	September 2020	September 2019
	36	16
Commodity Swaps	(3)	(57)
Options	(19)	2
Commodity Futures	(20)	40
Option Premium	105	-
Other trading operations	(27)	31

Table above excludes MTM and gains or losses on FX Forwards which are reflected in the caption of Exchange gains/losses.

18. Non-controlling interests



(a) The Share capital decrease is related to the share premium reduction in Galp Sinopec Brazil Services B.V. (GSBV).

(b) Non-controlling interest dividends in the amount of €98 m were declared during the period, although only €78 m was paid.

19. Revenue and income

The details of revenue and income for the nine-month periods ended 30 September 2020 and 2019 were as follow:

Unit: € m

	Notes	September 2020	September 2019
		8,887	12,778
Total sales		8,070	11,973
Goods		3,438	5,394
Products		4,638	6,556
Exchange differences		(6)	23
Services rendered		482	456
Other operating income		159	198
Underlifting income		-	90
Others		158	108
Earnings from associates and joint ventures	7	114	103
Financial income	21	62	47

The amount in the caption Earnings from associates and joint ventures of €114 m includes the Equity Method Value of associates and joint ventures, as well as the capital gains arising from the partial sale of the participation in Tupi B.V. and Iara B.V., amounting to €6 m and €51 m, respectively (Note 7.1).

20. Costs and expenses

The details of costs and expenses, for the nine-month periods ended 30 September 2020 and 2019 were as follow:

Unit: € m

	Notes	September 2020	September 2019
Total costs and expenditure:		9,143	11,915
Cost of sales		6,354	9,536
Raw and subsidiary materials		3,191	3,980
Goods		1,084	2,987
Tax on oil products		1,788	2,128
Variations in production		213	433
Write downs on inventories	8	(1)	(33)
Financial derivatives	17	83	30
Exchange differences		(5)	11
External supplies and services		1,175	1,198
Subcontracts - network use		232	276
Transportation of goods		292	229
E&P - production costs		111	144
E&P - exploration costs		30	26
Royalties		104	141
Other costs		406	381
Employee costs		264	245
Amortisation, depreciation and impairment losses on fixed assets	4/ 5/ 6	882	690
Provision and impairment losses on receivables	9/3 / 16	22	-
Other costs		216	80
Other taxes		18	16
Costs related to CO_2 emissions		21	20
Overlifting costs		172	-
Other operating costs		5	44
Financial expenses	21	230	166

The heading employee costs of €264 m includes provision for redundancy plan of €41 m.

21. Financial results

The details of financial income and costs for the nine-month periods ended 30 September 2020 and 2019 were as follow:

Unit: € m

	Notes	September 2020	September 2019
		(167)	(119)
Financial income		62	47
Interest on bank deposits		21	27
Interest and other income from related companies		2	1
Other financial income		3	3
Derivative financial instruments	17	36	16
Financial expenses		(230)	(166)
Interest on bank loans, bonds, overdrafts and others		(55)	(41)
Interest from related parties		-	-
Interest capitalised within fixed assets	4	9	18
Interest on lease liabilities	6	(61)	(68)
Derivative financial instruments	17	()	-
Exchange gains/(losses)		(112)	(34)
Other financial costs		(10)	(41)

22. Subsequent Events

On the 10 of October, 2020 an economic-driven refining slowdown, namely on Matosinhos' fuels plant occured.

23. Approval of the financial statements

The consolidated financial statements were approved by the Board of Directors on 23 October 2020.

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

24. 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 discrepancy, the Portuguese language version shall prevail.

9. 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
ACS: Atividades de
APETRO: Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)
B2B: Business to business
B2C: Business to consumer
bbl: barrel of oil
bn: billion
boe: barrels of oil equivalent
BRL: Brazilian real
c.: circa
CO_2: Carbon dioxide
Capex: Capital expenditure
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
CMVM: Portuguese Securities Market Commission
CORES: Corporación de Reservas Estratégicas de Produtos Petrolíferos (Spain)
d: day
DD&A: Depreciation, Depletion and Amortisation
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 Eficiência Energética (Spain)
FPSO: Floating, production, storage and offloading unit
Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies
GGND: Galp Gás Natural Distribuição, S.A.
GSBV: Galp Sinopec Brazil Services
GW: Gigawatt
GWh: Gigawatt per hour
IAS: International Accounting Standards
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
kboepd: thousands of barrels of oil equivalent per day
kbpd: thousands of barrels of oil per day
LNG: liquefied natural gas
LTM: last twelve months
m: million
MIBGAS: Iberian Market of Natural Gas

mbbl: million barrels of oil
mboe: millions of barrels of oil equivalent
mbtu: million British thermal units
mm^3: million cubic metres
mton: millions of tonnes
MW: Megawatt
MWh: Megawatt-hour
NB: New Businesses
NG: natural gas
n.m.: not meaningful
NWE: Northwestern Europe
PV: photovoltaic
PIS: payment initiation service
p.p.: percentage point
Q: Quarter
QoQ: Quarter-on-quarter
R&Mid: Refining & Midstream
R&NB: Renewables & New Businesses
REN: Rede Eléctrica Nacional
RC: Replacement Cost
RCA: Replacement Cost Adjusted
SPA: Sale and purchase agreement
SPT: Special participation tax
ton: tonnes
TTF: Title transfer facility
TWh: Terawatt-hour
UA: Unitisation Agreements
U.S.: United States
USD/$: Dollar of the United States of America
Var.: Variation
WI: working interest
YoY: year-on-year

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