galp energia

RESULTS

SECOND QUARTER AND FIRST HALF OF 2013




An integrated energy operator focused on exploration and production

Dow Jones Sustainability Indexes
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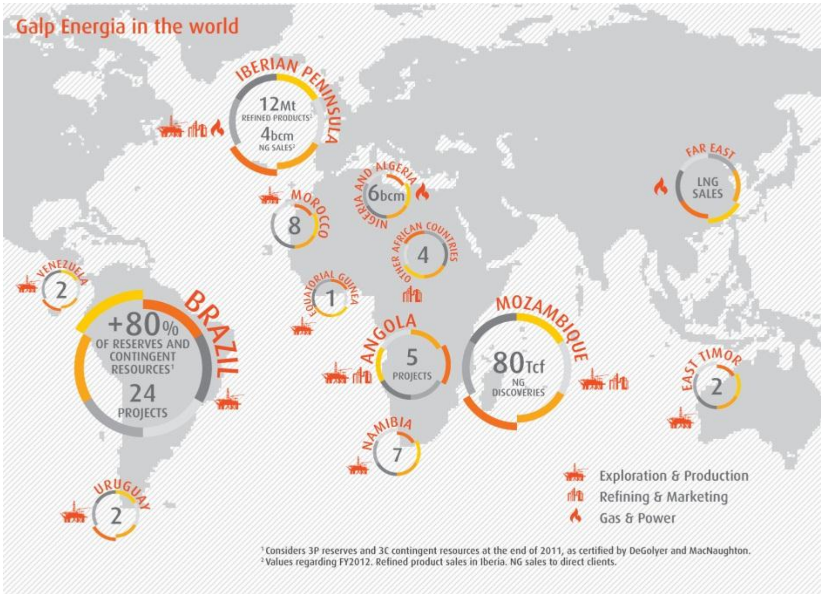
GROWING ENERGY TO CREATE SUSTAINABLE VALUE

Who we are

- We are an integrated energy operator focused on exploration and production, with a portfolio of assets which will lead to a unique profitable growth in the industry
- Our exploration and production activities are focused on three core countries: Brazil, Mozambique and Angola
- Our profitable and resilient Iberian businesses will contribute to outstanding growth in exploration and production



Our vision and purpose

To be an integrated energy player renowned for the quality of its exploration activities, delivering sustained value to its shareholders.

Our strategy

To strengthen our exploration and production activities in order to deliver profitable and sustainable growth to shareholders, based on efficient and competitive Iberian business, on solid financial capacity and on highly responsible practices.

Our strategic drivers

- Greater focus on exploration.
- Development of world-class production projects.
- Solid financial capacity.

Our competitive advantages

- We are the national flag carrier.
- We offer integrated know-how.
- We benefit from a solid and flexible organisation.
- We establish successful and enduring partnerships.
- We have acquired skills in some of the most promising projects worldwide.

To learn more visit Galp Energia's website www.galpenergia.com.

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EXECUTIVE SUMMARY

Galp Energia proceeded in the second quarter of 2013 with the execution of its strategy, particularly regarding its exploration and development activities in Brazil, Namibia and Mozambique.

Regarding exploration activities, it is worth highlighting that drilling has started in the Potiguar basin, with the Araraúna and Tango wells, and in the Bracuhy well, in the Santos basin, both basins located in Brazil. In Mozambique, it is of note that drilling of the Agulha-1 well started in the period. On the other hand, during the second quarter the Company announced the results of the Wingat well in Namibia and of the Araraúna well in Brazil, both of which proved the presence of oil, although not in commercial volumes. After the close of the quarter, results were announced for the Murombe well in Namibia, which was considered to be dry.

Regard to development activities, the production test in the Lula West area, with the Lula West-2 well, was completed. In Iara field the consortium completed the drilling of the Iara West-2 well, with the formation test in the area, already concluded, and which results confirmed the excellent productivity of the reservoirs.

Replacement cost adjusted (RCA) Ebitda in the second quarter of 2013 rose €19 million (m) year on year (yoy) to €304 m. This increase followed the improved operating performance of the Refining & Marketing (R&M) and Gas & Power (G&P) business segments, after Galp Energia's refining margin rose following the stabilisation of operations at the hydrocracking complex, and the LNG supply margin in international markets increased, respectively.

RCA net profit in the second quarter of 2013 decreased €42 m yoy to €86 m, due to higher depreciation and amortisation, that were due to the start of depreciations related with the hydrocracking complex, and due to weaker financial results, which had been impacted by currency exchange gains of €29 m in the second quarter of 2012, and started to be affected by the interest costs related to the Sines upgrade project that stopped being capitalised in the second quarter of 2013.

Capital expenditure in the quarter amounted to €286 m, with exploration and production activities accounting for 70% of the total, namely the development activities in the Brazilian Lula field.

At the end of the first half of 2013 net debt amounted to €2,117 m, or €1,173 m were the loan to Sinopec to be considered as cash and cash equivalents. In this context, the net debt to Ebitda ratio was 1.1x.

OPERATING HIGHLIGHTS IN THE SECOND QUARTER OF 2013

- Net entitlement production of crude oil and natural gas in the second quarter of 2013 amounted to 19.4 kboepd, with production from Brazil accounting for 56% of the total;

- Galp Energia's refining margin in the period was \$3.4/bbl, up \$0.9/bbl yoy on stabilisation of operations in the hydrocracking complex;

- Marketing of oil products continued to be affected by a difficult economic environment in the Iberian Peninsula; however, it maintained its contribution to results after cost optimisation measures were implemented;

- Natural gas sold amounted to 1,457 million cubic metres (mm^3) with trading volumes accounting for approximately 40% of the total.

KEY FIGURES

FINANCIAL DATA

€ m (RCA)

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
285	**304**	**19**	**6.7%**	**Ebitda**	**489**	**557**	**68**	**13.9%**
99	85	(14)	(14.3%)	Exploration & Production	187	176	(11)	(5.7%)
107	115	8	7.6%	Refining & Marketing	140	174	35	24.9%
75	93	18	24.4%	Gas & Power	158	196	37	23.6%
179	**151**	**(27)**	(15.3%)	**Ebit**	**278**	**299**	**22**	**7.8%**
61	29	(33)	(53.1%)	Exploration & Production	115	89	(26)	(22.4%)
55	39	(16)	(29.6%)	Refining & Marketing	29	39	10	33.8%
60	75	15	24.0%	Gas & Power	132	163	31	23.4%
129	**86**	**(42)**	**(32.8%)**	**Net profit**	**178**	**162**	**(17)**	**(9.3%)**
167	**286**	**119**	**71.0%**	**Investment**	**354**	**474**	**121**	**34.1%**
245	**1,173**	**928**	**n.m.**	**Net debt including loan to Sinopec**	**245**	**1,173**	**928**	**n.m.**
0.3x	**1.1x**	**0.8x**	**n.m.**	**Net debt inc. loan to Sinopec to Ebitda**	**0.3x**	**1.1x**	**0.8x**	**n.m.**

OPERATIONAL DATA

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
25.8	23.4	(2.4)	(9.2%)	Average working interest production (kboepd)	24.2	23.5	(0.7)	(2.9%)
18.8	19.4	0.6	3.4%	Average net entitlement production (kboepd)	17.7	19.8	2.1	11.8%
96.4	96.9	0.5	0.5%	Oil and gas average sale price[1] (USD/boe)	101.3	93.6	(7.7)	(7.6%)
21,456	22,338	881	4.1%	Crude processed (kbbl)	41,720	43,873	2,153	5.2%
2.5	3.4	0.9	37.6%	Galp Energia refining margin (USD/bbl)	1.7	2.7	1.0	59.6%
2.4	2.5	0.1	2.9%	Oil sales to direct clients (mton)	5.0	4.8	(0.2)	(4.9%)
1,500	1,457	(44)	(2.9%)	NG supply total sales (mm^3)	3,225	3,178	(48)	(1.5%)
632	565	(67)	(10.7%)	NG/LNG trading sales (mm^3)	1,192	1,211	19	1.6%
317	449	132	41.7%	Sales of electricity to the grid[2] (GWh)	636	917	281	44.1%

[1] Reflects underlifting and overlifting positions. Reflects, in the 2Q13, the correction of under-invoicing in the 1Q13 amounting to $7 m. Excluding this effect, the average sale price would have been $93.0/boe.

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

MARKET INDICATORS

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
108.3	102.4	(5.9)	(5.4%)	Dated Brent price[1] (USD/bbl)	113.6	107.5	(6.1)	(5.4%)
(2.0)	(0.5)	(1.4)	72.8%	Heavy-light crude price spread[2] (USD/bbl)	(1.9)	(1.3)	(0.6)	30.3%
57.4	65.3	7.9	13.8%	UK NBP natural gas price[3] (GBp/therm)	58.4	68.9	10.4	17.9%
17.2	14.8	(2.4)	(13.9%)	LNG Japan and Korea price[1] (USD/mmbtu)	16.2	16.3	0.2	1.0%
3.7	2.2	(1.4)	(39.2%)	Benchmark refining margin[4] (USD/bbl)	2.4	2.1	(0.2)	(9.8%)
15.6	14.7	(0.9)	(5.9%)	Iberian oil market[5] (mton)	31.9	28.5	(3.4)	(10.5%)
7,780	7,353	(427)	(5.5%)	Iberian natural gas market[6] (mm^3)	18,508	16,920	(1,588)	(8.6%)

[1] Source: Platts

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

[3] Source: Bloomberg

[4] For a complete description of the method of calculating the new benchmark refining margin see "Definitions"

[5] Source: Apetro for Portugal; Cores for Spain and includes estimate for June 2013

[6] Source: Galp Energia and Enagás. Includes estimate for June

EXPLORATION & PRODUCTION ACTIVITIES

EXPLORATION AND APPRAISAL ACTIVITIES

Galp Energia proceeded in the second quarter with the exploration and appraisal campaign that was scheduled for 2013 in accordance with the strategy of increasing the resource base through exploration and appraisal activities.

BRAZIL

In the Santos basin's Lula field, the production test in the Lula West area was completed through the previously drilled Lula West-2 well. The consortium continues to review the collected data to optimise the development model for the area. The development schedule provides for the operation of an FPSO at Lula West in 2017.

In the Iara field, the consortium completed the drilling of well Iara West-2 and started the formation test in the area, which was meanwhile concluded. Results obtained confirmed the presence of carbonate reservoirs with excellent porosity and permeability conditions, and confirmed the excellent productivity of the reservoirs, which showed better characteristics than those found in the Iara discovery well. These findings are particularly important in light of the definition of the development plan for the field.

In June the consortium started to drill the first horizontal well in the Iara central area, which should be concluded in the fourth quarter of 2013 and that will be followed by a formation test.

Also in the Santos basin, the consortium started drilling in July the prospect Bracuhy, in block BM-S-24, to investigate the potential of that area in a well-defined structure. The well also aims to study the distribution of fluids that may exist in that area of block BM-S-24.

In the Potiguar basin, a frontier region and accordingly classed as high-risk, Galp Energia proceeded with the drilling activities, which started in February in prospect Araraúna and began to drill a second well to evaluate the potential of prospect Tango.

The Araraúna well detected oil shows in the drilling mud, which proved the existence of hydrocarbons. Although the discovery was not commercially viable, the fact that the well confirmed the existence of a working hydrocarbon system raised the potential for discovery of a new play in the Brazil's equatorial margin.

The purpose of the Tango well is to investigate the potential of the Cretaceous interval and its target depth exceeds Araraúna's, the first well to be drilled in the region.

MOZAMBIQUE

In the Rovuma basin, the consortium for the exploration and development of Area 4 started drilling the Agulha-1 well to investigate the potential of hydrocarbons, particularly oil in the Paleocene and Cretaceous intervals, in the southern part of the area. After completion of this well, the rig Saipem 10000 will move to the Mamba Northeast-3 area to execute an appraisal well designed to enhance knowledge of that area's reservoir and optimise the plan for development of the resources exclusively located in the Rovuma basin's Area 4.

OTHER EXPLORATION AREAS

In Namibia, where Galp Energia is present since late 2012, the consortium proceeded with its exploration schedule, which includes the drilling of three exploration wells which purpose was to investigate the potential of three independent prospects in the Walvis and Orange basins, that are located in the Cretaceous interval, in carbonate and clastic reservoirs. The Wingat well was completed in the second quarter of 2013 and results indicated the presence of oil, yet in non-commercial volumes. The well also identified two well-developed source rocks, rich in organic carbon and both within the oil generation window.

After completion of the Wingat well, drilling of the Murombe well started under the same exploration licence, the PEL 23, with the main purpose of investigating the potential of a basin-floor fan from the Cretaceous. The outcome of this well, which was considered to be dry, was announced after the close of the second quarter.

In line with the Company's strategy of expanding its exploration portfolio to achieve sustained production growth, Galp Energia participated in May in the eleventh bidding for exploration blocks in Brazil, whereby it acquired 50% stakes in four onshore blocks in the Parnaíba basin, 10% stakes in four blocks in the Barreirinhas offshore basin and a 20% stake in an offshore block in the Potiguar basin.

SCHEDULE OF EXPLORATION AND APPRAISAL ACTIVITIES

Area	Target	Interest	E/ A	Spud date	Duration (# days)	Well status
Brazil[1]						
Lula	Lula West-2	10%	A	**4Q12**	-	Concluded
Iara	Iara West-2	10%	A	**4Q12**	-	Concluded
Iara	Iara HA	10%	A	**Jun-13**	120	In progress
BM-S-8	Carcará (extension)	14%	A	**4Q13**	150	-
BM-S-24	Bracuhy	20%	E	**Jul-13**	150	In progress
Potiguar	Araraúna	20%	E	**Feb-13**	120	In progress
Potiguar	Tango	20%	E	**May-13**	120	In progress
Potiguar	Pitú	20%	E	**4Q13**	120	-
Mozambique						
Rovuma	Mamba South-3	10%	A	**1Q13**	-	Concluded
Rovuma	Agulha-1	10%	E	**May-13**	90	In progress
Rovuma	Mamba Northeast-3	10%	A	**3Q13**	60	-
Namibia						
PEL 23	Wingat	14%	E	**1Q13**	-	Concluded
PEL 23	Murombe	14%	E	**2Q13**	-	Concluded
PEL 24	Moosehead	14%	E	**3Q13**	90	-
Angola						
Block 14	Menongue	9%	A	**4Q13**	60	-
Block 32	Cominhos-2	5%	E	**3Q13**	60	-
Block 32	B-11	5%	A	**4Q13**	60	-

[1] Petrogal Brasil: 70% Galp Energia, 30% Sinopec

DEVELOPMENT ACTIVITIES

Galp Energia and partners moved ahead in the second quarter with the development plan for the Lula/ Iracema field to ensure execution of the project both on time and on cost.

To this end, FPSO Cidade de Paraty started to operate in Lula NE on 6th June, through one producer well. This FPSO has a production capacity of 120 kbopd and 5 mm^3 of natural gas per day. Under the development plan, it is expected that a total of 14 wells are connected to the FPSO thought the life of the project, eight of which will be producer wells. Production in the quarter was limited by gas flaring restrictions, which will be removed by the interconnection of a gas-injection well in the third quarter of 2013. The unit is expected to take around 18 months to reach its total production capacity, and it is expected that it will produce at an exit production rate of 75 kboepd by the end of 2013. The two first wells will be interconnected by a system of flexible risers, and the other ones will use an innovative system of decoupled risers known as buoyancy supported risers (BSRs).

Nine wells have been drilled in the area for future connection to the FPSO, of which four have been already completed.

During the quarter, FPSO Cidade de Mangaratiba arrived at Brasfels shipyard, in Brazil, from the Cosco shipyard, in China, for the integration works of the topside modules. This FPSO will have a production capacity of 150 kbopd and 8 mm^3 of natural gas per day. The development plan for the duration of the project provides for the interconnection of 16 wells, of which eight are producer wells, which will be connected to the platform through a system of flexible risers, already contracted. Work is progressing according to plan, with an execution rate of 65%. The FPSO is expected to come into operation in Iracema South in the fourth quarter of 2014.

The gas cycle in the water-alternating-gas (WAG) injection well for improved oil recovery in the Lula-1 area started in June. The purpose is to deepen reservoir knowledge while studying the effect of this advanced oil recovery technique in the pre-salt of the Santos basin. The second WAG well was also connected during the quarter to FPSO Cidade Angra dos Reis, starting operations with the water cycle.

The drilling of five new development wells, from which two injection wells in Iracema South, two producing wells and one injection well in the Lula NE area, was completed in the quarter. In addition, drilling of a producer well in Iracema South started also in the quarter.

The consortium also proceeded with the execution of its schedule for the drilling of reservoir data acquisition (RDA) wells in the Lula and Iracema areas to gain knowledge about the reservoir, potentially with a favourable impact on oil recovery from the fields. The RDA well in the Lula Alto was completed and drilling started of RDA wells in the Lula Extreme South and Lula North-2 areas. Meanwhile, the RDA well in the Lula Central area was completed.

OPERATING AND FINANCIAL PERFORMANCE

1. MARKET ENVIRONMENT

DATED BRENT

In the second quarter of 2013, the dated Brent averaged $102.4/bbl, down 5% yoy on concerns about the economic outlook for both Europe and China.

In the first half of 2013, the dated Brent averaged $107.5/bbl, 5% below a year earlier, when this benchmark price was affected by political unrest in some oil-producing countries and by the US and European embargo on Iranian crude.

In the second quarter, the average spread between the prices of heavy and light crude narrowed $1.4/bbl yoy to -$0.5/bbl, due to tighter supply of heavy crude by both Russia and Iraq, and also to the increased demand for heavier crudes from the refining industry.

In the first half, the average spread narrowed $0.6/bbl yoy to -$1.3/bbl.

REFINING MARGINS

In the second quarter of 2013, Galp Energia's benchmark refining margin fell $1.4/bbl to $2.2/bbl. This decrease was due to the downward trend in cracking and hydrocracking margins, which dropped $1.7/bbl and $1.4/bbl yoy, respectively, following the narrowing of crack spreads of both gasoline and diesel. Crack spreads of these two products were influenced by low economic growth in Europe and lower US demand.

In the first half of 2013, the benchmark margin decreased $0.2/bbl yoy to $2.1/bbl on lower cracking and hydrocracking margins in the period, which were down by $0.3/bbl and $0.5/bbl, respectively.

THE IBERIAN MARKET

In the second quarter of 2013, volumes in the Iberian market for oil products contracted 6% yoy mostly on the negative performance of the Spanish market, which retreated 6% yoy, while the Portuguese market shrinked 4% yoy.

However, the rate at which the market contracted year on year showed an improvement in comparison with that verified in the first quarter of 2013.

In the first half of 2013, the Iberian market for oil products contracted 11% to 28.5 million tonnes (mton) as a result of adverse economic conditions in both Spain and Portugal.

In the second quarter of 2013, the Iberian market for natural gas contracted 5% yoy to 7,353 mm^3 primarily on the 44% collapse in demand from the electrical segment as hydropower generation increased.

In the first half of 2013, the Iberian market for natural gas contracted 9% yoy to 16,920 mm^3 as demand from the electrical segment tumbled 47%.

2. OPERATING PERFORMANCE

2.1. EXPLORATION & PRODUCTION

€ m (RCA, except otherwise noted)

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
25.8	**23.4**	**(2.4)**	**(9.2%)**	**Average working interest production (kboepd)**	**24.2**	**23.5**	**(0.7)**	**(2.9%)**
18.8	**19.4**	**0.6**	**3.4%**	**Average net entitlement production (kboepd)**	**17.7**	**19.8**	**2.1**	**11.8%**
8.5	8.6	0.1	1.6%	Angola	8.6	8.4	(0.2)	(2.2%)
10.4	10.8	0.5	4.8%	Brazil	9.1	11.4	2.3	24.9%
96.4	**96.9**	**0.5**	**0.5%**	**Average realised sale price[1] (USD/boe)**	**101.3**	**93.6**	**(7.7)**	**(7.6%)**
9.9	**8.1**	**(1.8)**	**(17.8%)**	**Royalties[2] (USD/boe)**	**9.9**	**8.6**	**(1.3)**	**(13.1%)**
8.9	**12.5**	**3.6**	**40.0%**	**Operating cost (USD/boe)**	**12.7**	**11.8**	**(0.9)**	**(7.1%)**
24.4	**30.6**	**6.3**	**25.7%**	**Amortisation[3] (USD/boe)**	**25.3**	**24.3**	**(1.0)**	**(4.1%)**
99	**85**	**(14)**	**(14.3%)**	**Ebitda**	**187**	**176**	**(11)**	**(5.7%)**
33	54	21	65.1%	Depreciation & Amortisation	63	85	22	35.2%
5	3	(3)	(52.6%)	Provisions	10	3	(7)	(74.1%)
61	**29**	**(33)**	**(53.1%)**	**Ebit**	**115**	**89**	**(26)**	**(22.4%)**

[1] Reflects underlifting and overlifting positions. Reflects, in the 2Q13, the correction of under-invoicing in the 1Q13 amounting to $7 m. Excluding this effect, the average sale price would have been $93.0/boe.
[2] Based on production from Brazil
[3] Excludes abandonment provisions

OPERATIONS

SECOND QUARTER

Working interest production of crude oil and natural gas in the second quarter of 2013 fell 9% yoy to 23.4 kboepd, of which crude oil production accounted for 92%, primarily on the 19% fall in production in Angola following the decline of block 14's Kuito and BBLT fields, which are at an advanced maturity stage.

The 5% rise in Brazilian production partially offset falling production in Angola despite ten days of maintenance on FPSO Cidade de Angra dos Reis, which had an average production of 10.1 kboepd.

FPSO Cidade de Paraty, the second FPSO to operate in the Lula field, contributed with an average production of 1.3 kbopd, since it started operations on June 6, restrained by the curb on the flaring of gas.

Net entitlement production rose 3% yoy to 19.4 kboepd on higher production in Brazil, but also in Angola on the back of the higher production rates under the cost oil component, following the PSA's cost recovery mechanisms.

FIRST HALF

Working interest production in the first half fell 3% yoy to 23.5 kboepd, as production in Angola fell 20% yoy to 12.1 kbopd primarily following the decline of the Kuito and BBLT fields in block 14, and also impacted by maintenance namely in the first quarter of the year.

Production in Brazil amounted to 11.4 kboepd, up from 9.1 kboepd a year earlier, mainly on the back of rising production from FPSO Cidade de Angra dos Reis, which operated in 2013 close to its total production capacity.

Net entitlement production rose by 12% YoY following increased production in Brazil and higher cost-oil production rates available under the PSA in Angola, which partially offset the decrease in working interest production in that country.

RESULTS

SECOND QUARTER

Ebitda for the quarter fell €14 m yoy to €85 m as the 3% rise in net entitlement production could not offset the rise in production costs and in other operating costs.

The average sale price was $96.9/boe, up from $96.4/boe a year earlier, despite lower oil prices in international markets and the increased weight of Brazilian production, 20% of which consists of natural gas. The correction of under-invoicing in the first quarter led to the accounting of additional income amounting to $7 m in the second quarter. Excluding this effect, the average sale price would have been $93.0/boe.

Production costs in the quarter rose €5 m yoy to €17 m. This increase was mainly due to higher production costs in Angola, in line with the maturity of the fields and maintenance works that are required at this stage. On the other hand, the start of operations of the FPSO Cidade de Paraty in June also contributed to higher production costs in the period. In unit terms, on a net entitlement basis, production costs amounted to $12.5/boe, up from $8.9/boe a year earlier.

Other operating costs amounted to €18 m, a rise of €9 m yoy that was due to the increased activity in Brazil and subsequent strengthening of the E&P team, as well as to the upward revision of insurance premiums allocated to activities in that country, following the expansion of works and investment, and which had a negative impact of €6 m in the quarterly results.

The €4 m contribution required for R&D projects in Brazil for the period from 2011 to the second quarter of 2013 was also accounted in the quarter.

Depreciation charges, excluding abandonment provisions, rose to €42 m from €33 m a year earlier on increased capital expenditure, following a broader asset base and higher production in Brazil. On the other hand, the downward revision of reserves in the Kuito field, following the potential anticipation of the date to demobilise the FPSO currently operating in the Kuito field, to the end of 2013, impacted depreciation charges in the quarter. On a net entitlement basis, unit depreciation charges rose to $30.6/boe in the quarter from $24.4/boe a year earlier.

Provisions in the quarter rose to €15 m from €5 m a year earlier as they were affected by the potential anticipation of the date for discontinued FPSO operations in the Kuito field, leading to a downward revision of reserves and a consequent rise in abandonment provisions. It should be highlighted that the method of accounting abandonment provisions has changed from 2013 onwards, being now accounted in the amortisation line. For further information on this accounting change, please see page 26 of this report.

RCA Ebit for the quarter fell €33 m yoy to €29 m as operating costs, depreciation charges and provisions for abandonment rose.

FIRST HALF

Ebitda for the first half dropped €11 m yoy to €176 m on a lower average sale price of oil and natural gas produced, and on higher operating costs.

The average sale price in the first half was $93.6/boe, down from $101.3/boe a year earlier, on lower oil prices in international markets and the increased weight of natural gas in total net entitlement production.

Production costs amounted to €32 m, in line with the first half of 2012. In unit terms, production costs amounted $11.8/boe from $12.7/boe a year earlier.

Other operating costs rose €8 m yoy to €28 m on the upward revision of insurance premiums allocated to the activity in Brazil, following the increased activity in the country, and on the expansion of the E&P team.

Depreciation charges rose €3 m yoy to €66 m on increased capital expenditure and production, namely in Brazil. The downward revision of reserves in the Kuito field in the second quarter of 2013 due to the potential discontinuation of the FPSO operations, which impacted depreciation charges, was partly offset by the upward revision of reserves in the country in late 2012. However, on a net entitlement basis, unit depreciation charges dropped to $24.3/boe in the first half from $25.3/boe a year earlier as the weight of Brazilian production increased.

Provisions rose to €21 m from €10 m a year earlier as they were affected by higher abandonment provisions for the Kuito field in anticipation of the potential demobilisation of FPSO operations to late 2013.

RCA Ebit for the first half of 2013 fell €26 m yoy to €89.

2.2. REFINING & MARKETING

€ m (RCA, except otherwise noted)

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
2.5	**3.4**	**0.9**	**37.6%**	**Galp Energia refining margin (USD/bbl)**	**1.7**	**2.7**	**1.0**	**59.6%**
2.3	**2.6**	**0.3**	**13.4%**	**Refining cash cost (USD/bbl)**	**2.3**	**2.6**	**0.3**	**14.9%**
21,456	**22,338**	**881**	**4.1%**	**Crude processed (kbbl)**	**41,720**	**43,873**	**2,153**	**5.2%**
4.0	**4.5**	**0.4**	**10.1%**	**Total refined product sales (mton)**	**8.3**	**8.5**	**0.2**	**2.3%**
2.4	2.5	0.1	2.9%	Sales to direct clients (mton)	5.0	4.8	(0.2)	(4.9%)
0.8	1.1	0.3	36.9%	Exports[1] (mton)	1.7	2.1	0.5	26.8%
107	**115**	**8**	**7.6%**	**Ebitda**	**140**	**174**	**35**	**24.9%**
49	68	19	39.8%	Depreciation & Amortisation	102	118	16	15.3%
4	9	5	n.m.	Provisions	8	18	9	n.m.
55	**39**	**(16)**	**(29.6%)**	**Ebit**	**29**	**39**	**10**	**33.8%**

[1] Galp Energia exports exclude sales in the Spanish market

OPERATIONS

SECOND QUARTER

Crude processed in the quarter rose 4% yoy to around 22 million barrels (mbbl), with capacity utilisation at 74%. Crude accounted for 83% of the total volume of raw materials processed, which amounted to 26 mbbl, or 18% ahead of a year earlier. This increase resulted from the stable operations of the hydrocracking complex during the second quarter of 2013, when that complex reached an utilization rate of 96%.

The partial scheduled shutdown of the base oils and fuel units in the Matosinhos refinery had a negative impact on crude processed in the quarter.

Medium and heavy crude accounted for 87% of total crude oil processed in Galp Energia's refineries, up from 73% a year earlier, a result of the more complex and flexible refining system.

In the second quarter of 2013, gasoline accounted for 20% of total production. On the other hand, fuel oil and middle distillates (diesel and jet) accounted for 18% and 46% of total production, and which compares with the second quarter of 2012 figures of 23% and 41%, respectively. This evolution is a result of the start of operations of the hydrocracking complex. Consumptions and losses in the period amounted to 9% of crude processed.

Volumes sold to direct clients rose 3% yoy to 2.5 mton on higher sales related to chemicals, which offset the decline in the demand for oil products in the Iberian Peninsula. Volumes sold to direct clients in Africa accounted for 7% of the total.

Exports from the Iberian Peninsula rose 37% yoy to 1.1 mton, of which gasoline and fuel oil accounted for 27%, and 30%, respectively. Diesel accounted for 27% of total exports, with the contribution of the hydrocraking complex stable operations.

FIRST HALF

Galp Energia started operating the Sines refinery's hydrocracking complex in January 2013, which gave the Company a more integrated and complex refining system, whose operation stabilised towards the end of the first quarter.

In the first half of 2013, raw materials processed increased by 16% yoy, with crude accounting for 84% and which corresponded to an utilisation rate of 73%.

Medium and heavy crude accounted for 80% of total crude oil processed in Galp Energia's refineries in the first half, up from 72% a year earlier.

Gasoline and middle distillates accounted for 20% and 46%, respectively, of total production in the first half of 2013, whereas fuel oil contributed 17%. Own consumption and losses amounted to 9% of crude oil processed in the period.

Volumes sold to direct clients in the first half dropped 5% yoy, following the impact of the adverse economic environment in the Iberian Peninsula on demand for oil products. Volumes of oil products sold to direct clients in Africa accounted for 8% of the total.

Exports from the Iberian Peninsula rose 27% yoy to 2.1 mton, of which diesel, fuel oil and gasoline accounted for 19%, 29% and 30%, respectively.

RESULTS

SECOND QUARTER

RCA Ebitda of the R&M business segment was €115 m for the quarter, up 8% from a year earlier on improved results from refining activities as the hydrocracking complex achieved a stable operation throughout the quarter.

The improved results from refining activities came on the back of the favourable path of the refining margin, which rose $0.9/bbl yoy despite a drop in the benchmark refining margin, reflecting the positive contribution of production from the hydrocracking complex.

Operating refinery cash costs amounted to €45 m, a €6 m increase yoy, which followed the purchase of licenses for the emission of CO_2, higher operating costs, namely variable, and which resulted from the higher level of activity and the start-up of the hydrocracking complex. In unit terms, cash costs rose to $2.6/bbl from $2.3/bbl a year earlier.

Although marketing of oil products was affected by the adverse Iberian economic conditions in the quarter, namely in what concerns marketing margins and volumes sold, its contribution to results was stable compared with a year earlier as optimisation measures impacted operating costs favourably.

In the second quarter of 2013, it is of note the contribution of around €15 m from the supply activity, which is related to the refining business.

Depreciation and amortisation in the quarter rose €19 m yoy to €68 m, following the starting depreciation of assets related to the hydrocracking complex, with an impact in the quarter of approximately €20 m.

Provisions in the quarter totalled €9 m after a €5 m increase from a year early.

Ebit in the second quarter of 2013 was €39 m, having been impacted by the higher depreciations in the period.

FIRST HALF

Ebitda for the first half rose €35 m yoy to €174 m on the back of an improved refining activity.

Galp Energia refining margin in the first half of the year was $2.7/bbl, up $1.0/bbl yoy, notwithstanding the negative trend in benchmark refining margins in international markets. The Company's refining margin reflected the start of operations of the hydrocracking complex, which contributed steadily since the end of the first quarter of 2013.

Operating cash costs of the refineries amounted to €87 m in the first half of 2013, €14 m above the previous year figure, on the back of the purchase of licenses for CO_2 emissions, of increased operating costs, mainly variable and which resulted from the higher level of activity and from the start-up of the hydrocracking complex. In unit terms, cash costs were $2.6/bbl.

The adverse economic conditions in the Iberian Peninsula in the first half of 2013 affected the marketing of oil products in what concerns marketing margins and volumes sold, which thus gave a lower yoy contribution to results in the period.

The first half results were also positively impacted by the contribution of around €24 m from the supply activity, which is related to the refining business.

Depreciation and amortisation in the first half rose €16 m yoy to €118 m as the depreciation of assets related to the hydrocracking complex started in the second quarter.

Provisions in the first half rose €9 m to €18 m and were mainly related with provisions for doubtful debtors.

Ebit in the first half of 2013 amounted to €39 m, up €10 m from a year earlier, although it was impacted by the increased costs with depreciation and amortisation.

2.3. GAS & POWER

€ m (RCA, except otherwise noted)

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
1,500	**1,457**	**(44)**	**(2.9%)**	**NG supply total sales volumes (mm^3)**	**3,225**	**3,178**	**(48)**	**(1.5%)**
868	**892**	**24**	**2.8%**	**Sales to direct clients (mm^3)**	**2,033**	**1,967**	**(66)**	**(3.3%)**
223	142	(81)	(36.5%)	Electrical	591	341	(250)	(42.3%)
515	639	124	24.1%	Industrial	1,072	1,258	186	17.3%
102	99	(4)	(3.6%)	Residential	315	316	1	0.3%
632	**565**	**(67)**	**(10.7%)**	**Trading (mm^3)**	**1,192**	**1,211**	**19**	**1.6%**
317	**449**	**132**	**41.7%**	**Sales of electricity to the grid[1] (GWh)**	**636**	**917**	**281**	**44.1%**
75	**93**	**18**	**24.4%**	**Ebitda**	**158**	**196**	**37**	**23.6%**
13	16	3	21.4%	Depreciation & Amortisation	24	30	6	23.0%
2	3	1	61.1%	Provisions	2	3	1	44.2%
60	**75**	**15**	**24.0%**	**Ebit**	**132**	**163**	**31**	**23.4%**
30	47	17	56.2%	Supply	71	97	26	36.5%
24	26	2	8.4%	Infrastructure	48	53	4	9.2%
7	2	(4)	(66.4%)	Power	13	13	0	3.6%

[1] Includes Energin, which does not consolidate but where Galp Energia has a 35% equity holding; this company had, in the second quarter and the first half of 2013, power sales to the grid of 78 GWh and 162 GWh, respectively

OPERATIONS

SECOND QUARTER

Natural gas sold in the quarter fell 3% yoy to 1,457 mm^3.

The fall in volumes sold stemmed primarily from lower demand from the electrical segment, but also from the lower amount of LNG cargoes sold into international markets. These adverse effects more than offset rising demand from the industrial segment following the increased demand from Galp Energia's own units, particularly the hydrocracking complex in the Sines refinery and the cogeneration in the Matosinhos refinery.

In the trading segment, six LNG cargoes were sold in the international market, down from eight a year earlier. In fact, the force majeure in force in Nigeria during part of the second quarter led to the Company not realising some of the sales it had planned for, impacting LNG volumes sold in the period.

Sales of electricity to the grid amounted to 449 GWh, up 132 GWh from a year earlier on the back of the output from the cogeneration of the Matosinhos refinery, despite the adverse impact of the scheduled shutdown of several units in this refinery on the amount of electricity generated.

FIRST HALF

Natural gas sold in the first half fell 48 mm^3 yoy to 3,178 mm^3.

Volumes sold in the first half dropped as higher volumes sold in the industrial and trading segments could not offset lower demand from the electrical segment. Volumes sold into the industrial segment rose 17% yoy to 1,258 mm^3 following higher consumption from Galp Energia's hydrocracking complex in the Sines refinery and the cogeneration plant in the Matosinhos refinery.

In the trading segment, 14 LNG cargoes were sold, two more than a year earlier. Volumes sold into the international market amounted to 1,211 mm^3 in the first half of 2013.

Sales of electricity to the grid amounted to 917 GWh, up 281 GWh from a year earlier as the Matosinhos cogeneration came into operation.

RESULTS

SECOND QUARTER

The G&P business reported Ebitda of €93 m in the quarter, up €18 m from a year earlier following the increased contribution from the supply activity, namely from the LNG trading activity.

Despite lower volumes of natural gas sold, primarily of LNG on the international market, the rise in supply margins that followed from strong demand for LNG from Asia and Latin America resulted in a €17 m increase in the Ebitda of the supply activity to €50 m.

In the second quarter of 2013, the infrastructure business provided for an Ebitda of €36 m, up from €32 a year earlier, following the full consolidation of the company Setgás as from the third quarter of 2012.

The power activity contributed with €7 m to the G&P business Ebitda, which corresponded to an yoy decrease of €2 m. In fact, despite the increased contribution from the Matosinhos cogeneration to results, those were impacted by a change in the tariff related with the sale of steam to the refineries and by the purchase of licenses for the emission of CO_2.

Depreciation and amortisation in the quarter rose €3 m yoy to €16 m after the Matosinhos cogeneration started operations at the end of the first quarter of 2013.

Provisions of €3 m in the quarter were primarily related to doubtful debtors.

Ebit for the quarter rose 24% yoy to €75 m as a result of the improved performance from the supply activity, particularly LNG trading.

FIRST HALF

Ebitda for the G&P business segment in the first half rose €37 m yoy to €196 m following improved supply activity.

Ebitda for the supply activity rose 38% yoy to €102 m after operating improvements in LNG trading.

The infrastructure and power businesses contributed €94 m to G&P Ebitda, up €10 m from a year earlier. The infrastructure business played an important part in this increase with the full consolidation of Setgás from the third quarter of 2012.

Depreciation and amortisation in the first half rose €6 m yoy to €30 m following the first depreciation charges on account of the Matosinhos cogeneration and the full consolidation of Setgás from the third quarter of 2012.

Provisions of €3 m in the first half were primarily related to doubtful debtors.

Ebit for the G&P business segment rose 23% yoy to €163 m on improved operating performance in all activities, particularly LNG trading.

3. FINANCIAL PERFORMANCE

3.1. INCOME STATEMENT

€ m (RCA, except otherwise noted)

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,556	4,624	68	1.5%	Turnover	9,351	9,095	(256)	(2.7%)
(4,279)	(4,339)	61	1.4%	Operating expenses	(8,879)	(8,563)	(317)	(3.6%)
(3,972)	(3,994)	22	0.6%	Cost of goods sold	(8,245)	(7,883)	(362)	(4.4%)
(230)	(264)	34	14.6%	Supply and services	(479)	(517)	38	8.0%
(77)	(81)	5	5.9%	Personnel costs	(155)	(163)	7	4.7%
8	19	11	n.m.	Other operating revenues (expenses)	18	25	8	43.0%
285	**304**	**19**	**6.7%**	**Ebitda**	**489**	**557**	**68**	**13.9%**
(95)	(139)	43	45.4%	Depreciation & Amortisation	(191)	(234)	43	22.6%
(11)	(14)	3	29.2%	Provisions	(20)	(24)	3	15.8%
179	**151**	**(27)**	**(15.3%)**	**Ebit**	**278**	**299**	**22**	**7.8%**
21	13	(8)	(37.6%)	Net profit from associated companies	42	31	(11)	(25.8%)
0	0	0	n.m.	Net profit from investments	0	0	0	n.m.
20	(19)	(39)	n.m.	Financial results	(25)	(57)	(31)	n.m.
220	145	(74)	(33.8%)	Net profit before taxes and minorities interests	294	274	(21)	(7.0%)
(72)	(46)	(26)	(35.7%)	Income tax	(95)	(86)	(8)	(9.0%)
33%	*32%*	*(1 p.p.)*	*n.m.*	*Effective income tax*	*32%*	*32%*	*(1 p.p.)*	*n.m.*
(19)	(13)	(7)	(33.8%)	Minority Interests	(21)	(26)	5	22.0%
129	**86**	**(42)**	**(32.8%)**	**Net profit**	**178**	**162**	**(17)**	**(9.3%)**
(17)	(46)	30	n.m.	Non recurrent items	(15)	(53)	38	n.m.
112	40	(72)	(64.3%)	Net profit RC	163	108	(55)	(33.5%)
(127)	(76)	(51)	(40.3%)	Inventory effect	(5)	(81)	(76)	n.m.
(15)	(36)	(21)	n.m.	Net profit IFRS	157	27	(131)	(83.0%)

SECOND QUARTER

Sales and services rendered in the second quarter of 2013 of €4,624 m were in line with a year earlier as larger volumes of crude processed and higher natural gas prices were mostly offset by lower oil product prices and reduced volumes of natural gas sold compared with the same period of 2012.

Operating costs were also in line with a year earlier despite higher supply and service costs following the allocation of insurance premiums in the quarter to E&P activities in Brazil and the increased costs arising from the expansion of oil and natural gas production in this country.

Other operating revenues/expenses in the quarter rose €11 m yoy as reinsurance income was earned namely with regard to the allocation of insurance premiums to the Company's E&P activities in Brazil. Therefore, this offset the increased operating costs incurred in the E&P business, accounted for at the operating costs level, and thus with no impact on a consolidated basis.

Ebitda for the quarter amounted to €304 m, up €19 m from a year earlier on improved performance of the R&D and G&P business segments.

Ebit in the second quarter decreased by €27 m, mainly on the back of the €43 m increase in depreciation and amortisation, namely in the E&P and R&M business segments.

Results from associates amounted to €13 m, with international gas pipelines contributing with €13 m, down from €14 m a year earlier. The €8 m decrease in results from associates in comparison with a year earlier followed primarily from the full consolidation of Setgás from the third quarter of 2012 and from the equity consolidation of Tupi BV and Belém Bioenergy, which are still in an early operating phase.

Financial results in the quarter of minus €19 m showed a deterioration relative to the same period in 2012, which benefited from favourable exchange differences of €29 m, compared to €16 m in the second quarter of 2013. Net interest expense rose €11 m to €39 m primarily following the net debt increase between periods.

Financial results in the quarter were also adversely affected by the fact that interest costs related to the Sines upgrade project capital spending, stopped being capitalised in the second quarter of 2013, which had a negative impact of €15 m in the quarter.

Income tax amounted to €46 m, of which €10 m were related to tax arising from the concession agreements for exploration and production of oil and natural gas in Angola and Brazil. This amount includes a reversal of €7 m of IRP paid in Angola. The effective tax rate for the quarter was 32%, which was in line with a year earlier.

In the second quarter of 2013, minorities amounted to €13 m, or €7 m below the second quarter of 2012, following the decreased contribution to results from the subsidiary Petrogal Brasil.

Net income in the second quarter was €86m, down 33% yoy.

Of note, the RC net profit amounted to €40 m in the period, having been impacted by non-recurrent events that arose mainly from the impairment related with dry and non-commercial wells within the E&P business segment.

FIRST HALF

Sales and services rendered in the first half of 2013 fell 3% primarily on lower oil product prices.

Operating costs also fell 4% despite the rise in supply and service costs relating to the production of oil and natural gas in Brazil.

Ebitda for the first half amounted to €557 m, up €68 m from a year earlier on improved performance of the R&D and G&P business segments.

Ebit for the first half of €299 m was 8% above a year earlier although it was adversely affected by higher depreciation and amortisation in the period. In fact, these increased by €43 m, mainly on the back of the E&P and R&M business segments.

Results from associates fell €11 m to €31 m on the full consolidation of Setgás from the third quarter of 2012 and on the negative contribution of Tupi BV and Belém Bioenergy, which are still in early operating phase.

Financial results in the first half deteriorated by €31 m yoy as they did not benefit from the favourable exchange differences of €24 m achieved a year earlier. Exchange differences in the first half of 2013 were close to nil. Net interest expense of €80 m was in line with 2012.

Financial results were also adversely affected by the fact that interest costs related to the Sines upgrade project capital spending, stopped to be capitalised in the second quarter of 2013, which had a negative impact of €15 m in the second half of 2013.

Income tax in the first half amounted to €86 m, of which €35 m were related to tax arising from the concession agreements for exploration and production of oil in Angola and Brazil. The effective tax rate for the quarter was 32%, which was in line with a year earlier.

Following the capital increase subscribed by Sinopec in Galp Energia's subsidiary Petrogal Brasil, and related companies, in March 2012, minority interests amounted to €26 m in the first half of 2013, up €5 m from a year earlier.

Therefore, the net profit for the first half of 2013 amounted to €162 m, down 9% from a year earlier.

RC net profit amounted to €108 m, as it was impacted by non-recurrent events that related to impairments that followed dry and non-commercial wells, and which were accounted for in the second quarter of the year.

3.2. CAPITAL EXPENDITURE

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
118	191	73	62.2%	Exploration & Production	253	346	92	36.5%
59	82	23	39.8%	Exploration and appraisal activities	118	130	12	10.4%
59	109	50	84.6%	Development and production activities	135	216	80	59.2%
35	32	(2)	(6.2%)	Refining & Marketing	70	64	(5)	(7.5%)
13	62	49	n.m.	Gas & Power	29	64	35	n.m.
1	0	(1)	(93.9%)	Others	2	0	(1)	(94.0%)
167	**286**	**119**	**71.0%**	**Investment[1]**	**354**	**474**	**121**	**34.1%**

[1] Figures for financial year 2012 were restated to exclude capitalised costs

SECOND QUARTER

Capital spending in the quarter amounted to €286 m, of which 70% were allocated to the E&P business in line with the strategy announced by the Company.

Expenditure in E&P amounted to €191 m, of which €91 m were channelled into development of Brazil's block BM-S-11. This amount was mainly allocated to the drilling and completion of development wells, and for works related to production tests and the set-up of FPSO Cidade de Paraty and subsea systems.

Around 40% of capital spending in E&P was allocated to exploration activities, mainly in Mozambique, Namibia and Brazil. In Mozambique, expenditure was mainly channelled into appraisal of the Mamba/Coral complex and the drilling of exploration well Agulha-1. In Namibia, spending went into the drilling of the first two exploration wells in the Walvis basin, which are part of the exploration schedule the Company has drawn up for the country. In Brazil, capital expenditure on exploration activities was channelled into the drilling of exploration well Araraúna in the Potiguar basin.

Capital expenditure in the R&M and G&P business segments amounted to €94 m in the second quarter of 2013. Beyond maintenance activities, it should be noted the investment allocated to the conclusion of the project related with the installation of the cogeneration at the Matosinhos refinery and also to the cushion gas related with the new natural gas underground storage facility.

FIRST HALF

Capital spending in the first half amounted to €474 m, of which €346 m, around 70% of the total, and €92 m ahead of a year earlier, were allocated to the E&P business segment.

Development activities, primarily related to Lula/Iracema field in Brazil's block BM-S-11, accounted for 62% of the amount spent in the E&P business. The remaining 38%, were allocated to exploration and appraisal activities in Brazil, namely in the Potiguar basin, to the Mozambique's Rovuma basin and to the exploration campaign that started in Namibia in 2013.

Capital expenditure in the R&M and G&P businesses amounted to €129 m in the first half and it was mainly channelled for maintenance activities, to the conclusion of the project for the cogeneration installed at the Matosinhos refinery, and to the investment in cushion gas for the new natural gas underground storage facility.

3.3. CASH FLOW

€ m (IFRS figures)

Second Quarter			First Half	
2012	2013		2012	2013
(27)	(8)	Ebit	242	119
33	35	Dividends from associated companies	33	35
113	183	Depreciation, depletion and amortisation (DD&A)	209	284
(258)	86	Change in working capital	(464)	(143)
(138)	**296**	**Cash flow from operations**	**20**	**296**
(161)	(278)	Net investment[1]	2,593	(465)
(26)	(39)	Financial interest	(77)	(82)
(20)	(23)	Taxes	(38)	(71)
(166)	(103)	Dividends paid	(166)	(103)
81	(83)	Others	(47)	7
(431)	**(230)**	**Cash flow**	**2,283**	**(420)**

[1] The amount of €2,593 m includes €2,946 m, which resulted from the share capital increase at Petrogal Brasil and related companies subscribed by Sinopec in 2012.

SECOND QUARTER

Net cash outflow in the quarter amounted to €230 m following investment in fixed assets, primarily in the E&P activities.

Cash flow was also affected by payment in the quarter of the final dividend regarding the financial 2012 period, for an amount of around €100 m.

On the other hand, cash flow benefited from the decrease in working capital in the second quarter. This was not only due to the divestment in stocks, a result of both lower volumes and lower oil products prices in the period, but also to the decrease in receivables. The latter had been influenced by the Easter holidays effect in the first quarter of 2013.

Cash flow in the quarter was also affected by a negative change of €83 m booked under “Others”, which was mainly related to the currency exchange effect of Group companies’ assets in foreign currency.

FIRST HALF

Despite an improved operating performance, namely in downstream and natural gas activities, the Company had in the first half of 2013 net cash outflow of €420 m following the investment in fixed assets in the period.

The increase in working capital, mainly in the first quarter, and the dividend payment in the second quarter of the year, had an adverse effect on cash flow generation in the first half.

3.4. FINANCIAL POSITION

€ m (except otherwise noted)

	31 December, 2012	31 March, 2013	30 june, 2013	Change vs. 31 Dec, 2012	Change vs. 31 Mar, 2013
Fixed assets	6,599	6,862	6,843	244	(19)
Other assets (liabilities)	(451)	(551)	(481)	(30)	70
Loan to Sinopec[1]	931	959	944	12	(16)
Working capital[1]	1,324	1,553	1,467	143	(86)
Capital employed	**8,403**	**8,824**	**8,773**	**370**	**(51)**
Short term debt	1,106	894	624	(482)	(270)
Medium-Long term debt	2,477	3,214	3,457	980	243
Total debt	**3,583**	**4,108**	**4,081**	**498**	**(27)**
Cash	1,886	2,222	1,964	78	(258)
Net debt	**1,697**	**1,887**	**2,117**	**420**	**230**
Total equity	**6,706**	**6,938**	**6,656**	**(50)**	**(281)**
Total equity and net debt	**8,403**	**8,824**	**8,773**	**370**	**(51)**
Total net debt including loan to Sinopec	**766**	**927**	**1,173**	**407**	**246**

[1] At 31 December 2012 the amount of the loan to Sinopec was changed from €918 m to €931 m so as to include the short-term portion of the loan, which was previously recorded under working capital, whose amount changed from €1,338 m to € 1,324 m

Fixed assets of €6,843 m at 30 June 2013 were €19 m below in relation to 31 March 2013. In fact, notwithstanding capital expenditure in the second quarter of 2013, fixed assets were adversely impacted by the effect of currency exchange variations in the assets denominated in foreign currency. In addition, depreciation and impairment charges, which mainly arose from exploration wells that were considered to be dry and non-commercial within the E&P segment and which were accounted for in the second quarter, also impacted the evolution of fixed assets.

Capital employed of €8,773 m at the end of the first half of 2013 included the loan extended by Galp Energia to Sinopec following the share capital increase in Petrogal Brasil and related companies. At the end of the period that loan amounted to €944 m.

3.5. FINANCIAL DEBT

€ m (except otherwise noted)

	31 December, 2012		31 March, 2013		30 June, 2013		Change vs. 31 Dec, 2012		Change vs. 31 Mar, 2013	
	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term	Short term	Long term
Bonds	566	619	147	1,293	146	1,670	(421)	1,051	(1)	377
Bank debt	539	1,609	747	1,671	478	1,395	(61)	(213)	(269)	(276)
Commercial paper	-	250	-	250	-	392	-	143	-	142
Cash and equivalents	(1,886)	-	(2,222)	-	(1,964)	-	(336)	-	258	-
Net debt	**1,697**		**1,887**		**2,117**		**420**		**230**	
Net debt including loan to Sinopec[1]	**766**		**927**		**1,173**		**407**		**246**	
Average life (years)	2.6		2.9		3.5		0.86		0.52	
Net debt to Ebitda	1.7x		1.8x		1.9x		0.3x		0.2x	
Net debt inc. loan to Sinopec to Ebitda[1]	0.7x		0.9x		1.1x		0.3x		0.2x	

[1] At 31 December 2012 net debt including the loan to Sinopec changed from €780 m to €766 m following reclassification of the short-term portion of the loan, €14 m, previously recorded under working capital

Net debt of €2,117 m at 30 June 2013 was €230 m ahead of net debt at 31 March 2013 following investment in fixed assets and the payment of the final dividend regarding the financial 2012 period in May.

Adjusted net debt at 30 June 2013 amounted to €1,173 after considering as cash and cash equivalents the €944 m lent to Sinopec, follwing the share capital increase in Petrogal Brasil and related companies.

Net debt to Ebitda at 30 June 2013 was 1.1x considering the loan to Sinopec as cash and cash equivalents.

At the end of June 2013 medium- and long-term debt accounted for 85% of the total, up from 78% at the end of the first quarter. Twenty-five per cent of medium- and long-term debt was on fixed rate at the end of the first half of 2013.

After having announced a total €1.3 billion (bn) related with the refinancing of debt during the first quarter of 2013, Galp Energia secured around €200 m in new debt issuances until the end of June, thus totalling €1.5 bn in the first half of 2013.

Therefore, and according to the debt reimbursement profile at the end of June 2013, which is shown below, Galp Energia has been extending its debt maturity, so that debt reimbursement is better aligned with the expected cash flow generation profile of the Company.

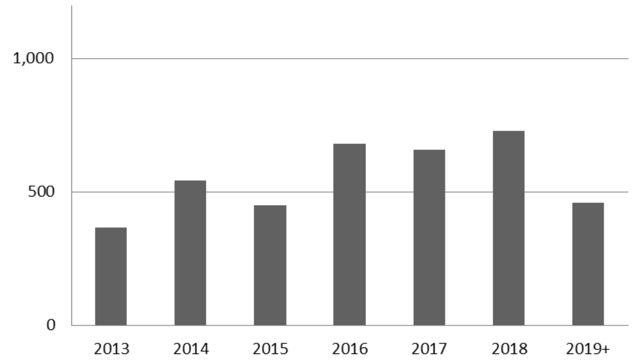
The average cost of debt at the end of June 2013, 4.5%, was in line with the cost at the end of 2012.

Cash and cash equivalents attributable to minority interests at 30 June 2013 amounted to €50 m, most of which recorded at the subsidiary Petrogal Brasil.

At the end of June 2013, Galp Energia had contracted, but not used, credit lines of €1.3 bn. From this amount, 30% was firmed with international banks and 50% was contractually guaranteed.

DEBT REIMBURSEMENT PROFILE AT 30 JUNE 2013

€ m



After the end of the first half of 2013, Galp Energia contracted an additional $200 m in debt, with a five-year maturity.

It is of note that at the end of June 2013, Galp Energia announced the sale of the 5% stake it held on CLH, an oil logistics company in the Spanish market, at a price of €111 m. It is expected that the capital gain, c.€50 m, from this operation will be accounted for as non-recurrent in the Company's third quarter of 2013 results.

4. SHORT-TERM OUTLOOK

The purpose of this chapter is to disclose Galp Energia's view on a few key variables that influence its short-term operational performance. However, these variables are not all controlled by the Company as some of them are exogenous.

MARKET ENVIRONMENT

Galp Energia anticipates that the price of dated Brent will remain stable in the third quarter of 2013 when compared with the previous quarter, as market demand is well supplied, namely from non-OPEC countries, in particular from North America.

Benchmark refining margin is expected to increase quarter on quarter (qoq), mainly supported by a positive trend in gasoline crack spread, whereas the diesel crack spread is expected to remain stable qoq. The price of gasoline should continue to be affected by the limited supply of gasoline components which have a high level of octanes and by the higher price of RINs (Renewable Identification Number), whilst also being supported by the seasonal effect arising from the driving season.

OPERATING ACTIVITY

In the E&P business segment, working interest production of oil and natural gas is expected to increase in the third quarter of 2013 to around 27 kboepd, following the contribution of production from the FPSO Cidade de Paraty during the full quarter, as well as the normalised operations of the FPSO Cidade de Angra dos Reis.

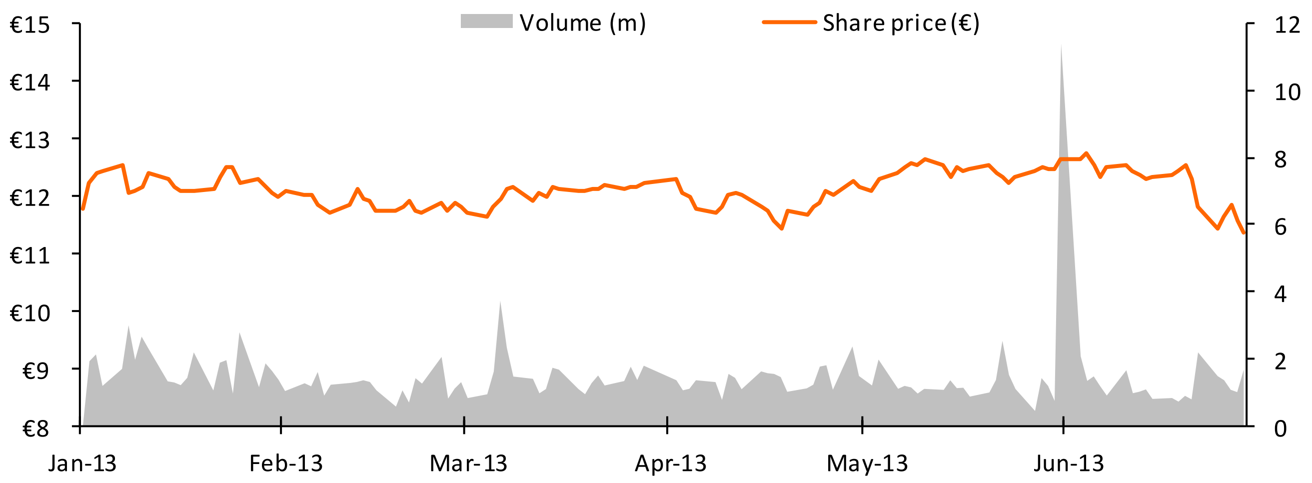
In the R&M business segment, it is expected that in the third quarter of 2013 the volume of crude processed increases by around 10% qoq, despite the partial outages that are scheduled for maintenance of the vacuum and visbreaker units at the Sines refinery. Volumes of crude processed will be positively influenced by the stable operations of the hydrocracking complex.

Sales of oil products to direct clients are expected to decrease in the third quarter of 2013 when compared to a year earlier, on the back of a continued adverse economic environment in the Iberian Peninsula, although is expected a slowdown in the contraction of the market.

In the G&P business, it is expected that volumes of natural gas sold remain stable compared to those in the second quarter of 2013, as sales will continue to be supported by the LNG trading activity on the international market.

THE GALP ENERGIA SHARE

PERFORMANCE OF THE GALP ENERGIA SHARE



Source: Euroinvestor

SECOND QUARTER

The Galp Energia share ended the second quarter of 2013 with a closing price of €11.38, having lost 7% in the period. From its initial public offering on 23 October 2006 up to the end of June 2013, the share gained around 96%. During the quarter the share hit a high of €12.93 and a low of €11.28.

Trading in the quarter covered 509 m shares, of which 90 m on the regulated market NYSE Euronext Lisbon. The average daily volume amounted to 8.1 m shares, of which 1.4 m on that exchange. Galp Energia's market capitalisation at the end of the quarter was €9.4 bn. The average volume of shares traded in the quarter benefited from the placement of an 8% stake in Galp Energia share capital by Eni, of which 6.7% was placed through an accelerated book-building.

FIRST HALF

The Galp Energia stock lost 3% in the first half, when 751 m shares were traded, of which 183 m on the regulated NYSE Euronext Lisbon market. Trading volumes benefited from Eni's placement of Galp Energia's shares on the market. The average daily volume in the first half amounted to 6.0 m shares, of which 1.5 m on NYSE Euronext Lisbon.

Main indicators			
	2012	2Q13	2013
Min (€)	8.33	11.28	11.28
Max (€)	13.78	12.93	12.93
Average (€)	11.79	12.18	12.11
Close price (€)	11.76	11.38	11.38
Volume (m shares)[1]	321.6	90.3	182.9
Average volume per day (m shares)[1]	1.3	1.4	1.5
Market cap (€m)	9,752	9,433	9,433

[1] NYSE Euronext Lisbon.

ADDITIONAL INFORMATION

1. BASIS OF PRESENTATION

Galp Energia's unaudited consolidated financial statements for the six months ended on 30 June 2013 and 2012 have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the quarters ended on 30 June 2013 and 2012 and the six-month periods ended on these dates. The financial information in the consolidated financial position is reported at 30 June and 31 March 2013, and 31 December 2012.

Galp Energia's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and the cost of goods sold is valued at weighted-average cost (WAC). The use of this valuation method may, when goods and commodities prices fluctuate, cause volatility in results through gains or losses in inventories, which do not reflect the Company's operating performance. This effect is called the *inventory effect*.

Another factor that may affect the Company's results but is not an indicator of its true performance is the set of non-recurrent items, such as gains or losses on the disposal of assets, impairments or reinstatements of fixed assets and environmental or restructuring charges.

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

RECENT CHANGES

Galp Energia changed, effective from 1 January 2013, the method of recognising provisions for the abandonment of assets used in the production of crude oil and natural gas. Obligations are now totally recognised against an asset depreciated, like before, at an UOP (units-of-production) rate. The effect on results is neutral as provisions are simply replaced by depreciation charges. This change was not reflected in the financial statements of the second quarter and first half of 2012.

Also effective from 1 January 2013, Galp Energia started recognising net interest expense related to its defined-benefit post-employment plans under financial results, while they were previously recognised under staff costs. This change was reflected in the financial statements of the second quarter and first half of 2012 so as to make periods comparable.

Galp Energia completed on 1 August 2012 the acquisition of a 21.9% equity stake in Setgás, which holds a regulated concession for the distribution of natural gas, thereby raising its share of the company to 66.9%. As from this date Galp Energia started to fully consolidate Setgás, which was previously accounted for under results from associates. This change was not reflected in the financial statements of the second quarter and first half of 2012.

2. RECONCILIATION OF IFRS AND REPLACEMENT COST ADJUSTED FIGURES

2.1. REPLECEMENT COST ADJUSTED EBITDA BY SEGMENT

€ m

Second Quarter					2013	First Half				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
190	**109**	**299**	**5**	**304**	**Ebitda**	**429**	**117**	**547**	**10**	**557**
84	-	84	1	85	E&P	176	-	176	1	176
4	107	111	4	115	R&M	45	119	164	10	174
92	2	94	(0)	93	G&P	198	(1)	196	(0)	196
10	-	10	-	10	Others	10	-	10	0	10

€ m

Second Quarter					2012	First Half				
Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA		Ebitda	Inventory effect	Ebitda RC	Non-recurrent items	Ebitda RCA
98	**179**	**277**	**8**	**285**	**Ebitda**	**471**	**12**	**483**	**7**	**489**
93	-	93	6	99	E&P	181	-	181	6	187
(79)	185	106	1	107	R&M	120	19	139	0	140
81	(6)	75	0	75	G&P	166	(8)	158	0	158
3	(0)	3	0	3	Others	4	-	4	0	4

2.2. REPLECEMENT COST ADJUSTED EBIT BY SEGMENT

€ m

Second Quarter					2013	First Half				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
(8)	**109**	**100**	**51**	**151**	**Ebit**	**119**	**117**	**237**	**63**	**299**
(18)	-	(18)	47	29	E&P	36	-	36	53	89
(73)	107	34	5	39	R&M	(91)	119	28	11	39
74	2	75	(1)	75	G&P	165	(1)	163	(1)	163
9	-	9	-	9	Others	9	-	9	0	9

€ m

Second Quarter					2012	First Half				
Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA		Ebit	Inventory effect	Ebit RC	Non-recurrent items	Ebit RCA
(27)	**179**	**153**	**26**	**179**	**Ebit**	**242**	**12**	**253**	**24**	**278**
37	-	37	24	61	E&P	91	-	91	24	115
(132)	185	53	2	55	R&M	10	19	29	0	29
66	(6)	60	0	60	G&P	139	(8)	132	0	132
2	(0)	2	0	2	Others	2	-	2	0	2

3. REPLACEMENT COST ADJUSTED SALES AND SERVICES RENDERED

€ m

Second Quarter					First Half			
2012	2013	Chg.	% Chg.		2012	2013	Chg.	% Chg.
4,556	**4,624**	**68**	**1.5%**	**Sales and services rendered RCA**	**9,351**	**9,095**	**(256)**	**(2.7%)**
130	123	**(7)**	**(5.7%)**	Exploration & Production[1]	210	262	52	24.6%
3,846	3,970	**123**	**3.2%**	Refining & Marketing	7,868	7,674	(194)	(2.5%)
713	723	**10**	**1.3%**	Gas & Power	1,508	1,542	34	2.3%
33	38	**6**	**17.7%**	Others	60	63	2	3.8%
(167)	(230)	**(63)**	**(37.7%)**	Consolidation adjustments	(296)	(446)	(151)	(51.0%)

[1]Doesn't include change in production. RCA sales and services rendered in the E&P business segment, including change in production, amounted to €255 m and €131 m, in the first half and in the second quarter of 2013, respectively.

4. NON-RECURRENT ITEMS

EXPLORATION & PRODUCTION

€ m

Second Quarter			First Half	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
(0.0)	0.0	Gains / losses on disposal of assets	(0.0)	0.0
-	0.6	Assets write-offs	-	0.6
18.1	44.4	Assets impairments	17.9	50.4
-	1.7	Provision and impairment of receivables	-	1.7
5.9	-	Other services rendered - Brazil increased capital studies	5.9	-
24.0	**46.8**	**Non-recurrent items of Ebit**	**23.8**	**52.7**
24.0	**46.8**	**Non-recurrent items before income taxes**	**23.8**	**52.7**
(7.1)	(1.8)	Income taxes on non-recurrent items	(7.0)	(3.9)
(1.5)	(1.1)	Minority interest	(1.5)	(2.3)
15.4	**43.9**	**Total non-recurrent items**	**15.2**	**46.6**

REFINING & MARKETING

€ m

Second Quarter			First Half	
2012	2013		2012	2013
		Exclusion of non-recurrent items		
0.0	0.1	Accidents caused by natural facts and insurance compensation	(1.0)	0.2
(0.8)	(0.3)	Gains / losses on disposal of assets	(1.3)	(0.4)
0.1	0.4	Assets write-offs	0.1	0.8
2.1	4.3	Employees contracts rescission	2.4	9.5
0.1	0.2	Provisions for environmental charges and others	(0.0)	0.5
(0.0)	0.0	Assets impairments	(0.0)	(0.0)
1.5	**4.6**	**Non-recurrent items of Ebit**	**0.1**	**10.5**
-	(0.0)	Capital gains / losses on disposal of financial investments	-	0.1
1.5	**4.6**	**Non-recurrent items before income taxes**	**0.1**	**10.6**
(0.6)	(1.6)	Income taxes on non-recurrent items	(0.3)	(3.3)
0.9	**3.0**	**Total non-recurrent items**	**(0.1)**	**7.3**

GAS & POWER

€ m

Second Quarter 2012	Second Quarter 2013		First Half 2012	First Half 2013
		Exclusion of non-recurrent items		
(0.0)	-	Gains / losses on disposal of assets	(0.0)	-
-	-	Assets write-offs	-	(0.0)
0.1	(0.4)	Employees contracts rescission	0.1	(0.4)
0.0	-	Provisions for environmental charges and others	-	-
-	(0.2)	Assets impairments	-	(0.4)
0.1	**(0.6)**	**Non-recurrent items of Ebit**	**0.1**	**(0.8)**
0.1	**(0.6)**	**Non-recurrent items before income taxes**	**0.1**	**(0.8)**
(0.0)	0.2	Income taxes on non-recurrent items	(0.0)	0.2
0.1	**(0.4)**	**Total non-recurrent items**	**0.1**	**(0.6)**

OTHER

€ m

Second Quarter 2012	Second Quarter 2013		First Half 2012	First Half 2013
		Exclusion of non-recurrent items		
-	-	Accidents caused by natural facts and insurance compensation	(0.1)	-
0.4	-	Employees contracts rescission	0.4	0.1
0.4	**-**	**Non-recurrent items of Ebit**	**0.3**	**0.1**
0.4	**-**	**Non-recurrent items before income taxes**	**0.3**	**0.1**
(0.1)	-	Income taxes on non-recurrent items	(0.1)	(0.0)
0.3	**-**	**Total non-recurrent items**	**0.2**	**0.1**

CONSOLIDATED SUMMARY

€ m

Second Quarter 2012	Second Quarter 2013		First Half 2012	First Half 2013
		Exclusion of non-recurrent items		
0.0	0.1	Accidents caused by natural facts and insurance compensation	(1.1)	0.2
(0.9)	(0.3)	Gains / losses on disposal of assets	(1.3)	(0.4)
0.1	1.0	Assets write-offs	0.1	1.4
2.6	3.9	Employees contracts rescission	2.9	9.2
0.1	0.2	Provisions for environmental charges and others	(0.0)	0.5
-	1.7	Provision and impairment of receivables	-	1.7
18.1	44.3	Assets impairments	17.9	50.0
5.9	-	Other services rendered - Brazil increased capital studies	5.9	-
26.0	**50.8**	**Non-recurrent items of Ebit**	**24.4**	**62.6**
-	(0.0)	Capital gains / losses on disposal of financial investments	-	0.1
26.0	**50.8**	**Non-recurrent items before income taxes**	**24.4**	**62.7**
(7.8)	(3.3)	Income taxes on non-recurrent items	(7.4)	(7.0)
(1.5)	(1.1)	Minority interest	(1.5)	(2.3)
16.6	**46.5**	**Total non-recurrent items**	**15.4**	**53.4**

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1. IFRS CONSOLIDATED INCOME STATEMENT

€ m

Second Quarter			First Half	
2012	2013		2012	2013
		Operating income		
4,444	4,490	Sales	9,128	8,845
112	134	Services rendered	223	250
25	53	Other operating income	57	80
4,580	**4,677**	**Total operating income**	**9,408**	**9,174**
		Operating costs		
(4,150)	(4,103)	Inventories consumed and sold	(8,257)	(8,000)
(237)	(264)	Material and services consumed	(485)	(517)
(79)	(85)	Personnel costs	(158)	(172)
(16)	(34)	Other operating costs	(37)	(56)
(4,483)	**(4,486)**	**Total operating costs**	**(8,937)**	**(8,745)**
98	**190**	**Ebitda**	**471**	**429**
(113)	(183)	Amortisation and depreciation cost	(209)	(284)
(11)	(16)	Provision and impairment of receivables	(20)	(26)
(27)	**(8)**	**Ebit**	**242**	**119**
21	13	Net profit from associated companies	42	31
0	0	Net profit from investments	0	(0)
		Financial results		
24	26	Financial profit	30	58
(32)	(57)	Financial costs	(78)	(114)
29	16	Exchange gain (loss)	24	(0)
(1)	(3)	Profit and cost on financial instruments	(1)	1
(0)	(0)	Other gains and losses	(1)	(1)
14	**(14)**	**Profit before taxes**	**258**	**94**
(11)	(10)	Income tax expense	(81)	(43)
3	**(24)**	**Profit before minority interest**	**177**	**50**
(18)	(12)	Profit attributable to minority interest	(20)	(23)
(15)	**(36)**	**Net profit for the period**	**157**	**27**
(0.02)	**(0.04)**	**Earnings per share (in Euros)**	**0.19**	**0.03**

5.2. CONSOLIDATED FINANCIAL POSITION

€ m

	31 December, 2012	31 March, 2013	30 June, 2013
Assets			
Non-current assets			
Tangible fixed assets	4,490	4,687	4,596
Goodwill	232	232	232
Other intangible fixed assets[1]	1,458	1,460	1,532
Investments in associates	399	463	403
Investments in other participated companies	3	3	3
Assets available for sale	-	-	58
Other receivables[2]	1,078	1,042	850
Deferred tax assets	252	252	299
Other financial investments	19	20	21
Total non-current assets	**7,932**	**8,159**	**7,995**
Current assets			
Inventories	1,976	1,946	1,761
Trade receivables	1,351	1,502	1,402
Other receivables	755	818	1,026
Other financial investments	7	20	8
Current Income tax recoverable	(0)	0	0
Cash and cash equivalents	1,887	2,219	1,965
Total current assets	**5,976**	**6,505**	**6,162**
Total assets	**13,909**	**14,663**	**14,157**

Total assets	**13,909**	**14,663**	**14,157**
Exploration & Production	6,234	6,523	6,212
Refining & Marketing	7,401	7,478	7,320
Gas & Power	2,575	2,759	2,550

Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(48)	62	(75)
Other reserves	2,685	2,685	2,684
Hedging reserves	(6)	(5)	(4)
Retained earnings	1,516	1,859	1,796
Profit attributable to equity holders of the parent	343	62	27
Equity attributable to equity holders of the parent	**5,401**	**5,575**	**5,340**
Minority interest	1,305	1,363	1,316
Total equity	**6,706**	**6,938**	**6,656**
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	1,858	1,921	1,788
Bonds	619	1,293	1,670
Other payables	534	537	533
Retirement and other benefit obligations	327	339	312
Deferred tax liabilities	131	134	132
Other financial instruments	7	7	4
Provisions	138	179	182
Total non-current liabilities	**3,614**	**4,410**	**4,620**
Current liabilities			
Bank loans and overdrafts	539	747	478
Bonds	566	147	146
Trade payables	1,469	1,368	1,254
Other payables	1,005	1,050	997
Other financial instruments	9	4	6
Income tax	0	(0)	(0)
Total current liabilities	**3,588**	**3,316**	**2,881**
Total liabilities	**7,203**	**7,726**	**7,501**
Total equity and liabilities	**13,909**	**14,663**	**14,157**

[1] Includes concession agreements for the distribution of natural gas

[2] Includes the medium-term portion of the loan to Sinopec

DEFINITIONS

Crack spread

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

EBIT

Operating profit.

EBITDA

Operating profit plus depreciation, amortisation and provisions.

GALP ENERGIA, COMPANY OR GROUP

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

IRP

Income tax on oil sales in Angola.

BENCHMARK REFINING MARGIN

The benchmark refining margin is calculated with the following weighting: 45% hydrocracking margin + 42,5% Rotterdam cracking margin + 7% Rotterdam base oils + 5,5% Aromatics.

ROTTERDAM HYDROCRACKING MARGIN

The Rotterdam hydrocracking margin has the following profile: -100% dated Brent, +2.2% LPG FOB Seagoing (50% Butane + 50% Propane), +19.1% PM UL NWE FOB Bg, +8.7% Naphtha NWE FOB Bg., +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF and +8.9% LSFO 1% FOB Cg.; C&Q: 7.9%; Terminal rate: 1$/ton; Ocean loss: 0.15% over Brent; Freight 2012: WS Aframax (80 kts). Route Sullom Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM CRACKING MARGIN

The Rotterdam cracking margin has the following profile: -100% dated Brent, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% PM UL NWE FOB Bg, +7.5% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF and +15.3% LSFO 1% FOB Cg.; C&Q: 7,4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Brent; Freight 2012: WS Aframax (80 kts). Route Sullow Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM BASE OILS MARGIN

Base oils refining margin: -100% Arabian Light, +3.5% LPG FOB Seagoing (50% Butane + 50% Propane), +13% Naphtha NWE FOB Bg., +4.4% Jet NWE CIF, +34% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg, +14.0% Base oils FOB, +26% HSFO 3.5% NWE Bg.; Consumptions: -6.8% LSFO 1% CIF NWE; Losses: 7.4%; Terminal rate: $1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2013: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat $6.80/ton. Yields in % of weight.

ROTTERDAM AROMATICS MARGIN

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

REPLACEMENT COST (RC)

According to this method of valuing inventories, the cost of goods sold is valued at the of replacement, i.e. at the average cost of raw materials on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by accounting standards – either Portuguese GAAP or IFRS – and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

REPLACEMENT COST ADJUSTED (RCA)

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

ABBREVIATIONS:

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

bbl: oil barrel

BBLT: Benguela, Belize, Lobito and Tomboco

bn: billion

boe: barrels of oil equivalent

Bg: Barges

Cg: Cargoes

CIF: Costs, Insurance and Freight

CORES: *Corporación de Reservas Estratégicas de Produtos Petrolíferos*

D&A: Depreciation & amortisation

DGEG: Direção Geral de Energia e Geologia

E&P: Exploration & Production

€: Euro

FOB: Free on Board

FPSO: Floating, production, storage and offloading unit

G&P: Gas & Power

GWh: Gigawatt hour

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

LSFO: Low sulphur fuel oil

k: thousand

kbbl: thousand barrels

kboe: thousand barrels of oil equivalent

kboepd: thousand barrels of oil equivalent per day

kbopd: thousand barrels of oil per day

LNG: liquefied natural gas

m: million

m^3: cubic metres

mbbl: million barrels

mboepd: million barrels of oil equivalent per day

mbopd: million barrels of oil per day

mm^3: million cubic metres

mton: million tonnes

NBP: National Balancing Point

NYSE: New York Stock Exchange

n.m.: not meaningful

PM UL: Premium unleaded

p.p.: percentage point

PSA: Production sharing agreement

R&M: Refining & Marketing

RC: replacement cost

RCA: replacement cost adjusted

Ton: tonnes

ULSD CIF Cg: Ultra Low sulphur diesel CIF Cargoes

USD/$: Dollar of the United States of America

USA or US: United States of America

WAC: Weighted-average cost

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