

**RESULTS AND  
CONSOLIDATED  
INFORMATION  
NINE MONTHS  
2018**

**TABLE OF CONTENTS**

<b>1. EXECUTIVE SUMMARY.....</b>	<b>3</b>
<b>2. EXPLORATION &amp; PRODUCTION.....</b>	<b>5</b>
<b>3. REFINING &amp; MARKETING.....</b>	<b>7</b>
<b>4. GAS &amp; POWER .....</b>	<b>8</b>
<b>5. FINANCIAL DATA.....</b>	<b>9</b>
5.1.    Income statement .....	9
5.2.    Capital expenditure.....	10
5.3.    Cash flow.....	11
5.4.    Financial position and debt .....	12
5.5.    Reconciliation of IFRS and RCA figures .....	14
<b>6. BASIS OF PRESENTATION .....</b>	<b>16</b>
<b>7. APPENDICES.....</b>	<b>17</b>
<b>8. DEFINITIONS .....</b>	<b>46</b>

# 1. Executive summary

▪ **IFRS Cash Flow from Operations (CFFO) reached €1,192 m** during the first nine months of 2018, up 11% YoY. **Free Cash Flow reached €514 m.**

▪ **Consolidated RCA Ebitda was €1,725 m**, up 32% driven by the increased contribution from the E&P business.

- **E&P: RCA Ebitda was €1,100 m, up €546 m YoY**, benefiting from the **increased production and higher oil and natural gas sale prices.**

**Average working interest (WI) production reached 105.3 kboepd, up 16% YoY**, supported by the contribution from FPSO #7 in Brazil, running at plateau since April, and despite the planned maintenance activities. It is worth highlighting the start of production in July from the first unit allocated to the Kaombo development, in Angola.

- **R&M: RCA Ebitda was €491 m, down €139 m YoY**, impacted by a lower contribution from the refining activity. **Galp's refining margin was \$5.1/boe**, down \$1.0/boe YoY, following the international refining environment, with raw materials processed also down driven by maintenance activities.

- **G&P: RCA Ebitda reached €112 m**, up €7 m YoY, supported by increased results from the power business.

▪ **Group RCA Ebit amounted to €1,205 m**, reflecting the Ebitda evolution. IFRS Ebit was €1,404 m, with the inventory effect accounting for €169 m.

▪ **RCA net income was €598 m, up €210 m YoY.** IFRS net income was €697 m.

▪ **Capex totalled €597 m**, of which 80% was allocated to E&P activities, including the payment of the 3% stake acquisition in BM-S-8 and the signing bonuses related to the acquisition of participating interests in Uirapuru and C-M-791 licenses, in Brazil.

▪ At the end of September, **net debt was €1,899 m**, with **net debt to Ebitda at 0.9x.**

▪ On October 23, **FPSO #8 (P-69) started production in the Lula Extreme South area**, in Brazil. This unit has a capacity to daily process up to 150 kbbi of oil and 6 mm<sup>3</sup> of natural gas.

Considering the YTD performance, it is expected that **FY2018 RCA Ebitda reaches c.€2.3 bn and capex stands at c.€1.0 bn.**

## Financial data

€m (IFRS, except otherwise stated)

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
<b>RCA Ebitda</b>	<b>1,310</b>	<b>1,725</b>	<b>415</b>	<b>32%</b>
Exploration & Production	554	1,100	546	99%
Refining & Marketing	630	491	(139)	(22%)
Gas & Power	105	112	7	7%
<b>RCA Ebit</b>	<b>745</b>	<b>1,205</b>	<b>460</b>	<b>62%</b>
Exploration & Production	269	849	580	n.m.
Refining & Marketing	369	242	(127)	(35%)
Gas & Power	90	96	6	7%
<b>RCA Net income</b>	<b>387</b>	<b>598</b>	<b>210</b>	<b>54%</b>
<b>IFRS Net income</b>	<b>368</b>	<b>697</b>	<b>328</b>	<b>89%</b>
Non-recurring items	(49)	(38)	(11)	(22%)
Inventory effect	30	137	107	n.m.
<b>Cash flow from operations</b>	<b>1,074</b>	<b>1,192</b>	<b>119</b>	<b>11%</b>
<b>Capex</b>	<b>589</b>	<b>597</b>	<b>9</b>	<b>2%</b>
<b>Free cash flow</b>	<b>448</b>	<b>514</b>	<b>66</b>	<b>15%</b>
<b>Post-dividend free cash flow</b>	<b>25</b>	<b>22</b>	<b>(2)</b>	<b>(9%)</b>
<b>Net debt</b>	<b>1,967</b>	<b>1,899</b>	<b>(68)</b>	<b>(3%)</b>
<b>Net debt to RCA Ebitda</b>	<b>1.2x</b>	<b>0.9x</b>	-	-

## Operational data

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
Average working interest production (kboepd)	90.8	105.3	14.5	16%
Average net entitlement production (kboepd)	88.9	103.9	15.0	17%
Oil and gas average sale price (USD/boe)	44.4	63.1	18.6	42%
Raw materials processed (mmboe)	85.8	81.1	(4.6)	(5%)
Galp refining margin (USD/boe)	6.1	5.1	(1.0)	(16%)
Oil sales to direct clients (mton)	6.7	6.6	(0.1)	(2%)
NG sales to direct clients (mm <sup>3</sup> )	3,264	3,559	295	9%
NG/LNG trading sales (mm <sup>3</sup> )	2,184	2,331	147	7%

## Market indicators

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
Average exchange rate EUR:USD	1.11	1.19	0.08	7%
Average exchange rate EUR:BRL	3.54	4.30	0.76	21%
Dated Brent price (USD/bbl)	51.8	72.1	20.3	39%
Heavy-light crude price spread <sup>1</sup> (USD/bbl)	(1.5)	(1.6)	(0.2)	(13%)
Iberian MIBGAS natural gas price (EUR/MWh)	20.9	23.8	2.9	14%
Dutch TTF natural gas price (EUR/MWh)	17.3	22.2	4.9	28%
Japan/Korea Marker LNG price (USD/MMBtu)	6.3	9.7	3.4	54%
Benchmark refining margin (USD/bbl)	4.5	2.5	(2.0)	(44%)
Iberian oil market (mton)	47.3	49.2	1.9	4.1%
Iberian natural gas market (mm <sup>3</sup> )	25,754	25,770	16	0.1%

Source: Platts for commodities prices; MIBGAS for Iberian natural gas price; APETRO and CORES for Iberian oil market; Galp and Enagás for Iberian natural gas market. <sup>1</sup> Urals NWE dated for heavy crude; dated Brent for light crude.



## 2. Exploration & Production

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

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
<b>Average working interest production<sup>1</sup> (kboepd)</b>	<b>90.8</b>	<b>105.3</b>	<b>14.5</b>	<b>16%</b>
Oil production (kbpd)	79.2	93.1	13.9	17%
<b>Average net entitlement production<sup>1</sup> (kboepd)</b>	<b>88.9</b>	<b>103.9</b>	<b>15.0</b>	<b>17%</b>
Angola	6.2	6.1	(0.2)	(2%)
Brazil	82.7	97.8	15.1	18%
<b>Oil and gas average sale price (USD/boe)</b>	<b>44.4</b>	<b>63.1</b>	<b>18.6</b>	<b>42%</b>
<b>Royalties<sup>2</sup> (USD/boe)</b>	<b>4.1</b>	<b>5.9</b>	<b>1.7</b>	<b>42%</b>
<b>Production costs (USD/boe)</b>	<b>8.2</b>	<b>8.6</b>	<b>0.4</b>	<b>5%</b>
<b>DD&amp;A<sup>3</sup> (USD/boe)</b>	<b>13.1</b>	<b>10.6</b>	<b>(2.5)</b>	<b>(19%)</b>
<b>RCA Ebitda<sup>4</sup></b>	<b>554</b>	<b>1,100</b>	<b>546</b>	<b>99%</b>
Depreciation, Amortisation and Impairments <sup>3</sup>	287	251	(36)	(13%)
Exploration expenditures written-off <sup>4</sup>	-	-	-	n.m.
Provisions	(2)	-	2	n.m.
<b>RCA Ebit</b>	<b>269</b>	<b>849</b>	<b>580</b>	<b>n.m.</b>
<b>IFRS Ebit</b>	<b>267</b>	<b>849</b>	<b>582</b>	<b>n.m.</b>
<b>Net Income from E&amp;P Associates</b>	<b>29</b>	<b>39</b>	<b>10</b>	<b>33%</b>

<sup>1</sup> Includes natural gas exported; excludes natural gas used or reinjected.

<sup>2</sup> Based on total net entitlement production.

<sup>2</sup> Includes abandonment provisions and excludes exploration expenditures written-off.

<sup>3</sup> Effective from 1 January 2018, G&G and G&A costs, mainly related to the exploration activity, started to be accounted as operating costs of the period in which they occur, and ceased to be capitalised. The Successful Efforts Method (SEM) was applied retrospectively and the 2017 figures were restated for comparison purposes.

### Operations

Average working interest production of oil and natural gas was 105.3 kboepd, of which 88% corresponded to oil production.

Production increased 16% YoY supported by the ongoing development of the Lula field in block BM-S-11 in Brazil, with FPSO #7 contributing at oil plateau levels since April. It is worth highlighting the planned maintenance activities in all units except FPSOs #3 and #7, as well as in Route 1 of the gas export network.

Regarding Iara, in block BM-S-11A, the Extended Well Test (EWT) in the Sururu West area started in February and was concluded in early August.

In block BM-S-8, the drilling of the Guanxuma prospect was concluded in July. The drilling rig then proceeded to the Carcará North area, where it started drilling Carcará West, the first well in this area.

In Angola, WI production was down 8% YoY to 7.5 kbpd, following the natural decline of block 14 and despite the start-up of the Kaombo North project in block 32 during July. Net entitlement production decreased 2% YoY to 6.1 kbpd.

Regarding Mozambique, the consortium for the development of Area 4 submitted to the Mozambican government the Plan of Development for the first phase of the Rovuma LNG project, which will develop the large Mamba fields. The first phase will comprise two LNG trains which will produce 7.6 mtpa each.

## Results

RCA Ebitda amounted to €1,100 m, up €546 m YoY, benefiting from increased production and average sale prices, and despite the lower USD.

Production costs increased €25 m YoY to €205 m, due to the higher number of operating units in Brazil and taking into account the maintenance activities during the period. In unit terms and on a net entitlement basis, production costs increased to \$8.6/boe.

Amortisation, depreciation charges and abandonment provisions amounted to €251 m,

down €36 m YoY, benefiting from the reserves upwards revision at the end of 2017, namely in Brazil, and from the BRL depreciation. On a net entitlement basis, unit depreciation charges were \$10.6/boe, down \$2.5/boe YoY.

RCA Ebit was €849 m, up €580 m YoY.

The contribution of associated companies was €39 m during the first nine months of 2018.



### 3. Refining & Marketing

€m (RCA, except otherwise stated)

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
<b>Galp refining margin (USD/boe)</b>	<b>6.1</b>	<b>5.1</b>	<b>(1.0)</b>	<b>(16%)</b>
<b>Refining cost (USD/boe)</b>	<b>1.6</b>	<b>2.2</b>	<b>0.5</b>	<b>31%</b>
<b>Impact of refining margin hedging<sup>1</sup> (USD/boe)</b>	<b>(0.3)</b>	<b>0.2</b>	<b>0.6</b>	<b>n.m.</b>
<b>Raw materials processed (mmboe)</b>	<b>85.8</b>	<b>81.1</b>	<b>(4.6)</b>	<b>(5%)</b>
Crude processed (mmbbl)	77.1	75.4	(1.7)	(2%)
<b>Total oil products sales (mton)</b>	<b>14.0</b>	<b>13.4</b>	<b>(0.6)</b>	<b>(4%)</b>
Sales to direct clients (mton)	6.7	6.6	(0.1)	(2%)
<b>RCA Ebitda</b>	<b>630</b>	<b>491</b>	<b>(139)</b>	<b>(22%)</b>
Depreciation, Amortisation and Impairments <sup>2</sup>	262	250	(12)	(5%)
Provisions	(0)	0	1	n.m.
<b>RCA Ebit</b>	<b>369</b>	<b>242</b>	<b>(127)</b>	<b>(35%)</b>
<b>IFRS Ebit</b>	<b>390</b>	<b>429</b>	<b>39</b>	<b>10%</b>
<b>Net Income from R&amp;M Associates</b>	<b>8</b>	<b>2</b>	<b>(6)</b>	<b>(73%)</b>

<sup>1</sup> Impact on Ebitda.

<sup>2</sup> Excludes impairments on accounts receivables, which started to be accounted in Ebitda in 2018.

#### Operations

Raw materials processed were 81.1 mmboe, 5% lower YoY, impacted by the planned maintenance of the hydrocracker (HC) in Sines during the first quarter, as well as by the start of planned maintenance in the Matosinhos refinery in late September. Crude oil accounted for 93% of raw materials processed, of which 86% corresponded to medium and heavy crudes.

Middle distillates accounted for 47% of production, gasoline for 23% and fuel oil for 16%. Consumption and losses accounted for 7% of raw materials processed.

Volumes sold to direct clients were 6.6 mton, with volumes sold in Africa accounting for 10%.

#### Results

Ebitda RCA decreased €139 m YoY to €491 m, mainly due to the lower contribution from the refining activity, and also impacted by the lag in pricing formulas.

Galp's refining margin stood at \$5.1/boe, compared to \$6.1/boe during the previous year, mainly due to a lower gasoline crack and as fuel oil was at a higher discount to Brent.

Refining costs stood at €147 m, up €20 m YoY, mainly due to the maintenance of the HC in the first quarter of the year. In unit terms, refining costs were \$2.2/boe.

Refining margin hedging operations contributed with €16 m during the period, compared to a loss of €26 m in the previous year.

The marketing activity maintained its positive contribution to results.

RCA Ebit was €242 m and IFRS Ebit increased to €429 m. The inventory effect was €158 m.

Non-recurring items amounted to €30 m and were mainly related to a litigation compensation inflow.



## 4. Gas & Power

€m (RCA, except otherwise stated)

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
<b>NG/LNG total sales volumes (mm<sup>3</sup>)</b>	<b>5,449</b>	<b>5,891</b>	<b>442</b>	<b>8%</b>
Sales to direct clients (mm <sup>3</sup> )	3,264	3,559	295	9%
Trading (mm <sup>3</sup> )	2,184	2,331	147	7%
<b>Sales of electricity (GWh)</b>	<b>3,812</b>	<b>4,030</b>	<b>219</b>	<b>6%</b>
Sales of electricity to the grid (GWh)	1,192	1,044	(148)	(12%)
<b>RCA Ebitda</b>	<b>105</b>	<b>112</b>	<b>7</b>	<b>7%</b>
Supply & Trading	78	74	(5)	(6%)
Power	26	38	12	44%
Depreciation, Amortisation and Impairments <sup>1</sup>	14	15	2	12%
Provisions	1	0	(1)	(99%)
<b>RCA Ebit</b>	<b>90</b>	<b>96</b>	<b>6</b>	<b>7%</b>
Supply & Trading	76	69	(6)	(8%)
Power	15	27	12	84%
<b>IFRS Ebit</b>	<b>95</b>	<b>108</b>	<b>13</b>	<b>13%</b>
<b>Net Income from G&amp;P Associates</b>	<b>75</b>	<b>73</b>	<b>(3)</b>	<b>(4%)</b>

<sup>1</sup> Excludes impairments on accounts receivables, which started to be accounted in Ebitda in 2018.

### Operations

Sales of NG/LNG increased 8% YoY to 5,891 mm<sup>3</sup>, supported by the increase in network trading volumes and sales to the conventional segment, namely to industrial clients.

Trading volumes increased 7% YoY, with the increase in NG sales in the European hubs offsetting the fewer LNG trading volumes.

Sales of electricity increased 6% YoY to 4,030 GWh, on the back of the higher contribution from the marketing activity.

### Results

RCA Ebitda stood at €112 m YoY, up €7 m YoY, supported by higher results from the Power activity.

Ebitda for the Power activity increased €12 m YoY to €38 m, benefiting from a higher cogeneration contribution, whilst Supply & Trading decreased €5 m to €74 m.

RCA Ebit was €96 m, while IFRS Ebit was €108 m.

Net income from associated companies stood at €73 m, of which €24 m related to the equity interest in Galp Gás Natural Distribuição, S.A. (GGND).

## 5. Financial data

### 5.1. Income statement

€m (RCA, except otherwise stated)

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
Turnover	11,513	12,977	1,464	13%
Cost of goods sold	(8,806)	(9,726)	920	10%
Supply & Services	(1,180)	(1,336)	155	13%
Personnel costs	(233)	(241)	8	3%
Other operating revenues (expenses)	31	62	31	n.m.
Impairments on accounts receivable	(15)	(11)	(4)	(24%)
<b>RCA Ebitda</b>	<b>1,310</b>	<b>1,725</b>	<b>415</b>	<b>32%</b>
<b>IFRS Ebitda</b>	<b>1,338</b>	<b>1,924</b>	<b>586</b>	<b>44%</b>
Depreciation, Amortisation and Impairments	(566)	(519)	(47)	(8%)
Provisions	1	(0)	(2)	n.m.
<b>RCA Ebit</b>	<b>745</b>	<b>1,205</b>	<b>460</b>	<b>62%</b>
<b>IFRS Ebit</b>	<b>769</b>	<b>1,404</b>	<b>635</b>	<b>83%</b>
Net income from associates	113	113	0	0%
Financial results	(42)	(6)	36	86%
Net interests	(59)	(39)	(19)	(33%)
Capitalised interest	64	30	(34)	(53%)
Exchange gain (loss)	(9)	(33)	(24)	n.m.
Mark-to-market of hedging derivatives	(25)	43	69	n.m.
Other financial costs/income	(13)	(6)	6	49%
<b>RCA Net income before taxes and non-controlling interests</b>	<b>816</b>	<b>1,312</b>	<b>496</b>	<b>61%</b>
Taxes	(376)	(594)	218	58%
Taxes on oil and natural gas production <sup>1</sup>	(170)	(329)	158	93%
Non-controlling interests	(53)	(120)	67	n.m.
<b>RCA Net income</b>	<b>387</b>	<b>598</b>	<b>210</b>	<b>54%</b>
Non-recurring items	(49)	(38)	(11)	(22%)
<b>RC Net income</b>	<b>339</b>	<b>560</b>	<b>221</b>	<b>65%</b>
Inventory effect	30	137	107	n.m.
<b>IFRS Net income</b>	<b>368</b>	<b>697</b>	<b>328</b>	<b>89%</b>

<sup>1</sup> Includes SPT payable in Brazil and IRP payable in Angola.

RCA Ebitda increased €415 m to €1,725 m, driven by a higher upstream production and increased oil and natural gas prices, and despite the lower USD.

RCA Ebit went up €460 m to €1,205 m, while IFRS Ebit increased to €1,404 m.

Results from associated companies stood at €113 m.

Financial results increased, despite being negative by €6 m. It is worth highlighting the higher impact from the mark-to-market related

to refining margin hedging, and the decrease in net interests following the reduction in the cost of funding YoY.

RCA taxes increased €218 m YoY to €594 m, mainly due to higher taxes related to the production of oil and natural gas.

Non-controlling interests of €120 m were mainly attributable to Sinopec's 30% stake in Petrogal Brasil.

RCA net income reached €598 m, while IFRS net income was €697 m.

## 5.2. Capital expenditure

€m

	Nine Months			
	2017	2018	Var. YoY	% Var. YoY
Exploration & Production	511	481	(30)	(6%)
Exploration and appraisal activities	1	192	190	n.m.
Development and production activities	509	289	(220)	(43%)
Refining & Marketing	70	109	39	55%
Gas & Power	6	7	0	3%
Others	1	1	0	3%
<b>Capex<sup>1</sup></b>	<b>589</b>	<b>597</b>	<b>9</b>	<b>2%</b>

<sup>1</sup> Capex figures based on change in assets during the period.

Capex totalled €597 m during the period, of which 80% allocated to the E&P business.

Capex of €192 m in exploration and appraisal activities was mainly related to the payment of the 3% stake acquisition in BM-S-8, in Brazil, announced in October 2017, as well as the payment of signing bonuses for Uirapuru and C-M-791 licenses in Brazil, which totalled €103 m. It is also worth highlighting the drilling activities in Guanxuma and Carcará North in the Brazilian pre-salt.

Investment in development and production activities reached €289 m and was mainly allocated to activities in block BM-S-11 and block 32. It is also worth highlighting the investment in the Coral South project in Mozambique.

Investment in downstream activities (R&M and G&P) reached €115 m and was mostly allocated to the maintenance and improvement of refining energy efficiency, as well as to the renewal of the retail network.

### 5.3. Cash flow

#### Indirect Method

€m (IFRS figures)

	<b>Nine Months</b>	
	2017	2018
Ebit	769	1,404
Depreciation, Amortisation and Impairments	569	519
Corporate income taxes and oil and gas production taxes	(304)	(418)
Dividends from associates	99	74
Change in Working Capital	(60)	(387)
<b>Cash flow from operations</b>	<b>1,074</b>	<b>1,192</b>
Net financial expenses	(59)	(64)
Net capex <sup>1</sup>	(567)	(614)
<b>Free cash flow</b>	<b>448</b>	<b>514</b>
Dividends paid	(423)	(491)
<b>Post-dividend free cash flow</b>	<b>25</b>	<b>22</b>
Others <sup>2</sup>	(121)	(36)
<b>Change in net debt</b>	<b>96</b>	<b>14</b>

<sup>1</sup> Net capex based on cash inflows/outflows during the period. <sup>2</sup> Includes CTAs (Cumulative Translation Adjustment) and partial reimbursement of the loan granted to Sinopec of €52 m during 9M18.

During the period, the robust performance across all business segments contributed to the 11% increase in CFFO, reaching €1,192 m. This despite the €387 m build in working capital, which resulted from the increase in commodity prices during the period and from the build-up in inventories in preparation for refining maintenance activities and E&P in-transit crude cargoes at the end of September.

Despite net capex of €614 m, mostly related with upstream growth projects and portfolio additions, and dividends paid during the period, free cash flow post-dividend was positive by €22 m.

## Direct Method

€m (IFRS figures)

	Nine Months	
	2017	2018
<b>Cash and equivalents at the beginning of the period<sup>1</sup></b>	<b>923</b>	<b>1,096</b>
Received from customers	12,993	14,671
Paid to suppliers	(8,267)	(9,452)
Staff related costs	(240)	(245)
Dividends from associates	99	74
Taxes on oil products (ISP)	(2,009)	(1,940)
VAT, Royalties, PIS, Cofins, Others	(1,219)	(1,497)
Corporate income taxes and oil and gas production taxes	(304)	(418)
<b>Cash flow from operations</b>	<b>1,053</b>	<b>1,192</b>
Net capex <sup>2</sup>	(581)	(614)
Net Financial Expenses	(81)	(64)
Dividends paid	(423)	(491)
<b>Post-dividend free cash flow</b>	<b>(33)</b>	<b>22</b>
Net new loans	(82)	239
Sinopec loan reimbursement	42	52
FX changes on cash and equivalents	(104)	(66)
<b>Cash and equivalents at the end of the period<sup>1</sup></b>	<b>746</b>	<b>1,343</b>

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

<sup>2</sup> Net capex based on cash inflows/outflows during the period.

## 5.4. Financial position and debt

€m (IFRS figures)

	31 Dec. 2017	30 Sep. 2018	Var. vs 31 Dec. 2017
Net fixed assets	7,231	7,157	(74)
Working capital	584	971	387
Loan to Sinopec	459	172	(287)
Other assets (liabilities)	(613)	(595)	18
<b>Capital employed</b>	<b>7,661</b>	<b>7,705</b>	<b>44</b>
Short term debt	551	563	13
Medium-Long term debt	2,532	2,686	154
<b>Total debt</b>	<b>3,083</b>	<b>3,249</b>	<b>166</b>
Cash and equivalents	1,198	1,350	153
<b>Net debt</b>	<b>1,885</b>	<b>1,899</b>	<b>14</b>
<b>Total equity</b>	<b>5,776</b>	<b>5,806</b>	<b>30</b>
<b>Total equity and net debt</b>	<b>7,661</b>	<b>7,705</b>	<b>44</b>

On September 30, 2018 net fixed assets were €7,157 m, down €74 m from 31 December 2017, with net capex not offsetting DD&A and the asset base devaluation from a weaker BRL. Work-in-progress, mainly related to the E&P

business, stood at €2,241 m at the end of the period.

The loan to Sinopec was reduced by €287 m during the first nine months of 2018, against a capital reduction of the same amount in Galp/Sinopec JV.

## Financial debt

€m (except otherwise stated)

	31 Dec. 2017	30 Sep. 2018	Var. vs 31 Dec. 2017
Bonds	1,987	2,141	154
Bank loans and other debt	1,096	1,108	12
Cash and equivalents	(1,198)	(1,350)	(153)
<b>Net debt</b>	<b>1,885</b>	<b>1,899</b>	<b>14</b>
Average life (years)	2.5	3.0	0.5
Average funding cost	3.46%	2.63%	(0.83 p.p.)
Debt at floating rate	40%	48%	-
Net debt to Ebitda RCA	1.1x	0.9x	-

On September 30, 2018 net debt was €1,899 m, up just €14 m compared to 31 December 2017, despite the dividend and the Brazil bid round payments in September. Net debt to Ebitda RCA stood at 0.9x.

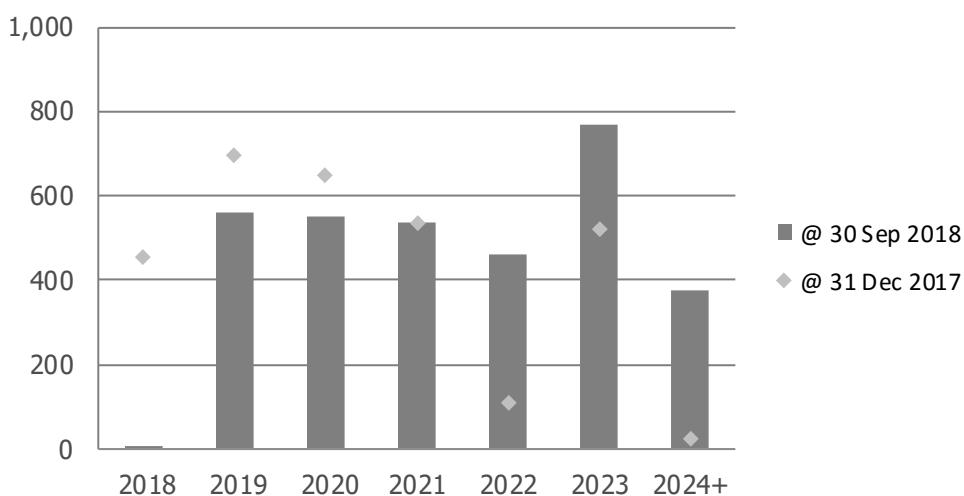
During the period, Galp issued medium and long term debt amounting to €950 m, which contributed to the increase in the average life

of debt to 3.0 years, and decrease in average funding cost to 2.6%. At the end of the period, medium and long term debt accounted for 83% of total debt.

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

## Debt maturity profile

€m



## 5.5. Reconciliation of IFRS and RCA figures

### Ebitda by segment

€m

2018	Nine Months				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
<b>Galp</b>	<b>1,924</b>	<b>(169)</b>	<b>1,754</b>	<b>(30)</b>	<b>1,725</b>
<b>E&amp;P</b>	1,100	-	1,100	-	1,100
<b>R&amp;M</b>	679	(158)	521	(30)	491
<b>G&amp;P</b>	123	(12)	112	-	112
<b>Others</b>	21	-	21	-	21

€m

2017	Nine Months				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
<b>Galp</b>	<b>1,338</b>	<b>(31)</b>	<b>1,307</b>	<b>3</b>	<b>1,310</b>
<b>E&amp;P</b>	554	-	554	0	554
<b>R&amp;M</b>	655	(28)	627	3	630
<b>G&amp;P</b>	108	(4)	105	-	105
<b>Others</b>	21	-	21	-	21

### Ebit by segment

€m

2018	Nine Months				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
<b>Galp</b>	<b>1,404</b>	<b>(169)</b>	<b>1,235</b>	<b>(30)</b>	<b>1,205</b>
<b>E&amp;P</b>	849	-	849	-	849
<b>R&amp;M</b>	429	(158)	271	(30)	242
<b>G&amp;P</b>	108	(12)	96	-	96
<b>Others</b>	18	-	18	-	18

€m

2017	Nine Months				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
<b>Galp</b>	<b>769</b>	<b>(31)</b>	<b>738</b>	<b>7</b>	<b>745</b>
<b>E&amp;P</b>	267	-	267	2	269
<b>R&amp;M</b>	390	(28)	362	7	369
<b>G&amp;P</b>	95	(4)	92	(1)	90
<b>Others</b>	18	-	18	-	18

### Non-recurring items

€m

	Nine Months	
	2017	2018
<b>Non-recurring items impacting Ebitda</b>	<b>3.0</b>	<b>(29.7)</b>
Accidents caused by natural events and insurance compensation	0.1	-
Gains/losses on disposal of assets	(0.7)	-
Asset write-offs	(0.0)	-
Employee restructuring charges	-	1.7
Litigation costs (revenues)	3.6	(31.4)
<b>Non-recurring items impacting non-cash costs</b>	<b>4.1</b>	-
Provisions for environmental charges and others	1.2	-
Asset impairments	2.9	-
<b>Non-recurring items impacting financial results</b>	<b>(10.9)</b>	<b>7.5</b>
Gains/losses on financial investments <sup>1</sup>	(10.9)	7.5
<b>Non-recurring items impacting taxes</b>	<b>52.2</b>	<b>60.2</b>
Income taxes on non-recurring items	(1.8)	9.5
Energy sector contribution taxes	54.0	50.7
<b>Non-controlling interests</b>	<b>0.3</b>	<b>(0.1)</b>
<b>Total non-recurring items</b>	<b>48.6</b>	<b>37.9</b>

<sup>1</sup>Includes CESE impact on GGND.

## 6. Basis of presentation

Galp's consolidated financial statements have been prepared in accordance with IFRS. The financial information in the consolidated income statement is reported for the nine months ended on September 30, 2018 and 2017. The information in the consolidated financial position is reported as of September 30 2018 and as of 31 December 2017.

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.

### Recent changes

With effect from January 1, 2018, Galp started considering as operating costs all expenditures incurred with G&G and G&A costs in the exploration activities. Other expenses in the exploration stage, including exploratory wells, continue to be capitalised and written-off when dry.

In addition to those costs, the G&A expenses that transferred from the exploration phase to the stage of development were adjusted under equity. This new policy was applied retrospectively and the comparable figures of 2017 were restated.

Effective from 1 January 2018, impairments on account receivables are accounted for at the Ebitda level, providing a better proxy for the cash generation of each business. Figures of 2017 were restated for comparison purposes.

Starting in 2018, Galp adopted IFRS 9, changing the calculation method for impairments on receivables based on expected losses, and taking into account the credit risk assessment from the beginning. This impact was not applied to 2017 figures.

The Company also implemented IFRS 15, which did not impact materially the Group's results. However, it should be noted that under and overlifting positions in the E&P business started to be accounted as other operating costs/income. This change was not applied to 2017 figures.

## 7. Appendices

### Index

Consolidated statement of financial position.....	18
Consolidated income statement and consolidated statement of comprehensive income.....	19
Consolidated statement of changes in Equity .....	20
Consolidated statement of cash flow .....	21
1. Significant accounting policies .....	22
2. Significant changes to the annual financial statements for the year ended 31 December 2017 .....	23
3. Segment reporting .....	26
4. Tangible assets .....	29
5. Intangible assets and Goodwill .....	29
6. Financial investments in associates and joint ventures.....	30
7. Income tax and Energy sector extraordinary contribution .....	32
8. Trade receivables and other receivables.....	33
9. Inventories .....	34
10. Loans to Sinopec.....	35
11. Cash and cash equivalents and reconciliation of the consolidated statement of cash flows .....	36
12. Non-controlling interests .....	37
13. Financial debt .....	37
14. Other payables.....	39
15. Post employment benefits .....	40
16. Other financial assets .....	40
17. Provisions .....	42
18. Operating costs .....	43
19. Financial results .....	44
20. Approval of the financial statements .....	44
21. Explanation added for translation.....	44

## Consolidated statement of financial position

### Galp Energia, SGPS, S.A.

#### Consolidated Statement of Financial Position as of 30 September 2018 and 31 December 2017

(Amounts stated in million Euros - €m)

Assets	Notes	September 2018	December 2017 (restated)
<b>Non-current assets:</b>			
Tangible assets	4	5,115	5,193
Intangible assets and Goodwill	5	610	491
Investments in associates and joint ventures	6	1,309	1,483
Deferred tax assets	7.1	353	350
Other receivables	8.2	249	254
Other financial assets	15.2	80	35
<b>Total non-current assets</b>		<b>7,716</b>	<b>7,806</b>
<b>Current assets:</b>			
Inventories	9	1,325	970
Other financial assets	15.2	271	66
Trade receivables	8.1	1,178	1,018
Other receivables	8.2	675	535
Loans to Sinopec	10	172	459
Cash and cash equivalents	11	1,350	1,197
<b>Total current assets</b>		<b>4,971</b>	<b>4,245</b>
<b>Total assets</b>		<b>12,687</b>	<b>12,051</b>
 <b>Equity and liabilities</b>			
	Notes	September 2018	December 2017 (restated)
<b>Equity:</b>			
Share Capital and Share Premium		911	911
Reserves		2,396	2,541
Retained Earnings		1,105	892
<b>Total equity attributable to shareholders:</b>		<b>4,412</b>	<b>4,344</b>
Non-controlling interests	12	1,394	1,435
<b>Total equity:</b>		<b>5,806</b>	<b>5,779</b>
<b>Liabilities:</b>			
<b>Non-current Liabilities:</b>			
Financial debt	13	2,686	2,532
Other payables	14	130	286
Post-employment and other employee benefits liabilities	15	333	326
Deferred tax liabilities	7.1	159	76
Other financial instruments		30	3
Provisions	17	652	619
<b>Total non-current liabilities</b>		<b>3,990</b>	<b>3,842</b>
<b>Current Liabilities:</b>			
Financial debt	13	564	551
Trade payables		926	889
Other payables	14	1,122	854
Other financial instruments		105	21
Current income tax payables		174	115
<b>Total current liabilities</b>		<b>2,891</b>	<b>2,430</b>
<b>Total Liabilities</b>		<b>6,881</b>	<b>6,272</b>
<b>Total equity and liabilities:</b>		<b>12,687</b>	<b>12,051</b>

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

## Consolidated income statement and consolidated statement of comprehensive income

### Galp Energia, SGPS, S.A.

Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the nine-month periods ended 30 September 2018 and 30 September 2017

(Amounts stated in million Euros - €m)

	Notes	September 2018	September 2017 (restated)
<b>Operating income:</b>			
Sales		12,484	11,058
Services Rendered		493	456
Other operating income		157	83
	<b>Total Operating income:</b>	<b>13,134</b>	<b>11,597</b>
<b>Operating costs:</b>			
Cost of Sales	18	9,557	8,775
External supplies and services	18	1,336	1,184
Employee costs	18	243	233
Amortization, depreciation and impairment losses on fixed assets	4, 5 and 18	519	569
Impairment losses on receivables	8.3	11	15
Other operating costs		64	52
	<b>Total Operating costs:</b>	<b>11,730</b>	<b>10,828</b>
<b>Operating profit:</b>			
Net financial losses	19	(16)	(8)
Exchange (losses) gains		(33)	(9)
Income from financial investments	6	106	124
Income from financial instruments	16	43	(25)
	<b>Profit before taxes:</b>	<b>1,504</b>	<b>851</b>
Income tax	7.1	(636)	(376)
Energy sector extraordinary contribution	7.2	(51)	(54)
<b>Consolidated net profit for the period</b>		<b>817</b>	<b>421</b>
<b>Income attributable to:</b>			
Non-controlling interests		120	53
<b>Galp Energia SGPS, S.A. Shareholders</b>		<b>697</b>	<b>368</b>
<b>Basic and Diluted Earnings per share (in Euros)</b>		<b>0.84</b>	<b>0.44</b>
<b>Consolidated net profit for the period</b>		<b>817</b>	<b>421</b>
<b>Items which will not be recycled in the future through net income of the period:</b>			
Actuarial gains and losses – pension fund	15	4	(9)
<b>Items which may be recycled in the future through net income of the period:</b>			
Currency translation adjustments		(273)	(601)
Hedging reserves	16.2	(11)	4
Income taxes related to Currency translation adjustments and hedging reserves		62	-
<b>Total Comprehensive income for the period, attributable to:</b>		<b>599</b>	<b>(185)</b>
<b>Non-controlling interests</b>		<b>51</b>	<b>(103)</b>
<b>Galp Energia SGPS, S.A. Shareholders</b>		<b>548</b>	<b>(82)</b>

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

## Consolidated statement of changes in Equity

### Galp Energia, SGPS, S.A

Consolidated Statement of changes in equity for the nine-month periods ending on 30 September 2018 and 30 September 2017

(Amounts stated in million Euros - €m)

Changes in the period	Notes	Share Capital and Share Premium		Reserves			Retained earnings			Non-controlling interests	Total
		Share Capital	Share Premium	Currency Translation Reserves	Hedging Reserves	Other Reserves	Net Actuarial Losses	Retained earnings	Sub-Total		
<b>Balance as of 31 December 2016</b>	829	82	404	3	2,688	(118)	1,092	4,980	1,563	6,543	
Change in accounting policy (adoption of SEM)		-	-	-	-	-	(294)	(294)	(26)	(320)	
<b>Balance as of 1 January 2017</b>	829	82	404	3	2,688	(118)	798	4,686	1,537	6,223	
Consolidated net income for the period		-	-	-	-	-	397	397	57	454	
Other gains and losses recognised in Equity		-	-	(464)	2	-	9	-	(453)	(156)	(609)
<b>Comprehensive income for the period</b>		-	-	(464)	2	-	9	397	(56)	(99)	(155)
Dividends paid / Interim dividends		-	-	-	-	-	(413)	(413)	(4)	(417)	
Increase/decrease in share capital of Joint ventures		-	-	-	1	-	(1)	-	-	-	
<b>Balance as of 30 September 2017</b>	829	82	(60)	6	2,688	(109)	781	4,217	1,434	5,651	
Change in accounting policy (adoption of SEM)		-	-	29	-	-	(55)	(26)	(4)	(30)	
<b>Balance as of 30 September 2017 – restated</b>	829	82	(31)	6	2,688	(109)	726	4,191	1,430	5,621	
<b>Balance as of 31 December 2017</b>	829	82	(186)	4	2,688	(90)	1,292	4,619	1,461	6,080	
Change in accounting policy (adoption of SEM)	1.5	-	-	35	-	-	(310)	(275)	(26)	(301)	
<b>Balance as of 31 December 2017 - restated</b>	829	82	(151)	4	2,688	(90)	982	4,344	1,435	5,779	
Change in accounting policy (adoption of IFRS 9 and 15)	1.5	-	-	-	-	-	(3)	(3)	-	(3)	
<b>Balance as of 1 January 2018</b>	829	82	(151)	4	2,688	(90)	979	4,341	1,435	5,776	
Consolidated net income for the period		-	-	-	-	-	697	697	120	817	
Other gains and losses recognised in Equity		-	-	(154)	9	-	(4)	-	(149)	(69)	(218)
<b>Comprehensive income for the period</b>		-	-	(154)	9	-	(4)	697	548	51	599
Dividends paid / Interim dividends		-	-	-	-	-	(477)	(477)	(28)	(505)	
Increase/decrease in share capital of Joint ventures		-	-	-	-	-	-	-	(64)	(64)	
<b>Balance as of 30 September 2018</b>	829	82	(305)	13	2,688	(94)	1,199	4,412	1,394	5,806	

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

## Consolidated statement of cash flow

### Galp Energia, SGPS, S.A.

#### Consolidated Statement of Cash Flow for the nine-month periods ended 30 September 2018 and 30 September 2017

(Amounts stated in million Euros - €m)

	Notes	September 2018	September 2017 (Restated)
<b>Operating activities:</b>			
Cash received from customers		14,671	12,993
Cash payments to suppliers		(9,452)	(8,267)
Payments relating to Tax on oil products ("ISP")		(1,940)	(2,009)
Payments relating to VAT		(1,226)	(1,102)
Payments relating to royalties, levies, "PIS" and "COFINS" and Others		(124)	(85)
<b>Operating gross margin</b>		<b>1,929</b>	<b>1,530</b>
Salaries, contributions to the pension fund and other benefits payments		(137)	(129)
Withholding income taxes payments		(58)	(60)
Social Security contributions		(50)	(51)
<b>Payments relating to employees</b>		<b>(245)</b>	<b>(240)</b>
Other receipts/(payments) related to the operating activities		(149)	(31)
Payments of income taxes (income tax "IRC", oil income tax "IRP", special participation)		(418)	(304)
<b>Cash flows from operating activities (1)</b>		<b>1,117</b>	<b>955</b>
<b>Investing activities:</b>			
Cash payments for the acquisition of tangible and intangible assets	11	(842)	(444)
Cash receipts relating to financial investments	11	307	1
Cash payments relating to financial investments		(69)	(159)
<b>Net investment</b>		<b>(604)</b>	<b>(602)</b>
Cash receipts from loans granted		61	64
Cash payments relating to loans granted		(38)	(6)
Cash receipts from interests and similar income		20	12
Cash receipts relating to dividends	6.2	74	99
<b>Cash flows from investing activities (2)</b>		<b>(487)</b>	<b>(433)</b>
<b>Financing activities:</b>			
Cash receipts from loans obtained		1,500	1,095
Cash payments relating to loans obtained		(1,242)	(1,175)
Cash payments from interests and similar costs		(84)	(93)
Increase/decrease of capital and other equity instruments		19	-
Dividends paid	11	(510)	(423)
Other financing activities		-	1
<b>Cash flows from financing activities (3)</b>		<b>(317)</b>	<b>(595)</b>
Net change in cash and cash equivalents (4) = (1) + (2) + (3)		313	(73)
Effect of foreign exchange rate changes in cash and cash equivalents		(66)	(104)
Cash and cash equivalents at the beginning of the period		1,096	923
<b>Cash and cash equivalents at the end of the period</b>	11	<b>1,343</b>	<b>746</b>

The accompanying notes form an integral part of the consolidated statement of cash flow and must be read in conjunction.

## 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the nine-month period ended 30 September 2018 were prepared under IAS 34 - Interim Financial Reporting. These financial statements do not include all the notes that are normally prepared in the annual financial statements. In addition, only the material changes required by IFRS 7 and IFRS 13 were disclosed. In this context, these financial statements must be read in conjunction with the consolidated financial statements of the Galp Group for the year ended 31 December 2017.

Based on the results of the Galp Group and its business units, as well as on the macroeconomic conditions of the countries and segments in which each business unit operates, there were no indications, as of 30 September 2018, that would lead us to reassess the conclusions reached in the preparation of the annual financial statements as of 31 December 2017, regarding the recoverability of tangible, intangible assets, goodwill and financial investments in associates and joint ventures.

These consolidated financial statements have been prepared in millions of euros, except where expressly indicated otherwise. Due to rounding, the totals and sub-totals of the presented tables may not be equal to the sum of the numbers that are presented.

### 1.1. *Standards, amendments to standards and interpretations endorsed by the European Union, to be applied in subsequent years, applicable to Galp*

#### IFRS 16 – Leases

This standard specifies how leases should be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has an immaterial value. The application of this accounting standard will mainly focus on operations included in the Exploration & Production and Refining & Marketing segments, changing the way the Group accounts for the vessel charter contracts activities related to the Exploration & Production activity, as well as of leases of land use and constructions rights, used in the Refining & Marketing of oil products activities.

Its application will result in changes in the accounting of lease contracts, which will result in impacts to the Group's financial statements, namely to the income statement and statement of financial position, as well as to ratios, net debt, capital employed, among others.

Galp is still determining and quantifying the impacts of IFRS 16 on its financial statements. This standard will be applied to the Galp Group from the year beginning on 1 January 2019.

## 2. SIGNIFICANT CHANGES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 2.1. *Change of accounting policy for E&P with the adoption of the "Success Efforts Method" (SEM) effective 1 January 2018*

As mentioned in the consolidated financial statements for the year ended 31 December 2017, Galp Energia SGPS, S.A. (Galp, Galp Group) changed its accounting policy on 1 January 2018 regarding the recognition of exploration expenses in the Exploration & Production activity.

According to the accounting policy followed by Galp since 1999, exploration expenses were capitalized as tangible assets, as permitted by IFRS 6, and were subsequently depreciated during the production period if commercially viable reserves were discovered.

Galp considers that the new accounting policy adopted on 1 January 2018 is more reliable, involves a more prudent approach and provides better comparability with other companies, as it is adopted by almost all major IOCs (International Oil Company).

Galp now recognizes as operating cost all expenditures incurred in the exploration phase (i.e. exploration and evaluation costs) related to geological and geophysical studies (G&G) and general and administrative expenses (G&A). The remaining exploration expenses, namely exploratory wells, are capitalized in assets in progress and are subject to periodic impairment tests. Dry wells are recognized as cost for the year. At the start of production, capitalized costs are depreciated based on the current depreciation policy.

In addition to the costs related to the exploration phase mentioned above, the expenses related to general and administrative expenses (G&A) that were transferred, in accordance with the previous accounting policy, from the exploration phase to the development phase, were adjusted in equity with the application of this accounting policy.

As a voluntary change in accounting policy, the application of the change in accounting policy was retrospectively applied and the comparative information was restated. The impacts resulting from this change in accounting policy are described in Note 2.5.

### 2.2. *Change in accounting policy with the application of IFRS 9 - "Financial Instruments"*

Galp has adopted as of 1 January 2018 the new IFRS 9 standard, which replaces the previous IAS 39. With the application of the standard, it also adopted the financial instruments hedging rules expressed in IFRS 9.

The application of IFRS 9 did not change the measurement of the financial instruments balances held by Galp, as well as the *fair value hedge* and *cash flow hedge* classification.

A new methodology for the calculation and reporting of Trade and other receivables impairment losses was introduced, changing the method for estimating losses from operations to the expected loss model where the credit risk assessment is considered from the initial recognition. The impacts resulting from this change in methodology on 1 January 2018 are described in Note 2.5.

In accordance with the possibility expressed in IFRS 9, Galp applied retrospectively this standard, being the cumulative effect of the initial application recognized as an adjustment to the opening financial position in retained earnings on 1 January 2018.

### 2.3. Change in accounting policy with the application of IFRS 15 – "Revenue from contracts with customers"

Galp applied on 1 January 2018 the new IFRS 15, which replaces IAS 18. The application of IFRS 15 did not have materially relevant impacts on Galp Group companies. However, the amounts related to *Under* and *Overlifting* in the Exploration & Production activity that were previously recognized as an integral part of Cost of sales, are now included under Other Operating Income and Other Operating Costs, respectively.

In accordance with the possibility expressed in IFRS 15, Galp applied retrospectively this standard, being the cumulative effect of the initial application recognized as an adjustment to the opening financial position in retained earnings on 1 January 2018.

### 2.4. Changes in consolidation perimeter

During the period under review, the share capital of the company Goldenalco was fully subscribed, by an amount of €2 m. This company has as its main activity the production of renewable electric energy.

### 2.5. Restated information on comparative figures as of 31 December 2017 and 30 September 2017

Restated information on comparative figures for the year ended as of 31 December 2017 and the nine-month period ended 30 September 2017 are as follows:

Consolidated Statement of Financial Position		Unit: €m				
		December 2017	Adjustments SEM (Note 2.1)	December 2017 (restated)	Adjustments IFRS 9 (Note 2.2)	01 January 2018
<b>Non-Current assets:</b>						
Tangible assets		5,554	(361)	5,193	-	5,193
Intangible assets and Goodwill		494	(3)	491	-	491
Deferred tax assets		293	57	350	1	351
Other receivables		254	-	254	(1)	253
Other non-current assets		1,518	-	1,518	-	1,518
<b>Total Non-Current assets</b>		<b>8,113</b>	<b>(307)</b>	<b>7,806</b>	<b>-</b>	<b>7,806</b>
<b>Current assets:</b>						
Trade and other receivables		1,553	-	1,553	(3)	1,550
Other current assets		2,692	-	2,692	-	2,692
<b>Total Current assets</b>		<b>4,245</b>	<b>-</b>	<b>4,245</b>	<b>(3)</b>	<b>4,242</b>
<b>Total assets:</b>		<b>12,358</b>	<b>(307)</b>	<b>12,051</b>	<b>(3)</b>	<b>12,048</b>
<hr/>						
		December 2017	Adjustments SEM (Note 2.1)	December 2017 (restated)	Adjustments IFRS 9 (Note 2.2)	01 January 2018
<b>Equity:</b>						
Share Capital and Share Premium		911	-	911	-	911
Reserves		2,506	35	2,541	-	2,541
Retained earnings		1,202	(310)	892	(3)	889
<b>Total equity attributable to shareholders:</b>		<b>4,619</b>	<b>(275)</b>	<b>4,344</b>	<b>(3)</b>	<b>4,341</b>
Non-controlling interests		1,461	(26)	1,435	-	1,435
<b>Total equity:</b>		<b>6,080</b>	<b>(301)</b>	<b>5,779</b>	<b>(3)</b>	<b>5,776</b>
<b>Liabilities:</b>						
<b>Non-Current liabilities:</b>						
Deferred tax liabilities		82	(6)	76	-	76
Other non-current liabilities		3,766	-	3,766	-	3,766
<b>Total Non-Current liabilities</b>		<b>3,848</b>	<b>(6)</b>	<b>3,842</b>	<b>-</b>	<b>3,842</b>
<b>Current liabilities:</b>						
<b>Total Current liabilities:</b>		<b>2,430</b>	<b>-</b>	<b>2,430</b>	<b>-</b>	<b>2,430</b>
<b>Total Liabilities:</b>		<b>6,278</b>	<b>(6)</b>	<b>6,272</b>	<b>-</b>	<b>6,272</b>
<b>Total equity and liabilities:</b>		<b>12,358</b>	<b>(307)</b>	<b>12,051</b>	<b>(3)</b>	<b>12,048</b>

**Consolidated Income Statement**

Unit: €m

Captions	September 2017	Adjustments SEM (Note 2.1)	Other adjustments	September 2017 (restated)
<b>Total operating income:</b>	<b>11,599</b>	<b>(1)</b>	<b>(1)</b>	<b>11,597</b>
<b>Operating costs:</b>				
External supplies and services	1,129	54	1	1,184
Amortization, depreciation and impairment losses on fixed assets	593	(24)	-	569
Remaining operating costs	9,077	(2)	-	9,075
<b>Total operating costs:</b>	<b>10,799</b>	<b>28</b>	<b>1</b>	<b>10,828</b>
<b>Operating profit:</b>	<b>800</b>	<b>(29)</b>	<b>(2)</b>	<b>769</b>
Net financial losses	(4)	(6)	2	(8)
Other financial results	90	-	-	90
<b>Profit before taxes</b>	<b>886</b>	<b>(35)</b>	<b>-</b>	<b>851</b>
Income tax	(378)	2	-	(376)
Energy sector extraordinary contribution	(54)	-	-	(54)
<b>Consolidated net profit for the period</b>	<b>454</b>	<b>(33)</b>	<b>-</b>	<b>421</b>
<b>Income attributable to:</b>				
Non-controlling interests	57	(4)	-	53
<b>Galp Energia SGPS, S.A. Shareholders</b>	<b>397</b>	<b>(29)</b>	<b>-</b>	<b>368</b>
<b>Basic and Diluted Earnings per share (in Euros)</b>	<b>0.48</b>	<b>(0.04)</b>	<b>-</b>	<b>0.44</b>

**Consolidated Statement of Cash Flow**

Unit: €m

	September 2017	Restated	September 2017 (Restated)
<b>Operating activities:</b>			
Cash payments to suppliers	(8,218)	(49)	(8,267)
Other operating activities	9,801	-	9,801
<b>Operating gross margin</b>	<b>1,583</b>	<b>(49)</b>	<b>1,534</b>
Payments relating to employees	(240)	-	(240)
Other receipts/(payments) related to the operating activities	(37)	-	(37)
<b>Cash flows from operations</b>	<b>1,306</b>	<b>(49)</b>	<b>1,257</b>
Payments of income taxes (income tax "IRC", oil income tax "IRP", special participation)	(303)	-	(303)
<b>Cash flows from operating activities</b>	<b>1,003</b>	<b>(49)</b>	<b>954</b>
<b>Investing activities:</b>			
Payments for the acquisition of tangible and intangible assets	(494)	(49)	(445)
Cash receipts relating to financial investments	1	-	1
Cash (payments) relating to financial investments	(159)	-	(159)
<b>Net investment</b>	<b>(651)</b>	<b>(49)</b>	<b>(602)</b>
Cash receipts from loans granted	64	-	64
Cash (payments) relating to loans granted	(6)	-	(6)
Cash receipts from interests and similar income	12	-	12
Cash receipts relating to dividends	99	-	99
<b>Cash flows from investing activities</b>	<b>(482)</b>	<b>(49)</b>	<b>(433)</b>
<b>Cash flows from financing activities</b>	<b>(594)</b>	<b>-</b>	<b>(594)</b>
Net change in cash and cash equivalents	(73)	-	(73)
Effect of foreign exchange rate changes in cash and cash equivalents	(104)	-	(104)
Cash and cash equivalents at the beginning of the period	923	-	923
<b>Cash and cash equivalents at the end of the period</b>	<b>746</b>	<b>-</b>	<b>746</b>

### 3. SEGMENT REPORTING

Galp is positioned as an integrated oil company, deriving its revenues and income from a variety of products sold and services provided. In this context, the Group is organized into three different business segments: (i) Exploration & Production; (ii) Refining & Marketing; (iii) Gas & Power; and (iv) Others.

Regarding "Others", the Group considered the holding company Galp Energia, SGPS, S.A., and companies with different 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. The remaining accounting policies, as well as relevant information on the presentation of segment reporting can be found in the consolidated financial statements for the year ended 31 December 2017.

The comparative information for the year 2017 presented is not restated by the application of IFRS 15 for the period ended 30 September 2018. In the Exploration & Production segment, the effects of IFRS 15 are limited to the presentation of amounts with *Over* and *Underlifting*, which are reflected as Operating Costs and Operating Income instead of Cost of sales (changes in production) as previously reported.

For a closer approximation to the management criteria, it is presented below the segment reporting in a replacement cost perspective (RC), in which the cost of the sale determined in accordance with IFRS (weighted average cost) is replaced by the market replacement cost.

Galp considers that this approach on presenting its operational results becomes more relevant to the stakeholders of the financial statements, as it better reflects the performance of the businesses, being also the indicator used by the Group's management.

It is also presented a reconciliation between the net result IFRS and the net result calculated according to the replacement cost, for a better understanding.

The financial information for the previously identified segments, for the nine-month period ended on 30 September 2018 and 2017 is presented as follows:

	Unit: €m											
	Consolidated		Exploration & Production		Refining & Marketing		Gas & Power		Others		Eliminations	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Income</b>												
<b>Sales and Services Rendered</b>	<b>12,977</b>	<b>11,514</b>	<b>1,139</b>	<b>960</b>	<b>9,762</b>	<b>8,742</b>	<b>2,209</b>	<b>1,935</b>	<b>103</b>	<b>97</b>	<b>(236)</b>	<b>(220)</b>
Inter-segmental	-	-	-	-	3	1	156	145	77	74	(236)	(220)
External	12,977	11,514	1,139	960	9,759	8,741	2,053	1,790	26	23	-	-
<b>Cost of Sales</b>	<b>(6,344)</b>	<b>(5,839)</b>	<b>190</b>	<b>38</b>	<b>(5,542)</b>	<b>(4,968)</b>	<b>(1,045)</b>	<b>(963)</b>	-	-	<b>53</b>	<b>54</b>
<b>EBITDA Replacement Cost</b>	<b>1,754</b>	<b>1,307</b>	<b>1,100</b>	<b>554</b>	<b>521</b>	<b>627</b>	<b>112</b>	<b>105</b>	<b>22</b>	<b>21</b>	<b>(1)</b>	-
<b>Amortizations and Adjustments</b>	<b>(519)</b>	<b>(569)</b>	<b>(251)</b>	<b>(288)</b>	<b>(250)</b>	<b>(264)</b>	<b>(15)</b>	<b>(14)</b>	<b>(3)</b>	<b>(3)</b>	-	-
Depreciation and Amortization	(513)	(565)	(252)	(288)	(243)	(260)	(15)	(14)	(3)	(3)	-	-
Impairments	(6)	(4)	1	-	(7)	(4)	-	-	-	-	-	-
<b>Provisions(net)</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>EBIT Replacement Cost</b>	<b>1,235</b>	<b>738</b>	<b>849</b>	<b>267</b>	<b>271</b>	<b>362</b>	<b>96</b>	<b>92</b>	<b>19</b>	<b>18</b>	<b>(1)</b>	-
Financial income	100	82										
Income tax RC	(604)	(374)										
Energy Sector Extraordinary Contribution	(51)	(54)										
<b>Consolidated Net income Replacement Cost</b>	<b>680</b>	<b>392</b>										
<b>Net income attributable to non-controlling interests</b>	<b>(120)</b>	<b>(53)</b>										
<b>Net income attributable to Galp Energia SGPS, S.A. shareholders</b>	<b>560</b>	<b>339</b>										

As of 30 September 2018 and 31 December 2017

#### OTHER INFORMATIONS

##### Segment Assets (1)

Financial Investments (2)	1,309	1,483	906	1,079	97	100	306	304	-	-	-	-
Other Assets	11,378	10,568	6,936	6,325	3,541	3,525	1,164	1,119	2,494	2,383	(2,757)	(2,784)
<b>Total Consolidated Assets</b>	<b>12,687</b>	<b>12,051</b>	<b>7,842</b>	<b>7,404</b>	<b>3,638</b>	<b>3,625</b>	<b>1,470</b>	<b>1,423</b>	<b>2,494</b>	<b>2,383</b>	<b>(2,757)</b>	<b>(2,784)</b>

(1) Net amount.

(2) At the Equity Method.

Inter-segmental Sales and Services Rendered:

Segment	Refining & Marketing	Unit: €m		
		Gas & Power	Others	TOTAL
	3	156	77	236
Gas & Power	-	-	13	13
Refining & Marketing	-	156	52	208
Exploration & Production	3	-	12	15

The detailed information on intersegmental sales and services rendered, tangible and intangible assets and financial investments by each geographic region where Galp operates is as follows:

	Sales and services rendered		Tangible and Intangible assets		Financial Investments	
	2018	2017 (a)	2018	2017 (a)	2018	2017 (a)
	<b>12,977</b>	<b>11,514</b>	<b>5,725</b>	<b>5,684</b>	<b>1,309</b>	<b>1,483</b>
Africa	417	376	1,154	1,049	51	44
Latin America	1,035	862	2,427	2,317	924	1,115
Europe	11,525	10,276	2,144	2,318	334	324

(a) Restated figures (note 2.5).

The reconciliation between the Segment Report captions and the Income Statement captions for the nine-month period ended 30 September 2018 and 2017 is as follows:

Segment Reporting captions	September 2018	September 2017	Income Statement captions	September 2018	September 2017
<b>Income</b>					
Sales and services rendered	12,977	11,514	Sales	12,484	11,058
Cost of sales	(9,556)	(8,775)	Services rendered	493	456
Replacement Cost Adjustments	(169)	(31)	Cost of Sales	(9,557)	(8,775)
Cost of sales at RC	(9,725)	(8,806)	Other operating income	157	83
			External supplies and services	(1,336)	(1,184)
			Employee costs	(243)	(233)
			Impairment losses on receivables	(11)	(15)
			Other operating costs	(64)	(52)
<b>EBITDA REPLACEMENT COST</b>	<b>1,754</b>	<b>1,307</b>			
Replacement Cost Adjustments	169	31			
<b>EBITDA IAS/IFRS (1)</b>	<b>1,923</b>	<b>1,338</b>	<b>Operating income before amortization/depreciation and provisions</b>	<b>1,923</b>	<b>1,338</b>
<b>Non payable expenses</b>					
Amortization and Adjustments	(519)	(569)	Amortization, depreciation and impairment losses on fixed assets	(519)	(569)
<b>EBIT REPLACEMENT COST</b>	<b>1,235</b>	<b>738</b>			
<b>EBIT IAS/IFRS</b>	<b>1,404</b>	<b>769</b>	<b>Operating income</b>	<b>1,404</b>	<b>769</b>
Other Financial Income	100	82	Income from financial investments and Goodwill impairment losses	106	124
Income tax	(636)	(376)	Financial income	(16)	(8)
Income tax (RC Adjustment)	32	2	Exchange (losses) gains	(33)	(9)
Energy Sector Extraordinary Contribution	(51)	(54)	Income from financial instruments	43	(25)
<b>Net income for the period (Replacement Cost)</b>	<b>680</b>	<b>392</b>	Income tax	(636)	(376)
<b>Net income for the period IFRS</b>	<b>817</b>	<b>421</b>	Energy Sector Extraordinary Contribution	(51)	(54)
			<b>Net income for the period IFRS</b>	<b>817</b>	<b>421</b>

#### 4. TANGIBLE ASSETS

During the period under review and following its strategy, the Group made investments, namely in the E&P area, substantially related to projects in Brazil (€479 m), Angola (€88 m) and Mozambique (€36 m). Also during this period, Block 32 started its production, which justifies part of the transfers that took place (€274 m). In addition, in this period a partial stoppage occurred at the Sines refinery, as well as other investments in the refineries in the amount of €55 m. The additions for the nine-month period ended 30 September 2018 also include the capitalization of financial charges in the amount of €30 m (Note 18).

	Unit: €m					
	Land and natural resources	Buildings and other constructions	Machinery and equipment	Tangible assets in progress	Others	Total
<i>As of 30 September 2018</i>						
Acquisition cost	284	938	8,501	2,318	470	12,511
Accumulated impairments	(14)	(15)	(242)	(95)	(3)	(369)
Accumulated depreciation	(2)	(734)	(5,859)	-	(432)	(7,027)
<b>Net amount</b>	<b>268</b>	<b>189</b>	<b>2,400</b>	<b>2,223</b>	<b>35</b>	<b>5,115</b>
<i>Nine-month period ended 30 September 2018</i>						
<b>Balance as of 31 December 2017</b>	<b>269</b>	<b>202</b>	<b>2,585</b>	<b>2,100</b>	<b>37</b>	<b>5,193</b>
Additions	-	-	23	659	1	683
Depreciation and impairment	-	(16)	(470)	1	(10)	(495)
Write-offs and Disposals	(1)	-	-	-	-	(1)
Transfers	-	3	406	(415)	6	-
Currency exchange differences	-	-	(144)	(122)	1	(265)
<b>Balance as of 30 September 2018</b>	<b>268</b>	<b>189</b>	<b>2,400</b>	<b>2,223</b>	<b>35</b>	<b>5,115</b>

#### 5. INTANGIBLE ASSETS AND GOODWILL

During the period under review, additions are mainly related to E&P activity, namely the acquisition of licenses in BMS-8 (additional 3% - €47 m), CM-791 (€24 m) and Uirapuru (€80 m).

	Unit: €m				
	Industrial property and other rights	Intangible assets in progress	Goodwill	Others	Total
<i>As of 30 September 2018</i>					
Acquisition cost	899	42	84	20	1,045
Accumulated impairments	(8)	(24)	-	(9)	(41)
Accumulated amortization	(384)	-	-	(10)	(394)
<b>Net amount</b>	<b>507</b>	<b>18</b>	<b>84</b>	<b>1</b>	<b>610</b>
<i>Nine-month period ended 30 September 2018</i>					
<b>Balance as of 31 December 2017</b>	<b>227</b>	<b>178</b>	<b>84</b>	<b>2</b>	<b>491</b>
Additions	6	163	-	-	169
Amortization and impairment	(24)	-	-	-	(24)
Write-offs and Disposals	(1)	-	-	-	(1)
Transfers	299	(299)	-	-	-
Currency exchange differences	-	(24)	-	(1)	(25)
<b>Balance as of 30 September 2018</b>	<b>507</b>	<b>18</b>	<b>84</b>	<b>1</b>	<b>610</b>

## 6. FINANCIAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Financial investments in associates and joint ventures are as follows:

	Notes	September 2018	December 2017	Unit: €m
<b>FINANCIAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES</b>		<b>1,309</b>	<b>1,483</b>	
Investments in associates	6.1	107	105	
Investments in joint ventures	6.2	1,202	1,378	

### 6.1. Investments in associates

Companies*	Initial balance	Equity Method Result	Currency Exchange differences	Dividends (b)	Ending balance	Unit: €m
<b>Associates</b>	<b>105</b>	<b>51</b>	<b>(6)</b>	<b>(43)</b>	<b>107</b>	
EMPL - Europe Magreb Pipeline, Ltd	54	39	3	(31)	65	
Sonangalp - Sociedade Distribuição e Comercialização de Combustíveis, Lda.	18	4	(9)	-	13	
Gasoduto Al-Andaluz, S.A.	13	5	-	(6)	12	
Gasoduto Extremadura, S.A.	9	5	-	(6)	8	
IPG Galp Beira Terminal Lda	3	(1)	-	-	2	
Galp IPG Matola Terminal Lda	3	(1)	-	-	2	
Geo Alternativa, S.L.	2	-	-	-	2	
Metragaz, S.A.	1	-	-	-	1	
C.L.C. Guiné Bissau – Companhia Logística de Combustíveis da Guiné Bissau, Lda.	1	-	-	-	1	
Sodigás-Sociedade Industrial de Gases, S.A.R.L	1	-	-	-	1	

\*only associates with an investment of more than €1 m were considered in the table above.

## 6.2. Investments in joint ventures

Unit: €m

Companies*	Initial balance	Share capital increase (c)	Equity method result	Currency Exchange differences	Dividends (b)	Others (a)	Ending balance
<b>Joint ventures</b>	<b>1,378</b>	<b>(234)</b>	<b>55</b>	<b>31</b>	<b>(28)</b>	<b>-</b>	<b>1,202</b>
Tupi B.V.	1,062	(275)	39	38	-	(218)	646
Iara B.V.	-	9	-	1	-	218	228
Galp Gás Natural Distribuição, S.A.	217	-	16	-	(19)	-	214
Belem Bioenergia Brasil, S.A.	53	12	(6)	(9)	-	-	50
Coral FLNG, S.A.	19	14	(1)	1	-	-	33
C.L.C. - Companhia Logística de Combustíveis, S.A.	9	-	5	-	(5)	-	9
Galp Disa Aviacion, S.A.	7	-	2	-	-	-	9
Galpek, Lda	3	6	-	-	-	-	9
Ventinveste, S.A.	8	-	-	-	(4)	-	4

\*only joint ventures with an investment of more than €1 m were considered in the table above.

(a) During the nine-month period ended 30 September 2018, the joint venture Iara BV was created by spin-off of TUPI BV, with a capital of €218 m. Its control is shared between BG Gas Netherlands Holdings BV, Petrobrás Netherlands BV, Total Brasil Services BV and Galp Sinopec Brazil Services, BV, which hold respectively 25%, 42.5%, 22.5% and 10% of its share capital. Iara BV will be focused on BM-S-11A projects, whilst Tupi BV on BM-S-11 (Lula and Iracema).

(b) The total amount of €71 m related to dividends from financial investments in joint ventures and associated companies corresponds to the amounts approved in the General Meeting of the respective companies. The amount was fully received in the period ended 30 September 2018. The difference of €3 m over Cash Flow Statement relates to dividends received from Other financial assets.

(c) In July and August 2018, Tupi B.V. repaid share premium contributions to its shareholders related to the sale of equipment and platforms related to E&P operations in Brazil. The amount of the repayment was €304 m, which impact can also be seen in investment activities as explained in Note 11.1 of these consolidated financial statements. Excluding the share premium repayment mentioned above, the increase in participation in Tupi B.V. in the nine month period ended 30 September 2018 was €29 m.

## 7. INCOME TAX AND ENERGY SECTOR EXTRAORDINARY CONTRIBUTION

### 7.1. Income tax

The Group's operations take place in several regions and are carried out by various legal entities, being applied the locally established income tax rates.

The Group companies headquartered in Portugal in which the Group has an interest equal or greater than 75%, if such participation ensures more than 50% of voting rights, are taxed in accordance with the special regime for the taxation of groups of companies, with taxable income being determined in Galp Energia, SGPS, S.A. The average income tax rate applied to the Companies headquartered in Portugal is of 29.5%.

Spanish tax resident companies, in which the percentage held by the Group exceeds 75% have been taxed on a consolidated basis in Spain from 2005 onwards. Currently, the fiscal consolidation is performed by Galp Energia España S.A.. The income tax rate applied to the Companies headquartered in Spain is of 25%.

The Company and its subsidiaries income tax estimate is recorded based on its taxable income.

Income tax and Energy sector extraordinary contribution recognized in the consolidated income statement for the nine-month periods ended 30 September 2018 and 2017 are as follows:

	September 2018			September 2017			Unit: €m
	Current tax	Deferred tax	Total	Current tax	Deferred tax	Total	
	Income tax	486	150	636	312	64	376
Current income tax	130	177	307	106	97	203	
Insufficiency of income tax for the preceding year	1	-	1	1	2	3	
"IRP" - Oil income Tax	7	3	10	9	7	16	
"PE" - Special Participation Tax	348	(30)	318	196	(42)	154	

As of 30 September 2018, the movement in deferred tax assets and liabilities is as follows:

	Initial balance	Restated	Initial balance	Impact on the income statement	Impact on equity	Currency translation adjustment	Changes in the consolidation perimeter	Ending balance	Unit: €m
<b>Deferred Taxes – Assets</b>	<b>293</b>	<b>57</b>	<b>350</b>	<b>24</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>353</b>	
Adjustments to tangible and intangible assets	14	-	14	(1)	-	(1)	-	12	
Retirement benefits and other benefits	94	-	94	-	2	-	-	96	
Tax losses carried forward	49	59	108	(43)	-	(3)	-	62	
Regulated revenue	8	-	8	-	-	(1)	-	7	
Nondeductible provisions	73	-	73	6	1	(5)	-	75	
Potential foreign exchange differences Brazil	-	-	-	45	-	(4)	-	41	
Others	55	(2)	53	17	(3)	(7)	-	60	
<b>Deferred Taxes – Liabilities</b>	<b>(82)</b>	<b>6</b>	<b>(76)</b>	<b>(174)</b>	<b>84</b>	<b>8</b>	<b>(1)</b>	<b>(159)</b>	
Adjustments to tangible and intangible assets	(29)	5	(24)	(106)	-	7	-	(123)	
Adjustments to tangible and intangible assets fair value	(7)	-	(7)	1	-	-	(1)	(7)	
Regulated revenue	(12)	-	(12)	(1)	-	-	-	(13)	
Potential foreign exchange differences Brazil	(28)	-	(28)	(63)	84	1	-	(6)	
Others	(6)	1	(5)	(5)	-	-	-	(10)	

The change in the consolidation perimeter refers to deferred taxes on the acquisition of Goldenalco.

## 7.2. Energy sector extraordinay contribution

As of 30 September 2018, the energy sector extraordinary contribution balances are detailed as follows:

	Statement of financial position					Income Statement Energy Sector Extraordinary Contribution	Unit: €m
	Provisions (Note 17)		"CESE II" Deferred Charges (Note 8.2)		Current	Non-current	
	"CESE I"	"CESE II"					
<b>2018</b>							
<b>Initial balance</b>	<b>(70)</b>	<b>(202)</b>			<b>26</b>	<b>86</b>	<b>-</b>
"CESE I" Increase	(15)	-			-	-	15
"CESE II" Periodification	-	-			(1)	(19)	20
"CESE II" Increase	-	(7)			-	-	7
"Fondo Nacional de Eficiência Energética (FNEE)"	-	-			-	-	9
<b>September 2018</b>	<b>(85)</b>	<b>(209)</b>			<b>25</b>	<b>67</b>	<b>51</b>

## 8. TRADE RECEIVABLES AND OTHER RECEIVABLES

### 8.1. Trade receivables

The caption Trade receivables as of 30 September 2018 and 31 December 2017 includes the following detail:

	Notes	September 2018	December 2017	Unit: €m
<b>Trade receivables</b>		<b>1,178</b>	<b>1,018</b>	
Trade receivables		1,369	1,193	
Trade receivables impairment	8.3	(191)	(175)	

### 8.2. Other receivables

Other receivables presents the following detail as of 30 September 2018 and 31 December 2017:

	Notes	September 2018		December 2017		Unit: €m
		Current	Non-current	Current	Non-current	
<b>Other receivables</b>		<b>675</b>	<b>249</b>	<b>535</b>	<b>254</b>	
<b>State and Other Public Entities</b>		<b>16</b>	<b>15</b>	<b>27</b>	<b>17</b>	
<b>Other debtors:</b>		<b>279</b>	-	<b>215</b>	-	
Non-operated blocks (i)		155	-	127	-	
Underlifting (ii)		105	-	70	-	
Other receivables		19	-	18	-	
<b>Related Parties:</b>		<b>55</b>	<b>43</b>	<b>40</b>	<b>30</b>	
Share capital subscribers (iii)		41	-	29	-	
Loans to associates, joint ventures and other related parties		-	43	-	30	
Other receivables - associates, joint ventures and other related parties		14	-	11	-	
<b>Other receivables</b>		<b>54</b>	<b>32</b>	<b>47</b>	<b>36</b>	
<b>Accrued income:</b>		<b>202</b>	<b>67</b>	<b>145</b>	<b>63</b>	
Sales and services rendered not yet invoiced		110	-	99	-	
Adjustment to tariff deviation - "pass through"		20	-	18	-	
Adjustment to tariff deviation - Energy tariff		-	66	3	62	
Other accrued income		72	1	25	1	
<b>Deferred charges:</b>		<b>75</b>	<b>92</b>	<b>68</b>	<b>108</b>	
Energy sector extraordinary contribution	7.2	25	67	26	86	
Prepaid rent relating to service stations concession contracts (iv)		3	23	4	23	
Other deferred charges		47	1	38	(1)	
<b>Other receivables impairment</b>	8.3	<b>(6)</b>	-	<b>(7)</b>	-	

(i) The amount of €155 m recorded under "Other debtors - Non-operated blocks" includes €97m related to the carried interest from the State holdings regarding the value to be recovered from these partners during the exploration period.

(ii) The amount of €105 m recorded under "Other debtors – Underlifting" corresponds to the amounts receivable by the Group from the lifting of crude oil barrels below the production quota and is valued at the lower of the market price at the date of sale and the market price on 30 September 2018.

(iii) The amount of €41 m refers to the right to receive held by Petrogal Brasil SA to Winland International Petroleum (Sinopec) for the subscribed capital and not yet paid in this subsidiary during the period.

(iv) The expenses recorded in deferred costs amounting to €26m are related to prepaid rents of service area leases, which are recognized as costs during the respective concession period, which varies between 17 and 32 years.

### 8.3. Impairment of Trade Receivables and Other Receivables

The movement noted in the caption "Impairment of trade receivables and other receivables" for the nine-month period ended 30 September 2018 was as follows:

	Notes	Initial balance	Net change	Change in acc. policy IFRS 9	Unit: €m Ending balance
<b>September 2018</b>		<b>182</b>	<b>11</b>	<b>4</b>	<b>197</b>
Trade receivables	<b>8.1</b>	175	12	4	191
Other receivables	<b>8.2</b>	7	(1)	-	6

## 9. INVENTORIES

Inventories caption as of 30 September 2018 and 31 December 2017 are detailed as follows:

	September 2018	December 2017	Unit: €m
<b>Raw materials, subsidiary and consumable products</b>	<b>1,325</b>	<b>970</b>	
Crude oil	140	156	
Other raw materials	62	65	
Raw materials in transit	343	160	
Impairment on Raw materials, subsidiary and consumable products	(16)	(12)	
<b>Finished and semi-finished products:</b>	<b>580</b>	<b>423</b>	
Finished products	318	193	
Semi-finished products	262	230	
<b>Goods:</b>	<b>216</b>	<b>178</b>	
Goods	216	178	
Goods in transit	1	1	
Impairment on goods	(1)	(1)	

The movement in Inventories impairment caption for the nine-month period ended 30 September 2018 was as follows:

	Unit: €m		
	Raw materials, subsidiary and consumable products	Goods	Total inventories impairment
<b>Balance as of 31 December 2017</b>	<b>12</b>	<b>1</b>	<b>13</b>
Net additions	4		4
<b>Balance as of 30 September 2018</b>	<b>16</b>	<b>1</b>	<b>17</b>

The net movement in the amount of €4 m was recorded in the income statement, in the caption cost of sales. This increase is mainly due to the evolution of market prices.

## 10. LOANS TO SINOPEC

As of 30 September 2018, the Galp Group has an outstanding receivable balance of €172 m referring to the loan agreed on 28 March 2012 with Tip Top Energy, SARL (Sinopec Group). This loan is remunerated at the 3-month LIBOR interest rate plus a *spread*. In the nine-month period ended 30 September 2018, the amount of €8m related to this loan granted is recognized in interests (Note 19).

The change in the balance in the nine-month period ended 30 September 2018 is mainly due to:

	Unit: €m
<b>Balance as of 31 December 2017</b>	<b>459</b>
Repayment of loans to:	
Share capital increase in Petrogal Brasil (a)	(52)
Reduction of share premium in the subsidiary Galp Sinopec Brasil Services (b)	(260)
Interests capitalization	8
Exchange differences	17
<b>Balance as of 30 September 2018</b>	<b>172</b>

- (a) Decrease of the loan to Sinopec whose amounts were invested as a share capital increase in the subsidiary Petrogal Brasil to meet the cash requirements of E&P operations in Brazil;
- (b) In order to optimize the capital structure of the Galp Group and the investment project in Brazil, a repayment was executed in September 2018 of Sinopec loan in kind, through a reduction of the share premium of the subsidiary Galp Sinopec Brasil Services, to its shareholders.

## 11. CASH AND CASH EQUIVALENTS AND RECONCILIATION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

For the periods ended 30 September 2018 and 31 December 2017 the caption "Cash and cash equivalents" is detailed as follows:

	Notes	September 2018	December 2017	Unit: €m
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>		<b>1,343</b>	<b>1,096</b>	
Cash and cash equivalents		1,350	1,197	
Bank overdrafts	13	(7)	(101)	

### 11.1. Detail of consolidated cash flows

#### (a) Investment Activities

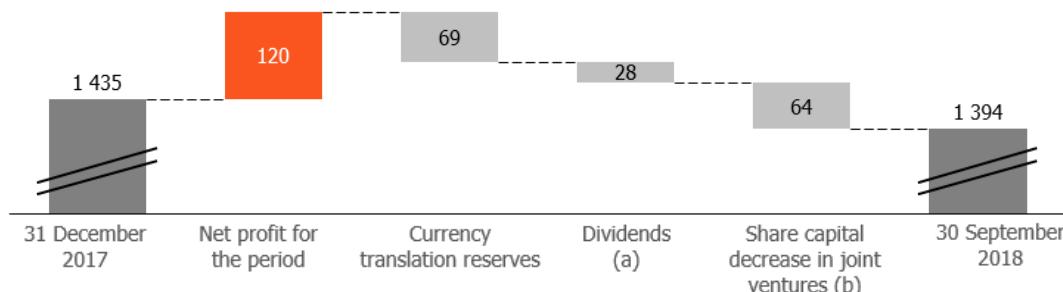
During July and August, purchase and sale transactions of equipment and platforms were carried out between the subsidiary Petrogal Brasil and the joint venture Tupi B.V. according to the Petrogal Brasil stake in BM-S-11 block, with a neutral impact on the cash flows of investment activities. The value of these transactions in the period ended 30 September amounted to €304 m, which increases the amount of "Payments for acquisitions of tangible and intangible assets" in the Consolidated Statement of Cash Flows and consequently an increase in the same amount in the caption "Receipt of financial investments".

#### (b) Dividends paid

In the nine-month period ended 30 September 2018, €510 m of dividends were paid by the Galp Group (consolidated), being its detail as following:

- €477 m paid to shareholders of Galp Energia SGPS, S.A. ;
- €30 m paid to the minority shareholder of Galp Sinopec Brasil Services. Of these paid dividends, €23 m were subsequently invested in the capitalization of the subsidiary Petrogal Brasil (See Note 12); and
- €3 m paid to other minority shareholders of Galp Group subsidiaries.

## 12. NON-CONTROLLING INTERESTS



(a) Of the €28m corresponding to dividends attributed, €23 m related to dividends attributed to the subsidiary Galp Sinopec Brazil Services (GSBV) were recapitalized in the subsidiary Petrogal Brasil. See note 11.1 (b).

(b) The share capital decrease in joint ventures refers substantially to: (i) capitalization by GSBV in Petrogal Brasil of the declared dividends in the amount of €23 m (note (a) above); (ii) conversion of quasi-equity into equity in the subsidiary Petrogal Brasil of €163 m (see note 14); (iii) reduction of share premium by GSBV to its shareholders in the amount of (€260 m) (see note 10); and (iv) (€10 m) relating to exchange rate differences and other adjustments.

## 13. FINANCIAL DEBT

Financial debt as of 30 September 2018 and 31 December 2017 presents the following details:

	Notes	September 2018		December 2017		Unit: €m
		Current	Non-current	Current	Non-current	
<b>Financial debt</b>		<b>564</b>	<b>2,686</b>	<b>551</b>	<b>2,532</b>	
<b>Bank loans:</b>		<b>66</b>	<b>1,042</b>	<b>159</b>	<b>937</b>	
Origination Fees		(1)	(1)	(1)	(1)	
Loans and commercial paper		60	1,043	59	938	
Bank overdrafts	11	7	-	101	-	
<b>Bonds and Notes:</b>		<b>498</b>	<b>1,644</b>	<b>392</b>	<b>1,595</b>	
Origination Fees		(2)	(6)	(3)	(5)	
Bonds		-	650	395	100	
Notes		500	1,000	-	1,500	

Changes in financial debt during the period from 31 December 2017 to 30 September 2018 were as follows:

						Unit:
	Initial balance	Increase	Principal repayment	Changes in Overdrafts	Currency translation adjustment	Ending balance
<b>Financial debt</b>	<b>3,083</b>	<b>1,500</b>	<b>(1,242)</b>	<b>(94)</b>	<b>3</b>	<b>3,250</b>
<b>Bank Loans:</b>	<b>1,096</b>	<b>850</b>	<b>(747)</b>	<b>(94)</b>	<b>3</b>	<b>1,108</b>
Origination Fees	(2)	-	-	-	-	(2)
Loans and commercial paper	997	850	(747)	-	3	1,103
Bank overdrafts	101			(94)	-	7
<b>Bonds and Notes:</b>	<b>1,987</b>	<b>650</b>	<b>(495)</b>	<b>-</b>	<b>-</b>	<b>2,142</b>
Origination Fees	(8)	-	-	-	-	(8)
Bonds	495	650	(495)	-	-	650
Notes	1,500	-	-	-	-	1,500

The average cost of financial debt for the period under review, including charges for overdrafts, amounted to 2.63%.

The bond emissions in the first nine months of 2018 were as follow:

						Unit: €m
	Issuance	Due amount	Interest Rate	Maturity	Reimbursement	
<b>Bonds and Notes</b>		<b>650</b>				
GALP ENERGIA/2018 Euro 100 M		100	Euribor 6M + spread	February '23		February '23
GALP ENERGIA/2018 Euro 150 M		150	Euribor 6M + spread	March '23		March '23
GALP ENERGIA/2018		100	Euribor 6M + spread	May '24	50% @ May '22	50% @ May '24
GALP ENERGIA/2018-2024		100	Euribor 6M + spread	May '24		May '24
GALP ENERGIA/2018-2024 Euro 200 M		200	Euribor 6M + spread	September '24	50% @ September '22	50% @ September '24

During this period the Group contracted a €100 m financing and issued €750 m of commercial paper classified as non-current.

During the first nine months of 2018, the following bond loans were repaid:

						Unit: €m
	Issuance	Due amount	Interest Rate	Maturity	Reimbursement	
		<b>495</b>				
GALP ENERGIA/2012-2018 FRN		260	Euribor 3M + spread	February '18		February '18
GALP ENERGIA/2013-2018		110	Euribor 3M + spread	March '18		March '18
GALP ENERGIA/2013-2018 EURO 200 M		25	Euribor 6M + spread	April '18		April '18
GALP ENERGIA/2012-2020		100	Euribor 6M + spread	June '20		September '18

For the remaining loans, €747 m were also repaid as follows:

- partial repayments of €57 m of financing contracted with the European Investment Bank and under project finance;
- total reimbursement of €690 m.

Financial debt, excluding *origination fees* and bank overdrafts, presents the following repayment plan as of 30 September 2018:

Maturity	Loans			Unit: €m
	Total	Current	Non-current	
2018	3,253	560	2,693	
2019	2	2	-	
2020	560	558	2	
2021	549	-	549	
2022	535	-	535	
2023	462	-	462	
2024 and subsequent years	770	-	770	
	375	-	375	

## 14. OTHER PAYABLES

As of 30 September 2018 and 31 December 2017, the caption "Other payables" presents the following detail:

Captions	Notes	September 2018		December 2017	
		Current	Non-current	Current	Non-current
<b>State and other public entities:</b>		<b>1,122</b>	<b>130</b>	<b>854</b>	<b>286</b>
Payable VAT		547	-	380	-
"ISP" - Tax on oil products		297	-	249	-
Other taxes		221	-	93	-
<b>Other creditors:</b>		<b>236</b>	<b>77</b>	<b>130</b>	<b>79</b>
Tangible and intangible assets suppliers		86	77	77	79
Advances on sales		5	-	12	-
Overlifting		15	-	34	-
Other Creditors		6	-	7	-
<b>Related parties:</b>		<b>1</b>	<b>1</b>	<b>12</b>	<b>158</b>
Dividends payable		1	-	12	-
Loans – Other shareholders (i)		-	1	-	158
<b>Other accounts payables:</b>		<b>26</b>	<b>5</b>	<b>40</b>	<b>4</b>
Personnel		6	-	9	-
"ISP" - Other operators credit		2	-	11	-
Guarantee deposits and guarantees received		3	4	3	4
Other creditors		15	1	17	-
<b>Accrued costs:</b>		<b>291</b>	<b>31</b>	<b>280</b>	<b>27</b>
External supplies and services		144	-	143	-
Holiday, holiday subsidy and corresponding contributions		28	-	26	-
Bonuses to employees		18	3	24	3
Interests payable		32	-	45	-
Adjustment to tariff deviation - "ERSE" regulation		14	28	16	24
Other accrued costs		55	-	26	-
<b>Deferred income:</b>		<b>21</b>	<b>16</b>	<b>12</b>	<b>18</b>
Services rendered		17	-	8	-
Others		4	16	4	18

(i) In July 2018, the amount of €163 m (\$188 m) related to quasi-equity contributed by Winland International Petroleum, SARL to Petrogal Brasil SA was converted into share capital of this subsidiary. "Other payables" were reduced by this amount offset by "non-controlling interests" increase in the consolidated equity of the Galp group. For more information, see Note 12 regarding transactions in minority interests.

## 15. POST EMPLOYMENT BENEFITS

During the period under review there were no changes in the most relevant assumptions compared to 31 December 2017.

On 30 September 2018 and 31 December 2017, the assets of the Petrogal and Sacor Marítima Pension Funds, valued at fair value, were as follows, in accordance with the report presented by the respective management company:

	Unit: €m	
	September 2018	December 2017
<b>Total</b>	<b>260</b>	<b>271</b>
Bonds	158	167
Shares	58	59
Other Investments	9	10
Real Estate	3	3
Liquidity	2	2
Property	30	30

As of 30 September 2018 and 31 December 2017, the assets held by the Pension Fund were sufficient to cover the assumed actuarial liabilities. In addition, the Group offers other retirement benefits such as supplementary pensions, disability and orphan's benefits, pre-retirement, early retirement, retirement bonus and voluntary social insurance, whose liability as of 30 September 2018 amounts to €124 m (December 2017 - €123 m), as well as other post-employment benefits consisting essentially of health and life insurance and minimum benefit of the defined contribution plan, whose liability as of 30 September 2018 amounts to €209 m (December 2017 - €202 m).

As of 30 September 2018 and 31 December 2017, the Group had recorded on equity the following amounts related to retirement benefits and other benefits:

	Unit: €m	
	September 2018	December 2017
<b>Retirement benefits and other benefits</b>	<b>94</b>	<b>90</b>
Retirement benefits	117	111
Other benefits	59	59
Deferred Taxes	58	52
	(23)	(21)

## 16. OTHER FINANCIAL ASSETS

### 16.1. Fair Value assets through comprehensive income

During the period ended 30 September 2018, there were significant changes in the caption "Assets at fair value through comprehensive income" in relation to the Company's consolidated financial statements as of 31 December 2017. The difference arises from a higher volume of derivative contracts as well as greater price volatility of Brent and Gas in international markets. For more detailed information on the type of transactions carried out, please refer to the consolidated financial statements of the Company as of 31 December 2017 and the respective notes.

## 16.2. Other financial instruments

As of 30 September 2018, derivative financial instruments are recorded at their respective fair value as of the dates presented, in accordance with the methodology defined in the accounting policies of Galp Group, presented in the notes to the financial statements as of 31 December 2017.

As of 30 September 2018, the caption "Other financial investments" was as follows:

	Unit: €m			
	September 2018		December 2017	
	Current	Non-current	Current	Non-current
<b>Other Financial Investments</b>	<b>271</b>	<b>80</b>	<b>66</b>	<b>35</b>
<b>Financial Derivatives at Fair Value through comprehensive income</b>	<b>164</b>	<b>55</b>	<b>51</b>	<b>11</b>
Swaps and Options over Commodities	149	52	42	11
Futures over Commodities	6	-	9	-
Currency Swaps	9	3	-	-
<b>Other Financial Assets</b>	<b>107</b>	<b>25</b>	<b>15</b>	<b>24</b>
Futures with physical delivery of Natural Gas	107	-	15	-
Others	-	25	-	24
<b>Other Financial Investments as Cash and Cash Equivalents</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>
Commodities Futures	2	-	-	-

The accounting impact in the income statement and comprehensive income at 30 September 2018 and 30 September 2017 of the gains and losses on derivative financial instruments is presented in the following table:

	Unit: €m							
	September 2018			September 2017				
	Income statement		Equity	Income statement		Equity		
	MTM	Real	MTM+Real	MTM	MTM	Real	MTM+Real	MTM
<b>Gains and losses on financial instruments</b>	<b>46</b>	<b>39</b>	<b>85</b>	<b>11</b>	<b>(17)</b>	<b>(1)</b>	<b>(18)</b>	<b>4</b>
<b>Commodities Financial Derivatives</b>	<b>49</b>	<b>39</b>	<b>88</b>	<b>11</b>	<b>(18)</b>	<b>2</b>	<b>(16)</b>	<b>4</b>
Swaps	33	29	62	1	(22)	(12)	(34)	2
Swaps - Fair value hedge	15	-	15	-	5	-	5	-
Futures	1	10	11	10	(1)	14	13	2
<b>Currency Financial Derivatives</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>1</b>	<b>(3)</b>	<b>(2)</b>	<b>-</b>
Non-deliverable Forwards	-	-	-	-	1	(5)	(4)	-
Forwards	(3)	-	(3)	-	-	2	2	-

On September 2017 the MTM of commodity derivatives (swaps) includes the positive amount of €9 m, related to contango operations, reflected in the cost of sale caption.

The caption Income from Financial Instruments is as follows:

	Unit: €m	
	September 2018	
<b>Income from financial instruments</b>	<b>43</b>	<b>(25)</b>
<b>Commodities Derivatives</b>	<b>49</b>	<b>(27)</b>
Swaps	48	(26)
Futures	1	(1)
<b>Other operations</b>	<b>(6)</b>	<b>2</b>
Other trading operations	<b>(6)</b>	<b>2</b>

## 17. PROVISIONS

During the nine-month period ended 30 September 2018, the caption "Provisions" presented the following movements:

Captions	Initial Balance	Increases	Decreases	Utilization	Adjustments	Currency translation adjustments		Ending Balance
							Unit: €m	
<b>September 2018</b>	<b>619</b>	<b>38</b>	<b>(5)</b>	<b>(7)</b>	-	7		<b>652</b>
Lawsuits	19	1	-	(6)	-	(1)		13
Financial investments	-	-	-	-	-	-		-
Taxes	8	-	-	-	-	-		8
Environmental matters	18	-	-	(1)	-	-		17
Abandonment of blocks	281	15	(5)	-	-	9		300
"CESE I"	70	15	-	-	-	-		85
"CESE II"	202	7	-	-	-	-		209
Other risks and charges	21	-	-	-	-	(1)		20
<b>December 2017</b>	<b>429</b>	<b>236</b>	<b>(25)</b>	<b>(3)</b>	<b>(2)</b>	<b>(16)</b>		<b>619</b>
Lawsuits	20	2	(1)	-	-	(2)		19
Financial investments	4	-	(2)	-	(2)	-		-
Taxes	31	-	(21)	-	-	(2)		8
Environmental matters	3	15	-	-	-	-		18
Abandonment of blocks	139	154	-	-	-	(12)		281
"CESE I"	52	18	-	-	-	-		70
"CESE II"	162	40	-	-	-	-		202
Other risks and charges	18	7	(1)	(3)	-	-		21

## 18. OPERATING COSTS

The operating costs for the nine-month periods ended 30 September 2018 and 2017 are detailed as follows:

	Notes	September 2018	September 2017	Unit: €m
<b>Operating costs</b>		<b>11,730</b>	<b>10,828</b>	
<b>Cost of sales</b>		<b>9,557</b>	<b>8,775</b>	
Raw and subsidiary materials		4,633	4,251	
Goods		2,995	2,522	
Tax on Oil Products		2,102	2,145	
Changes in production		(149)	(109)	
Inventories impairment	<b>9</b>	3	1	
Financial derivatives	<b>16.2</b>	(39)	(11)	
Currency exchange differences		12	(24)	
<b>External supplies and services</b>		<b>1,336</b>	<b>1,184</b>	
Subcontracts - network use		352	344	
Block production costs		205	180	
Transport of goods		161	95	
Royalties		140	90	
Rental costs		97	93	
Maintenance and repairs		52	38	
Storage and filling		34	34	
Insurance		34	35	
Block exploration costs		31	52	
IT services		29	25	
Other		201	198	
<b>Employee costs</b>		<b>243</b>	<b>233</b>	
<b>Amortisation, depreciation and impairment on fixed assets</b>	<b>5 and 6</b>	<b>519</b>	<b>569</b>	
<b>Provision and impairment losses on receivables</b>	<b>8.3</b>	<b>11</b>	<b>15</b>	
<b>Other operating costs</b>		<b>64</b>	<b>52</b>	

## 19. FINANCIAL RESULTS

The detail of the financial income and costs for the nine-month periods ended 30 September 2018 and 30 September 2017 is as follows:

	Notes	September 2018	September 2017	Unit: €m
<b>Financial result</b>		<b>(16)</b>	<b>(8)</b>	
<b>Financial income:</b>		<b>34</b>	<b>25</b>	
Interest on bank deposits		23	16	
Interest obtained and other income with related companies		8	6	
Other financial income		3	3	
<b>Financial costs:</b>		<b>(50)</b>	<b>(33)</b>	
Interest on loans, overdrafts and others		(59)	(72)	
Interest with related parties		(5)	(7)	
Interests capitalized in fixed assets	5	30	64	
Net interest on retirement benefits and other benefits		(5)	(6)	
Charges relating to loans		(7)	(9)	
Other financial costs		(4)	(3)	

During the nine-month period ended 30 September 2018, the Group capitalized financial charges under fixed assets in progress amounting to €30 m. These charges result from loans to finance investments in tangible and intangible assets during their construction period.

## 20. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 26 October 2018.

## 21. EXPLANATION ADDED FOR TRANSLATION

These financial statements are a translation of the financial statements originally issued in Portuguese in accordance with IAS 34 – Interim Financial Reporting and International Financial Reporting Standards as adopted by the European Union some of which may not conform to generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

**The Board of Directors**

**Chairman:**

Paula Fernanda Ramos Amorim

**Vice-Chairman:**

Miguel Athayde Marques

Carlos Nuno Gomes da Silva

**Members:**

Filipe Crisóstomo Silva

Thore E. Kristiansen

Sérgio Gabrielli de Azevedo

Abdul Magid Osman

Marta Cláudia Ramos Amorim Barroca de Oliveira

Raquel Rute da Costa David Vunge

Carlos Manuel Costa Pina

Francisco Vahia de Castro Teixeira Rêgo

Jorge Manuel Seabra de Freitas

José Carlos da Silva Costa

Pedro Carmona de Oliveira Ricardo

João Tiago Cunha Belém da Câmara Pestana

Rui Paulo da Costa Cunha e Silva Gonçalves

Luís Manuel Pego Todo Bom

Diogo Mendonça Rodrigues Tavares

Joaquim José Borges Gouveia

**The ACCOUNTANT:**

Carlos Alberto Nunes Barata

## 8. Definitions

### Benchmark refining margin

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

### Rotterdam hydrocracking margin

The Rotterdam hydrocracking margin has the following profile: -100% Brent dated, +2.2% LPG FOB Seagoing (50% Butane + 50% Propane), +19.1% EuroBob NWE FOB Bg, +8.7% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +45.1% ULSD 10 ppm NWE CIF, +9.0% LSFO 1% FOB Cg; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2018: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.59/ton. Yields in % of weight.

### Rotterdam cracking margin

The Rotterdam cracking margin has the following profile: -100% Brent dated, +2.3% LPG FOB Seagoing (50% Butane + 50% Propane), +25.4% EuroBob NWE FOB Bg, +7.5% Naphtha NWE FOB Bg, +8.5% Jet NWE CIF, +33.3% ULSD 10 ppm NWE CIF, +15.3% LSFO 1% FOB Cg; C&L: 7.7%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Brent; Freight 2018: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.59/ton. Yields in % of weight.

### Rotterdam base oils margin

Base oils refining margin: -100% Arabian Light, +3.5% LGP FOB Seagoing (50% Butane + 50% Propane), +13% Naphtha NWE FOB Bg, +4.4% Jet NWE CIF, 34% ULSD 10 ppm NWE CIF, +4.5% VGO 1.6% NWE FOB Cg, +14% Base Oils FOB, +26% HSFO 3.5% NWE Bg; Consumptions: -6.8% LSFO 1% CIF NWE Cg; C&L: 7.4%; Terminal rate: \$1/ton; Ocean loss: 0.15% over Arabian Light; Freight 2018: WS Aframax (80 kts) Route Sullom Voe / Rotterdam – Flat \$7.59/ton. Yields in % of weight.

### Rotterdam aromatics margin

Rotterdam aromatics margin: -60% EuroBob NWE FOB Bg, -40% Naphtha NWE FOB Bg, +37% Naphtha NWE FOB Bg, +16.5% EuroBob NWE FOB Bg, +6.5% Benzene Rotterdam FOB Bg, +18.5% Toluene Rotterdam FOB Bg, +16.6% Paraxylene Rotterdam FOB Bg, +4.9% Orthoxylene Rotterdam FOB Bg; Consumption: -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 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

<b>%:</b> Percentage	<b>GGND:</b> Galp Gás Natural Distribuição, S.A.
<b>+</b> : plus	<b>GWh</b> Gigawatt per hour
<b>APETRO:</b> Associação Portuguesa de Empresas Petrolíferas (Portuguese association of oil companies)	<b>HC:</b> Hydrocracker
<b>bbl:</b> barrel of oil	<b>IAS:</b> International Accounting Standards
<b>Bg:</b> Barges	<b>IFRS:</b> International Financial Reporting Standards
<b>bn:</b> billion	<b>IRP:</b> Oil income tax (Oil tax payable in Angola)
<b>boe:</b> barrels of oil equivalent	<b>ISP:</b> Tax on oil products (Portugal)
<b>BRL:</b> Brazilian real	<b>k:</b> thousand
<b>c.:</b> circa	<b>kboepd:</b> thousands of barrels of oil equivalent per day
<b>CESE:</b> Contribuição Extraordinária sobre o Sector Energético (Portuguese Extraordinary Energy Sector Contribution)	<b>kbpd:</b> thousands of barrels of oil per day
<b>CFFO:</b> Cash flow from operations	<b>LNG:</b> liquefied natural gas
<b>Cg:</b> Cargoes	<b>LSFO:</b> low sulphur fuel oil
<b>CIF:</b> Costs, Insurance and Freights	<b>m:</b> million
<b>Cofins:</b> Contribuição para Financiamento da Seguridade Social (Brazil)	<b>MIBGAS:</b> Iberian Market of Natural Gas
<b>CORES:</b> Corporación de Reservas Estratégicas de Productos Petrolíferos (Spain)	<b>mmbbl:</b> million barrels of oil
<b>CTA:</b> Cumulative Translation Adjustment	<b>mmboe:</b> millions of barrels of oil equivalent
<b>C&amp;L:</b> Consumptions & Losses	<b>mmbtu:</b> million British thermal units
<b>DD&amp;A:</b> Depreciation, Depletion and Amortisation	<b>mm<sup>3</sup>:</b> million cubic metres
<b>E&amp;P:</b> Exploration & Production	<b>mton:</b> millions of tonnes
<b>Ebit:</b> Earnings before interest and taxes	<b>mtpa:</b> million tonnes per annum
<b>Ebitda:</b> Ebit plus depreciation, amortisation and provisions	<b>MWh:</b> Megawatt per hour
<b>EUR/€:</b> Euro	<b>NE:</b> Net entitlement
<b>EWT:</b> Extended Well Test	<b>NG:</b> natural gas
<b>FNEE:</b> Fondo Nacional de Eficiência Energética (Spain)	<b>n.m.:</b> not meaningful
<b>FOB:</b> Free on board	<b>NWE:</b> Northwestern Europe
<b>FPSO:</b> Floating, production, storage and offloading unit	<b>PIS:</b> Programas de Integração Social (Brazil)
<b>FX:</b> Foreign exchange	<b>p.p.:</b> percentage point
<b>Galp, Company or Group:</b> Galp Energia, SGPS, S.A., subsidiaries and participated companies	<b>R&amp;M:</b> Refining & Marketing
<b>G&amp;A:</b> general and administrative	<b>RC:</b> Replacement Cost
<b>G&amp;G:</b> geology and geophysics	<b>RCA:</b> Replacement Cost Adjusted
<b>G&amp;P:</b> Gas & Power	<b>SEM:</b> Successful Efforts Method
	<b>SPA:</b> Sales and Purchase Agreement
	<b>SPT:</b> Special participation tax
	<b>ton:</b> tonnes
	<b>TTF:</b> Title Transfer Facility
	<b>ULSD:</b> Ultra low sulphur diesel
	<b>USA:</b> United States of America
	<b>USD/\$:</b> Dollar of the United States of America
	<b>VAT:</b> value-added tax
	<b>WI:</b> working interest
	<b>YoY:</b> year-on-year

## CAUTIONARY STATEMENT

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

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

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

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

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

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

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