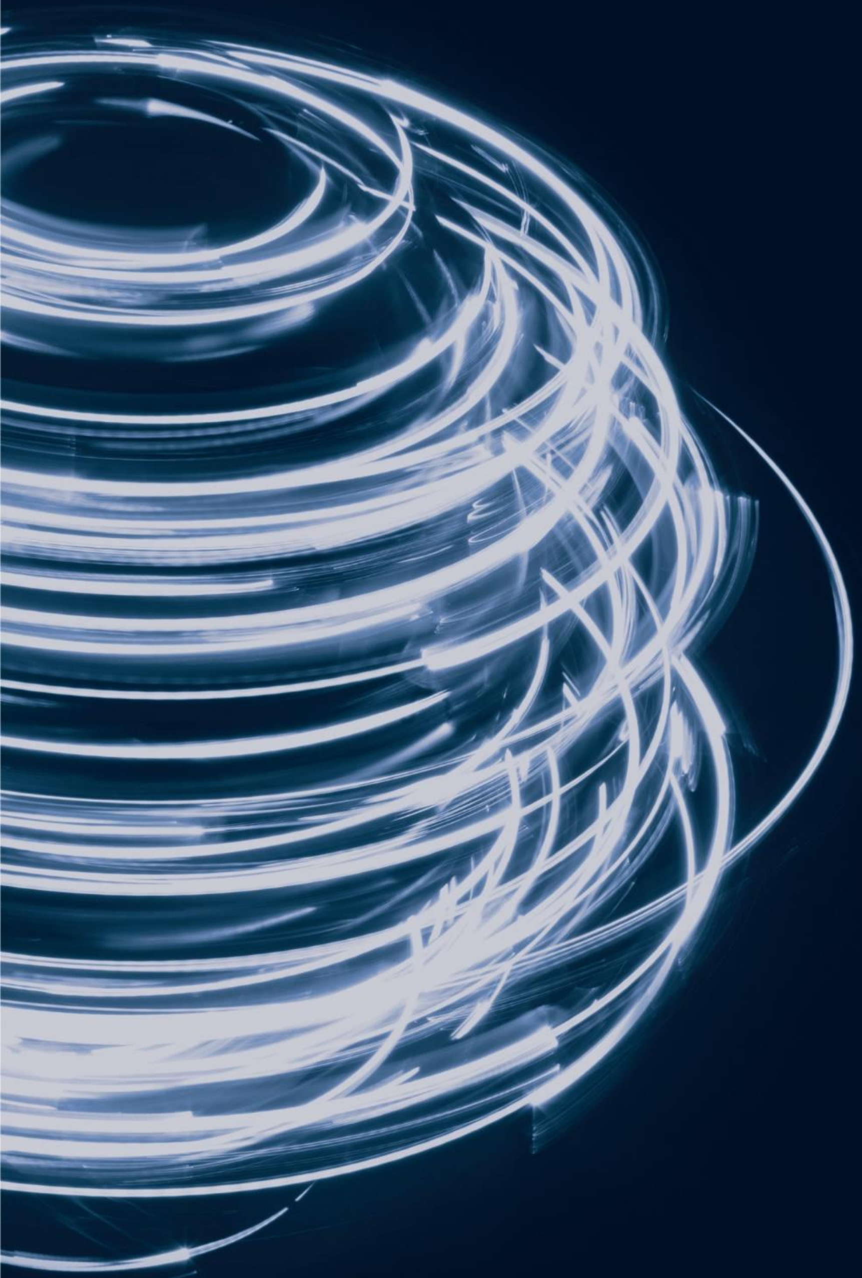

RESULTS

FIRST QUARTER 2018

April 27, 2018

Investor Relations

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1. Executive summary

- **Consolidated RCA Ebitda increased €67 m year-on-year (YoY) to €455 m**, driven by a higher contribution from the E&P business.

    - **E&P: RCA Ebitda increased €114 m YoY to €293 m**, supported by **increased production and higher oil and natural gas prices**, and despite the **15% depreciation of the US Dollar** against the Euro. Average working interest (WI) production reached 104.1 kboepd, up 18% YoY, supported by the progressive development of the Lula field, in the Brazilian pre-salt.

    - **R&M: RCA Ebitda decreased €61 m YoY to €122 m**, mainly due to the **lower refining margins**. Galp's refining margin stood at $3.3/boe, compared to $5.1/boe in the previous year. **The spread over benchmark margin was $1.5/bbl**, benefiting from gasoline exports to the USA and pricing formulas of certain raw materials. The planned outage of the hydrocracker for 31 days impacted volumes and conversion capacity.

    - **G&P: RCA Ebitda was €34 m**, benefiting from natural gas pricing in European hubs and up €14 m compared to the previous year, which had been affected by restrictions on natural gas sourcing. Volumes sold reached 1,975 mm^3, down 2% YoY, with the increase in volumes sold to direct clients being insufficient to offset the lower LNG volumes traded.

- **Group RCA Ebit amounted to €278 m**, reflecting the Ebitda evolution. IFRS Ebit was €319 m, with the inventory effect accounting for €42 m.

- **RCA net income was €135 m, up €57 m YoY**, while IFRS net income increased to €130 m. Non-recurring items of €38 m were mostly related to the Extraordinary Contribution to the Energy Sector (CESE) in Portugal.

- **Capex totalled €146 m, of which 80% was allocated to E&P activities**.

- **The cash flow from operations was up significantly YoY to €245 m**, although impacted by the €159 m working capital build. The Company **generated a positive free cash flow of €29 m.**

- At the end of March, **net debt stood at €1,885 m, in line with the end of 2017**. Net debt to Ebitda was 1.0x.

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.

Financial data

€m (IFRS, except otherwise stated)

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
RCA Ebitda	**388**	**476**	**455**	**67**	**17%**
Exploration & Production	179	296	293	114	63%
Refining & Marketing	183	144	122	(61)	(34%)
Gas & Power	19	27	34	14	73%
RCA Ebit	**196**	**313**	**278**	**82**	**42%**
Exploration & Production	83	239	210	128	n.m.
Refining & Marketing	93	44	33	(59)	(64%)
Gas & Power	15	22	28	14	94%
RCA Net income	**77**	**215**	**135**	**57**	**74%**
IFRS Net income	**113**	**255**	**130**	**17**	**15%**
Non-recurring items	(18)	(27)	(38)	20	n.m.
Inventory effect	54	67	33	(20)	(38%)
Capex	**201**	**360**	**146**	**(54)**	**(27%)**
Cash flow from operations	**144**	**491**	**245**	**101**	**70%**
Post-dividend free cash flow	**(57)**	**117**	**29**	**86**	**n.m.**
Net debt	**1,895**	**1,886**	**1,885**	**(10)**	**(1%)**
Net debt to RCA Ebitda	**1.3x**	**1.1x**	**1.0x**	**-**	**-**

Operational data

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Average working interest production (kboepd)	88.0	101.2	104.1	16.1	18%
Average net entitlement production (kboepd)	86.2	99.1	102.6	16.4	19%
Oil and gas average sale price (USD/boe)	45.4	53.6	58.2	12.8	28%
Raw materials processed (mmboe)	26.1	28.4	25.0	(1.2)	(4%)
Galp refining margin (USD/boe)	5.1	4.9	3.3	(1.8)	(35%)
Oil sales to direct clients (mton)	2.1	2.2	2.1	0.0	1%
NG sales to direct clients (mm^3)	1,149	1,109	1,225	76	7%
NG/LNG trading sales (mm^3)	857	790	750	(108)	(13%)

Market indicators

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Average exchange rate EUR:USD	1.06	1.18	1.23	0.16	15%
Average exchange rate EUR:BRL	3.35	3.83	3.99	0.64	19%
Dated Brent price[1] (USD/bbl)	53.7	61.3	66.8	13.1	24%
Heavy-light crude price spread[1] (USD/bbl)	(1.8)	(1.1)	(1.5)	(0.3)	(14%)
U.K. NBP gas price[1] (USD/mmbtu)	6.0	7.2	7.1	1.1	19%
U.S. Henry Hub gas price[2] (USD/mmbtu)	3.1	2.9	2.8	(0.2)	(7%)
LNG Japan and Korea price[1] (USD/mmbtu)	7.0	9.6	9.4	2.4	35%
Benchmark refining margin[3] (USD/bbl)	3.5	3.5	1.9	(1.6)	(46%)
Iberian oil market[4] (mton)	15.2	15.9	15.6	0.4	2.9%
Iberian natural gas market[5] (mm^3)	9,734	10,293	10,079	345	3.5%

[1] Source: Platts. Urals NWE dated for heavy crude; dated Brent for light crude. [2] Source: Nymex. [3] For a complete description of the method of calculating the benchmark refining margin see "Definitions". [4] Source: APETRO for Portugal; CORES for Spain. [5] Source: Galp and Enagás.

2. Exploration & Production

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

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Average working interest production[1] (kboepd)	**88.0**	**101.2**	**104.1**	**16.1**	**18%**
Oil production (kbpd)	76.9	88.6	91.6	14.7	19%
Average net entitlement production[1] (kboepd)	**86.2**	**99.1**	**102.6**	**16.4**	**19%**
Angola	6.9	5.2	5.6	(1.3)	(19%)
Brazil	79.3	93.9	97.1	17.7	22%
Oil and gas average sale price (USD/boe)	**45.4**	**53.6**	**58.2**	**12.8**	**28%**
Royalties[2] (USD/boe)	**4.2**	**5.1**	**5.4**	**1.2**	**28%**
Production costs (USD/boe)	**8.0**	**8.0**	**9.2**	**1.1**	**14%**
DD&A[3] (USD/boe)	**13.2**	**7.4**	**11.0**	**(2.2)**	**(17%)**
RCA Ebitda[4]	**179**	**296**	**293**	**114**	**63%**
Depreciation, Amortisation and Impairments[3]	96	56	83	(14)	(14%)
Exploration expenditures written-off[4]	-	-	-	-	n.m.
Provisions	(0)	1	-	0	n.m.
RCA Ebit	**83**	**239**	**210**	**128**	**n.m.**
IFRS Ebit	**85**	**226**	**210**	**125**	**n.m.**
Net Income from E&P Associates	**9**	**13**	**13**	**4**	**52%**

[1] Includes natural gas exported; excludes natural gas used or reinjected.
[2] Based on total NE production.
[3] Includes abandonment provisions and excludes exploration expenditures written-off.
[4] 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

The average working interest production of oil and natural gas was 104.1 kboepd, of which 88% corresponded to oil production.

Production increased 18% YoY supported by the ongoing development of the Lula field in block BM-S-11 in Brazil. It is worth highlighting that FPSO #7 has just recently fully ramped up production, with all seven units currently running at plateau levels in the Lula and Iracema projects.

Regarding Iara, in block BM-S-11-A, the Extended Well Test (EWT) in the Sururu area started through FPSO Cidade de São Vicente. The EWT, which aims to optimise the area's development plan, has contributed with 1 kbpd to the average quarterly production.

In block BM-S-8, a DST was performed in the Carcará Northwest (NW) area, aiming to test the quality of the reservoir and to contribute to the definition of the development plan.

In Angola, WI production was down 19% YoY to 7.0 kbpd, due to the natural decline of the fields in block 14. Net entitlement production decreased in line with WI production.

Regarding block 32 in Angola, the FPSO which will develop Kaombo North is currently on location.

Results

RCA Ebitda for the E&P business was €293 m, up €114 m YoY, on the back of increased production and average sale prices of oil and natural gas. The Group's average sale price increased $12.8/boe YoY to $58.2/boe. It is worth highlighting, however, the negative impact from the 15% depreciation of the US Dollar against the Euro compared with the first quarter of 2017.

Production costs increased €10 m YoY to €69 m, mainly due to the start of production of FPSO #7 in May 2017 and to the ongoing EWT in the Iara area. In unit terms, and on a net entitlement basis, production costs were $9.2/boe, up $1.1/boe YoY.

Amortisation and depreciation charges (including abandonment provisions) decreased €14 m YoY to €83 m, mainly due to the revision of the proved developed reserves depreciation rate, namely in block 14. On a net entitlement basis, DD&A decreased from $13.2/boe to $11.0/boe.

RCA Ebit was €210 m, up €128 m YoY.

During the first quarter of 2018, the contribution from E&P associates was €13 m.

3. Refining & Marketing

€m (RCA, except otherwise stated)

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Galp refining margin (USD/boe)	**5.1**	**4.9**	**3.3**	**(1.8)**	**(35%)**
Spread over benchmark refining margin (USD/boe)	1.6	1.4	1.5	(0.2)	(11%)
Refining cash cost (USD/boe)	**1.7**	**1.9**	**2.3**	**0.6**	**34%**
Impact of refining margin hedging[1] (USD/boe)	**(0.0)**	**0.1**	**0.6**	**0.6**	**n.m.**
Raw materials processed (mmboe)	**26.1**	**28.4**	**25.0**	**(1.2)**	**(4%)**
Crude processed (mmbbl)	22.9	26.5	23.4	0.5	2%
Total oil products sales (mton)	**4.4**	**4.5**	**4.1**	**(0.2)**	**(5%)**
Sales to direct clients (mton)	2.1	2.2	2.1	0.0	1%
RCA Ebitda	**183**	**144**	**122**	**(61)**	**(34%)**
Depreciation, Amortisation and Impairments2	91	93	88	(2)	(3%)
Provisions	(0)	7	0	0	n.m.
RCA Ebit	**93**	**44**	**33**	**(59)**	**(64%)**
IFRS Ebit	**149**	**112**	**74**	**(75)**	**(50%)**
Net Income from R&M Associates	**(2)**	**2**	**1**	**3**	**n.m.**

[1] Impact on Ebitda.
[2] Excludes impairments on accounts receivables, which started to be accounted at Ebitda in 2018.

Operations

Raw materials processed decreased 4% YoY to 25.0 mmboe, mainly due to the planned outage of 31 days for the hydrocracker's maintenance at the Sines refinery. Crude oil accounted for 94% of raw materials processed, of which 83% corresponded to medium and heavy crudes.

Middle distillates (diesel and jet) accounted for 46% of production, whereas gasoline corresponded to 24% and fuel oil to 16%. Consumption and losses accounted for 7% of raw materials processed.

Volumes sold to direct clients stood at 2.1 mton, in line with the previous year. Volumes sold in Africa accounted for 10% of total volumes sold to direct clients.

Results

RCA Ebitda for the R&M business decreased €61 m YoY to €122 m, mainly due to the decrease of the refining margins in international markets and to the impact of the 15% depreciation of the US Dollar against the Euro.

Galp's refining margin stood at $3.3/boe, compared to $5.1/boe the previous year. The spread over benchmark margin was $1.5/boe, as the Company benefited from gasoline exports to the USA and from pricing formulas of certain raw materials.

Refining cash costs stood at €46 m, or $2.3/boe in unit terms. The unit increase was due to the weaker USD, maintenance costs and to the lower volume of raw materials processed during the maintenance period.

The marketing of oil products was supported by demand for oil products in Iberia.

Depreciation charges and provisions totalled €88 m in the period.

RCA Ebit was €33 m, while IFRS Ebit decreased to €74 m. The inventory effect was €41 m.

4. Gas & Power

€m (RCA, except otherwise stated)

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
NG/LNG total sales volumes (mm^3)	**2,006**	**1,899**	**1,975**	**(32)**	**(2%)**
Sales to direct clients (mm^3)	1,149	1,109	1,225	76	7%
Trading (mm^3)	857	790	750	(108)	(13%)
Sales of electricity (GWh)	**1,350**	**1,361**	**1,442**	**92**	**7%**
Sales of electricity to the grid (GWh)	496	356	364	(132)	(27%)
RCA Ebitda	**19**	**27**	**34**	**14**	**73%**
Supply & Trading	10	16	22	12	n.m.
Power	9	11	12	3	28%
Depreciation, Amortisation and Impairments[1]	5	5	5	1	13%
Provisions	0	-	-	(0)	n.m.
RCA Ebit	**15**	**22**	**28**	**14**	**94%**
Supply & Trading	9	15	20	11	n.m.
Power	5	7	8	3	53%
IFRS Ebit	**22**	**24**	**29**	**7**	**32%**
Net Income from G&P Associates	**25**	**22**	**24**	**(1)**	**(3%)**

[1] Excludes impairments on accounts receivables, which started to be accounted at Ebitda in 2018.

Operations

Total NG/LNG volumes sold decreased 32 mm^3 YoY to 1,975 mm^3, due to lower LNG trading volumes, and despite the 7% increase YoY in sales to direct clients, mostly due to the performance of the industrial segment in Spain.

Sales of electricity increased 7% YoY to 1,442 GWh, mainly due to customer acquisition in the marketing activity.

Results

During the first quarter of 2018, RCA Ebitda was €34 m, benefiting from natural gas pricing in European hubs and up €14 m from the previous year, which was impacted by sourcing restrictions.

Ebitda for the power segment rose €3 m YoY to €12 m, benefiting from the time lag of the natural gas purchase price and the sale price of energy produced.

The Ebitda during the quarter was impacted by impairments on receivables of €4 m, compared to €2 m in the previous year.

RCA Ebit was €28 m, while IFRS Ebit totalled €29 m.

Results from associated companies stood at €24 m.

5. Financial data

5.1. Income statement

€m (RCA, except otherwise stated)

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Turnover	3,843	3,689	3,891	47	1%
Cost of goods sold	(2,975)	(2,688)	(2,950)	(25)	(1%)
Supply & Services	(403)	(433)	(445)	43	11%
Personnel costs	(79)	(84)	(82)	2	3%
Other operating revenues (expenses)	8	(7)	45	38	n.m.
Impairments on accounts receivable	(5)	(0)	(4)	(1)	(18%)
RCA Ebitda	**388**	**476**	**455**	**67**	**17%**
IFRS Ebitda	**455**	**559**	**497**	**42**	**9%**
Depreciation, Amortisation and Impairments	(193)	(154)	(177)	(16)	(8%)
Provisions	0	(9)	(0)	(0)	n.m.
RCA Ebit	**196**	**313**	**278**	**82**	**42%**
IFRS Ebit	**262**	**371**	**319**	**58**	**22%**
Net income from associated companies	32	37	39	7	21%
Financial results	(13)	7	(9)	4	33%
Net interests	(21)	(16)	(16)	5	22%
Capitalised interest	21	14	13	(8)	(38%)
Exchange gain (loss)	(3)	(9)	(13)	(10)	n.m.
Mark-to-market of hedging derivatives	(4)	25	13	17	n.m.
Other financial costs/income	(6)	(6)	(5)	1	18%
RCA Net income before taxes and non-controlling interests	**215**	**357**	**307**	**93**	**43%**
Taxes	(120)	(107)	(143)	23	19%
Taxes on oil and natural gas production[1]	(68)	(68)	(88)	19	28%
Non-controlling interests	(17)	(35)	(29)	12	69%
RCA Net income	**77**	**215**	**135**	**57**	**74%**
Non-recurring items	(18)	(27)	(38)	20	n.m.
RC Net income	**59**	**188**	**97**	**37**	**63%**
Inventory effect	54	67	33	(20)	(38%)
IFRS Net income	**113**	**255**	**130**	**17**	**15%**

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

RCA Ebitda went up 17% YoY to €455 m, due to a higher contribution from the E&P business. The inventory effect was €42 m, with IFRS Ebitda reaching €497 m.

RCA Ebit increased €82 m to €278 m, while IFRS Ebit stood at €319 m.

Results from associated companies increased €7 m to €39 m, with a higher contribution from the E&P and R&M related companies.

Financial results were up €4 m YoY. In addition to the continuous reduction in net interests, it is worth highlighting the positive impact of €13 m mainly related to the mark-to-market of refining margin hedging. The exchange losses resulted from the depreciation of local currencies against the Euro, namely in certain African subsidiaries.

RCA taxes increased €23 m, following the increase in taxes on oil and gas production, which reached €88 m.

Non-controlling interests, mainly attributable to Sinopec's stake in Petrogal Brasil, accounted for €29 m.

RCA net income reached €135 m, while IFRS net income was €130 m. The inventory effect was €33 m and non-recurring items, related to extraordinary energy sector taxes, accounted for €38 m.

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

5.2. Capital expenditure

€m (RCA)

	Quarter				
	1Q17	4Q17	1Q18	Var. YoY	% Var. YoY
Exploration & Production	183	281	117	(66)	(36%)
Exploration and appraisal activities	1	163	4	3	n.m.
Development and production activities	181	118	112	(69)	(38%)
Refining & Marketing	16	75	28	12	75%
Gas & Power	2	1	1	(0)	(17%)
Others	0	2	0	(0)	(38%)
Capex	**201**	**360**	**146**	**(54)**	**(27%)**

Capex totalled €146 m during the quarter, of which 80% was allocated to the E&P business.

Investment in development and production activities reached €112 m, mainly allocated to the development of Lula and Iracema projects in block BM-S-11, in Brazil.

Investment in downstream activities (R&M and G&P) amounted to €30 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)

	Quarter		
	1Q17	4Q17	1Q18
Ebit	262	371	319
Depreciation, Amortisation and Impairments	193	167	177
Corporate income taxes and oil and gas production taxes	(81)	(70)	(92)
Dividends from associates	-	35	-
Change in Working Capital	(230)	(12)	(159)
Cash flow from operations	**144**	**491**	**245**
Net financial expenses	(21)	(16)	(47)
Net capex[1]	(179)	(358)	(169)
Free cash flow	**(57)**	**117**	**29**
Dividends paid	-	-	-
Post-dividend free cash flow	**(57)**	**117**	**29**
Others[2]	33	(36)	(28)
Change in net debt	**24**	**(81)**	**(1)**

[1] 2017 figures include, among others, the payment of Carcará North signature bonus of c.€150 m and the proceeds of €22 m from the sale of the 25% indirect stake in Âncora project. [2] Includes CTAs (Cumulative Translation Adjustment) and partial reimbursement of the loan granted to Sinopec.

The increased commodities price during the quarter contributed to the €159 m build in working capital. Cash flow from operations stood at €245 m and free cash flow reached €29 m.

Direct Method - €m (IFRS figures)

	Quarter		
	1Q17	4Q17	1Q18
Cash and equivalents at the beginning of the period[1]	**923**	**746**	**1,096**
Received from customers	4,363	4,653	4,288
Paid to suppliers	(3,039)	(2,778)	(2,852)
Staff related costs	(71)	(103)	(75)
Dividends from associated companies	-	35	-
Taxes on oil products (ISP)	(612)	(816)	(645)
VAT, Royalties, PIS, Cofins, Others	(375)	(499)	(378)
Corporate income taxes and oil and gas production taxes	(81)	(70)	(92)
Total operating flows post tax	**185**	**422**	**245**
Net capex[2]	(191)	(333)	(169)
Net Financial Expenses	(50)	(20)	(47)
Dividends paid	-	-	-
Post-dividend free cash flow	**(56)**	**68**	**29**
Net new loans	(41)	265	(53)
Sinopec loan reimbursement	42	48	-
FX changes on cash and equivalents	(11)	(31)	(24)
Cash and equivalents at the end of the period[1]	**858**	**1,096**	**1,048**

[1] 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. [2] 2017 figures include, among others, the payment of Carcará North signature bonus of c.€150 m and the proceeds of €22 m from the sale of the 25% indirect stake in Âncora project.

5.4. Financial position and debt

€m (IFRS figures)

	31 Dec., 2017 (reported)	31 Dec., 2017 (restated)	31 Mar., 2018	Var. vs 31 Dec., 2017 (restated)
Net fixed assets	7,565	7,231	7,099	(132)
Working capital	584	584	743	159
Loan to Sinopec	459	459	449	(10)
Other assets (liabilities)	(645)	(612)	(637)	(25)
Capital employed	**7,963**	**7,662**	**7,654**	**(8)**
Short term debt	551	551	670	119
Medium-Long term debt	2,532	2,532	2,352	(180)
Total debt	**3,083**	**3,083**	**3,022**	**(61)**
Cash and equivalents	1,198	1,198	1,138	(60)
Net debt	**1,886**	**1,886**	**1,885**	**(1)**
Total equity	**6,078**	**5,776**	**5,770**	**(7)**
Total equity and net debt	**7,963**	**7,662**	**7,654**	**(8)**

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.

On March 31, 2018, net fixed assets were €7,099 m, down €132 m against the end of 2017, and which was mainly due to the depreciation of the U.S. Dollar and the Brazilian Real during the period. Work-in-progress, mainly related to the E&P business, stood at €2,120 m at the end of the quarter.

Financial debt

€m (except otherwise stated)

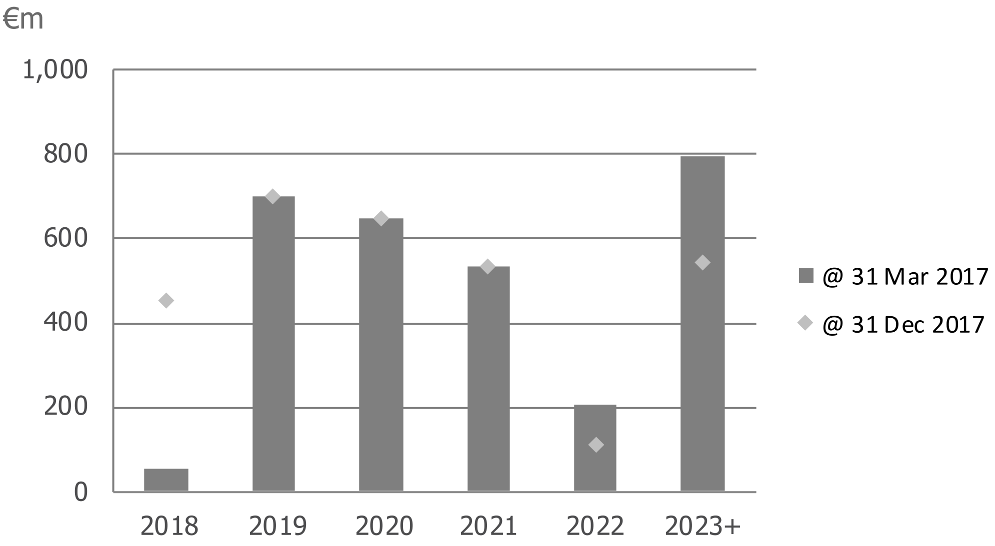
	31 Dec., 2017	31 Mar., 2018	Var. vs 31 Dec., 2017
Bonds	1,987	1,867	(120)
Bank loans and other debt	1,096	1,156	59
Cash and equivalents	(1,198)	(1,138)	60
Net debt	**1,886**	**1,885**	**(1)**
Average life (years)	2.5	2.9	0.4
Average funding cost	3.46%	2.95%	(0.50 p.p.)
Debt at variable rate	40%	40%	(0 p.p.)
Net debt to Ebitda RCA	1.1x	1.0x	-

Net debt at the end of the period amounted to €1,885 m, in line with the end of 2017. Net debt to Ebitda RCA stood at 1.0x.

During the first quarter of 2018, Galp refinanced medium and long term debt amounting to €350 m, and increased the average debt maturity from 2.5 to 2.9 years. At the end of the period, medium and long term debt accounted for 78% of total debt. The average interest cost during the period was 2.95%.

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

Debt maturity profile



5.5. Reconciliation of IFRS and RCA figures

Ebitda by segment

€m

2018	First Quarter				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
Galp	**497**	**(42)**	**455**	**-**	**455**
E&P	293	-	293	-	293
R&M	162	(41)	122	-	122
G&P	35	(1)	34	-	34
Others	6	-	6	-	6

€m

2017	First Quarter				
	Ebitda IFRS	Inventory effect	Ebitda RC	Non-recurring items	Ebitda RCA
Galp	**455**	**(68)**	**387**	**1**	**388**
E&P	179	-	179	0	179
R&M	242	(60)	182	1	183
G&P	27	(7)	19	-	19
Others	6	-	6	-	6

Ebit by segment

€m

2018	First Quarter				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
Galp	**319**	**(42)**	**278**	**-**	**278**
E&P	210	-	210	-	210
R&M	74	(41)	33	-	33
G&P	29	(1)	28	-	28
Others	5	-	5	-	5

€m

2017	First Quarter				
	Ebit IFRS	Inventory effect	Ebit RC	Non-recurring items	Ebit RCA
Galp	**262**	**(68)**	**194**	**2**	**196**
E&P	85	-	85	(2)	83
R&M	149	(60)	89	4	93
G&P	22	(7)	15	(0)	15
Others	5	-	5	-	5

Non-recurring items

€m

	Quarter		
	1Q17	4Q17	1Q18
Non-recurring items impacting Ebitda	**1.3**	**0.9**	**-**
Accidents caused by natural events and insurance compensation	0.0	(3.0)	-
Gains/losses on disposal of assets	(0.1)	(0.4)	-
Asset write-offs	0.1	0.6	-
Employee restructuring charges	-	3.1	-
Litigation costs	1.4	0.6	-
Non-recurring items impacting non-cash costs	**0.4**	**26.0**	**-**
Provisions for environmental charges and others	0.0	13.2	-
Asset impairments	0.4	12.8	-
Non-recurring items impacting financial results	**(17.9)**	**(5.3)**	**6.9**
Gains/losses on financial investments[1]	(17.9)	(2.5)	6.9
Impairment of financial investments	-	(2.8)	-
Non-recurring items impacting taxes	**34.2**	**5.2**	**31.4**
Income taxes on non-recurring items	(0.9)	(4.9)	-
Energy sector contribution taxes	35.2	10.1	31.4
Non-controlling interests	0.1	0.1	-
Total non-recurring items	**18.1**	**27.0**	**38.3**

[1]Includes CESE impact on GGND.

5.6. IFRS consolidated income statement

€m

	Quarter		
	1Q17	4Q17	1Q18
Sales	3,683	3,516	3,718
Services rendered	160	172	173
Other operating income	28	21	60
Total operating income	**3,872**	**3,709**	**3,951**
Inventories consumed and sold	(2,908)	(2,604)	(2,908)
Materials and services consumed	(404)	(433)	(445)
Personnel costs	(79)	(87)	(82)
Impairments on accounts receivable	(5)	(0)	(4)
Other operating costs	(21)	(25)	(15)
Total operating costs	**(3,417)**	**(3,150)**	**(3,454)**
Ebitda	**455**	**559**	**497**
Depreciation, Amortisation and Impairments	(193)	(167)	(177)
Provisions	0	(22)	(0)
Ebit	**262**	**371**	**319**
Net income from associated companies	50	39	32
Financial results	(13)	10	(9)
Interest income	8	11	7
Interest expenses	(29)	(28)	(23)
Capitalised interest	21	14	13
Exchange gain (loss)	(3)	(9)	(13)
Mark-to-market of hedging derivatives	(4)	25	13
Other financial costs/income	(6)	(3)	(5)
Income before taxes	**298**	**420**	**342**
Taxes[1]	(133)	(120)	(152)
Energy sector contribution taxes[2]	(35)	(10)	(31)
Income before non-controlling interests	**130**	**290**	**159**
Profit attributable to non-controlling interests	(17)	(35)	(29)
Net income	**113**	**255**	**130**

[1] Includes corporate income taxes and taxes payable on oil and gas production, namely Special Participation Tax (Brazil) and IRP (Angola).
[2] Includes €13.9 m, €8.8 m and €8.7 m related to the CESE I, CESE II and FNEE, respectively, during the first quarter of 2018.

5.7. Consolidated financial position

€m

	31 Dec., 2017 (reported)	31 Dec., 2017 (restated)	31 Mar., 2018
Assets			
Non-current assets			
Tangible fixed assets	5,554	5,193	5,060
Goodwill	84	84	83
Other intangible fixed assets	410	407	396
Investments in associates	1,483	1,483	1,492
Investments in other participated companies	3	3	3
Receivables	254	254	252
Deferred tax assets	293	350	304
Financial investments	32	32	32
Total non-current assets	**8,112**	**7,805**	**7,622**
Current assets			
Inventories[1]	970	970	1,083
Trade receivables	1,018	1,018	1,148
Other receivables	530	530	659
Loan to Sinopec	459	459	449
Financial investments	66	66	58
Current Income tax recoverable	4	4	12
Cash and equivalents	1,198	1,198	1,138
Total current assets	**4,245**	**4,245**	**4,545**
Total assets	**12,357**	**12,050**	**12,167**
Equity and liabilities			
Equity			
Share capital	829	829	829
Share premium	82	82	82
Translation reserve	(187)	(152)	(273)
Other reserves	2,687	2,687	2,687
Hedging reserves	5	5	4
Retained earnings	587	267	887
Profit attributable to equity holders of the parent	614	623	130
Equity attributable to equity holders of the parent	**4,617**	**4,342**	**4,346**
Non-controlling interests	1,461	1,434	1,424
Total equity	**6,078**	**5,776**	**5,770**
Liabilities			
Non-current liabilities			
Bank loans and overdrafts	937	937	1,007
Bonds	1,595	1,595	1,344
Other payables[2]	286	286	286
Retirement and other benefit obligations	326	326	324
Deferred tax liabilities	82	76	73
Other financial instruments	3	3	5
Provisions	619	619	629
Total non-current liabilities	**3,848**	**3,842**	**3,667**
Current liabilities			
Bank loans and overdrafts	159	159	148
Bonds	392	392	522
Trade payables	889	889	998
Other payables[3]	855	855	912
Other financial instruments	21	21	17
Income tax payable	115	115	133
Total current liabilities	**2,432**	**2,432**	**2,730**
Total liabilities	**6,280**	**6,274**	**6,397**
Total equity and liabilities	**12,357**	**12,050**	**12,167**

[1] Includes €45.5 m in inventories from third parties on 31 March 2018. [2] Includes €152.7 m long-term loan from Sinopec to subsidiary Petrogal Brasil on 31 March 2018. [3] Includes €7.7 m in advance payments related to inventory from third parties on 31 March 2018.

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 quarters ended on March 31, 2018 and 2017, and December 31, 2017. The information in the consolidated financial position is reported as of 31 March 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 profit measures exclude non-recurring items and the inventory effect, the latter because the cost of goods sold and materials consumed has been calculated according to the Replacement Cost (RC) valuation method.

Recent changes

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. 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% Ortoxylene 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 on the month when sales materialise irrespective of inventories at the start or end of the period. The Replacement Cost Method is not accepted by the Portuguese IFRS and is consequently not adopted for valuing inventories. This method does not reflect the cost of replacing other assets.

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

ACRONYMS

APETRO: *Associação Portuguesa de Empresas Petrolíferas* (Portuguese association of oil companies)
bbl: barrel of oil
Bg: Barges
bcm: billion cubic metres
bn: billion
boe: barrels of oil equivalent
BRL: Reais of Brazil
CESE: *Contribuição Extraordinária sobre o Sector Energético* (Portuguese Extraordinary Energy Sector Contribution)
Cg: Cargoes
CIF: Costs, Insurance and Freights
CORES: *Corporación de Reservas Estratégicas de Produtos Petrolíferos* (Spain)
CTA: Cumulative Translation Adjustment
DD&A: Depreciation, Depletion and Amortisation
DST: drill stem test
E&A: Exploration & Appraisal
E&P: Exploration & Production
Ebit: Earnings before interest and taxes
Ebitda: Ebit plus depreciation, amortisation and provisions
EMTN: Euro Medium Term Note
EUR/€: Euro
EWT: Extended Well Test
FCF: free cash flow
FNEE: *Fondo Nacional de Eficiência Energética* (Spain)
FPSO: Floating, production, storage and offloading unit
Galp, Company or Group: Galp Energia, SGPS, S.A., subsidiaries and participated companies
G&A: general and administrative
G&G: geology and geophysics
G&P: Gas & Power
GGND: Galp Gás Natural Distribuição, S.A.
GWh Gigawatt per hour
IAS: International Accounting Standards
IFRS: International Financial Reporting Standards
IRP: Oil income tax (Oil tax payable in Angola)
ISP: Tax on oil products (Portugal)
k: thousand
kboepd: thousands of barrels of oil equivalent per day
kbpd: thousands of barrels of oil per day
LNG: liquefied natural gas
LSFO: low sulphur fuel oil
m: million
mmboe: millions of barrels of oil equivalent
mmbtu: million British thermal units
mm^3: million cubic metres
mton: millions of tonnes
NBP: National Balancing Point
NG: natural gas
n.m.: not meaningful
NWE: Northwestern Europe
p.p.: percentage point
R&M: Refining & Marketing
RC: Replacement Cost
RCA: Replacement Cost Adjusted
SEM: Successful Efforts Method
ton: tonnes
USA: United States of America
USD/$: Dollar of the United States of America
VAT: value-added tax
WI: working interest
YoY: year-on-year

CAUTIONARY STATEMENT

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

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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.

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