

PETROBRAS - PETROLEO BRASILEIRO SA  
Form 6-K  
August 03, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of the  
Securities Exchange Act of 1934

For the month of August, 2018

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

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Avenida República do Chile, 65  
20031-912 - Rio de Janeiro, RJ  
Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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## FINANCIAL REPORT

### 1H-2018 RESULTS

Consolidated financial information revised by independent auditors, prepared in accordance with International Financial Reporting Standards - IFRS.

Rio de Janeiro – August 31, 2018

#### Results

Petrobras reported net income of R\$ 17,033 million in 1H-2018, a growth of 257%, being the best semester result since 2011, determined by:

◆ Increase in the Brent prices, which resulted in higher margins in oil exports and in oil product sales in Brazil, together with the depreciation of Brazilian real;

◆ Reduction of interest expenses due to the decrease in indebtedness;

- Lower general and administrative expenses and equipment idleness; and

◆ On the other hand, the higher Brent prices led to an increase in production taxes.

The operational generation and the cash-in from divestments of US\$ 4,914 million led to amortization and prepayment of debt, resulting in a significant 16% decrease in gross debt, which reached US\$ 91,712 million and 13% in net debt of US\$ 73,662 million.

Free Cash Flow \* remained positive for the thirteenth quarter in a row, reaching R\$ 29,366 million in 1H-2018, a 29% increase compared to the first half of the previous year, mainly due to the higher operating generation, combined with the lower investments.

Pursuant to the Shareholders' Remuneration Policy and taking into account the net income obtained in the quarter and the financial deleveraging target, the anticipation of interest on own capital, in the amount of R\$ 0.05 per share, both for preferred and common shares, adopting the same amounts already distributed in 1Q-2018 of R\$ 652.2 million. In view of that, the anticipation of interest on own capital totaled R\$ 1,304.4 million in the semester.

#### Metric - Net Debt / Adjusted EBITDA

Adjusted EBITDA\* increased 26% compared to 1H-2017, to R\$ 55,835 million, due to higher oil products domestic sales and oil export sales, both as a result of the increase in Brent prices and of the depreciation of Brazilian real.

Adjusted EBITDA margin was 35%.

The net debt to LTM Adjusted EBITDA\* ratio decreased to 3.23 in June 2018, compared to 3.67 in December 2017. Leverage\* reduced from 51% to 50% in this period.

Excluding the provision for the Class Action agreement, the company would have presented the net debt / LTM Adjusted EBITDA ratio of 2.86, on a convergent path to the target of 2.5 until the end of 2018.

#### Operating highlights

Petrobras' total production of oil and natural gas in 1H-2018 was 2,669 thousand barrels of oil equivalent per day (boed), of which 2,572 thousand boed in Brazil, 4% less than 1H-2017, mainly reflecting divestments in Lapa and

Roncador fields.

In this quarter, there was start-up of the first production system in the Transfer of Rights area, in Buzios field, with FPSOs P-74, and a new production system in the Campos Basin, in Tartaruga Verde field. It is also worth to highlight the increase of the exploratory portfolio, through the acquisition of areas with high potential, in the ANP Bid Rounds.

Compared to 1H-2017, domestic oil products production fell by 3%, while domestic oil products sales fell by 6% to 1,759 thousand barrels per day (bpd) and 1,823 thousand bpd, respectively, due to the reduction in sales of naphtha to Braskem and the loss of market share from gasoline to ethanol. Compared to 1Q-2018, there was an increase in the market share of diesel and gasoline, resulting in an increase in sales volume, especially diesel, which grew 15%.

The company maintained its position as a net exporter, with a balance of 372 thousand bpd in 1H-2018 (vs. 401 thousand bpd in 1H-2017).

\* See definitions of Free Cash Flow, Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted EBITDA Margin, Net Debt and Leverage in glossary and the respective reconciliations of such items in Liquidity and Capital Resources, Reconciliation of Adjusted EBITDA, LTM Adjusted EBITDA and Net Debt.

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www.petrobras.com.br/ir

B<sup>3</sup>: PETR3, PETR4

NYSE: PBR, PBRA

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PETRÓLEO BRASILEIRO S.A. – PETROBRAS

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This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as "believe," "expect," "estimate," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. There is no assurance that the expected events, trends or results will actually occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

\* See definitions of Free Cash Flow, Adjusted EBITDA, Adjusted LTM EBITDA and Net debt in glossary and the respective reconciliations of such items in Liquidity and Capital Resources, Reconciliation of Adjusted EBITDA, Adjusted LTM EBITDA and Net debt.

\* Table 01 - Main Items and Consolidated Economic Indicators

|                                                                                             | R\$ million |          |                    |          |         |                  |         |
|---------------------------------------------------------------------------------------------|-------------|----------|--------------------|----------|---------|------------------|---------|
|                                                                                             | Jan-Jun     |          |                    | 2Q-2018  | 1Q-2018 | 2Q18             |         |
|                                                                                             | 2018        | 2017     | 2018 x<br>2017 (%) |          |         | X<br>1Q18<br>(%) | 2Q-2017 |
| Sales revenues                                                                              | 158,856     | 135,361  | 17                 | 84,395   | 74,461  | 13               | 66,996  |
| Gross profit                                                                                | 58,396      | 45,155   | 29                 | 31,623   | 26,773  | 18               | 21,369  |
| Operating expenses                                                                          | (23,915)    | (15,895) | (50)               | (14,957) | (8,958) | (67)             | (6,379) |
| Operating income (loss)                                                                     | 34,481      | 29,260   | 18                 | 16,666   | 17,815  | (6)              | 14,990  |
| Net finance income (expense)                                                                | (9,893)     | (16,590) | 40                 | (2,647)  | (7,246) | 63               | (8,835) |
| Consolidated net income (loss) attributable to the shareholders of Petrobras                | 17,033      | 4,765    | 257                | 10,072   | 6,961   | 45               | 316     |
| Basic and diluted earnings (losses) per share attributable to the shareholders of Petrobras | 1.31        | 0.37     | 254                | 0.78     | 0.54    | 44               | 0.02    |
| Market capitalization (Parent Company)                                                      | 240,831     | 167,538  | 44                 | 240,831  | 293,795 | (18)             | 167,538 |
| Adjusted EBITDA*                                                                            | 55,835      | 44,348   | 26                 | 30,067   | 25,768  | 17               | 19,094  |
| Adjusted EBITDA margin* (%)                                                                 | 35          | 33       | 2                  | 36       | 35      | 1                | 29      |
| Gross margin* (%)                                                                           | 37          | 33       | 4                  | 37       | 36      | 1                | 32      |
| Operating margin* (%)                                                                       | 22          | 22       | –                  | 20       | 24      | (4)              | 22      |
| Net margin* (%)                                                                             | 11          | 4        | 7                  | 12       | 9       | 3                | –       |
| Total capital expenditures and investments*                                                 | 21,259      | 22,994   | (8)                | 11,311   | 9,948   | 14               | 11,452  |
| Exploration & Production                                                                    | 18,660      | 18,303   | 2                  | 9,717    | 8,943   | 9                | 9,089   |
| Refining, Transportation and Marketing                                                      | 1,519       | 1,864    | (19)               | 930      | 588     | 58               | 1,057   |
| Gas & Power                                                                                 | 593         | 2,450    | (76)               | 381      | 212     | 80               | 1,116   |
| Distribution                                                                                | 195         | 148      | 32                 | 111      | 84      | 32               | 77      |
| Biofuel                                                                                     | 31          | 33       | (6)                | 11       | 20      | (45)             | 15      |
| Corporate                                                                                   | 261         | 196      | 33                 | 161      | 101     | 59               | 98      |
| Average commercial selling rate for U.S. dollar                                             | 3.42        | 3.18     | 8                  | 3.61     | 3.24    | 11               | 3.22    |
| Period-end commercial selling rate for U.S. dollar                                          | 3.86        | 3.31     | 17                 | 3.86     | 3.32    | 16               | 3.31    |
| Variation of the period-end commercial selling rate for U.S. dollar (%)                     | 16.6        | 1.5      | 15                 | 16.0     | 0.5     | 16               | 4.4     |
| Domestic basic oil products price (R\$/bbl)                                                 | 274.91      | 223.55   | 23                 | 292.33   | 255.61  | 14               | 219.48  |
| Brent crude (R\$/bbl)                                                                       | 242.34      | 164.52   | 47                 | 268.17   | 216.51  | 24               | 159.97  |
| Brent crude (US\$/bbl)                                                                      | 70.55       | 51.81    | 36                 | 74.35    | 66.76   | 11               | 49.83   |
| Domestic Sales Price                                                                        |             |          |                    |          |         |                  |         |
| Crude oil (U.S. dollars/bbl)                                                                | 65.00       | 48.98    | 33                 | 67.78    | 62.27   | 9                | 47.25   |
| Natural gas (U.S. dollars/bbl)                                                              | 40.09       | 37.61    | 7                  | 40.08    | 40.10   | –                | 38.90   |
| International Sales price                                                                   |             |          |                    |          |         |                  |         |
| Crude oil (U.S. dollars/bbl)                                                                | 63.07       | 45.03    | 40                 | 65.87    | 60.18   | 9                | 43.77   |
| Natural gas (U.S. dollars/bbl)                                                              | 25.70       | 19.94    | 29                 | 26.40    | 25.01   | 6                | 20.17   |
| Total sales volume (Mbb/d)**                                                                |             |          |                    |          |         |                  |         |
| Diesel                                                                                      | 717         | 712      | 1                  | 766      | 668     | 15               | 721     |
| Gasoline                                                                                    | 472         | 536      | (12)               | 475      | 468     | 1                | 533     |
| Fuel oil                                                                                    | 42          | 53       | (21)               | 35       | 49      | (29)             | 50      |
| Naphtha                                                                                     | 94          | 145      | (35)               | 91       | 97      | (6)              | 125     |
| LPG                                                                                         | 228         | 231      | (1)                | 238      | 218     | 9                | 238     |

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|                                                              |       |       |      |       |       |      |       |
|--------------------------------------------------------------|-------|-------|------|-------|-------|------|-------|
| Jet fuel                                                     | 106   | 99    | 7    | 104   | 107   | (3)  | 96    |
| Others                                                       | 164   | 167   | (2)  | 167   | 161   | 4    | 170   |
| Total oil products                                           | 1,823 | 1,943 | (6)  | 1,876 | 1,768 | 6    | 1,933 |
| Ethanol, nitrogen fertilizers, renewables and other products | 64    | 105   | (39) | 65    | 63    | 3    | 112   |
| Natural gas                                                  | 345   | 335   | 3    | 349   | 340   | 3    | 350   |
| Total domestic market                                        | 2,232 | 2,383 | (6)  | 2,290 | 2,171 | 5    | 2,395 |
| Crude oil, oil products and others exports                   | 639   | 720   | (11) | 591   | 688   | (14) | 659   |
| International sales                                          | 243   | 239   | 2    | 215   | 269   | (20) | 237   |
| Total international market                                   | 882   | 959   | (8)  | 806   | 957   | (16) | 896   |
| Total                                                        | 3,114 | 3,342 | (7)  | 3,096 | 3,128 | (1)  | 3,291 |

\* See definition of Adjusted EBITDA, Adjusted EBITDA Margin, Gross Margin, Total capital expenditures and investments, Operating Margin and Net Margin in glossary and the respective reconciliation in Reconciliation of Adjusted EBITDA.21

\*\* Operational data is not audited by the independent auditors.

1H-2018 x 1H-2017 Results\*:

Net income for 1H-2018 was 3.6 times of the same period of previous year, reaching R\$ 17,033 million. This result was possible due to the higher oil export margins, mainly due to the increase in Brent and the sale of oil products in Brazil, which more than compensated for the decrease in sales volume of oil products (mainly gasoline and naphtha) and export of oil.

The increase in operating expenses, due to higher sales expenses, negative results from oil hedges, lower gains from divestments and exchange rate variation on the Class Action balance, was offset by the reduction in equipment idleness, tax expenses and the improvement in financial results, reflecting the gain from the renegotiation of Eletrobras System debts and lower financing expenses.

Adjusted EBITDA and Free Cash Flow rose 26% and 29%, respectively, as a result of the increase in the domestic oil product sales margin and the oil export margin. In addition, the lower investments contributed to the increase in Free Cash Flow.

2Q-2018 x 1Q-2018 Results\*\*:

Net income of R\$ 10,072 million, compared to R\$ 6,961 million in 1Q-2018, reflected the increase in the market share of diesel and gasoline, due to the reduction of imports by third parties, resulting in a 6% increase in sales in the domestic market, especially diesel, which grew 15%. There were also higher margins in oil exports, due to the increase in Brent and the sale of oil products, due to inventories formed at lower prices.

The increase in operating expenses, due to the negative result with the oil hedge and the price adjustments related to the closing of the sale of Roncador field and the exchange variation on the Class Action balance, was offset by the improvement in the financial result, reflecting the gain with the renegotiation of Eletrobras System debts and the reduction of financing expenses. It should also be noted that maintenance of administrative and sales expenses.

Adjusted EBITDA totaled R\$ 30,067 million, an increase of 17% compared to R\$ 25,768 million in 1Q-2018, due to higher sales margins.

Free Cash Flow reached R\$ 16,373 million, an increase of 26%, reflecting the increase in operating cash generation due to higher oil export margins and sales of oil products in Brazil, combined with the lower investments.

\* Additional information about operating results of 1H-2018 x 1H-2017, see item 6.



\*\* Additional information related to operating results 2Q-2018 x 1Q-2018, see item 7.

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Table 02 - Exploration &amp; Production Main Indicators

|                                                                 | R\$ million |         |                 |         |         |             |         |
|-----------------------------------------------------------------|-------------|---------|-----------------|---------|---------|-------------|---------|
|                                                                 | Jan-Jun     |         |                 | 2Q-2018 | 1Q-2018 | 2Q18 X 1Q18 | 2Q-2017 |
|                                                                 | 2018        | 2017    | 2018 x 2017 (%) |         |         | (%)         |         |
| Sales revenues                                                  | 88,958      | 65,055  | 37              | 48,250  | 40,708  | 19          | 31,804  |
| Brazil                                                          | 87,173      | 63,598  | 37              | 47,294  | 39,879  | 19          | 31,109  |
| Abroad                                                          | 1,785       | 1,457   | 23              | 956     | 829     | 15          | 695     |
| Gross profit                                                    | 37,455      | 22,269  | 68              | 20,835  | 16,620  | 25          | 10,448  |
| Brazil                                                          | 36,618      | 21,794  | 68              | 20,415  | 16,203  | 26          | 10,265  |
| Abroad                                                          | 837         | 475     | 76              | 420     | 417     | 1           | 183     |
| Operating expenses                                              | (2,447)     | (5,248) | 53              | (3,297) | 850     | (488)       | (3,315) |
| Brazil                                                          | (2,171)     | (4,205) | 48              | (3,188) | 1,017   | (413)       | (2,395) |
| Abroad                                                          | (276)       | (1,043) | 74              | (109)   | (167)   | 35          | (920)   |
| Operating income (loss)                                         | 35,008      | 17,021  | 106             | 17,538  | 17,470  | –           | 7,133   |
| Brazil                                                          | 34,447      | 17,589  | 96              | 17,227  | 17,220  | –           | 7,871   |
| Abroad                                                          | 561         | (568)   | 199             | 311     | 250     | 24          | (738)   |
| Net income (loss) attributable to the shareholders of Petrobras | 23,128      | 11,371  | 103             | 11,592  | 11,536  | –           | 4,871   |
| Brazil                                                          | 22,735      | 11,598  | 96              | 11,366  | 11,369  | –           | 5,243   |
| Abroad                                                          | 393         | (227)   | 273             | 226     | 167     | 35          | (372)   |
| Adjusted EBITDA of the segment*                                 | 49,515      | 32,844  | 51              | 26,856  | 22,659  | 19          | 15,014  |
| Brazil                                                          | 48,348      | 32,810  | 47              | 26,211  | 22,137  | 18          | 15,447  |
| Abroad                                                          | 1,167       | 34      | 3332            | 645     | 522     | 24          | (433)   |
| EBITDA margin of the segment (%)*                               | 56          | 50      | 5               | 56      | 56      | –           | 47      |
| Capital expenditures of the segment                             | 18,660      | 18,303  | 2               | 9,717   | 8,943   | 9           | 9,089   |
| Average Brent crude (R\$/bbl)                                   | 242.34      | 164.52  | 47              | 268.17  | 216.51  | 24          | 159.97  |
| Average Brent crude (US\$/bbl)                                  | 70.55       | 51.81   | 36              | 74.35   | 66.76   | 11          | 49.83   |
| Sales price - Brazil                                            |             |         |                 |         |         |             |         |
| Crude oil (US\$/bbl)                                            | 65.00       | 48.98   | 33              | 67.78   | 62.27   | 9           | 47.25   |
| Sales price - Abroad                                            |             |         |                 |         |         |             |         |
| Crude oil (US\$/bbl)                                            | 63.07       | 45.03   | 40              | 65.87   | 60.18   | 9           | 43.77   |
| Natural gas (US\$/bbl)                                          | 25.70       | 19.94   | 29              | 26.40   | 25.01   | 6           | 20.17   |
| Crude oil and NGL production (Mbbbl/d)**                        | 2,134       | 2,237   | (5)             | 2,122   | 2,146   | (1)         | 2,225   |
| Brazil                                                          | 2,074       | 2,171   | (4)             | 2,063   | 2,085   | (1)         | 2,160   |
| Abroad                                                          | 39          | 42      | (7)             | 38      | 40      | (5)         | 42      |
| Non-consolidated production abroad                              | 21          | 24      | (13)            | 21      | 21      | –           | 23      |
| Natural gas production (Mbbbl/d)**                              | 535         | 554     | (3)             | 537     | 534     | 1           | 551     |
| Brazil                                                          | 498         | 500     | –               | 500     | 497     | 1           | 498     |
| Abroad                                                          | 37          | 54      | (31)            | 37      | 37      | –           | 53      |
| Total production                                                | 2,669       | 2,791   | (4)             | 2,659   | 2,680   | (1)         | 2,776   |
| Lifting cost - Brazil (US\$/barrel)                             |             |         |                 |         |         |             |         |
| excluding production taxes                                      | 11.10       | 11.02   | 1               | 10.68   | 11.51   | (7)         | 11.21   |
| including production taxes                                      | 24.01       | 19.54   | 23              | 24.43   | 23.58   | 4           | 18.71   |
| Lifting cost - Brazil (R\$/barrel)                              |             |         |                 |         |         |             |         |
| excluding production taxes                                      | 38.04       | 34.87   | 9               | 38.94   | 37.15   | 5           | 36.09   |

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|                                                                 |        |        |      |        |       |    |       |
|-----------------------------------------------------------------|--------|--------|------|--------|-------|----|-------|
| including production taxes                                      | 84.45  | 62.03  | 36   | 92.68  | 76.26 | 22 | 61.34 |
| Lifting cost – Abroad without production taxes<br>(US\$/barrel) | 5.40   | 5.12   | 5    | 5.87   | 4.91  | 20 | 5.67  |
| Production taxes - Brazil                                       | 18,881 | 11,603 | 63   | 10,914 | 7,967 | 37 | 5,401 |
| Royalties                                                       | 8,365  | 5,969  | 40   | 4,658  | 3,707 | 26 | 2,847 |
| Special participation charges                                   | 10,426 | 5,540  | 88   | 6,211  | 4,215 | 47 | 2,507 |
| Retention of areas                                              | 90     | 94     | (4)  | 45     | 45    | –  | 47    |
| Production taxes - Abroad                                       | 36     | 46     | (22) | 19     | 17    | 12 | 15    |

\*

\* See definition of Adjusted EBITDA and Adjusted EBITDA Margin in Glossary and reconciliation in Reconciliation of Consolidated Adjusted EBITDA Statement by Segment.

\*\* Operational data is not audited by the independent auditors.

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RESULT BY BUSINESS SEGMENT

EXPLORATION & PRODUCTION

1H-2018 x 1H-2017

Results

The growth in gross profit reflects the increase in Brent and the depreciation of Real, partially offset by lower production and higher production expenses.

The higher operating income was due to the increase in gross profit and the result of the assignment of the rights of Lapa, Iara and Carcará areas and the lower idleness of equipment.

2Q-2018 x 1Q-2018

The increase in gross profit was due to the growth in Brent and the depreciation of Real, partially offset by higher production expenses.

Operating Profit remained stable, despite the growth in gross profit, due to the price adjustments related to the closing of Roncador's disposal and the 1Q-2018 result with the assignment of rights to Lapa, Iara and Carcará area.

Operating Results

Production

The production of oil, NGL and natural gas decreased compared to the same period of last year, mainly due to the divestments in Lapa and Roncador fields, the natural decline of production, the end of the Extended Well Test in Itapu field, in Santos Basin, and the production stoppage at Hadrian South field in the USA.

Oil, NGL and natural gas production in 2Q18 decreased compared to 1Q18, mainly due to the maintenance stops in the second quarter of 2018 and the 25% stake sale of Roncador field, events that were partially offset by the start of production in Búzios field, with P-74.

Lifting Cost

The dollar indicator increased mainly due to the reduction in production and the higher expenses with well intervention.

The dollar indicator decreased due to the appreciation of the dollar on the expenses in Reais, in addition to the lower expenses with well intervention.

In addition, we had higher production taxes as a result of the increase in international oil prices.

In addition, we had higher production taxes as a result of the increase in international oil prices.



\*Table 03 - Refining, Transportation and Marketing Main Indicators

|                                                                 | R\$ million |         |                    |         |         |                    |         |
|-----------------------------------------------------------------|-------------|---------|--------------------|---------|---------|--------------------|---------|
|                                                                 | Jan-Jun     |         |                    | 2Q-2018 | 1Q-2018 | 2Q18 X<br>1Q18 (%) | 2Q-2017 |
|                                                                 | 2018        | 2017    | 2018 x<br>2017 (%) |         |         |                    |         |
| Sales revenues                                                  | 120,760     | 105,230 | 15                 | 65,431  | 55,329  | 18                 | 51,301  |
| Brazil (includes trading operations abroad)                     | 125,193     | 107,645 | 16                 | 67,793  | 57,400  | 18                 | 52,747  |
| Abroad                                                          | 5,356       | 2,840   | 89                 | 2,998   | 2,358   | 27                 | 1,877   |
| Eliminations                                                    | (9,789)     | (5,255) | (86)               | (5,360) | (4,429) | (21)               | (3,323) |
| Gross profit                                                    | 15,357      | 14,017  | 10                 | 9,185   | 6,172   | 49                 | 6,639   |
| Brazil                                                          | 15,218      | 14,117  | 8                  | 9,016   | 6,202   | 45                 | 6,690   |
| Abroad                                                          | 139         | (100)   | 239                | 169     | (30)    | 663                | (51)    |
| Operating expenses                                              | (4,321)     | (4,119) | (5)                | (1,953) | (2,368) | 18                 | (1,997) |
| Brazil                                                          | (4,279)     | (4,031) | (6)                | (1,936) | (2,343) | 17                 | (1,967) |
| Abroad                                                          | (42)        | (88)    | 52                 | (17)    | (25)    | 32                 | (30)    |
| Operating income (loss)                                         | 11,036      | 9,898   | 11                 | 7,232   | 3,804   | 90                 | 4,642   |
| Brazil                                                          | 10,939      | 10,086  | 8                  | 7,080   | 3,859   | 83                 | 4,723   |
| Abroad                                                          | 97          | (188)   | 152                | 152     | (55)    | 376                | (81)    |
| Net income (loss) attributable to the shareholders of Petrobras | 8,315       | 7,530   | 10                 | 5,259   | 3,056   | 72                 | 3,470   |
| Brazil                                                          | 8,251       | 7,654   | 8                  | 5,159   | 3,092   | 67                 | 3,523   |
| Abroad                                                          | 64          | (124)   | 152                | 100     | (36)    | 378                | (53)    |
| Adjusted EBITDA of the segment*                                 | 14,703      | 13,953  | 5                  | 8,843   | 5,860   | 51                 | 6,730   |
| Brazil                                                          | 14,506      | 14,048  | 3                  | 8,640   | 5,866   | 47                 | 6,760   |
| Abroad                                                          | 197         | (95)    | 307                | 203     | (6)     | 3483               | (30)    |
| EBITDA margin of the segment (%)*                               | 12          | 13      | (1)                | 14      | 11      | 3                  | 13      |
| Capital expenditures of the segment                             | 1,519       | 1,864   | (19)               | 930     | 588     | 58                 | 1,057   |
| Domestic basic oil products price (R\$/bbl)                     | 274.91      | 223.55  | 23                 | 292.33  | 255.61  | 14                 | 219.48  |
| Imports (Mbb/d)**                                               | 266         | 316     | (16)               | 353     | 179     | 97                 | 341     |
| Crude oil import                                                | 131         | 116     | 13                 | 180     | 82      | 120                | 139     |
| Diesel import                                                   | 25          | 5       | -                  | 50      | -       | -                  | 10      |
| Gasoline import                                                 | 5           | 10      | (50)               | 7       | 3       | 133                | 7       |
| Other oil product import                                        | 105         | 185     | (43)               | 116     | 94      | 23                 | 185     |
| Exports (Mbb/d)**                                               | 638         | 717     | (11)               | 591     | 686     | (14)               | 654     |
| Crude oil export                                                | 462         | 548     | (16)               | 429     | 496     | (14)               | 487     |
| Oil product export                                              | 176         | 169     | 4                  | 162     | 190     | (15)               | 167     |
| Exports (imports), net                                          | 372         | 401     | (7)                | 238     | 507     | (53)               | 313     |
| Refining Operations - Brazil (Mbb/d)**                          |             |         |                    |         |         |                    |         |
| Oil products output                                             | 1,759       | 1,805   | (3)                | 1,841   | 1,679   | 10                 | 1,798   |
| Reference feedstock                                             | 2,176       | 2,176   | -                  | 2,176   | 2,176   | -                  | 2,176   |
| Refining plants utilization factor (%)                          | 76          | 77      | (1)                | 81      | 72      | 9                  | 78      |
| Processed feedstock (excluding NGL)                             | 1,661       | 1,686   | (1)                | 1,752   | 1,569   | 12                 | 1,691   |
| Processed feedstock                                             | 1,717       | 1,735   | (1)                | 1,810   | 1,623   | 12                 | 1,745   |
| Domestic crude oil as % of total processed feedstock            | 94          | 94      | -                  | 93      | 94      | (1)                | 93      |
| Refining Operations - Abroad (Mbb/d)**                          |             |         |                    |         |         |                    |         |
| Total processed feedstock                                       | 110         | 84      | 31                 | 110     | 109     | 1                  | 112     |
| Oil products output                                             | 106         | 86      | 23                 | 110     | 102     | 8                  | 113     |
| Reference feedstock                                             | 100         | 100     | -                  | 100     | 100     | -                  | 100     |
| Refining plants utilization factor (%)                          | 102         | 79      | 23                 | 103     | 101     | 2                  | 102     |

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|                                                                       |       |       |      |       |       |      |       |
|-----------------------------------------------------------------------|-------|-------|------|-------|-------|------|-------|
| Refining cost - Brazil                                                |       |       |      |       |       |      |       |
| Refining cost (US\$/barrel)                                           | 2.64  | 2.95  | (11) | 2.36  | 2.96  | (20) | 2.86  |
| Refining cost (R\$/barrel)                                            | 9.05  | 9.38  | (4)  | 8.57  | 9.58  | (11) | 9.28  |
| Refining cost - Abroad (US\$/barrel)                                  | 4.51  | 4.53  | -    | 4.46  | 4.55  | (2)  | 4.18  |
| Sales volume (includes sales to BR Distribuidora and third-parties)** |       |       |      |       |       |      |       |
| Diesel                                                                | 648   | 656   | (1)  | 709   | 586   | 21   | 663   |
| Gasoline                                                              | 408   | 465   | (12) | 419   | 396   | 6    | 462   |
| Fuel oil                                                              | 42    | 57    | (26) | 35    | 50    | (30) | 57    |
| Naphtha                                                               | 94    | 145   | (35) | 91    | 97    | (6)  | 125   |
| LPG                                                                   | 228   | 231   | (1)  | 238   | 217   | 9    | 239   |
| Jet fuel                                                              | 120   | 112   | 7    | 118   | 122   | (4)  | 109   |
| Others                                                                | 181   | 183   | (1)  | 181   | 179   | 1    | 181   |
| Total domestic oil products (mmbbl/d)                                 | 1,720 | 1,849 | (7)  | 1,791 | 1,648 | 9    | 1,836 |

\* See definition of Adjusted EBITDA and Adjusted EBITDA Margin in Glossary and reconciliation in Reconciliation of Consolidated Adjusted EBITDA Statement by Segment.

\*\* Operational data is not audited by the independent auditors.

REFINING, TRANSPORTATION AND MARKETING

1H-2018 x 1H-2017

2Q-2018 x 1Q-2018

Results

The increase in operating income was due to the higher sales margin of oil products as a result of the realization of inventories formed at lower prices. On the other hand, there were lower sales volumes.

The increase in operating income was due to the higher sales margin of oil products due to the realization of inventories formed at lower prices. In addition, there was an increase in sales volume and the market share of diesel and gasoline. Operating expenses were lower due to the reversal of impairment at the closing of the sale of Petroquímica Suape.

Operating Performance

Imports and Exports of Crude Oil and Oil Products

There was a reduction in net oil exports due to lower production.

The export of oil decreased mainly due to increased processed feedstock. There was also an increase in the oil imports due to higher processed feedstock and to the imported volume for the next quarter.

Net export of oil products was due to the loss of market share from gasoline to ethanol and a reduction in sales of naphtha to Braskem.

There was net import of oil products due to the increase in sales in the domestic market, mainly of diesel and gasoline.

Refining Operations

Processed feedstock was lower, mainly due to gasoline loss of market to ethanol.

Processed feedstock was higher, mainly due to the reduction of imports by third parties.

Refining Cost

The reduction in the indicator is due to cost efficiencies.

Refining cost was lower mainly reflecting an increase in processed feedstock.





Table 04 - Gas &amp; Power Main Indicators

|                                                                                        | R\$ million |        |                    |         |         |                    |         |
|----------------------------------------------------------------------------------------|-------------|--------|--------------------|---------|---------|--------------------|---------|
|                                                                                        | Jan-Jun     |        |                    | 2Q-2018 | 1Q-2018 | 2Q18 X<br>1Q18 (%) | 2Q-2017 |
|                                                                                        | 2018        | 2017   | 2018 x<br>2017 (%) |         |         |                    |         |
| Sales revenues                                                                         | 19,596      | 16,971 | 15                 | 10,398  | 9,198   | 13                 | 9,268   |
| Brazil                                                                                 | 19,519      | 16,921 | 15                 | 10,347  | 9,172   | 13                 | 9,240   |
| Abroad                                                                                 | 77          | 50     | 54                 | 51      | 26      | 96                 | 28      |
| Gross profit                                                                           | 6,121       | 4,984  | 23                 | 2,756   | 3,365   | (18)               | 2,541   |
| Brazil                                                                                 | 6,118       | 4,981  | 23                 | 2,757   | 3,361   | (18)               | 2,545   |
| Abroad                                                                                 | 3           | 3      | -                  | (1)     | 4       | (125)              | (4)     |
| Operating expenses                                                                     | (4,718)     | 3,561  | (232)              | (2,144) | (2,574) | 17                 | 4,449   |
| Brazil                                                                                 | (4,697)     | 3,596  | (231)              | (2,133) | (2,564) | 17                 | 4,475   |
| Abroad                                                                                 | (21)        | (35)   | 40                 | (11)    | (10)    | (10)               | (26)    |
| Operating income (loss)                                                                | 1,403       | 8,545  | (84)               | 612     | 791     | (23)               | 6,990   |
| Brazil                                                                                 | 1,420       | 8,577  | (83)               | 623     | 797     | (22)               | 7,020   |
| Abroad                                                                                 | (17)        | (32)   | 47                 | (11)    | (6)     | (83)               | (30)    |
| Net income (loss) attributable to the shareholders<br>of Petrobras                     | 752         | 5,624  | (87)               | 271     | 481     | (44)               | 4,603   |
| Brazil                                                                                 | 796         | 5,602  | (86)               | 298     | 498     | (40)               | 4,599   |
| Abroad                                                                                 | (44)        | 22     | (300)              | (27)    | (17)    | (59)               | 4       |
| Adjusted EBITDA of the segment*                                                        | 2,613       | 3,139  | (17)               | 1,297   | 1,316   | (1)                | 883     |
| Brazil                                                                                 | 2,627       | 3,149  | (17)               | 1,307   | 1,320   | (1)                | 893     |
| Abroad                                                                                 | (14)        | (10)   | -                  | (10)    | (4)     | (150)              | (10)    |
| EBITDA margin of the segment (%)*                                                      | 13          | 18     | (5)                | 12      | 14      | (2)                | 10      |
| Capital expenditures of the segment                                                    | 593         | 2,450  | (76)               | 381     | 212     | 80                 | 1,116   |
| Physical and financial indicators - Brazil**                                           |             |        |                    |         |         |                    |         |
| Electricity sales (Free contracting market - ACL) -<br>average MW                      | 888         | 778    | 14                 | 873     | 903     | (3)                | 797     |
| Electricity sales (Regulated contracting market -<br>ACR) - average MW                 | 2,788       | 3,058  | (9)                | 2,788   | 2,788   | -                  | 3,058   |
| Generation of electricity - average MW                                                 | 2,108       | 2,351  | (10)               | 2,248   | 1,966   | 14                 | 2,682   |
| Electricity price in the spot market - Differences<br>settlement price (PLD) - R\$/MWh | 237         | 221    | 7                  | 288     | 186     | 55                 | 286     |
| Avaliability of Brazilian natural gas (Mbb/d)                                          | 321         | 334    | (4)                | 318     | 324     | (2)                | 338     |
| LNG imports (Mbb/d)***                                                                 | 22          | 17     | 29                 | 29      | 14      | 107                | 21      |
| Natural gas imports (Mbb/d)                                                            | 141         | 132    | 7                  | 143     | 140     | 2                  | 146     |

\*

\* See definition of Adjusted EBITDA and Adjusted EBITDA Margin in Glossary and reconciliation in Reconciliation of Consolidated Adjusted EBITDA Statement by Segment.

\*\* Operational data is not audited by the independent auditors.

\*\*\* Imports of regasified LNG have been considered as from the RMF 2Q-2018. Until the RMF 1Q-2018, it considered imports of LNG, regardless of its regasification within the analyzed period.

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## GAS & POWER

1H-2018 x 1H-2017

### Results

Slightly higher gas sales prices led to an increase in gross profit. Nevertheless, operating income was lower mainly due to higher selling expenses resulting from the payment of tariffs for the use of gas pipelines, to the provision for expected credit losses in the gas supply to the thermoelectric segment in the North region, as well as to the gain on the sale of NTS in 2Q17.

2Q-2018 x 1Q-2018

Despite higher volumes and prices of natural gas, gross profit dropped due to higher acquisition costs, with LNG import volume, as a result of lower delivery of domestic gas and higher consumption by the thermoelectrical market.

The decrease in operational income was due to the provision for expected credit losses in the gas supply to the thermoelectric segment in the North region

### Operating Performance

#### Physical and Financial Indicators

Increased imports of Bolivian natural gas and LNG due to lower domestic gas availability.

Increased imports of Bolivian natural gas and LNG due to higher demand from the thermoelectric segment and lower availability of domestic gas.

There was an increase in sales in the Free Contracting Environment (ACL) due to short-term market opportunities. The volume reduction in the Regulated Contracting Environment (RCA) is due to the termination of contracts.

The negative variation in sales in the ACL is due to a reduction in the expected demand for contracts with third parties and lower realization of additional sales.

The volume of energy generation showed a small drop as a result of a higher acquisition cost of the gas.

The increase in energy generation was a reflection of an unfavorable hydrological scenario in 2Q-2018, which caused increases in the Settlement Price of Differences (PLD) and in the thermoelectric dispatch.

Table 05 - Distribution Main Indicators

|                                                                 | R\$ million |         |                 |         |         |             |         |
|-----------------------------------------------------------------|-------------|---------|-----------------|---------|---------|-------------|---------|
|                                                                 | Jan-Jun     |         |                 | 2Q-2018 | 1Q-2018 | 2Q18 X 1Q18 | 2Q-2017 |
|                                                                 | 2018        | 2017    | 2018 x 2017 (%) |         |         | (%)         |         |
| Sales revenues                                                  | 48,090      | 41,239  | 17              | 24,674  | 23,416  | 5           | 20,327  |
| Brazil                                                          | 45,562      | 39,098  | 17              | 23,321  | 22,241  | 5           | 19,258  |
| Abroad                                                          | 2,528       | 2,141   | 18              | 1,353   | 1,175   | 15          | 1,069   |
| Gross profit                                                    | 2,944       | 2,869   | 3               | 1,373   | 1,571   | (13)        | 1,326   |
| Brazil                                                          | 2,758       | 2,690   | 3               | 1,278   | 1,480   | (14)        | 1,238   |
| Abroad                                                          | 186         | 179     | 4               | 95      | 91      | 4           | 88      |
| Operating expenses                                              | (2,133)     | (1,952) | (9)             | (1,104) | (1,029) | (7)         | (967)   |
| Brazil                                                          | (2,007)     | (1,867) | (7)             | (1,038) | (969)   | (7)         | (935)   |
| Abroad                                                          | (126)       | (85)    | (48)            | (66)    | (60)    | (10)        | (32)    |
| Operating income (loss)                                         | 811         | 917     | (12)            | 269     | 542     | (50)        | 359     |
| Brazil                                                          | 751         | 824     | (9)             | 240     | 511     | (53)        | 304     |
| Abroad                                                          | 60          | 93      | (35)            | 29      | 31      | (6)         | 55      |
| Net income (loss) attributable to the shareholders of Petrobras | 393         | 604     | (35)            | 122     | 271     | (55)        | 235     |
| Brazil                                                          | 353         | 542     | (35)            | 102     | 251     | (59)        | 198     |
| Abroad                                                          | 40          | 62      | (35)            | 20      | 20      | -           | 37      |
| Adjusted EBITDA of the segment*                                 | 1,038       | 1,138   | (9)             | 378     | 660     | (43)        | 459     |
| Brazil                                                          | 953         | 1,043   | (9)             | 337     | 616     | (45)        | 414     |
| Abroad                                                          | 85          | 95      | (11)            | 41      | 44      | (7)         | 45      |
| EBITDA margin of the segment (%)*                               | 2           | 3       | (1)             | 2       | 3       | -           | 2       |
| Capital expenditures of the segment                             | 195         | 148     | 32              | 111     | 84      | 32          | 77      |
| Sales Volumes - Brazil (Mbbbl/d)**                              |             |         |                 |         |         |             |         |
| Diesel                                                          | 290         | 290     | -               | 292     | 288     | 2           | 295     |
| Gasoline                                                        | 168         | 190     | (13)            | 165     | 170     | (3)         | 191     |
| Fuel oil                                                        | 31          | 42      | (26)            | 25      | 38      | (35)        | 39      |
| Jet fuel                                                        | 53          | 50      | 5               | 51      | 54      | (5)         | 48      |
| Others                                                          | 77          | 86      | (10)            | 79      | 75      | 5           | 87      |
| Total domestic oil products                                     | 619         | 659     | (6)             | 612     | 625     | (2)         | 659     |

\*

\* See definition of Adjusted EBITDA and Adjusted EBITDA Margin in Glossary and reconciliation in Reconciliation of Consolidated Adjusted EBITDA Statement by Segment.

\*\* Operational data is not audited by the independent auditors.



DISTRIBUTION

1H-2018 x 1H-2017

Results

Higher gross profit reflected the increase in average sales margins, mitigated by the lower sale volumes. Operating income decreased mainly due to the impact of the reversals in 2017 of the provision for indemnities of Voluntary Separation Plan, due to the withdrawals in the period, associated to the registration of the provision in 2018 for the program reopening.

2Q-2018  
x  
1Q-2018

The decrease in gross profit was due to the reduction in margins mainly to the loss of inventories due to the decrease in the price of diesel, as a result of the truck drivers' strike.

## Liquidity and Capital Resources

Table 06 – Liquidity and Capital Resources

|                                                                                                     | R\$ million |          |          |          |          |
|-----------------------------------------------------------------------------------------------------|-------------|----------|----------|----------|----------|
|                                                                                                     | Jan-Jun     |          | 2Q-2018  | 1Q-2018  | 2Q-2017  |
|                                                                                                     | 2018        | 2017     |          |          |          |
| Adjusted cash and cash equivalents* at the beginning of period                                      | 80,731      | 71,664   | 70,267   | 80,731   | 63,783   |
| Government bonds and time deposits with maturities of more than 3 months at the beginning of period | (6,237)     | (2,556)  | (3,905)  | (6,237)  | (2,909)  |
| Cash and cash equivalents at the beginning of period                                                | 74,494      | 69,108   | 66,362   | 74,494   | 60,874   |
| Net cash provided by (used in) operating activities                                                 | 47,813      | 42,878   | 25,595   | 22,218   | 19,653   |
| Net cash provided by (used in) investing activities                                                 | 666         | (11,311) | 28       | 638      | (3,049)  |
| Capital expenditures, investments in investees and dividends received                               | (18,447)    | (20,156) | (9,222)  | (9,225)  | (10,299) |
| Proceeds from disposal of assets (divestment)                                                       | 16,880      | 9,455    | 9,378    | 7,502    | 7,582    |
| Investments in marketable securities                                                                | 2,233       | (610)    | (128)    | 2,361    | (332)    |
| (=) Net cash provided by operating and investing activities                                         | 48,479      | 31,567   | 25,623   | 22,856   | 16,604   |
| Net financings                                                                                      | (64,806)    | (23,487) | (34,199) | (30,607) | (2,257)  |
| Proceeds from long-term financing                                                                   | 27,231      | 43,988   | 7,973    | 19,258   | 30,960   |
| Repayments                                                                                          | (92,037)    | (67,475) | (42,172) | (49,865) | (33,217) |
| Dividends paid to non- controlling interest                                                         | (903)       | (410)    | (903)    | –        | (410)    |
| Acquisition of non-controlling interest                                                             | (23)        | (142)    | (144)    | 121      | (12)     |
| Effect of exchange rate changes on cash and cash equivalents                                        | 8,295       | 1,334    | 8,797    | (502)    | 3,171    |
| Cash and cash equivalents at the end of period                                                      | 65,536      | 77,970   | 65,536   | 66,362   | 77,970   |
| Government bonds and time deposits with maturities of more than 3 months at the end of period       | 4,060       | 3,317    | 4,060    | 3,905    | 3,317    |
| Adjusted cash and cash equivalents* at the end of period                                            | 69,596      | 81,287   | 69,596   | 70,267   | 81,287   |
| Reconciliation of Free Cash Flow                                                                    |             |          |          |          |          |
| Net cash provided by (used in) operating activities                                                 | 47,813      | 42,878   | 25,595   | 22,218   | 19,653   |
| Capital expenditures, investments in investees and dividends received                               | (18,447)    | (20,156) | (9,222)  | (9,225)  | (10,299) |
| Free cash flow*                                                                                     | 29,366      | 22,722   | 16,373   | 12,993   | 9,354    |

As of June 30, 2018, the balance of cash and cash equivalents was R\$ 65,536 million and the balance of adjusted cash and cash equivalents was R\$ 69,596 million. The funds provided by net cash of operating activities of R\$ 47,813 million, funding of R\$ 27,231 million, receipts from the sale of assets of R\$ 16,880 million were allocated to comply with debt service and financing of investments in the business areas.

Cash generation from operating activities was R\$ 47,813 million, 12% higher than 1H-2017, due to the increase in oil exports margins and sale of oil product margins in the domestic market, partially offset by the decrease in volumes.

Capital expenditures totaled R\$ 18,447 million in 1H-2018, a decrease of 8% compared to 1H-2017, being 89% in E&P business segment.

The above mentioned factors resulted in a positive Free Cash Flow\* for the thirteenth consecutive quarter, from R\$ 16,373 million in 2Q-2018 and R\$ 29,366 million in 1H-2018, 29% higher than the first half of the previous year.

In 1H-2018, the company raised R\$ 27,231 million, of which: (i) the offering of global notes in the international capital markets (maturities in 2029) amounting to R\$ 6,359 million (US\$ 1,962 million); (ii) funding in the national and international banking market, with an average term of 6.5 years, in the total amount of R\$ 17,038 million and (iii) funding of R\$ 3,549 in financing with export credit agencies.



In addition, the Company settled several loans and financing, with highlights to: (i) the repurchase and / or redemption of R\$ 41,228 million (US\$ 11,760 million) of global notes in the international capital market, with maturities between 2019 and 2043 with the payment of net premium to the holders of securities that delivered their securities in the operation in the amount of R\$ 1,154 million; (ii) the prepayment of R\$ 31,809 million of loans in the domestic and international banking market; and (iii) prepayment of R\$ 2,385 million of financing from the BNDES.

Repayments of principal and interest were, respectively, R\$ 81,506 million and R\$ 10,531 million, totaling R\$ 92,037 million in 1H-2018 and the nominal cash flow (cash view), including principal and interest payments, by maturity, is set out in R\$ million, below:

Table 07 - Nominal cash flow including principal and interest payments

| Maturity  | Consolidated |        |        |        |        |                     | 06.30.2018 | 12.31.2017 |
|-----------|--------------|--------|--------|--------|--------|---------------------|------------|------------|
|           | 2018         | 2019   | 2020   | 2021   | 2022   | 2023 and thereafter |            |            |
| Principal | 4,572        | 10,403 | 25,361 | 32,404 | 51,324 | 233,384             | 357,448    | 365,632    |
| Interest  | 10,479       | 20,553 | 19,771 | 18,351 | 16,356 | 128,096             | 213,606    | 200,887    |
| Total     | 15,051       | 30,956 | 45,132 | 50,755 | 67,680 | 361,480             | 571,054    | 566,519    |

\*

\* See reconciliation of Adjusted Cash and Cash Equivalents in Net debt and definition of Adjusted Cash and Cash Equivalents and Free Cash Flow in glossary.

## Consolidated debt

Between January and June 2018, gross debt in Reais fell 2%, mainly as a result of debt repayment, net debt increased 1% due to the depreciation of the real against the US dollar and the average maturity of the debt was 9.11 years (8.62 years as of December 31, 2017). The average financing rate increased from 6.1% in December 2017 to 6.2% in June 2018.

Current debt and non-current debt include finance lease obligations of R\$ 87 million and R\$ 666 million as of December 31, 2017, respectively (R\$ 84 million and R\$ 675 million on December 31, 2017).

The ratio between net debt and the LTM Adjusted EBITDA\* decreased from 3.67 as of December 31, 2017 to 3.23 as of June 30, 2018 due to asset sales and positive free cash flow.

Table 08 - Consolidated debt in reais

|                                                                          | R\$ million |            |      |
|--------------------------------------------------------------------------|-------------|------------|------|
|                                                                          | 06.30.2018  | 12.31.2017 | Δ%   |
| Current debt                                                             | 15,353      | 23,244     | (34) |
| Non-current debt                                                         | 338,270     | 338,239    | –    |
| Total                                                                    | 353,623     | 361,483    | (2)  |
| Cash and cash equivalents                                                | 65,536      | 74,494     | (12) |
| Government securities and time deposits (maturity of more than 3 months) | 4,060       | 6,237      | (35) |
| Adjusted cash and cash equivalents*                                      | 69,596      | 80,731     | (14) |
| Net debt*                                                                | 284,027     | 280,752    | 1    |
| Net debt/(net debt+shareholders' equity) - Leverage                      | 50%         | 51%        | (1)  |
| Total net liabilities*                                                   | 780,686     | 750,784    | 4    |
| (Net third parties capital / total net liabilities)                      | 63%         | 64%        | (1)  |
| Net debt/Adjusted EBITDA ratio*                                          | 3.23        | 3.67       | (12) |
| Average interest rate (% p.a.)                                           | 6.2         | 6.1        | 1    |
| Net debt/Operating Cash Flow ratio*                                      | 3.11        | 3.25       | (4)  |

Table 09 - Consolidated debt in dollar

|                                  | U.S.\$ million |            |      |
|----------------------------------|----------------|------------|------|
|                                  | 06.30.2018     | 12.31.2017 | Δ%   |
| Current debt                     | 3,982          | 7,026      | (43) |
| Non-current debt                 | 87,730         | 102,249    | (14) |
| Total                            | 91,712         | 109,275    | (16) |
| Net debt*                        | 73,662         | 84,871     | (13) |
| Average maturity of debt (years) | 9.11           | 8.62       | 0.49 |

\*

Table 10 - Consolidated debt by rate, currency and maturity

**R\$ million**  
06.30.2018 12.31.2017  $\Delta\%$

## Summarized information on financing

## By rate

|                    |         |         |     |
|--------------------|---------|---------|-----|
| Floating rate debt | 179,529 | 176,943 | 1   |
| Fixed rate debt    | 173,341 | 183,781 | (6) |
| Total              | 352,870 | 360,724 | (2) |

## By currency

|                  |         |         |      |
|------------------|---------|---------|------|
| Brazilian Real   | 66,396  | 71,129  | (7)  |
| US Dollars       | 263,624 | 263,614 | –    |
| Euro             | 13,593  | 17,773  | (24) |
| Other currencies | 9,257   | 8,208   | 13   |
| Total            | 352,870 | 360,724 | (2)  |

## By maturity

|         |         |         |      |
|---------|---------|---------|------|
| 2018    | 10,203  | 23,160  | (56) |
| 2019    | 10,007  | 21,423  | (53) |
| 2020    | 24,811  | 31,896  | (22) |
| 2021    | 31,838  | 42,168  | (24) |
| 2022    | 50,998  | 59,594  | (14) |
| 2023 on | 225,013 | 182,483 | 23   |
| Total   | 352,870 | 360,724 | (2)  |

\* See definition of Adjusted Cash and Cash Equivalents, Net Debt, Total Net Liabilities, Adjusted EBITDA, OCF and Leverage in glossary and reconciliation in Reconciliation of LTM Adjusted EBITDA and LTM OCF.

## ADDITIONAL INFORMATION

## 1. Reconciliation of Adjusted EBITDA

Our Adjusted EBITDA is a performance measure computed by using the EBITDA (net income before net finance income (expense), income taxes, depreciation, depletion and amortization). Petrobras presents the EBITDA according to Instrução CVM nº 527 of October 4, 2012, adjusted by items not considered as part of Company's primary business, which include results in equity-accounted investments, results from disposal and write-offs of assets, impairment and cumulative foreign exchange adjustments reclassified to the income statement.

In calculating Adjusted EBITDA, we adjusted our EBITDA for the periods of 2018 by adding foreign exchange gains and losses resulting from provisions for legal proceedings denominated in foreign currencies. Legal provisions in foreign currencies primarily consist of Petrobras's portion of the class action settlement provision created in December 2017. The foreign exchange gains or losses on legal provisions are presented in other income and expenses for accounting purposes but management does not consider them to be part of the Company's primary business, as well as they are substantially similar to the foreign exchange effects presented within net finance income. No adjustments have been made to the comparative measures presented as amounts were not significant in these periods.

The LTM Adjusted EBITDA reflects the sum of the last twelve months of Adjusted EBITDA and represents an alternative measure to our net cash provided by operating activities. This measure is used to calculate the metric Net Debt/LTM Adjusted EBITDA, which is established in the Business Plan 2018-2022, to support management's assessment of liquidity and leverage.

EBITDA, Adjusted EBITDA and LTM Adjusted EBITDA are not defined in the International Financial Reporting Standards – IFRS. Our calculation may not be comparable to the calculation of Adjusted EBITDA by other companies and it should not be considered as a substitute for any measure calculated in accordance with IFRS. These measures must be considered in conjunction with other measures and indicators for a better understanding of the Company's operational performance and financial conditions.

Table 11 - Reconciliation of Adjusted EBITDA

|                                                                               | R\$ million |         |                    |         |         |                    |         |
|-------------------------------------------------------------------------------|-------------|---------|--------------------|---------|---------|--------------------|---------|
|                                                                               | Jan-Jun     |         |                    |         |         |                    |         |
|                                                                               | 2018        | 2017    | 2017 X 2016<br>(%) | 2Q-2018 | 1Q-2018 | 2Q18 X<br>1Q18 (%) | 2Q-2017 |
| Net income (loss)                                                             | 16,816      | 5,099   | 230                | 9,691   | 7,125   | 36                 | 292     |
| Net finance income (expense)                                                  | 9,893       | 16,590  | (40)               | 2,647   | 7,246   | (63)               | 8,835   |
| Income taxes                                                                  | 8,593       | 8,798   | (2)                | 4,638   | 3,955   | 17                 | 6,478   |
| Depreciation, depletion and amortization                                      | 22,020      | 21,148  | 4                  | 10,963  | 11,057  | (1)                | 10,382  |
| EBITDA                                                                        | 57,322      | 51,635  | 11                 | 27,939  | 29,383  | (5)                | 25,987  |
| Share of earnings in equity-accounted investments                             | (821)       | (1,227) | 33                 | (310)   | (511)   | 39                 | (615)   |
| Impairment losses / (reversals)                                               | (119)       | 207     | (157)              | (177)   | 58      | (405)              | 228     |
| Realization of cumulative translation adjustment                              | –           | 116     | (100)              | –       | –       | –                  | –       |
| Gains/ losses on disposal/ write-offs of non-current assets*                  | (2,123)     | (6,383) | 67                 | 1,138   | (3,261) | 135                | (6,506) |
| Foreign exchange gains or losses on material provisions for legal proceedings | 1,576       | –       | –                  | 1,477   | 99      | 1,392              | –       |

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|                                                    |         |         |         |         |         |       |         |
|----------------------------------------------------|---------|---------|---------|---------|---------|-------|---------|
| Adjusted EBITDA                                    | 55,835  | 44,348  | 26      | 30,067  | 25,768  | 17    | 19,094  |
| Income Tax                                         | (8,593) | (8,798) | 2       | (4,638) | (3,955) | (17)  | (6,478) |
| Allowance of impairment of other receivables       | 1,483   | 1,458   | 2       | 1,040   | 443     | 135   | 1,464   |
| Change in Accounts receivables                     | (5,034) | 383     | (1,414) | (6,844) | 1,810   | (478) | (1,130) |
| Change in inventory                                | (6,526) | 823     | (893)   | (5,384) | (1,142) | (371) | (391)   |
| Change in suppliers                                | 1,046   | (2,381) | 144     | 2,403   | (1,357) | 277   | 909     |
| Change in deferred income tax, social contribution | 1,164   | 5,399   | (78)    | 531     | 633     | (16)  | 3,905   |
| Change in tax and contributions                    | 2,575   | 3,278   | (21)    | 2,111   | 464     | 355   | 3,242   |
| Other assets and liabilities                       | 5,863   | (1,632) | 459     | 6,309   | (446)   | 1,515 | (962)   |
| Funds generated by operating activities (OCF)      | 47,813  | 42,878  | 12      | 25,595  | 22,218  | 15    | 19,653  |
| Adjusted EBITDA margin (%)                         | 35      | 33      | 2       | 36      | 35      | 1     | 29      |

\* In 2018, it primarily includes the results with divestments. In 2017, it primarily includes returned areas, canceled projects and the gain with NTS divestment.

## 2.Reconciliation of Operating Cash Flow

Table 12 - Reconciliation of OCF

|                                                                               | R\$ million        |            |
|-------------------------------------------------------------------------------|--------------------|------------|
|                                                                               | Last Twelve Months |            |
|                                                                               | 06.30.2018         | 31.12.2017 |
| Net income (loss)                                                             | 12,094             | 377        |
| Net finance income (expense)                                                  | 24,902             | 31,599     |
| Income taxes                                                                  | 5,592              | 5,797      |
| Depreciation, depletion and amortization                                      | 43,350             | 42,478     |
| EBITDA                                                                        | 85,938             | 80,251     |
| Share of earnings in equity-accounted investments                             | (1,743)            | (2,149)    |
| Impairment losses / (reversals)                                               | 3,536              | 3,862      |
| Realization of cumulative translation adjustment                              | -                  | 116        |
| Gains/ losses on disposal/ write-offs of non-current assets*                  | (1,263)            | (5,523)    |
| Foreign exchange gains or losses on material provisions for legal proceedings | 1,576              | -          |
| Adjusted EBITDA                                                               | 88,044             | 76,557     |
| Income Tax                                                                    | (5,592)            | (5,797)    |
| Allowance of impairment of other receivables                                  | 2,296              | 2,271      |
| Change in Accounts receivables                                                | (8,557)            | (3,140)    |
| Change in inventory                                                           | (8,479)            | (1,130)    |
| Change in suppliers                                                           | 3,267              | (160)      |
| Change in deferred income tax, social contribution                            | (2,783)            | 1,452      |
| Change in tax and contributions                                               | 6,208              | 6,911      |
| Other assets and liabilities                                                  | 16,998             | 9,503      |
| Funds generated by operating activities (OCF)                                 | 91,402             | 86,467     |

\*

\* In 2018, it primarily includes the results with divestments. In 2017, it primarily includes returned areas, canceled projects and the gain with NTS divestment.



## ADDITIONAL INFORMATION

## 3. Impact of our Cash Flow Hedge policy

Table 13 - Impact of our Cash Flow Hedge policy

|                                                                        | R\$ million |         |                    |          |         |                    |         |
|------------------------------------------------------------------------|-------------|---------|--------------------|----------|---------|--------------------|---------|
|                                                                        | Jan-Jun     |         |                    | 2Q-2018  | 1Q-2018 | 2Q18 X<br>1Q18 (%) | 2Q-2017 |
|                                                                        | 2018        | 2017    | 2018 x<br>2017 (%) |          |         |                    |         |
| Total inflation indexation and foreign exchange variation              | (30,575)    | (3,237) | (844)              | (29,640) | (935)   | (3,070)            | (8,388) |
| Deferred Foreign Exchange Variation recognized in Shareholders' Equity | 31,688      | 2,282   | 1,288              | 30,590   | 1,099   | 2,684              | 7,741   |
| Reclassification from Shareholders' Equity to the Statement of Income  | (5,507)     | (4,806) | (15)               | (2,847)  | (2,661) | (7)                | (2,371) |
| Net Inflation indexation and foreign exchange variation                | (4,394)     | (5,761) | 24                 | (1,897)  | (2,497) | 24                 | (3,018) |

The reclassification of foreign exchange variation expense from Shareholders' Equity to the Income Statement in the 1H-2018 was R\$ 5,507 million, a increase of 15% compared to 1H-2017 due to the exchange rate.

The small increase in the reclassification of expenses with foreign exchange variation in Shareholders' Equity for the 2Q-2018 result (R\$ 2,847 million) in relation to the prior quarter (R\$ 2,661 million), reflecting the exports done, protected by debts in dollars, with lower spread of foreign exchange (R\$/US\$) between initial dates of the designations and the actual exports dates.

Additional hedging relationships may be revoked or additional reclassification adjustments from equity to the income statement may occur as a result of changes in forecast export prices and export volumes following a review of the Company's business plan. Based on a sensitivity analysis considering a US\$ 10/barrel decrease in Brent prices stress scenario, when compared to the Brent price projections in our most recent update of the 2018-2022 Business and Management Plan (Plano de Negócios e Gestão – PNG), no reclassification adjustment from equity to the income statement would occur.

The expected annual realization of the foreign exchange variation balance in shareholders' equity, on June 30, 2018, is set out below:

Table 14 - Expectation of exports volumes realization

Consolidated



2018 2019 2020 2021 2022 2023 2024 2025 a 2027 Total

Expected realization (6,623)(11,528)(10,135)(9,653)(10,534)(6,218)(3,216)1,662 (56,245)

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## ADDITIONAL INFORMATION

## 4. Assets and Liabilities subject to Exchange Variation

The Company has assets and liabilities subject to foreign exchange rate variation, for which the main gross exposures are the Brazilian Real relative to the U.S. dollar and the U.S. dollar relative to the Euro. Beginning in mid-May 2013, the Company extended the use of hedge accounting to hedge highly probable future exports.

The Company designates hedging relationships between exports and its long-term debt obligations (denominated in U.S. dollars) to, simultaneously, recognize the effects of the existing natural foreign exchange hedge between those operations in its financial statements. Through the extension of the hedge accounting practice, foreign exchange gains or losses, generated by foreign exchange variation, are recognized in our shareholders' equity and will only affect the statement of income at the moment of future exports realization.

During 2017, Petrobras, through its affiliate Petrobras Global Trading B.V. (PGT), made a cross currency swap derivative, aiming to protect the exposure to pounds against U.S. dollar, in view of the bond with notional value of GBP 700 million and GBP 600 million with maturity to December, 2026 and 2034 respectively. The Company does not have the intention to liquidate those transactions before the maturity date.

In 2Q-2018, Petrobras, through its indirect subsidiary Petrobras Global Trading B.V., entered into a non-forward forward derivative operation, in order to hedge against the euro versus the dollar exposure, due to the issue of bonds. The company has no intention to settle such contracts before the maturity date.

The balances of assets and liabilities in foreign currency of our foreign subsidiaries are not included in our foreign exchange rate variation exposure below when transacted in a currency equivalent to their respective functional currencies.

As of June 30, 2018, the Company had a net liability exposure to foreign exchange rates, of which the main exposure is the relationship between the U.S. dollar and the Brazilian real.

Table 15 - Assets and Liabilities subject to exchange variation

| ITEMS                      | R\$ million |            |
|----------------------------|-------------|------------|
|                            | 06.30.2018  | 12.31.2017 |
| Assets                     | 47,409      | 44,013     |
| Liabilities                | (292,906)   | (261,358)  |
| Hedge Accounting           | 226,068     | 193,189    |
| Cross Currency Swap        | 6,616       | 5,813      |
| Non Delivery Forward (NDF) | 12,159      | –          |
| Total                      | (654)       | (18,343)   |

Table 16 - Assets and Liabilities subject to exchange variation by currency

| BY CURRENCY                   | R\$ million |            |
|-------------------------------|-------------|------------|
|                               | 06.30.2018  | 12.31.2017 |
| Real/ U.S. Dollars            | (2,428)     | (4,208)    |
| Real/ Euro                    | (13)        | (76)       |
| Real/ Pound Sterling          | (76)        | (69)       |
| U.S. Dollars/ Yen             | (390)       | (316)      |
| U.S. Dollars/ Euro            | 1,685       | (14,172)   |
| U.S. Dollars/ Pound Sterling* | 568         | 498        |

Total (654) (18,343)

Table 17 - Foreign exchange and inflation indexation charges

|                                                                                              | R\$ million |         |                    |         |         |                    |         |
|----------------------------------------------------------------------------------------------|-------------|---------|--------------------|---------|---------|--------------------|---------|
|                                                                                              | Jan-Jun     |         |                    | 2Q-2018 | 1Q-2018 | 2Q18 X<br>1Q18 (%) | 2Q-2017 |
| Foreign exchange and inflation indexation charges                                            | 2018        | 2017    | 2018 x<br>2017 (%) |         |         |                    |         |
| Foreign exchange variation Dollar x Euro                                                     | 125         | (1,468) | 109                | 482     | (357)   | 235                | (1,171) |
| Foreign exchange variation Real x Dollar                                                     | 877         | 46      | 1807               | 704     | 174     | 305                | 245     |
| Foreign exchange variation Dollar x Pound Sterling                                           | (125)       | (181)   | 31                 | (282)   | 157     | (280)              | (117)   |
| Reclassification of hedge accounting from<br>Shareholders' Equity to the Statement of Income | (5,507)     | (4,806) | (15)               | (2,847) | (2,661) | (7)                | (2,371) |
| Foreign exchange variation Real x Euro                                                       | (5)         | (55)    | 91                 | (4)     | (1)     | (300)              | (54)    |
| Others                                                                                       | 241         | 703     | (66)               | 50      | 191     | (74)               | 450     |
| Net Inflation indexation and foreign exchange<br>variation                                   | (4,394)     | (5,761) | 24                 | (1,897) | (2,497) | 24                 | (3,018) |

## ADDITIONAL INFORMATION

## 5. Special Items

Table 18 – Special itens

| R\$ million           |         |                                                                                                          |                                                   |         |         |         |
|-----------------------|---------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------|---------|---------|
| For the first half of |         |                                                                                                          | Items of Income Statement                         | 2Q-2018 | 1Q-2018 | 2Q-2017 |
| 2018                  | 2017    |                                                                                                          |                                                   |         |         |         |
| 2,123                 | 6,383   | Gains (losses) on Disposal of Assets                                                                     | Other income (expenses)                           | (1,138) | 3,261   | 6,506   |
| 2,068                 | –       | Renegotiation of Eletrobras System debts                                                                 | Several                                           | 2,068   | –       | –       |
| (1,576)               | –       | Foreign exchange gains or losses on material provisions for legal proceedings                            | Other income (expenses)                           | (1,477) | (99)    | –       |
| 140                   | (182)   | Impairment of assets and investments                                                                     | Several                                           | 204     | (64)    | (140)   |
| –                     | (116)   | Cumulative translation adjustment – CTA Impacts of Brazilian federal settlement programs on Income Taxes | Other income (expenses)                           | –       | –       | –       |
| –                     | (4,331) | Impairment of trade receivables from companies in the isolated electricity system                        | Several                                           | –       | –       | (4,331) |
| (1,375)               | (72)    | (Losses)/ Gains with judicial contingencies                                                              | Selling expenses                                  | (967)   | (408)   | (181)   |
| (261)                 | 96      | State Tax Amnesty Program                                                                                | Other income (expenses)                           | –       | (261)   | 741     |
| (125)                 | (129)   | Voluntary Separation Incentive Plan – PIDV                                                               | Other taxes                                       | (45)    | (80)    | (129)   |
| (12)                  | 669     | Revenue with a contractual penalty for the non-realization of the sale of Liquigás                       | Other income (expenses)                           | 11      | (23)    | 394     |
| 286                   | –       | Refund of values – "Lava Jato" Operation                                                                 | Other income (expenses)                           | –       | 286     | –       |
| 1                     | 89      | Vitória 10.000 drillship                                                                                 | Other income (expenses)                           | –       | 1       | 89      |
| –                     | (818)   | Federal Debt Settlement Programs                                                                         | Other taxes                                       | –       | –       | (818)   |
| –                     | (3,972) |                                                                                                          | Share of earnings in equity-accounted investments | –       | –       | (3,972) |
| 1,269                 | (2,383) | Total                                                                                                    |                                                   | (1,344) | 2,613   | (1,841) |

## Impact of the impairment of assets and investments on the Company's Income Statement:

|     |       |                                                   |  |     |      |       |
|-----|-------|---------------------------------------------------|--|-----|------|-------|
| 119 | (207) | Impairment                                        |  | 177 | (58) | (228) |
|     |       | Share of earnings in equity-accounted investments |  | 27  | (6)  | 88    |
| 21  | 25    | Impairment of assets and investments              |  | 204 | (64) | (140) |

These special items are related to the Company's businesses and based on Management's judgement have been highlighted and are presented as additional information to provide a better understanding of the Company's performance. These items are presented when relevant and do not necessarily occur in all periods.



## ADDITIONAL INFORMATION

### 6. Results 1H-2018 x 1H-2017:

Sales revenues of R\$ 158,856 million, R\$ 23,495 million higher than the same period of 2017 (R\$ 135,361 million), mainly due to:

- Increase in domestic revenues (R\$ 13,649 million), mainly as a result of:
  - higher average prices of oil products, especially diesel (R\$ 7,553 million), gasoline (R\$ 4,691 million) and GLP (R\$ 2,308 million), reflecting price readjustments, and other oil products (R\$ 3,771 million) following the increase in international prices and the depreciation of the Brazilian Real against the U.S. Dollar;
  - higher revenues of natural gas (R\$ 1,455 million), as a consequence of higher prices and demand growth;
  - lower sales volumes of oil products in the domestic market (R\$ 4,600 million), mainly:
    - gasoline (R\$ 3,191 million), as a consequence of market loss to ethanol; and
    - nafta (R\$ 1,579 million), due to sales reduction to Braskem;
- Increase in export revenues of oil and oil products (R\$ 6,497 million), due to higher prices, following the increase in international prices and the depreciation of the Brazilian Real against the U.S. Dollar, partially offset by the reduction of oil exports; and
- Increase in revenues of activities abroad (R\$ 3,602 million), as a consequence of higher international prices.

Cost of sales were R\$ 100,460 million, R\$ 10,254 million higher than the same period of 2017 (R\$ 90,206 million), as a consequence of:

- higher government participation expenses and oil imports, influenced by the increase of international commodities prices;
- higher costs associated with activities abroad, reflecting international prices increase; and
- lower expenses with oil products import, especially nafta and gasoline, due to the reduction of domestic sales of oil products.

Selling expenses were R\$ 8,876 million, 41% higher, due to higher logistics costs resulting from the payments of tariffs for the use of the pipeline after the sale of NTS in 2Q-17 (R\$ 1,074 million) and the expected credit losses in the electricity sector (R\$ 1,303 million).

General and administrative expenses of R\$ 4,348 million, 4% lower, reflecting lower expenses with administrative services rendered by third parties.

Exploration costs were R\$ 1,026 million, 14% higher, due to provisions related to contractual penalties of local content (R\$ 204 million), partially offset by lower expenses with projects without economic viability (R\$ 92 million).

Tax expenses of R\$ 840 million, R\$ 2,520 million lower, mainly due to the enrollment of the Federal Tax Settlement in the 2Q-2017 (R\$ 2,298 million).

Other operating expenses were R\$ 7,737 million, R\$ 7,794 million higher than other operating revenues of the 1H-2017, mainly:

• gains from the sale of Nova Transportadora do Sudeste (NTS) in the 1H-2017 of R\$ 6,977 million;  
• negative variation in market value of put options contracted to protect the price of part of oil (R\$ 1,957 million);  
• higher provision for losses and contingencies with judicial processes (R\$ 1,745 million), highlighting the negative exchange variation related to the passive exposure of the Class Action (R\$ 1,576 million); and  
• net gains on the disposal/write-off of assets of R\$ 2,123 million, mainly due to the sale of Lapa, Iara and Carcará areas (R\$ 3,223 million), partially offset by losses incurred after the final price adjustment of the sale of 25% stake in Roncador field (R\$ 801 million); and  
• lower expenses with equipment idleness (R\$ 811 million).

Negative net financial result of R\$ 9,893 million, R\$ 6,697 million lower than the 1H-2017, due to:

- reduction of R \$ 5,330 million in net financial expenses, especially:
- recognition of the gain arising from the renegotiation of Eletrobras System debts (R\$ 2,068 million);
- charges arising from the enrollment in the Federal Tax Settlement Programs in 1H-2017 (R\$ 1,674 million); and
- reduction of interest expenses due to prepayments of debts (R \$ 1,241 million).
- negative monetary and exchange variation of R \$ 1,367 million, due to:
  - positive exchange variation of R\$ 125 million due to the appreciation of 2.7% of the US dollar over the net passive exposure in euro, compared to the negative exchange variation of R\$ 1,468 million due to the 8.2% depreciation over the net passive exposure in euros in 1H-2017 (R \$ 1,593 million);
  - greater depreciation of the Brazilian Real over net active exposure in U.S. Dollars, compared to 1H-2017 (R\$ 832 million);
  - negative exchange variation of R \$ 125 million due to the 2.4% appreciation of the US dollar over the net asset exposure in sterling, compared to the negative exchange variation of R\$ 181 million due to the 4.9% depreciation over the net passive exposure in 1H-2017 (R\$ 56 million);
  - reduction of the passive exposure in Brazilian real over euros generated a positive variation (R\$ 50 million);
  - higher reclassification of the exchange variation accumulated in the shareholders' equity to the result by the realization of the protected exports in the scope of hedge accounting (R\$ 702 million); and
  - higher expenses with other monetary and exchange rate adjustments (R\$ 462 million).

Positive result of participation in investments of R\$ 821 million, 33% lower, mainly reflecting the lower result in participations in the petrochemical sector.

Income tax and social contribution expense of R\$ 8,593 million, 2% lower, due to the better result obtained in the period, offset by the effects of joining the Federal Tax Settlement Programs in 2Q-2017 (see note 19.6 of the Quarterly Report).

The negative result with non-controlling shareholders was R\$ 217 million, R\$ 551 million lower, mainly due to the effect of the depreciation of the Brazilian Real over the U.S. Dollar of structured entities, partially offset by the positive result of BR Distribuidora.



## ADDITIONAL INFORMATION

### 7. Results of Operations of 2Q-2018 compared to 1Q-2018:

Sale revenues of R\$ 84,395 million was 13% higher than the 1Q-2018, reflecting:

- revenue growth in the domestic market (R \$ 8,754 million), mainly due to:
  - higher average prices of oil products (R \$ 4,589 million), especially diesel (R\$ 2,522 million) and gasoline (R\$ 1,309 million), largely following fluctuations in international prices;
  - higher sales volumes of oil products (R\$ 3,550 million), mainly:
    - Diesel (R\$ 3,232 million), as a consequence of lower sales by other players and the effect of the seasonality of diesel consumption, due to the reduction of economic activity in the beginning of the year;
    - LPG (R\$ 385 million), higher consumption influenced by lower temperatures and greater economic activity; and
    - increase in natural gas sales revenue (R\$ 602 million), reflecting higher volumes and prices in the thermoelectric and non-thermoelectric market
- revenue growth from export of oil and oil products (R\$ 853 million), due to higher selling prices (R\$ 2,595 million), influenced by the behavior of international prices and the depreciation of the Brazilian real against the US dollar, partially offset by lower export volumes (R\$ 1,742 million).

Cost of sales was R\$ 52,772 million, 11% higher than the 1Q-2018, with the following factors:

- higher expenses with government participation and oil imports, influenced by the increase in international commodity prices and the devaluation of the Brazilian real against the US dollar;
  - higher expenditures with diesel imports, reflecting its greater participation in sales and higher acquisition costs; and
  - higher LNG imports reflecting the greater participation in the sales mix.
- Selling expenses of R\$ 4,748 million, up 15% from 1Q-2018, due to the higher expected credit losses in the electric sector (R\$ 559 million), and by the higher sales of oil products in the domestic market.

Exploration costs for oil and natural gas extraction of R \$584 million, 32% higher than the 1Q-2018, as a result of higher expenses for projects without economic viability (R\$ 180 million).

Other operating expenses totaled R\$ 6,467 million, R\$ 5,197 million higher than the 1Q-2018, mainly:

- net losses with sale and disposal of assets of R\$ 1,138 million in the 2Q-2018, mainly due to the loss of the adjustment of the final price of the 25% sale of the Roncador field (R\$ 801 million), in contrast to the gain in the 1Q-2018 of R\$3,261 million, mainly due to the sale of Lapa, Iara and Carcará areas in 1Q-2018 (R\$ 3,223 million);
- higher expenses with exchange variation over the passive exposure of the Class Action (1,378 million)
- higher losses with negative variation in the market value of the put options contracted to protect the price of part of the oil production (R\$ 547 million); and
- reversal of impairment of R\$ 177 million in the 2Q-2018, basically impacted by the price variation at the close of the operation of sale of Petroquímica Suape and Citepe, an amount R\$ 235 million higher than the expense recognized in the 1Q-2018 (R \$ 58 million).



Negative net financial result of R\$ 2,647 million, R\$ 4,599 million lower than the 1Q-2018, due to:

- Decrease of R\$ 3,999 million in net financial expenses, especially:
  - recognition of the gain arising from the renegotiation of Eletrobras System debts (R\$ 2,068 million);
  - gains on repurchase of debt securities in the capital market, net of costs, in the amount of R\$ 265 million, R\$ 1,611 million higher than losses registered in the 2Q-2018 (R\$ 1,346 million);
- Negative monetary and exchange variation, R\$ 600 million lower, caused by:
  - Positive exchange variation of R\$ 482 million due to the 5% appreciation of

the US dollar over the net passive exposure in euro, compared to the negative exchange variation of R\$ 357 million due to the depreciation of 2.4% of the US dollar over the net passive exposure in euros in the 1Q-2018 (R\$ 839 million); greater depreciation of the real on net active exposure in dollars, compared to 1Q-2018 (R\$ 530 million); lower revenues from other monetary and exchange rate adjustments (R\$ 141 million); greater reclassification of the negative exchange variation accumulated in the shareholders' equity in the result for the realization of the exports protected in the scope of hedge accounting (R\$ 186 million); and

negative  
exchange  
variation of R \$  
282 million due  
to the  
appreciation of  
5.9% of the US  
dollar over net  
asset exposure  
in sterling,  
compared to a  
positive  
exchange  
variation of R\$  
157 million due  
to the  
depreciation of  
3.7% of the US  
dollar over net  
asset exposure  
in the 1Q-2018  
(R\$ 439  
million);

Income tax and social contribution expenses of R\$ 4,638 million, R\$ 683 million higher than the 1Q-2018, mainly due to a better result in the period (see note 19.6 of the Quarterly Report).

Positive result for non-controlling shareholders of R\$ 381 million, R\$ 545 million higher than the negative result of the 1Q-2018, mainly reflecting the effect of the depreciation of the Brazilian real over the U.S. dollar denominated debt of structured entities.

## FINANCIAL STATEMENTS

## Income Statement - Consolidated

|                                                   | R\$ million |          |          |          |          |
|---------------------------------------------------|-------------|----------|----------|----------|----------|
|                                                   | Jan-Jun     |          | 2Q-2018  | 1Q-2018  | 2Q-2017  |
|                                                   | 2018        | 2017     |          |          |          |
| Sales revenues                                    | 158,856     | 135,361  | 84,395   | 74,461   | 66,996   |
| Cost of sales                                     | (100,460)   | (90,206) | (52,772) | (47,688) | (45,627) |
| Gross profit                                      | 58,396      | 45,155   | 31,623   | 26,773   | 21,369   |
| Selling expenses                                  | (8,876)     | (6,279)  | (4,748)  | (4,128)  | (3,889)  |
| General and administrative expenses               | (4,348)     | (4,528)  | (2,206)  | (2,142)  | (2,221)  |
| Exploration costs                                 | (1,026)     | (899)    | (584)    | (442)    | (603)    |
| Research and development expenses                 | (1,088)     | (886)    | (593)    | (495)    | (549)    |
| Other taxes                                       | (840)       | (3,360)  | (359)    | (481)    | (3,069)  |
| Other income and expenses, net                    | (7,737)     | 57       | (6,467)  | (1,270)  | 3,952    |
|                                                   | (23,915)    | (15,895) | (14,957) | (8,958)  | (6,379)  |
| Operating income (loss)                           | 34,481      | 29,260   | 16,666   | 17,815   | 14,990   |
| Finance income                                    | 5,697       | 1,984    | 4,596    | 1,101    | 1,051    |
| Finance expenses                                  | (11,196)    | (12,813) | (5,346)  | (5,850)  | (6,868)  |
| Foreign exchange and inflation indexation charges | (4,394)     | (5,761)  | (1,897)  | (2,497)  | (3,018)  |
| Net finance income (expense)                      | (9,893)     | (16,590) | (2,647)  | (7,246)  | (8,835)  |
| Share of earnings in equity-accounted investments | 821         | 1,227    | 310      | 511      | 615      |
| Income (loss) before income taxes                 | 25,409      | 13,897   | 14,329   | 11,080   | 6,770    |
| Income taxes                                      | (8,593)     | (8,798)  | (4,638)  | (3,955)  | (6,478)  |
| Net income (loss)                                 | 16,816      | 5,099    | 9,691    | 7,125    | 292      |
| Net income (loss) attributable to:                |             |          |          |          |          |
| Shareholders of Petrobras                         | 17,033      | 4,765    | 10,072   | 6,961    | 316      |
| Non-controlling interests                         | (217)       | 334      | (381)    | 164      | (24)     |
|                                                   | 16,816      | 5,099    | 9,691    | 7,125    | 292      |

## Statement of Financial Position – Consolidated

| ASSETS                                                              | R\$ million |            |
|---------------------------------------------------------------------|-------------|------------|
|                                                                     | 06.30.2018  | 12.31.2017 |
| Current assets                                                      | 144,255     | 155,909    |
| Cash and cash equivalents                                           | 65,536      | 74,494     |
| Marketable securities                                               | 4,060       | 6,237      |
| Trade and other receivables, net                                    | 19,385      | 16,446     |
| Inventories                                                         | 35,534      | 28,081     |
| Recoverable taxes                                                   | 9,006       | 8,062      |
| Assets classified as held for sale                                  | 1,542       | 17,592     |
| Other current assets                                                | 9,192       | 4,997      |
| Non-current assets                                                  | 706,027     | 675,606    |
| Long-term receivables                                               | 80,530      | 70,955     |
| Trade and other receivables, net                                    | 19,091      | 17,120     |
| Marketable securities                                               | 200         | 211        |
| Judicial deposits                                                   | 22,545      | 18,465     |
| Deferred taxes                                                      | 15,606      | 11,373     |
| Other tax assets                                                    | 10,010      | 10,171     |
| Advances to suppliers                                               | 3,074       | 3,413      |
| Other non-current assets                                            | 10,004      | 10,202     |
| Investments                                                         | 12,287      | 12,554     |
| Property, plant and equipment                                       | 605,484     | 584,357    |
| Intangible assets                                                   | 7,726       | 7,740      |
| Total assets                                                        | 850,282     | 831,515    |
| <br>                                                                |             |            |
| LIABILITIES                                                         | R\$ million |            |
|                                                                     | 06.30.2018  | 12.31.2017 |
| Current liabilities                                                 | 84,649      | 82,535     |
| Trade payables                                                      | 20,769      | 19,077     |
| Finance debt and Finance lease obligations                          | 15,353      | 23,244     |
| Taxes payable                                                       | 17,423      | 16,036     |
| Employee compensation (payroll, profit-sharing and related charges) | 6,013       | 4,331      |
| Pension and medical benefits                                        | 2,805       | 2,791      |
| Provisions for legal proceedings                                    | 12,398      | 7,463      |
| Liabilities associated with assets classified as held for sale      | 165         | 1,295      |
| Other current liabilities                                           | 9,723       | 8,298      |
| Non-current liabilities                                             | 478,185     | 479,371    |
| Finance debt and Finance lease obligations                          | 338,270     | 338,239    |
| Taxes payable                                                       | 2,180       | 2,219      |
| Deferred taxes                                                      | 1,637       | 3,956      |
| Pension and medical benefits                                        | 71,522      | 69,421     |
| Provisions for legal proceedings                                    | 13,376      | 15,778     |
| Provision for decommissioning costs                                 | 47,335      | 46,785     |
| Other non-current liabilities                                       | 3,865       | 2,973      |
| Shareholders' equity                                                | 287,448     | 269,609    |
| Share capital                                                       | 205,432     | 205,432    |
| Profit reserves and others                                          | 76,707      | 58,553     |
| Non-controlling interests                                           | 5,309       | 5,624      |
| Total liabilities and shareholders' equity                          | 850,282     | 831,515    |





## Statement of Cash Flows Data – Consolidated

|                                                                               | R\$ million |          |          |          |          |
|-------------------------------------------------------------------------------|-------------|----------|----------|----------|----------|
|                                                                               | Jan-Jun     |          | 2Q-2018  | 2Q-2018  | 2Q-2017  |
|                                                                               | 2018        | 2017     |          |          |          |
| Net income (loss)                                                             | 16,816      | 5,099    | 9,691    | 7,125    | 292      |
| (+) Adjustments for:                                                          | 30,997      | 37,779   | 15,904   | 15,093   | 19,361   |
| Pension and medical benefits (actuarial expense)                              | 3,882       | 4,352    | 1,939    | 1,943    | 2,175    |
| Share of earnings in equity-accounted investments                             | (821)       | (1,227)  | (310)    | (511)    | (615)    |
| Depreciation, depletion and amortization                                      | 22,020      | 21,148   | 10,963   | 11,057   | 10,382   |
| Impairment                                                                    | (119)       | 207      | (177)    | 58       | 228      |
| Inventory write-downs to net realizable value (market value)                  | 55          | 249      | (5)      | 60       | 178      |
| Allowance (reversals) for impairment of trade and others receivables          | 1,483       | 1,458    | 1,040    | 443      | 1,464    |
| Exploration expenditures written-off                                          | 232         | 324      | 206      | 26       | 300      |
| (Gains) / losses on disposal / write-offs of non-current assets               | (2,123)     | (5,685)  | 1,138    | (3,261)  | (5,808)  |
| Foreign exchange and inflation indexation and finance charges                 | 14,830      | 16,153   | 6,234    | 8,596    | 8,299    |
| Deferred income taxes, net                                                    | 1,164       | 5,399    | 531      | 633      | 3,905    |
| Revision and unwinding of discount on the provision for decommissioning costs | 1,191       | 1,211    | 597      | 594      | 608      |
| Reclassification of cumulative translation adjustment - CTA                   | –           | 185      | –        | –        | –        |
| Gain on remeasurement of investment retained with loss of control             | –           | (698)    | –        | –        | (698)    |
| Trade and other receivables, net                                              | (5,034)     | 383      | (6,844)  | 1,810    | (1,130)  |
| Inventories                                                                   | (6,526)     | 823      | (5,384)  | (1,142)  | (391)    |
| Judicial deposits                                                             | (3,971)     | (1,608)  | (2,259)  | (1,712)  | (657)    |
| Trade payables                                                                | 1,046       | (2,381)  | 2,403    | (1,357)  | 909      |
| Taxes payable                                                                 | 6,289       | 3,904    | 4,356    | 1,933    | 3,604    |
| Pension and medical benefits                                                  | (1,879)     | (1,364)  | (1,217)  | (662)    | (873)    |
| Income tax and social contribution paid                                       | (3,714)     | (626)    | (2,245)  | (1,469)  | (362)    |
| Other assets and liabilities                                                  | 2,992       | (4,428)  | 4,938    | (1,946)  | (2,157)  |
| (=) Net cash provided by (used in) operating activities                       | 47,813      | 42,878   | 25,595   | 22,218   | 19,653   |
| (-) Net cash provided by (used in) investing activities                       | 666         | (11,311) | 28       | 638      | (3,049)  |
| Capital expenditures and investments in operating segments                    | (18,447)    | (20,156) | (9,222)  | (9,225)  | (10,299) |
| Proceeds from disposal of assets (divestment)                                 | 16,880      | 9,455    | 9,378    | 7,502    | 7,582    |
| Investments in marketable securities                                          | 2,233       | (610)    | (128)    | 2,361    | (332)    |
| (=) Net cash flow provided by operating and investing activities              | 48,479      | 31,567   | 25,623   | 22,856   | 16,604   |
| (-) Net cash provided by (used in) financing activities                       | (65,732)    | (24,039) | (35,246) | (30,486) | (2,679)  |
| Proceeds from long-term financing                                             | 27,231      | 43,988   | 7,973    | 19,258   | 30,960   |
| Repayment of principal                                                        | (81,506)    | (55,345) | (37,645) | (43,861) | (26,339) |
| Repayment of interest                                                         | (10,531)    | (12,130) | (4,527)  | (6,004)  | (6,878)  |
| Dividends paid to non-controlling interest                                    | (903)       | (410)    | (903)    | –        | (410)    |
| Acquisition of non-controlling interest                                       | (23)        | (142)    | (144)    | 121      | (12)     |
| Effect of exchange rate changes on cash and cash equivalents                  | 8,295       | 1,334    | 8,797    | (502)    | 3,171    |
| (=) Net increase (decrease) in cash and cash equivalents in the period        | (8,958)     | 8,862    | (826)    | (8,132)  | 17,096   |
| Cash and cash equivalents at the beginning of period                          | 74,494      | 69,108   | 66,362   | 74,494   | 60,874   |
| Cash and cash equivalents at the end of period                                | 65,536      | 77,970   | 65,536   | 66,362   | 77,970   |



## SEGMENT INFORMATION

## Consolidated Income Statement by Segment –1H-2018

|                                                   | R\$ million |           |                |         |                |          |                   |  |
|---------------------------------------------------|-------------|-----------|----------------|---------|----------------|----------|-------------------|--|
|                                                   | E&P         | RTM       | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN.  | TOTAL             |  |
| Sales revenues                                    | 88,958      | 120,760   | 19,596         | 434     | 48,090         | –        | (118,982) 158,856 |  |
| Intersegments                                     | 85,377      | 26,816    | 5,762          | 403     | 624            | –        | (118,982)–        |  |
| Third parties                                     | 3,581       | 93,944    | 13,834         | 31      | 47,466         | –        | – 158,856         |  |
| Cost of sales                                     | (51,503)    | (105,403) | (13,475)       | (404)   | (45,146)       | –        | 115,471 (100,460) |  |
| Gross profit                                      | 37,455      | 15,357    | 6,121          | 30      | 2,944          | –        | (3,511) 58,396    |  |
| Expenses                                          | (2,447)     | (4,321)   | (4,718)        | (39)    | (2,133)        | (10,185) | (72) (23,915)     |  |
| Selling expenses                                  | (141)       | (2,915)   | (3,684)        | (3)     | (1,560)        | (523)    | (50) (8,876)      |  |
| General and administrative expenses               | (456)       | (689)     | (232)          | (34)    | (410)          | (2,525)  | (2) (4,348)       |  |
| Exploration costs                                 | (1,026)     | –         | –              | –       | –              | –        | – (1,026)         |  |
| Research and development expenses                 | (758)       | (19)      | (33)           | –       | (1)            | (277)    | – (1,088)         |  |
| Other taxes                                       | (192)       | (205)     | (85)           | (8)     | (38)           | (312)    | – (840)           |  |
| Other income and expenses, net                    | 126         | (493)     | (684)          | 6       | (124)          | (6,548)  | (20) (7,737)      |  |
| Operating income (loss)                           | 35,008      | 11,036    | 1,403          | (9)     | 811            | (10,185) | (3,583) 34,481    |  |
| Net finance income (expense)                      | –           | –         | –              | –       | –              | (9,893)  | – (9,893)         |  |
| Share of earnings in equity-accounted investments | 13          | 747       | 90             | (32)    | –              | 3        | – 821             |  |
| Income (loss) before income taxes                 | 35,021      | 11,783    | 1,493          | (41)    | 811            | (20,075) | (3,583) 25,409    |  |
| Income taxes                                      | (11,903)    | (3,752)   | (477)          | 3       | (276)          | 6,593    | 1,219 (8,593)     |  |
| Net income (loss)                                 | 23,118      | 8,031     | 1,016          | (38)    | 535            | (13,482) | (2,364) 16,816    |  |
| Net income (loss) attributable to:                |             |           |                |         |                |          |                   |  |
| Shareholders of Petrobras                         | 23,128      | 8,315     | 752            | (38)    | 393            | (13,153) | (2,364) 17,033    |  |
| Non-controlling interests                         | (10)        | (284)     | 264            | –       | 142            | (329)    | – (217)           |  |
|                                                   | 23,118      | 8,031     | 1,016          | (38)    | 535            | (13,482) | (2,364) 16,816    |  |

## Consolidated Income Statement by Segment – 1H-2017

|                                     | R\$ million |          |                |         |                |         |                  |  |
|-------------------------------------|-------------|----------|----------------|---------|----------------|---------|------------------|--|
|                                     | E&P         | RTM      | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL            |  |
| Sales revenues                      | 65,055      | 105,230  | 16,971         | 317     | 41,239         | –       | (93,451) 135,361 |  |
| Intersegments                       | 62,805      | 25,103   | 4,579          | 303     | 661            | –       | (93,451) –       |  |
| Third parties                       | 2,250       | 80,127   | 12,392         | 14      | 40,578         | –       | – 135,361        |  |
| Cost of sales                       | (42,786)    | (91,213) | (11,987)       | (343)   | (38,370)       | –       | 94,493 (90,206)  |  |
| Gross profit                        | 22,269      | 14,017   | 4,984          | (26)    | 2,869          | –       | 1,042 45,155     |  |
| Expenses                            | (5,248)     | (4,119)  | 3,561          | (14)    | (1,952)        | (8,237) | 114 (15,895)     |  |
| Selling expenses                    | (211)       | (2,667)  | (1,989)        | (3)     | (1,556)        | 20      | 127 (6,279)      |  |
| General and administrative expenses | (482)       | (725)    | (283)          | (42)    | (429)          | (2,566) | (1) (4,528)      |  |
| Exploration costs                   | (899)       | –        | –              | –       | –              | –       | – (899)          |  |
| Research and development expenses   | (539)       | (19)     | (35)           | –       | (1)            | (292)   | – (886)          |  |
| Other taxes                         | (100)       | (113)    | (679)          | (13)    | (37)           | (2,418) | – (3,360)        |  |

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|                                                   |         |         |         |       |       |          |       |          |
|---------------------------------------------------|---------|---------|---------|-------|-------|----------|-------|----------|
| Other income and expenses, net                    | (3,017) | (595)   | 6,547   | 44    | 71    | (2,981)  | (12)  | 57       |
| Operating income (loss)                           | 17,021  | 9,898   | 8,545   | (40)  | 917   | (8,237)  | 1,156 | 29,260   |
| Net finance income (expense)                      | –       | –       | –       | –     | –     | (16,590) | –     | (16,590) |
| Share of earnings in equity-accounted investments | 151     | 966     | 175     | (63)  | (1)   | (1)      | –     | 1,227    |
| Income (loss) before income taxes                 | 17,172  | 10,864  | 8,720   | (103) | 916   | (24,828) | 1,156 | 13,897   |
| Income taxes                                      | (5,787) | (3,365) | (2,905) | 13    | (312) | 3,951    | (393) | (8,798)  |
| Net income (loss)                                 | 11,385  | 7,499   | 5,815   | (90)  | 604   | (20,877) | 763   | 5,099    |
| Net income (loss) attributable to:                |         |         |         |       |       |          |       |          |
| Shareholders of Petrobras                         | 11,371  | 7,530   | 5,624   | (90)  | 604   | (21,037) | 763   | 4,765    |
| Non-controlling interests                         | 14      | (31)    | 191     | –     | –     | 160      | –     | 334      |
|                                                   | 11,385  | 7,499   | 5,815   | (90)  | 604   | (20,877) | 763   | 5,099    |

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## Consolidated Income Statement by Segment –2Q-2018

|                                                   | R\$ million |          |                |         |                |         |          |          |
|---------------------------------------------------|-------------|----------|----------------|---------|----------------|---------|----------|----------|
|                                                   | E&P         | RTM      | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL    |          |
| Sales revenues                                    | 48,250      | 65,431   | 10,398         | 214     | 24,674         | –       | (64,572) | 84,395   |
| Intersegments                                     | 46,363      | 14,693   | 3,005          | 201     | 310            | –       | (64,572) | –        |
| Third parties                                     | 1,887       | 50,738   | 7,393          | 13      | 24,364         | –       | –        | 84,395   |
| Cost of sales                                     | (27,415)    | (56,246) | (7,642)        | (197)   | (23,301)       | –       | 62,029   | (52,772) |
| Gross profit                                      | 20,835      | 9,185    | 2,756          | 17      | 1,373          | –       | (2,543)  | 31,623   |
| Expenses                                          | (3,297)     | (1,953)  | (2,144)        | (18)    | (1,104)        | (6,404) | (37)     | (14,957) |
| Selling expenses                                  | (72)        | (1,472)  | (1,847)        | (2)     | (805)          | (527)   | (23)     | (4,748)  |
| General and administrative expenses               | (206)       | (346)    | (110)          | (19)    | (210)          | (1,313) | (2)      | (2,206)  |
| Exploration costs                                 | (584)       | –        | –              | –       | –              | –       | –        | (584)    |
| Research and development expenses                 | (423)       | (9)      | (20)           | –       | –              | (141)   | –        | (593)    |
| Other taxes                                       | (28)        | (125)    | (50)           | (4)     | (16)           | (136)   | –        | (359)    |
| Other income and expenses, net                    | (1,984)     | (1)      | (117)          | 7       | (73)           | (4,287) | (12)     | (6,467)  |
| Operating income (loss)                           | 17,538      | 7,232    | 612            | (1)     | 269            | (6,404) | (2,580)  | 16,666   |
| Net finance income (expense)                      | –           | –        | –              | –       | –              | (2,647) | –        | (2,647)  |
| Share of earnings in equity-accounted investments | 12          | 307      | 15             | (27)    | –              | 3       | –        | 310      |
| Income (loss) before income taxes                 | 17,550      | 7,539    | 627            | (28)    | 269            | (9,048) | (2,580)  | 14,329   |
| Income taxes                                      | (5,963)     | (2,459)  | (208)          | 1       | (92)           | 3,206   | 877      | (4,638)  |
| Net income (loss)                                 | 11,587      | 5,080    | 419            | (27)    | 177            | (5,842) | (1,703)  | 9,691    |
| Net income (loss) attributable to:                |             |          |                |         |                |         |          |          |
| Shareholders of Petrobras                         | 11,592      | 5,259    | 271            | (27)    | 122            | (5,442) | (1,703)  | 10,072   |
| Non-controlling interests                         | (5)         | (179)    | 148            | –       | 55             | (400)   | –        | (381)    |
|                                                   | 11,587      | 5,080    | 419            | (27)    | 177            | (5,842) | (1,703)  | 9,691    |

## Consolidated Income Statement by Segment – 1Q-2018

|                | R\$ million |          |                |         |                |         |          |          |
|----------------|-------------|----------|----------------|---------|----------------|---------|----------|----------|
|                | E&P         | RTM      | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL    |          |
| Sales revenues | 40,708      | 55,329   | 9,198          | 220     | 23,416         | –       | (54,410) | 74,461   |
| Intersegments  | 39,014      | 12,123   | 2,757          | 202     | 314            | –       | (54,410) | –        |
| Third parties  | 1,694       | 43,206   | 6,441          | 18      | 23,102         | –       | –        | 74,461   |
| Cost of sales  | (24,088)    | (49,157) | (5,833)        | (207)   | (21,845)       | –       | 53,442   | (47,688) |

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|                                                   |         |         |         |      |         |          |         |         |
|---------------------------------------------------|---------|---------|---------|------|---------|----------|---------|---------|
| Gross profit                                      | 16,620  | 6,172   | 3,365   | 13   | 1,571   | –        | (968)   | 26,773  |
| Expenses                                          | 850     | (2,368) | (2,574) | (21) | (1,029) | (3,781)  | (35)    | (8,958) |
| Selling expenses                                  | (69)    | (1,443) | (1,837) | (1)  | (755)   | 4        | (27)    | (4,128) |
| General and administrative expenses               | (250)   | (343)   | (122)   | (15) | (200)   | (1,212)  | –       | (2,142) |
| Exploration costs                                 | (442)   | –       | –       | –    | –       | –        | –       | (442)   |
| Research and development expenses                 | (335)   | (10)    | (13)    | –    | (1)     | (136)    | –       | (495)   |
| Other taxes                                       | (164)   | (80)    | (35)    | (4)  | (22)    | (176)    | –       | (481)   |
| Other income and expenses, net                    | 2,110   | (492)   | (567)   | (1)  | (51)    | (2,261)  | (8)     | (1,270) |
| Operating income (loss)                           | 17,470  | 3,804   | 791     | (8)  | 542     | (3,781)  | (1,003) | 17,815  |
| Net finance income (expense)                      | –       | –       | –       | –    | –       | (7,246)  | –       | (7,246) |
| Share of earnings in equity-accounted investments | 1       | 440     | 75      | (5)  | –       | –        | –       | 511     |
| Income (loss) before income taxes                 | 17,471  | 4,244   | 866     | (13) | 542     | (11,027) | (1,003) | 11,080  |
| Income taxes                                      | (5,940) | (1,293) | (269)   | 2    | (184)   | 3,387    | 342     | (3,955) |
| Net income (loss)                                 | 11,531  | 2,951   | 597     | (11) | 358     | (7,640)  | (661)   | 7,125   |
| Net income (loss) attributable to:                |         |         |         |      |         |          |         |         |
| Shareholders of Petrobras                         | 11,536  | 3,056   | 481     | (11) | 271     | (7,711)  | (661)   | 6,961   |
| Non-controlling interests                         | (5)     | (105)   | 116     | –    | 87      | 71       | –       | 164     |
|                                                   | 11,531  | 2,951   | 597     | (11) | 358     | (7,640)  | (661)   | 7,125   |

## Other Income (Expenses) by Segment – 1H-2018

| R\$ million                                                                                  |         |       |                |         |                |         |              |
|----------------------------------------------------------------------------------------------|---------|-------|----------------|---------|----------------|---------|--------------|
|                                                                                              | E&P     | RTM   | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL        |
| (Losses)/gains on legal, administrative and arbitral proceedings                             | (257)   | (231) | (427)          | (1)     | (167)          | (1,825) | – (2,908)    |
| Pension and medical benefits                                                                 | –       | –     | –              | –       | –              | (2,702) | – (2,702)    |
| Gains/(losses) with Commodities Derivatives                                                  | –       | –     | –              | –       | –              | (1,957) | – (1,957)    |
| Unscheduled stoppages and pre-operating expenses                                             | (1,533) | (43)  | (192)          | –       | –              | (4)     | – (1,772)    |
| Profit Share                                                                                 | (470)   | (225) | (39)           | –       | –              | (366)   | – (1,100)    |
| Institutional relations and cultural projects                                                | (1)     | (4)   | –              | –       | (39)           | (241)   | – (285)      |
| Operating expenses with thermoelectric plants                                                | –       | –     | (172)          | –       | –              | –       | – (172)      |
| Expenses with Health, safety and environment                                                 | (56)    | (27)  | (2)            | –       | (1)            | (50)    | – (136)      |
| Provision for doubtful receivables                                                           | 8       | (56)  | 26             | –       | –              | (58)    | – (80)       |
| Voluntary Separation Incentive Plan - PIDV                                                   | (1)     | 3     | –              | –       | (16)           | 2       | – (12)       |
| Reimbursement of expenses regarding "Car Wash" operation                                     | –       | –     | –              | –       | –              | 1       | – 1          |
| Ship/Take or Pay Agreements with Gas Distributors                                            | 8       | 30    | 21             | –       | 14             | 5       | – 78         |
| Impairment of assets                                                                         | 1       | 183   | (65)           | –       | –              | –       | – 119        |
| Government Grants                                                                            | 8       | 7     | 120            | 6       | –              | –       | – 141        |
| (Expenditures)/reimbursements from operations in E&P partnerships                            | 467     | –     | –              | –       | –              | –       | – 467        |
| Gains / (losses) on disposal/write-offs of assets; returned areas and cancelled projects (*) | 2,044   | (1)   | (10)           | –       | 10             | 80      | – 2,123      |
| Others                                                                                       | (92)    | (129) | 56             | 1       | 75             | 567     | (20) 458     |
|                                                                                              | 126     | (493) | (684)          | 6       | (124)          | (6,548) | (20) (7,737) |

## Other Income (Expenses) by Segment – 1H-2017

| R\$ million                                                      |         |       |                |         |                |         |           |
|------------------------------------------------------------------|---------|-------|----------------|---------|----------------|---------|-----------|
|                                                                  | E&P     | RTM   | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL     |
| (Losses)/gains on legal, administrative and arbitral proceedings | (238)   | (227) | (575)          | (1)     | (181)          | 59      | – (1,163) |
| Pension and medical benefits                                     | –       | –     | –              | –       | –              | (3,058) | – (3,058) |
| Unscheduled stoppages and pre-operating expenses                 | (2,378) | (53)  | (150)          | –       | –              | (2)     | – (2,583) |
| Profit Share                                                     | (113)   | (64)  | (11)           | –       | –              | (110)   | – (298)   |

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|                                                                                           |         |       |       |     |      |         |      |         |
|-------------------------------------------------------------------------------------------|---------|-------|-------|-----|------|---------|------|---------|
| Institutional relations and cultural projects                                             | (1)     | (3)   | –     | –   | (58) | (242)   | –    | (304)   |
| Operating expenses with thermoelectric plants                                             | –       | –     | (158) | –   | –    | –       | –    | (158)   |
| Expenses with Health, safety and environment                                              | (15)    | (6)   | (5)   | –   | (1)  | (73)    | –    | (100)   |
| Provision for doubtful receivables                                                        | (1,317) | (19)  | (1)   | (1) | –    | (25)    | –    | (1,363) |
| Voluntary Separation Incentive Plan - PIDV                                                | 87      | (30)  | 182   | –   | 114  | 316     | –    | 669     |
| Cumulative Translation Adjustment - CTA                                                   | –       | –     | –     | –   | –    | (116)   | –    | (116)   |
| Remeasurement of remaining interests at fair value                                        | –       | –     | 698   | –   | –    | –       | –    | 698     |
| Reimbursement of expenses regarding "Car Wash" operation                                  | –       | –     | –     | –   | –    | 89      | –    | 89      |
| Ship/Take or Pay Agreements with Gas Distributors                                         | 2       | 113   | 827   | –   | 14   | –       | –    | 956     |
| Impairment of assets                                                                      | –       | 29    | (236) | –   | –    | –       | –    | (207)   |
| Government Grants                                                                         | 9       | 18    | 95    | 5   | –    | –       | –    | 127     |
| (Expenditures)/reimbursements from operations in E&P partnerships                         | 662     | –     | –     | –   | –    | –       | –    | 662     |
| Gains / (losses) on disposal/write-offs of assets; returned areas and cancelled projects* | (368)   | (246) | 6,257 | 9   | 32   | 1       | –    | 5,685   |
| Others                                                                                    | 653     | (107) | (376) | 32  | 151  | 180     | (12) | 521     |
|                                                                                           | (3,017) | (595) | 6,547 | 44  | 71   | (2,981) | (12) | 57      |

\* In 2018, primarily includes the results with divestments. In 2017, primarily includes returned areas, cancelled projects and the gain with NTS divestment.



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Other Income (Expenses) by Segment – 2Q-2018

| R\$ million                                                                              |         |       |             |         |                |         |              |
|------------------------------------------------------------------------------------------|---------|-------|-------------|---------|----------------|---------|--------------|
|                                                                                          | E&P     | RTM   | GAS & POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL        |
| (Losses)/gains on legal, administrative and arbitral proceedings                         | (177)   | (68)  | (46)        | (1)     | (89)           | (1,255) | – (1,636)    |
| Pension and medical benefits                                                             | –       | –     | –           | –       | –              | (1,351) | – (1,351)    |
| Gains/(losses) with Commodities Derivatives                                              | –       | –     | –           | –       | –              | (1,252) | – (1,252)    |
| Unscheduled stoppages and pre-operating expenses                                         | (881)   | (24)  | (90)        | –       | –              | (2)     | – (997)      |
| Profit share                                                                             | (278)   | (132) | (22)        | –       | –              | (217)   | – (649)      |
| Institutional relations and cultural projects                                            | (1)     | (2)   | –           | –       | (31)           | (138)   | – (172)      |
| Operating expenses with thermoelectric plants                                            | –       | –     | (90)        | –       | –              | –       | – (90)       |
| Health, safety and environment                                                           | (16)    | (13)  | (1)         | –       | (1)            | (25)    | – (56)       |
| Provision for assumption of debts of suppliers with subcontractors                       | 14      | (54)  | 22          | –       | –              | (40)    | – (58)       |
| Voluntary Separation Incentive Plan - PIDV                                               | 1       | 2     | –           | –       | 6              | 2       | – 11         |
| Reimbursement of expenses regarding "Car Wash" operation                                 | –       | –     | –           | –       | –              | –       | –            |
| Ship/Take or Pay Agreements with Gas Distributors                                        | 1       | 48    | 17          | –       | 13             | (14)    | – 65         |
| Impairment of assets                                                                     | 1       | 240   | (64)        | –       | –              | –       | – 177        |
| Government grants                                                                        | 5       | 3     | 52          | 3       | –              | –       | – 63         |
| (Expenditures)/reimbursements from operations in E&P partnerships                        | 286     | –     | –           | –       | –              | –       | – 286        |
| Gains / (losses) on disposal/write-offs of assets; returned areas and cancelled projects | (1,040) | 1     | (34)        | –       | 9              | (74)    | – (1,138)    |
| Others                                                                                   | 101     | (2)   | 139         | 5       | 20             | 79      | (12) 330     |
|                                                                                          | (1,984) | (1)   | (117)       | 7       | (73)           | (4,287) | (12) (6,467) |

Other Income (Expenses) by Segment – 1Q-2018

| R\$ million                                                      |      |       |             |         |                |         |           |
|------------------------------------------------------------------|------|-------|-------------|---------|----------------|---------|-----------|
|                                                                  | E&P  | RTM   | GAS & POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL     |
| (Losses)/gains on legal, administrative and arbitral proceedings | (80) | (163) | (381)       | –       | (78)           | (570)   | – (1,272) |
| Pension and medical benefits                                     | –    | –     | –           | –       | –              | (1,351) | – (1,351) |

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|                                                                                          |       |       |       |     |      |         |     |         |
|------------------------------------------------------------------------------------------|-------|-------|-------|-----|------|---------|-----|---------|
| Gains/(losses) with Commodities Derivatives                                              | -     | -     | -     | -   | -    | (705)   | -   | (705)   |
| Unscheduled stoppages and pre-operating expenses                                         | (652) | (19)  | (102) | -   | -    | (2)     | -   | (775)   |
| Profit share                                                                             | (192) | (93)  | (17)  | -   | -    | (149)   | -   | (451)   |
| Institutional relations and cultural projects                                            | -     | (2)   | -     | -   | (8)  | (103)   | -   | (113)   |
| Operating expenses with thermoelectric plants                                            | -     | -     | (82)  | -   | -    | -       | -   | (82)    |
| Health, safety and environment                                                           | (40)  | (14)  | (1)   | -   | -    | (25)    | -   | (80)    |
| Provision for doubtful receivables                                                       | (6)   | (2)   | 4     | -   | -    | (18)    | -   | (22)    |
| Voluntary Separation Incentive Plan - PIDV                                               | (2)   | 1     | -     | -   | (22) | -       | -   | (23)    |
| Reimbursement of expenses regarding "Car Wash" operation                                 | -     | -     | -     | -   | -    | 1       | -   | 1       |
| Ship/Take or Pay Agreements with Gas Distributors                                        | 7     | (18)  | 4     | -   | 1    | 19      | -   | 13      |
| Impairment losses/ (reversals)                                                           | -     | (57)  | (1)   | -   | -    | -       | -   | (58)    |
| Government Grants                                                                        | 3     | 4     | 68    | 3   | -    | -       | -   | 78      |
| (Expenditures)/reimbursements from operations in E&P partnerships                        | 181   | -     | -     | -   | -    | -       | -   | 181     |
| Gains / (losses) on disposal/write-offs of assets; returned areas and cancelled projects | 3,084 | (2)   | 24    | -   | 1    | 154     | -   | 3,261   |
| Others                                                                                   | (193) | (127) | (83)  | (4) | 55   | 488     | (8) | 128     |
|                                                                                          | 2,110 | (492) | (567) | (1) | (51) | (2,261) | (8) | (1,270) |

## Consolidated Assets by Segment – 06.30.2018

|                               | R\$ million |         |             |         |          |         |          |         |
|-------------------------------|-------------|---------|-------------|---------|----------|---------|----------|---------|
|                               | E&P         | RTM     | GAS & POWER | BIOFUEL | DISTRIB. | CORP.   | ELIMIN.  | TOTAL   |
| Total assets                  | 495,722     | 174,866 | 59,769      | 650     | 19,961   | 118,357 | (19,043) | 850,282 |
| Current assets                | 15,038      | 47,646  | 5,798       | 209     | 10,016   | 83,938  | (18,390) | 144,255 |
| Non-current assets            | 480,684     | 127,220 | 53,971      | 441     | 9,945    | 34,419  | (653)    | 706,027 |
| Long-term receivables         | 28,834      | 11,591  | 6,008       | 11      | 3,299    | 31,286  | (499)    | 80,530  |
| Investments                   | 4,591       | 4,661   | 2,867       | 146     | –        | 22      | –        | 12,287  |
| Property, plant and equipment | 442,331     | 110,305 | 44,165      | 284     | 5,901    | 2,652   | (154)    | 605,484 |
| Operating assets              | 318,923     | 96,336  | 34,826      | 270     | 5,126    | 1,712   | (154)    | 457,039 |
| Assets under construction     | 123,408     | 13,969  | 9,339       | 14      | 775      | 940     | –        | 148,445 |
| Intangible assets             | 4,928       | 663     | 931         | –       | 745      | 459     | –        | 7,726   |

## Consolidated Assets by Segment – 12.31.2017

|                               | R\$ million |         |             |         |          |         |          |         |
|-------------------------------|-------------|---------|-------------|---------|----------|---------|----------|---------|
|                               | E&P         | RTM     | GAS & POWER | BIOFUEL | DISTRIB. | CORP.   | ELIMIN.  | TOTAL   |
| Total assets                  | 478,400     | 168,927 | 61,383      | 626     | 20,246   | 121,554 | (19,621) | 831,515 |
| Current assets                | 25,056      | 41,912  | 5,992       | 213     | 9,795    | 90,878  | (17,937) | 155,909 |
| Non-current assets            | 453,344     | 127,015 | 55,391      | 413     | 10,451   | 30,676  | (1,684)  | 675,606 |
| Long-term receivables         | 25,206      | 11,014  | 7,924       | 12      | 3,553    | 24,772  | (1,526)  | 70,955  |
| Investments                   | 4,727       | 4,937   | 2,747       | 108     | 16       | 19      | –        | 12,554  |
| Property, plant and equipment | 418,421     | 110,488 | 43,767      | 293     | 6,158    | 5,388   | (158)    | 584,357 |
| Operating assets              | 302,308     | 96,652  | 34,999      | 280     | 5,300    | 4,320   | (158)    | 443,701 |
| Assets under construction     | 116,113     | 13,836  | 8,768       | 13      | 858      | 1,068   | –        | 140,656 |
| Intangible assets             | 4,990       | 576     | 953         | –       | 724      | 497     | –        | 7,740   |

## Reconciliation of Consolidated Adjusted EBITDA Statement by Segment – 1H-2018

|                                                                               | R\$ million |        |                |         |                |          |         |         |
|-------------------------------------------------------------------------------|-------------|--------|----------------|---------|----------------|----------|---------|---------|
|                                                                               | E&P         | RTM    | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN.  | TOTAL   |         |
| Net income (loss)                                                             | 23,118      | 8,031  | 1,016          | (38)    | 535            | (13,482) | (2,364) | 16,816  |
| Net finance income (expense)                                                  | –           | –      | –              | –       | –              | 9,893    | –       | 9,893   |
| Income taxes                                                                  | 11,903      | 3,752  | 477            | (3)     | 276            | (6,593)  | (1,219) | 8,593   |
| Depreciation, depletion and amortization                                      | 16,552      | 3,849  | 1,135          | 10      | 237            | 237      | –       | 22,020  |
| EBITDA                                                                        | 51,573      | 15,632 | 2,628          | (31)    | 1,048          | (9,945)  | (3,583) | 57,322  |
| Share of earnings in equity-accounted investments                             | (13)        | (747)  | (90)           | 32      | –              | (3)      | –       | (821)   |
| Impairment losses / (reversals)                                               | (1)         | (183)  | 65             | –       | –              | –        | –       | (119)   |
| Foreign Exchange gains or losses on material provisions for legal proceedings | –           | –      | –              | –       | –              | 1,576    | –       | 1,576   |
| Gains / (losses) on disposal / write-offs of assets**                         | (2,044)     | 1      | 10             | –       | (10)           | (80)     | –       | (2,123) |
| Adjusted EBITDA*                                                              | 49,515      | 14,703 | 2,613          | 1       | 1,038          | (8,452)  | (3,583) | 55,835  |

## Reconciliation of Consolidated Adjusted EBITDA Statement by Segment – 1H-2017

|                                                       | R\$ million |        |                |         |                |          |       |         |
|-------------------------------------------------------|-------------|--------|----------------|---------|----------------|----------|-------|---------|
|                                                       | E&P         | RTM    | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN.  | TOTAL |         |
| Net income (loss)                                     | 11,385      | 7,499  | 5,815          | (90)    | 604            | (20,877) | 763   | 5,099   |
| Net finance income (expense)                          | –           | –      | –              | –       | –              | 16,590   | –     | 16,590  |
| Income taxes                                          | 5,787       | 3,365  | 2,905          | (13)    | 312            | (3,951)  | 393   | 8,798   |
| Depreciation, depletion and amortization              | 15,455      | 3,838  | 1,313          | 6       | 253            | 283      | –     | 21,148  |
| EBITDA                                                | 32,627      | 14,702 | 10,033         | (97)    | 1,169          | (7,955)  | 1,156 | 51,635  |
| Share of earnings in equity-accounted investments     | (151)       | (966)  | (175)          | 63      | 1              | 1        | –     | (1,227) |
| Impairment losses / (reversals)                       | –           | (29)   | 236            | –       | –              | –        | –     | 207     |
| Realization of cumulative translation adjustment      | –           | –      | –              | –       | –              | 116      | –     | 116     |
| Gains / (losses) on disposal / write-offs of assets** | 368         | 246    | (6,955)        | (9)     | (32)           | (1)      | –     | (6,383) |
| Adjusted EBITDA*                                      | 32,844      | 13,953 | 3,139          | (43)    | 1,138          | (7,839)  | 1,156 | 44,348  |

## Reconciliation of Consolidated Adjusted EBITDA Statement by Segment – 2Q-2018

|                   | R\$ million |       |                |         |                |         |         |       |
|-------------------|-------------|-------|----------------|---------|----------------|---------|---------|-------|
|                   | E&P         | RTM   | GAS &<br>POWER | BIOFUEL | DISTRIB. CORP. | ELIMIN. | TOTAL   |       |
| Net income (loss) | 11,587      | 5,080 | 419            | (27)    | 177            | (5,842) | (1,703) | 9,691 |

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|                                                                               |        |       |       |      |     |         |         |        |
|-------------------------------------------------------------------------------|--------|-------|-------|------|-----|---------|---------|--------|
| Net finance income (expense)                                                  | –      | –     | –     | –    | –   | 2,647   | –       | 2,647  |
| Income taxes                                                                  | 5,963  | 2,459 | 208   | (1)  | 92  | (3,206) | (877)   | 4,638  |
| Depreciation, depletion and amortization                                      | 8,279  | 1,852 | 587   | 6    | 118 | 121     | –       | 10,963 |
| EBITDA                                                                        | 25,829 | 9,391 | 1,214 | (22) | 387 | (6,280) | (2,580) | 27,939 |
| Share of earnings in equity-accounted investments                             | (12)   | (307) | (15)  | 27   | –   | (3)     | –       | (310)  |
| Impairment losses / (reversals)                                               | (1)    | (240) | 64    | –    | –   | –       | –       | (177)  |
| Foreign Exchange gains or losses on material provisions for legal proceedings | –      | –     | –     | –    | –   | 1,477   | –       | 1,477  |
| Gains / (losses) on disposal / write-offs of assets**                         | 1,040  | (1)   | 34    | –    | (9) | 74      | –       | 1,138  |
| Adjusted EBITDA*                                                              | 26,856 | 8,843 | 1,297 | 5    | 378 | (4,732) | (2,580) | 30,067 |

Reconciliation of Consolidated Adjusted EBITDA Statement by Segment – 1Q-2018

|                                                                               | R\$ million |       |             |      |         |                |               |         |
|-------------------------------------------------------------------------------|-------------|-------|-------------|------|---------|----------------|---------------|---------|
|                                                                               | E&P         | RTM   | GAS & POWER |      | BIOFUEL | DISTRIB. CORP. | ELIMIN. TOTAL |         |
| Net income (loss)                                                             | 11,531      | 2,951 | 597         | (11) | 358     | (7,640)        | (661)         | 7,125   |
| Net finance income (expense)                                                  | –           | –     | –           | –    | –       | 7,246          | –             | 7,246   |
| Income taxes                                                                  | 5,940       | 1,293 | 269         | (2)  | 184     | (3,387)        | (342)         | 3,955   |
| Depreciation, depletion and amortization                                      | 8,273       | 1,997 | 548         | 4    | 119     | 116            | –             | 11,057  |
| EBITDA                                                                        | 25,744      | 6,241 | 1,414       | (9)  | 661     | (3,665)        | (1,003)       | 29,383  |
| Share of earnings in equity-accounted investments                             | (1)         | (440) | (75)        | 5    | –       | –              | –             | (511)   |
| Impairment losses / (reversals)                                               | –           | 57    | 1           | –    | –       | –              | –             | 58      |
| Foreign Exchange gains or losses on material provisions for legal proceedings | –           | –     | –           | –    | –       | 99             | –             | 99      |
| Gains / (losses) on disposal / write-offs of assets**                         | (3,084)     | 2     | (24)        | –    | (1)     | (154)          | –             | (3,261) |
| Adjusted EBITDA*                                                              | 22,659      | 5,860 | 1,316       | (4)  | 660     | (3,720)        | (1,003)       | 25,768  |

\* See definitions of Adjusted EBITDA in glossary.

\*\* In 2018, it primarily includes the results with divestments. In 2017, it primarily includes returned areas, canceled projects and the gain with NTS divestment.

## Glossary

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>ACL – Ambiente de Contratação Livre (Free contracting market) in the electricity system.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Lifting Cost – Crude oil and natural gas lifting cost indicator, which considers expenditures occurred in the period.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>ACR – Ambiente de Contratação Regulada (Regulated contracting market) in the electricity system.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>LNG – Liquefied natural gas.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>Adjusted cash and cash equivalents – Sum of cash and cash equivalents, government bonds and time deposits from highly rated financial institutions abroad with maturities of more than 3 months from the date of acquisition, considering the expected realization of those financial investments in the short-term. This measure is not defined under the International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents computed in accordance with IFRS. It may not be comparable to adjusted cash and cash equivalents of other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity and supports leverage management.</p> | <p>LPG – Liquefied crude oil gas.</p> <p>LTM Adjusted EBITDA – sum of the last 12 months (Last Twelve Months) of Adjusted EBITDA. LTM Adjusted EBITDA is not a measure defined by IFRS and it is possible that it may not be comparable to similar measures reported by other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity and supports leverage management. Adjusted EBITDA shall be considered in conjunction with other metrics for a better understanding on our liquidity.</p>                                                                                                                                             |
| <p>Adjusted EBITDA – Net income plus net finance income (expense); income taxes; depreciation, depletion and amortization; results in equity-accounted investments; impairment, cumulative translation adjustment, foreign exchange gains and losses resulting from provisions for legal proceedings denominated in foreign currencies and gains/losses on disposal/write-offs of assets. Adjusted EBITDA is not a measure defined by IFRS and it is possible that it may not be comparable to similar measures reported by other companies, however management believes that it is an appropriate supplemental measure to assess our profitability. Adjusted EBITDA shall be considered in conjunction with other metrics for a better</p>                               | <p>LTM OCF – Sum of last 12 months (Last Twelve Months) of OCF and represents the most directly comparable measure in relation to the LTM Adjusted EBITDA.</p> <p>Net debt – Gross debt less adjusted cash and cash equivalents. Net debt is not a measure defined in the International Standards – IFRS and should not be considered in isolation or as a substitute for total long-term debt calculated in accordance with IFRS. Our calculation of net debt may not be comparable to the calculation of net debt by other companies. Management believes that net debt is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Net Income by Business Segment – Company’s segment results. Petrobras is an integrated energy company and most of the crude oil and natural gas production from the Exploration &amp; Production segment is transferred to other business segments of the Company. Our results by business segment include transactions carried out with third parties, transactions between companies of Petrobras’s Group and transfers between Petrobras’s business segments that are calculated using internal</p>                                                                                                                                                                                        |

understanding on our performance.

Adjusted EBITDA Margin – Adjusted EBITDA divided by sales revenues.

ANP – Brazilian National Petroleum, Natural Gas and Biofuels Agency.

Basic and diluted earnings (losses) per share - calculated based on the weighted average number of shares.

Consolidated Structured Entities – Entities that have been designated so that voting or similar rights are not the determining factor that decides who controls the entity. Petrobras has no share of earnings in investments in certain structured entities that are consolidated in the financial statements, but the control is determined by the power it has over its relevant operating activities. As there are no interests, the result came from certain consolidated structured entities is attributable to non-controlling interests in the income statement, and it is not considered on net income attributable to shareholders of Petrobras.

CTA – Cumulative translation adjustment – The exchange variation cumulative amount that is recognized on Shareholders' Equity should be transferred to the Statement of Income at the moment of the investment disposal.

Domestic crude oil sales price – Average of the internal transfer prices from Exploration & Production to Refining, Transportation and Marketing.

Domestic natural gas production – Natural gas production in Brazil less LNG plus gas reinjection.

Effect of average cost in the Cost of Sales – In view of the average inventory term of 60 days, the crude oil and oil products international prices movement, as well as foreign exchange effect over imports, production taxes and other factors that impact costs, do not entirely influence the cost of sales in the period, having its total effects only in the next period

Feedstock processed (excluding NGL) – Daily volume of crude oil processed in the Company's refineries in Brazil and is factored into the calculation of the Refining Plants Utilization Factor.

prices defined through methodologies based on market parameters. On April 28, 2016, the Extraordinary General Meeting approved the statutory adjustments according to the new organizational structure of the company and its new management and governance model, to align the organization to the new reality of the oil and gas sector and prioritize profitability and capital discipline. On June 30<sup>th</sup>, 2018, the presentation related to the business segment information reflects management's assessment related to the performance and the business resources allocation.

Net Margin – Net income (loss) over sales revenues.

NGL – Natural gas liquids.

OCF – Net Cash provided by (used in) operating activities (operating cash flow).

Operating indicators – indicators used for businesses management and are not reviewed by independent auditor.

Operating Margin – operating income (loss) over sales revenues.

PLD (differences settlement price) – Electricity price in the spot market. Weekly weighed prices per output level (light, medium and heavy), number of hours and related market capacity.

Reference feedstock or installed capacity of primary processing – Maximum sustainable feedstock processing reached at the distillation units at the end of each period, respecting the project limits of equipment and the safety, environment and product quality requirements. It is lower than the authorized capacity set by ANP (including temporary authorizations) and by environmental protection agencies.

Refining plants utilization factor (%) – Feedstock processed (excluding NGL) divided by the reference feedstock.

Total feedstock processed – Volume of crude oil processed of abroad in distillation units in the refineries, plus the volume of intermediate products acquired from third parties and used as cargo in other refining units.

Total Capital Expenditures and Investments – Capital expenditures based on the cost assumptions and financial methodology adopted in our Business and Management Plan, which include acquisition of PP&E and intangibles assets, investment in investees and other items that do not necessarily qualify as cash flows used in investing activities, primarily

Feedstock processed – Brazil – Daily volume of crude oil and NGL processed. geological and geophysical expenses, research and development expenses, pre-operating charges, purchase of property, plant and equipment on credit and borrowing costs directly attributable to works in progress.

Free cash flow - Net cash provided by operating activities less capital expenditures and investments in investees. Free cash flow is not defined under the International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents calculated in accordance with IFRS. It may not be comparable to free cash flow of other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity and supports leverage management. Total liabilities net – Total liability less adjusted cash and cash equivalents.

Gross Margin – Gross profit over sales revenues.

Jet fuel – Aviation fuel.

Leverage – Ratio between the Net Debt and the sum of Net Debt and Shareholders' Equity. Leverage is not a measure defined in the International Standards - IFRS and it is possible that it may not be comparable to similar measures reported by other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 3, 2018.

PETRÓLEO BRASILEIRO S.A—PETROBRAS

By: /s/ Rafael Salvador Grisolia

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Rafael Salvador Grisolia

Chief Financial Officer and Investor Relations Officer