

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 12, 2016

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, 2016

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)

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

SECOND QUARTER OF 2016 RESULTS

Derived from consolidated interim financial information reviewed by independent auditors, prepared in accordance with International Financial Reporting Standards - IFRS.

Rio de Janeiro – August 11, 2016

Main financial highlights 2Q-2016 x 1Q-2016

- Net income attributable to the shareholders of Petrobras of R\$ 370 million, compared to net loss of R\$ 1.246 million in the 1Q-2016, as a result of:
 - A decrease of 30% in net finance expenses;
 - An increase of 7% in crude oil and natural gas total production;
 - Higher revenues with an increase of 14% in crude oil and oil products exports and lower costs related to natural gas imports;
 - Expenses related to the new Voluntary Separation Incentive Plan (PIDV); and
 - Impairment losses related to Comperj assets.
- The higher cash provided by operating activities and the decrease of capital expenditures and investments resulted in a positive free cash flow* for the fifth consecutive quarter of R\$ 10,790 million in the 2Q-2016, 3.5 times higher when compared to R\$ 2,381 million in the 1Q-2016.
- Adjusted EBITDA* of R\$ 20,317 million in the 2Q-2016, 4% lower compared to the 1Q-2016.
- Gross indebtedness decreased 19%, from R\$ 493,023 million in December 31, 2015 to R\$ 397,760 million, a reduction of R\$ 95,263 million. Net debt* decreased 15%, from R\$ 392,136

million to R\$ 332,390 million.

- The ratio between net debt and the Last Twelve Months (LTM) Adjusted EBITDA* decreased from 5.31 as of December 31, 2015 to 4.49 as of June 30, 2016 and the leverage decreased from 60% to 55%.
- The issuing of global notes totaling US\$ 6.75 billion and the tender offer of US\$ 6.3 billion generated the increase of average maturity of outstanding debt from 7.14 years as of December 31, 2015 to 7.30 years as of June 30, 2016.

Main operating highlights 2Q-2016 x 1Q-2016

- Total crude oil and natural gas production was 2,804 thousand barrels of oil equivalent per day (boed), an increase of 7% compared to the 1Q-2016.
- Domestic oil products output decreased 2% to 1,919 thousand barrels per day (bpd) and the domestic sales increased 3% to 2,109 thousand bpd.
- Crude oil and oil products exports increased 14% to 515 thousand bpd and average Brent price increased 34% to US\$/bbl 45.57.
- Reduction of 55% in LNG imports due to higher domestic gas supply and lower thermoelectric demand.

* See definitions of Free cash flow, Adjusted EBITDA, LTM Adjusted EBITDA and Net Debt in glossary and the respective reconciliations in Liquidity and Capital Resources, Reconciliation of Adjusted EBITDA, Debt and LTM Adjusted EBITDA.

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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," "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.

The Company's actual results could differ materially from those expressed or forecast in any forward-looking statements as a result of a variety of assumptions and factors. These factors include, but are not limited to, the following: (i) failure to comply with laws or regulations, including fraudulent activity, corruption, and bribery; (ii) the outcome of ongoing corruption investigations and any new facts or information that may arise in relation to the "Lava Jato Operation"; (iii) the effectiveness of the Company's risk management policies and procedures, including operational risk; and (iv) litigation, such as class actions or proceedings brought by governmental and regulatory agencies. A description of other factors can be found in the Company's Annual Report on Form 20-F for the year ended December 31, 2015, and the Company's other filings with the U.S. Securities and Exchange Commission.

Main Items and Consolidated Economic Indicators

	First half of					2Q16 X	
	2016	2015	2016 x 2015 (%)	2Q-2016	1Q-2016	1Q16 (%)	2Q-2015
Sales revenues	141,657	154,296	(8)	71,320	70,337	1	79,943
Gross profit	43,829	47,972	(9)	22,821	21,008	9	25,562
Operating income (loss)	15,332	22,459	(32)	7,184	8,148	(12)	9,460
Net finance income (expense)	(14,754)	(11,669)	(26)	(6,061)	(8,693)	30	(6,048)
Consolidated net income (loss) attributable to the shareholders of Petrobras	(876)	5,861	(115)	370	(1,246)	130	531
Basic and diluted earnings (losses) per share	(0.07)	0.45	(115)	0.03	(0.10)	130	0.04
Market capitalization (Parent Company)	138,434	175,620	(21)	138,434	125,890	10	175,620
Adjusted EBITDA*	41,408	41,289	–	20,317	21,091	(4)	19,771
Gross margin (%)	31	31	–	32	30	2	32
Operating margin (%)	11	15	(4)	10	12	(2)	12
Net margin (%)	(1)	4	(5)	1	(2)	3	1
Total capital expenditures and investments	29,028	36,174	(20)	13,435	15,593	(14)	18,331
Exploration & Production	25,705	29,898	(14)	11,935	13,770	(13)	15,052
Refining, Transportation and Marketing	1,777	4,030	(56)	825	952	(13)	2,104
Gas & Power	651	1,435	(55)	359	292	23	780
Distribution	220	376	(42)	121	99	23	188
Biofuel	325	39	735	54	271	(80)	34
Corporate	350	396	(12)	141	209	(32)	173
Average commercial selling rate for U.S. dollar	3.70	2.97	25	3.51	3.90	(10)	3.07

Period-end commercial selling rate for U.S. dollar	3.21	3.10	3	3.21	3.56	(10)	3.10
Variation of the period-end commercial selling rate for U.S. dollar (%)	(17.8)	16.8	(35)	(9.8)	(8.9)	(1)	(3.3)
Selic interest rate - average (%)	14.15	12.67	1	14.15	14.15	–	13.14
Domestic basic oil products price (R\$/bbl)	230.30	222.68	3	228.95	231.68	(1)	224.09
Brent crude (R\$/bbl)	145.90	172.11	(15)	159.79	132.00	21	190.09
Brent crude (US\$/bbl)	39.73	57.95	(31)	45.57	33.89	34	61.92
Domestic Sales Price							
Crude oil (U.S. dollars/bbl)	34.54	47.78	(28)	39.86			