

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
May 13, 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 May, 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

FIRST QUARTER OF 2016 RESULTS

Derived from interim financial information reviewed by independent auditors, stated in millions of U.S. dollars,

prepared in accordance with International Financial Reporting Standards - IFRS issued by the International

Accounting Standards Board - IASB.

Rio de Janeiro – May 12, 2016

Main financial highlights (1Q-2016 x 1Q-2015):

- Net loss attributable to the shareholders of Petrobras of US\$ 318 million, as a result of:
 - § Higher interest expenses, inflation indexation charges and foreign exchange losses, totaling US\$ 2,450 million in the 1Q-2016;
 - § A 7% decrease in crude oil and natural gas production (in Brazil and abroad);
 - § A 8% decrease in domestic oil product sales;
 - § Higher depreciation expenses; and
 - § Higher idleness expenses with equipments, mainly related to drilling rigs.
- Adjusted EBITDA of US\$ 5,394 million in the 1Q-2016 (US\$ 7,516 million in the 1Q-2015). Adjusted EBITDA Margin was 30% in the 1Q-2016.
- Positive free cash flow of US\$ 610 million in the 1Q-2016 (negative free cash flow of US\$ 436 million in the 1Q-2015), due to higher diesel and gasoline domestic margins, decreased production taxes and import costs, as well as lower capital expenditures and investments.
- The total indebtedness remained relatively flat as of March 31, 2016 (US\$ 126,447 million) when compared to December 31, 2015 (US\$ 126,216 million). Excluding foreign exchange translation effects, the total indebtedness decreased by 9% when expressed in Brazilian

Reais.

- Net debt was US\$ 103,821 million as of March 31, 2016, a 3% increase when compared to December 31, 2015.
- The ratio between net debt and the Last Twelve Months (LTM) Adjusted EBITDA in U.S. dollars increased from 4.41 as of December 31, 2015 to 5.03 as of March 31, 2016. Excluding foreign translation effects, this ratio decreased from 5.31 to 5.03 in the same period, when expressed in Brazilian Reais. The leverage decreased from 60% to 58%.

Main operating highlights (1Q-2016 x 1Q-2015):

- Total crude oil and natural gas production decreased 7%, reaching 2,616 thousand barrels of oil equivalent per day (boed).
- Oil product output in Brazil remained relatively flat, totaling 1,958 thousand barrels per day (bpd) and domestic sales volumes reached 2,056 thousand bpd.
- A 14% increase in crude oil and oil product exports (56 thousand bpd) and a 37% decrease of average Brent price (to US\$ 33.89/bbl).
- A 21% decrease in lifting costs excluding production taxes in Brazil (to US\$ 10.49/bbl).

FINANCIAL AND OPERATING HIGHLIGHTS

Main Items and Consolidated Economic Indicators

Jan-Mar

Results and investments

17,989	25,967	(31)	Sales revenues	22,147	(19)
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5,373	7,827	(31)	Gross profit	6,987	(23)
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2,084	4,541	(54)	Income (loss) before finance income (expense), share of earnings in equity-accounted investments and income taxes	(10,451)	120
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(2,223)	(1,963)	(13)	Net finance income (expense)	(1,283)	(73)
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(318)	1,862	(117)	Consolidated net income (loss) (9,421) attributable to the shareholders of Petrobras	97
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(0.02)	0.14	(114)	Basic and diluted earnings (losses) per share ¹	(0.72)	97
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5,394	7,516	(28)	Adjusted EBITDA - U.S.\$ million	21
			4,440	
			2	

30	30	–	Gross margin (%) ³	32	(2)
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12 17 (5) **Operating margin (%)** ³ (47) 59

(2) 7 (9) **Net margin (%)** ³ (43) 41

3,987	6,233	(36)	Total capital expenditures and investments	5,419	(26)
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3,522 5,185 (32) . **Exploration & Production** 4,510 (22)

243

673

(64)

. Refining, Transportation and Marketing 556

(56)

75 229 (67) . **Gas & Power** 161 (53)

25	66	(62)	. Distribution	74	(66)
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69 2 3,350 . **Biofuel** 24 188

53 78 (32) . **Corporate** 94 (44)

Jan-Mar

**Income (loss) before finance
income (expense), share of
earnings in equity-accounted
investments and income taxes**

2,940	3,239	(9)	. Refining, Transportation and Marketing	881	234
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(196) 1,801 (111) . **Exploration & Production** (9,235) 98

281

563

(50)

. **Gas & Power**

(510)

155

(12)

319

(104)

. Distribution

(569)

98

(36)

(15)

(140)

. **Biofuel**

(63)

43

(1,021) (1,374) 26 . **Corporate** (1,568) 35

Jan-Mar

Financial and economic indicators

59.52	77.80	(23)	Domestic basic oil products price (U.S.\$/bbl)	62.30	(4)
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33.89	53.97	(37)	Brent crude (U.S.\$/bbl)	43.69	(22)
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Domestic Sales price

28.88	43.40	(33)	. Crude oil (U.S.\$/bbl) ⁴	33.50	(14)
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30.22	40.76	(26)	. Natural gas (U.S.\$/bbl)	32.47	(7)
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3.90	2.87	36	Average commercial selling rate for U.S. dollar (R\$/U.S.\$)	3.84	2
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3.56	3.21	11	Period-end commercial selling rate for U.S. dollar (R\$/U.S.\$)	3.90	(9)
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(8.9)	20.8	(30)	Variation of the period-end commercial selling rate for U.S. dollar (%)	(1.7)	(7)
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14.15	12.19	2	Selic interest rate - average (%)	14.15	—
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2,067	2,249	(8)	Total crude oil and NGL production (Mbb/d)	2,214	(7)
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549	554	(1)	Total natural gas production (Mbb/d)	563	(2)
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2,616

2,803

(7)

**Total crude oil and natural gas
production (Mbb/d)**