

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 13, 2013

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, 2013

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

Rio de Janeiro – August 09, 2013– Petrobras today announces its consolidated results stated in millions of U.S. dollars, prepared in accordance with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB.

Consolidated net income attributable to the shareholders of Petrobras reached US\$6,850 million in the 1H-2013 and US\$2,996 million in the 2Q-2013. Adjusted EBITDA reached US\$16,873 million in the 1H-2013.

Highlights

**For the first half
of**

2Q-2013	1Q-2013	2Q13 X 1Q13 (%)	2Q-2012	2013	2012	2013 x 2012 (%)
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2,996	3,854	(22)	(685)	Consolidated net income/(loss) attributable to the shareholders of Petrobras	6,850	4,527	51
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2,555	2,552	–	2,579	Total domestic and international crude oil and natural gas production (Mbb/d)	2,553	2,628	(3)
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8,740	8,133	7	5,397	Adjusted EBITDA	16,873	14,743	14
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The Company reported 2Q-2013 earnings of US\$2,996 million and the following highlights:

- Higher crude oil and NGL production in Brazil (1%, 21 thousand barrels/day), due to the production start-up of new systems in the 1H-2013: FPSOs Cid. São Paulo, Cid. Itajaí, Cid. São Vicente and Cid. Paraty.
 - Feedstock processed increased by 1% (19 thousand barrels/day) due to record levels of crude oil processing in May and June, as well as maximization of diesel and gasoline production, reducing the need for oil product imports.
 - Higher LNG imports driven by lower domestic natural gas production, attributable to scheduled stoppages in Manati, Mexilhão, Uruguá and Lula fields.
 - Disposal of 50% of our assets in Africa, aligned with the Company's Divestment Program, with a US\$ 921 million gain and a US\$ 1,548 million increase in cash and cash equivalents.
 - Extension of the hedge accounting practice to future exports as from the middle of May, recognizing US\$ 3,856 million in our shareholders' equity related to the effects of foreign exchange variations on approximately 70% of our net debt exposed to foreign currency effects, which will be reclassified to profit and loss as the future exports affect our income statement. Other net debt exposed to foreign currency generated foreign exchange losses of US\$ 1,536 million, recognized in profit or loss.
 - Proceeds amounting to US\$ 15.1 billion from net long-term financing for our 2013-2017 Business and Management Plan, including US\$ 11 billion from Global Notes issued with maturities of 3, 5, 10 and 30 years.
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Comments from the CEO
Mrs. Maria das Graças Silva Foster

Dear Shareholders and Investors,

We recorded net income before financial results, share of profit of equity-accounted investments and income taxes of US\$ 5.4 billion in the 2Q-2013, 9% up on the previous three months, fueled by the increase in diesel and gasoline prices throughout the first quarter, increased production of these oil products in our refineries, gains from overseas divestments, the optimization of operating costs and the continuing recovery of operational efficiency in Campos Basin's production. Net income attributable to shareholders of Petrobras totaled US\$ 3.0 billion, 22% less than the 1Q-2013, due to the negative financial result, impacted by the depreciation of the Real against the U.S. dollar.

Average crude oil production was in line with our projections, edging up by 1% over 1Q-2013, reflecting the operational start-up of four platforms (FPSOs Cidade de São Paulo, Cidade de São Vicente, Cidade de Itajaí and Cidade de Paraty), the connection of 15 new wells and increasing output from the pre-salt in the 1H-2013, which reached a new record of 326 kbpd on June 22.

The ramp-up of these new systems and the operational start-up of other platforms in the coming months will ensure production growth in the 2H-2013, especially in the final quarter, with the operational start-up of the P-55, P-58, P-63, and P-61 platforms and the tender assisted drilling rig (TAD), a support rig that will operate in conjunction with P-61 and P-63. We highlight that the average physical progress of these platforms is 97% and that P-55, P-63 and P-58 will be in their final locations already by the end of September.

In the Exploration segment, we added nine discoveries in the first six months, five of which in the pre-salt. Our exploratory success rate was 70% overall and 100% in the pre-salt layer, already reflecting the exploration policy implemented since last year, which prioritizes low-risk areas and allocates more resources to production development activities. Expenses with prospecting and drilling (dry wells) totaled US\$ 583 million in the 2Q-2013, 66% less than the US\$ 1,740 million recorded in the 2Q-2012. None of the 13 dry wells booked in the second quarter were in the pre-salt. In the 11th bid round, Petrobras won, either alone or in partnership with other seven companies, 34 of the 289 blocks auctioned – those which, in our opinion, have the highest exploratory potential.

In the Refining business, we continue to operate at excellent efficiency levels, which are reflected in an average oil product output of 2,138 mbpd (+1%), led by gasoline (+48 mbpd) and diesel (+16 mbpd), and a capacity utilization factor of 99%. On June 29 and 30, our refineries reached a record of 2,200 kbpd processed volume.

The Gas and Energy segment also sustained the exceptional performance posted in previous quarters, meeting average daily natural gas demand of 89 million m3/day and thermal power generation of 8.2 GW/average.

Once again I would like to highlight the progress of the important structuring programs of our 2013-2017 Business and Management Plan. The initiatives under the Petrobras' Divestment Program (PRODESIN) allowed us to conclude five divestment projects in the second quarter, the largest of which was the sale of 50% of Petrobras Oil & Gas B.V.'s assets in Africa for US\$ 1.5 billion. These divestments in the 2Q-2013 not only generated cash for our oil production projects in Brazil – our priorities - but also led to a avoided Capex of US\$ 5.2 billion between 2013 and 2017. Another noteworthy progress is the improvement in the management efficiency of our international operating assets. As a consequence of our increased focus on developing the pre-salt discoveries in Brazil, in the last 12 months we reduced our international operations from 23 to 17 countries and closed 15 companies, and a further 38 are scheduled for closure by December 2015.

Thanks to the Program to Increase the Operational Efficiency of the Campos Basin (PROEF), we recorded production gains of 62 mbpd in the 2Q-2013. The efficiency of the Campos Basin Operational Unit (UO-BC), which stood at 67% at the beginning of the Program (April 2012), averaged 74% in the 2Q-2013. The Rio Unit (UO-RIO), whose operational efficiency was 91% in April 2012 and which was included in PROEF in November, averaged 93% in the second quarter.

The initiatives of the Operating Cost Optimization Program (PROCOP) led to savings of US\$ 1 billion in the first six months of 2013, exceeding the period target of US\$ 0.7 billion and reaching 78% of the annual target of US\$ 1.7 billion. The Program broadened its goals as of July, when it included the subsidiaries BR Distribuidora, Petrobras Biocombustível and Liquigás, raising its target in US\$ 68 million in 2013 and to US\$ 15 billion for 2013-2016.

As a result of all these initiatives, our cash generation increased by 5% over 1Q-2013. I would also like to highlight the second quarter's successful funding operations, especially the US\$ 11 billion bond issue in May. As a result, our cash and cash equivalents closed the period at US\$ 33 billion. We also extended the hedge accounting procedure to future exports, allowing foreign exchange losses of US\$ 4 billion, equivalent to around 70% of our net debt exposed to foreign exchange variation, to be booked under Shareholders' Equity and transferred to the profit and loss as the exports occur.

Once again, I would like to reiterate the Executive Board's confidence in our technical team and affirm that our short-term growth prospects are achievable. Our day-to-day efforts are aimed at building a more efficient and profitable Company. We have already overcome countless expected challenges in 2013 and are convinced that we will achieve the goals and objectives set out in the 2013-2017 Business and Management Plan.

Maria das Graças Silva Foster

Chief Executive Officer

FINANCIAL HIGHLIGHTS

Main Items and Consolidated Economic Indicators

**For the first half
of**

2Q-2013	1Q-2013	2Q13 X 1Q13 (%)	2Q-2012	2013	2012	2013 x 2012 (%)
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35,569	36,345	(2)	34,659	Sales revenues	71,914	72,069	–
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9,038	9,448	(4)	8,157	Gross profit	18,486	19,608	(6)
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5,366	4,935	9	2,689	Net income before finance income (expense), share of profit of equity-accounted investments and income taxes	10,301	9,348	10
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(1,715)	696	(346)	(3,263)	Net finance income (expense)	(1,019)	(3,000)	66
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2,996	3,854	(22)	(685)	Consolidated net income/(loss) attributable to the shareholders of Petrobras	6,850	4,527	51
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0.23	0.30	(22)	(0.05)	Basic and diluted earnings per share ¹	0.53	0.35	51
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25	26	(1)	24	Gross margin (%) ²	26	27	(1)
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15	14	1	8	Operating margin (%)	² 14	13	1
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8	11	(3)	(2)	Net margin (%) ²	10	6	4
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8,740	8,133	7	5,397	Adjusted EBITDA –	16,873	14,743	14
				U.S.\$ million			³

**Net income before
finance income
(expense), share of
profit of
equity-accounted
investments and
income taxes by
Business Segment**

6,553	7,560	(13)	8,239	. Exploration & Production	14,113	18,899	(25)
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(1,822)	(3,276)	44	(5,079)	. Refining, Transportation and Marketing	(5,098)	(9,095)	44
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392 593 (34) 19 . **Gas & Power** 985 578 70

(37) (35) (6) (46) . **Biofuel** (72) (75) 4

336	543	(38)	362	. Distribution	879	675	30
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1,064	594	79	476	. International	1,658	1,294	28
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(1,289) (1,391) 7 (1,165) . **Corporate** (2,680) (2,548) (5)

11,758	9,907	19	10,520	Capital expenditures and investments (in millions of U.S. dollars)	21,665	20,714	5
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**Financial and
economic indicators**

102.44 112.55 (9) 108.19 **Brent crude (U.S.\$/bbl)** 107.50 113.34 (5)

2.07	2.00	3	1.96	Average commercial selling rate for U.S. dollar (R\$/U.S.\$)	2.03	1.87	9
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2.22	2.01	10	2.02	Period-end commercial	2.22	2.02	10
				selling rate for U.S.			
				dollar (R\$/U.S.\$)			

7.52	7.13	–	8.87	Selic interest rate - average (%)	7.33	9.59	(2)
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**Average price
indicators**

100.28	102.05	(2)	92.10	Domestic basic oil products price (U.S.\$/bbl)	101.15	95.84	6
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Sales price - Brazil

94.17 102.91 (8) 104.29 . **Crude oil (U.S.\$/bbl)** 498.52 108.01 (9)

50.47	47.42	6	47.77	. Natural gas	49.56	49.88	(1)
				(U.S.\$/bbl)			

**Sales price -
International**

89.84	94.26	(5)	93.48	. Crude oil (U.S.\$/bbl)	92.08	96.98
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