

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 Brazilian Reais, 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 R\$ 1,246 million, as a result of:
 - § Higher interest expenses, inflation indexation charges and foreign exchange losses, totaling R\$ 9,579 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 R\$ 21,091 million in the 1Q-2016, compared to R\$ 21,518 million in the 1Q-2015. The Adjusted EBITDA Margin reached 30% in the 1Q-2016.
- Positive free cash flow of R\$ 2,381 million in the 1Q-2016 (compare to the negative free cash flow of R\$ 1,253 million in the 1Q-2015), due to higher diesel and gasoline domestic margins, decreased production taxes, import costs and lower capital expenditures and investments.
- The gross indebtedness in Reais was R\$ 450,015 million in March 31, 2016, a 9% decrease (R\$ 42,834 million) compared to December 31, 2015 (R\$ 492,849 million).
- 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 decreased from 5.31 as of December 31, 2015 to 5.03 as of March 31, 2016 and 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, market capitalization
and investments**

70,337	74,353	(5)	Sales revenues	85,103	(17)
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21,008	22,410	(6)	Gross profit	26,849	(22)
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8,148	12,999	(37)	Income (loss) before finance income (expense), share of earnings in equity-accounted investments and income taxes	(40,895)	120
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(8,693)	(5,621)	(55)	Net finance income (expense)	(4,928)	(76)
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(1,246)	5,330	(123)	Consolidated net income (loss) attributable to the shareholders of Petrobras	(36,938)	97
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(0.10)	0.41	(123)	Basic and diluted earnings (losses) per share ¹	(2.83)	97
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125,890	125,807	–	Market capitalization (Parent Company)	101,316	24
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21,091	21,518	(2)	Adjusted EBITDA ²	17,064	24
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30	30	–	Gross margin (%)	32	(2)
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12 17 (5) **Operating margin (%)** ³ (48) 60

(2)	7	(9)	Net margin (%)	(43)	41
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15,593	17,843	(13)	Total capital expenditures and investments	20,826	(25)
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13,770	14,846	(7)	. Exploration & Production	17,330	(21)
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952	1,926	(51)	. Refining, Transportation and Marketing	2,138	(55)
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292

655

(55)

. **Gas & Power**

617

(53)

99 188 (47) . **Distribution** 285 (65)

271

5

5320

. **Biofuel**

94

188

209

223

(6)

. **Corporate**

362

(42)

Jan-Mar

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

11,495	9,273	24	. Refining, Transportation and Marketing	3,236	255
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(773) 5,154 (115) . **Exploration & Production** (36,089) 98

1,094	1,613	(32)	. Gas & Power	(1,995)	155
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(47) 912 (105) . **Distribution** (2,257) 98

(138)

(45)

(207)

. **Biofuel**

(249)

45

(3,992) (3,935) (1) . **Corporate** (6,028) 34

Jan-Mar

Indicators

231.68	221.25	5	Domestic basic oil products price (R\$/bbl)	239.36	(3)
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132.00	155.12	(15)	Brent crude (R\$/bbl)	167.86	(21)
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33.89	53.97	(37)	Brent crude (US\$/bbl)	43.69	(22)
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Domestic Sales Price

28.88 43.40 (33) . **Crude oil (U.S. dollars/bbl)** ⁴ 33.50 (14)

30.22	40.76	(26)	. Natural gas (U.S. dollars/bbl)	32.47	(7)
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3.90	2.87	36	Average commercial selling rate for U.S. dollar	3.84	2
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3.56	3.21	11	Period-end commercial selling rate for U.S. dollar	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)