

RESULTS ANNOUNCEMENT

Third Quarter 2018

Webcast

November 6, 2018

PETROBRAS

Disclaimer

The presentation may contain forward-looking statements about future events that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

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. Figures for 2018 on are estimates or targets.
All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this presentation.

In addition, this presentation also contains certain financial measures that are not recognized under Brazilian GAAP or IFRS. These measures do not have standardized meanings and may not be comparable to similarly-titled measures provided by other companies. We are providing these measures because we use them as a measure of company performance; they should not be considered in isolation or as a substitute for other financial measures that have been disclosed in accordance with Brazilian GAAP or IFRS.

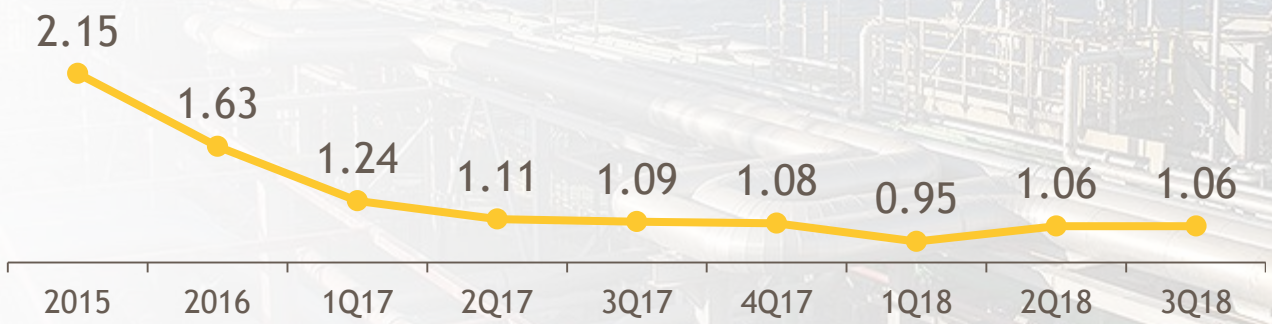
NON-SEC COMPLIANT OIL AND GAS RESERVES:
CAUTIONARY STATEMENT FOR US INVESTORS

We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X.

Focus on top metrics

TOTAL RECORDABLE INJURIES (TRI)

per million man-hour frequency rate



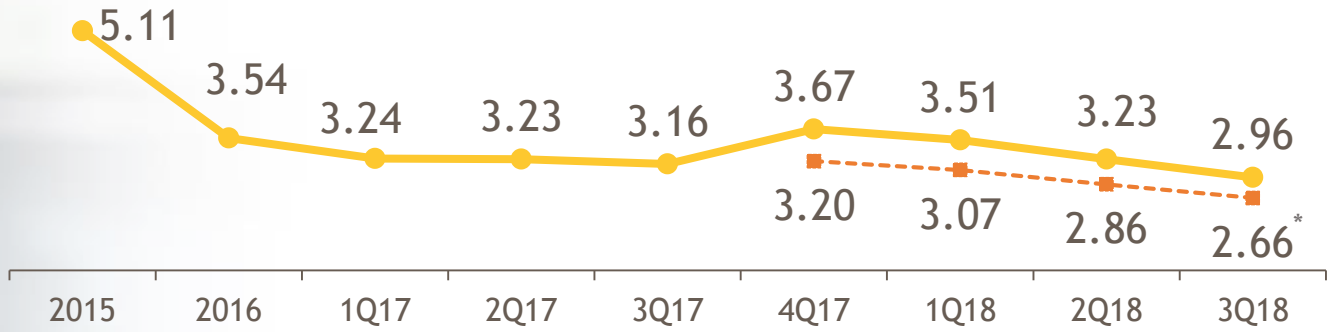
Efforts to enhance safety culture, considering the warning limit of 1.0:

- Continuous improvement in safety conditions
- Practices of international benchmarks: IOGP (International Association of Oil & Gas Producers) and Concawe (Environmental Science for European Refining)
- Programs, seminars and trainings for workforce and suppliers

Focus on top metrics

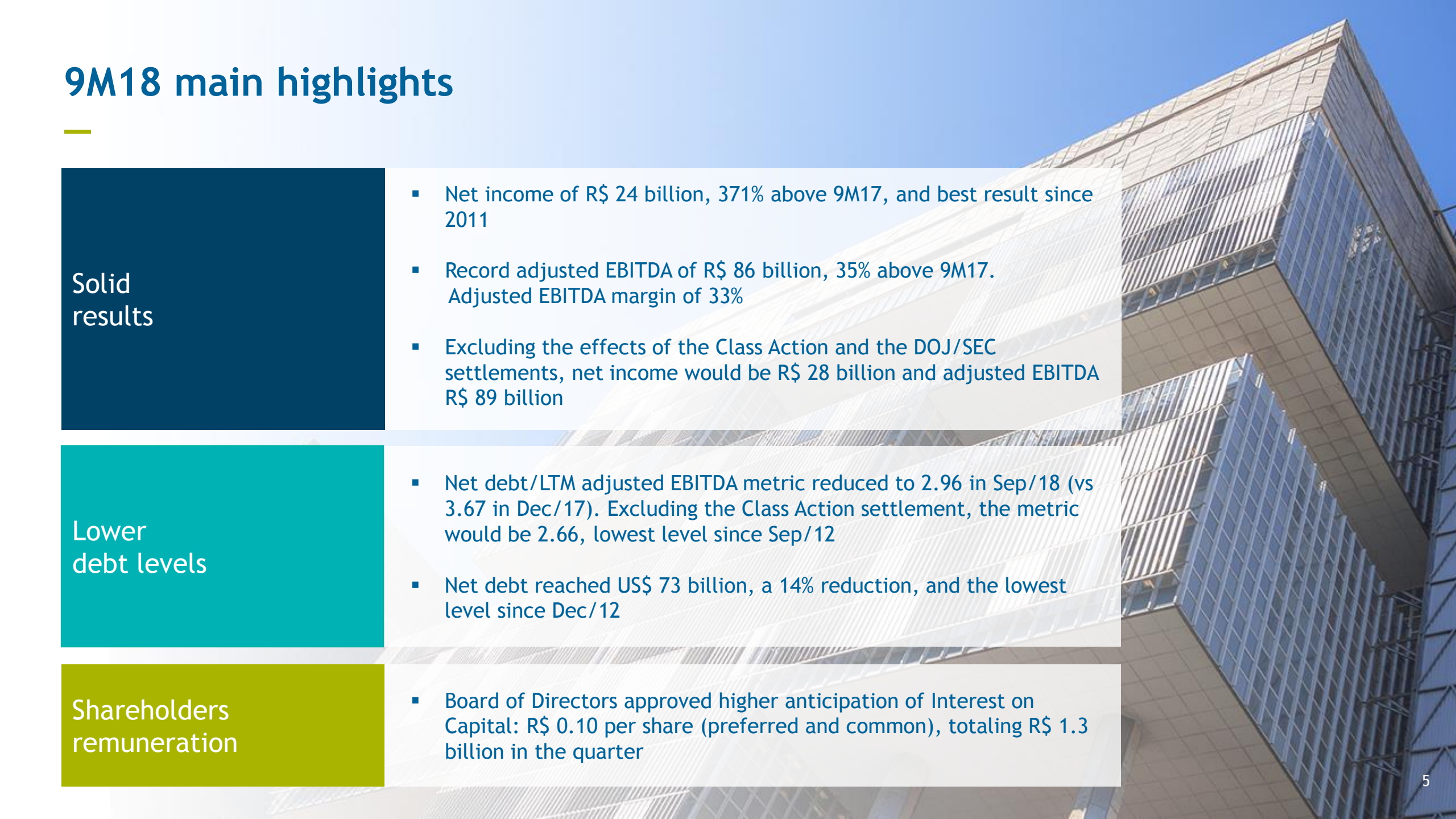


NET DEBT / ADJUSTED EBITDA



* Excluding the Class Action settlement

9M18 main highlights



Solid results

- Net income of R$ 24 billion, 371% above 9M17, and best result since 2011
- Record adjusted EBITDA of R$ 86 billion, 35% above 9M17. Adjusted EBITDA margin of 33%
- Excluding the effects of the Class Action and the DOJ/SEC settlements, net income would be R$ 28 billion and adjusted EBITDA R$ 89 billion

Lower debt levels

- Net debt/LTM adjusted EBITDA metric reduced to 2.96 in Sep/18 (vs 3.67 in Dec/17). Excluding the Class Action settlement, the metric would be 2.66, lowest level since Sep/12
- Net debt reached US$ 73 billion, a 14% reduction, and the lowest level since Dec/12

Shareholders remuneration

- Board of Directors approved higher anticipation of Interest on Capital: R$ 0.10 per share (preferred and common), totaling R$ 1.3 billion in the quarter

Other highlights

Production
Production start-up of 3 new systems:
FPSOs Cidade de Campos dos Goytacazes, P-74 and P-69

Exploratory Portfolio
Acquisition of Sudoeste de Tartaruga Verde block, in the 5th PSA round

Partnerships
Parnerships signed with Equinor (offshore wind power in Brazil); Total (renewable energy); CNPC (Comperj and Marlim cluster) and Murphy (Gulf of Mexico)

Diesel Subsidy
R$ 1.6 billion received relative to the 2nd phase of the diesel subsidy program

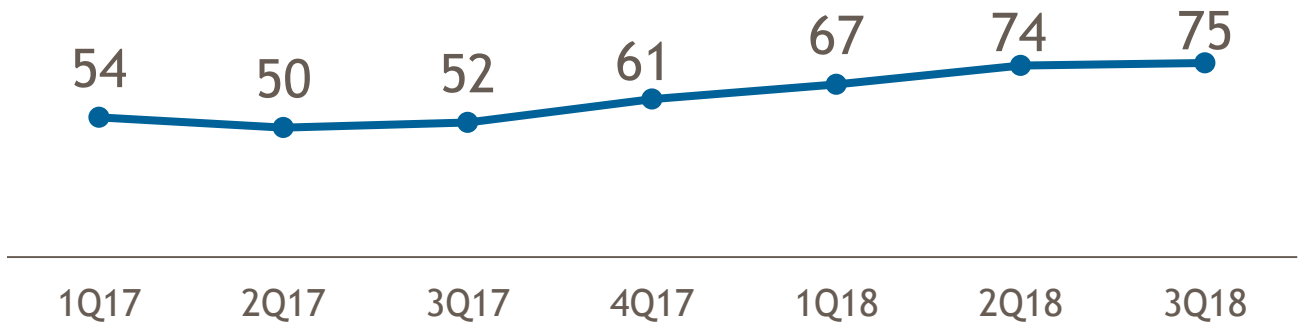
Gasoline Hedge
Mechanism for complementary hedge for gasoline, allowing lower frequency in price adjustments

Reimbursement
R$ 1.7 billion in resources recovered by operation Car Wash



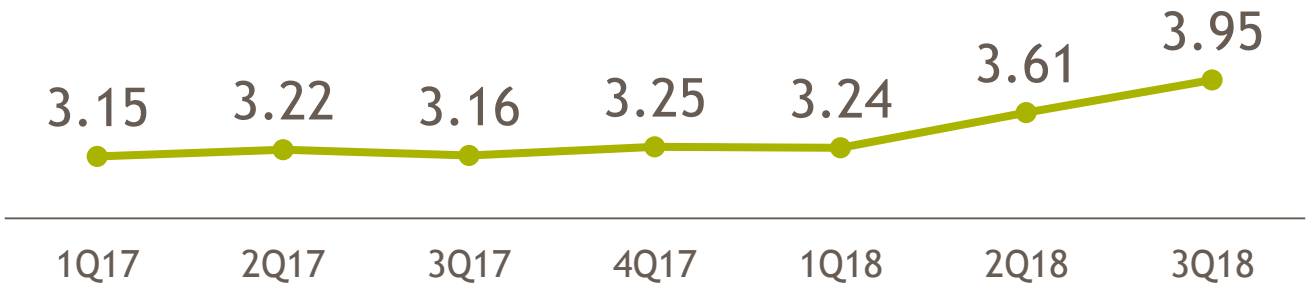
Higher Brent and Depreciation of the *real*

BRENT
(US$/bbl)



+ 39%
9M18 x 9M17

AVERAGE FX
(R$/US$)



+ 13%
9M18 x 9M17

9M18 financial performance

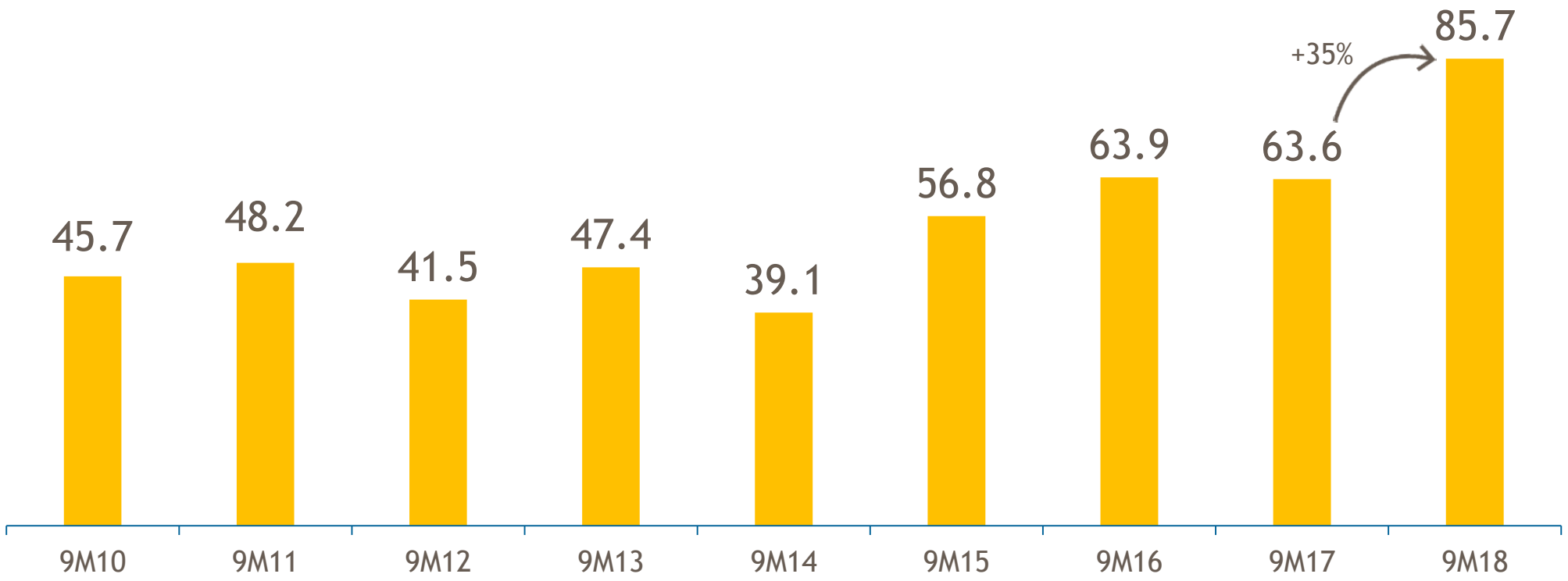
(R$ billion)

257.1	Sales Revenue
93.0	Gross Profit
85.7	Adjusted EBITDA
23.7	Net Profit
37.5	Free Cash Flow



Record adjusted EBITDA for the first 9 months

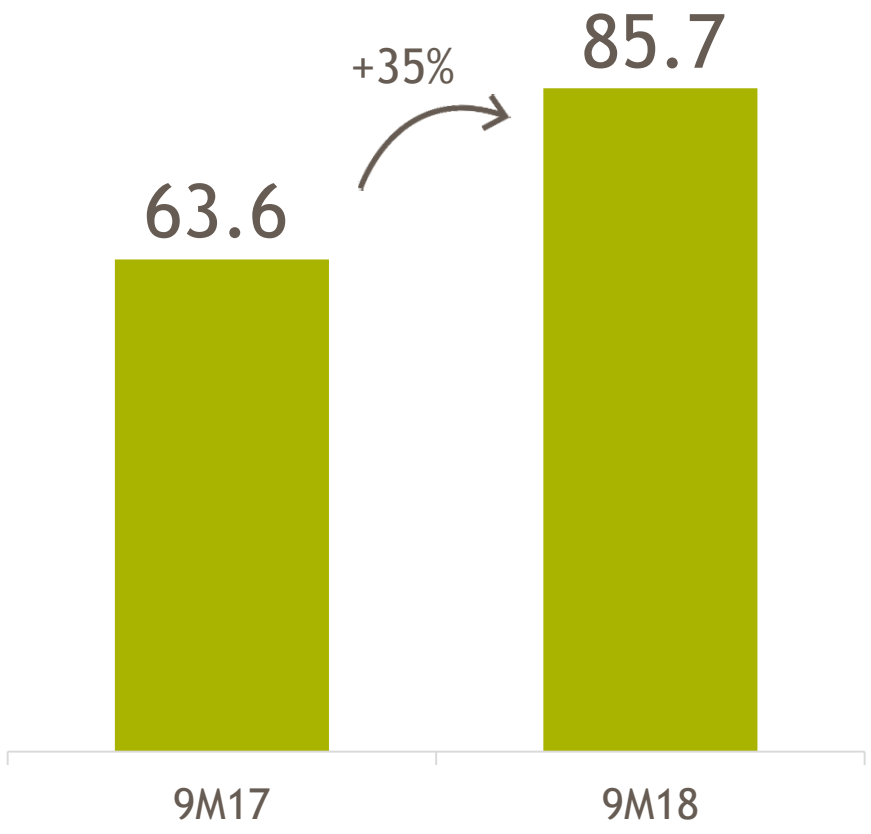
(R$ billion)



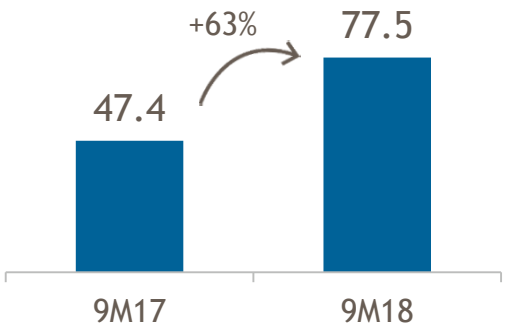
	9M10	9M11	9M12	9M13	9M14	9M15	9M16	9M17	9M18
Brent (US$/bbl)	77	112	112	108	107	55	42	52	72

Adjusted EBITDA

(R$ billion)

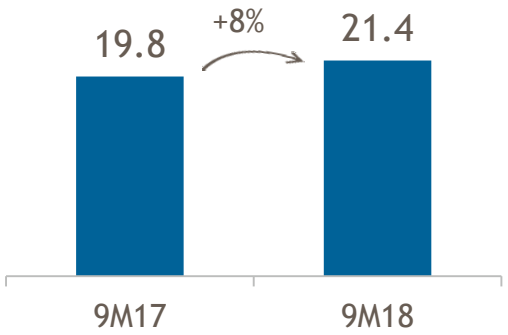


Exploration and Production



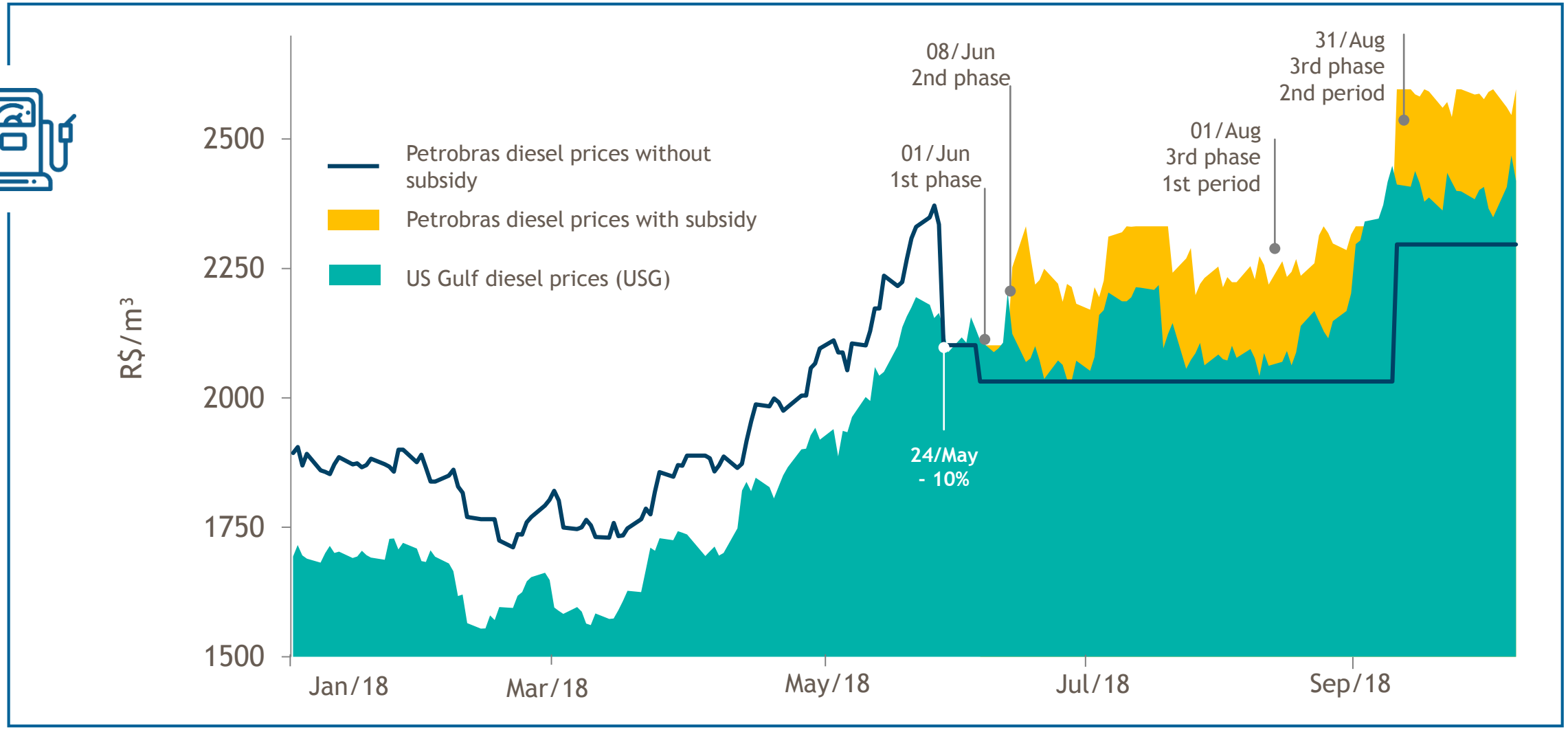
- Higher Brent prices
- Depreciation of the *real*
- Lifting cost under control

Refining, Transportation and Marketing



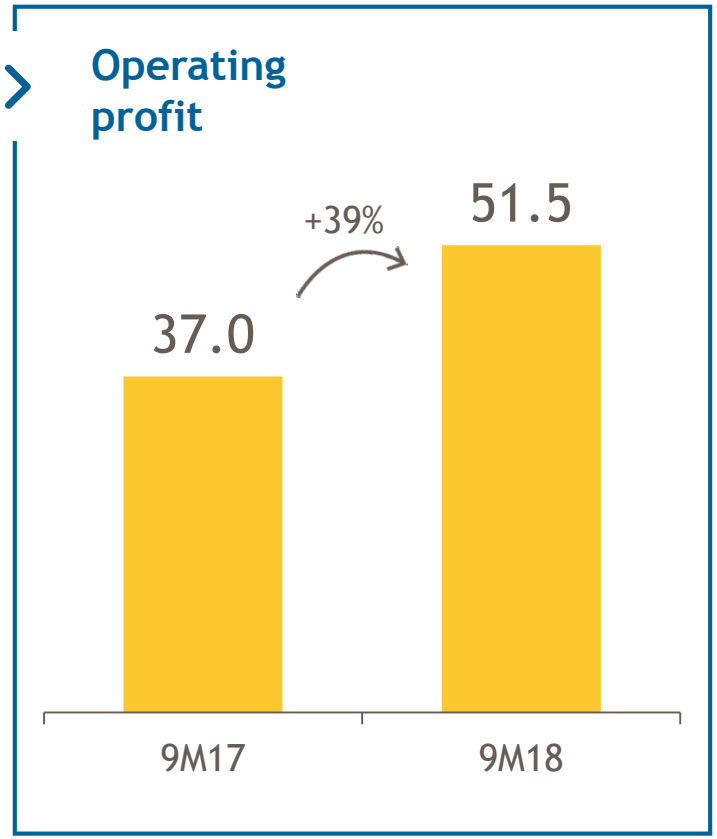
- Lower diesel and gasoline margins relative to Brent, offset by the positive effect of inventories built at lower prices
- Lower sales volume
- Higher sales volume and market share for diesel
- Reduction on refining cost

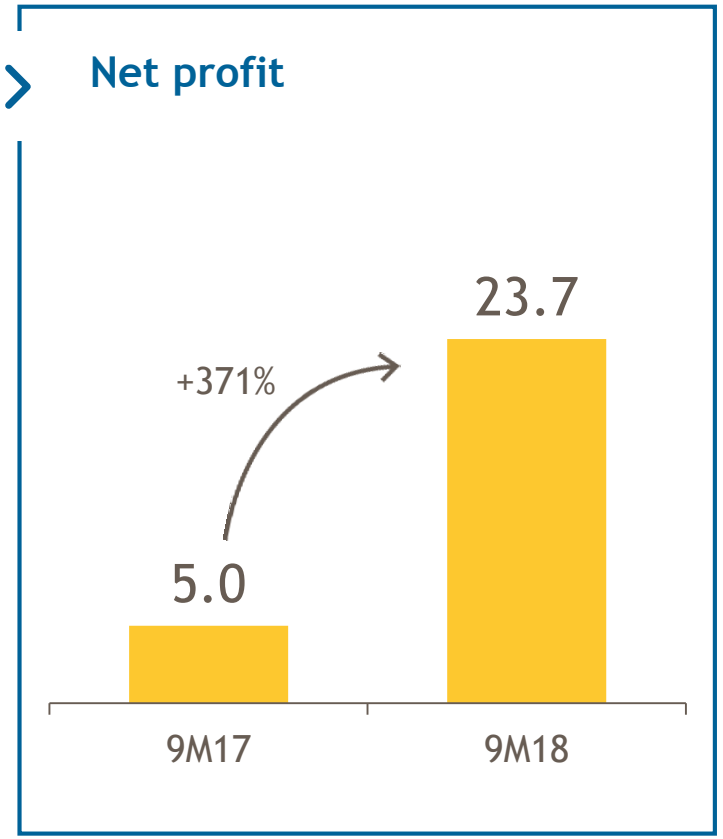
Diesel prices aligned to international markets



Operating profit grows 39% and net profit 371%

(R$ billion)



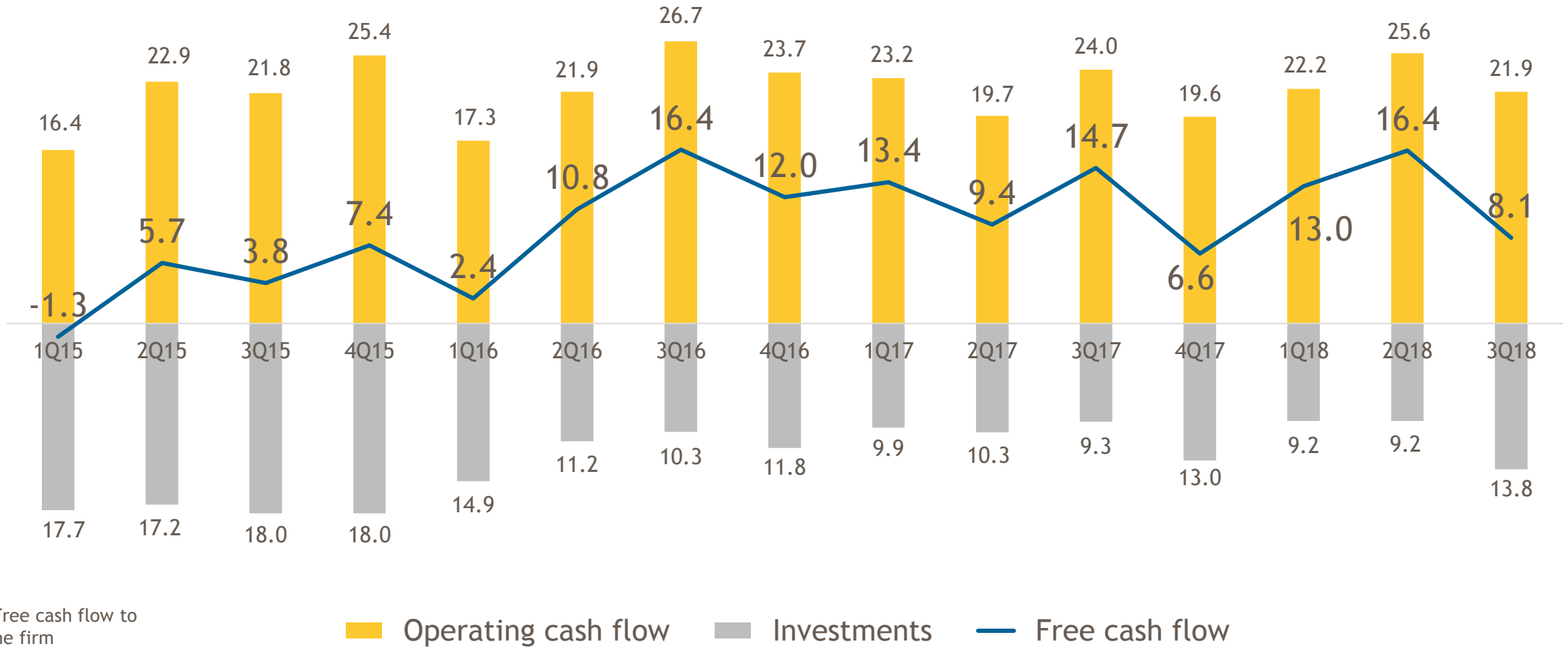


- Higher Brent prices and depreciation of the *real*
- Higher margins in oil product sales and oil exports
- Increase in diesel sales with improvement in market share
- Lower G&A
- Lower financial expenses due to reduction in debt levels
- Higher government take
- DOJ/SEC settlement

Excluding the effects of the Class Action and DOJ/SEC settlements, net profit would be R$ 28 billion

Positive free cash flow* for 14 quarters in a row

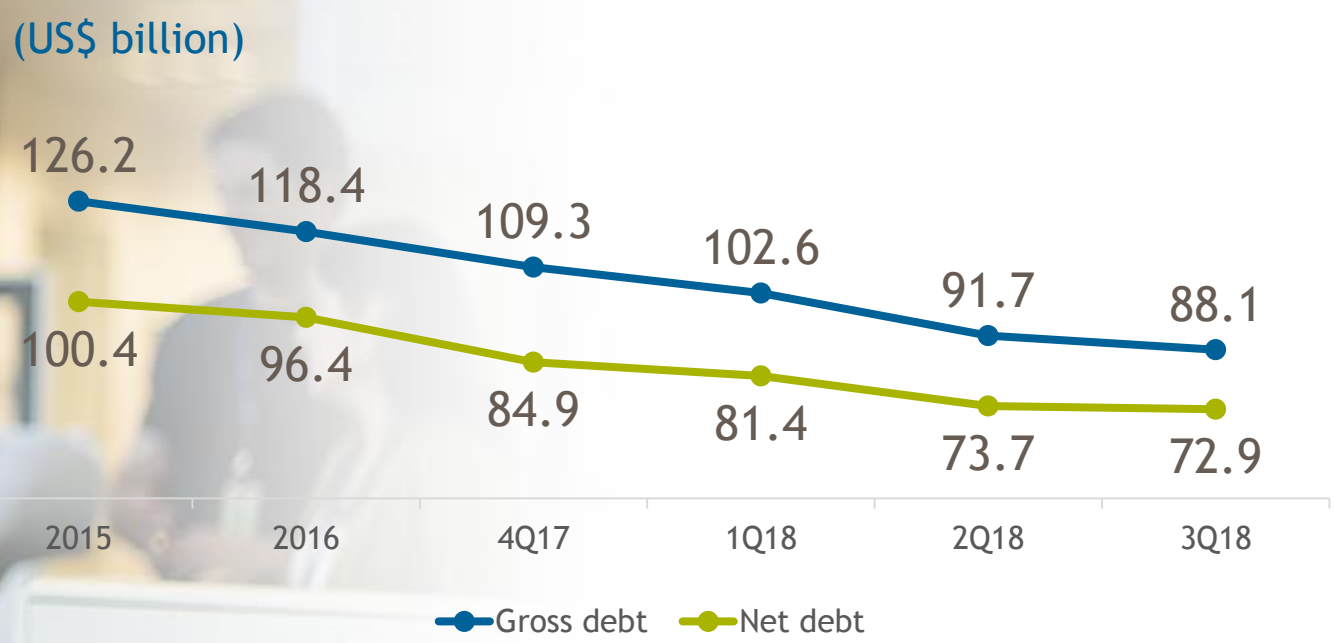
(R$ billion)



*Free cash flow to the firm

Debt reduction





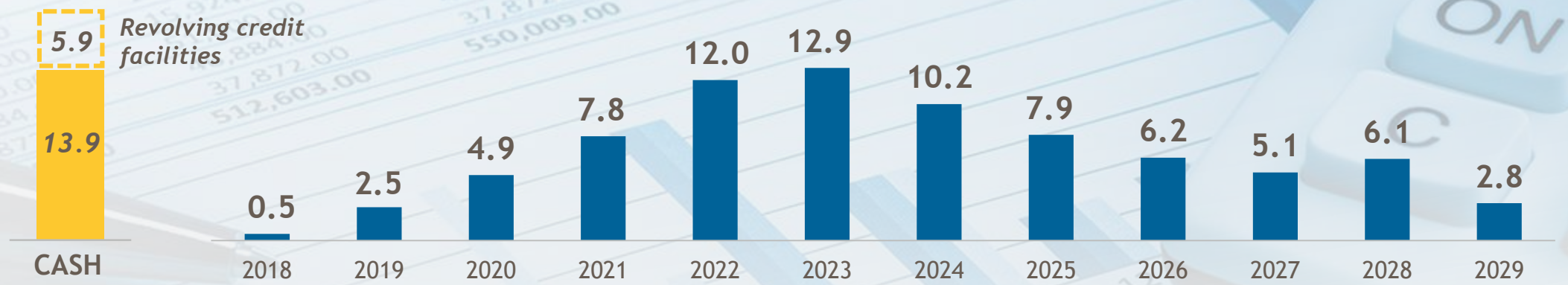
	4Q17	3Q18
Average interest rate (% p.y.)	6.1	6.2
Average duration (years)	8.6	9.1
Leverage (%)	51	50

Liability management

(US$ billion)

Amortization schedule

Position as of 10/31/2018



Divestments



- Total 9M18 cash inflows: US$ 5 billion
- Total signings in 2017-2018: US$ 7.5 billion
- Suspended by judicial decisions: Araucária Nitrogenados, TAG, Partnerships in Refining and UFN-III

TEASER AND NON-BINDING PHASE

- ONSHORE FIELDS (POLO LAGOA PARDA)
- BSBIOS
- SHALLOW WATER FIELDS (RN)

BINDING PHASE

- BAÚNA FIELD
- TARTARUGA VERDE E MESTIÇA AND MÓDULO 3 ESPADARTE FIELDS (50%)
- SERGIPE ALAGOAS - DEEP WATERS
- PASADENA REFINERY
- SHALLOW WATER FIELDS (RJ, SP, CE, SE)
- ONSHORE FIELDS
- PIRANEMA AND PIRANEMA SUL FIELDS (SE)
- MAROMBA FIELD (RJ)

CLOSING

- PETROBRAS OIL & GAS B.V. ("POGBV") *
- E&P GULF OF MEXICO*
- PARAGUAY ASSETS*
- RONCADOR FIELD (25%)
- AZULÃO
- PETROCHEMICAL SUAPE AND CITEPE
- SÃO MARTINHO
- LIQUIGÁS (FINE)
- CARCARÁ (2nd INSTALMENT)
- LAPA AND IARA

* Pending external approvals

New partnerships



equinor

MOU for offshore wind power

TOTAL

MOU for renewable energy

CNPC

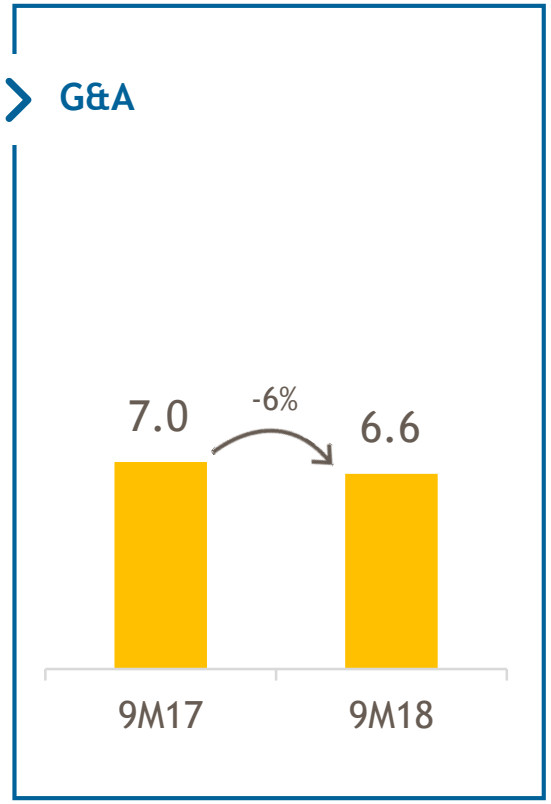
Busines model for investments in Comperj refinery and Marlim

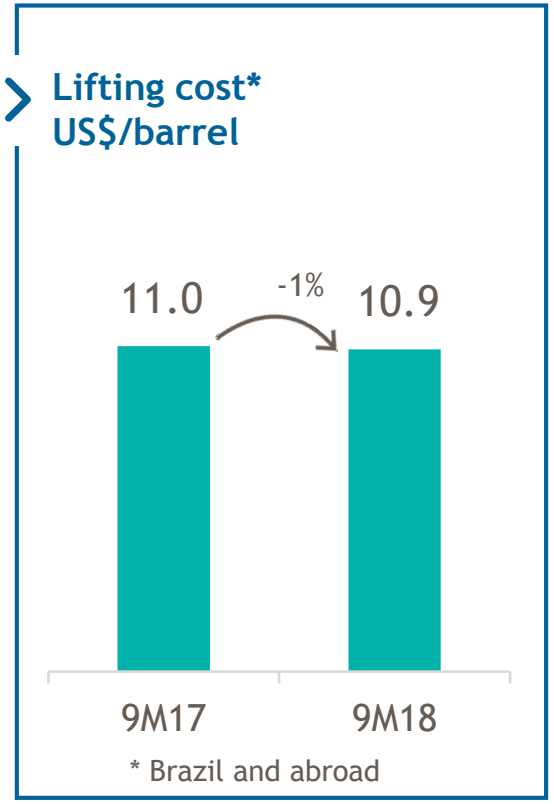
MURPHY

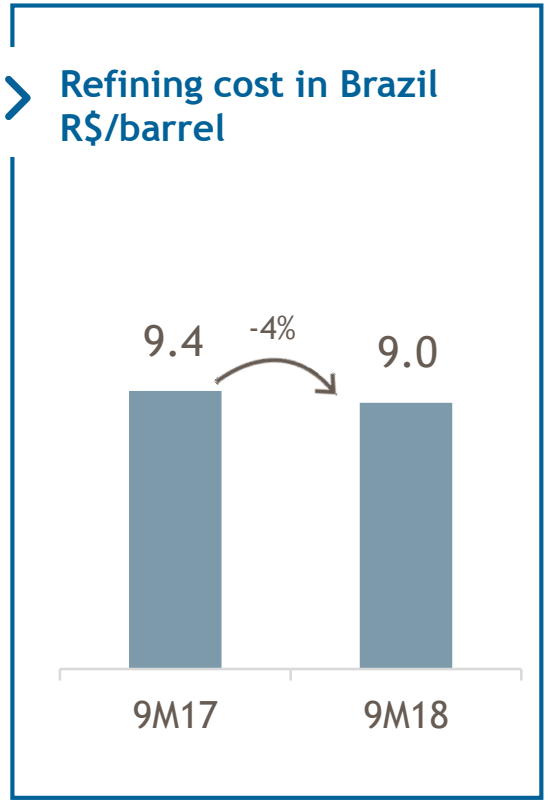
Partnership in Gulf of Mexico

Operating cost under control

(R$ billion)







2018 outlook

(US$ billion)

30	OPERATING CASH FLOW
7	DIVESTMENTS
13	INVESTMENTS
6	INTEREST PAYMENTS

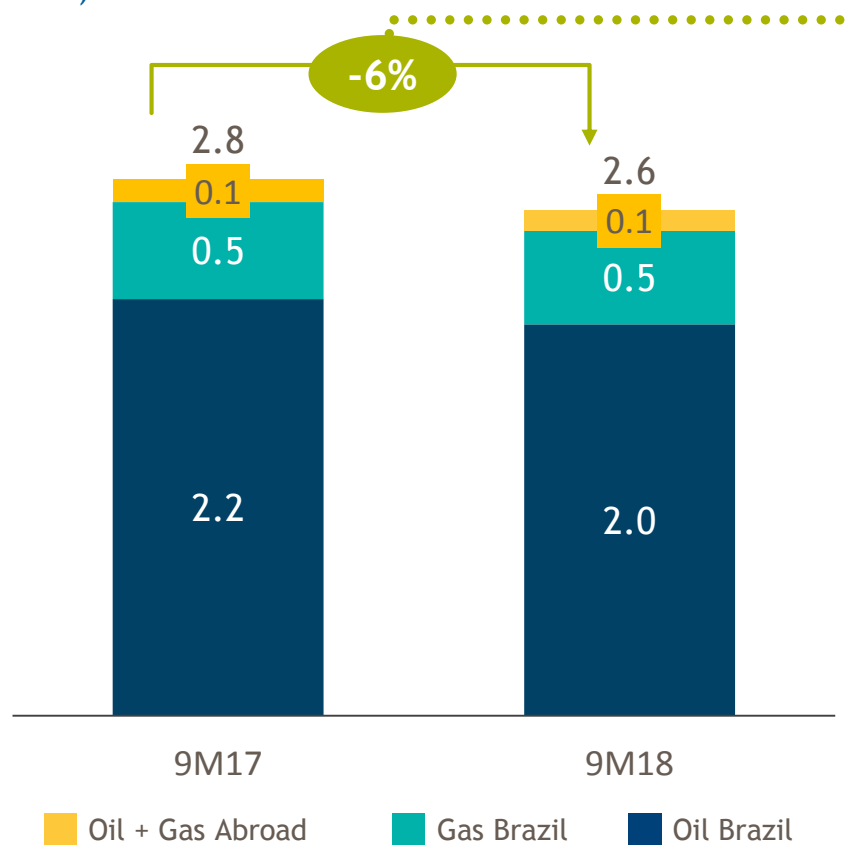




Operational highlights

Production according to plan

(MM BOED)



Production in offshore mature fields: matching of new wells with improvements in platforms

Divestments

End of early production systems of Itapu and Tartaruga Verde and works on Route 1

Ramp up of new platfoms

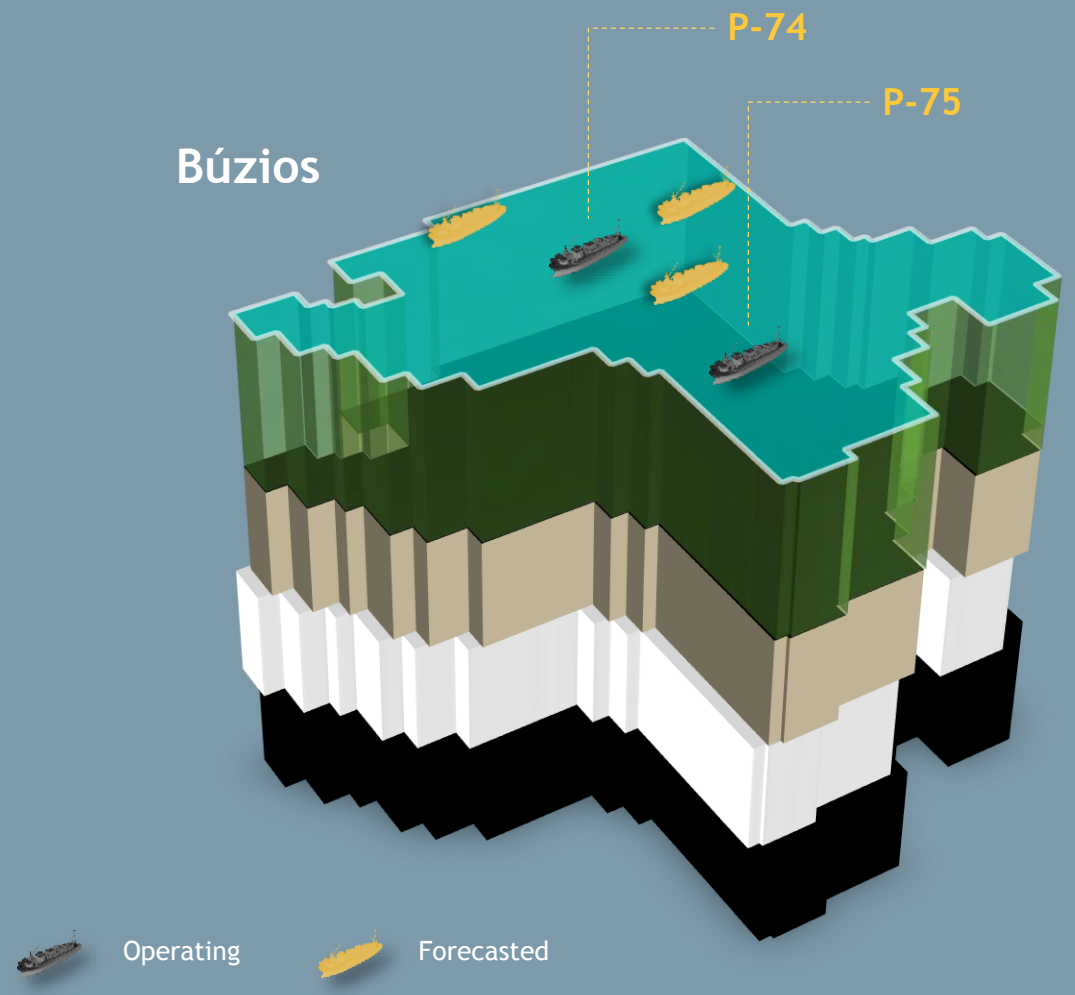
High productivity in pre-salt wells

Top 10 production wells

(Aug/18 average; Petrobras + partners)

Field	Number of wells	Production per well (kbpd)
Sapinhoá	3	27 - 30
Lula	6	32 - 38
Mero	1	39

- Design of wells for higher flow rates
- Flow lines with larger diameter
- Water alternate gas injection
- Great reservoir characterization



Conclusion of first Extended Well Test on Mero field



Extended Well Tests with total reinjection of produced gas

Operation initiated in November 2017 with the first dedicated unit – FPSO Pioneiro de Libra

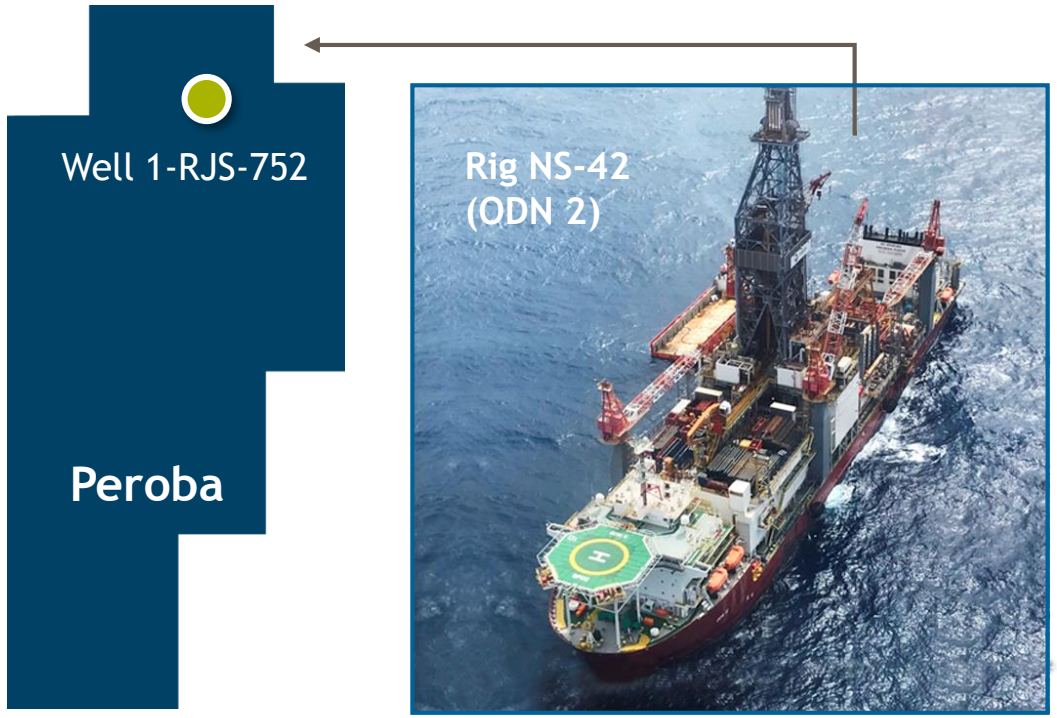
HIGH PRODUCTIVITY confirms the field's potential

Allowing the speedy implementation of **four definitive systems**

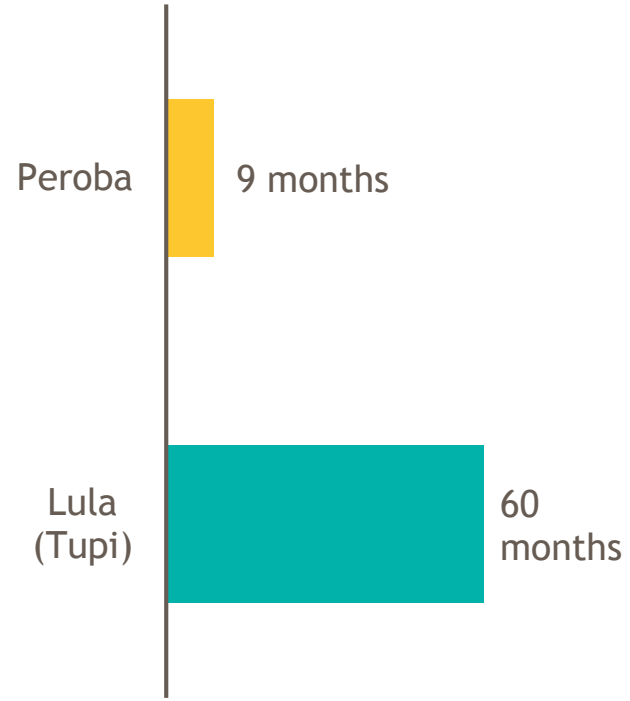
180 kbpd | 180 kbpd | 180 kbpd | 180 kbpd

Drilling of first Peroba well sets a record

Beginning only 9 months after signing



Time until first well



Start-up of new production systems

4 new projects already delivered in 2018

Búzios 1

FPSO P-74

150 kbpd



- WI Petrobras: 100%
- First oil in 04/20/18
- 2 wells producing
- 8 completed wells

Tartaruga Verde e Mestiça

FPSO Cid. de Campos dos Goytacazes

150 kbpd



- WI Petrobras: 100%
- First oil in 06/22/18
- 3 wells producing
- 9 completed wells

Lula Extremo Sul

FPSO P-69

150 kbpd



- WI Petrobras: 65%
- First oil in 10/23/18
- 1 well producing
- 8 completed wells

Búzios 2

FPSO P-75

150 kbpd



- WI Petrobras: 100%
- 5 completed wells

Progress in portfolio paves the way for production increase

Lula Norte

FPSO P-67



Arrival at location: 4Q18

Búzios 3

FPSO P-76



Arrival at location: 4Q18

Búzios 4

FPSO P-77



Arrival at location: 1H19

Berbigão and Sururu

FPSO P-68



Arrival at location: 1H19

UNDER EXECUTION:

- ATAPU 1
- SÉPIA
- MERO 1

UNDER PROCUREMENT:

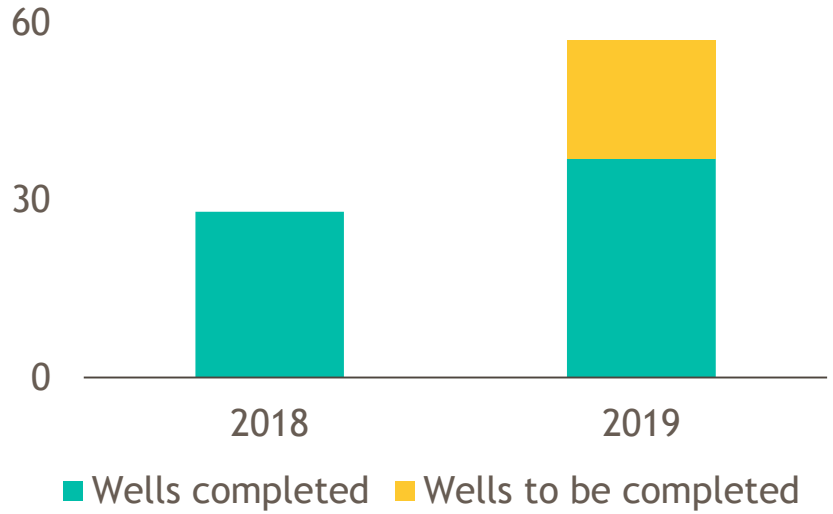
- BÚZIOS 5
- INTEGRADO PARQUE DAS BALEIAS
- REVITALIZAÇÃO DE MARLIM 1 AND 2
- MERO 2

UNDER PLANNING:

- SERGIPE DEEP WATERS
- ITAPU

Ramp up process

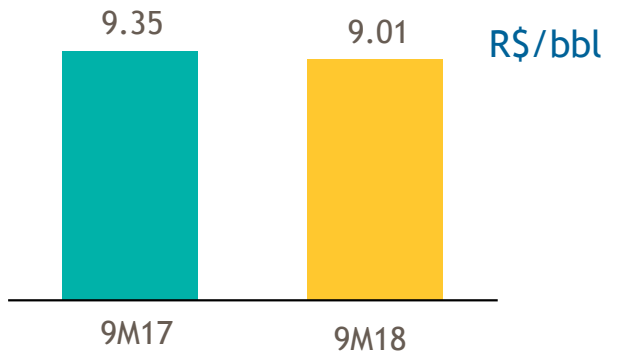
Total wells beginning operations in 2018 and 2019

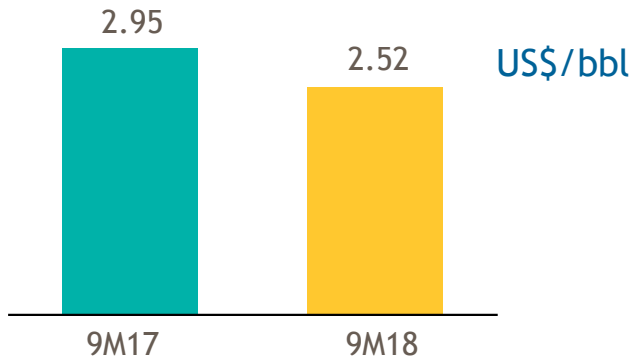


- We have installed our 100th manifold in Sep/18, at 1970m water depth. The equipment will be connected to P-76, in Búzios field
- This represents the 16th pre-salt manifold installation, with lower costs and in less time, without any accidents
- Wells drilled and completed for the ramp up of the next systems going according to plan
- Lines and umbilicals available for interconnection activities
- Support vessels allocated to enable anchoring activities and interconnections

Higher efficiency in refining operations

Evolution in refining cost





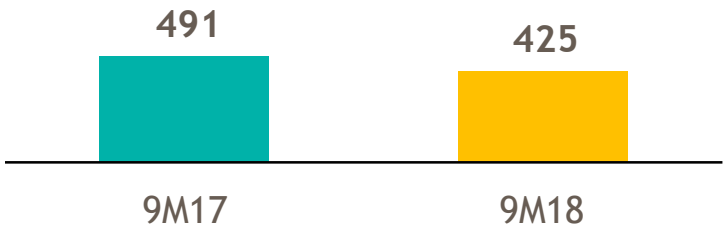
- ✓ Higher focus in costs optimization in the past years, allowing for gains in operational efficiencies
- ✓ Currently, the refining system is in the same level of the best refiners worldwide, positioned in Solomon's first quartile



4% reduction in refining unit cost in *reais*

Higher efficiency in logistics operations

Lower costs with oil offloading (US$ million)



- Higher integration between E&P and RTM in ships scheduling
- Average reduction of 10 cabotage vessels (offloading operations) between periods

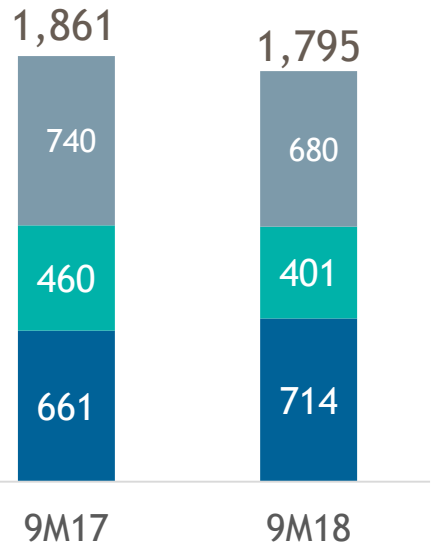
Increase in operations safety, reducing risks in production stoppages due to oil offloading

9M17	9M18
10.7%	7.7%

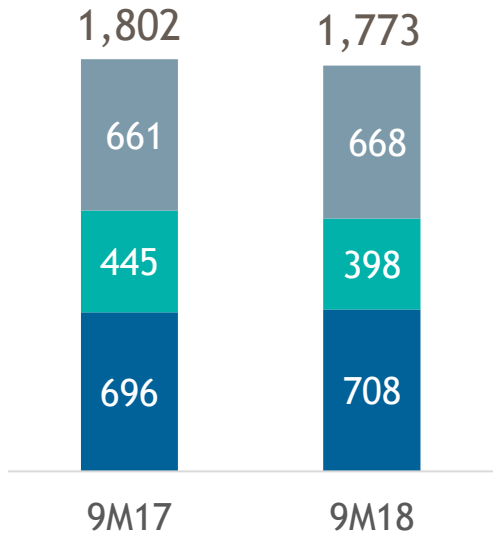


Increase in diesel sales volume

Sales volume*
(kbpd)



Oil products output
(kbpd)

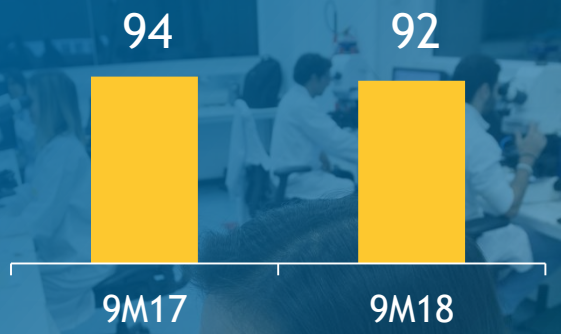


- Reduction in overall demand for oil products
- Loss of market share to ethanol
- Reduction in naphta sales

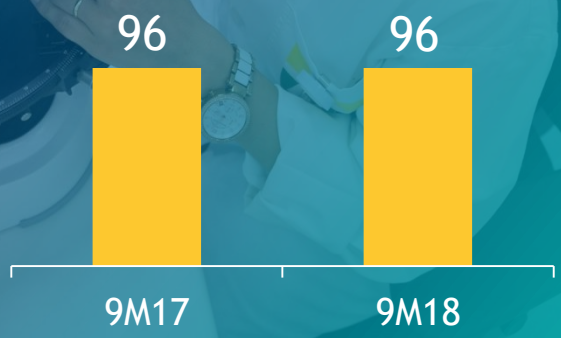
Others
Gasoline
Diesel

*Includes intersegment and third-party sales. Does not include BR Distribuidora sales

Participation of domestic oil in processed feedstock (%)

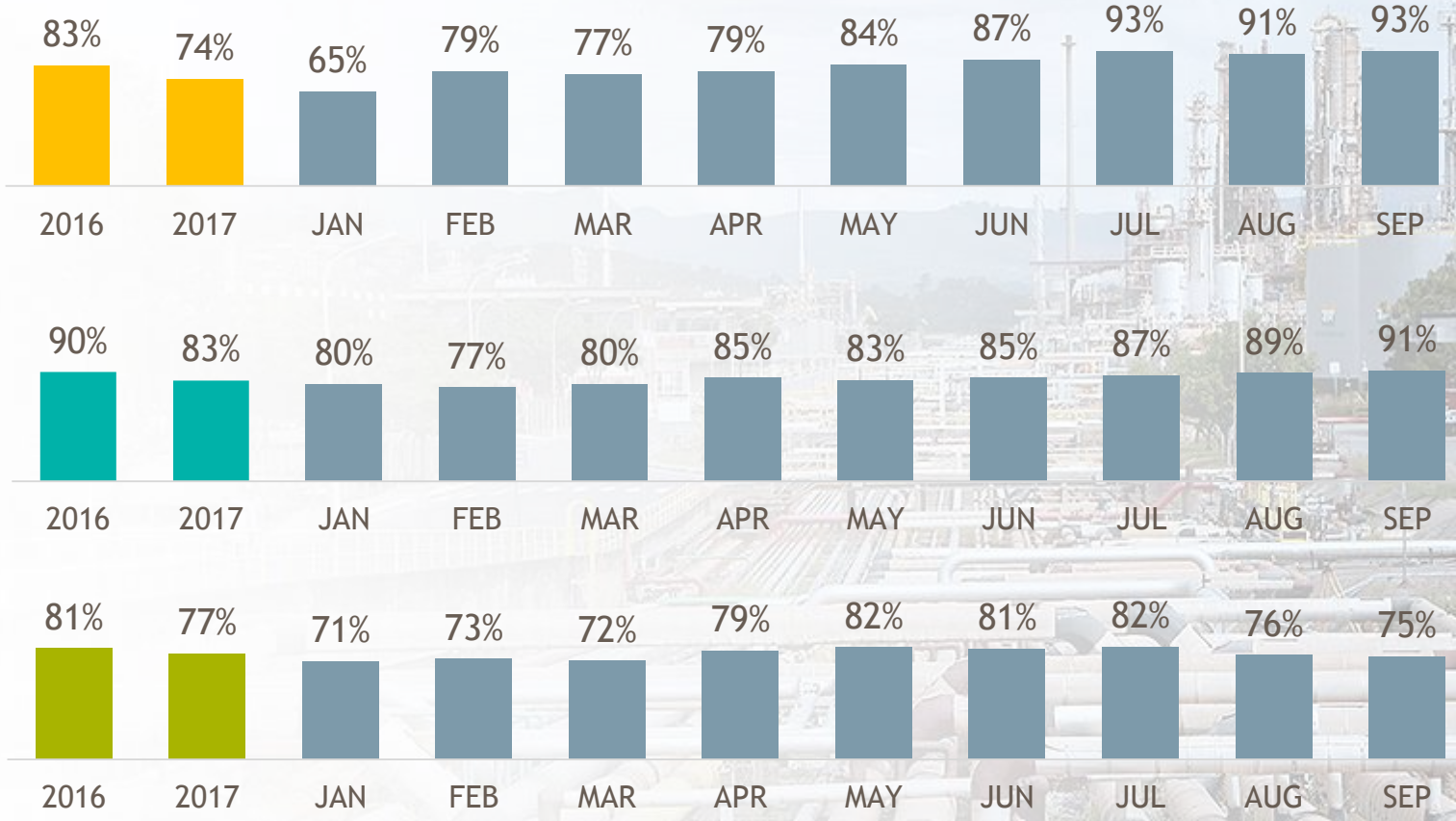


Refining plants operational availability (%)

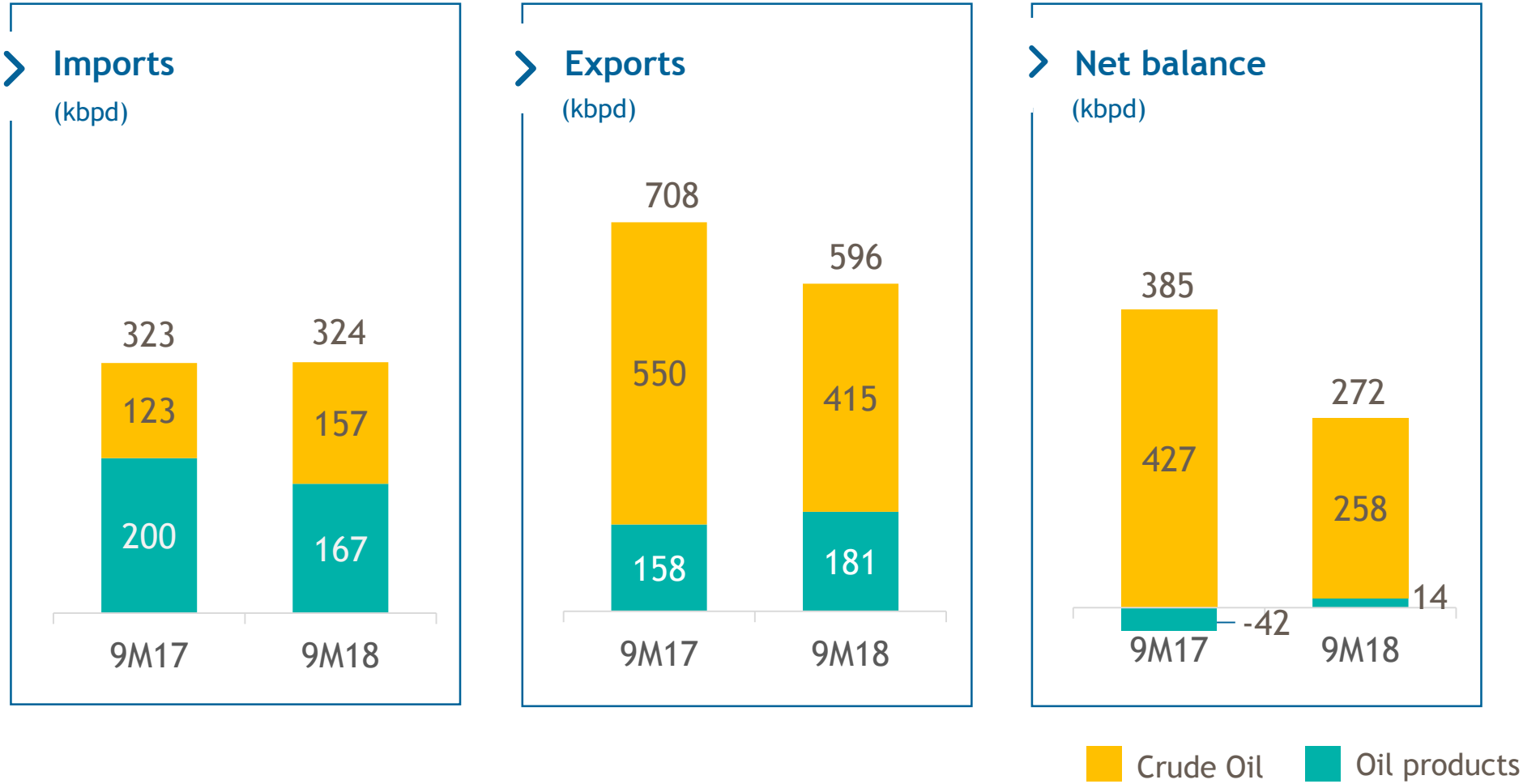


Market share and refineries utilization





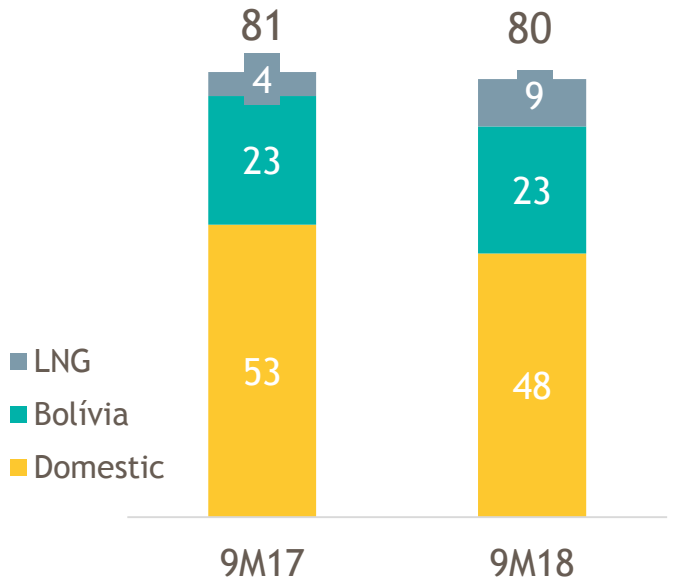
Oil and oil products exports of 596 kbpd, with a net balance of 272 kbpd



Stable natural gas sales with a higher share of the non-thermoelectric segment

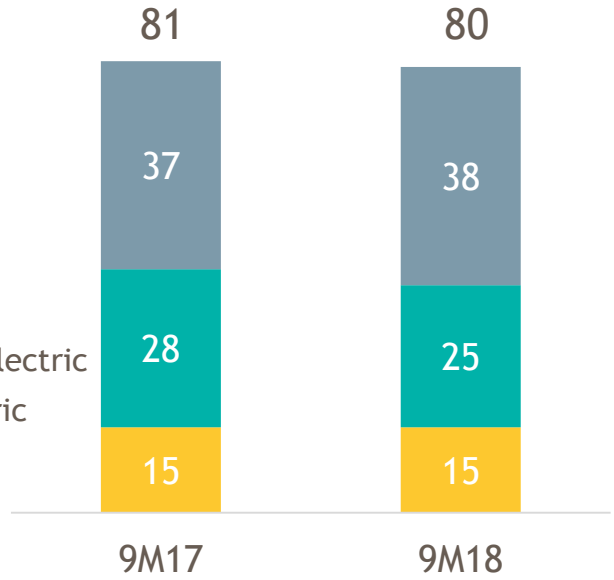
Natural gas supply

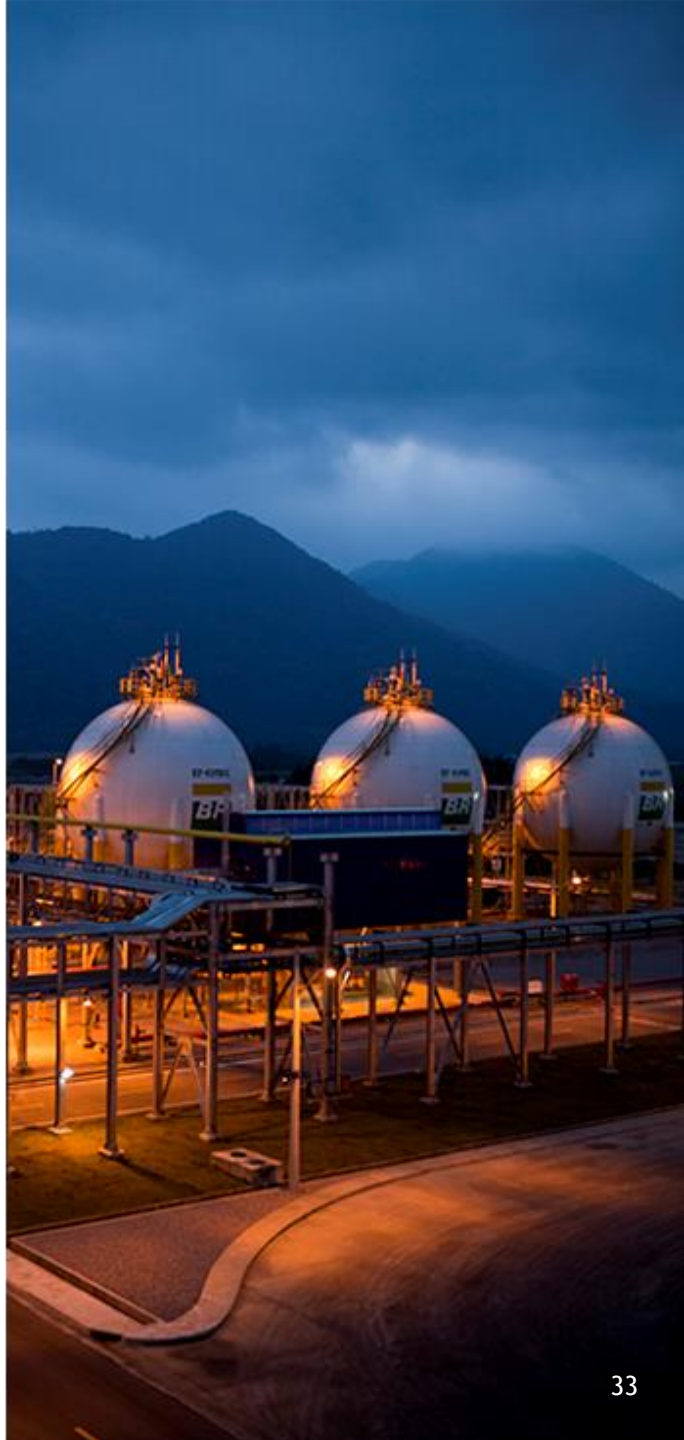
(MMm³/day)



Natural gas demand

(MMm³/day)





IMO* 2020 as a business opportunity

Sulfur limit for bunker

4.5% by 12/2011

3.5% by 12/2019

0.5% by 01/2020

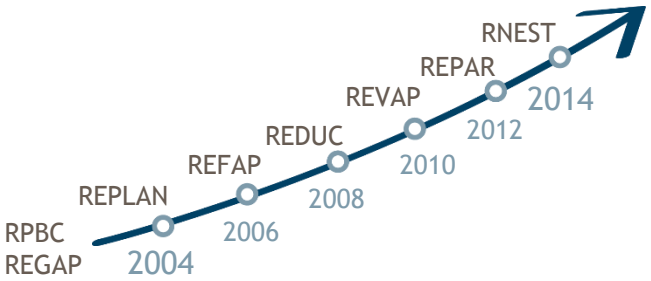
Pre-salt oil profile (FPSO Angra dos Reis) and its distillation residue

Crude Oil ▶ ~0.3% sulfur

Direct distillation residue ▶ ~0.5% sulfur

Petrobras is well positioned to capture the appreciation in middle distillates

Investments in coking units



* IMO = International Maritime Organization

RESULTS ANNOUNCEMENT

Third Quarter 2018

Conference call / webcast

Investor Relations
petroinvest@petrobras.com.br

