Petrobras Distribuidora S.A.
EARNINGS RELEASE FOR THE 1ST QUARTER OF 2018

Rio de Janeiro, May 04, 2018 – **Petrobras Distribuidora S.A.** (B3: BRDT3), leader in Brazil's fuel distribution sector, is today reporting its earnings for the 1st quarter of 2018. The earnings are being presented on a consolidated basis, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS). The comparisons in this release are made between 1Q18 vs. 1Q17 and 1Q18 vs. 4Q17.

Highlights

- Increase in net income of 58.3%, from R$156 million in 1Q17 to R$247 million in 1Q18.
- Increase in Adjusted EBITDA of 19.5% compared with 1Q17 (R$ 773 million in 1Q18 and R$ 647 million in 1Q17).
- Expansion of the Adjusted EBITDA margin by 20.6% (R$ 76/ m^3 in 1Q18 and R$ 63/ m^3 in 1Q17).
- Increase in the Gross Margin (R$ /m^3) of 4.9% (R$150/ m^3 in 1Q18 and R$143/ m^3 in 1Q17).

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Sales volume (thousands of m3)	10.109	10.337	-2.2%	11.028	-8.3%
Net revenue	22,499	20,049	12.2%	23,204	-3.0%
Gross profit	1,517	1,481	2.4%	1,806	-16.0%
Gross margin (% Net revenue)	6.7%	7.4%	-0.7 p.p.	7.8%	-1.1 p.p.
Gross margin (R$/$m^3$)	150	143	4.9%	164	-8.5%
Operating expenses	1,060	1,055	0.5%	1,170	-9.4%
Finance income (costs)	(46)	(148)	-68.9%	(89)	-48.3%
Net income	247	156	58.3%	531	-53.5%
Adjusted EBITDA	773	647	19.5%	883	-12.5%
Adjusted EBITDA margin (% of Net revenue)	3.4%	3.2%	+0.2 p.p.	3.8%	-0.4 p.p.
Adjusted EBITDA margin (R$/$m^3$)	76	63	20.6%	80	-5.0%
Net debt	3,418	9,175	-62.7%	3,885	-12.0%
Adjusted EBITDA LTM	3,193	2,780	14.9%	3,067	4.1%
Net debt/Adjusted EBITDA (x)	1.1	3.3	-2.2 X	1.3	-0.2 X

Our financial and operational information explained

The consolidated financial information in this earnings report has been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB)). This earnings report should be analyzed in conjunction with the 1Q18 and 2017 Financial Statements. The financial and operational information set out in this earnings report is rounded off. The total amount is presented in the tables and graphs could therefore differ from the direct numerical aggregation of the preceding numbers.

The Company's adjusted EBITDA is a measure used by Management and consists of the Company's net income plus net finance income, income and social contribution taxes, depreciation and amortization expenses, ***the amortization of bonuses advanced to clients (bonuses advanced to clients are presented in current assets and noncurrent assets),*** *estimated losses on doubtful accounts in connection with the islanded and interconnected power grids, losses and provisions in connection with legal claims, impairment, voluntary redundancy incentive plan (PIDV), expenses in connection with tax amnesty programs and taxes on financial income.*

The Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by the volume of products sold. The Company uses the Adjusted EBITDA margin as it believes it properly presents its business earnings.

EBITDA Reconciliation	**Consolidated**		
R$ million	**1Q18**	**1Q17**	**4Q17**
EBITDA breakdown			
Net Income	247	156	531
Net finance income	46	148	89
Income and social contribution taxes	163	120	15
Depreciation and amortization	106	112	109
EBITDA	**562**	**536**	**744**
Estimated allowances for doubtful accounts - Electric Sector (islanded and interconnected power systems)	(19)	(88)	(10)
Losses and provisions in judicial and administrative proceedings	78	80	15
Amortization of early bonuses awarded to customers	121	125	127
Voluntary Layoff Program (PIDV)	22	(21)	(1)
Tax Amnesty Program	2	-	-
Tax expenses on finance income	7	15	8
ADJUSTED EBITDA	**773**	**647**	**883**
Sales volumes (million of m3)	10.1	10.3	11.0
ADJUSTED EBITDA MARGIN (R$/m3)	**76**	**63**	**80**

Summary of changes arising from the application of IFRS 9 and 15

In the first quarter of 2018, two new accounting pronouncements came into effect, namely IFRS 9 - Financial Instruments and IFRS 15 - Revenues from contracts with customers.

With respect to IFRS 9, the Company and its consolidated investees applied the new methodology and identified additional impairment adjustments on financial assets as of January 1, 2018, related to accounts receivable from customer contracts, in the amount of R$ 268 million, accounted for directly in shareholders' equity, equivalent to R$ 177 million after deduction of taxes levied on profits.

Regarding IFRS 15, there were no impacts on the Consolidated Financial Statements.

Executive Summary

Petrobras Distribuidora presented a consolidated adjusted EBITDA of R$ 773 million in 1Q2018, an increase of 19.5% over in 1Q17. This result is aligned with the Company's strategic direction of focusing on improving profitability.

In the first quarter of 2018, the sales volume reduced slightly (-2.2%) in relation to the same period of 2017, with the effects of the expected Brazil's economic recovery not yet being reflected in the sales volumes of some Company's segments. However, and in line with our strategic direction presented during our IPO, gross margins reached R$ 150/m3 (+4.9%).

We have completed the organizational restructuring that resulted in reduction of managerial positions and will positively impact our operating expense reduction targets for 2018, in addition to implementing our zero-based budgeting targets.

Lastly, on April 25, we held our Annual Shareholders meeting, which among other deliberations, elected our new board of directors with the profile of independence foreseen in our IPO.

The highlights for our operating segments were:

Retail

In 1Q18 the retail sales dip by 1.1% on 1Q17. This sales volume decrease on 1Q17 is due to maintaining the policy of preserving sales margins, prioritizing the company's profitability through a greater selectivity of sales, which results in a 2.0% increase in gross margins, even with a greater share of ethanol sales in the mix, which has lower margins than gasoline, following the previous quarter trend, regional players are still competitive. In this context, the network of stations had a gross margin of R$ 164/m3, up 2% over 1Q17. In 1Q18, we kept our active in comparison with 4Q17 and in relation to 1Q17 we added 259 new stations (net). The adjusted EBITDA in 1Q18 amounted to R$ 539 million.

Major Customers

The volume of sales in the Major Customer segment dropped by 2.6% in 1Q18 compared with 1Q17. The lower sales volume is still influenced by the reduction in diesel and fuel oil sales, especially to thermal power plants. The adjusted EBITDA in 1Q18 amounted to R$ 152 million, an increase of 7.8% over 1Q17.

Aviation

In 1Q18 the Aviation segment sales rose by 4.2% over 1Q17. We believe that the increase in volume sold reflects signs of a gradual recovery of economic activity since the last months of 2017. The adjusted EBITDA in 1Q18 amounted to R$ 90 million. This was an increase of 73.1% over 1Q17, as a result of increase in sales and gross margins.

Other segments (chemicals, energy and asphalt)

In 1Q18 the Other Businesses segment sales dip by 2.0% on 1Q17. The sales volume in comparison with 4Q17 reduced by 13.0%, due to lower sales of chemical products and green pet coke, partially offset by higher piped natural gas sales. The adjusted EBITDA in 1Q18 amounted to R$ 151 million (+52.5%). Compared with 4Q17, the adjusted EBITDA was R$119 million (+26.9%) due to better average sales margins, specially of pet coke in this quarter.

Performance by Business Segment

Consolidated[1]

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Sales volume (thousands of m3)	10.109	10.337	-2.2%	11.028	-8.3%
Net revenue	22,499	20,049	12.2%	23,204	-3.0%
Gross profit	1,517	1,481	2.4%	1,806	-16.0%
Gross margin (% Net revenue)	6.7%	7.4%	-0.7 p.p.	7.8%	-1.1 p.p.
Gross margin (R$/$m^3$)	150	143	4.9%	164	-8.5%
Operating expenses	1,060	1,055	0.5%	1,170	-9.4%
Finance income (costs)	(46)	(148)	-68.9%	(89)	-48.3%
Net income	247	156	58.3%	531	-53.5%
Adjusted EBITDA	773	647	19.5%	883	-12.5%
Adjusted EBITDA margin (% of Net revenue)	3.4%	3.2%	+0.2 p.p.	3.8%	-0.4 p.p.
Adjusted EBITDA margin (R$/m˘)	76	63	20.6%	80	-5.0%

Net revenue - Amounted to R$22,499 million in 1Q18 (+12.2%), primarily due to higher average product realization prices. Net revenue fell by 3% on 4Q17, due to seasonal factors in the sector partially offset by higher average realization prices.

Gross profit - Gross profit reached R$1,517 million (+2.4%) due to the 4.9% increase in the average sale margin, partially offset by the 2.2% reduction in the volume of products sold, despite the higher share of ethanol in the mix of products sold as ethanol has lower margins than gasoline.

Operating expenses – Net operating expenses reached R$1,060 million (+0.5%), remaining virtually unchanged between the reported periods.

Finance income – The net debt in 1Q18 was R$3,418 million (1.1x adjusted EBITDA), compared with R$9,175 million in 1Q17 (3.3x adjusted EBITDA) due to the capital contribution made by Petrobras in the amount of R$6,313 million and subsequent early settlement of all the balances of the Export Credit Notes in the amount of R$7,708 million, operations which took place in August 2017. The net financial expense consequently reduced by R$ 102 million, from R$148 million in 1Q17 to R$46 million in 1Q18, by the reduction of net debt and lower CDI rates in the country. In comparison to 4Q17, the reduction is due to the positive results in hedge operations.

[1] The consolidated information presents the sum of the "Retail", "Bulk Customers", "Aviation" and "Other" segments, in addition to the Company's overhead not allocated to the other segments, which is grouped in "Corporate".

Net income - Amounted R$247 million (+58.3), reflecting higher gross margins and reduction of net financial expenses.

Adjusted EBITDA - Amounted to R$773 million in 1Q18 (+19.5%) to 1Q17, driven by higher gross margins and lower operating expenses. The adjusted EBITDA margin at the end of 1Q18 was R$ 76/m3 (+20.6%).

Retail

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Volume of sales (thousand m3)	5.441	5.501	-1.1%	5.846	-6.9%
Adjusted net revenue	13,643	12,157	12.2%	14,091	-3.2%
Adjusted gross profit	892	884	0.9%	1,060	-15.8%
Adjusted gross margin (% of Net revenue)	6.5%	7.3%	-0.8 p.p.	7.5%	-1.0 p.p.
Adjusted gross margin (R$/m^3)	164	161	2.0%	181	-9.6%
Adjusted operating expenses	353	341	3.5%	363	-2.8%
Adjusted EBITDA	539	543	-0.7%	697	-22.7%
Adjusted EBITDA margin (% of Net revenue)	4.0%	4.5%	- 0.5 p.p.	4.9%	-0.9 p.p.
Adjusted EBITDA margin (R$/m^3)	99	99	0.4%	119	-16.9%
Total number of service stations	8,271	8,160	111	8,277	-6
Number of active stations	7,602	7,343	259	7,617	-15

Operating performance - In 1Q18 the retail sales dip by 1.1% over 1Q17 and 6.9% over 4Q17, driven mainly by lower Otto cycle. Greater growth was also made by regional players. The Company expanded its network of active stations by 259 (net) in 1Q18 compared with 1Q17, investing R$186 million in branding and network maintenance (1Q17: R$177 million), with R$ 113 million in bonuses advanced to clients (1Q17: R$ 90 million), R$ 59 million in performance bonuses (1Q17: R$ 69 million) and R$ 14 million in cash (dealer) financing (1Q17: R$ 18 million).

Net revenue[2] - Amounted to R$13,643 million in 1Q18 (+12.2%), due to higher average product realization prices than in 1Q17. Net revenue fell by 3.2% on 4Q17, due to the lower sales volume, partially offset by higher average realization prices.

Gross profit[3] - Amounted to R$ 892 million in 1Q18 (+0.9%) due to the higher average gross margins. The gross profit reduced by 15.8% on 4Q17, due to the 6.9% decrease in sales volumes, along with the decrease in average gross margins, heavily affected by the greater mix of hydrated ethanol sales.

2 The amortization of bonuses advanced to clients have not been deducted.
3 Bonuses advanced to customers and depreciation of the lubricant plant's assets have not been deducted.

Operating expenses[4] – Amounted to R$ 353 million in 1Q18, an increase of 3.5% compared with 1Q17. In relation to 4Q17, operating expenses fell by 2.8%, due to lower freight general and personnel expenses.

Adjusted EBITDA – Amounted to R$ 539 million in 1Q18 (-0.7%). The EBITDA margin was R$ 99/m3 (+0.4%). The Adjusted EBITDA for 4Q17 reduced by 16.9%, in line with the contraction in gross profit.

Major Customers

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Volume of sales (thousand m3)	2.498	2.565	-2.6%	2.839	-12.0%
Adjusted net revenue	5,713	5,151	10.9%	6,019	-5.1%
Adjusted gross profit	323	383	-15.7%	429	-24.7%
Adjusted gross margin (% of Net revenue)	5.7%	7.4%	-1.7 p.p.	7.1%	-1.4 p.p.
Adjusted gross margin (R$/m³)	129	149	-13.4%	151	-14.4%
Adjusted operating expenses	171	242	-29.3%	253	-32.4%
Adjusted EBITDA	152	141	7.8%	176	-13.6%
Adjusted EBITDA margin (% of Net revenue)	2.7%	2.7%	0.0 p.p.	2.9%	-0.2 p.p.
Adjusted EBITDA margin (R$/m³)	61	55	10.7%	62	-1.9%

Operating performance – The Major Customers sales volume reduced by 2.6% in 1Q18 compared with 1Q17, in direct line with lower sales to thermal power plants. Sales reduced by 12% on 4Q17, due to the decrease in diesel oil sales caused by lower thermal power plant sales in the Interconnected System in the period.

Net revenue - Amounted to R$ 5,713 million in 1Q18 (+10.9%), primarily due to higher average product realization prices. Net revenue reduced by 5.1% over 4Q17, also due to lower sales volumes, partially offset by higher average realization prices.

Gross profit – Amounted to R$323 million in 1Q18 (-15.7%), due to the decrease in average gross margins, due to lower diesel and oil fuel sales to thermal power plants. Gross profit reduced 24.7% over 4Q17, due to the 12% reduction in the sales volume and 14,4% of the average gross margins, especially diesel to thermal power plants in the Interconnected System.

Operating expenses – Amounted to R$171 million in 1Q18 (-29.3%) due to lower expenses incurred on product delivery freight and personnel. In 4Q17, operating expenses had a reduction of 32.4%, due to lower expenses on product delivery freight, and general and personnel expenses.

Adjusted EBITDA – Amounted to R$152 million in 1Q18 (+7.8%), primarily due to the decrease in operating expenses. The EBITDA margin was R$61/m3 (+10.7%), with lower operating expenses more than offsetting the decrease in gross profit. The EBITDA margin remained stable in relation to 4Q17.

[4] Depreciation amortization, estimated allowances for doubtful accounts in the electric sector, tax amnesties and tax charges on financial revenue, losses and provisions in connection with judicial and administrative proceedings and provision for the voluntary redundancy incentivization program have not been deducted.

Aviation

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Volume of sales (thousand m3)	1	1	4.2%	1	0.4%
Adjusted net revenue	2,078	1,709	21.6%	1,963	5.9%
Adjusted gross profit	206	172	19.8%	218	-5.5%
Adjusted gross margin (% of Net revenue)	0	0	-0.2 p.p.	0	-1.2 p.p.
Adjusted gross margin (R$/m³)	208	181	14.9%	221	-5.9%
Adjusted operating expenses	116	120	-3.3%	108	7.4%
Adjusted EBITDA	90	52	73.1%	110	-18.2%
Adjusted EBITDA margin (% of Net revenue)	0	0	+1.3 p.p.	0	-1.3 p.p.
Adjusted EBITDA margin (R$/m³)	91	55	66.1%	112	-18.8%

Operating performance - The Aviation segment recovered sales volumes in all comparison periods. In 1Q18 the sales volume is 4.2% greater than 1Q17, reflecting greater sales to Brazilian and foreign airlines. Sales were 0.4% higher than in 4Q17, remaining virtually unchanged.

Net revenue - Amounted to R$2,078 million in 1Q18 (+21.6%), primarily due to higher average product sales prices. Net revenue rose by 5.9% over 4Q17, also due to higher average product sale prices.

Gross profit - Amounted to R$ 206 million in 1Q18, 19.8% higher than 1Q17, due to the 14.9% increase in average gross margins, as a result of the readjustment of contracts and higher margin capture due to the favorable exchange rate. Gross profit reduced by 5.5% on 4Q17, due to lower sales margins.

Operating expenses – Amounted to R$ 116 million in 1Q18 (-3.3%), with operating expenses per m³ sold declining by 7.2% in relation to 1Q17. Operating expenses increased by 7.4% on 4Q17.

Adjusted EBITDA – Amounted to R$ 90 million in 1Q17, primarily due to the higher gross profit. The EBITDA margin was R$ 91/m³ (+66.1). The Adjusted EBITDA diminished by 18.2% in relation to 4Q17, due to the contraction in gross profit and higher operating expenses.

Other Businesses (chemicals, energy and asphalt)

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Volume of sales (thousand m3)	1.180	1.204	-2.0%	1.357	-13.0%
Adjusted net revenue	1,186.000	1,156.000	2.6%	1,269.000	-6.5%
Adjusted gross profit	220.000	174.000	26.4%	223.000	-1.3%
Adjusted gross margin (% of Net revenue)	0.185	0.151	+ 3.4 p.p.	0.176	+0.9 p.p.
Adjusted gross margin (R$/m³)	186.400	144.500	29.0%	164.300	13.5%
Adjusted operating expenses	70.000	76.000	-7.9%	104.000	-32.7%
Adjusted EBITDA	151.000	99.000	52.5%	119.000	26.9%
Adjusted EBITDA margin (% of Net revenue)	0.127	0.086	+ 5.6 p.p.	0.094	+3.6 p.p.
Adjusted EBITDA margin (R$/m³)	128.000	82.200	55.7%	87.700	46.0%

Operating performance - In 1Q18 the Other Businesses segment sales dip by 2.0% over 1Q17 and 13.0% over 4Q17, primarily due to lower sales of pet coke, due to a lower availability of the product.

Net revenue - Amounted to R$ 1,186 million in 1Q18 (+2.6%) primarily due to the higher average realization price. Net revenue reduced by 6.5% in comparison to 4Q17, due to lower sales volumes, especially of pet coke, and was partially offset by higher average realization prices.

Gross profit - Amounted to R$ 220 million in 1Q18 (+26.4%), primarily due to the increase in the pet coke margin, driven by higher international coal prices, positively affecting the formation of the sale price. Gross profit reduced by 1.3% over 4Q17, due to lower sales volumes, especially of pet coke, and was offset by higher average gross margins.

Operating expenses - Amounted to R$ 70 million in 1Q18 (-7.9% on 1Q17), with a 6.0% decrease in operating expenses per m³ in relation to 1Q17 and 22.6% in comparison to 4Q17.

Adjusted EBITDA - Amounted to R$ 151 million in 1Q18 (+52.5%), due both to higher gross profit, and lower operating expenses. In related to 4Q17 the adjusted EBITDA, increased by 26.9%, mainly due to lower operating expenses.

Corporate

Corporate does not represent an operation segment and is primarily composed by company's overhead not allocated to the Other Segments.

The amounts classified as Corporate are presented as follows:

In millions of reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Adjusted operating expenses	(157)	(182)	-14%	(225)	-30%
Adjusted EBITDA	(159)	(188)	-15%	(219)	-27%

Adjusted operating expenses allocated to corporate primarily consist of actuarial expenses incurred on pension plans and health care plans for inactive employees (1Q18: R$ 79 million; 1Q17: R$ 99 million).

Expenses incurred on pension and health care plans for active participants of R$ 30 million in 1Q18 (R$ 26 million in 1Q17) are directly allocated to the business segments.

Cash Flow Reconciliation

The lower operational and free cash generation between the reported periods is due to the increase in accounts receivable resulting from the calendar effect, among others.

In millions of reais	1Q18	1Q17
EBITDA	**562**	**536**
IR/CS paid	-	(60)
Noncash effects on EBITDA	278	320
Working capital	(211)	(58)
Cash Flows from Operating Activities	**629**	**738**
CAPEX	(71)	(63)
Other	-	12
Cash flows from investment activities	**(71)**	**(51)**
FREE CASH FLOW	**558**	**687**
Financing/leases	(155)	(322)
FIDC	219	(424)
Cash Flows from Financing Activities	**64**	**(746)**
FREE CASH FOR SHAREHOLDERS	**622**	**(59)**
Dividends/interest on shareholders' equity paid to shareholders	-	-
Net cash produced by (used in) the period	**622**	**(59)**
Opening balance	483	655
Closing balance	**1,105**	**596**

Notes:

1. Cash funds paid as bonuses advanced to clients of R$ 113 million in 1Q18 (R$ 90 million in 1Q17) are presented in working capital changes.
2. Cash funds paid as performance bonuses of R$ 59 million in 1Q18 (R$ 69 million in 1Q17) are deducted from EBITDA.
3. Capex investments consist of disbursements to form property, plant and equipment and intangible assets and do not include bonuses advanced to clients.
4. “Noncash effects on EBITDA” include: estimated allowances for doubtful accounts, loss in and provisions for judicial and administrative proceedings, pension and health plans (1Q18: R$ 211 million; 1Q17: R$ 111 million) and PIDV, resulting from the sale of assets, earnings on material equity interests, amortization of bonuses advanced to clients, amortization of insurance, rental and other, net monetary/exchange interest and variance (deducted from net financing) and other adjustments, as presented in the Statement of cash flows, an integral part of the annual financial statements..
5. In 1Q18 the working capital variance was also affected by the decrease in the DPO of certain products at refineries, such as QAV in the first semester of 2017, in addition to a negative calendar effect of approximately R $ 101 million.
6. FIDC (Credit Receivables Investment Fund): exclusive and corporate fund of Petrobras group. It is primarily allocated to the acquisition of performed and/or non-performed credit receivables in operations conducted by companies comprising Petrobras group.

Indebtedbess & leverage

The Company's consolidated gross debt stood at R$ 4,671 million in the first quarter of 2018 (-64.2%). Gross debt diminished by 1.4% in relation to 4Q17. Net debt at the end of the first quarter was R$ 3,418 million, (-62.7%). In comparison with 4Q17, net debt was 12.0% lower, due to the increase in cash and cash equivalents, mainly as a result of operating cash generation in 1Q18. Net debt was calculated considering the FIDC investment balance of R$ 148 million (R$ 370 million as of December 31, 2017), which yields the equivalent of 100% of the CDI rate.

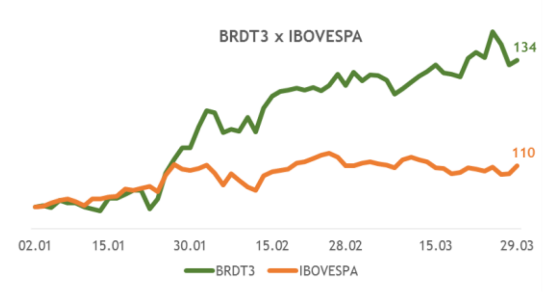
As mentioned, the decrease in debt was primarily due to the capital contribution of R$ 6.313 billion from Petrobras and the subsequent early settlement of the total balance of R$ 7,708 million in Export Credit Notes with Banco do Brasil and Bradesco. Interest paid on the above debt balances was equivalent to 114.25% and 118%, respectively, of the CDI rate, and following settlement average debt maturity increased from 2.4 years to 2.9 years. The Net Debt / Adjusted EBITDA ratio closed 1Q18 at 1.1x Adjusted EBITDA (3.3x Adjusted EBITDA in 1Q17) and 1.3X Adjusted EBITDA in 4Q17. The Company's debt is completely indexed in local currency (Reais).

In millions of Reais (except where stated)	1Q18	1Q17	1Q18 vs. 1Q17	4Q17	1Q18 vs. 4Q17
Financing	4,585	12,929	-64.5%	4,640	-1.2%
Assignment of credit receivables	13	26	-50.0%	26	-50.0%
Leases	73	95	-23.2%	72	1.4%
Gross Debt	4,671	13,050	-64.2%	4,738	-1.4%
(-) Cash and cash equivalents	1,105	596	85.4%	483	128.8%
(-) FIDC	148	3,279	-95.5%	370	-60.0%
Net Debt	3,418	9,175	-62.7%	3,885	-12.0%
Adjusted EBITDA LTM	3,193	2,780	14.9%	3,067	4.1%
Net Debt/Adjusted EBITDA (X)	1.1	3.3	-2.2 X	1.3	-0.2 X
Average cost of the debt (% of the CDI rate)	115.26%	112.04%	+3.22 p.p.	114.53%	+0.73 p.p.
Average debt term (years)	2.7	2.9		2.9	

Capital Market

Petrobras Distribuidora's average financial volume traded was R$ 65.5 million/day in 1Q18, including trading at B3. The Company's shares closed 1Q18 at R$ 22.69 at B3, gaining 17.4% in the quarter, based on the closing price for December 2017. The IBOVESPA index gained 11.7% during this period. Petrobras Distribuidora closed 1Q18 with a market value of R$ 26.4 billion.

Description	1Q18
Number of shares (thousand)	1,165
Price at 3/29/2018	22.69
Market value 100% of share capital (R$ million)	26,434
Average volume/day (shares)	3,188,123
Average financial volume/day (R$ thousand)	65,533
Average price (R$/share)	20.21



Interest on shareholders' equity and dividends

At the Annual General Meeting held April 25, 2018 Company Management resolved to pay out additional dividends of R$ 433 million. With the combined interest on shareholders' equity and dividends proposed, this will amount to total compensation for shareholders of R$ 1,092 million (R$ 0.94/share), equal to approximately 95% on the net income determined in FY 2017.

We emphasize that the payment of interest on shareholders' equity was authorized by the Company's Board of Directors at a meeting held January 26, 2018 in the amount of R$ 659 million, or R$ 0.56527346761767 cents per share.

Said payments for shares traded on B3 S.A. – Brasil, Bolsa, Balcão and other shares registered at Banco Bradesco S. A. will be made no later than July 31, 2018, for the interest on shareholders' equity, based on shareholdings as of February 1, 2018 (inclusive); and no later than September 30, 2018, for dividends, based on shareholdings as of April 25, 2018 (inclusive).

This compensation will be restated monetarily from December 31, 2017 to the date on which payment is made by the Selic base interest rate.

Negotiations of debts from Eletrobras System

Were signed on 04/30/2018 instruments regarding negotiations with Centrais Elétricas Brasileiras S.A. - Eletrobras and distributors of energy controlled by Eletrobras (Eletrobras Amazonas, Eletrobras Roraima, Eletrobras Rondônia and Eletrobras Acre), aiming to conclude an agreement related to debts arising from the past supply of oil products for the generation of energy in the north of the country, in the updated amount of R$4.6 billion (Note 6.2 of 1Q18 Financial Statements).

Accordingly, Debt Confidence Instruments (ICDs, in portuguese) were entered into for debts filed today (in judicial collection), which comprise the majority of the amounts in question in the case of Petrobras Distribuidora S.A. and which will be guaranteed by Eletrobras until privatization of the controlled distributors companies and which should be paid in 36 monthly installments (without a grace period), updated by market rates.

Debt Assumption Instruments (IADs, in portuguese) were also signed, conditioned upon the effective privatization of the controlled distributors companies, through which R$1.4 billion will be directly taken over by Eletrobras through these IADs, with a more solid guarantee, based on the cession of credits of contracts with companies of the Eletrobras system. The part of the debt that is not assumed by Eletrobras (R$3.2 billion) will remain with the current controlled distributors companies through the current ICDs, and with the privatization, guarantees should be presented instead of those provided by Eletrobras.

In the event that the privatization of the controlled distributors of Eletrobras does not take place, the ICDs now signed continue with their effects and under the responsibility of the same controlled distributors companies. However, in this case, the guarantee offered by Eletrobras will lose its effect and there will be no assumption of debt by Eletrobras.

The company understands that this negotiation is in line with our strategy regarding the management of these amounts receivable and does not foresee relevant impacts on its immediate results.

1Q18 conference call

Petrobras Distribuidora is hosting a teleconference on May 7, 2018 to discuss the Company's earnings for the first quarter of 2018. The presentation can be downloaded from the Company's website one hour before the teleconferences commence.

Local: 11 AM (Brasília time)
Telephone number: (11) 3127-4971 or (11) 3728-5971
Link: http://extranet.voitel.com.br/audiocasting/Audiocasting_Entrada.aspx?NameRoom=N24043726
Code: Petrobras Distribuidora

International: 12:30 (Brasília time)
Telephone number: Brazil: +55 11-3127-4971 / +55 11-3728-5971; New York: 1-516-3001066; London: 44-20-34785282
Link: http://extranet.voitel.com.br/audiocasting/Audiocasting_Entrada.aspx?NameRoom=N24043727
Code: Petrobras Distribuidora

In the event of queries or if you are unable to connect to the call, please contact us on the e-mail sac@voitel.com.br or the telephone +55 11 4003 1858.

The transcription, presentation and audio will be made available after the teleconference/webcast on the Company's site: www.br.com.br/ri.

Volume of sales (thousand m3)

Products	1Q18	1Q17	1Q18 vs.1Q17	4Q17	1Q18 vs.4Q17
Diesel non thermal	4,047	3,953	2.4%	4,161	-2.7%
Diesel thermal	73	125	-41.9%	98	-25.9%
Otto cycle	3,211	3,269	-1.8%	3,466	-7.4%
Non thermal fuel oil	376	432	-13.1%	454	-17.4%
Thermal fuel oil	163	210	-22.3%	435	-62.6%
Aviation and Others	2,240	2,348	-4.6%	2,413	-7.2%
Total	**10,109**	**10,337**	**-2.2%**	**11,028**	**-8.3%**

Statement of financial position - Assets - In millions of reais

Asset	Consolidated 3/31/2018	Consolidated 12/31/2017
Current		
Cash and cash equivalents	1,105	483
Net accounts receivable	4,894	5,528
Inventories	3,076	3,245
Advances to suppliers	34	74
Income and social contribution taxes	166	151
Taxes and contributions recoverable	438	522
Advanced bonuses awarded to clients	531	514
Prepaid expenses	61	40
Other current assets	113	146
	10,418	**10,703**
Non-current assets		
Long-term		
Net accounts receivable	374	376
Judicial deposits	1,017	1,000
Taxes and contributions recoverable	549	541
Deferred income and social contribution taxes	3,091	3,162
Advanced bonuses awarded to clients	1,444	1,469
Prepaid expenses	190	182
Other noncurrent assets	25	24
	6,690	**6,754**
Capital expenditure	34	36
Property, plant and equipment	5,780	5,816
Intangible assets	450	453
	12,954	**13,059**
Total Assets	**23,372**	**23,762**

Statement of financial position - Liability and Shareholders' equity - In millions of reais

	Consolidated	
Liabilities	**3/31/2018**	**12/31/2017**
Current		
Trade payables	2,318	2,682
Financing	257	185
Assignment of credit receivables	13	26
Financial leases	29	29
Advances from customers	332	363
Income and social contribution taxes	1	1
Taxes and contributions payable	259	277
Dividends / Interest on shareholders' equity	574	273
Payroll, vacations and related charges	224	219
Voluntary redundancy incentivization plan	30	8
Pension and health plan	140	134
Other accounts and expenses payable	153	216
	4,330	**4,413**
Non-current		
Financing	4,328	4,455
Financial leases	44	43
Pension and health plan	3,997	3,932
Provision for judicial and administrative proceedings	2,151	2,079
Other accounts and expenses payable	12	14
	10,532	**10,523**
	14,862	**14,936**
Equity		
Paid-in capital	6,352	6,352
Profit reserves	3,581	3,897
Equity appraisal adjustment	(1,423)	(1,423)
	8,510	**8,826**
Total Liabilities	**23,372**	**23,762**

Statement of Income - In millions of reais

	Consolidated	
	Three-month period ended	
	2018	**2017**
Revenue from goods sold and services rendered	22,499	20,049
Cost of goods sold and services rendered	(20,982)	(18,568)
Gross profit	**1,517**	**1,481**
Operating expenses		
Sales	(708)	(703)
General and administrative	(189)	(205)
Tax	(28)	(37)
Other net expenses	(135)	(110)
	(1,060)	**(1,055)**
Net income before financial income/loss and taxes	**457**	**426**
Financial		
Expenses	(94)	(431)
Revenue	84	138
Exchange and monetary variance, net	(36)	145
	(46)	**(148)**
Equity earnings	**(1)**	**(2)**
Income before tax	**410**	**276**
Income and social contribution taxes		
Current	(1)	(67)
Deferred charges	(162)	(53)
	(163)	**(120)**
Net income for the year	**247**	**156**
Basic and diluted net income per common share - R$	0.21	0.13

Share capital consists of 1,165,000,000 common shares

Segment Reporting - In millions of reais

Consolidated statement of Net Income by Business Sector - Mar/18

	Retail	Corporate Consumers	Aviation	Other	Corporate	Total segments	Reconciliation with financial statements	Total
Sales Revenue	13,643	5,713	2,078	1,186		22,620	(121)	22,499
Cost of goods sold	(12,751)	(5,390)	(1,872)	(966)		(20,979)	(3)	(20,982)
Gross profit	**892**	**323**	**206**	**220**	**-**	**1,641**	**(124)**	**1,517**
Expenses								-
General, administrative and sales	(396)	(172)	(116)	(70)	(60)	(814)	(84)	(898)
Tax	(4)	-	(1)	(2)	(11)	(18)	(9)	(27)
Other net revenue (expenses)	47	1	1	2	(86)	(35)	(100)	(135)
Equity earnings	-	-	-	1	(2)	(1)	-	(1)
Net finance income							(46)	(46)
Adjusted EBITDA	**539**	**152**	**90**	**151**	**(159)**	**773**		
Net income (loss) before tax							**(363)**	**410**

Consolidated statement of Net Income by Business Sector - Mar/2017

	Retail	Corporate Consumers	Aviation	Other	Corporate	Total segments	Reconciliation with financial statements	Total
Sales Revenue	12,157	5,151	1,709	1,156	1	20,174	(125)	20,049
Cost of goods sold	(11,273)	(4,768)	(1,537)	(982)	(4)	(18,564)	(4)	(18,568)
Gross profit	**884**	**383**	**172**	**174**	**(3)**	**1,610**	**(129)**	**1,481**
Expenses							-	
General, administrative and sales	(396)	(246)	(122)	(83)	(41)	(888)	(20)	(908)
Tax	(7)	-	(1)	(3)	(11)	(22)	(15)	(37)
Other net revenue (expenses)	62	4	3	10	(130)	(51)	(59)	(110)
Equity earnings	-	-	-	1	(3)	(2)	-	(2)
Net finance income							(148)	(148)
Adjusted EBITDA	**543**	**141**	**52**	**99**	**(188)**	**647**		
Net income (loss) before tax							**(371)**	**276**

Segment Reporting - Reconciliation against the Financial Statements - In millions of reais

Reconciliation with financial statements	3/31/2018	3/31/2017
(a) Sales Revenue		
Appropriation of early bonuses awarded to customers		
fuels and lubricants corresponding to the portion provided mainly in kind and held under the terms established in advance with such parties, which once completed, become nonreturnable, being absorbed as expenses by the Company. This corresponds to a target scheme which, once met, exempt the recipients – resellers of service stations – from returning to the Company these amounts advanced as bonuses. They are classified in profit or loss in proportion to their due dates.	(121)	(125)
(b) Cost of goods sold		
Depreciation and amortization	(3)	(4)
(c) General, administrative and sales		
Depreciation and amortization	(103)	(108)
Expected credit losses		
The adjusted values refer to the provisions relating to receivables owed to the Company by the thermal companies of islanded and interconnected power systems, a segment for which the Company substantially provides service, and which lately has been facing financial difficulties.	19	88
(d) Taxes		
Tax adjustments denote tax amnesties and tax charges on financial revenue.		
Tax amnesties: payment provisions for joining the amnesty programs established by State Laws and the Special Tax Regularization Program (PERT) from the Federal Government concerning tax liabilities related to ICMS and federal taxes with the State and Federal Government, respectively The Company considers the adjustment adequate because it provides investors additional information not deriving from our main operations.	(2)	-
Tax charges on revenue: the adjustments refer to expenditure on IOF PASEP and COFINS, levied on the Company's revenue and which are classified as tax expenses.	(7)	(15)
(e) Other net revenue (expense)		
Judicial losses and provisions		
The adjusted amounts consist of losses incurred in final and unappealable lawsuits, as well as the provisions made on the basis of the opinions obtained from the lawyers responsible for handling the lawsuits or by the Company's Legal Department.	(78)	(80)
Voluntary redundancy incentivization plan		
The adjustment denotes amounts that affected the Company's earnings given the provision for the estimated expenditure on indemnities related to the plan, as well as the reversal of the provision due to the withdrawal from the plan, which took place in the respective periods.	(22)	21
(f) Net financial income	(46)	(148)
Total	**(363)**	**(371)**