EARNINGS REPORT FOR THE 2ND QUARTER OF 2018

Rio de Janeiro, August 1, 2018 – **Petrobras Distribuidora S.A. (B3: BRDT3)**, a leader in Brazil's fuel distribution sector, is today reporting its earnings for the 2nd 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 2Q18 x 2Q17, 2Q18 x 1Q18 and 1H18 x 1H17.

Highlights

- Increase in net income of 275.7%, from R$ 70 million in 2Q17 to R$ 263 million in 2Q18.
- Increase in Adjusted EBITDA of 5.6% compared with 2Q17 to R$ 508 million in 2Q18, despite the impacts of the truck driver strike.
- Net revenue growth in all segments, an increase of 21.2% and 4.9%, in consolidated view, in comparison with 2Q17 and 1Q18, respectively.
- Increase in the Adjusted EBITDA margin of 10.2% (R$ 50/m³ in 2Q18 vs. R$ 46/m³ in 2Q17), driven by the aviation segment, which rose by 135.3% in the comparison between 2Q18 and 2Q17, to R$ 129/m³.
- Increase in the Gross Margin (R$/m³) of 7.6% (R$ 131/ m³ in 2Q18 and R$ 122/ m³ in 2Q17).

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands of m³)	10,061	10,501	-4.2%	10,109	-0.5%	20,170	20,838	-3.2%
Net revenue	23,597	19,475	21.2%	22,499	4.9%	46,096	39,524	16.6%
Gross profit	1,316	1,276	3.1%	1,517	-13.2%	2,833	2,757	2.8%
Gross margin (% Net revenue)	5.6%	6.6%	-1.0 p.p	6.7%	-1.1 p.p	6.1%	7.0%	-0.9 p.p
Gross margin (R$/m³)	131	122	7.6%	150	-12.8%	140	132	6.2%
Operating expenses	1,142	1,047	9.1%	1,060	7.7%	2,202	2,102	4.8%
Finance income (costs)	269	(88)	n/a	(46)	n/a	223	(236)	n/a
Net income	263	70	275.7%	247	6.5%	510	226	125.7%
Adjusted EBITDA	508	481	5.6%	773	-34.3%	1,281	1,128	13.6%
Adjusted EBITDA margin (% of net revenue)	2.2%	2.5%	-0.3 p.p	3.4%	-1.2 p.p	2.8%	2.9%	-0.1 p.p
Adjusted EBITDA margin (R$/m³)	50	46	10.2%	76	-34.0%	64	54	17.3%
Net debt	3,220	9,560	-66.3%	3,418	-5.8%	3,220	9,560	-66.3%
Adjusted EBITDA LTM	3,220	2,611	23.3%	3,193	0.8%	3,220	2,611	23.3%
Net debt/Adjusted EBITDA (x)	1.0	3.7	-2.7x	1.1	-0.1x	1.0	3.7	-2.7x

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 Financial Statements for 1Q18 and FY 2017. 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	**2Q18**	**2Q17**	**1Q18**	**1H18**	**1H17**
EBITDA breakdown					
Net Income	263	70	247	510	226
Net finance income	(269)	88	46	(223)	236
Income and social contribution taxes	180	71	163	343	191
Depreciation and amortization	107	115	106	213	227
EBITDA	**281**	**344**	**562**	**843**	**880**
Estimated allowances for doubtful accounts - Electric Sector (islanded and interconnected power systems)	-	(28)	(19)	(19)	(116)
Losses and provisions in judicial and administrative proceedings	89	101	78	167	181
Amortization of early bonuses awarded to customers	136	140	121	257	265
Voluntary Layoff Program (PIDV)	(6)	(93)	22	16	(114)
Tax Amnesty Program	-	3	2	2	3
Tax expenses on finance income	8	14	7	15	29
ADJUSTED EBITDA	**508**	**481**	**773**	**1,281**	**1,128**
Sales volume (millions of m^3)	10,061	10,501	10,109	20,170	20,838
ADJUSTED EBITDA MARGIN (R$/$m^3$)	**50**	**46**	**76**	**64**	**54**

Executive Summary

Petrobras Distribuidora presented a consolidated adjusted EBITDA of R$ 508 million in 2Q18, an increase of 5.6% on the same period in 2017. This result has been levered by the Company's strategic direction of focusing on improving profitability.

The second quarter of 2018 will be remembered for the truck driver strike, where the company demonstrated its capacity to overcome any contingencies in its sector. We experienced a 4.2% drop in the sales volume compared with the same period last year. However, we remained focused on our profit maintenance strategy, achieving a gross margin of R$ 131/m^3, up by 7.6% on 2Q17.

The main impacts of the strike were adjustments to diesel inventories, triggering a loss of some R$ 200 million, or a decrease of around R$ 20/m^3 in our adjusted EBITDA margin in 2Q18.

Sales contracted by 1.4%[1] relative to 1H18 when compared to 1H17. The effects of the May/18 truck driver strike and the slow recovery of the economy exacerbated the situation.
The devaluation of the diesel inventory (as a result of the strike) along with an increase in the proportion of hydrous ethanol in the mix - in detriment to gasoline - led to the consolidated margin shrinking in relation to 1Q18.

We also emphasize that nonconvertible debentures were successful issued on July 17, underlying the agribusiness receivable certificates in the amount of R$ 961,773,000.00 (nine hundred and sixty-one million seven hundred and seventy-three thousand reais), at a total cost of 105.8% of the CDI rate. The issuance was assigned the "AAsf(bra)" rating by Fitch Ratings Brasil.

The headlines for our operating segments were:

Retail

In 2Q18 the retail chain saw sales dip by 3.0% on 2Q17. The volume decrease on 2Q17 is due to maintaining the policy of preserving sales margins, prioritizing the company's earnings. The sales volume rose by 0.96% on 1Q18, demonstrating a tentative recovery this year. As a result of the devaluation of the diesel inventory - due to the truck driver strike - and the increase of ethanol sales in the mix, our adjusted gross margin shrank by 1.2 percentage points compared with 2Q17.
In 1H18 we expanded our retail operation by adding 243 service stations (net) in relation to 2H17 and 61 service stations (net) on 1Q18. The adjusted EBITDA in 2Q18 amounted to R$ 319 million.

Major Customers

The volume of sales in the Bulk Customer segment dropped by 9.1% in 2Q18 compared with 2Q17. The lower diesel and fuel oil sales, especially to thermal power plants, in addition to the lower sales volume of nonthermal fuel oil to a major client - currently undergoing operational restrictions - explains the change in volume. the adjusted EBITDA in 2Q18 amounted to R$ 79 million, a decrease of 51.5%, compared with 2Q17, as a result of changes to diesel inventory.

[1] Published by Plural - National Association of Fuel, Lubricants, Logistics and Convenience Distribution companies.

Aviation

In 2Q18 the Aviation segment saw sales rise by 6.7% on 2Q17. The adjusted EBITDA in 2Q18 amounted to R$ 123 million, an increase of 151.0% on the same period of 2017, which is due to higher sales and international prices, in addition to the increase in the USD rate and sales margins.

Other segments (chemicals, energy and asphalt)

In 2Q18 the Other Business segment saw sales dip by 6.8% on 2Q17. The sales volume in comparison with 1Q18 rose by 5.7%, due to the recovery in sales of chemical products and green petroleum coke. The adjusted EBITDA in 2Q18 amounted to R$ 142 million, an increase of 115.2% on 2Q17, reflecting the higher average sales margins, especially for green petroleum coke.

Performance by Business

Consolidated[2]

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands m^3)	10,061	10,501	-4.2%	10,109	-0.5%	20,170	20,838	-3.2%
Net revenue	23,597	19,475	21.2%	22,499	4.9%	46,096	39,524	16.6%
Gross profit	1,316	1,276	3.1%	1,517	-13.2%	2,833	2,757	2.8%
Gross margin (% Net revenue)	5.6%	6.6%	-1.0 p.p.	6.7%	-1.1 p.p.	6.1%	7.0%	-0.9 p.p.
Gross margin (R$/$m^3$)	131	122	7.6%	150	-12.8%	140	132	6.2%
Operating expenses	1,142	1,047	9.1%	1,060	7.7%	2,202	2,102	4.8%
Finance income (costs)	269	(88)	n/a	(46)	n/a	223	(236)	n/a
Net income	263	70	275.7%	247	6.5%	510	226	125.7%
Adjusted EBITDA	508	481	5.6%	773	-34.3%	1,281	1,128	13.6%
Adjusted EBITDA margin (% of net revenue)	2.2%	2.5%	-0.3 p.p.	3.4%	-1.2 p.p	2.8%	2.9%	-0.1 p.p.
Adjusted EBITDA margin (R$/$m^3$)	50	46	10.2%	76	-34.0%	64	54	17.3%

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

Net revenue - Amounted to R$ 23,597 million in 2Q18, an increase of 21.2% compared with 2Q17. Net revenue rose by 4.9% on 1Q18, despite the fact the volume in the quarter was slightly lower (-0.5%). In both comparisons, the increase in revenue is explained by higher average product sales prices.

Gross profit - This amounted to R$ 1,316 million, an increase of 3.1% on 2Q17 due to the 6.2% increase in average sales margins, partially offset by the decrease in the volume of goods sold (-4.2%), between the compared periods, despite the smaller participation of gasoline in the product mix in detriment to ethanol, a product with lower margins. Considering the lower volume of thermal fuel oil sales.

Operating expenses - Amounted to R$ 1,142 million, an increase of 9.1% on 2Q17 due to reversals of provisions for the PIDV - "Voluntary Redundancy Plan" - which occurred in 2Q17 due to the termination of employees. In addition, there was the payment of Performance premium to employees and members of the Executive Board in the amount of R$ 50 million.

Finance income (costs) - The net debt in 2Q18 (3,220 million) diminished by 5.8% on 1Q18, resulting in a Net Debt / Adjusted EBITDA ratio of 1.0x. In 2Q17, the Net Debt / Adjusted EBITDA ratio was 3.7x. In August 2017 Petrobras made a capital contribution of R$ 6,313 million used in the early settlement of balances of the Export Credit Notes (NCEs), which had already made possible the substantial reduction in the company's debt, as reported in the previous quarter. Furthermore, the change in financing was positively impacted by the receipt of R$ 304 million consisting of the two installments of the debt acknowledgment: agreement signed with clients of thermal power plants comprising Eletrobras group in April/18, with a principal of R$ 157 million and interest and monetary restatement of R$ 147 million.

Net income - The Company recorded net income of R$ 263 million, an increase of 275.7% compared with 2Q17, as a result of higher sales margins and an increase of finance result.

Adjusted EBITDA - Amounted to R$ 508 million in 2Q18, an increase of 5.6% on 2Q17 (R$ 481 million), driven by higher sales margins. As a result of the approximately R$ 200 million devaluation in diesel inventories, as a result of the new price policy established by the Federal Government as part of the solution for the truck driver strike, the realized EBITDA in 2Q18 was 34.3% lower than that recorded in 1Q18 (R$ 773 million). The adjusted EBITDA margin at the end of 2Q18 was R$ 50/m^3, an increase of 10.2% on 2Q17 and 34% less than the margin recorded in 1Q18 (R$ 76/m^3).

Retail

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands m^3)	5,493	5,664	-3.0%	5,441	0.96%	10,934	11,165	-2.1%
Adjusted net revenue	14,240	11,756	21.1%	13,643	4.4%	27,883	23,913	16.6%
Adjusted gross profit	705	728	-3.2%	892	-21.0%	1,597	1,612	-0.9%
Adjusted gross margin (% of Net revenue)	5.0%	6.2%	-1.2 p.p.	6.5%	-1.5 p.p.	5.7%	6.7%	-1.0 p.p.
Adjusted gross margin (R$/$m^3$)	128	129	-0.1%	164	-21.7%	146	144	1.2%
Adjusted operating expenses	386	363	6.3%	353	9.3%	739	704	5.0%
Adjusted EBITDA	319	365	-12.6%	539	-40.8%	858	908	-5.5%
Adjusted EBITDA margin (% of net revenue)	2.2%	3.1%	-0.9 p.p.	4.0%	-1.8 p.p.	3.1%	3.8%	-0.7 p.p.
Adjusted EBITDA margin (R$/$m^3$)	58	64	-9.9%	99	-41.4%	78	81	-3.5%
Total number of service stations	8,366	8,185	181	8,271	95	8,366	8,185	181
Number of active stations	7,663	7,420	243	7,602	61	7,663	7,420	243

Operating performance - In 2Q18 the retail chain saw sales dip by 3.0% on 2Q17 and rise by 0.96% on 1Q18, driven primarily by the 5% decrease in the Otto cycle. Diesel sales also rose on 1Q18, demonstrating the recovery in the volume in the month following the strike. The Company expanded its network of active stations by 243 stores (net) compared with 2Q17, and 61 net stations compared with 1Q18, investing a total of R$ 361 million in 1H18 in branding and maintaining the network, with R$ 228 million in bonuses advanced to clients, R$ 116 million in performance bonuses and R$ 17 million in client financing. In 1H17 the amounts were respectively R$ 380 million, R$ 208 million, R$ 126 million and R$ 46 million.

Net revenue[3] **-** Amounted to R$ 14,240 million in 2Q18 an increase of 21.1% on 2Q17, primarily due to higher average product realization prices. In relation to 1Q18, the increase of 4.4% in net revenue as explained by the joint effect on the increases in volume and average realization price.

Gross profit[4] **-** Amounted to R$ 705 million in 2Q18, a decrease of 3.2% in relation to 2Q17 and 21,0% compared with the amount recorded in 1Q18 (R$ 892 million). This item reflects the impact of the diesel inventory

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

devaluation and decrease in average sales margins, which in turn recorded a greater participation in hydrous ethanol in the company's sales mix, in detriment to gasoline.

Operating expenses[5] - Amounted to R$ 386 million in 2Q18, an increase of 6.3% compared with 2Q17. In relation to 1Q18, operating expenses rose by 9.3%, due to higher expenses on product delivery freight for the delivery of products and general and personnel expenses.

Adjusted EBITDA - Amounted to R$ 319 million in 2Q18, a decrease of 12.6% on 2Q17. The EBITDA margin was R$ 58/m³ in 2Q18, 9.9% lower than that recorded in 2Q17. The Adjusted EBITDA also diminished by 40.8% in relation to 1Q18, in line with the contraction in gross profit.

Major Customers

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands m³)	2,366	2,604	-9.1%	2,498	-5.3%	4,864	5,169	-5.9%
Adjusted net revenue	6,000	5,104	17.6%	5,713	5.0%	11,713	10,255	14.2%
Adjusted gross profit	287	382	-24.9%	323	-11.1%	610	765	-20.3%
Adjusted gross margin (% of Net revenue)	4.8%	7.5%	-2.7 p.p.	5.7%	-0.9 p.p.	5.2%	7.5%	-2.3 p.p.
Adjusted gross margin (R$/m³)	121	147	-17.3%	129	-6.2%	125	148	-15.3%
Adjusted operating expenses	208	219	-5.0%	171	21.6%	379	461	-17.8%
Adjusted EBITDA	79	163	-51.5%	152	-48.0%	231	304	-24.0%
Adjusted EBITDA margin (% of net revenue)	1.3%	3.2%	-1.9 p.p.	2.7%	-1.4 p.p.	2.0%	3.0%	-1.0 p.p.
Adjusted EBITDA margin (R$/m³)	33	63	-46.7%	61	-45.1%	47	59	-19.3%

Operating performance - The Major Customers sales volume contracted by 9.1% in 2Q18 compared with 2Q17, impacted by changes in Brazil's economic performance and lower output by thermal power plants, and the decrease in diesel sales to a client experiencing operating problems. Sales contracted by 5.3% on 1Q18, due to the decrease in diesel oil sales caused by lower thermal power plant output in the interconnected grid in the period.

[5] 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 plan program have not been deducted.

Net revenue - Amounted to R$ 6,000 million in 2Q18 an increase of 17.6% on 2Q17, primarily due to higher average product sales prices. Net revenue rose by 5.0% on 1Q18, despite the lower sales volumes, a clear outcome of the policy of implementing higher average realization prices.

Gross profit - Amounted to R$ 287 million in 2Q18, 24.9% less than in 2Q17, due to the decrease in average sales margins, the devaluation of diesel inventory, lower sales of thermal and nonthermal diesel, and lower sales of fuel oil to thermal power plants. Gross profit contracted by 11.1% on 1Q18, due to the reduction in the sales volume and average sales margins, especially diesel to thermal power plants in the interconnected grid.

Operating expenses - Amounted to R$ 208 million in 2Q18, 5.0% less than in 2Q17 due to lower freight and personnel expenses. Operating expenses rose by 21.6% on 1Q18, consisting of general, freight and personnel expenses.

Adjusted EBITDA - Amounted to R$ 79 million in 2Q18, 51.5% lower than 2Q17, primarily due to the devaluation of diesel inventories, as a result of the truck driver strike, and lower sales volumes. The EBITDA margin was R$ 33/m³, in line with the decrease in gross profit.

Aviation

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands m³)	955	895	6.7%	990	-3.6%	1,945	1,845	5.4%
Adjusted net revenue	2,198	1,584	38.8%	2,078	5.8%	4,276	3,293	29.9%
Adjusted gross profit	245	160	53.1%	206	18.9%	451	332	35.8%
Adjusted gross margin (% of Net revenue)	11.1%	10.1%	1.0 p.p.	9.9%	1.2 p.p.	10.5%	10.1%	0.4 p.p.
Adjusted gross margin (R$/m³)	257	179	43.6%	208	23.3%	232	180	28.9%
Adjusted operating expenses	122	111	9.9%	116	5.2%	238	231	3.0%
Adjusted EBITDA	123	49	151.0%	90	36.7%	213	101	110.9%
Adjusted EBITDA margin (% of net revenue)	5.6%	3.1%	2.5 p.p.	4.3%	1.3 p.p.	5.0%	3.1%	1.9 p.p.
Adjusted EBITDA margin (R$/m³)	129	55	135.3%	91	41.7%	110	55	100.1%

Operating performance - The aviation segment saw volumes rise by 6.7% on 2Q18 compared with the same period the previous year, reflecting greater sales to domestic and foreign airlines. The volume contracted by 3.6% on 1Q18.

Net revenue - Amounted to R$ 2,198 million in 2Q18 an increase of 38.8% on 2Q17, primarily due to higher average product realization prices, impacted by increases in international fuel prices. Net revenue rose by 5.8% over 1Q18, also due to higher average sales prices.

Gross profit – Amounted to R$ 245 million in 2Q18, an increase of 53.1% on 2Q17, due to higher average sales margins as a result of adjusting contracts and a favorable exchange rate. Gross profit rose by 18.9% on 1Q18, due to higher sales margins.

Operating expenses - Amounted to R$ 122 million in 2Q18, an increase of 9.9% on 2Q17, driven by growth in the sales volume. Operating expenses rose by 5.2% on 1Q18, due to higher freight and personal costs.

Adjusted EBITDA - Amounted to R$ 123 million in 2Q18, due to the higher gross profit. The adjusted EBITDA was 36.7% greater than in 1Q18, due to higher sales margins. The EBITDA margin was R$ 129/m^3, 135.3% higher than in 2Q17.

Other segments (chemicals, energy and asphalt)

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Sales volume (thousands m^3)	1,247	1,338	-6.8%	1,180	5.7%	2,428	2,659	-8.7%
Adjusted net revenue	1,295	1,171	10.6%	1,186	9.2%	2,481	2,328	6.6%
Adjusted gross profit	218	149	46.3%	220	-0.9%	438	320	36.9%
Adjusted gross margin (% of Net revenue)	16.8%	12.7%	4.1 p.p.	18.5%	-1.7 p.p.	17.7%	13.7%	3.9 p.p.
Adjusted gross margin (R$/m^3)	175	111	56.9%	186	-6.2%	180	120	49.9%
Adjusted operating expenses	75	84	-10.7%	70	7.1%	145	160	-9.4%
Adjusted EBITDA	142	66	115.2%	151	-6.0%	293	162	80.9%
Adjusted EBITDA margin (% of net revenue)	11.0%	5.6%	5.4 p.p.	12.7%	-1.7 p.p.	11.8%	7.0%	4.8 p.p.
Adjusted EBITDA margin (R$/m^3)	114	49	130.7%	128	-11.0%	121	61	98.1%

Operating performance - In 2Q18 the Other Business segment saw sales dip by 6.8% on 2Q17 also because of lower green petroleum coke sales in the period, as result of lower availability of this product. The volume rose by around 5.7% in 1Q18, due to the recovery of the coke sector and greater availability.

Net revenue - Amounted to R$ 1,295 million in 2Q18 an increment of 10.6% on 2Q17, primarily due to higher average realization prices. Net revenue rose by 9.2% on 1Q18, due to the increase in the volumes of green petroleum coke in conjunction with high average realization prices.

Gross profit - Amounted to R$ 218 million in 2Q18, an increment of 46.3% on 2Q17, primarily due to the increase in the coke margin, driven by higher international coal prices, positively affecting the formation of the sale price. Gross income diminished by 0.9% on 1Q18, due to lower sales of chemical products, which were offset by higher average sales margins.

Operating expenses - Amounted to R$ 75 million in 2Q18, a decrease of 10.7% compared with 2Q17. This contraction constitutes a decrease of 4.2% in operating expenses per m^3 in relation to 2Q17 and an increase of 1.4% on 1Q18.

Adjusted EBITDA - Amounted to R$ 142 million in 2Q18, an increase of 115.2% in relation to 2Q17 driven by the higher gross income and lower operating expenses. The adjusted EBITDA diminished by 6.0% on 1Q18, primarily due to higher operating expenses.

Corporate

Corporate primarily consists of the Company's overhead not allocated to other segments.

The amounts classified as Corporate are presented below:

In millions of reais (except where stated)	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs. 1Q18	1H18	1H17	1H18 x 1H17
Adjusted operating expenses	(156)	(161)	-3.1%	(157)	-0.6%	(313)	(343)	-8.7%
Adjusted EBITDA	(155)	(162)	-4.3%	(159)	-2.5%	(314)	(347)	-9.5%

Adjusted operating expenses allocated to corporate primarily consist of actuarial expenses incurred on pension plans and health care plans for inactive employees (2Q18: R$ 79 million; 2Q17: R$ 99 million).

Expenses incurred on pension and health care plans for active participants of R$ 31 million in 2Q18 (R$ 27 million in 2Q17) are directly allocated to other business segments.

Cash Flow Reconciliation

The need for working capital was lower in this period, leading to a higher generation of operating and free cash for the period, when compared to 2017 due to, among other, the payment of expenses with the PIDV – “Voluntary Redundancy Plan”.

In millions of reais	2018	2017
EBITDA	**843**	**880**
IR/CS paid	(1)	(60)
Noncash effects on EBITDA	700	631
Working capital	(539)	(738)
Cash Flows from Operating Activities	**1,003**	**713**
CAPEX	(172)	(133)
Others	2	12
Cash flows from investment activities	**(170)**	**(121)**
FREE CASH FLOW	**833**	**592**
Financing/leases	(306)	(1,446)
FIDC	342	703
Cash Flows from Financing Activities	**36**	**(743)**
FREE CASH FOR SHAREHOLDERS	**869**	**(151)**
Dividends/interest on shareholders' equity paid to shareholders	-	-
Net cash produced by (used in) the period	**869**	**(151)**
Opening balance	483	655
Closing balance	**1,352**	**504**

Notes:

1. Cash funds paid as bonuses advanced to clients of R$ 228 million in 1H18 (R$ 208 million in 1H17) are presented in working capital changes.
2. Cash funds paid as performance bonuses of R$ 116 million in 1H18 (R$ 126 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 (2H18: R$ 89 million; 2Q17: R$ 101 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. 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$ 4,699 million in the second quarter of 2018. Gross debt rose by 0.6% in relation to the first quarter of 2018. Net debt at the end of the second quarter was R$ 3,220 million. The net debt diminished by 5.8% on the first quarter of 2018, due to the increase in cash equivalents as a result of operational cash generation in 2Q18. Net debt was calculated considering the FIDC investment balance of R$ 127 million (R$ 148 million in the first quarter of the year), which yields the equivalent of 100% of the CDI rate.

The company's average debt term changed from 2.7 years to 2.4 years. The Net Debt/Adjusted EBITDA ratio closed 2Q18 at 1.0x the Adjusted EBITDA (1.1x Adjusted EBITDA in 1Q18). Note that the Company's debt is completely indexed in local currency (Reais).

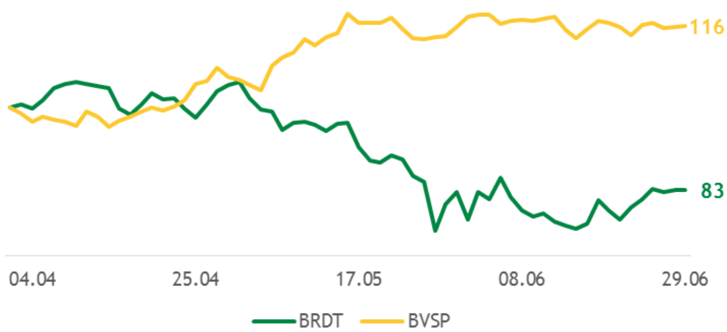
In millions of Reais (except where stated)	**2Q18**	**1Q18**	**2Q18 vs. 1Q18**
Financing	4,521	4,585	-1.4%
Assignment of credit receivables	104	13	700.0%
Leases	74	73	1.4%
Gross Debt	4,699	4,671	0.6%
(-) Cash and cash equivalents	1,352	1,105	22.4%
(-) FIDC	127	148	-14.2%
Net Debt	3,220	3,418	-5.8%
Adjusted EBITDA LTM	3,220	3,193	0.8%
Net Debt/Adjusted EBITDA (X)	1.0	1.1	-0.1x
Average cost of the debt (% of the CDI rate)	112.54%	115.26%	
Average debt term (years)	2.4	2.7	

Capital Market

Petrobras Distribuidora's average financial volume traded was R$ 90.5 million/day in 2Q18, including trading at B3 – Brasil, Bolsa & Balcão. The Company's shares closed 2Q18 at R$ 18.29 at B3, shedding 17% in the quarter. The Ibovespa index gained 16% during this period. Petrobras Distribuidora closed 2Q18 with a market value of R$ 21.3 billion.

Description	2Q18
Number of shares (thousand)	1,165
Price at 6/29/2018	18.29
Market value 100% of share capital (R$ million)	21,308
Average volume/day (shares)	4,567
Average financial volume/day (R$ thousand)	90,483
Average price (R$/share)	20.09

BRDT3 x IBOVESPA



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 on January 26, 2018 and the payment was made on July 19, 2018 in the amount of R$ 682 million, or R$ 0.58525302905 cents per share. The portion paid was restated by the Selic base interest rate from December 31, 2017 to July 19, 2018.

The dividends will be paid by September 30, 2018, also based on the shareholdings as of April 25, 2018 (inclusive).

Negotiation of debts from Eletrobras System

As stated in the last quarter, documents were signed on 4/30/2018 relating to negotiations with Centrais Elétricas Brasileiras S.A. – Eletrobras and its energy distribution companies (Eletrobras Amazonas, Eletrobras Roraima, Eletrobras Rondônia and Eletrobras Acre), for the restated amount of R$ 4.6 billion.

We announce we have received the payments regularly in accordance with the agreement signed that entails 36 monthly installments (with no grace period), restated by market indexes. To date we have received 3 installments amounting to 457 million reais.

2Q18 conference call

Petrobras Distribuidora is hosting a teleconference on August 2, 2018 to discuss the Company's earnings for the second quarter of 2018. The presentation can be downloaded from the Company's website one hour before the teleconferences commence.

Local: 14 AM (Brasília time)
Telephone number: (11) 3127-4971 or (11) 3728-5971
Link: http://extranet.voitel.com.br/audiocasting/Audiocasting_Entrada.aspx?NameRoom=N24045767
Code: Petrobras Distribuidora

International: 15:30 (Brasília time)
Telephone number: Brazil: +55 (11) 3127-4971 / +55 (11) 3728-5971; New York: +1 (929) 378 3440; London: +44 (20) 3972 0813
Link: http://extranet.voitel.com.br/audiocasting/Audiocasting_Entrada.aspx?NameRoom=N24045768
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 available after the teleconference/webcast on the Company's site: ir.br.com.br.

Sales volume (thousands m^3)

Products	2Q18	2Q17	2Q18 vs 2Q17	1Q18	2Q18 vs 1Q18	1H18	1H17	1H18 vs 1H17
Diesel non thermal	4.170	4.101	1,7%	4.047	3,0%	8.217	8.054	2,0%
Diesel thermal	62	161	-61,5%	73	-15,1%	135	286	-52,8%
OTTO cycle	3.205	3.364	-4,7%	3.211	-0,2%	6.416	6.633	-3,3%
Non Thermal Fuel Oil	300	434	-30,9%	376	-20,2%	676	866	-21,9%
Thermal Fuel Oil	55	131	-58,0%	163	-66,3%	218	340	-35,9%
Aviation and Others	2.269	2.310	-1,8%	2.240	1,3%	4.508	4.659	-3,2%
Total	**10,061**	**10,501**	**-4.2%**	**10,109**	**-0.5%**	**20,170**	**20,838**	**-3.2%**

Statement of financial position - Assets - In millions of reais

Assets	Consolidated 6/30/2018	Consolidated 12/31/2017
Current		
Cash and cash equivalents	1,352	483
Net accounts receivable	4,878	5,528
Inventories	3,154	3,245
Advances to suppliers	21	74
Income tax and social contribution	177	151
Taxes and contributions recoverable	556	522
Advanced bonuses awarded to clients	546	514
Prepaid expenses	60	40
Other current assets	131	146
	10,875	**10,703**
Non-current		
Long-term		
Net accounts receivable	375	376
Judicial deposits	1,041	1,000
Taxes and contributions recoverable	559	541
Deferred income and social contribution taxes	2,911	3,162
Advanced bonuses awarded to clients	1,408	1,469
Prepaid expenses	187	182
Other noncurrent assets	18	24
	6,499	**6,754**
Investments	33	36
Property, plant and equipment	5,774	5,816
Intangible assets	453	453
	12,759	**13,059**
Total Assets	**23,634**	**23,762**

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

Liabilities	Consolidated 6/30/2018	Consolidated 12/31/2017
Current		
Trade accounts payable	2,095	2,682
Financing	178	185
Assignment of credit receivables	104	26
Financial leases	31	29
Customer advances	304	363
Income tax and social contribution	1	1
Taxes and contributions payable	288	277
Dividends and interest on equity capital	1,031	273
Payroll, vacations and related charges	263	219
Voluntary redundancy incentivization plan	8	8
Pension and health plan	134	134
Other accounts and expenses payable	169	216
	4,606	**4,413**
Non-current		
Financing	4,343	4,455
Financial leases	43	43
Pension and health plan	4,059	3,932
Provision for judicial and administrative proceedings	2,232	2,079
Other accounts and expenses payable	11	14
	10,688	**10,523**
	15,294	**14,936**
Equity		
Paid-in capital	6,353	6,352
Revenue reserves	3,410	3,897
Equity valuation adjustment	(1,423)	(1,423)
	8,340	**8,826**
Total Liabilities	**23,634**	**23,762**

Statement of Income - In millions of reais

	Consolidated			
	Current quarter (4/1/2018 to 6/30/2018)	Six-month period ended June 30, 2018	Quarter of the Prior Year (4/1/2017 to 6/30/2017)	Six-month period ended June 30, 2017
Revenue from goods sold and services rendered	23,597	46,096	19,475	39,524
Cost of goods sold and services rendered	(22,281)	(43,263)	(18,199)	(36,767)
Gross income	**1,316**	**2,833**	**1,276**	**2,757**
Operating expenses				
Sales	(760)	(1,468)	(761)	(1,464)
General and administrative	(198)	(388)	(204)	(409)
Tax	(22)	(49)	(25)	(62)
Other net expenses	(162)	(297)	(57)	(167)
	(1,142)	**(2,202)**	**(1,047)**	**(2,102)**
Net income before financial income/loss and taxes	**174**	**631**	**229**	**655**
Financial				
Expenses	(83)	(177)	(370)	(801)
Revenue	364	448	135	273
Exchange and monetary variance, net	(12)	(48)	147	292
	269	**223**	**(88)**	**(236)**
Equity earnings	-	**(1)**	-	**(2)**
Income before tax	**443**	**853**	**141**	**417**
Income tax and social contribution				
Current	-	(1)	(56)	(123)
Deferred charges	(180)	(342)	(15)	(68)
	(180)	**(343)**	**(71)**	**(191)**
Net income for the period	**263**	**510**	**70**	**226**
Basic and diluted net income per common share - R$	0.23	0.44	0.06	0.19

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

Segment Reporting - In millions of reais

Consolidated statement of Net Income by Business Sector - Jun/18									
	Retail	Major Customers	Aviation	Others	Corporate	Total segments	Reconcili-ation against the Financial Statements		Total
Sales Revenue	27,883	11,713	4,276	2,481		46,353	(257)	(a)	46,096
Cost of goods sold	(26,286)	(11,103)	(3,825)	(2,043)		(43,257)	(6)	(b)	(43,263)
Gross income	**1,597**	**610**	**451**	**438**	**-**	**3,096**	**(263)**		**2,833**
Expenses									
General, administrative and sales	(791)	(380)	(239)	(153)	(105)	(1,668)	(188)	(c)	(1,856)
Tax	(6)	-	(1)	(3)	(22)	(32)	(17)	(d)	(49)
Other net revenue (expenses)	58	1	2	11	(186)	(114)	(183)	(e)	(297)
Equity earnings	-	-	-	-	(1)	(1)	-		(1)
Net finance income							223	(f)	223
Adjusted EBITDA	**858**	**231**	**213**	**293**	**(314)**	**1,281**			
Net income (loss) before tax							**(428)**		**853**

Consolidated statement of Net Income by Business Sector - Jun/17									
	Retail	Major Customers	Aviation	Others	Corporate	Total segments	Reconcili-ation against the Financial Statements		Total
Sales Revenue	23,913	10,255	3,293	2,328	-	39,789	(265)	(a)	39,524
Cost of goods sold	(22,301)	(9,490)	(2,961)	(2,008)	-	(36,760)	(7)	(b)	(36,767)
Gross income	**1,612**	**765**	**332**	**320**	**-**	**3,029**	**(272)**		**2,757**
Expenses									
General, administrative and sales	(815)	(470)	(237)	(170)	(77)	(1,769)	(104)	(c)	(1,873)
Tax	(7)	(1)	(2)	(3)	(17)	(30)	(32)	(d)	(62)
Other net revenue (expenses)	118	10	8	13	(249)	(100)	(67)	(e)	(167)
Equity earnings	-	-	-	2	(4)	(2)	-		(2)
Net finance income							(236)	(f)	(236)
Adjusted EBITDA	**908**	**304**	**101**	**162**	**(347)**	**1,128**			
Net income (loss) before tax							**(711)**		**417**

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

Reconciliation with financial statements	1H18	1H17
(a) Sales Revenue		
Appropriation of early bonuses awarded to customers		
Sales revenue is adjusted by the early bonuses granted to resellers of service stations to which the Company distributes 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.	(257)	(265)
(b) Cost of goods sold		
Depreciation and amortization	(6)	(7)
(c) General, administrative and sales		
Depreciation and amortization	(207)	(220)
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	116
(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)	(3)
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.	(15)	(29)
(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.	(167)	(181)
Voluntary redundancy 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.	(16)	114
(f) Net financial income	223	(236)
Total	**(428)**	**(711)**