EARNINGS REPORT FOR THE 3RD QUARTER OF 2018

Rio de Janeiro, November 5, 2018 – **Petrobras Distribuidora S.A. (B3: BRDT3)**, a leader in Brazil's fuel distribution sector, is today reporting its earnings for the 3rd 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 3Q18 vs. 2Q18, 3Q18 vs. 3Q17 and 9M18 vs. 9M17.

Highlights

- Increase in net income of 173.6 %, from R$ 394 million in 3Q17 to R$ 1,078 million in 3Q18.
- Increase in adjusted EBITDA of 24.2% compared with 2Q18 to R$ 631 million this quarter, which is still reflecting the truck driver's strike in May 2018 and the sluggish economic recovery.
- Increase in net revenue across all segments, with increases of 12.1% and 21.1% in the consolidated figure in relation to 3Q18 and 3Q17, respectively.
- Expansion in the adjusted EBITDA margin of 14% (R$ 58/m³ in 3Q18 vs. R$ 50/m³ in 2Q18), especially tangible in the major costumers segment, which presented an increase of 153.2% in the comparison between 3Q18 and 2Q18, to R$ 200/m³.
- Operating cash generation of R$ 222 million compared with a cash contraction of R$ 290 million in 3Q17.
- Payment of interest on capital and dividends in 3Q18 totaling R$ 1,034 million.

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m³)	10,966	10,061	9.0%	11,311	-3.1%	31,136	32,147	-3.1%
Net revenue	26,455	23,597	12.1%	21,839	21.1%	72,551	61,363	18.2%
Gross income	1,519	1,316	15.4%	1,804	-15.8%	4,352	4,561	-4.6%
Gross margin (% Net revenue)	5.7%	5.6%	-0.1 p.p	8.3%	-2.5 p.p.	6.0%	7.4%	-1.4 p.p.
Gross margin (R$/m³)	139	131	5.9%	159	-13.1%	140	142	-1.5%
Operating expenses *	1,224	1,142	7.2%	972	25.9%	3,426	3,073	11.5%
Finance income	353	269	31.2%	(232)	(n/a)	576	(468)	(n/a)
Net income	1,078	263	309.9%	394	173.6%	1,588	620	156.1%
Adjusted EBITDA	631	508	24.2%	1,056	-40.2%	1,912	2,184	-12.5%
Adjusted EBITDA margin (% of net revenue)	2.4%	2.2%	0.2 p.p	4.8%	-50.7%	2.6%	3.6%	-1.0 p.p.
Adjusted EBITDA margin (R$/m³)	58	50	14.0%	93	-38.4%	61	68	-9.6%
Net debt	4,232	3,220	31.4%	3,865	9.5%	4,232	3,865	9.5%
Adjusted EBITDA LTM	2,795	3,220	-13.2%	3,004	-7.0%	2,795	3,004	-7.0%
Net debt/Adjusted EBITDA (x)	1.5x	1.0x	0.5x	1.3x	0.2x	1.5x	1.3x	0.2x

*Operating expenses in 3Q18 and 9M18 have been adjusted for the reversal of the provision for the extrajudicial settlement reached with Mato Grosso state.

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 2Q18 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	**3Q18**	**2Q18**	**3Q17**	**9M18**	**9M17**
EBITDA breakdown					
Net Income	1,078	263	394	1,588	620
Net finance income	(353)	(269)	232	(576)	468
Income tax and social contribution	696	180	207	1,039	399
Depreciation and amortization	102	107	117	315	343
EBITDA	1,523	281	950	2,366	1,830
Estimated allowances for doubtful accounts - Electric Sector (islanded and interconnected power systems)	(5)	-	(29)	(24)	(145)
Losses and provisions in judicial and administrative proceedings	(1,210)	89	(77)	(1,043)	104
Amortization of early bonuses awarded to customers	131	136	153	388	418
Voluntary Redundancy Incentivization Program (PIDV)	-	(6)	(29)	16	(143)
Tax Amnesty Program	187	-	77	189	80
Tax expenses on finance income	5	8	11	20	40
ADJUSTED EBITDA	631	508	1,056	1,912	2,184
Sales volume (millions of m^3)	10,966	10,061	11,311	31,136	32,147
ADJUSTED EBITDA MARGIN (R$/$m^3$)	58	50	93	61	68

Executive Summary

Petrobras Distribuidora presented a consolidated adjusted EBITDA of R$ 631 million in 3Q18, an increase of 24.2% on the previous quarter, showing the recovery after the strike in May 2018.

The extrajudicial settlement was signed this quarter with Mato Grosso state to settle the tax liability of R$ 1.3 billion. The company also received R$ 463 million from Eletrobrás for the three installments of the debt settled between July/18 and September/18. Net income in 3Q18 was R$ 1,078 million and R$ 1,588 million in 9M18.

The country's weak economic performance in the last nine months as seen in poor industrial and trade performance has undermined growth in the Retail and Consumer Market segments. At the end of September/18 the Central Bank once again downgraded its GDP projection from 1.6% to 1.4% for 2018. Furthermore, the truckdriver strike which had already had a significant impact as a result of diminishing the diesel inventory by R$ 200 million in the previous quarter, also affected 3Q18 by some R$ 38 million.

In the period January/18 to September/18, the sales volume was stable compared with the same period of 2017. An analysis of accumulated sales by product reveals a change in the Otto cycle mix due to the greater participation of ethanol in detriment to gasoline products, thereby reducing sales margins.

In the retail segment, non-branded service stations have shown a certain resilience, maintaining the market share achieved amid fierce competition, when there was still room for arbitrage in imports. The otto cycle has performed below expectations in 2018, with the increase in the presence of ethanol in the mix in detriment to gasolines, due to the greater sensitivity to fuel prices by the final consumer, due to poor economic growth. Ethanol production has grown a lot in the 2017/2018 cycle to the detriment of sugar, and by all means, it will continue to rise in the 2018/2019 cycle.

The Major Costumers segment experienced sales growth of 25% this quarter compared with 2Q18, primarily due to sales of fuel oil to thermal power plants. Volumes have diminished on 3Q17, as thermal dispatching was higher in 2017.

It is important to note that the Company remains firm in the execution of its cost optimization plan throughout 2018, with the reorganization of its personnel, redefining functions and renegotiating third-party service contracts, as well as the work of reviewing processes and implementation of BPOs[1] and RPAs[2] and also of the zero base budget.

Also in 3Q18, the Company paid out interest on shareholders' equity of R$ 585 million net and additional dividends of R$ 449 million and, totaling a cash disbursement of R$ 1,034.4 million reais of gross compensation for shareholders.

[1] *Business Process Outsourcing*
[2] *Robotic Process Administration*

The headlines for our operating segments were:

Retail

In 3Q18 the Retail segment saw sales rise by 4.5% on 2Q18 and dip by 2.4% on 3Q17. Non-recurrent gains were made in 3Q17 due to the grossing up of the PIS/COFINS rates on fuel and subsequent inventory valuation of R$ 128 million. Compared with 2Q18, adjusted gross income rose by 6.5%, due to maintaining the policy of preserving sales margins, with a view to higher profits.

In the period 9M18 the Company expanded its retail operation by adding 201 service stations (net) in relation to the same period the previous year and 38 service stations (net) on 2Q18. The adjusted EBITDA in 3Q18 amounted to R$ 303 million (vs. R$ 319 million in 2Q18 and R$ 724 million in 3Q17).

Major Costumers Market

The Major Costumers segment saw sales rise by 25% compared with 2Q18 and diminish by 6.1% compared with 3Q17. The resumption of thermal dispatches in August/18 and September/18 brought about such performance improvements in the segment, despite a corporate client downsizing operations. The adjusted EBITDA in 3Q18 amounted to R$ 200 million, an increase of 153.2% compared with 3Q18 and a decrease of 31.3% on 3Q17.

Aviation Market

The Aviation Segment saw sales rise by 6.9% in this quarter compared with 2Q18 and 5% compared with 3Q17. The adjusted EBITDA in 3Q18 amounted to R$ 142 million, an increase of 15.4% compared with the last quarter and 132.8% compared with the same period of 2017, due to a combination of higher aviation fuel prices in the international market and a higher US dollar exchange rate, in addition to an increase in volume sales on and a greater customer service efficiency.

Special Markets Segments (Coke, Chemicals, Energy and Asphalt)

Special segments remained steady compared with the previous quarter and diminished by 4.6% on 3Q17. Nevertheless, due to higher sales margins, EBITDA growth was possible this quarter of 21.8% on 2Q18 and 40,7% on 3Q17, due to higher sales of green petroleum coke and chemicals.

Operating Expenses

This period saw a significant reversal of R$ 1.3 billion due to the extrajudicial settlement reached with Mato Grosso state to settle the company's tax liability, an amount recorded under "Other Income and Expenses". A tax fine was also paid of R$ 186 million, also part of the settlement and recorded under "Tax expenses". In order to ensure Operating Expenses between the reported periods remain comparable, a net adjustment was made of R$ 1,127 million (R$ 1313 million + R$ 186 million) in the periods 3Q18 and 9M18, as follows:

	3Q18	9M18
Operating Expenses	**(97)**	**(2,299)**
Reversal of the MT Provision	(1,313)	(1,313)
Tax fine under MT settlement	186	186
Total Expense	**(1,224)**	**(3,426)**

Performance by Business

Consolidated[3]

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m^3)	10,966	10,061	9.0%	11,311	-3.1%	31,136	32,147	-3.1%
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Gross income	1,519	1,316	15.4%	1,804	-15.8%	4,352	4,561	-4.6%
Gross margin (% Net revenue)	5.7%	5.6%	0.1 p.p	8.3%	-2.6 p.p.	6.0%	7.4%	-1.4 p.p.
Gross margin (R$/$m^3$)	139	131	5.9%	159	-13.1%	140	142	-1.5%
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Net income	1,078	263	309.9%	394	173.6%	1,588	620	156.1%
Adjusted EBITDA	631	508	24.2%	1,056	-40.2%	1,912	2,184	-12.5%
Adjusted EBITDA margin (% of Net revenue)	2.4%	2.2%	0.2 p.p	4.8%	-2.4 p.p.	2.6%	3.6%	-1.0 p.p.
Adjusted EBITDA margin (R$/$m^3$)	58	50	14.0%	93	-38.3%	61	68	-9.6%

Net revenue - Amounted to R$ 26,455 million in 3Q18, an increase of 21.1% compared with 3Q17.Net revenue also rose by 12.1% in the quarter compared with 2Q18 and 21.1% on 3Q17. This growth is due to higher average product sale prices, as a result of the strategy to drive up profits.

Gross income - Amounted to R$ 1,519 million, an increase of 15.4% on 2Q18 as a result of the higher sales volumes and higher gross margin. The lower participation of gasoline in the product mix in detriment to alcohol has the effect of reducing profitability. There was a decrease of 15.8% on 3Q17 due to the positive impact of the inventory gain by increasing the PIS and COFINS rates (nonrecurrent event) partially offset by higher average margins in 3Q18.

[3] The Consolidated figures denote the sum of the segments: Retail, Major Costumers Market, Aviation Market and Special Market, in addition to the Company's overhead not allocated to segments, which is grouped under Corporate.
*Operating expenses in 3Q18 and 9M18 have been adjusted for the reversal of the provision for the extrajudicial settlement reached with Mato Grosso state.

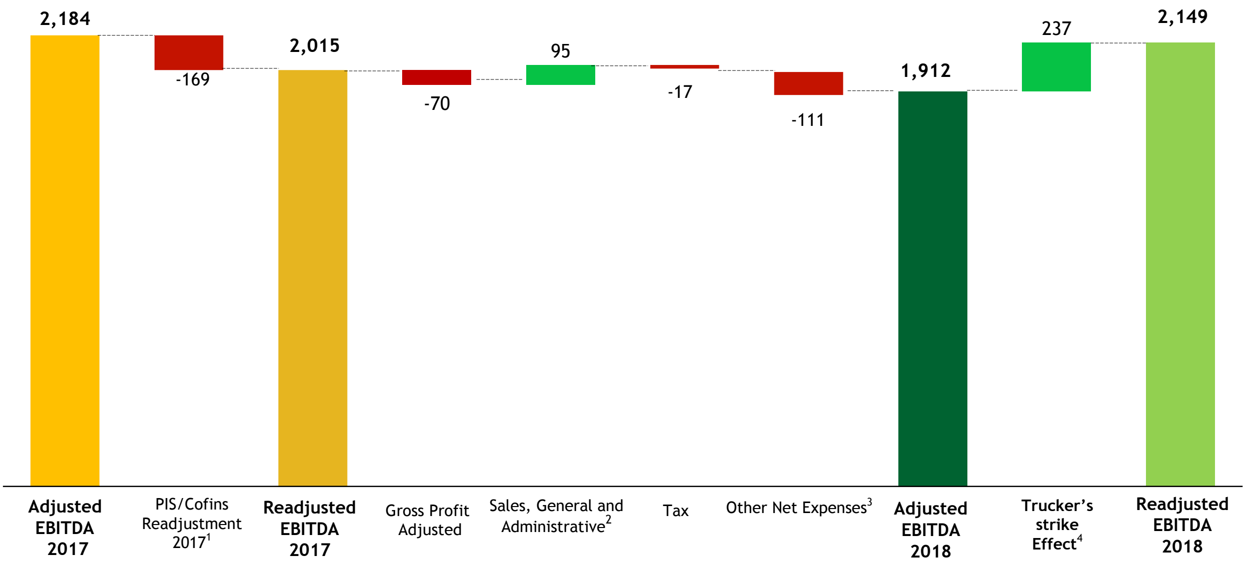
Operating expenses* -. Operating expenses rose by 7.2% on 2Q18 due to higher freight (due to the higher sales volume) and higher fuels sales to thermals. The provisions for legal proceedings also rose. The change of +25.9% on 3Q17 is mainly due to provisioning for the 2018 performance bonuses made exceptionally in 3Q18 (amount equal to 9 months allocated this quarter), in addition to reversals of provisions made in 3Q17.

Net Finance Result - It rose by R$ 585 million. An expense was recorded in 3Q17 of R$ 232 million compared with revenue of R$ 353 million in 3Q18, primarily due to receiving payments under the debt acknowledgment agreement entered into by Eletrobras and the Company.

Net income - The net income recorded in 3Q18 amounted to R$ 1,078 million compared with R$ 263 million in 2Q18 and R$ 394 million in 3Q17. This increase was primarily due to events occurring in the quarter such as the positive impact of settling the tax liability with Mato Grosso state (R$ 645 million) and the receipt of R$ 463 million from Eletrobras, with effect of R$ 294 million in the net income.

In order to facilitate your analysis of the change in EBITDA for 9M18 vs 9M17 and 3Q18 vs 3Q17, see below graphical depictions of the changes and key facts.

Change in EBITDA 9M18 vs 9M17



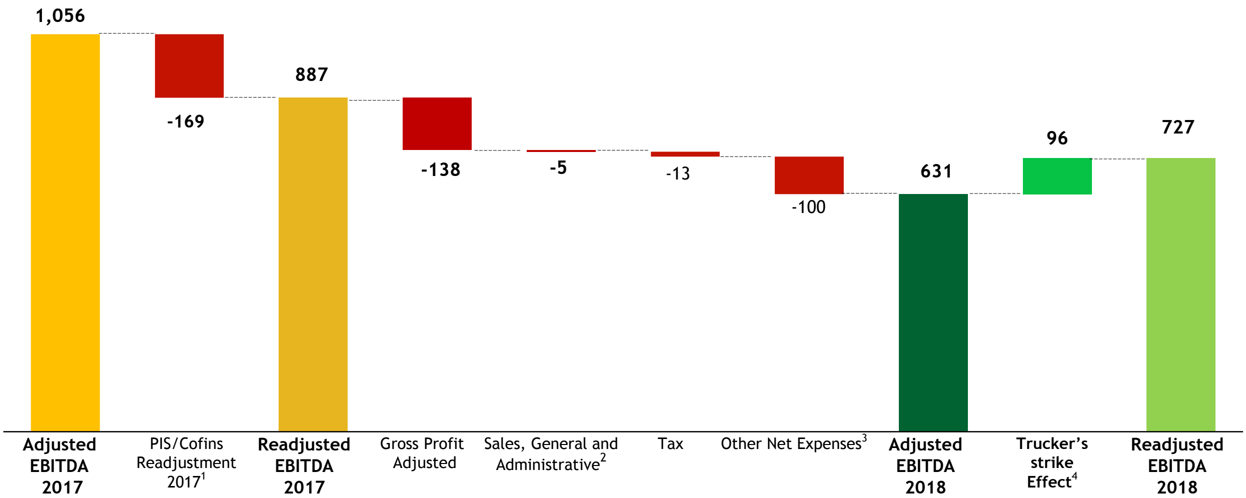
[1] Inventory gain of R$ 169 MM, due to increase in the PIS/COFINS rate on fuel in July/2017;
[2] Decrease in personnel expenses (R$ -54 MM) and nonthermal PDD (R$ -39 MM);
[3] Allocation of provisions related to the payment of performance bonuses in 2018;
[4] Effect on diesel inventory as a result of losses caused by the truck driver's strike and adjustment in provisions.

In order for us to be able to correctly analyze the Adjusted EBITDA, it is necessary to normalize the bases, highlighting the nonrecurrent effects in this period. The first nine months of 2017 and 2018 were impacted by major events. In July/17 the PIS and COFINS rates rose, leading to the Company's fuel inventories appreciating by R$ 169 million (or R$ 5/m3). The truck drivers' strike took place in May/18, which resulted in the reduction of diesel prices introduced by the Federal Government. The carrying value of the Company's inventories diminished by R$ 237 million (or R$ 8/m3).

The normalized Adjusted EBITDA for the period 9M18 is therefore R$ 2,149 million (or R$ 69/m3) compared with an EBITDA of R$ 2,015 million (or R$ 63/m3) in the period 9M17, an increase of 6.6%.

Comparing the periods also reveals a decrease in SG&A of R$ 95 million, due to lower personnel expenses of R$ 54 million and provisions for nonthermal receivables of approximately R$ 39 million. Tax expenses also rose by R$ 17 million (higher IPTU) and Other Net Expenses rose by R$ 111 million, primarily due to the increase in the performance bonus provisions (an event not applicable in 2017).

Change in EBITDA 3Q18 vs 3Q17



[1] Inventory gain of R$ 169 MM, due to increase in the PIS/COFINS rate on fuel in July/2017;
[2] Increase in nonthermal PDD (R$ 6 MM);
[3] Allocation of provisions related to the payment of performance bonuses in 2018;
[4] Adjustment of provisions and residual effect on the diesel inventory referring to the loss with the trucker drivers' strike.

Analyzing the 3Q18 vs. 3Q17 EBITDA growth reveals the aforesaid nonrecurrent events such as the inventory gain as a result of the increase in the PIS and COFINS rates in 3Q17 (R$ 169 million) and the remaining effects of the truck drivers' strike in 3Q18 (R$ 38 million). In addition, the performance bonus provisions 2018 recorded exceptionally in 3Q18 (amount equal to 9 months allocated in this quarter). The normalized EBITDA base was calculated only using the amount constituting the performance bonus provision that should have been allocated in this period.

The quarterly comparison between normalized bases showed that the EBITDA diminished by 18% mainly because of changing the Otto cycle (with a greater participation of ethanol) and lower sales to thermal power plants, which dispatched less this quarter compared with 3Q17. The normalized EBITDA margin in 3Q18 is R$ 67/m3 vs. R$ 80/m3 in 3Q17.

Retail

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m³)	5,741	5,493	4.5%	5,883	-2.4%	16,676	17,049	-2.2%
Adjusted net revenue	14,946	14,240	5.0%	12,995	15.0%	42,829	36,908	16.0%
Adjusted gross income	751	705	6.5%	1,100	-31.7%	2,348	2,712	-13.4%
Adjusted gross margin (% of Net revenue)	5.0%	5.0%	-	8.5%	-3.4 p.p.	5.5%	7.3%	-1.9 p.p.
Adjusted gross margin (R$/m³)	131	128	1.9%	187	-30.0%	141	159	-11.5%
Adjusted operating expenses	448	386	16.1%	376	19.1%	1,187	1,080	9.9%
Adjusted EBITDA	303	319	-5.0%	724	-58.1%	1,161	1,632	-28.9%
Adjusted EBITDA margin (% of net revenue)	2.0%	2.2%	-0.2 p.p.	5.6%	-3,6 p.p.	2.7%	4.4%	-1.7 p.p.
Adjusted EBITDA margin (R$/m³)	53	58	-9.1%	123	-57.1%	70	96	-27.3%
Total number of service stations	8,437	8,366	71	8,212	225	8,437	8,212	225
Number of active stations	7,701	7,663	38	7,500	201	7,701	7,500	201

Operating performance - Retail sales in 3Q18 rose by 4.5% on 2Q18 and dipped by 2.4% on 3Q17, primarily driven by the change to the Otto cycle mix with a greater participation of ethanol and higher diesel sales than in 2Q18. The Company expanded its network of active stations by 201 stores (net) compared with 3Q17, and 38 net stations compared with 3Q18, investing a total of R$ 618 million in the period 9M18 in branding and maintaining the network, with R$ 388 million in bonuses advanced to clients, R$ 183 million in performance bonuses and R$ 47 million in client financing. In the period 9M17 the amounts were respectively R$ 680 million, R$ 418 million, R$ 190 million and R$ 72 million.

Net revenue[4] - Amounted to R$ 14,946 million in 3Q18 an increase of 15% on 3Q17, primarily due to higher average product prices. In relation to 2Q18, the increase of 5.0% in net revenue as explained by the joint effect on the increases in volume and average sale price.

Gross income[5] - Amounted to R$ 751 million in 3Q18, an increase of 6.5% in relation to 2Q18 and a decrease of 31.7% compared with the amount recorded in 3Q17. Note that in 3Q17 this item was affected by the inventory gain resulting from higher PIS and COFINS rates (nonrecurrent event). Sales margins diminished in 3Q18 due to the change to the Otto cycle sales mix.

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

Operating expenses [6] - Amounted to R$ 448 million in 3Q18, an increase of 16.1% on 2Q18 due to an increase in provisions for receivables and the 2018 performance bonus provision (amount equal to 9 months allocated this quarter). In relation to 3Q17, operating expenses rose by 19.1%, due to higher expenses on product delivery freight, general and personnel expenses and provisions for receivable.

Adjusted EBITDA - Amounted to R$ 303 million in 3Q18, a decrease of 5.0% on 2Q18. The decrease on 3Q18 was 58.1%, due to lower sales margins, the inventory gain in 3Q17 as a result of the increase in PIS and COFINS rates and increase in provisions for receivables. The EBITDA margin was R$ 53/m³ in 3Q18, 9.1% lower than that recorded in 2Q18. The adjusted EBITDA margin diminished by 58.1% on 3Q17. In normalized levels, the adjusted EBITDA for 3Q18 would be R$ 346 million, a decrease of 17.4% on 2Q18 (R$ 419 million) and 42% on 3Q17 (R$ 597 million). This analysis does not include the inventory gain caused by higher PIS and COFINS rates and the recording of 2/3 of the provision for the performance bonus.

Major Costumers Market

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m³)	2,958	2,366	25.0%	3,149	-6.1%	7,822	8,318	-6.0%
Adjusted net revenue	7,478	6,000	24.6%	6,176	21.1%	19,191	16,431	16.8%
Adjusted gross income	410	287	42.9%	507	-19.1%	1,020	1,272	-19.8%
Adjusted gross margin (% of Net revenue)	5.5%	4.8%	0.7 p.p.	8.2%	-2.7 p.p	5.3%	7.7%	-2.4 p.p.
Adjusted gross margin (R$/m³)	139	121	14.3%	161	-13.9%	130	153	-14.7%
Adjusted operating expenses	210	208	1.0%	216	-2.8%	589	677	-13.0%
Adjusted EBITDA	200	79	153.2%	291	-31.3%	431	595	-27.6%
Adjusted EBITDA margin (% of net revenue)	2.7%	1.3%	1.4 p.p.	4.7%	-2.0 p.p.	2.2%	3.6%	-1.4 p.p.
Adjusted EBITDA margin (R$/m³)	68	33	102.5%	92	-26.8%	55	72	-23.0%

Operating performance - In 3Q18 the Major Costumers Market segment saw sales rise by 25% on 2Q18, due to the sale of fuel oil and diesel to thermal power plants. This figure diminished by 6.1% on 3Q17 due to the country's sluggish economic recovery, the lower volume of fuel sales to thermal plants and the lower supply of nonthermal fuel oil to a major client.

[6] 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.

Net revenue - Amounted to R$ 7,478 million in 3Q18 an increase of 21.1% on 3Q17, primarily due to higher average product sale prices. Net revenue rose by 24.6% over 2Q18, in line with higher sale volumes and higher average prices.

Gross income - Amounted to R$ 410 million in 3Q18, 42.9% more than compared with 2Q18 due to higher average sales margins and the higher volume of oil sales to thermal power plants. Gross profit contracted by 19.1% on 3Q17, due to the reduction in the sales volume and lower average sales margins, especially diesel to thermal power plants in the Interconnected Grid.

Operating expenses - Stood at R$ 210 million in 3Q18, in line with the previous quarter (R$ 208 million). Compared with 3Q17 expenses were 2.8% lower due to lower freight and personnel expenses and fuel sales to thermal power plants.

Adjusted EBITDA - Amounted to R$ 200 million (or R$ 68/m3) in 3Q18, 153.2% more than in 2Q18, primarily due to the devaluation of diesel inventories in 2Q18 caused by the truck driver strike and higher sales of fuel oil and diesel to thermal power plants, which rise naturally in the third quarter of the year. The adjusted EBITDA diminished by 31.3% on 3Q17, due to lower fuel sales to thermal power plants, the impact of higher PIS and COFINS rates on fuel in 2017 and the allocation of the provision for 2018 performance bonuses (9 months allocated in a single quarter). In normalized levels, the adjusted EBITDA for 3Q18 would be R$ 225 million, an increase of 38.0% on 2Q18 (R$ 163 million) and a decrease of 9.6% on 3Q17 (R$ 249 million). This analysis does not include the inventory gain caused by higher PIS and COFINS rates and the recording of 2/3 of the provision for the performance bonus.

Aviation Market

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m^3)	1,021	955	6.9%	972	5.0%	2,965	2,817	5.3%
Adjusted net revenue	2,691	2,198	22.4%	1,691	59.1%	6,967	4,984	39.8%
Adjusted gross income	257	245	4.9%	173	48.6%	708	505	40.2%
Adjusted gross margin (% of Net revenue)	9.6%	11.1%	-1.5 p.p.	10.2%	-0.6 p.p.	10.2%	10.1%	0.1 p.p.
Adjusted gross margin (R$/$m^3$)	252	257	-1.9%	178	41.5%	239	179	33.2%
Adjusted operating expenses	115	122	-5.7%	112	2.7%	353	343	2.9%
Adjusted EBITDA	142	123	15.4%	61	132.8%	355	162	119.1%
Adjusted EBITDA margin (% of net revenue)	5.3%	5.6%	-0.3 p.p.	3.6%	1.7 p.p.	5.1%	3.3%	1.8 p.p.
Adjusted EBITDA margin (R$/$m^3$)	139	129	8.0%	63	121.8%	120	58	108.2%

Operating performance - The aviation segment saw volumes rise by 6.9% in the comparison between 3Q18 and 2Q18, reflecting higher sales to domestic and foreign airlines. In comparison with 3Q18 the increase was 5.0%, showing that although the country is experiencing a sluggish economic recovery, sector demand continues to grow.

Net revenue - Amounted to R$ 2,691 million in 3Q18, an increase of 59.1% on 3Q17, primarily due to higher average product sale prices, in turn impacted by increases in international fuel prices. Net revenue rose by 22.4% over 2Q18, also due to higher average sales prices.

Gross income – Amounted to R$ 257 million in 3Q18, an increase of 4.9% on 2Q18 and 48.6% on 3Q17, due to higher sales, contractual renegotiations and a favorable exchange rate.

Operating expenses - Amounted to R$ 115 million in 3Q18, a decrease of 5.7% on 2Q18 and an increase of 2.7% on 3Q17, driven by growth in the sales volume.

Adjusted EBITDA - Amounted to R$ 142 million (or R$ 139/m3) in 3Q18 vs R$ 123 million (or R$ 129/m3) in 2Q18 and R$ 61 million (or R$ 63/m3) in 3Q17. This result was due to higher sales volume and reduction of adjusted operating expenses. In comparison with all the analyzed periods, the segment has performed positively and yielded consistent results period after period. The Ebitda margin leapt from R$ 63/m^3 to R$ 139/m^3 in 3Q18. At a standardized level, adjusted EBITDA in 3Q18 would be R$ 145 million, representing an increase of 19.8% in relation to 2Q18 (R$ 121 million) and 137.7% in relation to 3Q17 (R$ 61 million).

Special Segments (Coke, Chemicals, Energy and Asphalt)

In millions of reais (except when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Volume of sales (thousand m^3)	1,246	1,247	-0.1%	1,306	-4.6%	3,673	3,963	-7.3%
Adjusted net revenue	1,471	1,295	13.6%	1,130	30.2%	3,952	3,458	14.3%
Adjusted gross income	235	218	7.8%	180	30.6%	673	500	34.6%
Adjusted gross margin (% of Net revenue)	16.0%	16.8%	-0.8 p.p	15.9%	-0.1 p.p	17.0%	14.5%	2.6 p.p
Adjusted gross margin (R$/m^3)	189	175	7.9%	138	36.9%	183	126	45.2%
Adjusted operating expenses	62	75	-17.3%	57	8.8%	207	216	-4.2%
Adjusted EBITDA	173	142	21.8%	123	40.7%	466	284	64.1%
Adjusted EBITDA margin (% of net revenue)	11.8%	11.0%	-0.8 p.p.	10.9%	0.7 p.p.	11.8%	8.2%	3.6 p.p.
Adjusted EBITDA margin (R$/m^3)	139	114	22.0%	94	47.5%	127	72	77.1%

Operating performance - Segment sales were relatively unchanged in 3Q18 compared with 2Q18. Sales diminished by 4.6% on 3Q17, due to the lower volume of green coke sales in the period, due to lower availability of the product in the marketplace.

Net revenue - Amounted to R$ 1,471 million in 3Q18, an increase of 30.2% on 3Q17. This positive variance was primarily due to higher average sales prices. Net revenue rose by 13.6% on 2Q18, due to the increase in the volumes of green petroleum coke in conjunction with high average sale prices.

Gross profit - Amounted to R$ 235 million in 3Q18, an increase of 30.6% on 3Q17, primarily due to the increase in the coke margin, driven by higher international coal prices, affecting the formation of the sale price. Gross income rose by 7.8% on 2Q18, due to higher sales of chemical products, with higher average sales margins.

Operating expenses - Amounted to R$ 62 million in 3Q18, 17.3% less than in 2Q18 and 8.8% higher than in 3Q17. This change in expenses is due to the oscillation in sales and the type of operation in terms of the sales mix.

Adjusted EBITDA - Amounted to R$ 173 million in 3Q18, an increase of 40.7% on 3Q17 and 21.8% on 2Q18, driven by the higher gross income primarily due to higher sales margins. At a standardized level, adjusted EBITDA 3Q18 would be R$ 179 million, an increase of 31.6% over 2Q18 (R$ 136 million) and an increase of 43.2% in relation to 3Q17 (R$ 125 million).

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 when specified)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Adjusted operating expenses	(186)	(156)	19.2%	(144)	29.2%	(499)	(488)	2.3%
Adjusted EBITDA	(187)	(155)	20.6%	(143)	30.8%	(501)	(489)	2.5%

Adjusted operating expenses allocated to corporate primarily consist of actuarial expenses incurred on pension plans and health care plans for inactive employees (3Q18: R$ 79 million; 3Q17: R$ 99 million).

Cash Flow Reconciliation

The working capital requirement was smaller in this period, resulting in larger operating and free cash generation when compared with 9M17.

In millions of reais	**9M18**	**9M17**
EBITDA	**2,366**	**1,830**
IR/CS paid	(1)	(61)
Noncash effects on EBITDA	(332)	649
Working capital	(809)	(1,996)
Cash Flows from Operating Activities	**1,224**	**422**
CAPEX	(287)	(207)
Other	2	14
Cash flows from investment activities	**(285)**	**(193)**
FREE CASH FLOW	**939**	**229**
Financing/leases	627	(9,170)
FIDC	484	2,495
Capital subscription		6,313
Cash Flows from Financing Activities	**1,111**	**(362)**
FREE CASH FOR SHAREHOLDERS	**2,050**	**(133)**
Dividends/interest on shareholders' equity paid to shareholders	(1,034)	-
Net cash produced by (used in) the period	**1,016**	**(133)**
Opening balance	483	655
Closing balance	**1,500**	**522**

Notes:

1. Cash funds paid as bonuses advanced to clients of R$ 380 million in 9M18 (R$ 390 million in 9M17) are presented in working capital changes.
2. Cash funds paid as performance bonuses of R$ 184 million in 9M18 (R$ 190 million in 9M17) 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 (9M18: R$ 16 million; 9M17: R$ 143 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.

Debt

The Company's consolidated gross debt stood at R$ 5,869 million in the third quarter of 2018. Gross debt rose by 21.0% compared with the third quarter of 2017 due to the issuance of nonconvertible debentures underlying agribusiness receivable certificates realized in July/18. Net debt closed 3Q18 at R$ 4,232 million. Net debt rose by 9.5% on the third quarter of 2017. Net debt was calculated considering the FIDC investment balance of R$ 137 million, which yields the equivalent of 100% of the CDI rate.

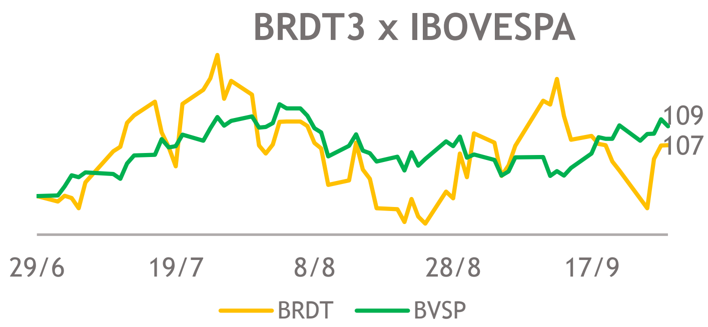
The company's average debt term changed from 2.4 years to 2.7 years. The Net Debt/Adjusted EBITDA ratio closed 3Q18 at 1.5x the Adjusted EBITDA (vs. 1.3x Adjusted EBITDA in 3Q17). Note that the Company's debt is completely indexed in local currency (Reais).

In millions of Reais (except where stated)	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17
Financing	5,552	4,521	22.8%	4,732	17.3%
Assignment of credit receivables	244	104	134.6%	23	960.9%
Leases	73	74	-1.4%	97	-24.7%
Gross Debt	5,869	4,699	24.9%	4,852	21.0%
(-) Cash and cash equivalents	1,500	1,352	10.9%	522	187.4%
(-) FIDC	137	127	7.9%	465	-70.5%
Net Debt	4,232	3,220	31.4%	3,865	9.5%
Adjusted EBITDA LTM	2,795	3,220	-13.2%	3,004	-7.0%
Net Debt/Adjusted EBITDA (X)	1.5x	1.0x	0.5x	1.3x	0.2x
Average cost of the debt (% of the CDI rate)	110.30%	112.54%		108.67%	
Average debt term (years)	2.7	2.4		2.9	

Capital Market

Petrobras Distribuidora's average financial volume traded was R$ 45 million/day in 3Q18, including trading at B3 - Brasil, Bolsa & Balcão. The Company's shares closed 3Q18 at R$ 19.50 at B3, gaining 6.62% in the quarter. The Ibovespa index gained 9.04% during this period. Petrobras Distribuidora closed 3Q18 with a market value of R$ 22.7 billion.

Description	3Q18
Number of shares (thousand)	1,165
Price at 9/28/2018	19.50
Market value 100% of share capital (R$ million)	22,718
Average volume/day (shares)	2,312,902
Average financial volume/day (R$ thousand)	44,928
Average price (R$/share)	19.34



Interest on shareholders' equity and dividends

Company Management stated that it paid out dividends for FY 2017 on September 4, 2018.

The gross amount paid out, in the amount of R$ 681.8 million (equivalent to a net value of R$ 585 million), corresponds to a value of R$ 0.58525302905 per share, based on the shareholding position of February 1, 2018.

The total amount of interest on shareholders' equity and dividends paid corresponds to approximately 95% of the net income calculated in the fiscal year of 2017.

Negotiation of Eletrobras group debts

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 6 installments amounting to 880 million reais.

3Q18 conference call

Petrobras Distribuidora is hosting a teleconference with simultaneous translation on November 6, 2018 to discuss the Company's earnings for the third 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 for access: http://webcastlite.mziq.com/cover.html?webcastId=9308ca9c-8e46-4c76-bea0-66013313d23c
User Name: Speaker Name
Conference Number: 24048786

International: 11 AM (Brasília time) 08 AM (New York)
Telephone number: Brazil: +55 (11) 3127-4971 / +55 (11) 3728-5971; New York: +1 (929) 378 3440; London: +44 (20) 3972 0813
Link for access: http://webcastlite.mziq.com/cover.html?webcastId=c72914be-a20c-4b2c-b264-0ae51e2d58a0
User Name: Speaker Name
Conference Number: 24048787

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:ri.br.com.br.

Volume of sales (thousand m³)

Products	3Q18	2Q18	3Q18 vs. 2Q18	3Q17	3Q18 vs. 3Q17	9M18	9M17	9M18 vs. 9M17
Diesel non thermal	4,657	4,170	11.7%	4,520	3.0%	12,873	12,574	2.4%
Diesel thermal	68	62	8.9%	76	-10.6%	202	361	-44.0%
Otto cycle	3,206	3,205	0.0%	3,414	-6.1%	9,621	10,047	-4.2%
Non Thermal Fuel Oil	310	300	3.4%	470	-34.0%	986	1,336	-26.2%
Thermal Fuel Oil	384	55	598.4%	472	-18.7%	602	813	-25.9%
Aviation and other	2,342	2,269	3.2%	2,359	-0.7%	6,851	7,016	-2.4%
Total	**10,966**	**10,061**	**9.0%**	**11,311**	**-3.1%**	**31,136**	**32,147**	**-3.1%**

Statement of financial position - Asset - In millions of reais

Assets	Consolidated 9/30/2018	Consolidated 12/31/2017
Current		
Cash and cash equivalents	1,500	483
Net accounts receivable	5,336	5,528
Inventories	3,313	3,245
Advances to suppliers	35	74
Income tax and social contribution	106	151
Taxes and contributions recoverable	697	522
Advanced bonuses awarded to clients	557	514
Prepaid expenses	60	40
Other current assets	118	146
	11,722	**10,703**
Non-current		
Long-term		
Net accounts receivable	362	376
Judicial deposits	1,052	1,000
Taxes and contributions recoverable	594	541
Deferred income and social contribution taxes	2,215	3,162
Advanced bonuses awarded to clients	1,418	1,469
Prepaid expenses	185	182
Loans awarded to related parties	-	-
Other noncurrent assets	16	24
	5,842	**6,754**
Investments	32	36
Property, plant and equipment	5,775	5,816
Intangible assets	462	453
	12,111	**13,059**
Total Assets	**23,833**	**23,762**

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

Liabilities	Consolidated	
	9/30/2018	12/31/2017
Current		
Trade accounts payable	2,229	2,682
Financing	261	185
Assignment of credit receivables	244	26
Financial leases	30	29
Customer advances	311	363
Income tax and social contribution	-	1
Taxes and contributions payable	265	277
Dividends and interest on equity capital	-	273
Payroll, vacations and related charges	326	219
Voluntary redundancy incentivization plan	8	8
Pension and health plan	140	134
Other accounts and expenses payable	153	216
	3,967	**4,413**
Non-current		
Financing	5,291	4,455
Financial leases	43	43
Pension and health plan	4,120	3,932
Provision for judicial and administrative proceedings	984	2,079
Other accounts and expenses payable	10	14
	10,448	**10,523**
	14,415	**14,936**
Equity		
Paid-in capital	6,353	6,352
Profit reserves	4,488	3,897
Asset and liability valuation adjustments	(1,423)	(1,423)
	9,418	**8,826**
Total Liabilities	**23,833**	**23,762**

Statement of Income - In millions of reais

	Consolidated			
	Current quarter (7/1/2018 to 9/30/2018)	Nine-month period ended September 30, 2018	Quarter of the Prior Year (7/1/2017 to 9/30/2017)	Nine-month period ended September 30, 2017
Revenue from goods sold and services rendered	26,455	72,551	21,839	61,363
Cost of goods sold and services rendered	(24,936)	(68,199)	(20,035)	(56,802)
Gross income	1,519	4,352	1,804	4,561
Operating expenses				
Sales	(776)	(2,244)	(747)	(2,210)
General and administrative	(194)	(582)	(209)	(618)
Tax	(209)	(258)	(92)	(154)
Other net expenses	1,082	785	76	(91)
	(97)	(2,299)	(972)	(3,073)
Net income before financial income/loss and taxes	1,422	2,053	832	1,488
Financial				
Expenses	(136)	(313)	(315)	(1,116)
Revenue	554	1,002	62	335
Exchange and monetary variance, net	(65)	(113)	21	313
	353	576	(232)	(468)
Equity earnings	(1)	(2)	1	(1)
Income before tax	1,774	2,627	601	1,019
Income tax and social contribution				
Current	-	(1)	(184)	(308)
Deferred charges	(696)	(1,038)	(23)	(91)
	(696)	(1,039)	(207)	(399)
Net income for the period	1,078	1,588	394	620
Basic and diluted net income per common share - R$	0.93	1.36	0.34	0.53

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

Segment Reporting - In millions of reais

Consolidated statement of Net Income by Business Sector - Sep/18	Retail	Consumers Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation against the Financial Statements		Total
Sales Revenue	42,829	19,191	6,967	3,952	-	72,939	(388)	(a)	72,551
Cost of goods sold	(40,481)	(18,171)	(6,259)	(3,279)	-	(68,190)	(9)	(b)	(68,199)
Gross income	2,348	1,020	708	673	-	4,749	(397)		4,352
Expenses									
General, administrative and sales	(1,253)	(579)	(358)	(221)	(133)	(2,544)	(282)	(c)	(2,826)
Tax	(4)	-	(2)	(7)	(36)	(49)	(209)	(d)	(258)
Other net revenue (expenses)	70	(10)	7	21	(330)	(242)	1,027	(e)	785
Equity earnings	-	-	-	-	(2)	(2)	-		(2)
Net finance income	-	-	-	-	-	-	576	(f)	576
Adjusted EBITDA	1,161	431	355	466	(501)	1,912			
Net income (loss) before tax							715		2,627

Consolidated statement of Net Income by Business Sector - Sep/17	Retail	Consumers Market	Aviation Market	Special Markets	Corporate	Total segments	Reconciliation against the Financial Statements		Total
Sales Revenue	36,908	16,431	4,984	3,458	-	61,781	(418)	(a)	61,363
Cost of goods sold	(34,196)	(15,159)	(4,479)	(2,958)	-	(56,792)	(10)	(b)	(56,802)
Gross income	2,712	1,272	505	500	-	4,989	(428)		4,561
Expenses									
General, administrative and sales	(1,231)	(689)	(350)	(250)	(120)	(2,640)	(188)	(c)	(2,828)
Tax	(5)	(1)	(3)	(5)	(20)	(34)	(120)	(d)	(154)
Other net revenue (expenses)	156	13	10	39	(348)	(130)	39	(e)	(91)
Equity earnings	-	-	-	-	(1)	(1)	-		(1)
Net finance income	-	-	-	-	-	-	(468)	(f)	(468)
Adjusted EBITDA	1,632	595	162	284	(489)	2,184			
Net income (loss) before tax							(1,165)		1,019

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

Reconciliation with financial statements	9M18	9M17
(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.	(388)	(418)
(b) Cost of goods sold		
Depreciation and amortization	(9)	(10)
(c) General, administrative and sales		
Depreciation and amortization	(306)	(333)
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.	24	145
(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.	(189)	(80)
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.	(20)	(40)
(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.	1,043	(104)
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.	(16)	143
(f) Net financial income	576	(468)
Total	**715**	**(1,165)**