PETROBRAS
FINANCIAL PERFORMANCE

2Q20

PETROBRAS

TABLE OF CONTENTS

Disclaimer

This report may contain forward-looking statements. Such forward-looking statements only reflect expectations of the Company's managers regarding future economic conditions, as well as the Company's performance, financial performance and results, among others. The terms "anticipates", "believes", "expects", "predicts", "intends", "plans", "projects", "objective", "should", and similar terms, which evidently involve risks and uncertainties that may or may not be anticipated by the Company and therefore are not guarantees of future results of the Company's operations that may differ from current expectations. The readers should not rely exclusively on any forward-looking statement contained herein. The Company does not undertake any responsibility to update the presentations and forecasts in the light of new information or its future developments, and the figures reported for 1Q20 onwards are estimates or targets. These indicators do not have standardized meanings and may not be comparable to indicators with a similar description used by others. We provide these indicators because we use them as measures of company performance; they should not be considered in isolation or as a substitute for other financial metrics that have been disclosed in accordance with BR GAAP or IFRS. See definitions of Free Cash Flow, Adjusted EBITDA and Net Indebtedness in the Glossary and their reconciliations in the Liquidity and Capital Resources sections, Reconciliation of Adjusted EBITDA and Net Indebtedness. Consolidated accounting information audited by independent auditors in accordance with international accounting standards (IFRS).

MESSAGE FROM THE CEO

Dear Shareholders,

I am glad to be able to tell you that we are running the ship safely through uncharted waters. We are very proud of our team whose talent and professional dedication allowed us to overcome, so far, the enormous challenges faced by our company.

The outbreak of a major global health crisis caused a deep and synchronized global recession that hit severely the global oil and gas industry.

Prices of Brent oil of US$ 65 per barrel in February collapsed to US$ 19 in April 2020 due to a global demand contraction of 25%, threatening to generate a sudden stop of cashflow. A liquidity shock has an effect similar to a heart stroke, as it has the potential to stop the continuity of companies' operations. Amidst deep uncertainty, the prospect for continuous cash burn was very real.

As in a war, the unprecedented scale and speed of the global pandemic compelled us to move swiftly, as we know that serious crises produce winners and losers and the winners tend to be those who respond faster. And we do aim at being a winner. We are working hard, fast and efficiently to engineer a J-shaped recovery, ending up better than we were in the pre-COVID era. Of course, the safety of our operations and our employees as well as respect for the environment continue to be one of the pillars of our strategy.

The world was moving fast but now is moving even faster inspiring creativity and innovation and requiring stronger resiliency.

We see the crisis as an inflection point, from which we must accelerate the execution of our transformational agenda – including digital transformation – to allow Petrobras to make a turnaround in its long history of value destruction, becoming an effective value creator to you and to the Brazilian economy.

In the short-term, our number one priority was to protect health - the physical health of our employees and the financial health of our company.

We have created a crisis committee, composed by the company´s executive committee with daily meetings. We have established two teams reporting directly to the crisis committee, one to deal with the health crisis (EOR) and the other in charge of liquidity and cost cutting (liquidity team).

To minimize the impact of COVID-19 on our workforce we decided to put in place a combination of social distancing with a strategy of screening, testing, tracing and quarantining, which is performing very well. Until this week we have applied more than 120,000 tests on our employees and the service supplier's employees, within a universe of 135,000 people.

Working at home has been successful, even contributing to increase productivity. For the future we plan to keep around 50% of the personnel working at corporate activities in home office. However, it will be limited to three days per week in order to leave room for more effective culture preservation, team building and mentoring of younger professionals.

The operational personnel will be gradually returning to their normal work shifts, with the exception of those older than 60 and/or with co-morbidities. This will be implemented very carefully at metered pace to minimize the risk of new infections.

Our capex budget for 2020 was reduced to US$ 8.5 billion from US$ 12 billion and we have already launched initiatives to cut costs by more than US$ 2 billion, in addition to the postponement of cash disbursements, including executive salaries and annual bonuses, the last tranche of the 2019 dividend and part of the payments due to large suppliers.

In addition to the withdrawal of US$ 8 billion in revolving credit lines, we issued 10 and 30-year bonds amounting to US$ 3.25 billion and took almost US$ 2.0 billion in bank loans, in order to build a liquidity buffer to survive a worst case scenario of average oil prices of US$ 25 per barrel from April 2020 until year-end.

Integrated actions of the logistics and sales teams were able to maximize exports of crude oil and low-sulphur fuel oil, which reached all-time high volumes. This move was instrumental to offset the effect of the strong contraction of the Brazilian demand for fuels, especially in April - a month to remember in the history of the oil business – and to preserve liquidity.

More than 10,000 employees enlisted for the voluntary dismissal program (PDV), about 22% of our labor force, and will be leaving the company mostly this year and the remainder in 2021. This will imply cost savings of almost US$ 800 million per year.

The rationalization of the executive structure is estimated to lower costs by more than US$ 200 million per year.

Each of the 45 departments was required by the crisis committee to submit plans involving cost cutting. The company is carrying out several other initiatives to diminish costs and to realize efficiency gains.

As a consequence of the decrease in headcount and adoption of home office, we plan to reduce the current occupation of 17 administrative buildings – 23 in 2018 - to only 8 by 1Q21, implying cost savings of almost US$ 30 million in 2021.

Jointly with the elimination of several inefficiencies and logistics cost, we are working to minimize inventories and to rationalize storage space, reducing the number of warehouses to 25 from the current 45.

Like its parent company, our wholly owned subsidiary Transpetro is engaged in a program to strengthen resiliency and service quality.

In spite of the strong global recession the divestment program is well and alive. In 2020 we have already launched 20 processes of asset divestitures and sales concluded up to now generated almost US$ 1 billion in cash receipts for Petrobras. At the moment, we are discussing with the winning bidder for RLAM the final details to formalize a sales and purchase agreement.

We expect the approval for the conclusion of sale of Liquigás – a LPG distribution company - to be given by CADE, the Brazilian anti-trust agency, in the following months.

Oil and gas production is running smoothly and the E&P business obtained several achievements.

Búzios is beating new records: on July 13th production reached 844,000 boed. The FPSO P-70 started operations at the Atapu field and the first oil came on June 25th.

The TOTUS (True one trip ultra slender) technology was successfully utilized for the construction of a well in the Golfinho field in the post salt. Drilling and completion took only 44 days, contributing to reduce costs by 50%.

Our main innovation projects dedicated to E&P, such as EXP-100, PROD-1000, PEP-70 and HISEP, are showing progress. If successful they have the potential to create significant value through a dramatic decrease of breakeven prices.

The company is ordering the construction of 3 FPSOs to operate in the second phase of Búzios, the first order in 8 years. Two of them will have a capacity of 180,000 bpd and the third one of 225,000 bpd. This will be the biggest FPSO operating in Brazilian seas and one of the biggest in the world.

Average lifting costs, on a cash basis, decreased to U$ 4.9/boe in 2Q20 from US$ 8.4/boe in 2Q19, a 41% year-on-year fall. At the pre-salt fields it reached US$ 2.4/boe in 2Q20.

After a sharp fall to levels lower than 60%, driven by demand weakness for fuels, the average utilization factor of our refineries is hovering around a range of 75-80%.

The Digital Twin project is already being implemented at the refineries with excellent results. We expect it to generate an additional revenue of US$ 154 million in a yearly basis through efficiency gains.

Our ESG agenda continues to move ahead steadily.

Total emissions and their intensity are in a downward trend since 2015. Petrobras became a supporter of the Task Force for Climate-related Financial Disclosure (TCFD) and is strongly committed to the goals of the Oil and Gas Climate Initiative (OGCI).

Renewable diesel was successfully tested and is waiting for ANP's approval, the Brazilian oil and gas regulatory agency, to begin production. The product proved to reduce GHG emissions by 70%, when compared to regular diesel oil and adds 15% more motor efficiency than the traditional biodiesel.

Our low-sulphur oil, compliant to IMO 2020 rule, gave us an edge as a supplier of marine oil.

Some global investors recognized the tremendous efforts of Petrobras to eliminate corruption as well as to strengthen corporate governance. The company was invited to return to be a member of PACI (Partnering Against Corruption Initiative). Petrobras had left in the wake of the Lava Jato scandal.

TRI, the rate of recordable injuries, at 0.67, continue its downward trend, setting a new global benchmark for the oil and gas industry.

As a good corporate citizen, we have been acting to mitigate the effects of the global pandemic on the Brazilian population, donating clinical tests, medical and hygiene materials, diesel and gasoline to fuel vehicles of public hospitals and using scientific capacity – scientists and high performance computing – to help innovations in the health field. In addition, food and LPG bottles are being donated to low-income communities.

Digital transformation is key to the future of Petrobras as an agile and successful company. It has been accelerated and deployed on a company wide basis. Projects are addressing costs, efficiency, GHG emissions and safety.

Among other initiatives, we are implementing 94 RPAs (robotic process automation) to replace workers allocated to perform manual and repetitive processes.

To support digital transformation and artificial intelligence high performance computing capacity was multiplied almost 7 times relatively to 2018.

As mentioned before, the global shock forced us to interrupt the deleveraging, and total debt ended the first half of 2020 at US$ 91.2 billion, US$ 4.0 billion higher than at December 31st, 2019

However, net debt decreased by US$8.0 billion in the first half of year, evidencing that there was no cash burn. Operational cash flow was strong enough to increase our cash holdings.

Given the recessionary scenario and drop in Brent oil prices of approximately 40% against 1H19 average, this was a major achievement.

Operational cash flow totaled US$ 13.2 billion in 1H20 – US$5.5 billion in 2Q20 – against US$ 9.9 billion in 1H19. Free cash flow reached US$ 8.9 billion in 1H20 against US$ 6.3 billion a year ago.

Therefore, we were able to make this week a US$ 3.5 billion partial pre-payment of the US$ 8.0 billion revolving credit lines. This reduces debt, improves risk perception while preserving liquidity as the revolving lines remain available.

The global economy is showing signals of recovery boosted by the US$ 15 trillion injection – about 12% of global GDP - derived from monetary and fiscal policy actions. Although on a more moderated level, uncertainty remains.

Petrobras still faces many challenges in its journey to sustainable value creation. Therefore, we must continue to develop initiatives to cut costs and to promote efficiency gains at fast pace.

As Sir Winston Churchill once said: “A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty”.

At Petrobras there is no room for pessimism. And we strongly believe that with courage, optimism and hard work we will win.

Last but not least, I would like to thank for the strong support of our Board of Directors.

Roberto Castello Branco

Chief Executive Officer

Main Items

Table 1 – Main items

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Sales revenues	9,481	17,143	18,502	26,624	37,305	(44.7)	(48.8)	(28.6)
Gross profit	3,417	7,264	7,702	10,681	14,292	(53.0)	(55.6)	(25.3)
Operating expenses	(1,416)	(15,691)	2,183	(17,107)	(816)	(91.0)	−	1996.4
Consolidated net income (loss) attributable to the shareholders of Petrobras	(417)	(9,715)	4,811	(10,132)	5,881	(95.7)	−	−
Recurring consolidated net income (loss) attributable to the shareholders of Petrobras *	(2,536)	(732)	2,280	(3,268)	3,637	246.4	−	−
Net cash provided by operating activities	5,457	7,777	5,226	13,234	9,936	(29.8)	4.4	33.2
Free cash flow	3,012	5,911	3,172	8,923	6,304	(49.0)	(5.0)	41.5
Adjusted EBITDA	4,785	8,581	8,326	13,366	15,620	(44.2)	(42.5)	(14.4)
Recurring adjusted EBITDA *	3,375	8,450	8,519	11,825	16,194	(60.1)	(60.4)	(27.0)
Gross debt (US$ million)	91,227	89,237	101,029	91,227	101,029	2.2	(9.7)	(9.7)
Net debt (US$ million)	71,222	73,131	83,674	71,222	83,674	(2.6)	(14.9)	(14.9)
Net debt/LTM Adjusted EBITDA ratio	2.34	2.15	2.71	2.34	2.71	8.8	(13.7)	(13.7)
Average commercial selling rate for U.S. dollar	5.39	4.47	3.92	4.92	3.85	20.6	37.5	27.8
Brent crude (US$/bbl)	29.20	50.26	68.82	39.73	66.01	(41.9)	(57.6)	(39.8)
Domestic basic oil by-products price (US$/bbl)	36.79	65.06	78.53	51.46	76.11	(43.5)	(53.2)	(32.4)
TRI (total recordable injuries per million men-hour frequency rate)	-	-	-	0.67	0.88	-	-	(23.90)

* See reconciliation of Recurring net income and Adjusted EBITDA in the Special Items section.

Consolidated Results

Net Revenues

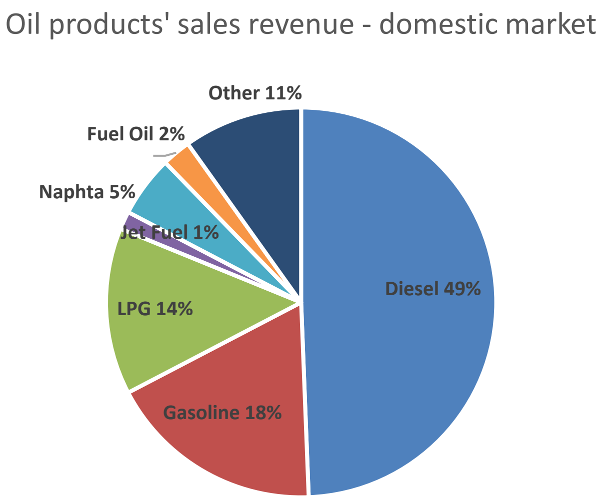
Table 2 – Net revenues by products

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Diesel	2,513	4,086	5,949	6,599	11,368	(38.5)	(57.8)	(42.0)
Gasoline	914	1,899	2,598	2,813	4,945	(51.9)	(64.8)	(43.1)
Liquefied petroleum gas (LPG)	705	902	1,090	1,607	2,100	(21.8)	(35.3)	(23.5)
Jet fuel	76	850	946	926	1,924	(91.1)	(92.0)	(51.9)
Naphtha	258	672	475	930	895	(61.6)	(45.7)	3.9
Fuel oil (including bunker fuel)	122	266	259	388	545	(54.1)	(52.9)	(28.8)
Other oil by-products	501	692	832	1,193	1,667	(27.6)	(39.8)	(28.4)
Subtotal Oil By-Products	**5,089**	**9,367**	**12,149**	**14,456**	**23,444**	**(45.7)**	**(58.1)**	**(38.3)**
Natural gas	729	1,211	1,417	1,940	2,933	(39.8)	(48.6)	(33.9)
Renewables and nitrogen products	6	26	62	32	141	(76.9)	(90.3)	(77.3)
Revenues from non-exercised rights	143	91	169	234	334	57.1	(15.4)	(29.9)
Electricity	80	292	162	372	659	(72.6)	(50.6)	(43.6)
Services, agency and others	227	159	178	386	507	42.8	27.5	(23.9)
Total domestic market	**6,274**	**11,146**	**14,137**	**17,420**	**28,018**	**(43.7)**	**(55.6)**	**(37.8)**
Exports	2,799	5,620	3,937	8,419	7,794	(50.2)	(28.9)	8.0
Sales abroad	408	377	428	785	1,493	8.2	(4.7)	(47.4)
Total foreign market	**3,207**	**5,997**	**4,365**	**9,204**	**9,287**	**(46.5)**	**(26.5)**	**(0.9)**
Total	**9,481**	**17,143**	**18,502**	**26,624**	**37,305**	**(44.7)**	**(48.8)**	**(28.6)**

2Q20 was affected by the impacts brought by the Covid-19 pandemic and the collapse in oil prices resulting from the OPEC+ negotiations. Brent prices were down 42% QoQ intensifying the trend started in March. The social distancing measures were reflected in an 8% contraction in domestic demand for oil by-products. Revenues for all products sold were hit hard, leading net revenues to drop 45% in 2Q20, especially exports of crude oil and oil by-products, diesel, gasoline and jet fuel.

It is worth mentioning that thanks to our quick reaction to the crisis and the successful implementation of our strategy, we managed to export large amounts in 2Q20, which were not totally translated into revenues. Those ongoing crude oil exports totaled 38MMbbl at the quarter's end.

In terms of revenue breakdown in the domestic market, diesel and gasoline increased their relevance in the mix in 2Q20 due to the steep drop in jet fuel consumption.



Regarding sales to the foreign market, crude oil exports to China increased significantly as China was heavily affected by the COVID-19 crisis in 1Q20, and started to recover in 2Q20, consequently increasing its oil demand. It also evidences our strong commercial relationship with the country. In 2Q20, we had the following distribution of export destinations:

Table 3 – Crude oil exports

Country	2Q20	1Q20	6M20
China	87%	48%	69%
Chile	4%	8%	6%
Spain	3%	6%	4%
Singapore	1%	6%	4%
Netherlands	1%	5%	3%
India	0%	8%	4%
South Korea	0%	5%	2%
Caribbean	0%	5%	2%
Others	4%	9%	6%

Table 4 – Oil by-products exports

Country	2Q20	1Q20	6M20
Singapore	49%	53%	52%
USA	35%	31%	32%
Netherlands	7%	5%	6%
Spain	0%	6%	3%
Others	9%	5%	7%

Cost of Goods Sold

Table 5 – Cost of goods sold

						Variation (%)		
US$ million	2Q20	1Q20	2Q19	6M20	6M19	2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Brazilian operations	**(5,758)**	**(9,617)**	**(10,359)**	**(15,375)**	**(21,661)**	**(40.1)**	**(44.4)**	**(29.0)**
Acquisitions	(1,167)	(2,165)	(3,125)	(3,332)	(6,262)	(46.1)	(62.7)	(46.8)
Crude oil imports	(693)	(1,256)	(1,404)	(1,949)	(2,694)	(44.8)	(50.6)	(27.7)
Oil by-product imports	(329)	(519)	(1,102)	(848)	(2,016)	(36.6)	(70.1)	(57.9)
Natural gas imports	(145)	(390)	(619)	(535)	(1,552)	(62.8)	(76.6)	(65.5)
Production	(4,494)	(7,280)	(6,963)	(11,774)	(14,340)	(38.3)	(35.5)	(17.9)
Crude oil	(3,478)	(5,879)	(5,328)	(9,357)	(11,215)	(40.8)	(34.7)	(16.6)
Production taxes	(686)	(2,097)	(2,312)	(2,783)	(4,344)	(67.3)	(70.3)	(35.9)
Other costs	(2,792)	(3,782)	(3,016)	(6,574)	(6,871)	(26.2)	(7.4)	(4.3)
Oil by-products	(434)	(701)	(840)	(1,135)	(1,611)	(38.1)	(48.3)	(29.5)
Natural gas	(582)	(700)	(795)	(1,282)	(1,514)	(16.9)	(26.8)	(15.4)
Production taxes	(87)	(112)	(225)	(199)	(382)	(22.3)	(61.3)	(47.9)
Other costs	(495)	(588)	(570)	(1,083)	(1,132)	(15.8)	(13.2)	(4.3)
Services rendered, electricity, renewables, nitrogen products and others	(97)	(172)	(271)	(269)	(1,059)	(43.6)	(64.2)	(74.6)
Operations abroad	**(306)**	**(262)**	**(441)**	**(568)**	**(1,352)**	**16.8**	**(30.6)**	**(58.0)**
Total	**(6,064)**	**(9,879)**	**(10,800)**	**(15,943)**	**(23,013)**	**(38.6)**	**(43.9)**	**(30.7)**

Cost of goods sold dropped 39% in 2Q20, mainly due to the decrease in production costs as we had lower production taxes, which are directly linked to Brent prices. The increase of Buzios production in the mix also contributed to this result. Our lifting costs dropped due to FX translation effects. Imports of crude oil, oil by-products and natural gas also decreased (both volumes and prices), following the demand contraction in Brazil, leading to cost reductions.

Inventories built in 1Q20 at higher prices were sold in 2Q20, with an estimated impact of approximately US$ 0.2 billion.

Operating Expenses

Table 6 – Operating expenses

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Selling, General and Administrative Expenses	**(1,537)**	**(1,746)**	**(1,494)**	**(3,283)**	**(2,961)**	**(12.0)**	**2.9**	**10.9**
Selling expenses	(1,246)	(1,335)	(935)	(2,581)	(1,838)	(6.7)	33.3	40.4
Materials, third-party services, freight, rent and other related costs	(1,057)	(1,155)	(740)	(2,212)	(1,426)	(8.5)	42.8	55.1
Depreciation, depletion and amortization	(128)	(123)	(142)	(251)	(278)	4.1	(9.9)	(9.7)
Allowance for expected credit losses	(21)	(9)	2	(30)	(27)	133.3	–	11.1
Employee compensation	(40)	(48)	(55)	(88)	(107)	(16.7)	(27.3)	(17.8)
General and administrative expenses	(291)	(411)	(559)	(702)	(1,123)	(29.2)	(47.9)	(37.5)
Employee compensation	(226)	(288)	(372)	(514)	(755)	(21.5)	(39.2)	(31.9)
Materials, third-party services, freight, rent and other related costs	(42)	(94)	(140)	(136)	(279)	(55.3)	(70.0)	(51.3)
Depreciation, depletion and amortization	(23)	(29)	(47)	(52)	(89)	(20.7)	(51.1)	(41.6)
Exploration costs	(65)	(104)	(100)	(169)	(274)	(37.5)	(35.0)	(38.3)
Research and development expenses	(68)	(95)	(146)	(163)	(284)	(28.4)	(53.4)	(42.6)
Other taxes	(245)	(118)	(66)	(363)	(159)	107.6	271.2	128.3
Impairment of assets	–	(13,371)	(27)	(13,371)	(20)	–	–	66755.0
Other income and expenses, net	499	(257)	4,016	242	2,882	–	(87.6)	(91.6)
Total	**(1,416)**	**(15,691)**	**2,183**	**(17,107)**	**(816)**	**(91.0)**	**–**	**1996.4**

In 2Q20, operating expenses decreased substantially compared to 1Q20 as the previous quarter was heavily impacted by impairment charges totaling US$ 13.4 billion and due to the exclusion of VAT tax (ICMS) from the calculation basis of the PIS/COFINS, following a favorable judicial decision, with a positive effect of US$ 1.4 billion.

Selling expenses decreased 7% due to lower sales volumes and to the effect of the devaluation of real against dollar over the tariffs of NTS and TAG, partially compensated by higher logistic expenses due to changes in the sales mix, as we shifted a portion of our sales from the domestic to the foreign market.

G&A expenses dropped 29% due to foreign exchange translation effects, decrease in headcount (more than 500 employees left the company in 2Q20), as a result of the implementation of the latest voluntary dismissal plans, and lower expenses with third-party services.

Exploration costs continued to drop, reflecting lower exploratory activity in line with the resilience initiatives.

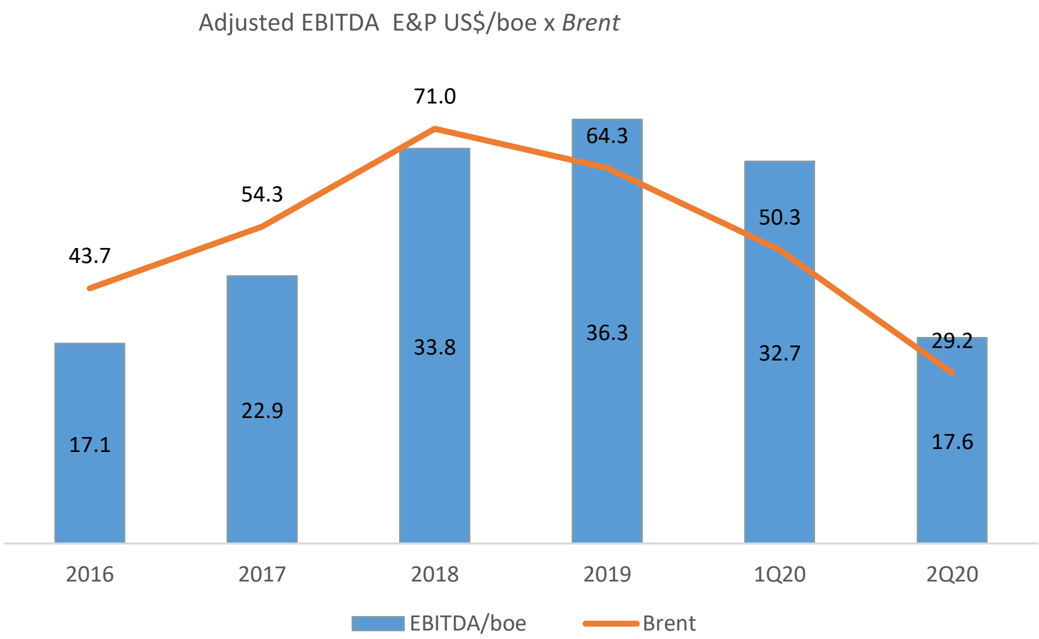
Other taxes rose due to the PIS/COFINS tax incidence over: (i) the gain in the equalization related to the individualization agreements of the Tupi area and Sepia and Atapu fields and (ii) the monetary adjustment over the exclusion of VAT from the calculation basis.

In 2Q20, there were other operating revenues mainly due to the exclusion of VAT tax and the gain in the equalization, both explained above. On the other hand, there were expenses related to the provisioning of the voluntary dismissal plans (6,882 employees enlisted in 2Q20), which, in turn, will result in lower personnel expenses, and to expenses with commodities and crude oil export hedges. The latter were essential to guarantee positive margins to the company when the oil market was extremely volatile. Presently, we are no longer hedging our exports as markets have stabilized. Nonetheless, we can resume this practice if we deem necessary.

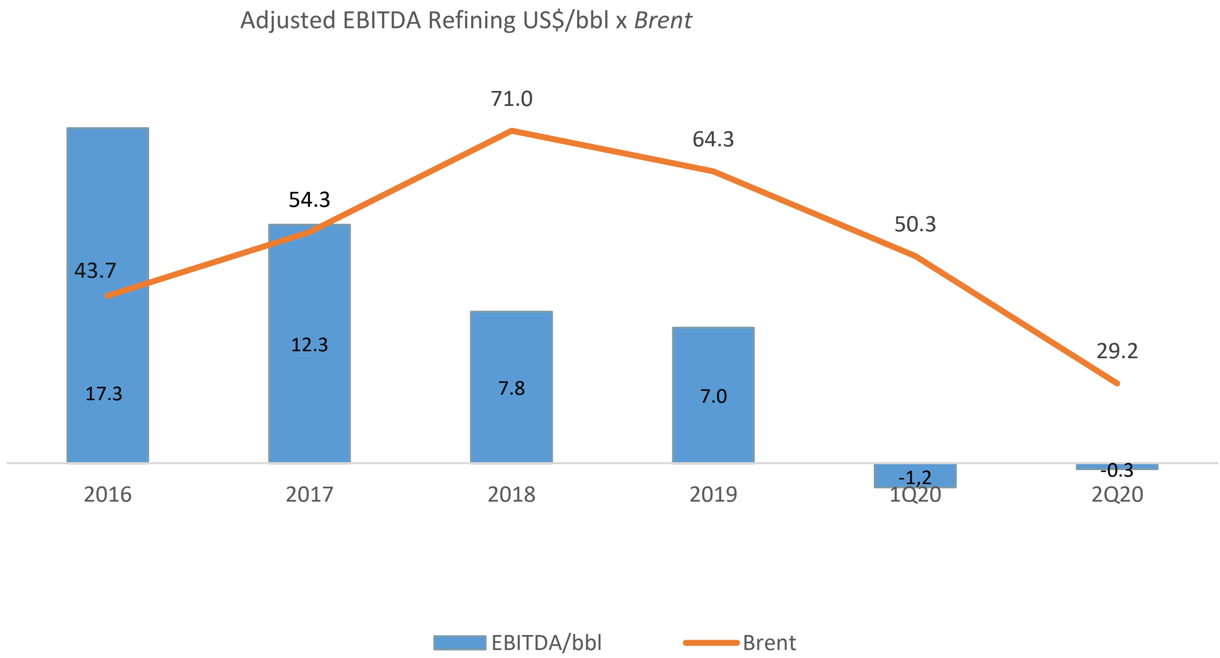
Adjusted EBITDA

In 2Q20, adjusted EBITDA decreased 44% when compared to 1Q20, reaching US$ 4.8 billion. Besides the 42% drop in Brent prices, the high volatility of the oil market and the global demand contraction led to reduction in the margins of our crude oil and oil by-products. Sales volumes were also negatively impacted.

Also contributed to this result the provisioning of the voluntary dismissal plans (US$ 903 million) and the hedging expenses (US$ 476 million). On the other hand, there were gains with: (i) the exclusion of VAT tax (ICMS) from the calculation basis of the PIS/COFINS (US$ 1.4 billion), after a favorable judicial decision and (ii) equalization related to the individualization agreements of the Tupi area and Sepia and Atapu fields (US$ 822 million).



The 46% reduction in E&P Adjusted EBITDA/boe in 2Q20 in relation to 1Q20 is mainly due to the drop in Brent prices.



Although the average Brent price was lower in 2Q20 than 1Q20, adjusted EBITDA/bbl for refining business in 2Q20 improved, reflecting the reduction on the negative inventory turnover effect in relation to 1Q20, due the recovery of Brent prices throughout 2Q20.

Financial results

Table 7 – Financial results

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	Variation (%) 2Q20 / 2Q19	Variation (%) 6M20 / 6M19
Finance income	**108**	**174**	**332**	**282**	**589**	**(37.9)**	**(67.5)**	**(52.1)**
Income from investments and marketable securities (Government Bonds)	52	67	114	119	239	(22.4)	(54.4)	(50.2)
Discount and premium on repurchase of debt securities	–	1	1	1	3	–	–	(66.7)
Gains from signed agreements (electric sector)	–	–	80	–	80	–	–	–
Other income, net	56	106	137	162	267	(47.2)	(59.1)	(39.3)
Finance expenses	**(1,134)**	**(1,622)**	**(1,591)**	**(2,756)**	**(3,368)**	**(30.1)**	**(28.7)**	**(18.2)**
Interest on finance debt	(846)	(1,008)	(1,233)	(1,854)	(2,547)	(16.1)	(31.4)	(27.2)
Unwinding of discount on lease liabilities	(310)	(342)	(452)	(652)	(785)	(9.4)	(31.4)	(16.9)
Discount and premium on repurchase of debt securities	(2)	(260)	(1)	(262)	(185)	(99.2)	100.0	41.6
Capitalized borrowing costs	215	279	347	494	693	(22.9)	(38.0)	(28.7)
Unwinding of discount on the provision for decommissioning costs	(160)	(192)	(202)	(352)	(411)	(16.7)	(20.8)	(14.4)
Other finance expenses and income, net	(31)	(99)	(50)	(130)	(133)	(68.7)	(38.0)	(2.3)
Foreign exchange gains (losses) and indexation charges	**(1,231)**	**(3,103)**	**(928)**	**(4,334)**	**(1,643)**	**(60.3)**	**32.7**	**163.8**
Foreign exchange gains (losses)	(2,009)	(1,767)	(202)	(3,776)	(221)	13.7	894.6	1608.6
Reclassification of hedge accounting to the Statement of Income	(1,043)	(1,400)	(739)	(2,443)	(1,494)	(25.5)	41.1	63.5
Pis and Cofins inflation indexation charges - exclusion of ICMS (VAT tax) from the basis of calculation	1,780	–	–	1,780	–	–	–	–
Other foreign exchange gains (losses) and indexation charges, net	41	64	13	105	72	(35.9)	215.4	45.8
Total	**(2,257)**	**(4,551)**	**(2,187)**	**(6,808)**	**(4,422)**	**(50.4)**	**3.2**	**54.0**

Financial results were better in 2Q20 mainly due to effect of the monetary adjustment of US$ 1.8 billion, as a reflect of the exclusion of the VAT tax from the calculation basis of the PIS/COFINS, after a favorable judicial decision, and reduction of the volume of the repurchase of debt securities and of interest expenses.

Hedge accounting reclassifications were also lower due to the extra volume of reclassifications made in 1Q20 following new assumptions for Brent prices. This effect was partially offset by higher expenses with the variation of the BRL against the USD associated with the passive foreign exchange exposure in USD.

Net income attributable to Petrobras' shareholders

We recorded a net loss of US$ 417 million in 2Q20, an improvement when compared to US$ 9.7 billion in 1Q20, mainly due to absence of impairments in 2Q20 and to the effect of the VAT tax exclusion from the calculation basis of the PIS/COFINS, after a favorable judicial decision. Excluding this factor, the result would have been worse due to the impacts of the COVID-19 crisis in our operations, with reflections in prices, margins and volumes.

We also had higher operating expenses related to hedging and to the implementation of voluntary dismissal plans. These factors were partially offset by a gain in the equalization related to the individualization agreements of the Tupi area and Sepia and Atapu fields and lower G&A.

Recurring net income attributable to Petrobras' shareholders and recurring adjusted EBITDA

In 2Q20 the main non-recurring item that stand out was the exclusion of VAT tax from the calculation basis of the PIS/COFINS, after a favorable judicial decision, with a positive impact of US$ 1.4 billion in Adjusted EBITDA and of US$ 2.1 billion in net loss.

Special Items

Table 8 – Special items

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Net income (loss)	(437)	(9,976)	4,934	(10,413)	6,059	(95.6)	−	−
Nonrecurring items	3,198	(13,645)	4,330	(10,447)	3,911	−	(26.1)	−
Nonrecurring items that do not affect Adjusted EBITDA	1,788	(13,776)	4,523	(11,988)	4,485	−	(60.5)	−
Impairment of assets and investments	1	(13,423)	(33)	(13,422)	(23)	−	−	58256.5
Realization of cumulative translation adjustments - CTA	−	−	−	−	(34)	−	−	−
Gains and losses on disposal / write-offs of assets	9	(94)	5,405	(85)	5,588	−	(99.8)	−
Foreign exchange gains or losses on provisions for legal proceedings	−	−	36	−	21	−	−	−
Agreements signed for the electricity sector *	−	−	80	−	80	−	−	−
Write-off of deferred tax assets	−	−	(966)	−	(966)	−	−	−
Pis and Cofins inflation indexation charges - exclusion of ICMS (VAT tax) from the basis of calculation	1,780	−	−	1,780	−	−	−	−
Discount and premium on repurchase of debt securities	(2)	(259)	1	(261)	(181)	(99.2)	−	44.2
Other nonrecurring items	1,410	131	(193)	1,541	(574)	976.3	−	−
PDV	(903)	(41)	(86)	(944)	(86)	2102.4	950.0	997.7
Careers and remuneration plan	−	−	(1)	−	(2)	−	−	−
Amounts recovered from Lava Jato investigation	64	21	79	85	79	204.8	(19.0)	7.6
Gains / (losses) on decommissioning of returned/abandoned areas	(2)	−	−	(2)	−	−	−	−
Expected credit losses related to the electricity sector	−	−	(3)	−	(18)	−	−	−
Gains / (losses) related to legal proceedings	35	128	(173)	163	(538)	(72.7)	−	−
Equalization of expenses - Production Individualization Agreements	822	23	(9)	845	(9)	3473.9	−	−
PIS and COFINS over inflation indexation charges - exclusion of ICMS (VAT tax) from the basis of calculation	(83)	−	−	(83)	−	−	−	−
PIS and COFINS recovered - exclusion of ICMS (VAT tax) from the basis of calculation	1,477	−	−	1,477	−	−	−	−
Net effect of nonrecurring items on IR / CSLL	(1,078)	4,664	(1,801)	3,586	(1,670)	−	(40.1)	−
Recurring net income (loss)	(2,557)	(992)	2,404	(3,549)	3,816	157.8	−	−
Shareholders of Petrobras	(2,536)	(732)	2,280	(3,268)	3,637	246.4	−	−
Non-controlling interests	(21)	(260)	124	(281)	179	(91.9)	−	−
Adjusted EBITDA	4,785	8,581	8,326	13,366	15,620	(44.2)	(42.5)	(14.4)
Nonrecurring items	1,410	131	(193)	1,541	(574)	976.3	−	−
Recurring Adjusted EBITDA	3,375	8,450	8,519	11,825	16,194	(60.1)	(60.4)	(27.0)

In management's opinion, the special items presented above, although related to the Company's business, were highlighted as complementary information for a better understanding and evaluation of the result. Such items do not necessarily occur in all periods and are disclosed when relevant. In 3Q19, the write-off of deferred tax assets and goodwill / negative goodwill on debt securities repurchases were classified as non-recurring items, resulting in reclassifications in the comparative period results.

Capex

Investment amounts (Capex) encompass acquisition of property, plant and equipment, including costs with leasing, intangible assets, investments in subsidiaries and affiliates, costs with geology and geophysics, costs with research and development and pre-operating costs.

Table 9 – Capex

Investments (US$ million)	2Q20	1Q20	2Q19	6M20	6M19	Variation % 2Q20 / 1Q20	Variation % 2Q20 / 2Q19	Variation % 6M20 / 6M19
Exploration and Production	1,609	2,139	2,112	3,749	4,088	(24.8)	(23.8)	(8.3)
Refining	239	171	316	411	552	39.8	(24.2)	(25.6)
Gas and Power	53	86	86	138	155	(38.6)	(39.1)	(11.2)
Others	35	37	39	72	78	(3.1)	(9.1)	(7.6)
Total	**1,937**	**2,433**	**2,553**	**4,370**	**4,873**	**(20.4)**	**(24.1)**	**(10.3)**

In 2Q20, investments totaled US$ 1.9 billion, 20% below 1Q20, due to the due to the devaluation of the real and the adjustments made for the year because of the pandemic. More than 70% correspond to growth investments.

Growth investments are those with the main objective is increasing the capacity of existing assets, implementing new production, disposal and storage assets, increasing efficiency or profitability of the asset and implementing essential infrastructure to enable other growth projects. It includes acquisitions of assets / companies and remaining investments in systems that started in 2018, exploratory investments, and investments in R&D.

Investments in maintenance (sustaining), on the other hand, have the main objective of maintaining the operation of existing assets, they do not aim at increasing the capacity of the facilities. Includes investments in safety and reliability of installations, substitute well projects, complementary development, remaining investments in systems that entered before 2018, scheduled shutdowns and revitalizations (without new systems), 4D seismic, SMS projects, line changes, infrastructure operational and ICT.

In 2Q20, investments in the Exploration and Production segment totaled US$ 1.6 billion, with approximately 75% related to growth. The investments were mainly concentrated: (i) in the development of production in ultra-deep waters of the Santos Basin pre-salt (US$ 0.8 billion); (ii) exploratory investments (US$ 0.2 billion) and (iii) development of new projects in deep waters (US$ 0.2 billion).

In the Refining segment, investments totaled US$ 0.2 billion in 2Q20, approximately 60% of which were investments in growth. Investments in the Gas and Power segment totaled US$ 0.1 billion in 2Q20, of which approximately 85% are investments in growth.

The following table presents the main information on the new oil and gas production systems.

Table 10 – Main projects

Unit	Start-up	FPSO capacity (bbl/day)	CAPEX Petrobras spent US$ bi	Total CAPEX Petrobras US$ bi[2]	Petrobras Share	Status
FPSO Carioca (Owned unit) Sépia 1	2021	180,000	0.5	3.1	97.6%	Project in phase of execution with production system with more than 88% of physical progress. 7 wells drilled and 4 completed
FPSO Guanabara (Chartered unit) Mero 1	2021	180,000	0.2	1.1	40.0%	Project in phase of execution with production system with more than 86% of physical progress. 7 wells drilled and 1 completed
FPSO Alm. Barroso (Chartered unit) Búzios 5	2022	150,000	0.2	3.0	100%[1]	Project in phase of execution with production system with more than 36% of physical progress and 1 well drilled and completed.
FPSO Anita Garibaldi (Chartered unit) Marlim 1	2022	80,000	0.08	2.3	100%	Project in phase of execution with production system with more than 31% of physical progress. 1 well drilled.
FPSO Anna Nery (Chartered unit) Marlim 2	2023	70,000	0.02	1.8	100%	Project in phase of execution with production system with more than 19% of physical progress.
FPSO Sepetiba (Chartered unit) Mero 2	2023	180,000	0.02	1.1	40%	Project in phase of execution with production system with more than 41% of physical progress. 4 wells drilled and 2 completed

[1] Will change after the co-participation agreement.
[2]Total Capex and schedule under revision due to the COVID-19 and Resilience Plan impacts

Portfolio Management

Improvements in capital allocation are being implemented through portfolio management, with divestments of assets with lower returns on capital employed.

In 2Q20, we concluded the sale of Macau cluster (onshore fields in Rio Grande do Norte). In 3Q20, until 07/22/2020, we have already concluded the sale of the remaining 10% stake in TAG and the Pampo Enchova cluster (shallow water fields in Rio de Janeiro) and we also signed the contract for the sale of the Pescada cluster (shallow water fields in Rio Grande do Norte). These transactions resulted in a cash inflow of US$ 997 million in 2020, as shown in the table below.

Table 11 – Signed transactions

Asset	Transaction Amount (US$ million)	Amounts received in 2020 (US$ million)
PO&G BV (Signed in 2018)	1,530	301
Polo Tucano Sul	3.01	0.6
Polo Macau	191.1	124.8
Polo Pescada Arabaiana	1.5	0.3
Polo Pampo Enchova	418,6	365.4
TAG	205.1	205.1
Ponta do Mel e Redonda	7.2	0.2
Total amount	2,356.5	997.4

In addition, we have the following divestments in our portfolio, as well as several other projects, approved in the Strategic Plan 2020-2024, undergoing structuring phase and some with teasers to be launched soon.

Table 12 - Assets in divestment process

Teaser / Non-binding phase	Binding phase
UFN-III	Gaspetro
Oil and Gas Thermoelectric Plants	Refineries (RNEST, RLAM, REPAR, REFAP, REGAP, REMAN, LUBNOR e SIX)
PBIO	Uruguay assets (PUDSA)
Shallow water fields (BA)	Deep-water fields (ES and SE-AL Basin)
Onshore fields (AM)	Onshore fields (CE, SE, BA and ES)
Onshore and shallow water fields (AL)	Shallow water fields (SP, ES and RJ)
Shallow water fields (CE)	Papa Terra field
Deep water fields (SE)	NTS (10%)
Exploration block (Tayrona) Colombia	Colombia assets
	Mangue Seco Wind Farms 1, 2, 3 and 4

Petrobras is monitoring the possible impacts of the COVID-19 pandemic on its divestment projects and taking appropriate actions to achieve the divestment goal set out in its 2020-2024 Strategic Plan. Regarding the divestment in refining, we started negotiating the contracts with the potential buyer who submitted the best binding offer for the acquisition of Refinaria Landulpho Alves (RLAM) and its associated logistics. Although we have extended the deadline for binding offers for other refineries, we expect to resume this phase in the coming months, with the signing of the refineries happening until 1Q21 and completion of the processes by the end of 2021.

Petrobras reinforces the importance of portfolio management focusing on core assets, in order to improve our capital allocation, enable debt and capital cost reduction, and the consequent increase in value generation to the company and to our shareholders.

Liquidity and Capital Resources

Table 13 – Liquidity and capital resources

US$ million	2Q20	1Q20	2Q19	6M20	6M19
Adjusted cash and cash equivalents at the beginning of period	**16,112**	**8,265**	**10,482**	**8,265**	**14,982**
Government bonds and time deposits with maturities of more than 3 months at the beginning of period	(644)	(888)	(1,121)	(888)	(1,083)
Cash and cash equivalents at the beginning of period	**15,468**	**7,377**	**9,361**	**7,377**	**13,899**
Net cash provided by (used in) operating activities	5,457	7,777	5,226	13,234	9,936
Net cash provided by operating activities from continuing operations	5,457	7,777	5,258	13,234	9,680
Discontinued operations – net cash provided by operating activities	–	–	(32)	–	256
Net cash provided by (used in) investing activities	**(2,147)**	**(1,481)**	**7,911**	**(3,628)**	**6,719**
Net cash provided by (used in) investing activities from continuing operations	(2,147)	(1,481)	7,948	(3,628)	6,770
Acquisition of PP&E, intangibles assets and investments in investees	(2,445)	(1,866)	(2,054)	(4,311)	(3,632)
Proceeds from disposal of assets - Divestment	153	281	8,799	434	9,111
Dividends received	60	44	702	104	816
Divestment (Investment) in marketable securities	85	60	501	145	475
Discontinued operations – net cash provided by investing activities	–	–	(37)	–	(51)
(=) Net cash provided by operating and investing activities	**3,310**	**6,296**	**13,137**	**9,606**	**16,655**
Net cash provided by (used) in financing activities from continuing operations	**699**	**2,132**	**(5,033)**	**2,831**	**(13,004)**
Net financings	2,175	4,702	(2,543)	6,877	(9,581)
Proceeds from financing	5,623	10,173	488	15,796	4,725
Repayments	(3,448)	(5,471)	(3,031)	(8,919)	(14,306)
Repayment of lease liability	(1,448)	(1,523)	(1,368)	(2,971)	(2,238)
Dividends paid to shareholders of Petrobras	–	(1,020)	(1,006)	(1,020)	(1,006)
Dividends paid to non-controlling interest	(22)	(8)	(86)	(30)	(86)
Investments by non-controlling interest	(6)	(19)	(30)	(25)	(93)
Discontinued operations – net cash used in financing activities	–	–	(432)	–	(495)
Net cash provided by (used) in financing activities	699	2,132	(5,465)	2,831	(13,499)
Effect of exchange rate changes on cash and cash equivalents	(7)	(337)	173	(344)	151
Cash and cash equivalents at the end of period	**19,470**	**15,468**	**17,206**	**19,470**	**17,206**
Government bonds and time deposits with maturities of more than 3 months at the end of period	539	644	641	539	641
Adjusted cash and cash equivalents at the end of period	**20,009**	**16,112**	**17,847**	**20,009**	**17,847**
Reconciliation of Free Cash Flow					
Net cash provided by (used in) operating activities	5,457	7,777	5,226	13,234	9,936
Acquisition of PP&E, intangibles assets and investments in investees	(2,445)	(1,866)	(2,054)	(4,311)	(3,632)
Free cash flow	**3,012**	**5,911**	**3,172**	**8,923**	**6,304**

As of June 30th, 2020, cash and cash equivalents totaled US$ 19.5 billion and adjusted cash and cash equivalents totaled US$ 20 billion. Our goal is to continue to adopt measures to preserve cash during this crisis.

In 2Q20, inflow of funds from net cash provided by operating activities totaled US$ 5.5 billion, which, alongside cash inflows from financing of US$ 5.6 billion and divestments of US$ 153 million and cash and cash equivalents, were used (i) to prepay debt and amortize principal and interest due in the period (US$ 3.5 billion), (ii) to spend in capex in the business areas (US$ 2.5 billion), including US$ 1.2 billion related to the equalization of the individualization agreements of Tupi area, Sepia and Atapu fields and (iii) for amortization of lease liabilities of US$ 1.5 billion.

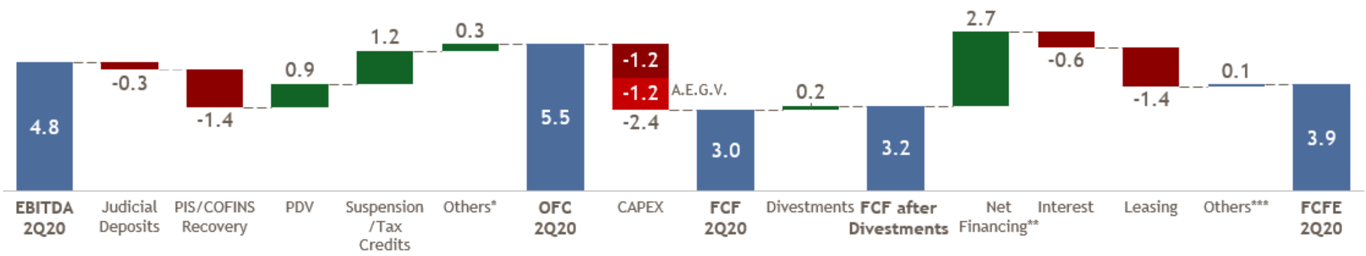
Net cash provided by operating activities in 2Q20 was 30% lower than 1Q20, mainly due to lower Brent, lower production and sales as a consequence of the pandemic.

In 2Q20, loans and financing were mainly used to pay down debt and manage liabilities, improving the debt profile and better adapting to the maturity terms of long-term investments and the cash position, aiming at maintaining the company's liquidity.

In the period from April to June 2020, the company raised US$ 5.6 billion, notably: (i) funding in the national and international banking market, in the amount of US$ 1.0 billion, and (ii) global notes issued in the capital market in the amount of US$ 3.2 billion, of which US$ 1.5 billion relates to the issue of new bonds maturing in 2031 and US$ 1.7 billion maturing in 2050.

The company settled several loans and financing, in the amount of US$ 3.5 billion in 2Q20.

Conciliation EBITDA x OCF x FCF x FCFE
US$ billion



* Includes hedge, personnel expenses and others
** Includes funding, amortization, prepayments and goodwill on securities repurchase
*** Includes dividends received and non-controlling interest

Debt

The unprecedented event of the COVID-19 pandemic, with its steep effect on oil prices and economic activity forced us to take several conservative measures to preserve our cash position.

Gross debt increased 2.2% due to the increase in financing of US$ 5.6 billion, mainly due to the global notes issued in the capital market (US$ 3.2 billion). Therefore, the gross debt/LTM adjusted EBITDA ratio increased to 3.00x on June 30th, 2020 from 2.63x on March 31st 2020. The average cost of debt remained stable at 5.6% on June 30th 2020.

Regarding the net debt/LTM adjusted EBITDA ratio, it also increased to 2.34x on June 30th, 2020 from 2.15x on March 31st , 2020.

On July 27, 2020 the company made a partial prepayment of your Revolving Credit Facilities, in the amount of US$ 3.5 billion. Those resources will be available for new withdrawals, if necessary.

Despite the crisis, deleveraging still is a priority for Petrobras. In April, the Board of Directors approved the revision of the top metrics included in the 2020-2024 Strategic Plan and the net debt/EBITDA indicator was replaced by the gross debt indicator. The target for 2020 is sustained at US$ 87 billion, the same level of the end of 2019. It is important to highlight that the company continues to pursue the reduction of gross debt to US$ 60 billion, in line with our dividend policy.

Table 14 – Debt indicators

Debt (US$ million)	06.30.2020	03.31.2020	Δ %	06.30.2019
Financial Debt	**69,312**	**66,702**	**3.9**	**75,527**
Capital Markets	36,563	33,329	9.7	40,584
Banking Market	27,287	27,956	(2.4)	28,479
Development banks	1,552	1,497	3.7	2,163
Export Credit Agencies	3,686	3,683	0.1	4,049
Others	224	237	(5.5)	252
Finance leases	**21,915**	**22,535**	**(2.8)**	**25,502**
Gross debt	**91,227**	**89,237**	**2.2**	**101,029**
Adjusted cash and cash equivalents	20,005	16,106	24.2	17,355
Net debt	**71,222**	**73,131**	**(2.6)**	**83,674**
Net Debt/(Net Debt + Market Cap) - Leverage	57%	67%	(14.9)	46%
Average interest rate (% p.a.)	5.6	5.6	–	6.0
Weighted average maturity of outstanding debt (years)	10.12	9.74	3.9	10.25
Net debt/LTM Adjusted EBITDA ratio	2.34	2.15	8.8	2.71
Gross debt/LTM Adjusted EBITDA ratio	3.00	2.63	14.1	3.28

Results by Segment

Exploration and Production

Table 15 – E&P results

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Sales revenues	5,165	10,877	12,660	16,042	24,044	(52.5)	(59.2)	(33.3)
Gross profit	1,660	4,970	5,835	6,630	10,415	(66.6)	(71.6)	(36.3)
Operating expenses	149	(13,528)	(566)	(13,379)	(1,126)	–	–	1088.2
Operating income (loss)	1,809	(8,558)	5,269	(6,749)	9,289	–	(65.7)	–
Net income (loss) attributable to the shareholders of Petrobras	1,187	(5,804)	3,516	(4,617)	6,206	–	(66.2)	–
Adjusted EBITDA of the segment	3,924	7,467	8,037	11,391	14,798	(47.4)	(51.2)	(23.0)
EBITDA margin of the segment (%)	75	69	63	71	62	6.3	12.5	9.5
Average Brent crude (US$/bbl)	29,20	50,26	68,82	39,73	66,01	(41,9)	(57,6)	(39,8)
Sales price – Brazil								
Crude oil (US$/bbl)	23.98	49.96	64.79	37.09	62.01	(52.0)	(63.0)	(40.2)
Lifting cost - Brazil (US$/boe)*								
excluding production taxes and leases	4.94	5.88	8.43	5.42	8.43	(16.1)	(41.4)	(35.7)
excluding production taxes	6.59	7.51	10.43	7.06	10.44	(12.3)	(36.9)	(32.4)
Onshore								
with leases	13.41	16.69	19.50	15.06	19.96	(19.6)	(31.2)	(24.5)
excluding leases	13.41	16.69	19.50	15.06	19.96	(19.6)	(31.2)	(24.5)
Shallow Waters								
with leases	20.28	29.77	31.64	25.78	31.19	(31.9)	(35.9)	(17.3)
excluding leases	15.86	26.83	29.48	22.22	29.21	(40.9)	(46.2)	(23.9)
Deep and ultra-deep post-salt								
with leases	10.23	10.72	13.63	10.48	12.34	(4.6)	(24.9)	(15.0)
excluding leases	8.74	9.12	11.42	8.94	10.48	(4.2)	(23.4)	(14.6)
Pre-salt								
with leases	4.17	4.52	6.03	4.35	6.39	(7.7)	(30.8)	(32.0)
excluding leases	2.39	2.79	3.82	2.59	4.02	(14.3)	(37.5)	(35.6)
including production taxes and excluding leases	8.91	12.85	21.11	10.91	20.95	(30.7)	(57.8)	(47.9)
including production taxes and leases	10.56	14.47	23.17	12.55	22.96	(27.1)	(54.4)	(45.4)
Production taxes – Brazil	933	1,881	3,494	2,814	5,896	(50.4)	(73.3)	(52.3)
Royalties	569	972	1,204	1,541	2,291	(41.5)	(52.7)	(32.7)
Special Participation	355	898	2,278	1,253	3,581	(60.5)	(84.4)	(65.0)
Retention of areas	9	11	12	20	24	(15.6)	(25.0)	(18.1)

* leases refer to platform rentals

In 2Q20 gross profit in E&P was US$ 1.7 billion, a reduction of 67% when compared to 1Q20. The reduction in gross profit was due to lower Brent prices, higher spread of our oil and lower natural gas prices, partially offset by a lower lifting cost and, lower payment of production taxes.

In 2Q20 operating profit was US$ 1.8 billion, mainly impacted by the equalization of expenses resulting from the individualization agreements of Tupi area and Sepia and Atapu fields. This result reflects an increase of US$ 10.4 billion compared to 1Q20, when impairment losses were recognized due to the reduction in Brent's average price projections.

In 2Q20, the lifting cost without government participation and without leasing decreased by 16%, reaching US$ 4.94/bbl, compared to US$ 5.88/bbl in 1Q20. The decline is mainly due to the impact of the devaluation of the real against the dollar and the mothballing of the shallow waters fields.

In the pre-salt layer, we observed a consistent path of falling unit costs, anchored by the stabilization of the new production systems, where we highlight the production platforms in Búzios, which have high productivity at competitive costs. In 2Q20 compared to 1Q20, we highlight the reduction in operating and maintenance expenses, in addition to the devaluation of the real against the dollar.

In 2Q20, the post-salt lifting cost decreased 4.2% when compared to 1Q20, motivated by the devaluation of the real against the dollar, which offset higher expenses with interventions.

In shallow water, we observed a drop in the lifting cost of 41% between the quarters of 2020, motivated by the mothballing of fields and the devaluation of the exchange rate.

Onhsore, the devaluation of the real and lower operating and maintenance expenses, explain the drop in the lifting cost compared to 1Q20.

In 2Q20, the lower production taxes was mainly caused by the lower Brent prices.

Refining

Table 16 – Refining results

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	2Q20 / 2Q19	6M20 / 6M19
Sales revenues	8,261	15,480	16,675	23,741	32,810	(46.6)	(50.5)	(27.6)
Gross profit	832	83	1,550	915	2,780	902.4	(46.3)	(67.1)
Operating expenses	(1,304)	(914)	(1,184)	(2,218)	(1,801)	42.7	10.1	23.2
Operating Income (Loss)	(472)	(831)	366	(1,303)	979	(43.2)	−	−
Net income (loss) attributable to the shareholders of Petrobras	(566)	(702)	286	(1,268)	792	(19.4)	−	−
Adjusted EBITDA of the segment	27	(207)	1,212	(180)	2,474	−	(97.8)	−
EBITDA margin of the segment (%)	−	(1)	7	(1)	8	1	(7)	(8)
Refining cost (US$ / barrel) - Brazil	1.67	2.26	2.58	1.98	2.59	(26.1)	(35.3)	(23.6)
Domestic basic oil by-products price (US$/bbl)	36.79	65.06	78.53	51.46	76.11	(43.5)	(53.2)	(32.4)

In 2Q20, refining's gross profit was US$ 749 million above 1Q20, as a result of the steep reduction in Brent prices in March, causing a positive inventory turnover in the comparison between periods of US$ 0.9 billion (negative inventory turnover of US$ 1.4 billion in 1Q20 vs. negative US$ 0.5 billion in 2Q20).

Excluding the inventory turnover effect, gross profit would have been US$ 1.3 billion in 2Q20 and US$ 1.5 billion in 1Q20.

In 2Q20, there were lower margins of oil by-products in the domestic market, specially of diesel and jet fuel, as result of the restrictions imposed by the pandemic. These were partially offset by higher LPG margins. Sales volumes of Jet Fuel e Gasoline were also negatively impacted. As for exports, fuel oil, crude oil and diesel had lower margins between quarters and were partially offset by the increase in the gasoline export margins. On the other hand, we had lower operational expenses, lower expenses with the consumption of natural gas used in refineries and higher trading margins.

The lower operating loss in 2Q20 reflects the higher gross profit, partially offset by higher freight prices and higher operating expenses due to the incentives granted for the voluntary dismissal plan, unscheduled maintenance stoppages in refineries and legal proceedings.

Gas and Power

Table 17 – G&P results

US$ million	2Q20	1Q20	2Q19	6M20	6M19	Variation (%) 2Q20 / 1Q20	Variation (%) 2Q20 / 2Q19	Variation (%) 6M20 / 6M19
Sales revenues	1,517	2,370	2,575	3,887	5,783	(36.0)	(41.1)	(32.8)
Gross profit	907	1,025	973	1,932	1,880	(11.5)	(6.8)	2.8
Operating expenses	(654)	(673)	4,909	(1,327)	4,410	(2.8)	−	−
Operating income (loss)	253	352	5,882	605	6,290	(28.1)	(95.7)	(90.4)
Net income (loss) attributable to the shareholders of Petrobras	169	214	3,890	383	4,138	(21.0)	(95.7)	(90.7)
Adjusted EBITDA of the segment	369	498	583	867	1,175	(25.9)	(36.7)	(26.2)
EBITDA margin of the segment (%)	24	21	23	22	20	3	2	2
Natural gas sales price - Brazil (US$/bbl)	33.70	41.44	47.97	38.13	48.80	(18.7)	(29.7)	(21.9)

In 2Q20, the gross profit of the Gas and Power segment was US$ 907 million, a reduction of 11.5% when compared to 1Q20, as a result of (i) lower volume of gas sold, due to the pandemic and (ii) lower volume of electricity generation due to lower load on the Electric System and better hydrological conditions, partially compensated by better margins in energy trading in the free contracting market, as a result of the active management of the commercial energy portfolio and due to the reduction in the spot prices.

In 2Q20, operating profit was 28.1% lower than in 1Q20 due to the lower gross profit despite the reduction in selling expenses. The transport tariff for the TAG and NTS gas pipelines decreased due to the devaluation of the real against the dollar. This amount was offset by the partial reversal of the provision for loss related to FAFEN-SE (US$ 80 million), which had been previously constituted, made in 1Q20, after a judicial agreement with SERGAS and the government of Sergipe for the termination of the process related to the distribution tariff.

Reconciliation of Adjusted EBITDA

EBITDA is an indicator calculated as the net income for the period plus taxes on profit, net financial result, depreciation and amortization. Petrobras announces EBITDA, as authorized by CVM Instruction 527 of October 2012.

In order to reflect the management view regarding the formation of the company's current business results, EBITDA is also presented adjusted (Adjusted EBITDA) as a result of: investments, impairment, results with divestments and write-off of assets, and cumulative exchange effects of (CTA) reclassified to income.

Adjusted EBITDA, reflecting the sum of the last twelve months (Last Twelve Months), also represents an alternative to the company's operating cash generation. This measure is used to calculate the Gross Debt to Adjusted EBITDA metric, helping to evaluate the company's leverage and liquidity.

EBITDA and adjusted EBITDA are not provided for in International Financial Reporting Standards (IFRS) and should not serve as a basis for comparison with those disclosed by other companies and should not be considered as a substitute for any other measure calculated in accordance with IFRS. These measures should be considered in conjunction with other measures and indicators for a better understanding of the company's performance and financial condition.

Table 18 - Reconciliation of Adjusted EBITDA

						Variation (%)		
US$ million	**2Q20**	**1Q20**	**2Q19**	**6M20**	**6M19**	**2Q20 / 1Q20**	**2Q20 / 2Q19**	**6M20 / 6M19**
Net income (loss) from continuing operations	(436)	(9,976)	4,858	(10,412)	5,856	(95.6)	–	–
Net finance income (expense)	2,257	4,551	2,187	6,808	4,422	(50.4)	3.2	54.0
Income taxes	(31)	(3,300)	2,960	(3,331)	3,449	(99.1)	–	–
Depreciation, depletion and amortization	2,793	3,543	3,747	6,336	7,429	(21.2)	(25.5)	(14.7)
EBITDA	**4,583**	**(5,182)**	**13,752**	**(599)**	**21,156**	**–**	**(66.7)**	**–**
Results in equity-accounted investments	211	298	(120)	509	(251)	(29.2)	–	–
Impairment	–	13,371	27	13,371	20	–	–	66755.0
Reclassification of cumulative translation adjustment - CTA	–	–	–	–	34	–	–	–
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control *	(9)	94	(5,405)	85	(5,588)	–	(99.8)	–
Foreign exchange gains or losses on provisions for legal proceedings	–	–	(36)	–	(21)	–	–	–
Adjusted EBITDA from continuing operations	**4,785**	**8,581**	**8,218**	**13,366**	**15,350**	**(44.2)**	**(41.8)**	**(12.9)**
Adjusted EBITDA from descontinued operations	–	–	108	–	270	–	–	–
Adjusted EBITDA	**4,785**	**8,581**	**8,326**	**13,366**	**15,620**	**(44.2)**	**(42.5)**	**(14.4)**
Adjusted EBITDA margin (%)	**50**	**50**	**44**	**50**	**41**	**–**	**6.0**	**9.0**

FINANCIAL STATEMENTS

Table 19 - Income Statement - Consolidated

US$ million	2Q20	1Q20	2Q19	6M20	6M19
Sales revenues	**9,481**	**17,143**	**18,502**	**26,624**	**37,305**
Cost of sales	(6,064)	(9,879)	(10,800)	(15,943)	(23,013)
Gross profit	**3,417**	**7,264**	**7,702**	**10,681**	**14,292**
Selling expenses	(1,246)	(1,335)	(935)	(2,581)	(1,838)
General and administrative expenses	(291)	(411)	(559)	(702)	(1,123)
Exploration costs	(65)	(104)	(100)	(169)	(274)
Research and development expenses	(68)	(95)	(146)	(163)	(284)
Other taxes	(245)	(118)	(66)	(363)	(159)
Impairment of assets	–	(13,371)	(27)	(13,371)	(20)
Other income and expenses	499	(257)	4,016	242	2,882
	(1,416)	(15,691)	2,183	(17,107)	(816)
Operating income (loss)	**2,001**	**(8,427)**	**9,885**	**(6,426)**	**13,476**
Finance income	108	174	332	282	589
Finance expenses	(1,134)	(1,622)	(1,591)	(2,756)	(3,368)
Foreign exchange gains (losses) and inflation indexation charges	(1,231)	(3,103)	(928)	(4,334)	(1,643)
Net finance income (expense)	**(2,257)**	**(4,551)**	**(2,187)**	**(6,808)**	**(4,422)**
Results in equity-accounted investments	(211)	(298)	120	(509)	251
Income (loss) before income taxes	**(467)**	**(13,276)**	**7,818**	**(13,743)**	**9,305**
Income taxes	31	3,300	(2,960)	3,331	(3,449)
Net income (loss) from continuing operations	(436)	(9,976)	4,858	(10,412)	5,856
Net income (loss) from descontinued operations	–	–	77	–	204
Net Income (Loss)	**(436)**	**(9,976)**	**4,935**	**(10,412)**	**6,060**
Net income (loss) attributable to:					
Shareholders of Petrobras	**(417)**	**(9,715)**	**4,811**	**(10,132)**	**5,881**
Net income (loss) from continuing operations	(417)	(9,715)	4,756	(10,132)	5,735
Net income (loss) from descontinued operations	–	–	55	–	146
Non-controlling interests	**(19)**	**(261)**	**124**	**(280)**	**179**
Net income (loss) from continuing operations	(19)	(261)	102	(280)	121
Net income (loss) from descontinued operations	–	–	22	–	58

Table 20 - Statement of Financial Position – Consolidated

ASSETS - US$ million	06.30.2020	12.31.2019
Current assets	**36,875**	**27,812**
Cash and cash equivalents	19,466	7,372
Marketable securities	539	888
Trade and other receivables, net	2,614	3,762
Inventories	5,039	8,189
Recoverable taxes	5,440	3,544
Assets classified as held for sale	2,034	2,564
Other current assets	1,743	1,493
Non-current assets	**148,505**	**201,928**
Long-term receivables	**22,726**	**17,691**
Trade and other receivables, net	2,293	2,567
Marketable securities	38	58
Judicial deposits	6,699	8,236
Deferred taxes	9,579	1,388
Other tax assets	3,054	3,939
Advances to suppliers	203	326
Other non-current assets	860	1,177
Investments	**3,471**	**5,499**
Property, plant and equipment	**107,980**	**159,265**
Intangible assets	**14,328**	**19,473**
Total assets	**185,380**	**229,740**

LIABILITIES - US$ million	06.30.2020	12.31.2019
Current liabilities	**26,327**	**28,816**
Trade payables	3,911	5,601
Finance debt	6,692	4,469
Lease liability	5,412	5,737
Taxes payable	3,031	3,700
Dividends payable	360	1,558
Short-term benefits	1,695	1,645
Pension and medical benefits	668	887
Liabilities related to assets classified as held for sale	2,430	3,246
Other current liabilities	2,128	1,973
Non-current liabilities	**114,181**	**126,709**
Finance debt	62,620	58,791
Lease liability	16,503	18,124
Income taxes payable	356	504
Deferred taxes	150	1,760
Long-term benefits	627	38
Pension and medical benefits	17,329	25,607
Provision for legal and administrative proceedings	2,089	3,113
Provision for decommisioning costs	13,003	17,460
Other non-current liabilities	1,504	1,312
Shareholders´ equity	**44,872**	**74,215**
Share capital (net of share issuance costs)	107,101	107,101
Profit reserves and others	(62,769)	(33,778)
Non-controlling interests	540	892
Total liabilities and shareholders´ equity	**185,380**	**229,740**

Table 21 - Statement of Cash Flows – Consolidated

US$ million	2Q20	1Q20	2Q19	6M20	6M19
Cash flows from Operating activities					
Net income for the period	(436)	(9,976)	4,935	(10,412)	6,060
Adjustments for:					
Net income from discontinued operations	–	–	(77)	–	(204)
Pension and medical benefits (actuarial expense)	373	444	524	817	1,070
Results of equity-accounted investments	211	298	(120)	509	(251)
Depreciation, depletion and amortization	2,793	3,543	3,747	6,336	7,429
Impairment of assets (reversal)	–	13,371	27	13,371	20
Allowance (reversals) for credit loss on trade and others receivables	35	97	12	132	38
Exploratory expenditure write-offs	12	26	14	38	64
Disposal/write-offs of assets and remeasurement of investment retained with loss of control	(9)	94	(5,405)	85	(5,554)
Foreign exchange, indexation and finance charges	4,236	3,969	1,981	8,205	4,260
Deferred income taxes, net	(144)	(3,470)	1,816	(3,614)	1,684
Revision and unwinding of discount on the provision for decommissioning costs	161	193	202	354	411
PIS and COFINS recovery - exclusion of ICMS (VAT tax) from the basis of calculation	(3,257)	–	–	(3,257)	–
Inventory write-down (write-back) to net realizable value	30	342	31	372	(10)
Decrease (Increase) in assets					
Trade and other receivables, net	(1,477)	973	26	(504)	1,055
Inventories	660	446	(976)	1,106	(617)
Judicial deposits	(279)	(449)	(418)	(728)	(1,085)
Escrow account - Class action agreement	–	–	36	–	(982)
Other assets	(120)	(301)	(416)	(421)	(918)
Increase (Decrease) in liabilities					
Trade payables	538	(830)	(231)	(292)	(843)
Other taxes payable	1,027	(576)	1,193	451	1,019
Pension and medical benefits	(325)	(334)	(311)	(659)	(495)
Provisions for legal proceedings	(111)	(158)	(1,304)	(269)	(1,190)
Short-term benefits	1,201	(91)	(36)	1,110	127
Provision for decommissioning costs	(45)	(127)	(126)	(172)	(256)
Other liabilities	419	524	562	943	(543)
Income taxes paid	(36)	(231)	(428)	(267)	(609)
Net cash provided by operating activities from continuing operations	**5,457**	**7,777**	**5,258**	**13,234**	**9,680**
Operating discontinued activities	**–**	**–**	**(32)**	**–**	**256**
Net cash provided by operating activities	**5,457**	**7,777**	**5,226**	**13,234**	**9,936**
Cash flows from Investing activities					
Acquisition of PP&E and intangibles assets	(1,502)	(1,869)	(2,045)	(3,371)	(3,622)
Investments in investees	(943)	3	(9)	(940)	(10)
Proceeds from disposal of assets - Divestment	153	281	8,799	434	9,111
Divestment (Investment) in marketable securities	85	60	501	145	475
Dividends received	60	44	702	104	816
Net cash provided (used) by investing activities from continuing operations	**(2,147)**	**(1,481)**	**7,948**	**(3,628)**	**6,770**
Investing discontinued activities	**–**	**–**	**(37)**	**–**	**(51)**
Net cash provided (used) by investing activities	**(2,147)**	**(1,481)**	**7,911**	**(3,628)**	**6,719**
Cash flows from Financing activities					
Investments by non-controlling interest	(6)	(19)	(30)	(25)	(93)
Financing and loans, net:					
Proceeds from financing	5,623	10,173	488	15,796	4,725
Repayment of finance debt - principal	(2,879)	(4,343)	(2,219)	(7,222)	(11,957)
Repayment of finance debt - interest	(569)	(1,128)	(812)	(1,697)	(2,349)

Repayment of lease liability	(1,448)	(1,523)	(1,368)	(2,971)	(2,238)
Dividends paid to Shareholders of Petrobras	–	(1,020)	(1,006)	(1,020)	(1,006)
Dividends paid to non-controlling interests	(22)	(8)	(86)	(30)	(86)
Net cash provided (used) in financing activities from continuing operations	**699**	**2,132**	**(5,033)**	**2,831**	**(13,004)**
Financing discontinued activities	**–**	**–**	**(432)**	**–**	**(495)**
Net cash provided (used) in financing activities	**699**	**2,132**	**(5,465)**	**2,831**	**(13,499)**
Effect of exchange rate changes on cash and cash equivalents	**(7)**	**(337)**	**173**	**(344)**	**151**
Net increase (decrease) in cash and cash equivalents	**4,002**	**8,091**	**7,845**	**12,093**	**3,307**
Cash and cash equivalents at the beginning of the period	**15,468**	**7,377**	**9,361**	**7,377**	**13,899**
Cash and cash equivalents at the end of the period	**19,470**	**15,468**	**17,206**	**19,470**	**17,206**

FINANCIAL INFORMATION BY BUSINESS AREAS

Table 22 - Consolidated Income by Segment – 6M20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Sales revenues	**16,042**	**23,741**	**3,887**	**401**	**(17,447)**	**26,624**
Intersegments	15,611	452	1,288	96	(17,447)	–
Third parties	431	23,289	2,599	305	–	26,624
Cost of sales	(9,412)	(22,826)	(1,955)	(398)	18,648	(15,943)
Gross profit	**6,630**	**915**	**1,932**	**3**	**1,201**	**10,681**
Expenses	**(13,379)**	**(2,218)**	**(1,327)**	**(169)**	**(14)**	**(17,107)**
Selling expenses	–	(1,345)	(1,213)	(10)	(13)	(2,581)
General and administrative expenses	(103)	(111)	(46)	(442)	–	(702)
Exploration costs	(169)	–	–	–	–	(169)
Research and development expenses	(103)	(6)	(3)	(51)	–	(163)
Other taxes	(90)	(89)	(12)	(172)	–	(363)
Impairment of assets	(13,167)	(43)	–	(161)	–	(13,371)
Other income and expenses	253	(624)	(53)	667	(1)	242
Operating income (loss)	**(6,749)**	**(1,303)**	**605**	**(166)**	**1,187**	**(6,426)**
Net finance income (expense)	–	–	–	(6,808)	–	(6,808)
Results in equity-accounted investments	(164)	(444)	23	76	–	(509)
Income (loss) before income taxes	**(6,913)**	**(1,747)**	**628**	**(6,898)**	**1,187**	**(13,743)**
Income taxes	2,294	443	(206)	1,203	(403)	3,331
Net income (loss) from continuing operations	**(4,619)**	**(1,304)**	**422**	**(5,695)**	**784**	**(10,412)**
Net income (loss) from descontinued operations	–	–	–	–	–	–
Net Income (Loss)	**(4,619)**	**(1,304)**	**422**	**(5,695)**	**784**	**(10,412)**
Net income (loss) attributable to:						
Shareholders of Petrobras	**(4,617)**	**(1,268)**	**383**	**(5,414)**	**784**	**(10,132)**
Net income (loss) from continuing operations	(4,617)	(1,268)	383	(5,414)	784	(10,132)
Net income (loss) from descontinued operations	–	–	–	–	–	–
Non-controlling interests	**(2)**	**(36)**	**39**	**(281)**	**–**	**(280)**
Net income (loss) from continuing operations	(2)	(36)	39	(281)	–	(280)
Net income (loss) from descontinued operations	–	–	–	–	–	–
	(4,619)	**(1,304)**	**422**	**(5,695)**	**784**	**(10,412)**

Table 23 - Consolidated Income by Segment – 6M19

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Sales revenues	**24,044**	**32,810**	**5,783**	**639**	**(25,971)**	**37,305**
Intersegments	23,575	7,624	1,754	110	(25,971)	7,092
Third parties	469	25,186	4,029	529	–	30,213
Cost of sales	(13,629)	(30,030)	(3,903)	(616)	25,165	(23,013)
Gross profit	**10,415**	**2,780**	**1,880**	**23**	**(806)**	**14,292**
Expenses	**(1,126)**	**(1,801)**	**4,410**	**(2,280)**	**(19)**	**(816)**
Selling expenses	(1)	(953)	(845)	(22)	(17)	(1,838)
General and administrative expenses	(154)	(178)	(74)	(718)	1	(1,123)
Exploration costs	(274)	–	–	–	–	(274)
Research and development expenses	(198)	(7)	(7)	(72)	–	(284)
Other taxes	(29)	(36)	(24)	(70)	–	(159)
Impairment of assets	283	(303)	–	–	–	(20)
Other income and expenses	(753)	(324)	5,360	(1,398)	(3)	2,882
Operating income (loss)	**9,289**	**979**	**6,290**	**(2,257)**	**(825)**	**13,476**
Net finance income (expense)	–	–	–	(4,422)	–	(4,422)
Results in equity-accounted investments	73	140	44	(6)	–	251
Income (loss) before income taxes	**9,362**	**1,119**	**6,334**	**(6,685)**	**(825)**	**9,305**
Income taxes	(3,158)	(333)	(2,138)	1,900	280	(3,449)
Net income (loss) from continuing operations	**6,204**	**786**	**4,196**	**(4,785)**	**(545)**	**5,856**
Net income (loss) from descontinued operations	–	–	8	196	–	204
Net Income (Loss)	**6,204**	**786**	**4,204**	**(4,589)**	**(545)**	**6,060**
Net income (loss) attributable to:						
Shareholders of Petrobras	**6,206**	**792**	**4,138**	**(4,710)**	**(545)**	**5,881**
Net income (loss) from continuing operations	6,206	792	4,132	(4,850)	(545)	5,735
Net income (loss) from descontinued operations	–	–	6	140	–	146
Non-controlling interests	**(2)**	**(6)**	**66**	**121**	**–**	**179**
Net income (loss) from continuing operations	(2)	(6)	64	65	–	121
Net income (loss) from descontinued operations	–	–	2	56	–	58
	6,204	**786**	**4,204**	**(4,589)**	**(545)**	**6,060**

PETROBRAS

Table 24 - Quarterly Consolidated Income by Segment – 2Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Sales revenues	**5,165**	**8,261**	**1,517**	**203**	**(5,665)**	**9,481**
Intersegments	4,944	150	535	36	(5,665)	–
Third parties	221	8,111	982	167	–	9,481
Cost of sales	(3,505)	(7,429)	(610)	(205)	5,685	(6,064)
Gross profit	**1,660**	**832**	**907**	**(2)**	**20**	**3,417**
Expenses	**149**	**(1,304)**	**(654)**	**399**	**(6)**	**(1,416)**
Selling expenses	–	(695)	(539)	(6)	(6)	(1,246)
General and administrative expenses	(56)	(50)	(19)	(166)	–	(291)
Exploration costs	(65)	–	–	–	–	(65)
Research and development expenses	(41)	(3)	–	(24)	–	(68)
Other taxes	(74)	(47)	(3)	(121)	–	(245)
Impairment of assets	–	–	–	–	–	–
Other income and expenses	385	(509)	(93)	716	–	499
Operating income (loss)	**1,809**	**(472)**	**253**	**397**	**14**	**2,001**
Net finance income (expense)	–	–	–	(2,257)	–	(2,257)
Results in equity-accounted investments	(9)	(259)	25	32	–	(211)
Income (loss) before income taxes	**1,800**	**(731)**	**278**	**(1,828)**	**14**	**(467)**
Income taxes	(615)	160	(86)	577	(5)	31
Net income (loss) from continuing operations	**1,185**	**(571)**	**192**	**(1,251)**	**9**	**(436)**
Net income (loss) from descontinued operations	–	–	–	–	–	–
Net Income (Loss)	**1,185**	**(571)**	**192**	**(1,251)**	**9**	**(436)**
Net income (loss) attributable to:						
Shareholders of Petrobras	**1,187**	**(566)**	**169**	**(1,216)**	**9**	**(417)**
Net income (loss) from continuing operations	1,187	(566)	169	(1,216)	9	(417)
Net income (loss) from descontinued operations	–	–	–	–	–	–
Non-controlling interests	**(2)**	**(5)**	**23**	**(35)**	**–**	**(19)**
Net income (loss) from continuing operations	(2)	(5)	23	(35)	–	(19)
Net income (loss) from descontinued operations	–	–	–	–	–	–
	1,185	**(571)**	**192**	**(1,251)**	**9**	**(436)**

Table 25 - Quarterly Consolidated Income by Segment – 1Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Sales revenues	**10,877**	**15,480**	**2,370**	**198**	**(11,782)**	**17,143**
Intersegments	10,667	302	753	60	(11,782)	–
Third parties	210	15,178	1,617	138	–	17,143
Cost of sales	(5,907)	(15,397)	(1,345)	(193)	12,963	(9,879)
Gross profit	**4,970**	**83**	**1,025**	**5**	**1,181**	**7,264**
Expenses	**(13,528)**	**(914)**	**(673)**	**(568)**	**(8)**	**(15,691)**
Selling expenses	–	(650)	(674)	(4)	(7)	(1,335)
General and administrative expenses	(47)	(61)	(27)	(276)	–	(411)
Exploration costs	(104)	–	–	–	–	(104)
Research and development expenses	(62)	(3)	(3)	(27)	–	(95)
Other taxes	(16)	(42)	(9)	(51)	–	(118)
Impairment of assets	(13,167)	(43)	–	(161)	–	(13,371)
Other income and expenses	(132)	(115)	40	(49)	(1)	(257)
Operating income (loss)	**(8,558)**	**(831)**	**352**	**(563)**	**1,173**	**(8,427)**
Net finance income (expense)	–	–	–	(4,551)	–	(4,551)
Results in equity-accounted investments	(155)	(185)	(2)	44	–	(298)
Income (loss) before income taxes	**(8,713)**	**(1,016)**	**350**	**(5,070)**	**1,173**	**(13,276)**
Income taxes	2,909	283	(120)	626	(398)	3,300
Net income (loss) from continuing operations	**(5,804)**	**(733)**	**230**	**(4,444)**	**775**	**(9,976)**
Net income (loss) from descontinued operations	–	–	–	–	–	–
Net Income (Loss)	**(5,804)**	**(733)**	**230**	**(4,444)**	**775**	**(9,976)**
Net income (loss) attributable to:						
Shareholders of Petrobras	**(5,804)**	**(702)**	**214**	**(4,198)**	**775**	**(9,715)**
Net income (loss) from continuing operations	(5,804)	(702)	214	(4,198)	775	(9,715)
Net income (loss) from descontinued operations	–	–	–	–	–	–
Non-controlling interests	**–**	**(31)**	**16**	**(246)**	**–**	**(261)**
Net income (loss) from continuing operations	–	(31)	16	(246)	–	(261)
Net income (loss) from descontinued operations	–	–	–	–	–	–
	(5,804)	**(733)**	**230**	**(4,444)**	**775**	**(9,976)**

Table 26 - Other Income and Expenses by Segment – 6M20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Voluntary Separation Incentive Plan - PDV	(376)	(283)	(29)	(256)	–	(944)
Unscheduled stoppages and pre-operating expenses	(659)	(94)	(61)	(1)	–	(815)
Pension and medical benefits - retirees	–	–	–	(488)	–	(488)
Gains/(losses) with Commodities Derivatives	–	–	–	(253)	–	(253)
Gains / (losses) related to legal, administrative and arbitration proceedings	(104)	(194)	67	66	–	(165)
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	(51)	(24)	(10)	–	–	(85)
Variable compensation program	13	5	1	10	–	29
Amounts recovered from Lava Jato investigation	8	–	–	77	–	85
Early termination of contracts	96	2	10	39	–	147
Expenses/Reimbursements from E&P partnership operations	259	–	–	–	–	259
Equalization of expenses - Production Individualization Agreements	845	–	–	–	–	845
PIS and Cofins recovered - VAT tax exclusion from PIS and Cofins tax basis	–	–	–	1,478	–	1,478
Others	222	(36)	(31)	(5)	(1)	149
	253	(624)	(53)	667	(1)	242

Table 27 - Other Income and Expenses by Segment – 6M19

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Voluntary Separation Incentive Plan - PDV	(34)	(31)	(2)	(18)	–	(85)
Unscheduled stoppages and pre-operating expenses	(623)	(12)	(74)	–	–	(709)
Pension and medical benefits - retirees	–	–	–	(703)	–	(703)
Gains/(losses) with Commodities Derivatives	–	–	–	(378)	–	(378)
Gains / (losses) related to legal, administrative and arbitration proceedings	37	(230)	14	(387)	–	(566)
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	(48)	31	5,464	141	–	5,588
Variable compensation program	(84)	(44)	(7)	(70)	–	(205)
Amounts recovered from Lava Jato investigation	7	–	–	72	–	79
Early termination of contracts	–	–	(1)	–	–	(1)
Expenses/Reimbursements from E&P partnership operations	96	–	–	–	–	96
Equalization of expenses - Production Individualization Agreements	(9)	–	–	–	–	(9)
PIS and Cofins recovered - VAT tax exclusion from PIS and Cofins tax basis	–	–	–	–	–	–
Others	(95)	(38)	(34)	(55)	(3)	(225)
	(753)	(324)	5,360	(1,398)	(3)	2,882

Table 28 - Other Income and Expenses by Segment – 2Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Voluntary Separation Incentive Plan - PDV	(356)	(269)	(29)	(249)	–	(903)
Gains/(losses) with Commodities Derivatives	–	–	–	(476)	–	(476)
Unscheduled stoppages and pre-operating expenses	(352)	(91)	(19)	–	–	(462)
Pension and medical benefits - retirees	–	–	–	(189)	–	(189)
Gains / (losses) related to legal, administrative and arbitration proceedings	29	(139)	(14)	9	–	(115)
Variable compensation program	–	–	–	–	–	–
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	19	(4)	(2)	(4)	–	9
Amounts recovered from Lava Jato investigation	8	–	–	56	–	64
Expenses/Reimbursements from E&P partnership operations	117	–	–	–	–	117
Early termination of contracts	20	2	(3)	34	–	53
Equalization of expenses - Production Individualization Agreements	822	–	–	–	–	822
PIS and Cofins recovered - VAT tax exclusion from PIS and Cofins tax basis	–	–	–	1,478	–	1,478
Others	78	(8)	(26)	57	–	101
	385	(509)	(93)	716	–	499

Table 29 - Other Income and Expenses by Segment – 1Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Voluntary Separation Incentive Plan - PDV	(20)	(14)	–	(7)	–	(41)
Gains/(losses) with Commodities Derivatives	–	–	–	223	–	223
Unscheduled stoppages and pre-operating expenses	(307)	(3)	(42)	(1)	–	(353)
Pension and medical benefits - retirees	–	–	–	(299)	–	(299)
Gains / (losses) related to legal, administrative and arbitration proceedings	(133)	(55)	81	57	–	(50)
Variable compensation program	13	5	1	10	–	29
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	(70)	(20)	(8)	4	–	(94)
Amounts recovered from Lava Jato investigation	–	–	–	21	–	21
Expenses/Reimbursements from E&P partnership operations	142	–	–	–	–	142
Early termination of contracts	76	–	13	5	–	94
Equalization of expenses - Production Individualization Agreements	23	–	–	–	–	23
PIS and Cofins recovered - VAT tax exclusion from PIS and Cofins tax basis	–	–	–	–	–	–
Others	144	(28)	(5)	(62)	(1)	48
	(132)	(115)	40	(49)	(1)	(257)

Table 30 - Consolidated Assets by Segment – 06.30.2020

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Total assets	104,820	30,392	9,165	44,381	(3,378)	185,380
Current assets	4,379	8,025	1,404	26,426	(3,359)	36,875
Non-current assets	100,441	22,367	7,761	17,955	(19)	148,505
Long-term receivables	4,843	2,579	967	14,337	−	22,726
Investments	409	239	723	2,100	−	3,471
Property, plant and equipment	81,214	19,456	5,953	1,376	(19)	107,980
Operating assets	70,435	16,998	3,942	1,360	(19)	92,716
Assets under construction	10,779	2,458	2,011	16	−	15,264
Intangible assets	13,975	93	118	142	−	14,328

Table 31 - Consolidated Assets by Segment – 12.31.2019

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Total assets	154,280	43,521	12,713	24,090	(4,864)	229,740
Current assets	5,734	12,273	1,932	12,700	(4,827)	27,812
Non-current assets	148,546	31,248	10,781	11,390	(37)	201,928
Long-term receivables	6,456	3,299	1,369	6,567	−	17,691
Investments	592	1,109	1,067	2,731	−	5,499
Property, plant and equipment	122,496	26,710	8,181	1,915	(37)	159,265
Operating assets	106,331	23,630	5,605	1,784	(37)	137,313
Assets under construction	16,165	3,080	2,576	131	−	21,952
Intangible assets	19,002	130	164	177	−	19,473

Table 32 - Reconciliation of Adjusted EBITDA by Segment – 6M20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Net income (loss) from continuing operations	(4,619)	(1,304)	422	(5,695)	784	(10,412)
Net finance income (expense)	–	–	–	6,808	–	6,808
Income taxes	(2,294)	(443)	206	(1,203)	403	(3,331)
Depreciation, depletion and amortization	4,922	1,056	252	106	–	6,336
EBITDA	(1,991)	(691)	880	16	1,187	(599)
Results in equity-accounted investments	164	444	(23)	(76)	–	509
Impairment	13,167	43	–	161	–	13,371
Reclassification of cumulative translation adjustment - CTA	–	–	–	–	–	–
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	51	24	10	–	–	85
Foreign exchange gains or losses on provisions for legal proceedings	–	–	–	–	–	–
Adjusted EBITDA from continuing operations	11,391	(180)	867	101	1,187	13,366
Adjusted EBITDA from descontinued operations	–	–	–	–	–	–
Adjusted EBITDA	11,391	(180)	867	101	1,187	13,366

Table 33 - Reconciliation of Adjusted EBITDA by Segment – 6M19

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Net income (loss) from continuing operations	6,204	786	4,196	(4,785)	(545)	5,856
Net finance income (expense)	–	–	–	4,422	–	4,422
Income taxes	3,158	333	2,138	(1,900)	(280)	3,449
Depreciation, depletion and amortization	5,744	1,223	342	120	–	7,429
EBITDA	15,106	2,342	6,676	(2,143)	(825)	21,156
Results in equity-accounted investments	(73)	(140)	(44)	6	–	(251)
Impairment	(283)	303	–	–	–	20
Reclassification of cumulative translation adjustment - CTA	–	–	–	34	–	34
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	48	(31)	(5,464)	(141)	–	(5,588)
Foreign exchange gains or losses on provisions for legal proceedings	–	–	–	(21)	–	(21)
Adjusted EBITDA from continuing operations	14,798	2,474	1,168	(2,265)	(825)	15,350
Adjusted EBITDA from descontinued operations	–	–	7	263	–	270
Adjusted EBITDA	14,798	2,474	1,175	(2,002)	(825)	15,620

Table 34 - Reconciliation of Adjusted EBITDA by Segment – 2Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Net income (loss) from continuing operations	1,185	(571)	192	(1,251)	9	(436)
Net finance income (expense)	−	−	−	2,257	−	2,257
Income taxes	615	(160)	86	(577)	5	(31)
Depreciation, depletion and amortization	2,134	495	114	50	−	2,793
EBITDA	3,934	(236)	392	479	14	4,583
Results in equity-accounted investments	9	259	(25)	(32)	−	211
Impairment	−	−	−	−	−	−
Reclassification of cumulative translation adjustment - CTA	−	−	−	−	−	−
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	(19)	4	2	4	−	(9)
Foreign exchange gains or losses on provisions for legal proceedings	−	−	−	−	−	−
Adjusted EBITDA from continuing operations	3,924	27	369	451	14	4,785
Adjusted EBITDA from descontinued operations	−	−	−	−	−	−
Adjusted EBITDA	3,924	27	369	451	14	4,785

Table 35 - Reconciliation of Adjusted EBITDA by Segment – 1Q20

US$ million	E&P	RTM	GAS & POWER	CORP. AND OTHERS	ELIMIN.	TOTAL
Net income (loss) from continuing operations	(5,804)	(733)	230	(4,444)	775	(9,976)
Net finance income (expense)	−	−	−	4,551	−	4,551
Income taxes	(2,909)	(283)	120	(626)	398	(3,300)
Depreciation, depletion and amortization	2,788	561	138	56	−	3,543
EBITDA	(5,925)	(455)	488	(463)	1,173	(5,182)
Results in equity-accounted investments	155	185	2	(44)	−	298
Impairment	13,167	43	−	161	−	13,371
Reclassification of cumulative translation adjustment - CTA	−	−	−	−	−	−
Results on disposal/write-offs of assets and on remeasurement of investment retained with loss of control	70	20	8	(4)	−	94
Foreign exchange gains or losses on provisions for legal proceedings	−	−	−	−	−	−
Adjusted EBITDA from continuing operations	7,467	(207)	498	(350)	1,173	8,581
Adjusted EBITDA from descontinued operations	−	−	−	−	−	−
Adjusted EBITDA	7,467	(207)	498	(350)	1,173	8,581

Glossary

ACL - *Ambiente de Contratação Livre* (Free contracting market) in the electricity system.

ACR - *Ambiente de Contratação Regulada* (Regulated contracting market) in the electricity system.

Adjusted cash and cash equivalents - Sum of cash and cash equivalents, government bonds and time deposits from highly rated financial institutions abroad with maturities of more than 3 months from the date of acquisition, considering the expected realization of those financial investments in the short-term. This measure is not defined under the International Financial Reporting Standards – IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents computed in accordance with IFRS. It may not be comparable to adjusted cash and cash equivalents of other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity and supports leverage management.

Adjusted EBITDA – Net income plus net finance income (expense); income taxes; depreciation, depletion and amortization; results in equity-accounted investments; impairment, cumulative translation adjustment and gains/losses on disposal/write-offs of assets. Adjusted EBITDA is not a measure defined by IFRS and it is possible that it may not be comparable to similar measures reported by other companies, however management believes that it is an appropriate supplemental measure to assess our profitability. Adjusted EBITDA shall be considered in conjunction with other metrics for a better understanding on our performance.

Adjusted EBITDA margin - Adjusted EBITDA divided by sales revenues.

Basic and diluted earnings (losses) per share - Calculated based on the weighted average number of shares.

Consolidated Structured Entities – Entities that have been designated so that voting rights or the like are not the determining factor in deciding who controls the entity. Petrobras has no equity interest in certain structured entities that are consolidated in the Company's financial statements, but control is determined by the power it has over its relevant operating activities. As there is no equity interest, the income from certain consolidated structured entities is attributable to non-controlling shareholders in the income statement, and disregarding the profit or loss attributable to Petrobras shareholders.

CTA – Cumulative translation adjustment – The cumulative amount of exchange variation arising on translation of foreign operations that is recognized in Shareholders' Equity and will be transferred to profit or loss on the disposal of the investment.

Effect of average cost in the Cost of Sales – In view of the average inventory term of 60 days, the crude oil and oil products international prices movement, as well as foreign exchange effect over imports, production taxes and other factors that impact costs, do not entirely influence the cost of sales in the current period, having their total effects only in the following period.

Free cash flow - Net cash provided by operating activities less acquisition of PP&E and intangibles assets, investments in investees and dividends received.. Free cash flow is not defined under the IFRS and should not be considered in isolation or as a substitute for cash and cash equivalents calculated in accordance with IFRS. It may not be comparable to free cash flow of other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity and supports leverage management.

Investments – Capital expenditures based on the cost assumptions and financial methodology adopted in our Business and Management Plan, which include acquisition of PP&E, including expenses with leasing, intangibles assets, investment in investees and other items that do not necessarily qualify as cash flows used in investing activities, primarily geological and geophysical expenses, research and development expenses, pre-operating charges, purchase of property, plant and equipment on credit and borrowing costs directly attributable to works in progress.

Leverage – Ratio between the Net Debt and the sum of Net Debt and Shareholders' Equity. Leverage is not a measure defined in the IFRS and it is possible that it may not be comparable to similar measures reported by other companies, however management believes that it is an appropriate supplemental measure to assess our liquidity.

Lifting Cost - Crude oil and natural gas lifting cost indicator, which considers expenditures occurred in the period.

LTM Adjusted EBITDA - Sum of the last 12 months (Last Twelve Months) of Adjusted EBITDA. This metric is not foreseen in the international accounting standards - IFRS and it is possible that it is not comparable with similar indexes reported by other companies, however Management believes that it is supplementary information to assess liquidity and helps manage leverage. Adjusted EBITDA should be considered in conjunction with other metrics to better understand the Company's liquidity.

OCF - Net Cash provided by (used in) operating activities (operating cash flow)

Net Debt – Gross debt less adjusted cash and cash equivalents. Net debt is not a measure defined in the IFRS and should not be considered in isolation or as a substitute for total long-term debt calculated in accordance with IFRS. Our calculation of net debt may not be comparable to the calculation of net debt by other companies, however our management believes that net debt is an appropriate supplemental measure that helps investors assess our liquidity and supports leverage management.

Net Income by Business Segment - The information by the company's business segment is prepared based on available financial information that is directly attributable to the segment or that can be allocated on a reasonable basis, being presented by business activities used by the Executive Board to make resource allocation decisions. and performance evaluation. When calculating segmented results, transactions with third parties, including jointly controlled and associated companies, and transfers between business segments are considered. Transactions between business segments are valued at internal transfer prices calculated based on methodologies that take into account market parameters, and these transactions are eliminated, outside the business segments, for the purpose of reconciling the segmented information with the consolidated financial statements of the company. company. As a result of the divestments in 2019, the strategy of repositioning its portfolio foreseen in the Strategic Plan 2020-2024, approved on November 27, 2019, as well as the materiality of the remaining businesses, the company reassessed the presentation of the Distribution and Biofuels, which are now included in the Corporate and other businesses.

PLD (differences settlement price) - Electricity price in the spot market. Weekly weighed prices per output level (light, medium and heavy), number of hours and related market capacity.

Refining - includes crude oil refining, logistics, transportation, acquisition and export activities, as well as the purchase and sale of petroleum and ethanol products in Brazil and abroad. Additionally, this segment includes the petrochemical area, which includes investments in companies in the petrochemical sector, shale exploration and processing.

Sales Price of Petroleum in Brazil - Average internal transfer prices from the E&P segment to the Refining segment.

Total net liabilities - Total liability less adjusted cash and cash equivalents.