

PETROBRAS - PETROLEO BRASILEIRO SA
Form 6-K
August 08, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of August, 2012

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS
(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS
(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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This report on Form 6-K is incorporated by reference in the Registration Statement on Form F-3 of Petróleo Brasileiro -- Petrobras (No. 333-163665).

Rio de Janeiro – August 3, 2012 Petrobras today announced its consolidated results stated in millions of Reais, prepared in accordance with International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board – IASB.

Consolidated net income attributable to the shareholders of Petrobras and EBITDA reached R\$7,868 million and R\$27,120 million, respectively, in the first half of 2012.

The Company registered consolidated net loss of R\$1,346 million in the second quarter of 2012.

Highlights

2Q-2012	1Q-2012	2Q12 X 1Q12 (%)	2Q-2011		For the first half of		2012 X 2011 (%)
					2012	2011	
(1,346)	9,214		10,943	Consolidated net income/(loss) attributable to the shareholders of Petrobras	7,868	21,928	(64)
				Total domestic and international oil and natural gas production (mmbbl/d)	2,628	2,618	
2,579	2,676	(4)	2,607	EBITDA	27,120	31,764	(15)
10,599	16,521	(36)	15,909				

The net loss reported in the second quarter of 2012 was mainly a result of exchange depreciation, but was also affected by other operating and economic conditions:

- The depreciation of the Real against the U.S. Dollar significantly affected the net financial expenses due to our dollar-indexed debt as well as the dollar-related costs of the Company.

- Higher expenses with write-offs of dry or sub-commercial wells, mainly drilled between 2009 and 2012, primarily located in areas of new frontiers.
 - Crude oil production decreased due to maintenance stoppages aiming to increase operational efficiency.
 - Higher lifting costs due to stoppages and expenses with the operational efficiency improvement program of mature fields, which benefits did not occur in this period.
 - The price of oil products sold in Brazil remained significantly lower than international prices, during greater part of this quarter, being partially adjusted on June, 25, 2012.
 - The oil products demand increased and was primarily met by realization of inventories purchased previously at higher costs and a higher percentage of oil products imports in the sales mix, mainly diesel.
 - The decrease in international prices at the end of the period generated inventory losses in the refineries outside of Brazil.
 - LNG imports increased in order to meet higher thermoelectric demand while electricity sales margins decreased due to the higher differences settlement price. The thermoelectric demand diminished at the end of the period.
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Comments from the CEO

Mrs. Maria das Graças Silva Foster

Dear Shareholders and Investors,

Petrobras posted a loss in the second quarter of 2012, chiefly due to a combination of the following factors: the substantial depreciation of the Real against the U.S. dollar, the extraordinary expenses from dry wells mainly drilled between 2009 and 2012, the lower oil export as a result of reduced oil output due to scheduled stoppages to improve operational efficiency and safety, and the mismatch between domestic and international oil product prices.

We are doing everything possible to resume profitability. Since I was appointed CEO of Petrobras five months ago, I have been reiterating our commitment to international price parity. As part of our oil product adjustment policy in Brazil, we recently announced two price increases: 3.94% for diesel and 7.83% for gasoline as of June 25, and another 6% for diesel as of July 16. These increases are necessary to ensure the financial feasibility of our Business and Management Plan, enabling us to preserve our leverage limits and guarantee our profitability.

The new Plan focuses on oil and gas production in Brazil and is underpinned by realism, precise targets and rigorous project management with capital discipline. Since its publication, we have made advances with several important issues. Recent examples include the signature of contracts for the construction of drilling rigs and pre-salt replicant platform topsides. The Brazilian shipyards have also made progress, exemplified by the successful deck mating of the P-55 platform in the Navy Complex of Rio Grande and the definition of Estaleiro Atlântico Sul's new technological partner. We will also continue with our efforts to recover the operational efficiency of the Campos Basin and optimize operating costs, two essential vectors for ensuring better results.

Two new systems are scheduled to begin operations in the second half of 2012: Cidade de Anchieta, with a capacity of 100,000 bbl/d (Baleia Azul) and Cidade de Itajaí, with a capacity of 80,000 mil bbl/d (Baúna & Piracaba), both of which, together with the start-up of new wells in other systems, will help us to increase production and reach our 2012 targets.

On the refining front, we have achieved excellent levels of operational efficiency, accompanied by new processing records. We continued to upgrade our infrastructure and the Refinaria Presidente Getúlio Vargas (Repar) coking unit will begin operating at full capacity in August, increasing the diesel production.

Finally, I would like to reaffirm my firm confidence in Petrobras' privileged position in the oil and gas sector. Our reserves, expertise, highly qualified personnel, investments and track record of overcoming challenges will lift our Company to levels of excellence that will generate consistent returns for our shareholders.

FINANCIAL HIGHLIGHTS

Main Items and Consolidated Economic Indicators

2Q-2012	1Q-2012	2Q12 X 1Q12 (%)	2Q-2011		For the first half of		2012 X 2011 (%)
					2012	2011	
68,047	66,134	3	61,007	Sales revenues	134,181	115,365	16
16,015	20,244	(21)	19,975	Gross profit	36,259	39,864	(9)
				Net income before financial results and income taxes	17,053	24,200	(30)
5,282	11,771	(55)	11,882	Financial income (expenses), net	(5,942)	4,949	
(6,407)	465		2,901	Consolidated net income/(loss) attributable to the shareholders of Petrobras	7,868	21,928	(64)
(1,346)	9,214		10,943	Basic and diluted earnings per share	0.60	1.68	(64)
				Market capitalization (Parent Company)	242,900	328,245	(26)
242,900	311,659	(22)	328,245				
24	31	(7)	33	Gross margin (%)	27	35	(8)
				Operating margin (%)²	13	21	(8)
8	18	(10)	19	Net margin (%)	6	19	(13)
(2)	14	(16)	18	EBITDA – R\$ million			
10,599	16,521	(36)	15,909		27,120	31,764	(15)
				Net income by business segment (in millions of Reais)			
				. Exploration & Production	23,117	19,920	16
10,673	12,444	(14)	10,594		(11,629)	(2,374)	
(7,030)	(4,599)	53	(2,280)				

				. Refining, Transportation and Marketing			
86	707	(88)	748	. Gas & Power	793	1,266	(37)
(113)	(44)		(37)	. Biofuel	(157)	(49)	
472	364	30	234	. Distribution	836	606	38
42	990	(96)	605	. International	1,032	1,441	(28)
(5,329)	(340)		1,250	. Corporate	(5,669)	2,129	
20,653	18,020	15					