



# PETROBRAS OVERVIEW

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# Disclaimer

The presentation may contain forward-looking statements about future events that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian

political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

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In addition, this presentation also contains certain financial measures that are not recognized under Brazilian GAAP or IFRS. These measures do not have standardized meanings and may not be comparable to similarly-titled measures provided by other companies. We are providing these measures because we use them as a measure of company performance; they should not be considered in isolation or as a substitute for other financial measures that have been disclosed in accordance with Brazilian GAAP or IFRS.

## Non-sec compliant oil and gas reserves: cautionary statement for us investors

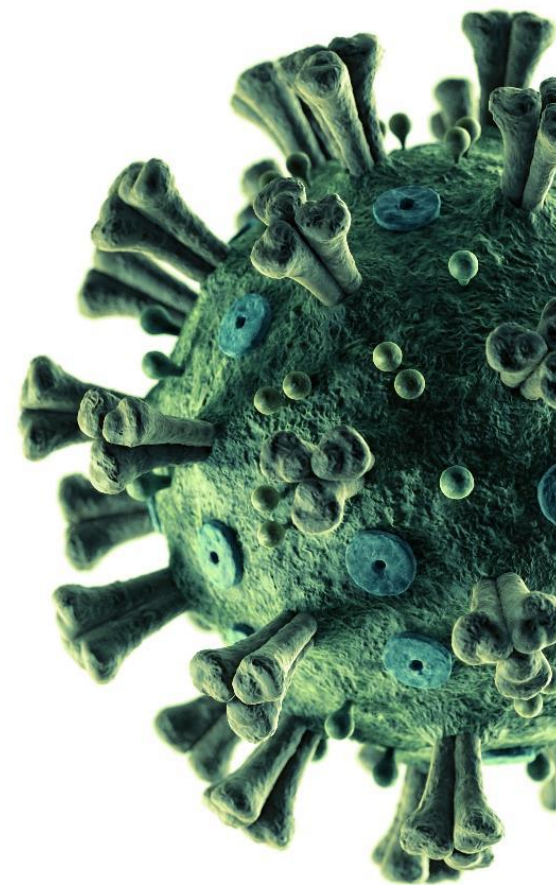
We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X

# Our actions against Covid-19



## Prevention and focus on health and safety

- » Home office for more than 24,000 people, extended until December 2020
- » More than 120 thousand tests carried out with a comprehensive testing strategy for suspects, their contacts and for screening
- » Real-time monitoring of cases using data intelligence
- » Special care for boarding platforms: home isolation, virtual briefing and medical screening with testing at airports
- » More than 90 thousand liters of gel alcohol made available in the units with adjustments in operational routines and reinforcement in cleaning
- » More than 2.5 million face masks were distributed in the operational units
- » Rigorous risk assessment for the return of staff (in person) at operational units



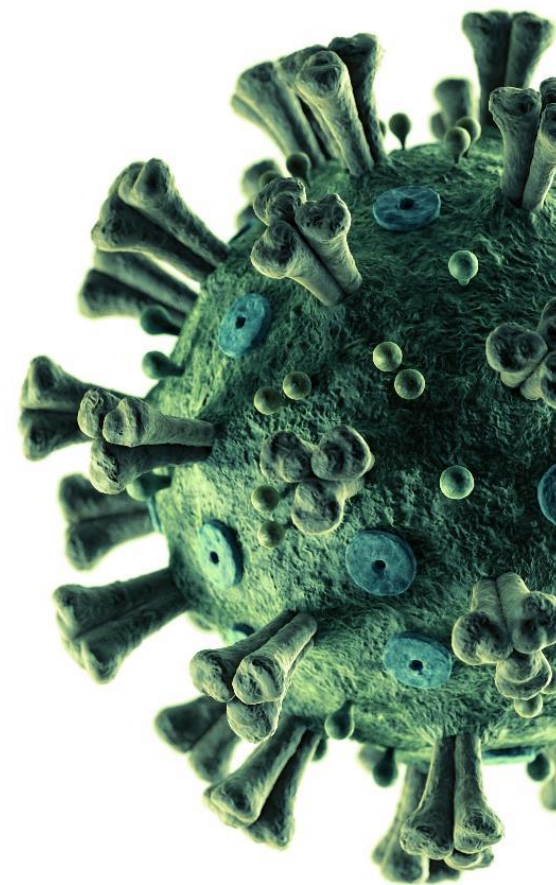


# Our actions against Covid-19



## Donations

- » Provision of 20,000 safety equipment and hygiene products for UFRJ
- » Delivery to SUS of 600,000 tests (RT PCR) to diagnose Covid-19
- » Donation of about 3 million liters of fuel to supply ambulances and medical transportation vehicles
- » Financial support for Hospital das Clínicas of University of São Paulo (USP) Medical School
- » Donations of anhydrous alcohol to produce alcohol 70% and glycerin alcohol 80% for sanitization of university hospitals
- » Donation of 4,000 connectors to increase the capacity of the pulmonary ventilators
- » Donation of 1,200 N95 hospital masks to meet hospital demands

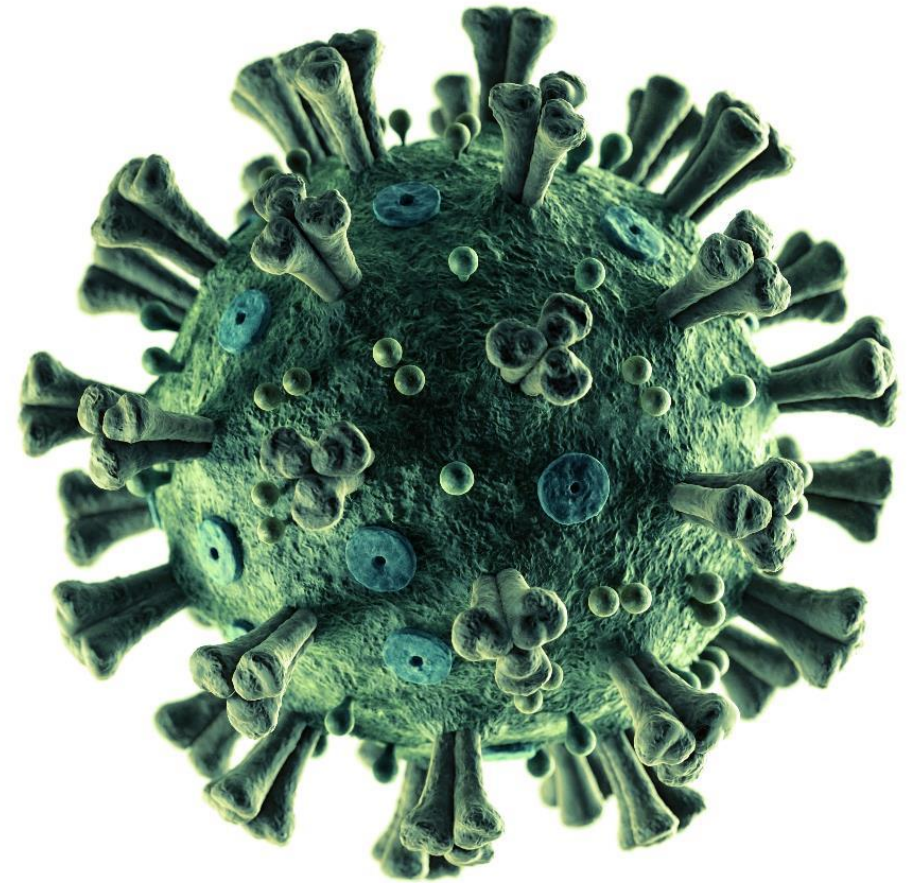


# Our actions against Covid-19



## Technical scientific cooperation

- » Support to Coppe-UFRJ in the production of mechanical lung ventilator prototypes
- » Use of supercomputers for drug and vaccine development research with Stanford University's Chemistry Department in the U.S.



# Five strategic pillars underpinning our transformational agenda

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## Maximize returns on capital employed

- Focusing on assets in which we are the natural owner
- Pre-salt production reached 60% of output



## Reduction of cost of capital

- Continuing the deleveraging path
- Transparency and liability management



## Relentless search for low costs

- Cost cutting and resilience to low-price scenarios



## Meritocracy

- Merit-based variable compensation program
- EVA<sup>®</sup> implementation



## People, environment and safety

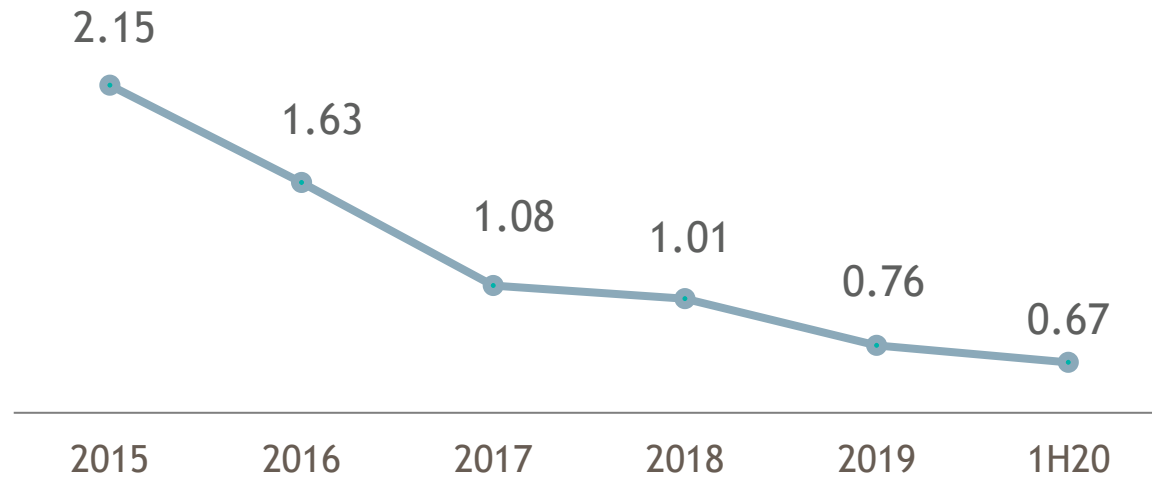
- People's empowerment
- Safety culture
- Decarbonizing oil production

# Safety as priority



## TRI

Total recordable injuries  
per million man-hours



Ambition of zero fatalities

- » Top metric is TRI <1,0
- » Continuous reduction of TRI, with a level significantly below our *peer group benchmark* (0.90)

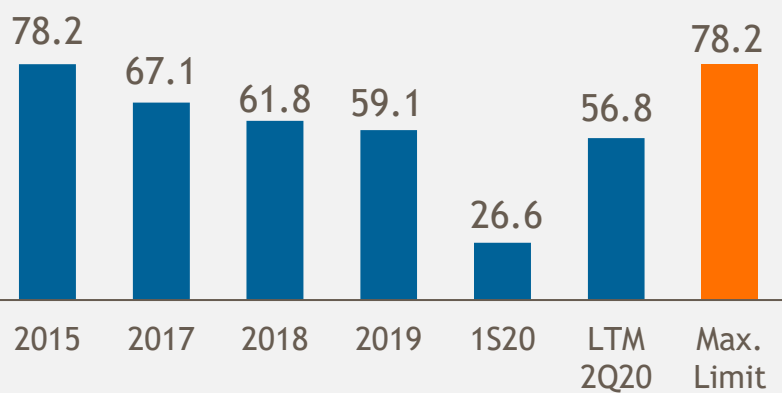


# Evolution of ESG indicators

Monitoring our sustainability commitments

## Absolute GHG emissions Consolidated

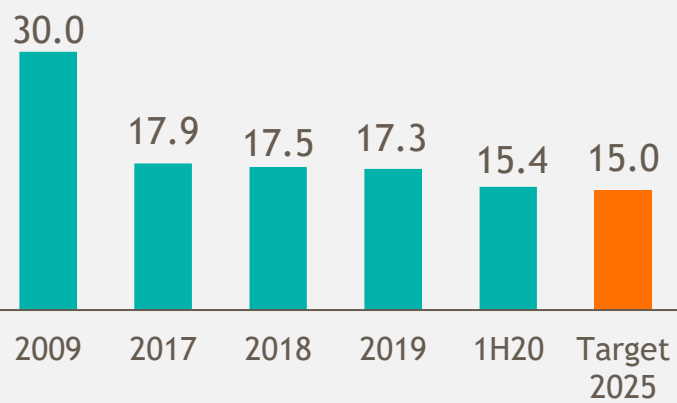
Mt CO<sub>2</sub>e



- Solid reduction in absolute emissions since 2015. The target is not to exceed 2015 emissions even with higher production

## Carbon Intensity E&P

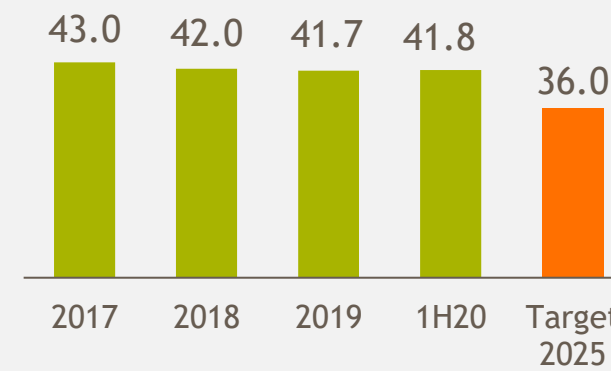
kgCO<sub>2</sub>e/boe produced



- From 2009 to 2019, the CO<sub>2</sub>e intensity for the E&P segment dropped 42%. The target for 2025 is to reach 15.0 kgCO<sub>2</sub>e/boe produced

## Carbon Intensity Refining

kgCO<sub>2</sub>e/CWT\*



- In the last 2 years the CO<sub>2</sub>e intensity for the Refining segment has dropped 3%. The target for 2025 is to reach 36.0 kgCO<sub>2</sub>e/CWT

\* The CWT (Complexity Weighted Tonne) of a refinery considers the potential for distillation - equivalent CO<sub>2</sub> emissions for each process unit.



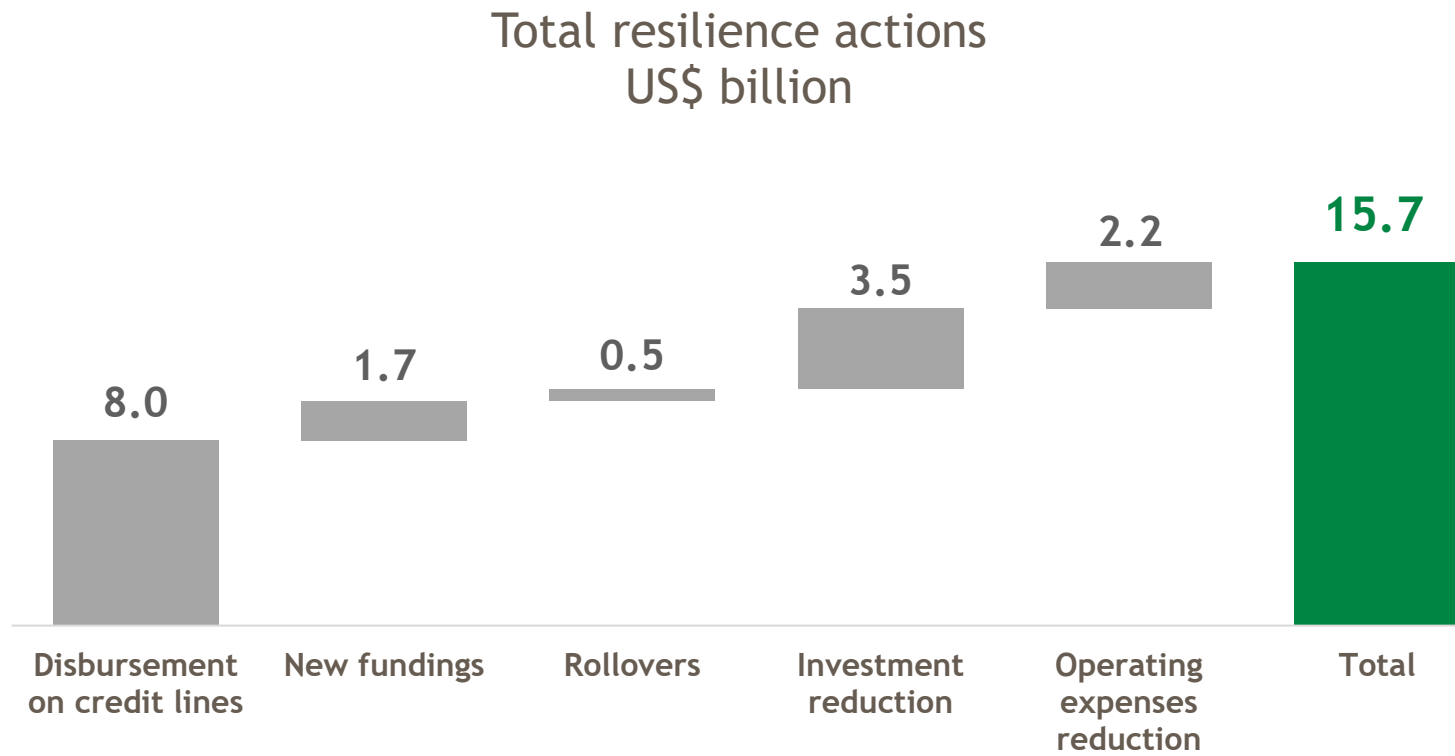
# Focus on ESG with increased transparency

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- Top metrics: **carbon intensity** impacting executive compensation
- Support and 100% compliance with **Task Force on Climate-related Financial Disclosure** - TCFD
- New **carbon reduction** targets from the Oil and Gas Climate Initiative - OGCI
- **Climate Change Supplement** Update
- **Code of Ethical Conduct**
- New **Human Rights** guidelines
- Disclosure of the **Sustainability Report**



# 2020 Resilience actions



Actions on  
resilience



Free cash flow  
breakeven 2020<sup>1</sup>  
~ @US\$ 20/bbl

Cash neutral 2020<sup>2</sup>  
~ @US\$ 24/bbl

<sup>1</sup> Average Brent price in 2020 to match OCF to CAPEX @ US\$ 5.0/ BRL

<sup>2</sup> Average Brent price in 2020 to achieve the minimum cash of US\$ 5.5 billion and the gross debt of US\$ 87 billion considering the financial obligations in the period. From May to December the average Brent price is reduced to ~US\$ 15/bbl





# Review of top metrics indebtedness and value generation

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## Gross Debt

new metric of indebtedness

- » *US\$ 87 billion in 2020*
- » *US\$ 60 billion in the medium term*



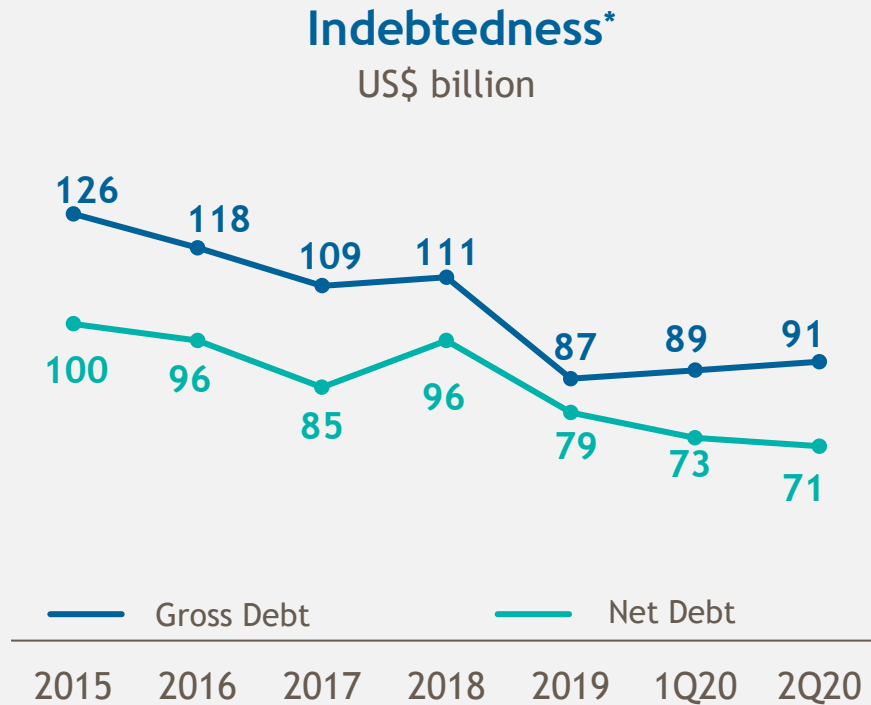
## $\Delta$ EVA<sup>®</sup>

adjustment

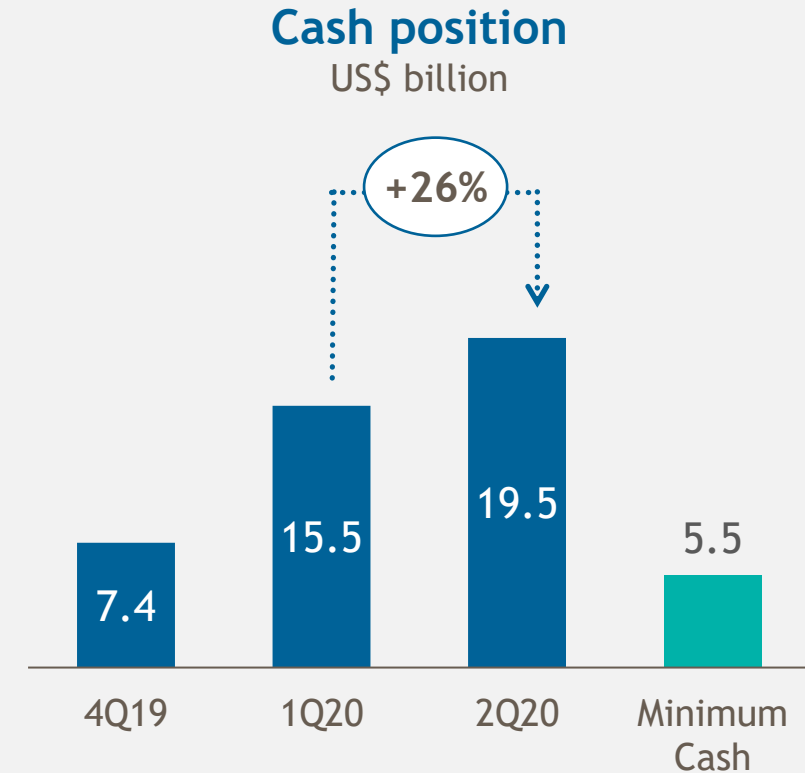
- » *Review of  $\Delta$  EVA<sup>®</sup> to US\$ 2.1 billion in 2020 from US\$ 2.6 billion*

# Slight increase in indebtedness despite the crisis

Robust cash position to face the crisis



- Despite funding of US\$ 5.6 billion, gross debt increased by only US\$ 2 billion in the quarter



- Minimum cash of US\$ 5.5 billion in less volatile scenarios

\* As of 2018, values include leases



# Debt profile

51% of debt due after 2025

## Amortization profile

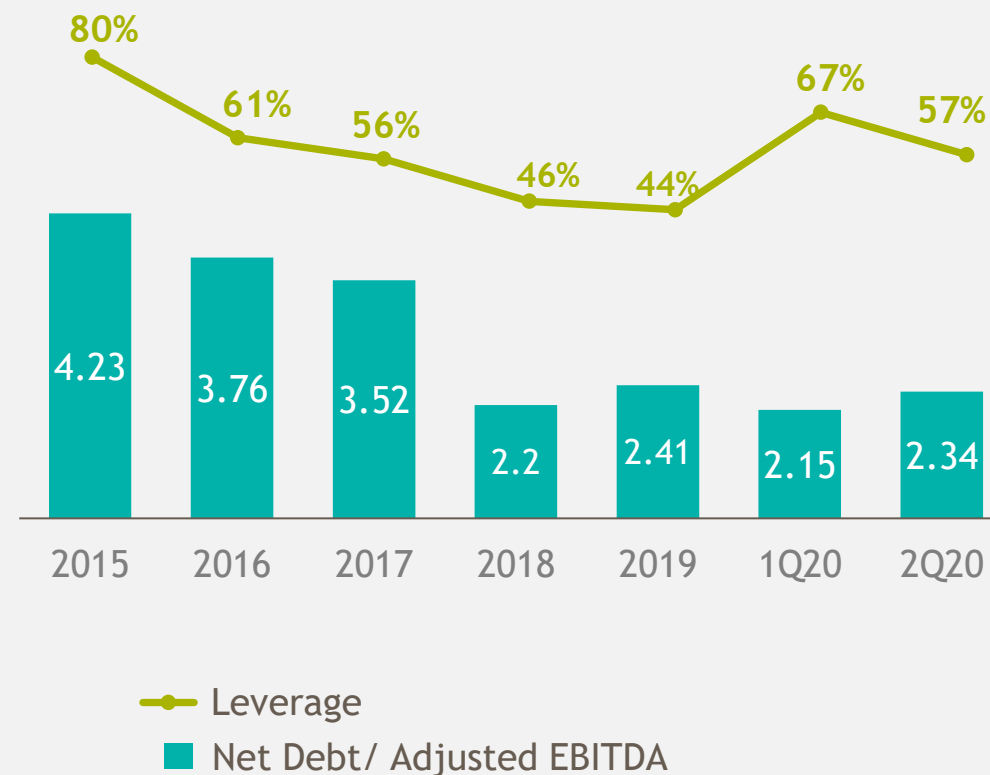
US\$ billion



- Average debt maturity of 10.12 years
- Average interest rate of 5.6% p.y.

\* Relative to the amortizations scheduled for the months of July to December

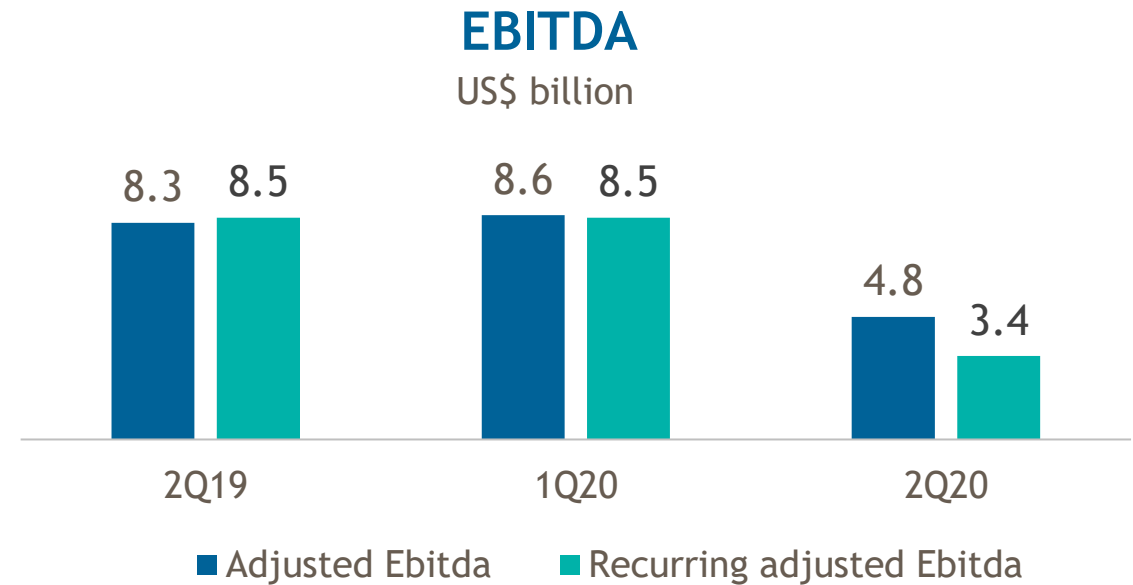
## Leverage ratio\*



\* Values calculated in USD / include IFRS-16 as of 2019



# EBITDA reflecting the effects of the crisis



Brent  
(US\$/bbl)

68.82

50.26

29.20

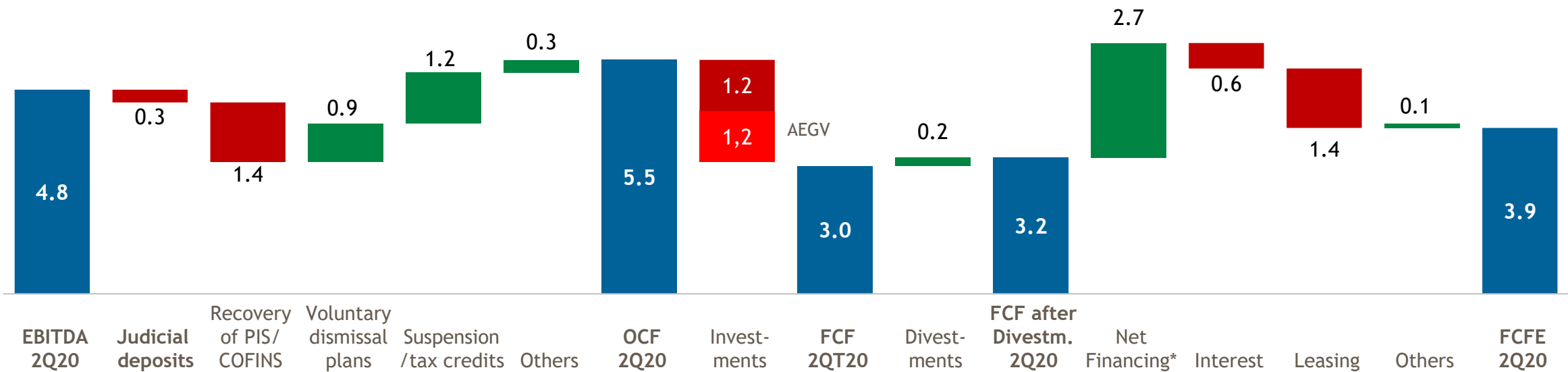
## 2Q20 x 1Q20

- Effects of the Brent shock, lower volumes and higher expenses with voluntary dismissal plans and hedges, partially offset by the exclusion of VAT tax (ICMS) from the PIS/COFINS calculation basis, and the equalization of the Production Individualization Agreement for the shared reservoirs of Tupi, Sépia and Atapu

# Strong cash generation despite the crisis

## Evolution of cash flow in 2Q20

US\$ billion



- Equalization of the Production Individualization Agreement (AEGV) of Tupi, Sépia and Atapu with a positive impact of US\$ 0.7 billion in OCF and a negative US\$ 1.2 billion in investments
- Funding of US\$ 5.6 billion, of which US\$ 3.25 billion refers to Bonds issued
- US\$ 3.5 billion payment of loans and financing

\* Includes funding, amortization and prepayments

# Active portfolio management

Selling assets in which Petrobras is not the natural owner

## Divestment plan

- 50% of the refining capacity
- Gas transportation and distribution
- Onshore and shallow water assets
- LPG distribution
- Thermal power plants
- Offshore gas pipelines
- South American assets



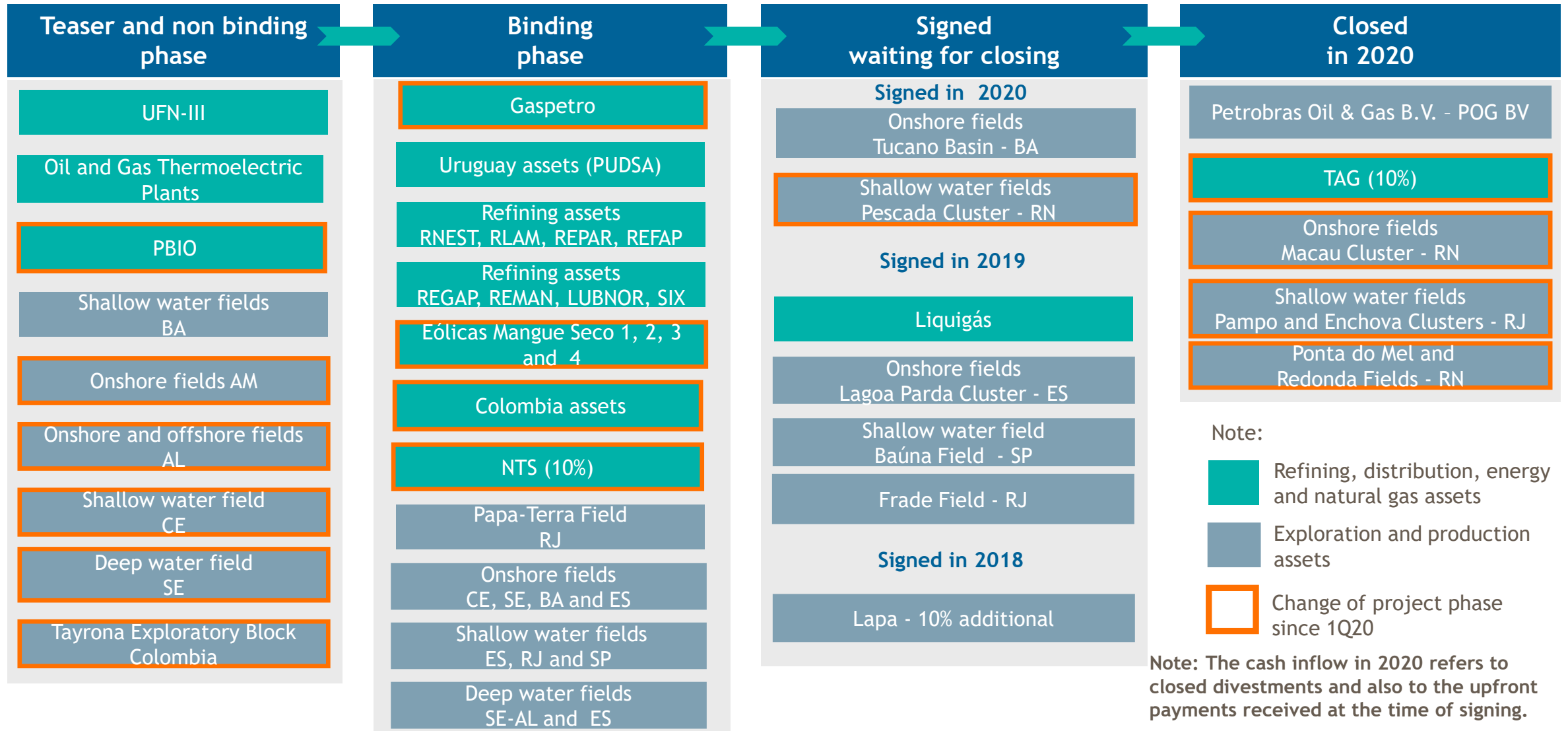
## Upside in Divestment

- BR Distribuidora
- Braskem
- Post-salt assets
- Bolivian assets



# Divestments continue moving forward

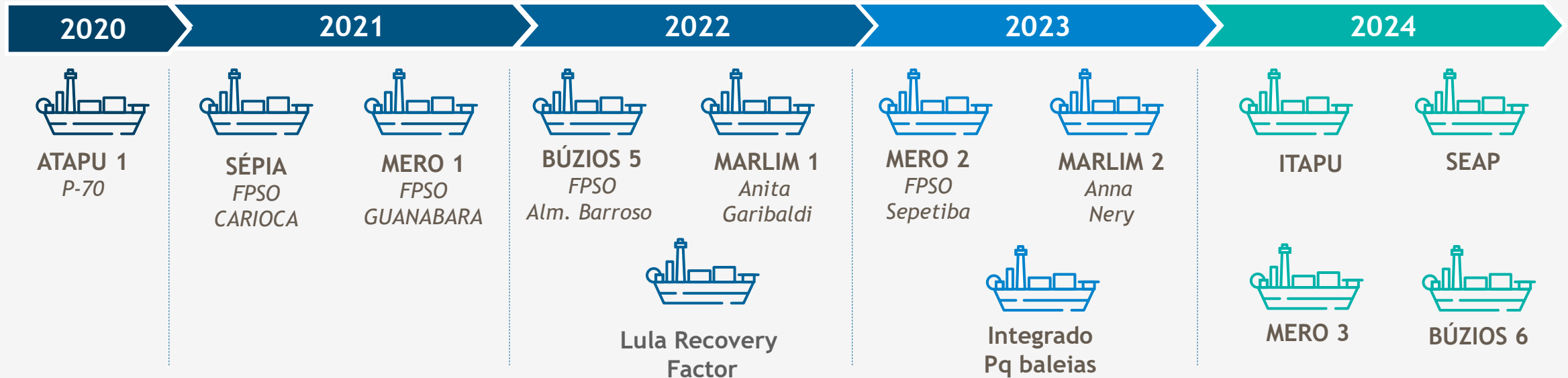
Total cash inflow of US\$ 997 million in 2020



# Timeline of new production systems

Ongoing revision focusing on value creation

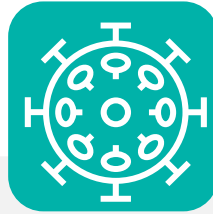
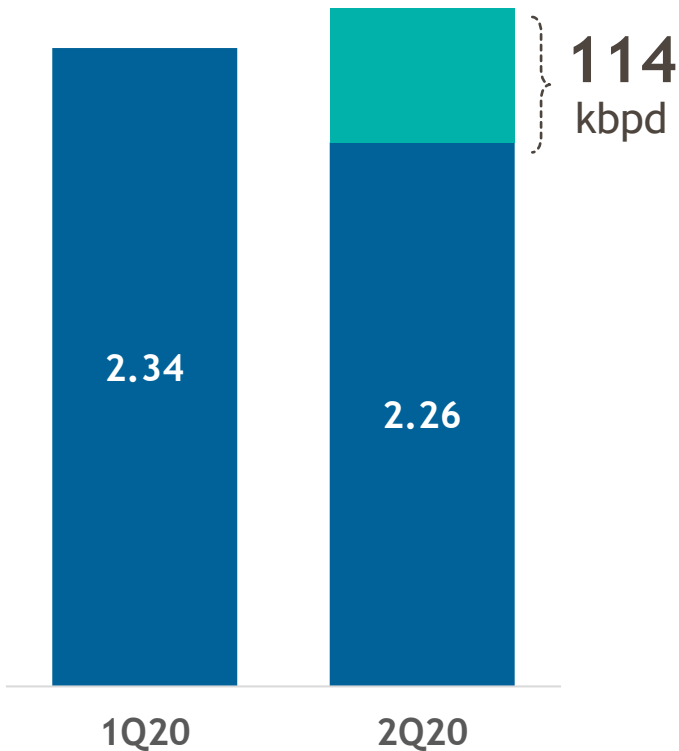
Start up year



- » Advanced stage and short-term value generation projects: no major changes
- » Planning revision for projects on the middle and long term

# Operational performance remains high despite the effects of Covid-19

Oil production  
million bpd



## Effects of Covid-19

- Interruption or delay in repairs
- Reduction of demand in April
- Mothballing of platforms

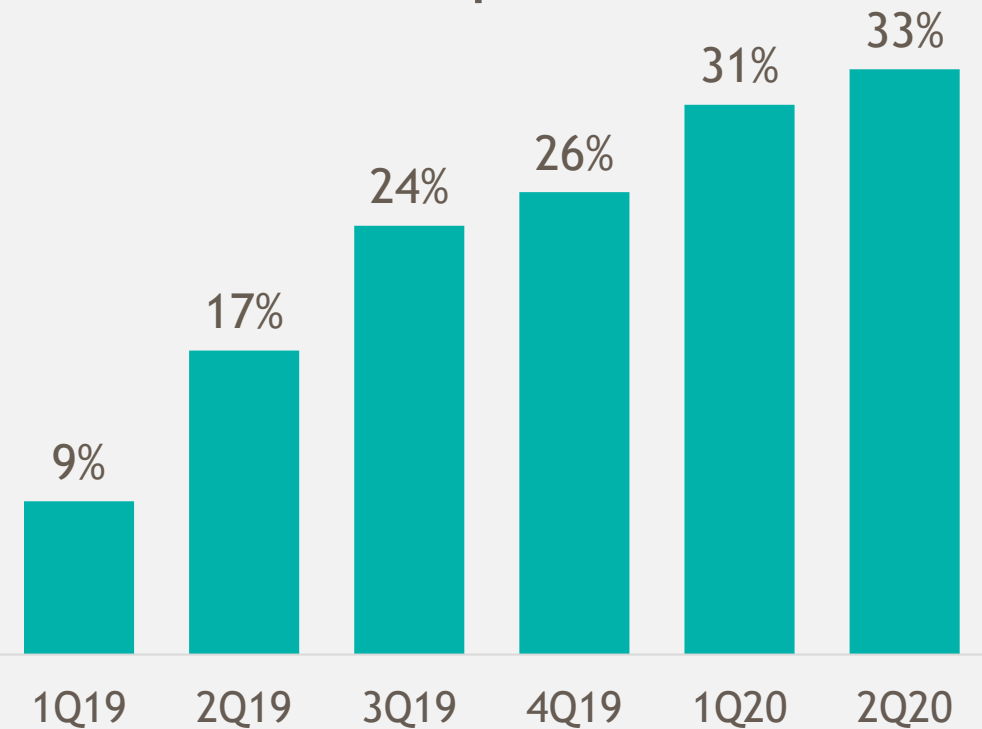
## Pre-salt

- Better operational efficiency in the pre-salt layer
- Lower number of interventions associated with CO<sub>2</sub> corrosion
- Agility to increase oil exports



# Búzios: records and good results of a world class asset

Share relative to total production of oil and gas from the pre-salt of the Santos and Campos Basins



4 FPSOs  
in operation



New production  
records

Daily production  
July 13<sup>th</sup>

**674** **844**  
kbpd kboed

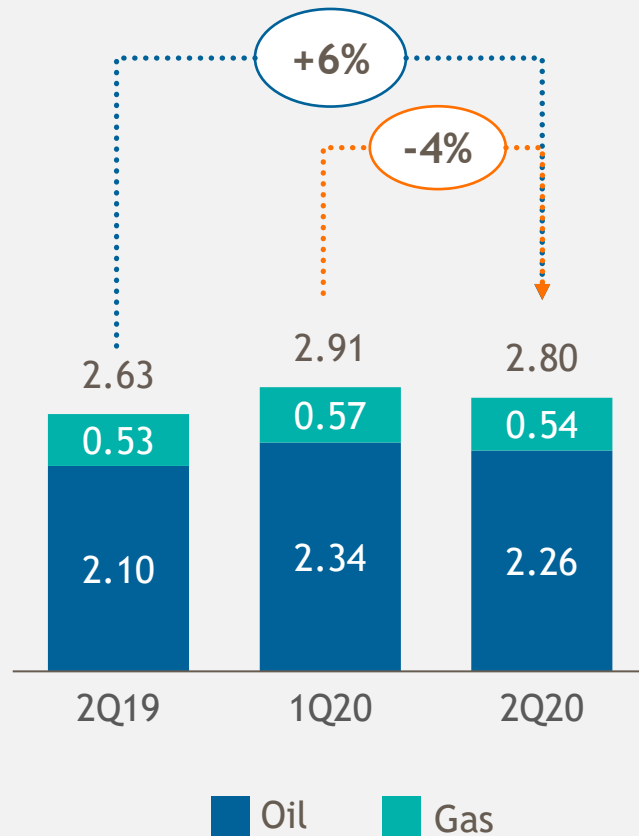
Monthly production  
July

**615** **765**  
kbpd kboed

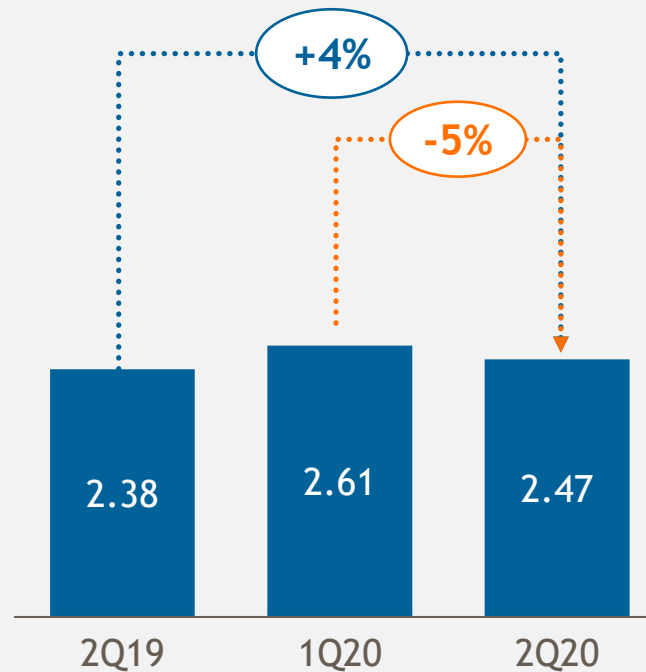


# 31% growth in pre-salt production in 1 year

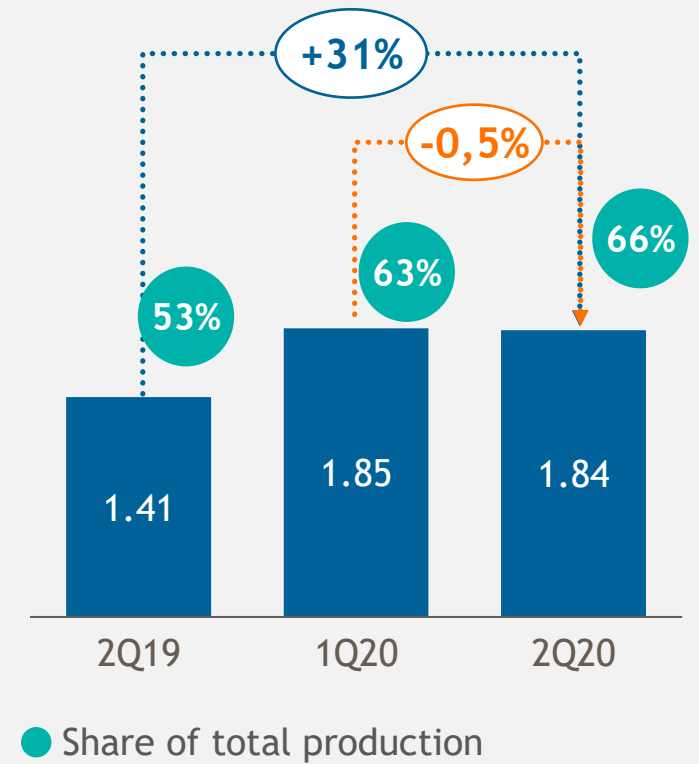
Oil and gas production  
million boed



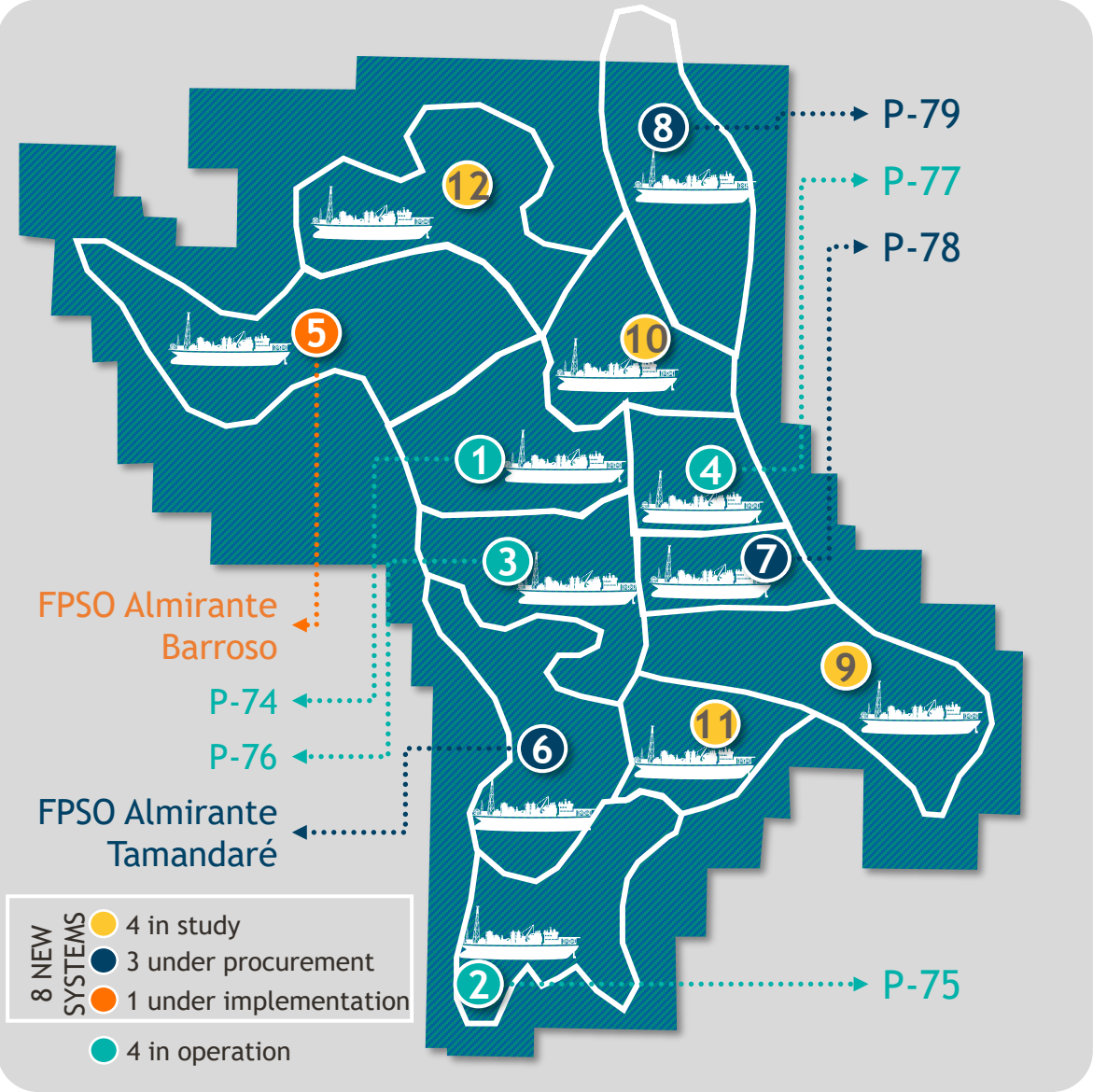
Commercial oil and gas  
production  
million boed



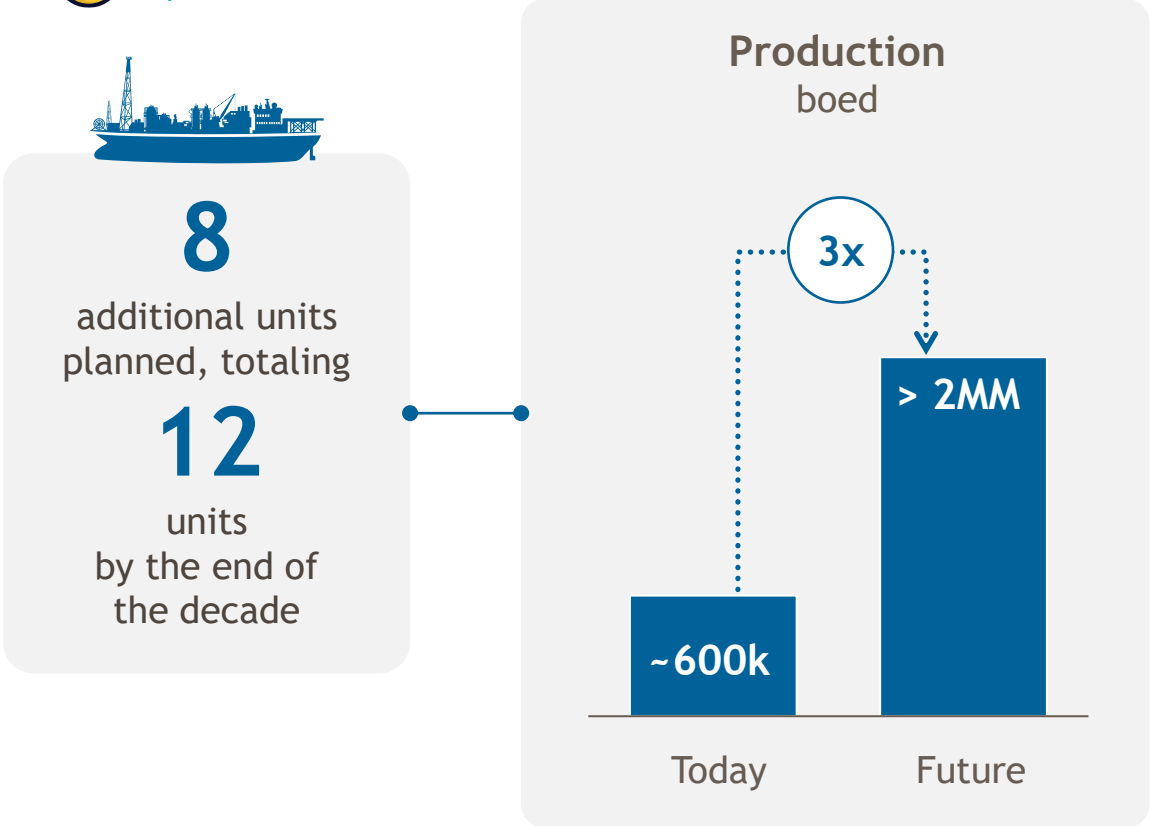
Oil and gas production  
in the pre-salt  
million boed



# Búzios: the giant of the pre-salt



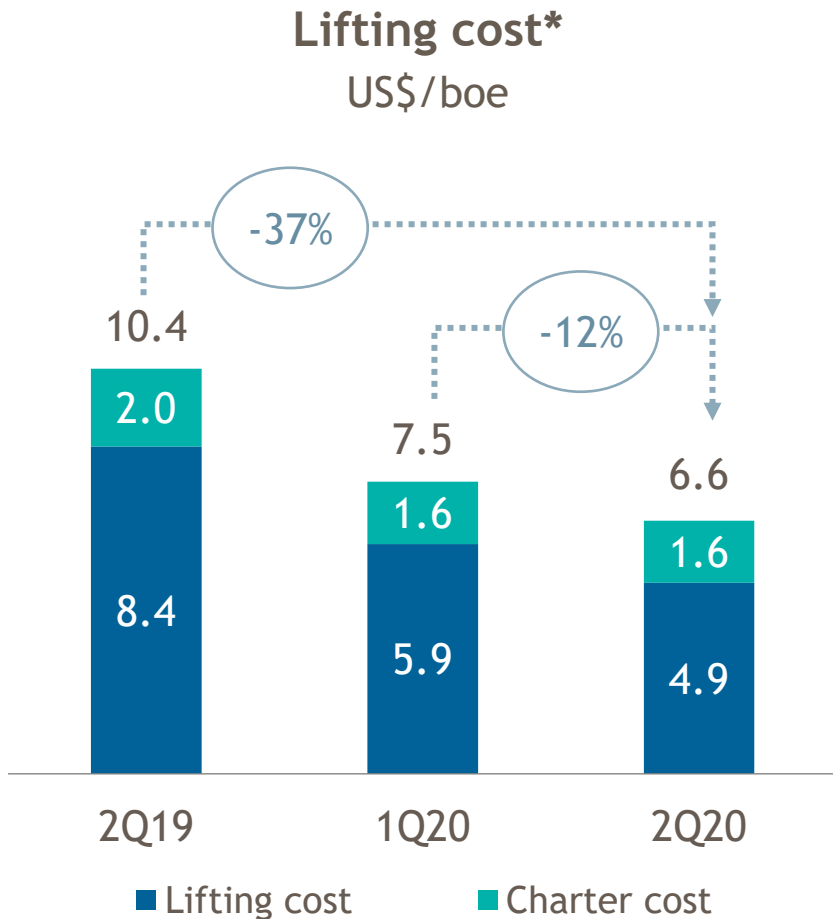
Most valuable asset for Petrobras



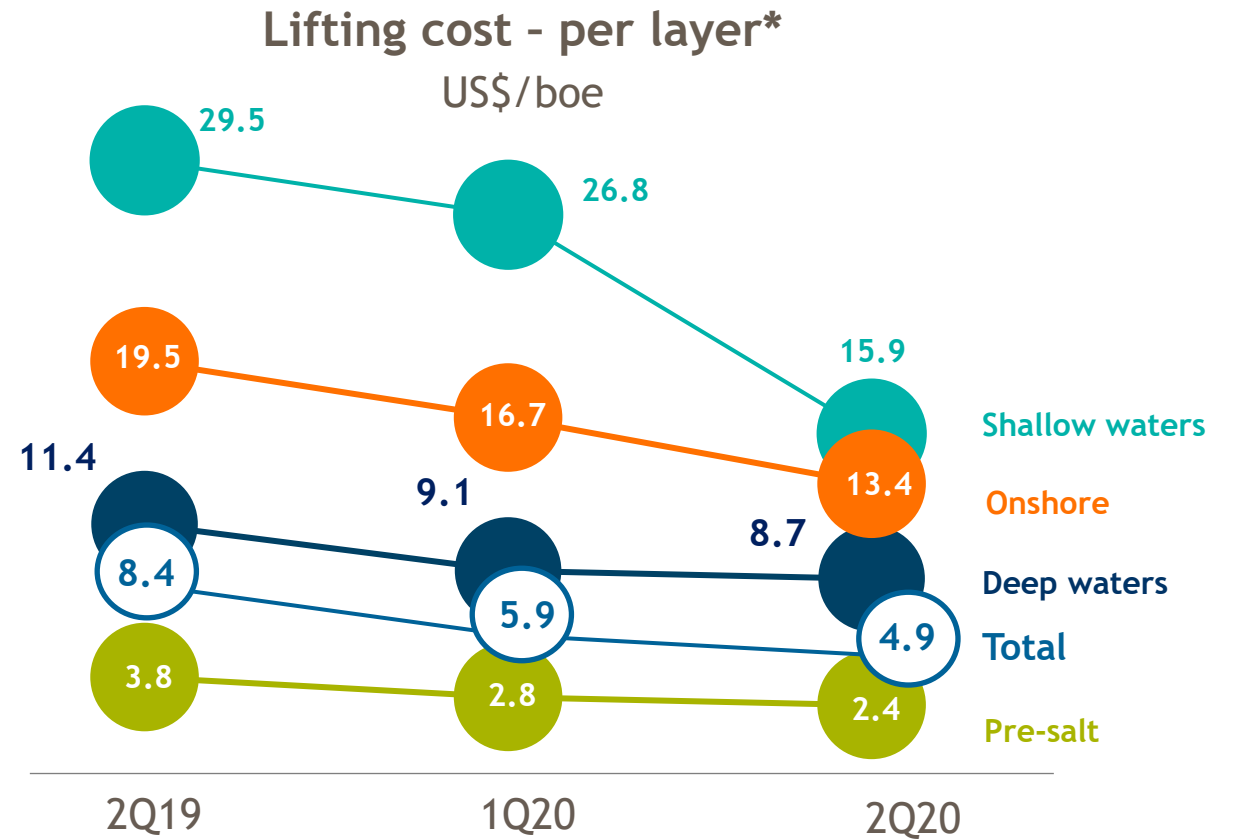
Negotiations with CNOOC, CNODC and PPSA for the Co-Participation Agreement are going well, with conclusion expected by the end of 2020

# Lifting cost below 5 US\$/boe in 2Q20

Strong reduction in shallow waters due to mothballing of platforms



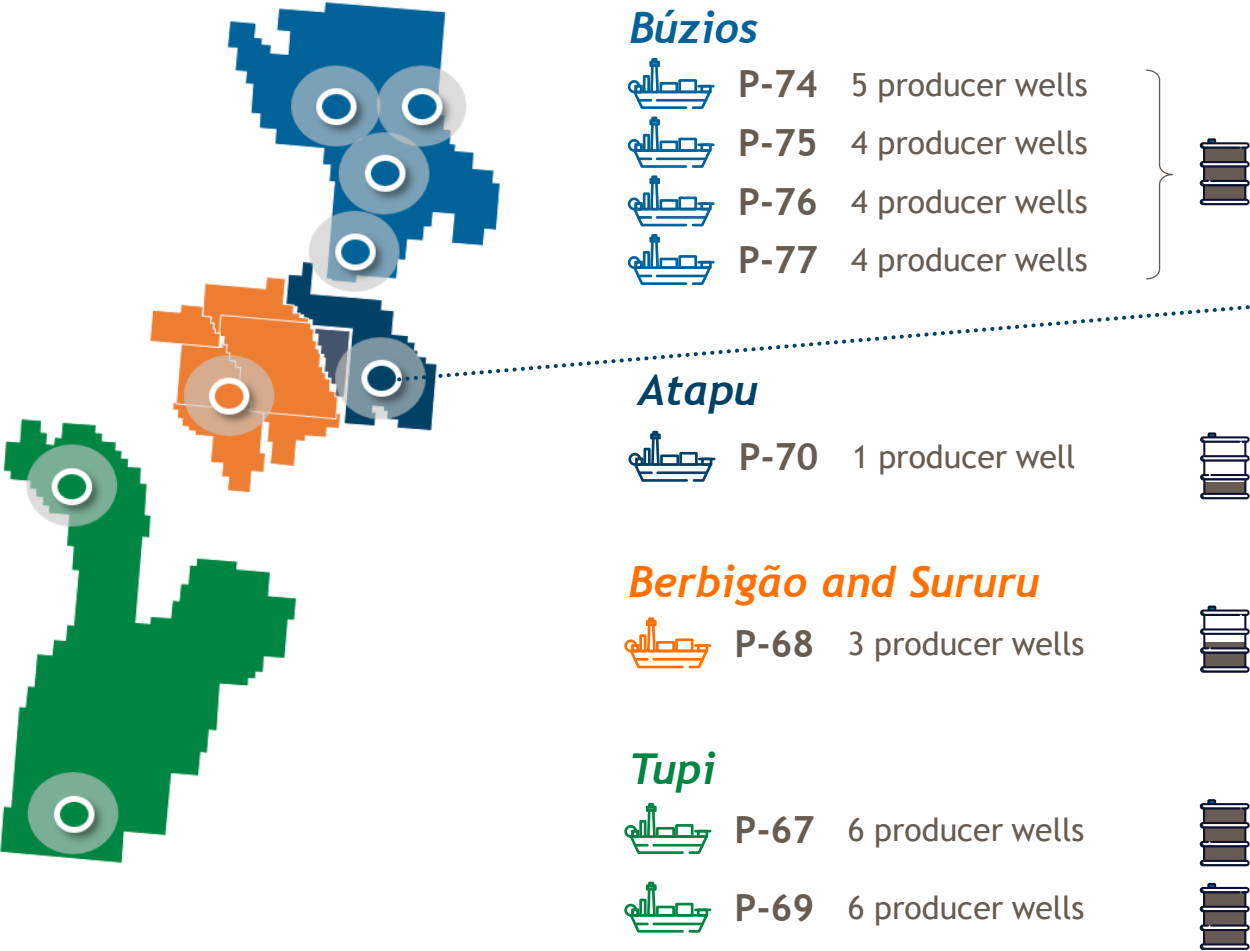
\*Brazil



\*Brazil, without charter

# Ramp-up of new production systems

8 new units added 1.2 million bpd of production capacity



## Highlights



Start-up of P-70  
(June 25<sup>th</sup>)



P-67 reached production capacity with 6 wells  
(July 13<sup>th</sup>)



Increase of Búzios' production capacity with safety



# Approval to start hiring for new projects in Búzios

## 3 FPSOs



P-78



P-79

2 owned with capacity of 180 kbpd  
7.2 million m<sup>3</sup> of gas



FPSO Almirante Tamandaré

1 chartered with a capacity of 225 kbpd  
12 million m<sup>3</sup> of gas



It will be the largest unit operating in the country and one of the largest in the world

## Wet Christmas Trees - WCT



Subsea equipment necessary to control the flow of fluids produced or injected into wells

WCT Pre-Salt 2.0



Improvements to meet new requirements in Búzios and enable increased production in the field

## Other contracts



Drilling rigs, well services and submarine collection and export system



Expected to start in the next 18 months

## UPSTREAM

Exploration & Production



## MIDSTREAM

Pipelines, ships, tanks and terminals



## DOWNSTREAM

Refining, trading and marketing



# Logistics Department

Working on interfaces and strategy to bring even more competitiveness to E&P and Refining



## Strategy

Ensure more competitiveness through Logistics  
Logistics is key in production pricing



## More efficiency (E&P/Refining)

Remove the logistics bottlenecks, increasing the flexibility and efficiency of operations



## Investments

Integrated portfolio analysis evaluating product flow alternatives with expansion of piers and pipelines



## Relationship improvement

Petrobras and third parties leading, for example, to the best use of our logistics capacity

# Logistics in numbers

Largest fleet of DP vessels in the Southern hemisphere, operating in America, Europe, Asia and Africa



## Offloading operations

1,800/year



## 20% offshore world air transport

+900 thousand passengers/year



## 100% of the country's oil pipelines



## Ship-to-ship operations

Oil exports  
Derivatives imports



## LPG Tanking

477 thousand m<sup>3</sup>



## Sea cargo

107 ships  
+240 thousand tons transported/year



## Material stock

R\$ 11.2 billion of stock  
1 million items



## 172 ships

138 TCP  
8 barges  
312 travel/year VCP



## Oil tanking

5.4 million m<sup>3</sup>  
47 terminals



## Storage units

35 warehouses in industrial units, energy and shared services



## Tanks of oil and ethanol products

4.7 million m<sup>3</sup>



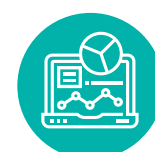
## Spill recovery system

35 OSRV  
51 CREs - Pipeline Repair Center  
Pipeline Protection Intelligence



## CNAN

National Ship Monitoring Center



## CNCL

National Center for Logistic Control  
24x7 operation

# Additional OPEX gains from asset optimization

Some of the actions implemented during the crisis will bring benefits throughout the year

## Highlights

- Contract suspension of 6 MR ships and 1 Handy from third TCP
- Contract ships COA and VLCC and ship-to-ship renegotiation
- Improvement of information flow for Offhire recovery and Underperformance
- Postponement of 13 new PSV vessels and fleet adjustment to demand (hibernated fields)
- Suspension of new vessels contract to support TO Offloading and Maintenance

OPEX reduction target in 2020  
US\$ 332 million\*

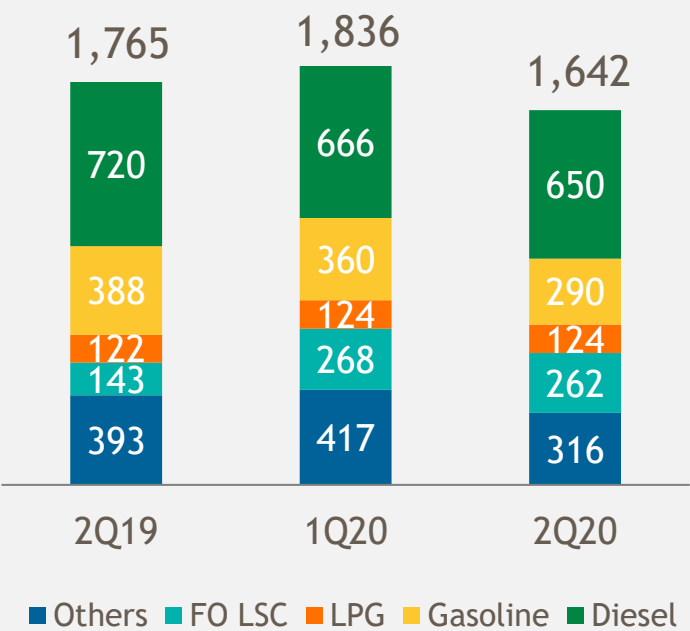
\* Value includes avoided expenses and gains at Transpetro



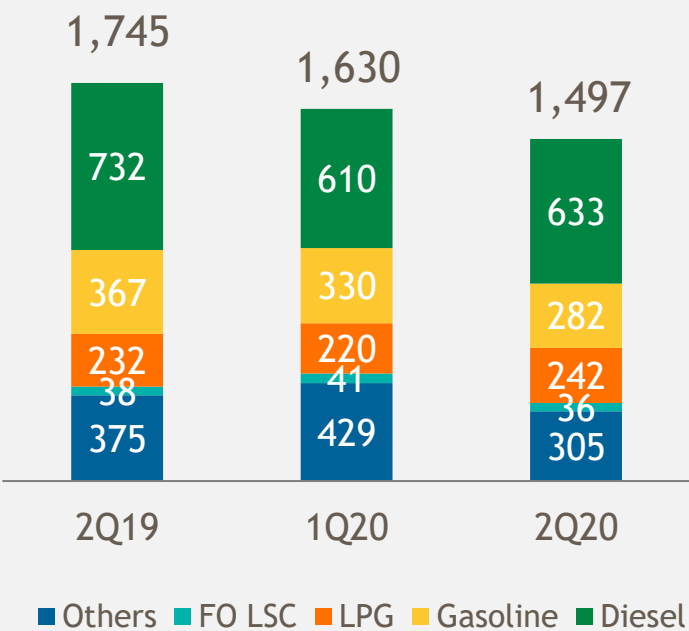
# Sales volume strongly affected by social isolation measures, with the most significant impact in April



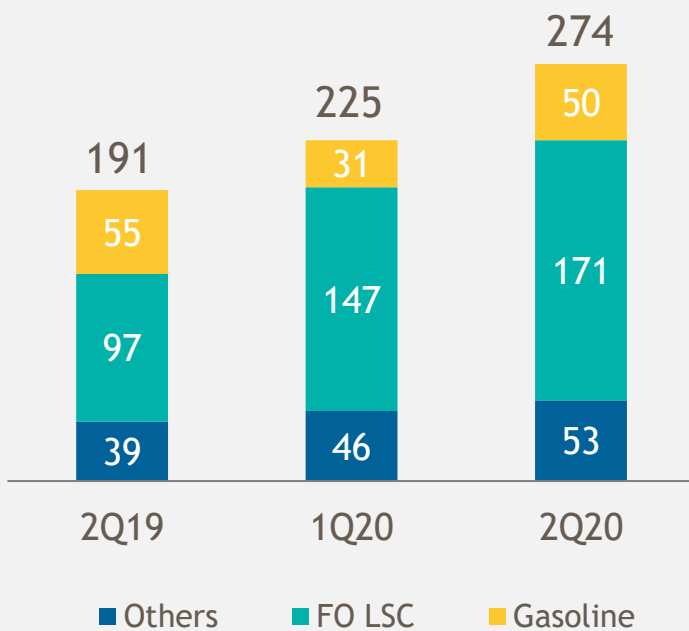
Production of oil products  
Kbpd



Domestic sales volume  
Kbpd



Sales volume  
external market  
Kbpd

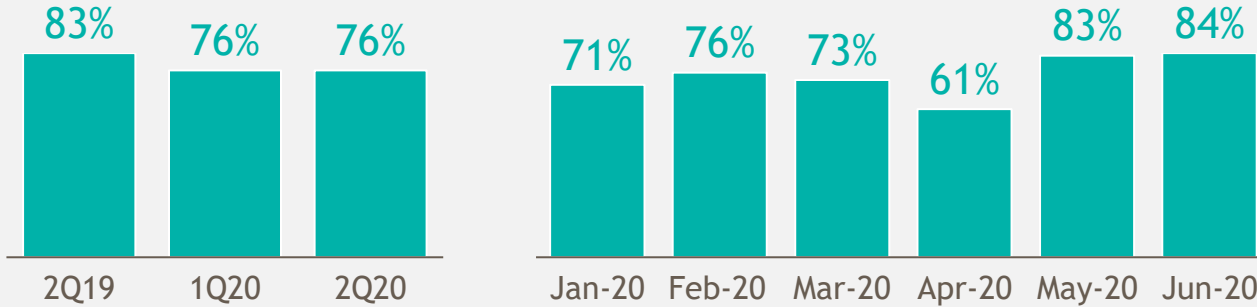


Note: Inventory and internal delivery movements are not considered

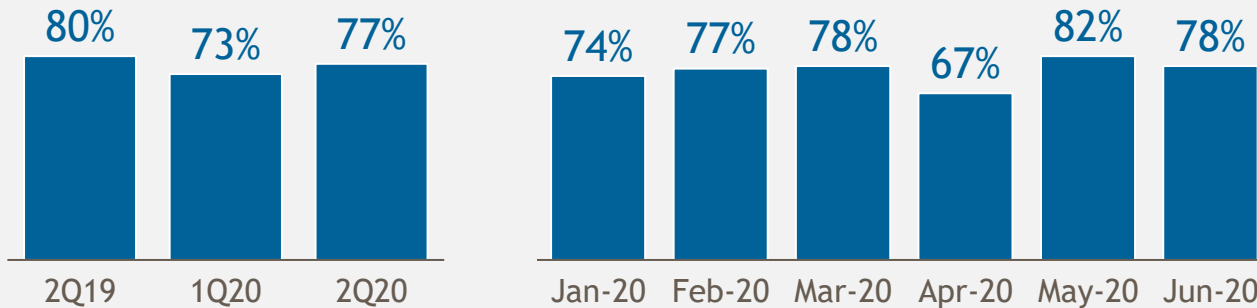


# Market share and refining park utilization had their worst month in April

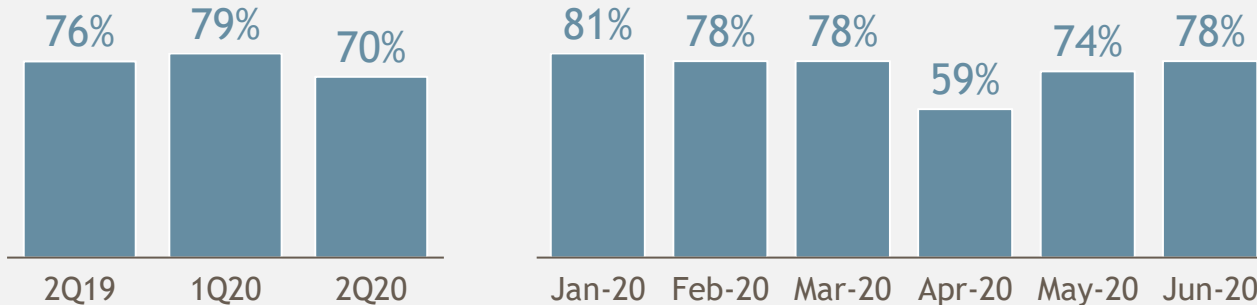
## Diesel



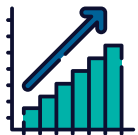
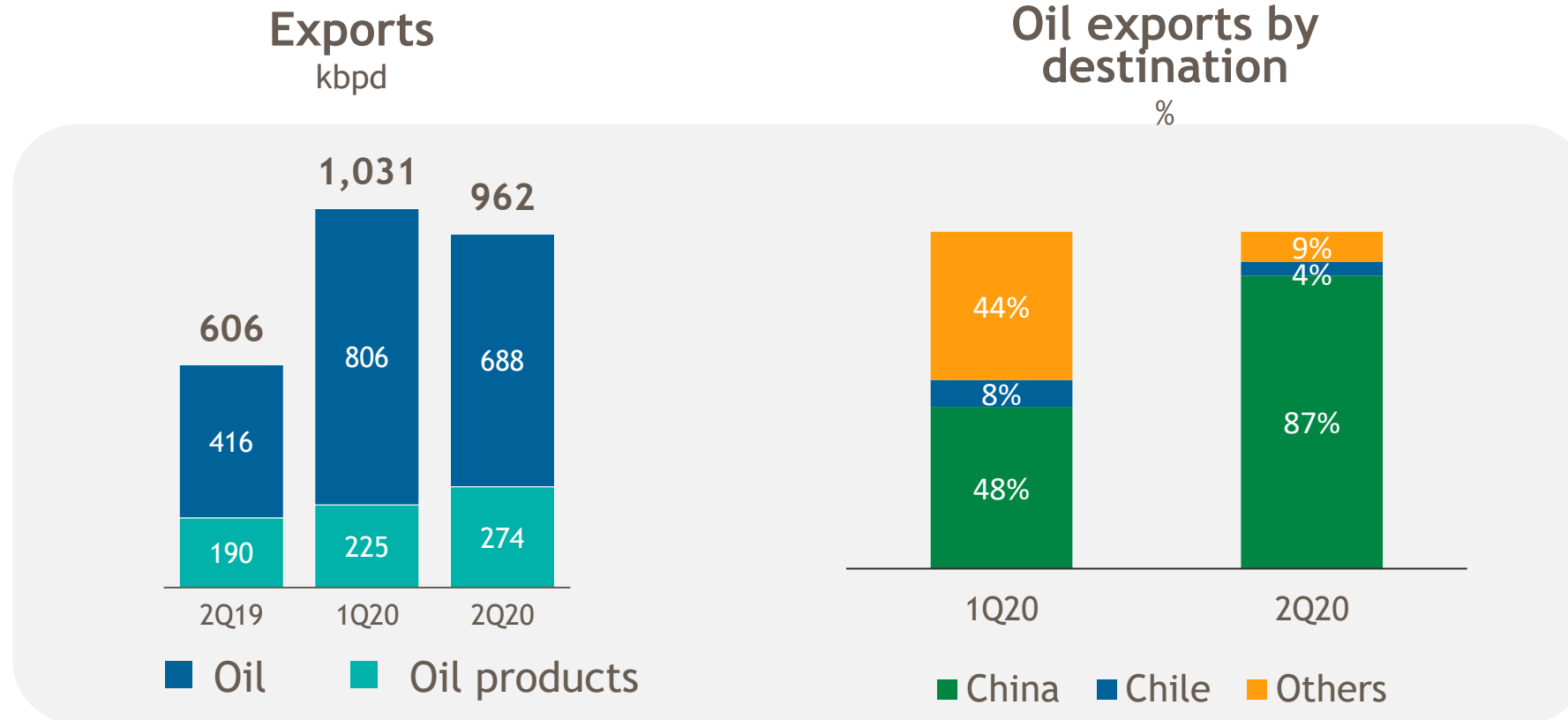
## Gasoline



## Utilization Factor



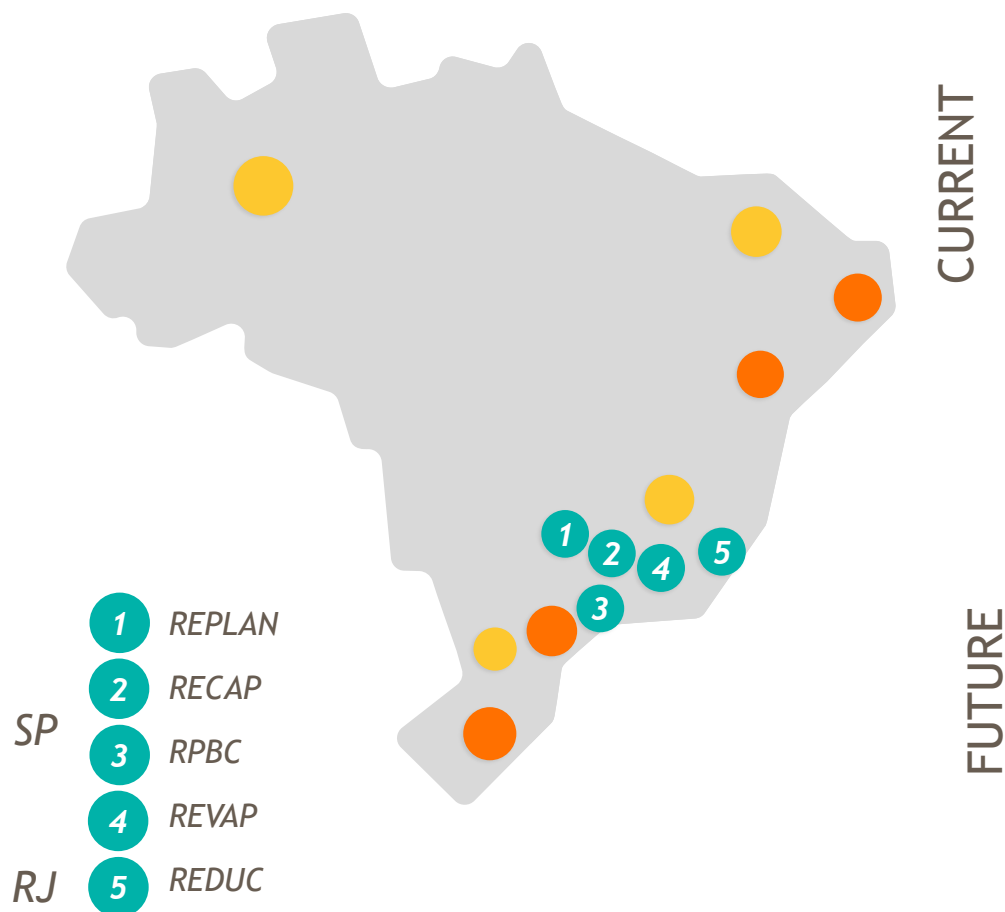
# Records and significant increase in exports in 2020



In April, oil exports confirmed the upward trend surpassing the mark of 1 million bpd leaving the coast, thus setting a new record

# Perspectives for Refining

Petrobras' refining capacity will be reduced by 50%: from 2.2 to 1.1 Mbpd



Market opening is under way according to the CADE's agreement, signed in 2019

## SALE OF 8 REFINERIES

● 1<sup>st</sup> group: RNEST, RLAM, REPAR, REFAP

● 2<sup>nd</sup> group: REGAP, REMAN, LUBNOR and SIX

✓ All in binding phase

Efficient and low-cost refining, with a focus on the Southeast region



*Digital twin*: enhance operational efficiency



Augmented reality: safety and efficiency



Artificial intelligence, applied to asset management



Digital refinery of the future



## The digital twin has improved the profitability of the refineries by optimizing processes



Digital twin allows the virtual testing of choices on a digital version of the refinery before choosing one of the paths to follow at the unit in production, defining in advance the most efficient operation



The model is already implemented in eleven refineries: REFAP, REPAR, RECAP, RPBC, REVAP, REPLAN, REDUC, REGAP, RNEST, LUBNOR and REMAN

Gain in 2019  
US\$ 66 million

Expected gain in 2020  
US\$ 154 million



# We are already producing the **NEW GASOLINE**

## Better quality, performance and efficiency

- From 2017 onwards, engine breakdown problems began to occur in new vehicles, with many complaints from the consumer market (dealers, mechanics and distributors)
- The import and formulation of lower quality gasoline than those produced by Petrobras compromised the performance of the vehicles
- The proposal for a new specification, Resolution ANP 807/2020, includes 2 gasolines: Common C Gasoline and Premium C Gasoline
- Introduction of minimum RON octane rating, as in European countries, to protect the engine in detonation; and minimum density, avoiding formulations of gasoline with lighter naphtha

Specification		Common C Gasoline	Premium C Gasoline
Octane rating (min.)	RON	92*/93**	97
Density 20 °C (min.)	kg/m <sup>3</sup>	715	715

\* from 08/03/2020. \*\* from 01/01/2022.







## Production tests of **RENEWABLE DIESEL** are performed at REPAR



Petrobras' technology processes vegetable oil with oil streams in the hydrotreatment unit to obtain S10 Diesel with renewable content



The tests consisted of coprocessing soy oil together with diesel streams in REPAR's hydrotreatment unit

### The main benefits of renewable diesel in relation to biodiesel are:

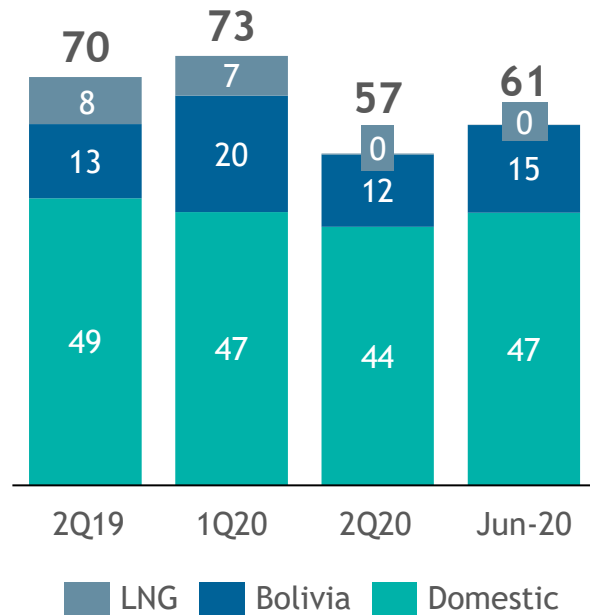
- The high cetane number, which gives better combustion quality and performance;
- Greater stability to oxidation and lower water absorption, can be added in any proportion to high-performance diesel, reducing greenhouse gas emissions and;
- Low contaminant levels, preserving fuel injection systems and not impacting the catalysts of emissions reduction.



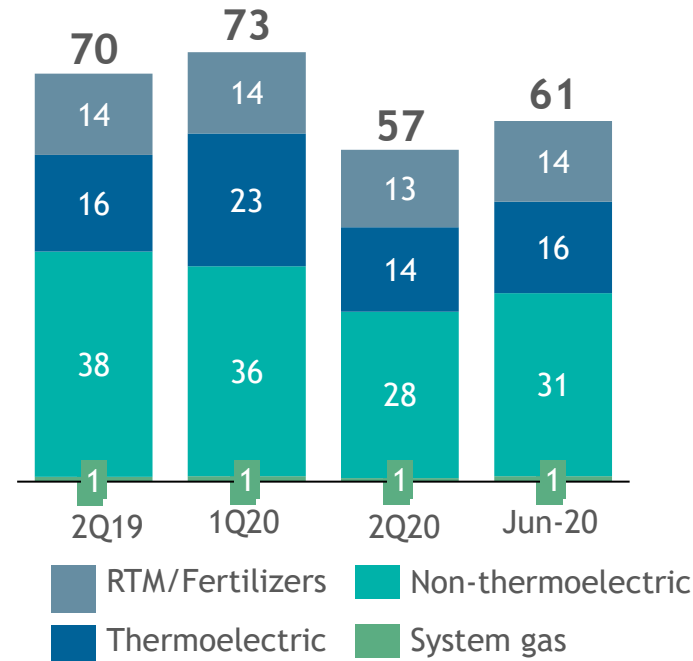
Regulatory recognition of renewable diesel is required for RenovaBio (C-Bios) targets and mandatory blending of biodiesel into diesel

# The G&E area was also affected by the pandemic, with the most significant impact in April

**Natural gas supply**  
million m<sup>3</sup>/day



**Natural gas demand**  
million m<sup>3</sup>/day



Negotiations between Petrobras, natural gas producers, transporters and distributors, with application of the force majeure clause and minimization of Covid-19 impacts for the sector's agents



# Transforming the gas business in a competitive market

Petrobras will focus on gas production and marketing

