



# Investment Opportunity in the Brazilian Surfactant Sector

May, 2021

# Executive Summary

## 1. Opportunity Description

- i. Petróleo Brasileiro S.A. – PETROBRAS (“PETROBRAS” or “Seller”), with the assistance of Banco Santander (Brasil) S.A. (“Santander”) as its exclusive financial advisor in the process, is pursuing the divestment of its 27,88% equity stake in Deten Química S.A (“Deten” or “Company”) (the “Potential Transaction”).
- ii. Deten is a company with specialization in the production of LAB, LAS and ALP<sup>1</sup> and is in the Camaçari industrial hub, in the state of Bahia. Deten is the Brazilian market leader in the LAB and ALP production, being the sole industry to produce it in Brazil.

## 2. Process Overview

- i. Should any recipient/participant who meet all the Eligibility Requirements (“Prospective Purchaser”) be interested in participating in the competitive process (“Process”), it will be required to formally notify Santander of its interest through the Contact Information, described on page 6, in order to receive the required documents to participate in the Process: (i) Confidentiality Agreement (“CA”) and Compliance Certificate (“CC”).
- ii. The Confidential Information Memorandum (“CIM”) distribution will begin on June 18, 2021, for the Potential Buyers that executed CA and CC.
- iii. For the non-binding phase of the process, the deadline to sign the CA and the CC by the Prospective Purchasers will be on July 8<sup>th</sup>, 2021.

It is recommended that CA and CC be executed speedily by the Potential Buyers, because any delay might affect the tenor for investors analyze this opportunity.

# Executive Summary (cont'd)

## 3. Eligibility Requirements

In order to participate in the Process, a Prospective Purchaser must meet the criteria described below ("Eligibility Requirements"):

### i. Financial Requirements:

- a. Strategic investors: Prospective Purchaser, both publicly and privately held, must have book net equity value of at least US\$ 130 million.
- b. Financial investors: Prospective Purchaser must have at least US\$ 260 million worth of assets under management

### ii. Compliance requirements: Neither the Prospective Purchaser or any of its subsidiaries may:

- a. Be subject, be owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that have been administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously (Sanctioned Person).
- b. Be located, have been constituted, incorporated, organized or resident in a country subject to any (i) economic, financial or commercial sanctions, (ii) regulatory sanctions, (iii) embargoes or (iv) restrictive measures that were administered, enacted, imposed or executed by the World Bank, the United Nations Security Council, the United States of America, the Canada, the United Kingdom, the European Union, the Netherlands, Brazil and the respective governmental institutions and agencies of any mentioned previously (Sanctioned Country).
- c. Have the predominant part of its commercial affiliation or business with any Sanctioned Person or in a Sanctioned Country.

PETROBRAS will evaluate if the relations or situations described prevent the participation of the Prospective Purchaser in the Process due to non-compliance with Sanctions applicable to PETROBRAS and will inform the exclusion of the Prospective Purchaser from the Process, if the case may be.

# Executive Summary (cont'd)

## 3. Eligibility Requirements (cont'd)

- c. The Prospective Purchaser shall not be listed in the following restrictive lists:
- “Cadastro de Empresas Inidôneas e Suspensas” (CEIS), available at: <http://www.portaldatransparencia.gov.br/sancoes/ceis>
  - “Cadastro Nacional de Empresas Punidas” (CNEP), available at: <http://www.portaldatransparencia.gov.br/sancoes/cnep>
  - “Empresas impedidas de transacionar com a PETROBRAS”, available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>
- d. In case the Prospective Purchaser, or any of its subsidiaries, is identified in the abovementioned hypothesis or fail to meet any of the above-mentioned requirements, it will be excluded from the Process at any time, in compliance with the rules applicable to PETROBRAS.
- e. Furthermore, by participating in this Process, the Prospective Purchaser shall undertake not to take any action or omission that violates any applicable law regarding business ethics, including, but not limited to, the US Foreign Corrupt Practices Act, the UK Bribery Act and Brazilian Anti-Corruption Laws (specially the Brazilian Federal Law n. 12.846/2013) (hereinafter “Anti-Corruption Laws”).
- f. In order to participate in the Process and comply with the requirements set forth above, Prospective Purchaser shall sign a Compliance Certificate (CC) and indicate, if applicable, whether it is subject to any kind of sanction, even if it considers that the sanction does not prevent its participation in the Process. If the Prospective Purchaser is subject to sanctions, it shall describe in the Compliance Certificate the relation, the nature and the details of the sanction, as well as indicate the restrictions arising from it.
- g. The accuracy of the declaration and the fulfillment of the requirements mentioned above will be verified by PETROBRAS after the acceptance, by the Prospective Purchaser, of the confidentiality obligations necessary to participate in the Process.

The Potential Buyers must observe to the need to be in accordance with the procedures provided in Deten's Shareholders' Agreement for the potential exercise of the rights conferred to the current shareholders, described below:

- Be prepared to acquire 100% of Deten's shares, if the other shareholder exercise the tag along right
- Be aware that the other shareholder may exercise the preference right and acquire Petrobras's shares in Deten with the same terms and conditions negotiated with the Potential Buyer.



# Executive Summary (cont'd)

## 4. Joint Offer Formation

- i. A Prospective Purchaser will be allowed to form a consortium, association or present a joint offer ("Joint Offer") with an independent party, or parties, to participate in this Process
  - a. The Joint Offer must have a leader, which is the Prospective Purchaser that will lead negotiations with PETROBRAS and will be the main communication channel between PETROBRAS and the Joint Offer ("Joint Offer Leader").
  - b. In such case, the Prospective Purchaser will be required to immediately inform PETROBRAS of its intention to present a Joint Offer, including information such as who is the Joint Offer Leader and who are the parties involved in the Joint Offer ("Joint Offer Member(s)") according to the deadline previously set in the Instruction Letter delivered together with the CIM.
  - c. The Joint Offer must contain (i) powers of attorney granting powers to the Joint Offer Leader assigned by the other participants of the Consortium; and (ii) a statement by the Joint Offer Leader confirming that he is not acting as an intermediary in the Potential Transaction.
- ii. The Joint Offer must be approved at PETROBRAS convenience, in accordance with the legal criteria and the rules established herein and further detailed in the Instruction Letter. After approved by PETROBRAS and verified compliance with Eligibility Requirements and Joint Offer formation rules, the Prospective Purchaser will be allowed to participate in the Process.
- iii. The formation of a Joint Offer is permitted only if all the members collectively meet the Financial Criteria described in item 3.i and individually all the requirements described in items 3.ii and 3.iii.
- iv. Such Joint Offer Member(s) or any Prospective Purchaser must execute its own CA and CC directly with PETROBRAS in order to access any non-public information related to the Potential Transaction or the Assets.
- v. The rules applicable for the modification in the composition of the Joint Offer will be further detailed in the Instruction Letter of the non-binding phase.

# Executive Summary (cont'd)

## 5. Further Considerations

- i. During the Process, PETROBRAS may perform preventive risk analysis, in compliance with Anti-Corruption Laws and the PETROBRAS Program for Preventing Corruption – PPPC and may ask any Prospective Purchaser to fill out a detailed questionnaire to verify the compliance of its practices and conducts with the Anti-Corruption Laws.
- ii. A Declaration of Independent Proposal shall be submitted together with the offer to be presented in each phase of the Process (non-binding and binding).
- iii. In order to prevent a conflict of interest, it will not be allowed the participation in the Process of any Prospective Purchaser that is considered an affiliated company of the financial advisor of PETROBRAS in the Process (Santander).
- iv. The Prospective Purchaser may, under its sole responsibility and bearing all related expenses, retain financial, technical and, or legal consultants to advise on the Process, provided that such advisors are institutions with an undoubted reputation, experience and are not subject to any conflict of interests related to PETROBRAS whatsoever, being the existence of conflict determined in accordance with criteria specified by PETROBRAS.

## 6. Contact Information

- i. Queries from Prospective Purchasers which meet the abovementioned Eligibility Requirements should be addressed exclusively to Santander through one of the individuals highlighted below

**Gustavo Miranda**  
*Managing Director*  
*Head of Investment Banking Brazil*



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vforte@santander.com.br

- a. Under no circumstances should any contact be made with the management or employees of PETROBRAS or any of its affiliates.
- ii. Any general questions or inquiries not specific and directly related to the Potential Transaction should be addressed to the following website: <http://transparencia.petrobras.com.br/>

# Deten | Brief Overview of the Company

Deten was founded and started its operation in 1981.

Deten is the sole LAB producer in Brazil, with a leader position, calculated by Equivalent LAB in 2020.

Its products are employed in the production of liquid and powder biodegradable detergents.

The Company also produces ALP, employed in lubricants additives and textile oils.

Deten supplies to large multinationals and local retail companies

Selected clients



## Capacity and Production

000' Tons

	LAB	LAS	ALP
Installed Capacity	230	120	10

Production	2018	2019	2020
LAB	183	183	207
LAS	69	64	83

## Main Raw Materials



**Benzene**



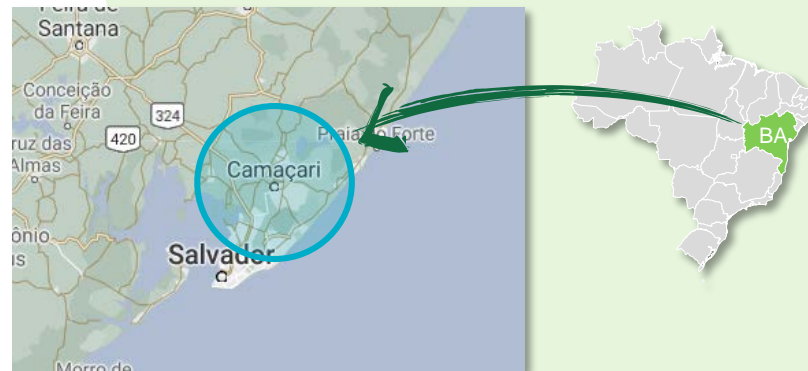
**Normal Paraffin**



**Sulfur**

## Asset Location

Camaçari Industrial Hub, Bahia



## Camaçari Industrial Hub



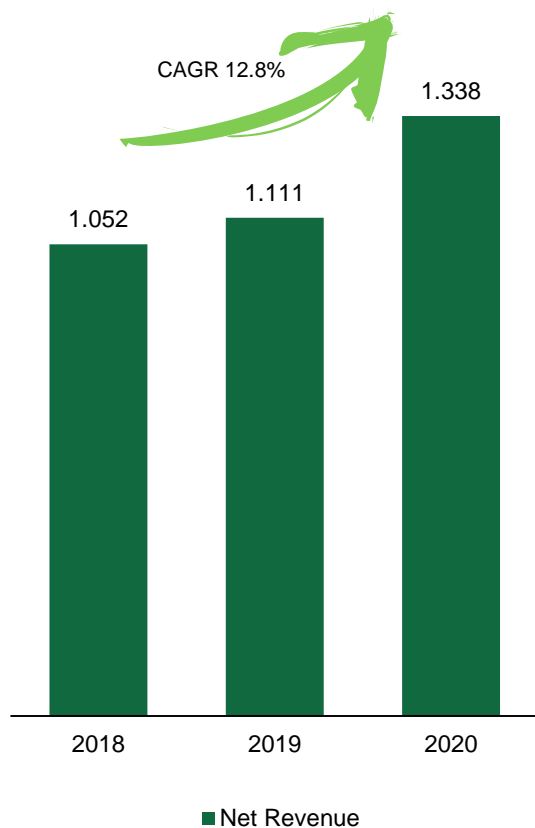
Camaçari industrial hub is the largest in Brazil and represents c. 22% of state of Bahia's GDP. Camaçari hub was founded in 1978 and currently houses over 90 industrial companies

# Deten | Financial Highlights

Strong and solid financial performance backed by a unique position of market leader

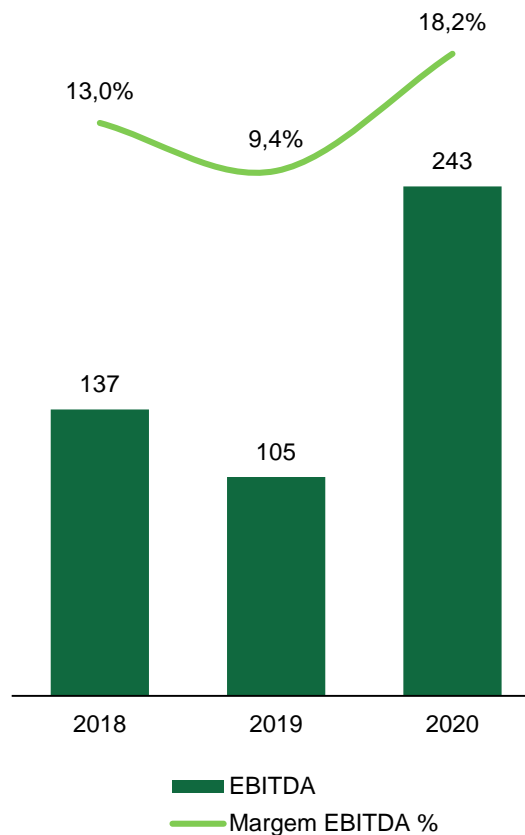
## Net Revenues

In R\$ million



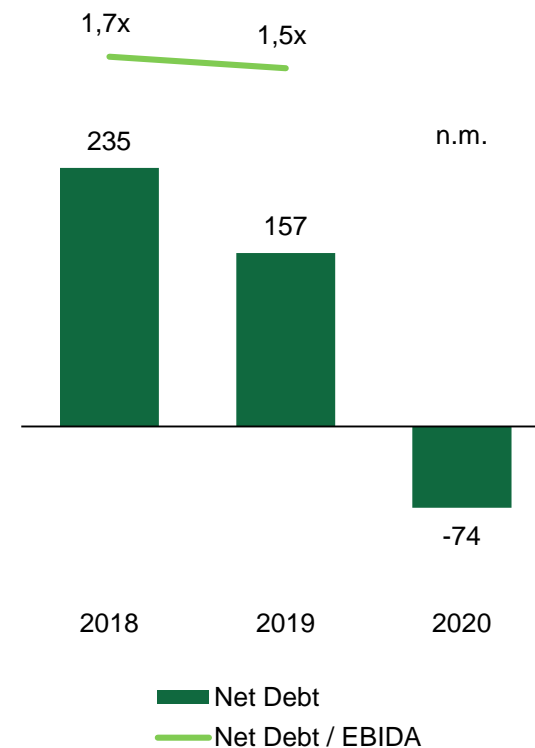
## EBITDA and Margin

In R\$ million and (%)



## Net Debt<sup>1</sup> and Ratio to EBITDA

In R\$ million and (x)

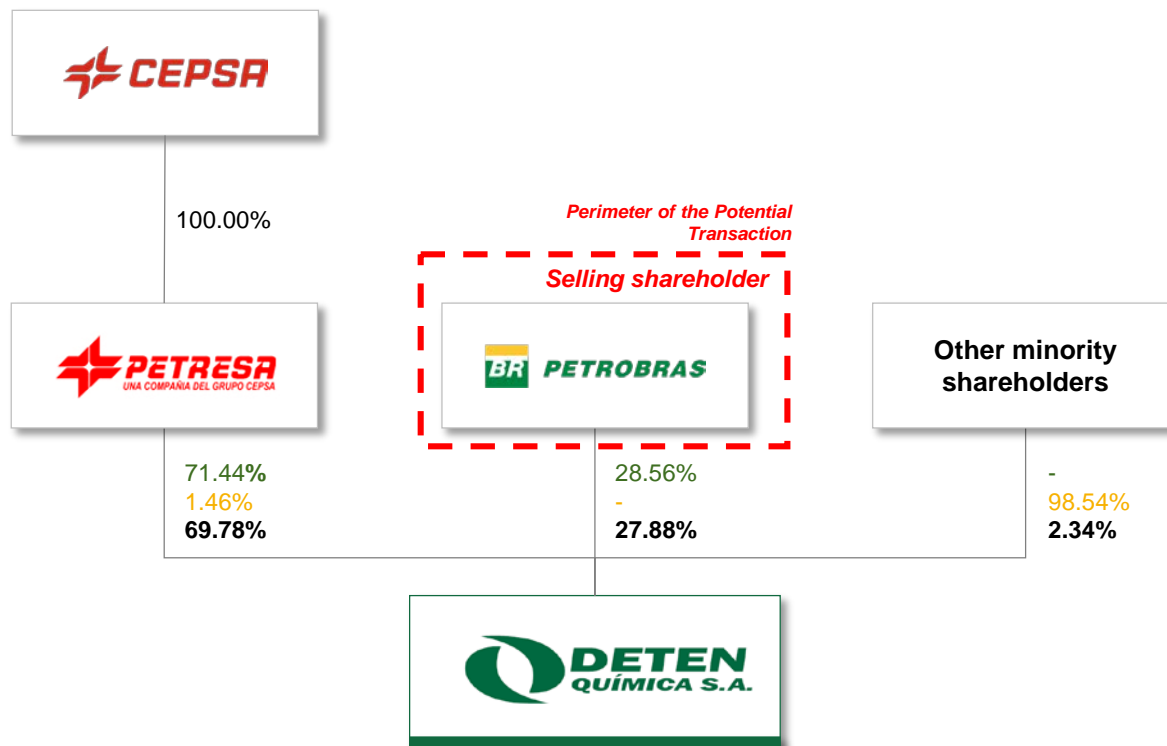




# Deten | Shareholders Structure

Deten's majority stake is controlled by investors with global presence and expertise in the market

## Current Shareholders Structure



Key:  
 % – Stake of common shares  
 % – Stake of preferred shares  
 % – Total shares stake

## Brief Description of the Other Shareholders

### CEPSA:

- Spanish multinational company, operating across the entire Oil & Gas value chain. It operates in several countries across Europe, Latin America and Africa. CEPSA is controlled by the sovereign fund Mubadala and the private equity Carlyle

### Other Minority Shareholders:

- Individuals and legal entities, including the Federal Government, Banco do Brasil and BNDES, since the period in which the preferred shares were originated<sup>1</sup>.

## Highlights of the Shareholders Agreement and Bylaws

### Shareholders' Rights in the Event of a Potential Transaction

- In the event of a potential sale by a shareholder, the other shareholder may exercise its right of first refusal or the tag along right. Only applicable for majority shareholders, Petrobras and Petresa.

# Deten | Investment Highlights

Consolidated player in the Brazilian surfactant industry, Deten has operational excellence allied to its strong financial profile



## 1 Sole Player in Brazil in an Industry that Requires Specialization

- Deten is the only company with operations in Brazil that produces LAB, main raw material used in the LAS production, important active material utilized in the formulation of synthetic biodegradable detergents. It can be delivered in liquid or powder.
- The company has an exclusive agreement with 2 relevant consumers in Chile that represents 85% of the LAS market share in the country.
- Deten is best positioned to capture the recent changes in consumer behavior related to personal care after the COVID-19 pandemic once that it still have space to raise production without new investments.

## 2 Strategically Located in the Main Industrial Hub in Brazil

- Deten benefits from its location at Camaçari industrial hub, the second petrochemical complex in Brazil and the largest integrated industrial complex in the southern hemisphere
- The Company's industrial process is integrated with logistics assets in Camaçari, orchestrating its operations with different players in the industrial hub

## 3 Investment in Expansion for Gains in Scale and Operation Improvement

- Deten successfully concluded the expansion of the operational capacity in 2017 and is poised capture the growth in the industry, moving forward along with perspectives from the retail market besides Deten has also invested in pinpointed assets across its operation to improve the overall efficiency, reducing production costs
- Deten also has the stringiest international certificates (ISO), necessary to work with LAB, LAS and ALP.

## 4 Strong Financial Performance and Profile

- Deten has maintained strong cash position over the past years, with leverage under 1.0x over EBITDA in 2018 and 2019, and registered a net cash position of R\$ 139 million by the end of 2020
- Starting in December 2019, Deten was entitled to the SUDENE tax benefit for the next 10 years

## 5 Solid Corporate Governance Structure and Sponsorship

- Deten has different levels of corporate governance bodies, notably, board of directors, executive and fiscal committees and executive board, all of which are established by specific directives from the shareholders agreement and bylaws. Currently, PETROBRAS is entitled to name 2 board members, out of 6
- The Company has been backed by CEPISA, the controlling shareholder and one of the largest players in the sector globally

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