Eduardo De Nardi:

Good afternoon, and welcome to Petrobras' webcast with analysts and investors about our 2Q26 results. It's a pleasure to have you with us today.

This event will be presented in Portuguese with simultaneous interpretation into English. Links for both languages are available on our Investor Relations website. All participants will follow the webcast online in listen-only mode. After our introduction, we will hold a Q&A session.

Joining us today are Magda Chambriard, the President of Petrobras; Angélica Laureano, Executive Officer for Logistics, Commercialization and Market; Clarice Coppetti, Executive Officer for Corporate Affairs; Fernando Melgarejo, Chief Financial and Investor Relations Officer; Renata Baruzzi, Executive Officer for Engineering, Technology and Innovation; Ricardo Wagner, Chief Governance and Compliance Officer; Sylvia Anjos, Chief Exploration and Production Officer; William França, Chief Industrial Processes and Products Officer; and William Nozaki, Acting Executive Officer for Energy Transition and Sustainability.

To begin with, I will hand it over to our President, Magda Chambriard, for her remarks. President, please go ahead.

Magda Chambriard:

Good morning, everyone. It's a pleasure to be with you today to demonstrate once again Petrobras' capacity to surpass its goals and deliver impressive results to our investors, be they from the public or private sectors.

We have the full Board of Petrobras with us, and I would like to take the opportunity to greet all investors, all of the representatives of our investors, all of the executives that are in this session with us and our partners and everybody that joined us remotely for the disclosure of our 2Q26 results. Also, I would like to greet everybody from the press joining us.

We become increasingly prouder of our results. It's a pleasure to be here once again joined by you to once again present another result that surpassed the previous ones, a result of our intensive work with our diverse teams working in a partnership to deliver an increasing amount of oil, gas and byproducts with security, quality, efficiency and capital discipline.

In the 1Q26, we reached several records. And in the 2Q, we surpassed them with important milestones once again. And I must highlight this, we reached the highest net profit on a recurring basis for the quarter in USD in the history of Petrobras. This recurring profit excludes exclusive events, and it's also the highest gross profit in the history of Petrobras. And we are proud to say that we achieved those results with no sales of assets. Of course, Brent above US$100 per barrel strengthened our results, but the highest results achieved are the ones that we will go over now.

The recurring only event was not with history's highest Brent. We had over 10 quarters with oil prices above that one in the past, and nonetheless, we achieved the highest recurring results in terms of net profits in the history of Petrobras.

Our key differentiator, which we are proud of, is operational administration, which is shared with the Company's several different departments. Operational records in terms of the production of oil, gas, refining and selling of products. That's been our commitment.

In the quarter, we produced 2.7 million barrels of oil per day, in addition to gas. If we consider in equivalent barrels of oil, it was more than 3 million barrels per day. We cannot promise that we will surpass our goal, but I guarantee that we have always worked towards that, surpassing our goals.

In the 2Q26, our goal was to produce 2.5 million barrels per day. We surpassed the goal of the 2Q by 200,000 barrels of oil per day. That's due, among other factors, to increased efficiency in the production of platforms, and also by pushing forward the delivery of projects.

You probably remember that we pushed forward the delivery and the ramp-up of P-78 as well as the delivery and the ramp-up of P-79. Other platforms will come, some of them are already arriving this year. And once again, I am going to repeat that we will move forward the delivery of big projects.

With greater volumes, we also increased our oil export levels with an additional 12% in this quarter, and these sales become greater revenue and cash generation. And here, I must make a side note, the highlight in addition to the work involved in production and the engineering work involved in these projects, the participation of Refining, by refining and teaching our buyers to further and further refine our oil and to further value our product, and also with the participation of Logistics at Petrobras with the intent of broadening the market for our end product, which is oil, was impressive.

And once again, it was these events and the joint work of all departments of Petrobras dedicated to the same purpose and the same goal that allowed us to achieve these great results.

Our bigger generation of revenue and cash flow will be used to fund our investments and safely prepare us for the future of the Company. The cash flow that's being generated today will be used to fund Petrobras' growth. And I would like to say that just like the Company was successful in its first 72 years, we are preparing the Company to successfully take on the following 72 years.

The refining teams, in addition to production and engineering, did a great job. The utilization factor of our refineries surpassed 100% in the 2Q26. And here at the Company, we got into the habit of saying that goals are for the weak of heart. Petrobras is proud to always surpass its goals.

We have increased the processing, maintaining the same diesel yield and gasoline, which is equivalent to greater revenue for Petrobras and a greater value to our shareholders, be they public or private, without losing sight of capital discipline.

The production of byproducts grew 6% vis-à-vis the previous quarter. And with that, we were able to reduce imports by 40%, especially those of diesel. We do what we have to do. We are doing it. We have elevated operating efficiency, and we have produced way beyond the original capacity in 7 platforms. We have also increased the utilization factor of refineries as a whole, of course, with safety first.

The Brent price and the exchange rate is not something we can control. We do not know where they will go. And that's why we invest with capital discipline, prioritizing projects of high returns.

All of our investments involve rigorous governance for approval to verify the attractiveness and the return for our shareholders, be they from the public or private sector, and at the same time, to deliver value to society, once again, be they comprised by our public or private shareholders.

And respect the governance, and we need to reiterate that every day, is a pillar of our administration. We will continue focusing on our business plan, which is well known to all of you, with the commitment to deliver to society a Petrobras that's profitable and absolutely relevant to our country.

I will now give the floor to our CFO, Fernando Melgarejo, who will dive into the details of the 2Q26. And I want to thank you for listening to us. Thank you all for your presence.

Fernando Melgarejo:

Thank you, President. Good morning, everyone. Thank you for joining us for this webcast for the results of the 2Q26. I also want to greet everybody that's here at the headquarters of the Company.

As we said, we had a quarter of record operating performance, which drove Petrobras to one of its best financial results in history, which are deeply anchored in the good operating performance.

And once again, I have to highlight that that was a major step forward where we were able to manage, and also, at the same time, we are able to evolve in the best possible manner, which is one of the highlights of this administration, the search for increased oil production, production efficiency, accelerated ramp-ups that are also part of the records that we have been bringing to the Company. If it were not for that, we would not have achieved the financial records. Financial records are firmly anchored in the operating records of the Company.

Let's move forward to slide 3. Our oil production, as the President already said, was 2.7 million barrels per day, a 15% increase over 12 months, which is equivalent to 350,000 additional barrels.

If we compare this period to the same previous period, approximately three platforms producing additionals in only 1 year. And as a reminder, last year, we also had records in the 3Q, it was an additional 4%, and that's quite relevant.

Our teams have been doing a great job of increasing operating efficiency and also enhancing reservoir management. We are also bringing deliveries forward. P-79, for example, started production ad the Búzios field three months ahead of schedule. Whenever we bring a project forward in the production service, we are bringing forward the cash flow of the Company.

That happened, it’s at 90,000 barrels per day. The ramp-up is 180,000. We will quickly achieve that, which is surprising in such a short time, and also that will be brought forward. All of the actions are now becoming a reality, with greater production and greater revenue.

We changed the curve of investments, and we were always wondering where we would get to, and now we can demonstrate with our production that we are reaching our goals, surpassing some indicators as well.

Alexandre de Gusmao, for instance, at the Mero field is producing 100,000 barrels, and P-78 at Búzios, 120,000 and both have the capacity to produce 180,000 barrels per day. That is to say that we have a greater capacity to achieve. In addition to the record-breaking capacity, we still have some room to cover. When they are at the nominal capacity, we will add another 90,000 barrels per day. And we also have the ramp-up of P-79, as I said, which started operations in May this year and has a capacity of 180,000 barrels.

In summary, even with the record production of 2.7 million barrels of oil per day, we still have 270,000 barrels per day of capacity to ramp up in the 2H.

Another highlight has been the increase in production of certain platforms beyond their nameplate capacities. The Almirante Tamandaré FPSO in Búzios has an original capacity of 225,000 barrels, which makes it a large-scale platform, and the unit has reached a peak production of 270,000 barrels per day and is currently the highest producing platform in Brazil. It's a huge platform in a huge field with a very positive potential for the next years.

In addition to Almirante Tamandaré, we have another 6 platforms adapted to operate above their original capacity. Today, this additional capacity already totals more than 100,000 barrels per day, practically a new platform, a midsized or a large-sized platform, and we are working to continue to expand this potential.

The important thing is that we are increasing production safely, and we are doing that without the need for additional construction work, which allows us to increase revenue and cash flow immediately without the need for any additional investment. So it's only revenue without any investment, which is quite positive.

Before moving over to the next slide, I would like to highlight important news from this week. We announced a new gas discovery of gas in Colombia, which confirms the region's gas potential. This is a project which is aligned with our long-term strategy, which seeks to replenish reserves through exploration across new frontiers. So this does not mean that the Brazilian land is not our priority. Brazil still is our focus, but we are an international company, so we need to look across our borders as well.

So let's finally move on to slide 4, talking about CAPEX. In the 2Q26, as we can see on the slide, we invested US$5.3 billion, up 4% over the 1Q when we had invested US$5.1 billion. So overall, we have US$10.4 billion over 2 quarters here at Petrobras. More than 80% of that investment, in fact, 82% is focused on E&P projects, focusing on increasing production with high returns for the Company.

We have a few examples here on the slide versus the previous quarter. We increased well drilling by 40% and 45% in well completions. Interconnections also increased by 43%, driven by the ramp-up of Búzios 6 and Búzios 8, as well as complementary wells, which helped to maximize the production for each production unit.

Part of the investment was also allocated to advancing the construction of new platforms in Búzios, such as P-78, P-82 and P-83. These are all huge platforms, each with nameplate capacity of 225,000 barrels. These are projects which offer high returns and rapid cash generation. And with P-80, we expect to hear positive news with regards to moving ahead of schedule, much like what happened to P-79.

So now over to slide 5, talking a little about our products. In Refining, we hit a record refinery utilization with a 101% FUT (i.e. "factor of utilization"), increasing production by 68% of the yield mix and higher value-added products.

In April and May, we came to about 102% FUT, a record for the Company. We had previously been working with very low FUT rates. And another important point, usually when FUT increases, that's because we are focusing on lower value-added products. But in this case, we continue to see the same shares for higher value-added products with diesel, jet fuel and gasoline, which makes these even more effective refineries.

As a result, we expanded the supply of our own products and reduced the need for imports, especially diesel, which we still need to import. We are essentially self-sufficient in terms of gasoline, and that's all because we have produced more. We also increased oil product output by 6% and reduced our imports by 40% versus the previous quarter. Again, this increases even more the Company's efficiency and cash flow.

Another factor with a positive impact for us were our imports. Even though we were processing more oil, production was so much higher that refining has increased and our exports of Brazilian products also increased. We were already seeing high exports in the 1Q, but it increased even more in 2Q.

We saw an increase by 12% in exports for the Company. and reached very significant increase in our exports of oil, which improved our cash flow even more.

Moving over to the following slide, number 6, a little bit about our financial results. We can see our EBITDA and net profit. All of these operating records led us to one of the best results in Petrobras' history in terms of finances, in terms of recurring net income and gross profit. As our President has already said, these were record-breaking figures.

Brent prices were some of the highest. Excluding, obviously, all the one-off events, Brent prices were above US$104. But as the President has already said, it was not the highest Brent price we have ever seen, not even among the 10 highest, which also shows that our operating efficiency was very positive.

Even so, we achieved adjusted EBITDA, excluding one-off events, of US$20 billion this quarter, which was 70% higher than in the previous quarter, and nearly double the figure from 12 months ago.

Gross profit is not shown on this slide, but it was US$19.5 billion for the quarter, the highest in the Company's history. So another record-breaking figure.

All of that, as we keep repeating, anchored in our stupendous operating performance, which is what's making the difference. The higher volume of oil and oil product production and sales combined with higher Brent prices has strengthened our cash generation, with operating cash flow of US$12.3 billion for the quarter, growth of nearly 50% when compared with the previous quarter.

So these are very strong results, and I therefore, emphasize we did not have record Brent prices, but we did have record production, which drove our financial results this quarter.

Moving over to slide 7, a little bit about our debt. This year, we carried out a very important initiative to renegotiate contracts for recharters and well services. We are constantly monitoring the market to identify opportunities such as this one. The result is expected to generate an estimated cash flow savings of over US$1 billion over 2026-2030, a 5-year period, reducing our debt by over US$400 million by 2030. This will lead to a significantly lower cash outflow for the Company, which will allow us to reach our goals.

Because of the amendments extending the contract terms were signed in the 2Q, we had to reorganize the value of these contracts and lease liabilities immediately. So these increased in the short term, but we reduced our future disbursements and cash flow creating value, and that's the key benefit, and that's how it has to work.

On this slide, we can also see the increase in lease liabilities, but the reduction in financial debt offset the increase, as you can see in the third column. This was possible due to our prepayments during the quarter. We repaid loans and financing totaling US$2.9 billion, close to US$3 billion, notably the prepayment of US$1.4 billion in bank market transactions and the repurchase and redemption of US$700 million in bonds issued in the international capital markets. Also during this quarter, we opportunistically raised about US$600 million.

We, therefore, ended the quarter with gross debt of US$70.8 billion and a net debt of US$60.4 billion. Without the recognition of the lease contract amendments, our debt would have been at the same level as in 2025, which is what you see in the first column on the slide.

Even so, the trend is still downward. We maintain our expectation of converging to US$65 billion over the horizon of this plan, a level that optimizes our capital structure.

Moving over to the following slide, looking at our forecast for the year. Here, we have a snapshot of how we are progressing this semester versus our projections, which were laid out in 2025 and presented in our strategic plan. Production has remained above the top of the range, and we are working hard to exceed the target. We will deliver as much as possible, but obviously, there are challenges. Production is already at a very high level, but we are still committed to delivering as much as we can, especially this year when we have a very interesting price window.

With regard to cash investments, we expect to end the year at the top of the range. The projection is US$16.9 billion with a 5% margin, give or take. And if we have to bring any investment forward, that will be because it will create more added value, and bring more value ahead of schedule for the Company.

Of course, we pursued bringing projects forward, but not bringing cost forward. We pursue delivery, but we do not want higher project costs. We are making the most to accelerate delivery without increasing them.

Operating expenses are slightly above plan for this half of the year, pressured by higher freight and logistics, which lead to increased production, as well as exchange rate effects.

So we totaled US$11.7 billion in this 1H26 versus a full year plan of US$20.2 billion. We are monitoring the situation and expenses may exceed the projection if global market logistics costs and exchange rates remain at the same levels in the next 6 months period. We believe that there will be less uncertainty in the next quarter. And if need be, we will revise the figures, obviously, with full transparency to all our stakeholders.

So moving over to the next slide, about our collections. Here, we see an example of the positive effects that our improved operating results have on society at large. When we produce more, we pay more taxes. So we paid R$88.6 billion in taxes and government take in the 2Q alone, R$500 million to municipalities, R$31.5 billion to state governments, R$34.2 billion to the federal government and R$22.4 billion in government participation.

Petrobras paid about R$22 billion more in taxes and government take versus the 2Q25. On an annualized basis, we are talking about an increase in government take in taxes of additional R$90 billion for the government per year.

So now I conclude my presentation with the message that we are reaffirming our commitment to growing the Company with profitability and responsibility when it comes to capital. Petrobras' success does not remain within the Company. It is shared with society as a whole.

Once again, thank you all for your attention. And alongside all our other executive officers and the President, we are available to answer all of your questions. I will now hand it back to Eduardo, who will begin our question-and-answer session.

Bruno Montanari, Morgan Stanley:

Thank you, and good afternoon. Congratulations on the results, especially for the execution and production growth. And focusing on production, the President and Fernando already gave us an idea of by how much the production could grow this year. But I would like to see if it's fair to say that the plan curve in the medium and long term does not look very conservative, especially if you look at the highest peak of the curve, it's at 2.6 million or 2.7 million barrels that you surpassed already.

And in terms of CAPEX and in terms of bringing Búzios' deliveries forward and the sequence of P-80 for the quarters, and if there will be a ramp-up for the P-80 this year or not. I would like to know that. Thank you.

Magda Chambriard:

Thank you for your question, Bruno. We have to remember that we work with nonrenewable resources. Producing 2.7 million barrels every day, per day, is a challenge, especially because we have to face production declines.

Nevertheless, these declines have been reduced. Just to give you an idea, when we took office, we were looking at a decline of 12% a year. Currently, this decline is in the range of 4% per year due to the better administration of reservoirs and the better water injection, adequate production methods, better deposit management and so on and so forth.

And of course, with the new platforms arriving and the platforms that went into production recently and with the ramp-up achieving its peak, we will achieve the planned results and likely surpass them. However, surpassing results is something that we like delivering without promising anything previously.

With that, I will give the floor to Sylvia and Renata. Renata will talk about the new platforms that will go into production. They are arriving soon in Brazil, they are leaving Asia and coming to Brazil.

But I would like to mention an important aspect. The first huge platform that's different from the previous ones that we had at Petrobras was Almirante Tamandaré with a capacity of 225,000 barrels per day. That platform, as Fernando mentioned, produced 270,000 barrels per day. Its capacity has been expanded to 270,000 barrels per day, and it has produced that many barrels, which is to say that with the pre-salt production capacity, with the production capacity of Petrobras by interconnecting wells and doing a better job of managing the deposits and drilling high productivity wells and connecting the platforms, with all of that, all of these efforts led us to transform a platform and move it from a capacity of 225,000 barrels per day to a production capacity of 270,000 barrels per day, but that alone is not enough.

I should also say that in addition to those platforms, we have another three that will be arriving between this year and the next year. All of them of 225,000 barrels per day and all of them seeking to achieve 270,000 barrels per day in terms of capacity.

So at the end of the day, that means 45,000 barrels per day times 4 or 180,000 barrels per day that are on top of the original ones as a result of Petrobras' efforts around surpassing its goals.

So that's what we do. We do a better management of deposits. We do a better job of managing platforms with better efficiency, better platform design, leading to debottlenecking in giant platforms, and that's what we have been delivering and which combined leads to this increased production.

We are talking about production, but we are doing the same thing in the refineries. I mentioned this and Fernando did it, too. The utilization factor of our refineries, which in the past would achieve 65% or 70% currently surpasses 100%, with Petrobras' capacity, or purpose to every day surpass its best results and deliver them to its shareholders from the public or private market.

Renata will talk about the stage delivery of the new platforms, and Sylvia will talk about the ramp-up of P-78 and P-79. Over to you, Renata.

Renata Baruzzi:

Good afternoon. So we will talk about P-80, P-82 and P-83. P-80 and P-82, the sail away is scheduled for the 3Q26 and production will start in the 2Q27. What we are doing now is, we are working strongly towards bringing forward the production of P-80 to the 1Q27. For P-83, the sail away is scheduled to occur in the beginning of the 1Q27 with production starting on the 2H27.

As the President said, we are constantly working towards bringing production forward. We have been doing pre-launches of lines and anchoring. But the thing is the 2H, historically speaking, has worse sea conditions than the 1H. So we cannot safely say that we will be able to bring it forward due to weather issues.

So we are working on bringing it forward, P-80 for the 1Q and the other ones are already scheduled to start operations.

Sylvia Anjos:

Thank you, Bruno, for your questions. Just picking up on what the President said and also what Renata said, the forecast for production is based on a risk analysis of everything that's scheduled. We have scheduled the ramp-up for P-78 for P-79. All of that's been included in our risk analysis, and we always like to work with a leeway of more or less 4%. And we will certainly reach the top of guidance, always seeking to surpass the past results as the President likes to say.

But right now, we are considering it reasonable to maintain the maximum at 4%, reaching 2.6%. We know that there is the downtimes. And one thing that we always like to highlight is that we are receiving these super huge platforms, 220,000, and our concern is how are we going to work with the downtimes of a super huge platform like this one.

We have been strongly investing in 3 things, which is to do a better job of planning downtimes, also working on the time lines and the headcount capacity. And that's what we want to do with the platforms and with these scheduled downtimes.

You can imagine that with the downtime of 1 month, if you reduce it by a week or even 3 days, that's a lot of additional oil. So we have been focusing heavily on scheduled downtimes.

And another thing is, to guarantee production, we are working on the integrity of platforms. We are reaching a record number of reducing the technical inspection recommendations. And we do that because by doing proper maintenance and by taking care of integrity so that we can have less downtime and make sure that with the scheduled downtimes, we can maintain our stability. Just to give an idea of the scheduled downtimes for the year, we expect 290,000 barrels per day during the downtime.

Also, about production, we will try to reach maximum production, but the guidance includes all possible variations, equipment inspections and any other occurrences.

Monique Greco, Itaú BBA:

Good afternoon, and thank you for the opportunity to ask a question. I would like to approach the subject of the diesel import strategy. How is the Company assessing the decision to import diesel given the current price scenario vis-à-vis its pricing strategy and its commercial strategy, especially now that there is a huge volatility, but with the recent increase, we saw, again, local prices below the import parity? So I would like to hear from you. How does that all fit in to the commercial strategy? Thank you.

Angélica Laureano:

Monique, let's go over our production planning process again. It takes into account the commitments we enter into with our customers and the seasonal variations in demand. Also, our refining activities and how much of it is available, the refining margins and the logistics structures. We consider all of that.

Given that context, our policy is maintained. Our commercial strategy is maintained. Our importing decisions are still based on the criteria of competitiveness and profitability. And we have to say that we have a public policy in force that gives us support for the internal market and that leads the customer perceived prices to be lower.

Jorge Gabrich, Scotiabank:

Good afternoon, and congratulations on the results, especially in terms of the volumes. I would like to go back to one issue that was already approached before from the perspective of decline, the Petrobras' decline is quite low at 4% more or less in the pre-salt. And I would like to understand how sustainable that is moving forward. If you think about the forecast for the next few years, how do you see this decline behaving in the next few years? Thank you.

Magda Chambriard:

Jorge, thank you for your question. This decline, as I said, is the result of a strategy that is followed strictly along with the monitoring of the deposits. We should not forget that we have huge deposits. Just to give you an idea, the Tupi field is a field that has a contractual limit of 1,200 km². If we compare that to a giant post-salt field, which was the reality that preceded the pre-salt, you take a line of more than 200 km² in area.

So these huge fields produce a lot with high productivity, but it's huge deposits. And if we compare Tupi to Marlim, you see that it's a field that's 6x larger in area. So that is the type of administration that we are working on. We are managing the deposits as a whole, but also relying on assets that surpass by far the so-called world-class assets.

I will give the floor to Sylvia.

Sylvia Anjos:

There is a natural decline, Jorge, and we attempt to fight against it. We work more strongly on four areas. First, 4D seismics, which allows us to better understand the reservoirs. We also do intelligent completion. Our biggest production comes from pre-salt and it's huge reservoirs at the height of the Sugarloaf, and the intelligent completion allows us to separate zones that produce water or gas, and we do an intelligent management of these areas.

Another important thing is water injection. On my day one at Petrobras, the President said, we have to inject water. So Magda kept demanding that. And the biggest water injection happened. We are reaching record-breaking numbers in terms of water injection, guaranteeing a better pressurization of reservoirs. And that's another factor that reduces decline.

And obviously, the supplemental projects, once we know the deposit, the seismic data allows us to better drill the wells. We have the supplemental wells well positioned, thus guaranteeing this replacement.

In Tupi, we have been able to maintain a very significant production level. And not only for us, for our results, but it's been significantly contributing to the results of our partners as well. We have been considering the Petrobras results something positive for the results achieved, and Brazil is one of the most important production areas for our partners as well.

Yuri Pereira, Santander:

Good afternoon. Thank you for taking my question. With the very favorable cash generation environment, both because of market circumstances and the Company itself, I wanted to understand how that works versus your plan for 2026-2030, for example, thinking about the allocation of this incremental capital that's coming over throughout this year with regards to refining or maybe another ambition Petrobras has in mind. Thank you.

Fernando Melgarejo:

Good afternoon, Yuri. This is an ongoing discussion for us. Wherever we go, any meeting we have, the question always comes up, what will we do with the additional cash flow that's coming up purely with production, unlike our usual strategic planning.

So we do have a slightly larger cash flow. But it's important to remember the dividend formula where any additional cash that comes in will be distributed over the ordinary cash distribution, which is 14%.

And with regards to debt, that's the priority we have been discussing. So we have also the projects we are bringing forward such as P-80 and so on and so forth. So any investment that generates returns to our stakeholders, we are bringing forward. So that's our priority number 1.

Priority number 2 is to converge the debt as quickly as possible to US$16.5 billion. That's the ambition we had in our strategic planning, which was supposed to take place in the end of this 5-year period ending in 2030. So the idea is to bring that slightly forward.

We are already in August, and we are already looking into the new strategic planning for the Company, and we will be discussing questions that escape the current strategic planning. So it is within that realm that those discussions will take place.

With regards to extraordinary dividend sharing, we find it very unlikely to look into that possibility even though that is something we would love to do. If we have no investment in sight and our debt is well adjusted, we see no problem with that.

The same logic remains since we arrived here, according to which any surplus should be allocated somewhere. If we have no investment to make and our debt is well adjusted, the natural path is to share more dividends. That's very unlikely now because first Brent is expected to stay at the same level for quite a while. And that's also a challenge for next year because it is expected to move back to the levels we expected it to be when we built and designed our 2025 to 2030 strategic plan.

Gabriel Barra, Citi:

Thank you for taking my question. I wanted to touch on something we have not talked about yet, which is Braskem. We have been getting a lot of questions. We are seeing the Company is at a very tricky time. We are seeing news about a potential legal reorganization, and Petrobras has some active input in these conversations.

My question is, how do you see that from Petrobras' side? I understand there's a number of rules with governance and there's great concern about capital allocation. So maybe more discussions about a potential capital injection into Braskem. So I wanted to hear from you what is your stance on Braskem's future? It seems the Company is moving toward court order reorganization. What we are hearing now is that's where they are headed. So what I would like to hear from you to help our discussion is how have you been approaching that issue? What's the conversation with bondholders like? And what should the outcome be, in your opinion?

Magda Chambriard:

I will start with my five cents, but then I will turn it over to Fernando. As you know, we had very little input in terms of Braskem's bylaws. This latest change gave Petrobras more political power. So we are only now moving closer to the Company to look into what's going on with Braskem with a new set of eyes and to understand what the future of Braskem might be.

I would like not to say a lot more about Braskem right now because they will be sharing their earnings next week. But I would like to turn over to our CFO Fernando, to talk about this within the realm of possibility at this point.

Fernando Melgarejo:

I think we have to take a step back when it comes to Braskem to remember that we have a new shareholders' agreement as the President mentioned, where our economic capital within the Company is compared to the political power and influences in the Company's decisions.

That's happened over 2 months ago. And since then, we are looking into all our options within the agreement we have with shareholders. We are in touch with their Board of Directors.

So there is an injunction in place, which is in the public domain, as you mentioned. It ends on August 24. And as the President mentioned as well, on August 13, that company will be sharing their earnings with the market. So this is a very sensitive time. We have a lot of decisions to make. So obviously, we cannot say a lot more in terms of any other information we have, which may affect the negotiations.

Lilyanna Yang, HSBC:

Thank you so much for the opportunity. Congratulations on your results. I have a more generic question in terms of energy policy. One has to do with gas. The Brazilian government would like to lower gas prices for Brazilian consumers. And I would like to hear from you about the role of Petrobras. Will Petrobras be able to be a part or to contribute with this process? Where, for example, will you sell the gas coming from Sergipe?

And another question is in terms of new frontiers, we have the Equatorial Margin, but also initiatives in Africa. Could you give us an update about your investments in Namibia, Sao Tome and Principe and other areas outside of Brazil?

Magda Chambriard:

Let me start, and then maybe Angélica, William and Sylvia may add to my few words. Starting with gas, we have a few oil and gas projects. Our projects are usually focused on oil with an associated part touching on gas and any regulatory changes will affect our projects. Sometimes they will be beneficial. Other times, they will be negative. Other times, they will be neutral. But regulatory changes everywhere in the world will have consequences when it comes to the way we structure our projects.

With regards to the discussion around gas, we do not know yet how things will end up. The fact is regardless of what happens, we will have to look at our projects in light of any regulatory change. That's true everywhere in the world. It would not be different for Petrobras. So any project has to be lucrative for the Company as our CFO Fernando has already said.

We are not an NGO. We are a company, and we have to be profitable. That being the case, any change that takes place in the realm of regulations or taxes or anything of that sort will have to require a reassessment of the premises underlying those projects, whether we are talking about oil and gas, refining, petrochemical, the logic is the same. Regulatory changes will require us to look back at those projects and reassess them. We have to make sure that wherever we invest brings the necessary returns. That's the logic.

William Nozaki:

Thank you so much. Just adding to President Magda's comments, Petrobras' assessment of these regulatory changes has been outlined over the past few weeks. This is the Board's position, which is the mere transference of the gas molecules ownership is not going to ensure any increase in supply, which is what the market needs.

And the Brazilian market is already seeing a significant opening and pulverization, and the Board members themselves have already spoken out in the last few weeks, pointing out that there are over 30 companies competing with Petrobras and over 100 free consumers. And if we add all 5 terminals privately operated, they are already bigger than Petrobras. So our assessment is that regulatory stability and legal certainty are critical to maintain price stability discipline when it comes to capital investments.

As the President said, everyone in Petrobras has robust governance within our discipline in investments and capital. Every project assessment will consider the regulatory scenario. So any change will inevitably require a reassessment. But a draft has been made available today. Petrobras will speak up in the next 45 days via a public hearing, and that's our position.

Angélica Laureano:

I just wanted to add that, as William Nozaki has already said, we are only 15.6% of the market. So the market is already open. There's nothing to say about the need for a gas release in a market where you already have 31 companies operating at this point.

Over and above that, with the intention even of not passing through the volatility in Brent prices to the market, we have extended the profile of our contracts and offered alternatives to prevent price increases, which is to say Petrobras is always looking to reduce the impact of gas price volatility in the industry, especially in Brazil.

And as William has said, with regards to the gas release issue, we are still waiting to see what the regulatory agency's position will be, and we are at a time where SEAP can still look into alternatives. And within that context, we are still looking into alternatives when it comes to supply.

Sylvia Anjos:

From the E&P standpoint, what we are doing is, over the last few years, we have significantly increased gas exports, which were coming closer to 50 million m³. So we are making more gas available, and we believe that it is only by offering more gas that we can reduce prices. Also increasing gas production on land in Urucu. And on the issue of gas, we have also discovered more gas in Colombia. And combined, all those three discoveries exceed Colombia's needs. So it's another opportunity to export gas and supply more gas to the country.

Going back to Africa, to your other question, we also have been investing and exploring about US$7 billion, US$2.5 billion in the Equatorial margin, US$2.4 billion in the Southeast margin and about US$2.2 billion invested in other areas, including overseas, which includes Africa.

We have hired areas in South Africa in partnership with Total. We have partnerships with Shell, we have partnerships in Namibia. We are looking into other opportunities as well. So internationally speaking, the Ivory Coast and Mexico are also places we are looking into, always with the purpose of replenishing and increasing our reservoirs, considering that our production is on the rise.

Tasso Vasconcellos, UBS:

Thank you. Good afternoon. Picking up on the last discussion, Petrobras' team has been quite emphatic about the subject, the replacement of reserves with new discoveries. But moving away from this domestic scenario, in your opinion, what are the main priorities for international expansion if it really occurs? So we discussed that in the previous question, but I would like to further understand where you see more of an upside and where the Petrobras' team is interested in dedicating more time to the analysis? We talked about Mexico, Venezuela, Bolivia also appears to be back on the radar. So I would like to hear your take on that. If you look at the scenario outside of Brazil, where would you focus if these expansions truly occur?

Magda Chambriard:

Thank you, Tasso, for the question. We have been saying repeatedly that there is no future for an oil company without exploration and without the replacement of reserves. And along those lines, what we do is to try to reinforce our expertise.

In South America, we have been working for more than 30 years. We import and produce gas in Bolivia for more than 30 years now. We have been importing gas from Argentina for at least 2 years, reverting the route of the Bolivian gas, which in the past used to go to Argentina.

And now we have Argentinian gas coming to Brazil through the same pipeline. We are also working in Colombia. So yes, South America has been a big action field for Petrobras for at least 3 decades, which reinforces our knowledge of the area and our search for new opportunities in these places.

The same thing occurs with Mexico. If you take Mexico in the past, more or less 10 years ago, we used to focus on the exploration of deepwaters that we used to call the Golden Triangle, which was comprised of Brazil, Africa and the Gulf of Mexico, with similarities in terms of exploration and design approaches and all of that.

So in that regard, Africa, due to geological similarities and also similarities in terms of its approach to production and engineering, it's also one of our targets, especially the Atlantic margin of Africa.

And if you look at everything at all of that, we see the possibility of the Mexican and part of the Gulf of Mexico, the American side of the Gulf happened and the Mexican side of the Gulf was basically left in the cluster of shallow waters. So we wondered along with Pemex if that's really the case. If the Gulf of Mexico in the Mexican portion, if it's well explored, or if the Gulf of Mexico in the Mexican portion has faced difficulties similar to the ones that we faced in Brazil, where, for instance, we drilled pre-salt in the south of Espirito Santo in the Campos Basin in 2002 and we did not see it, we overlooked it. And once again, we paid attention to it only 6 years after that, after we discovered a deposit of 1 billion barrels of recoverable oil.

So our learnings at Petrobras in terms of geology, production and the selling of products, all of that from the perspective of a geopolitical partnership, that seems to be quite profitable to us. That's the direction we are headed.

Now I will give the floor to Sylvia since she's been monitoring these aspects from up close. She's the Exploration and Production Director.

Sylvia Anjos:

As Magda put very well, we have a competency in terms of the geology and the exploration of deep and ultra-deep waters. So when we go to these African opportunities, we are actually talking about very similar areas that we have a high amount of knowledge about.

So in the African coast, in Mexico, the Equatorial margin, we are looking for turbiditic reservoirs that are similar to the ones that we have at Campos Basin. So the pre-salt is quite unique and exclusive to the Santos Basin. And in Mexico, we have the salt diaphorase and reservoirs, and the Pemex expertise is not that high in deep and ultra-deep waters. They concentrate mostly on shallow waters, so we have this nonbinding MOU. We are now surveying seismic data so that we are able to analyze what areas could add value and be interesting to Petrobras and Pemex.

So far, we are collecting seismic data, and further ahead, we will have an opinion on what areas could be interesting to us.

Milene Carvalho, JPMorgan:

Good afternoon. Thanks for taking my question. I would like a quick follow-up about downstream. You talked about the import strategy considering seasonality, but I would like to hear from you how the Company sees the scenario of crack spreads for the 2H and the maintenance strategy for refineries in that scope. You have been running the refining at above 102%, and we heard about downtimes as well in the 2H. So talking about the refining farm and what can we expect in terms of timing and duration of these downtimes for the 2H. Thank you.

Angélica Laureano:

Thank you for the question. The 3Q is, from a seasonal perspective, a quarter of higher diesel demand. So given that context, our operating planning takes that into account. And obviously, in this quarter, we are going to have to import, and the cracking of diesel has led us to attempt to produce as much diesel as we can internally.

So given that context, we have an operating planning that's done in close conjunction with refining so as to maximize the use of our refineries so as to minimize imports. In any case, imports are happening naturally with no problems whatsoever. There is no shortage of diesel in the market right now.

William França:

Milene, thank you for the question. That's a very important question because it will allow me to clarify certain things. When we postponed the downtimes of REGAP and REPLAN, we have not postponed downtimes for the 2H. The downtimes that are going to occur are the catalytic cracking FCC downtimes and the REPAR downtime.

And the Cubatão diesel downtime was already scheduled on our plans. There was no postponing. The only big downtime that's scheduled is the Cubatão downtime which is scheduled for August, and the other ones are minor downtimes.

In the specific case of the postponement of REGAP and REPLAN downtimes, we were having ongoing expansion projects, but since they were not yet mature, we decided to postpone them to the beginning of 2027 after reliability analysis, inspections and so on and so forth. We saw that we were able to guarantee the reliability if we did postpone the downtimes to next year and still expand it. So we would reduce the loss of profit by 45 days.

We have two important expansions at REVAP, REPLAN and REGAP that will lead us to an additional load of almost 10,000 m³ per day of additional load. So we have almost 300,000 of diesel, of which 100,000 come from the expansions and optimizations of refineries with a very low CAPEX, and the remaining 200,000 come from the new diesel plant, the Boaventura HCC and RNEST. Renata with the Engineering will be delivering that at the end of the year. We are going to up the load that's at 140,000 at RNEST, and that's a result of a very important work done by our President. We are going to increase it to 180,000 or 200,000.

So back to your point, we are going to have just the regular downtimes. There were no postponements from the 1H to the 2H. We simply postponed the REGAP and REPLAN downtimes for next year to guarantee the new investments.

But even with the postponement of these downtimes for REGAP and REPLAN, they were scheduled for March, and in April, May, June and July, we had very important results in terms of FUT.

In July, we were able to reach a record-breaking production level for diesel. We reached 101.2 versus 101.1 in the 3Q14. So that was a historical record, with 70% of average yield, 5% above the yield of that previous record. So it gives us more revenue with aviation kerosene and it's a greater result than that of that previous record, with a greater FUT.

So I talked about the FUT, and in July, we reached a historical diesel production record, reaching 3,904 million m^3 of total diesel production in July. So that shows us that our decision was a very positive decision in terms of the scheduled downtimes.

Angélica is always asking us, “is it close to 100%? Is it close to 100%”? So we should not go any lower than that. So we intend to keep on doing above 95%, 98% and those levels of 65%, 67% up to 90%, they are all in the past, always with reliability and with guaranteed safety and security.

So we have 0.3 in terms of the rate of recordable incidents, which is a very good result, way below the best average of our global benchmarks, showing that it is all about the load, the FUT and the reliability of the units.

Magda Chambriard:

I just wanted to reinforce, or to stress what William said, remembering you of two things that we are doing. First one, we are exceeding our targets; and number two, we are replacing Petrobras' refining capacity so that we are able to produce increasingly more value-added products and less regular products. Diesel has been our flagship and the results that you are seeing with regards to diesel are a result of that effort.

Rodrigo Almeida, BTG:

Thank you. Good afternoon. We talked a little bit about opportunities outside of Brazil. So I wanted to go back a little bit to that and maybe talk a little bit about opportunities in Brazil, and mention maybe three projects that I think would be interesting for us to discuss a little bit further. First of all, I wanted to hear from you an update on your thoughts about Tupi. There's the issue of the extension of your concession, or maybe a change. So I wonder if you have any updates on that sense, and what you see moving forward?

And also, another project that saw a lot of success in exploration and it ends next year. So I wanted to hear from you about the project and whether you see the need for any adjustments, and how do you see the economics of that asset?

And then I also wanted to hear about the Equatorial Margin. I would like to hear an update maybe should we expect any news from you over the next few weeks? And I just wanted to hear a little bit about that, Tupi, Alto de Cabo Frio Central, and the Equatorial Margin, if you could please touch on them.

Magda Chambriard:

Let me tell you that Tupi is now under negotiation. Any result that we would tell you from that side would be getting ahead of ourselves. But we have been talking to government institutions in terms of moving forward there.

As for Equatorial Margin, we have said that before, but we continue to drill the block in BM-FZA-59. And in addition to that well, we are also waiting for the permit for other three wells in that block. And if you remember, the license we received last year was for one firm well plus three contingent wells. Nobody looks into an area of that size to drill only one well. So whether we find oil or not, our conclusion is the same: we need to continue to explore this area, which is enormous.

And in this block alone, BM-FZA-59 alone, just to give you an example, our ask for the kickoff is for one firm well plus three contingent wells. So we are now awaiting since that time when we made the request for the permit, an authorization to drill in addition to this initial well, three more contingent wells.

I will now turn over to Sylvia, who will talk more about Equatorial Margin and the Alto de Cabo for you.

Sylvia Anjos:

As Magda said, we are moving forward with negotiations with Tupi. So we have to wait for the assessment of all the stakeholders. As for Equatorial Margin, we are anxiously waiting for the drilling of this well. All our challenges have been surpassed with technology and time. We are moving fast through the learning curve so that we can come to the next wells with a lot more speed and results, but there are still 500 meters to go to reach the reservoir, and this is one that we expect will provide a lot of oil. But if not, we will have to look into the contingent wells so that we can understand what the area looks like.

As I said earlier, we have 32 blocks in the Equatorial margin and huge potential to explore this new frontier. That's what happened with the Campos Basin and the Equatorial Margin. We definitely need wells to be drilled so that we can accurately assess its potential.

The existing potential that we have assessed, thinking about the Suriname, Guyana and Ghana wells have been very positive. So we are now anxiously waiting for the end of the month when we expect to have that well. As I said, this is the eighth and last phase of the well drilling to ensure safety.

And Alto de Cabo Frio Central, this is an area that we are still assessing alongside our partners. This is an area where we have a few challenges because of the high content of oil that we have to return to the Federal Government. So we need a very deep assessment, which is what we are doing right now, with Alto de Cabo Frio Central.

Vicente Falanga, Bradesco BBI:

Thank you. The Company has been very vocal on the media with regards to investments that obviously have been discussed already. But in addition to Africa, the Mexican Gulf and Latin America, recently, we have also read about rare metals and assessment of the Jupiter basin with the potential offshore exploration. How much do you plan to invest in that segment? I understand the rare metals sort of escape the Company's main focus. So I just wanted to understand a little bit about that side.

Fernando Melgarejo:

I think I can start. Indeed, the Company has been growing and improving production. We have been focusing on the Company's operational side. But we have also looked at new opportunities at the same time, and every potential opportunity the Company may seize to generate value to its shareholders.

And everything that comes out in that sense, we have been looking into. We currently have no commitment in terms of investing in what you mentioned. We have made no commitment in that sense. These are only opportunities that we have been discussing and looking into and assessing, both domestically and internationally.

You mentioned Mexico. There's a very positive institutional aspect that may produce benefits for us in the future. But it's important to remember that any investment we make will have to be approved by the Company's governance, which will assess every remaining assessment. We use US$50 flat throughout the process. We need to assess its economic feasibility, and it has to fit our ambitions, which has to have a good fit.

Caio Ribeiro, Bank of America:

Good afternoon, and thank you for the opportunity. I have a question about capital allocation, more specifically with regards to M&A. I wonder if you could add some color to what your priorities will look like with regards to going back to licensing and fuel, or moving into ethanol or even purchasing the Mataripe refinery. And if you could also talk a little bit about the timing of these decisions, when should we expect them to be made? Also the timing for assessments and where it stands today, all of that would be very helpful. Thank you.

Fernando Melgarejo:

I can start and if anyone finds it necessary, you can add to my answer. We remain on track with what's in our strategic planning. That's the driver of our decision-making process. Obviously, we are building and other things may add to what we are doing if we understand that could be positive for bondholders.

In terms of position, we have the noncompete with Vibra, and this will be honored in full, and maybe we can discuss that later and evolve if need be. We have an ambition when it comes to distribution, which is not on the retail side, but rather on the B2B side. We have a few projects in that sense, and they have been progressing well. And what we are seeing, we find very positive.

As for Mataripe, as we said, there's due diligence in place. We have no news in that sense, negotiations have not moved forward so far. But as usual, if anything comes up, we will communicate to the market in due time.

William Nozaki:

I can talk specifically about ethanol. The topic is moving forward. As Melgarejo said, it's still a priority within our business plan. We understand this is a priority segment, and Brazil has maturity in terms of technology and public policy, but negotiations are still ongoing, and in due time, we will be communicating any development respecting the confidentiality and the sensitive aspects involved in negotiations. But in terms of the transfer of energy, this is something we have been looking very closely into.

Angélica Laureano:

It's also interesting to talk about that the distribution of fuel and LPG will always be our goal and will reinforce the strategy to move closer to the market. So whenever possible, obviously, all impediments being removed, we will come back to the market with opportunities.

Eduardo De Nardi:

Thank you so much, Caio, for your question. Fernando, Angélica and Nozaki for your answer. We would like to thank everyone for joining us. This concludes our question-and-answer session, and any additional questions may be sent to our Investor Relations team.

I will now hand it over to Petrobras' President, Magda Chambriard, for her closing remarks. President, please go ahead.

Magda Chambriard:

Reiterating what we said before, Petrobras' performance has been very professional and guided by capital discipline, attention to our projects and our deposits as well as our assets so as to always maximize value with operational efficiency, respect to health and safety regulations.

And that's what's guided the technical Board of Petrobras and its advisory Board as well, with the purpose of delivering to our bondholders, whether in the private or the public side, also guided by capital discipline. Rest assured, that will remain our policy.

Thank you, and I hope to see you by delivering equally satisfying results next quarter. Thank you.

Eduardo De Nardi:

Thank you, Magda. A recording of this conference will be available for replay online. So, good afternoon, and thank you.