

4Q21 Results & Strong Dividends – Walking the Walk

Release Date: Wed, Feb 23 (After Market)

Positive. Petrobras's 4Q21 EBITDA came in 7% below our estimates. Despite weaker-than-expected results, the company announced additional dividends of BRL 2.86/share, which implies a dividend yield of 8.3%. We therefore expect a positive market reaction.

- The company's adjusted EBITDA totaled USD 11.3 billion in 4Q21, 7% below our estimate of USD 12.1 billion.
- Petrobras announced additional dividends of BRL 2.86/share, which implies a dividend yield of 8.3%. Considering the early distribution announced by the company in August and December, the company's total remuneration of shareholders for FY21 stands at BRL 7.77/share.
- We reiterate our outperform rating on Petrobras, as we see it trading at a steep discount to most global players. We expect the company to continue paying strong dividends given its solid cash generation, portfolio optimization and low leverage.

Upstream. As disclosed in Petrobras's production report, domestic oil production dropped 5.2% QoQ, mainly due to: i) the startup of the Búzios co-participation agreement; and ii) maintenance stoppages at six pre-salt platforms. These effects were partially offset by the ramp-up of FPSO Carioca in the Sépia field, which began operations at the end of August 2021.

Realization price averaged USD 77.6/bbl in the period, implying a discount of USD 2.17/bbl to the Brent reference price, compared with the USD 3.93/bbl recorded by the company in the previous quarter. On the expense front, the company reported a lifting cost (excluding government take and leasing) of USD 5.15/bbl, virtually flat QoQ, even with lower production. Looking specifically at pre-salt, this indicator increased to USD 3.24/bbl from the USD 2.53/bbl recorded in 3Q21 – the increase can be largely attributed to well interventions in the Búzios field and higher spending on maintenance of leased platforms, partially offset by the effect of the depreciation of the BRL. Adjusted EBITDA in the segment came in at USD 11.0 billion, broadly in line with our estimate of USD 11.3 billion.

Downstream. Adjusted EBITDA for the segment came in at USD 2.2 billion, significantly above our estimate of USD 1.1 billion, largely explained by: i) stronger-than-expected inventory gains of USD 1.3 billion; and ii) higher-than-expected realization prices.

Gas & Power. The segment delivered a negative EBITDA of USD 647 million, vs. our expectation of a positive USD 370 million. The negative EBITDA performance can be attributed to the fact that the increase in revenue from new contract prices was not enough to offset the negative impact of the increased cost of LNG acquisitions.

Petrobras reported positive adjusted cash flow generation of BRL 31.9 billion, excluding divestments. Our calculation assumes: i) operating cash flow of BRL 51.4 billion; ii) capex of BRL 9.4 billion; iii) financial expenses (excluding amortization) of BRL 2.0 billion; and iv) repayment of leasing liabilities of BRL 8.1 billion.

Petrobras – 4Q21 Results

BRL m	4Q21a	4Q21e	A/E	4Q20a	YoY	3Q21a	QoQ
Net revenues	134,190	123,031	9%	74,972	79%	121,594	10%
EBITDA	62,945	67,621	-7%	35,098	79%	63,873	-1%
Net income	31,504	25,015	26%	59,890	-47%	31,142	1%

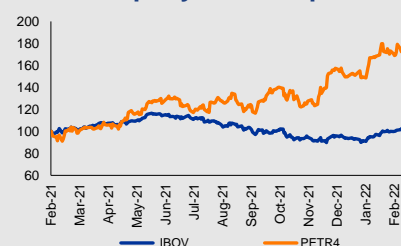
Source: Itaú BBA

Ticker (local)	PETR4
Fair Value (YE21)	BRL 38.0
Ticker (ADR)	PBR/A
Fair Value (YE21)	USD 14.0

Stock Data

Current price	BRL	34.22
Upside (YE21)	%	11.0
52 Week high/low	BRL	34.68/20.48
Shares outstanding	th	13,044,424
Market capitalization	BRL m	446,380
3-mth avg daily vol.	BRL m	2,131
Performance (%)	1m	12m
Absolute	6.2	72.5
Vs. Ibovespa	2.5	76.1

Company x Ibovespa



Source: Itaú BBA

Conference Call Details

Thursday, February 24

Portuguese
10:30 am (BRT) | 8:30 am (EST)
Via teams: [link](#)

English
12:00 pm (BRT) | 10:00 am (EST)
Via Teams: [link](#)

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Outperform	The analyst expects the stock to perform better than market average.	70%	70%
Market Perform	The analyst expects the stock to perform in line with market average.	26%	25%
Underperform	The analyst expects the stock to perform below market average.	5%	4%

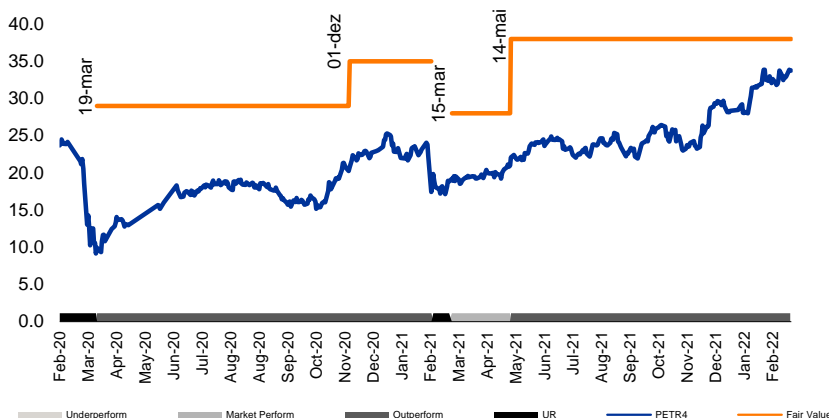
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			1	2	3	4	5	6	7	
Petrobras - Petroleo Bras-Pr	PETR4	34.22	X	X		X				

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Petrobras - Petroleo Bras-Pr



Source: Itaú BBA

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Analysts	Disclosure Items			
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Leonardo Marcondes				

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