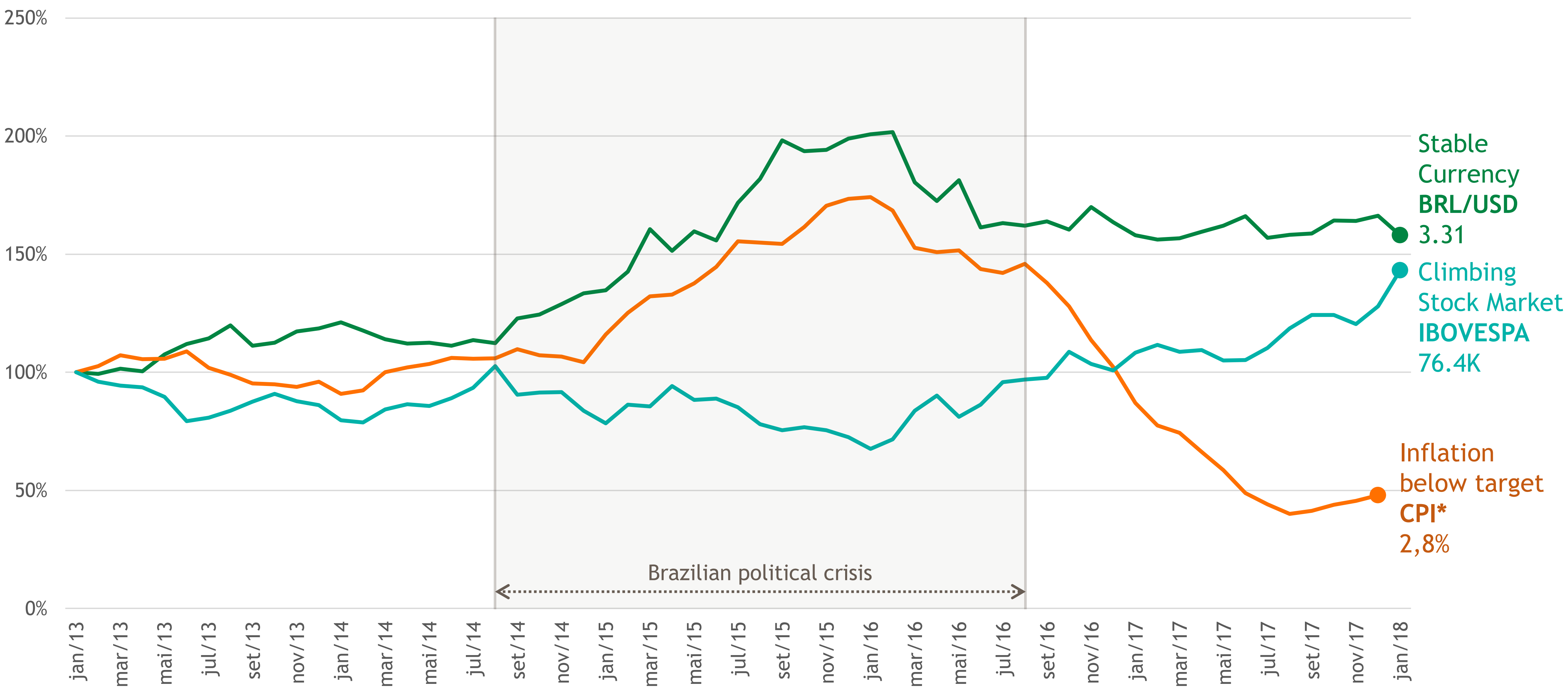
Is the Turnaround Over?

Pedro Parente
CEO

Brazil is leaving the political crisis behind



* Consumer Price Index. Data on Jan 29th 2018

The business environment for O&G is more reliable and flexible

Bidding rounds
Steady rounds schedule
Incentive for entry of new operators

Improvement of the environmental licensing
Faster environmental licenses issuing and reduction of fines

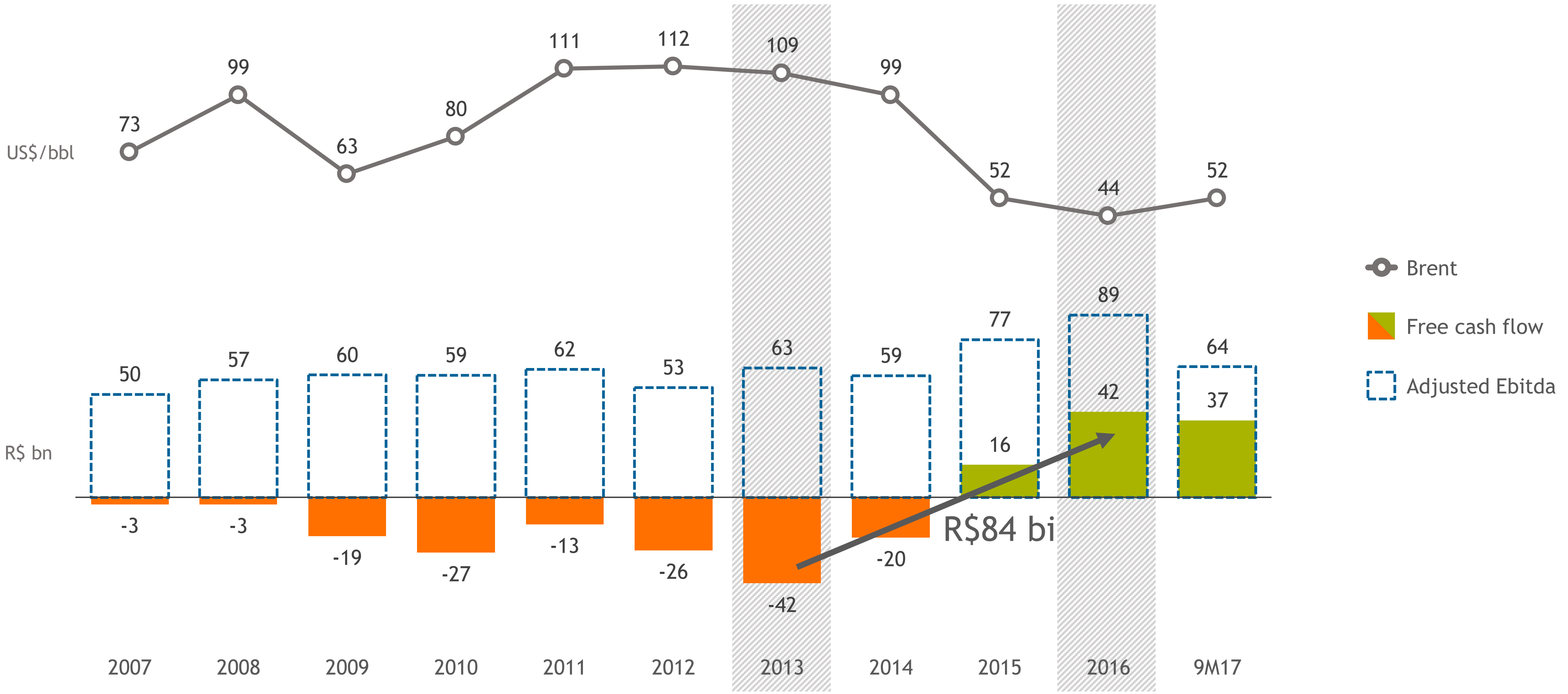
Permanent supply
Long-term opportunities for increased demand

Legal certainty
Greater regulatory stability, providing confidence to stakeholders

Regulatory improvements
Lower local content requirements
Repetro extension

Tax reform
Reform in the legislative structure of taxes, fees and other contributions

Petrobras is ready to resume growth
An impressive free cash flow turnaround of R$ 84 billion from 2013 to 2016



PETROBRAS

BUSINESS AND MANAGEMENT PLAN 2018-2022

OUR MAIN METRICS

Safety

Achieved 2 years ahead of target

1.0 in 2018

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRI)*

Financial

Maintained target

2.5 in 2018

NET DEBT/ADJUSTED EBITDA

*Number of recordable injuries per million man-hours

Safety

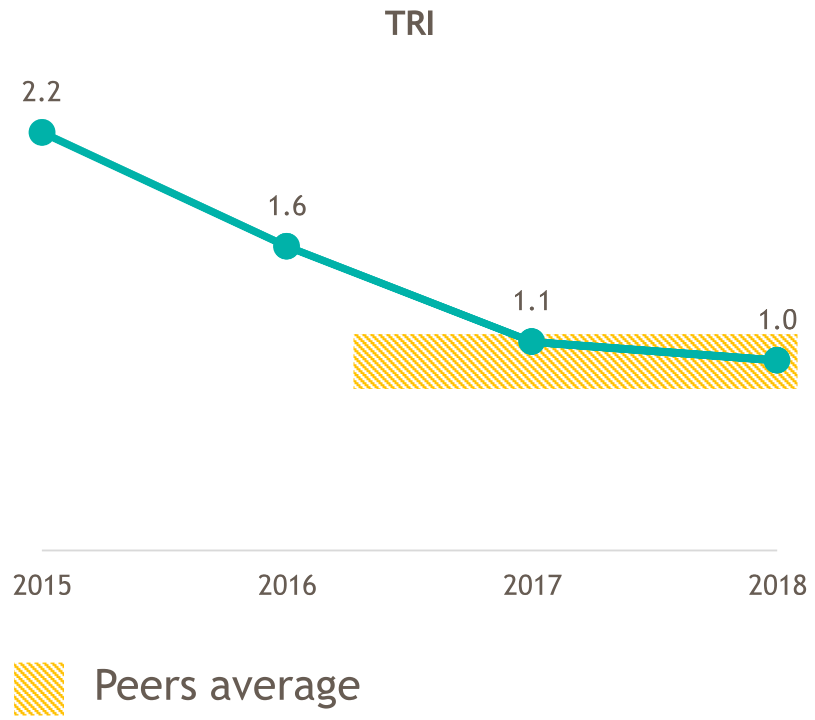
TOTAL RECORDABLE INJURY FREQUENCY RATE (TRI)*

Actual
2.2
2015

Actual
1.1
3Q17

1.0
in 2018

50% reduction

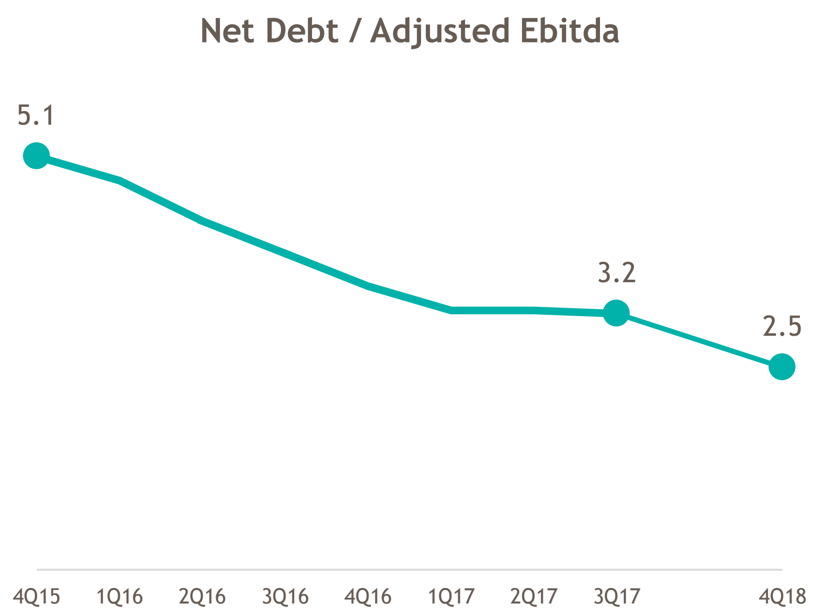


Financial

NET DEBT / ADJUSTED EBITDA

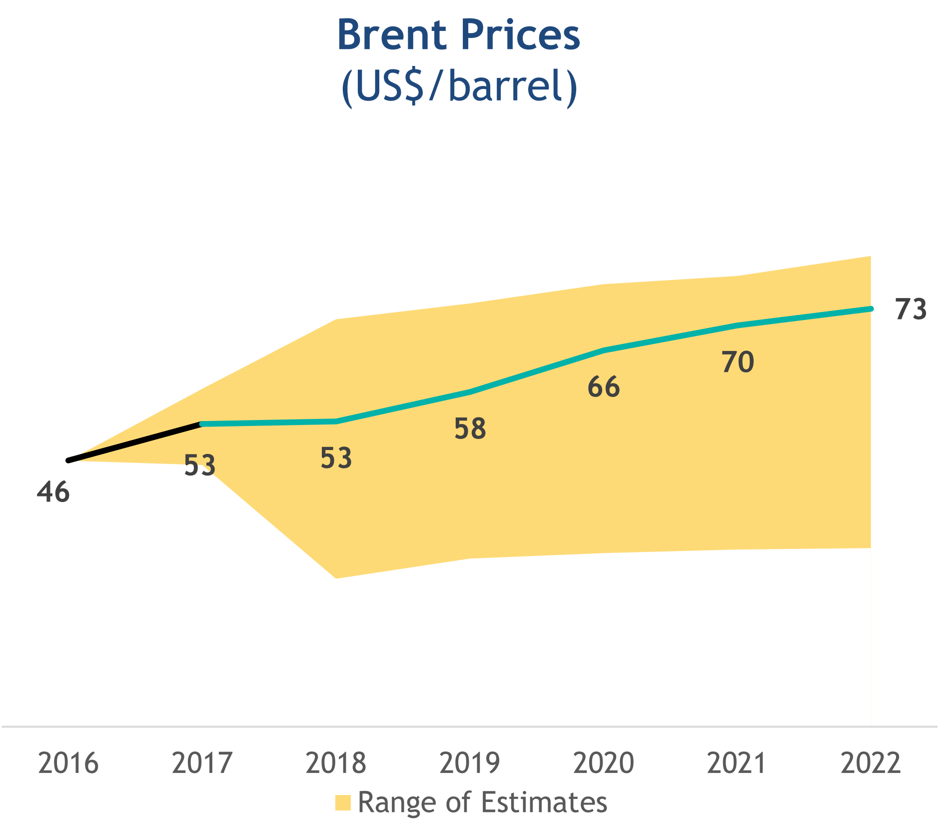
Actual	Actual	
5.1	3.2	2.5
2015	3Q17	in 2018

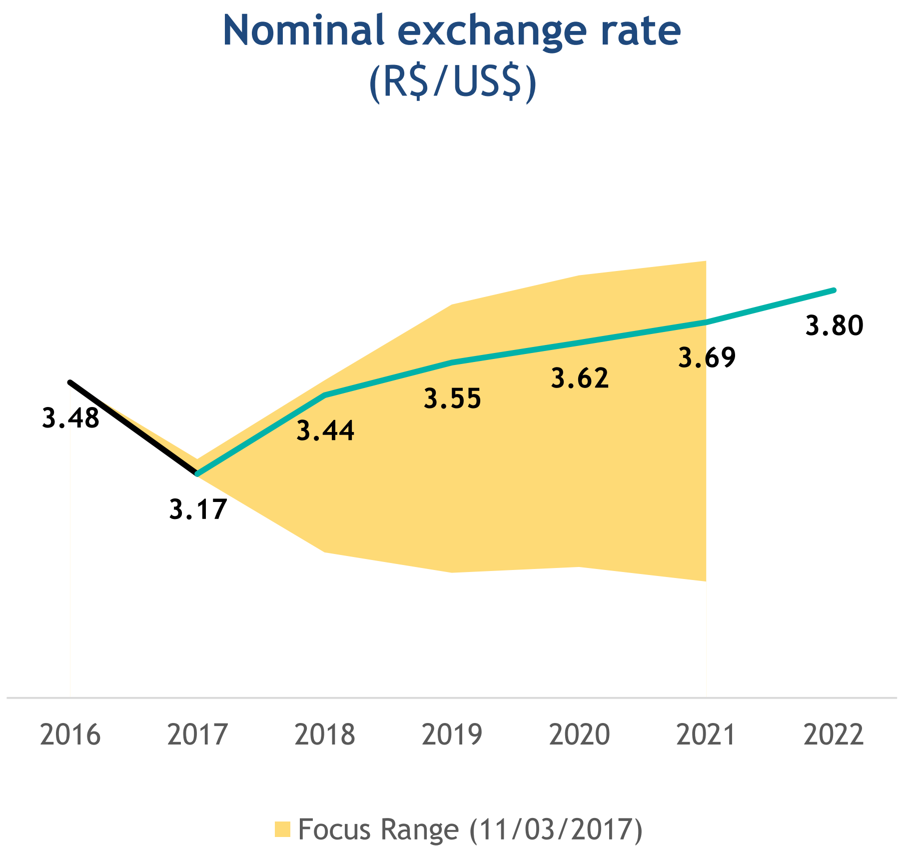
40% reduction



By 2022: metric converges to the global average of the main oil and gas companies rated as investment grade

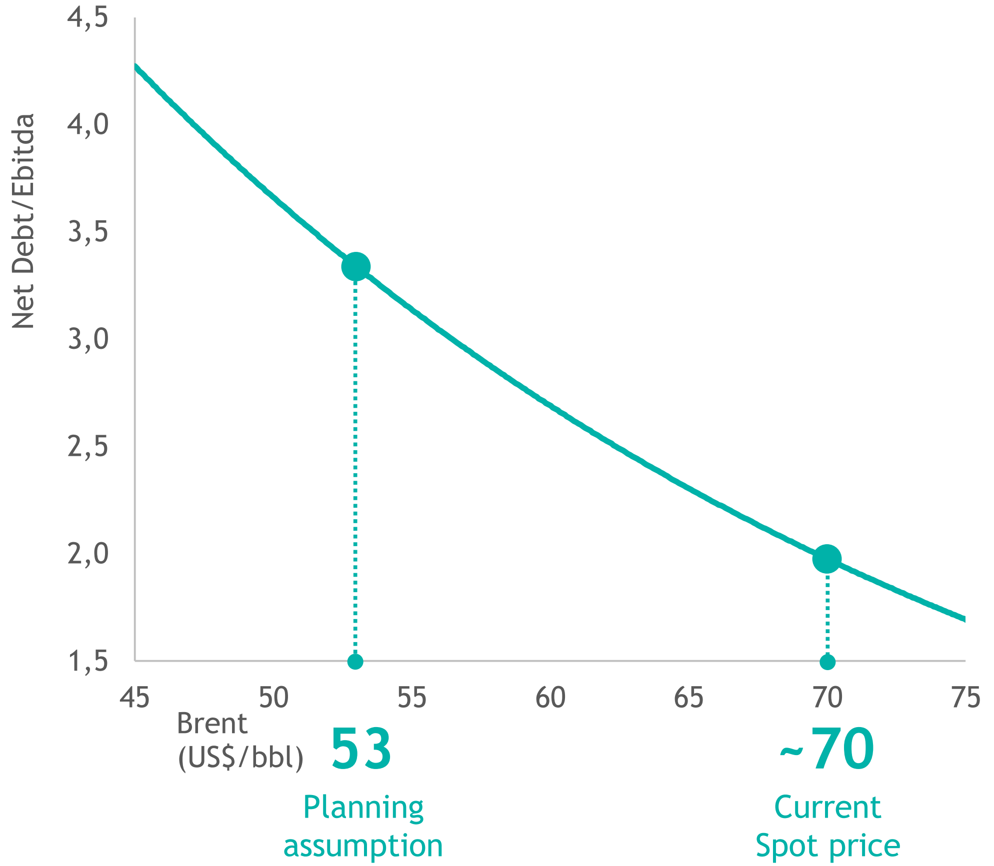
Main planning assumptions





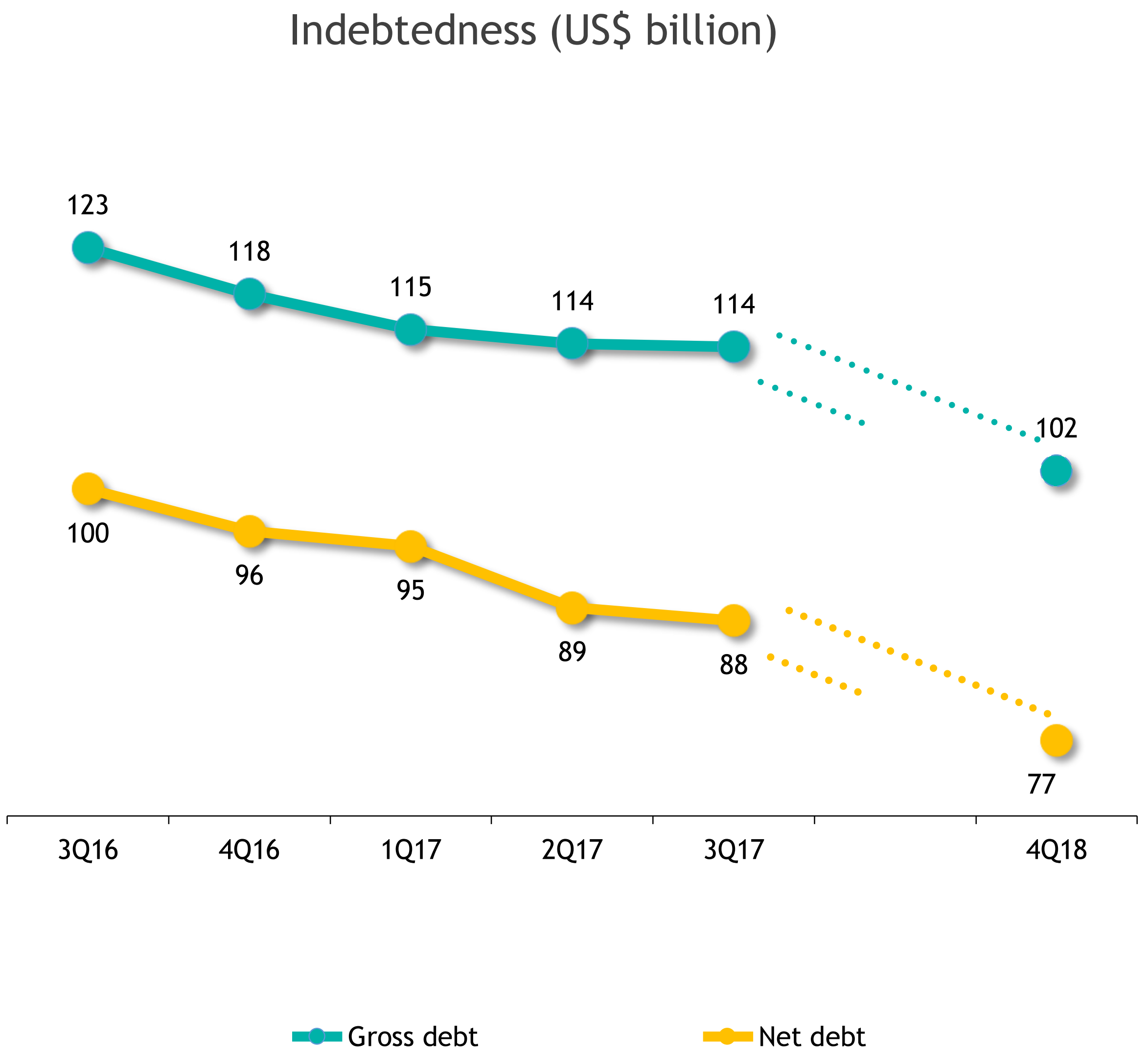
Source of estimates: IHS – Jul/2017 (Scenarios Rivalry and Autonomy), PIRA – Sept/2017 (Scenario Reference, High and Low), EIA – International Energy Outlook Sept/2017 (High Price, Low Price, Reference). 2017 values represent the average until Nov 7, 2017.

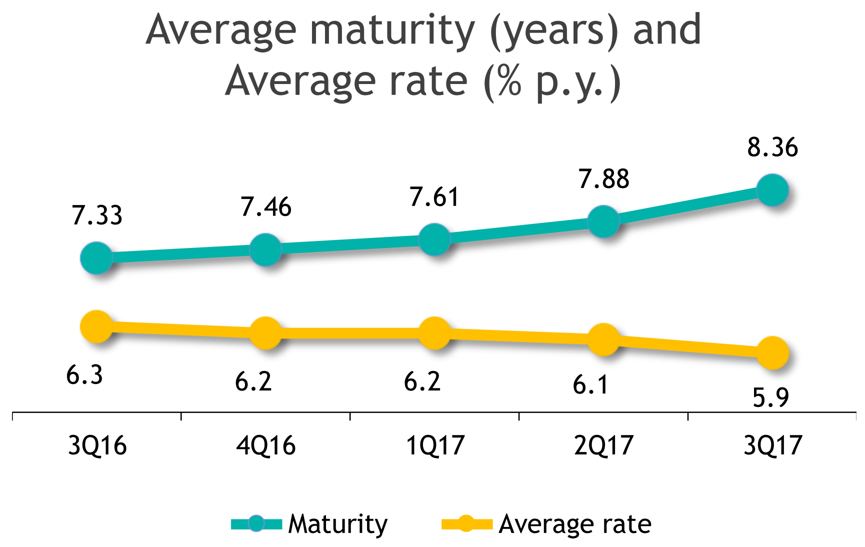
Net Debt/EBITDA Sensitivity to Brent

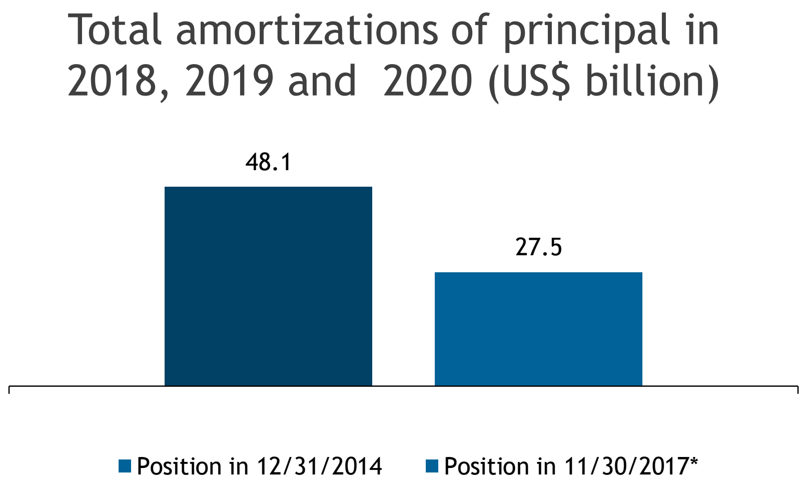


	BRENT US$/BBL	Net Debt / Adjusted Ebitda
	50	3.7
Planning assumption	53	3.3
	60	2.7
	65	2.3
Current Spot price	~70	2.0
	75	1.7

Continuous reduction and improvement in debt profile







* Does not include pre-payment of US$ 2.8 billion with CDB (due in 2019)

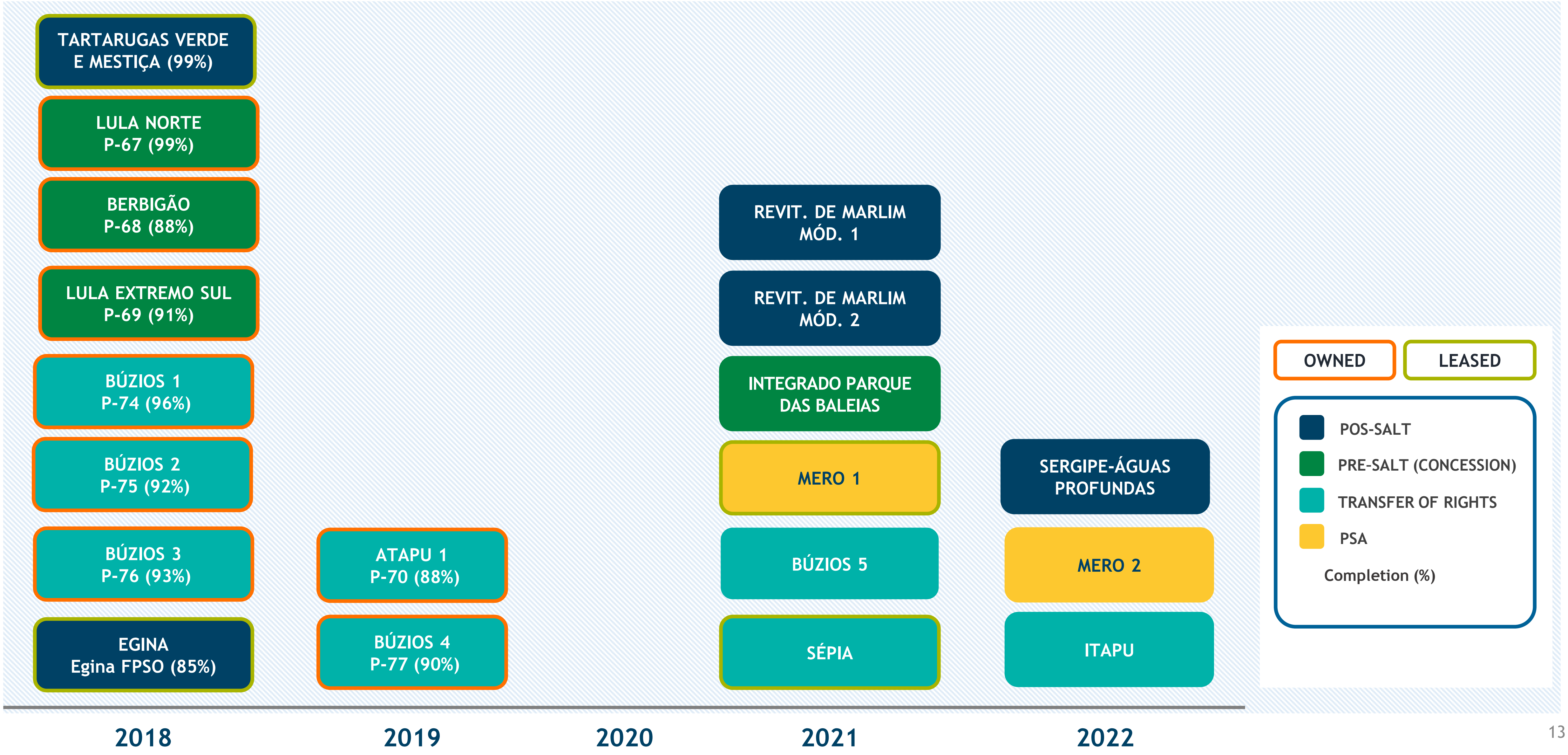
Additional initiatives with impacts on cash flow

Increase in market-share through an active pricing policy

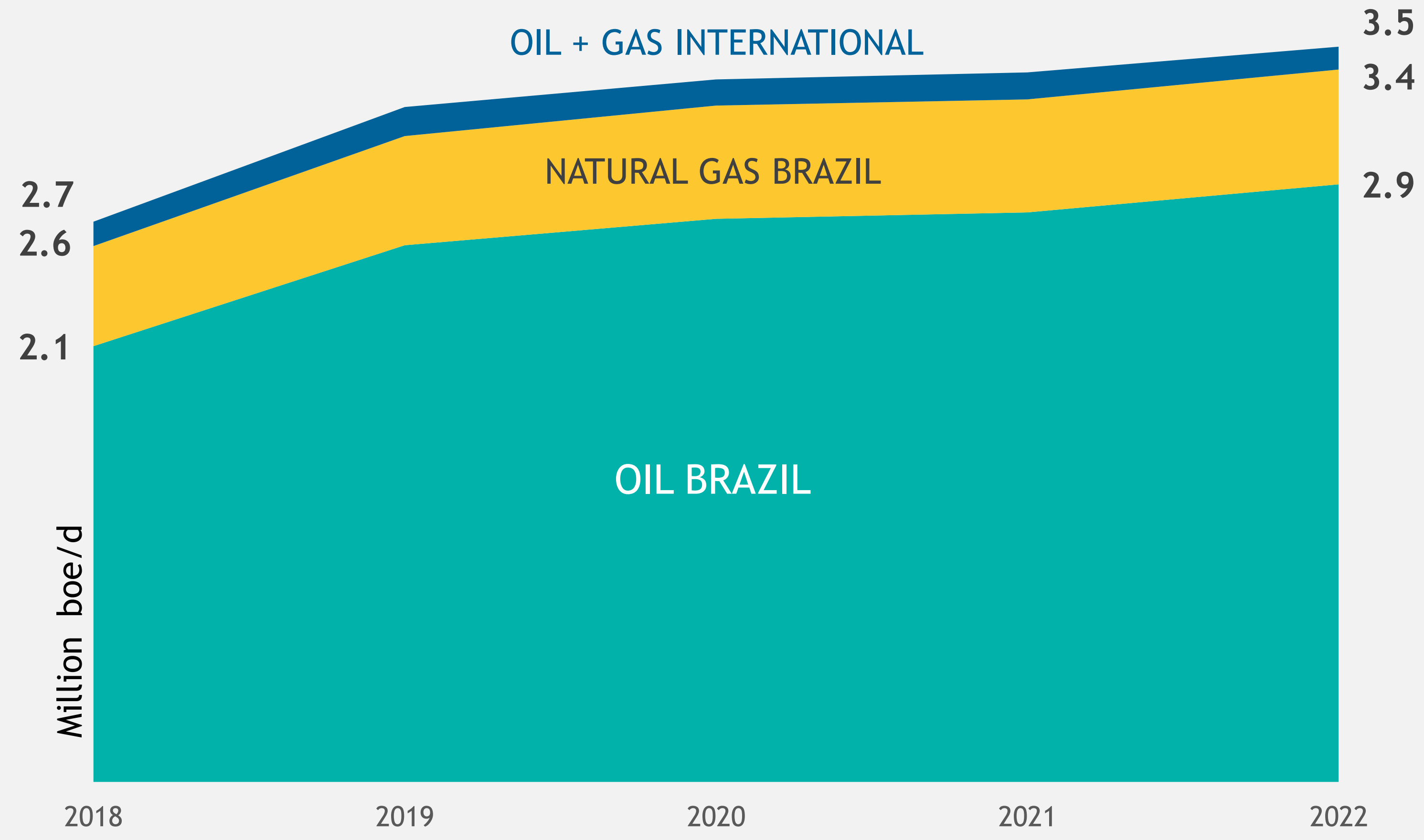
Additional reduction of expenditures (opex and capex)

Accelaration of the divestment program with an increase of US$ 5 billion on the potential divestments portfolio

Start-up of 19 new production units by 2022

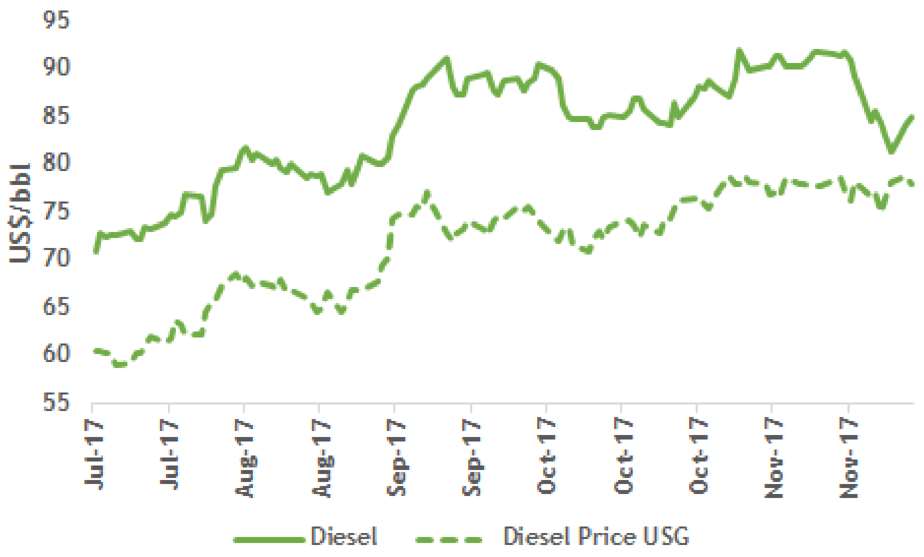


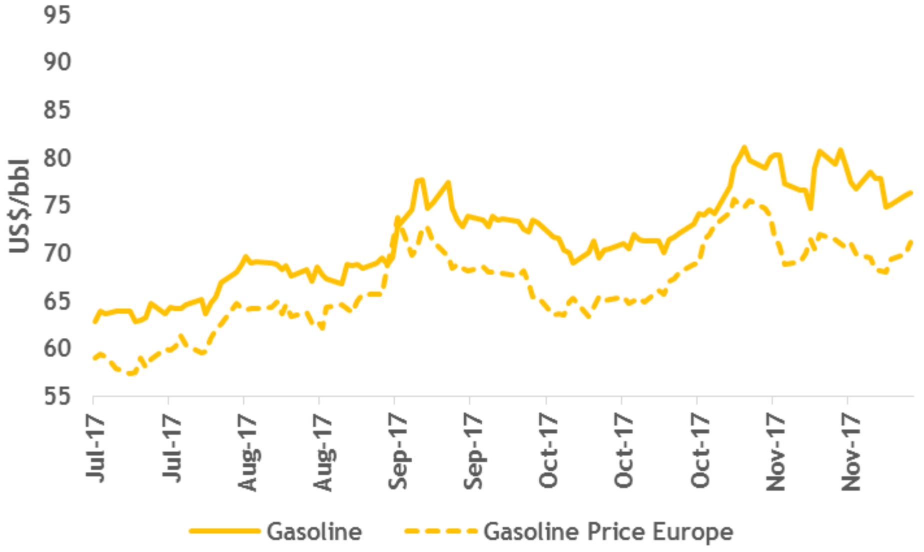
Oil and gas production growth



Note: Considers divestments

Consistent pricing policy

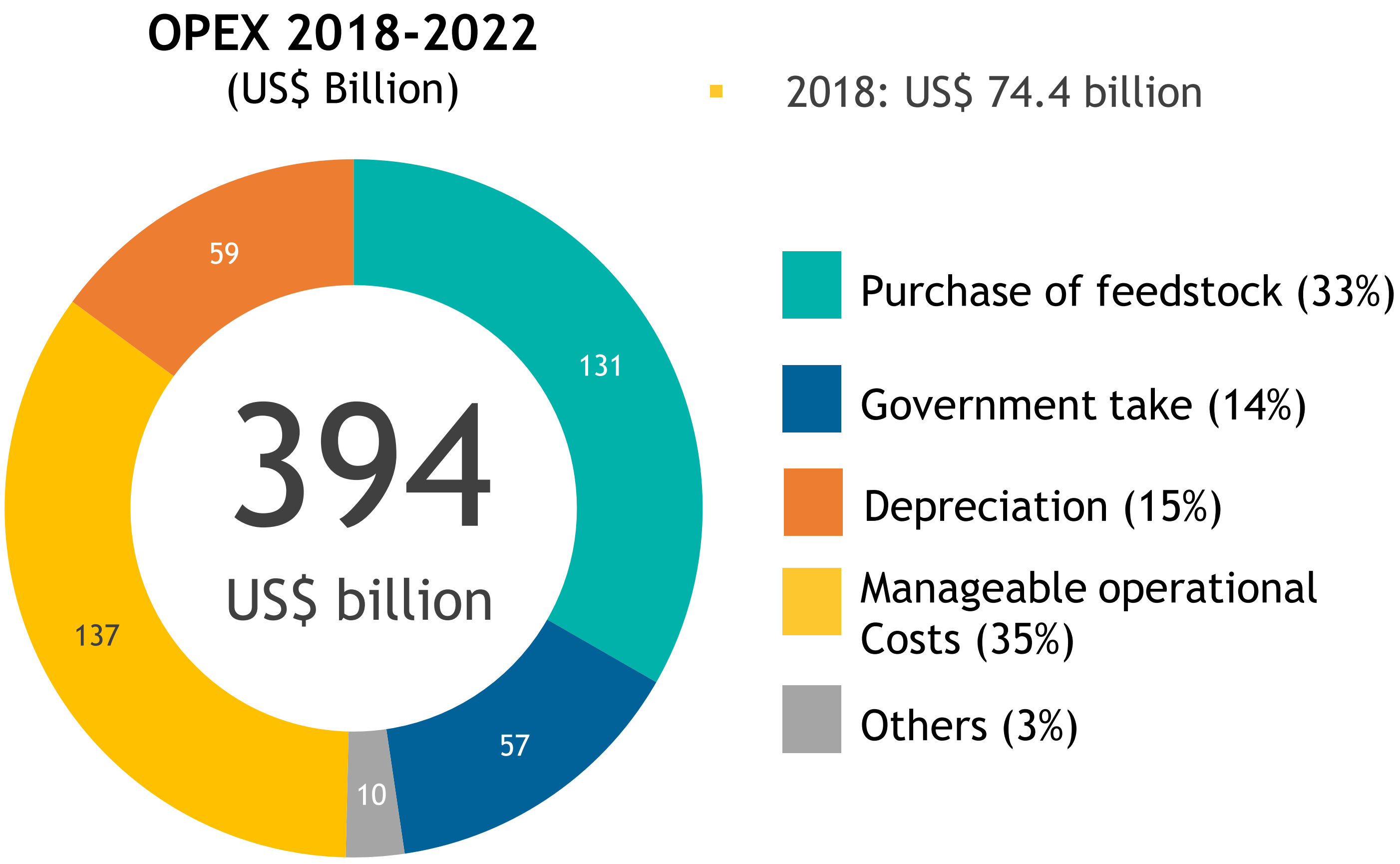




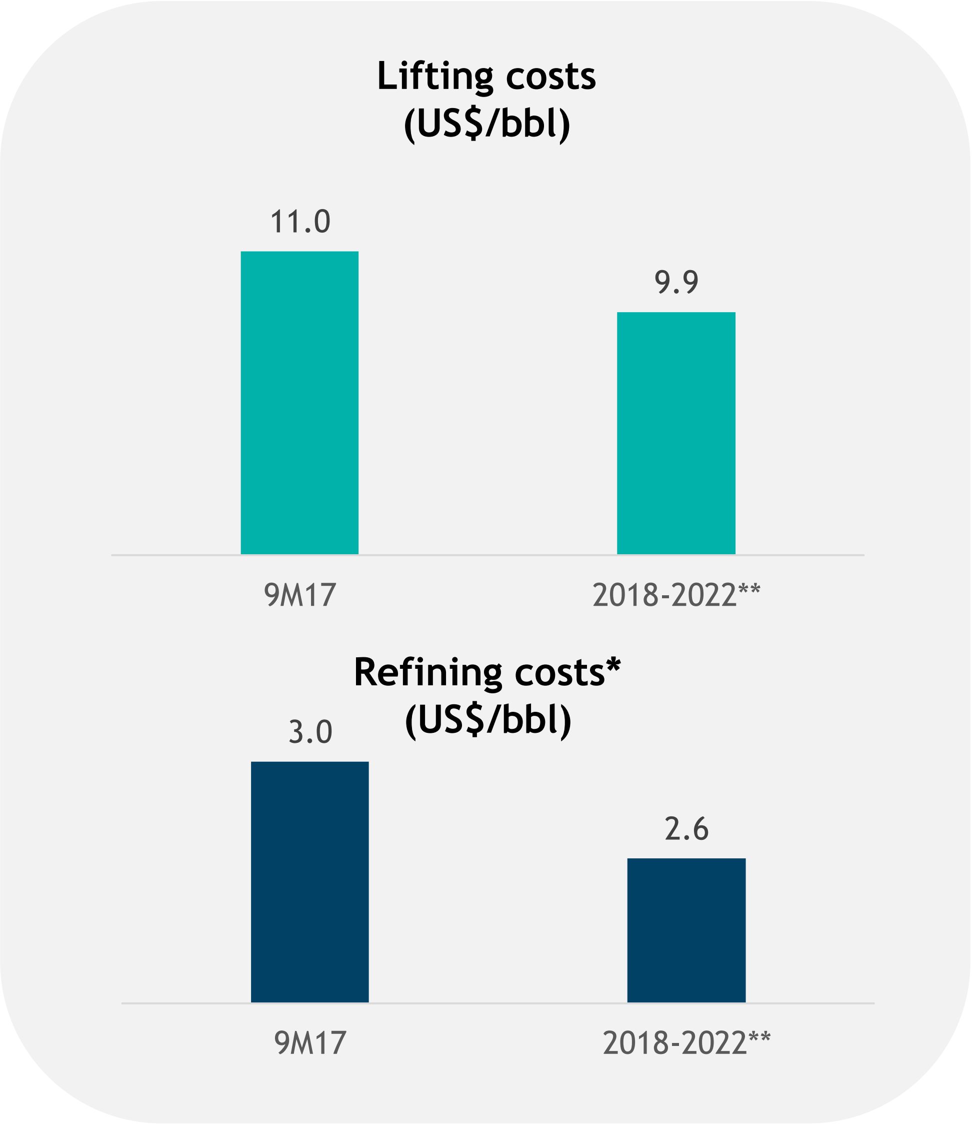
Key Drivers

- International prices parity
- Competitiveness

Costs under control



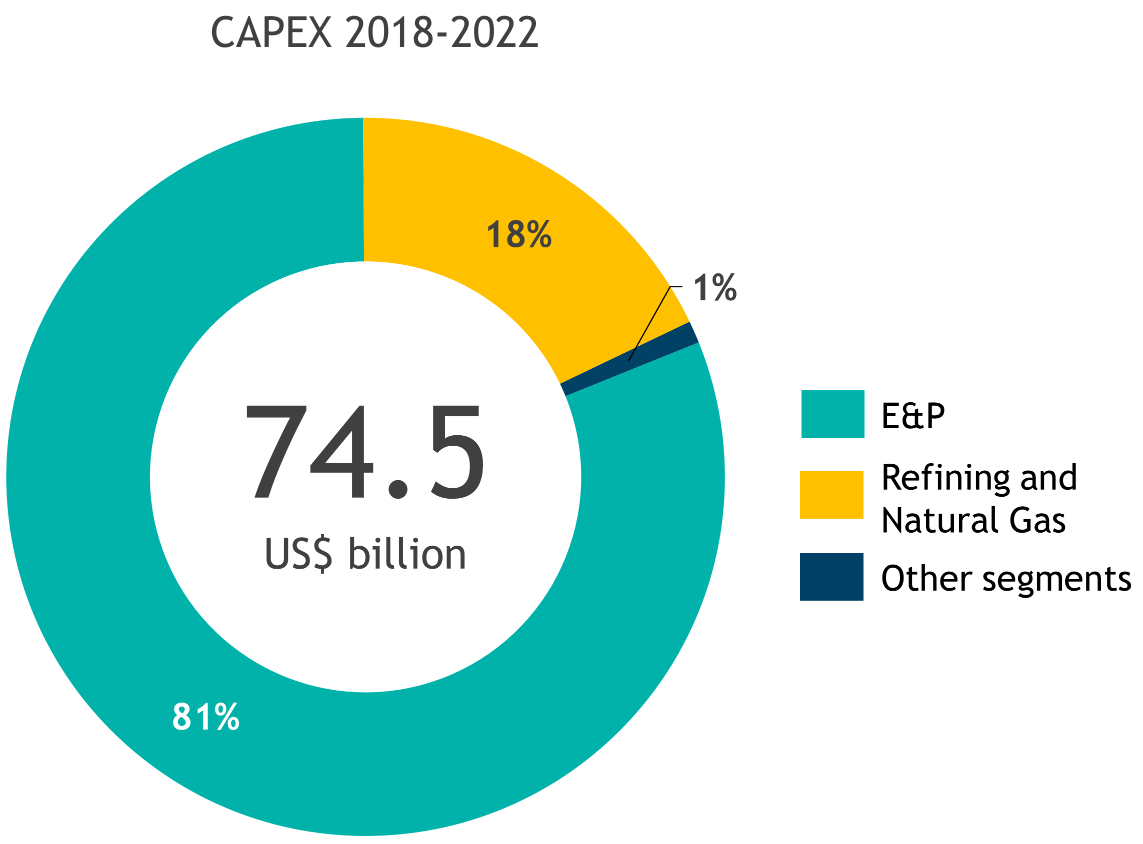
- 2018: US$ 74.4 billion



* Average cost of the BMP – Brazil and abroad
** Average cost of the BMP – Brazil

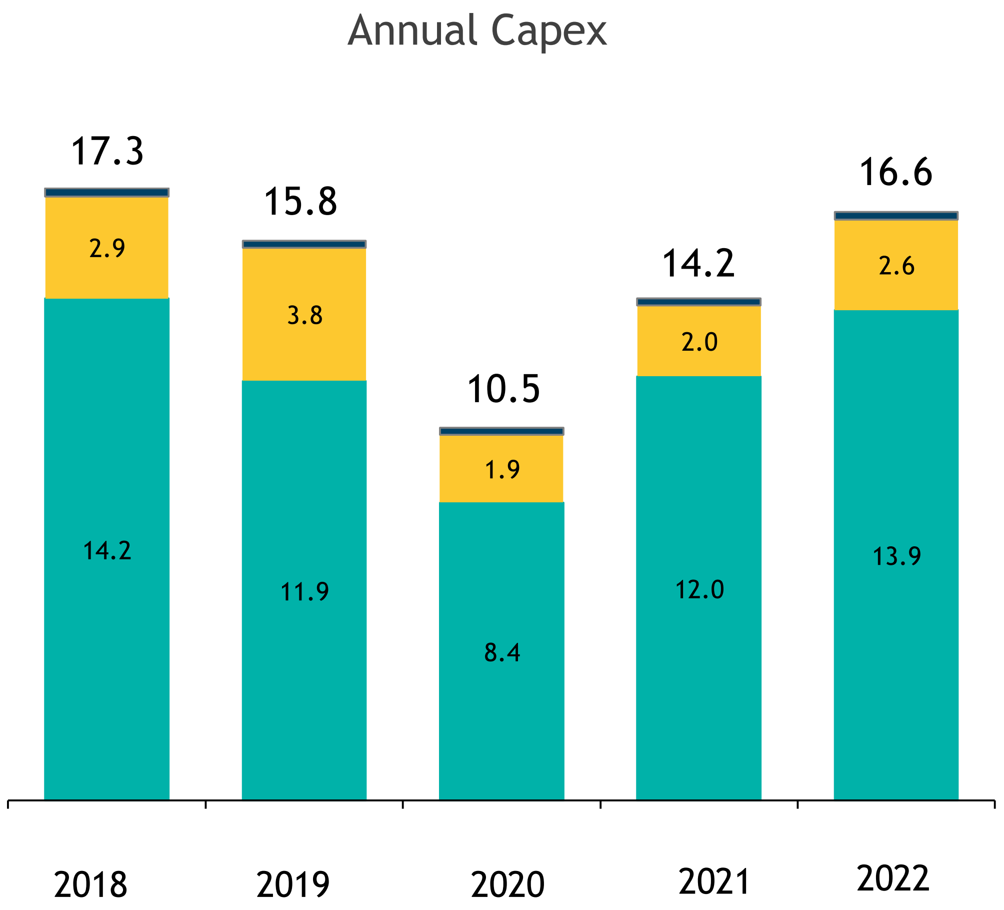
* Brazil
**Average of 2018-2022 BMP

And focus on the most profitable invesment projects

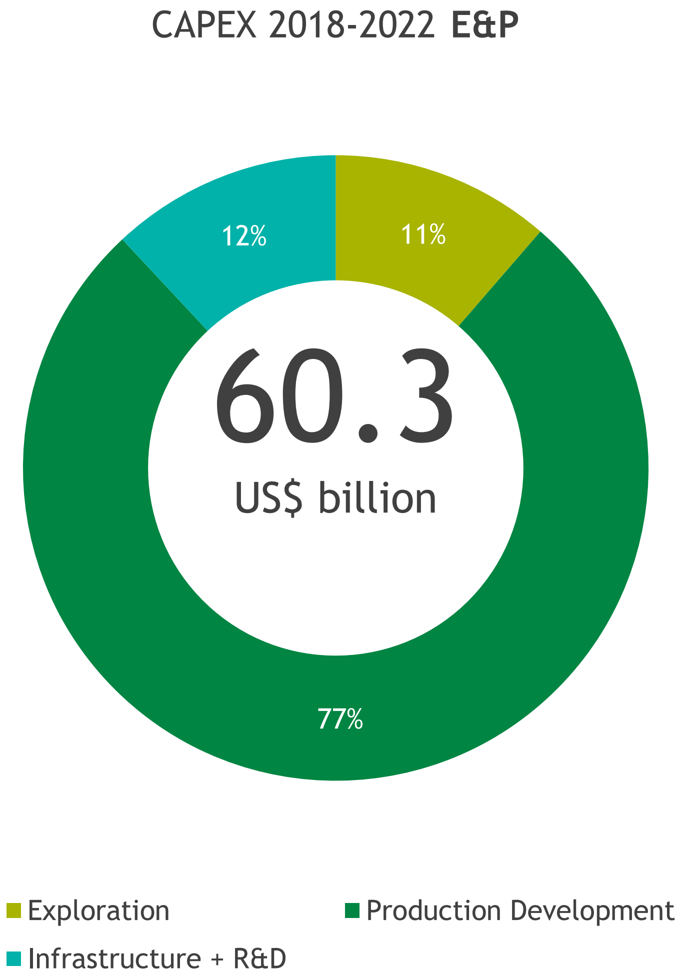


Note: incorporates reductions from divestments

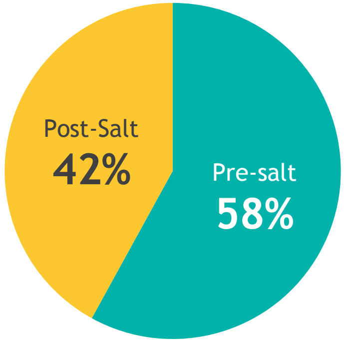
Capex was maintained at the same level of the previous plan



E&P Investments

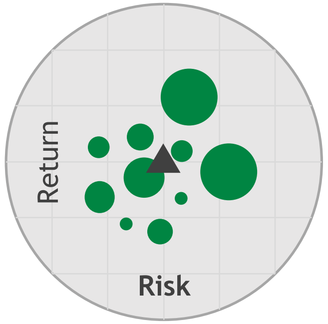


Investments by layer



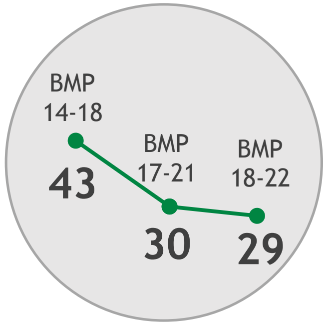
58% of the 2018-2022 capex will be deployed on the pre-salt, which presents a higher profitability relative to post-salt assets

Active portfolio management



Value increase associated with capex allocation, strategic partnerships and divestments

Reduction on break-even Brent



Focus on the most profitable projects

Competitive costs

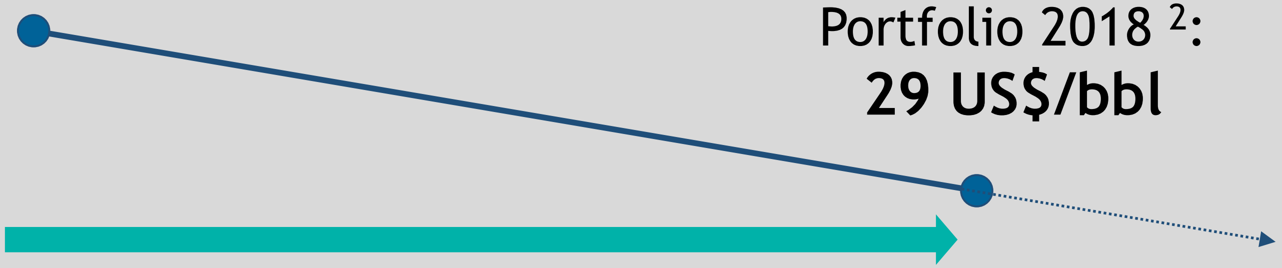
Resilience to the price levels

Building a competitive upstream portfolio in a lower price scenario

Competitive portfolio breakeven
Point-forward breakeven reduction of 30%

Portfolio 2014 [1]:
43 US$/bbl

Portfolio 2018 [2]:
29 US$/bbl

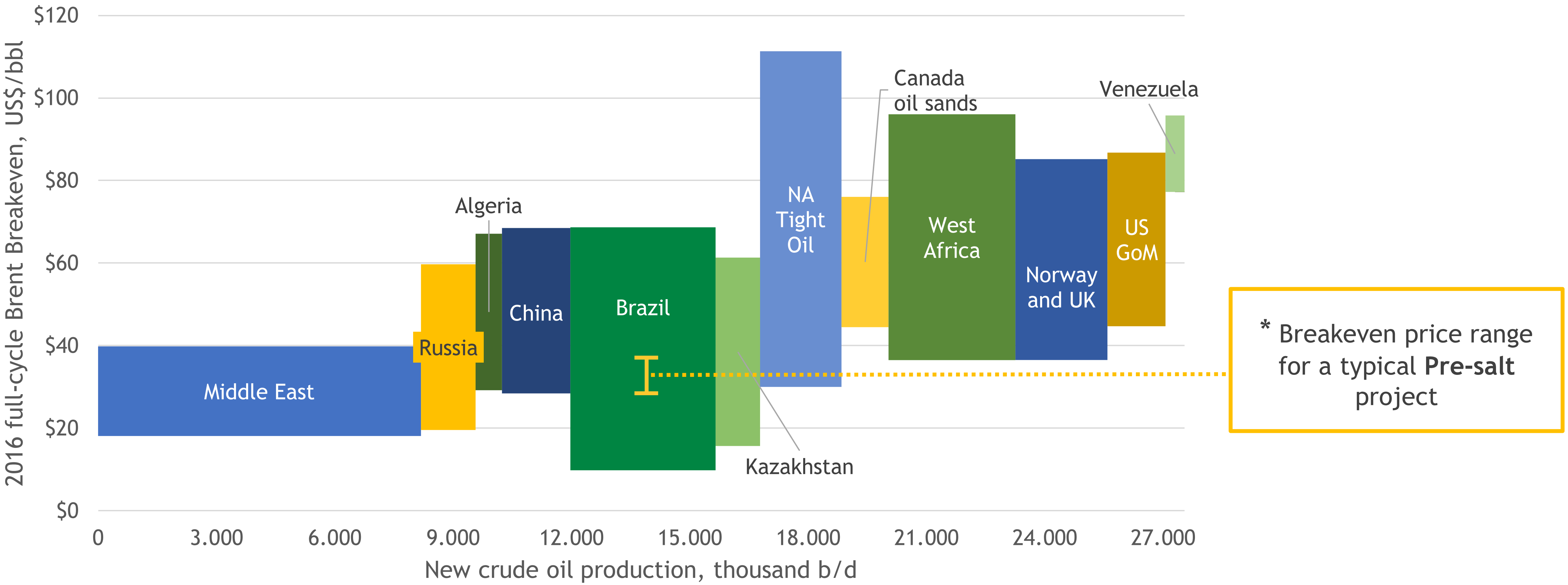


- Pre-salt knowledge base
- Technology development
- Portfolio management & selectiveness
- High productivity and low lifting cost

- Selectiveness for new exploratory opportunities
- Preemption rights in pre-salt areas
- ToR [3] renegotiation
- Better regulatory and tax framework
  - Lower local content requirements
  - Renewal of special tax regime (Repetro)

1) BMP 2014-18
2) BMP 2018-22
3) Transfer of Rights

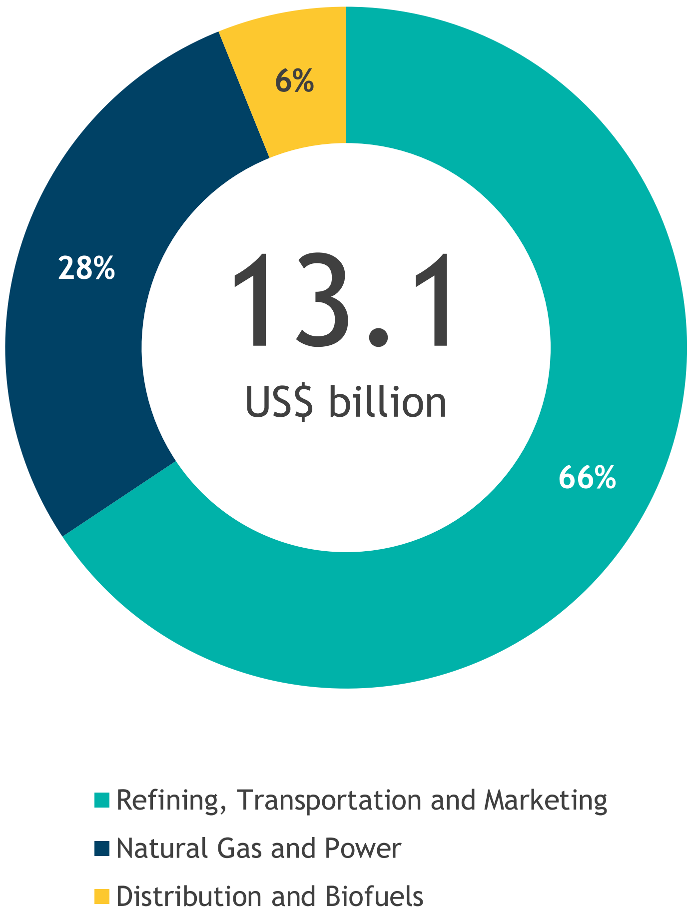
And great competitiveness worldwide



Sources: IHS Markit 2016; *Petrobras

Refining and Natural Gas Investments

CAPEX 2018-2022 **RNG**



Natural Gas Logistics

Investments in pipelines and natural gas processing units to offload pre-salt production

Diesel Quality and Refining Expansion

Investments focused on diesel quality and the 2nd phase of the RNEST refinery, for which we are seeking partnerships

Operational Maintenance

Investments in safety, maintenance and focus on the assets' operational efficiency

Maintenance of our partnership and divestment program, with a target of US$ 21 billion for the biennium 2017-2018

Total of **US$ 4.5 billion in** 2017

IPO	Strategic Alliance	Divestment Program
IPO of Petrobras Distribuidora	Partnership with Statoil in the Roncador Field in the Campos Basin	Sale of Azulão Field
R$ 5 billion	**US$ 2.9 billion**	**US$ 55 million**

Strategic Alliances

TOTAL

- Partnership in Lapa and Iara fields
- Partnership in Termobahia
- Agreement for alliances in the upstream and downstream segments and technological cooperation covering the areas of operation, research and technology
- Signed deals of US$ 2.2 billion

CNPC

- Consortium to explore the area of Peroba
- MOU for cooperation in opportunities in Brazil and abroad in all segments of the oil and gas chain, including potential financing arrangements.

bp

- Consortium to explore the areas of Peroba and Alto de Cabo Frio Central
- LOI for cooperation on exploration, production, refining, gas transportation and marketing, LNG, oil trading, lubricants, jet fuel, power generation and distribution, renewables, technology and low carbon initiatives

ExxonMobil

- Consortium to explore 6 off-shore blocks in Campos Basin
- MOU for cooperation in exploration, production, gas and chemicals both inside and outside Brazil.

Statoil

- Partnership in the Roncador field in Campos Basin
- Strategic agreement for technical cooperation in order to increase recoverable volumes
- Sharing of gas exports infrastructure
- Signed deals of US$ 2.9 billion

Ongoing divestments

- 70 onshore fields
- 31 shallow water fields
- Distribution in Paraguay
- North/Northeast Gas Pipelines
- Fertilizer Units
- Upstream assets in Africa
- Divestment of BSBios

Teaser	**Non-binding phase ***	**Binding phase**	**Closing**
		Sale of 90% of Transportadora Associada de Gás S.A. ("TAG")	
	Assignment of all rights in shallow-water fields	Divestments in the Fertilizer Sector (Ansa e UFN-III)	
Sale of 100% of PBIO's stake in BSBIOS	Divestment of 100% equity interest of Petrobras Oil & Gas B.V. ("POGBV")	Sale of Maromba Field (RJ)	
Assignment of all rights in five sets of onshore fields (CE, RN e SE)	Assignment of all rights in three sets of onshore fields (RN e BA)	Sale of Assets in Paraguay	Sale of Azulão Field (AM) US$ 54.5 million

New process for partnerships and divestitures

Approval by Top Management and contracts signing

** If applicable*

PAVING THE FUTURE

We are recomposing our exploratory portfolio

NEW AREAS ACQUIRED

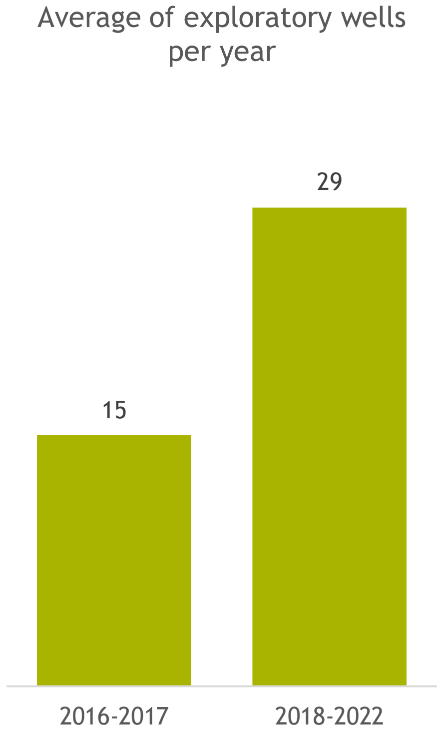
14th Concession Round + 2nd e 3rd Production Sharing Rounds

- **10** new exploratory blocks
- **11.4 thousand km² of** exploratory area (increase in 17% of our actual portfolio)
- **R$ 2.9 billion invested in signature bonus**

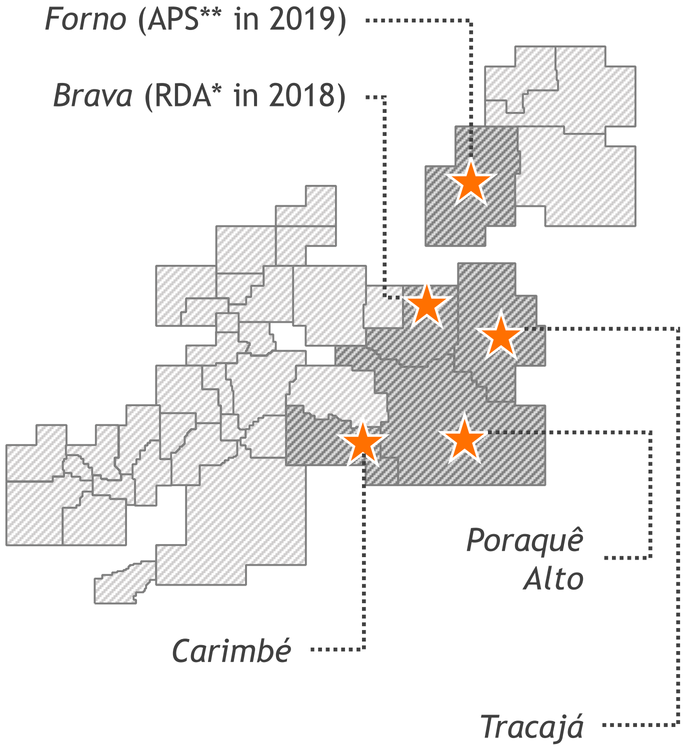
By 2019

\+ **4** bidding rounds
\+ **2** rounds for marginal accumulations

RESUMED EXPLORATORY ACTIVITIES



NEW DISCOVERIES ON CAMPOS BASIN PRE-SALT



* RDA: Reservoir data acquisition ** APS: Anticipated production system

And improving our governance and management

GOVERNANCE STRENGTHENING

- Internal investigations commissions
- Independent denunciation channel
- Correction Committee
- Integrity Due Diligence on partners and suppliers
- Participation on compliance forums
- Business Pact for Integrity and against Corruption
- Improvement of the compliance and ethics culture throughout the company

NÍVEL 2 BM&FBOVESPA

We've applied to join B3's Level 2 Corporate Governance listing

HUMAN RESOURCES POLICIES

- Establishment of the culture of meritocracy
- Compensation and career models enhancement
- Workforce reallocation driven by efficiency
- Development of technical and managerial knowledge

CLASS ACTION SETTLEMENT

- We agreed to pay US$ 2.95 billion – and we firmly believe it is in the best interest of our shareholders, given the risks of a verdict
- All pending and prospective claims by purchasers of Petrobras securities in the US would be resolved, putting an end to uncertainties, burdens and costs of protracted litigation
- We will continue to pursue all available legal remedies from culpable companies and individuals
- Ongoing proceedings with the SEC and DOJ

In a nutshell

- ✓ The landscape for investments in Brazil has dramatically improved, specially for O&G
- ✓ We consistently delivered our goals, both operational and financial
- ✓ We will increase our production by 30% in the next 5 years
- ✓ Our governance and management systems are now much more consistent and reliable

Obrigado!

Thank you!