



**International Conference Call
Petrobras
Extraordinary Call
November 8th, 2019**

Operator: Good morning, ladies and gentlemen. Welcome to Petrobras webcast and conference call with analysts and investors concerning the results of ANP Bid Rounds.

We would like to inform you that participants will follow the transmission by internet and telephone only as listeners. After an introduction, a Q&A session will begin, at which time instructions on how to participate will be provided.

If you need help during the conference call, please call the operator by dialing *0.

Attending today we have:

- **Mr. Roberto Castello Branco, Petrobras' CEO;**
- **Mrs. Andrea Almeida, Chief Financial and Investor Relations Executive Officer;**
- **Mr. Carlos Alberto Pereira de Oliveira, Chief Exploration and Production Executive Officer;**
- And other company executive officers.

We will start by listening to **Petrobras' CEO, Mr. Roberto Castello Branco**, with the main highlights. Then the attendees' questions will be answered.

Mr. Roberto, you may proceed, please.

Mr. Roberto Castello Branco: Thank you. Good morning everybody. It is a pleasure to be here to exchange some ideas. I have with me Andrea Almeida, our CFO, I have Capo, our Executive Director of Exploration and Production of Oil and Gas.

Over the last 30 days, we had in Brazil 3 bid rounds conducted by the National Oil Regulator (ANP), 45 blocks of oil were offered, and Petrobras bid for only 5, out of which, we were successful in 4 bids. This shows our discipline on capital location; we don't want to buy exploratory blocks or even reserves at any cost.

The most important of these bid rounds was the so-called Transfer of Rights (TOR) auction, that was expected for a long time. Only this year, due to the work of Petrobras in the Ministry of Economy and Mines and Energy, we reached an agreement and made the dream come true.

And the most important thing of this auction was the acquisition of Búzios. Petrobras have a stake of 90% and 10% is equally divided between China National Petroleum Company and China Offshore Company.



What is important about that? Búzios is a world-class asset, low risk, low lifting cost and resilient to a scenario of low oil price, as well as, let's say, US\$45 per barrel, or even US\$40 per barrel. Low risk because we are there, we already exploit and produce Búzios. Our production there reached 600,000 barrels of oil equivalent per day, so we don't need to invest in exploration anymore, this is very important because it reduces the Capex needed to develop the field and accelerates its development. That is very important, time is very important.

Second, it's low lifting cost because we are able to extract oil at a price of roughly US\$4,00 per barrel. So it's very consistent with the strategy. As you can remember, they have initiated a strategy based on 5 pillars: First, we aim to increase return on capital employed; second, deleveraging and reduction of the cost of capital; third, a relentless search for low-cost; four, meritocracy; five, safety of operations and respect to people and environment.

Búzios is an asset which is called a typical example of an asset in which we are the natural owner. We are the ones that are able to extract the maximum return possible. Petrobras is by far the global leader in exploration and production in ultra-deep waters. The acquisition of Búzios consolidated our leadership as Búzios is the largest offshore field in the world.

In terms of deleveraging, our plans remain intact; nothing changed. It is going to be a large cash disbursement, in total for the Consortium about US\$17 billion, out of which Petrobras will go with US\$15.3 billion, but as I have said before, by the end of this year we are going to see no increase in our debt. We remain the same, we maintain our goal of deleveraging, our net debt to Ebitda of the 1.5 times by the end of next year, our dividend policy remains the same, no change at all, our portfolio management will continue the same, we still have a lot of opportunities, we have a very large pipeline of divestments, and we remain the same position; we used to be very boring guys [laughter], we always say the same: "there is no deviation of our strategy".

Last but not least, one important point about the acquisition of Búzios was the fact that, due to several years of no auctions of exploratory blocks in Brazil due to the financial crisis that forced Petrobras to reduce dramatically its investments in exploration, the acquisition of Búzios buys a future for Petrobras as an oil company. This future was seriously endangered by all these unfortunate events of the past. Now we feel safer to continue as a global player in the oil market.

So, having said that, I will pass to Mrs. Almeida for her comments.

Mrs. Andrea Almeida: Okay, good morning everybody, thanks for joining us today. I think we really wanted to set just a message before you start asking some questions, and as Roberto mentioned already, we will close the year with the same level of debt that you saw in the third quarter, or even lower. And why? I think you have seen over the quarters that we have been working or we



kept a higher level of cash, and definitely we will be using the cash that we have in hands and the cash that will generated, and this will be basically how we are going to get to the same level of debt.

Regarding our goals, so again, as Roberto already mentioned, we will pursue the net debt to Ebitda of 1.5, so that continues to be the same, and how we are going to get there I believe it will be a combination of lots of things that we will be doing. The portfolio management definitely will continue, even deeper, that's what we will be doing, so we will be looking, as Roberto said, portfolio management it came to stay, it's nothing that we do one quarter and then we don't do anymore. So we will be looking at the portfolio and seeing what we can do and what we can execute faster so as we can... this will help us to get there.

Another way will be: We will be setting payments from our partners as a compensation of the deferred production. So that flow of pavements we will work to discount that to receive cash as soon as possible, and to do that we will have to finish the co-participation agreement, and definitely we will work very hard with them, and it's a commitment they want that as well, that we should do it as fast as we can. So we will be working hard to finish that.

And after this is finished, they even can, as you know, increase their participation. So this could be another way that we can get some money to get to the level of the deleverage. So we will have plenty of tools how to get there, and we are 100% sure we did the right thing this week.

I will pass the words to Carlos Alberto right now.

Mr. Carlos Alberto de Oliveira (Capo): Good morning everybody. Just to comment about the importance of our participation on the bids that took place in the last months. As Roberto said, there were 3 bid rounds processes and we were very, very selective. On the first process, 36 blocks were offered, we took part and made bid for 2 and then at the end we acquired 1 block, and we were very selective as well on the TOR surplus bid prices, that was last Wednesday, and also yesterday when we just paid for 1 block, which was the Aram block.

Those blocks are very important for us in the sense that, in the past, when the company was suffering with financial problems, we decided to reduce our investment in exploration based on the fact that in the future we could replace our reserves with the TOR surplus auctions that would happen in the future. That was an assumption that was made, and then when we realized that it was very important for us to have a very important participation on the Búzios field, particularly because on the conditions that it was offered in this auction, it was an asset where we see that there is a very low risk, in fact, there was no geological risk in the asset, production is outstanding, and in fact, we have reached 600,000 barrels of oil equivalent per day on the asset with 4 platforms already, and also we are going to put another platforms on stream, we have been having lifting costs on the field, and we plan to install in this field with the buying and acquiring of the rights to exploit and produce in the rest of the field,



the intention is at least of to double the number of FPSOs that we have already planned, so at least 5 more units in this field.

So there is a lot of perspective in this field, it is very important and we see that we are doing to do some investments, but the investments that we are going to do in this field will just appear at the end of 2023 mainly, so it's also something for the short-run, and we see that it's very resilient to a low price of oil scenario, and so it was an important acquisition for Petrobras.

Regarding these 6 bid rounds that took place yesterday, it was also an important asset, we see a lot of potential for this asset, for the Aram. For sure it's an exploratory block, but the bonus was very compatible with the potential that we see for this block.

So we are very happy, for sure, because it opens a sustainable perspective of production and reserves for the company for the future, and we are celebrating the results of those bid rounds for Petrobras being selective, acquiring world-class assets with very good profitability, resilient to a low oil price scenario, low costs, so everything fits with our strategic perspective of focusing on the deep-water assets of Brazil, and also having very good economics and at the same time being able to buy those assets due to the fact that we have done a very good job regarding the management of our portfolio, as we already said.

Mrs. Almeida: Okay. I believe now we can go for the questions.

Question-and-Answer Session

Operator: We will now begin the question-and-answer session. We ask each participant to limited to a maximum of 2 questions. Questions should be asked in sequence, and the speakerphone function should not be used.

To ask a question, please enter *1. To remove your question from the list, please press *2. Star 1 and star 2.

Our first question comes from Luiz Carvalho, Banco UBS.

Mr. Carvalho: Hi, good morning everyone, thanks for having the call. I have basically a couple of questions. The first one maybe for Capo. Capo, you mentioned now on top of the year you said you already see an additional capacity for 5 systems, and using, I don't know, let's say, the last cost that you had, we are talking about each system costing around US\$6 billion including everything – subsea equipment, exploratory wells and so on –, so we are talking about potentially US\$30 billion in Capex. So I would just like to check this number, and second, how long would you think that this would be disbursed over the years?

The second question, maybe it's for Roberto. Roberto, given that the bid round is already gone, it's behind us, could you tell us what the reasons are you see



for the absence of the private companies given that you had the right of preference in some of the main areas. Was that a lack of visibility in terms of the reimbursement for Petrobras, or really signature bonds was too high? If you could share a bit of the, let's say, after the conversations that you had with these companies, what would be the potential reason for that.

And just to wrap up here, when will you have the visibility on how much the Chinese companies will reimburse Petrobras, or this eventual increase in stake in the, let's say, the potential stake in these fields? Thank you.

Mr. Capó: Hello Luiz, thanks for the question. It's Capó here speaking. Regarding the number of FPSOs that I mentioned, for sure we see a potential for at least to double the number that we have already planned for the TOR. We have already installed 4 and we are going to install another 1, so 5 at least. It could be more, the capacity could be more than those that we have already installed, I mean, the ones that we have installed already, and we have the capacity of 150,000 barrels per day, so it could be more than this. We are still evaluating with our partners and then we are going to submit the development plan to the PPSA that will have to approve it. But that's our best perspective that we have today.

And what we see today is that we'll not for sure install the units in a single year, and I think that we are going to install one unit per year, so the first one starting in 2024, and then after that one per year, and if we have 5 it will go till the end of the next decade. If we have more than 5, it will proceed.

And the main investments, or what we are going to see is that the investment, the main portion of it we are going to see something in the year 2023, and it is related to the fact that we have to drill the wells and start the installation of the production lines. So it's basically that.

Mr. Carvalho: Okay, and just US\$6 billion make sense for run Capex for each system for proprietary unit?

Mr. Castello Branco: Thanks for your question. Capó will respond to your question later I am going to respond to you now. One can mention several reasons for the outcome of these bid rounds, I believe that the main explanation – of course that are other main reasons, but – the main explanation is the complexity of the regulation of the oil industry in Brazil.

We have local content, production sharing contracts, this unique TOR, PPSA, so it makes a transaction very complex. I always say that the geological legacy is a necessary condition to attract investments in mineral resources, and Brazil has a great geological legacy. The pre-salt is a very clear example of a wealth in natural resource, but it's not a sufficient condition, it's key to have an institutional environment investment friendly. But in Brazil until now, in the case of oil, there is not.



These are very complex things and they are mainly dealt by a local company, like Petrobras, that has knowledge and knows how to circumvent all these strange things.

If you go to the United States, for instance, for the premium basin, there is nothing about that, there is no local content, no production sharing agreements, no PPSA, no TOR. That's very strange for a US company to deal with all these things. But I believe this is a clear example that these complexities, this excessive regulation that induced misallocation for many years, is one of the causes why Brazil has grown slowly over the, at least, 3 decades. And I do believe that the current management of economic policy in Brazil is making the best to get rid of these complexities, the distortions that work against the economic development.

So we do believe that the government is thinking about the results of the auction, why we are not able to attract investors from other countries for these 2 last bid rounds, and it's thinking about changing the regulatory environment.

Just an anecdotal evidence, we have the 16th round of concession almost one month ago, there was competition, non-Brazilian companies were there, and we have the TOR and the 6th round of PSC (Production Sharing Contracts), thus to Chinese companies, no US, European and other Asian companies. So to me, it's a very clear example how this paraphernalia of regulations is harmful to the attraction of investments from other countries.

Now I will pass to Capo.

Mr. Capo: Okay, just a comment about the investment requirement for a system like this, first we have to consider if the FPSO will be leased or if it will be an own platform and constructed by Petrobras, with the investments of Petrobras.

Just to have a reference – and it's something that we have already told in the past –, for the Búzios field, it will be a leased platform with 150,000 barrels per day of capacity, and it will cost something regarding Capex around US\$3 billion. But if you consider that those units, the next units, will be some where we are going to have a capacity that will be greater than 150 – it could be 180, maybe more than 200,000 barrels per day –, and if we also consider the fact that maybe they can be – of course, from the analysis that we are still doing inside – own platforms, so the figure could be US\$6 billion, which is the figure that you mentioned.

So I think that something between the US\$3 and the US\$6 billion will be something reasonable, but it has to do with the size of the platform and also with the conception that we are going to use, if we are going to lease or to construct the platform.



Mr. Carvalho: Thank you. And the last question about when you're going to have visibility on the total to be reimbursed by the Chinese companies or when they would increase potentially the stake?

Mrs. Almeida: Okay, so Andrea speaking. Thank you for the question Luiz, again. We will have to sign the co-participation, but we already agreed to have payment terms that will have an average term life of 6 years, and then we will work to discount those receivables as fast as we can.

Mr. Carvalho: Okay, 6 years and the...

Operator: *A próxima pergunta vem de Bruno Montanari, Morgan Stanley.*

Mr. Bruno Montanari: *Bom dia, obrigado por pegar a pergunta. Eu tenho só uma pergunta para o Capo...*

Operator: Sorry, sorry, Mr. Bruno, the conference is in English.

Mr. Montanari: Sorry, ok, in English. I just have one question for Capo. If the company could give us an idea of the total expected recovery in Búzios and how much the production curve will fall under the TOR regime versus the TSA regime, that would be great. Thank you very much.

Mr. Capo: Hello Bruno. We have to close first the co-participation agreement in order to answer those questions. In fact, we have some perspective internally, but the development plan of the field will define what will be the track participation, for instance, which is an important factor what will be set for the TOR contract, and the rest of it will be the figure that will last for the TOR surplus or for the production sharing contract.

So right now, we can't anticipate those figures.

Mr. Montanari: When would the company expect to make that announcement? Is it like a quarter kind of thing or can this flow longer?

Mr. Capo: No, no, as Andrea mentioned, the co-participation agreement by the Ministry of Mines and Energy ordinance would have to be closed even for the bidding rounds, the auction yesterday, it will have to be closed until September 21, but we have an agreement with the CNODC and CNOOC that we are going to close it until December 2020.

We will do our best efforts even to close it earlier, it will be good for us to close it earlier because one thing that is important for us as well is that we have to mitigate the risk of the regulatory things of Brazil, the regulatory aspects of Brazil, so we want to close it as soon as we can. So beginning of next year maybe, or at least in the finishing of the first semester or beginning of the second semester I think that we will have a good perspective of what is the total



volume of the fields, or some idea based on the fact that we will be very close to closing the deal with this PPSA regarding the co-participation agreement.

Mr. Montanari: All right, thanks a lot.

Operator: Our next question comes from Christian Audi, Santander.

Mr. Audi: Thank you very much. The first question has to do with: Were you plans from the start to potentially farm out part of Búzios if needed? In other words, you acquired 90, but as Roberto mentioned, the Chinese companies may want to expand their 10% to higher. Was that from the start a plan, or was that a result of you needing Capex financing in order to meet your net debt to Ebitda?

So I was just wondering how you reached the rationale from the start, that you planned to farm out or that is evolved as you realize that you had 90% and the Chinese came in with only 10?

And then the second question, going back to leverage, Andrea, you mentioned that in order for you to meet your net debt to Ebitda of 1.5 times you would expect to get the reimbursement from the Chinese for the deferred production, but also maybe accelerate your portfolio management.

Could you just expand on that? Does that mean adding new projects for divestiture or accelerating existing assets that you had planned to sell? So any color would be helpful. Thank you.

Mrs. Almeida: Christian, if you don't mind, I think you will need to repeat the first question because we had an issue in the line, but I will answer your second.

So as you have an idea of what we will be doing to accelerate, so accelerate means we have some assets that we haven't touched, like BR, as an example that we always said that we may do another trench of BR. Roberto has been talking about lots of other assets that we may be working, even the asset with the thermal plants we have to try to work, to try to sell them through an IPO or even the Rota, the roots that are the... - how can I say?... – the gas pipelines that we can jointly work with them and put them into a company and do another transaction.

In all areas we will be looking in the E&P, so in the portfolio of assets the ANP, we will speed up the sale of the onshore and shallow waters, and we do have more. So it will be really looking at the portfolio of assets that we have and speed the process.

And just one example of things that you will see happening, you saw Liquigás example well this week. So we have more assets to generate good results, as



we have seen in the Liquigás case as well. So we will continue to do that, and we will speed up.

But I would ask you to go back and say it again your first question.

Mr. Audi: Sure. Of course, thank you for the answer. My question was, you ended up bidding for 90% of Búzios with the Chinese coming in with 10, but now it sounds like there is a potential for them to increase their stake. Was that originally by design, or is your decision to maybe farm out part of Búzios and assess in order to meet your net debt to Ebitda target?

Mr. Capó: Hello Christian. Here is Capó. In fact, when we look at the potential of Búzios, we have done a lot of work during the year regarding the portfolio management, and in fact ,we prepared ourselves to be the [unintelligible], and for sure when we bid in pure asset like this, on assets what we see, what we try in order to have the best results is to see what is the competition for the block, and some companies have put Petrobras in order to be together, but some of them decided in the end to participate, but the Chinese yes, they looked at the asset with the same perspective of a very good project, even on the conditions that were presented by ANP regarding the bonus and the bidding [unintelligible].

So we were very well aligned, the same strategic vision and the economic vision for the field and we decided to go with them. In the first moment what we see is that our intention is to proceed with them, and if we have to sell an asset to meet the requirements that we have in that level, we are going to sell what is necessary in our portfolio. We have some other opportunities that doesn't fit so good as the Búzios asset.

Mr. Audi: Thank you. And just as a follow-up, Andrea. In addition to deleveraging, on the dividend policy, are you able to share with us when – given these acquisitions – you think you would be able to achieve the growth debt of 60 billion, which would allow you to fire up the new dividend policy approach, please?

Mrs. Almeida: So, everything we have mentioned is always regarding the 2020. After that, don't forget, we'll have all the proceeds coming from the sale of refineries and other assets that are taking longer to be executed.

So I think what we said before, that after 2020 you could consider the dividend policy being... the probability of having the higher dividend policy, it continues the same. We will have lots of money coming from the sale of refineries as well that will come in 2021, and it will help us get there.

Mr. Audi: Thank you very much.

Operator: The next question comes from André Hachem, Itaú.



Mr. Hachem: Thank you. I just have one question for Capo. I'd like to understand a little bit better the development of the full Búzios plan. So could you discuss when you would imagine start the drilling campaign? How comfortable you are with your current rig fleet, or should we see an increase in your rig fleet over the coming years? When you would expect to put the first Búzios 6 platforms up? And after that, what would be the pace of the new units you expect to be developing?

Mr. Capo: Good morning André. Well, the first platform, at least it's our preliminary plan, we have to close it with the Chinese companies and also with the PPSA before we can move on to start the investing, but we want to do it as fast as we can, and our plan is to close the co-participation agreement with PPSA next year, and the first platform, in our perspective, in our plants, we see the first oil would be in 2024. So one platform each year until we complete the last platform.

Today we see that we have room for at least 5 platforms more, I mean the Búzios 6 to Búzios 10, it could be more, but that's something that we still have to discuss with our partners to close the co-participation agreement with PPSA.

And the other question, regarding the drilling, we see that we are going to drill it in the year 2023. So as we are putting one platform per year, we don't see that we are going to increase the rates of the market for those rigs and we still see room to keep the rates at the levels that they are today.

Mr. Hachem: Perfect. If I could ask one more question, we've been seeing excellent degree in the Equinor in Brazil going for much bigger units, 200 to 220 thousand barrels per day. Would that be an option, or you would still be going with 150,000 barrel units for today at the 8 producing wells, 7 injector wells models you've been doing so far?

Mr. Capo: That's something that we are evaluating as well. We have been using 150,000 barrels per day of capacity for our units, but that something that we are evaluating, and we see that there is room, in our analysis, to increase the capacity of those platforms.

We are considering units of 180,000 barrels per day, maybe that would be our base scenario, but there is also room to increase the capacity of some platforms to more than 200,000 barrels per day.

Mr. Hachem: Perfect. Great, thank you very much for taking my questions.

Operator: Our next question comes from Pedro Medeiros, Citigroup.

Please, Mr. Pedro, you may start.

Operator: The next question comes from Régis Cardoso, Credit Suisse.



Mr. Cardoso: Hi Capo, Andrea, thanks you for hosting the call and taking the questions. Just one question because, at some point, Castello mentioned... I mean, Roberto mentioned that you are looking for partners and eventually you could not... I mean, the partners gave up on you doing the negotiation. I would assume that the unitization risk and the compensation payment would result in favor of Petrobras, it was a big risk for anyone participating in this auction.

So in regards to that context, what I wanted to ask is whether you believe it would make sense to farm out eventually from a part or the total stake required to allow for some of those partners you were initially discussing to farm in, or not, right, once you've already paid the signing bonus and you've already agreed on the development plan then it would make no sense to sell a stake, I mean, it's like selling a stake in Lula, you'd rather sell different assets? Thank you.

Mr. Capo: Hello, good morning Régis. As I was mentioning, we have some companies in touch with Petrobras in order to be together, but at the end they have declined, they have given up. But our intention is to proceed with the Búzios field with the Chinese, and they have the breaking option, but our intention is, in order to keep the good performance that we have and I will continue to pursue regarding the leverage of the company, the first option is to sell the other assets, because Búzios is really a very good asset and fits very well, not only on the economic perspective, but also the strategic alignments of this asset in our portfolio is complete.

So the intention is not to farm out those assets, the intention is to proceed with the Chinese, they have the right to back in, but we do not have the intention to farm out Búzios field right now.

Mr. Cardoso: Very clear. Thank you very much.

Operator: The next question comes from Pedro Medeiros, Citigroup.

Mr. Pedro Medeiros, you may proceed.

Mr. Medeiros, we cannot hear you.

Operator: The next question comes from Guido Rosas, Banco Goldman Sachs.

Mr. Rosas: Thank you guys for the call. My first question is for Capo. You mentioned that for the Búzios field there is a lot of oil price resiliency to the asset, and I was wondering the reasons why you bid in the auction. I just wanted to understand if you could elaborate a little bit more on that in terms of price level where you think there will be cash generated.

My second question is for Andrea, it's about cash balance. She mentioned there has been a large cash balance in Petrobras' balance sheet, and part because of this auction and the unpredictability of this auction and the participation in other



optionalities around that. That's behind us. Is the cash balance that Petrobras has been holding due to come down, is that still the appropriate, what is the kind of correct cash balance for Petrobras to be holding given that there is a large cost to that, right? Thank you, guys.

Mr. Capó: Good morning Guido. Thank you for the question. Well, the Búzios asset, for sure, we expect it to generate a lot of cash, for sure there will be some Capex to invest on the field, on the investment. But we see that we are going to generate a lot of cash, plenty of cash because we have already production that comes from this field base on the 4 platforms that we have already installed, and the one more that we are going to install, the Búzios 5.

So our plan is not to do it with a lot of units, put them on stream basically together, but to do the installation of those platforms 1 per year. So we see that the field is really a very good generator of cash, but also, at the same time, very resilient to a low oil price scenario.

Mrs. Almeida: Just mention about the cash balance. Definitely, we are going to reduce the cash. We have been working with a higher cash level and, in the end, it was good flexibility that, combined with everything, we did it during the year in the asset sales and everything that brought us the flexibility to get here, and we expect to reach the minimum cash levels that we announced of US\$6.6 billion.

Mr. Rosas: Thank you very much.

Operator: The next question comes from Mr. Pedro Medeiros, Citigroup.

Mr. Medeiros: Good morning team. Can you hear me now?

Mrs. Almeida: Yes!

Mr. Capó: Yes!

Mr. Medeiros: Okay. Thank you so much Andrea, and I apologize I had a technical problem in the previous 2 questions. Thank you so much for taking the questions. Well, just start with congratulations on the big results.

I have 2 quick follow-ups. The first one is: Moving outside the pocket of Búzios, okay, and in the context of the original guidelines on philosophy and the concept of why you have bid for Búzios and for the equity stake design, I would like to understand, considering those factors, so knowledge about the asset, how long you have been exploiting for the asset and testing the asset, what were the restricting factors for Petrobras not to bid then in Atapu and Sépia?

Originally, we thought that this was connected to the already high equity stake owned by Petrobras in the fields, but that was not the case for Búzios and Itapu.

So, do you mind to give an extra color on why you haven't bid for Atapu and Sépia and what were the restricting factors and what are the scenarios Petrobras is working with for the required unitization of these fields eventually?

My second question is related to Itapu. You had 100% equity stake in Itapu, so first question is: Does the schedule remain? And what's the true potential that Petrobras envisages for this field considering you already made comments on Búzios? So if you can give some extra color on the full development of that field I would appreciate.

And just one last question, maybe for Roberto, so we have seen Petrobras participating and crafting what seems to be a flagship ownership CNODC and CNOOC considering the results of the last 2 bids. So do you expect or are there any expectations to broaden that partnership for other assets eventually? Thank you.

Mr. Capo: Okay Pedro, I will start. When we made our calculations for the assets for the TOR surplus auction, what we realized is that, for Búzios, we see at least 4 more units that we can install in the field, and for Atapu and Sépia, in our view, we just have a perspective of like 1 more.

So when we compare the bonus for the Búzios field, which was R\$68 billion, and when we compare this figure with the figures for the bonus for the Sépia and Atapu, 24 and almost US\$15 billion, when we compare the potential of Búzios and the potential of Atapu and Sépia with those figures for the bonus, what we realized is that it didn't match our internal requirements regarding the net present value and also the resilience of the projects for low oil price scenarios.

So we work internally with the perspective that each project has to be resilient to a US\$50 per barrel scenario, and that's not the case of Atapu and Sépia. It didn't mean that Atapu and Sépia are not good assets, in fact, they are very good assets, but on the conditions that they were offered, they didn't fit our requirements, and I think that's also the reason why – I don't know, that's a guess –, I think that's a reason why the other companies didn't bid for those blocks as well. So that's the reason why we didn't bid before for Atapu and Sépia.

About Itapu, our perspective is that we don't need another unit for the field, and we think that, at least today, the investments that we have already planned for the field will be enough to produce the Transfer of Rights surplus that we have acquired, at least for the first moment. For sure we will be always working on the field and trying to anticipate production in the future to reduce decline, and maybe we will have to make some drillings on the field and to put more wells.

But, on a first perspective, our view is that we will not need more investments for the field than we have already planned.



Mrs. Almeida: Talking about partnerships, I think Petrobras has been doing partnerships with all the major companies, and now we are, somehow, establishing a strong partnership with CNODC and CNOOC. So definitely we will be looking for the future to have more partnerships. If they are going to be with them or others, that the future will tell us.

Mr. Medeiros: Okay. Well, thank you so much. And Capo, just as a follow-up, On Itapu does your original schedule mentioned in the last business plans, is that maintained, or should we expect maybe the new Búzios units [inaudible] considering that you haven't contracted the production platform yet and most of the equipment for the field?

Mr. Capo: For the Itapu, you mean?

Mr. Medeiros: For Itapu, yes.

Mr. Capo: Yes, for Itapu we are still keeping the same perspective, but we are now on the process of contracting the platform. So our target is to enter into production in 2023. If we have some delays in contracting the platform maybe we will start on the 2024, but we are still keeping the same target.

And the platform is a platform for 120,000 barrels per day of capacity, with capacity for 120,000 barrels per day.

Operator: Thank you. At this time, the Q&A session that Petrobras webcast and conference call is over.

Ms. Andrea, Petrobras' CFO, will now make her final remarks. Please, ma'am.

Mrs. Almeida: Well, thank you for all the questions. As you see, we are very happy with the results of the auctions. We did our homework, we were able to execute lots of deals during this year, we were able to sell more than US\$15 billion of assets, we did the transaction with Eletrobras, that we discount receivables, R\$8.4 billion, we did our homework and our track record is there.

And everything we did up until now somehow created the situation for us to be able to have a relevant footprint in the fields where we really believe we are the natural owners. Totally in line with our strategy to increase our participation in the higher-return assets, and assets that will survive scenarios that could be even – how can I say? – lower than US\$50 per barrel.

So we are 100% sure we did the right thing. Thanks everybody.

Operator: Thank you. Ladies and gentlemen, the audio of this conference call for replay will be available on Petrobras' investor relations website, at www.petrobras.com.br/ir. Thank you very much for your participation and have a great day.