

# **UBS Brazil 2006 – Seventh Annual CEO Conference – Grand Hyatt – São Paulo Strategic Plan & 4Q05 Results**



**Almir Barbassa – CFO and Investor Relations Officer**

**March, 2006**

***The presentation may contain forecasts about future events. Such forecasts merely reflect the expectations of the Company's management. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein. The Company is not obliged to update the presentation/such forecasts in light of new information or future developments.***

### **Cautionary Statement for US investors**

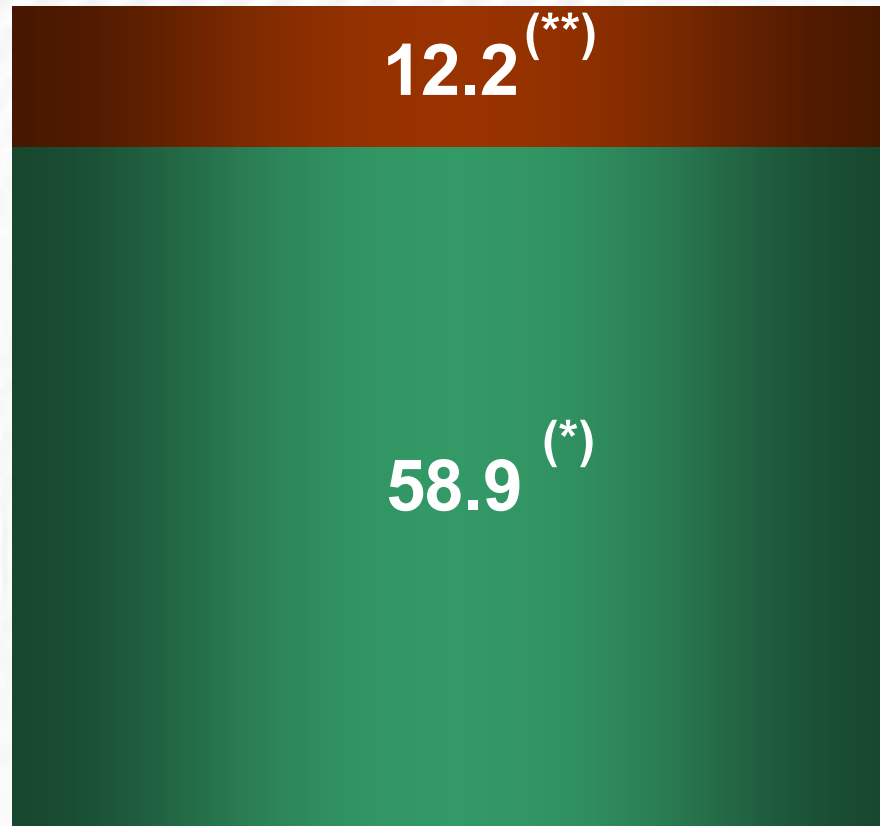
***The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as oil and gas resources, that the SEC's guidelines strictly prohibit us from including in filings with the SEC.***

Indexes	2006-2010
GDP – World (% pa) – PPP(*)	4.2
GDP – Latin America (% pa) – PPP	3.7
GDP – Brazil (% pa)	4.0
FX rate (R\$/US\$)	3.0
Robustness Brent (US\$/bbl)	19.00
Brent for funding (US\$/bbl)	2006 – 45.00
	2007 – 30.00
	2008~2010 – 25.00
Oil Products Prices	Linked to prices in the international market, without changes in the relative prices

(\*) PPP – purchase power parity

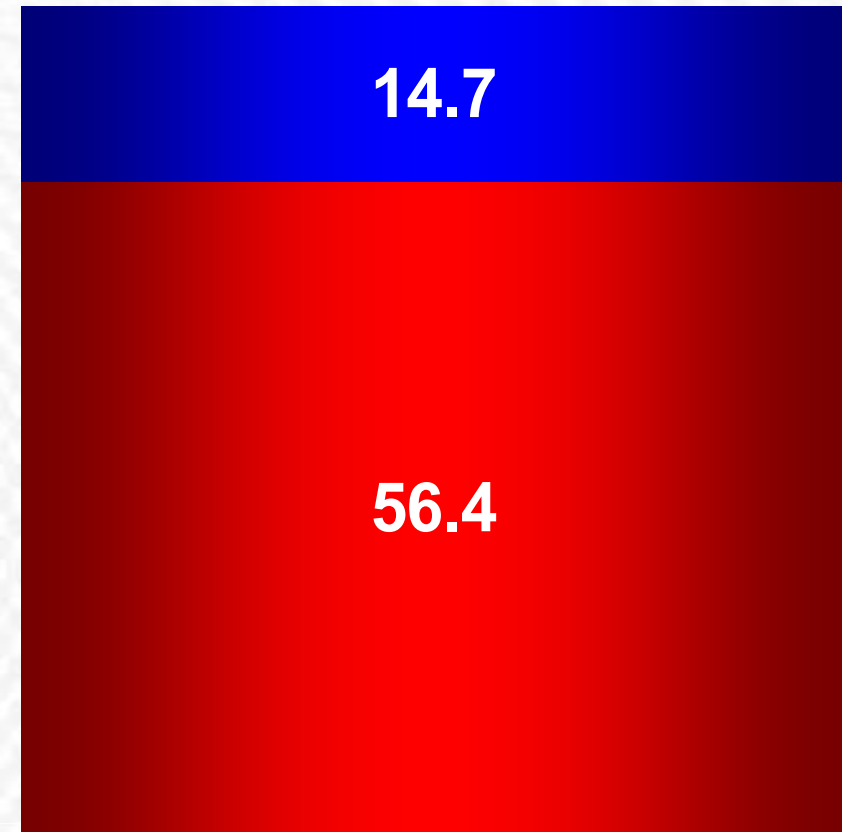
## Sources and Uses

(US\$ 71.1 billion)



■ Financing  
■ Cash Flow

(US\$ 71.1 billion)



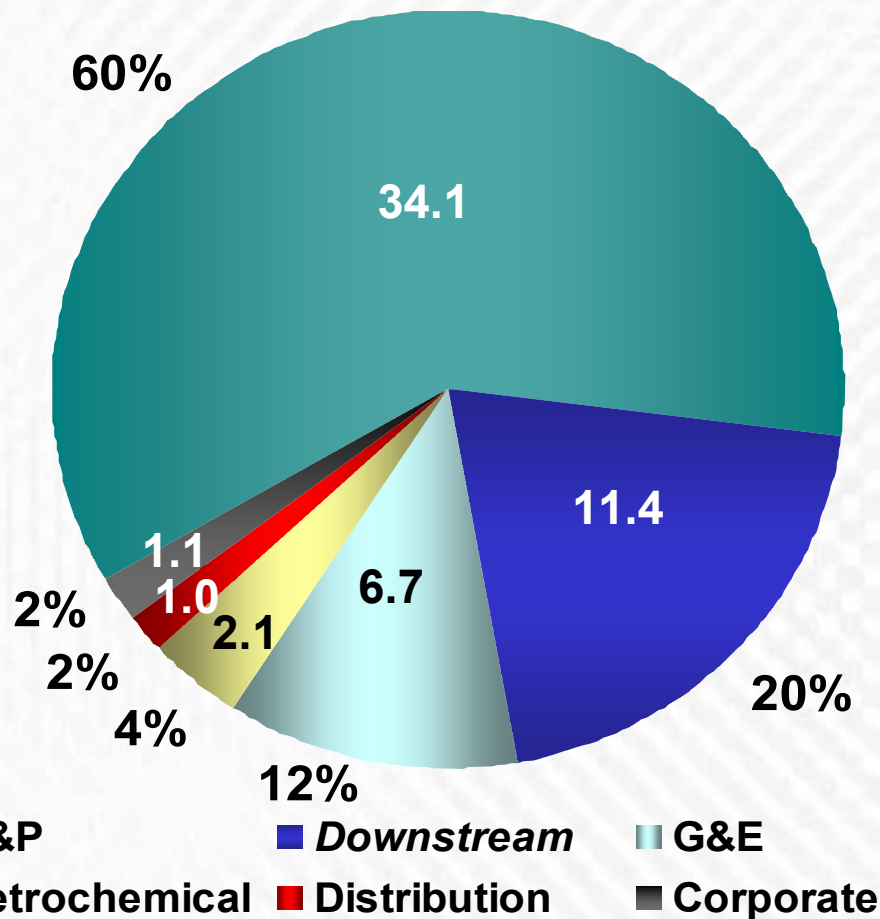
■ Debt Amortization  
■ Investment

(\*) US\$ 58.9 billions – Cash flow net of dividends

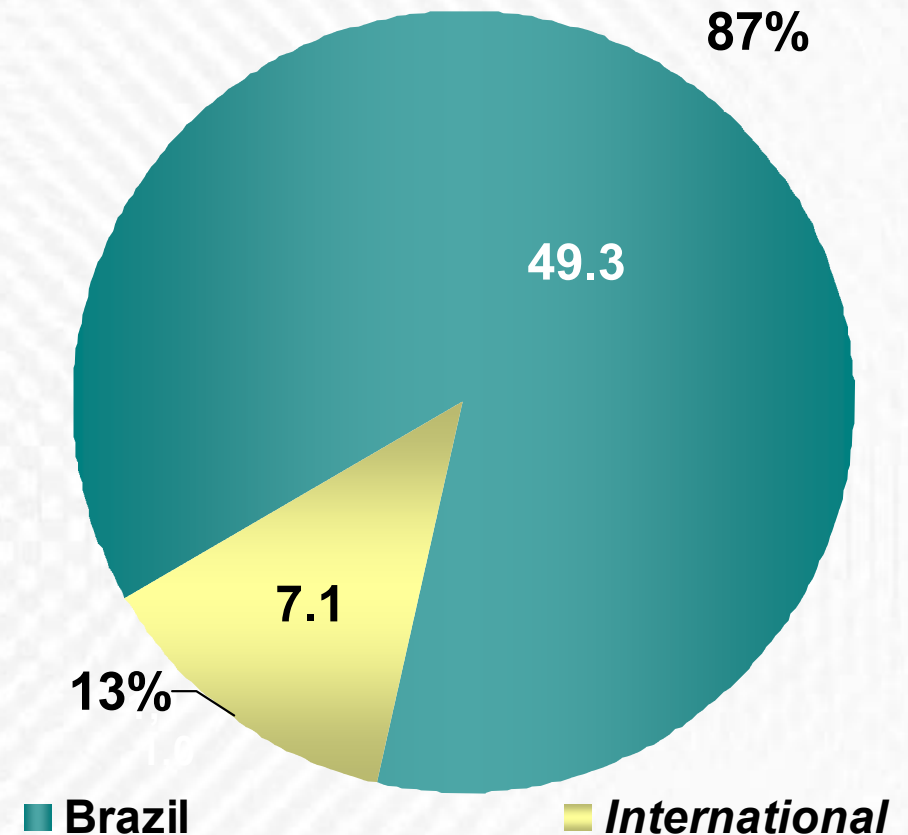
(\*\*) Net of leasing and chartering amortization from 2006 to 2010 in the amount of US\$ 2.3 billion

Period: 2006-10  
Investment: US\$ 56.4 billion

Distribution by Business Segment



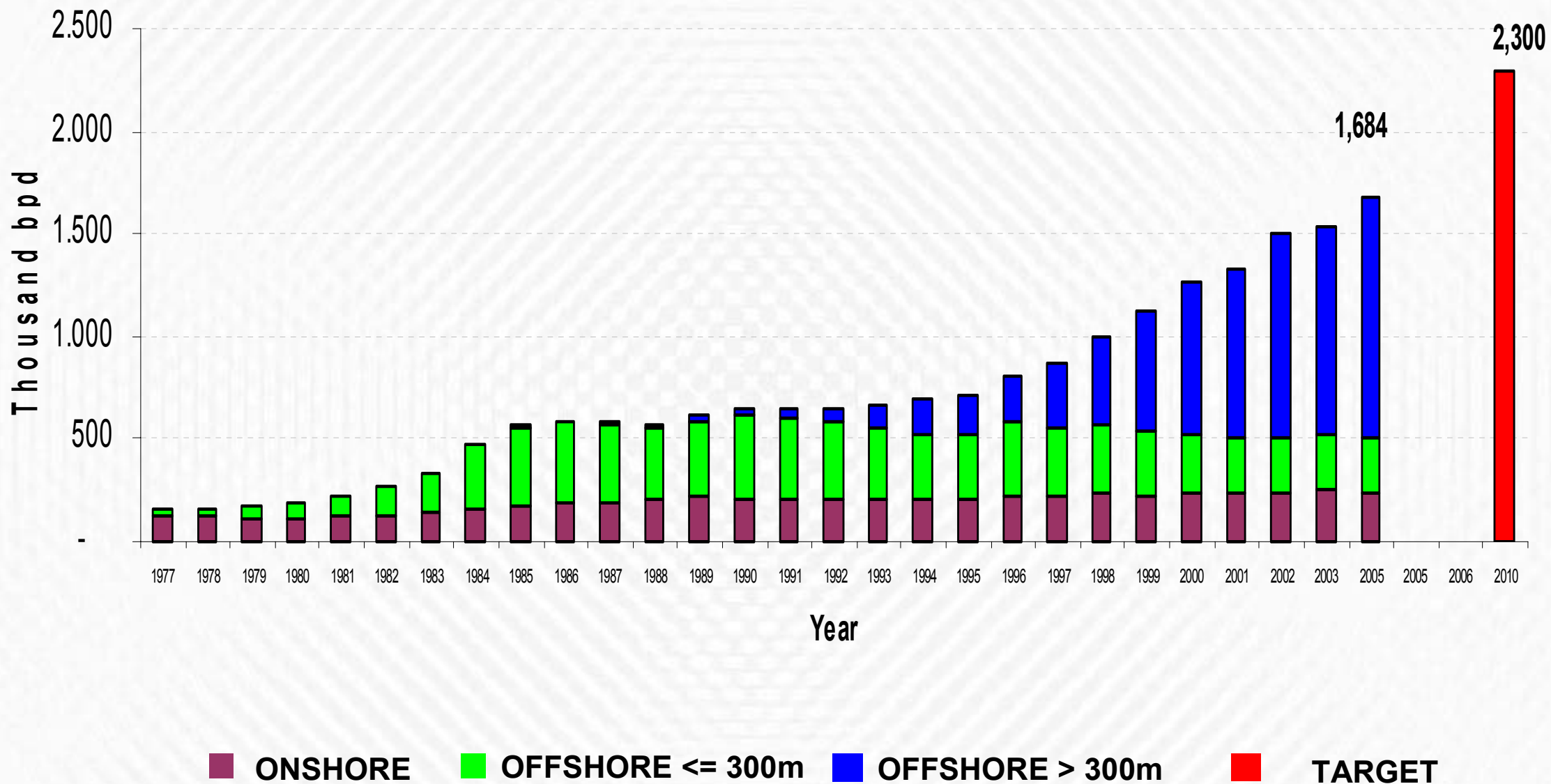
Distribution by Area



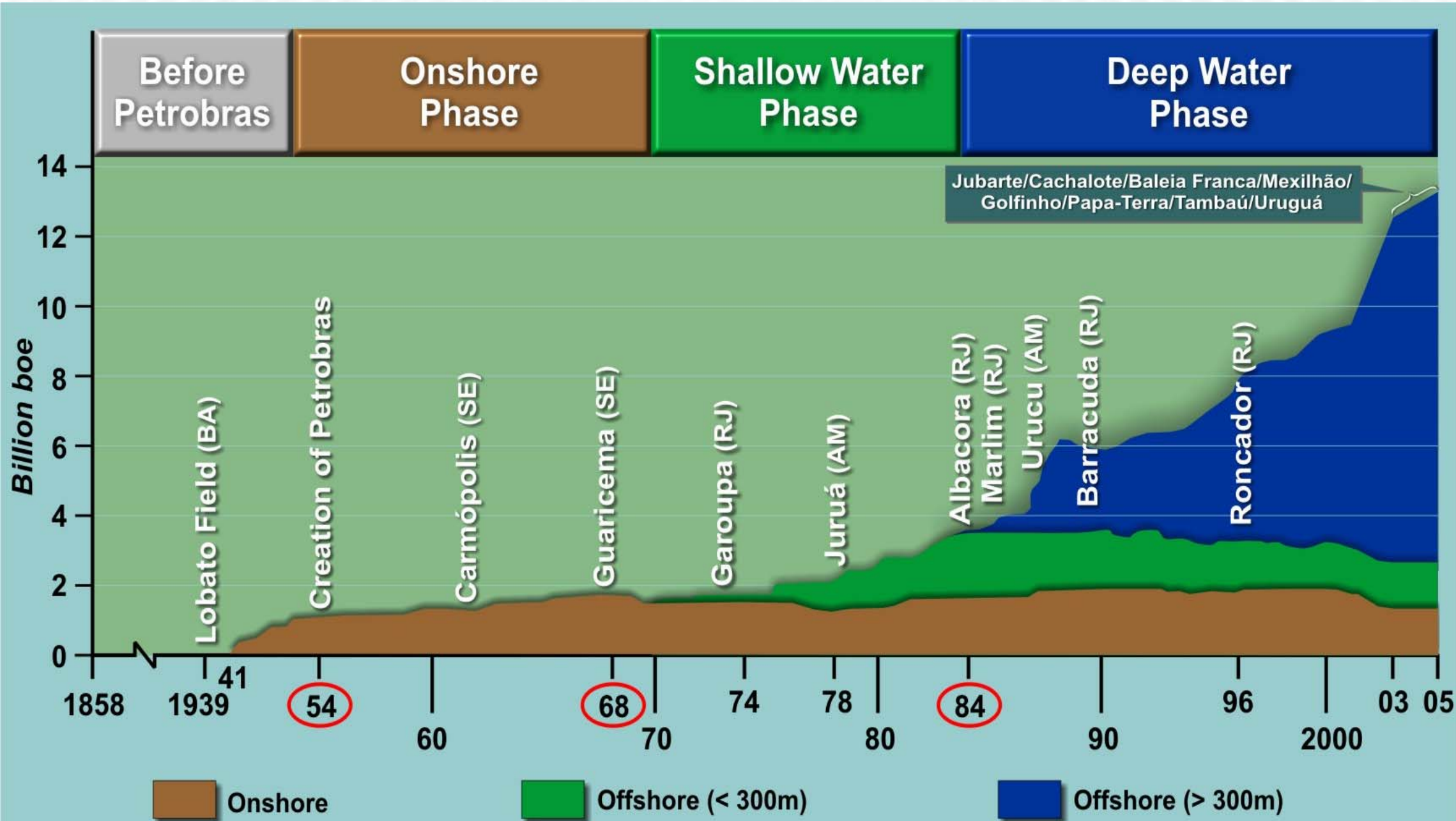
Note: Includes International

- US\$ 56.4 billion for 2006-2010, representing US\$ 11.3 billion average annual investment, maintaining emphasis in E&P and Downstream projects;
- US\$ 9.9 billion average annual investment in Brazil and US\$ 1.4 billion abroad.

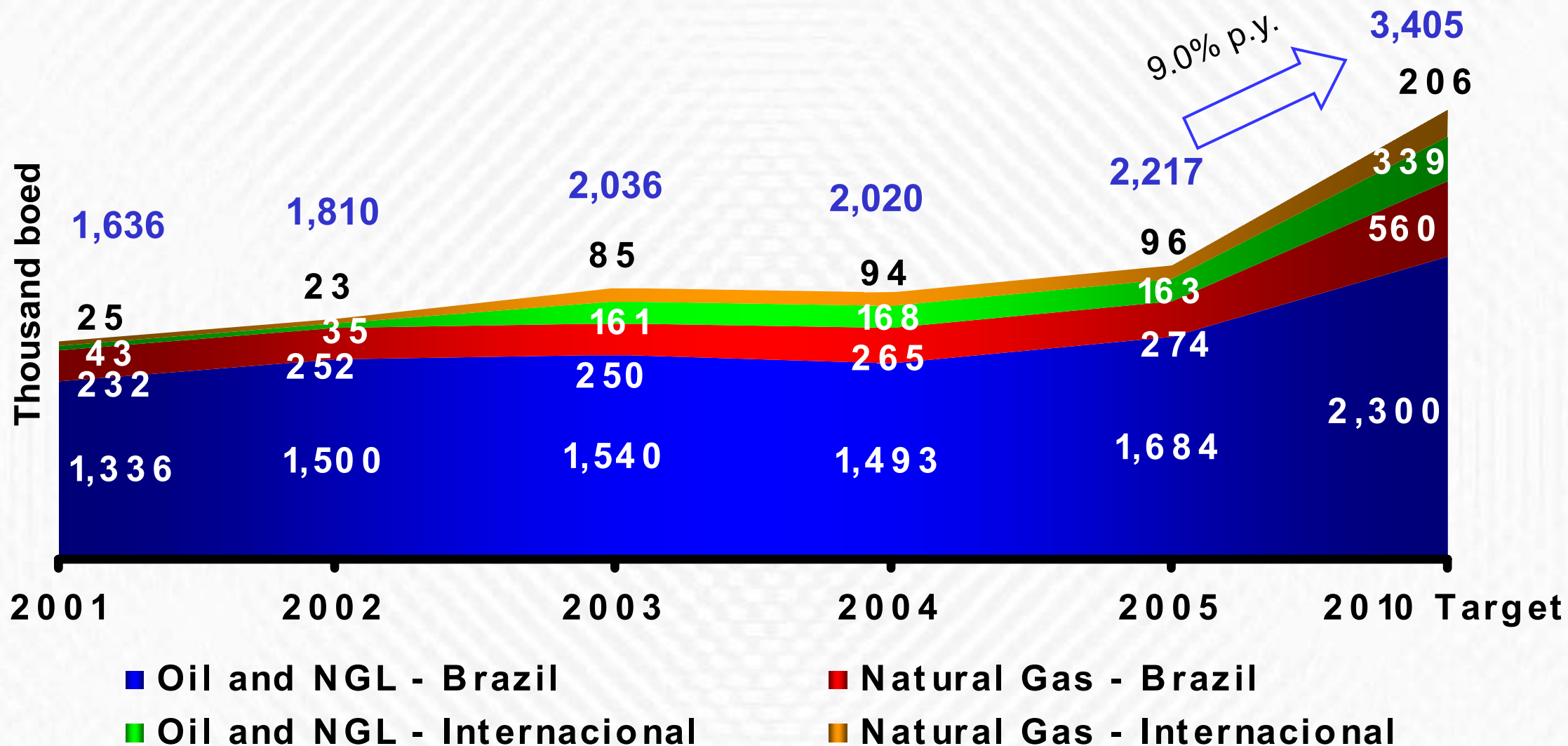
# Oil Production Development and Targets



# Domestic Proven Reserve Development



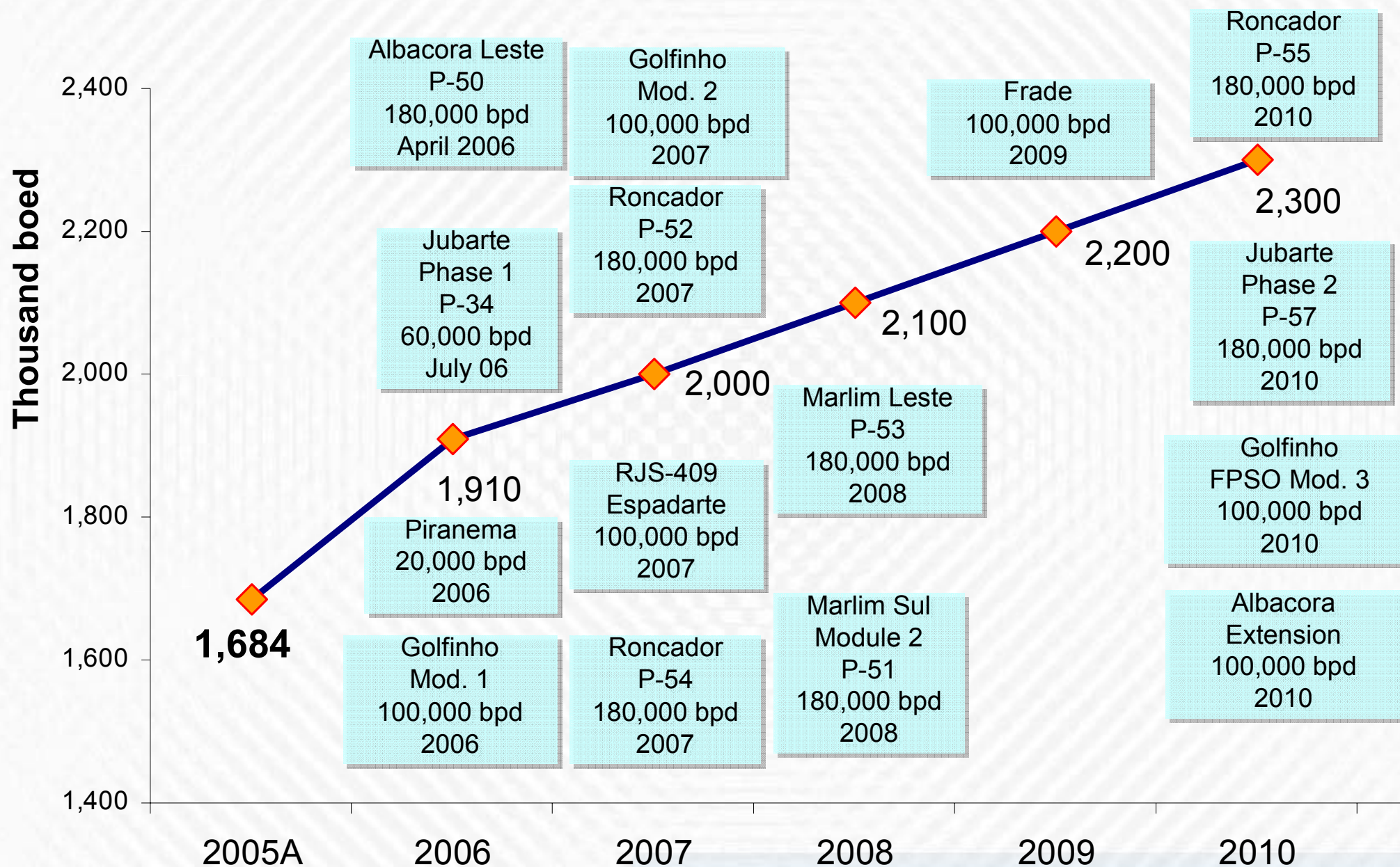
## Total production - Oil, NGL, Natural Gas



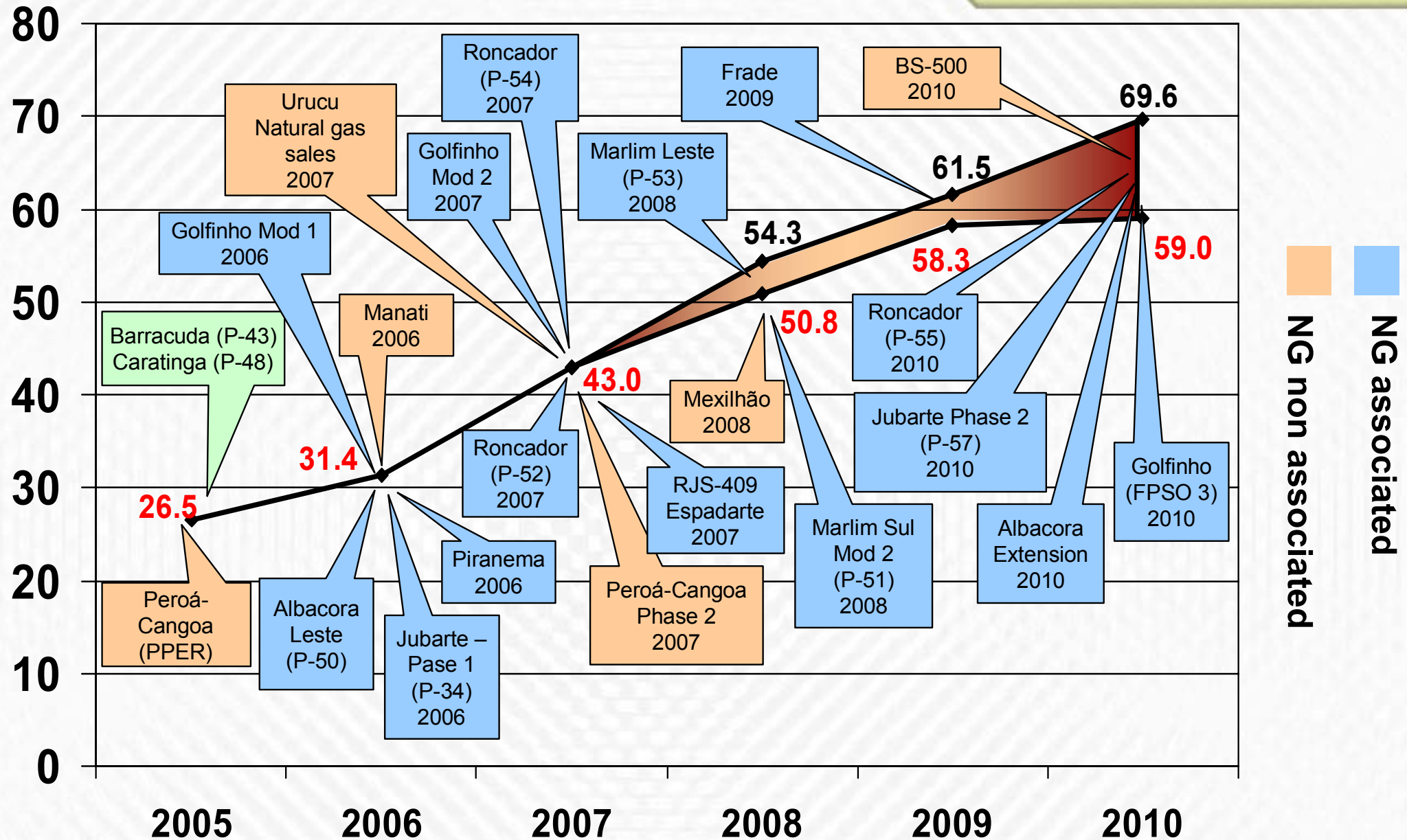
- As of 2006, light oil production from new projects will surpass 150 thous. bpd;
- Crude oil exports of 522 thous. bpd.



• Domestic production will grow at an average of 6.4% per year

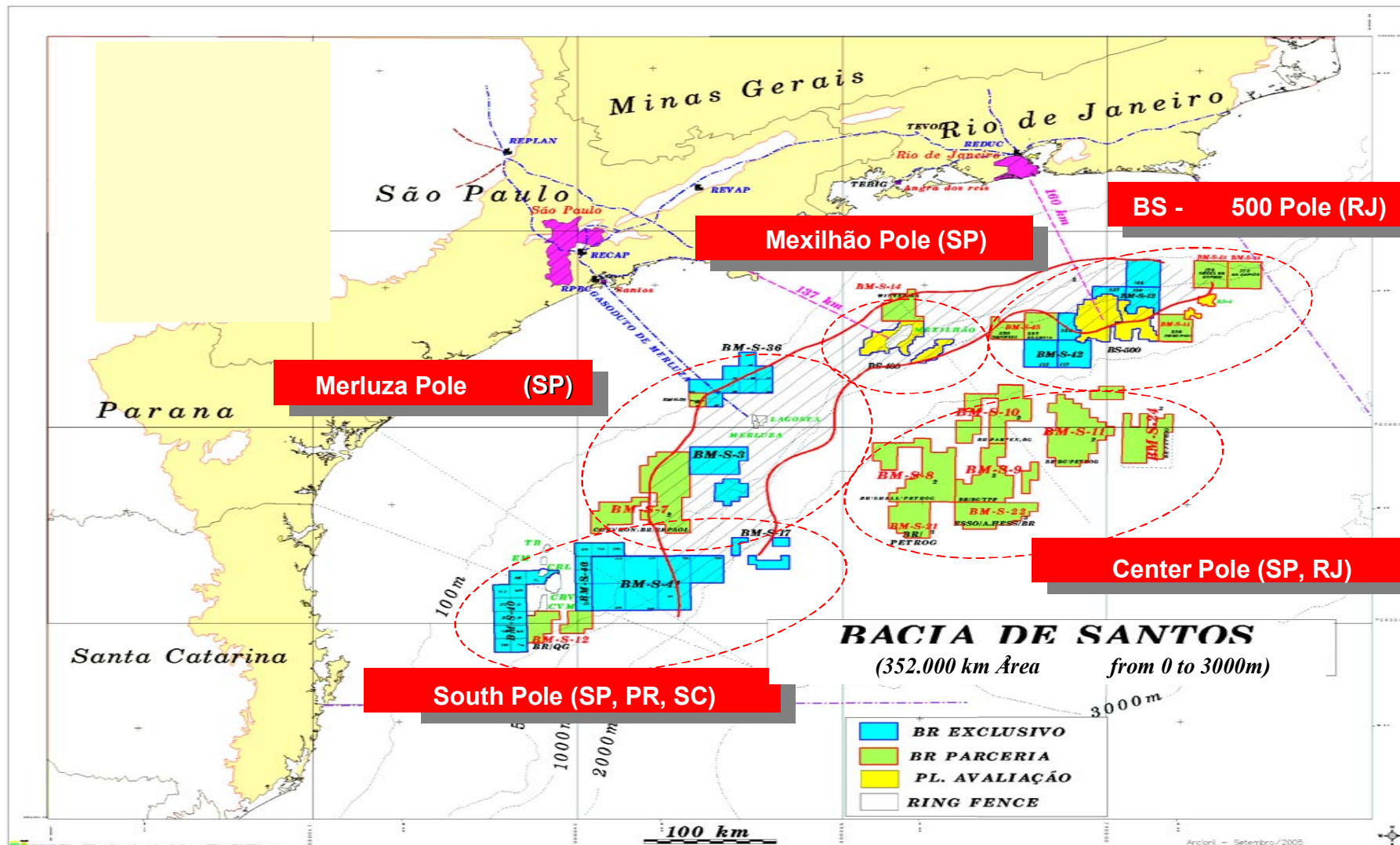


# Corporate Targets – Natural Gas in Brazil



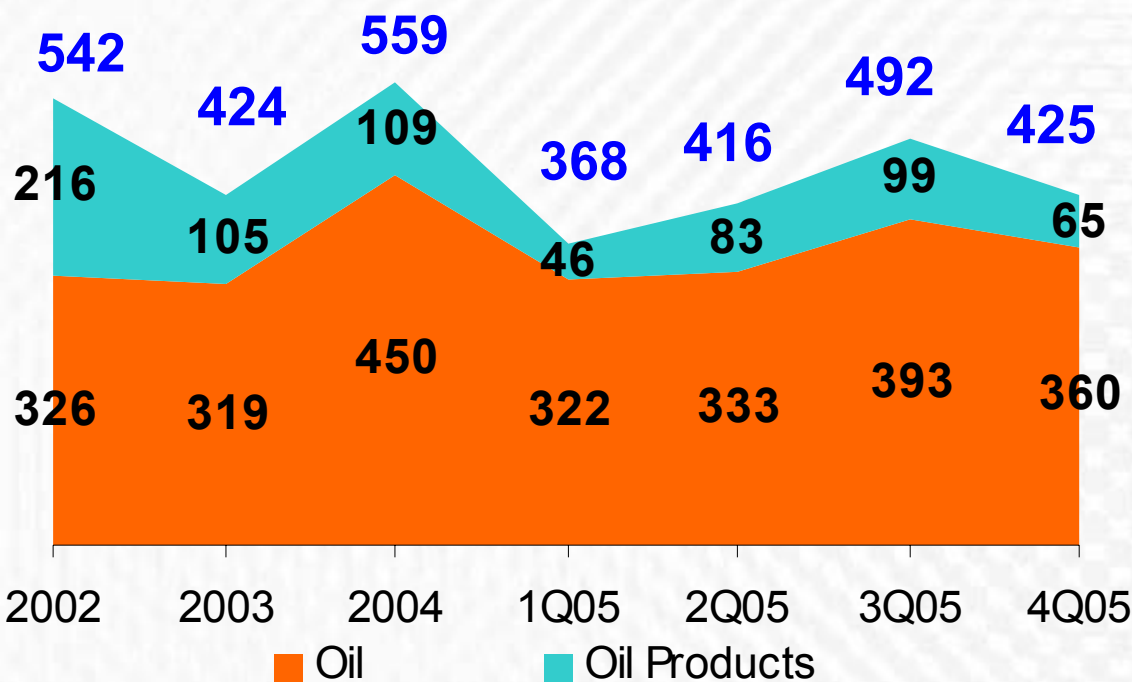
By 2010 natural gas delivered by Petrobras will reach 59 MM m<sup>3</sup>/d; considering all producers the amount will peak 70 MM m<sup>3</sup>/d approximately.

## Development of Natural Gas and Oil Production in the Santos Basin

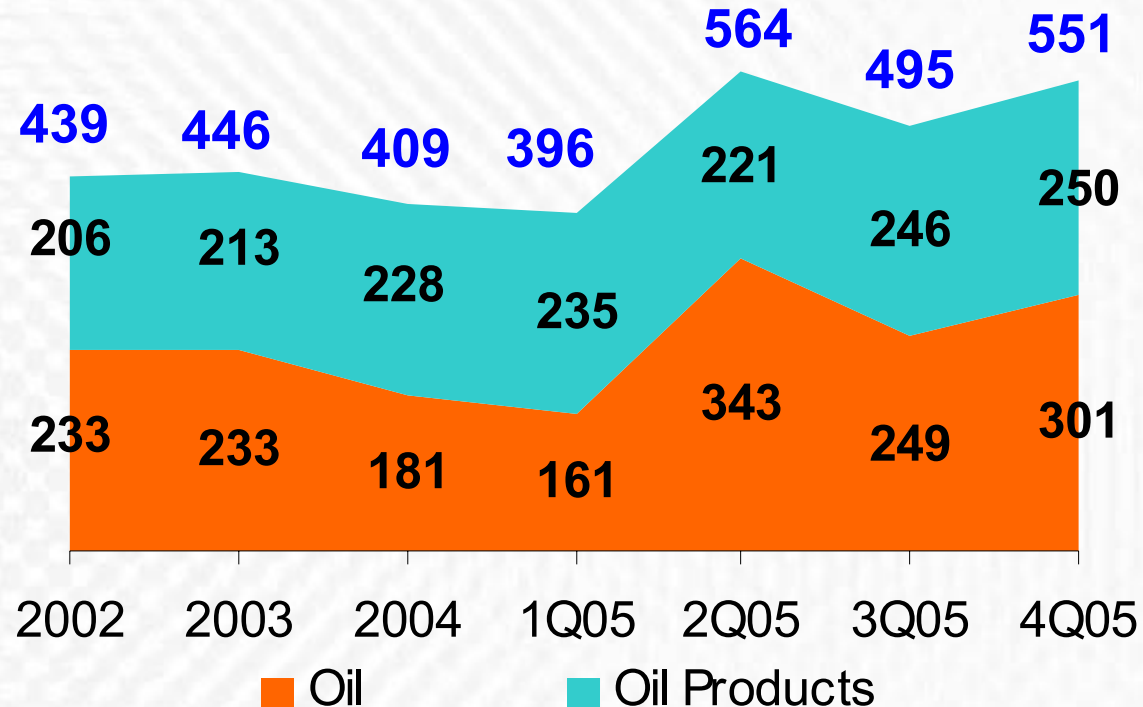


- US\$ 18 billion over the next 10 years to be invested by Petrobras and partners ;
- Increase of 12 million m<sup>3</sup>/day in the supply of gas as from the 2H/2008;
- By the end of 2010, this volume should have grown to 30 million m<sup>3</sup>/day;
- Reducing the country's dependence on imported gas.

### Imports (thousand bpd)

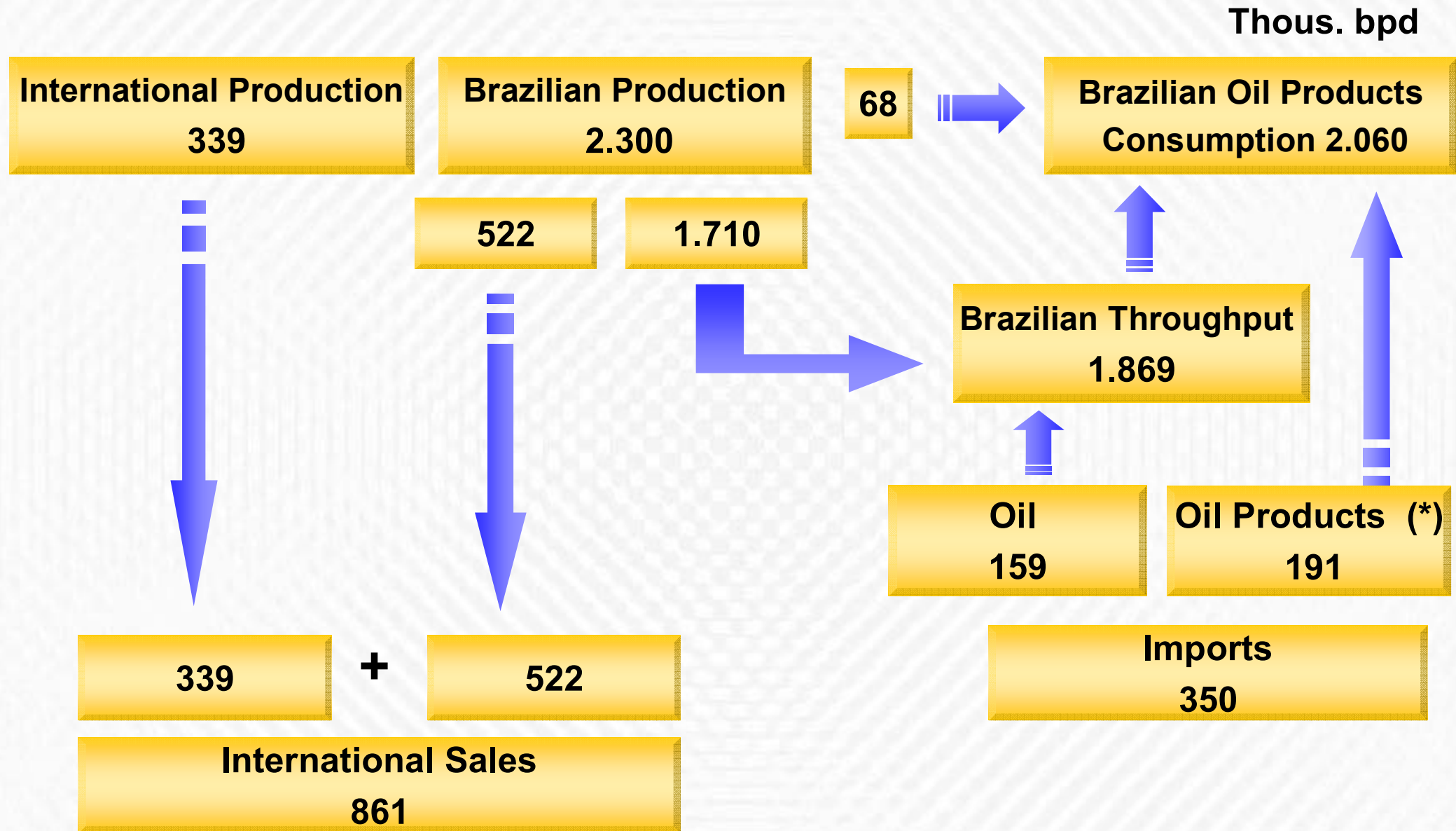


### Exports (thousand bpd)



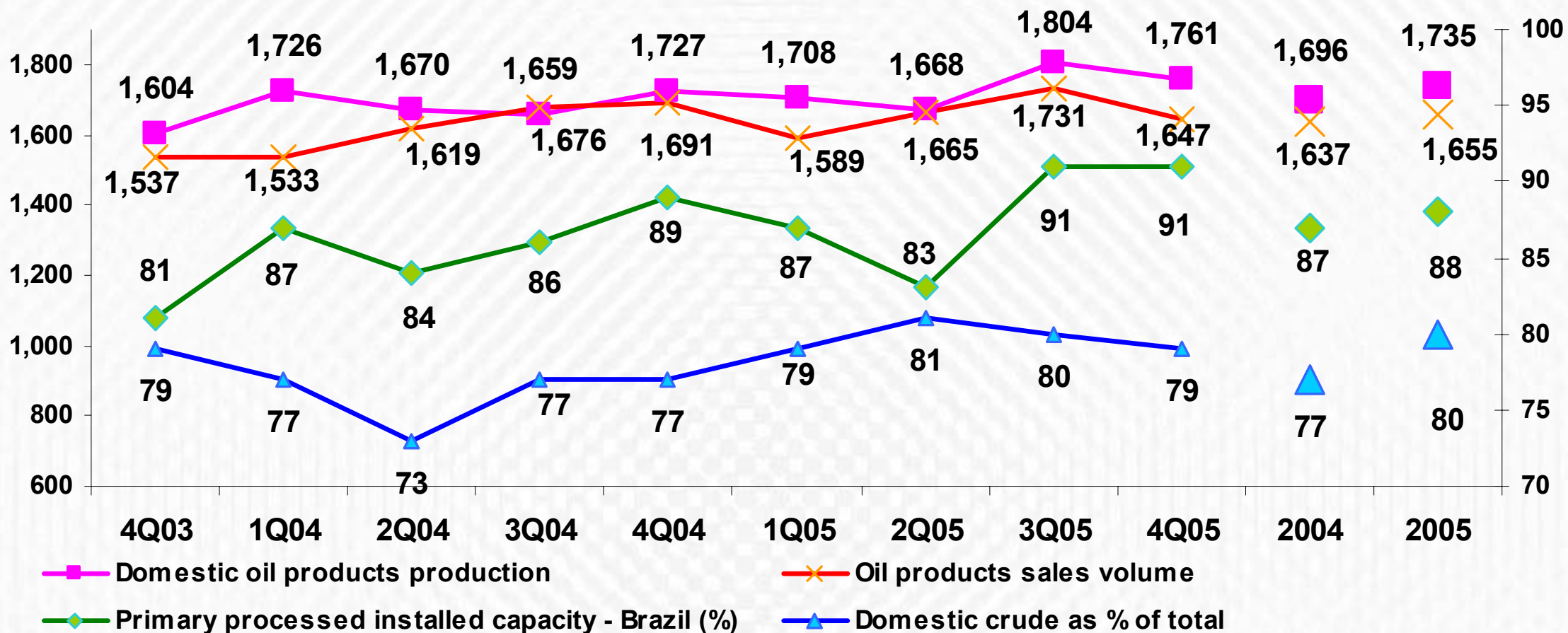
• 126 thous. bpd volume superavit in the 4Q05 and 58 thous. in the year;

Liquids production flow: in 2010 international sales will reach 861 thous. bpd

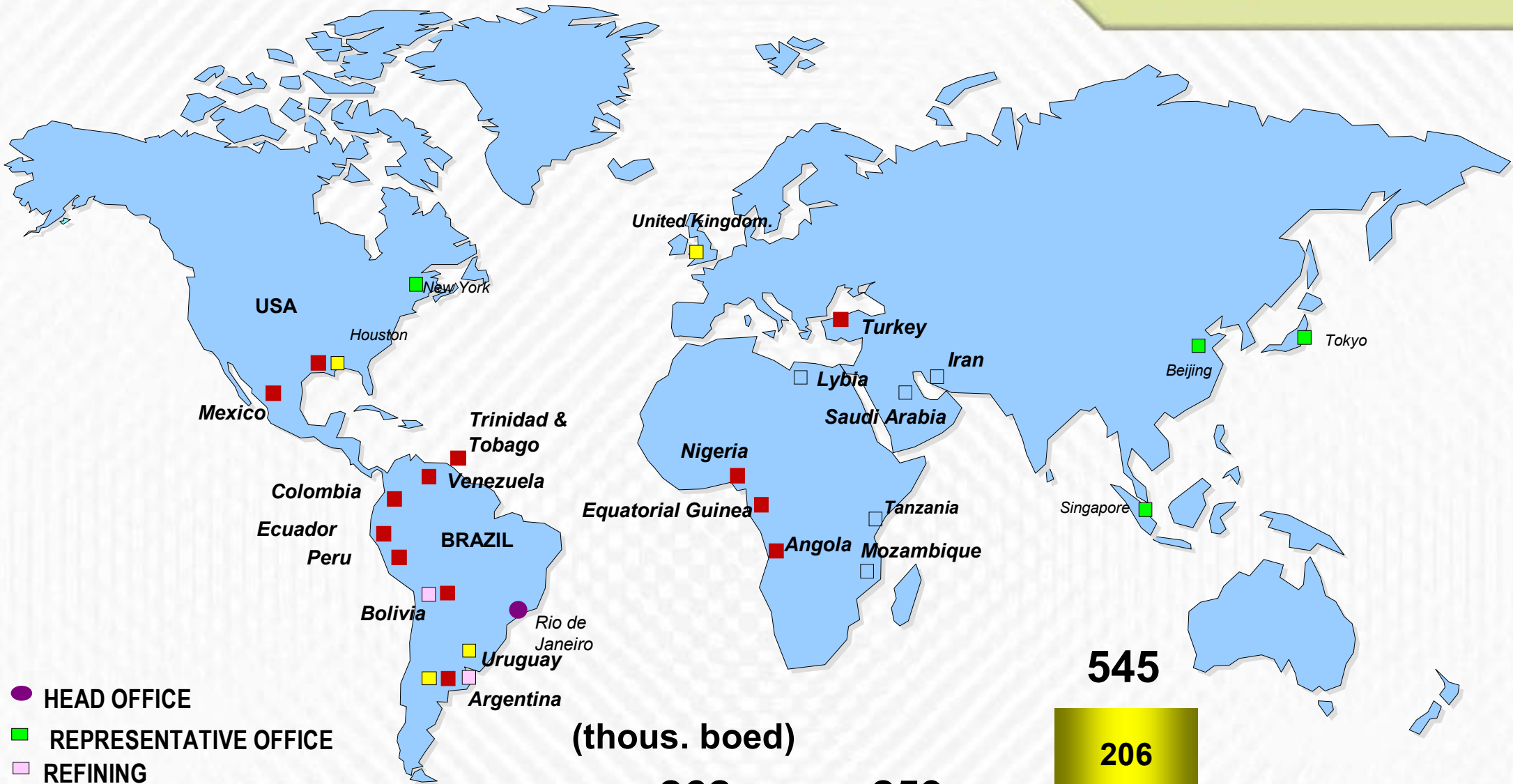


(\*) Domestic Imports and Private Refineries

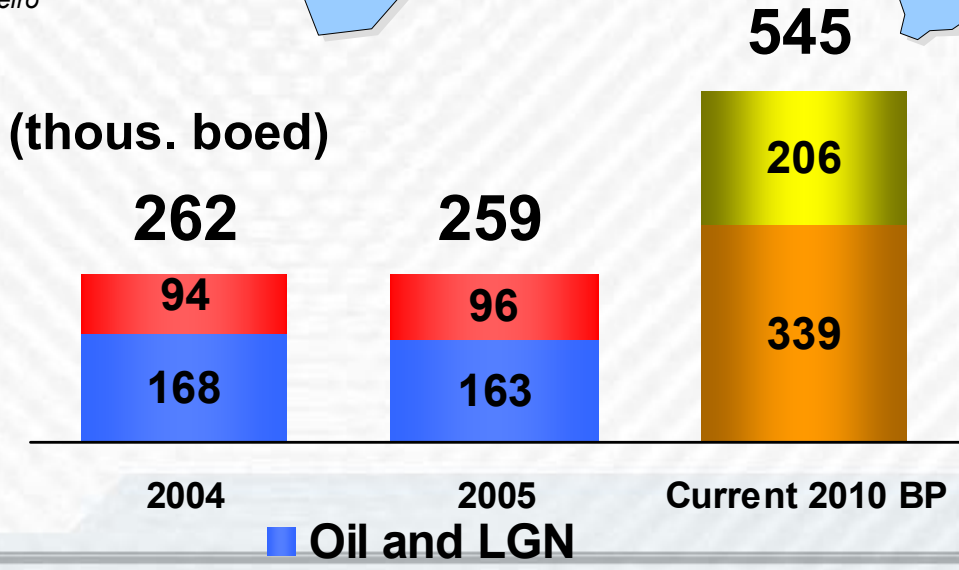
## Domestic refining and sales



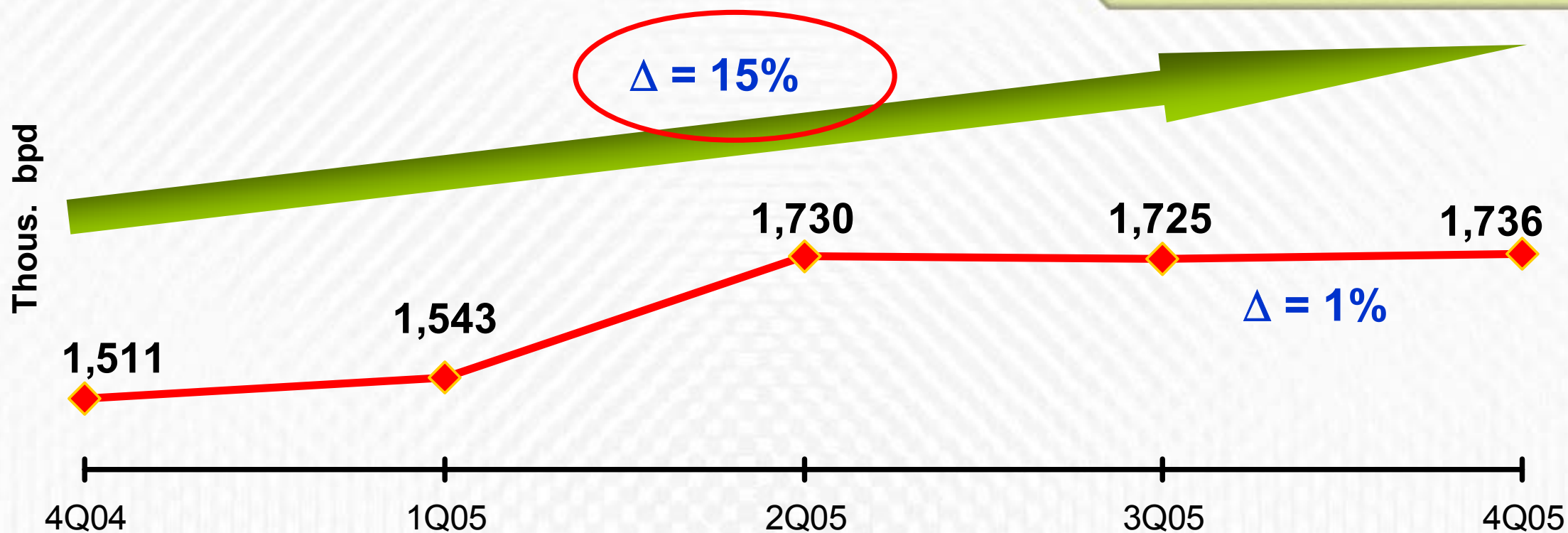
- High utilization factor (91%) in the second half of 2005 in the refineries resulted in maintenance of the oil products production high level, diminishing the needs for oil products imports.
- In 2005, the contribution of the National oil Production in the feedstock were 84 thousand bpd higher than in 2004.



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# Domestic oil and NGL production



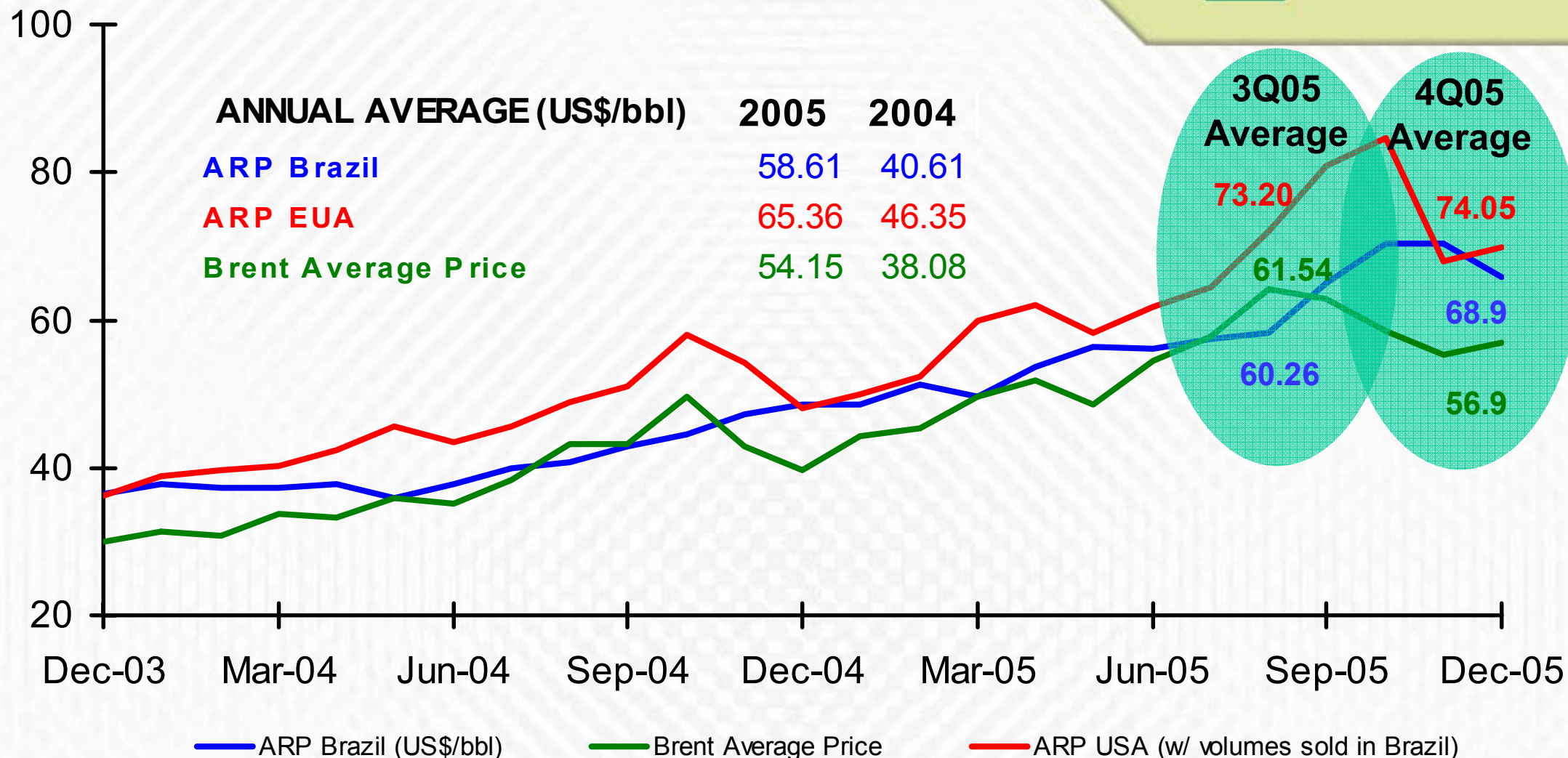
- 14.9% increase compared with last year's same quarter due to the start-up of platforms P-43 in Barracuda and P-48 in Caratinga (dec/04 and feb/05, respectively);

- In 2006 the following platforms are expected to start production:

- P-50: Albacora Leste (cap. 180,000 bpd)
- P-34: Jubarte (cap. 60,000 bpd)
- FPSO Capixaba: Golfinho (cap. 100,000 bpd)
- SSP-300: Piranema (cap. 20,000 bpd)

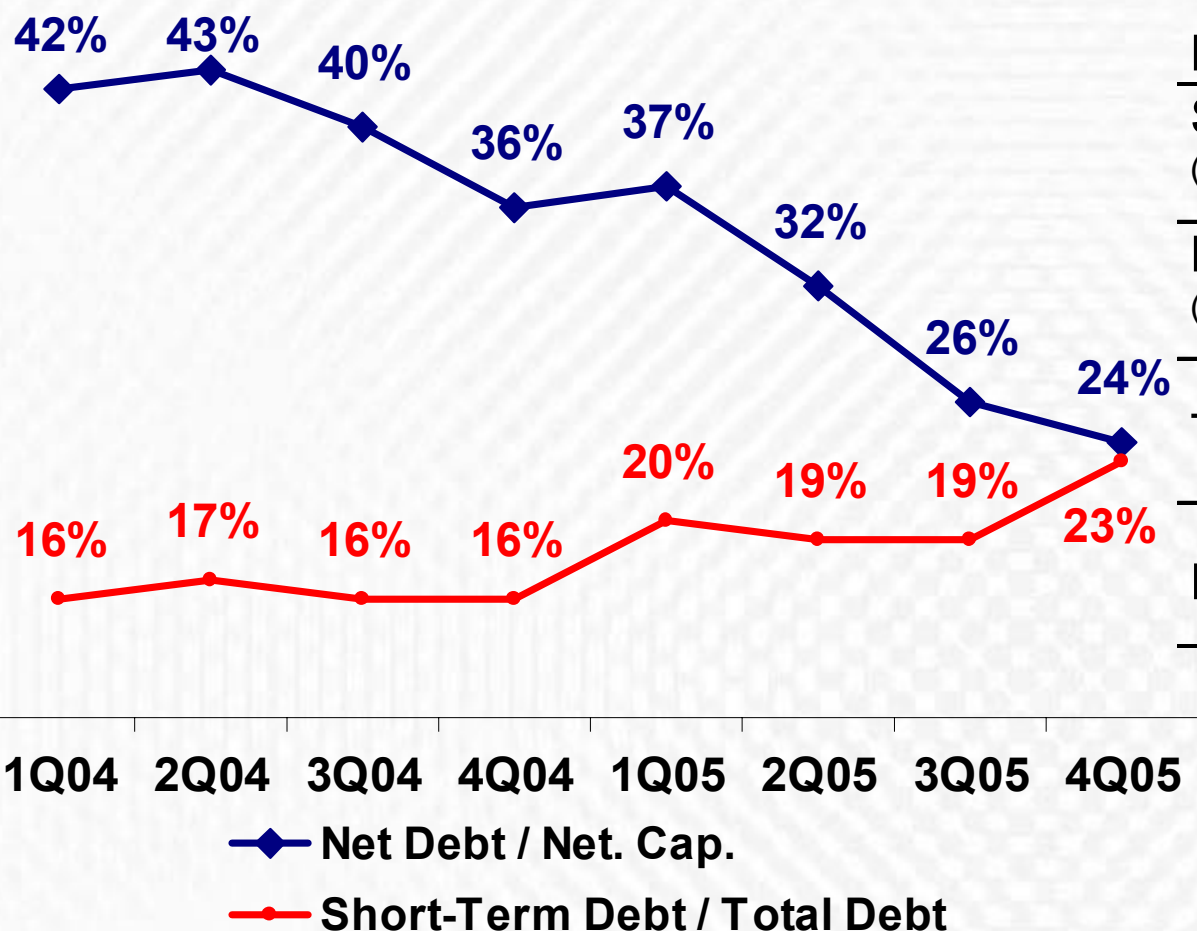


# Average Realization Price - ARP



- Petrobras pricing policy reflected the international price movements, avoiding short term volatility;
- After hurricane season, prices in USA returned to previous levels.

## Petrobras' Leverage Ratio



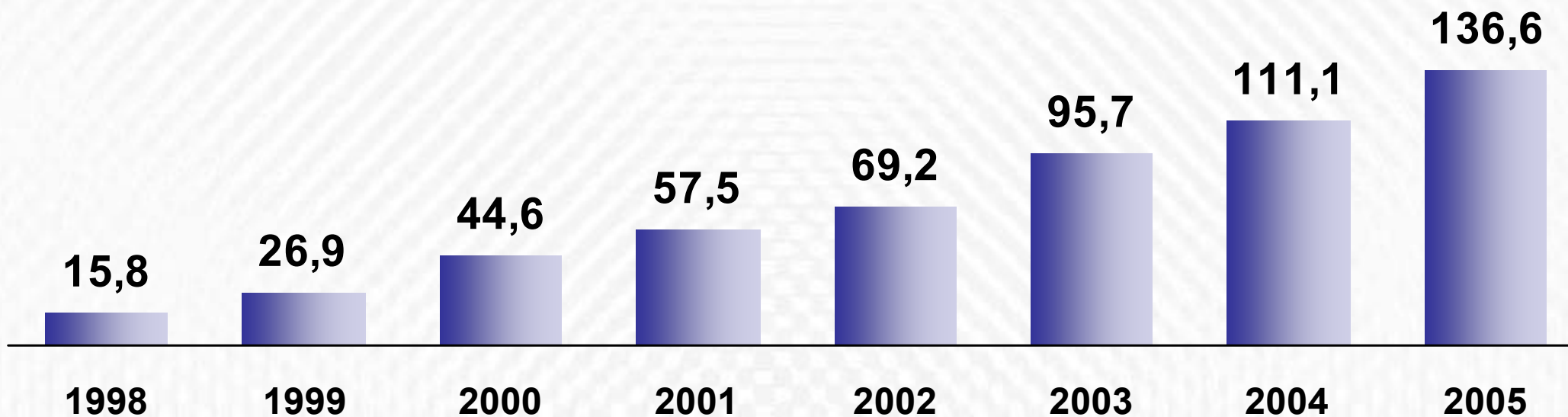
R\$ million	12/31/2005	12/31/2004
Short-term debt (1)	11,116	9,575
Long-term debt (1)	37,126	46,228
Total debt	48,242	55,803
Net debt <sup>(2)</sup>	24,825	35,816

• **Reduction of the Net Debt compared to last year due to high cash generation and reduction of total debt, in conjunction with real appreciation against the dollar (12%).**

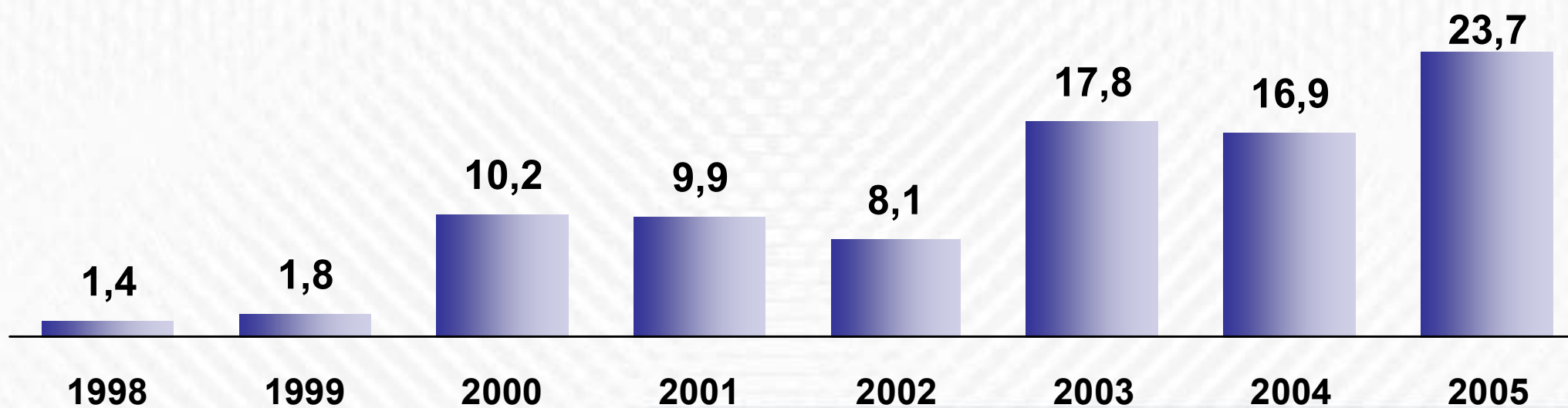
(1) Includes debt contracted through leasing contracts of R\$ 3.300 million on December 31, 2005, and R\$ 4.021 million on December 31, 2004.

(2) Total debt - cash and cash equivalents

## Net Operating Revenues (R\$ billion)



## Net Income (R\$ billion)



**R\$ Million**

	<b>2005</b>	<b>%</b>	<b>2004</b>	<b>%</b>	<b>2005/ 2004</b>
Exploration & Production	15,507	60	13,536	60	<b>15%</b>
Supply	3,348	13	3,777	17	<b>-11%</b>
Gas and Energy	2,674	10	1,058	5	<b>153%</b>
International	3,154	12	2,331	10	<b>35%</b>
Distribution	495	2	1,223	5	<b>-60%</b>
Corporate	532	3	624	3	<b>-15%</b>
<b>Total Investments</b>	<b>25,710</b>	<b>100</b>	<b>22,549</b>	<b>100</b>	<b>14%</b>

**Total in 2005:  
R\$ 15,507 million**

### Exploration Projects

R\$ 2,806 million (18%)

### Management Improvements

R\$ 1,311 million (8%)

### Others

R\$ 1,313 million (8%)

### Production development *Producing projects*

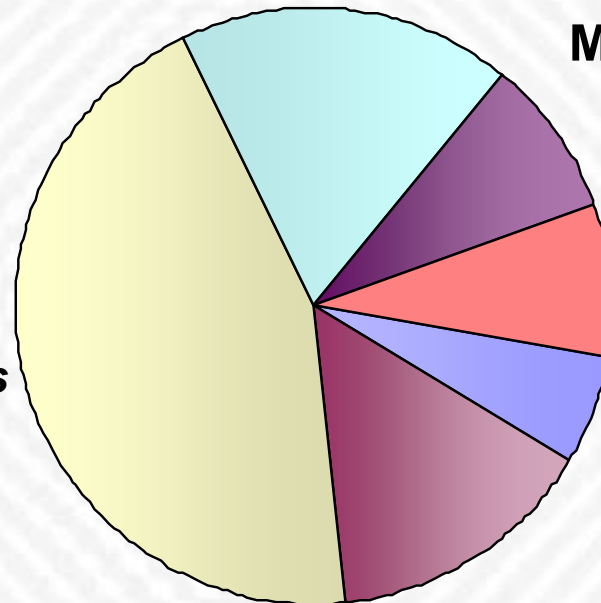
R\$ 898 million (6%)

### Production development *Projects in Final Stages*

R\$ 2,273 million (15%)

### Production development *Development phase projects*

R\$ 6,906 million (45%)



Total Realizado em 2005: R\$ 15.507 milhões

- Producing projects: Barracuda, Caratinga and Marlim
- Projects in Final Stages: Albacora Leste, Jubarte, Piranema, Manati, Peroá-Cangoá and Golfinho



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**For further information please contact:**

**Petróleo Brasileiro S.A – PETROBRAS  
Investor Relations Department**

**E-mail: [petroinvest@petrobras.com.br](mailto:petroinvest@petrobras.com.br)  
Av. República do Chile, 65 – 22nd floor  
20031-912 – Rio de Janeiro, RJ  
(55-21) 3224-1510 / 3224-9947**