

Offshore and beyond

New investment landscape in the O&G sector

Felipe Feres | 3 March 2020

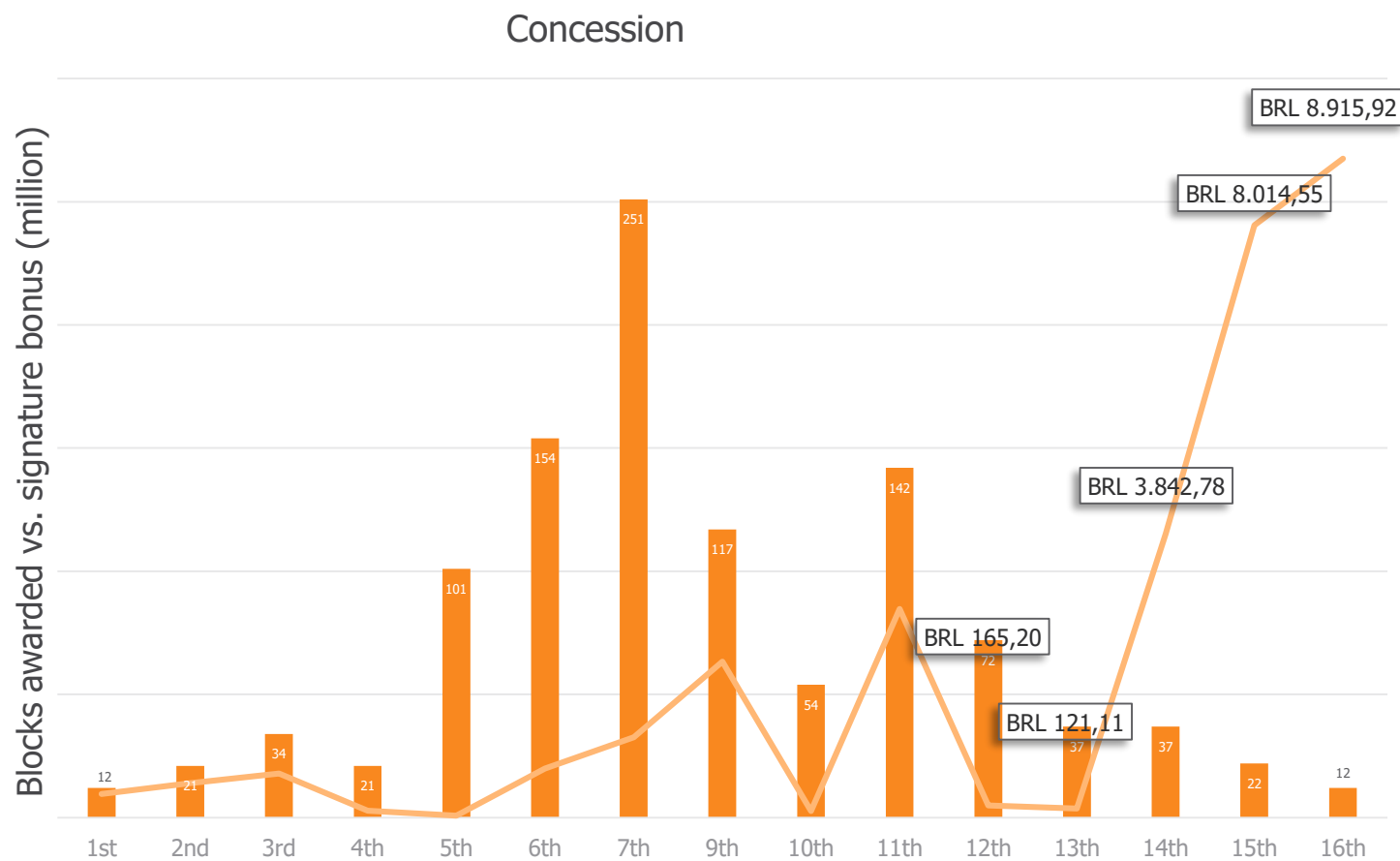
Offshore E&P Rebirth

Important regulatory changes

- Petrobras no longer the sole PSC operator
- Special tax regime
- New local content rules
- Arbitration mechanism improved
- Bid round schedule
- Permanent offer bid rounds
- Royalty reduction and mature fields
- Financing and RBLs



Some recent ANP bid rounds results



PSC

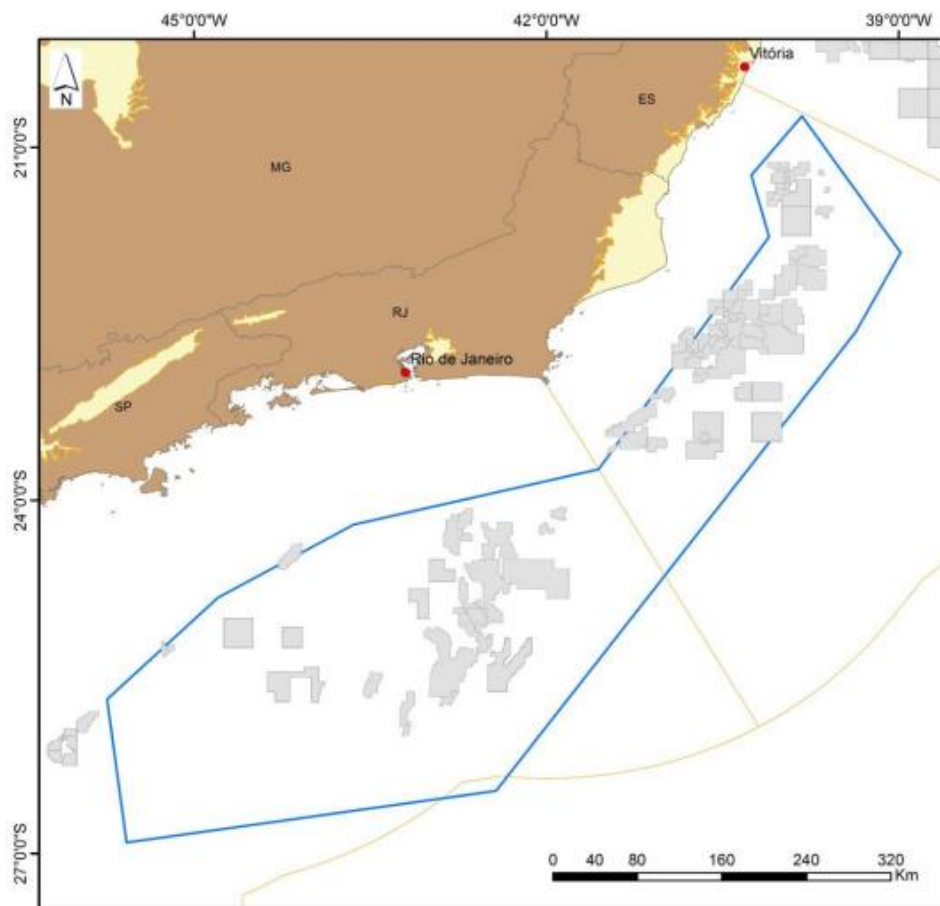
BRL 100 bi+
signature bonus

4 new
operators

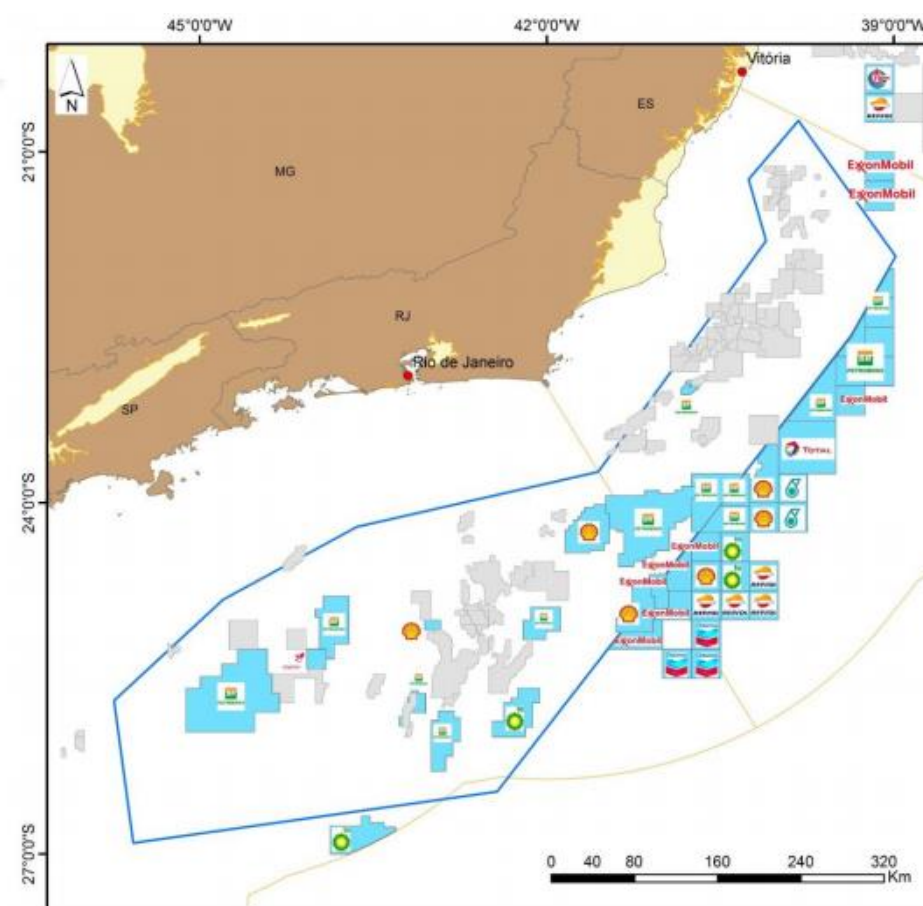
Source: ANP

More activities in the pre-salt area

2016



2020



Source: ANP

Coming soon...

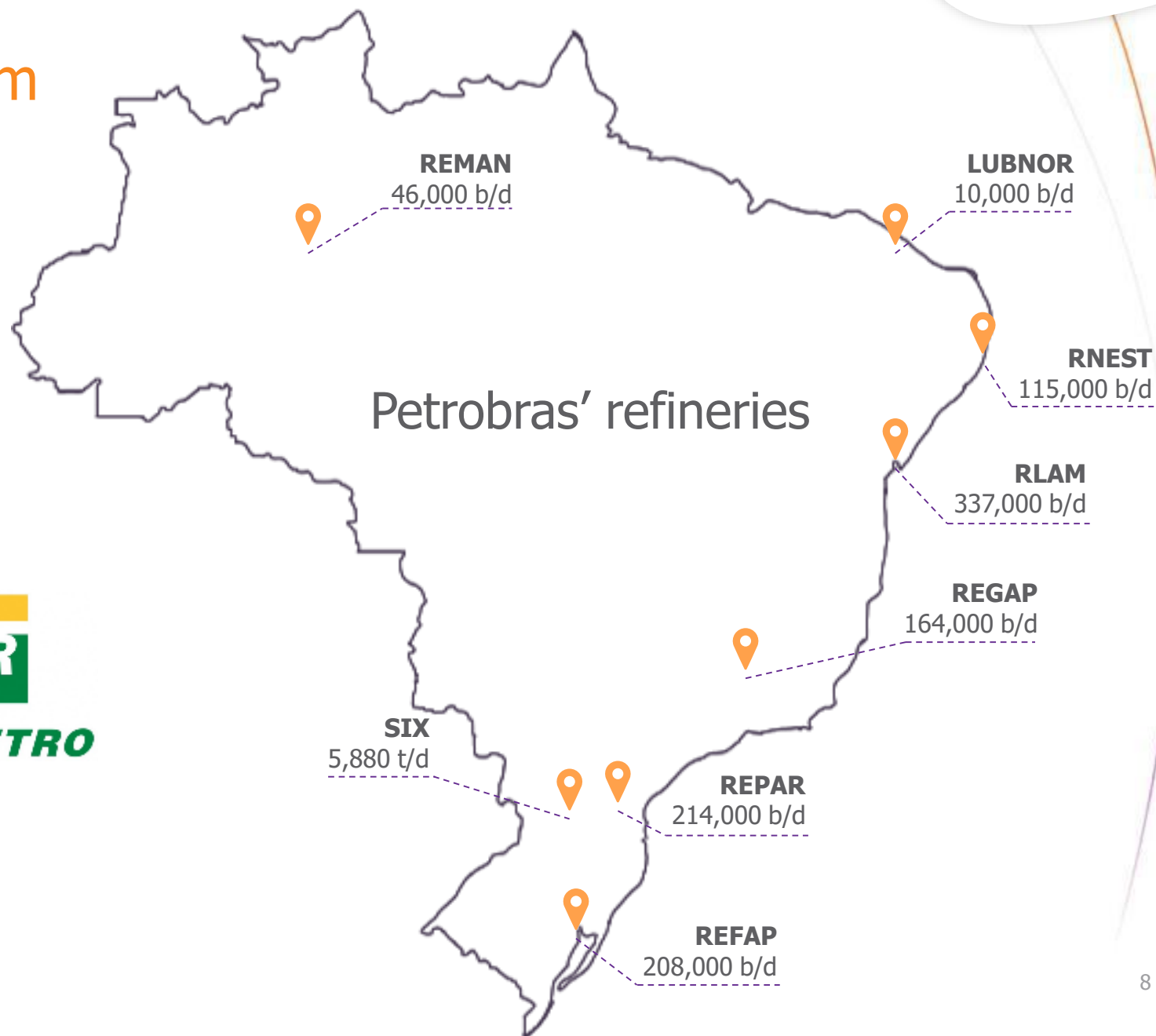
- Diversification with new operators (majors and independents)
- US\$ 215 bi in new investments
- US\$ 700 bi tax and royalties revenue
- ~33 new platforms
- Hundreds of new wells
- 4.2 million bpd (added peak production)

Source: ANP (BRL/USD 3.71 | Brent USD 70)



Beyond...

Midstream and downstream



Recent M&A activity (1)



- Sale by Petrobras of **90%** of its equity interest in TAG to Engie (in consortium with CDPQ) for **USD 8.6 bi**



- Acquisition by Glencore of **78%** of the total capital stock of Alesat S.A. for **BRL 1.7 billion**



- Acquisition by PetroChina International (Hong Kong) of **30%** of the total capital stock of TT Work. The value of the Transaction was not disclosed



- Acquisition by Vitol Group of a **50%** equity interest in Rodoil. The value of the Transaction was not disclosed

Recent M&A activity (2)



- Initial public offering of shares of Petrobras Distribuidora S.A. - BR Distribuidora in the amount of **BRL 5.19 billion**



- Acquisition by Vitol Group of a **50%** equity interest in Grupo Dislub Equador (GDE). The value of the Transaction was not disclosed



- Acquisition by Total of the Zema Group fuel distribution business



- Joint Venture formed by BP and Bunge to operate **11** sugar and ethanol mills in the biofuels industry. Bunge will receive **USD 775 mi** for this transaction

General trends

Some trends in the industry

- Petrobras divestment plan (a parallel bid round?)
- RBL and other financing opportunities bringing newcomers
- Diversification and new market for service providers
- Enhanced recovery and decommissioning
- Research, development and innovation
- Companies diversifying from E&P
- Electrification and gas-to-power
- Offshore wind



Takeaways

- **Pro-business** policies
- **Privatization of infrastructure** through Petrobras divestment process
- **New laws and regulations** following Petrobras divestments
- Brazilian E&P offshore market set to become **No. 1** in the world in the short/medium term
- Major interest from international investors in sectors traditionally dominated by Petrobras (**midstream and refining**) and by local groups (**fuel distribution**)

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