

Investor Day



Disclaimer

FORWARD-LOOKING STATEMENTS:

DISCLAIMER

The presentation may contain forward-looking statements about future events within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are not based on historical facts and are not assurances of future results. Such forward-looking statements merely reflect the Company's current views and estimates of future economic circumstances, industry conditions, company performance and financial results. Such terms as "anticipate", "believe", "expect", "forecast", "intend", "plan", "project", "seek", "should", along with similar or analogous expressions, are used to identify such forward-looking statements. Readers are cautioned that these statements are only projections and may differ materially from actual future results or events. Readers are referred to the documents filed by the Company with the SEC, specifically the Company's most recent Annual Report on Form 20-F, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements, including, among other things, risks relating to general economic and business conditions, including crude oil and other commodity prices, refining margins and prevailing exchange rates, uncertainties inherent in making estimates of our oil and gas reserves including recently discovered oil and gas reserves, international and Brazilian political, economic and social developments, receipt of governmental approvals and licenses and our ability to obtain financing.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason. Figures for 2017 on are estimates or targets.

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place reliance on any forward-looking statement contained in this presentation.

In addition, this presentation also contains certain financial measures that are not recognized under Brazilian GAAP or IFRS. These measures do not have standardized meanings and may not be comparable to similarly-titled measures provided by other companies. We are providing these measures because we use them as a measure of company performance; they should not be considered in isolation or as a substitute for other financial measures that have been disclosed in accordance with Brazilian GAAP or IFRS.

NON-SEC COMPLIANT OIL AND GAS RESERVES:

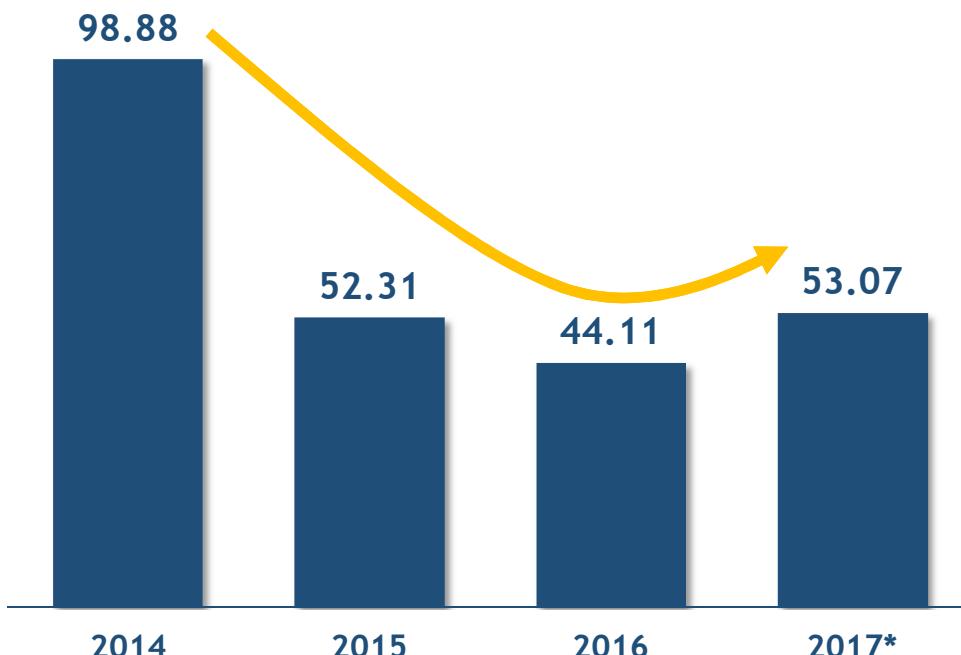
CAUTIONARY STATEMENT FOR US INVESTORS

We present certain data in this presentation, such as oil and gas resources, that we are not permitted to present in documents filed with the United States Securities and Exchange Commission (SEC) under new Subpart 1200 to Regulation S-K because such terms do not qualify as proved, probable or possible reserves under Rule 4-10(a) of Regulation S-X.

External context

Brent (Annual average - Nominal)

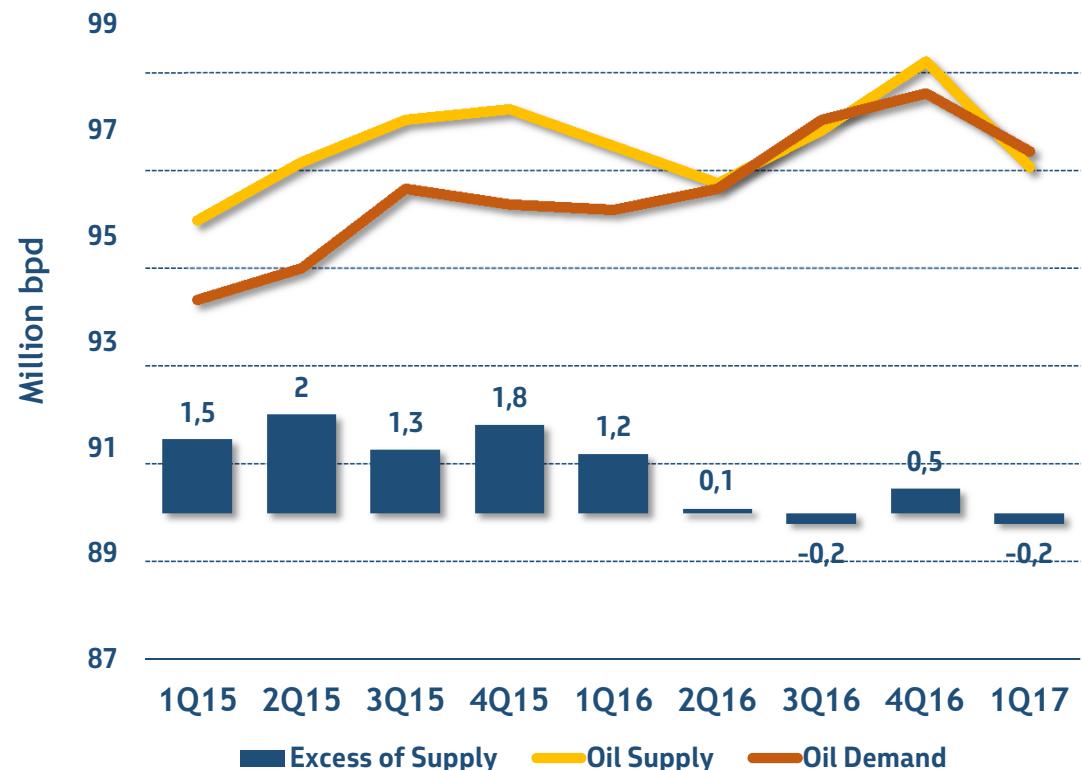
US\$/barrel



Source: Bloomberg

* Average until 18/5/2017

Balance between Oil Demand and Supply



Source: International Energy Agency - April/2017 Oil Market Report

Regulatory Framework

Old Model

Petrobras Sole Operator in the Pre-Salt

High Level of Local Content

No defined schedule for Bid Rounds



New Model

Preferential Right in the Pre-Salt

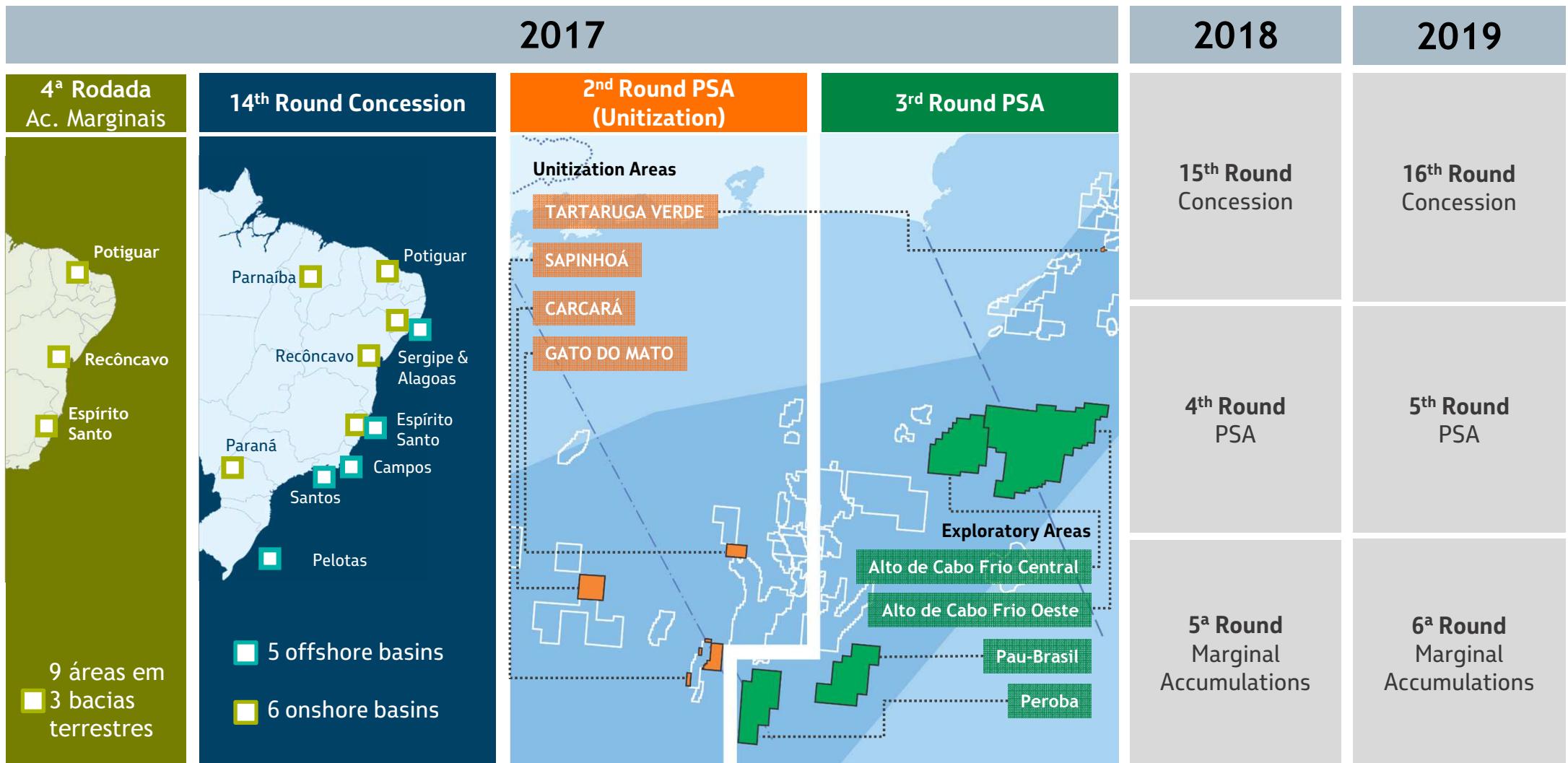
Flexible Local Content Policy

Predictability in the Bid Rounds

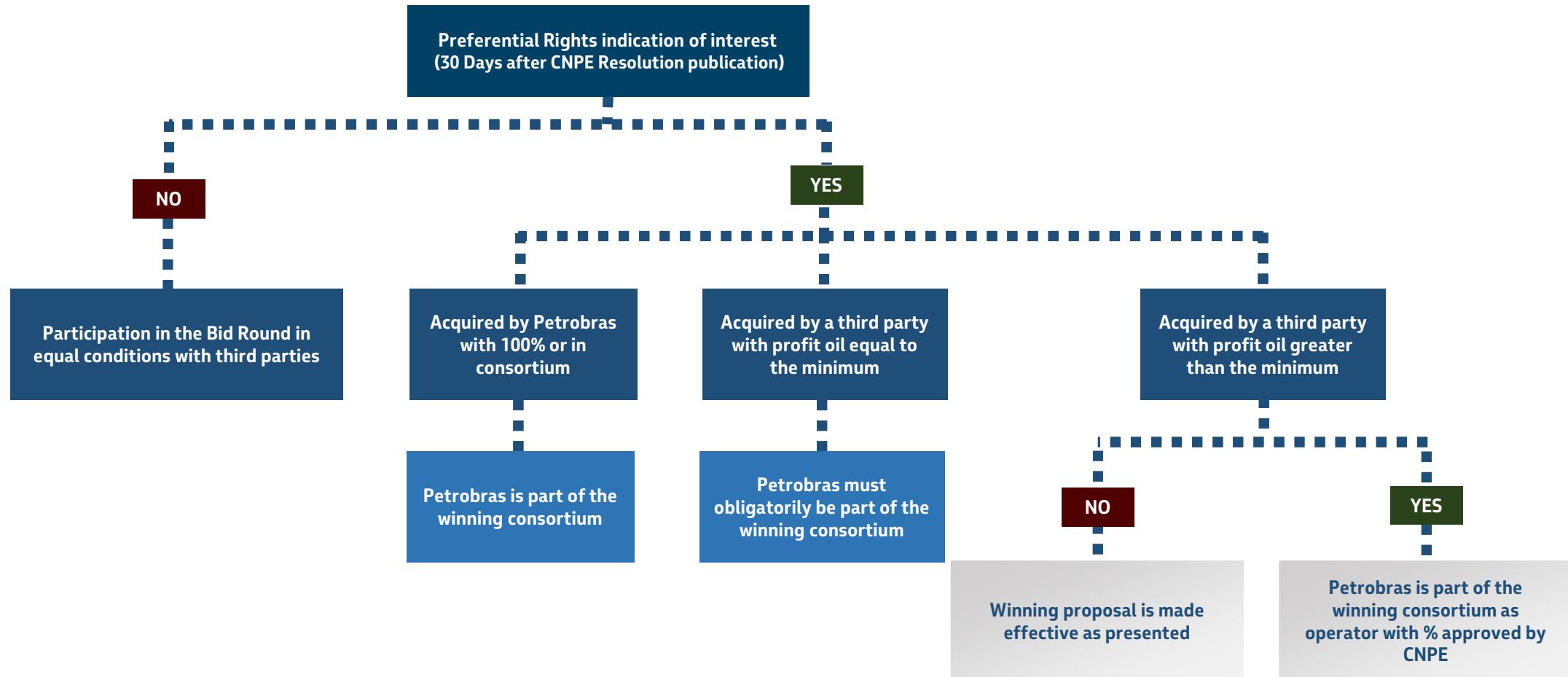
Program "*Gás Para Crescer*"

Program "*Combustível Brasil*"

Higher predictability in ANP Bid Rounds



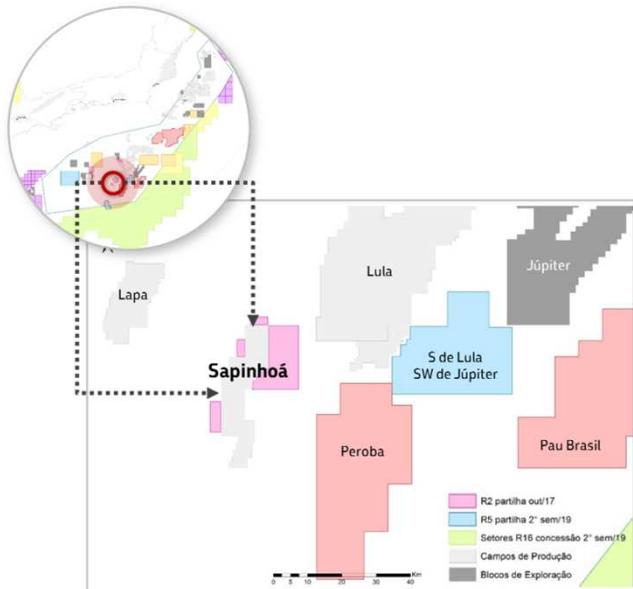
Preferential rights in PSA's bid rounds



Preferential Right indication of interest – Rounds 2 and 3 (PSA)

Round 2

Entorno de Sapinhoá



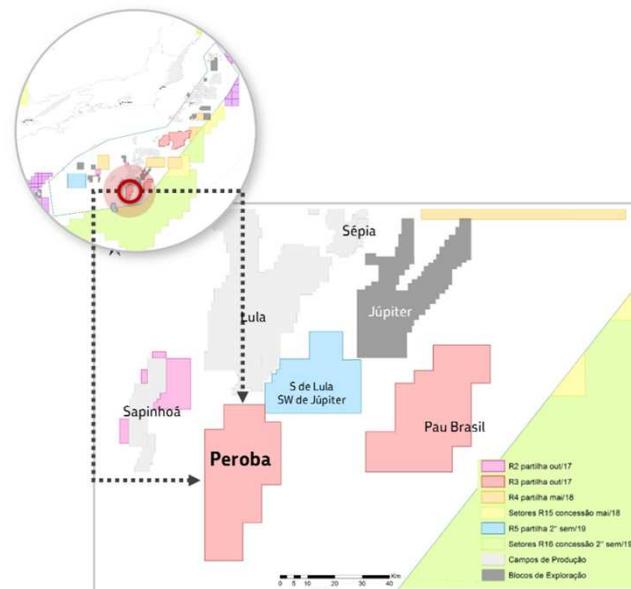
SANTOS BASIN – São Paulo

DISTANCE FROM COAST: 330 km

WATER DEPTH: >2,000 meters

Round 3

Peroba

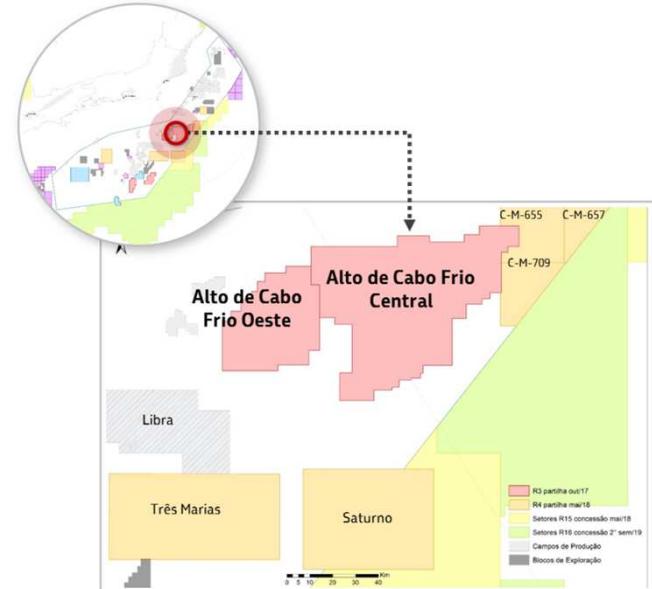


SANTOS BASIN – São Paulo/Rio de Janeiro

DISTANCE FROM COAST : 370 km from the coast and 50 km south of Lula

WATER DEPTH : >2,200 meters

Alto de Cabo Frio Central



SANTOS BASIN – Rio de Janeiro

DISTANCE FROM COAST : 150 Km from the coast, 130 km NW Libra

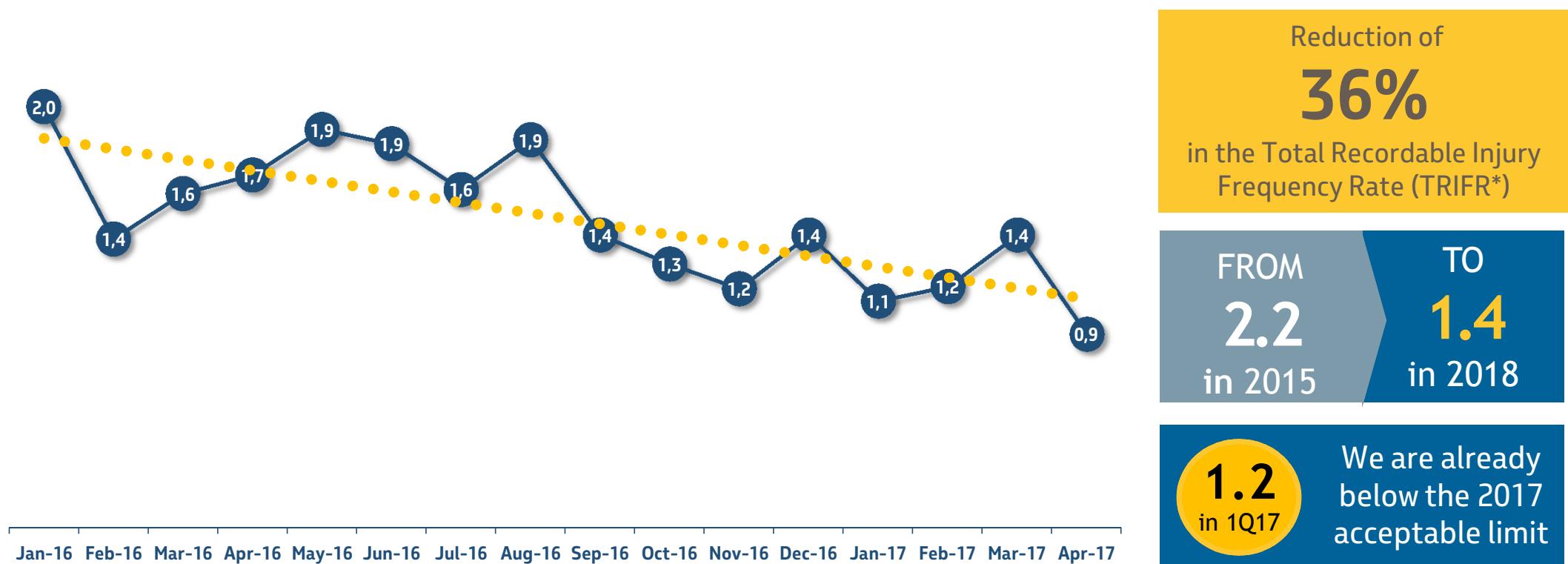
WATER DEPTH : 1,600 a 2,900 meters

OUR VISION



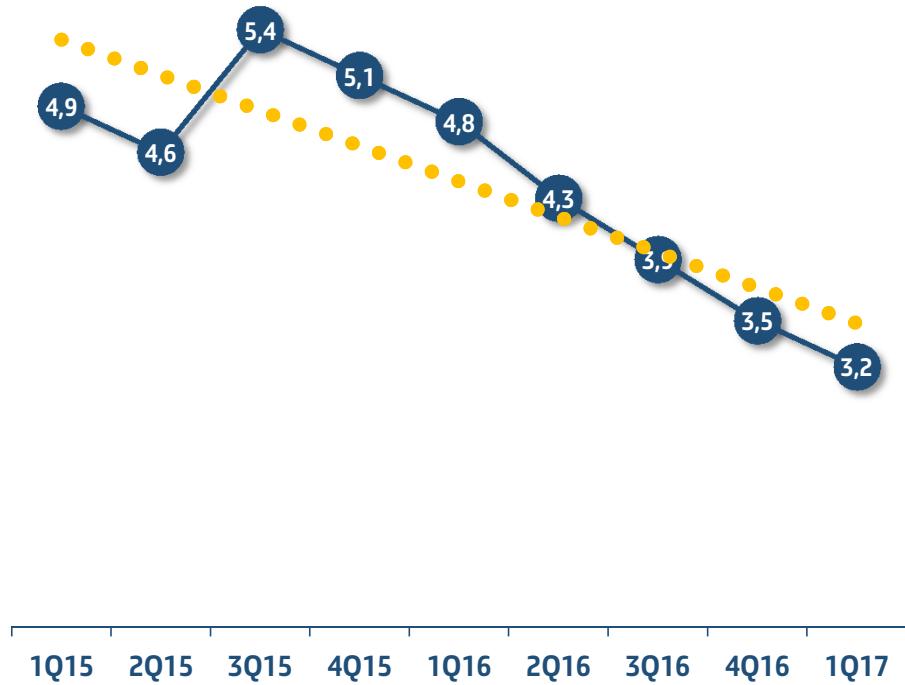
An **integrated energy company focused on oil and gas** that **evolves with society, creating high value**, with a unique **technical capability**

Consistent reduction in the Total Recordable Injury Frequency Rate



* TRIFR = Total Recordable Injury Frequency Rate

We are converging to the leverage reduction metric



Reduction in
LEVERAGE
Net Debt/EBITDA

FROM
5.1
in 2015 TO
2.5
by 2018

3.2
in 1Q17 We are moving
 towards the
 goal

Competitive Prices

CAPEX Efficiency

OPEX Efficiency

Partnerships and
Divestments

MAIN PROJECTS

E&P



Schedule of new E&P Projects 2017 – 2021



Main E&P projects in 2017

P-66 Lula Sul

Production start-up on 17/05/2017



Current production of 27 thousand bpd

LIBRA PIONEER



P-67



CIDADE DE CAMPOS DOS GOYTACAZES



TLD de Libra On location



Lula Norte COOEC Shipyard



Tart. Verde e Mestiça Brasfels Shipyard



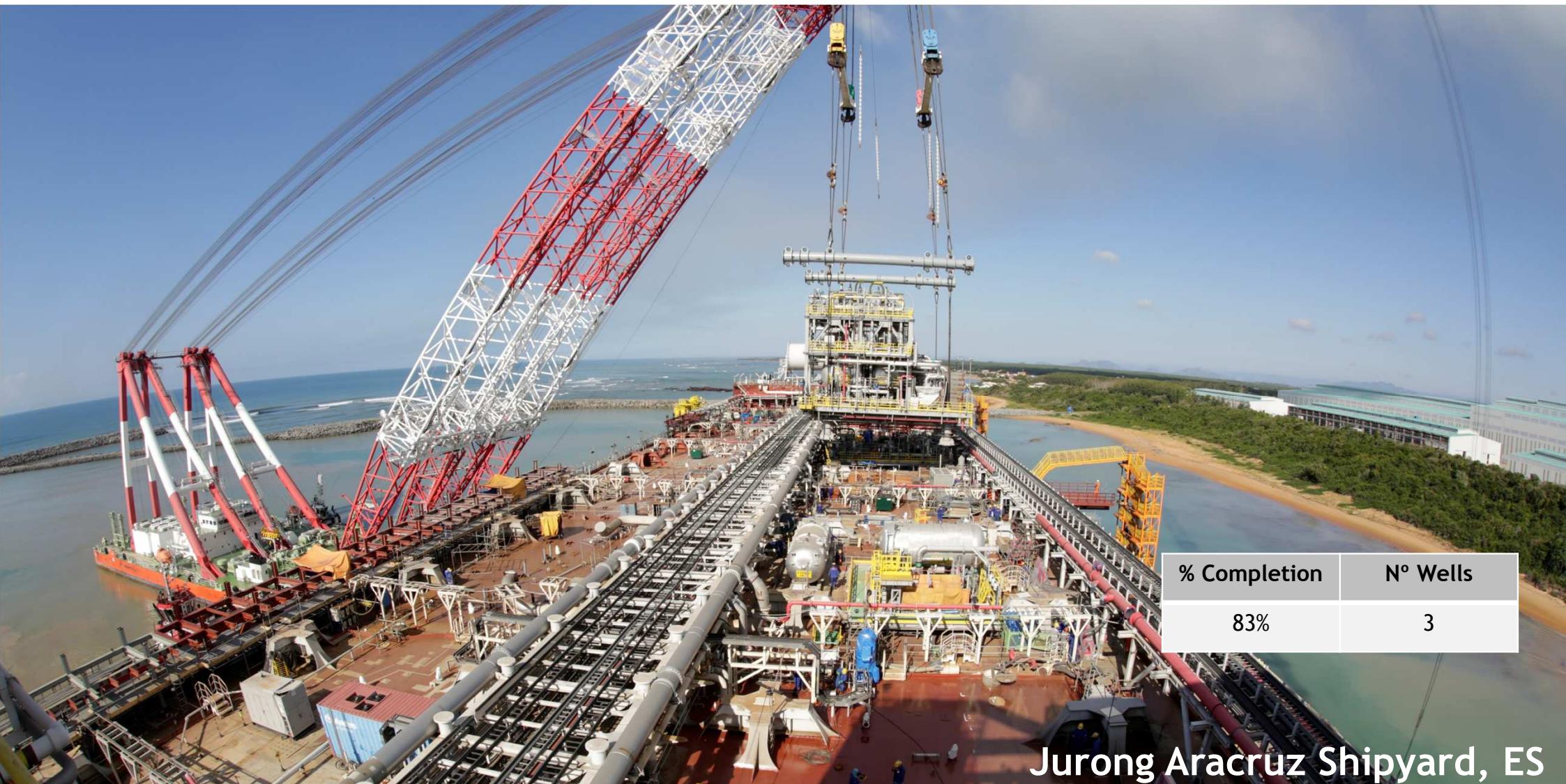
P-67 (Lula Norte Project) – 1st Oil 4Q17



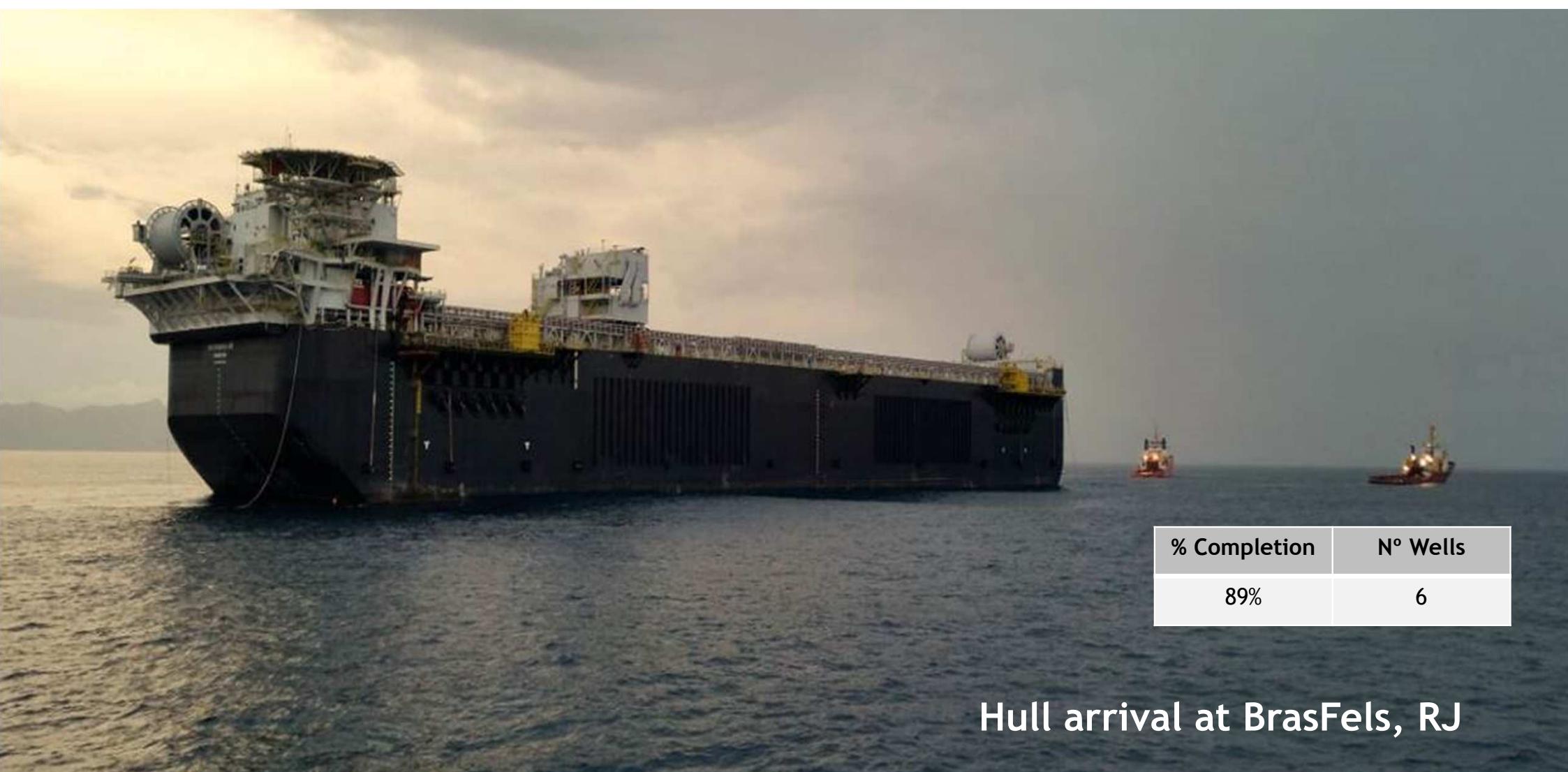
% Completion	Nº Wells
97%	6

COOEC Shipyard, China

P-68 (Berbigão/Sururu Project) – 1st Oil 2018



P-69 (Lula Extremo Sul Project) – 1st Oil 2018



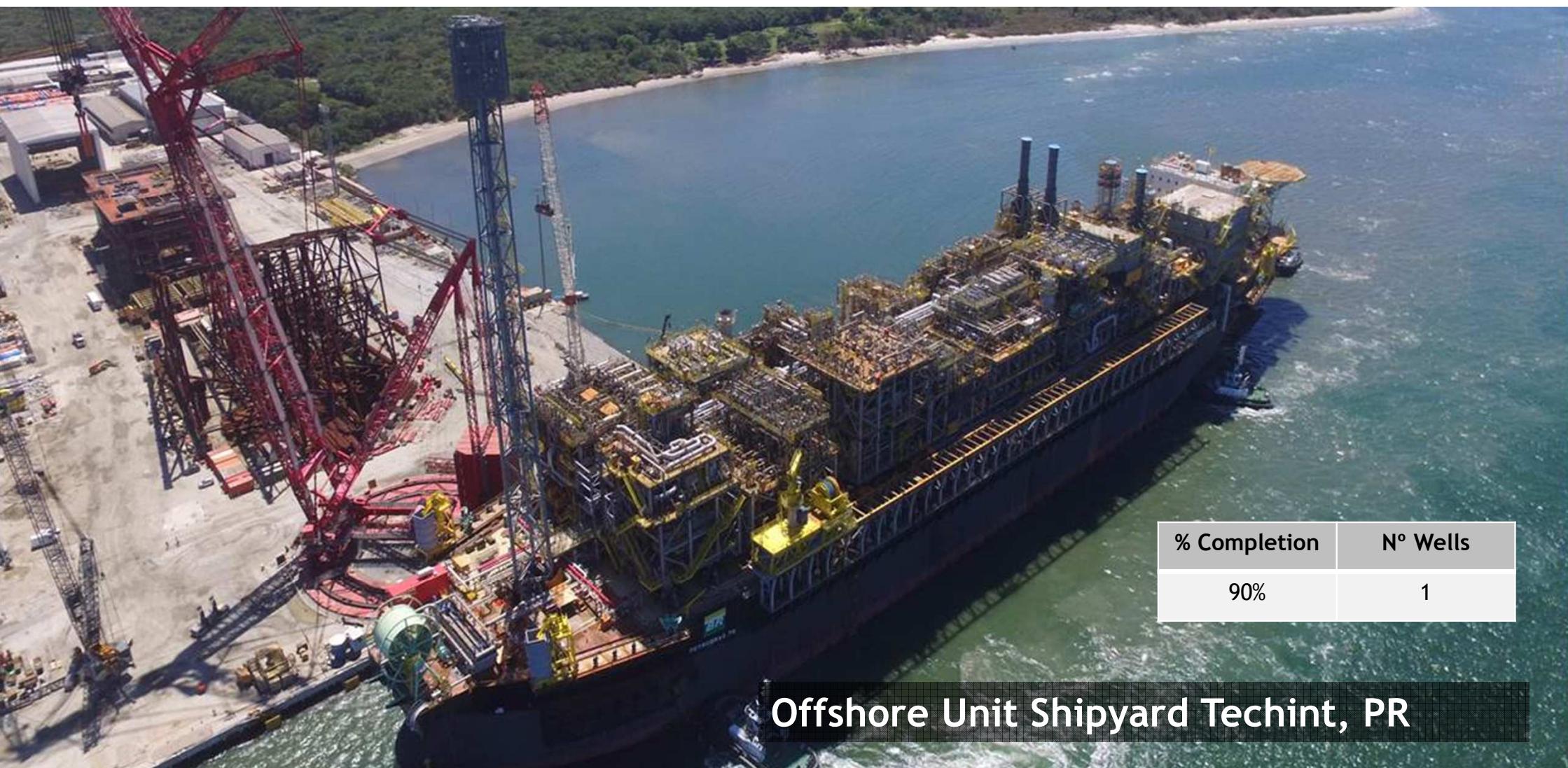
P-74 (Búzios 1 Project) – 1st Oil 2018



P-75 (Búzios 2 Project) – 1st Oil 2018



P-76 (Búzios 3 Project) – 1st Oil 2018



P-70 (Atapu 1 Project) – 1st Oil 2019



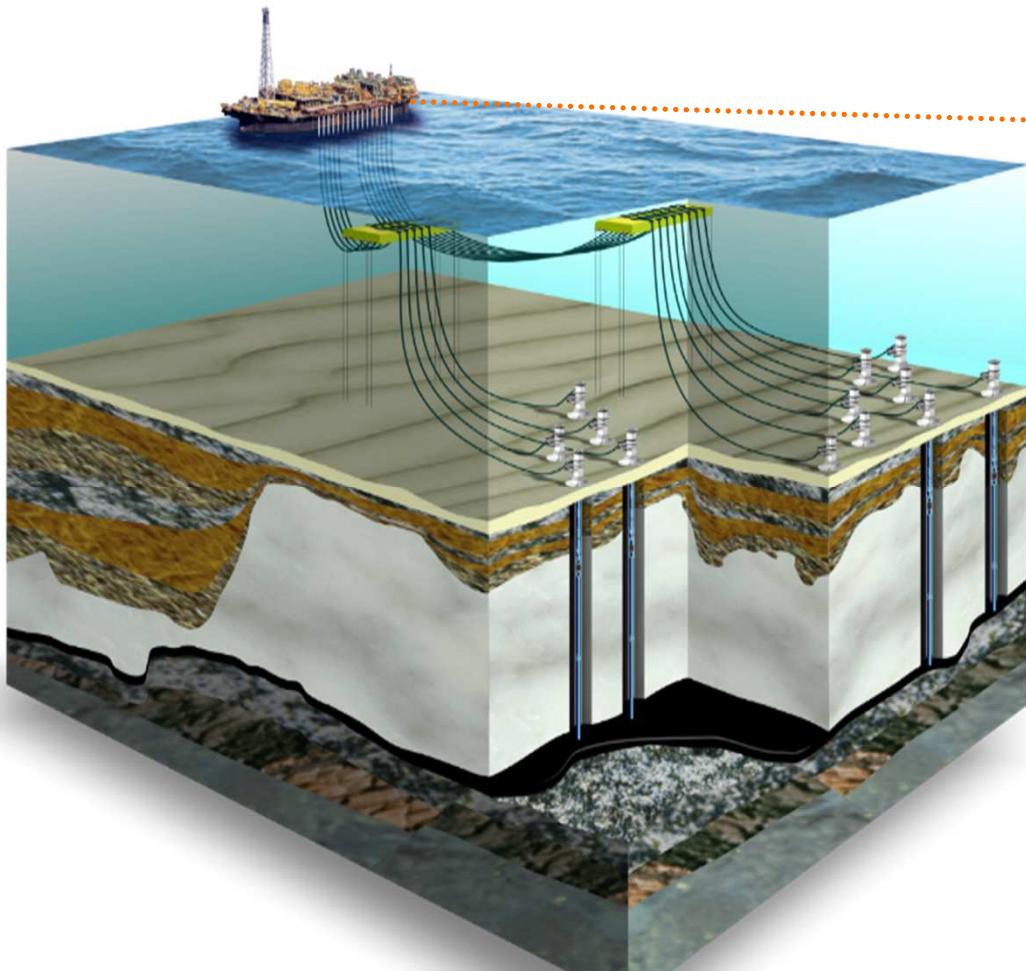
% Completion	Nº Wells
78%	1

COSCO Shipyard, China

P-77 (Búzios 4 Project) – 1st Oil 2019



Typical Pre-Salt Project



% Distribution
of Investments

**Production
Unit**
35%

Subsea
30%

Wells
35%

Our competitive advantages

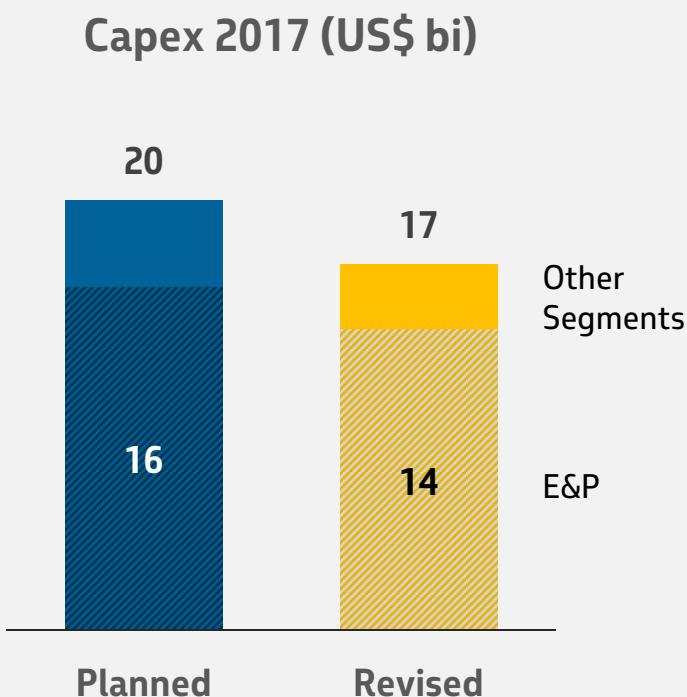
Since 2010, we have started up, on average, one new production unit in Pre-Salt every seven months.

Subsea systems costs 8% lower than the industry benchmark*. Great volumes, long-term contracts and standardization of wet christmas trees and lines offer the most competitive costs of the sector.

We are pioneers in Pre-salt well construction and, after 7 years of technological development, we can already drill wells 3 times faster.

Investments optimization and higher productivity

- Contracts renegotiation
- Revision in well schedule, considering projects' optimization
- Higher production in Parque das Baleias (P-58)



Production
Target
confirmed
2.62
MMboed

Collaboration between partners resulted in reduction of break-even price



Reduction in the
break-even of the
area of
US\$ 13/bbl

Reduction of manageable operating costs

Technical standardization

Contracts renegotiation: reduction in fleet and daily rates

Increase in efficiency of the fleet and pipelines/terminals

Rationalization of well interventions

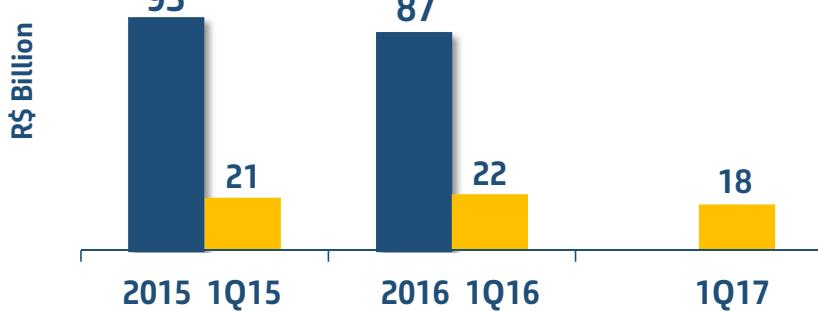
Reduction in employees (Separation plan) and third parties

Rationalization of administrative costs

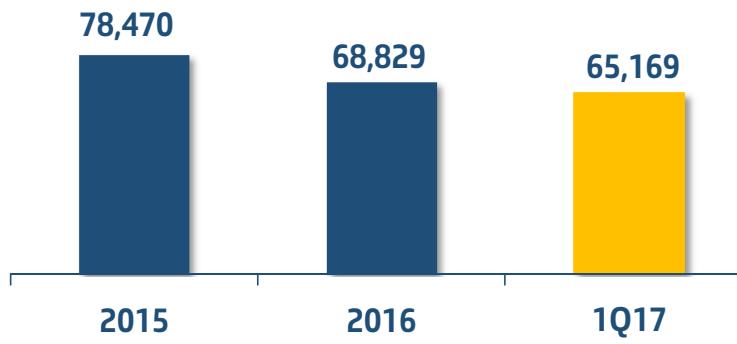
Process reorganization

Organizational Restructuring (cut of managerial functions)

Manageable Operating Costs

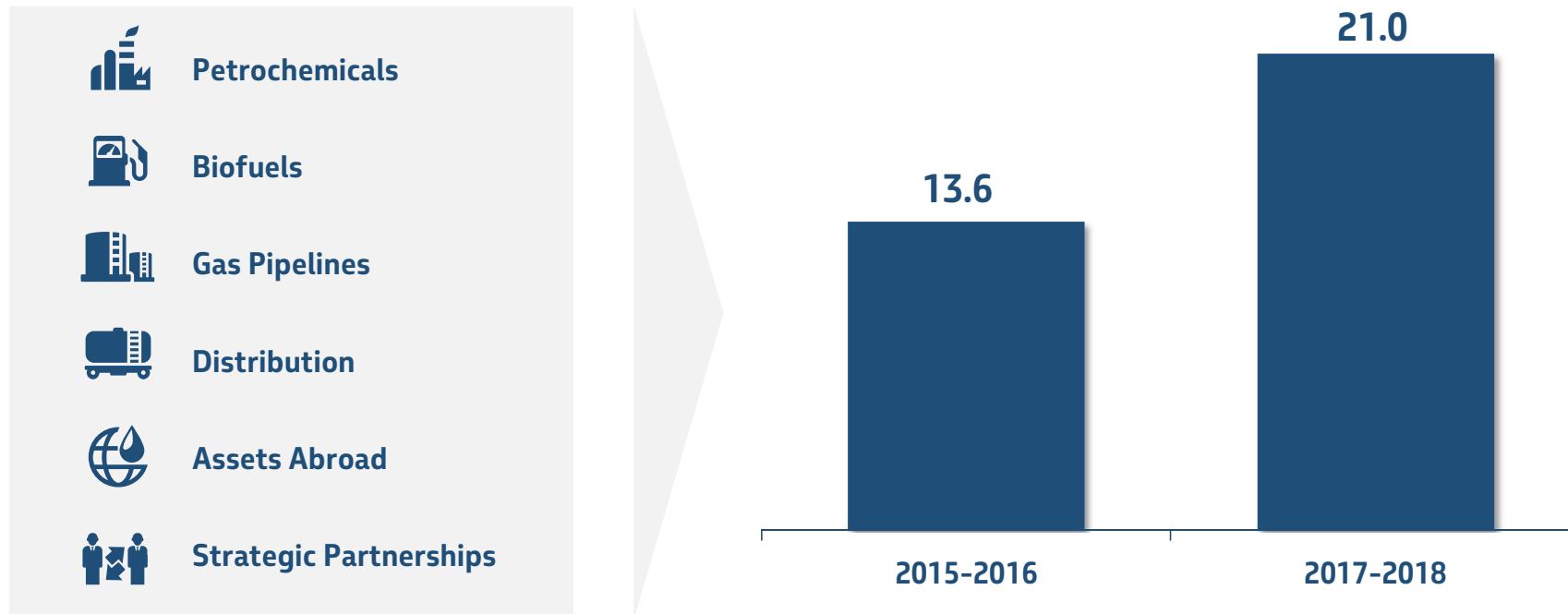


Number of Employees in Petrobras System



Partnership and Divestments Program

We reached US\$ 13.6 billion in 2015-16 and we are compromised with the 2017-18 target



**Strategic
Partnerships:**



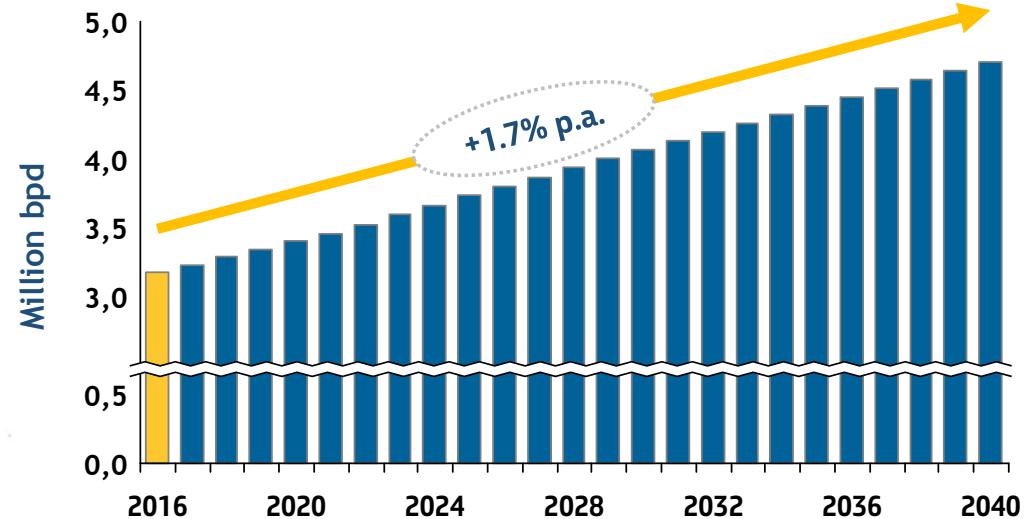
Downstream partnerships in Brazil

Petrobras is also interested in finding partners to its downstream operations, keeping the strategy of integrated supply chain

Privileged position for spreads



Annual consumption of fuels* in Brazil

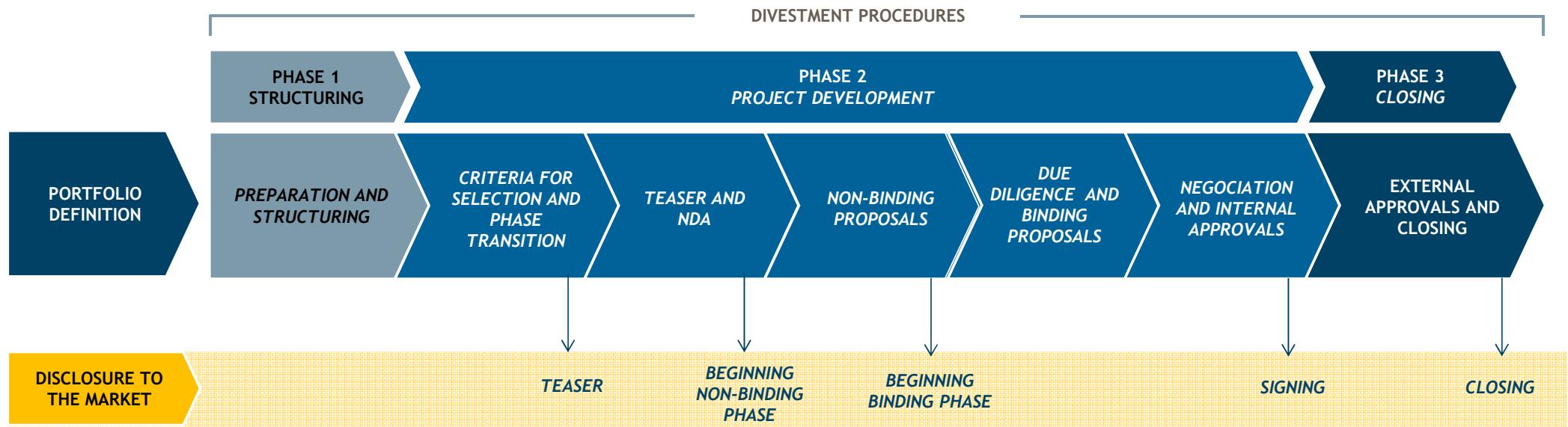


Source: EIA International Energy Outlook 2016

* Includes oil products, natural gas and biofuels

- Brazil is the sixth oil consumer market in the world
- Selling position of crude oil and buyer position of oil products, far from main markets

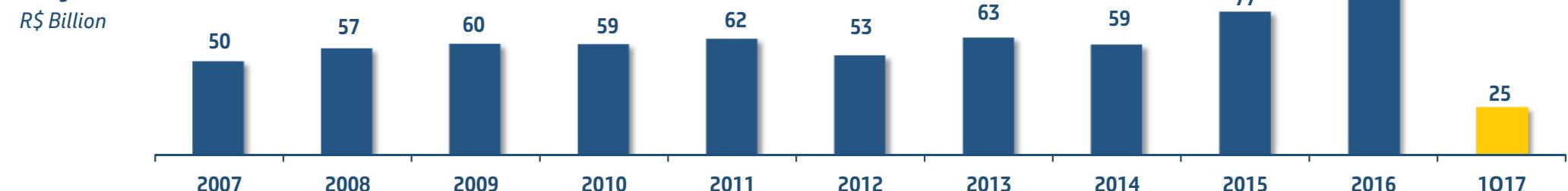
Divestment Process and Disclosure to the Market



- The revised Divestment Methodology was approved by the Federal Accounting Court (TCU)
- Each project will have its milestones disclosed to the market

Consistent improvement in our results

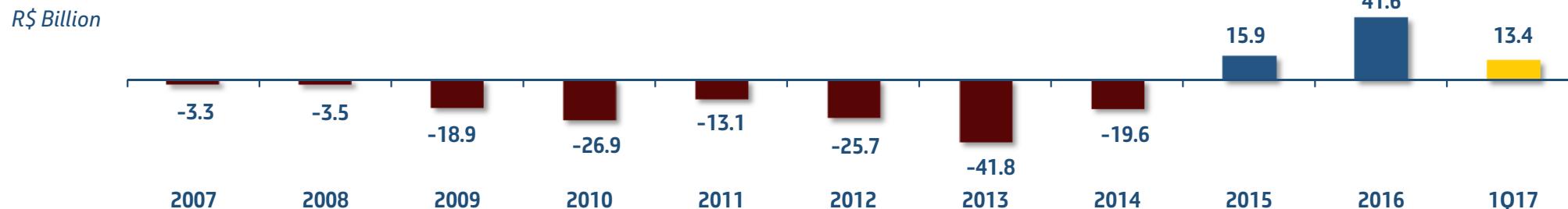
Adjusted EBITDA



Adjusted EBITDA Margin



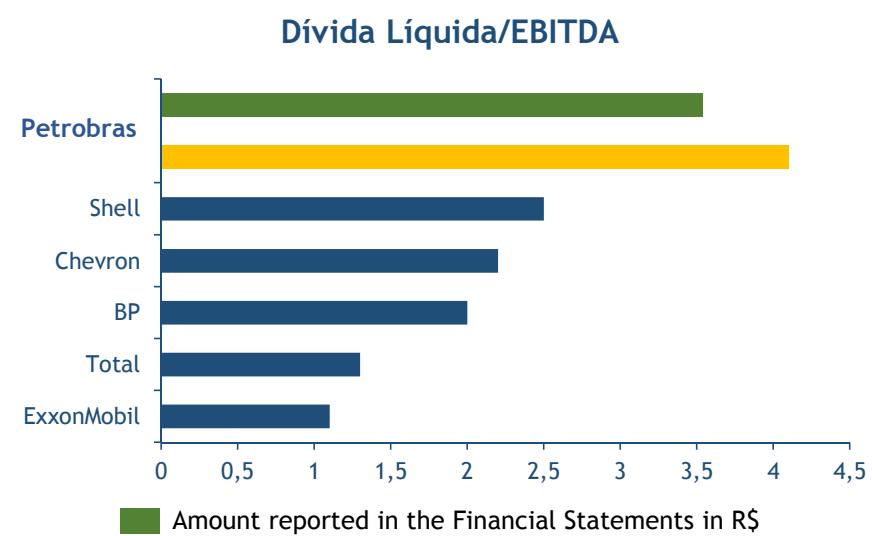
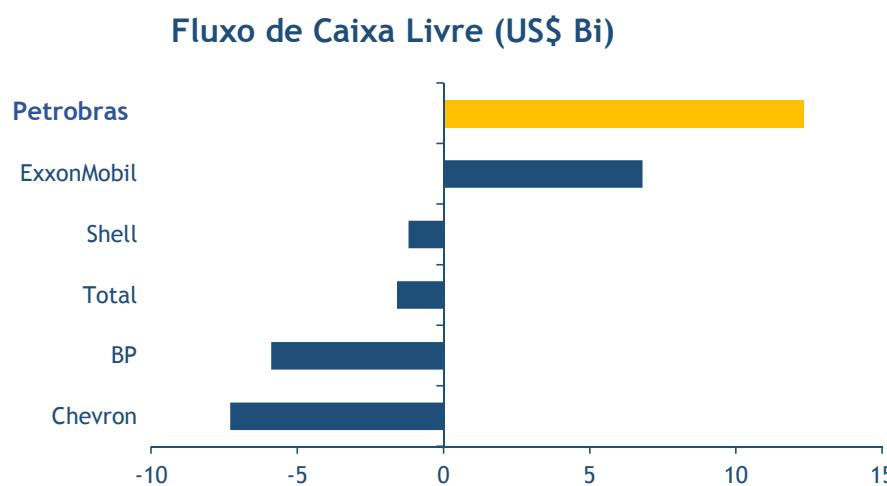
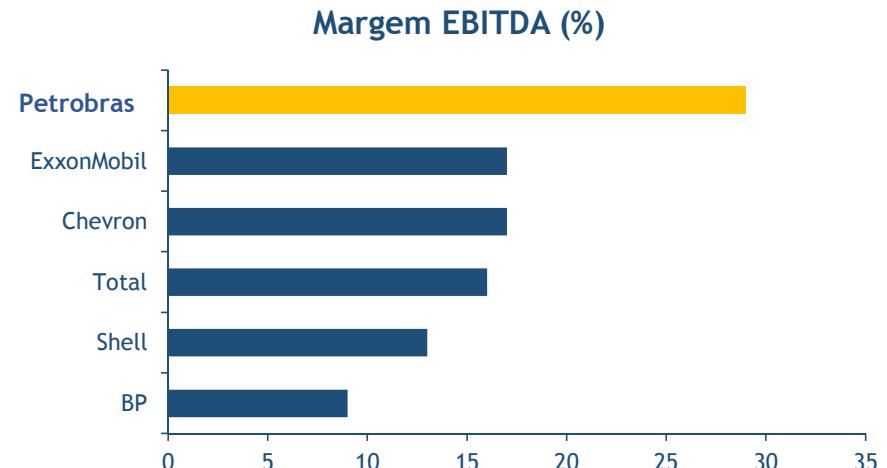
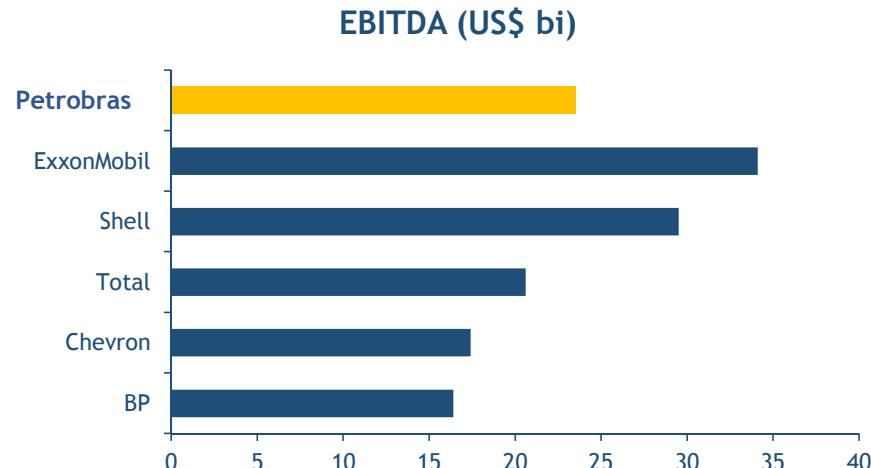
Free Cash Flow



Brent US\$/barrels

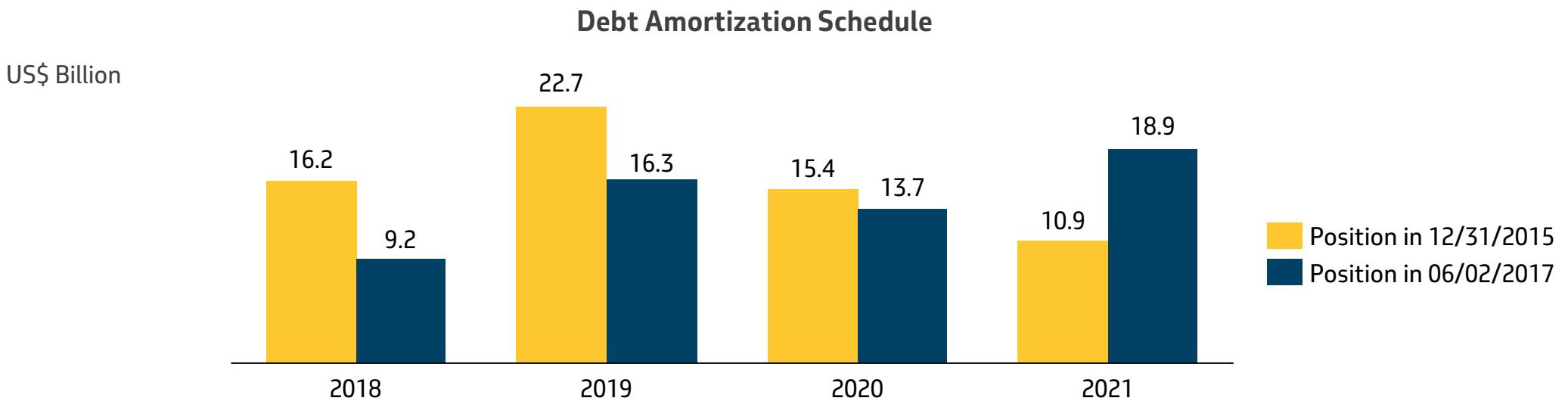
73	99	63	80	111	112	109	99	52	44	55
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Petrobras vs. Peers in 2016



Source: Evaluate Energy

Active Liability Management resulted in extension of maturities



Issuance of US\$ 18 billion and tender of US\$ 17 billion helped to reduce the cost of debt and to extend maturity



*Liquidation of make-whole expected for June 22nd

Main Risks

	 Operational Risks	 Financial Risks	 Compliance Risks	 Business Risk	 Strategic Risks
Risks	<ul style="list-style-type: none">▪ Accidents▪ Suppliers performance▪ Strikes	<ul style="list-style-type: none">▪ Inability to pay debt▪ Pension Plan Obligations▪ Clients credit risk▪ Litigations and arbitrations (<i>class action</i>, DoJ, SEC, tax and labor)	<ul style="list-style-type: none">▪ Behavior incompatible with ethics and compliance	<ul style="list-style-type: none">▪ Volatility of oil prices and FX rates▪ Reserve replacement▪ Delays in licensing	<ul style="list-style-type: none">▪ Political and regulatory instability▪ Divestments execution▪ Changes in society faster than expected



Integrated and proactive risk management is key to safe and sustainable results

RELATIONSHIP WITH STAKEHOLDERS

Sustainability Report
2016



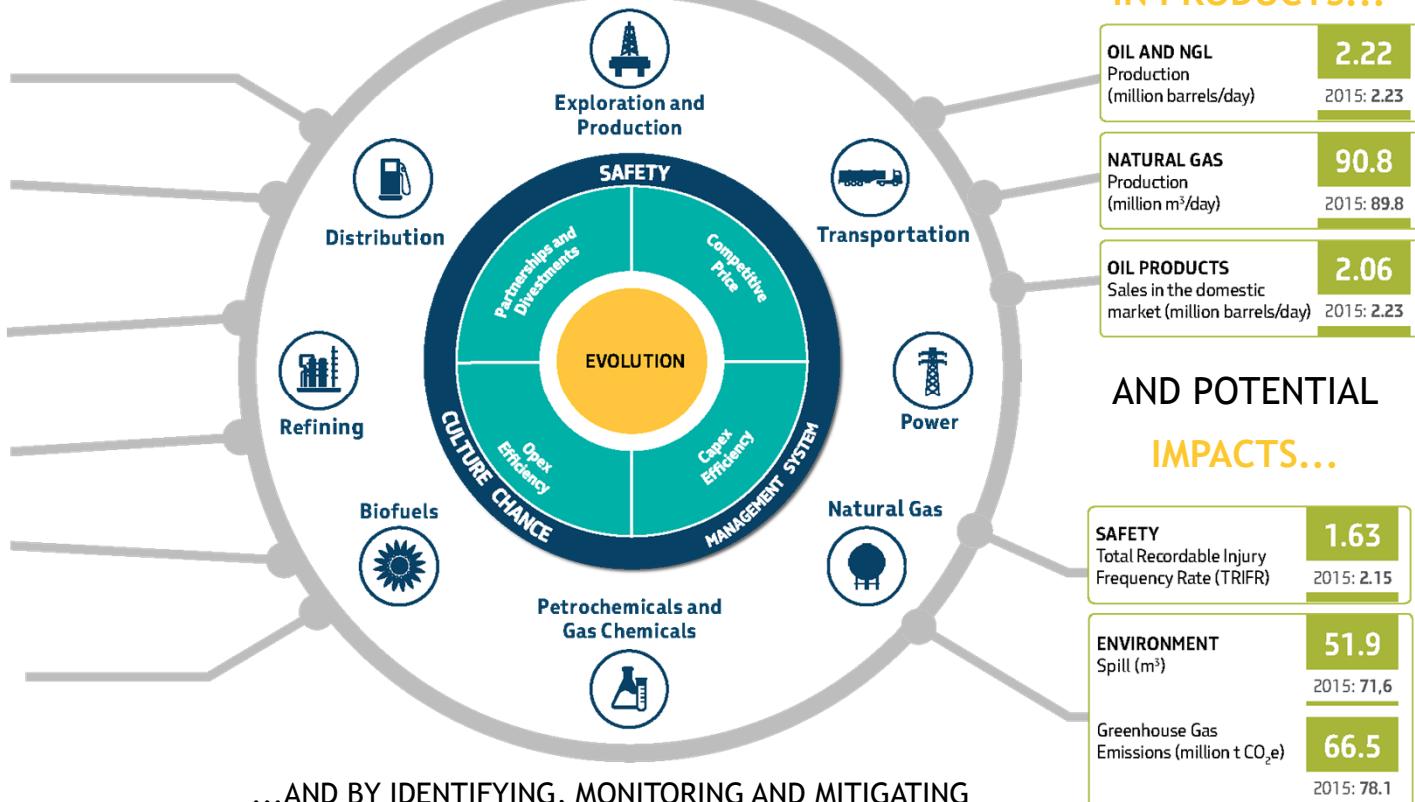
Bussiness Model

OUR
RESOURCES...

APPLIED TO
OUR PROCESSES...

RESULT

IN PRODUCTS...



...AND BY IDENTIFYING, MONITORING AND MITIGATING
BUSSINESS RISKS, **CREATE VALUE** TO:

INVESTORS
Free cash flow (R\$ billion) **41.6**
2015: 15.9

EMPLOYEES
Direct remuneration (R\$ billion) **18.7**
2015: 19.1

STATE AND SOCIETY
Taxes (R\$ billion) **106**
2015: 110

Environment and Climate Change



INITIATIVES FOR MITIGATION OF GREENHOUSE GAS EMISSIONS (GHG) (MM tCO2e)



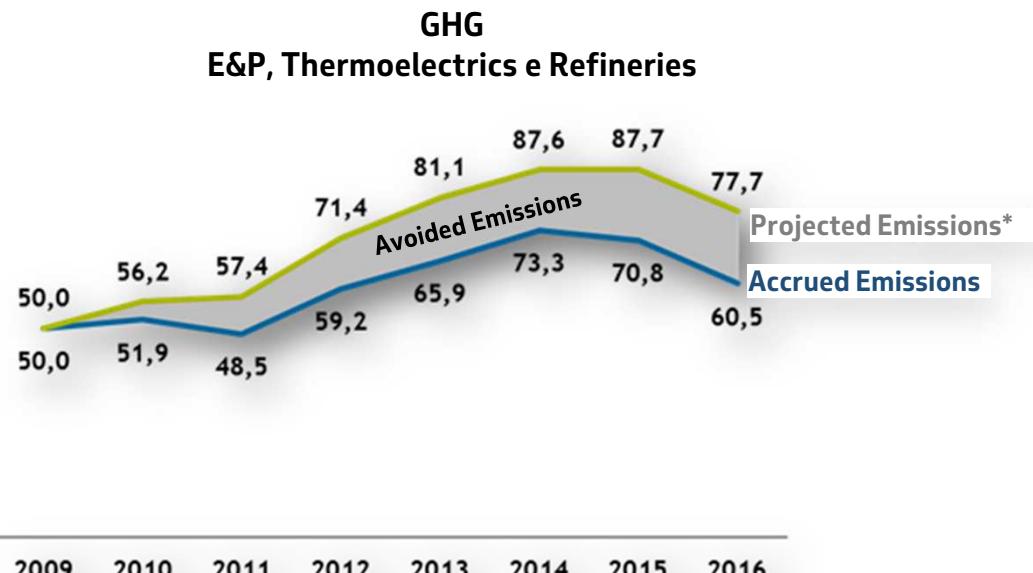
E&P offshore platforms:
Optimization, gas reuse and reduction in
gas flare in E&P operations



Thermoelectric plants:
Cogeneration, energetic integration and
cycles closing



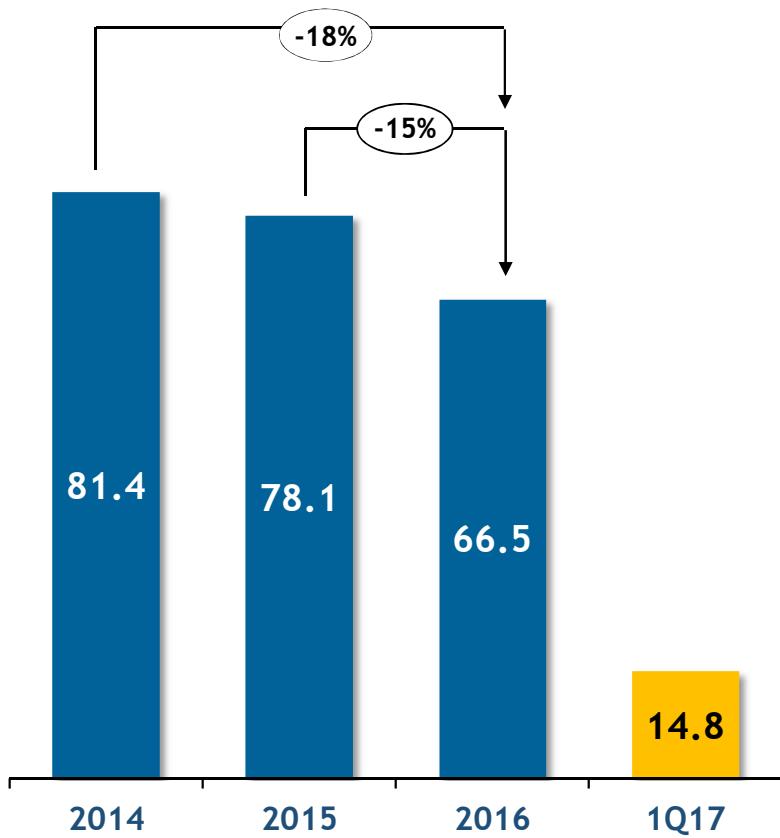
Refineries:
Increase in energetic efficiency in refining
operations



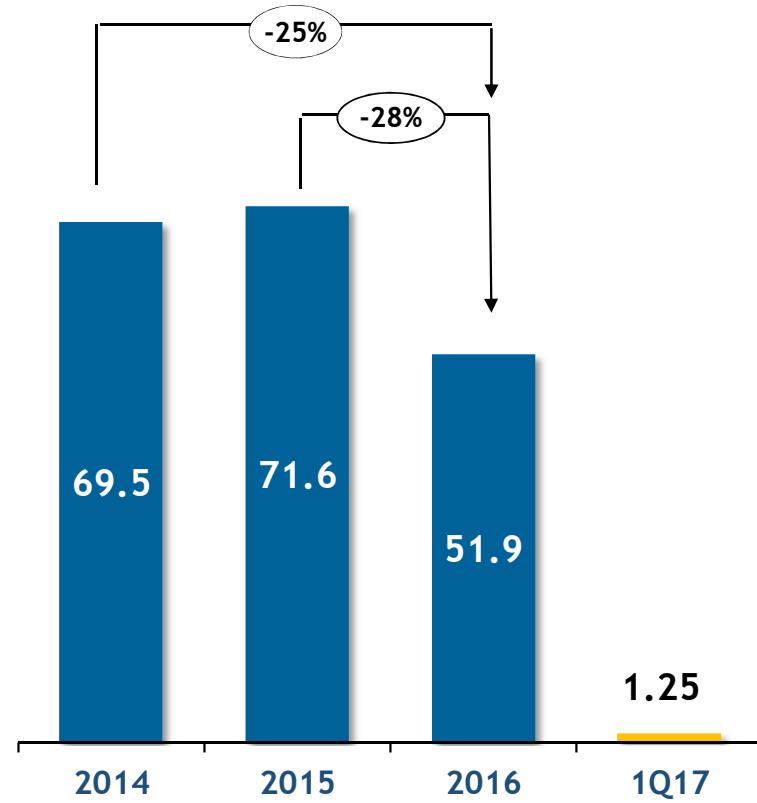
*Projected Emissions: expected emissions from operations if the 2009 GHG emissions intensity remained

Environmental metrics

Greenhouse Gas Emissions
GHG (MM t CO2 e)



Oil Spill
VAZO (M3)*



* VAZO = oil and oil product spills

Environment and Climate Change



MANAGEMENT OF CO₂ IN PRE-SALT

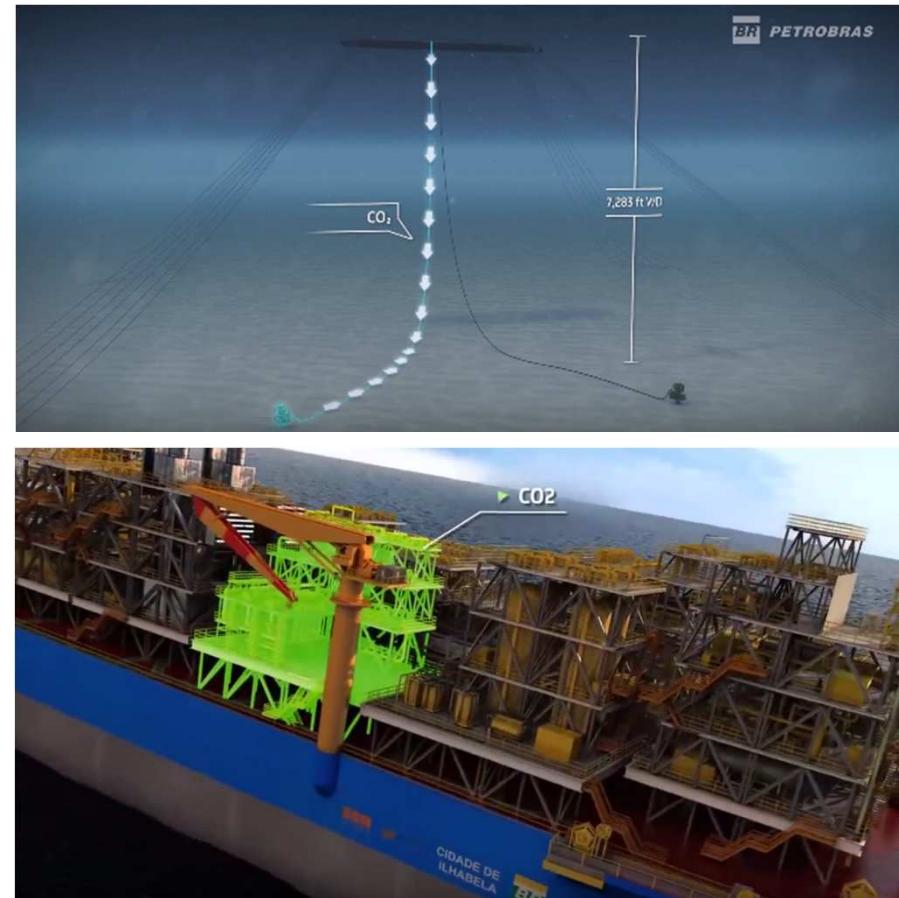
- 4.5 million tons of CO₂ reinjected since 2010
- 1.6 million tons of CO₂ reinjected in 2016
- Lula and Sapinhoá Fields

KEY TECHNOLOGIES (OTC 2015)

CO² separation by selective permeation membranes

Pioneer reinjection in deepwater and in industrial scale (2,200m)

First use of WAG (Water Alternating Gas) in deepwater



Corporate Governance Strengthening in Petrobras

Board of Directors Composition



10
members

7: controlling shareholder
2: minority shareholder
1: employees

100%
independent

25% is the minimum required in the Petrobras By-Laws

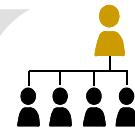

Petrobras
By-Laws

CEO ≠ Chairman
2 year-term
3 maximum reelections
BCI for all the executives



Performance evaluation by independent consultant

Executive Selection




Policy

BCI



Requirements and restrictions for nomination to the Board of Directors, Executive Board, Fiscal Council and top management executives.

Integrity evaluation of the nominees for all members of top management.



Eligibility Committee verifies compliance of the nomination

Executive Board Succession Plan

Corporate Governance Strengthening in Petrobras

Decision-making Process



6 new advisory committees for the Board of Directors, composed by Board members.



Minority Committee to evaluate the relevant transactions between Petrobras and its related parties.



Creation of Statutory Committees to strengthen commitment and accountability of executive managers in the decision-making.



Implementation of the shared authorization process for material decisions.

Ethics and Transparency



Implementation of independent Whistleblowing Channel with guaranteed anonymity:
contatoseguro.com.br/petrobras.



Integrity due diligence process in the enrollment and selection of suppliers and counterparts.



Adherence to the Code of Ethics and permanent training of the workforce.



Rebuilding of the transparency portal:
transparencia.petrobras.com.br

Thank You!

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