

Petrobras International Braspetro B.V. (“Petrobras”) has retained Itaú BBA as its exclusive financial advisor regarding the potential divestment of its fuel distribution business in Paraguay (the “Potential Transaction”)

Transaction Overview

- ▶ Petrobras Paraguay ("Company") has a unique presence in Paraguay, operating in the segment of distribution and commercialization of fuels, LPG and lubricants, positioning the Company as the main player in the market
- ▶ The Potential Transaction offers to the interested parties a unique opportunity to obtain access or strengthen their presence in one of the most promising markets in Latin America through an international benchmark platform
- ▶ The Potential Transaction is part of the ongoing divestment plan defined by Petrobras
- ▶ Interested parties shall not contact Petrobras, or any of its affiliates, associates, directors, officers, shareholders or employees regarding any aspect of their interest in the Potential Transaction. The competitive process will be managed in accordance with procedures that will be established and communicated to interested parties periodically. All inquiries or communications, including requests for additional information, shall be directed to the email downstream_paraguay@itaubba.com
- ▶ The Potential Transaction contemplates the full sale of the participation held by Petrobras in the companies Petrobras Paraguay Distribución Limited (PPDL UK), Petrobras Paraguay Operaciones y Logística SRL (PPOL) and Petrobras Paraguay Gas SRL (PPG)

Company Overview









The Company has 197 services stations and a strong B2B client base, having sold 538 thousand m³ of total volume in 2016, with high profitability levels

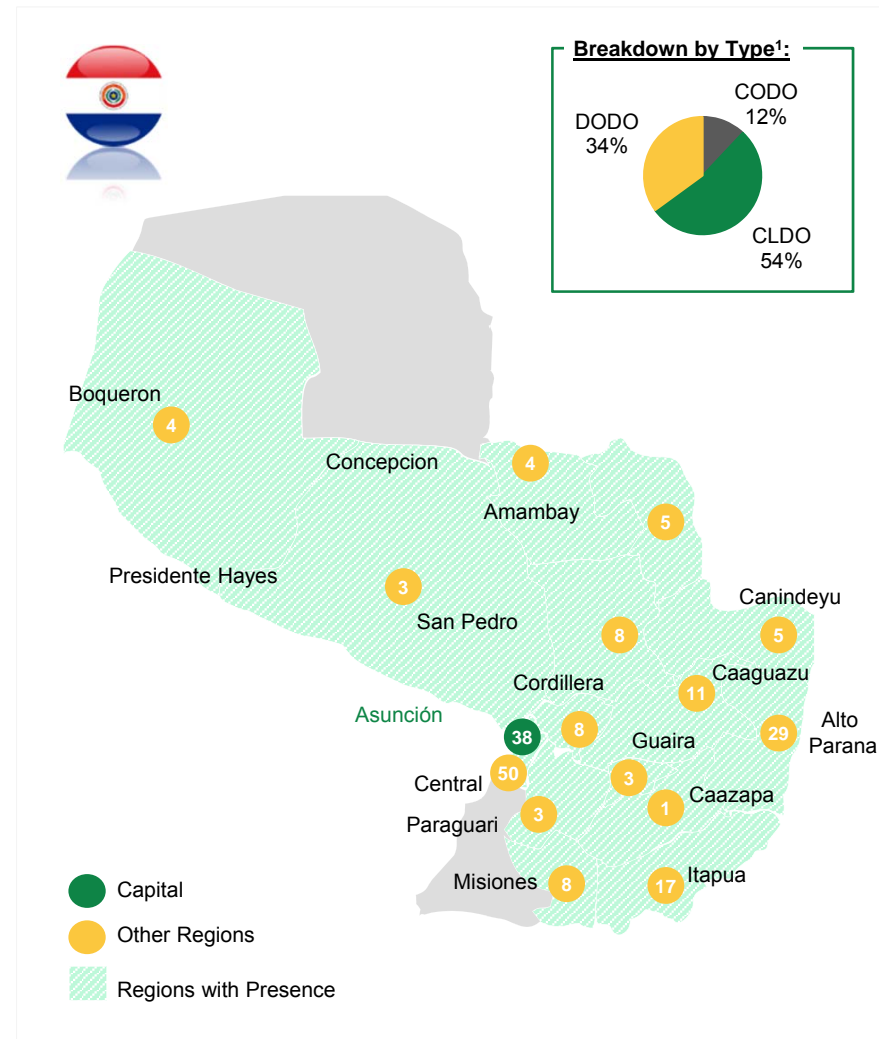
Business Description

- ▶ Leading player in the Paraguayan fuel distribution market, with a complete portfolio of products
- ▶ The company has a network of 197 service stations and 113 convenience stores, covering the most important regions of the country
- ▶ The company is also responsible for the marketing of fuels, LPG and lubricants
- ▶ The company has a market share of approximately 18% in the retail segment
- ▶ Second largest in terms of automotive fuel volume
- ▶ Largest player in terms of total volume (considering all products)

Overview of the Business Model

	Service Stations 197 stations Market Share: ~18%		Lubricants Market Share: ~12%
	B2B 49 clients		Premium C-store 74 stores Mini Markets 39 stores
	Aviation 3 airports (32 clients)		Loyalty Card ~2.600 m ³ /month

Service Stations Network Footprint



Source: Company

¹ CLDO = Company Leased and Dealer Operated; DODO = Dealer Owned and Dealer Operated; CODO = Company Owned and Dealer Operated

Unique opportunity to acquire a world-class business in a highly attractive market



Premium Brand

- ▶ Excellent brand image, primarily built by Shell and then improved by Petrobras
- ▶ Attractive brand for clients and retailers



Complete and High Value Added Portfolio of Products

- ▶ Most complete portfolio of products in the country, with 4 types of gasoline, 3 types of diesel, ethanol and LPG
- ▶ High value added products with superior margins, such as Diesel Podium



Premium Locations Across Major Cities

- ▶ Petrobras service stations are located in prime regions, such as major cities and main highways
- ▶ High flow of vehicles provides superior return per station



Strong Network of Convenience Stores

- ▶ One of the largest and well established convenience store chain in the country
- ▶ The Company has been able to successfully improve the penetration of premium C-stores



Unmatched Efficiency

- ▶ The flow per station is significantly higher compared to main competitors
- ▶ Average volume of ~200 m³ per month, compared to ~120 m³ from competitors



Operations & Logistics

- ▶ Enhanced operational infrastructure to decrease storage and demurrage costs
- ▶ Agreements with several fluvial and road transport companies, lowering freight costs

Potential Investors Requirements

In order to participate in this Process, the potential buyer must fulfil at least one of the following requirements:

Requirements

1

Companies Operating in the Fuel Distribution Segment

- The potential buyer must operate in the fuel distribution segment with at least 50 active service stations

2

Local Economic Groups

- The potential buyer must operate in Paraguay with consolidated revenues of at least US\$200 millions

3

Trading Companies

- The potential buyer must operate in the commodity trading segment with at least one representative office in South America and has a reported net revenue of at least US\$200 millions

4

Financial Sponsors

- The potential buyer must be a financial sponsor who has made at least 1 investment in the oil and gas segment over the last 5 years, and has at least US\$500 millions of assets under management

The Process

- ▶ Petrobras is inviting selected companies to join this Process. By receiving this Teaser, the invited companies and other potential buyers that fulfill all the requirements established in this Teaser, shall express its interest until 24/07/2017. Will be necessary the acceptance of certain confidential obligations with Petrobras, in order to have access to relevant technical, legal and financial information, including the Process Letter, the Information Memorandum and relevant informations regarding the bidding Process
- ▶ The potential buyer, able to participate in the Process, according to the previous item, could form a consortium with an independent party or parties. In this case, the potential buyer will be required to inform Petrobras, at a suitable moment, of such condition and be the leader of this consortium. Potential buyers wishing to form a consortium will be required to formalize the constitution of the consortium. The independent party or parties shall be required to sign a separate Confidentiality Agreement and shall, each individually consortium participants, fulfil the Potential Investors Selection Requirements mentioned in this document. The participation of such parties / consortia is subject to an assessment of admissibility by Petrobras, according to all requirements of this Teaser. Once approved by Petrobras, the independent party or parties will be able to participate in the process with the potential buyer, considering that, for all purposes and intentions of this process, the parties will be treated only as one potential buyer, characterized as a consortium
- ▶ Petrobras reserves the right to amend the process as it judge appropriate, ensuring that any change is equally informed to all parties
- ▶ Petrobras may, during the Process, perform preventive risk analysis, in compliance with Anti-Bribery Law and the Petrobras Program of Corruption Prevention (PPPC), and can request to any participant to fill a detailed questionnaire to verify the accordance of its practices and conducts to the Anti-Bribery Law

- ▶ Neither potential buyer nor any of its affiliates can:

(A) (i) be owned or controlled by a person or entity subject to any economic, financial or trade sanctions, (ii) regulations, (iii) embargoes or (iv) restrictive measures, all related to fuel distribution activities (sanctioned person), and that were administered, enacted, imposed or applied by the World Bank, the United Nations Security Council, the United States of America, the United Kingdom, the European Union, France, Italy, Austria, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously

(B) be located, incorporated, organized or resident in a country subject to any (i) economic, financial or commercial sanctions, (ii) regulations, (iii) embargoes or (iv) restrictive measures, all related to activities in the energy sector (sanctioned country) and that were administered, enacted, imposed or executed by the World Bank, the United Nations Security Council, the United States of America, the United Kingdom, the European Union, France, Italy, Austria, the Netherlands, Brazil and the respective governmental institutions and agencies of any mentioned previously

(C) have any business affiliation or commercial relations with, or investments in, any sanctioned country or sanctioned person

- ▶ The potential buyer shall not be listed in the following restrictive lists:

(A) *Cadastro Nacional de Empresas Inidôneas, Suspensas e Punidas* (Available at: <http://www.portaldatransparencia.gov.br/ceis>);

(B) *Empresas impedidas de transacionar com a PETROBRAS* (Available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>)

- ▶ If the potential buyer, or any of its affiliates, is identified in the abovementioned hypotheses, it will be excluded from the Process

- ▶ By participating in this process, the potential buyer shall compromise not to take any action, or omit any action that violates any applicable law regarding commercial ethics, including, but not limited to, the US Foreign Corrupt Practices Act, UK Bribery Act, Brazilian Anti-Corruption Laws (especially Brazilian Federal Law No. 12,846 / 2013) and the principles described in the Organization for Economic Co-operation and Development (OECD) Convention on Preventing Bribery of Foreign Public Officials in International Business Transactions (hereafter "Anti-Corruption Laws")

- ▶ In order to participate in the Process and comply with the requirements set forth above, potential buyers shall sign a Compliance Certificate and indicate, if applicable, whether it is subject to any kind of sanction, even if it considers that the sanction does not prevent its participation in the Process. If the potential buyer is subject to sanctions, it shall describe in the Compliance Certificate the nature and details of the sanction, as well as indicate the restrictions arising from it
- ▶ The accuracy of the declaration and the fulfillment of the requirements mentioned above will be verified by Petrobras after the acceptance, by the potential buyer, of the confidentiality obligations necessary to participate in the Process

This Opportunity Overview (the "Teaser") is being done to potential buyers and published in PETROBRAS site (www.investidorpetrobras.com.br) with the purpose to present the Potential Transaction.

This document is being provided only with the purpose of verifying the interest of the market in the opportunity and, therefore, do not oblige PETROBRAS to start or to conclude a process for the sale of its assets.

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