



**COMPAÑIA MEGA S.A**

**Investment Opportunity in the Argentinean Natural Gas Sector**



**May/2019**



**PETROBRAS**

# Initial Considerations and Contact Information

## Initial Considerations

- This opportunity overview presentation ("Teaser") contains selected information of Companhia Mega S.A. ("Mega" or the "Company") and is being provided by Petróleo Brasileiro S.A. ("Petrobras") exclusively to selected parties that may be interested in the potential transaction involving the sale of 100% stake of Petrobras International Braspetro B.V. ("PIB BV") in the Company;
- The potential buyers must express their interest by contacting UBS by the deadline of May 17, 2019 in order to formally express their interest in the process;
- After signing the Non Disclosure Agreement ("NDA"), each interested party will receive a Confidential Information Memorandum ("CIM") containing additional information about the Company, in addition to the Instruction Letter with relevant information of the process. The Compliance Certificate ("CC") must be signed no later than one week before the date of the non-binding offer. The date of the non-binding offer will be informed in the Instruction Letter;
- Petrobras reserves the right to change the process as it deems appropriate, ensuring that any change is equally informed to all involved parties;
- Petrobras may, during the Process, perform preventive risk analysis, in compliance with the Anti-Corruption Law and the Petrobras' Program for Preventing Corruption - PPPC, and may ask at any time of the process for the participants to fill out a detailed questionnaire to verify the compliance of its practices and conducts with the Anti-Corruption Law;
- UBS Brasil Servicos de Assessoria Financeira Ltda. ("UBS") has been hired by Petrobras to act as the exclusive financial advisor in this project. Further instructions regarding the next steps of the process will be provided in due course. All communications or inquiries relating to the process should be directed to UBS at the following e-mail address: [ol-maracana@ubs.com](mailto:ol-maracana@ubs.com) or to the UBS participants listed below. Under no circumstances should the management, employees, shareholders or directors of the Company or Petrobras be directly contacted.

## Contact Information

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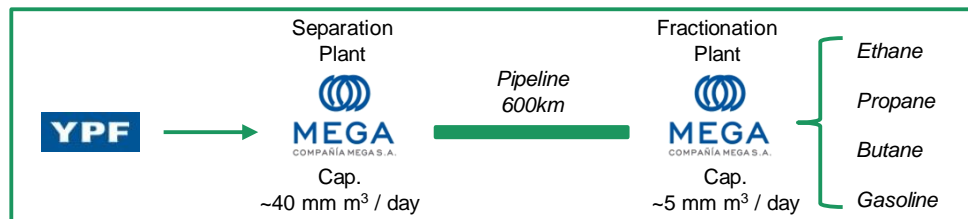
# Asset Overview

Mega owns state of the art natural gas processing facilities, with capacity to process over 40 million m<sup>3</sup>/day of natural gas and 5 million m<sup>3</sup>/day of natural gas liquids

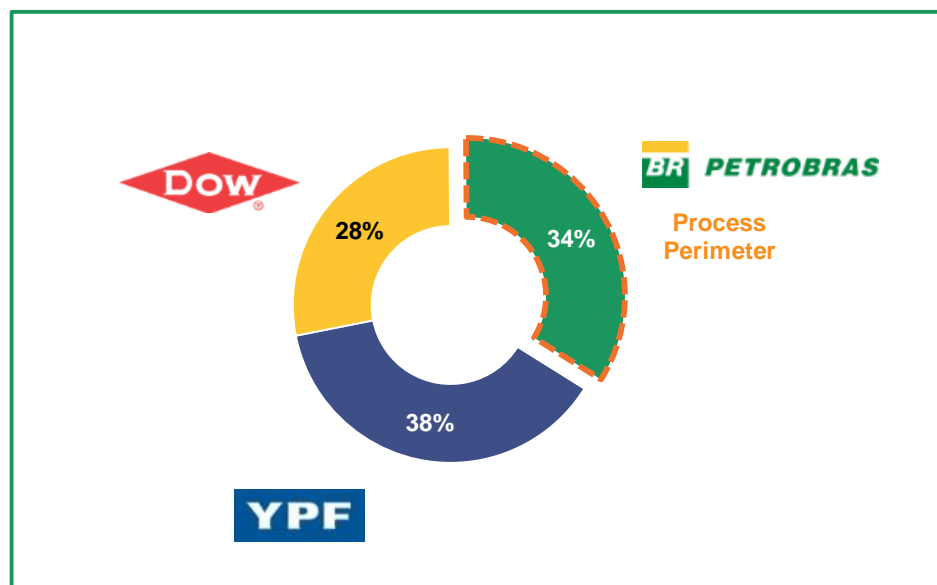
## Overview of the Company

- Mega, which started operations in 2001, is an Argentinian company engaged in the separation and fractionation of natural gas and its components;
- Mega's assets consist of a separation and a fractionation plant, connected by a 600km liquids pipeline with 12 inches of diameter:
  - under a long term agreement with YPF, the Company receives "wet" natural gas at its Loma La Lata separation plant, returns "dry" natural gas and retain the liquids separated at the fractionation plant;
  - the liquids are transported via a 600km pipeline to the fractionation plant in Bahia Blanca, from which ethane, propane, butane and natural gasoline are obtained;
  - the ethane is all sold to Dow Chemical, while the propane, butane and natural gasoline are sold to Petrobras under a long term agreement, to the Argentine government and into the spot market.

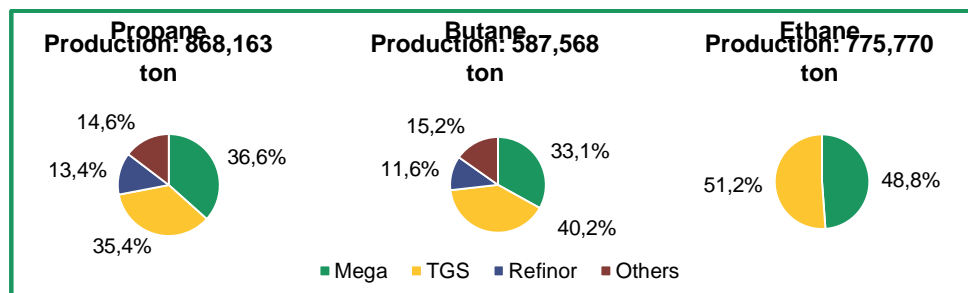
## Operational Highlights



## Ownership Structure & Process Perimeter



## Natural Gas Derivatives Market Share 2018



**Mega facilities are strategically located, being the separation plant located in the field of natural gas Loma La Lata and the fractionation plant located inside the petrochemical pole of Bahía Blanca**

**Argentina**

Market Consumption (Methane C1)

Ethylene Plant (Ethane C2)

**YPF**

Loma La Lata Field

Pipeline 600 km

Separation Plant

Fractionation Plant

**DOW**

**BR**

**PETROBRAS**

Storage and Dispatch

**C3 Propane**

**C4 Butane**

**C5 Gasoline**

Refrigerated Tanks

Floating Roof Tanks

# Mega Investment Highlights

One of the main midstream assets in the gas processing sector in Argentina



## Sizable midstream asset in Argentinian Natural Gas Industry with Significant Upside Potential

- Mega has one of the largest natural gas processing facilities in Argentina, with a total installed capacity of 40 million m<sup>3</sup>/day of natural gas and 5 million m<sup>3</sup>/day of natural gas liquids, being essential to the country's petrochemicals infrastructure
- Analysis for an increase of plants capacity and gas supply pipelines already in place

1



## Strategically Located Plants

- Separation plant is located in the heart of the natural gas field, Loma La Lata
- Fractionation plant is located within the Petrochemical Pole of Bahía Blanca, the largest in the country

2



## State-of-the-art Production Facilities

- Separation and fractionation plants started operating in 2001 with advanced technology in place
- Award winner of "Premio Nacional a la Calidad" and "Premio Oro Iberoamericano a la Calidad"

3



## Excellent Operational Performance with High Availability, Recovery and Retention Levels

- Processing facilities have constantly maintained high levels of retention and availability of natural gas and of ethane recovery

4



## Shareholders with Unique Capabilities and Experience

- Shareholders with deep expertise in the O&G and chemicals sectors, as well as a solid know-how in Argentina operations
- Advantageous commercial agreements for Mega

5



## Solid Economic Fundamentals

- Argentinian economic environment more favorable for business, especially in the energy sector, aiming for a long-term and sustainable economic recovery

6

# Eligibility Requirement and Joint Proposal

In order to qualify for the process, the potential buyers must meet the criteria described below

## Eligibility Requirement

- 1 The prospective buyer must have net revenues or assets under management, or under its parent companies, of at least US\$200 million in 2018.

Joint proposals will be allowed, according to the following rules:

## Joint Proposal

- 1 All participants must be appointed and, individually, meet the eligibility requirement defined above, and sign the Non Disclosure Agreement and the Compliance Certificate;
- 2 When communicating a joint proposal, it must be informed who are the Potential Investors that would be part of the joint proposal and which member will be the bid leader. The joint proposal must contain (i) powers of attorney granting powers to the leader assigned by the other participants of the joint proposal and (ii) statement confirming that the leader is not acting just as an intermediary in the transaction;
- 3 In case of a joint proposal submission after the non-binding phase, the bid leader must necessarily have submitted a non-binding offer and have been selected for the next phase;
- 4 There may be creation or change of groups to present the joint proposal after the non-binding phase, provided that the company that would be part of the joint proposal is no longer in the process due to exclusion in the non-binding phase or is entering in the process as part of the bidding group at this phase. The instruments representing the offering group must be updated. The bid leader should inform the intention to submit a joint proposal to UBS no later than 7 days before the date set for the submission of the binding offer, and by this date all participants in the joint proposal must have signed the NDA and CC;
- 5 It's permitted that one participant who presented a non-binding joint proposal abandon the process. If the participant who left the process is the bid leader, in order to keep the joint proposal valid, it would be necessary that at least one of the other participants involved in the non-binding phase remains in the joint proposal and a new leader must be indicated. The new leader must be one of the participants since the non-binding phase. In other words, a new participant who joins the process after the non-binding phase can not become the leader of the binding joint proposal. If in the bid group there are no other participant that comply with these conditions, the binding proposal will be disqualified;
- 6 Companies that have been selected for the binding phase with a single or jointly proposal can not associate with others to present a new joint proposal or exchange partners with each other;
- 7 Each participant may only submit one offer, either individually or as part of a joint proposal.



# Compliance Information

**Neither potential buyer nor any of its subsidiaries may:**

- To be subject, be owned or controlled by a person or entity subject to (i) any economic, financial or trade sanctions, (ii) regulations sanctions, (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 Canada, the United Kingdom, the European Union, the Netherlands, Brazil, and the respective governmental institutions and agencies of any mentioned previously;
- Be located, have been constituted, incorporated, organized or resident in a country subject to any (i) economic, financial or commercial sanctions, (ii) regulations sanctions, (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 Canada, the United Kingdom, the European Union, the Netherlands, Brazil and the respective governmental institutions and agencies of any mentioned previously;
- Have the predominant part of their respective business with persons or in countries subject to any sanctions;
- 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:
  - Cadastro Nacional de Empresas Inidôneas, Suspensas e Punidas (Available at: <http://www.portaldatransparencia.gov.br/ceis>);
  - Empresas impedidas de transacionar com a Petrobras (Available at: <http://transparencia.petrobras.com.br/licitacoes-contratos>).
- If the potential buyer, or any of its subsidiaries, is identified in the abovementioned hypotheses, it will be excluded from the Process in any time, in compliance with the rules applicable to Petrobras;
- 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 business ethics, including, but not limited to, the US Foreign Corrupt Practices Act 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 Cooperation 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 relation, 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.

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