

# Institutional Presentation

Petrobras Distribuidora

July 2019



# PETROBRAS DISTRIBUIDORA AT A GLANCE



Brazil is the  
**6<sup>th</sup> Largest**  
Fuel Market in  
the World

- Total of 31 mm m<sup>3</sup> of fuel and lubricants sold in 1Q19 in the country



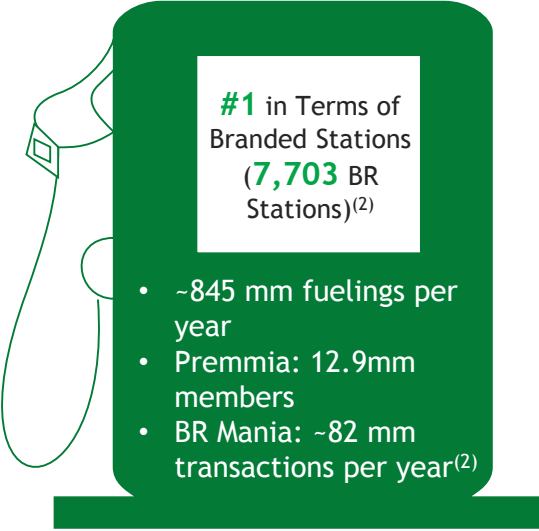
**#1 Fuel Brand** in Brazil  
with **27.4% of**  
Market Share  
in 1Q19

- Top of mind brand for 16 years in a row
- Largest fuel company in Brazil



Net Sales of  
**R\$97.8 bn** in  
2018

- Second largest company in Brazil by gross revenues
- Adj. EBITDA in 2018 of R\$2.6 bn<sup>(1)</sup>



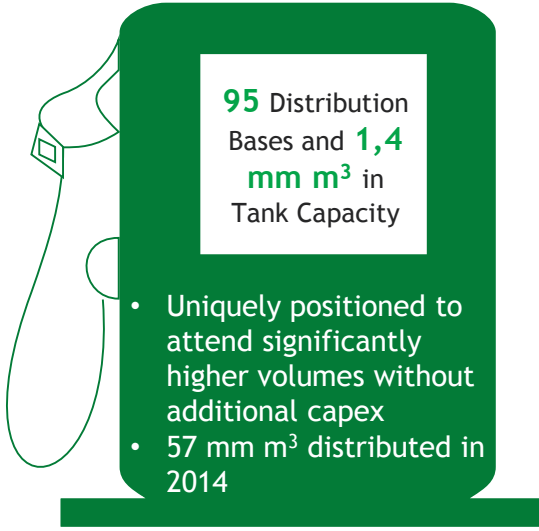
**#1** in Terms of  
Branded Stations  
(**7,703** BR  
Stations)<sup>(2)</sup>

- ~845 mm fuelings per year
- Premmia: 12.9mm members
- BR Mania: ~82 mm transactions per year<sup>(2)</sup>



**+16,600**  
Corporate  
Clients<sup>(2)</sup>

- Serving 36 out of the 50 largest industrial companies in Brazil in 2019
- Asset efficiency



**95** Distribution  
Bases and **1,4**  
**mm m<sup>3</sup>** in  
Tank Capacity


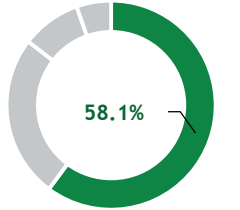

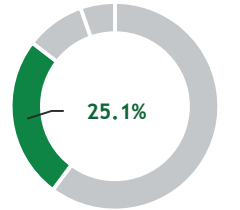

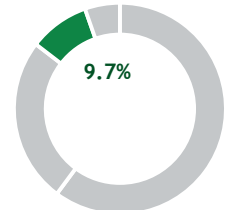

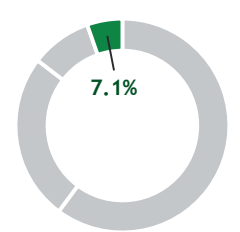
- Uniquely positioned to attend significantly higher volumes without additional capex
- 57 mm m<sup>3</sup> distributed in 2014

(1) Adjusted EBITDA excludes non-recurrent items, such as Electrical sector provision for losses, judicial and administrative provision and losses, conditioned financing amortizations, voluntary termination plan, fiscal amnesty, and tax expenses over financial results;

(2) Based in 2018 numbers;

(3) Sources: ANP, Brazilian Central Bank, WoodMackenzie, Folha Top of Mind, Exame Maiores e Melhores 2018, Plural and Company.

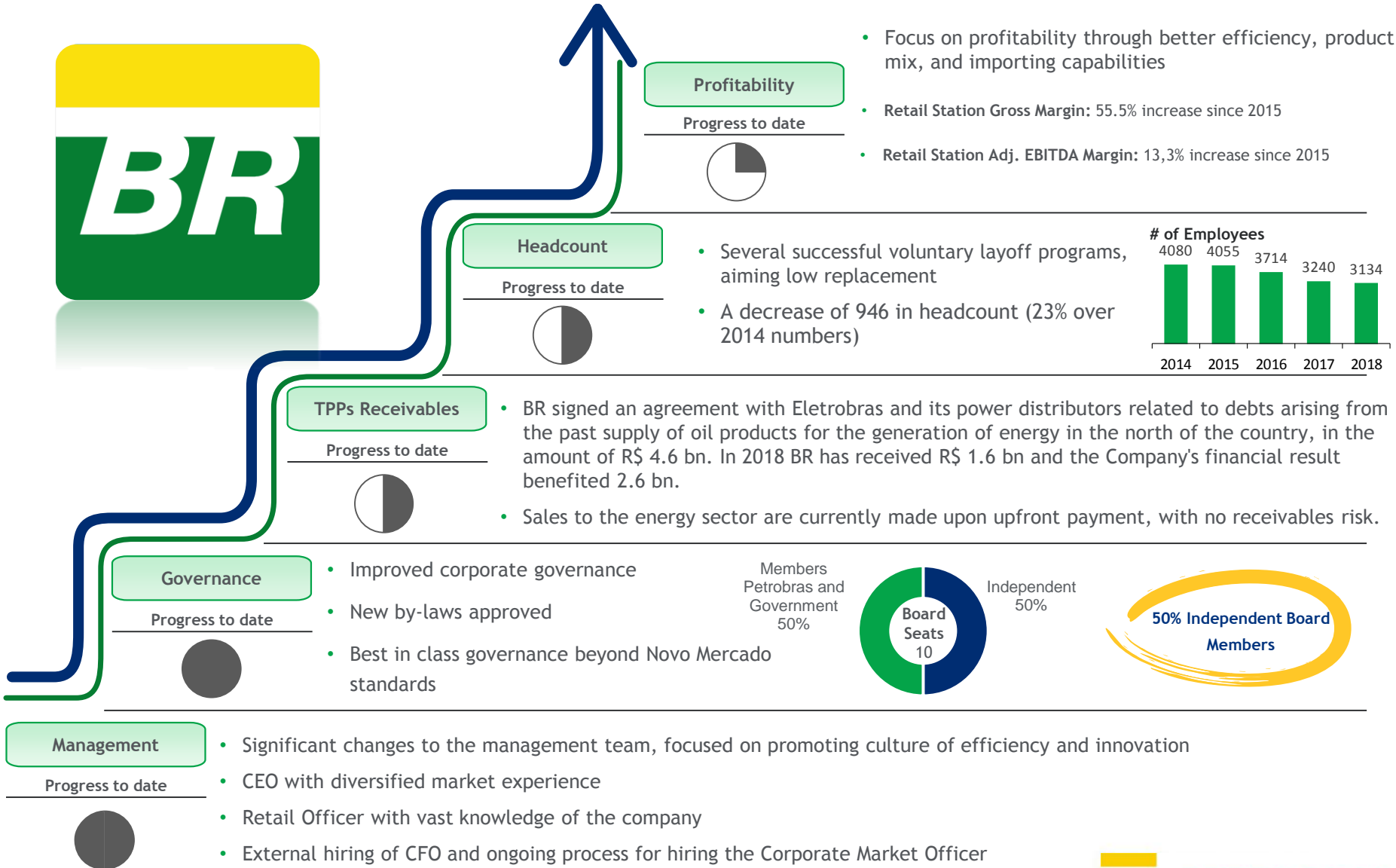
# BR DISTRIBUIDORA: BUSINESS DIVISION OVERVIEW

Business Segments	NET Revenue 1Q19	Description
 <p>Retail Stations</p>	 <p>58.1%</p>	<ul style="list-style-type: none"> <li>✓ Offers diesel, gasoline, ethanol, CNG and lubricants to retail stations</li> <li>✓ Market share of 22.7% in 1Q19<sup>(1)</sup></li> </ul>
 <p>Major Customers</p>	 <p>25.1%</p>	<ul style="list-style-type: none"> <li>✓ Marketing of fuels and lubricants to large companies</li> <li>✓ Market share of 38.3% in 1Q19 <sup>(1)</sup></li> </ul>
 <p>Aviation</p>	 <p>9.7%</p>	<ul style="list-style-type: none"> <li>✓ BR has the largest distribution network of aviation products in the country attending to both commercial and executive aviation</li> <li>✓ Market share of 51.6% in 1Q19 <sup>(1)</sup></li> </ul>
	 <p>7.1%</p>	<ul style="list-style-type: none"> <li>✓ <b>Chemicals:</b> Marketing and distribution of chemical products in the Brazilian market</li> <li>✓ <b>Energy:</b> Responsible for the natural gas concession in Espírito Santo state, the distribution of green petroleum coke and development of energy.</li> <li>✓ <b>Asphalt:</b> Marketing of asphalt products and services, with 6 factories in the country.</li> </ul>

Source: Brazilian Central Bank (BaCen), Companies and Plural.  
 Note: (1) Market share by volume without lubricants.

# BR Distribuidora's Recent Developments

Implementation of strategic measures to improve results are underway with still plenty to be done.



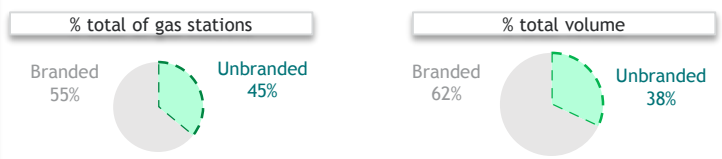
# MULTIPLE IDENTIFIED OPPORTUNITIES

## 1 Revenue Streams Improvement

### A Petrobras' new fuel pricing policy tends to reduce arbitrage on fuel prices

- Reduces the force of low pricing on competition dynamics
- Favors sales to branded network of stations
- Favors conversion of white label stations to branded

Brazilian Gas Stations Breakdown in 1Q19



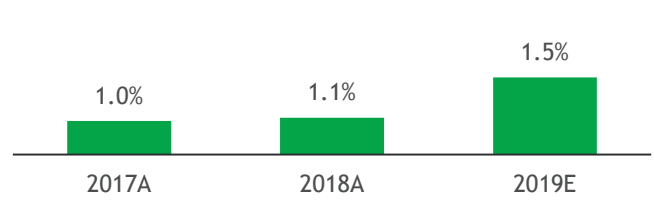
### B Capture Margin

- Increase of non-fuel results: C-stores
- Product mix improvement: increase sale of Grid and Podium gasolines with higher margins
- Transformation of Premmia into a Coalition Program: leverage on the largest fuel retail network
- Increase margin capture

C-Stores per total Stations (1Q19)



### C Major customers segment to experience potential margin increase due to a better macroeconomic outlook

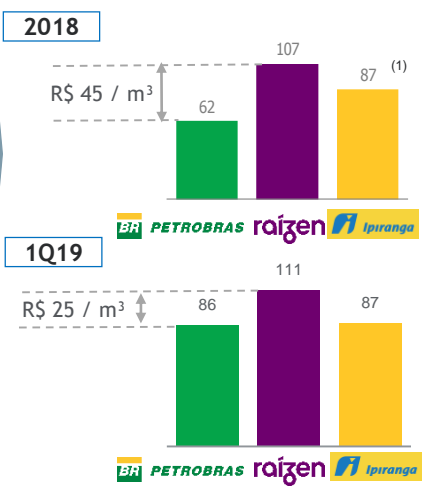


GDP Growth - Estimated (BaCen Focus Survey - 3 Mai 2019)

(1) Reference: 4Q18 (2) Business Process Outsourcing; (3) Robotic Process Administration  
Source: Companies, ANP, Plural, Broker's research.

## Profitability Gap to Peers

Benchmarking: Adjusted EBITDA (R\$/m³)



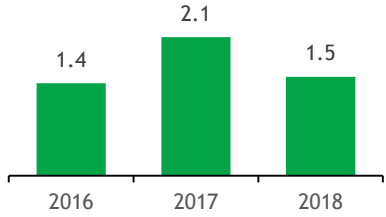
## 2 Sourcing Opportunities

### A Leverage on BR's unique importing infrastructure

### B Trading and logistics optimization

- Infrastructure already in place to increase imports with low capex requirements and relevant dilution of fixed costs

Imported Volume of gasoline and diesel (mm m³)

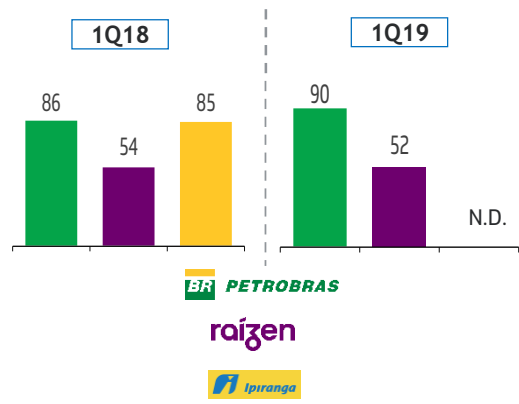


## 3 Expenses Efficiency

### A Several other savings initiatives

- Operational processes and back-office optimization
- Organizational structure and salary plan
- BPOs<sup>(2)</sup> and RPAs<sup>(3)</sup> implementation
- Zero-based budget implementation

Operation Expenses per volume (R\$/m³)



### B Staff Reductions and Personnel Optimization

- Total number of employees reduced from 4,080 in 2014 to 3,134 of December 2018 (a decrease of 946)
- Functions organization redesign (including third parties contractors)



A

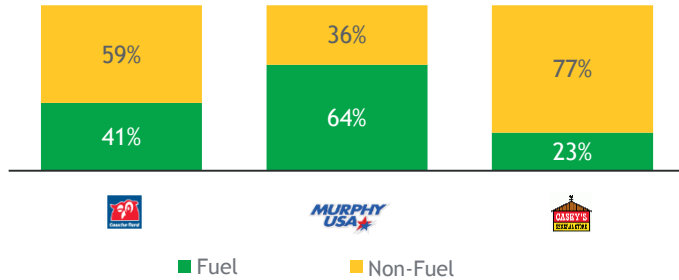
## Convenience Stores

**BR Mania**

BR Mania stores currently operate under a royalty system. A full retail operation model could be a potential upside

### Gross Profit Contribution of Non-Fuel Activities of Selected US/Canadian Fuel Distribution Companies

(2017 - %)



B

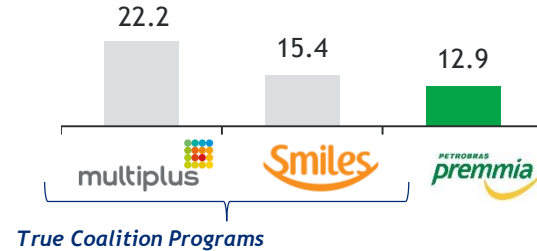
## Premmia Loyalty Program



Premmia is not yet a coalition program (there are several examples of profitable coalition programs in Brazil)

### Premmia's # of Members is Similar to Established Loyalty Programs in the Brazilian Market

(mn - 2018)



True Coalition Programs

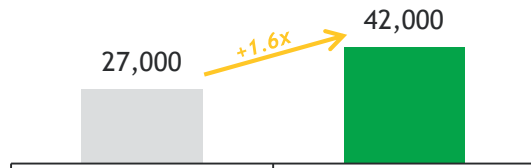
C

## Lubricants

- Potential commercial synergy from a complete product offering ("where we sell fuel we should sell lubes")
- Potential integration of all lubes sales channels (retail and B2B) into one division (increase focus, agility and control)
- Exports (utilization of the Lubrax factory, which capacity is being increased)

### BR Distribuidora Lubricants Factory Capacity Increase

(m<sup>3</sup>/month)



Source: Company Releases, BR Distribuidora, Newsrun.

D

## Potential Sale of Non Core Assets



Constant assessment of businesses and segments relevance to the company and profitability



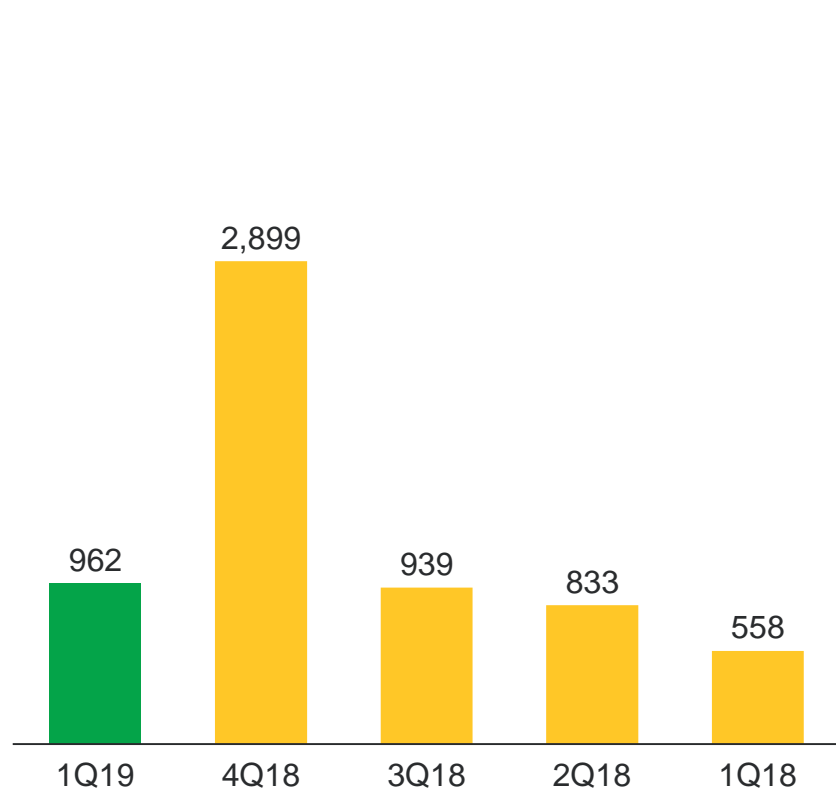
Divestiture from secondary businesses

(1) Pilot tests in partnership with Dotz.

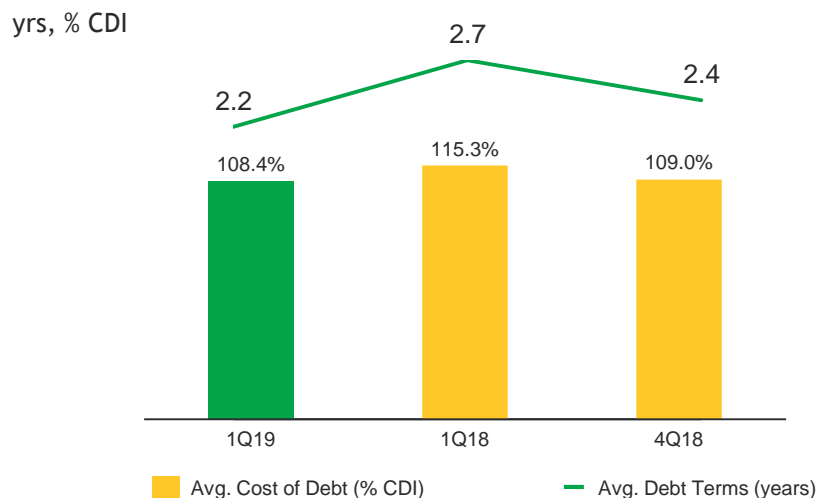


# CASH FLOW, INDEBTEDNESS & LEVERAGE

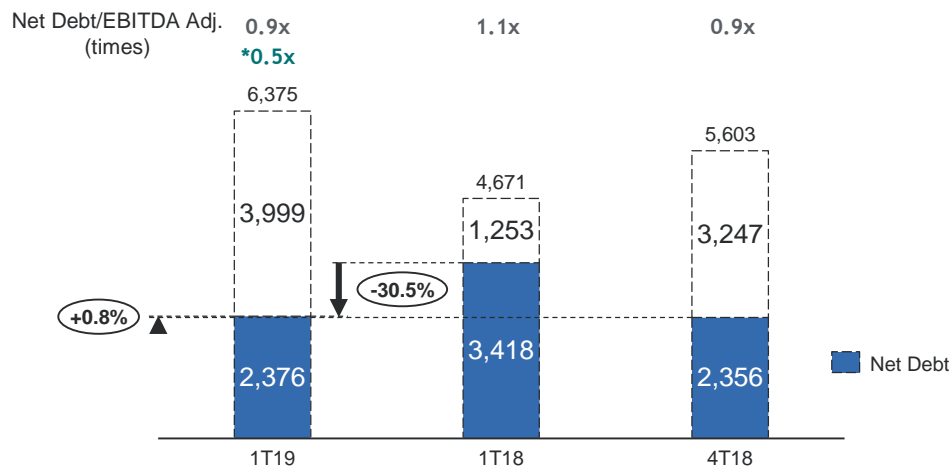
## Free Cash Flow - R\$ Million



## Debt average term & cost



## Indebtedness - R\$ Million



<sup>1</sup> Net value of all EBITDA adjustments BR. Depreciation and Amortization, PCL Electrical Sector, Provisions and Losses with Judicial Proceedings, PIDV, IOF, Taxes on Financial Revenue, Amnesty Programs.

\*Not considering IFRS 16