

Lançamento do programa Elite

FIESP, São Paulo 11.04.2019



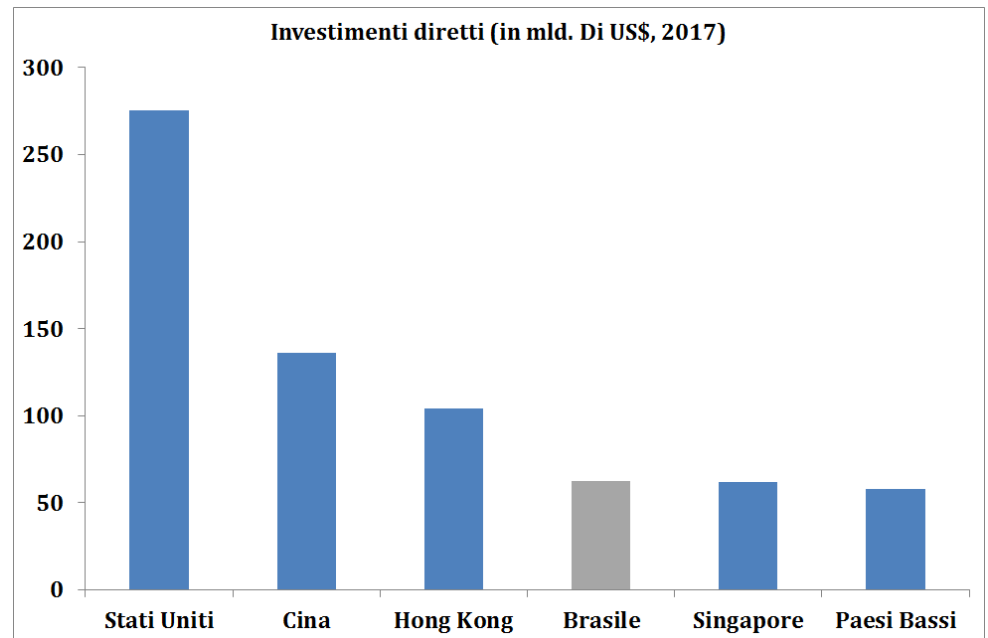
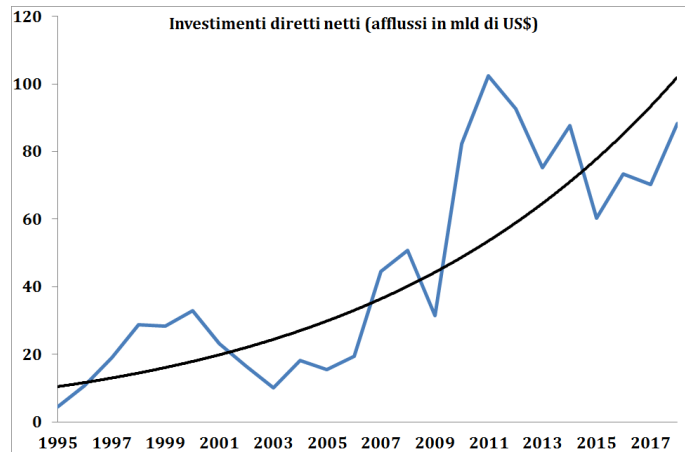
General Consideration



Why Brazil



Investments



Key 2018 M&A Transactions

- While Brazil still faces political uncertainty with its upcoming presidential election, **the country's economy is rebounding**, with investment and **M&A activity showing strong momentum**
- Many **large deals were completed** in Brazil in 2017 and 2018, mainly due to Brazilian conglomerates in need of restructuring
- Transactions like the \$14.6bn acquisition of Fibria Celulose by Suzano Papel e Celulose, State Grid Corp's acquisition of CPFL Energia for approximately \$4.5bn and the still ongoing negotiations between Boeing and Embraer about a potential commercial aviation partnership **demonstrate that, although Brazil's political environment is still volatile, there is business to be done**
- Local and multinational strategic players as well as financial investors are **reviewing their portfolios and identifying new opportunities** as well as areas for consolidation
- Total M&A activity will likely grow over the coming years as multisector investments are made to **improve Brazil's infrastructure inefficiencies** in the healthcare, education, and logistics sectors.

Selected 2018 M&A Transactions in Brazil

Date	Acquiror	Target	Sector	Deal Value (US\$MM)
Jan-18	State Grid Corp.	CPFL Energia AS	Energy & Power	4.500
Feb-18	Kinross Gold	Gerdau (Assets)	Energy & Power	240
Mar-18	Syngenta	Strider	Agribusiness	N.A.
Mar-18	Advent International	Easyinvest	Fintech	60
Mar-18	DST Global	NuBank	Fintech	150
Mar-18	GTM Holdings (Advent International)	quantiQ	Chemicals	160
Mar-18	Custom	Nitere	IT & Hardware	N.A.
Apr-18	Suzano Papel e Celulose	Fibria Celulose	Agribusiness	14.600
Apr-18	Raízen Combustíveis	Shell Argentina (Assets)	Oil & Gas	950
May-18	Kroton	Somos	Education	1.350
Jun-18	Enel	Eletropaulo	Energy & Power	1.500
Jun-18	Advent International	Walmart Brasil	Retail	2.200
Jul-18	Naspers	Mobile	Technology	125
Sep-18	Buzzi Unicem	Grupo Ricardo Brennand	Construction	200

Note: Key selected transactions announced or closed in 2018 in Brazil (either local or inbound). FX rate USD/BRL assumed at 3,5.
Source: PWC report, Banco Central do Brasil, Dealogic, MergerMarket, Crunchbase.

 Transactions involving Italian Buyer

Brazilian Bureaucracy

World Bank Ranking of *Doing Business* (190 countries)

	Ranking Brazil	
Ease of Doing Business	125 th	
Dealing with Construction Permits	170 th	
Starting a Business	176 th	
Paying Taxes	184 th	
	# of Days Brazil	Avg. OCDE
Starting a Business	102	8
Average time to import product	63	9

Labor Market

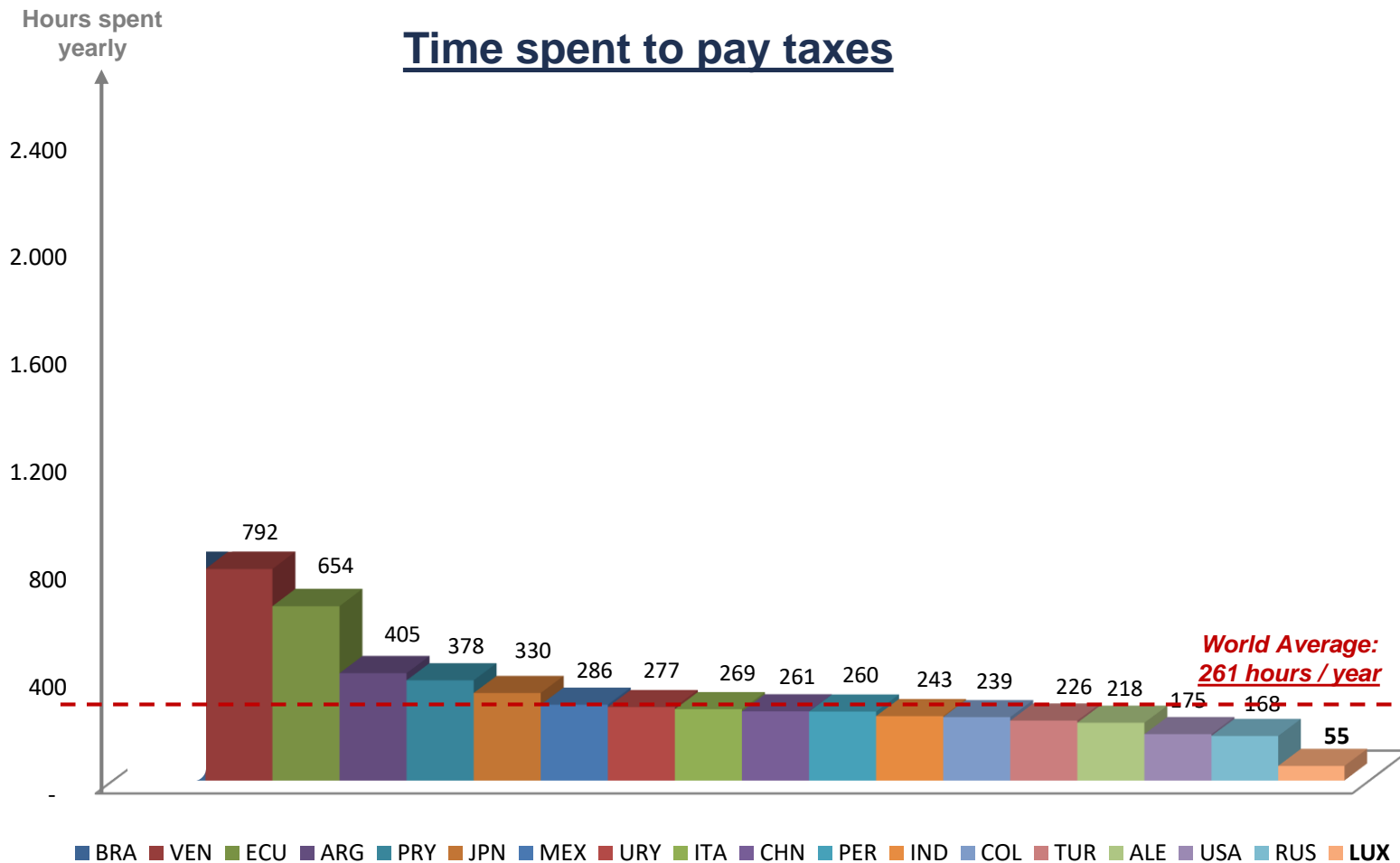


And if Brazil is famous to be the only five-time football champion in the world...

...It is also world champion in labor lawsuits!



Management of the Brazilian Tax System



Time spent to pay taxes in Brazil of 2,038 hours per year vs. a world average of 261 hours

Management of the Brazilian Tax System (Cont'd)

P&L
Sales
Taxes
Net Sales
Cost of Goods
Gross Margin
G&A
EBITDA
Income Taxes
Profit / Loss
Cash Generation ?



Example of a real import

Product: Belt & Accessories	NCM Code 4203.30.00
Value FOB	€ 50,00
Shipping and Insurance (5%)	€ 2,50
Value CIF	€ 52,50
I.I. - Import Tax (20%)	€ 10,50
CIF + II	€ 63,00
IPI - Tax on industrial products (10%)	€ 6,30
CIF + II + IPI	€ 69,30
ICMS - State Tax (18%)	€ 16,68
PIS/COFINS - Federal Tax (12,75%)	€ 6,69
TOTAL	€ 92,68
Customs clearance, logistics and Trading (10%)	€ 9,23
GRAND TOTAL	€ 101,91

Approx. Cost € 68

Taxes are calculated on the new basis

- Saving in a trading company with a direct import
- ICMS, PIS/COFINS e IPI are recoverable through sales

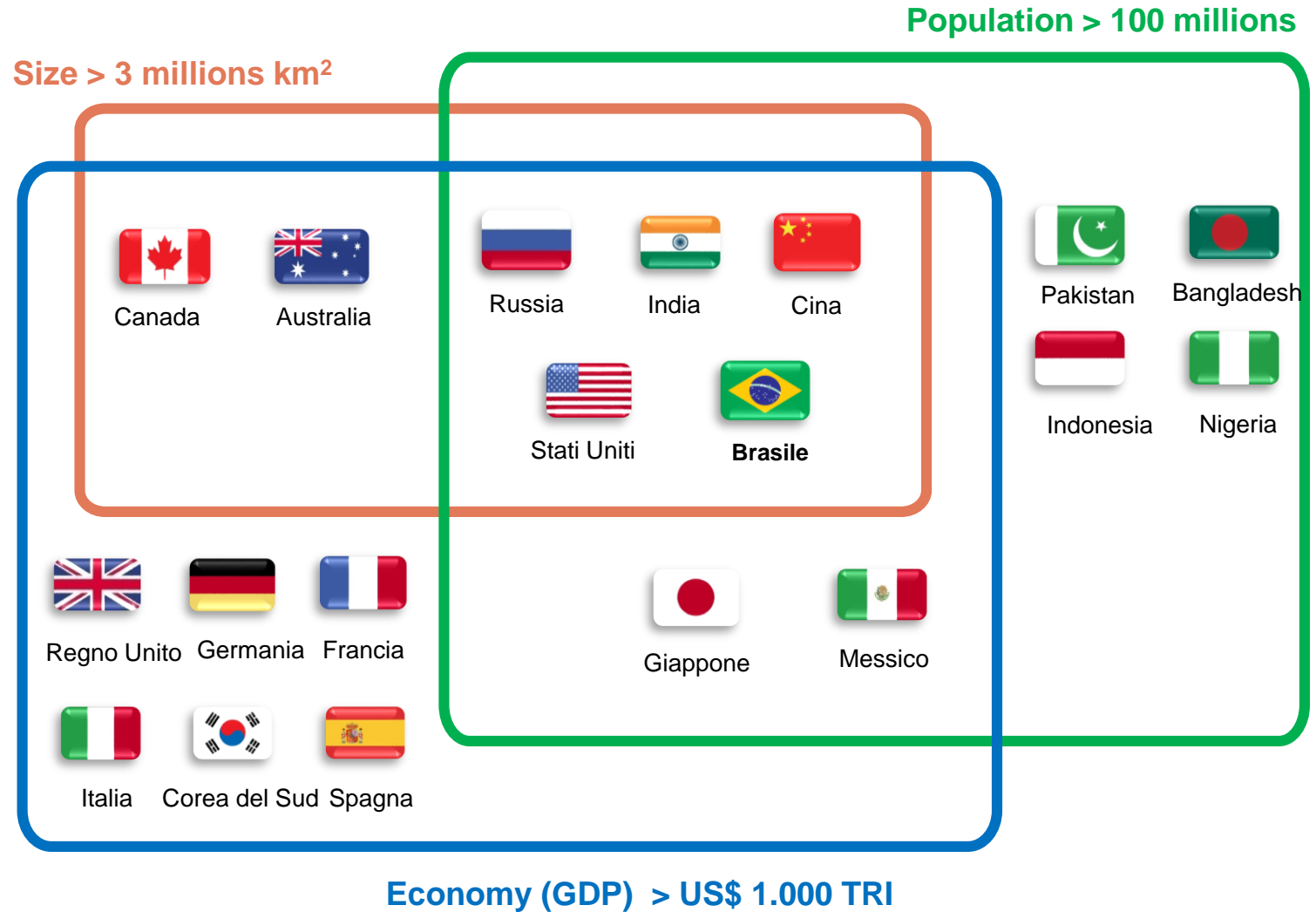


Lucro Presunto / Real



FX Risk / External Financing

Why Brazil

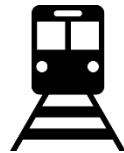


Brazilian Privatization Program – details

Privatization, Concessions, Renewals or
Leases



Highways: 14.000 km



Railways: 25.000 km

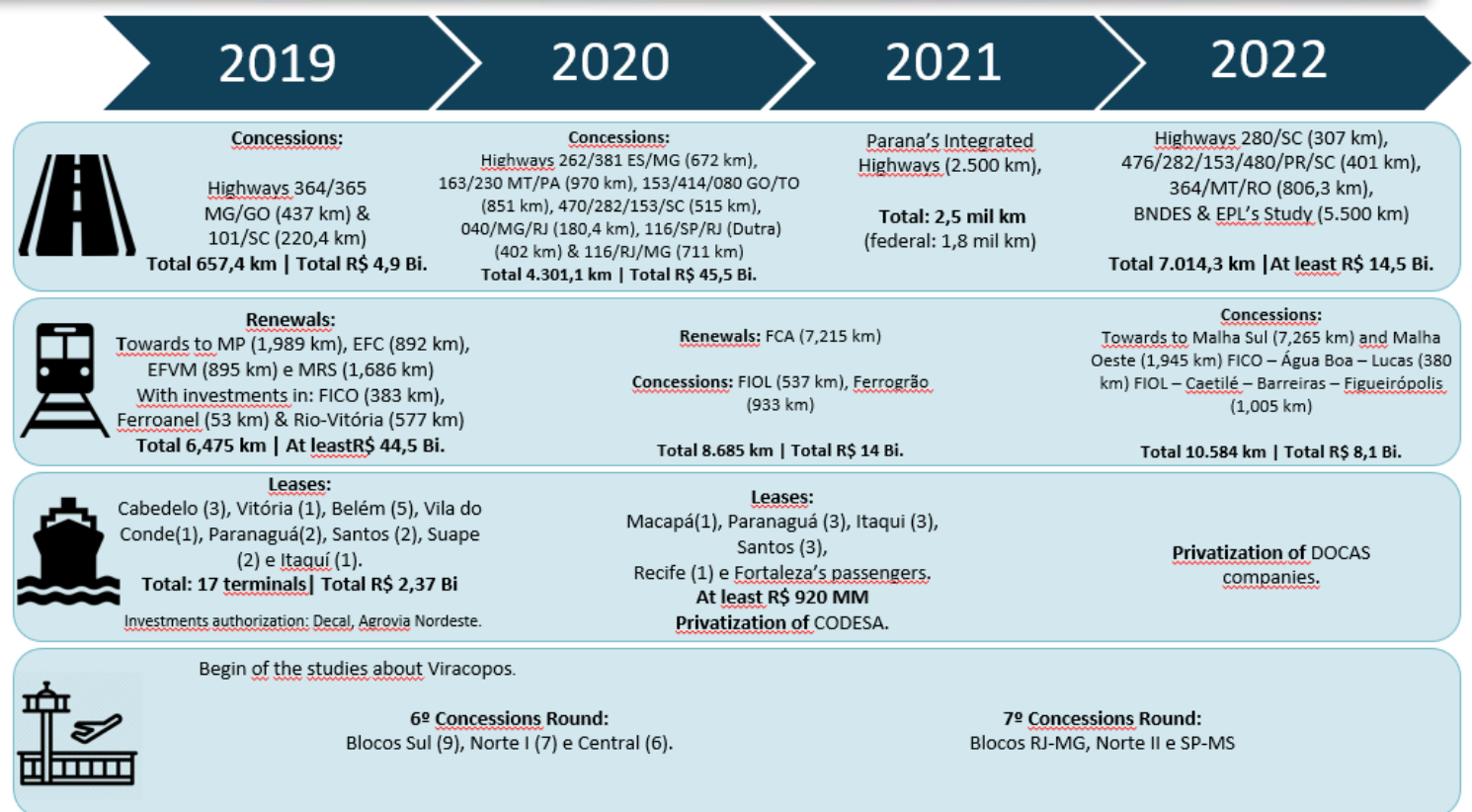


29 Port Terminals



34 Airports

Brazilian Privatization Program - Roadmap



Braskem

Opex 2019 Services Major Categories
Annual Spend ~ R\$1.5B



In-House Maintenance Services



Industrial Assembly



Piping



Engineering Projects



Insulation & Painting



Safety, Health and Environment



Mechanics



Industrial Cleaning



Scaffolding



Inspection



Electrical Services



Instrumentation Services

NEXA



Zinc Projects	Target Start Up	Capex	Annual Zn Eq. Production ¹	Status
Aripuanã	2021	\$392MM	120 kt	FS concluded
Shalipayco	2021	\$47MM	51 kt	PEA
Florida Canyon	TBD	\$214MM	67 kt	PEA
Hilarión	NA	NA	NA	Exploration
Caçapava do Sul	NA	NA	NA	Exploration

Copper Projects	Target Start Up	Capex	Annual Cu Eq. Production ¹	Status
Magistral	2022	\$555MM	52 kt	PEA
Pukaqaqa	NA	NA	NA	Exploration

Petrobras

DRIVING FORCE

Central element of competitiveness,
with clear industry leadership



E&P

US\$ 68.8 bi



REFINING, TRANSPORTATION
AND MARKETING

US\$ 8.2 bi

CAPEX
US\$ 78.4 bi

(include US\$ 1.4 billion of investments from corporate)

STRENGTHS TO EVOLVE

Expansion leveraging core
competencies and skills



NATURAL GAS and
ENERGY

US\$ 5 bi



PETROCHEMICAL

US\$ 0.3 bi

CAPEX
US\$ 5.3 bi

MOVEMENT TOWARD THE FUTURE

Construction of another engine to
perpetuate growth equation



WIND, SOLAR AND
BIOFUELS

US\$ 0.4 bi

CAPEX
US\$ 0.4 bi

TOTAL INVESTMENT OF BMP 2019-2023 US\$ 84.1 bi

CAPEX Categories		OPEX Categories		Maintenance Categories
Exploration, Wells and Drilling	Production Units	Chemicals, Catalysts and Operational Support	Corporate	Industrial Equipment
arfermandes@petrobras.com.br	vinicius.mota@petrobras.com.br	jordanapaiva@petrobras.com.br	tiago.raupp@petrobras.com.br	joao.marcelo@petrobras.com.br
				
Submarine and EPCI	Greenfield Projects and Decommissioning	Logistics	Maintenance	Static Equipment and Valves
marcos_marques@petrobras.com.br	carlos_babo@petrobras.com.br	tangerini@petrobras.com.br	andreguilherme@petrobras.com.br	virgilio.albuquerque@petrobras.com.br
				

External Financing

- ✓ It is important to consider that a branch can have a greater competitiveness linked to the ability to **finance itself with the cost of European money.**



HQs Overseas

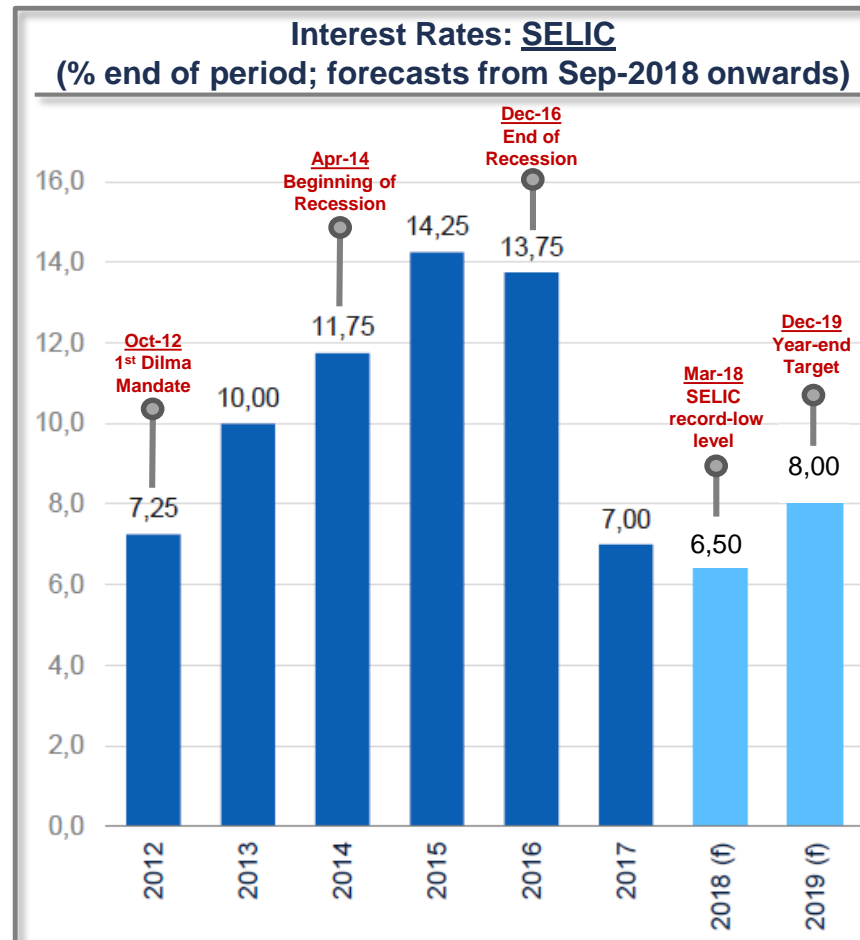


Inter-company
financing or
with local
bank / stand-by



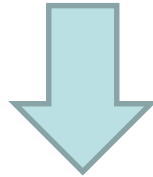
Brazilian Branch

Cost of Money



The possibility to raise capital in new form

Companies



Brazilian
Companies

M&A
Partnership
Equity

Investors



Brazilian
Companies

Debt / Bonds
Convertible

Alternative
Forms



Brazilian
Companies

Basket Bond
Spac in Cloud

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THANK YOU

Business Contact



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Photo by Akos Major