



1st quarter 2020 Performance

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Webcast
May 15, 2020



Disclaimer

The presentation may contain forward-looking statements about future events 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

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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



We express our solidarity to all the victims of the global pandemic caused by Covid-19

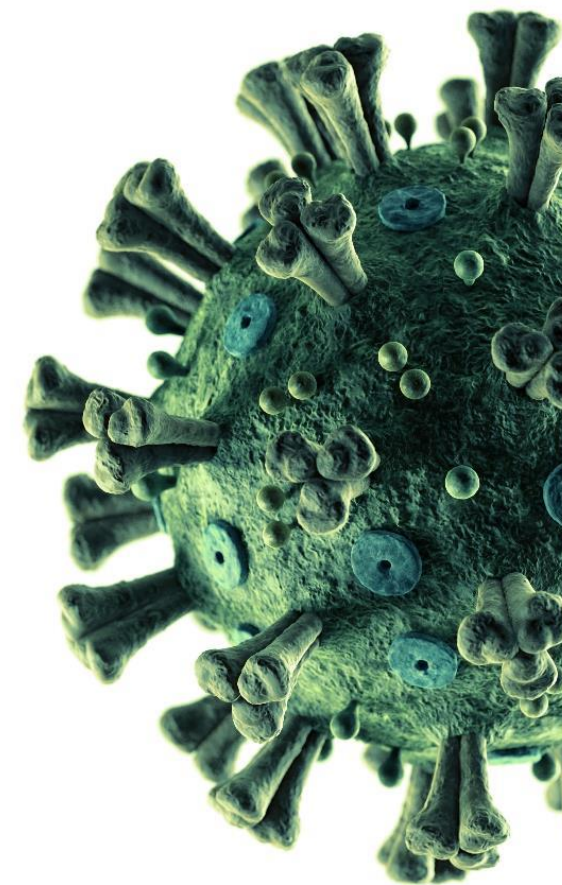
At the same time, we pay tribute to the health professionals, who have been true heroes in this real war against the virus

Our actions against Covid-19



Prevention and focus on health and safety

- » Immediate suspension of all travel, meetings and events
- » 24-hour health service channels
- » Home office for activities that can be performed remotely
- » Real-time case monitoring using data intelligence
- » Operational staff reduced to the minimum necessary for continuity of activities with safety
- » Changes in operational routines reinforcing cleaning
- » Special care for boarding on platforms: home isolation, virtual briefing and medical screening at airports
- » Broad testing strategy
- » Adoption of non-professional face masks for use in operational units
- » Telemedicine service to our employees, retirees and pensioners

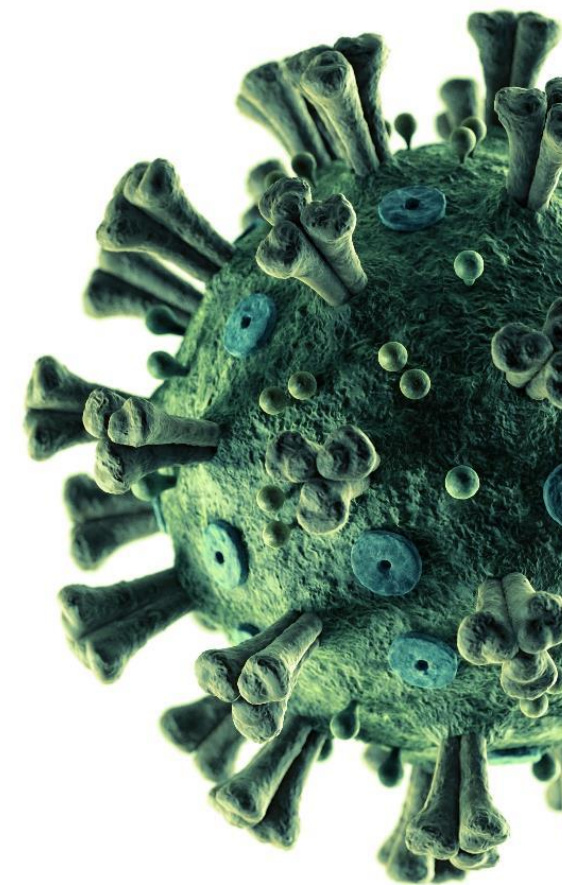


Our actions against Covid-19



Donations

- » Provision of 20,000 safety equipment and hygiene products for UFRJ
- » Delivery to SUS of 600,000 tests (RT PCR) to diagnose Covid-19
- » Donation of about 3 million liters of fuel to supply ambulances and medical transportation vehicles
- » Financial support for Hospital das Clínicas of University of São Paulo (USP) Medical School
- » Donations of anhydrous alcohol to produce alcohol 70% and glycerin alcohol 80% for sanitization of university hospitals
- » Donation of 4,000 connectors to increase the capacity of the pulmonary ventilators
- » Donation of 1,200 N95 hospital masks to meet hospital demands



Our actions against Covid-19



Technical scientific cooperation

- » Support to Coppe-UFRJ in the production of mechanical lung ventilator prototypes
- » Use of supercomputers for drug and vaccine development research with Stanford University's Chemistry Department in the U.S.





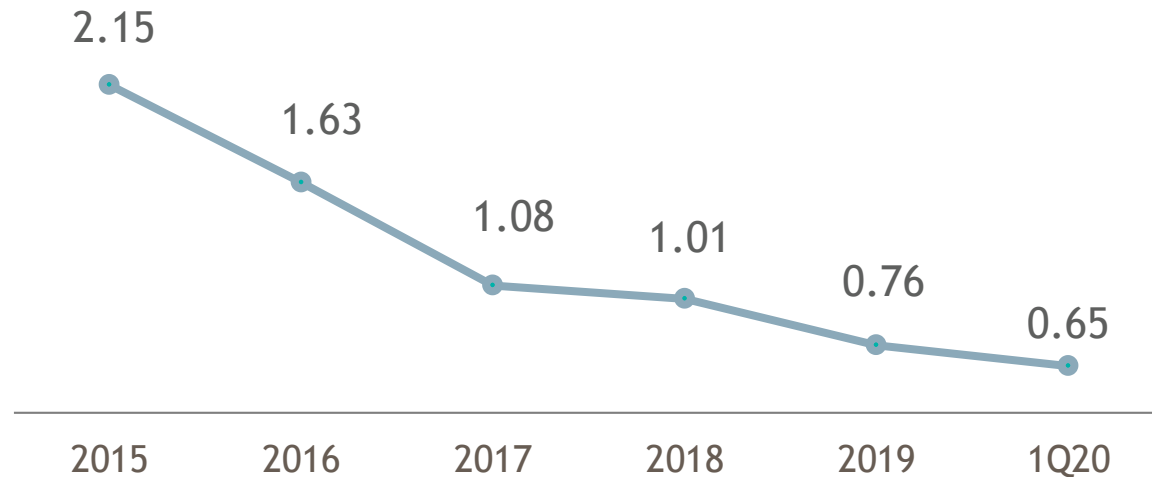
Financial highlights

Safety as priority



TRI

Total recordable injuries
per million man-hours



Ambition of zero fatalities

- » Top metric is TRI <1,0
- » Continuous reduction of TRI, with a level significantly below our *peer group benchmark* (0.90)

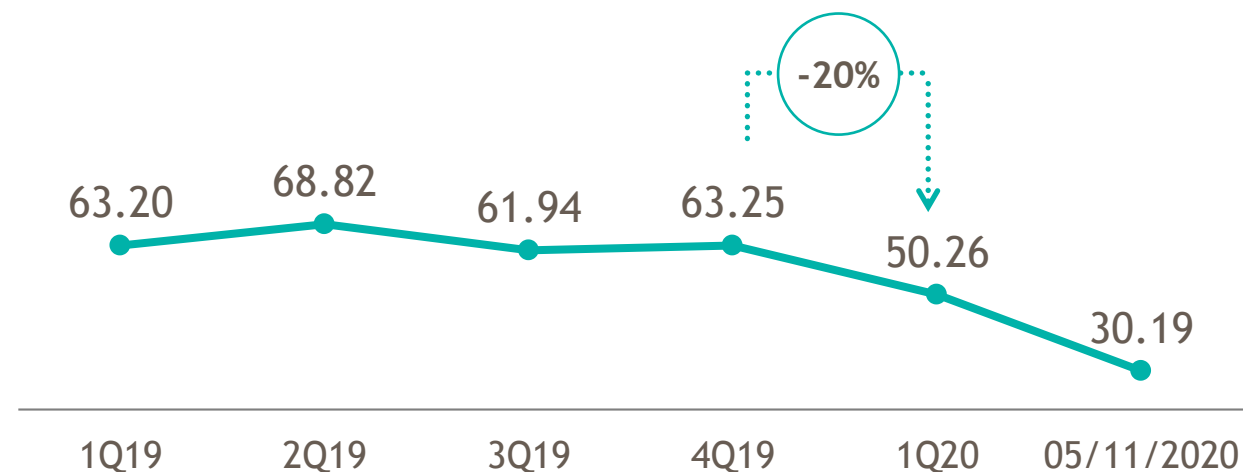




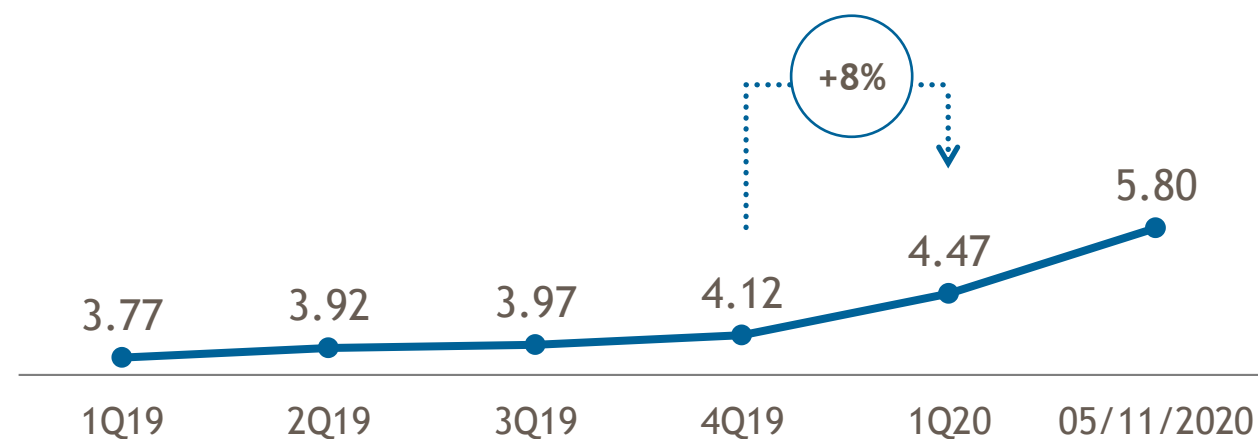
Oil price shock at the end of 1Q20

Strong depreciation of Brent and BRL

Brent
US\$/bbl



Average exchange rate
R\$/US\$



Review of top metrics indebtedness and value generation



Gross Debt

new metric of indebtedness

- » *US\$ 87 billion in 2020*
- » *US\$ 60 billion in the medium term*



Δ EVA[®]

adjustment

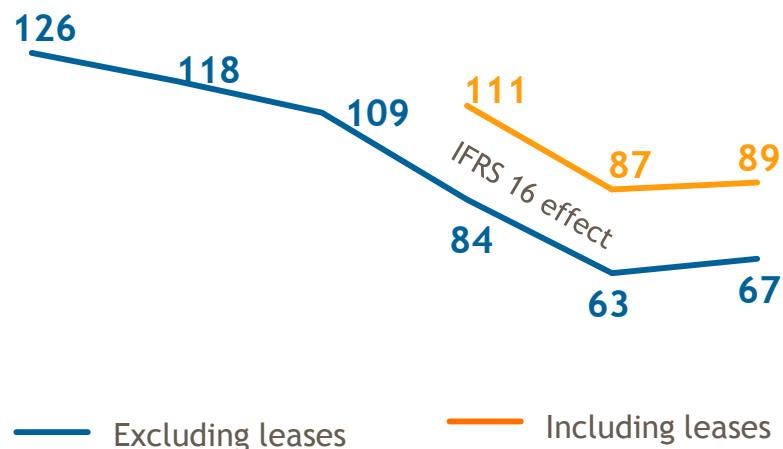
- » *Review of Δ EVA[®] to US\$ 2.1 billion in 2020 from US\$ 2.6 billion*

Slight increase in indebtedness

Disbursement of revolving credit lines to strengthen the cash position in the crisis scenario

Gross debt

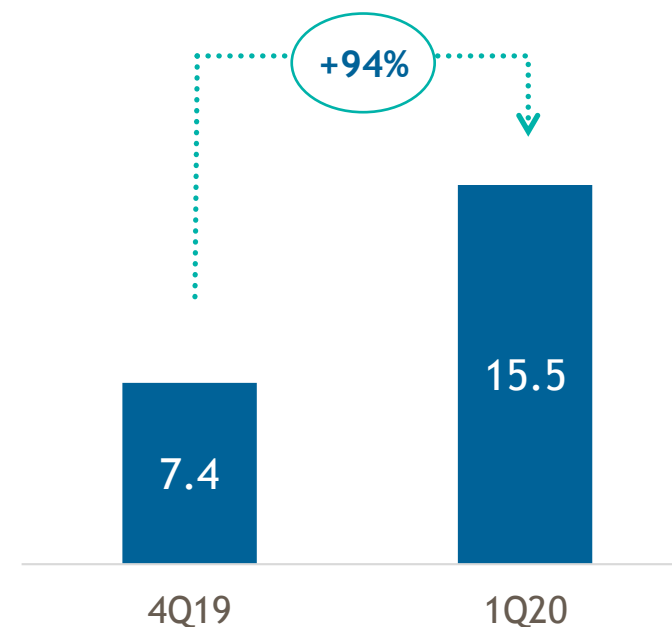
US\$ billion



» Funding of US\$ 10.2 billion and pre-payments of US\$ 3.5 billion in the banking market and in the domestic and international capital markets

Cash position

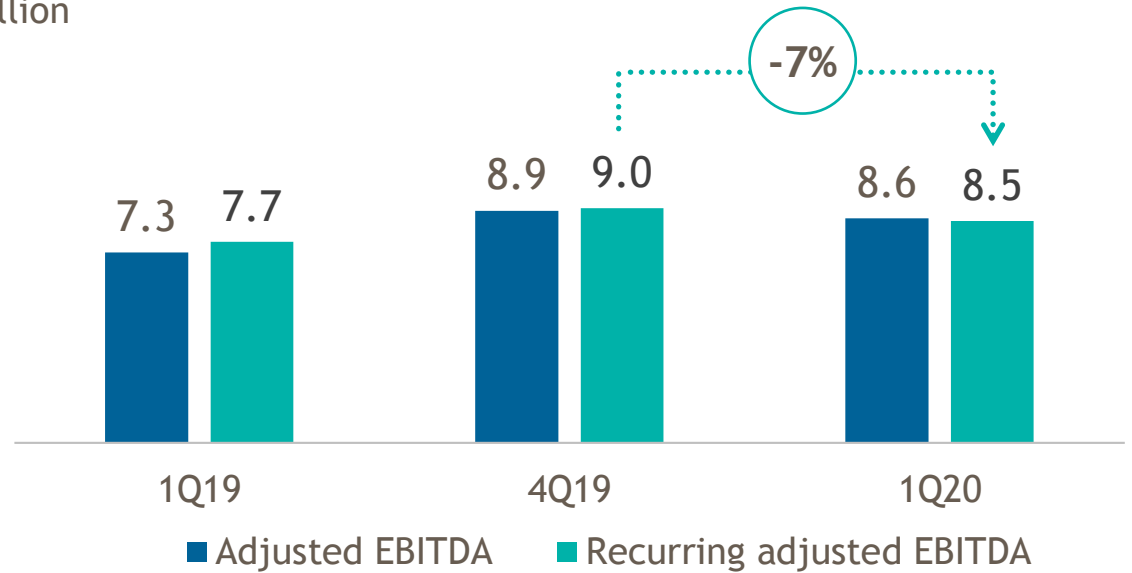
US\$ billion



Solid EBITDA

Resilience to the price scenario

US\$ billion



BRENT (US\$/bbl)	63	63	50
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1Q20 x 4Q19

- >> Reduction in Brent partially offset by higher exported oil volumes, higher LPG, fuel oil, gasoline and naphtha margins

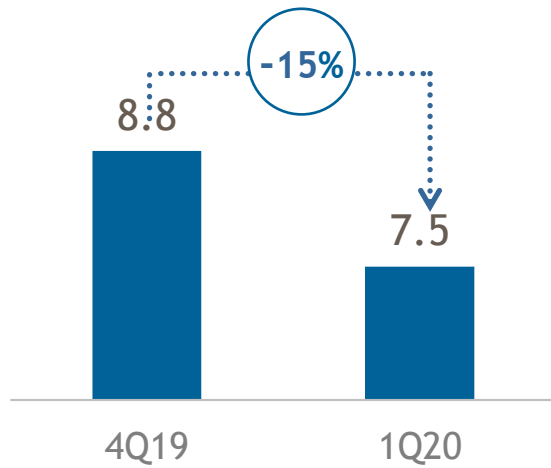
EBITDA by business segment

Lower Brent and demand for oil products affected the E&P and Refining segments

Adjusted EBITDA US\$ billion



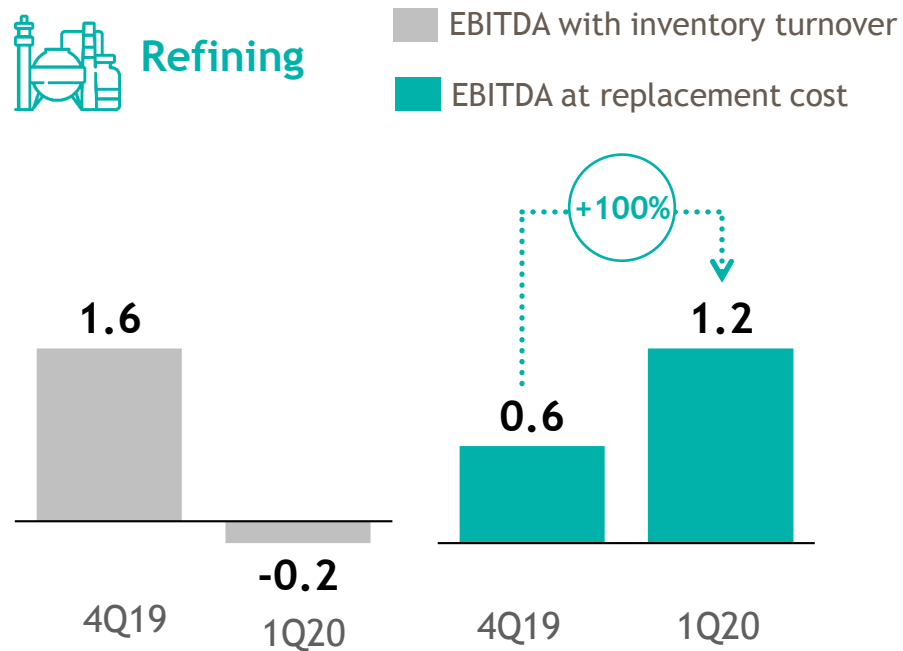
Exploration & Production



>> Lower Brent price, partially offset by lower lifting cost



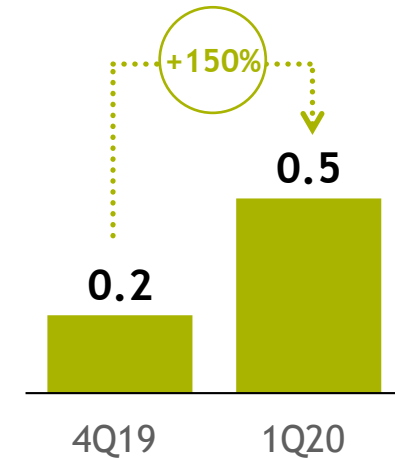
Refining



>> Positive inventory turnover effect in 4Q19 (+US\$ 1 billion) reversed in 1Q20 (-US\$ 1.4 billion) due to the lower Brent



Gas & Power

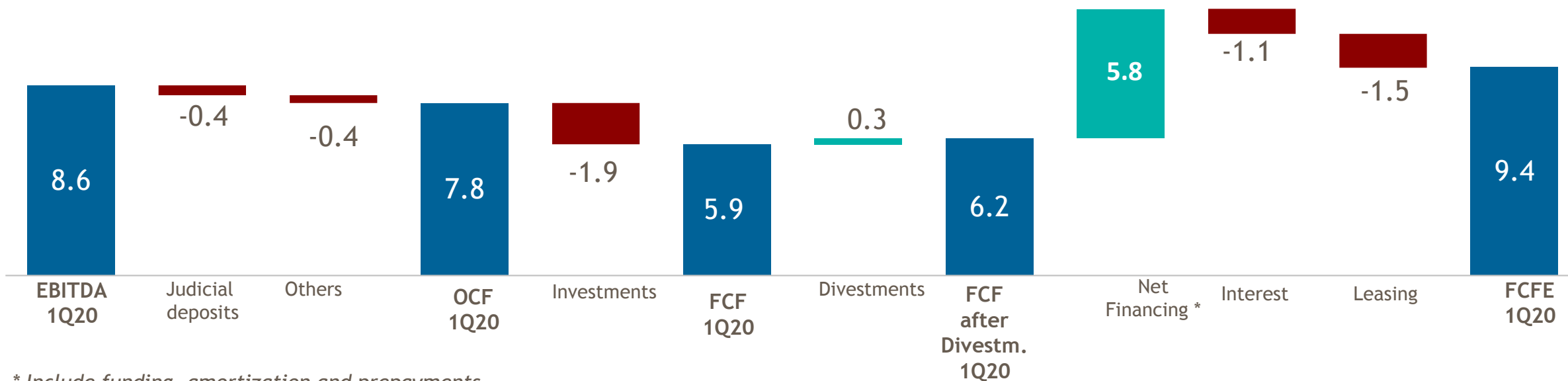


>> Better margins in the trading of natural gas

Cash generation

Cash flow in 1Q20

US\$ billion



* Include funding, amortization and prepayments

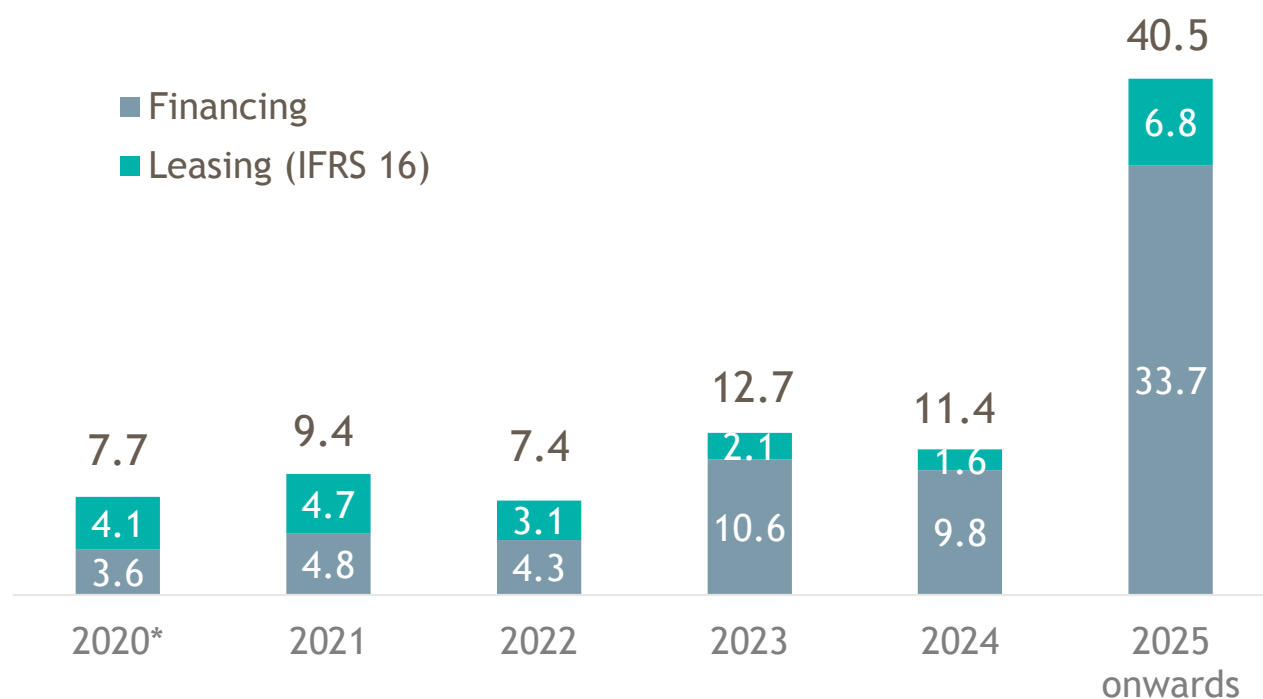
- >> Lower than expected investments
- >> Divestments: Closing of E&P assets in Africa
- >> Funding of US\$ 10.2 billion (including US\$ 8 billion from Revolving Credit Lines) and prepayments of US\$ 3.5 billion

Debt Profile

45% of debt maturity after 2025

Amortization profile

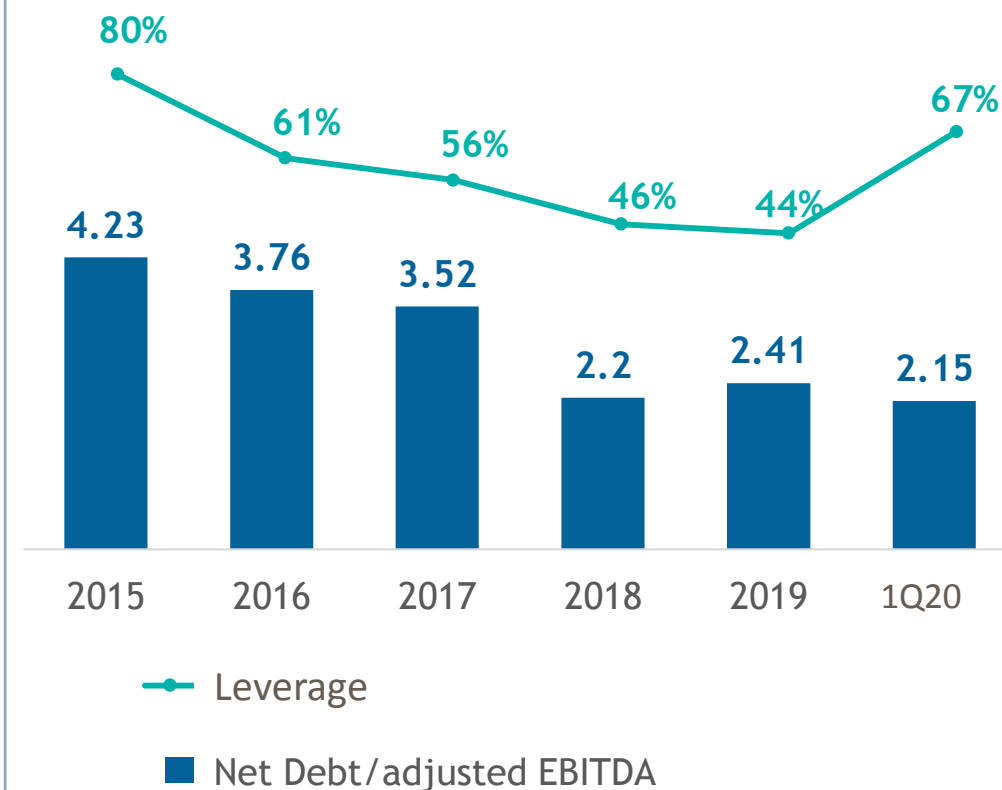
US\$ billion



>> Average debt maturity of 9.74 years

>> Average interest rate of 5.6% py

Leverage ratio*



* Relative to the amortizations scheduled for the months of April through December

* Values calculated in USD / Include IFRS-16 as of 2019

Actions to strengthen financial position

Management focused on cost, productivity and efficiency to ensure our resilience



- » Revolving Credit Lines disbursement of US\$ 8 billion
- » US\$ 1.7 billion in new credit lines and
- » US\$ 500 million in debt rollover



- » Postponement of US\$ 1.7 billion of dividend payment



- » Reduction of investments in 2020 from US\$ 12 billion to US\$ 8.5 billion (US\$ 7 billion cash)



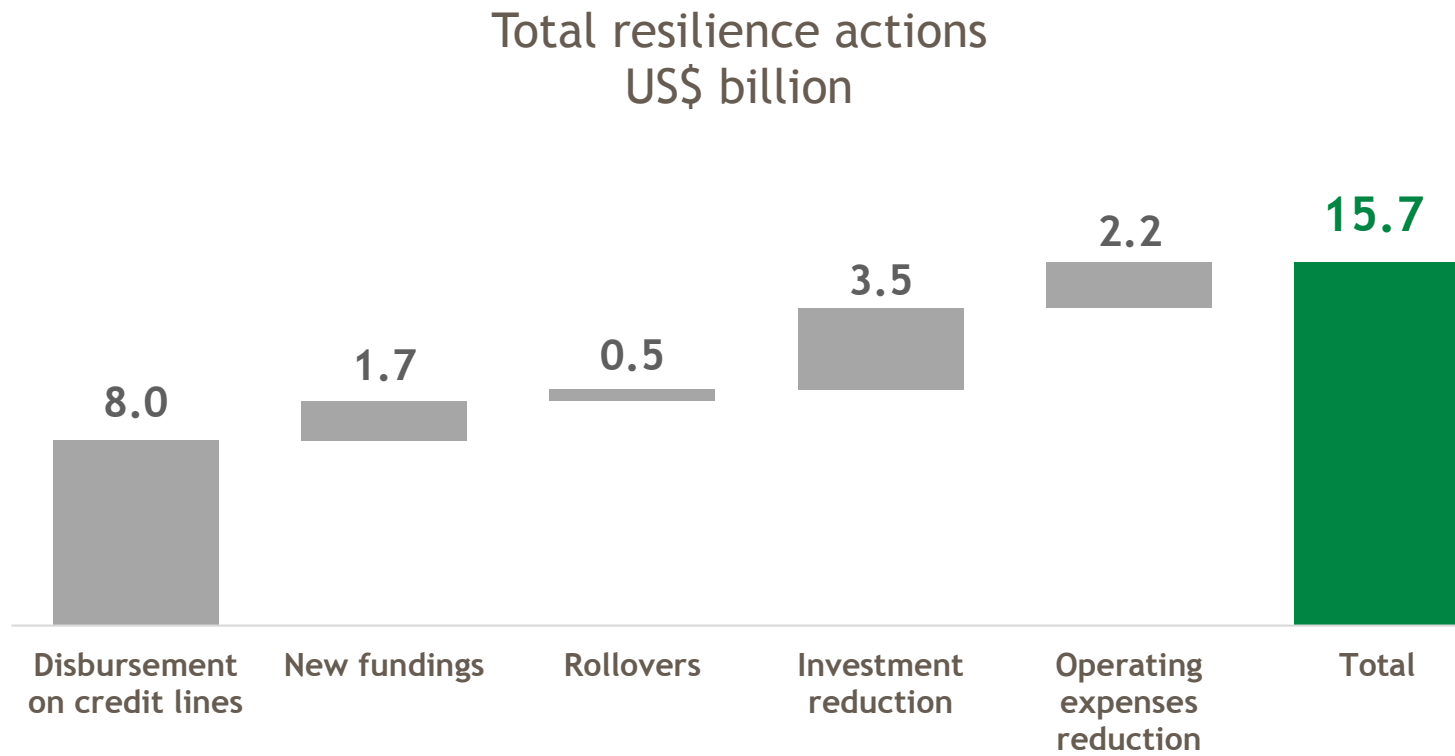
- » Working capital optimizations



- » Accelerated reduction of operating expenses, with an additional decrease of US\$ 2 billion



2020 Resilience actions



Actions on
resilience



Free cash flow
breakeven 2020¹
~ @US\$ 20/bbl

Cash neutral 2020²
~ @US\$ 24/bbl

¹ Average Brent price in 2020 to match OCF to CAPEX @ US\$ 5.0/ BRL

² Average Brent price in 2020 to achieve the minimum cash of US\$ 5.5 billion and the gross debt of US\$ 87 billion considering the financial obligations in the period. From May to December the average Brent price is reduced to ~US\$ 15/bbl



Impairment in 1Q20

Reassessment of the economic recoverability of assets due to the revision of our base case scenario



Revision of key assumptions

>> Review of Brent price, exchange rate, oil products spreads, among others

New Brent forecast in 03/31/20:

Brent average (US\$/bbl)

2020	25
2021	30
2022	35
2023	40
2024	45
Long-term	50

>> 2019 figure was US\$ 65/bbl

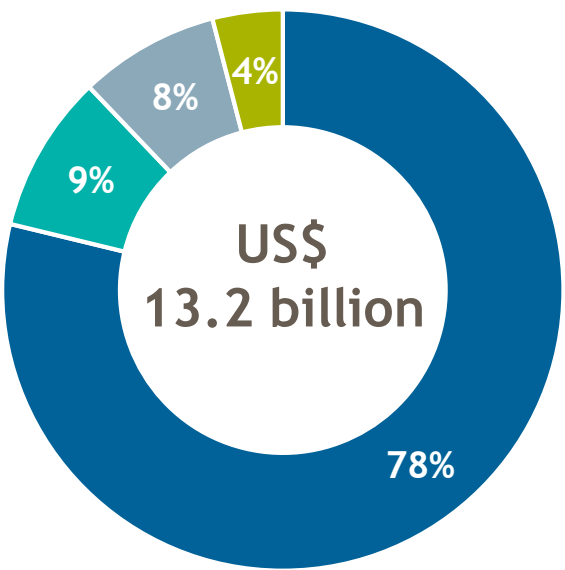


Assets by segment

Asset	Impairment (US\$ billion)
E&P fields in production	11.8
Mothballing of shallow waters fields	1.4
Others	0.2
Total	13.4



Losses by E&P environment

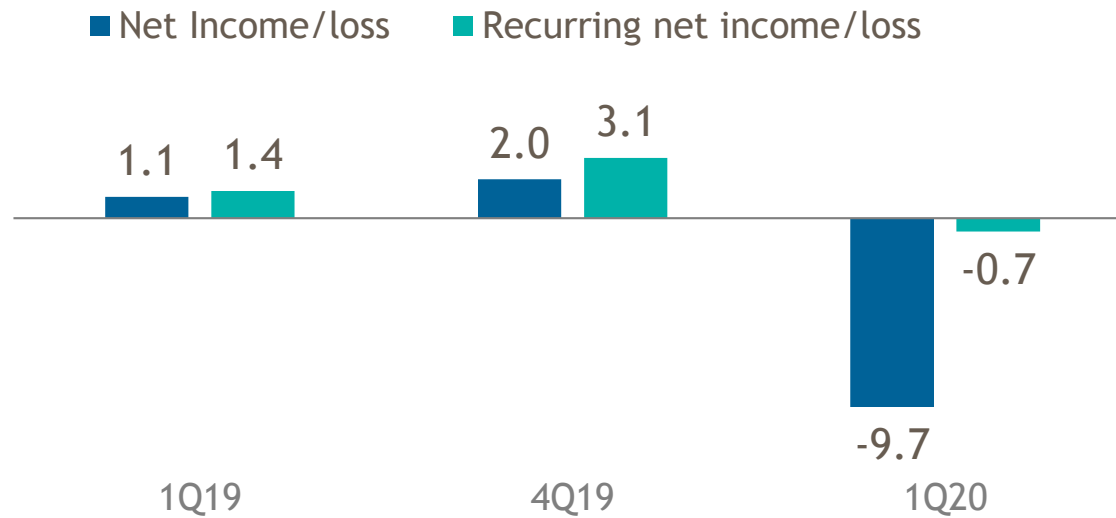


- Deep waters
- Shallow waters
- Onshore
- Pre-salt

Net result

Impact of impairment and financial result

US\$ billion



1Q20 x 4Q19

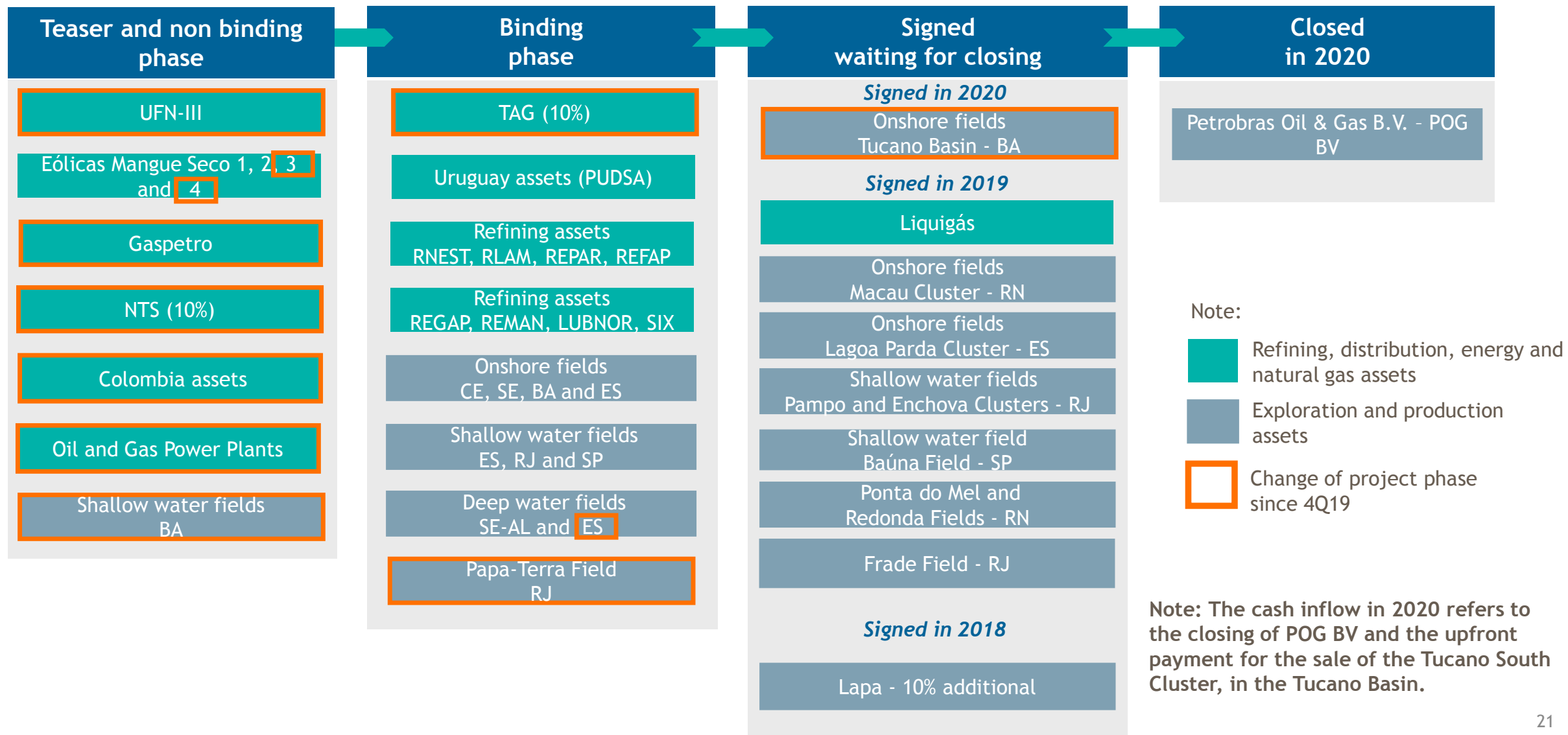
- » Higher export volumes and higher oil products margins partially offset the lower Brent oil price
- » Impairment of US\$ 13.4 billion
- » Financial result impact by the exchange rate variation (-US\$ 1.8 billion) and by the effect of the hedge accounting (-US\$ 1.4 billion)

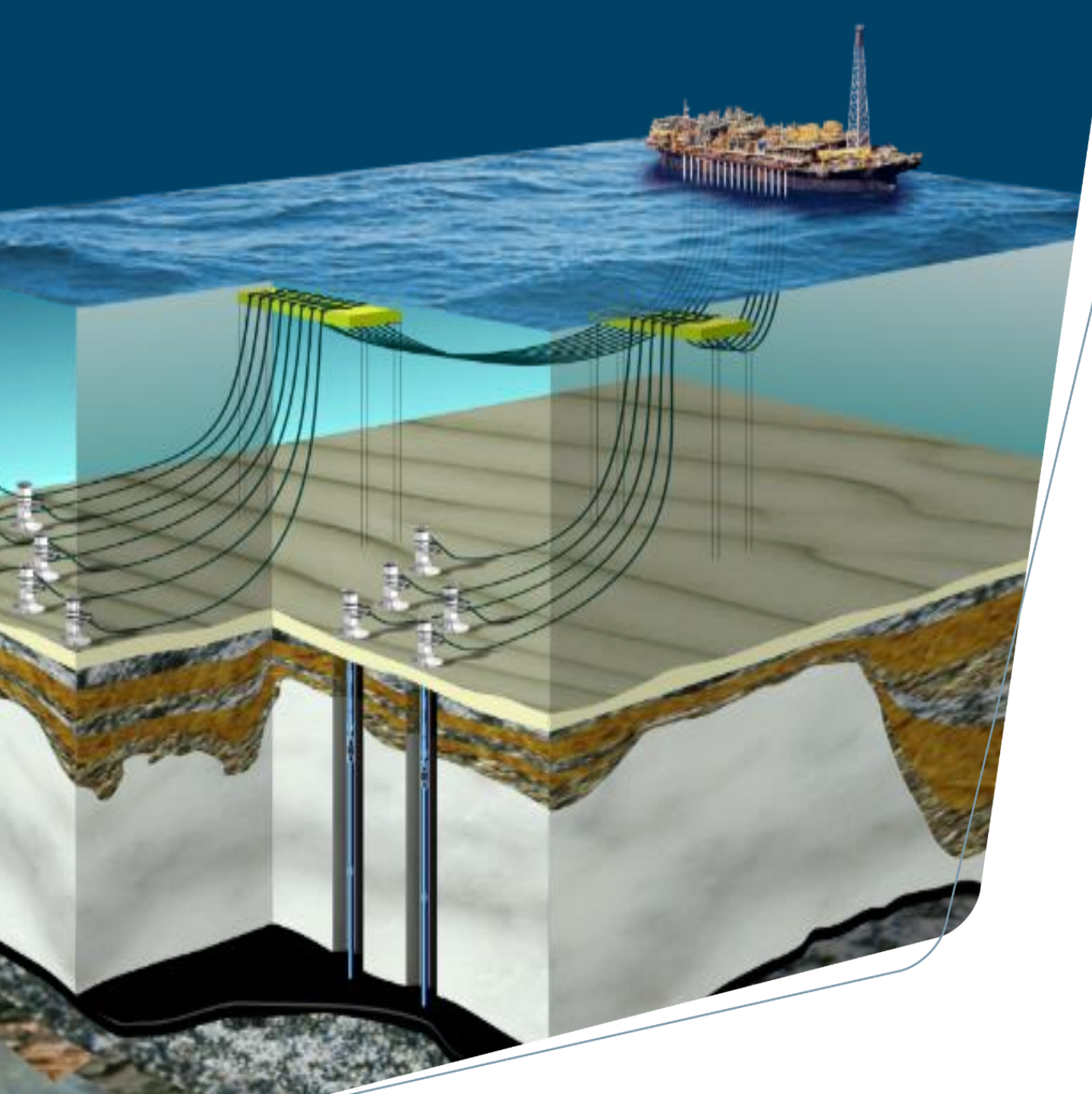
Portfolio Management



Divestments continue moving forward

Total cash inflow of US\$ 277 million in 2020

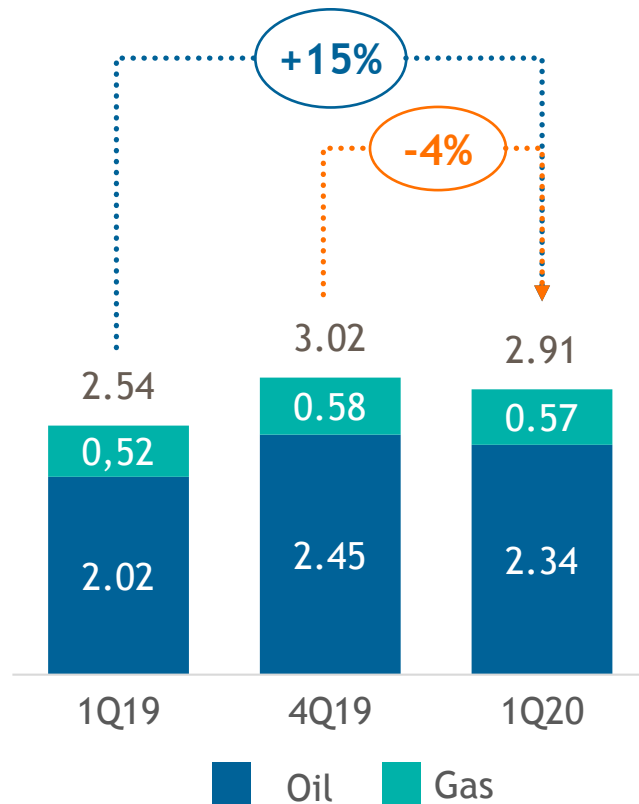




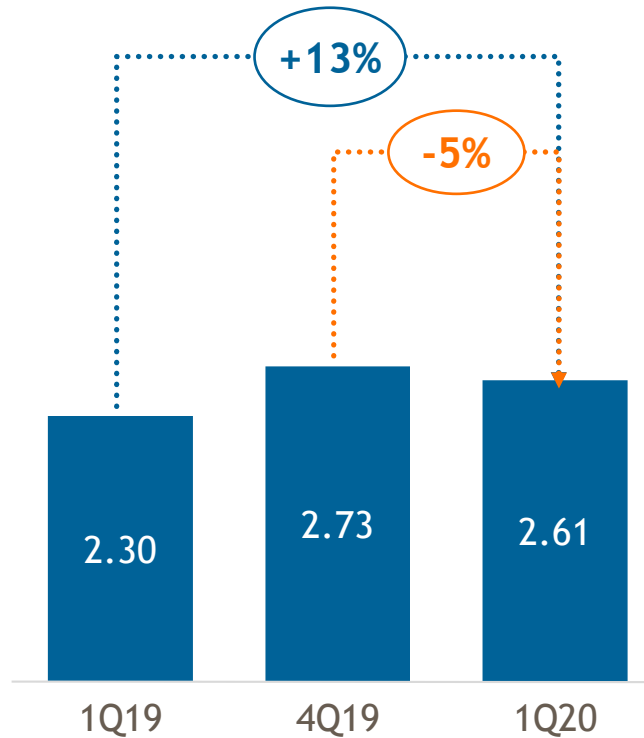
Exploration & Production highlights

47% growth of pre-salt production

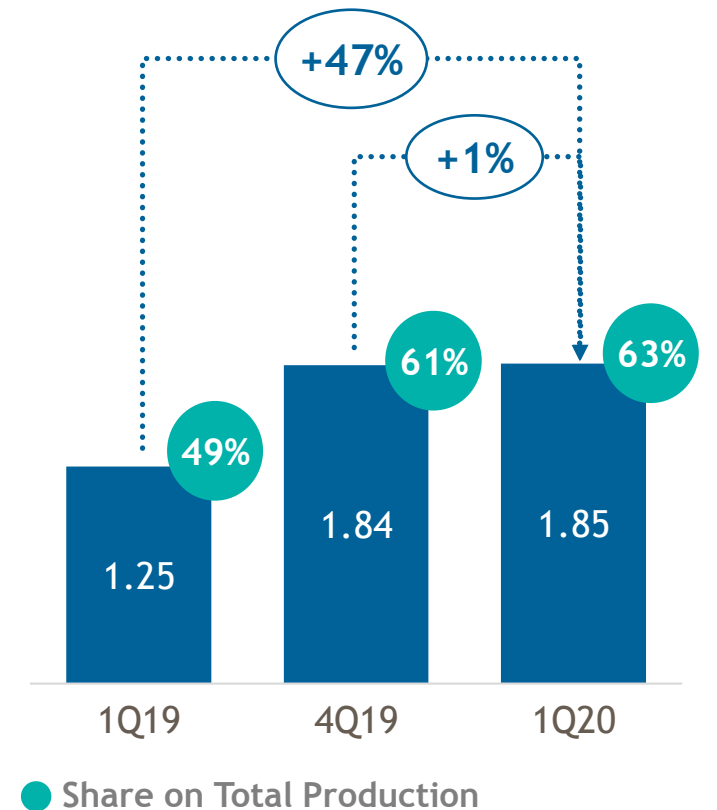
Oil and gas production
million boed



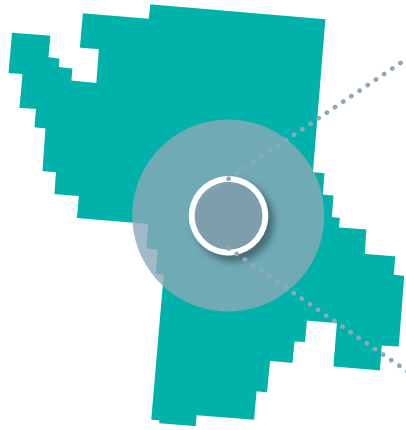
Commercial production
Million boed



Pre-salt production
million boed

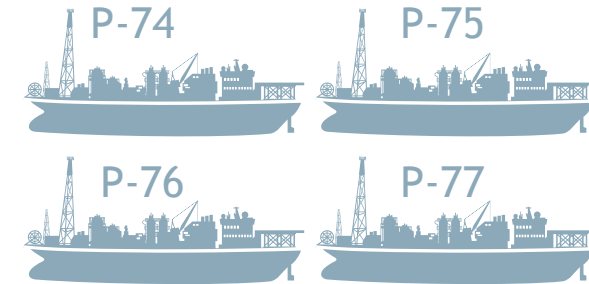
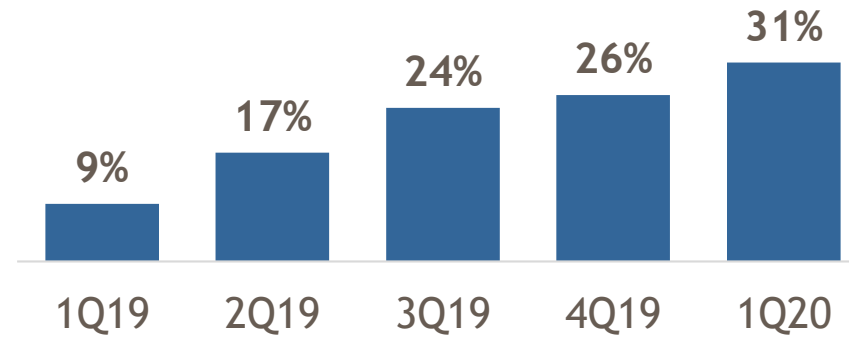


Búzios: records and sound results of a world-class asset



Búzios

Share on pre-salt production



4 FPSOs in operation

New production record

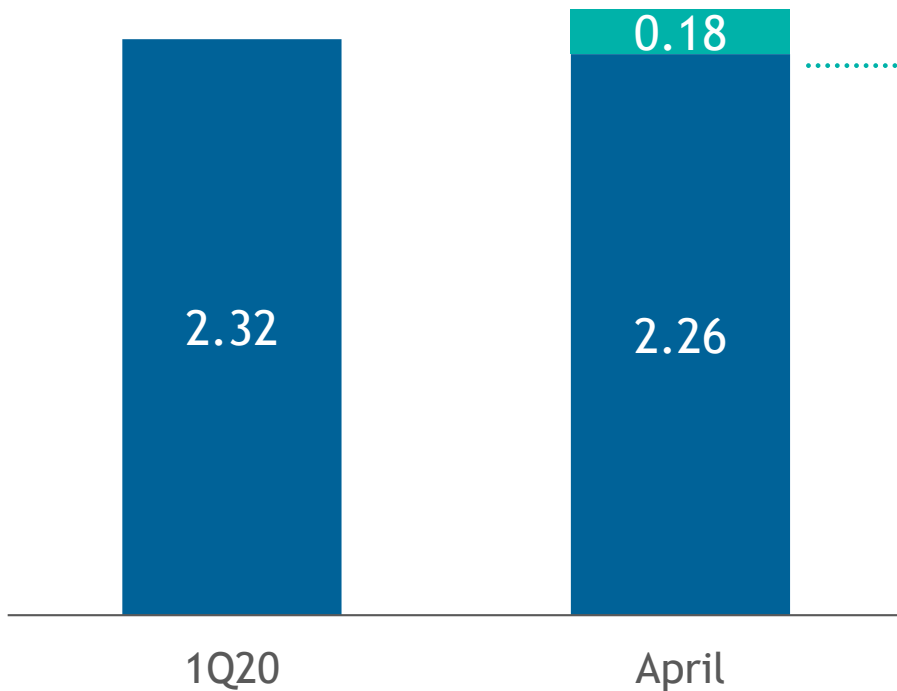
Daily production
on March 10th, 2020

640
kbpd

790
kboed

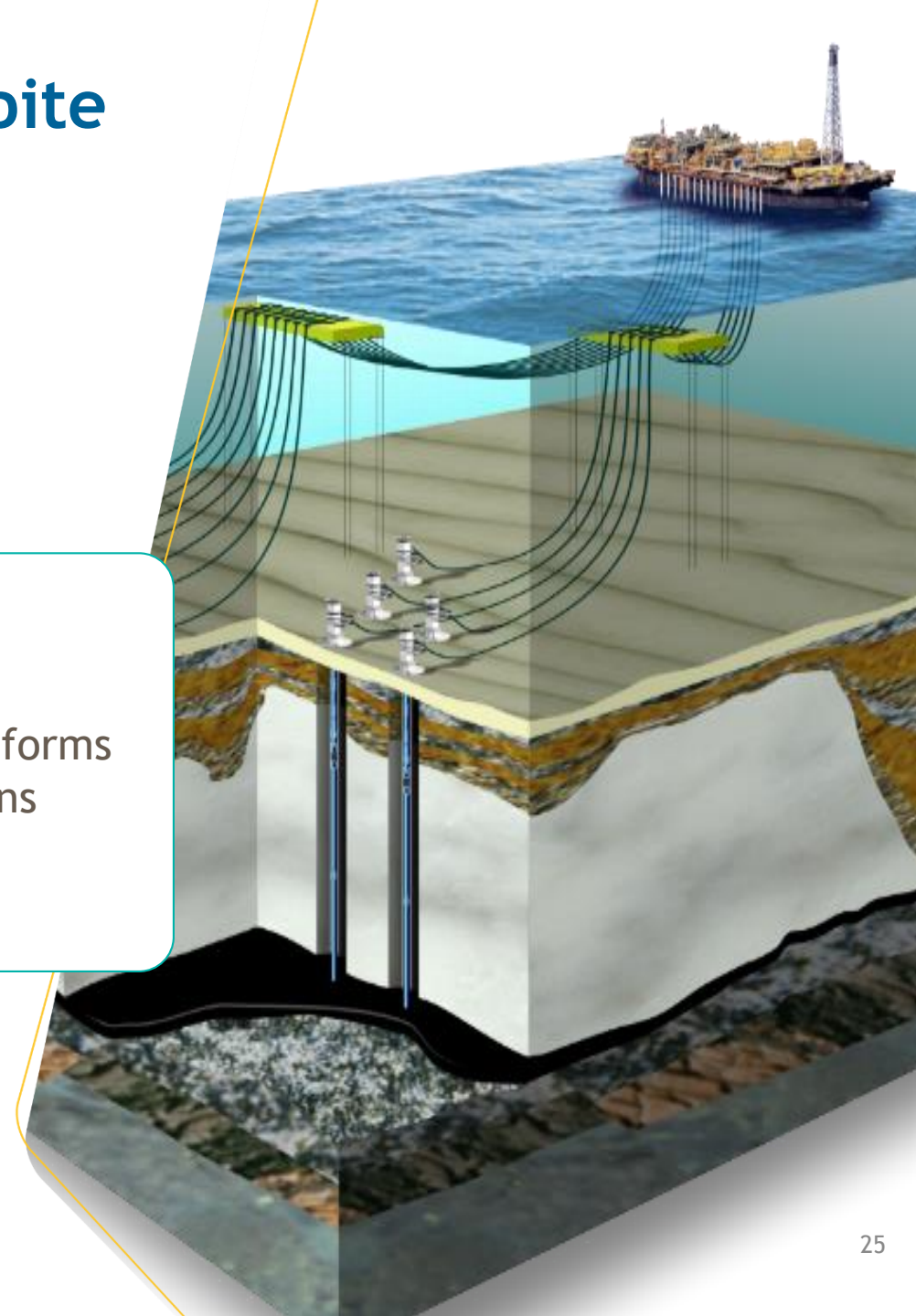
Operating performance remains high despite Covid-19 effects

Oil production - Brazil
million bpd



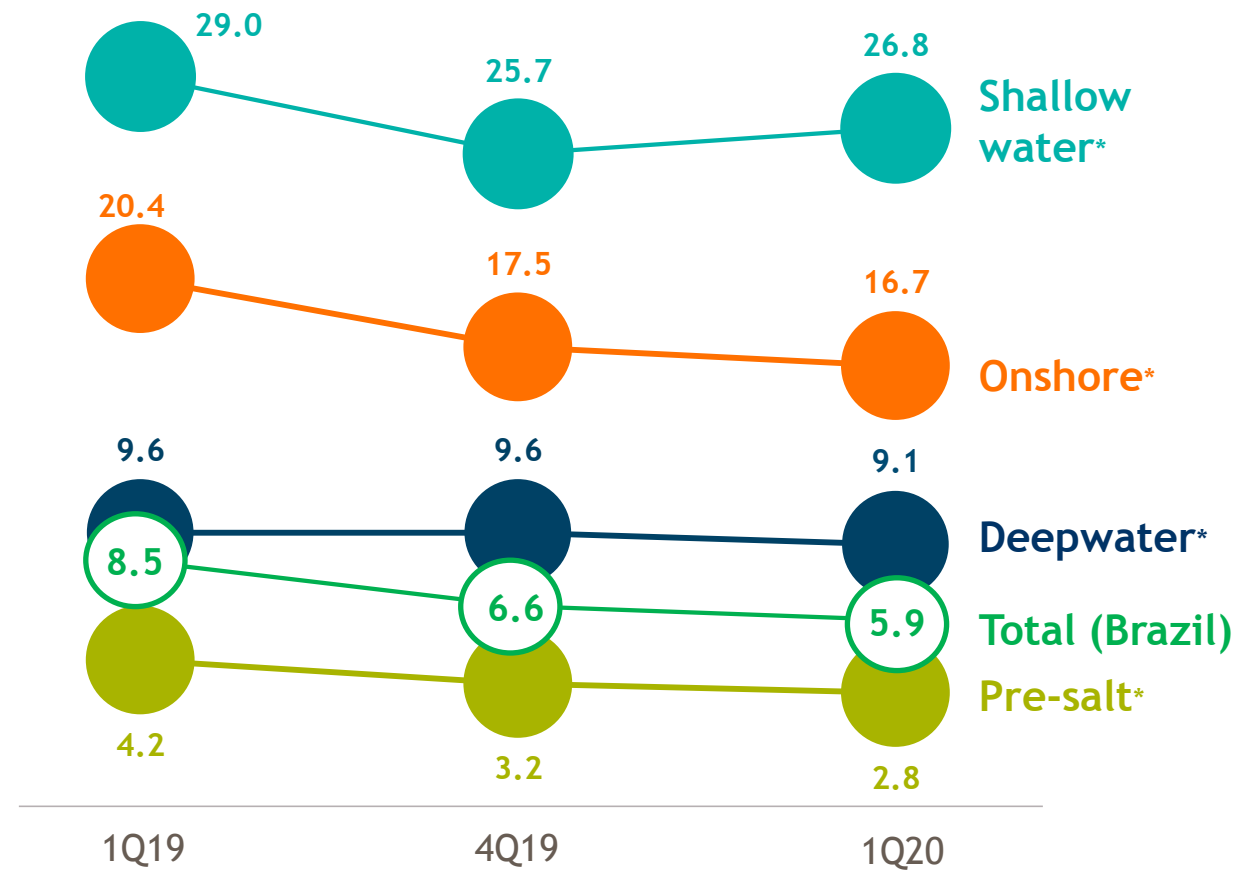
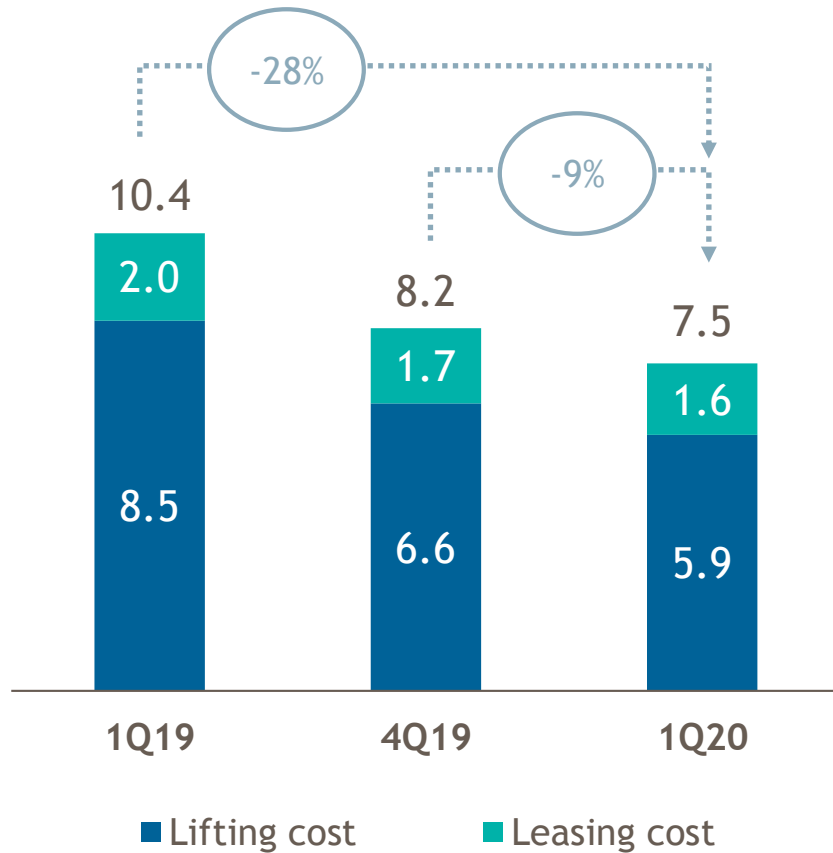
Covid-19 effects

- » Lower demand
- » Mothballing of platforms
- » Boarding restrictions
- » Fewer stoppages



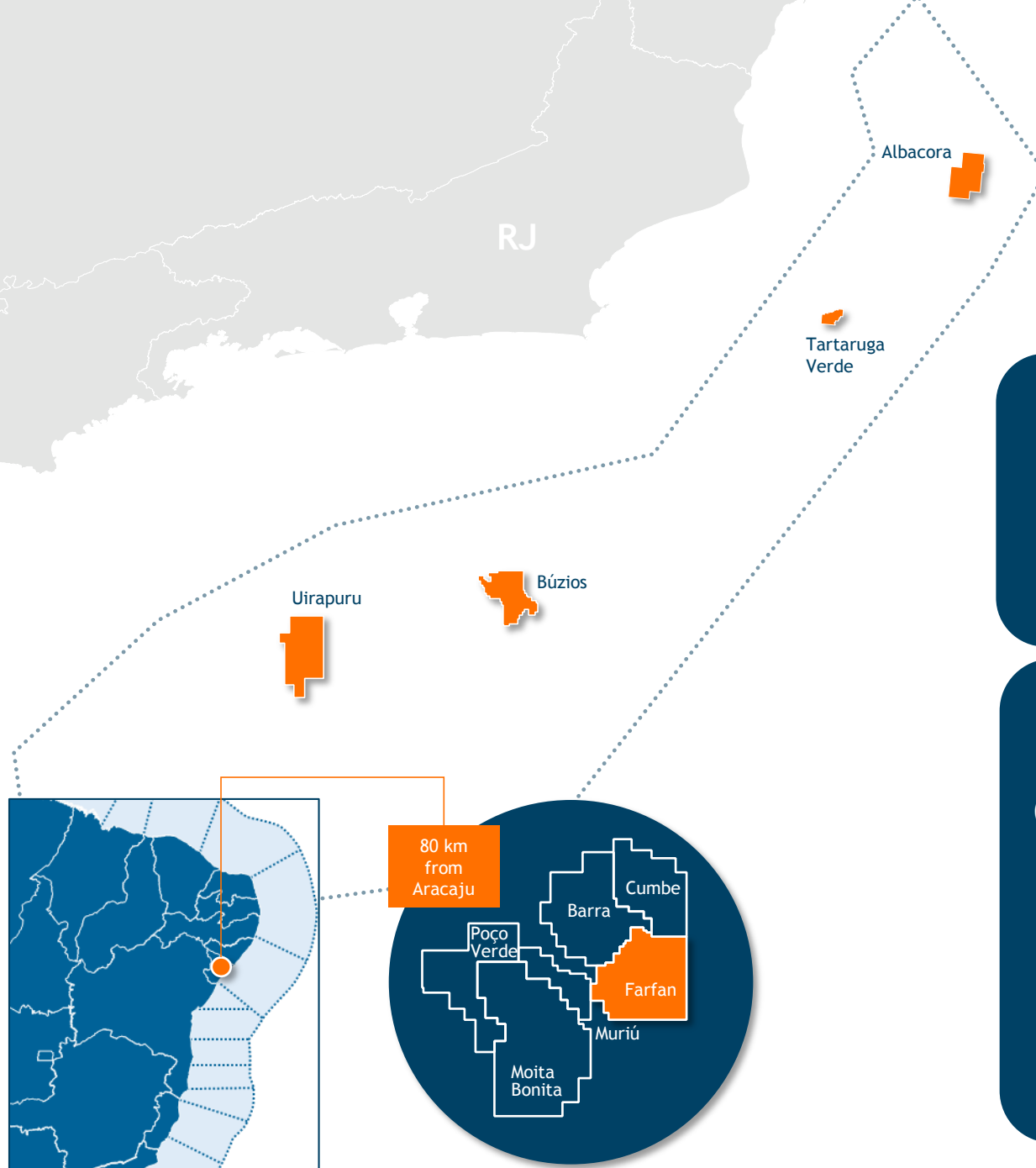
28% reduction in the lifting cost in 1-year period

Lifting cost - Brazil
US\$/boe



* without leasing

New wells and Extended Well Tests adding value to our portfolio



Confirmation of great quality oil in the Southeast area of Búzios field

Confirmation of potential in the pre-salt of Albacora (Forno area)
Extended Well Test starting in May

New discoveries in recently acquired blocks (2018: 4th and 5th bidding rounds)

Uirapuru

Sudoeste de Tartaruga verde

Confirmation of the reservoirs characteristics in Sergipe deepwater area

1st Extended Well Test in ultra-deep water on the Sergipe coast

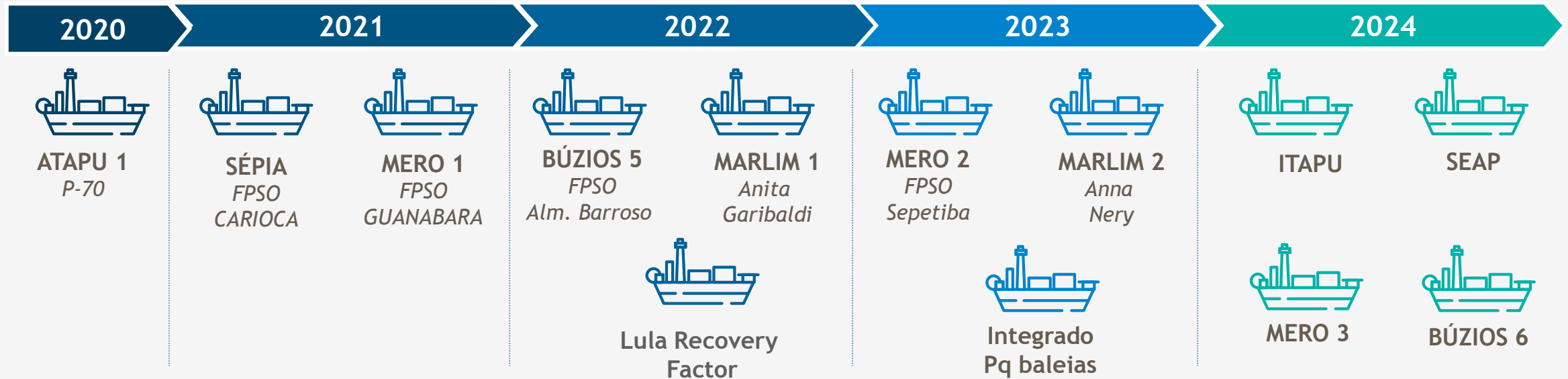
Production Development



Timeline of new production systems

Ongoing revision focusing on value creation

Start up year



- » Advanced stage and short-term value generation projects: no major changes
- » Planning revision for projects on the middle and long term

Production development projects

Projects update and main actions to deal with the crisis



Production systems

- » P-70 final commissioning process
- » P-71 start of integration activities
- » Workforce gradual evolution on projects under construction in China
- » Continuous monitoring on projects under construction in China



Subsea and wells

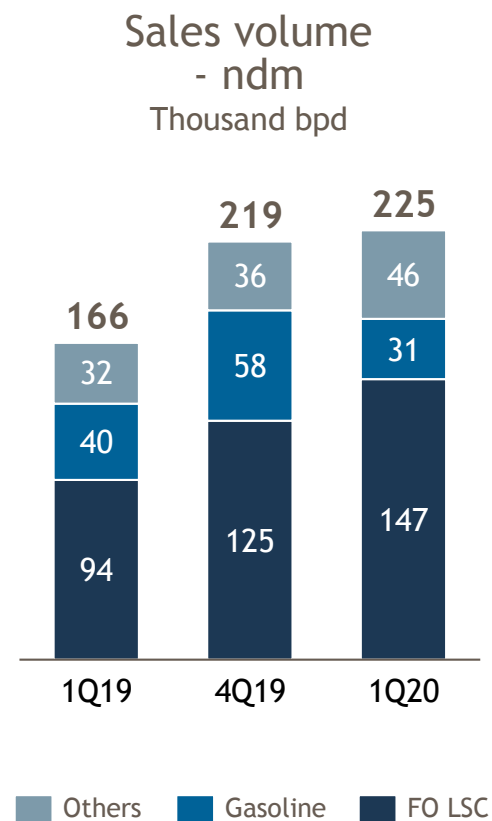
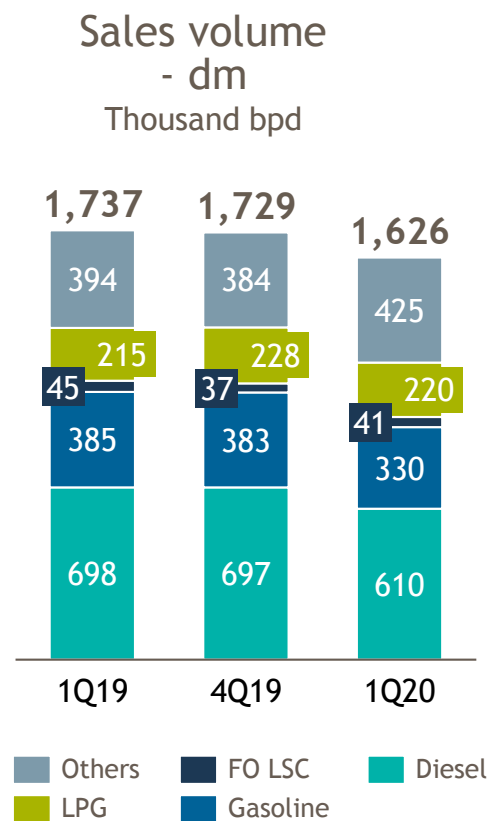
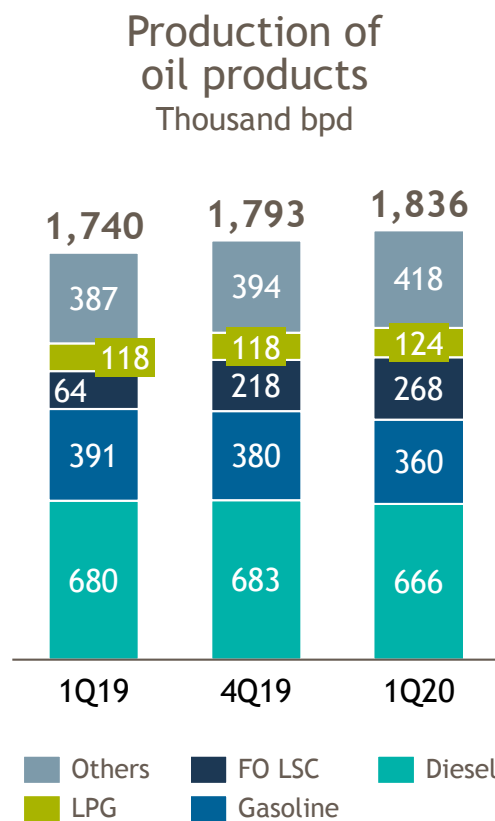
- » Renegotiation and postponement of contracts with focus on CAPEX optimization in 2020
- » Readjustment of rigs and special vessels fleets to meet the most resilient projects and guarantee integrity



Refining and Natural Gas Highlights

Production and sale of oil products

Sales in domestic market impacted at the end of the period by social distancing measures. Most relevant impact from April onwards



Note: Changes in inventories and domestic supply are not considered
dm= domestic market / ndm= non-domestic market

Optimization of assets as a result of lower demand



Increase of exports, search for new markets, reinforcement of logistic capacity and competitive differential of our products



Adequacy of the refinery utilization factor to lower demand, all refining units are able to return to normal loads as soon as markets recover

Maximum operational efficiency and capture of business opportunities contribute to cash generation

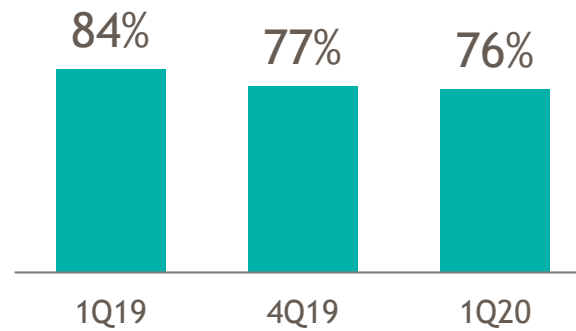
By reducing the level of inventories, it is possible to avoid the adoption of costly measures such as chartering ships to store liquids



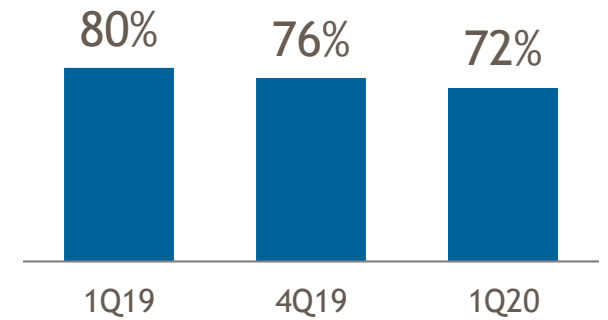


Market share and assets utilization

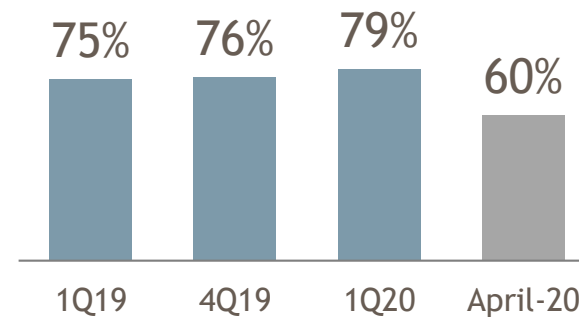
Diesel



Gasoline

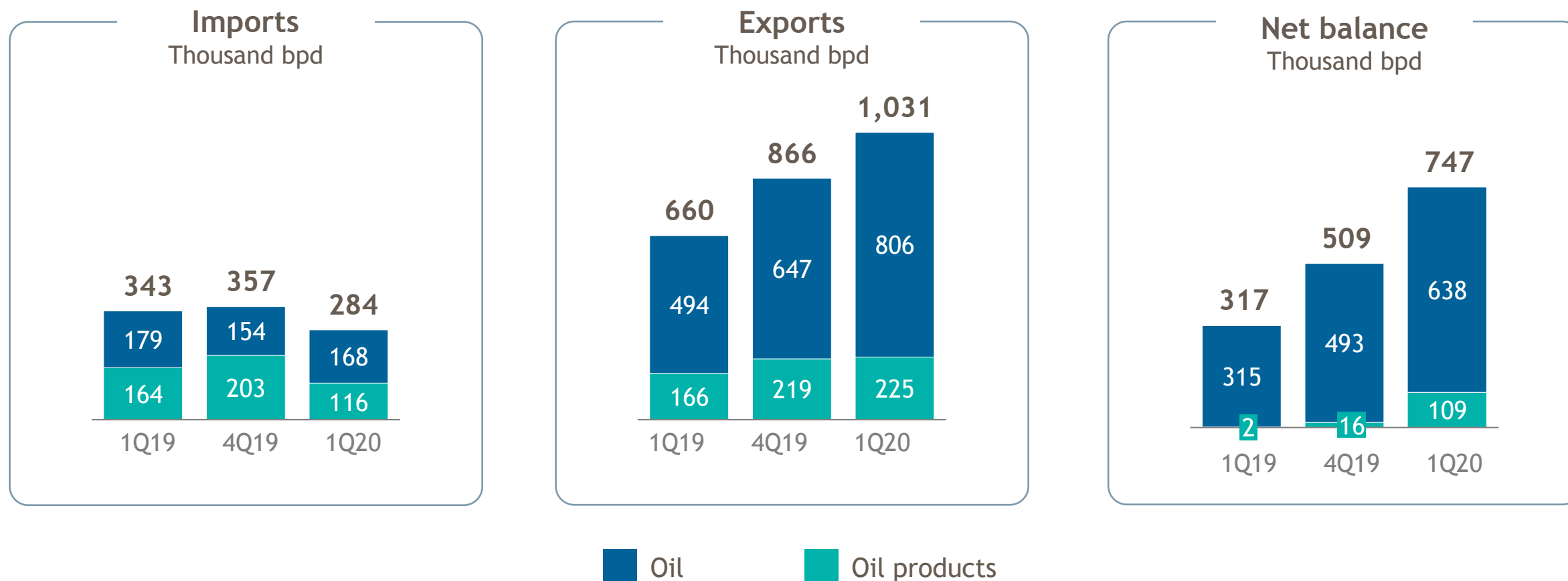


Utilization factor



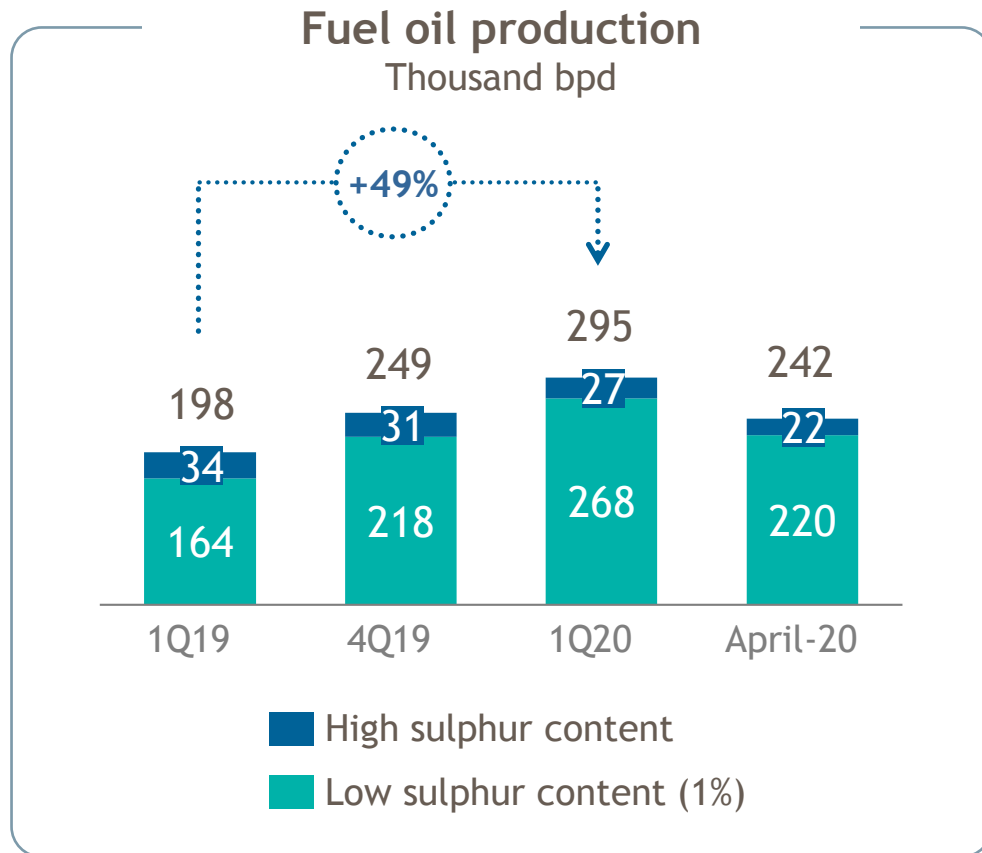
Significant increase in exports in 1Q20

In April, oil exports confirmed the growth trend, surpassing the 1 million bpd mark of shipped cargoes, setting a new record



Opportunities under IMO 2020

Growth in the production of low-sulphur fuel oil enabling the capture of the best international margins



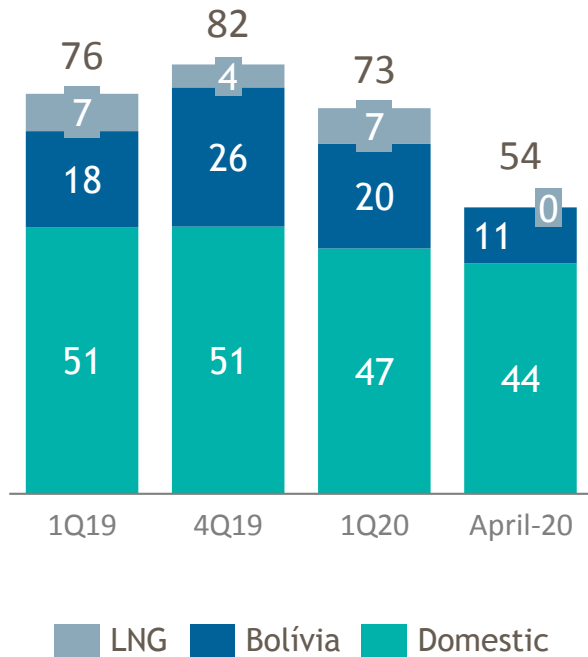
- » Asian market as the main destination
- » Record fuel oil exports in February, with 238 thousand bpd exiting Brazil
- » Higher margins than in the previous quarter

Gas supply and demand

Lower demand for natural gas, due to the Covid-19 pandemic, occurring from March 2020 onwards

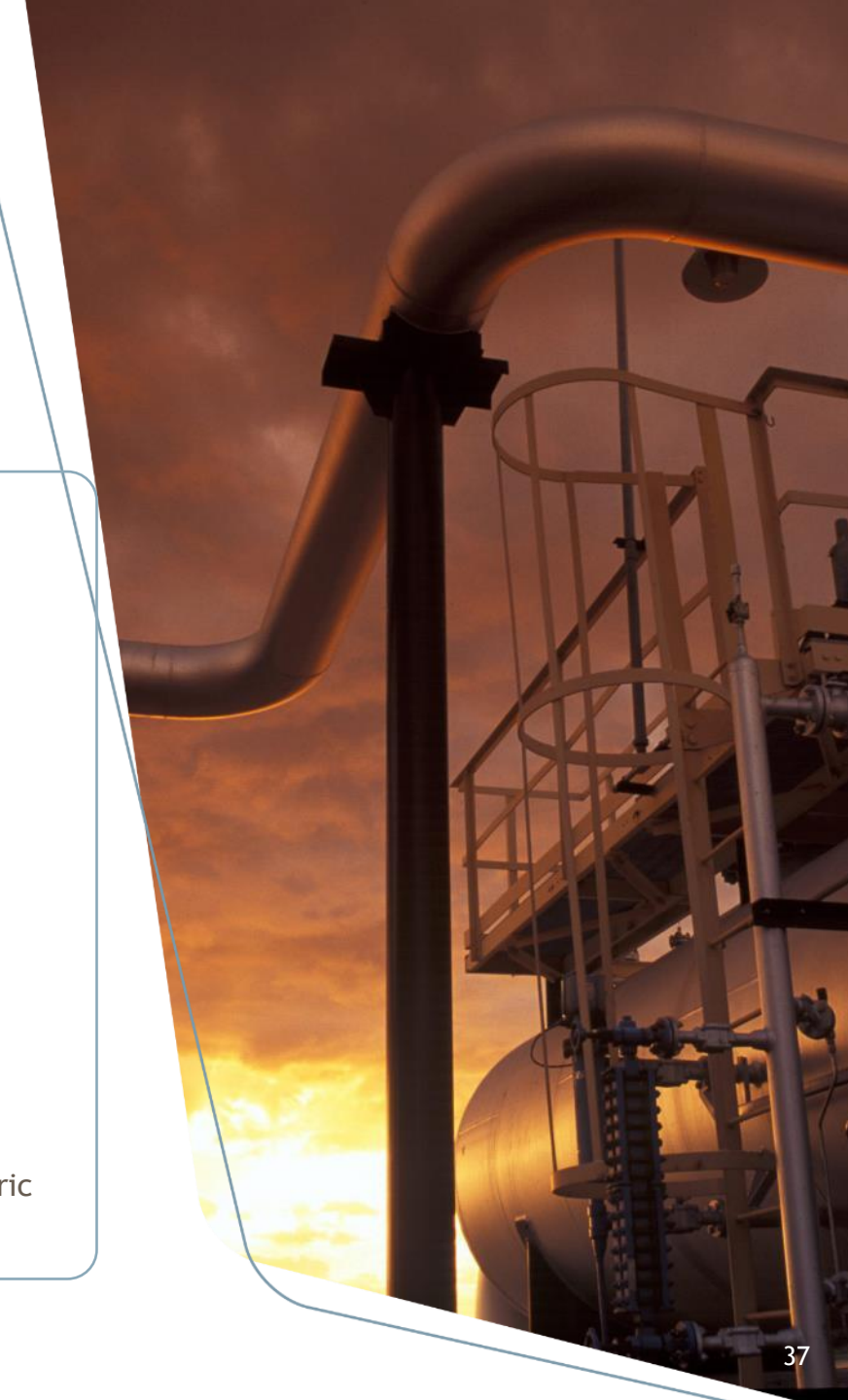
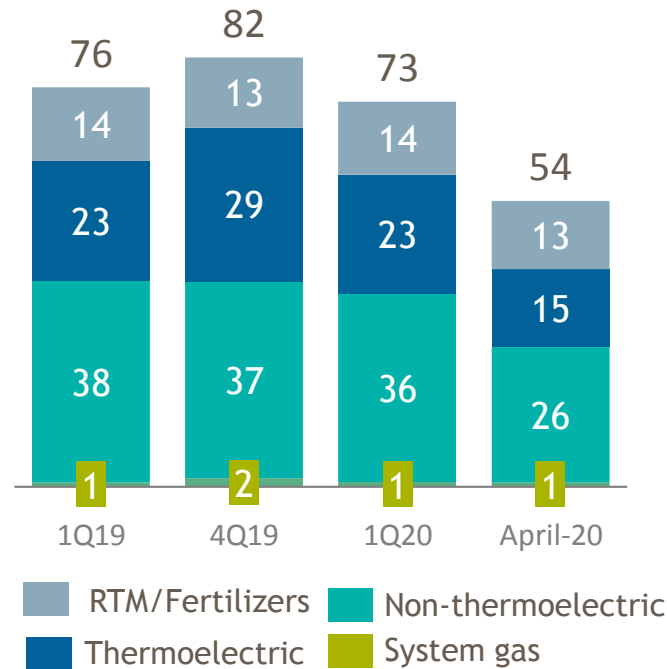
Natural Gas Supply

Million m³/day



Natural Gas Demand

Million m³/day





Refining & Natural Gas Outlook

- » Mothballing of ANSA - Araucária Nitrogenados S.A., with the dismissal of employees mediated by the Supreme Labor Court, moving forward with the streamlining of portfolio (stop loss)
- » Continuation of the divestment processes foreseen in the Agreements signed with CADE, in the segments of refining and natural gas
- » Signature of the amendment to the gas supply contract with YPFB, with reduction of the supply obligation from 30 to 20 MM m³/day, allowing the surplus to be traded directly by other market agents in Brazil (conclusion of another stage of the Agreement with CADE)

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