

Petrobras

Model Update

As a follow-up to our note this morning, we are additionally removing the PSA line from costs (as we are now removing government profit oil directly from the production curve). We are also adjusting LT Capex to reflect inflation movements. More details below.

LatAm Basic Materials

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price CCY	Price	Rating		Price Target			
					Cur	Prev	Cur	End Date	Prev End Date	
Petrobras ON	PETR3 BZ	99,321.54	BRL	37.35	N	n/c	43.50	Dec-24	n/c	n/c
Petrobras ON ADR	PBR US	99,268.62	USD	15.22	N	n/c	17.00	Dec-24	n/c	n/c
Petrobras PN ADR	PBR/A US	93,529.04	USD	14.34	N	n/c	16.00	Dec-24	n/c	n/c
Petrobras PN	PETR4 BZ	93,684.02	BRL	35.23	N	n/c	41.00	Dec-24	n/c	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 29 Nov 23.

See page 11 for analyst certification and important disclosures, including non-US analyst disclosures.

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Adj. EBITDA Estimate Changes

\$ in millions		FY23E			FY24E		
Company	BBG Ticker	Prev	Cur	Δ	Prev	Cur	Δ
Petrobras ON	PETR3 BZ	53,312	53,317	0.01%	53,200	53,793	1.11%
Petrobras ON ADR	PBR US	53,312	53,317	0.01%	53,200	53,793	1.11%
Petrobras PN ADR	PBR/A US	53,312	53,317	0.01%	53,200	53,793	1.11%
Petrobras PN	PETR4 BZ	53,312	53,317	0.01%	53,200	53,793	1.11%

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Petrobras ON *(Neutral; Price Target: R\$43.50)*

Investment Thesis

We rate Petrobras Neutral, with a Dec 2024 price target of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs. Our view is based on: (a) the assumption that changes by the new management were already announced and priced in by the market; (b) the application of the new pricing policy, assuming that any price increase would be only 40% passed through, while decreases should be fully applied; and (c) we are less comfortable with the current yield as Petrobras would need to rely on extraordinary dividends to stand out vs peers.

Valuation

We rate the Petrobras stocks that we cover Neutral. Our valuation model for Petrobras estimates a fair value of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs, applying an average discount of 6.0% according to recent trading figures. We apply a WACC of 14.3% to all segments (50%), a fair multiple of 2.9x (50%), and a long-term oil price assumption of \$80/bbl.

Risks to Rating and Price Target

Downside risks

Include local selling fuel at a discount to international parity, subsidizing domestic fuel market, higher-than-expected capex, lower long-term Brent prices and a slower-than-expected ramp-up of the new production platforms.

Upside risks

Include better-than-expected returns in the new capex, higher-than-estimated Brent prices, management team committed to the key pillars of focus on pre-salt, capital discipline, portfolio management, cost controls, and safety.

Investment Thesis, Valuation and Risks

Petrobras ON ADR *(Neutral; Price Target: \$17.00)*

Investment Thesis

We rate Petrobras Neutral, with a Dec 2024 price target of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs. Our view is based on: (a) the assumption that changes by the new management were already announced and priced in by the market; (b) the application of the new pricing policy, assuming that any price increase would be only 40% passed through, while decreases should be fully applied; and (c) we are less comfortable with the current yield as Petrobras would need to rely on extraordinary dividends to stand out vs peers.

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Investment Thesis, Valuation and Risks

Petrobras PN ADR *(Neutral; Price Target: \$16.00)*

Investment Thesis

We rate Petrobras Neutral, with a Dec 2024 price target of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs. Our view is based on: (a) the assumption that changes by the new management were already announced and priced in by the market; (b) the application of the new pricing policy, assuming that any price increase would be only 40% passed through, while decreases should be fully applied; and (c) we are less comfortable with the current yield as Petrobras would need to rely on extraordinary dividends to stand out vs peers.

Valuation

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Upside risks

Include better-than-expected returns in the new capex, higher-than-estimated Brent prices, management team committed to the key pillars of focus on pre-salt, capital discipline, portfolio management, cost controls, and safety.

Investment Thesis, Valuation and Risks

Petrobras PN *(Neutral; Price Target: R\$41.00)*

Investment Thesis

We rate Petrobras Neutral, with a Dec 2024 price target of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs. Our view is based on: (a) the assumption that changes by the new management were already announced and priced in by the market; (b) the application of the new pricing policy, assuming that any price increase would be only 40% passed through, while decreases should be fully applied; and (c) we are less comfortable with the current yield as Petrobras would need to rely on extraordinary dividends to stand out vs peers.

Valuation

We rate the Petrobras stocks that we cover Neutral. Our valuation model for Petrobras estimates a fair value of \$16.0/ADR (R\$41.0/sh) for the PNs \$17.0/adr (R\$43.5/sh) for the ONs, applying an average discount of 6.0% according to recent trading figures. We apply a WACC of 14.3% to all segments (50%), a fair multiple of 2.9x (50%), and a long-term oil price assumption of \$80/bbl.

Risks to Rating and Price Target

Downside risks

Include local selling fuel at a discount to international parity, subsidizing domestic fuel market, higher-than-expected capex, lower long-term Brent prices and a slower-than-expected ramp-up of the new production platforms.

Upside risks

Include better-than-expected returns in the new capex, higher than estimated Brent prices, management team committed to the key pillars of focus on pre-salt, capital discipline, portfolio management, cost controls, and safety.

Petrobras ON: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	83,966	124,474	102,247	102,622	99,364	Revenue	26,771A	22,979A	25,552A	26,945	
SG&A	(3,218)	(7,874)	(12,406)	(14,303)	(15,159)	SG&A	(2,560)A	(3,159)A	(3,590)A	(3,097)	
Adj. EBITDAX	44,242	67,104	54,422	54,952	51,763	Adj. EBITDAX	14,113A	11,624A	14,035A	14,650	
Exploration expense	0	0	0	0	0	Exploration expense	0A	0A	0A	0	
Adj. EBITDA	43,555	66,217	53,317	53,793	50,278	Adj. EBITDA	13,956A	11,433A	13,555A	14,373	
D&A	(11,695)	(13,218)	(13,368)	(14,932)	(15,013)	D&A	(2,924)A	(3,249)A	(3,475)A	(3,720)	
Adj. EBIT	31,860	52,999	39,949	38,861	35,265	Adj. EBIT	11,032A	8,184A	10,080A	10,653	
Net Interest	(4,329)	(1,668)	(1,857)	(2,686)	(3,973)	Net Interest	(379)A	(352)A	(563)A	(563)	
PBT	26,618	53,274	37,302	36,114	31,138	PBT	10,931A	8,457A	7,995A	9,919	
Tax	(8,239)	(16,770)	(11,808)	(12,279)	(10,587)	Tax	(3,596)A	(2,576)A	(2,263)A	(3,373)	
Minority Interest	1,607	251	(235)	0	0	Minority Interest	35A	(22)A	(248)A	0	
Adj. Net Income	19,986	36,755	25,260	23,835	20,551	Adj. Net Income	7,370A	5,859A	5,484A	6,547	
Reported EPS	1.53	2.82	1.94	1.83	1.58	Reported EPS	0.56A	0.45A	0.42A	0.50	
Adj. EPS	1.53	2.82	1.94	1.83	1.58	Adj. EPS	0.56A	0.45A	0.42A	0.50	
DPS	1.00	2.89	1.41	0.79	0.65	DPS	0.64A	0.95A	0.74A	0.48	
Payout ratio	65.4%	102.6%	72.7%	43.3%	41.5%	Payout ratio	113.8%A	211.8%A	176.4%A	95.7%	
Shares outstanding	13,044	13,044	13,044	13,044	13,044	Shares outstanding	13,044A	13,044A	13,044A	13,044	
Balance Sheet & Cash Flow						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	11,117	10,769	14,596	27,980	33,453	ROE	31.0%	52.9%	32.7%	26.0%	19.6%
Accounts receivable	6,368	5,010	5,988	5,794	6,072	ROA	11.0%	20.3%	12.8%	11.1%	9.0%
Inventories	7,255	8,779	9,475	8,775	8,623	ROCE	14.7%	27.8%	20.1%	16.8%	14.1%
Other current assets	5,409	6,692	3,025	3,025	3,025	Net debt/equity	0.7	0.6	0.5	0.3	0.2
Current assets	30,149	31,250	33,084	45,574	51,173	Interest cover (x)	10.1	39.7	28.7	20.0	12.7
PP&E	125,330	130,169	145,382	146,090	152,077	P/E (x)	5.0	2.7	3.9	4.2	4.8
LT investments	1,510	1,566	1,374	1,374	1,374	EV/EBITDA (x)	3.3	2.1	2.7	2.4	2.5
Other non current assets	17,359	24,206	29,126	29,126	29,126	P/DCF (x)	-	-	-	-	-
Total assets	174,348	187,191	208,966	222,164	233,750	EV/BOE (x)	14.6	13.4	14.7	14.3	14.6
Short term borrowings	9,073	9,133	11,011	11,011	10,921	EV/EBITDAX (x)	3.3	2.1	2.7	2.4	2.4
Payables	5,483	5,464	5,264	4,875	4,790	Dividend yield	13.2%	38.0%	18.5%	10.4%	8.6%
Other short term liabilities	30,690	41,309	46,554	46,554	46,554	Tax rate	39.4%	34.1%	32.3%	34.0%	34.0%
Current liabilities	24,176	31,380	27,129	26,740	26,566						
Long-term debt	49,670	44,666	49,986	49,986	49,579						
Other long term liabilities	30,690	41,309	46,554	46,554	46,554						
Total liabilities	104,536	117,355	123,669	123,280	122,699						
Shareholders' equity	69,407	69,492	85,001	98,587	110,754						
Minority interests	405	344	297	297	297						
Total liabilities & equity	174,348	187,191	208,966	222,164	233,750						
BVPS	10.64	10.65	13.03	15.12	16.98						
y/y Growth	16.9%	0.1%	22.3%	16.0%	12.3%						
Net debt/(cash)	47,626	43,030	46,401	33,017	27,048						
Cash flow from operating activities	37,791	49,716	40,094	39,334	35,508	Unit costs per boe					
o/w Depreciation & amortization	11,695	13,218	13,368	14,932	15,013	Lease operating expense	-	-	-	-	-
o/w Changes in working capital	(6,294)	327	512	505	(211)	Taxes other than income	-	-	-	-	-
Cash flow from investing activities	2,157	(432)	(8,958)	(15,640)	(21,000)	DD&A	-	-	-	-	-
o/w Capital expenditure	(6,325)	(9,581)	(12,751)	(15,640)	(21,000)	G&A	-	-	-	-	-
as % of sales	7.5%	7.7%	12.5%	15.2%	21.1%	Exploration expense	-	-	-	-	-
Cash flow from financing activities	(29,873)	(42,645)	(11,169)	(10,310)	(9,035)	Operating margin/boe	-	-	-	-	-
o/w Dividends paid	(13,078)	(37,701)	(18,367)	(10,310)	(8,539)	Cash margin/boe	-	-	-	-	-
o/w Net debt issued/(repaid)	(16,795)	(4,944)	7,198	0	(497)	EBITDAX margin	52.7%	53.9%	53.2%	53.5%	52.1%
Net change in cash	10,075	6,639	19,967	13,384	5,473	Discretionary cash flow	0	0	0	0	0
Adj. Free cash flow to firm	18,628	40,013	27,979	25,445	17,078	DCF/share	0.00	0.00	0.00	0.00	0.00
y/y Growth	(129.6%)	114.8%	(30.1%)	(9.1%)	(32.9%)						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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Petrobras PN ADR: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	83,966	124,474	102,247	102,622	99,364	Revenue	26,771A	22,979A	25,552A	26,945	
SG&A	(3,218)	(7,874)	(12,406)	(14,303)	(15,159)	SG&A	(2,560)A	(3,159)A	(3,590)A	(3,097)	
Adj. EBITDAX	44,242	67,104	54,422	54,952	51,763	Adj. EBITDAX	14,113A	11,624A	14,035A	14,650	
Exploration expense	0	0	0	0	0	Exploration expense	0A	0A	0A	0	
Adj. EBITDA	43,555	66,217	53,317	53,793	50,278	Adj. EBITDA	13,956A	11,433A	13,555A	14,373	
D&A	(11,695)	(13,218)	(13,368)	(14,932)	(15,013)	D&A	(2,924)A	(3,249)A	(3,475)A	(3,720)	
Adj. EBIT	31,860	52,999	39,949	38,861	35,265	Adj. EBIT	11,032A	8,184A	10,080A	10,653	
Net Interest	(4,329)	(1,668)	(1,857)	(2,686)	(3,973)	Net Interest	(379)A	(352)A	(563)A	(563)	
PBT	26,618	53,274	37,302	36,114	31,138	PBT	10,931A	8,457A	7,995A	9,919	
Tax	(8,239)	(16,770)	(11,808)	(12,279)	(10,587)	Tax	(3,596)A	(2,576)A	(2,263)A	(3,373)	
Minority Interest	1,607	251	(235)	0	0	Minority Interest	35A	(22)A	(248)A	0	
Adj. Net Income	19,986	36,755	25,260	23,835	20,551	Adj. Net Income	7,370A	5,859A	5,484A	6,547	
Reported EPS	3.06	5.64	3.87	3.65	3.15	Reported EPS	1.13A	0.90A	0.84A	1.00	
Adj. EPS	3.06	5.64	3.87	3.65	3.15	Adj. EPS	1.13A	0.90A	0.84A	1.00	
DPS	2.01	5.78	2.82	1.58	1.31	DPS	0.64A	0.95A	0.74A	0.48	
Payout ratio	65.4%	102.6%	72.7%	43.3%	41.5%	Payout ratio	56.9%A	105.9%A	88.2%A	47.9%	
Shares outstanding	6,522	6,522	6,522	6,522	6,522	Shares outstanding	6,522A	6,522A	6,522A	6,522	
Balance Sheet & Cash Flow						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	11,117	10,769	14,596	27,980	33,453	ROE	31.0%	52.9%	32.7%	26.0%	19.6%
Accounts receivable	6,368	5,010	5,988	5,794	6,072	ROA	11.0%	20.3%	12.8%	11.1%	9.0%
Inventories	7,255	8,779	9,475	8,775	8,623	ROCE	14.7%	27.8%	20.1%	16.8%	14.1%
Other current assets	5,409	6,692	3,025	3,025	3,025	Net debt/equity	0.7	0.6	0.5	0.3	0.2
Current assets	30,149	31,250	33,084	45,574	51,173	Interest cover (x)	10.1	39.7	28.7	20.0	12.7
PP&E	125,330	130,169	145,382	146,090	152,077	P/E (x)	4.7	2.5	3.7	3.9	4.6
LT investments	1,510	1,566	1,374	1,374	1,374	EV/EBITDA (x)	3.3	2.1	2.7	2.4	2.5
Other non current assets	17,359	24,206	29,126	29,126	29,126	P/DCF (x)	-	-	-	-	-
Total assets	174,348	187,191	208,966	222,164	233,750	EV/BOE (x)	14.6	13.4	14.7	14.3	14.6
Short term borrowings	9,073	9,133	11,011	11,011	10,921	EV/EBITDAX (x)	3.3	2.1	2.7	2.4	2.4
Payables	5,483	5,464	5,264	4,875	4,790	Dividend yield	14.0%	40.3%	19.6%	11.0%	9.1%
Other short term liabilities	30,690	41,309	46,554	46,554	46,554	Tax rate	39.4%	34.1%	32.3%	34.0%	34.0%
Current liabilities	24,176	31,380	27,129	26,740	26,566	Sector data					
Long-term debt	49,670	44,666	49,986	49,986	49,579		FY21A	FY22A	FY23E	FY24E	FY25E
Other long term liabilities	30,690	41,309	46,554	46,554	46,554	Natural gas price - \$/mcf	-	-	-	-	-
Total liabilities	104,536	117,355	123,669	123,280	122,699	Crude oil (WTI) -\$/bbl	-	-	-	-	-
Shareholders' equity	69,407	69,492	85,001	98,587	110,754	Daily oil production (mmbblpd)	-	-	-	-	-
Minority interests	405	344	297	297	297	Daily gas production (mmcfpd)	-	-	-	-	-
Total liabilities & equity	174,348	187,191	208,966	222,164	233,750	Daily production (mboed)	3	3	3	3	3
BVPS	10.64	10.65	13.03	15.12	16.98	Proved reserves (mmboboe)	9,974	10,575	9,811	9,140	8,549
y/y Growth	16.9%	0.1%	22.3%	16.0%	12.3%	Unit costs per boe					
Net debt/(cash)	47,626	43,030	46,401	33,017	27,048						
Cash flow from operating activities	37,791	49,716	40,094	39,334	35,508	Lease operating expense	-	-	-	-	-
o/w Depreciation & amortization	11,695	13,218	13,368	14,932	15,013	Taxes other than income	-	-	-	-	-
o/w Changes in working capital	(6,294)	327	512	505	(211)	DD&A	-	-	-	-	-
Cash flow from investing activities	2,157	(432)	(8,958)	(15,640)	(21,000)	G&A	-	-	-	-	-
o/w Capital expenditure	(6,325)	(9,581)	(12,751)	(15,640)	(21,000)	Exploration expense	-	-	-	-	-
as % of sales	7.5%	7.7%	12.5%	15.2%	21.1%	Operating margin/boe	-	-	-	-	-
Cash flow from financing activities	(29,873)	(42,645)	(11,169)	(10,310)	(9,035)	Cash margin/boe	-	-	-	-	-
o/w Dividends paid	(13,078)	(37,701)	(18,367)	(10,310)	(8,539)	EBITDAX margin	52.7%	53.9%	53.2%	53.5%	52.1%
o/w Net debt issued/(repaid)	(16,795)	(4,944)	7,198	0	(497)	Discretionary cash flow	0	0	0	0	0
Net change in cash	10,075	6,639	19,967	13,384	5,473	DCF/share	0.00	0.00	0.00	0.00	0.00
Adj. Free cash flow to firm	18,628	40,013	27,979	25,445	17,078						
y/y Growth	(129.6%)	114.8%	(30.1%)	(9.1%)	(32.9%)						

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Exploration expense	0	0	0	0	0	Exploration expense	0A	0A	0A	0	
Adj. EBITDA	43,555	66,217	53,317	53,793	50,278	Adj. EBITDA	13,956A	11,433A	13,555A	14,373	
D&A	(11,695)	(13,218)	(13,368)	(14,932)	(15,013)	D&A	(2,924)A	(3,249)A	(3,475)A	(3,720)	
Adj. EBIT	31,860	52,999	39,949	38,861	35,265	Adj. EBIT	11,032A	8,184A	10,080A	10,653	
Net Interest	(4,329)	(1,668)	(1,857)	(2,686)	(3,973)	Net Interest	(379)A	(352)A	(563)A	(563)	
PBT	26,618	53,274	37,302	36,114	31,138	PBT	10,931A	8,457A	7,995A	9,919	
Tax	(8,239)	(16,770)	(11,808)	(12,279)	(10,587)	Tax	(3,596)A	(2,576)A	(2,263)A	(3,373)	
Minority Interest	1,607	251	(235)	0	0	Minority Interest	35A	(22)A	(248)A	0	
Adj. Net Income	19,986	36,755	25,260	23,835	20,551	Adj. Net Income	7,370A	5,859A	5,484A	6,547	
Reported EPS	1.53	2.82	1.94	1.83	1.58	Reported EPS	0.56A	0.45A	0.42A	0.50	
Adj. EPS	1.53	2.82	1.94	1.83	1.58	Adj. EPS	0.56A	0.45A	0.42A	0.50	
DPS	1.00	2.89	1.41	0.79	0.65	DPS	0.32A	0.48A	0.37A	0.24	
Payout ratio	65.4%	102.6%	72.7%	43.3%	41.5%	Payout ratio	56.9%A	105.9%A	88.2%A	47.9%	
Shares outstanding	13,044	13,044	13,044	13,044	13,044	Shares outstanding	13,044A	13,044A	13,044A	13,044	
Balance Sheet & Cash Flow						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	11,117	10,769	14,596	27,980	33,453	ROE	31.0%	52.9%	32.7%	26.0%	19.6%
Accounts receivable	6,368	5,010	5,988	5,794	6,072	ROA	11.0%	20.3%	12.8%	11.1%	9.0%
Inventories	7,255	8,779	9,475	8,775	8,623	ROCE	14.7%	27.8%	20.1%	16.8%	14.1%
Other current assets	5,409	6,692	3,025	3,025	3,025	Net debt/equity	0.7	0.6	0.5	0.3	0.2
Current assets	30,149	31,250	33,084	45,574	51,173	Interest cover (x)	10.1	39.7	28.7	20.0	12.7
PP&E	125,330	130,169	145,382	146,090	152,077	P/E (x)	4.7	2.5	3.7	3.9	4.6
LT investments	1,510	1,566	1,374	1,374	1,374	EV/EBITDA (x)	3.3	2.1	2.7	2.4	2.5
Other non current assets	17,359	24,206	29,126	29,126	29,126	P/DCF (x)	-	-	-	-	-
Total assets	174,348	187,191	208,966	222,164	233,750	EV/BOE (x)	14.6	13.4	14.7	14.3	14.6
Short term borrowings	9,073	9,133	11,011	11,011	10,921	EV/EBITDAX (x)	3.3	2.1	2.7	2.4	2.4
Payables	5,483	5,464	5,264	4,875	4,790	Dividend yield	14.0%	40.2%	19.6%	11.0%	9.1%
Other short term liabilities	30,690	41,309	46,554	46,554	46,554	Tax rate	39.4%	34.1%	32.3%	34.0%	34.0%
Current liabilities	24,176	31,380	27,129	26,740	26,566	Sector data					
Long-term debt	49,670	44,666	49,986	49,986	49,579		FY21A	FY22A	FY23E	FY24E	FY25E
Other long term liabilities	30,690	41,309	46,554	46,554	46,554	Natural gas price - \$/mcf	-	-	-	-	-
Total liabilities	104,536	117,355	123,669	123,280	122,699	Crude oil (WTI) -\$/bbl	-	-	-	-	-
Shareholders' equity	69,407	69,492	85,001	98,587	110,754	Daily oil production (mmbblpd)	-	-	-	-	-
Minority interests	405	344	297	297	297	Daily gas production (mmcfpd)	-	-	-	-	-
Total liabilities & equity	174,348	187,191	208,966	222,164	233,750	Daily production (mboed)	3	3	3	3	3
BVPS	10.64	10.65	13.03	15.12	16.98	Proved reserves (mmboboe)	9,974	10,575	9,811	9,140	8,549
y/y Growth	16.9%	0.1%	22.3%	16.0%	12.3%	Unit costs per boe					
Net debt/(cash)	47,626	43,030	46,401	33,017	27,048						
Cash flow from operating activities	37,791	49,716	40,094	39,334	35,508	Lease operating expense	-	-	-	-	-
o/w Depreciation & amortization	11,695	13,218	13,368	14,932	15,013	Taxes other than income	-	-	-	-	-
o/w Changes in working capital	(6,294)	327	512	505	(211)	DD&A	-	-	-	-	-
Cash flow from investing activities	2,157	(432)	(8,958)	(15,640)	(21,000)	G&A	-	-	-	-	-
o/w Capital expenditure	(6,325)	(9,581)	(12,751)	(15,640)	(21,000)	Exploration expense	-	-	-	-	-
as % of sales	7.5%	7.7%	12.5%	15.2%	21.1%	Operating margin/boe	-	-	-	-	-
Cash flow from financing activities	(29,873)	(42,645)	(11,169)	(10,310)	(9,035)	Cash margin/boe	-	-	-	-	-
o/w Dividends paid	(13,078)	(37,701)	(18,367)	(10,310)	(8,539)	EBITDAX margin	52.7%	53.9%	53.2%	53.5%	52.1%
o/w Net debt issued/(repaid)	(16,795)	(4,944)	7,198	0	(497)	Discretionary cash flow	0	0	0	0	0
Net change in cash	10,075	6,639	19,967	13,384	5,473	DCF/share	0.00	0.00	0.00	0.00	0.00
Adj. Free cash flow to firm	18,628	40,013	27,979	25,445	17,078						
y/y Growth	(129.6%)	114.8%	(30.1%)	(9.1%)	(32.9%)						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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Petrobras ON (PETR3.SA, PETR3 BZ) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 05, 2008. All share prices are as of market close on the previous business day.

Date	Rating	Price (R\$)	Price Target (R\$)
13-Jan-21	OW	31.18	46
22-Feb-21	UW	27.10	24.5
22-Apr-21	N	23.20	30
28-May-21	OW	25.25	35.5
20-Jul-21	OW	26.85	36.5
25-Jul-21	OW	27.40	38
11-Aug-21	OW	28.85	41.5
24-Oct-21	OW	27.90	37
29-Nov-21	OW	29.17	42.5
08-Feb-22	OW	35.48	44
11-Feb-22	OW	35.60	43
08-Mar-22	OW	34.14	50
26-Apr-22	OW	33.14	50.5
29-Apr-22	OW	33.43	51.5
27-Jun-22	OW	28.91	53
22-Jul-22	OW	31.59	51.5
25-Oct-22	OW	37.45	53
30-Oct-22	N	35.78	37
22-Mar-23	N	26.31	30.5
12-Jun-23	OW	33.75	41
24-Jul-23	OW	33.31	37
04-Aug-23	N	34.32	35.5
23-Oct-23	N	40.81	40.5
26-Oct-23	N	39.05	41.5
30-Nov-23	N	37.35	43.5

Petrobras ON ADR (PBR, PBR US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 05, 2008. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
13-Jan-21	OW	11.72	17
22-Feb-21	UW	10.05	9
22-Apr-21	N	8.33	11
28-May-21	OW	9.58	13
20-Jul-21	OW	10.19	13.5
25-Jul-21	OW	10.54	14
11-Aug-21	OW	11.13	15
24-Oct-21	OW	9.95	13.5
29-Nov-21	OW	10.47	15.5
08-Feb-22	OW	13.56	16
08-Mar-22	OW	13.36	18.5
26-Apr-22	OW	13.63	19
29-Apr-22	OW	13.51	19.5
27-Jun-22	OW	10.95	20
22-Jul-22	OW	11.47	19.5
25-Oct-22	OW	14.19	20
30-Oct-22	N	13.45	14
22-Mar-23	N	10.00	11.5
12-Jun-23	OW	13.76	15.5
24-Jul-23	OW	13.93	15
04-Aug-23	N	14.03	14.5
23-Oct-23	N	16.21	16.5
26-Oct-23	N	15.60	17

Petrobras PN ADR (PBRa, PBR/A US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 05, 2008. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
13-Jan-21	OW	11.56	17
22-Feb-21	UW	10.15	9
22-Apr-21	N	8.48	11
28-May-21	OW	9.83	13
20-Jul-21	OW	9.97	13.5
25-Jul-21	OW	10.21	14
11-Aug-21	OW	10.75	15
24-Oct-21	OW	9.62	13.5
29-Nov-21	OW	10.20	15.5
08-Feb-22	OW	12.23	16
08-Mar-22	OW	12.45	18.5
26-Apr-22	OW	12.29	19
29-Apr-22	OW	12.24	19.5
27-Jun-22	OW	9.94	20
22-Jul-22	OW	10.52	19.5
25-Oct-22	OW	12.96	20
30-Oct-22	N	12.25	14
22-Mar-23	N	8.94	11.5
12-Jun-23	OW	12.44	15.5
24-Jul-23	OW	12.44	15
04-Aug-23	N	12.68	14.5
23-Oct-23	N	15.03	16.5
26-Oct-23	N	14.40	17
30-Nov-23	N	14.34	16

Petrobras PN (PETR4.SA, PETR4 BZ) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 05, 2008. All share prices are as of market close on the previous business day.

Date	Rating	Price (R\$)	Price Target (R\$)
13-Jan-21	OW	30.63	46
22-Feb-21	UW	27.33	24.5
22-Apr-21	N	23.82	30
28-May-21	OW	25.91	35.5
20-Jul-21	OW	26.24	36.5
25-Jul-21	OW	26.74	38
11-Aug-21	OW	28.28	41.5
24-Oct-21	OW	27.18	37
29-Nov-21	OW	28.47	42.5
08-Feb-22	OW	32.15	44
11-Feb-22	OW	32.44	43
08-Mar-22	OW	31.80	50
26-Apr-22	OW	30.11	50.5
29-Apr-22	OW	30.26	51.5
27-Jun-22	OW	26.29	53
22-Jul-22	OW	29.02	51.5
25-Oct-22	OW	34.25	53
30-Oct-22	N	32.57	37
22-Mar-23	N	23.40	30.5
12-Jun-23	OW	30.28	41
24-Jul-23	OW	29.68	37
04-Aug-23	N	30.92	35.5
23-Oct-23	N	37.85	40.5
26-Oct-23	N	36.07	41.5
30-Nov-23	N	35.23	41

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