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# Gazprom and Petrobras

## Petroleum giants and the economic crisis

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# Petrobras: History

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- Petrobras was founded in **1953** during the government of Brazilian president Getúlio Vargas;
- Until **1997** Petrobras remained a monopolist in the oil exploration and production operations (oil, natural gas, derivative sector);
- **1968** – oil in the sea and the first platform (the P-1)
- **2000** – a world record for oil exploration in deep waters
- **2001** – an accident at the **P-36 Platform**
- **2007** – discovery at the **pre-salt cluster**
- **2013** – pre-salt output reaches 300,000 barrels oil per day



**PETROBRAS**

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# Petrobras: Facts and Activities

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**“From land to sea, laboratories to platforms, fuels to fertilizers, we operate in an integrated manner in our processes”**

- More than 20 partner countries
- BB “investment grade” from S&P (February 10, 2016)

## **Proven reserves (2015):**

- Oil and Condensate (billion bbl) – 10.946
- Natural Gas (billion m<sup>3</sup>) – 372.450

## **Areas of expertise:**

- Oil and gas exploration, production and refining
- Petrochemicals
- Electric energy generation
- Biofuel production (biodiesel and ethanol)
- Transportation and trade



# Petrobras: Ethanol

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- Besides investing in the technological development of ethanol, **Petrobras Biocombustível**, through affiliated companies, has an estimated production capacity of 1.5 billion liters of the product per year.

**2009-2013** – Petrobras invested \$3 billion in **Biofuel Production:**

- **\$2,4 billion** – Biodiesel and Ethanol
- **\$400 million** – Development of Biofuel infrastructure (pipelines for ethanol)



# Petrobras: Problems

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## Political and economic crises:

- **February 6, 2015** – a big corruption scandal and, as a consequence, problems for company's development.

### **Marla Dickerson, the WSJ (2015):**

"The scandal has crippled Petrobras. In late April, the company wrote off more than \$16 billion related to losses from graft and overvalued assets. The company's woes have all but paralyzed the nation's oil and gas sector. Hurt by slumping oil prices and strapped for cash, Petrobras has slashed investments, sparking a wave of credit downgrades, bankruptcies and layoffs among its suppliers that the weighed on Brazil's economy."

- **Investment reduction** from \$37.1 billion in 2014 to \$25 billion in 2015
  - **Falling demand of China** (key partner)
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# Petrobras: Perspectives

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## Vision 2030:

- to be one of the five largest integrated energy companies in the world and the preferred by one by its stakeholders.

## How to achieve it?

- New governance model and structure (January 27, 2016)
- Reinforced development of renewables
- Expanding the circle of partners (Africa, Asia, Europe, the US)
- Social and Environmental Responsibility



# Gazprom: History

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USSR - Ministry of gas industry

1989 - the Ministry was transformed into a state-owned holding company

1993 - the period of privatization and the management of V.Chernomyrdin

1998 - the first official losses

2000s - the increase of government's role within the company (more than 50% of shares)

2005 - Blue Stream - trans-Black Sea gas pipeline

2012 - Nord Stream - trans-Baltic Sea gas pipeline

2013 - the first oil platform in Arctic - Prirazlomnaya

2014- collaboration with Chinese gas company CNPC:

- The 30-year contract of gas supply from Russia to China
- Construction of Power of Siberia





# Gazprom: Activities

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One of the largest reserves of proved gas reserves: 17 % of world reserves

## **Proven reserves (2014):**

- Natural Gas (billion m<sup>3</sup>) – 36
- Oil and Condensate (billion bbl) – 24,024

## **In 2014 Gazprom extracted**

- 443,9 bln m<sup>3</sup> of gas;
- 105,56 mln bbl of Natural-gas condensate;
- 257 mln bbl of oil

## **Areas of expertise:**

- Oil and gas exploration, production and refining
- Electric energy generation
- Storage, transportation and trade





# Gasprom: Problems

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- Toughening competition among gas extracting companies ('NovaTEK', 'Rosneft') and among gas exporting countries
- Declining extraction
- Contracting profitability
- Political issues
- Outdated equipment
- Plummeted oil price
- **Threat from the USA: shale gas**



# Gasprom: Perspectives

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- Strategy 2020
- Innovations: investments in R&D
- Development in the framework of global economy
- Search for new partners and new routes to a customer
- Gazification of Russia



# Gazprom and Petrobras

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# Obrigados pela vossa atenção!

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