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Petrobras 2Q23 Sales Announcement

Ler relatório de pesquisa: Petrobras Research



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Petrobras 2Q Sales Report Shows Solid Operation, Strategy Shift

(Bloomberg Intelligence) -- Petrobras' 2Q sales report showed solid operations in key segments, which should ensure continued free cash flow generation, and a shifting strategy to address ESG concerns. The company emphasized projects to decarbonize its output and enter low-carbon projects. Upstream production is on track to reach short-term goals, but 2024 and beyond may show delays. (07/27/23)

1. Upstream Output Stagnates, Margins May Fall

Petrobras' Upstream segment may see narrower margins as commodity prices weakened slightly and production fell 1.5% in 2Q, but that may be offset by a higher share of output coming from the pre-salt. Deepwater production outside of the pre-salt continues to decline rapidly, falling 10% sequentially on a combination of asset sales, decommissioning of old platforms and natural decline. The growth trajectory for the remainder of 2023 is pretty well set, with a continued ramp-up at two new production units installed in the quarter and a third unit that will commence production in 3Q from the Marlim field.

New management is likely to address plans to continue increasing oil and gas production and may signal further delays and potential caps related to emissions targets. (07/27/23)

Upstream Volume Down Slightly, Pre-Salt Rises

E&P	2Q23	1Q23	2Q22	QoQ	YoY
Total Production (kboe/d)	2,637	2,676	2,653	-1%	-1%
Brazil (kboe/d)	2,603	2,640	2,616	-1%	0%
Crude Oil and NGLs (kb/d)	2,102	2,141	2,114	-2%	-1%
Pre-Salt	1,708	1,702	1,609	0%	6%
Deepwater	346	383	434	-10%	-20%
Others	48	56	71	-14%	-32%
Natural Gas (kboe/d)	501	499	502	0%	0%
Abroad (kboe/d)	36	36	39	0%	-8%
Sales Volumes (kb/d)	2,312	2,325	2,334	-0.6%	-1%
Pre-Salt % of Brazil Liquids	81%	79%	76%	2%	5%

Source: Company Filings

2. Stronger Real May Support Refining Margins

Petrobras' Refining segment may get a boost from a stronger Brazilian real and lower refined product prices. The Brazilian currency appreciated about 5% vs. 1Q, helping lower the cost of imported diesel by over 20%. Petrobras typically imports small amounts of diesel. Elevated refinery utilization, up to 93% in 2Q from 85% in 1Q, will further bolster margins for the segment.

The domestic market for fuels showed some recovery in the period, rising by 2% sequentially, which may be a good indication for fuel distributors like Ultrapar, Vibra Energia and Raizen. Gasoline led the way, up 5% sequentially and a whopping 16% year over year. Weak diesel sales, down 4% vs. the same period in 2022 is cause for concern, as it may be a sign of lower economic activity. (07/27/23)

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Throughput, Gasoline Sales Up; Diesel Below 2Q22

Downstream	2Q23	1Q23	2Q22	QoQ	YoY
Total Production (kb/d)	1,808	1,652	1,771	9%	2%
Domestic Market	1,723	1,697	1,717	2%	0%
Net Exports/(Imports)	85	(45)	54	-289%	57%
Refinery Utilization	93%	85%	87%	8%	6%
Domestic Oil Used	91%	90%	90%	1%	1%
Domestic Gasoline sales (kb/d)	434	414	375	5%	16%
Domestic Diesel sales (kb/d)	721	715	750	1%	-4%
Domestic Jet Fuel sales (kb/d)	98	107	93	-8%	5%

Source: Company Filings

3. Gas & Power Likely Flat to Slightly Down

Gas & Power earnings may be flat to slightly down vs. 1Q as Petrobras reported higher LNG imports, which typically come at a higher cost than pipeline imports from Bolivia. The number is relatively small and overall power generation was down, a positive signal for revenue as dispatched energy has lower margins than standby charges for the company. Margins should show a significant improvement vs. 2022, as higher rains helped refill Brazil's hydropower reservoirs and decrease the need for dispatchable power from Petrobras and others.

Petrobras pointed to new commercial natural gas delivery contracts with updated pricing mechanisms. Though this may raise margins for the segment, we expect a limited uplift to consolidated earnings. (07/27/23)

Gas & Power Flat Sequentially

G&P	2Q23	1Q23	2Q22	QoQ	YoY
Power Sold (kwh)	1,655	1,655	2,053	0%	-19%
Power Generation (kwh)	581	595	562	-2%	3%
Natural Gas Sales (million cubic meters)	50	50	56	0%	-11%
Domestic Gas (million cubic meters)	32	32	34	0%	-6%
LNG Imports (million cubic meters)	3	-	7	-	-57%
Other Imports (million cubic meters)	15	19	15	-21%	0%

Source: Company Filings

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