

# Aquisition of Shell Argentina downstream assets

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April 2018



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# Acquisition Rationale



## Downstream Assets

Refining, marketing, and distribution of oil products throughout Argentina

Expected EBITDA for 1<sup>st</sup> year:  
**USD 250 mln**

## Transaction Value

**USD 950 mln (approx. R\$ 3,2 bln)** - assuming no indebtedness and subject to adjustments of working capital variations.

Shell brand license for **15 years**

## Timeline

**Signing in April 2018**

**Expected closing in 2<sup>nd</sup> semester 2018**, subject to customary regulatory approvals

**Replicate and scale up Raízen's successful business model**



**Unique downstream opportunity with national reach in Argentina**

**Growth** opportunities with synergies

**Fits** well with Raízen's strategy and experience in fuel distribution

**Integrated** business model with accretive economics

**Attractive** operating environment

# Argentina | Business Environment



Sizeable market to grow fuel consumption leveraging on GDP recovery

## Macro

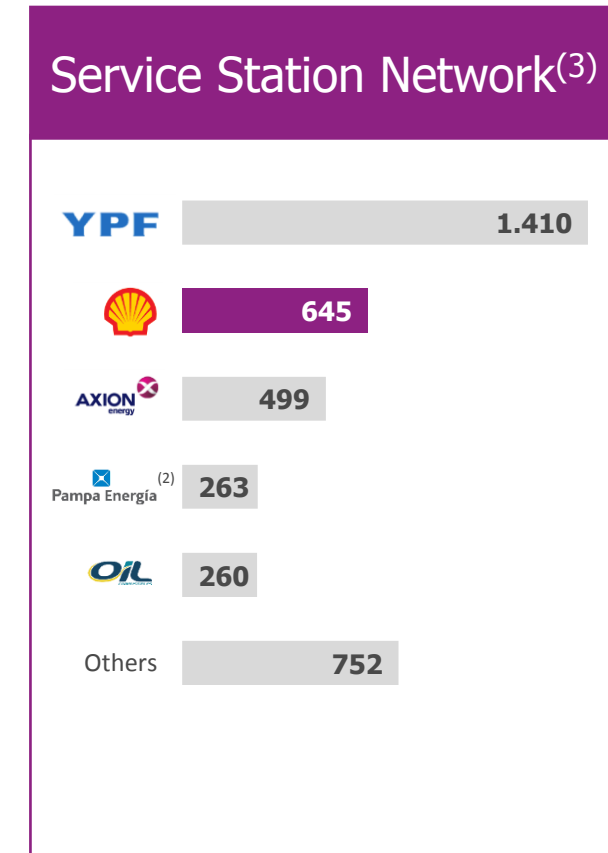
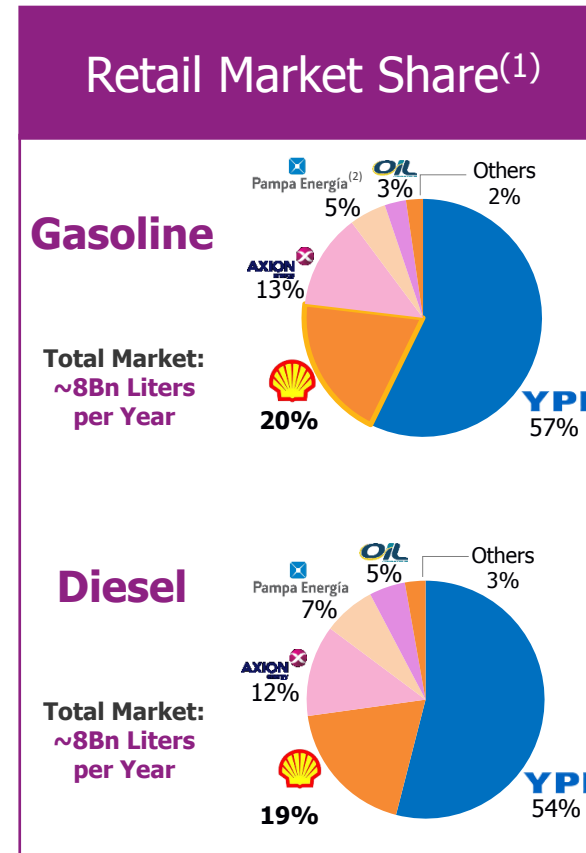
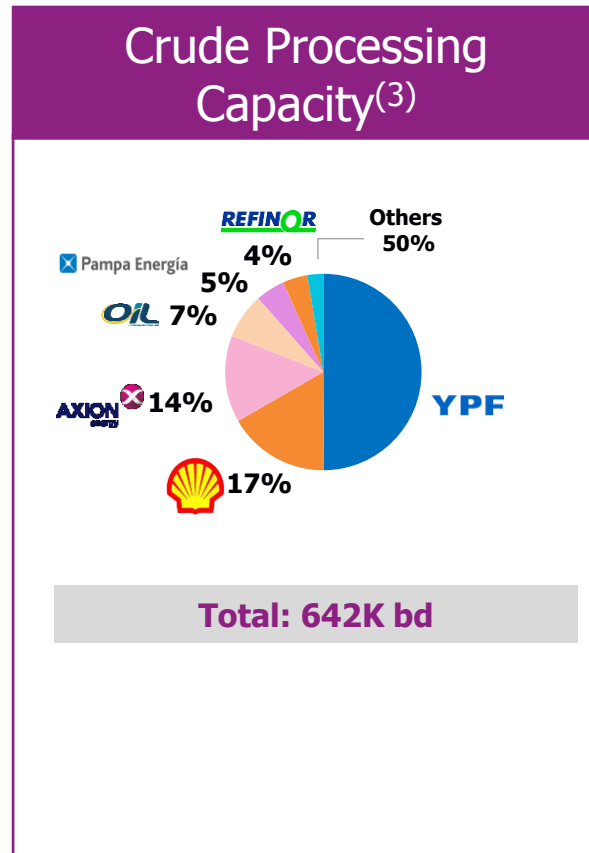
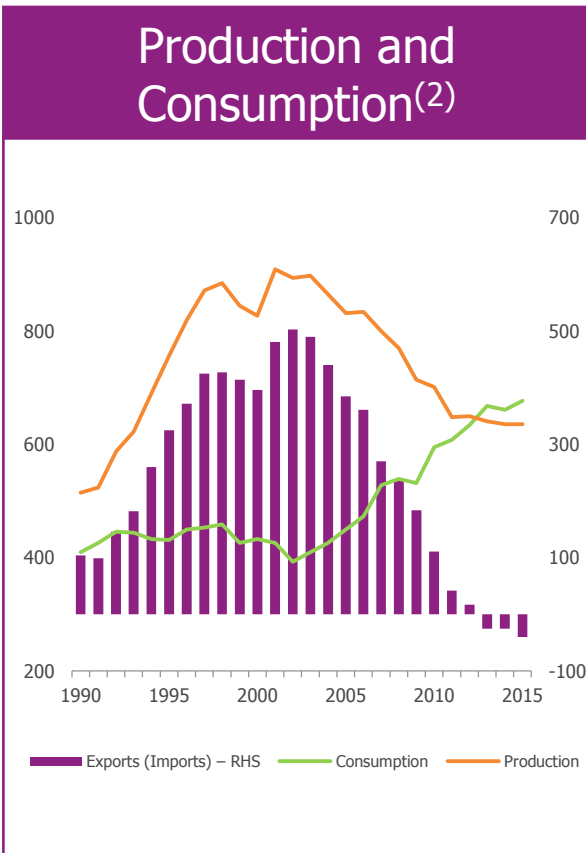
- One of the largest and most attractive economies in Latam
- Recent improvements on sector's dynamics
- Remaining challenges: inflation, fiscal reforms

## Downstream Oil

- Well-developed oil & gas industry with healthy competitive environment
- Net imported of Diesel and Crude oil
- Additional upside from flexibility between integrated production/ imports
- Healthy throughput per station
- No informality

# Argentina | Business Environment

Downstream integration supporting healthy competitive environment.  
International pricing parity.



**Notes**  
 1. Ministerio de Energía y Minería full-year 2016  
 2. Formerly Petrobras Argentina  
 3. Shell figures per Company information. Competitor information per Ministerio de Energía y Minería  
 4. Calculated as volume of premium fuels distributed as a percentage of total fuel volume distributed

# Shell Argentina | Operations

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Integrated business model



## Refining



- Located at Buenos Aires metro area
- **2<sup>nd</sup> largest refinery** in Argentina (17% of the country's crude distillation capacity)
  - 108k bbls/day nameplate distillation capacity
- **Strong conversion capabilities** to focus on high-value products
- One of two **Base Oil Manufacturing Plant** in Argentina



## Retail



- **645 Shell-branded service stations** covering 20 provinces
- Total volume sales **6 bi liters/year** with a high fuel average throughput per station (**433 thousand liters/month/per site**)
- **2<sup>nd</sup> place in market share** with 19% - combined gasoline and diesel sales as of full year 2016
- Focused on **higher-margin premium fuels** segment
- Shell LATAM Pass loyalty program – **over 1.25 million active members** as of December 2016

## Other Businesses



Lubricants



LPG



Aviation



Bitumen & Chemicals

## Trading & Supply



Commercial Fuels

Crude & Products

# Synergies potential



Potential Synergy / Upsides	Overview
<b>Logistics Optimizations</b>	Increase scale of trading as part of supply, replicating Raízen's best practices
<b>Increase Marketing Revenues</b>	Higher revenue of non fuels – convenience store, fleet management and methods of payment
<b>Growth</b>	Adding service stations in the network, organic and inorganic - dealer owned/dealer operate
<b>Trading &amp; Supply</b>	Trading & Supply opportunities leveraging Raízen's expertise and presence in Brazil and Argentina market.