
Earnings Results Presentation

1Q18

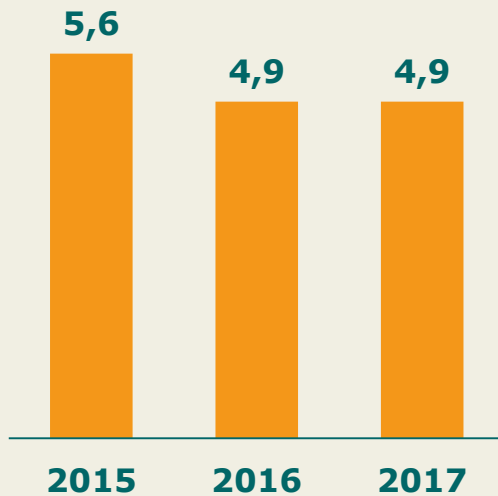


1Q2018 Highlights

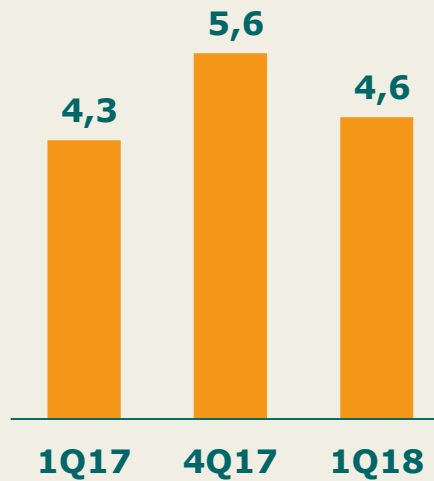
- **Manati Field production** increased year-on-year
- **First oil flows from Atlanta Field**
- **Reinforced Position in the Sergipe-Alagoas Basin** together with Partners ExxonMobil and Murphy Oil
- **Return of Capital to Shareholders through the distribution of dividends** proposed and Executed on
- **Strong Net Income** in the quarter as a result of a better operational result combined to **BM-S-8 second installment receipt**

PRODUCTION – MANATI FIELD

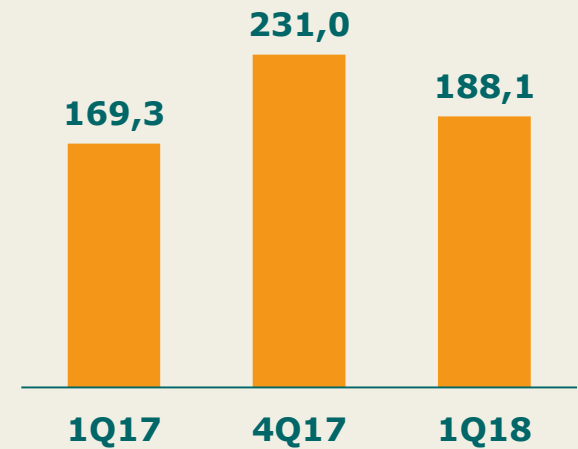
(MMm³ per day)



(MMm³ per day)



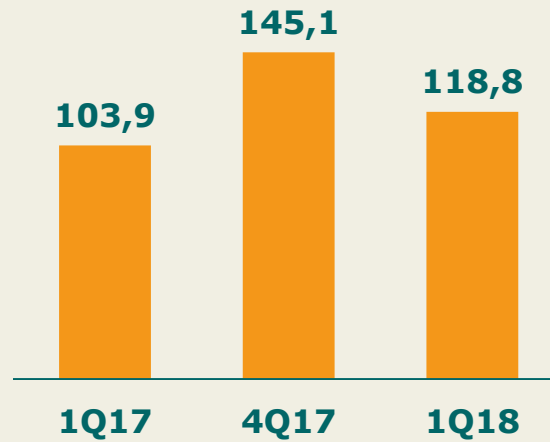
(Total Production MMm³)



- Average daily production was 4.6MMm³ in 1Q18, up 11% year-on-year

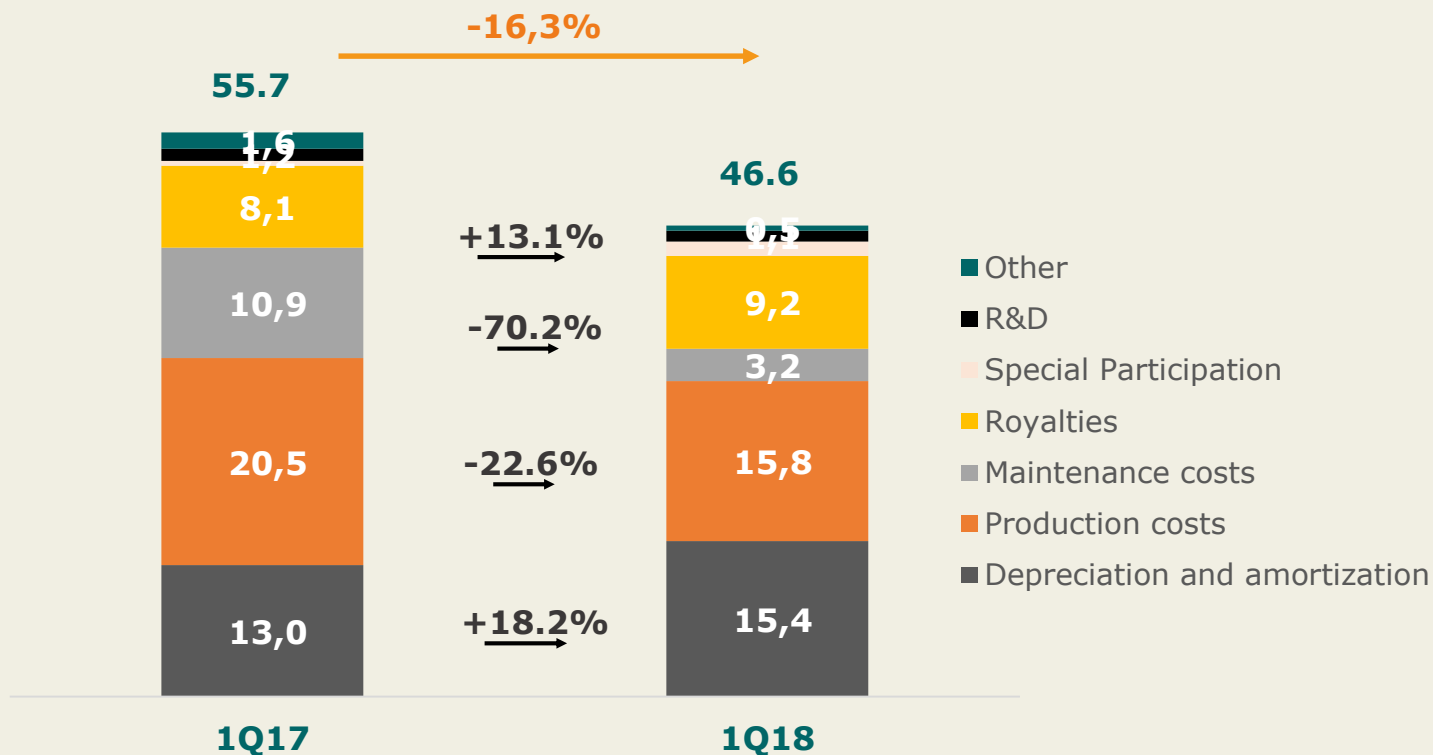
NET REVENUE

(R\$ MM)



- **1Q18: Net revenue increased to R\$118.8 million, up 12% y-o-y, reflecting higher production**

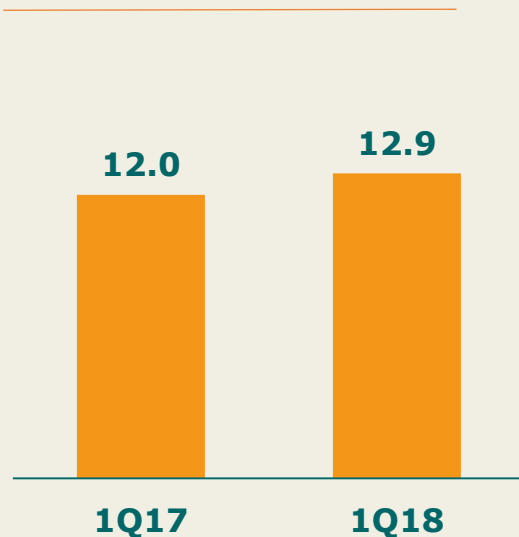
OPERATING COSTS (R\$MM)



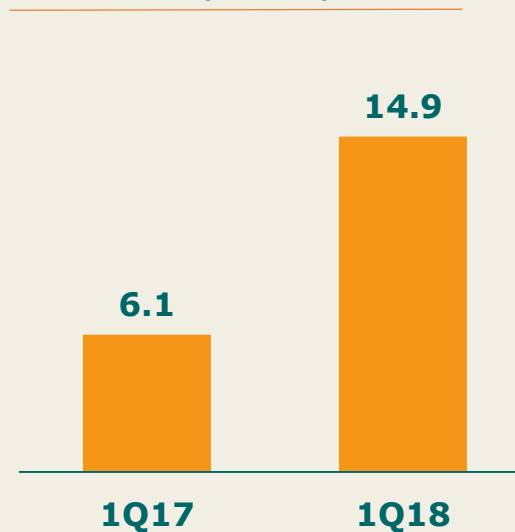
- Operating costs were R\$46.6 million 16% lower due to lower maintenance costs in the quarter; 1Q17 included R\$10.9 million in Manati-related maintenance costs
- Increase in depreciation and amortization expenses and royalties related to higher production

EXPENSES

SG&A
(R\$ MM)



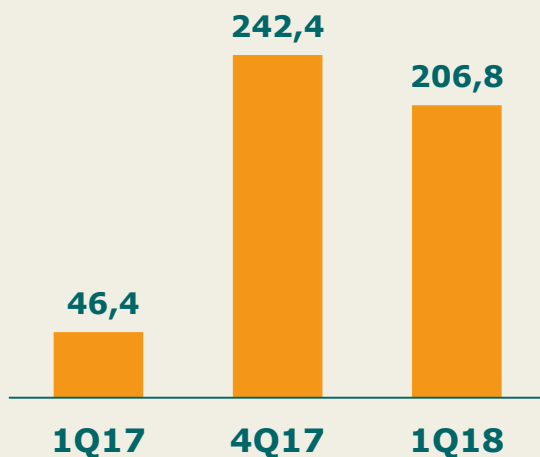
EXPLORATION COSTS
(R\$ MM)



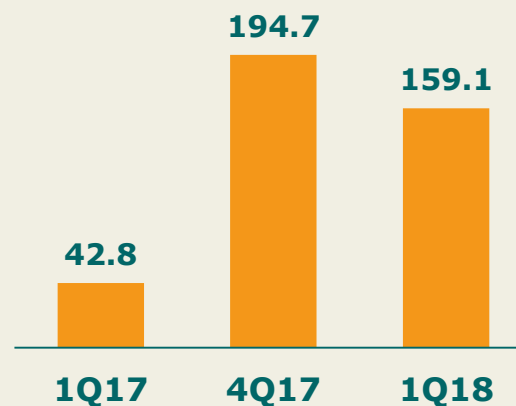
- **1Q18: SG&A costs increased 8% to R\$ 12.9 million vs 1Q17, but 17% below 4Q17 levels. The year-over-year increase was mainly due to higher personnel costs due to increased expenses related to the provision for profit sharing and stock option plan**
- **Exploration costs totaled R\$14.9 million, or 146% higher y-o-y, reflecting acquisition and processing of seismic primarily for the Sergipe-Alagoas blocks, and meta-oceanographic studies for PAMA and FOZ.**

PROFITABILITY

EBITDAX
(R\$ MM)



NET INCOME
(R\$ MM)



- **1Q18:EBITDAX** reached R\$206.8 million up from R\$46.4 million, primarily reflecting the second payment on sale of Block BM-S 8; EBITDAX margin was 174%; excluding this benefit, EBITDAX would be R\$59.2 million (+28%) and EBITDAX margin would be 50%
- Net income was R\$159.1 million, up from R\$42.8 million in 1Q17; excluding the benefit of the sale, net income would have been R\$62.0 million, representing a net margin of 52%

CAPEX

2018-2019

1Q18

US\$20.1MM

US\$18.6MM

In Atlanta Field

2018

US\$70MM



\$48MM In Atlanta Filed, including the potential drilling of a third well

\$18MM in exploration activities
US\$4MM in acquisition of seismic for block acquired in the 11th ANP Bidding Round

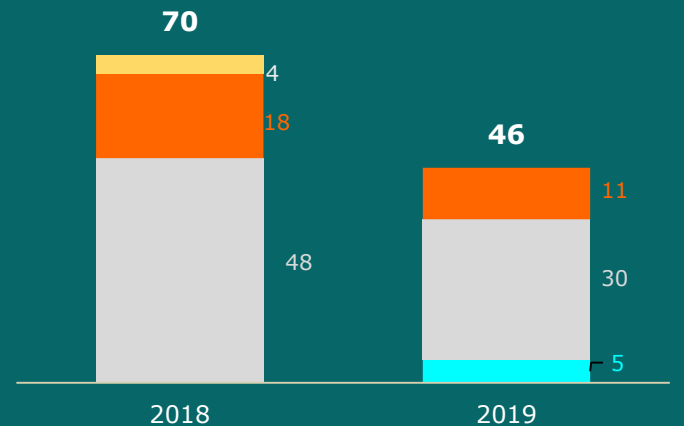
2019

US\$46MM

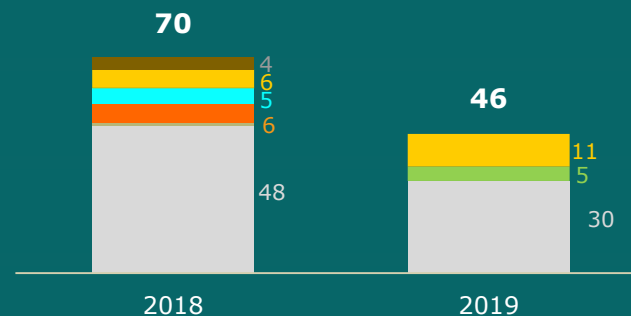


\$30MM In Atlanta Field

\$11MM In CAL-M-372 and
US\$5MM in Manati



■ Production ■ Development ■ Exploration ■ Other



■ BS-4 ■ SEAL 15 Round
 ■ SEAL 14 Round ■ Blocks 11 Round
 ■ Manati ■ CAL-M-372
 ■ Other

PORTFOLIO OVERVIEW - UPDATE

PRODUCING - MANATI

- Average daily production was 4.6MMm³, up year-on-year
- **Production guidance for first half 2018 remains at 4.6MMm³**
- **Full year guidance of 5.1MMm³ to be evaluated**

DEVELOPMENT - ATLANTA

- Pre-production work completed
- **First oil** produced from one well on May 2nd
- Ramp-up at around 10%-20% below 20kboe later in Q2
- Favorable heavy oil pricing
- Decision pending on 3rd well in EPS

EXPLORATORY

SERGIPE-ALAGOAS BASIN

- Position and Partnership with ExxonMobil and Murphy Oil strengthened by win of 2 additional blocks in ANP's 15th Bidding Round
- QGEP retains 30% ownership in 6 Blocks
- Seismic data being acquired
- Long duration test at adjacent Farfan in 2018

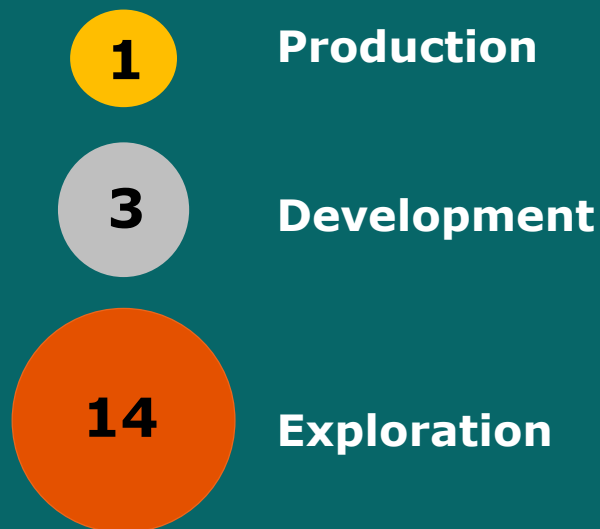
OTHER

- Farm-out process for blocks in Pará-Maranhão Basin and Foz do Amazonas Basin Blocks underway
- Ceará and Espirito Santos Basin Blocks under evaluation with partners

SUBSTANTIAL EXPLORATORY PORTFOLIO



Growing and diversifying QGEP's asset base along the Brazilian coast





SUMMARY & OUTLOOK

- **Executed on key deliverables since year-end 2017**
- **Financial results reflect re-focus of strategic priorities**
- **Continue to assess growth opportunities presented by ANP Bidding Rounds and other asset acquisitions**
- **Evaluating potential for additional special dividend**

QGEP: Well Positioned for Growth



**High
production
efficiency**



**Substantial
technical
expertise**



**Ongoing
portfolio
optimization**



**Financial
flexibility**

17

Concessions
in our
portfolio

50%

Adjusted
EBITDAX
Margin
1Q18

R\$ 2.2 bn

Cash Balance
1Q2018

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Investor Relations

QGEP Participações S.A.

Av. Almirante Barroso, nº 52

sala 1301 Centro

Rio de Janeiro, RJ

CEP: 20031-918

IR Telephone: +55 21 3509-5800

Fax: +55 21 3509-5958

E-mail: ri@qgep.com.br

www.qgep.com.br/ri