



# Business opportunities for in Brazil



Global Centres of Expertise  
GCE Subsea

**Bergen 24.05.2016**

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*Bridging the best between the  
North Sea and Brazil*



## Who we are

Brasca

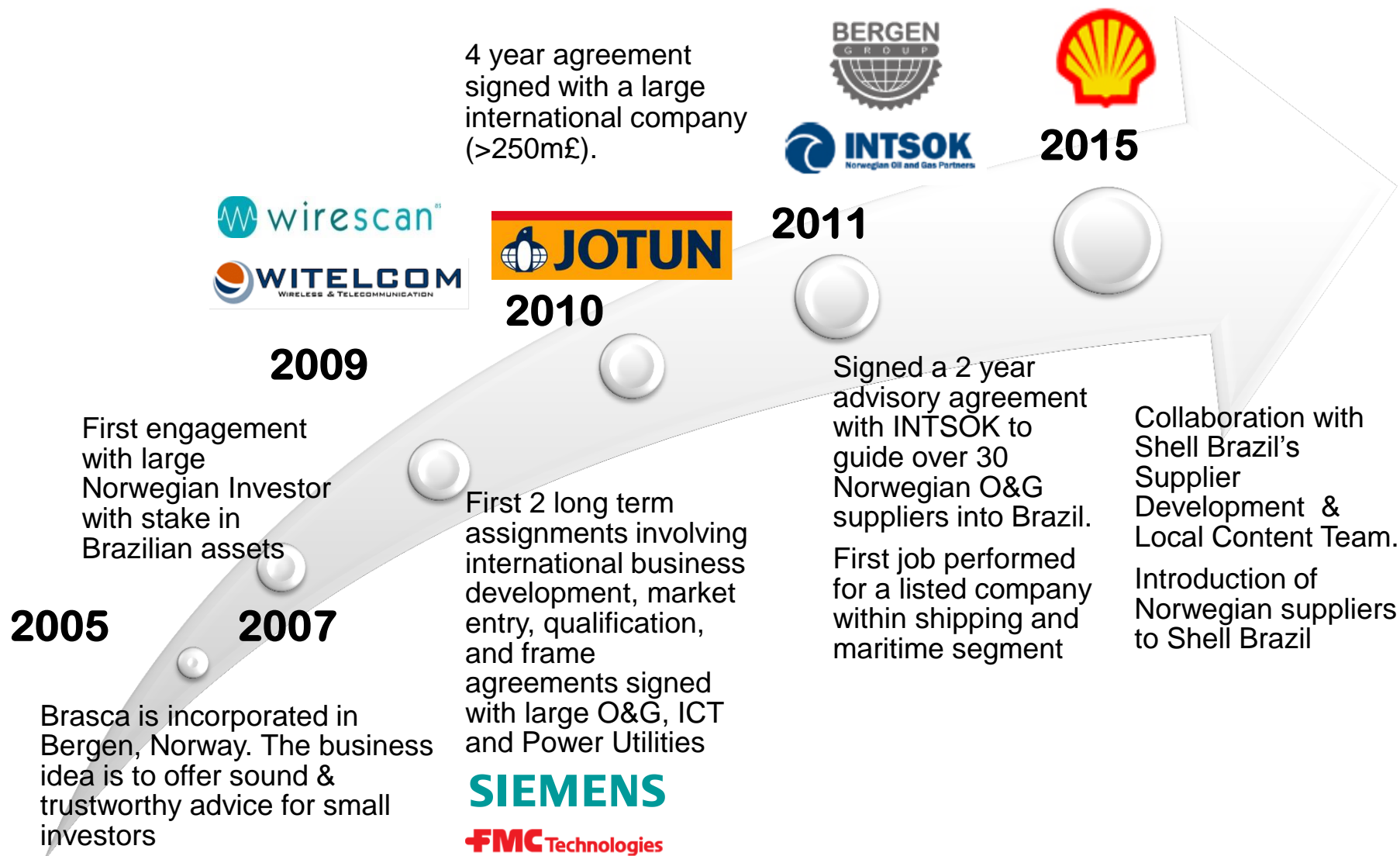
- ▶ BRASCA is a management consulting firm, focused on assisting business owners, directors and senior sales teams with strategic advisory, M & A support, business acceleration and market entry, with a focus on Brazil
- ▶ We operate mainly in Energy and ICT sectors
- ▶ Brasca was established in Bergen in 2005, and has moved offices to Porsgrunn in 2009. Project office in Rio de Janeiro.

**Brasca's key value proposition is in helping clients achieve strategic competitive advantage to access business opportunities, whilst protecting their financial exposure.**



# Brasca Timeline: Key Events

# Brasca





# Macro Overview

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**BOOM**

**BUST**

**BUILD-OUT**

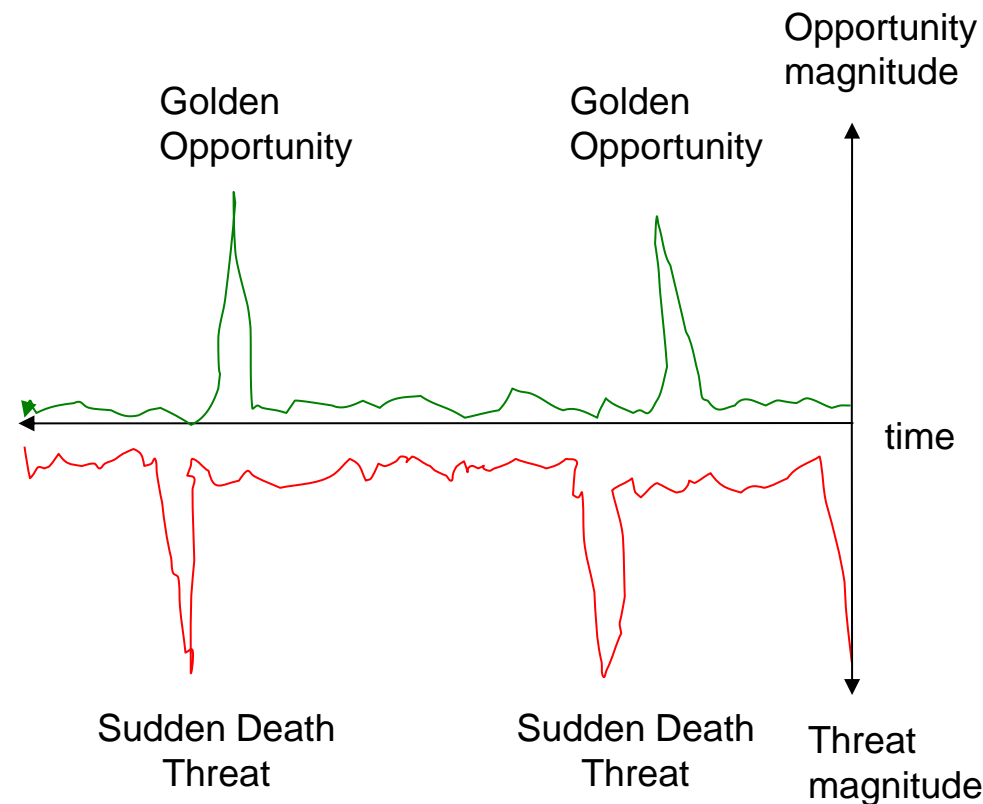






The business environment in the oil and gas sector rapidly changed in 2015. Falling oil prices, and uncertainty around when and at what level it will stabilise has affected the sector: without doubt we are operating to different game rules.

- ▶ the lack of liquidity leads to more conservative investment criteria
- ▶ oil is still a commodity, thus cannot crack. Demand picks up before driving it upwards again
- ▶ in turbulent environments (Brazil) the frequency is greater than 5x





- Global Supply Chain rationalisation is taking pace at an more aggressive pace than ever: and changes are being put into place for the long-term.
- Consolidation is taking place at all tiers of the industry
- Companies need to
  1. spot the opportunities
  2. be quick to adapt
  3. be able to navigate in turbulent times.
- **No room for slack 2016 going forward !**



# Opportunities despite of...

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According to the IEA, by 2021, Brazil will be responsible for the **2<sup>nd</sup> biggest increase** in oil production outside OPEC



**Petrobras** has become the operator with the largest number of SS equip. installations. The NOC installed its 1000<sup>th</sup> WXT in 2016.

FMC Brazil, alone, manufactured 500 WXT and 50 manifolds.

7 of the 500 broke **world depth records**

- ✓ Petrobras alone is expected to account for **25% share of global subsea Capex** until 2020
- ✓ Second round auction of Pre-Salt areas shall take place in 2017
- ✓ Recent change in the regulatory framework allows **IOCs to have higher stakes in the Pre-salt fields**
- ✓ Removes the exclusive obligation of Petrobras to participate with a min. 30%
- ✓ New local content regulation has been issued to **foster competition in the chain of suppliers to E&P companies** and facilitate the LC process
- ✓ Brazilian companies have access to the market, but lack the experience in applied technology



**Ben Van Beurden,  
CEO**

- “Brazil will be one of the top 3 countries for Shell and, from a E&P point of view, it will probably be the most valuable country in our portfolio ”
- The statement was made just after the company finalized its purchase of BG.
- By adding BG’s large Brazilian offshore assets, Shell’s local output rose sixfold to about 240,000 barrels of oil and natural gas equivalent a day (boepd), or 13 percent of its total of 1.8 million boepd.
- A quadrupling of its Brazilian output would boost production to nearly 1 million boepd by 2020. Shell is already Brazil’s No. 2 producer after state-led Petrobras.





Based on the new LC regulation, E&P companies may undertake the following activities, among others:

- (i) purchasing goods, services and systems from a foreign supplier in order to facilitate its establishment in Brazil;
- (ii) directly investing in the suppliers' technological innovation;
- (iii) acquiring goods and systems in Brazil for use in activities abroad.

E&P companies will then receive Local Content Units ("UCL").

These UCLs may be used by E&P companies in complying with their local content obligations to the ANP.

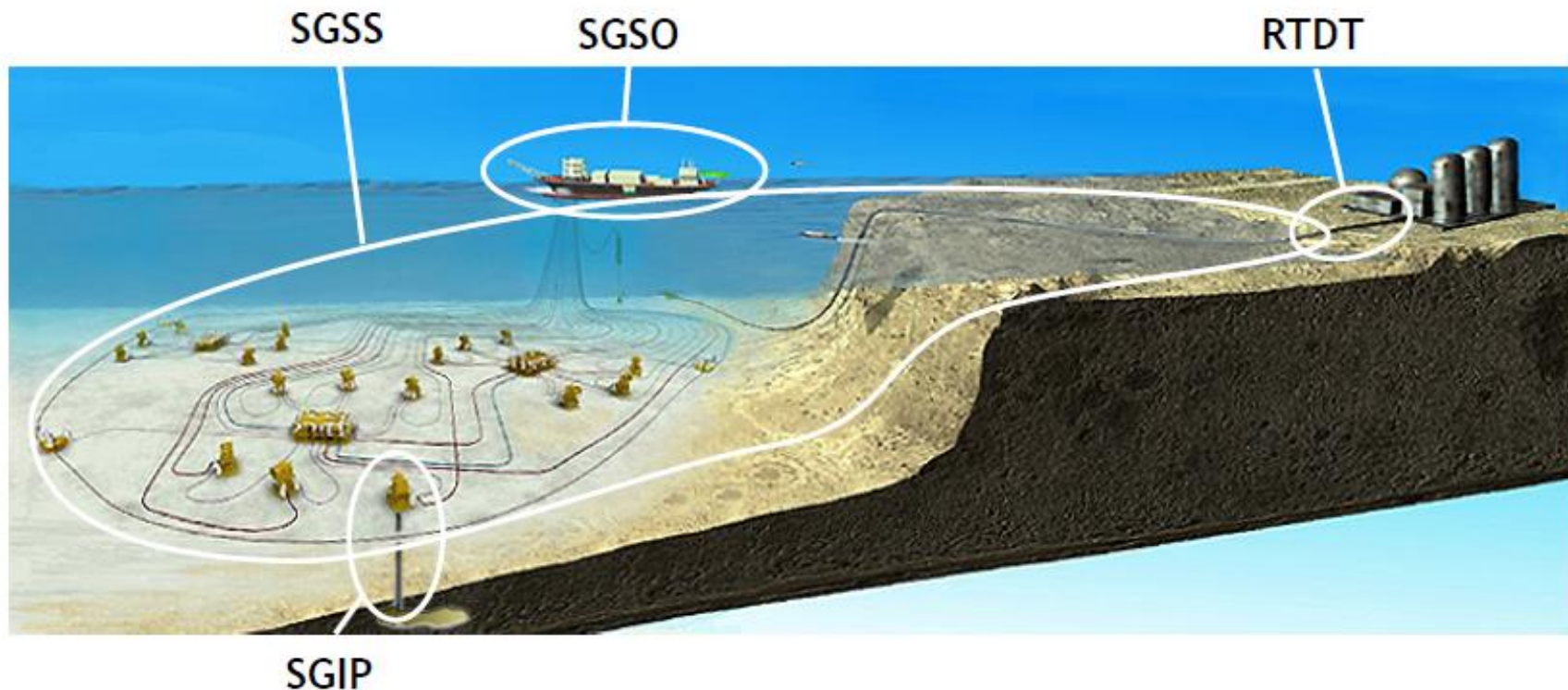


# Operational Safety Regulation of Subsea Systems in Brazil (SGSS)

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## Brazilian Framework





# Operational Safety Regulation of Subsea Systems in Brazil (SGSS)

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**anp**  
Agência Nacional  
do Petróleo,  
Gás Natural e Biocombustíveis

## SGSS Structure

### Specific requirements to subsea systems

- Design
- Construction
- Operation
- Integrity Management
- Reuse
- Life extension
- Decommissioning and Deactivation



## Cases

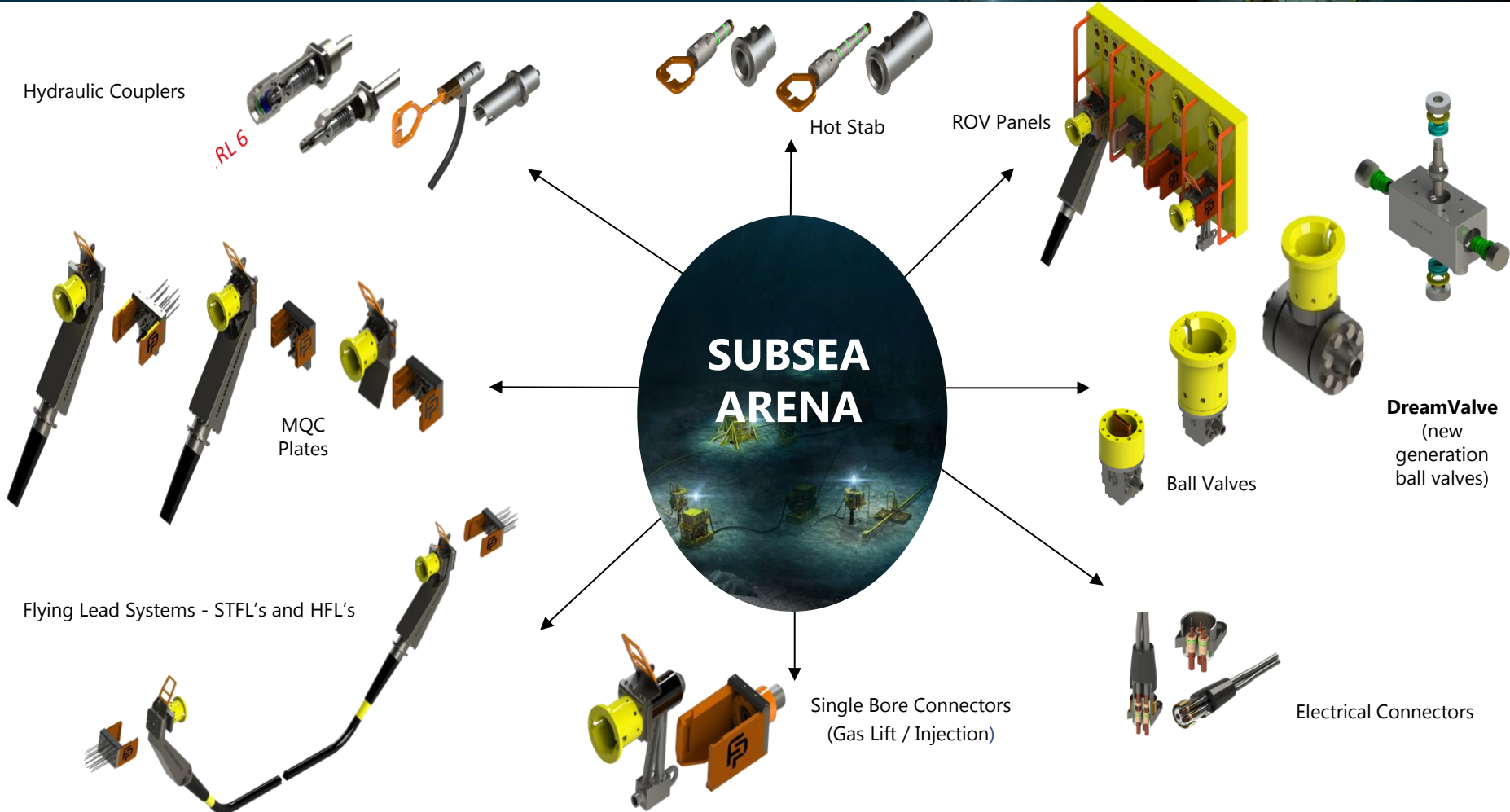


## Worth to note





< FSP Core Product Range





**FRAM Brazil Market Entry Programme - August 2015**

- A program financed by Innovation Norway with focus on market entry.

**Engaged Brasca as Brazilian Consultant - November 2015**

- An invaluable resource when entering a complex market

**MOU with MFX – December 2015 (after years of discussions and little progress)**

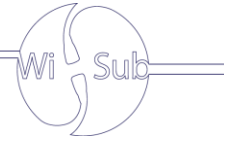
- Primary aim to qualify a complete flying lead systems for subsea control and process fluid,
- To supply complete systems together – this is ongoing.

**LOI with SHELL – February 2016**

- To qualify the FLS in Shell's system, not only in Brazil but worldwide.
- This covers the goal for the cooperation, responsibilities of the parties, financing of the project and the provision of a liaison committee.
- Shell provide all relevant specifications and standards
- Shell give input to- and verify design basis and approve test procedures
- Shell verify what components need testing/analysis to be qualified to Shell standards



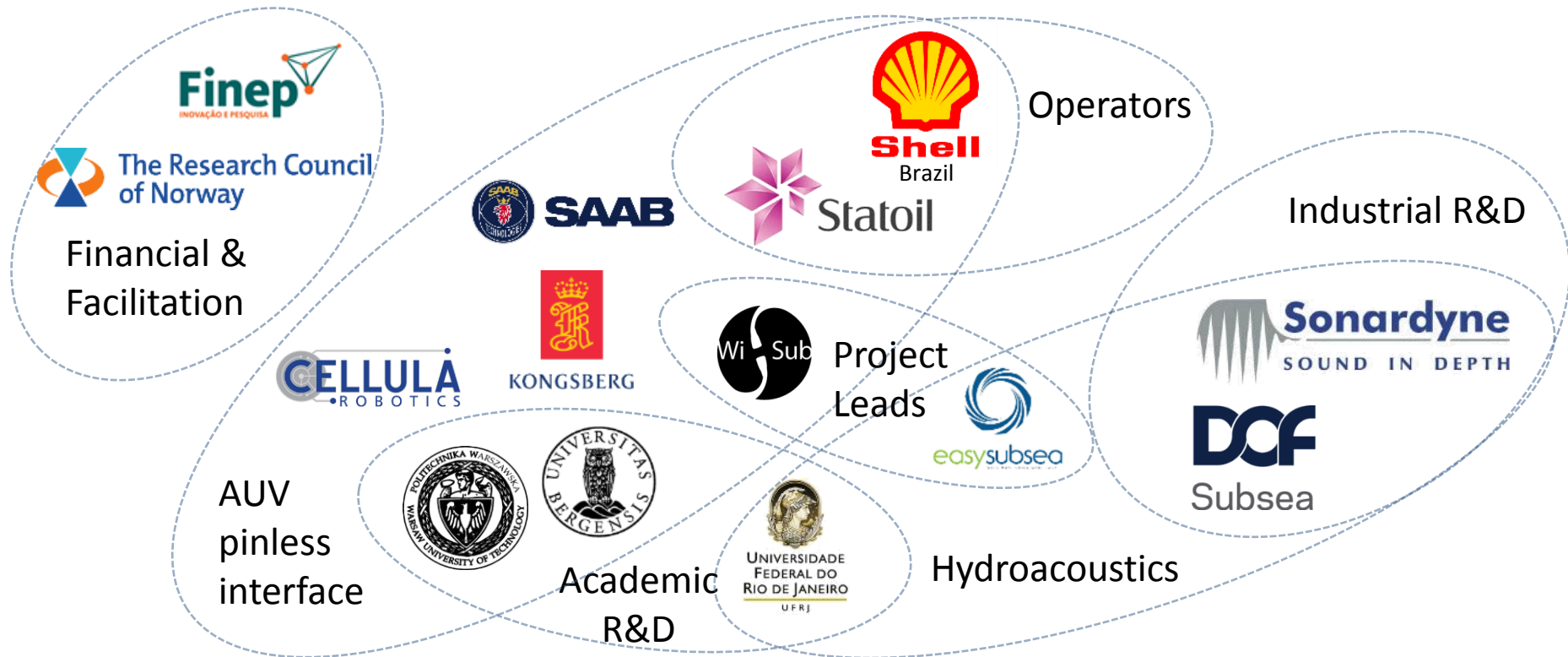
# Brazil-Norway R&D Collaboration



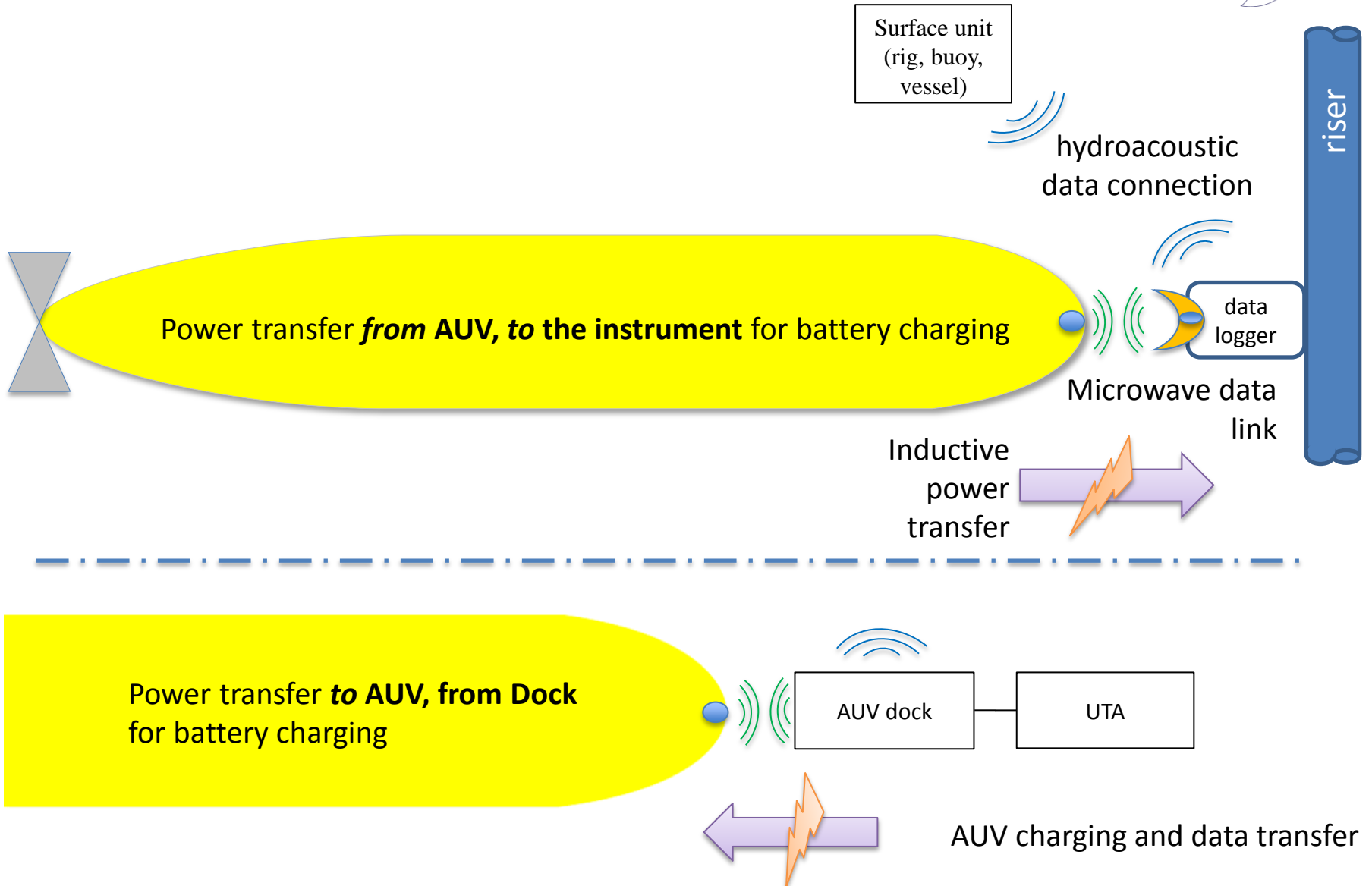
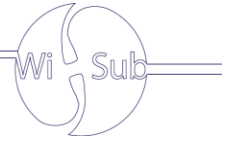
- SME-led R&D funded from both countries' public funding bodies



- WiSub in Norway and easySubsea in Brazil to lead project
- Goal: **standardized** AUV seabed interface: power & comm's



# AUV pinless interface details





**BPP**

**Brasca**

With the objective of developing the competitiveness of Brazilian companies, promoting the internationalization of their businesses and the attraction of Foreign Direct Investment, ONIP and Apex-Brasil have created the BPP Project – Brazilian Petroleum Partnerships.

**The main objective of the BPP Project is to encourage technological partnerships (NON EQUITY JV) between Brazilian and foreign companies interested in accessing the Brazilian oil and gas market.**

GCE SUBSEA and ONIP signed a MOU in 2012.

BPP representatives will be in Norway **between 24th Aug - 2nd Sep 2016.**

**Contact us if you want to book a meeting!**



**Brazilian  
Petroleum  
Partnerships**



*Takk og lykke til !*



**Acknowledgment:**



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