Braskem S.A.

Braskem S.A.'s (Braskem) downgrade to 'BB' from 'BB+' reflects the industry's prolonged lower-cycle petrochemical spreads, resulting in a weaker financial profile than Fitch Ratings had previously projected. The company is working to mitigate cash burn with initiatives such as asset and investment rationalization, cost reduction, renegotiation efforts and promoting competitiveness in local industry.

Fitch anticipates that Braskem's financial flexibility will remain a core strength during market instability until recovery occurs. Any further negative developments related to the geological event in Alagoas could pressure the ratings.

Key Rating Drivers

Prolonged Petrochemical Downturn: The current downturn in the petrochemical sector is unprecedented in depth and duration, and could reduce future mid-cycle margins compared to previous decades. Structural shifts include significant supply shocks from increased polyethylene (PE) capacity in the U.S., increased integration and self-sufficiency in China, and the possible reduction of global naphtha supply by rationalization and reconfiguration of refineries in Europe. Fitch expects recovery to be gradual, starting in 2028.

Geopolitical tensions and weak global macroeconomic performance increase uncertainty about whether market players will adapt strategies for preserving cash.

Medium-Term Leverage Above Triggers: Fitch forecasts Braskem's net leverage, excluding Braskem Idesa SAPI (Braskem Idesa; B+/Stable), to be 6.0x in 2025 and 5.0x in 2026. As spreads improve slightly, despite remaining below midcycle conditions, leverage should fall to 3.5x in 2027.

Braskem is actively pursuing initiatives to preserve cash, with some on track to resolve in the coming months. These initiatives could create USD500 million to USD700 million in EBITDA annually. They include investment prioritization, asset rationalization, cost reduction, expansion of the special tax regime for the chemical industry (REIQ), implementation of antidumping measures and maintenance of import tax. Furthermore, the ramp-up of green PE is another upside.

FCF Anticipated to Reach Neutrality: Driven by some of the new initiatives, Fitch forecasts that free cash flow (FCF), excluding disbursements related to Alagoas, will break even this year. EBITDA is projected to be approximately USD1.1 billion in 2025 and USD1.4 billion the year after, with annual investments totaling USD550 million, comprising USD400 million for maintenance and USD150 million for strategic purposes related to REIQ Investimentos, without impact in cash flows. Fitch projects FCF will remain neutral or show a slight increase through 2026 and approach to USD500 million in 2027.

Solid Business Profile: Braskem maintains strong market positions as the seventh largest petrochemical company globally. In Brazil, it is the leader with the only integrated operations, commanding over 50% market share in its two primary products, PE and polypropylene (PP), which account for 60% of its revenues. Braskem is the largest PP producer in the U.S., bolstered by a modern and cost-efficient facility. The company faces the challenge of reducing its reliance on naphtha to enhance its positioning on the global ethylene cost curve. The development of the green PE market could be transformational for the company in the long run.

Sale of Novonor's Stake: Braskem's ratings do not incorporate the potential impact of the recent announcement regarding Nelson Tanure's offer to acquire control of Braskem from Novonor. If the transaction moves forward, Fitch will assess the rating implications once there is more visibility into the outcome and guidelines for strategic, operational and financial policies.

Ratings

Braskem S.A.

Long-Term IDR	BB
Long-Term Local-Currency IDR	BB
National Long-Term Rating	AAA(bra)

Braskem Netherlands Finance B.V.

Senior Unsecured Debt - Long-Term Rating	BB
Subordinated Long-Term Rating	B+

Braskem America Finance Company

Senior Unsecured Debt - Long-Term Rating	BB

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable

Click here for the full list of ratings

ESG and Climate

Highest ESG Relevance Scores

Environmental	4
Social	4
Governance	3

2035 Climate Vulnerability Signal: 30

Applicable Criteria

Corporates Recovery Ratings and Instrument Ratings Criteria (August 2024)

Corporate Rating Criteria (December 2024)

Metodologia de Ratings Corporativos (December 2024)

Related Research

Global Corporates Macro and Sector Forecasts: April 2025 Update (April 2025)

Latin American Chemicals — Relative Credit Analysis (December 2024)

Analysts

Marcelo Pappiani, CFA
+55 11 4504 2603
marcelo.pappiani@fitchratings.com

Adriana Eraso
+1 646 582 4572
adriana.eraso@fitchratings.com

Financial Summary

(BRL Mil.)	2022	2023	2024	2025F	2026F	2027F
EBITDA	8,172	2,525	3,850	6,648	8,097	9,959
EBITDA margin (%)	8.8	3.7	5.2	8.5	9.6	11.6
CFO (Fitch-defined)	8,015	2,201	-793	3,470	3,752	5,436
FCF	2,511	-1,537	-2,682	280	562	3,116
EBITDA net leverage (x)	2.8	9.6	9.8	5.9	5.0	3.8

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Peer Analysis

Fitch expects Braskem's leverage to remain elevated at around 6.0x in 2025, due to the prolonged sector downturn and geopolitical tensions affecting cash flow stability. To counter these pressures, Braskem is pursuing asset rationalization, cost reduction initiatives and other measures to protect the local industry. In contrast, peer Westlake Corporation (BBB/Stable) benefits from cost-advantaged natural gas liquids-based feedstocks, supporting robust FCF and maintaining leverage below 2.0x. Its diversified operations in chlor-alkali and ethylene chains provide a stable financial outlook despite cyclical construction demand pressures.

Dow Inc. (Dow; BBB+/Stable) and LyondellBasell Industries N.V. (LyondellBasell; BBB/Stable), with their scale and diversification, demonstrate financial resilience. Dow's significant size and feedstock flexibility support stable margins and consistent FCF, with EBITDA leverage expected to improve below 2.3x by 2025. Strategic sustainability investments further position Dow for growth amid industry-wide capacity additions. LyondellBasell leverages access to competitively priced North American feedstocks to maintain resilient margins. Its focus on sustainability enhances competitive positioning, although macroeconomic headwinds may limit immediate EBITDA growth. Both companies have announced asset sales to support financial flexibility, reflecting difficult times for the industry.

Orbia Advanced Corporation, S.A.B. de C.V. (BBB/Stable) leverages product and geographic diversification to maintain financial flexibility, with net leverage expected to decline below 2.5x by 2026. Backward integration in polyvinyl chloride (PVC) and fluorine businesses provides stability despite sector volatility.

Alpek, S.A.B de C.V. (BBB-/Stable) focuses on value-added products and efficiency initiatives, projecting leverage improvements from 2.5x in FY 2024 to 2.0x by FY 2026.

Cydsa, S.A.B de C.V. (BB+/Stable) benefits from diversified operations and strong domestic brand recognition, maintaining EBITDA margins above 28%. Strategic investments in technology enhance its cash flow profile, supporting its rating despite its smaller scale.

Navigator Peer Comparison

	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue/Value Sources	Market Position	Diversification	Cost Position	Profitability	Financial Structure	Financial Flexibility
Alpek, S.A.B. de C.V.	BBB-/Stable	bb+	bbb	bbb	bbb-	bbb-	bbb-	bbb-	bbb-	bbb-
Braskem Idesa SAPI	B+/Stable	bb-	bb-	bb-	bb+	bb-	bb-	bb+	ccc+	b+
Braskem S.A.	BB+/Negative	bb+	bb	bb	bbb	bbb	bb+	bb	b	bbb-
Cydsa, S.A.B. de C.V.	BB+/Stable	bb	bbb-	bb+	bb	bb	bbb-	bbb-	bb	bb+
Orbia Advance Corporation, S.A.B. de C.V.	BBB/Stable	bbb	bbb	bbb-	bbb	bbb+	bbb	bbb	bb+	bbb
Westlake Corporation	BBB/Stable	aa-	bbb+	bbb	bbb	bbb-	bbb	a	bbb	bbb

Source: Fitch Ratings

Relative Importance of Factor: Higher / Moderate / Lower

Name	IDR/Outlook	Operating Environment	Management and Corporate Governance	Revenue/Value Sources	Market Position	Diversification	Cost Position	Profitability	Financial Structure	Financial Flexibility
Alpek, S.A.B. de C.V.	BBB-/Stable	-1	+1	+1	0	0	0	0	0	0
Braskem Idesa SAPI	B+/Stable	+1	+1	+1	+3	+1	+1	+3	-3	0
Braskem S.A.	BB+/Negative	0	-1	-1	+2	+2	0	-1	-4	+1
Cydsa, S.A.B. de C.V.	BB+/Stable	-1	+1	0	-1	-1	+1	+1	-1	0
Orbia Advance Corporation, S.A.B. de C.V.	BBB/Stable	0	0	-1	0	+1	0	0	-2	0
Westlake Corporation	BBB/Stable	+5	+1	0	0	-1	0	+3	0	0

Source: Fitch Ratings

Factor Score Relative to IDR: Worse positioned than IDR / Within one notch of IDR / Better positioned than IDR

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Net debt/EBITDA above 4.5x, on average through the cycle, excluding Braskem Idesa;
- Sustained negative FCF at the bottom of the cycle that results in incurring additional debt;
- Sustained EBITDA interest coverage below 1.0x;
- Material additional contingent claims for the geological event in Alagoas;
- Material financial support to Braskem Idesa.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Net debt/EBITDA below 3.0x on average through the cycle, excluding Braskem Idesa;
- Neutral to positive FCF through the cycle, excluding disbursements for Alagoas.

Liquidity and Debt Structure

Braskem adopts a conservative financial strategy to limit the risks associated with its exposure to the cyclical and capital-intensive nature of the petrochemical business. As of March 31, 2025, the company has a strong cash position, with USD2.0 billion of readily available cash and marketable securities, excluding Braskem Idesa (USD266 million). Gross debt stands at USD8.5 billion, USD185 million of which is due in 2025 and USD355 million in 2026.

The company's financial flexibility is enhanced by a USD1 billion unused revolving credit facility due in 2026, and Fitch expects Braskem to remain committed to preserving liquidity by maintaining a conservative dividend policy, particularly while leverage is above 2.5x. The company can reduce capital expenditure (capex) and fixed costs, optimize working capital and monetize tax credits as market conditions linger.

ESG Considerations

Braskem has an ESG Relevance Score of '4' for Waste & Hazardous Materials Management and for Ecological Impacts due to the operations' disruption and large cash outflows triggered by the geological event in Alagoas. This has a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors.

Braskem has an ESG Relevance Score of '4' for Human Rights, Community Relations, Access & Affordability due to the reparation costs incurred following the geological event in Alagoas, to relocate over 14,000 families from neighboring areas. This has a negative impact on the credit profile and is relevant to the ratings in conjunction with other factors.

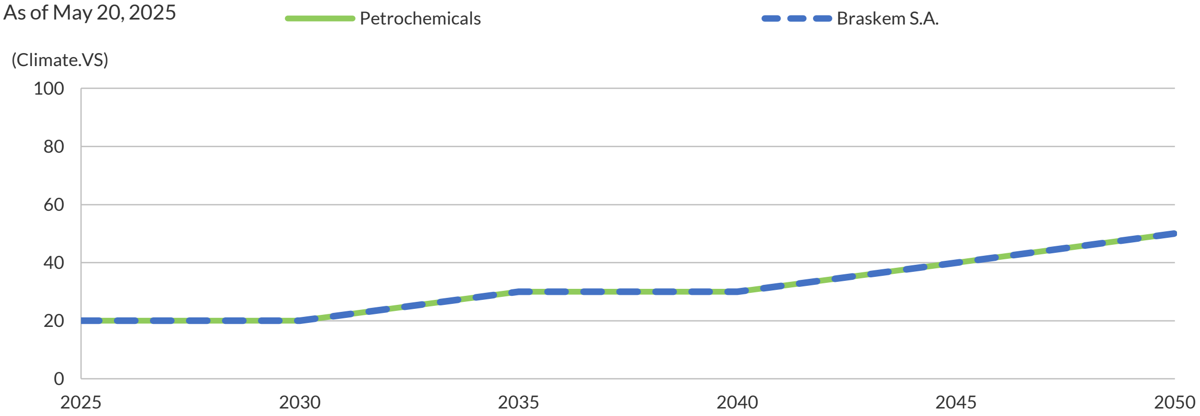
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's Corporate Rating Criteria. For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see Climate Vulnerability Signals for Non-Financial Corporate Sectors.

The FY 2024 revenue-weighted Climate.VS for Braskem for 2035 is 30 out of 100, suggesting low exposure to climate-related risks in that year. For further information on how Fitch perceives climate-related risks in the chemicals sector, see our Oil & Gas and Chemicals – Climate Vulnerability Signals Update report.

Climate.VS Evolution
As of May 20, 2025



Source: Fitch Ratings

Liquidity and Debt Maturities

Liquidity Analysis

(BRL Mil.)	2025F	2026F	2027F
Available liquidity			
Beginning cash balance	15,052	13,139	11,619
Rating case FCF after acquisitions and divestitures	365	562	3,116
Total available liquidity (A)	**15,417**	**13,701**	**14,735**
Liquidity uses			
Debt maturities	-2,278	-2,082	-2,098
Total liquidity uses (B)	**-2,278**	**-2,082**	**-2,098**
Liquidity calculation			
Ending cash balance (A+B)	13,139	11,619	12,637
Revolver availability	5,800	5,800	—
Ending liquidity	**18,939**	**17,419**	**12,637**
Liquidity score (x)	9.3	9.4	7.0

F – Forecast
Source: Fitch Ratings, Fitch Solutions, Braskem

Scheduled Debt Maturities

(BRL Mil.)	December 31, 2024
2025	2,278
2026	2,082
2027	2,098
2028	8,495
2029	2,139
Thereafter	36,140
Total	**53,232**

Source: Fitch Ratings, Fitch Solutions, Braskem

Key Assumptions

- Brazil PE projected revenue of USD4.4 billion, USD4.7 billion and USD4.8 billion from 2025 to 2027;
- Brazil PP projected revenue of USD2.0 billion, USD2.0 billion and USD2.2 billion from 2025 to 2027;
- Brazil vinyls projected revenue of USD680 million, USD680 million and USD700 million from 2025 to 2027;
- Brazil ethylene/propylene projected revenue of USD830 million, USD950 billion and USD950 billion from 2025 to 2027;
- U.S. and Europe PP projected revenue of USD3.0 billion, USD3.4 billion and USD3.6 billion from 2025 to 2027;
- PE-ethane reference spreads of USD795 per ton in 2025, USD820/ton in 2026 and USD825/ton in 2027;
- PE-naphtha reference spreads of USD465/ton in 2025, USD465/ton in 2026 and USD470/ton in 2027;
- PP-propylene reference spreads of USD440/ton in 2025, USD460/ton in 2026 and USD475/ton in 2027;
- PVC reference spreads of USD340/ton in 2025, USD380/ton in 2026 and USD410/ton in 2027;
- Annual maintenance capex of approximately USD400 million;
- No dividends to shareholders during the analysis horizon.

Financial Data

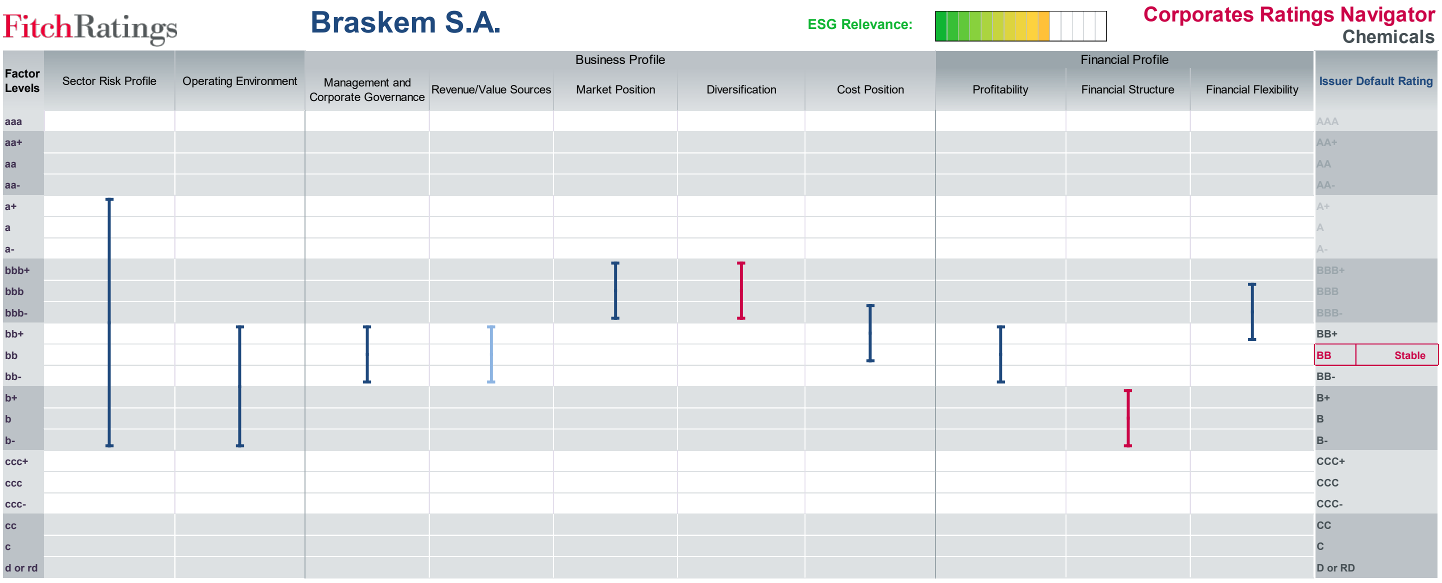
(BRL Mil.)	2022	2023	2024	2025F	2026F	2027F
Summary income statement						
Gross revenue	93,039	68,172	74,451	78,170	84,524	86,221
Revenue growth (%)	-8.3	-26.7	9.2	5.0	8.1	2.0
EBITDA before income from associates	8,172	2,525	3,850	6,648	8,097	9,959
EBITDA margin (%)	8.8	3.7	5.2	8.5	9.6	11.6
EBITDA after associates and minorities	8,178	2,536	3,867	6,648	8,097	9,959
EBIT	5,083	-467	781	3,301	4,769	6,752
EBIT margin (%)	5.5	-0.7	1.0	4.2	5.6	7.8
Gross interest expense	-4,810	-4,055	-4,926	-3,177	-3,172	-3,169
Pretax income including associate income/loss	-410	-5,826	-15,359	-283	917	2,805
Summary balance sheet						
Readily available cash and equivalents	12,578	17,581	15,052	13,425	12,566	14,866
Debt	35,487	41,894	53,060	52,855	52,872	52,774
Net debt	22,910	24,313	38,008	39,430	40,306	37,908
Summary cash flow statement						
EBITDA	8,172	2,525	3,850	6,648	8,097	9,959
Cash interest paid	-2,118	-2,706	-3,244	-3,177	-3,172	-3,169
Cash tax	-1,621	-866	-634	-332	-810	-996
Dividends received less dividends paid to minorities (inflow/outflow)	6	11	17	—	—	—
Other items before FFO	-1,350	-2,429	-2,353	—	—	—
FFO	3,089	-1,606	-756	4,295	5,126	6,740
FFO margin (%)	3.3	-2.4	-1.0	5.5	6.1	7.8
Change in working capital	4,925	3,807	-37	-825	-1,374	-1,304
CFO (Fitch-defined)	8,015	2,201	-793	3,470	3,752	5,436
Total non-operating/nonrecurring cash flow	—	—	—	—	—	—
Capex	-4,154	-3,731	-1,883	—	—	—
Capital intensity (capex/revenue) (%)	4.5	5.5	2.5	—	—	—
Common dividends	-1,350	-7	-6	—	—	—
FCF	2,511	-1,537	-2,682	—	—	—
FCF margin (%)	2.7	-2.3	-3.6	—	—	—
Net acquisitions and divestitures	2	72	55	—	—	—
Other investing and financing cash flow items	-1,698	-5,114	2,898	—	—	—
Net debt proceeds	2,563	8,994	425	-205	17	-98
Net equity proceeds	—	—	—	—	—	—
Total change in cash	3,375	2,343	641	-1,627	-859	2,299
Calculations for forecast publication						
Capex, dividends, acquisitions and other items before FCF	-5,502	-3,666	-1,834	-3,105	-3,190	-2,320
FCF after acquisitions and divestitures	2,513	-1,465	-2,627	365	562	3,116
FCF margin after net acquisitions (%)	2.7	-2.1	-3.5	0.5	0.7	3.6
Gross Leverage ratios (x)						
EBITDA leverage	4.3	16.5	13.7	8.0	6.5	5.3
(CFO-capex)/debt	10.9	-3.7	-5.0	0.5	1.1	5.9
Net Leverage ratios (x)						
EBITDA net leverage	2.8	9.6	9.8	5.9	5.0	3.8
(CFO-capex)/net debt	16.9	-6.3	-7.0	0.7	1.4	8.2
Coverage ratios (x)						
EBITDA interest coverage	3.9	0.9	1.2	2.1	2.6	3.1

CFO – Cash flow from operations
Source: Fitch Ratings, Fitch Solutions

How to Interpret the Forecast Presented

The forecast presented above is based on Fitch Ratings' internally produced, conservative rating case forecast. It does not represent the forecast of the rated issuer. The forecast set out above is only one component used by Fitch Ratings to assign a rating or determine a rating outlook, and the information in the forecast reflects material but not exhaustive elements of Fitch Ratings' rating assumptions for the issuer's financial performance. As such, it cannot be used to establish a rating, and it should not be relied on for that purpose. Fitch Ratings' forecasts are constructed using a proprietary internal forecasting tool, which employs Fitch Ratings' own assumptions on operating and financial performance that may not reflect the assumptions that you would make. Fitch Ratings' own definitions of financial terms such as EBITDA, debt or free cash flow may differ from your own such definitions. Fitch Ratings may be granted access, from time to time, to confidential information on certain elements of the issuer's forward planning. Certain elements of such information may be omitted from this forecast, even where they are included in Fitch Ratings' own internal deliberations, where Fitch Ratings, at its sole discretion, considers the data may be potentially sensitive in a commercial, legal or regulatory context. The forecast (as with the entirety of this report) is produced strictly subject to the disclaimers set out at the end of this report. Fitch Ratings may update the forecast in future reports but assumes no responsibility to do so. Original financial statement data for historical periods is processed by Fitch Solutions on behalf of Fitch Ratings. Key financial adjustments and all financial forecasts credited to Fitch Ratings are generated by rating agency staff.

Ratings Navigator



Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	▭ Stable

FitchRatings

Braskem S.A.

Corporates Ratings Navigator
Chemicals

Operating Environment

bbb-	Economic Environment	bbb	Average combination of countries where economic value is created and where assets are located.
bb+	Financial Access	a	Strong combination of issuer specific funding characteristics and of the strength of the relevant local financial market.
	Systemic Governance	b	Systemic governance (eg rule of law, corruption; government effectiveness) of the issuer's country of incorporation consistent with 'b'.
b-			
ccc+			

Management and Corporate Governance

bbb-	Management Strategy	bbb	Strategy may include opportunistic elements but soundly implemented.
bb+	Governance Structure	bb	Board effectiveness questionable with few independent directors. "Key person" risk from dominant CEO or shareholder.
bb	Group Structure	bb	Complex group structure or non transparent ownership structure. Related-party transactions exist but with reasonable economic rationale.
bb-	Financial Transparency	bbb	Good quality reporting without significant failing. Consistent with the average of listed companies in major exchanges.
b+			

Revenue/Value Sources

bbb-	Portfolio Characteristics (Specialty Chemicals)	bb	Portfolio with a high content of specialty chemicals with moderate differentiation. Potential temporary structural weaknesses.
bb+	Portfolio Characteristics (Commodity Chemicals)	bb	Commodity chemicals with average growth prospects and characterized by overcapacity, volatile raw material prices, price-driven competition.
bb	Sustainability Risks		
bb-			
b+			

Market Position

a-	Market Position	bbb	Top-five market position in core activities.
bbb+	EBITDA ($)	a	$1.4 billion
bbb	Pricing Power/ Barriers to Entry		
bbb-			
bb+			

Diversification

a-	Portfolio Diversification	bbb	Medium-sized diversified producer or large non-diversified producer in highly concentrated subsector
bbb+	End-Market Diversification	bb	Modest end-market diversification, some customer concentration, mid to high product cyclicality, leader in stable niche applications.
bbb	Number of Sites	bbb	Three or more large scale integrated production complexes.
bbb-	Regional Footprint	bbb	Significant presence in two or more regions.
bb+			

Cost Position

bbb	Raw Material & Energy Costs	bb	Mid-to-high sensitivity to raw material price volatility or average to high raw material and energy costs.
bbb-	Degree of Integration	bbb	Average degree of vertical or horizontal integration with strong-to-moderate cost efficiencies or light asset bases with low operating gearing.
bb+	Production Flexibility	bbb	Moderate raw material diversification, limited feedstock flexibility or average production process flexibility
bb	Regulatory Exposure	bb	Significant exposure to environmental regulations and/or penalties. Remediation costs and/or likely penalties are within current cashflows, but may weigh more over time.
bb-			

Profitability

bbb-	EBITDA Margin	bb	8%
bb+	FCF Margin	bbb	1.5%
bb			
bb-			
b+			

Financial Structure

bb-	EBITDA Leverage	b	4.5x
b+	EBITDA Net Leverage	b	4.0x
b	(CFO-Capex)/Debt	b	2.5%
b-			
ccc+			

Financial Flexibility

bbb+	Financial Discipline	a	Clear commitment to maintain a conservative policy with only modest deviations allowed.
bbb	Liquidity	a	No need for external funding beyond committed facilities in the next 12 months even under a severe stress scenario. Well-spread maturities. Diversified funding.
bbb-	EBITDA Interest Coverage	b	3.0x
bb+	FX Exposure	bbb	Some FX exposure on profitability and/or debt/cash flow match. Effective hedging in place.
bb			

Credit-Relevant ESG Derivation

Braskem S.A. has 2 ESG rating drivers and 11 ESG potential rating drivers

- Waste handling; permitting
- Relationship with local communities
- Emissions from production process
- Energy use in operations, and used as feedstock
- Water usage in processing
- Exposure of facilities and inventory to environmental hazards

Showing top 6 issues

Overall ESG

key driver	0	issues	5
driver	2	issues	4
potential driver	11	issues	3
not a rating driver	0	issues	2
	1	issues	1

For further details on Credit-Relevant ESG scoring, see page 3.

How to Read This Page: The left column shows the three-notch band assessment for the overall Factor, illustrated by a bar. The right column breaks down the Factor into Sub-Factors, with a description appropriate for each Sub-Factor and its corresponding category.

FitchRatings

Braskem S.A.

Corporates Ratings Navigator
Chemicals

Credit-Relevant ESG Derivation

Braskem S.A. has 2 ESG rating drivers and 11 ESG potential rating drivers

- Braskem S.A. has exposure to waste & impact management risk which, in combination with other factors, impacts the rating.
- Braskem S.A. has exposure to land rights/conflicts risk which, in combination with other factors, impacts the rating.
- Braskem S.A. has exposure to emissions regulatory risk but this has very low impact on the rating.
- Braskem S.A. has exposure to energy productivity risk but this has very low impact on the rating.
- Braskem S.A. has exposure to water management risk but this has very low impact on the rating.
- Braskem S.A. has exposure to extreme weather events but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	2	issues	4
potential driver	11	issues	3
not a rating driver	0	issues	2
	1	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Emissions from production process	Cost Position; Profitability	5
Energy Management	3	Energy use in operations, and used as feedstock	Cost Position; Profitability	4
Water & Wastewater Management	3	Water usage in processing	Cost Position; Profitability	3
Waste & Hazardous Materials Management; Ecological Impacts	4	Waste handling; permitting	Cost Position; Profitability	2
Exposure to Environmental Impacts	3	Exposure of facilities and inventory to environmental hazards	Cost Position; Profitability	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	4	Relationship with local communities	Management and Corporate Governance; Cost Position; Profitability	5
Customer Welfare - Fair Messaging, Privacy & Data Security	1	Products' users safety and side effects	Cost Position; Profitability	4
Labor Relations & Practices	3	Impact of labor negotiations and employee (dis)satisfaction	Management and Corporate Governance	3
Employee Wellbeing	3	Workplace safety and accident prevention	Management and Corporate Governance	2
Exposure to Social Impacts	3	Social resistance to major projects (for example: GMOs); shift in consumer preferences towards chemical-free products	Management and Corporate Governance	1

Governance (G) Relevance Scores

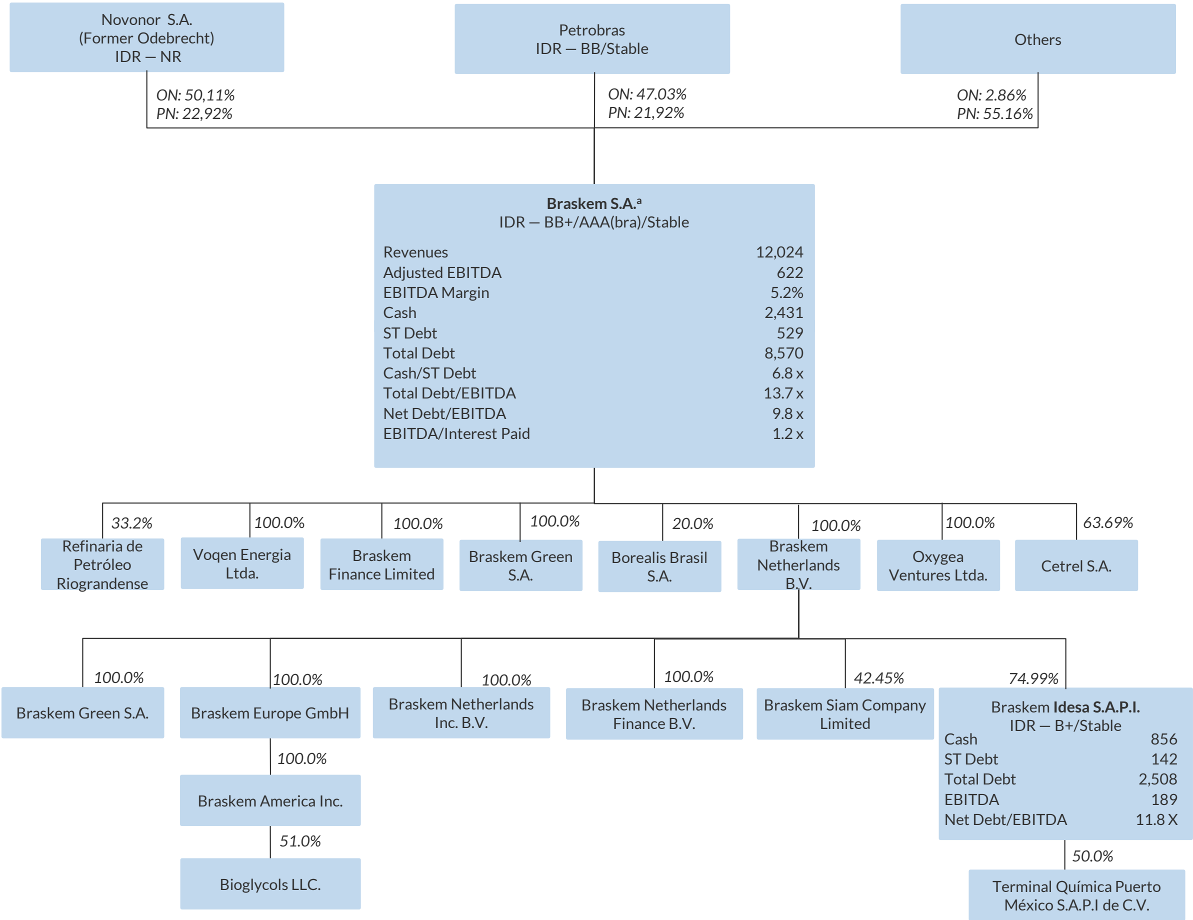
General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Strategy development and implementation	Management and Corporate Governance	5
Governance Structure	3	Board independence and effectiveness; ownership concentration	Management and Corporate Governance	4
Group Structure	3	Complexity, transparency and related-party transactions	Management and Corporate Governance	3
Financial Transparency	3	Quality and timing of financial disclosure	Management and Corporate Governance	2
				1

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Simplified Group Structure Diagram

Organizational Structure — Braskem S.A.
(USD Mil., as of Dec. 31, 2024)



[a] Ex-Braskem Idesa.
ON – Ordinary Shares. PN – Preferential Shares. IDR – Issuer Default Rating. NR – Not rated. ST – Short-term.
Source: Fitch Ratings, Fitch Solutions, Braskem

Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	EBITDA (USD Mil.)	EBITDA margin (%)	Cash flow from operations (USD Mil.)	FCF (USD Mil.)	EBITDA net leverage (x)
Braskem S.A.	BB						
		2027F	1,646	10.9	846	439	4.2
		2026F	1,356	9.3	598	38	5.3
		2025F	1,138	8.4	591	30	6.1
Alpek, S.A.B. de C.V.	BBB-						
		2027F	817	9.5	542	169	1.4
		2026F	783	9.7	530	68	1.7
		2025F	638	8.2	363	1	2.2
Orbia Advance Corporation, S.A.B. de C.V.	BBB						
		2027F	1,271	16.8	811	151	2.3
		2026F	1,221	16.5	767	157	2.5
		2025F	1,084	15.4	815	415	3.0
Cydsa, S.A.B. de C.V.	BB+						
		2027F	263	30.2	155	104	1.3
		2026F	253	30.4	137	79	1.7
		2025F	218	29.7	118	60	2.3
Westlake Corporation	BBB						
		2027F	2,865	19.7	2,249	757	0.9
		2026F	2,702	19.1	2,058	455	0.9
		2025F	2,440	18.1	1,777	128	0.9
Braskem Idesa SAPI	B+						
		2027F	317	28.1	193	163	3.8
		2026F	336	30.5	200	170	4.1
		2025F	276	28.5	142	74	5.6

F – Forecast
Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(BRL Mil., as of December 31, 2024)	Notes and formulas	Standardized values	Cash adjustment	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		77,411	—	—	—	77,411
EBITDA	(a)	3,871	—	-1,375	1,934	4,430
Depreciation and amortization		-4,950	—	1,111	—	-3,839
EBIT		-1,079	—	-264	1,934	591
Balance sheet summary						
Debt	(b)	67,603	—	—	141	67,744
Of which other off-balance-sheet debt		—	—	—	—	—
Lease-equivalent debt		—	—	—	—	—
Lease-adjusted debt		67,603	—	—	141	67,744
Readily available cash and equivalents	(c)	14,986	1,786	—	—	16,772
Not readily available cash and equivalents		—	—	—	—	—
Cash flow summary						
EBITDA	(a)	3,871	—	-1,375	1,934	4,430
Dividends received from associates less dividends paid to minorities	(d)	17	—	—	—	17
Interest paid	(e)	-4,261	—	—	—	-4,261
Interest received	(f)	1,256	—	—	—	1,256
Preferred dividends paid	(g)	—	—	—	—	—
Cash tax paid		-635	—	—	—	-635
Other items before FFO		2,001	—	264	-3,207	-942
FFO	(h)	2,249	—	-1,111	-1,273	-135
Change in working capital		203	—	—	—	203
CFO	(i)	2,452	—	-1,111	-1,273	68
Non-operating/nonrecurring cash flow		—	—	—	-2,052	-2,052
Capex	(j)	-3,761	—	—	—	-3,761
Common dividends paid		-6	—	—	—	-6
FCF		-1,315	—	-1,111	-3,325	-5,751
Gross leverage (x)						
EBITDA leverage	b/(a+d)	17.4	—	—	—	15.2
(CFO-capex)/debt (%)	(i+j)/b	-1.9	—	—	—	-5.5
Net leverage (x)						
EBITDA net leverage	(b-c)/(a+d)	13.5	—	—	—	11.5
(CFO-capex)/net debt (%)	(i+j)/(b-c)	-2.5	—	—	—	-7.3
Coverage (x)						
EBITDA interest coverage	(a+d)/(-e)	0.9	—	—	—	1.0

CFO – Cash flow from operations.
Notes: The standardized items presented above are based on Fitch's taxonomy for the given sector and region.
Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.
Debt includes other off-balance-sheet debt.
Debt in the standardized values column excludes lease liabilities of BRL4,306 million.
Source: Fitch Ratings, Fitch Solutions, Braskem

Recovery Analysis

The recovery analysis for Braskem Netherlands Finance B.V.'s subordinated notes assumes that Braskem would be a going concern (GC) in bankruptcy and that it would be reorganized rather than liquidated.

GC Approach

- A 10% administrative claim;
- The GC EBITDA is estimated at USD2 billion. The GC EBITDA estimate reflects Fitch's view of a sustainable, post-reorganization EBITDA level upon which Fitch bases the valuation of Braskem;
- Enterprise value multiple of 5.0x.

With these assumptions, Fitch's waterfall-generated recovery computation (WGRC) for the subordinated notes falls within a Recovery Rating (RR) of 'RR1'. However, according to Fitch's Country-Specific Treatment of Recovery Ratings Criteria, the Recovery Rating for corporate issuers in Brazil is capped at 'RR4'.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.