

RATING ACTION COMMENTARY

Fitch Downgrades Braskem's IDR to 'C'

Fri 26 Jun, 2026 - 4:54 PM ET

Fitch Ratings - São Paulo - 26 Jun 2026: Fitch Ratings has downgraded Braskem S.A.'s (Braskem) Issuer Default Ratings (IDRs) to 'C' from 'CC'. Fitch has also downgraded Braskem America Finance Company's senior unsecured rating to 'C' with a Recovery Rating of 'RR4' from 'CC'/'RR4' and Braskem Netherlands Finance B.V.'s senior unsecured rating to 'C'/'RR4' from 'CC'/'RR4'. Fitch affirmed the subordinated rating at 'C'/'RR6'. Fitch has downgraded Braskem's National Scale rating to 'C(bra)' from 'CC(bra)'.

On June 25, 2026, Braskem filed for precautionary injunctive relief before the Second Bankruptcy and Judicial Reorganization Court of the Judicial District of São Paulo. In Fitch's view, this indicates that a default-like process has begun. On the date of this publication, the court granted the requests. The requests are limited to financial obligations and do not include any obligations of the company and its subsidiaries to its suppliers, customers, or other counterparties.

The ratings will be downgraded to 'RD' to reflect a restricted default when Braskem misses any financial obligation or formally announces a restructuring plan, or to 'D' when the company files for bankruptcy protection.

KEY RATING DRIVERS

Injunction Petition: The injunction petition allows Braskem to suspend debt payments requested by creditors that have been invited to participate in the mediation proceeding initiated by the company and certain of its subsidiaries, which Fitch views as a default-like process. The measures apply only to the company's financial creditors and were filed to preserve stability while Braskem continues negotiations with those creditors. The goal is to reach a consensual, structural, and orderly solution for the company's capital structure that aligns with its liquidity position and conditions in the global petrochemical industry.

CORPORATE RATING TOOL INPUTS AND SCORES

Fitch scored the issuer as follows, using our Corporate Rating Tool (CRT) to produce the Standalone Credit Profile (SCP):

Business and financial profile factors (assessment, relative importance): management ('b+', Moderate), sector characteristics ('b+', Moderate), market and competitive positioning ('bb', Moderate), diversification and asset quality ('bbb', Lower), company operational characteristics ('b+', Moderate), profitability ('ccc-', Moderate), financial structure ('ccc-', Higher), and financial flexibility ('ccc-', Higher).

The quantitative financial subfactors are based on standard CRT financial period parameters: 20% weight for the latest historical year 2025, 40% for the forecast year 2026 and 40% for the forecast year 2027.

'B+' to 'CC' considerations apply in our analysis and results in an adjustment of -2 notches.

The governance assessment of 'some deficiencies' has no impact.

The operating environment assessment of 'bbb-' has no impact.

The other risk elements adjustment applies and results in an adjustment of -1 notch.

The SCP is 'c'.

To derive the Long-Term IDR:

Fitch made no adjustments to the SCP, resulting in Local and Foreign currency IDRs of 'C'.

RECOVERY ANALYSIS

The recovery analysis for Braskem America Finance's senior unsecured notes and Braskem Netherlands Finance B.V.'s senior unsecured and 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 USD1 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 (EV) multiple of 5.0x.

With these assumptions, Fitch's waterfall generated recovery computation (WGRC) for the senior unsecured and subordinated notes is in the 'RR4' and the 'RR6' band, respectively.

RATING SENSITIVITIES

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

-- A missed payment of any financial obligations during the preliminary injunction period;

-- The formal announcement of a distressed debt exchange or bankruptcy protection process.

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

-- A positive rating action is unlikely in the short term. Fitch will reassess the IDRs if and when a debt restructuring occurs; the IDRs would reflect the new capital structure and credit profile.

LIQUIDITY AND DEBT STRUCTURE

Braskem reported a cash balance of USD1 billion (excluding Braskem Idesa) as of March 2026. Given Fitch's projected negative FCF, this position could decline materially over the coming quarters, further weakening liquidity. It may also complicate negotiations with creditors over a debt restructuring.

ISSUER PROFILE

Braskem S.A. produces and sells chemicals, petrochemicals, fuels, steam, water, compressed air and industrial gases. The company's plants in Brazil, the U.S., Germany and Mexico produce thermoplastic resins such as polyethylene, polypropylene and polyvinyl chloride.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

CLIMATE VULNERABILITY SIGNALS

The results of our Climate VS screener did not indicate an elevated risk for Braskem S.A.

ESG CONSIDERATIONS

Braskem S.A. 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 for relocating over 14,000 families from neighboring areas, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Braskem S.A. has an ESG Relevance Score of '4' for Waste & Hazardous Materials Management; Ecological Impacts due to the operations' disruption and large cash outflows triggered by the geological event in Alagoas, which 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>.

RATING ACTIONS

ENTITY / DEBT ↕	RATING TYPE ↕	RATING ↕	RATING ACTION ↕	RECOVERY ↕	PRIOR ↕
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Braskem
Netherlands
Finance B.V.

senior unsecured	LT	C	Downgrade	RR4	CC
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subordinated	LT	C	Affirmed	RR6	C
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Braskem America
Finance Company

senior unsecured	LT	C	Downgrade	RR4	CC
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Braskem S.A.	LT IDR	C	Downgrade		CC
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	LC LT IDR	C	Downgrade		CC
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	Natl LT	C(bra)	Downgrade		CC(bra)
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senior unsecured	Natl LT	C(bra)	Downgrade	RR4	CC(bra)
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[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Corporates Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)
(including rating assumption sensitivity)

[Corporate Rating Criteria \(pub. 09 Jan 2026\)](#) (including rating assumption sensitivity)

[Sector Navigators – Addendum to the Corporate Rating Criteria \(pub. 09 Jan 2026\)](#)

[Metodologia de Ratings Corporativos \(pub. 09 Jan 2026\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Braskem America Finance Company	EU Endorsed, UK Endorsed
Braskem Netherlands Finance B.V.	EU Endorsed, UK Endorsed
Braskem S.A.	EU Endorsed, UK Endorsed

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