

Research Update:

Braskem S.A. Downgraded To 'CCC-' On Risk Of Debt Restructuring After Hiring Advisors; Outlook Negative

September 26, 2025

Rating Action Overview

- [Braskem S.A.](#) announced today that it has hired financial and legal advisors to evaluate financial alternatives to optimize its capital structure.
- Considering the challenging industry conditions and company's high leverage, there is a heightened probability of a debt restructuring within the next six months.
- On Sept. 26, 2025, S&P Global Ratings lowered its global scale issuer credit rating on Braskem to 'CCC-' from 'B+'. We also lowered our issue-level ratings on the company's senior unsecured notes to 'CCC-' from 'B+', and on its subordinated notes to 'C' from 'CCC+'.
- The negative outlook reflects the potential for a downgrade within the next six months should the company announce a debt restructuring process that we consider to be equivalent to a default.

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Rating Action Rationale

The engagement of financial and legal advisors, in our view, indicates an increased probability of a debt restructuring. Braskem S.A. has retained advisors to evaluate financial options to improve its capital structure. Considering the ongoing challenging industry conditions, the company's sustained high leverage, and a weakening liquidity position, we assess there is a heightened likelihood that Braskem may initiate negotiations for a debt restructuring in the short term.

Braskem's liquidity could rapidly decline depending on its cash burn rate and company's ability to renew its revolving credit line due in December 2026. As of June 2025, Braskem had a cash position of R\$9.3 billion and the revolving credit facility equivalent to about R\$5.5 billion available until December 2026. However, under current conditions, we think it may be difficult for the company to renew the revolving credit facility with similar terms.

Outlook

The negative outlook reflects the potential for a downgrade within the next six months if Braskem announces a debt restructuring process that we consider to be equivalent to a default.

Downside scenario

We could lower the ratings on Braskem if it announces a debt restructuring that we consider as equivalent to a default or if the company misses any principal or interest payments.

Upside scenario

A positive rating action would depend on our assessment of whether the risk of a debt restructuring has considerably declined. This could occur if the company manages to improve its liquidity, extending its revolving credit line, and/or if the REIQ and PRESIQ tax relief for the Brazilian chemical industry is approved, supporting expectations of stronger cash flows.

Company Description

Braskem is the largest thermoplastic resins producer in the Americas, with leading positions in polyethylene, polypropylene, and polyvinyl chloride. The company has 40 facilities across Brazil, the U.S., Germany, and Mexico, and supplies clients in more than 70 countries. Plastic product manufacturers use Braskem's products as inputs for almost all segments of the economy, such as food packaging, consumer goods, personal care, household cleaning, construction, agribusiness, electronics, and infrastructure. Braskem is controlled by Novonor (50.1%) and Petrobras (47.0%) through a shareholders' agreement.

Issue Ratings--Recovery Analysis

Key analytical factors

We lowered the rating on the senior unsecured notes, either issued or guaranteed by Braskem, to 'CCC-', and the rating on the company's subordinated notes to 'C', reflecting the lower relative seniority of the latter.

We derive our distressed enterprise value for Braskem by applying a 5.5x multiple to our estimated emergence EBITDA of about R\$4.3 billion.

Simulated default assumptions

- Simulated year of default: 2026
- Jurisdiction: Brazil
- Emergence EBITDA: R\$4.3 billion
- EBITDA multiple: 5.5x

Simplified waterfall

- Net enterprise value (after 5% administrative expenses): R\$22.4 billion
- Senior unsecured debt: R\$46.6 billion (senior notes, debentures and bank loans)
- Recovery expectations for senior unsecured notes: 45%

Note: All debt amounts include six months of prepetition interest.

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Feb. 10, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings](#), Oct. 1, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Ratings List

| | | |
|----------------------------------------|------------------|----------------|
| Ratings list | | |
| Downgraded | | |
| | To | From |
| Braskem S.A. | | |
| Issuer Credit Rating | CCC-/Negative/-- | B+/Negative/-- |
| Braskem Netherlands Finance | | |
| Subordinated | C | CCC+ |
| Downgraded; Recovery Ratings Unchanged | | |
| | To | From |
| Braskem Netherlands Finance | | |
| Braskem America Finance Co. | | |
| Senior Unsecured | CCC- | B+ |
| Recovery Rating | 4(45%) | 4(45%) |
| Recovery Ratings Unchanged | | |
| Braskem S.A. | | |
| Senior Unsecured | | |
| Recovery Rating | 4(45%) | |

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