

Braskem



EARNINGS CONFERENCE CALL 2Q17

INVESTOR RELATIONS
SÃO PAULO, AUGUST 16TH, 2017

This presentation includes forward-looking statements. These forward-looking statements are not solely historical data, but rather reflect the targets and expectations of Braskem's management. The terms "anticipate," "believe," "expect," "foresee," "intend," "plan," "estimate," "project," "aim" and similar terms are used to indicate forward-looking statements. Although we believe these forward-looking statements are based on reasonable assumptions, they are subject to various risks and uncertainties and are prepared using the information currently available to Braskem.

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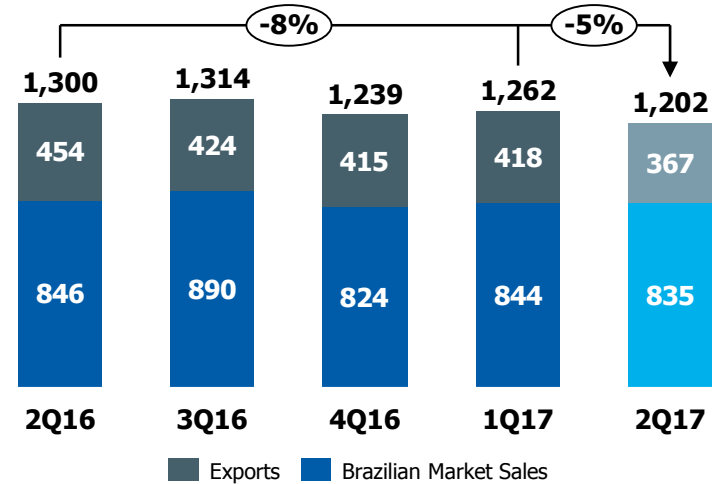
Brazil

- Crackers operated at an average capacity utilization rate of 93%, down 2 p.p. from 1Q17 and 1 p.p. from 2Q16, reflecting the:
 - good operating performance of all crackers
 - performance of the Rio de Janeiro cracker, which operated at a **record-high** utilization rate
 - scheduled shutdown of the São Paulo cracker, which lasted approximately 12 days
- Brazilian demand for resins (PE, PP and PVC) came to 1.3 million tons in the 2Q17, growing 2% and 4% from 1Q17 and 2Q16, respectively;
- Sales in the Brazilian market: 835 thousand tons, a decrease of 1% from both the 1Q17 and the 2Q16
- Exports:
 - Resin exports amounted to 367 kton, decreasing 12% and 19% in relation to 1Q17 and 2Q16 due to the prioritization of the Brazilian market;
 - Exports of basic petrochemicals came to 180 kton advancing 6% from 2Q16
- EBITDA of R\$2,402 million (US\$747 million), including the results from exports, accounting for 74% of the Company's consolidated EBITDA from all segments.

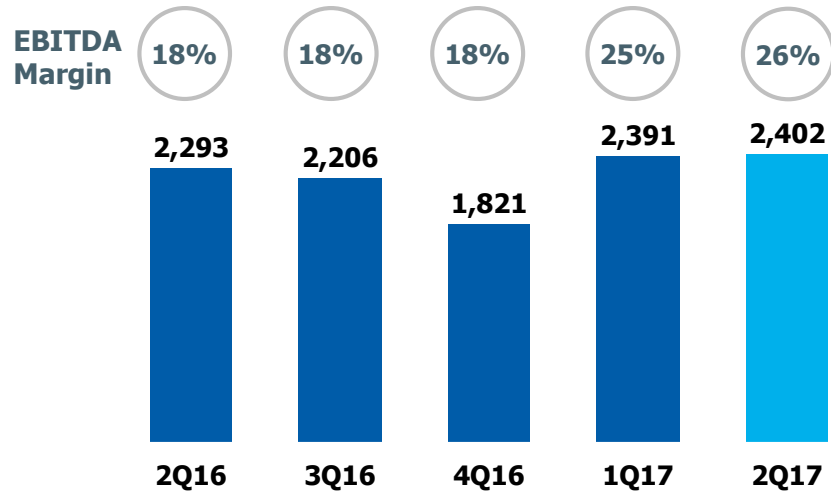
Brazilian Market of Resins (kton)



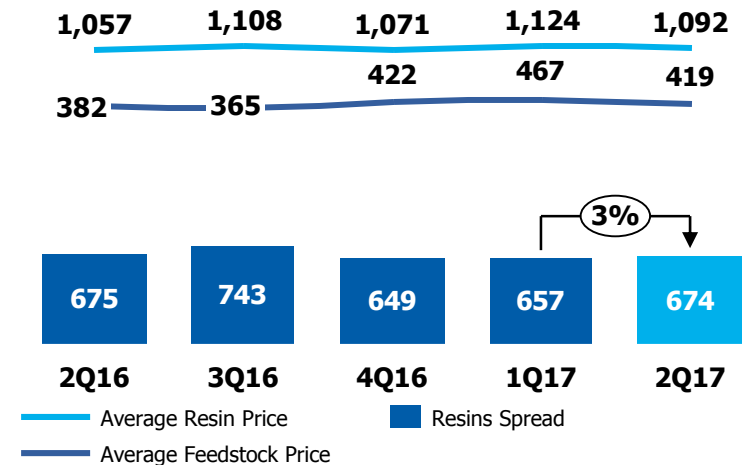
Total Sales – (kton)



EBITDA (R\$ million)



Resins Spread (US\$/t)*



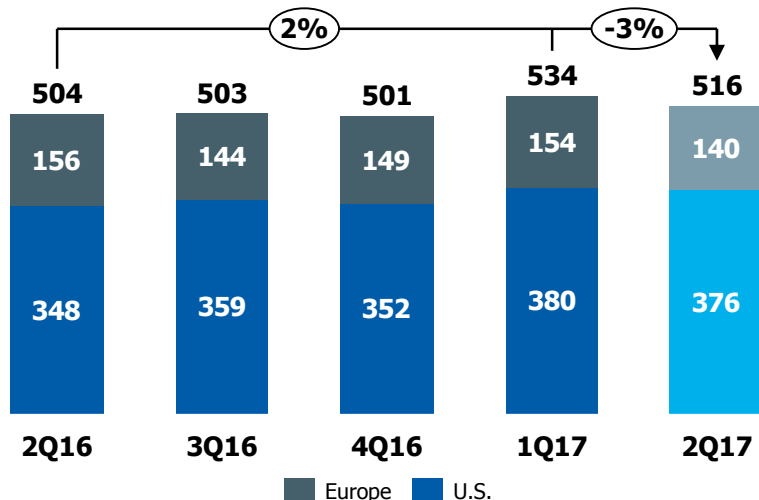
United States and Europe

- From the 2Q17 onwards the annual capacity of Braskem units on Europe was adjusted to 625 thousand tons, an increase of 80 thousand tons;
- Capacity utilization rate of PP plants: 95%, 6 p.p. and 8 p.p. down from the 1Q17 and 2Q16, respectively, reflecting the unscheduled shutdown at the Schkopau plant in Germany, which lasted 15 days, and the revision of Braskem Europe's capacity;
- Sales: 516 kton, decreasing 3% from 1Q17 and increasing 6%, from the 2Q16;
- EBITDA: US\$120 million (R\$385 million), 12% of the Company's consolidated EBITDA from all segments

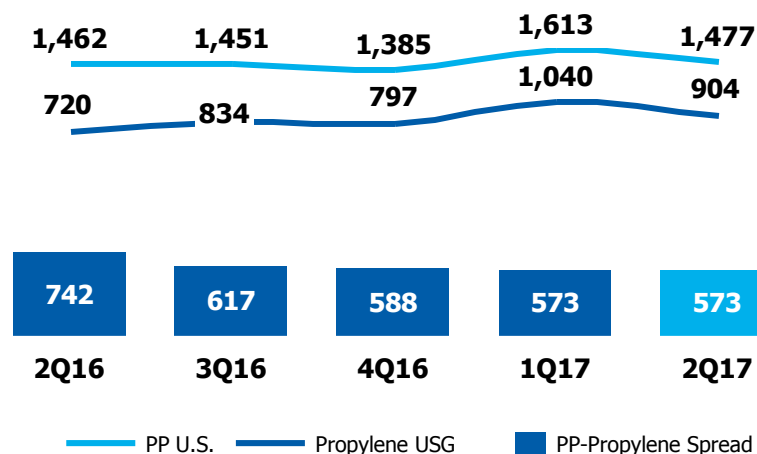
Mexico

- PE plants operated at an average capacity utilization rate of 83%, 14 p.p. lower than in 1Q17; due to operational adjustments and punctual adjustments in the Ethane Supply;
- PE Production amounted to 217 thousand tons, 13% lower than in the 1Q17;
- PE sales: 239 kton, 50% sold in the Mexican market;
- EBITDA: US\$142 million (R\$456 million), representing 14% of the Company's consolidated segments.

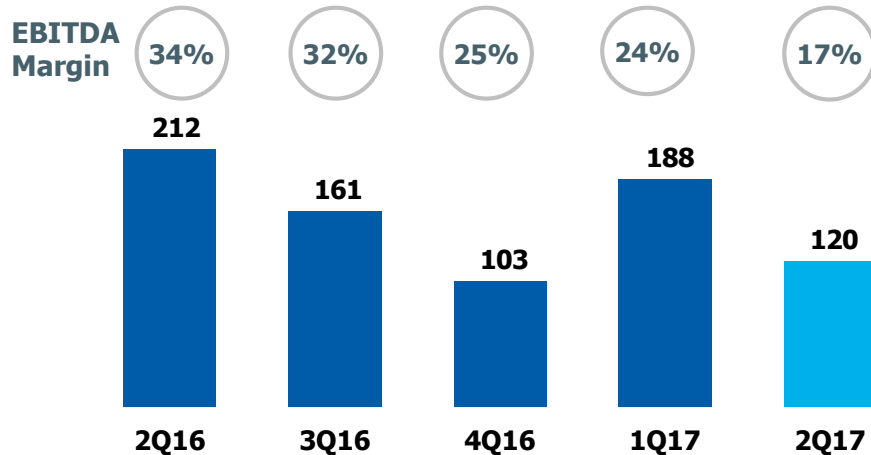
United States and Europe PP Sales (kton):



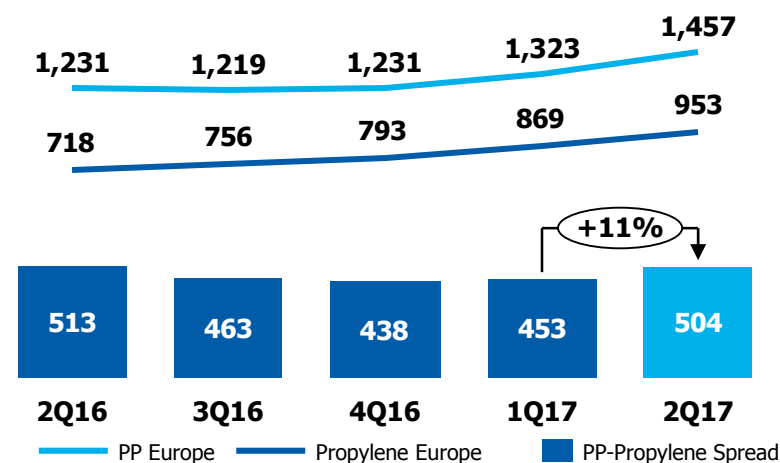
Spread PP U.S. (US\$/t)*



EBITDA (US\$ million)

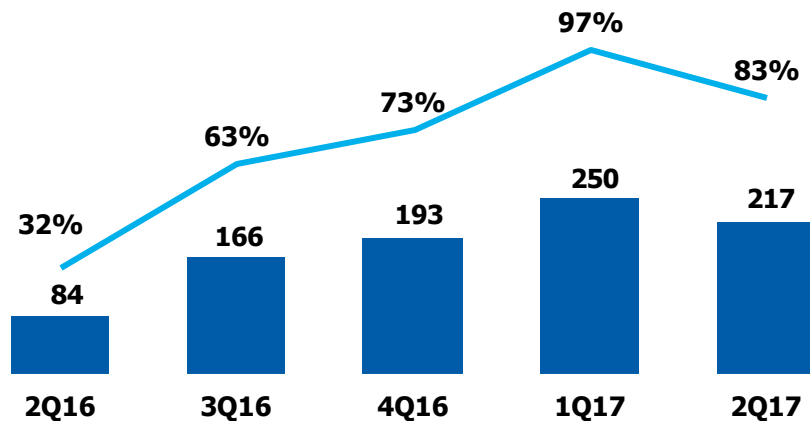


Spread PP Europe (US\$/t)*

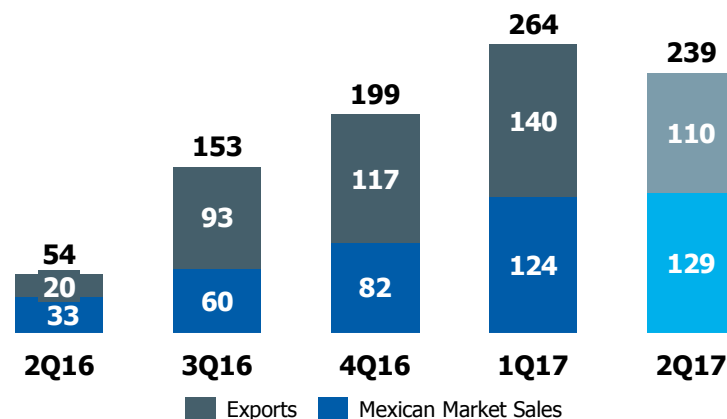


(*) Source IHS

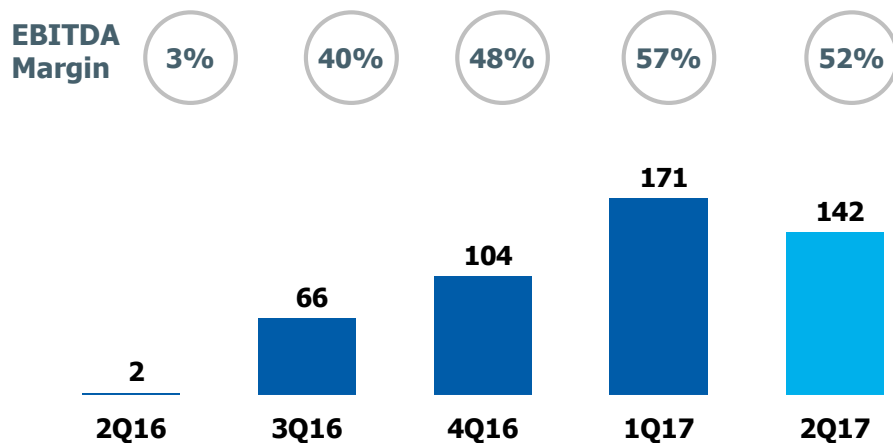
Production (kton) and Utilization Rate (%)



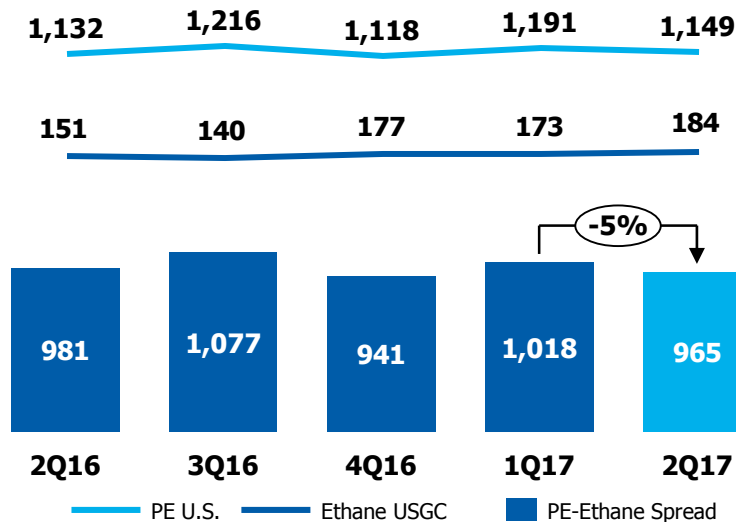
Mexico PE Sales (kton)



EBITDA (US\$ million)



Spread PE Mexico (US\$/t)*



(* Source IHS)

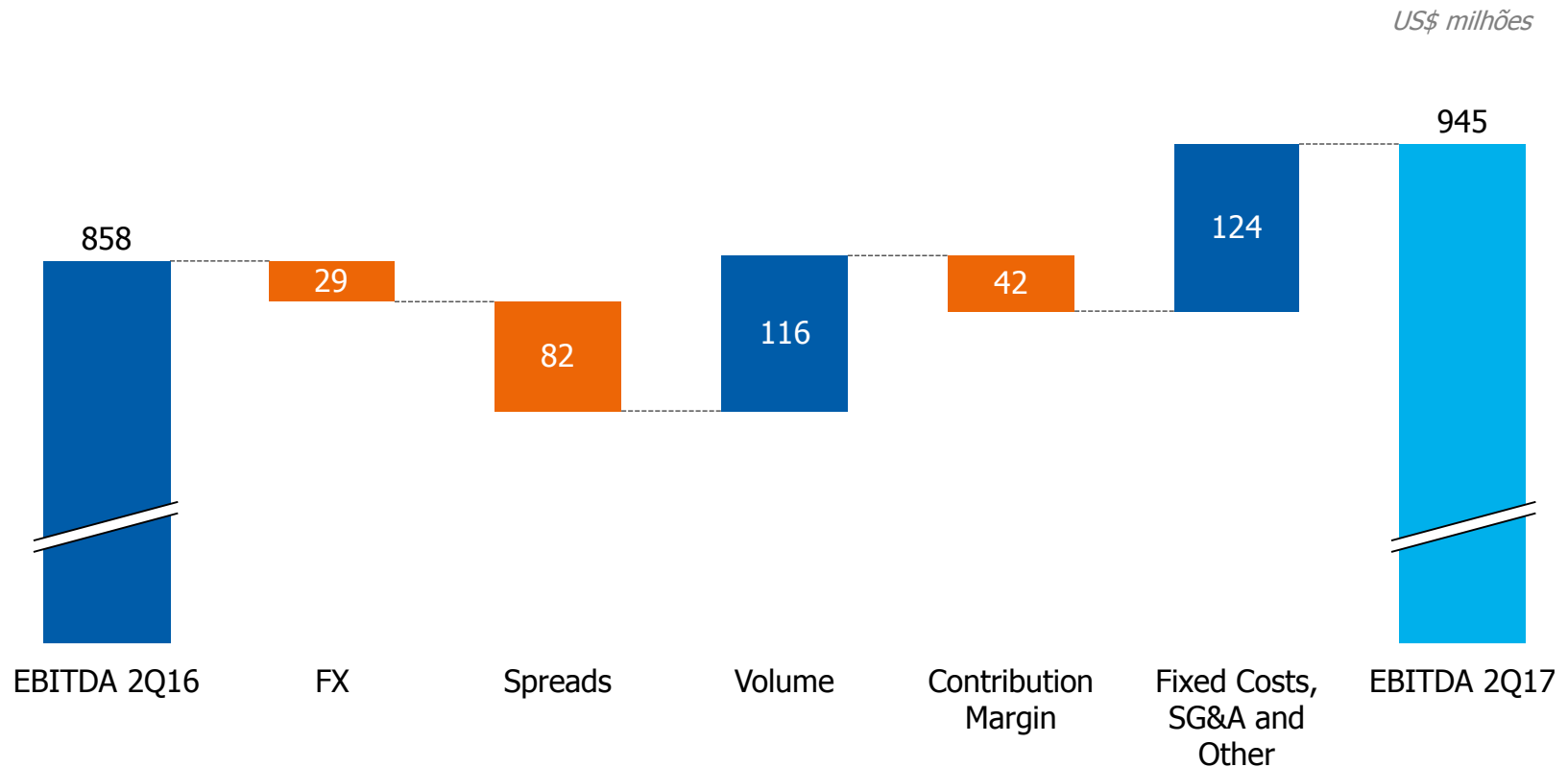
Consolidated

- EBITDA: US\$ 945 milhões (R\$3,029 million), advancing 10% on 2Q16, driven by:
 - The contribution from the Mexico complex, which in the same quarter last year was still in ramp-up phase
 - The capital gain of US\$88 million from the consummation of the quantiQ divestment, in April
- Net income of R\$1,142 million in the Consolidated and net income of R\$1,090 million in the Parent Company
 - In the year to date, consolidated net income amounted to R\$3,056 million, while net income attributable to shareholders came to R\$2,897 million, corresponding to earnings of R\$3.63 per common share and class "A" preferred share
- Financial leverage measured by the ratio of net debt to EBITDA in U.S. dollar ended the second quarter of 2017 at 1.63. Considering the Global Settlement in the adjusted leverage ratio in U.S. dollar ended 2Q17 at 1.85.
- In compliance with the Global Settlement, the Company paid a financial penalty equivalent to R\$607 million accumulated. In 2Q17 the Company paid (i) US\$65 million was to the U.S. Securities and Exchange Commission ("SEC") in April and (ii) CFH 30 million to the Swiss Office of the Attorney General in June
- The recordable and lost-time injury frequency rate per million hours worked, considering both Team Members and Contractors, was 1.07 in the quarter

EBITDA 2Q17 vs 2Q16

Braskem's consolidated EBITDA of US\$945 million, advancing 10% from the same period last year:

- Higher sales volumes of PP in the United States and PE in Mexico;
- The capital gain of US\$88 million from the consummation of the quantiQ divestment

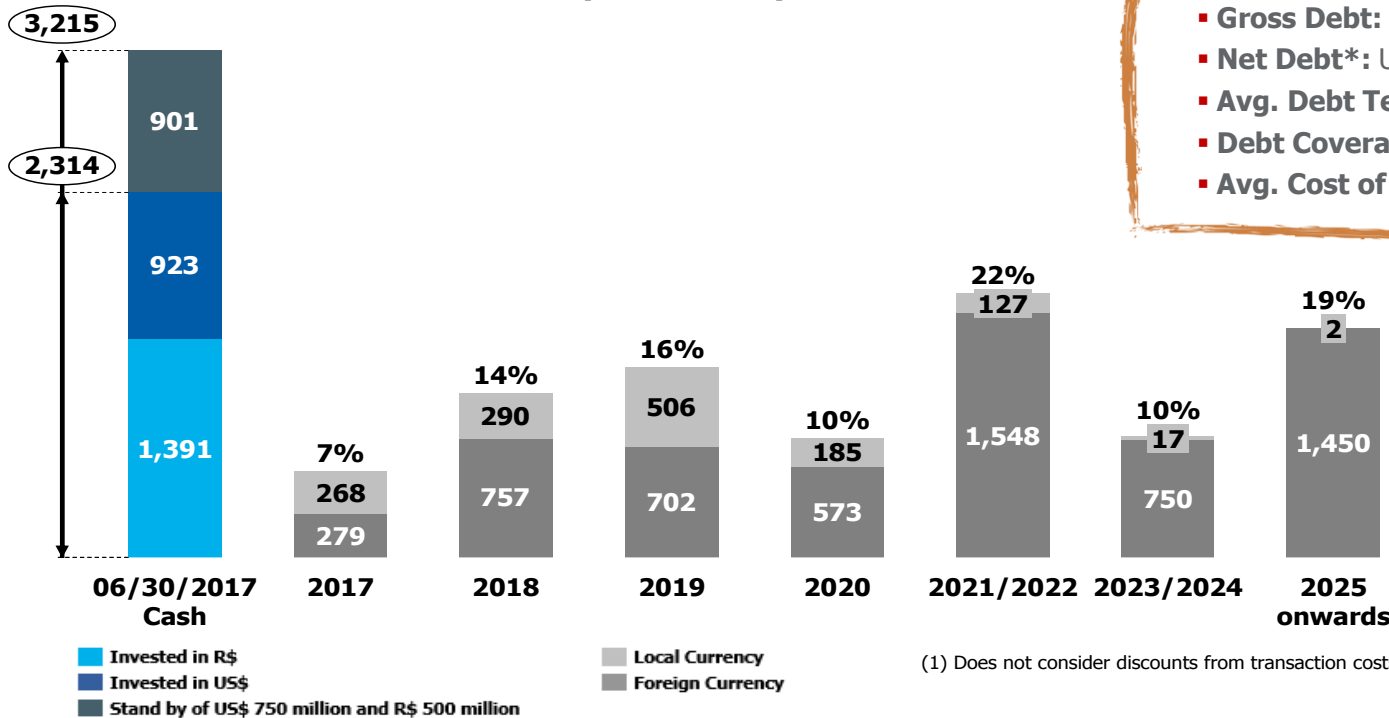


Avg. FX 2Q16: 3.51 R\$/US\$

Avg. FX 2Q17: 3.21 R\$/US\$

AMORTIZATION SCHEDULE AND LEVERAGE

Debt Profile (US\$ million) 06/30/2017¹



(06/30/2017 – US\$ million)

- **Gross Debt:** US\$ 7,486
- **Net Debt*:** US\$ 5,172
- **Avg. Debt Term**:** 17 years
- **Debt Coverage***:** 29 months
- **Avg. Cost of Debt****:** 5,51% (US\$)

*Does not include the global settlement signed by the Company in December 2016

** Portion of debt in dollars

*** it includes stand bys
 **** it considers debt in reais swapped to USD

(1) Does not consider discounts from transaction costs

Net Debt / EBITDA (US\$)

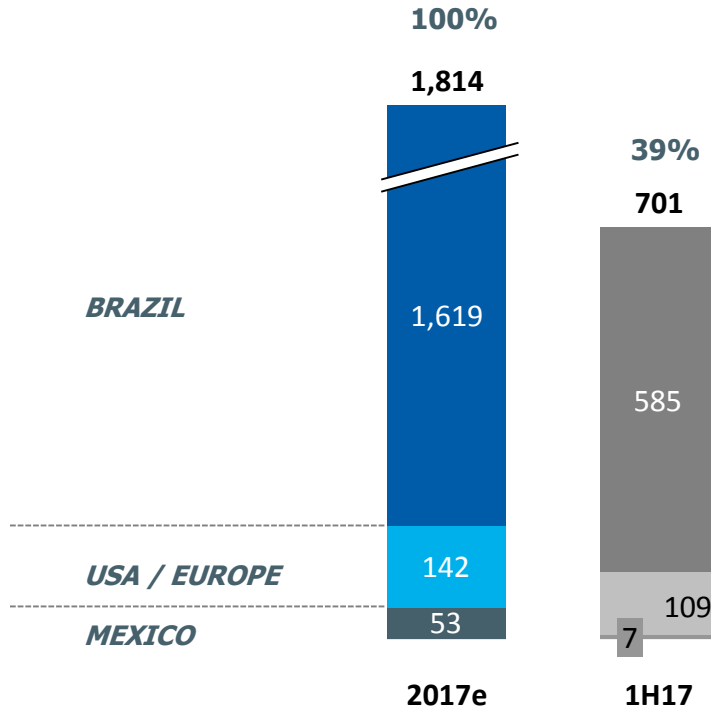
US\$ million	2Q16	1Q17	2Q17
Net Debt (a)	5,553	5,233	5,172
EBITDA (LTM)	3,105	3,337	3,182
Net Debt/EBITDA	1.79x	1.57x	1.63x
Fine / Global Settlement (b)		810	700
Net Debt/EBITDA	1.79x	1.81x	1.85x

Corporate Credit Rating

Agency	Rating	Outlook	Date
Global Scale			
Fitch	BBB-	Stable	09/30/2016
Moody's	Ba1	Under review	07/18/2017
S&P	BBB-	Under review	05/23/2017

(a) Does not include the financial structure of the Mexico Project
 (b) Face Value of USD 957 million, with accounting updated of 12/31/2016

Investment



- In the 1H17, Braskem’s units in Brazil, the United States and Europe made 39% of the total investments planned for the year

- The investment of R\$59 million in strategic projects in Brazil refers primarily to the project to diversify the feedstock profile of the cracker in Bahia, which reached already 63% completion as of June 2017, with conclusion slated for 4Q17

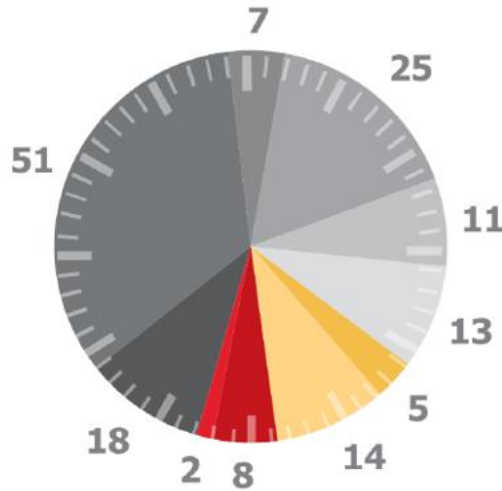
New PP Plant in the United States

- The Board of Directors approved, on June, the project to build a new PP plant at its site in La Port, Texas
 - Approved investment of: up to US\$675 million
 - Capacity: 450 kta of PP
 - Startup slated: 2020
- In view of this scenario and consistent with Braskem’s strategy to diversify its feedstock profile and to expand geographically in the Americas, supported by its leadership in PP production in the United States
- In the first six months of the year, Braskem already has invested R\$55 million



Compliance Program Initiatives

Total: 10 projects with 154 initiatives



Legend:

- 01. Governance for Compliance
- 02. Policies and Other Guidance
- 03. Assessment of Risks and Controls
- 04. Communication and Training
- 05. Compliance of Third Parties
- 06. Engagement in Collective Actions
- 07. Management of the Ethics Line Channel
- 08. Monitoring Risks and Controls
- 09. Remediating Risks and Strengthen Controls
- 10. Disciplinary Measures

Status of Compliance Program

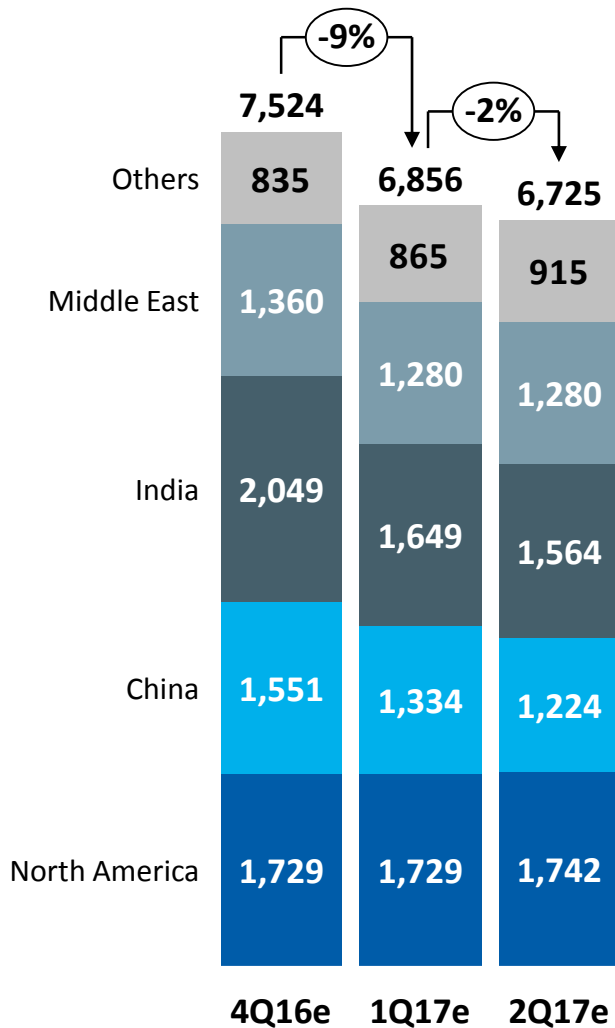
In the second quarter, 14 of these initiatives were concluded, which included:

- Increasing the number of Team Members in the Compliance Departments of the United States and Mexico
- Developing the Global Training Plan on Compliance for Team Members
- Developing the Global Communication Plan for disseminating the Company's commitment to conduct its business with ethics, integrity and transparency
- Improving processes and defining protocols for investigating reports of violation

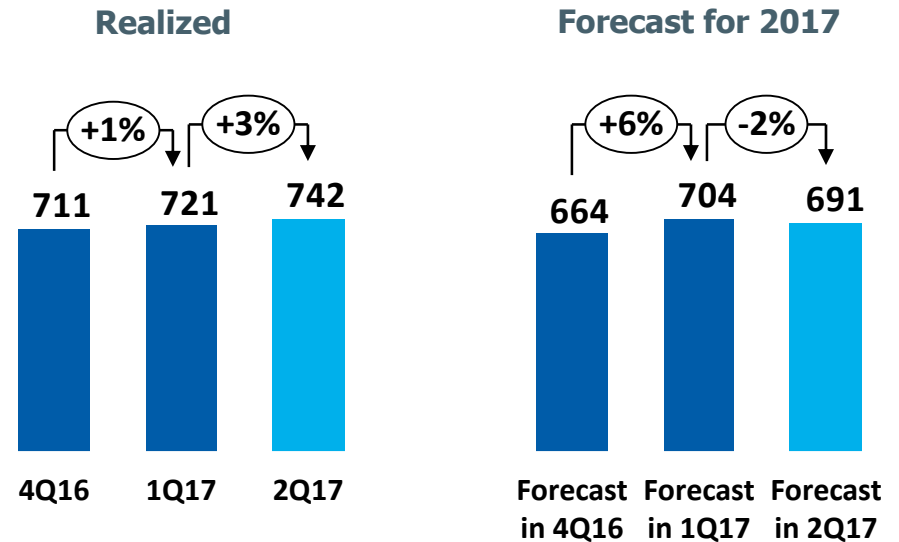
**INITIATIVES COMPLETED
UNTIL TIME: 62**

PE EXPANSIONS AND SPREADS

PE Expansions in 2017:

































PE-Naphtha Spreads:



- Spreads are forecasted to be **lower than what was expected in the last quarter**, due to imminent start up of the PE/Ethane projects, especially in the U.S.:
- **Chevron Phillips:** Completed construction of two PE units in June. Scheduled for startup in the 3Q17, each unit will produce 500 kt/yr.
- **Dow:** Announced the completion of the construction phase of its new 400 kt/yr PE unit. The second unit, of 350 kt/year, shall be complete in the 3Q17.
- **Exxon Mobil:** Exxon has completed the construction of a large-scale two-train PE plant with capacity of 1,360 kt/yr in July.

OUTLOOK 1H17 vs. 2H17

	Brazil		USA/Europa		Mexico	
	1H17	2H17e	1H17	2H17e	1H17	2H17e
Sales in the Domestic Market	4% higher than 1H16 	Gradual demand recovery 	Strong and stable demand 	Strong and stable demand 	Net Importer market of PE 	Net Importer market of PE 
Petrochemical Spreads	PP  PE  PVC  Basic 	PP  PE  PVC  Basic 	PP 	PP 	PE 	PE 
FX	Depreciation of the real 	Maintenance 	Neutral 	Neutral 	Appreciated Mexican Peso 	Maintenance 
EBITDA (US\$/ R\$)						

CONCENTRATIONS

GOALS

1 Productivity and Competitiveness

Focus on operational and commercial efficiency seeking competitiveness of the current operation

1st Quartile Operator

2 Feedstock Diversification

Diversification of the raw material matrix, increasing the share of gas in the feedstock profile

< 50% of polymer production from Naptha

3 Geographic Diversification

Expand the global presence outside Brazil with gains in scale in PE and PP

Results of international operations above 50% of consolidated results

Foundation for the Business Conduction

4 Reputation and Governance

Strengthen Braskem's image and reputation through advances in compliance, sustainability, innovation and people management

Recognition as a world leader and national pride in Brazil

Braskem



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