

# Earnings Conference Call

## 1Q16

Investor Relations  
São Paulo, May 5, 2016

**Braskem**



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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This presentation was up-to-date as of March 31, 2016, and Braskem does not assume any obligation to update it in light of new information or future developments.

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Braskem assumes no liability for transactions or investment decisions taken based on the information in this presentation.

## **Brazil:**

- Demand for resins (PE, PP and PVC) amounted to 1.2 million tons in 1Q16, a growth of 8% from 4Q15. Compared to 1Q15, demand contracted 18%, reflecting the restocking trend in the plastics converters chain in that quarter.
- Braskem's crackers operated at an average capacity utilization rate of 89% in 1Q16, in line with 1Q15 and 6 p.p. higher than in 4Q15, reflecting the good operating performance in the Southern Complex and the normalization of operations at the São Paulo Complex.
- Braskem posted resins exports in the quarter of 415 kton, increasing 62% from 1Q15 and offsetting the contraction in the domestic market. Exports of key basic petrochemicals came to 262 kton, down 12% from 1Q15.
- EBITDA from the segments in Brazil reached R\$ 2,165 million, accounting for 72% of consolidated EBITDA.

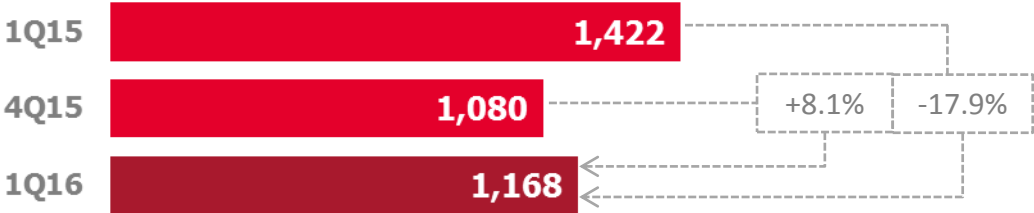
## **USA, Europe and Mexico:**

- In the United States and Europe unit, the PP plants operated at an average capacity utilization rate of 100%.
- Production at the units in the United States and Europe amounted to 499 kton in 1Q16, growing 8% from 1Q15. Sales amounted to 500 kton, growing 9% from 1Q15.
- EBITDA from international units reached R\$855 million (US\$219 million), accounting for 28% of consolidated EBITDA.

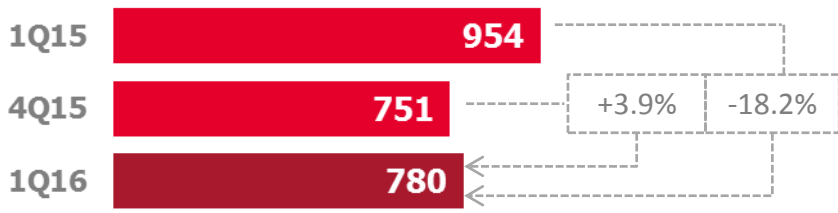
## **Braskem – Consolidated:**

- Consolidated EBITDA in 1Q16 amounted to R\$3,058 million, a growth of R\$1,573 million or 106% in relation to 1Q15.
- Consolidated net income in the quarter came to R\$747 million, with R\$775 million attributed to shareholders, which corresponds to the net income of the Parent Company.
- Braskem's cash generation in the period enabled it to reduce its corporate leverage, as measured by the ratio of Net Debt to EBITDA in U.S. dollar, to 1.72 times, which is the lowest level of the last 10 years and 33% lower than in 1Q15.

## ▪ Brazilian Market of Thermoplastic Resins (kton)



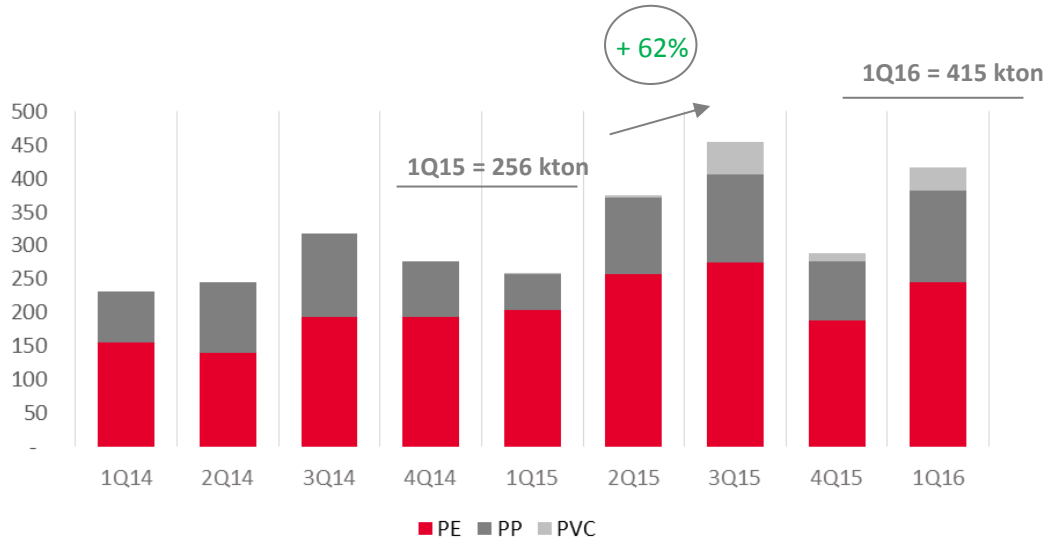
## ▪ Braskem' Sales of Thermoplastic Resins (kton)



- Demand for resins (PE, PP and PVC) amounted to 1.2 million tons in 1Q16, a growth of 8% from 4Q15. Compared to the same quarter in the last year, a period that was impacted by the restocking trend in the plastics converters chain, there was a decrease of 17.9%.
- In 1Q16, sales came to 780 kton, down 18% from 1Q15, in line with the contraction in the domestic market in the period.

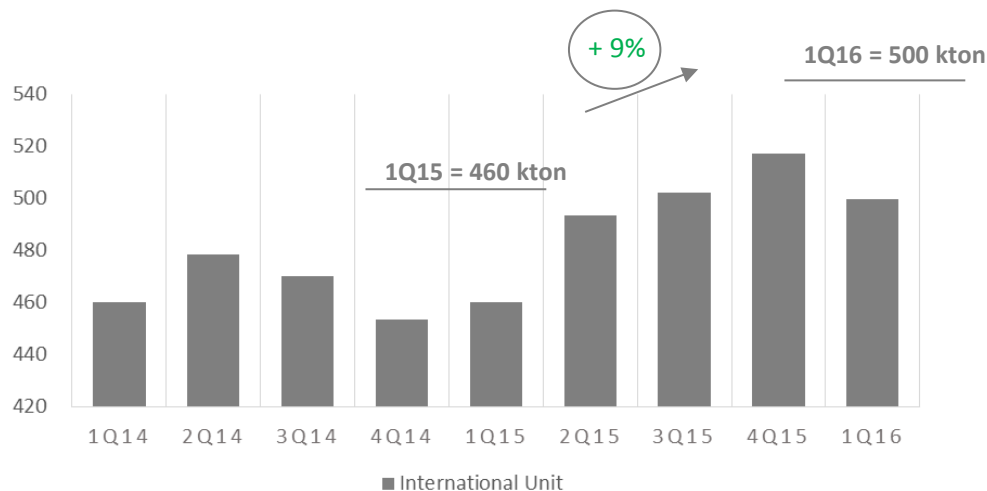
# Braskem's Operation Overseas

## Braskem Resins Exports (kton):



- Exports of PE, PP and PVC amounted 415 kton in the quarter, an increase of 62% compared to 1Q15, offsetting the decline of the domestic market.

## Sales USA and Europe (kton):



- International Units continue to bring significant results due to operational performance, high petrochemical margins and increase in PP demand driven by economic growth.
- International Units had sales in the quarter of 500 kton, representing an increase of 9% over the same period last year.

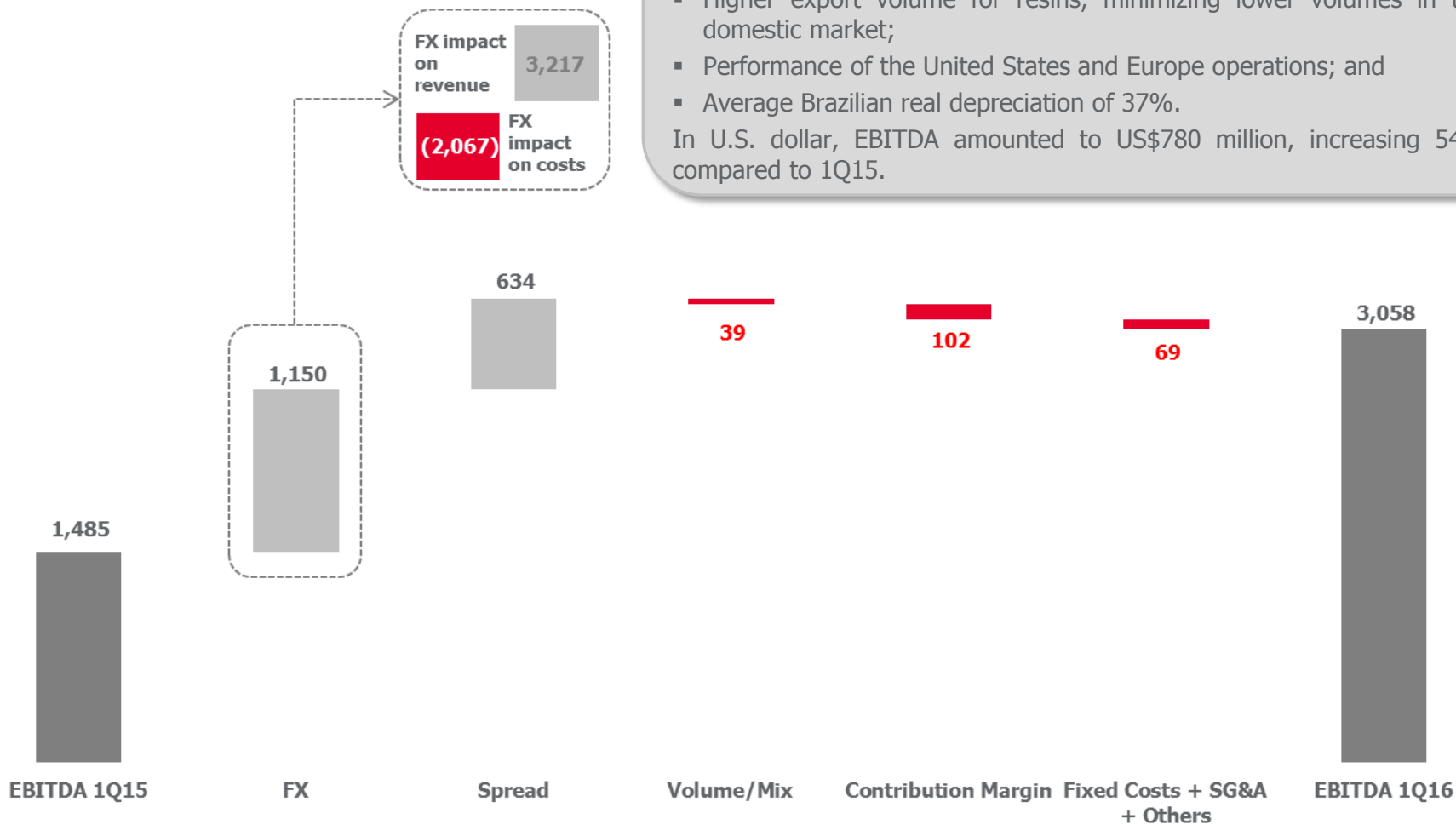
# EBITDA 1Q16 vs 1Q15

R\$ million

Consolidated EBITDA in 1Q16 amounted to R\$3,058 million, growing 106% over 1Q15. Main factors:

- Better spreads for basic petrochemicals and PP in the U.S. and Europe;
- Higher export volume for resins, minimizing lower volumes in the domestic market;
- Performance of the United States and Europe operations; and
- Average Brazilian real depreciation of 37%.

In U.S. dollar, EBITDA amounted to US\$780 million, increasing 54% compared to 1Q15.



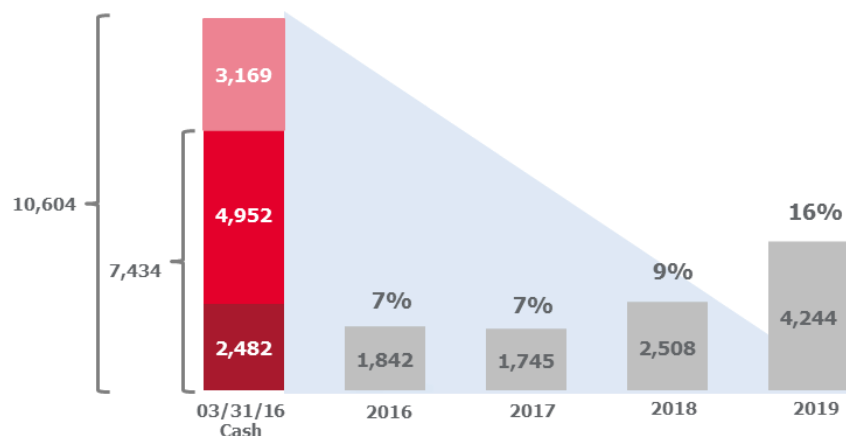
Avg. FX 1Q15: 2.86 R\$/US\$

Avg. FX 1Q16: 3.91 R\$/US\$

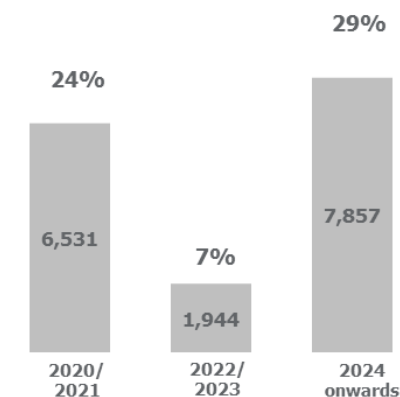
# Amortization schedule and debt profile

## Debt Profile <sup>(1)</sup> (R\$ million) 03/31/2016

(03/31/16 - R\$ million)  
Gross Debt:  
R\$ 26,419  
Net Debt:  
R\$ 18,984  
Avg. Debt Term: 15.3 years

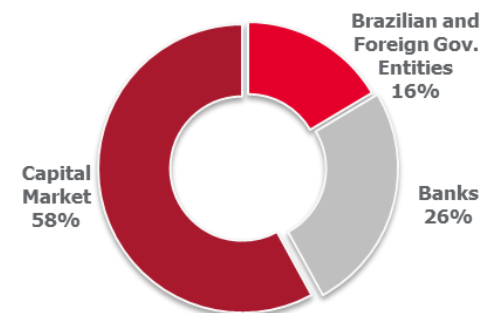


■ Stand by of US\$750 million and R\$500 million  
■ Invested in US\$  
■ Invested in R\$



(1) Does not consider discounts from transaction costs

## Diversified debts sources



## Net Debt / EBITDA (US\$)

US\$ millions	1Q15	4Q15	1Q16
Net Debt <sup>(a)</sup>	5,681	5,411	5,334
EBITDA (LTM)	2,210	2,808	3,080
<b>Net Debt/EBITDA</b>	<b>2.55x</b>	<b>1.91x</b>	<b>1.72x</b>

<sup>(a)</sup> It does not include the financial structure of the Mexico project

## Corporate Credit Rating

Agency	Rating	Outlook	Date
<b>Global Scale</b>			
Moody's	Ba1	Negative	02/25/2016
Fitch	BBB-	Negative	12/16/2015
S&P	BBB-	Negative	12/04/2015

- 1Q16: most of the investments intended for the Mexico project and for operational investments.
- In 2016, the Company plans to invest R\$3,661 million, as follows:
  - 49% (R\$ 1,797 million) in operational investments, as follows:
    - R\$ 1.6 billion in Brazil (including disbursements for the scheduled maintenance shutdown of one of the lines at the cracker in Camaçari, Bahia in 4Q16); and
    - US\$48 million in the United States and Europe.
  - 32% (US\$329 million) in contributions to the Mexico project; and
  - 15% (R\$ 537 million) for other strategic projects, including:
    - R\$255 million in Brazil, of which R\$144 million is for the feedstock flexibility project.
    - US\$69 million in the United States and Europe, including: (1) UTEC production in the United States; and (2) improving industrial productivity at the PP plants in the United States and Germany.

Investments				
Million	1Q16		2016e	
<b>Operational (R\$)</b>	<b>189</b>	<b>25%</b>	<b>1,797</b>	<b>49%</b>
Brazil (R\$)	186		1,595	
United States and Europe (US\$)	1		48	
<b>Mexico (R\$)</b>	<b>516</b>	<b>69%</b>	<b>1,327</b>	<b>36%</b>
Mexico (US\$)	129		329	
<b>Strategic Projects (R\$)</b>	<b>42</b>	<b>6%</b>	<b>537</b>	<b>15%</b>
Brazil (R\$)	5		255	
United States and Europe (US\$)	10		69	
<b>Total (R\$)</b>	<b>746</b>	<b>100%</b>	<b>3,661</b>	<b>100%</b>
Brazil (R\$)	191		1,850	
Mexico, United States and Europe (US\$)	140		447	



- Construction activities completed.
- Power generation system online: 80 MW generated (100% of the capacity).
- Startup of the Cracker on March 18th with specified ethylene on March 26th.
- Startup of the operations of the HDPE I plant on April 6th with the production of the first batch of polyethylene.
- Startup of the operations of the HDPE II plant on April 28th.
- Pre Marketing activities finalized – more than 200 kton sold with more than 350 local clients and marketing channels developed in Mexico.



- Braskem Idesa production already marketed in the Mexican market.
- 1st export performed in April.
- Braskem's international commercial network in Latin America, U.S. and Europe will facilitate the exports of products from Mexico.



## Global Scenario

- Global growth shall remain modest in 2016, with 3.2%. Emerging countries will still represent the bulk of the global growth, with GDP expected to grow 4.1% this year, with a smaller growth in China. For the developed countries, the GDP is expected to grow 1.9% in 2016.
- In Brazil, the expectation for 2016 is for the economy to perform as poorly as in 2015, with another year of negative GDP growth, of 3.8%. Recession continues to take its toll on employment and real incomes, while domestic uncertainties continue to constrain the government's ability to formulate and execute policies.

## Petrochemical Scenario

- Naphtha-based petrochemical industry:
  - Positive scenario for the competitiveness of the naphtha-based players in 2016, with the feedstock in historically low levels, due to an oversupplied oil market.
- Resins spreads:
  - In 2016 the forecast is that the global petrochemical spreads will stay in healthy levels.
  - There's a higher chance of volatility in the polypropylene spreads, mainly in the Asian market, with the startup of new capacities in China.
  - Polypropylene spreads in high levels in the U.S. with oversupply of propylene and no new PP capacities until 2019.
  - A more challenging scenario for polyethylene starting in the end of 2017 with new ethane-based capacities coming to the market in the U.S.

- Brazil:
  - To ensure operating efficiency to supply domestic demand
  - To assure the export of the surplus volume not sold in the domestic market.
  - To implement a maintenance stoppage in one of the cracker lines in Bahia.
  - To implement the feedstock flexibility project in Bahia
  - To evaluate opportunities for feedstock diversification.
- U.S. / Europe:
  - Capitalize positive spreads in the U.S. PP market with the increase of the demand and oversupply of propylene in the market.
  - Seek PP growth opportunities from competitive propylene in the US.
- Mexico Project:
  - To ensure the startup of the third polyethylene plant and the operational stability of the complex.
  - To sell PE in the domestic market, consolidating the relationship with clients in the Mexican market.
  - To export from Mexico, benefiting from synergies with the operations of Braskem in US, Europe and South America.
- Liquidity / Financial Health:
  - Focus on cash generation.
  - Continue to implement the expense reduction program, generating potential recurring savings of R\$400 million per year, which should be fully achieved in 2017.

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