

Earnings Conference Call

4Q15

Investor Relations
São Paulo, February 19, 2016

Braskem



Disclaimer on forward-looking statements

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:

- ▶ The **average capacity utilization rate** of the crackers was **83%**, impacted by the incident at the Petrochemical Complex in Mauá.
- ▶ Brazil's resins market stood at 1.1 million tons, down 17% from 4Q14. Braskem's sales followed and totaled 751 ktons.
- ▶ The Company's **resins exports** totaled **289 thousand tons**, a growth of 5% comparing to the 4Q14. **Exports of the main basic petrochemicals** came to **342 thousand tons**, a decrease of 16% from 4Q14.
- ▶ On December 2015, a new petrochemical naphtha agreement with Petrobras was signed for the supply of 7 million tons of naphtha by year, valid for five years and with the price as 102.1% of the ARA reference.

Mexico and International Units:

- ▶ In the **USA and Europe** the **average capacity utilization rate** of the PP plants was 101%, reflecting the excellent operational efficiency and higher demand for PP.
- ▶ The **4Q15 recorded the highest production volume ever in the US and Europe units**, totaling 510 thousand tons, an expansion of 9% versus 4Q14. For the third consecutive quarter the **record for PP sales volume** was broken, totaling **517 thousand tons**, influenced by the recovery of the USA and Europe economies.

Braskem - Consolidated:

- ▶ The company posted **EBITDA in brazilian reais** and **dollars of R\$2,234 million** and **US\$581 million** respectively. Comparing to the same period of last year, EBITDA was 65% higher in reais and 8% higher in dollars.
- ▶ The **net profit** for the quarter was **R\$158 million**, or R\$220 million attributed to the Company's shareholders
- ▶ Braskem's **leverage**, measured by the ratio of Net Debt to EBITDA in US dollar stood at **1.91x**, the lowest level in 9 years.
- ▶ In December, rating agencies Standards & Poor's and Fitch Ratings reaffirmed the Company's investment grade in global scale of the Company ("BBB-"), despite the downgrade of the sovereign rating. In this context, Braskem is now for the first time rated above the sovereign rating.

Brazil:

- ▶ **Brazilian resins demand** (PE, PP and PVC) reached around **4.9 million tons** in 2015, 7.6% lower than 2014. In this period, a domestic market share 1 p.p. higher led to **resins sales** of **3.4 million tons**, a decrease of 6% in comparison to 2014, lower than the market's contraction.
- ▶ **Average cracker utilization rate** of **89%**, 3 p.p. higher than last year, reflecting the Company's good operational performance with **record production of basic petrochemicals**.
- ▶ The Company presented **record in the exports of resins and basic petrochemicals** with 28% and 1% growth, respectively, when comparing to last year.
- ▶ Regarding the raw materials, the year was marked by the signing of two important agreements: (i) in August, the power supply agreement with CHESF and (ii) December, the naphtha supply agreement with Petrobras.

Mexico and International Units:

- ▶ In the **US and Europe**, the **average capacity utilization rate** of the PP plants was **98%**, 6 p.p. higher than 2014, highlighting the **US industrial units production record**.
- ▶ The petrochemical complex in Mexico, conducted by the Braskem Idesa controlled company, reached **99% of physical progress**. The **utilities plant is already operating** and the main raw materials and accessories are already in the site to support the cracker's start up and the beginning of the polyethylene production.

Braskem - Consolidated:

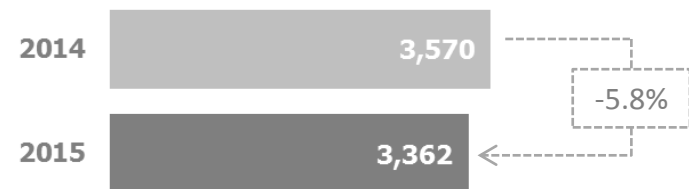
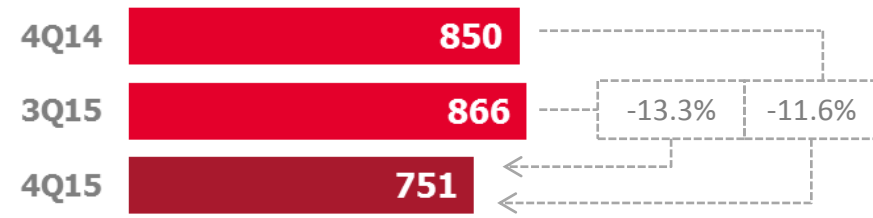
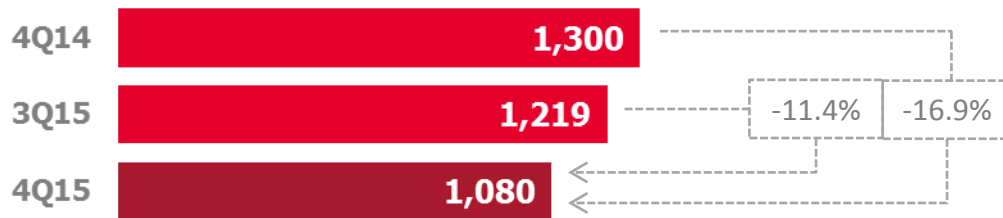
- ▶ Braskem recorded an **all time high EBITDA** in **reais** and in **dollars**, reaching **R\$9,372 million** and **US\$2,808 million**, showing numbers 67% and 17% higher than last year, respectively. The Company's **net income** amounted to **R\$2,899 million** in the year, or R\$3,140 million attributed to the Company's shareholders related to parent company net income.
- ▶ In line with its strategy to cut expenses, Braskem launched a program for potential recurring annual savings of R\$400 million. In 2015, these initiatives captured recurring gains of R\$156 million.
- ▶ In 2015 Braskem's preferred shares (PNA) were the **third with the highest increase in price** among all the **IBOVESPA** shares, with a **66%** increase in value.

Brazilian market of Resins and Braskem' Sales



▪ The Brazilian market of thermoplastic Resins (kton)

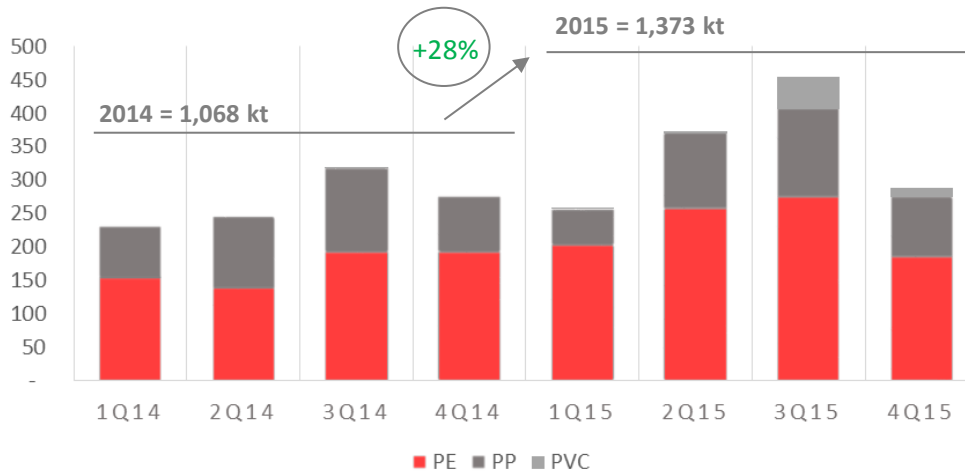
▪ Braskem' Sales of Thermoplastic Resins (kton)



- The strong deceleration of important sectors of the Brazilian economy as services, construction and infrastructure affected negatively the demand of resins in 2015, which decreased 7.6% comparing to 2014
- In 2015, a domestic market share 1 p.p. higher led to resins sales of 3.4 million tons, a decrease of 5.8% in comparison to 2014, lower than the market's contraction.

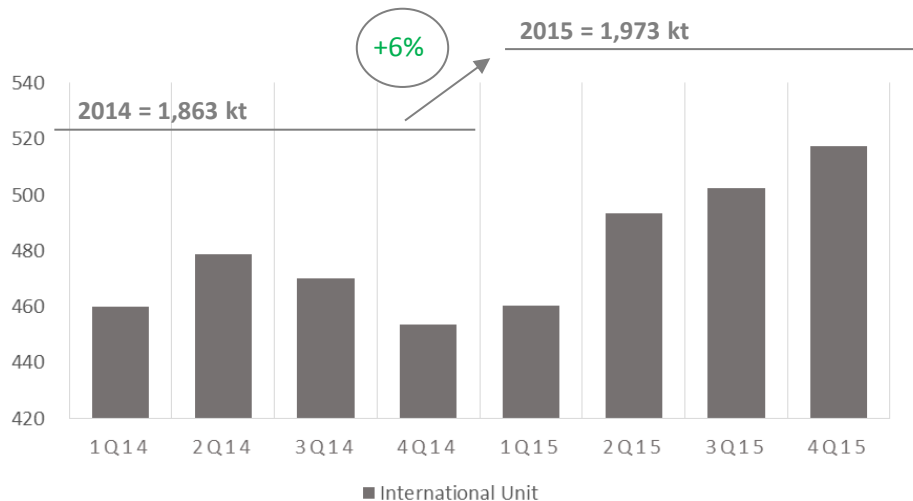
Braskem's Operation Overseas

Braskem Resins Exports (thousand tons)



- As a way to compensate for the domestic market's contraction and keep the high utilization rates, opportunities were identified in the export market.
- In this context, Braskem exports in 2015 presented a record, totaling 1.373 thousand tons, 28% higher than 2014.

Sales USA and Europe (thousand tons):



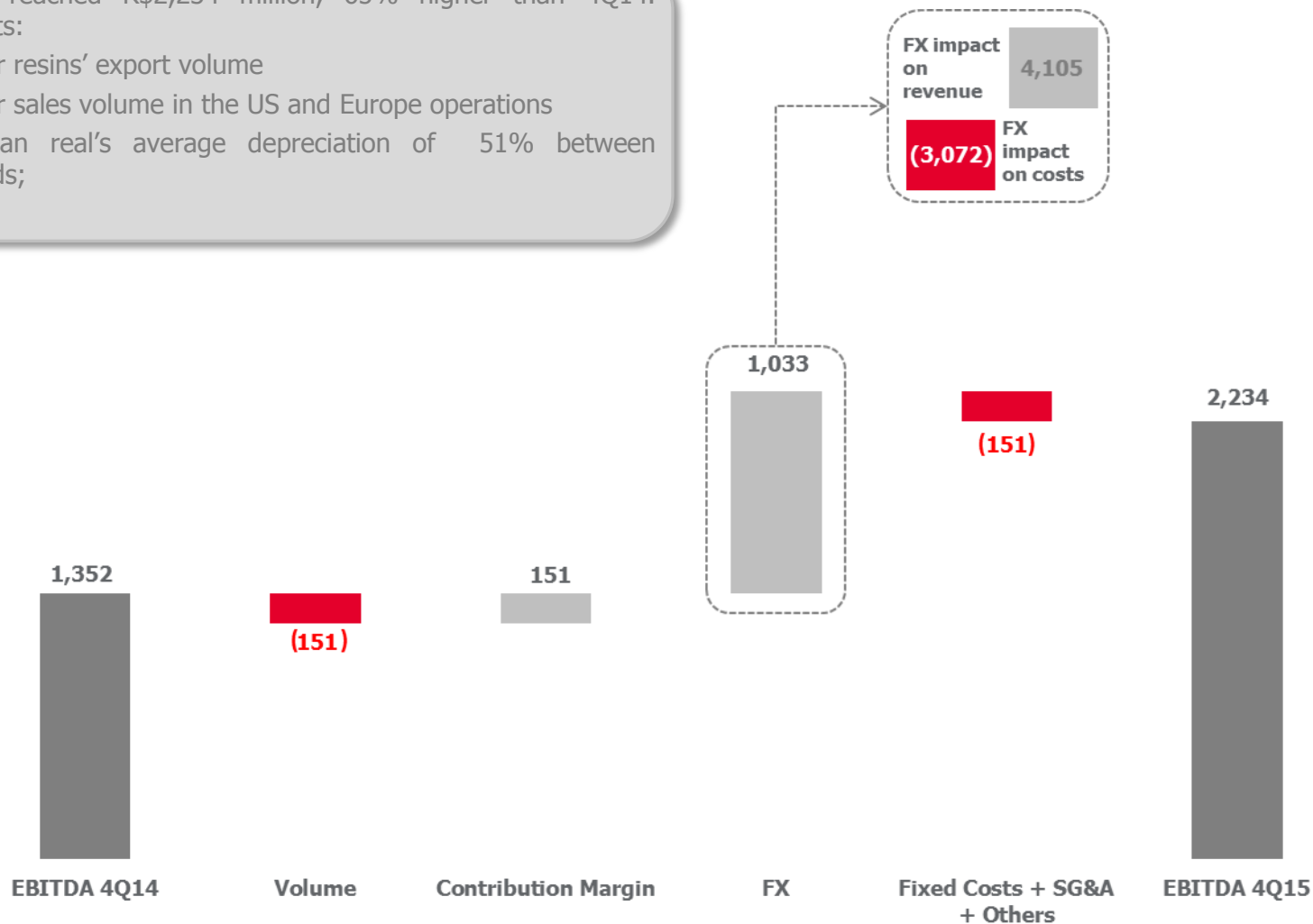
- Economic growth in the US and Europe with higher petrochemical margins influenced these units' results.
- PP sales in the year of 2015 registered record, totaling 1.973 thousand tons, 6% higher than 2014

EBITDA 4Q15 vs 4Q14

EBITDA reached R\$2,234 million, 65% higher than 4Q14. Highlights:

- higher resins' export volume
- higher sales volume in the US and Europe operations
- Brazilian real's average depreciation of 51% between periods;

R\$ million



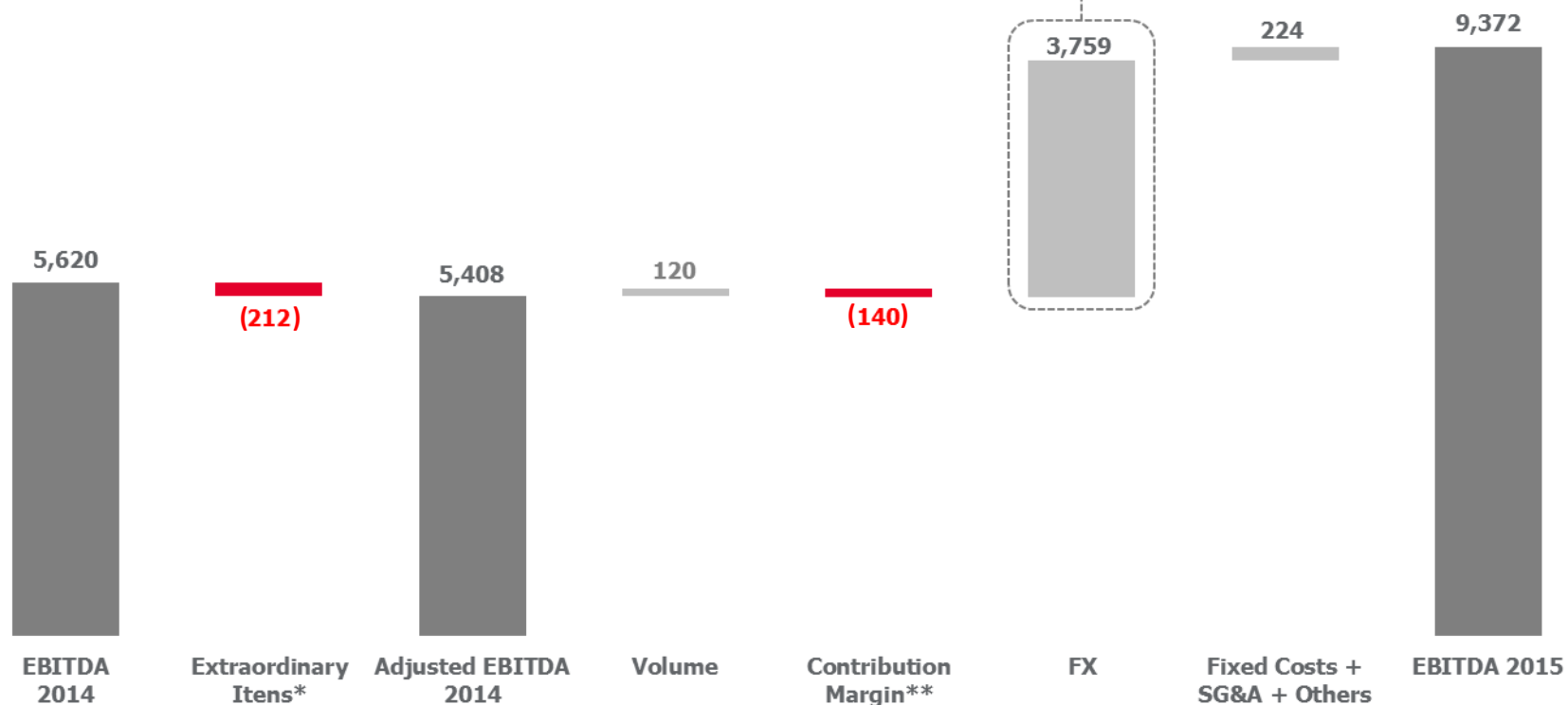
Avg. FX 4Q14: 2.55 R\$/USD

Avg. FX 4Q15: 3.84 R\$/USD

EBITDA 2015 vs 2014

EBITDA reached R\$9,372 million, 67% higher than 2014. Highlights:

- the unit's excellent performance;
- healthy resins' spreads in the international market;
- higher exports volume.
- brazilian real's average depreciation of 42%;



Avg. FX 2014: 2.35 R\$/USD

Avg. FX 2015: 3.33 R\$/USD

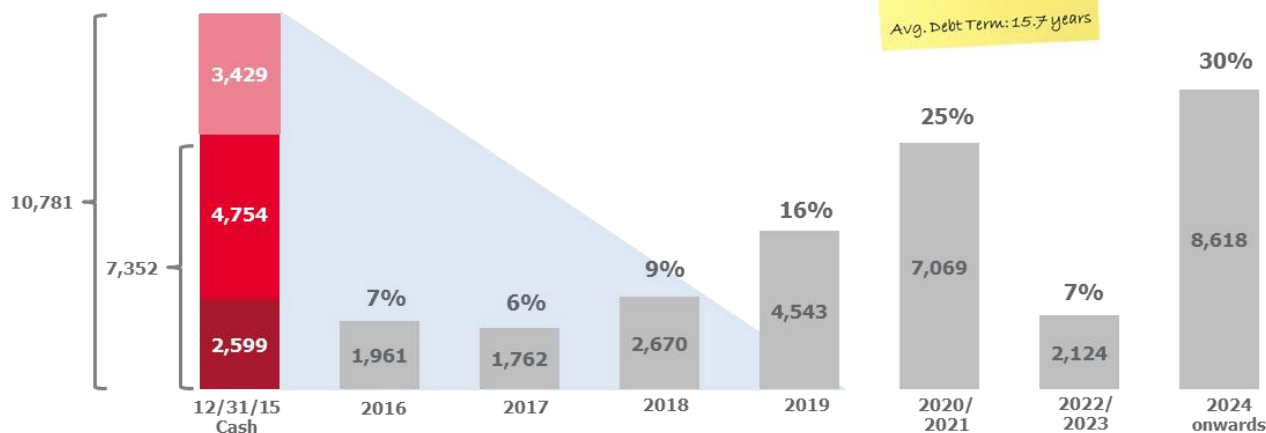
* Gain recognized from the divestment of non-strategic asset.

** It includes the recognition of the R\$202 million refund related to the retroactive adjustment of the amendment to the naphtha supply agreement.

Amortization schedule and debt profile

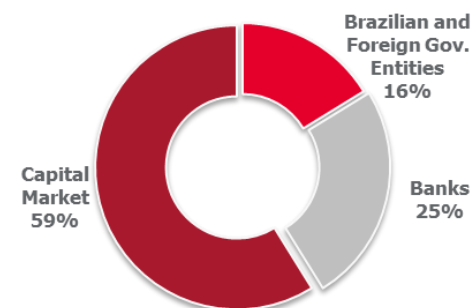
Debt Profile ⁽¹⁾ (R\$ million) 12/31/2015

(12/31/15 - R\$ million)
Gross Debt:
R\$ 28,480
Net Debt:
R\$ 21,128
Avg. Debt Term: 15.7 years



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

Gross Debt by Category



(1) Does not consider discounts from transaction costs

Net Debt / EBITDA (US\$)

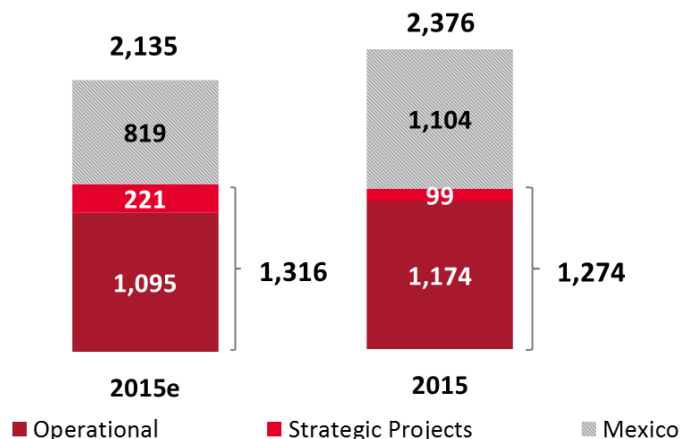
US\$ million	4Q14	3Q15	4Q15
Net Debt ^(a)	6,229	5,706	5,411
EBITDA (LTM)	2,412	2,763	2,808
Net Debt/EBITDA	2.58x	2.05x	1.91x

Corporate Credit Rating

Agency	Rating	Outlook	Date
Escala Global			
Moody's	Baa3	Negative	08/20/2015
Fitch	BBB-	Negative	12/16/2015
S&P	BBB-	Negative	07/28/2015

^(a) It does not include the financial structure of the Mexico project

(* Investments (R\$ million)



- In 2015, Braskem invested R\$2,376 million. The R\$242 million variation in comparison to the initial projection of R\$2,135 million is explained, in part, by the FX effect in the invested amounts in dollars to reais.
- Excluding Braskem’s contribution to the Mexico project, the investment was R\$1,272 million, 3% lower than the initial estimate of R\$1,316 million.
 - Of this amount, R\$1,174 million, or around 90% of total was directed to industrial operations (of which R\$214 million was to the International Unit, equivalent to US\$64 million), including the investments related to operating efficiency, HSE, productivity and maintenance.
 - The remainder was allocated to other projects, such as the investment in UTEC production in La Porte, United States.

Mexico Project:

- In 2015, Braskem disbursed US\$323 million or R\$1,104 million on the project, influenced by the effect of FX.

(* Considers operational investments, maintenance stoppages and spare parts fo Braskem and its subsidiaries and contributions for the Mexico project.

Global Scenario

- For 2016, the IMF lowered the growth expectations from 3.6% to 3.4%. In the Fund's view, three factors continue to impact global growth: (i) China's economic slowdown, with Beijing transitioning to less focus on investments and higher expense in the country's service sector, (ii) lower energy and commodities prices and (iii) gradual monetary squeeze in the US.
- Regarding Brazil, for 2016 the forecast is that the economy will stay retracted. According to the IMF, the GDP was revised downwards once again to an expected contraction of 3.5%.

Petrochemical Scenario

- Naphtha-based Petrochemical companies:
 - Positive outlook for the naphtha-based players competitiveness in 2016, with the raw material being priced at historical low prices, due to oversupplied oil market and the removal of Iran commercial sanctions from USA and Europe.
- Resins' spreads:
 - The expectation for 2016 is for spreads around the world to remain at healthy levels in 2016.
 - More chance of volatility in PP spreads, especially in the Asian market, with new capacity coming on stream in China
 - PP spreads still high in the US with oversupply of propylene and no new PP capacity until 2019.
 - More challenging scenario for PE starting in 2017, with the new capacities of ethane-based players starting up in the US.

- Brazil:
 - To ensure operating efficiency to supply domestic demand and export surplus volume.
 - To implement a maintenance stoppage in one of the cracker lines in Bahia in the fourth quarter of 2016.
 - To evaluate opportunities for feedstock diversification.
 - To defend an industrial policy that, together with the fiscal austerity policy, leads to the gradual recovery of the Brazilian industry's competitiveness factors.
- US / Europe:
 - Capitalize positive spreads in the us 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 start up the cracker and polyethylene plants.
 - To sell PE in the domestic market, consolidating the relationship with clientes in the mexican market.
 - To export from Mexico, benefiting from sinergies with the operations of Braskem in US, Europe and South America.
- Liquidity / Financial Health:
 - Focus on cash generation.
 - Continue to implement the 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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