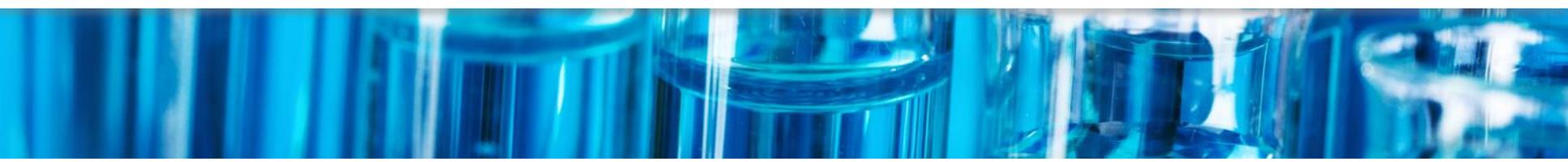




# Braskem

## 4Q14 and 2014 Earnings Conference Call

São Paulo, February 12, 2015



# 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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This presentation was up-to-date as of December 31, 2014, and Braskem does not assume any obligation to update it in light of new information or future developments.

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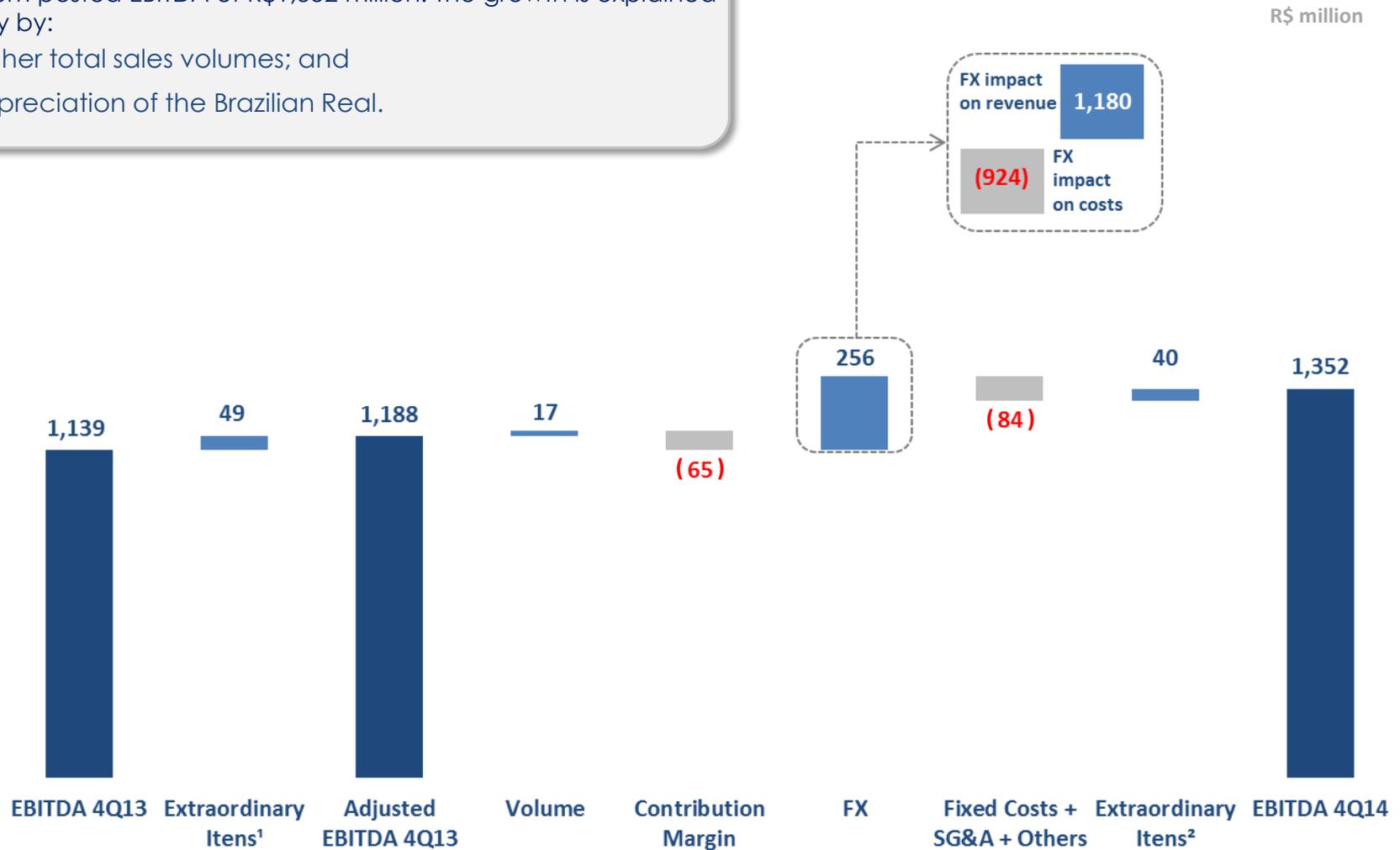
# 4Q14 Highlights

- ▶ The average cracker capacity **utilization rate** was **86%**, influenced by the scheduled maintenance shutdown at the São Paulo cracker, which ended in October.
- ▶ **Brazilian thermoplastic resins market** (PE, PP and PVC) came to 1.3 million tons, down **5%** from 3Q14, reflecting the seasonality from the period. **Braskem's** sales followed this trend and totaled **850 kton**.
- ▶ Sales of **PP** in the **USA and Europe business unit** reached **453 thousand tons** in the 4Q14, down 4% from the previous quarter, reflecting the postponements of portion of purchases by clients in the period.
- ▶ Braskem recorded **EBITDA** of **R\$1.4 billion** in 4Q14, down 10% from the 3Q14, impacted by (i) lower sales volume of resins and (ii) lower petrochemical prices in international market. Comparing with the **4Q13**, EBITDA registered an **increase** of 19%.
- ▶ Commitment with **financial health**: new stand-by credit facility of US\$ 750 million.
- ▶ Braskem continued to **advance** with the **Plastics Chain Incentive Plan** (PICPLAST). The highlight was the creation of the **Industry Fund**, which aims to promote the image of plastic.
- ▶ For the tenth straight year, Braskem was included in the **Corporate Sustainability Index (ISE)** of the BM&FBovespa.

# EBITDA 4Q14 vs. 4Q13

Braskem posted EBITDA of R\$1,352 million. The growth is explained mainly by:

- Higher total sales volumes; and
- Depreciation of the Brazilian Real.



<sup>1</sup> Negative impact in 2013 related to the labor claim involving the payment of overtime at the industrial plants.

<sup>2</sup> Positive impact related to the reopening of the Tax Debit Renegotiation Program (Refis) and negative impact from accounting adjusts of inventory in the U.S. and Europe

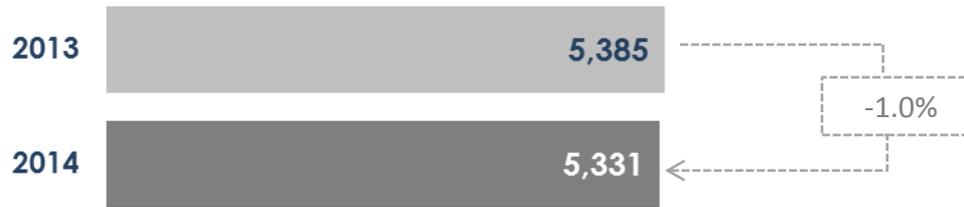
# 2014 Highlights

## Financial performance and Growth Projects

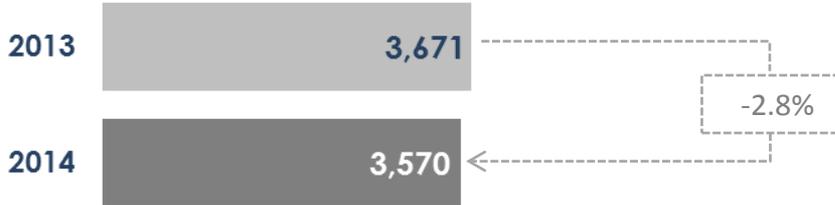
- ▶ Consolidated **net revenue** reached **R\$46 billion**, **12%** higher than the previous year.
- ▶ Consolidated **EBITDA** was **R\$5.6 billion** or **US\$2.4 billion**, increasing **17%** and **8%**, respectively, from 2013. The main factors contributing to this result were:
  - The recovery of petrochemical spreads in the international market;
  - The Brazilian Real depreciation of 9%;
  - And the gain of R\$277 million related to the divestment of non-strategic assets.
- ▶ In 2014, Braskem recorded **net income** of **R\$726 million**.
- ▶ **Leverage**, as measured in U.S. dollars by the ratio of net debt to EBITDA, stood at **2,58x**, down **10%** from the previous year.
- ▶ Growth Projects and feedstock diversification
  - The project in Mexico continued to advance, reaching 88% of physical completion.
  - In addition to its UTEC portfolio in Brazil, Braskem announced a project to produce ultra-high molecular weight polyethylene (UTECH), a resin with applications across a wide range of industries, in USA.
  - The Company completed the expansion and conversion of one of its polyethylene lines in Bahia, for the production of metallocene-based LLDPE.

# Brazilian Market for Resins and Braskem's Sales

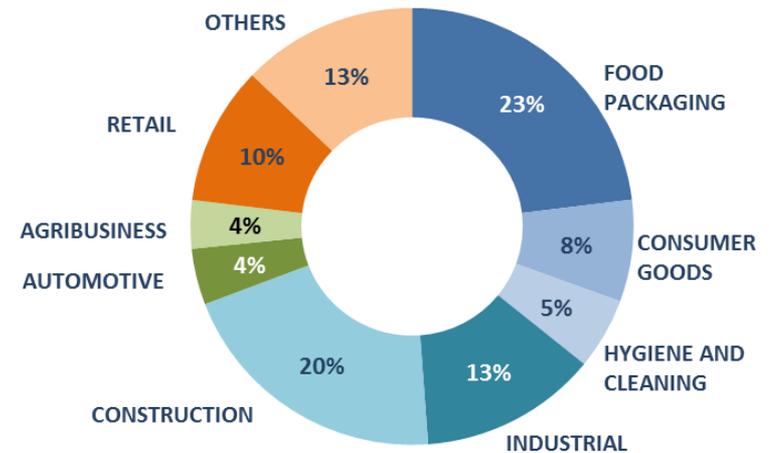
## ▶ Brazilian Market for Thermoplastic Resins (kton)



## ▶ Braskem's Sales Domestic Market (kton)



## ▶ Braskem's Sales Profile - 2014



- The good performance of the sectors related to retail and consumer goods didn't offset the retraction of durable goods, infrastructure and construction.
- Braskem's resins sales followed the market trend and decreased 3%.
- Braskem's market share was 67%, 1 p.p. less than 2013, impacted by the opportunistic entry of imported material during the last quarter of 2014.

# Highlights by Business Unit - 2014

## Operational

## Comparison with 2013

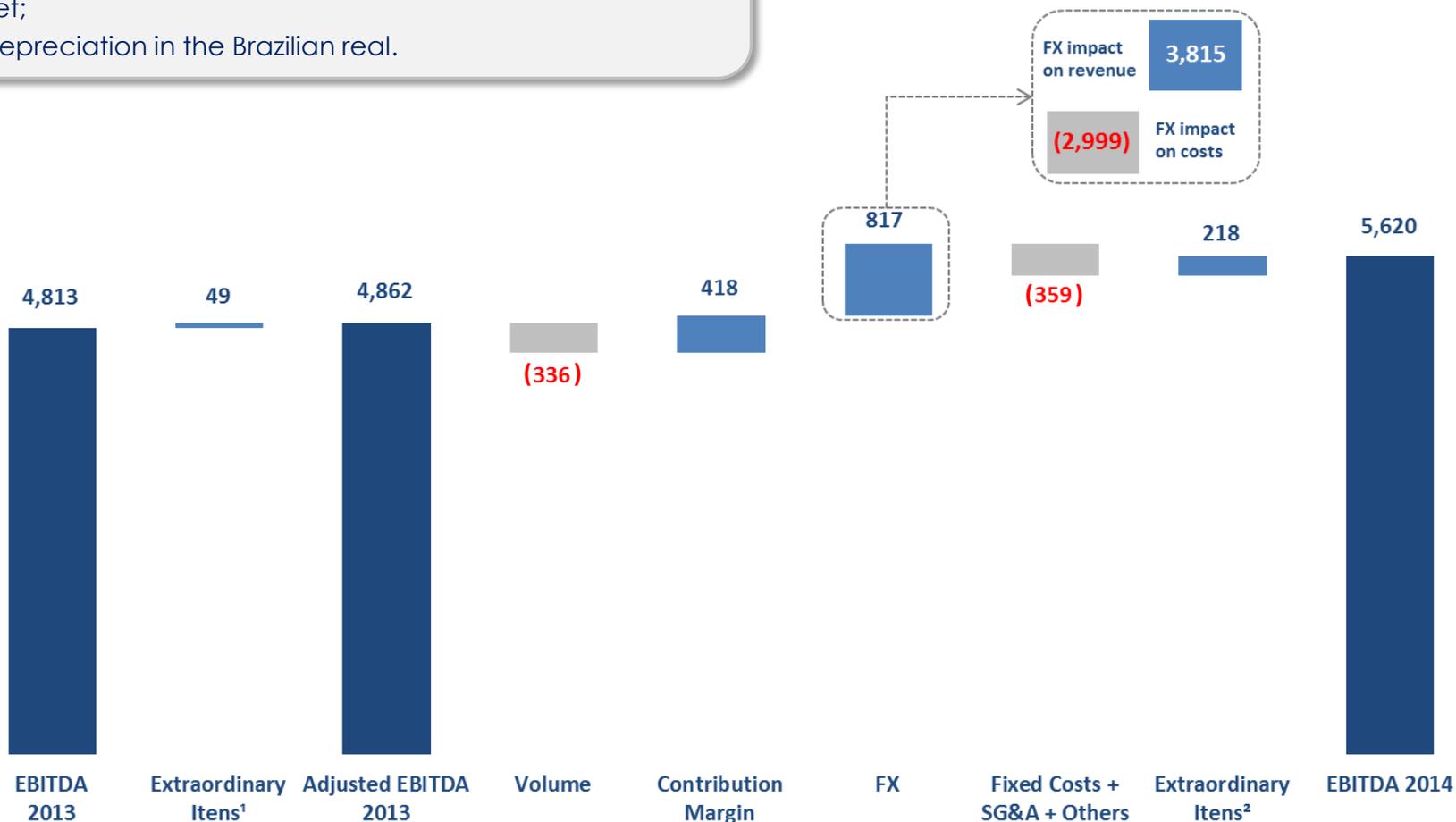
Business Unit	Operational Highlights	Volume	Margin
<b>BASIC PETROCHEMICALS</b>	<ul style="list-style-type: none"> <li>▶ The average cracker capacity <b>utilization rate</b> was <b>86%</b>.</li> <li>▶ Total sales of <b>ethylene</b> and <b>propylene</b> amounted to <b>957 kton</b>, <b>4%</b> higher than the previous year.</li> <li>▶ Regarding <b>butadiene</b> and <b>BTX</b>, sales were down <b>1%</b> and <b>2%</b>.</li> </ul>		
<b>POLYOLEFINS</b>	<ul style="list-style-type: none"> <li>▶ Braskem <b>production</b> totaled <b>4.0 million tons</b>, a 5% decrease comparing to 2013.</li> <li>▶ Total <b>sales volume</b> of <b>4.0 million tons</b>, down 3% from 2013. In the domestic market, sales decreased <b>4%</b>, while export sales reduced <b>2%</b>.</li> </ul>		
<b>VINYLS</b>	<ul style="list-style-type: none"> <li>▶ <b>PVC production</b> was <b>9%</b> higher, reflecting the normalization of the operation of the new plant in Alagoas.</li> <li>▶ Braskem's <b>PVC sales</b> totaled <b>660 thousand tons</b>, an increase of <b>4%</b> related to 2013.</li> <li>▶ Regarding <b>caustic soda</b>, sales reached <b>460 thousand tons</b>, a <b>2%</b> decrease comparing to 2013.</li> </ul>		
<b>USA and EUROPE</b>	<ul style="list-style-type: none"> <li>▶ Braskem reached an <b>all-time record</b> of <b>production</b> in the U.S. and Europe unit, with <b>1.9 million tons</b>.</li> <li>▶ Sales volume were <b>4%</b> higher and totaled <b>1.9 million tons</b>.</li> <li>▶ As a result of its investments in maintenance and efficiency increase of assets, Braskem expanded the capacity of its plant in Seadrift, Texas (USA) by 40 kton/year.</li> </ul>		

# EBITDA 2014 vs. 2013

EBITDA was R\$5,620 million, increasing 11% on a recurring basis from 2013. This result is explained mainly by:

- The recovery in petrochemical spreads in the international market;
- The depreciation in the Brazilian real.

R\$ million



<sup>1</sup> Negative impact in 2013 related to the labor claim involving the payment of overtime at the industrial plants.

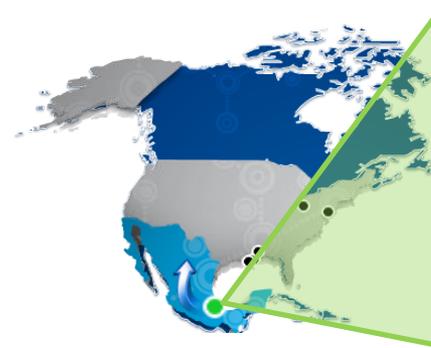
<sup>2</sup> Positive impacts related to the reopening of the Tax Debit Renegotiation Program (Refis) + asset sales and negative impacts from accounting adjusts of inventory in the U.S. and Europe + Petros pension fund provision<sup>1</sup>

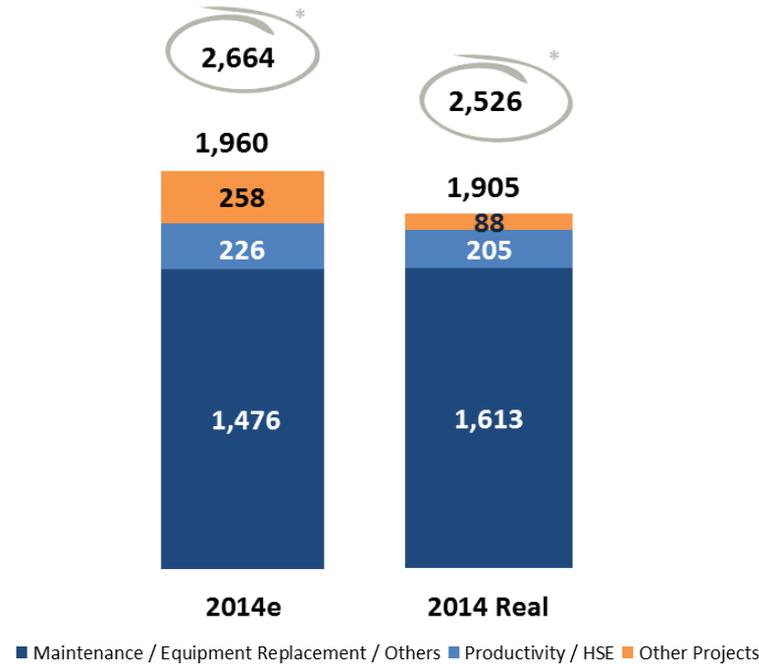
# Growth Projects: Project Ethylene XXI - Mexico

## #1 greenfield project to start-up in North America

### Integrated project for the production of 1 million tons of PE – JV Braskem (75%) and Idesa (25%)

- Project reached 88% of physical completion by the end of 2014:
  - ✓ Engineering and procurement activities practically finalized;
  - ✓ Pre-marketing activities, with a portfolio of 320 clients.
- Total investment until December 2014 amounted to US\$4.2 billion, of which:
  - ✓ US\$2.9 billion was structured under a project finance model; and
  - ✓ US\$1.3 billion was contributed by the controlling shareholders.

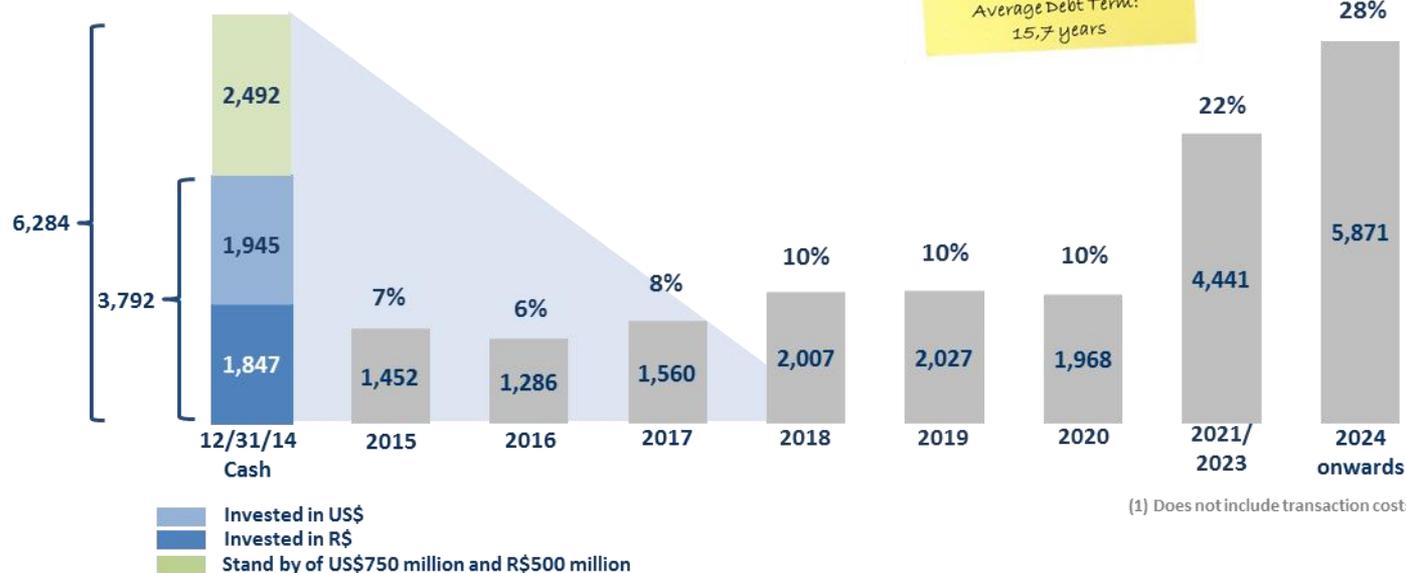




- Braskem invested **R\$2,526 million, 5% less** than the initial estimate of R\$2,664 million.
- **Excluding** the amounts allocated to the **Mexico project**, total investment came to **R\$1,905 million**.
- **R\$1,613 million** or **85%** allocated to maintenance and other operational investments
  - 2 scheduled maintenance shutdowns (Triunfo and São Paulo crackers)
- **R\$292 million** or **15%** allocated to productivity, operational efficiency and other ongoing projects

# Longer debt profile and high liquidity levels

## Amortization Schedule (1) (R\$ million)

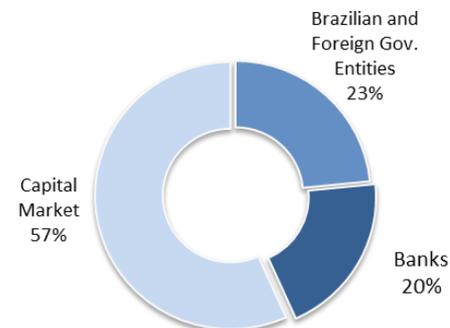


## Net Debt / EBITDA (US\$)

US\$ million	4Q13	3Q14	4Q14
Net Debt <sup>(a)</sup>	6,390	6,430	6,229
EBITDA (LTM)	2,230	2,375	2,412
<b>Net Debt/EBITDA</b>	<b>2.87x</b>	<b>2.71x</b>	<b>2.58x</b>

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

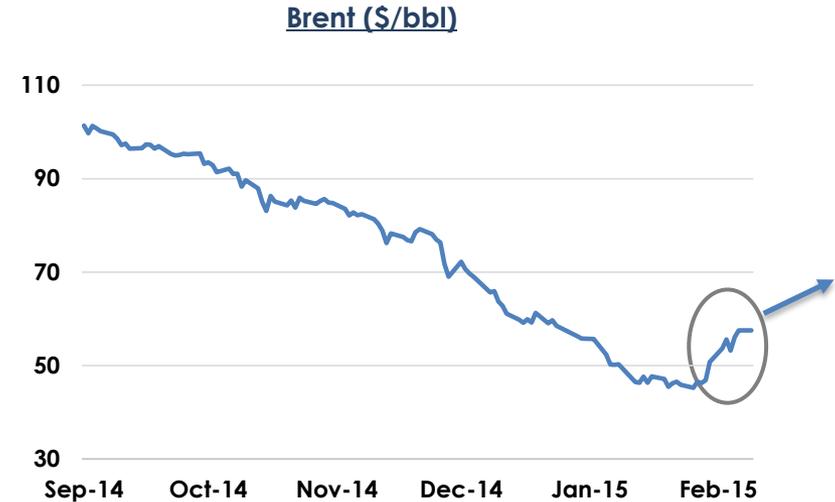
## Diversified Funding Sources



# Economic and Petrochemical Scenario

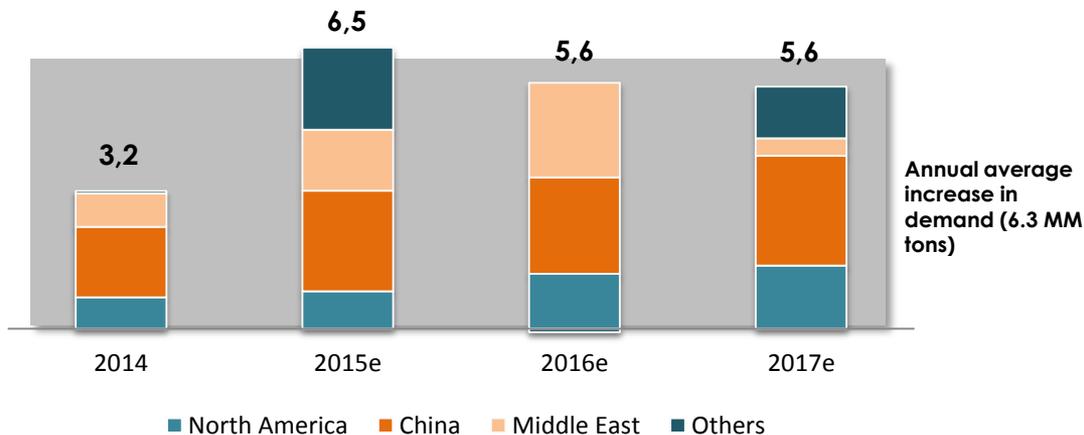
## Global Scenario

- Expected growth of the global economy in 2015 revised from 3.8% to 3.5%.
  - Moderate level of growth in China. GDP of 6.8%.
  - Solid recovery in the US economy (GDP of 3.6%).
- Weak economic activity in Brazil, with expectation of stagnation for 2015.
- Oil prices showing signs of recovery, but still at lower levels than the 2014 average.



## Petrochemical Scenario

**Additional capacity of Ethylene (MM tons)**



- Projects postponed or cancelled comparing to the same period last year
- Balanced supply and demand in 2015 - maintaining spreads
- China:
  - High cost/investments to access available feedstock
  - Infrastructure issues
- USA: New capacities to come online as of 2017/2018

# Concentrations

- Renewal of the naphtha supply contract.
- Mexico Project:
  - ❖ Conclusion of construction and start-up in 2015
  - ❖ Expand the clients base.
- Find a solution that ensures the competitiveness of energy costs, enabling the energy-intense operations of Braskem in the Northeastern region of Brazil - renewal of the energy contract with Chesf.
- Support an industrial policy that, in parallel with the fiscal austerity policy, lead to the gradual recovery of the competitiveness factors of the Brazilian industry.
- Increase the competitiveness of Braskem's feedstock, by reducing its cost and by its diversification.
- Maintaining liquidity levels, cost discipline and financial health.
  - ❖ Focus on the cash generation;
  - ❖ Implement a new Fixed Costs reduction program.



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