

# EARNINGS CONFERENCE CALL 4Q20 & 2020

MARCH 11, 2021



## 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.

This presentation was up-to-date as of December 31, 2020, and Braskem does not assume any obligation to update it in light of new information or future developments.

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

# Main achievements of the Company in 2020

## FINANCIAL RESULTS

- **Consistent net cash generation:** ~R\$1.3 billion
- **Maintenance of a robust cash position** (~US\$2,9 billion<sup>2</sup>)
- **Implementation of the Deleveraging Plan initiatives**
- **Sharp reduction in corporate leverage**

**COMMITMENT TO KEEP REDUCING CORPORATE LEVERAGE IN ORDER TO BE REASSIGNED AS AN INVESTMENT GRADE COMPANY**

## GEOLOGICAL PHENOMENON IN ALAGOAS

- **Execution of the agreements with the competent authorities**, with the termination of the public-interest civil actions filed against Braskem
- **Conclusion of the expert and independent technical studies** for the evaluation of potential impacts in the surface of the region
- **Resumption of the Chlor-Alkali plant**

**THE EXECUTION OF THE AGREEMENTS REPRESENTS AN IMPORTANT ADVANCE RELATED TO THE GEOLOGICAL PHENOMENON IN ALAGOAS**

## ESG<sup>1</sup> POSITIONING

- **Achieve carbon neutrality by 2050**
- **Provide a 15% reduction** in carbon emissions **by 2030**
- **Expand I'm green™ portfolio:**
  - **2025:** 300,000 tons
  - **2030:** 1 million tons

**THE ESG<sup>1</sup> POSITIONING REAFFIRMS THE COMMITMENT TO THE PURSUIT OF CONCRETE CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT**

# Main measures taken by the Company in response to COVID



## SUPPORT/COOPERATION

### VALUE CHAIN

- **~R\$10.6 million in donations**, including of hospital materials, protective items, rapid tests, food staple boxes, hygiene kits and more
  - ~10 million surgical masks
  - ~50,000 families received hygiene kits
  - 1,867 families of recyclables collectors received food staple boxes
- **Credit of R\$1 billion** to support mainly small and mid-sized companies in the chain



## RELIABILITY

### OPERATIONS & SALES

- **Temporary reduction** in capacity utilization rates in Brazil and USA in 2Q20, with recovery as from 3Q20
- **Temporary reduction in sales** in Brazil and USA mainly in 2Q20, with recovery as from 3Q20
- **Record-high sales** in Brazil, with 1,050 kt of resins sold in 3Q20, in line with the strategy to prioritize the Brazilian market



## NONNEGOTIABLE VALUE

### SAFETY

- **Smaller teams** for production, *lock-in* and reinforced HES<sup>1</sup> practices
- **Remote work** for team members in vulnerable groups or who work in offices
- **Medical support for team members** with suspected or confirmed COVID cases and **psychological support** under Caring for People Program

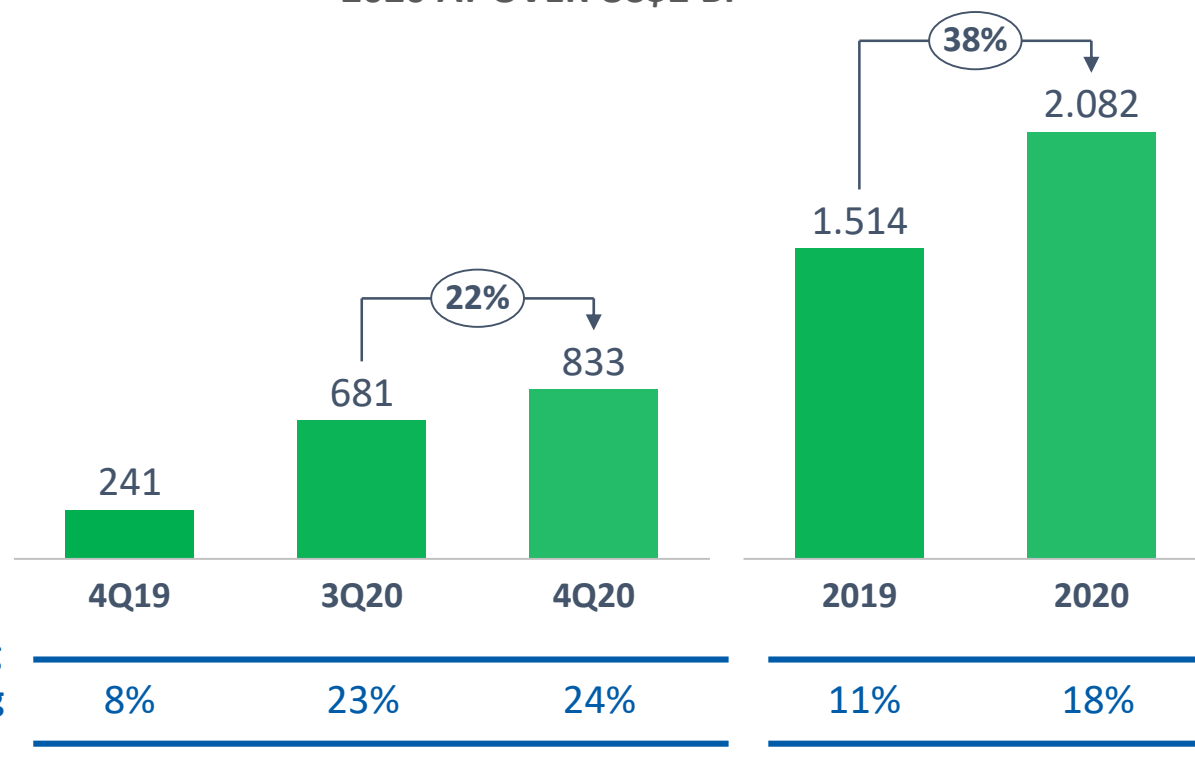
**Due to the spread of COVID, a series of measures were adopted to minimize the pandemic's impacts on the company's value chain, in production and sales, as well as on the safety and health of its team members**

# 4Q20 & 2020 Highlights | Braskem Consolidated

## Recurring Operating Result 4Q20 & 2020

(US\$ million)

**STRONG OPERATING RESULT IN SECOND HALF OF THE YEAR, WITH RECURRING OPERATING RESULT CLOSING 2020 AT OVER US\$2 BI**



## Comments:

- In 4Q20, Recurring Operating Result of US\$833 million, up 22% on 3Q20, explained mainly by:
  - better spreads for resins and main chemicals in Brazil, PP in the United States and PE in Mexico
- In 2020, Recurring Operating Result was US\$2,082 million, up 38% on 2019, explained mainly by:
  - better spreads for resins in Brazil, PP in Europe and PE in Mexico and
  - higher resin sales volumes in Brazil, with 3Q20 setting a quarterly record in the Brazilian market, as well as higher sales volume in USA, Europe and Mexico

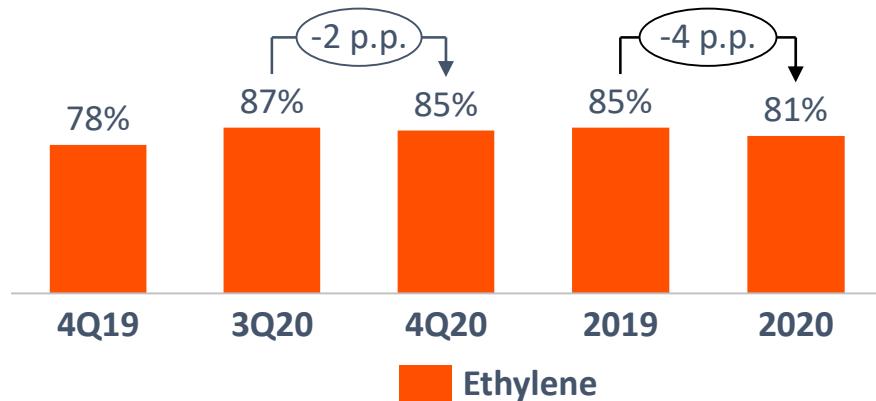
# 4Q20 & 2020 Highlights | Brazil



## Operational

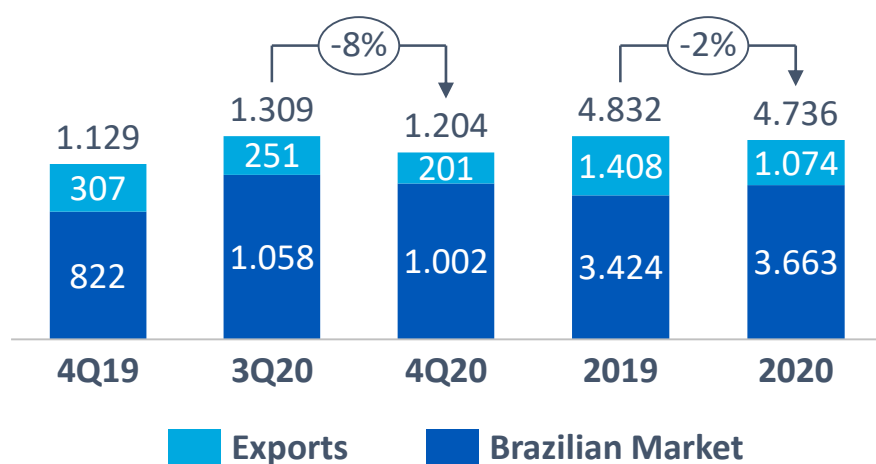
### Utilization Rate

(%)



### Resin Sales (PE+PP+PVC)

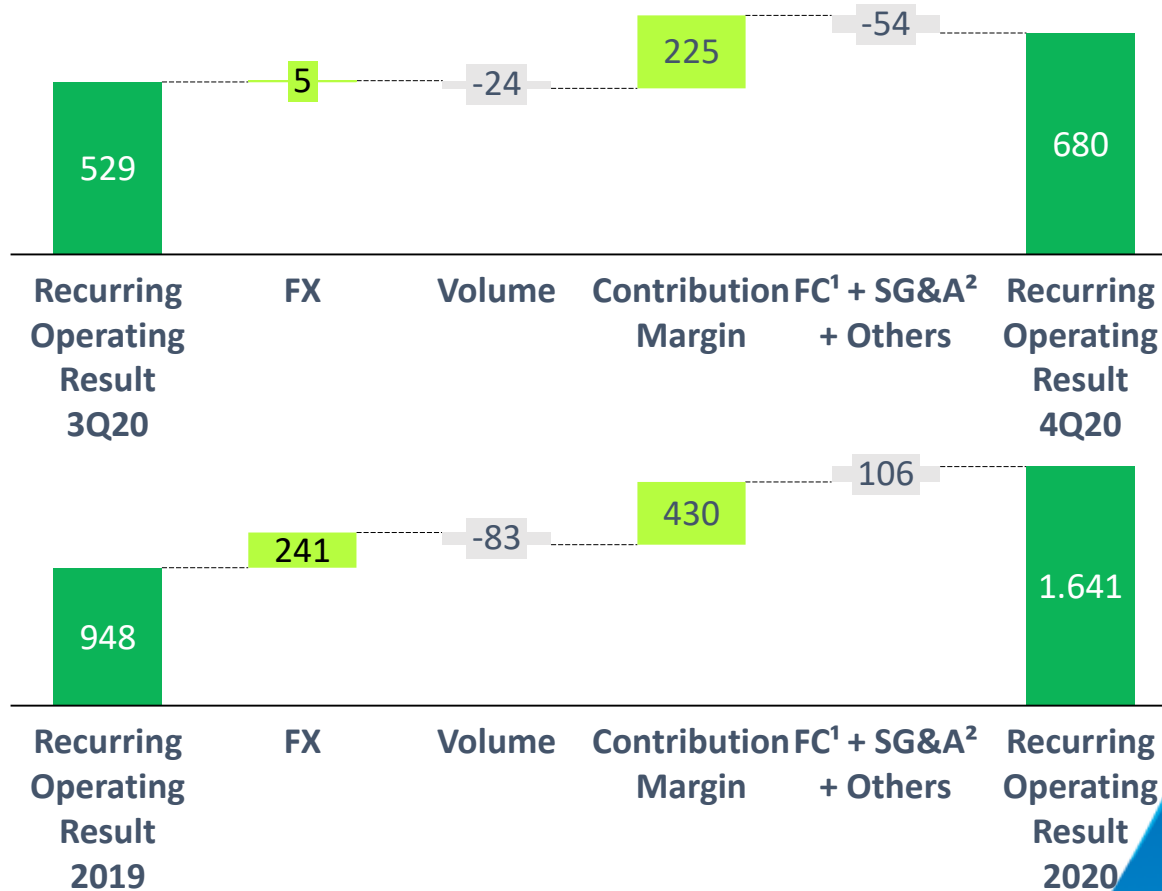
(kt)



## Financial

### Recurring Operating Result BRIDGE

(US\$ million)



Source: Braskem. Note (1): FC: Fixed Costs. Note (2): SG&A: Selling, General & Administrative Expenses.

# Update on geological event in Alagoas - ANM Official Letter<sup>1</sup>



## Material Fact (11/26/2020)

### ANM<sup>1</sup> Official Letter

- Braskem became aware of a **letter from the National Mining Agency** regarding measures for the **closure of salt extraction activities in Maceió and backfilling with solid material of a number of additional salt wells**, with an **additional estimated cost of approximately R\$3 billion<sup>2</sup>**

## Notice to the Market (1/5/2021)

### Temporary suspension of effects of ANM<sup>1</sup> Official Letter

- After a request for reconsideration prepared by Braskem, **the Company was informed that the effects of the ANM<sup>1</sup> Letter have been suspended** until a final evaluation of the technical arguments submitted by Braskem in the Reconsideration Request

## Material Fact (2/17/2021)

### ANM<sup>1</sup> has accepted the Request for Reconsideration

- **ANM<sup>1</sup> has accepted the Reconsideration Request made by the Company** requesting that ANM reconsider its order directing the implementation of additional measures for the mine closure plan proposed by the Company
- ANM's decision maintains in place the implementation of the measures contemplated in the mining front closure plan originally proposed by the Company

Last update<sup>3</sup>

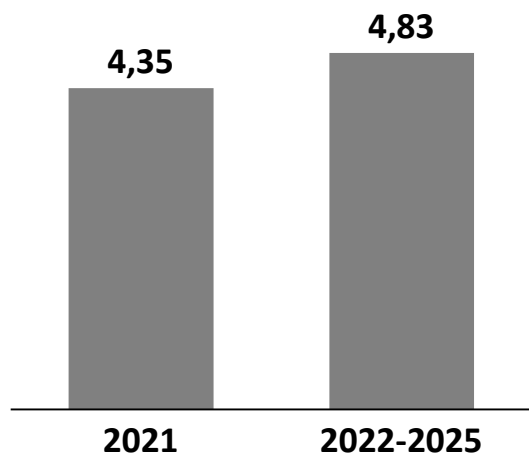
**Considering that the mine closure plan is a dynamic process with complex execution, ANM<sup>1</sup> will continue to oversight the results of the measures that are being taken by the Company for closing and monitoring the mine, and accordingly further evaluations, requirements and provisions may be necessary in the future**

# Update on geological event in Alagoas - Financial Impact



## Disbursement Schedule<sup>1</sup>

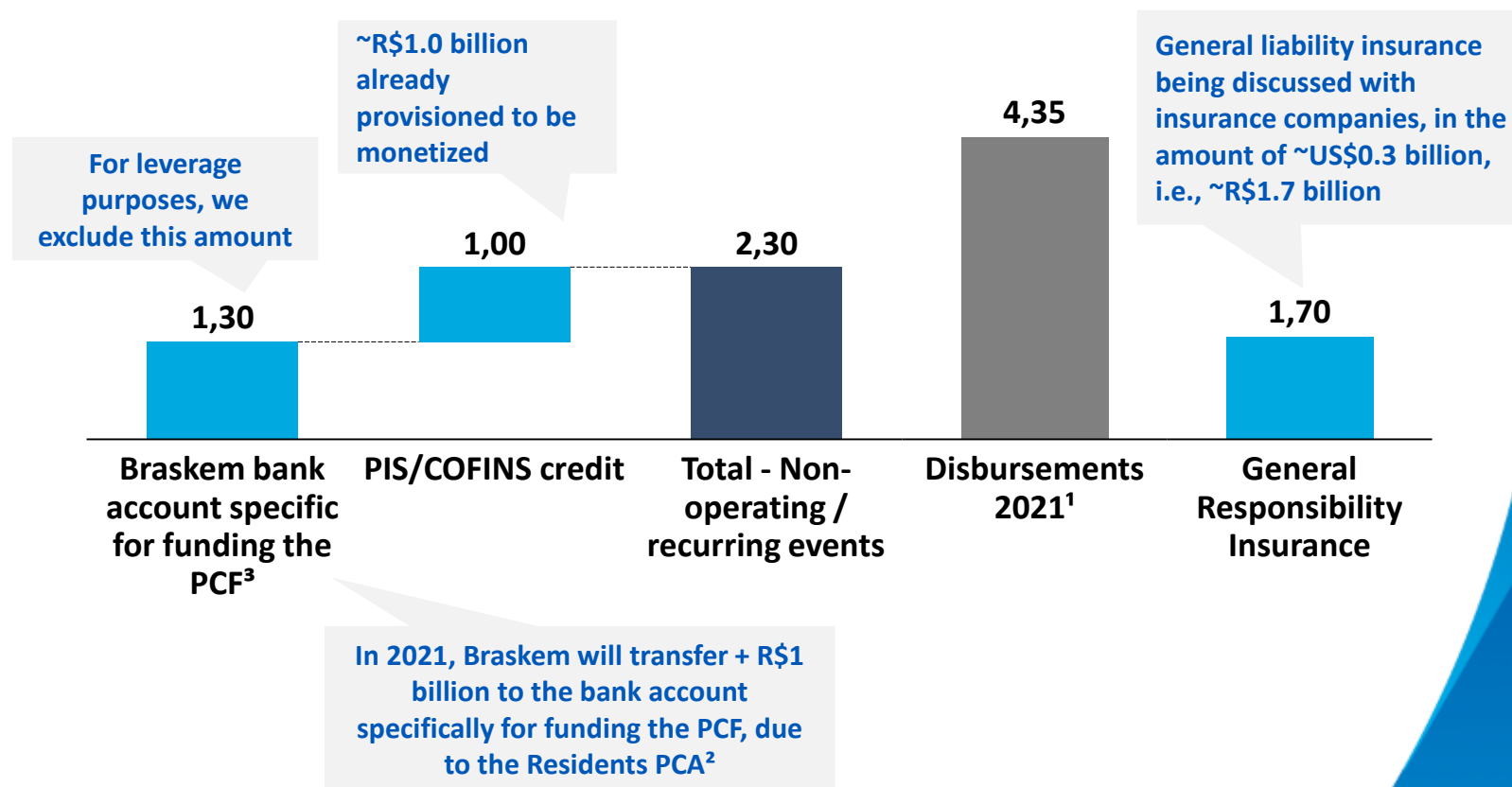
(R\$ billion)



Braskem estimates that expenses related to the Case Maceió will be incurred over the next five years

## Potential non-operating / recurring events - 2021

(R\$ billion)



Source: Braskem. Note (1): The Company cannot predict with certainty future developments in respect of this matter or its related expenses, and the costs to be incurred by the Company may be different than currently estimated. Note (2): PCA: Public-interest Civil Action. Note (3): PCF:

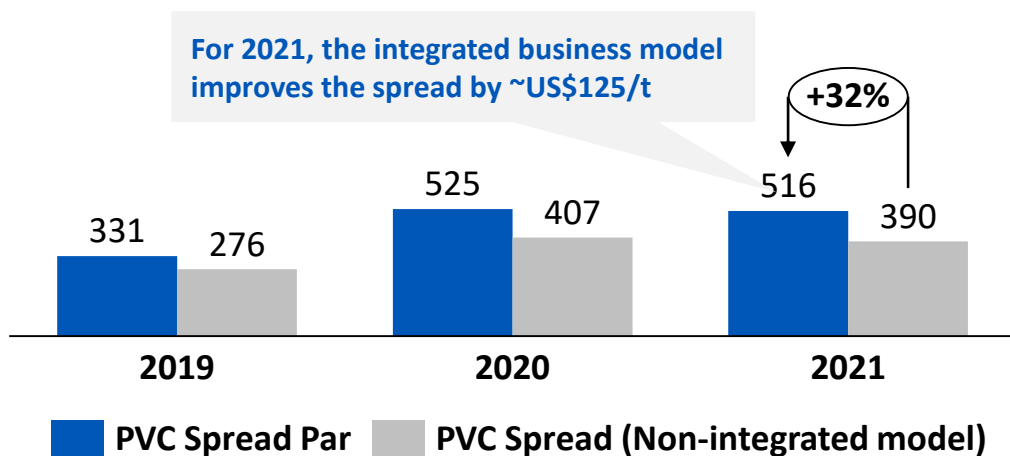


# Update on Vinyls operation in Alagoas

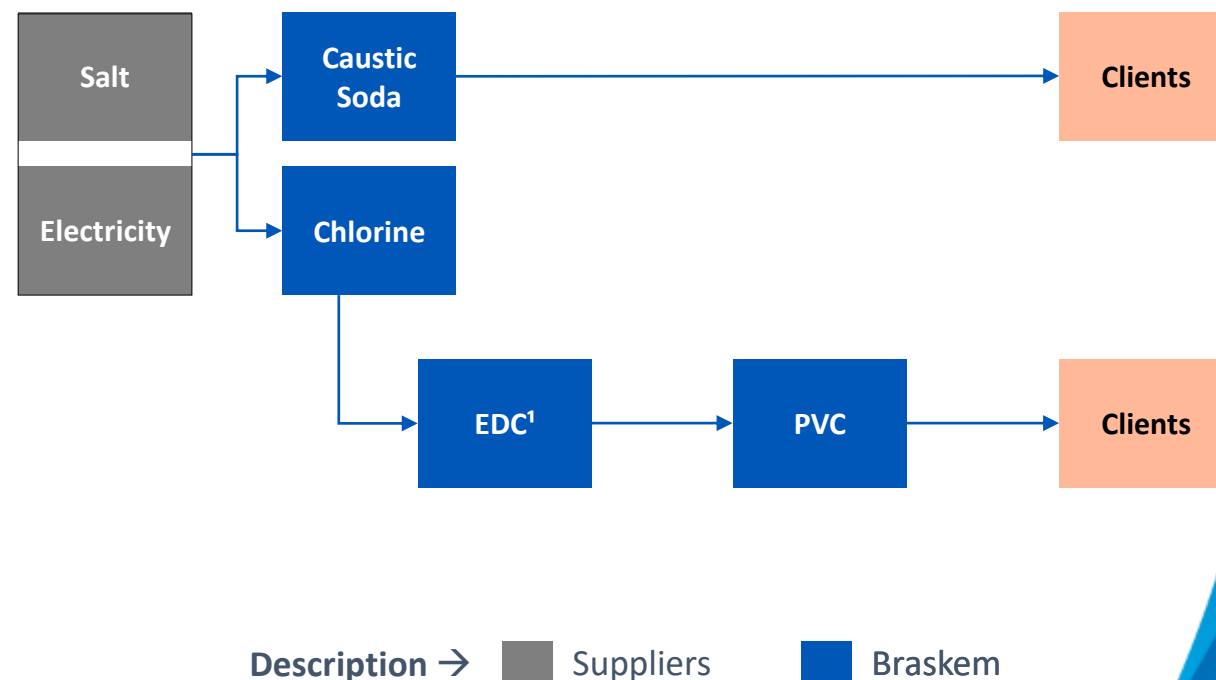


## Return of chlor-alkali production in Alagoas

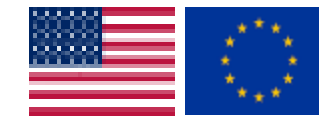
- Braskem announced the **restarting of chlor-alkali and dichloroethane production at its unit in the Pontal da Barra district of Maceió, Alagoas**, which had been shut down since May 2019
- To restart the Chlor-Alkali Plant, Braskem concluded the **project to produce brine as feedstock made from imported salt**, which allowed it to resume production of PVC and caustic soda with an integrated model
- **The project's estimated cost is around R\$68 million**, of which R\$64 million already had been invested as of 4Q20



## New Integrated Business Model (2021)



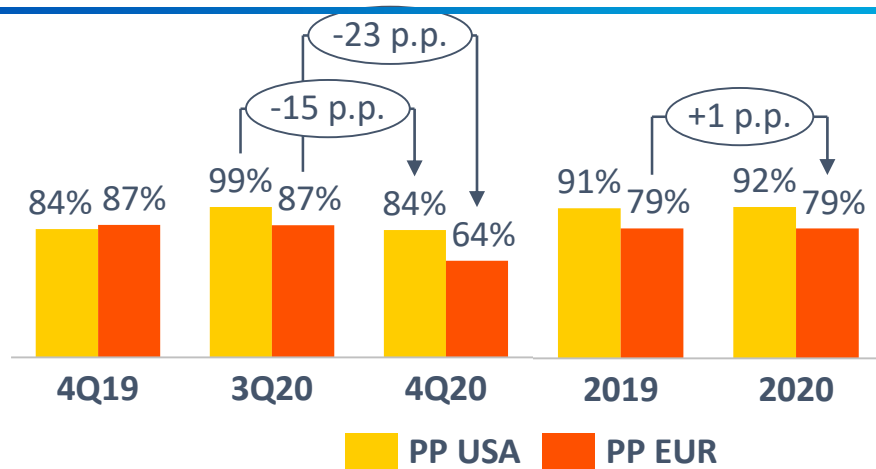
# 4Q20 & 2020 Highlights | USA & Europe



## Operational

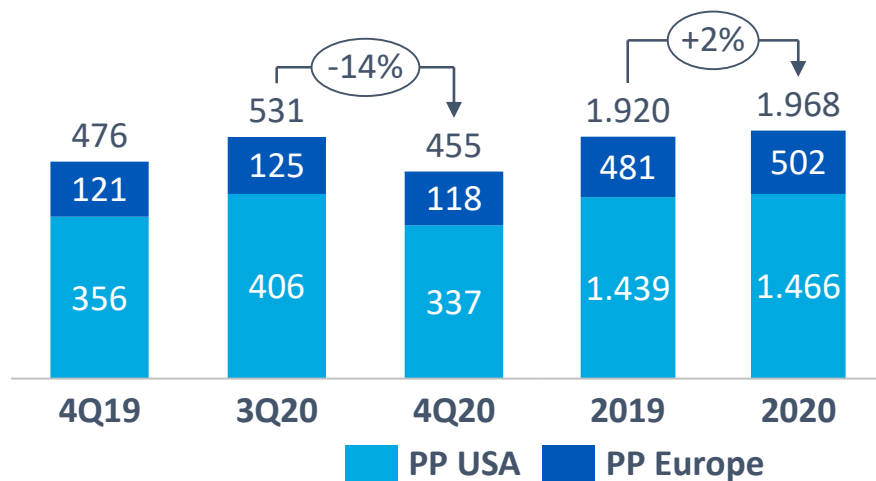
### Utilization Rate

(%)



### PP Sales

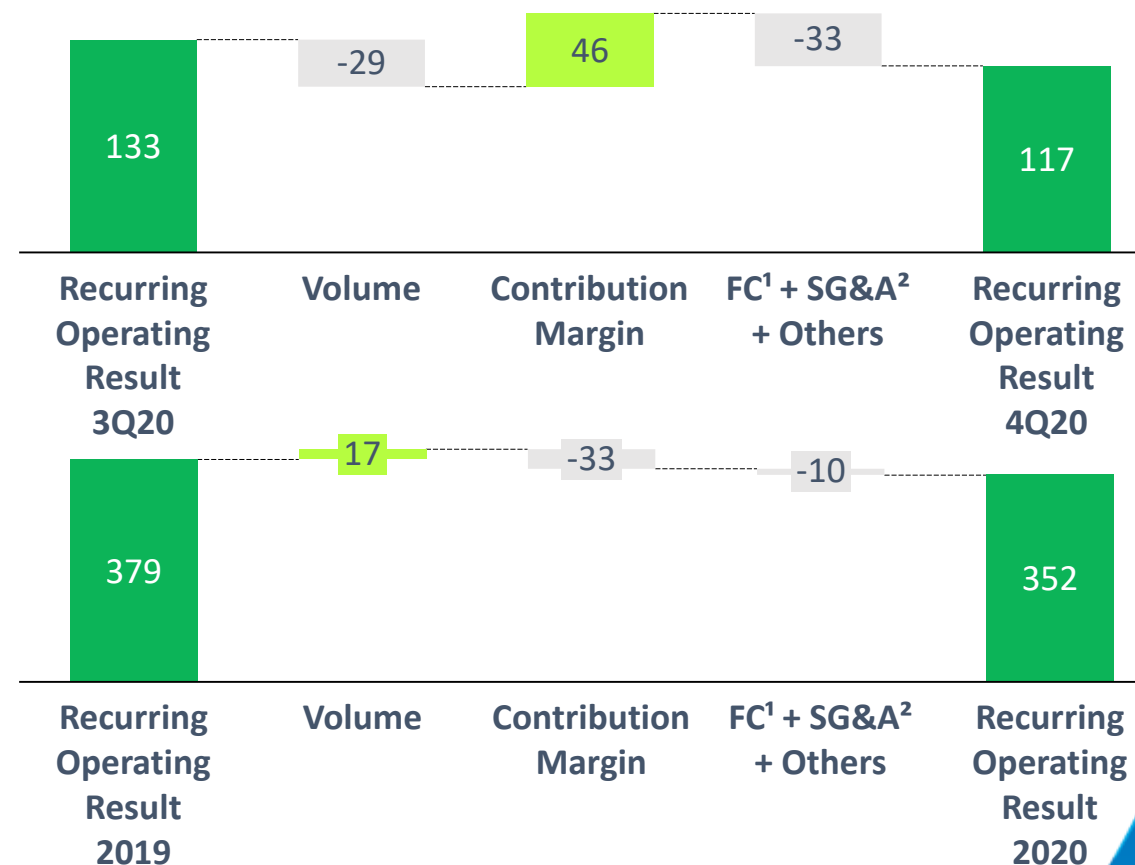
(kt)



## Financial

### Recurring Operating Result BRIDGE

(US\$ million)



Source: Braskem. Note (1): FC: Fixed Costs. Note (2): SG&A: Selling, General & Administrative Expenses.

# 4Q20 & 2020 Highlights | Mexico



## Operational

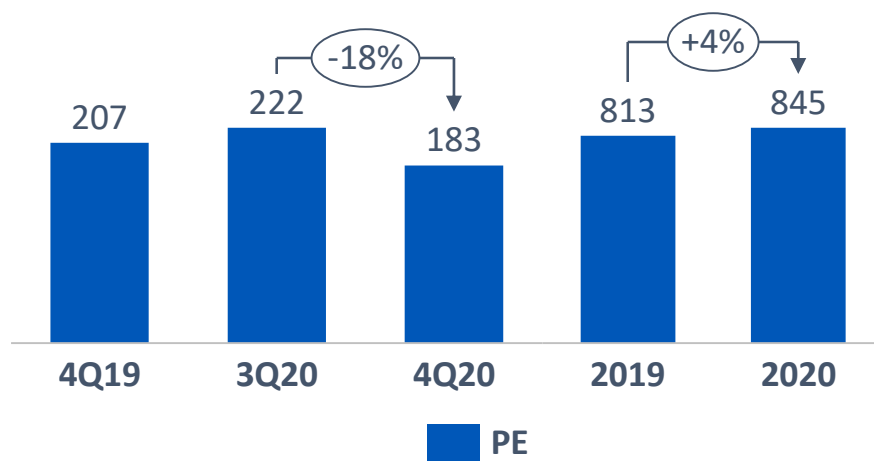
### Utilization Rate

(%)



### PE Sales

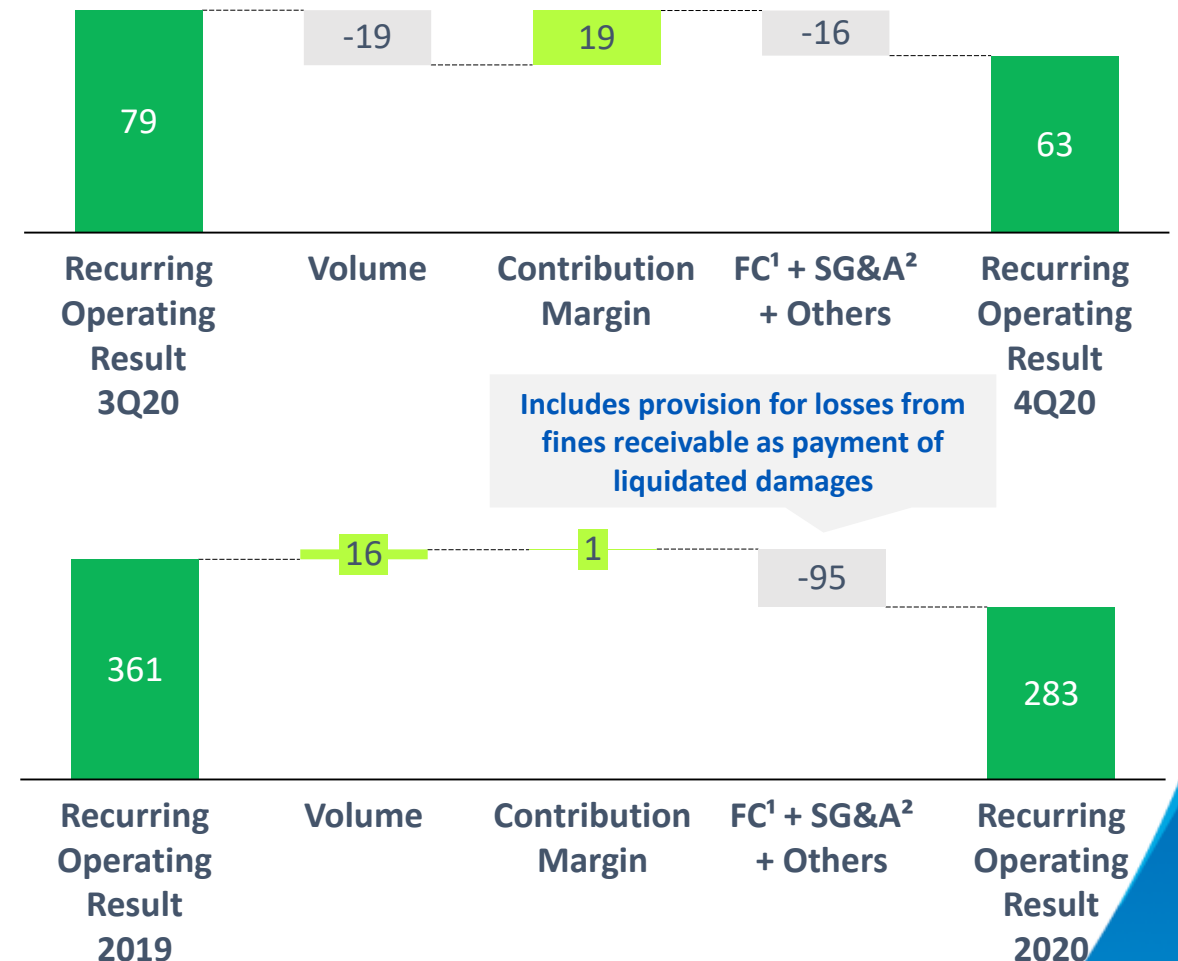
(kt)



## Financial

### Recurring Operating Result BRIDGE<sup>3</sup>

(US\$ million)



Source: Braskem. Note (1): FC: Fixed Costs. Note (2): SG&A: Selling, General & Administrative Expenses. Note (3): Due to the recognition of the accounting provision related to the write-off of the amount receivable by Braskem Idesa in 4Q20, the Company adjusted the Recurring Operating Result of 2020 to eliminate the effects of liquidated damages.

# Update on Braskem Idesa operation



(12/2/2020)

## Unilateral suspension of natural gas transportation

- Braskem Idesa was notified by Cenagas<sup>1</sup>, the Mexican agency solely responsible for natural gas pipeline and transportation system in the region, regarding the **unilateral suspension of natural gas transportation, an energy input essential for the production of polyethylene at the Petrochemical Complex in Mexico**. As a result, and respecting the safety protocols, Braskem Idesa immediately suspended its operations

(1/7/2021)

## Partial return of Braskem Idesa operations

- Braskem announced **the partial return of polyethylene production by Braskem Idesa based on an experimental business model** that follows all safety protocols and reduces the impacts on serving demand from Mexico's plastics industry

(3/1/2021)

## Braskem Idesa signed documents with Pemex and Cenagas

- **Braskem Idesa signed with PEMEX and Cenagas<sup>1</sup> the following documents to enable the continuity of BI's operations:**
  - i. a memorandum of understanding with PEMEX setting out respective understandings for the discussion of potential amendments to the Ethane Supply Contract and for the development of an ethane import terminal, subject to negotiation, entering into definitive documentation, approvals of BI's shareholders and creditors and with reservations of rights; and
  - ii. an agreement for natural gas transport service with CENAGAS, with a term of 15 years, such term conditioned upon the execution of the definitive documentation referenced in item (i) above

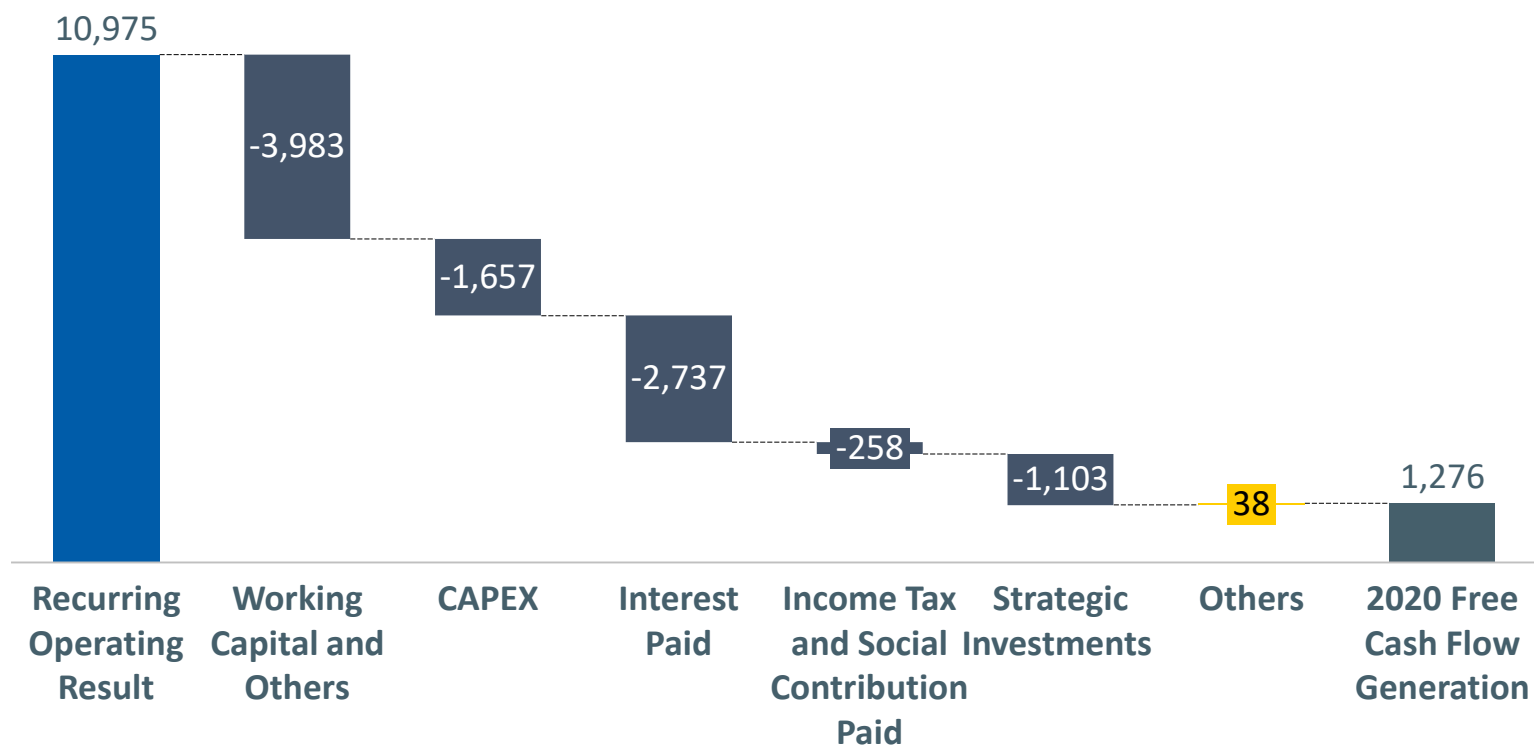
**Last update<sup>2</sup>**

**With the execution of these documents by BI, BI immediately commenced to receive the service of natural gas transportation, which had been unilaterally terminated in Dec/2020. Additionally, the Ethane Supply Contract between BI and PEMEX remains in full force. At the time, BI cannot predict the outcome of such discussions with PEMEX, its shareholders and creditors**

# Free Cash Flow Generation

## Free Cash Flow Generation (R\$ million) - 2020

SIMILAR TO PRIOR YEARS, POSITIVE FREE CASH FLOW GENERATION IN 2020



**FCF Yield<sup>1</sup> 2020: 6.0%**

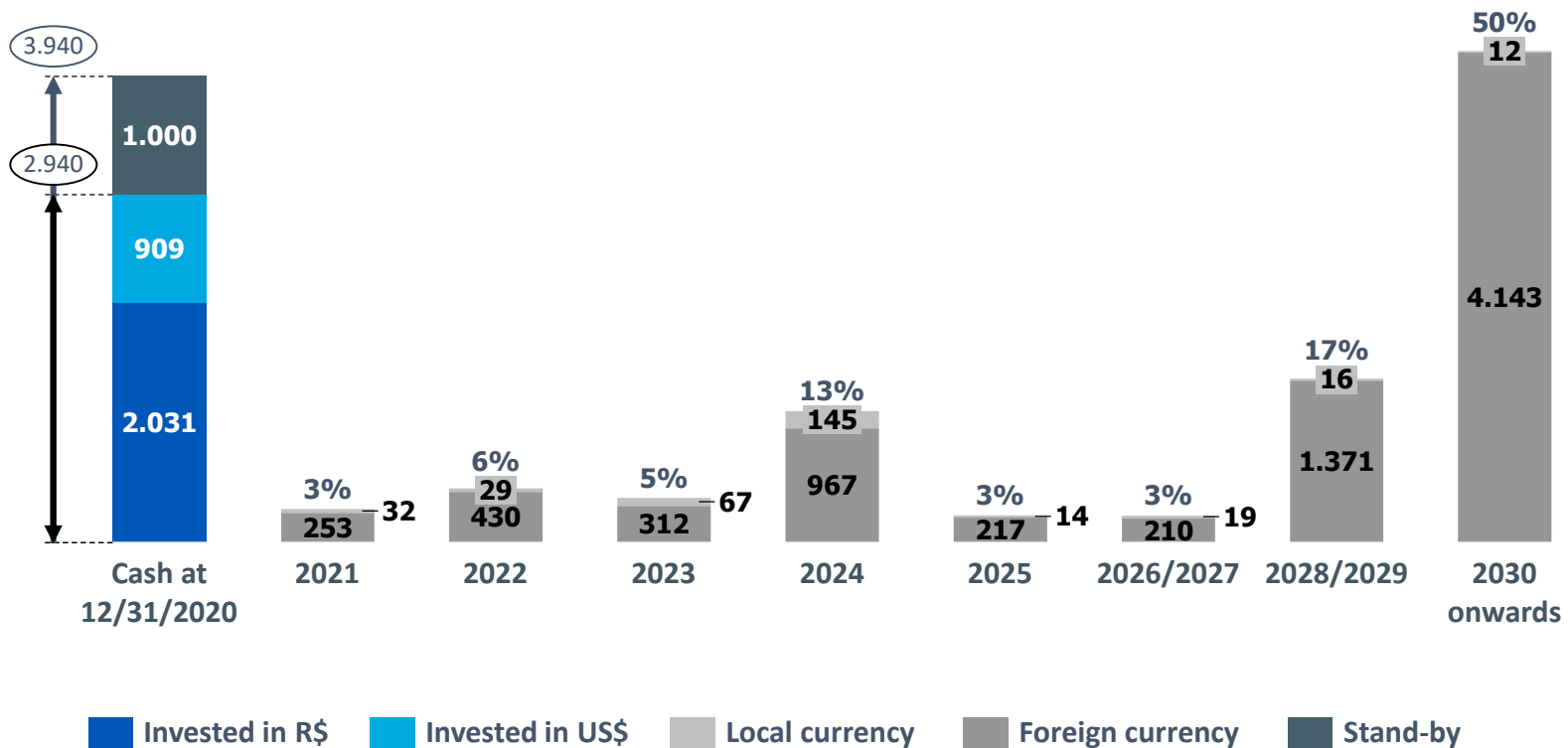
### Comments:

- In 2020, the Company registered net cash generation of R\$1,276 million, mainly due to:
  - strong operating result;
  - monetization of PIS/COFINS credits of R\$1,786 million; and
  - reduction in estimated investments by 23%.
- These impacts were partially offset by the impact of working capital on cash flow in 1H20, which is explained by cash consumption due to the shift in the feedstock profile, with lower volumes of naphtha imports.

# Debt Profile

## Debt Profile (US\$ million) 12/31/2020<sup>1</sup>

APPROXIMATELY 50% OF DEBT COMES DUE AFTER 2030



## Debt Indicators

- Sufficient liquidity to cover liabilities coming due in next **84 months**
- Average debt term of **~19 years**
- Weighted average cost of debt was FX variation **+5.3%**

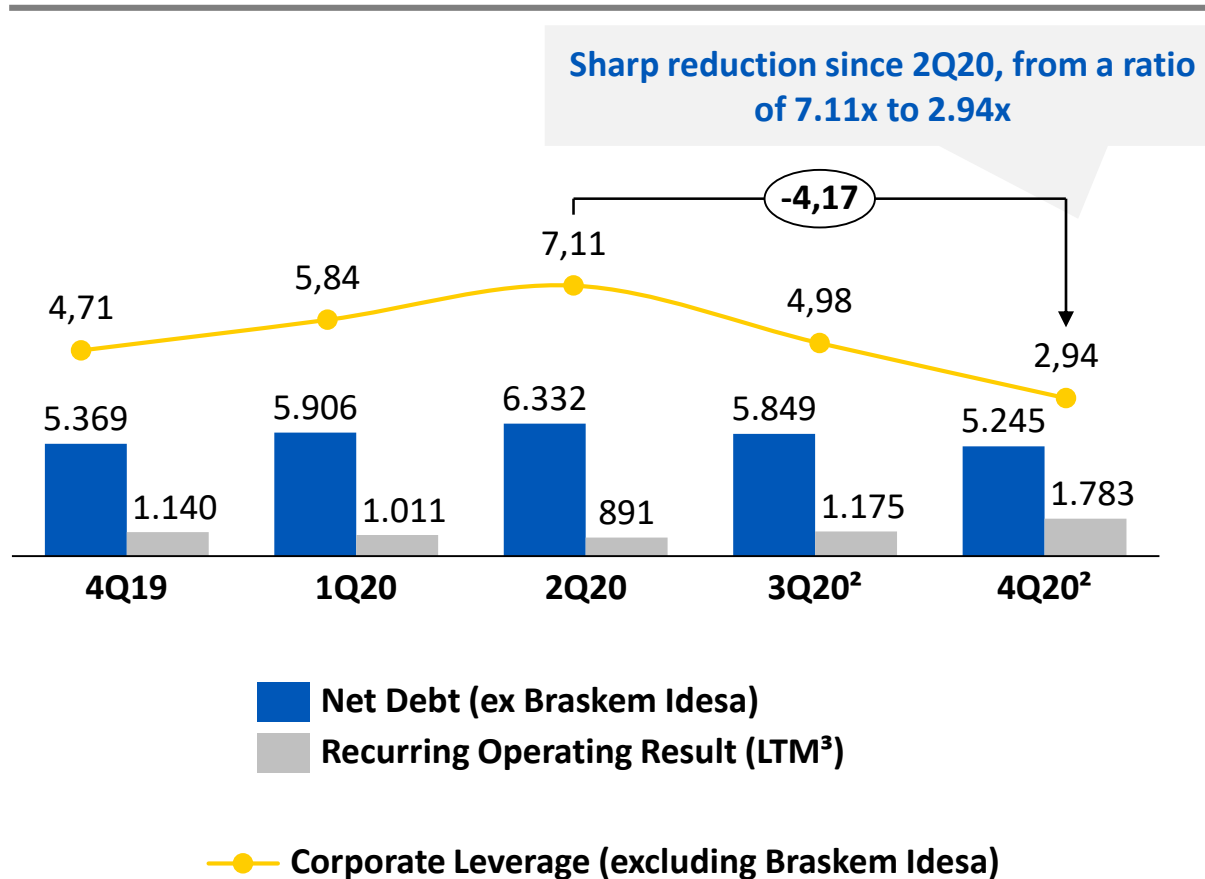
## Corporate Credit Risk - Global Scale

Agency	Rating	Outlook	Date
Fitch	BB+	Stable	07/03/2020
S&P	BB+	Stable	07/08/2020
Moody's	Ba1	Negative	07/13/2020

(1) Excludes R\$1.3 billion for funding the Financial Compensation and Support for Relocation Program in Alagoas

# Corporate Leverage & Deleveraging Plan

## Net Debt / Recurring Operating Result (US\$)<sup>1</sup>



Net Debt remained stable, while Recurring Operating Result was affected by COVID and spreads up to 2Q20

## Deleveraging Plan:

- In 2020, Braskem implemented measures to reduce its corporate leverage to be reassigned as an investment grade company
- In the year, the Company progressed with the initiatives in its **deleveraging plan** to end 2020 with the following achievements:
  - Issuance of Hybrid Bond in July 2020, of US\$600 million, treated as 50% equity by Standard & Poor's and Fitch Ratings
  - Reduction of investments in 2020 from US\$721 million to around US\$555 million
  - Reduction of ~9% in fixed costs from 2019, near the target of ending 2020 with a 10% reduction
  - Monetization of around R\$1.8 billion in PIS/COFINS credits

# ESG: New agreement to buy renewable energy from Casa dos Ventos

## New wind power supply agreement

- The agreement contributes to **the feasibility of the construction of a new wind farm by Casa dos Ventos** in Rio Grande do Norte state, which will ensure the supply of energy to Braskem for 20 years
- In addition to energy purchase, **Braskem will have the option to acquire an equity interest in the wind farms**, which would enable a self-production model



### Our carbon neutral strategy

1  
EMISSIONS  
REDUCTION

2  
EMISSIONS OFFSET

3  
EMISSIONS  
CAPTURE

New agreement with Casa dos Ventos will help reduce CO2 emissions

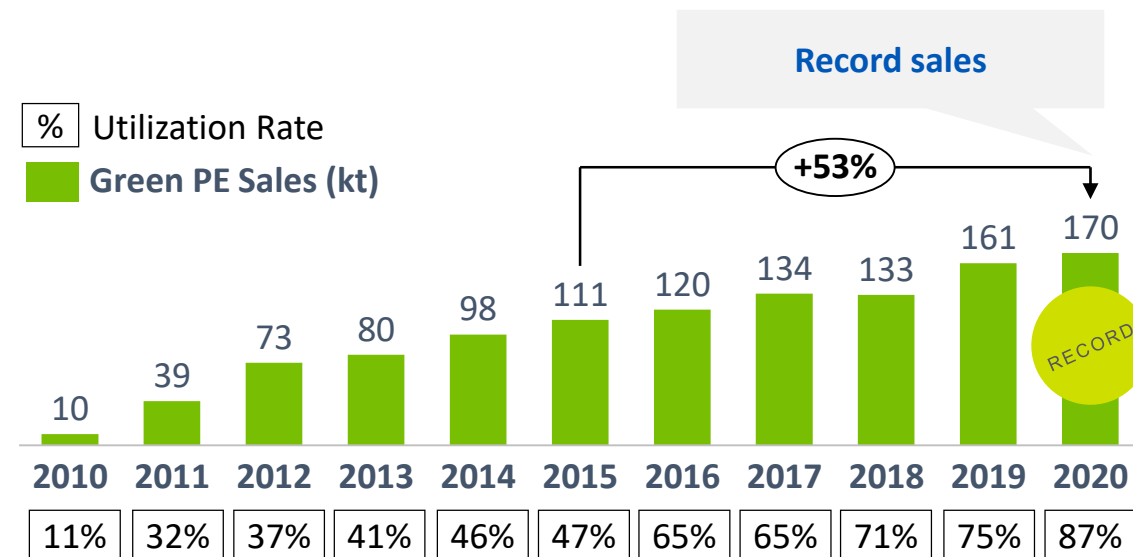
Braskem's fourth agreement for acquiring competitive renewable energy, with nearly 1.5 million tons of CO2 emissions avoided



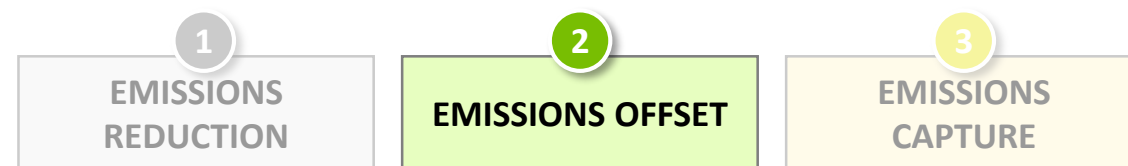
# ESG: Expansion of Green Ethylene production capacity at Triunfo, RS

## Expansion of biopolymer business

- Braskem will launch a project at Triunfo PetChem Complex in Rio Grande do Sul, to **expand its green ethylene production capacity**
- Sugarcane ethanol **is used to produce "I'm green™"** resins, with negative carbon footprint
- With **projected investment of US\$61 million**, the expectation is to **add 60 kta of green ethylene production** from the end of 2022



### Our carbon neutral strategy



This project could help Braskem offset its CO2 emissions

**Production capacity will reach 260 kta and will meet the strong global demand for biopolymers, helping to make Braskem a carbon neutral company by 2050**

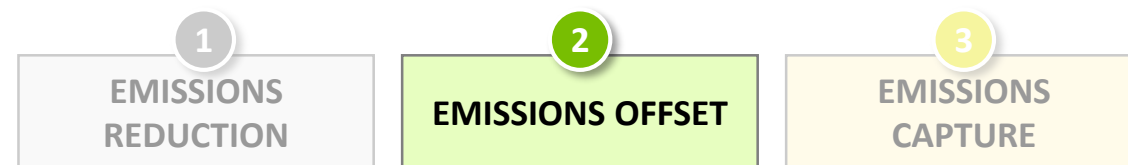
# ESG: Production of renewable bio-MEG from sugar

## Cooperation between Braskem and Haldor Topsoe

- Braskem and Danish-based Haldor Topsoe announced in late 2020 **the first production of biobased monoethylene glycol (MEG)** on a demonstration scale
- The unit started up in 2019 **to demonstrate the main design characteristics of the pioneering technology** that transforms sugar into renewable MEG
- **MEG is the feedstock for making polyethylene terephthalate (PET)**, which has numerous applications and is an essential input in sectors such as textiles and packaging, especially beverage bottles



### Our carbon neutral strategy



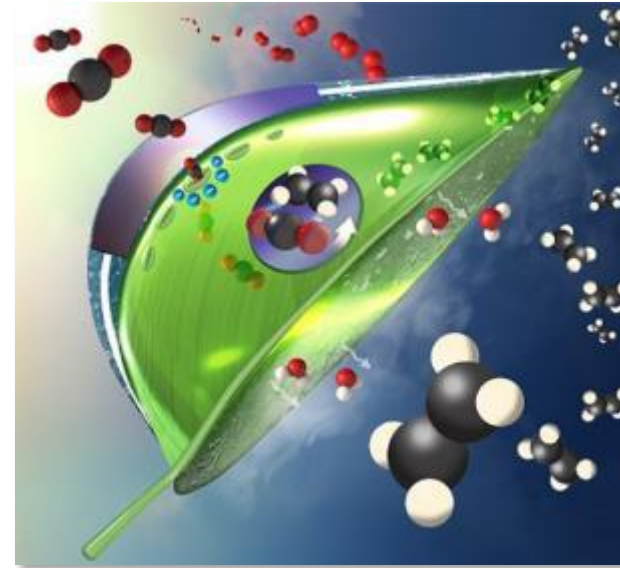
The project could help to offset the Braskem's CO2 emissions

The first production of renewable bio-MEG represents a large step in the project's development and reinforces Braskem's commitment to the development of its Renewable Chemicals business

# ESG: Studies for the production of plastic from the capture and use of CO2

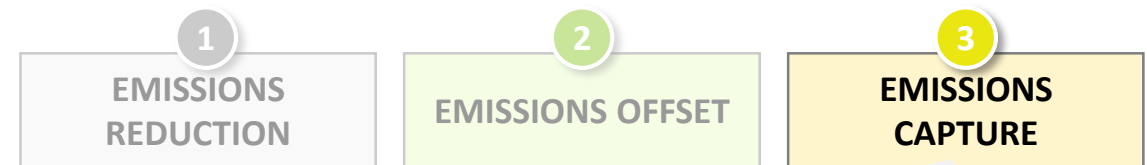
## Partnership between Braskem and the University of Illinois, Chicago, USA

- Braskem joined forces with the University of Illinois (UIC), Chicago, to research a route for **developing ethylene using a technology that captures and uses CO2**
- The project is in the **initial development stage**, and Braskem will contribute with its know-how in marketing feedstocks and producing polymers to scale the technology
- UIC's disruptive technology in partnership with Braskem has global potential for industrial applications **by connecting the production of polymers to the capture and conversion of CO2**



Example inspired by mechanisms existing in nature, where a leaf and an artificial photosystem capture CO2 from combustion gases and converts it into ethylene using sunlight

### Our carbon neutral strategy



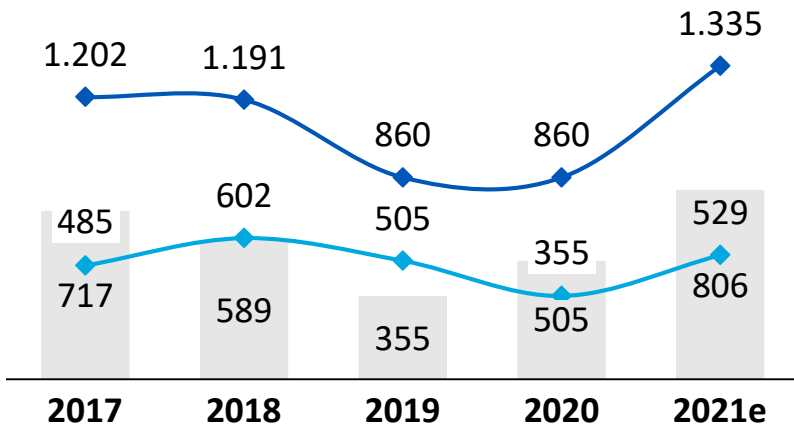
This study is related to the capture and use of CO2

The purpose of the partnership with the University of Illinois is to assess the possibility of capturing the CO2 emitted from our industrial operation and converting it to feedstock for making polymers

# Petrochemical Scenario 2021 vs. 2020 - PE and PVC

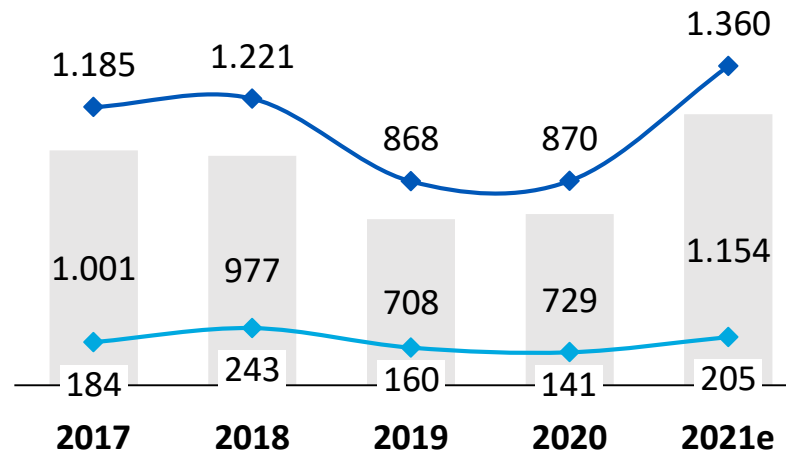
## Spread PE USA –Naphtha ARA<sup>1</sup>

\$/ton



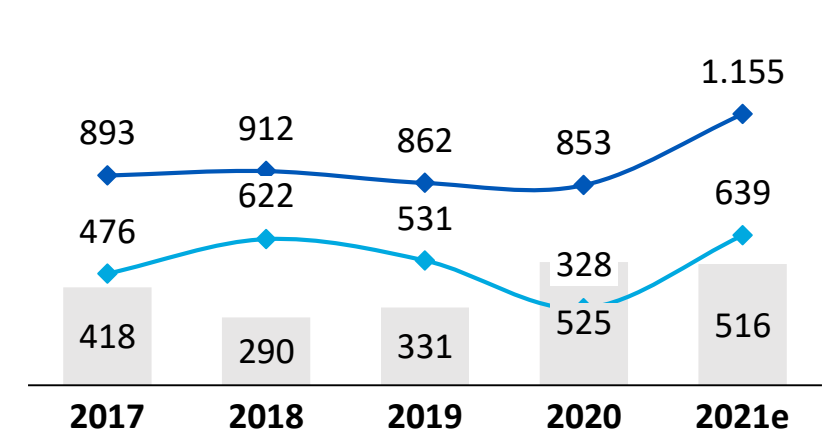
## Spread PE USA – Ethane Mont Belvieu<sup>1</sup>

\$/ton



## Spread PVC – Spread Par<sup>1</sup>

\$/ton



Spread  
 Naphtha ARA  
 PE USG - Brazil Mix<sup>2</sup>

Spread  
 Ethane USG  
 PE USG - Mexico Mix<sup>3</sup>

Spread<sup>4</sup>  
 Feedstock  
 PVC Asia

Best PE-Naphtha spreads since 2017, reaching upcycle levels, mainly due to resilient demand

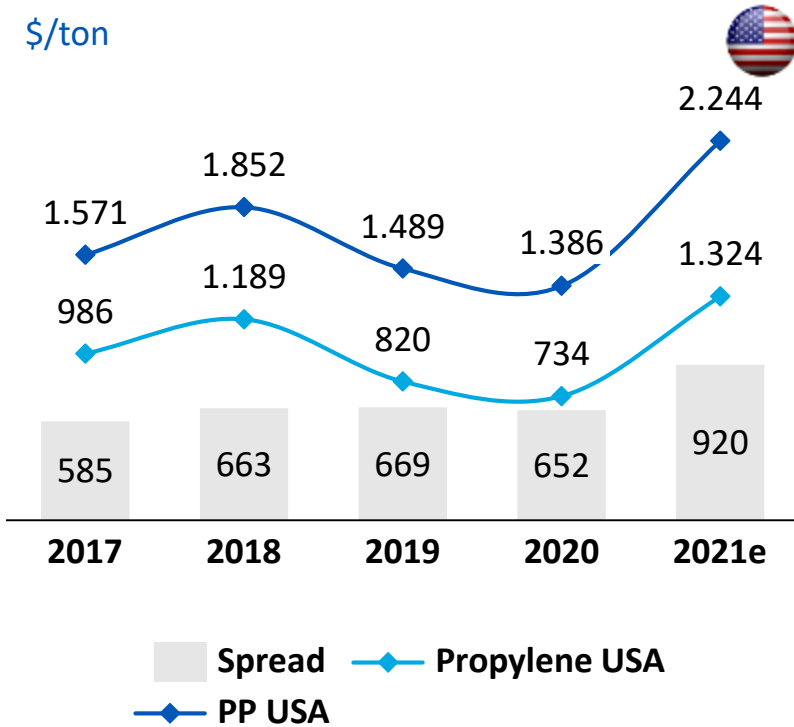
Best PE-Ethane spreads since 2017, reaching upcycle levels, mainly due to resilient demand

After the return of Chlor-Alkali and EDC plant, the Spread Par better reflects the profitability of Vinyls, which is higher than the nonintegrated model spread

Note (1): External consulting firms. Note (2): PE USG Brazil Mix = 0.3\*LDPE US + 0.3\*LLDPE US + 0.4\*HDPE US Note (3): PE USG Mexico Mix = 0.286\*LDPE US + 0.714\*HDPE US Note (4): Par Spread: PVC + (0.685\*Soda Asia) – (1.5984\*Naphtha ARA) – (1,014\*Brent).

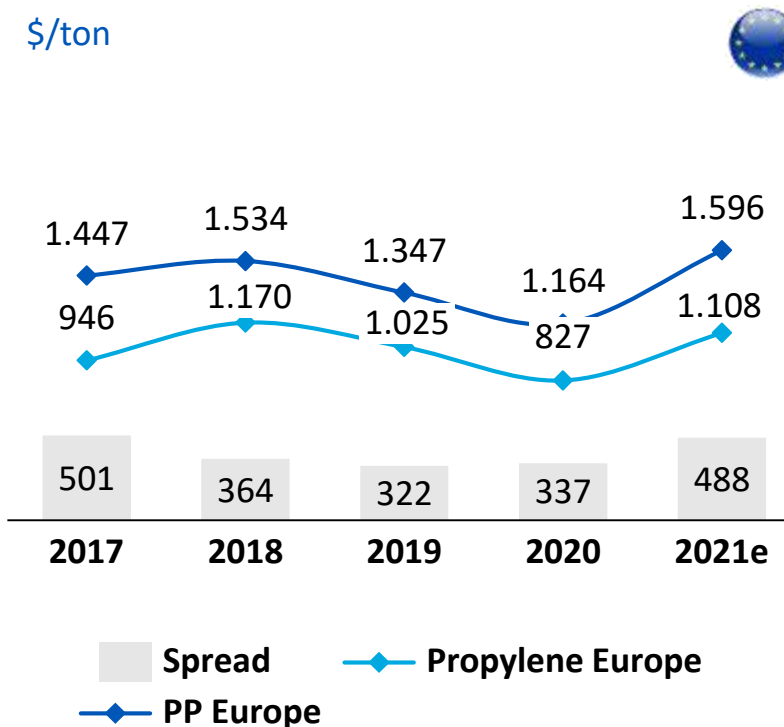
# Petrochemical Scenario 2021 vs. 2020 - PP

## Spread PP USA – Propylene USA<sup>1</sup>



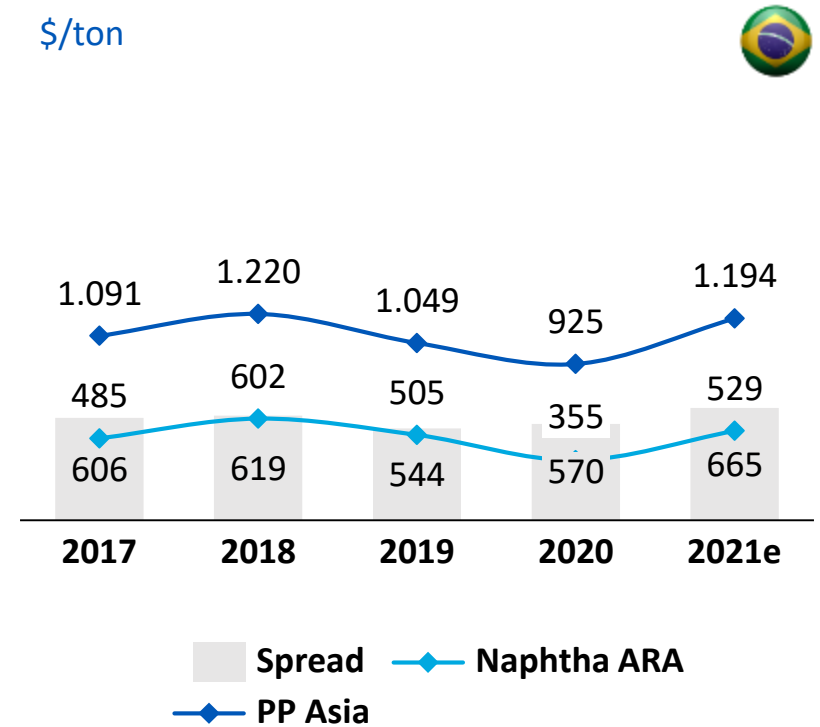
Sharp increase in PP-C3 USA spreads compared to recent years, due to resilient demand and lack of new capacities in 2021

## Spread PP Europe – Propylene Europe<sup>1</sup>



Better PP-C3 Europe spreads due to stronger demand in the region

## Spread PP Asia – Naphtha ARA<sup>1</sup>



Better PP-Naphtha spreads, with increase in PVC Asia price offsetting the higher naphtha price

Note (1): External consulting firms.

# Braskem Outlook | 1Q21 vs. 4Q20



## Brazil



## United States



## Europe



## Mexico

### Utilization Rate<sup>1</sup>

Ethylene production should be similar, despite a pit-stop at the RS petchem complex and scheduled shutdown of the SP complex

Decline in PP production due to the impacts from severe winter weather events in Feb/21 on the U.S. Gulf Coast

Increase in PP production after maintenance shutdown in 4Q20

PE production similar, with partial restarting of operations in Jan/21 using an experimental model, and return of natural gas transportation service in Mar/21

### Sales Volume<sup>1</sup>

Total resin sales in line with 4Q20 and continuity of the strategy to prioritize sales to Brazilian and SAM market

Lower sales volume due to lower product availability

Higher sales volume following the region's seasonally weak quarter (4Q20)

Lower sales due to lower availability of products in inventory

### Petrochemical Spreads<sup>2</sup>

Healthier spreads for all resins due to resilient global demand. In the case of PE, there is also the impact from winter storms on U.S. supply

Healthier PP-Propylene spreads in USA due to continued strong demand and impact from winter storms on PP supply in the US

Healthier PP-Propylene spreads in Europe due to stronger PP demand in the region

Healthier PE-Ethane spreads in USA due to continued strong demand and impact from winter storms on PE supply in the US

Increase





Maintain

Decrease

Note (1): Braskem expectation. Note (2): Expectation of external consulting firms.

# Braskem Outlook | 2021 vs. 2020

## Considerations on Operating Result 2021 vs. 2020

Regions	Demand (kta)	Sales (kta)	Spreads <sup>1</sup> (US\$/t)	SG&A <sup>2</sup> (US\$)
	↑ GDP/Demand Elasticity of 1.0x (growth of 3.6%)	↑ Strategy to focus on serving the Brazilian and SAM market	↑ PE: \$806/t (+60%) PP: \$665/t (+17%) PVC <sup>3</sup> : \$516/t (+27%)	→ ~6% of net revenue
	↑ Growth of 3.7% with recovery of the country's economic activity	↑ New PP plant in the sales portfolio (+450 kta)	↑ PP: \$920/t (+41%) mainly due to resilient demand	
	→ Stable compared to 2020 level	→ Stable compared to 2020 level	↑ PP: \$488/t (+45%) mainly due to resilient demand	
	↑ Growth of 1.8% with recovery of the country's economic activity	→ Natural gas transportation service resumed in Mar/21	↑ PE: \$1,154/t (+58%) mainly due to resilient demand	

## Considerations on Cash Generation in 2021

(=)	Recurring Operating Result	↑ Petrochemical scenario could positively influence operating result
(+/-)	Working Capital	→ Feedstock purchase profile similar to 2019 and WC optimizations being discussed with suppliers
(-)	Investments	↓ Operational: US\$667 MM Strategic: US\$97 MM Braskem Idesa: US\$34 MM
(-)	Interest	→ Balance of consolidated gross debt (US\$10.4 bi) and average debt cost (5.3%)
(-)	Income Tax	→ In the range of US\$200-300 MM, based on historic average
(=)	Cash Generation	↑ Company's decisions to maximize cash generation

Note (1): External consulting firms. Note (2): SG&A: Selling, General and Administrative Expenses, considering the 2017-2020 average of Braskem Consolidated. Note (3): For 2021, we are considering the spread par for PVC due to the restarting of the Chlor-Alkali plant in Alagoas

# Main objectives of the Company for 2021

## 1 GEOLOGICAL PHENOMENON IN ALAGOAS

- Continue with the advances related to the **geological phenomenon** in Alagoas



## 2 BRASKEM IDESA

- Find constructive ways to **solve the ethane shortage** in Mexico



## 3 CAPITAL ALLOCATION / FINANCIAL HEALTH

- Ensure the Company's continued **financial health**, risk management and discipline in capital allocation



## 4 IMAGE & REPUTATION

- Strengthen **Braskem's image** and recognition with team members, clients, suppliers, investors and society



## 5 INNOVATION & DIGITAL TRANSFORMATION

- Increase effectiveness in **innovation** and speed up **digital transformation**



## 6 ESG<sup>1</sup> POSITIONING

- Advance in the implementation of **ESG commitments**



**SAFETY IN OUR OPERATIONS IS A PERPETUAL AND NON-NEGOTIABLE VALUE IN OUR STRATEGY**



Thank you!

