



Braskem

1Q14 Earnings Conference Call

São Paulo, May 09, 2014



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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1Q14 Highlights

- ▶ Average **crackers** capacity utilization **rate** of **85%**, affected by the scheduled maintenance shutdown at the Triunfo site and operational issues.
- ▶ The Brazilian **market** of resins (PE, PP and PVC) reached 1.3 million tons in the quarter, in line with 4Q13. **Braskem's** sales amounted to **901 kton**.
- ▶ In line with its strategy to focus its investments on the petrochemical industry, Braskem divested the assets forming the Water Treatment Unit ("WTU") located at the Triunfo complex in the amount of R\$315 million, recognizing a gain of R\$277 million in the quarter.
- ▶ **EBITDA** was **R\$1.6 billion**, positively influenced by (i) the stability in spreads in the international market, (ii) the depreciation in the Brazilian real and (iii) the WTU divestment. In U.S. dollar, EBITDA was **US\$690 million**.
- ▶ Net income in the first quarter amounted to **R\$396 million**.
- ▶ Leverage, as measured by the ratio of Net Debt to EBITDA in U.S. dollar, stood at 2.71x, down 6% from the previous quarter.

Expansion and diversification with competitive feedstock

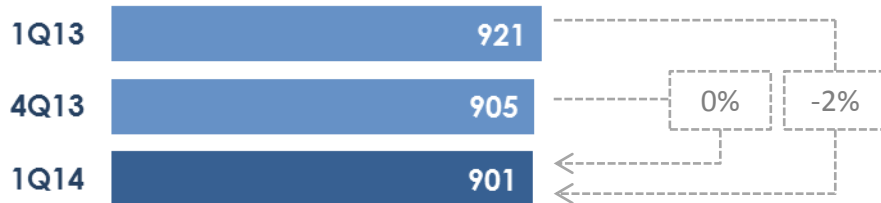
- ▶ Integrated project in **Mexico**:
 - Project has reached **66%** of **physical completion**;
 - On April, the subsidiary Braskem-Idesa withdrew the third installment of the project finance in the amount of US\$465 million.
- ▶ Ascent project
 - In March 2014, Antero Resources signed an agreement to supply ethane (subject to a feasibility study of the project and its approval) to the project.

Brazilian market and Braskem's sales

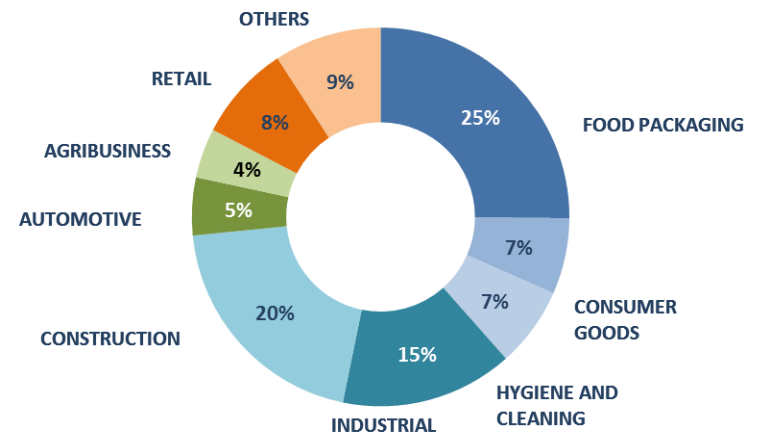
▪ Brazilian Thermoplastic Resins Market (kton)



▪ Braskem's Resin Sales (kton)



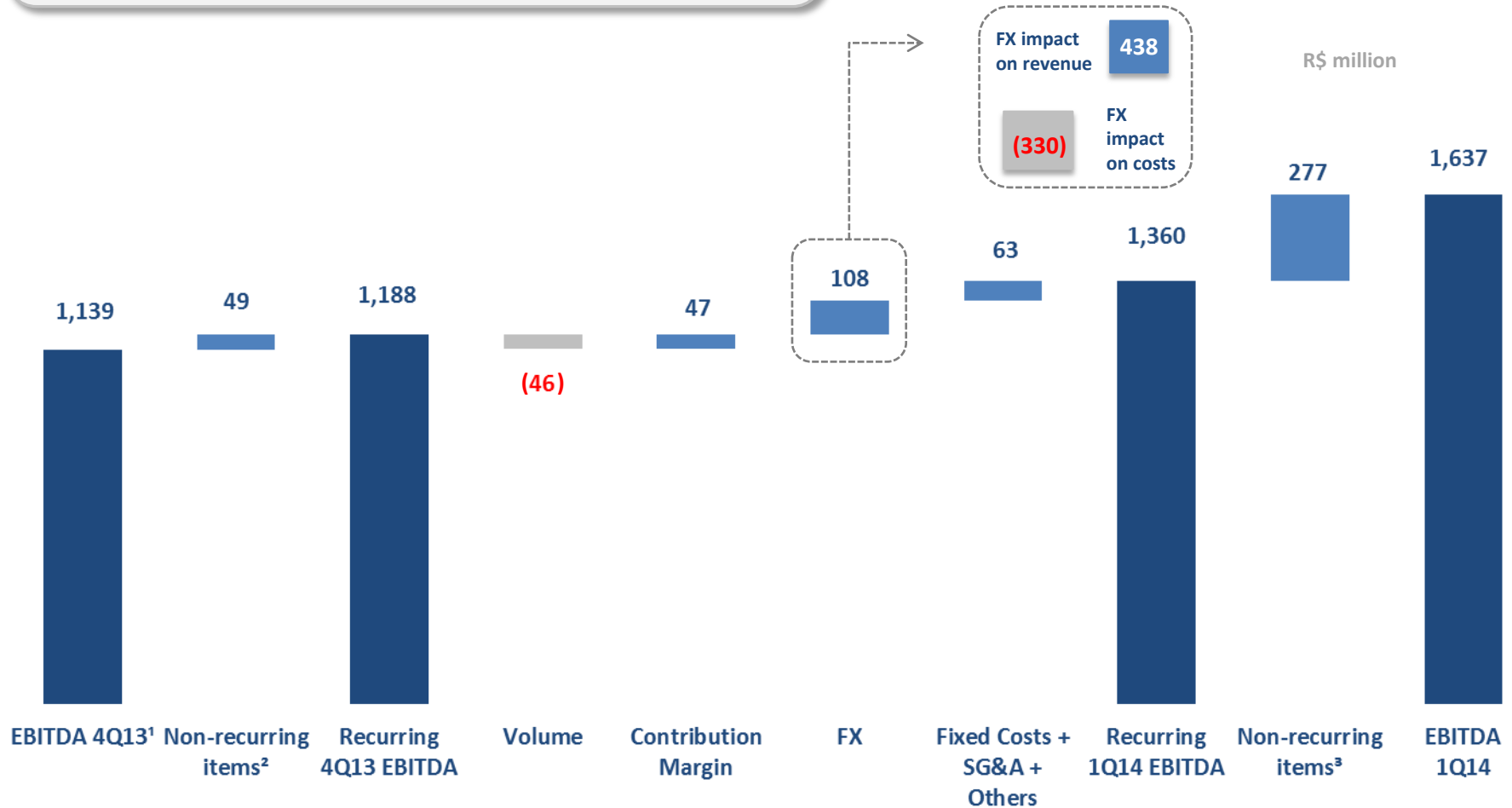
▪ Sales Profile Braskem – 1Q14



- 1Q14 demand was positively driven by the good performance of the sectors related to nondurable goods, such as beverage. The infrastructure sector also showed good performance in comparison with the 1Q13.

EBITDA 1Q14 vs. 4Q13

The main factors for growth were the spreads recovery in the international market and the 4% depreciation in the Brazilian real. The gain of R\$277 million from the WTU divestment also positively affected the result.



¹ Quarterly adjusted to reflect the decision to maintain investments in Quantiq

² Includes the expense related to a labor claim involving the payment of overtime at the industrial plants

³ Gain recognized from the divestment of non-strategic assets

Longer debt profile with diversified financing sources. Liquidity levels remain stable

Amortization Schedule (1)
(R\$ million)
03/31/2014

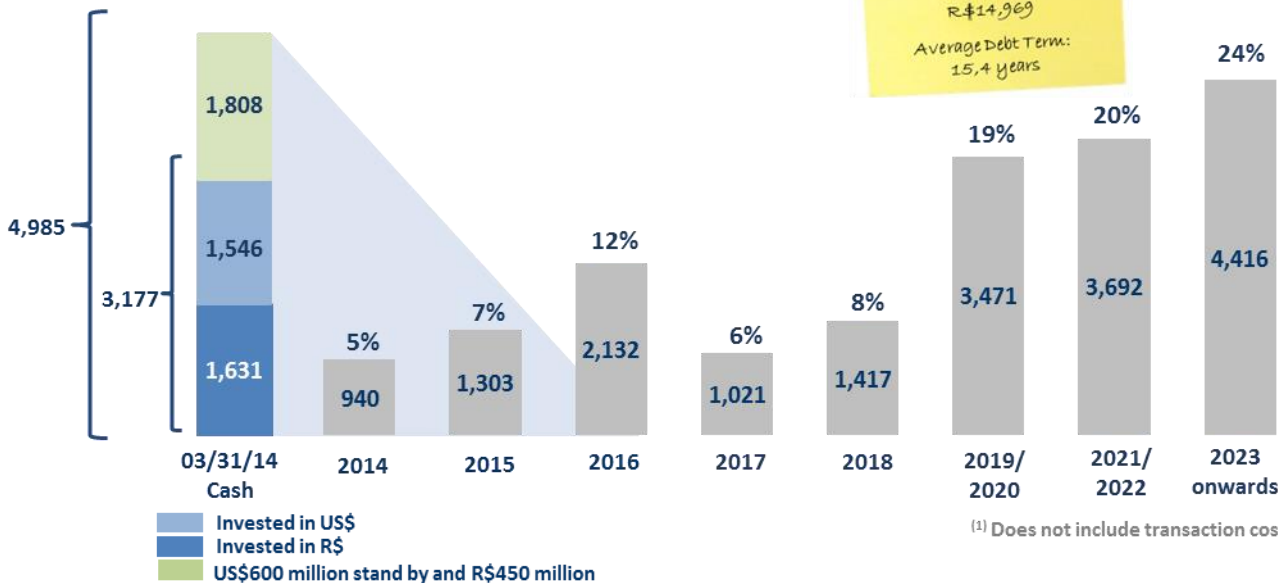
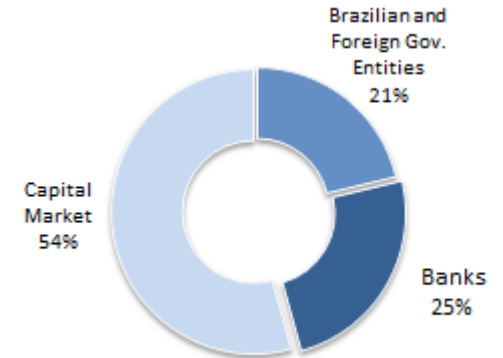
Braskem
(03/31/14 - R\$ million)

Gross Debt:
R\$18,146

Net Debt:
R\$14,969

Average Debt Term:
15,4 years

Diversified funding Sources



(1) Does not include transaction costs

Net Debt / EBITDA (US\$)

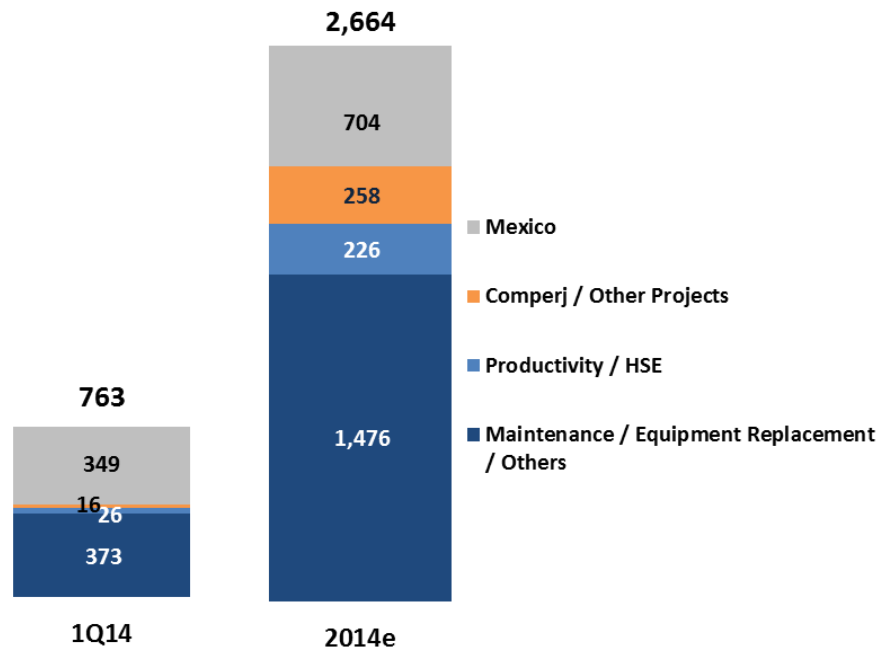
US\$ million	1Q14	4Q13
Net Debt ^(a)	6,615	6,390
EBITDA (LTM)	2,431	2,215
Net Debt/EBITDA	2.71x	2.87x

Braskem Rating – Global Scale

Agency	Rating	Outlook	Date
Fitch	BBB-	Negative	10/09/2013
S&P	BBB-	Stable	07/11/2013
Moody's	Baa3	Negative	04/24/2013

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

Investments (R\$ million)



- In 1Q14, Braskem made operational investments in the amount of **R\$763 million**:
 - R\$373 million** was allocated to maintenance, reflecting, mainly, part of the disbursement for the scheduled maintenance shutdown at Triunfo cracker;
 - R\$349 million** was allocated to the construction of the new petrochemical complex in Mexico, in line with the 3rd installment of project finance;

Ethylene XXI Project - Mexico

#1 greenfield project to come into operation in North America

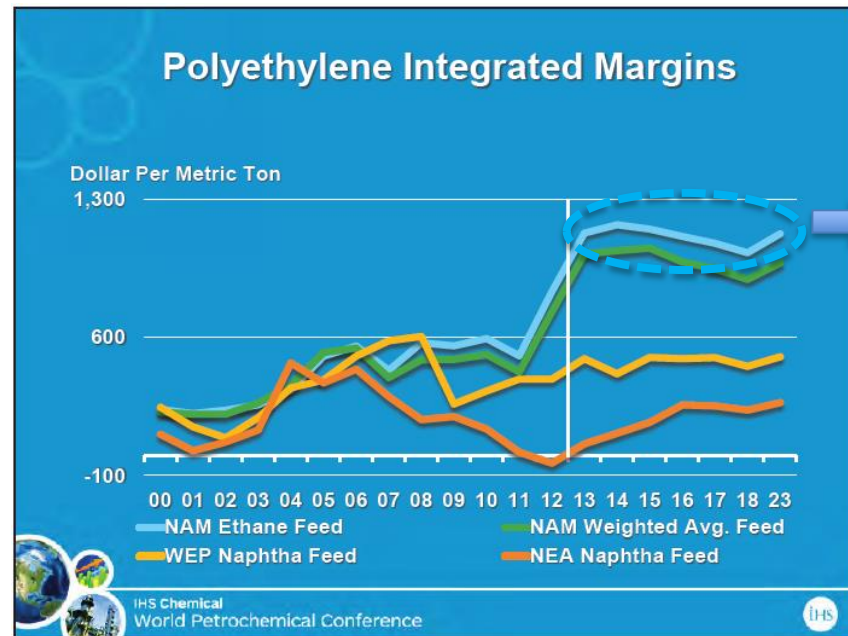
Integrated project to produce 1 million tons of PE – JV Braskem (75%) and Idesa (25%)

- In 1Q14, project has reached 66% of physical completion;
- Project finance:
 - Until 1Q14: US\$ 2.0 billion;
 - 3rd installment occurred in April in the amount of US\$ 465 million.
- Supply the net importer Mexican market (current deficit of 1.3 million ton).



Project's Competitive Advantages

- Competitive feedstock. North-american gas price as reference.
- #1 greenfield project to come into operation in North America.
- Start-up: Second half of 2015.



Expected margin of an integrated PE player ethane-based in USA

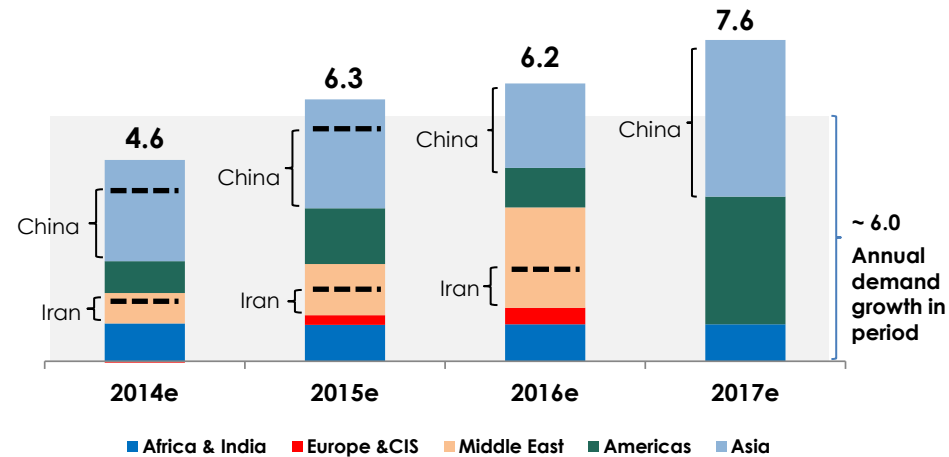
Global scenario and the petrochemical industry

Short Term

- World GDP growth of 3.6%, driven by the recovery in developed economies.
 - Chinese GDP of 7.5%.
- Expectation that international petrochemical spreads remain at similar levels to those of last quarters
 - higher demand for petrochemicals.
- Ethane prices begin to retreat with the end of rigorous U.S. winter.
- Factors to be monitored :
 - Ukraine crisis and geopolitical issues in the Arabian Gulf, with potential impacts on oil prices and, consequently, naphtha prices.
 - potential need to reduce energy consumption in Brazil.

Medium/Long Term

Additional ethylene capacity (million tons)



- Uncertainty regarding the startup of projects announced in China:
 - High costs/investments to access available feedstocks.
 - Infrastructure issues (logistics, supply of water for extraction, etc.).
- Iran: gas supply associated with oil production
- USA: new capacities to come online as of 2017/2018.

Braskem's priorities

- Renewal of the naphtha supply contract.
- Focusing on continuing to strengthen our relationships with Clients and expanding the market share in Brazil.
- Making progress on formulating an industrial policy for the petrochemical chain that continues to make the industry more competitive.
- Conclusion of the acquisition of Solvay Indupa's control.
- Increasing the competitiveness of Braskem's feedstock by reducing costs and diversifying sources.
- Advancing construction on the greenfield project in Mexico and expanding its pre-marketing activities.
- Defining the feedstock and tax incentives required to make Comperj viable.
- Advancing in the ownership structure and making progress in the feedstock mix, based on the competitive advantage of shale gas of the Ascent project.
- Maintaining liquidity levels, cost discipline and financial health in a challenging macroeconomic scenario.



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