



**EARNINGS CONFERENCE CALL  
4Q18 AND 2018**

**MARCH 14<sup>TH</sup> 2019**



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 is up-to-date as of December 31, 2018, 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.

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## Operational Highlights

- First full year of the Camaçari unit in Bahia running with a **flexible cracker**, producing **11% of its ethylene from ethane**.

2

## Value Creation

- Launching of the **Voluntary Commitment to the Circular Economy of Plastics** together with other **ABIQUIM members** and **founding** of the **Alliance for the End of Plastic Waste** along with 27 other global companies in the plastics value chain.
- Construction of the **new PP plant** in the US reached **48,3% completion**, with **US\$ 382 million** in investments already made.
- Signature of the **wind power purchase agreement** that will ensure the feasibility of a project to expand the **Folha Larga** Wind Power Complex in Bahia state that **EDF Renewables** is currently developing.
- **Braskem and Siemens** established a **partnership to improve energy efficiency** in the **cracker of São Paulo**.
- **New office in India** aiming to develop **new business opportunities** and **sales**.

3

## Liability Management

- **Partial redemption** of **US\$ 200 million** of the **perpetual bond** as a strategy to **reduce the debt interest expenses**.
- Braskem America entered into a up to **US\$225 million credit facility** secured by **Euler Hermes**, which will be used to finance a portion of the **investments in the new PP plant**.
- Braskem entered into a **US\$ 1 billion international revolving credit facility**, which expires in 2023, with a syndicate of global banks.
- **SACE** (Italian government agency) has guaranteed a **US\$ 295 million facility**.

4

## Credit Rating

- **S&P** and **Moody's** changed **Braskem's outlook** to **stable** from negative and for the **first time** the Company's rating is **3 notches above sovereign** by S&P.

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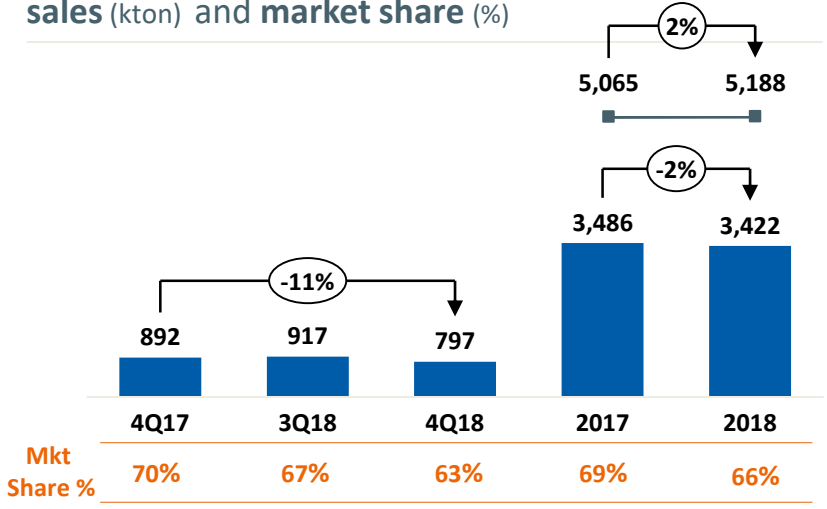
## Shareholders' Return

- **Record free cash flow of R\$7.1 billion** in 2018, advancing 187% from 2017
- **Dividends distribution proposal** in the amount of **R\$ 2,670 million**, related to the 2018 fiscal year, representing **100%** of the **net income distributable to shareholders**.

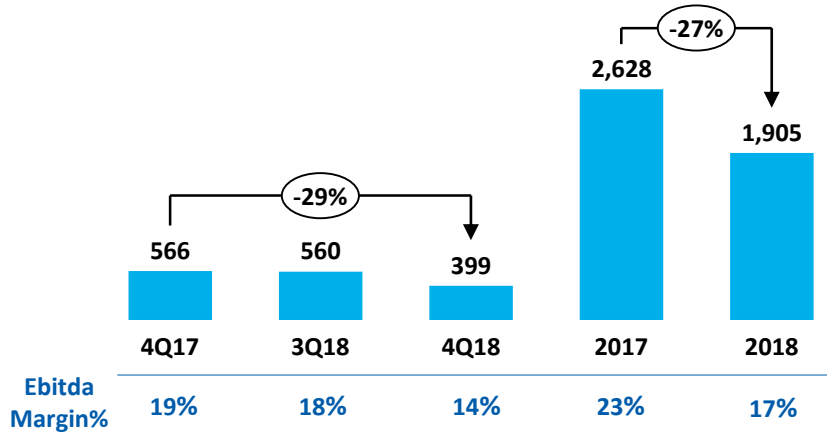
# Highlights Brazil – 4Q18 and 2018



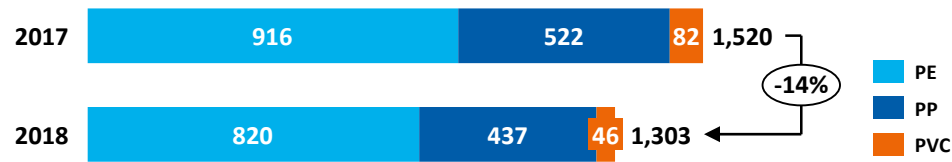
**Brazilian market – resins demand (kton), Braskem sales (kton) and market share (%)**



**EBITDA (US\$ million) and Margin EBITDA (%)**



**Resins export sales (kton)**



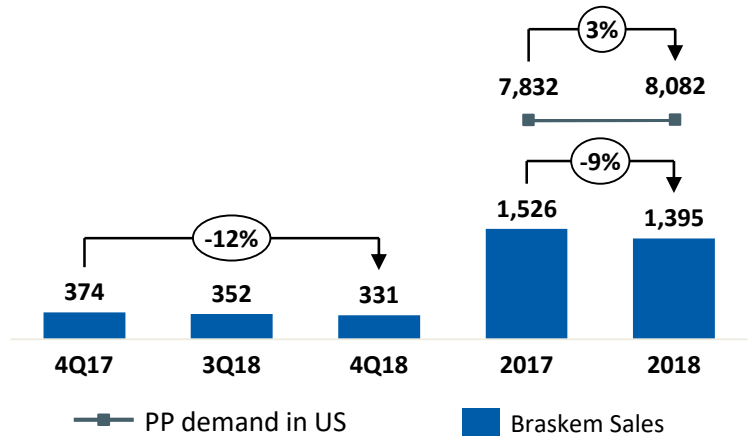
**2018 vs. 2017**

- truckers' strike, chlorine soda plant incident in Alagoas, and electricity blackout in the Northeast resulted in a lower utilization rate for the crackers.
- stronger economic activity, especially from the food packaging, agriculture, pharmaceutical and cosmetics industries, resulted in a higher resins demand.

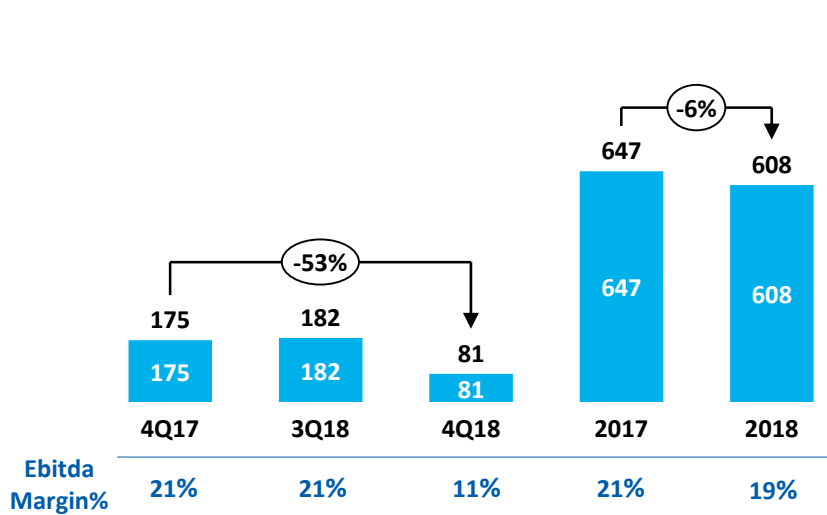
# Highlights USA and Europe - 4Q18 and 2018



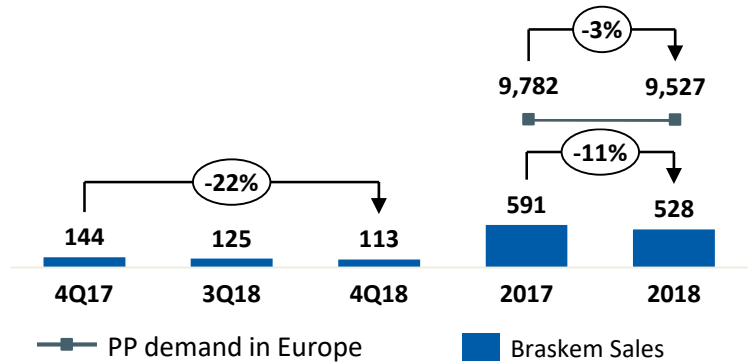
PP demand in US (kton) and Braskem sales (kton)



EBITDA (US\$ million) and Margin EBITDA (%)



PP demand in Europe (kton) and Braskem sales (kton)



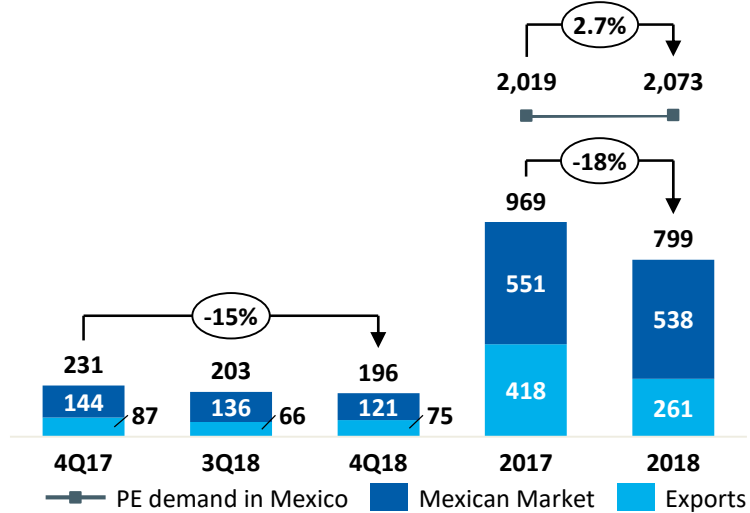
**2018 vs. 2017**

- U.S. PP demand: highlight to BOPP and caps & closures industries.
- Demand in Europe: followed the region's reduced economic growth
- Utilization rates impacted by:
  - unplanned turnarounds due to severe winter
  - 50-day Oyster Creek unit turnaround
  - logistic restriction on propylene supply in European plants, due to Reno river's low water level

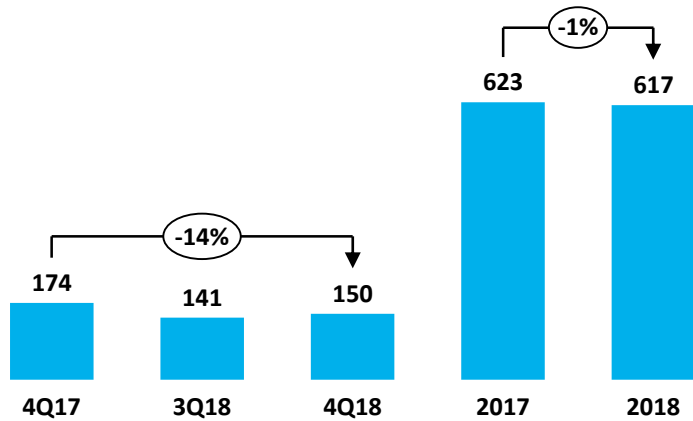
# Highlights Mexico – 4Q18 and 2018



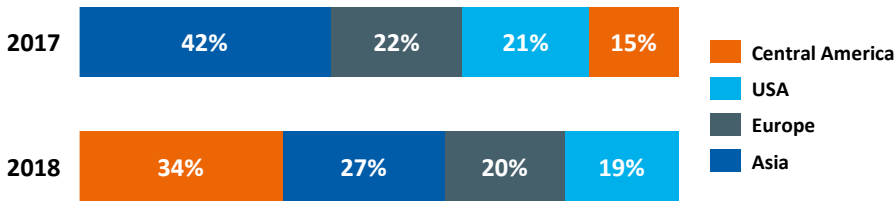
PE sales volume by Market (kton)



EBITDA (US\$ million)



Exports by region (%)

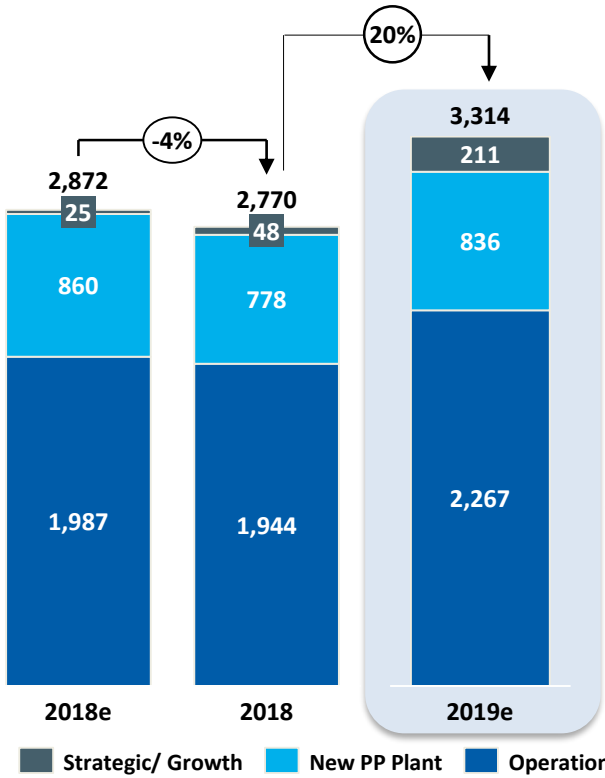


**2018 vs. 2017**

- lower feedstock supply and an scheduled turnaround resulted in decreased utilization rate and total sales.

# Corporate CAPEX\*

(R\$ million)



- Main investment: Bahia cracker turnaround planned for the 4Q19
- Health, Safety and Environment – R\$145 million



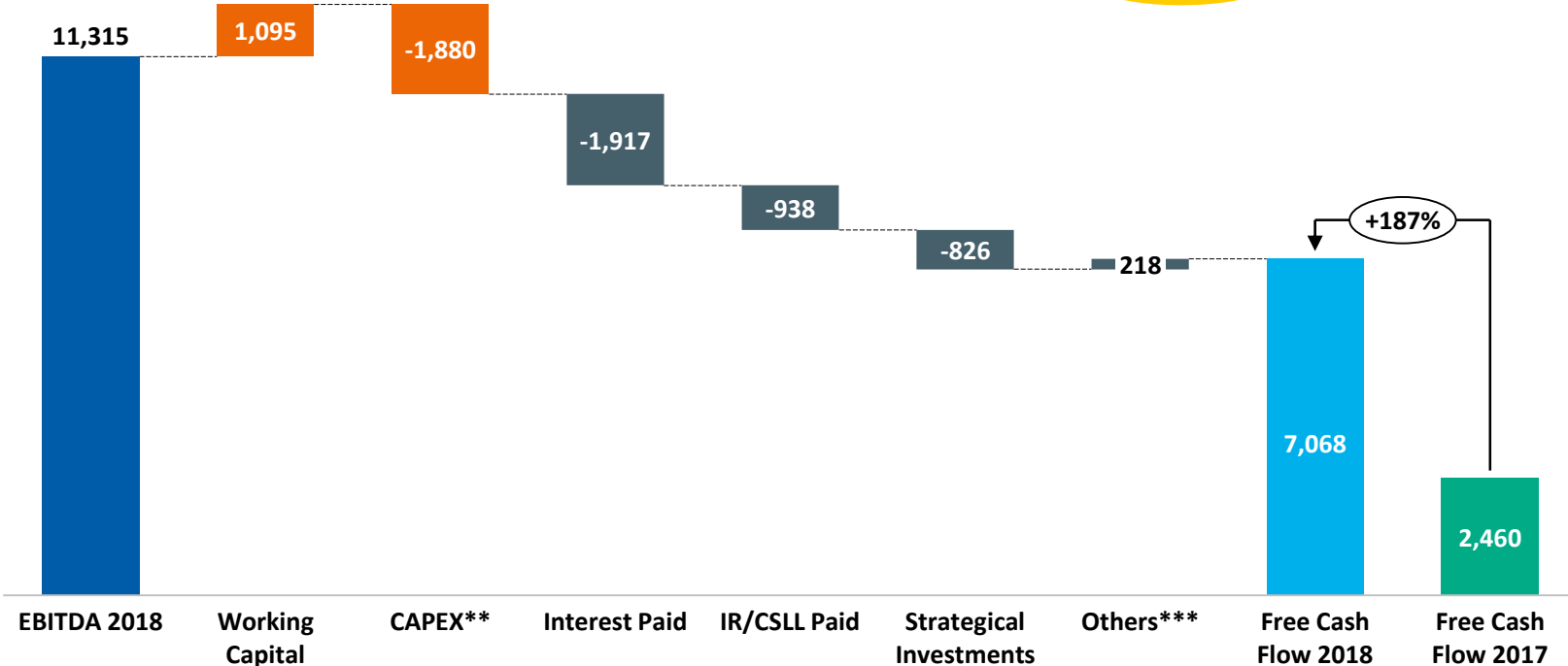
New PP Plant in the US (Feb 2019)

\* Does not consider BraskemItdesa's CAPEX and Cetrel/ Considers associated taxes

# Record Free Cash Flow

(R\$ million)

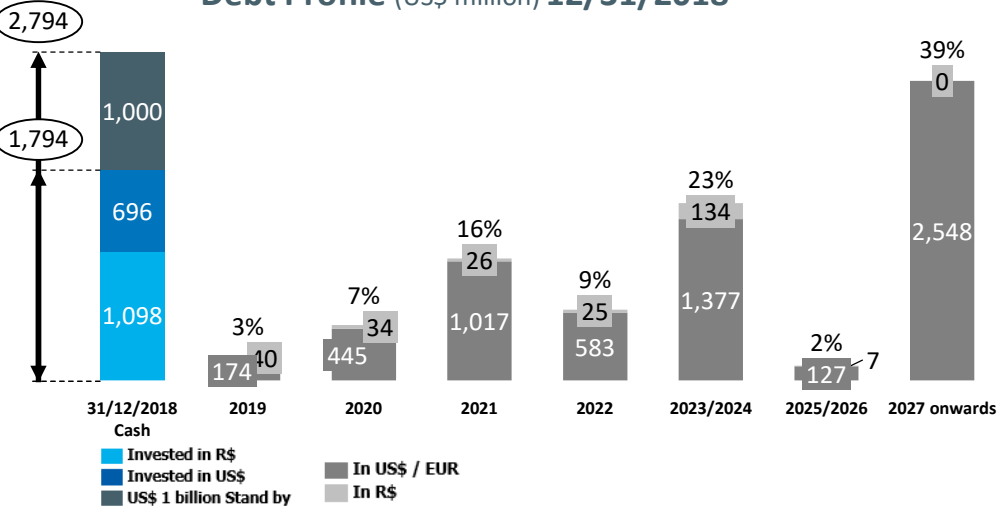
19% of Free Cash Flow Return\*



\* Free Cash Flow divided by Market Cap (based on the closing stock quote on Dec. 31, 2018).  
 \*\* Considers BraskemIdea CAPEX and Cetrel/ Does not consider associated taxes that are allocated in "working capital".  
 \*\*\* Includes: (i) Premium in the dollar put option; (ii) Funds received in the investments' capital reduction; (iii) Financial assets held to maturity and (iv) dividends received.



## Debt Profile (US\$ million) 12/31/2018<sup>1 2 3</sup>



(1) Does not include Braskem Idesa's net debt and EBITDA/ (2) Includes Leniency Agreement/ (3) Does not include transaction costs

<b>Net Debt / EBITDA<sup>12</sup></b>	2.06x
<b>Average Debt Term</b>	14 years
<b>Debt Coverage</b>	40 months
<b>Average Weighted Cost of Debt</b>	FX variation + 5.52%

## Credit Rating

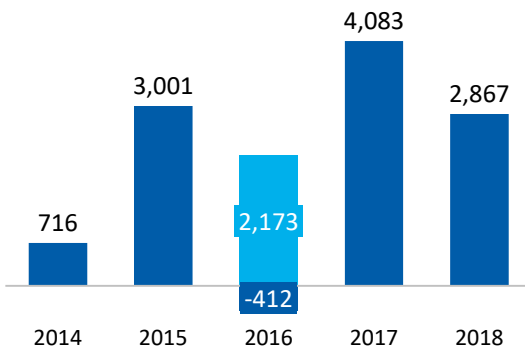
Agency	Rating	Outlook	Date
Fitch	BBB-	Stable	11/06/2018
S&P	BBB-	Stable	03/14/2018
Moody's	Ba1	Stable	04/10/2018



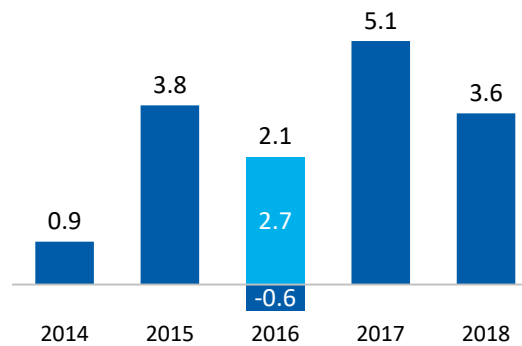
- Comfortable liquidity and **extended long-term debt profile**
- Moody's and S&P: Braskem's **outlook upgraded** from negative to **stable**

## Strong delivery of results to shareholder's

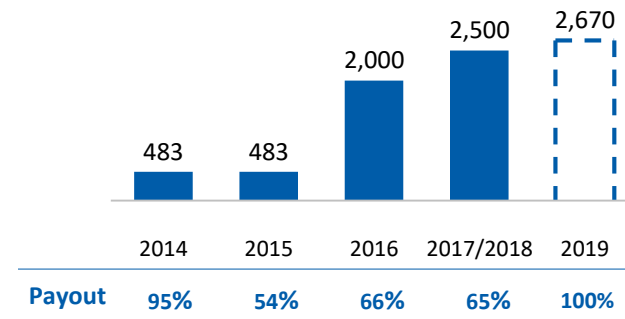
### Net Profit (Loss)\* (R\$ million)



### Earnings per Share (R\$/share)



### Dividends Paid (R\$ million)



■ Net Profit/Loss  
■ Net Profit/Loss (Ex-Global Agreement)

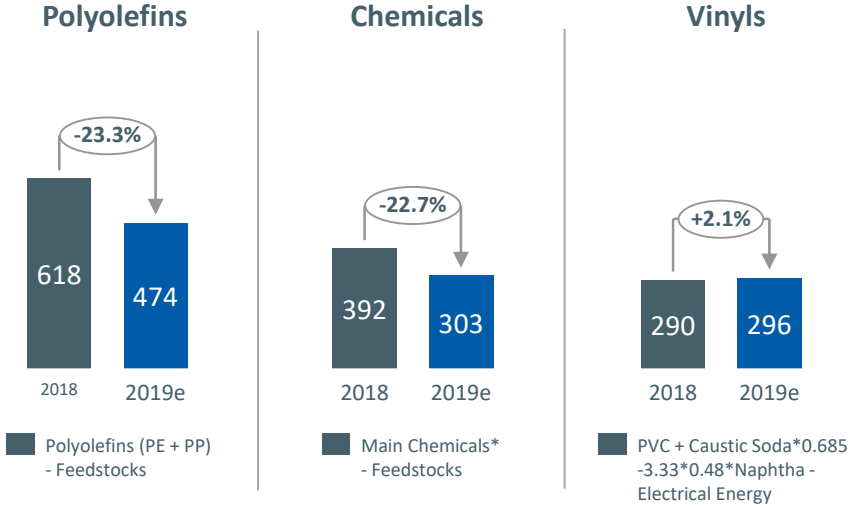
■ Earnings/share  
■ EPS (Ex-Global Settlement)

- Stock price (**BRKM5**) gained **15%** in 2018
- Braskem's management proposes to the next Annual Shareholders' Meeting, the distribution of dividends in the aggregate amount of R\$ 2,670 million
- If approved, the dividend payout will represent 100% of the net income distributable to shareholders in 2018

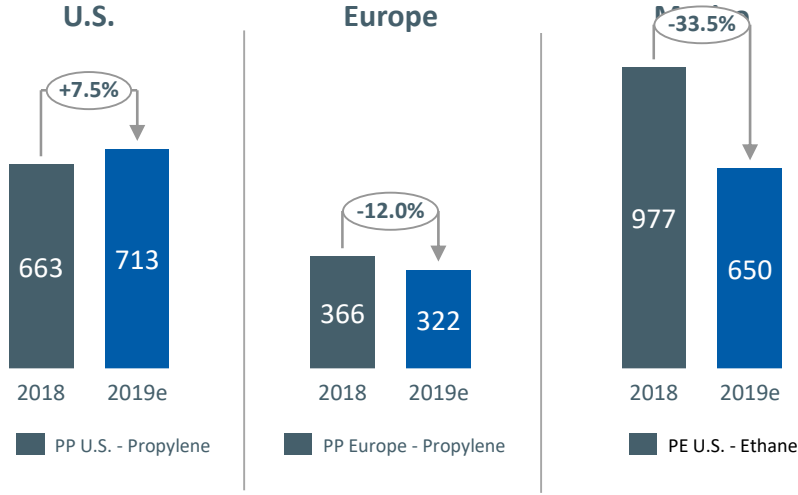
# Petrochemical Scenario and Outlook for 2019



## Brazil (US\$/ton)



## International Business (US\$/ton)



**Polyolefins:** spreads are expected to **remain under pressure**, due to **slowdown on demand from China**, as a consequence of the ongoing trade war between the Asian country and the U.S.

**Chemicals:** higher NGL prices and **increase in co-products supply** from naphtha cracking may result in **lower chemicals spreads** in 2019.

**Vinyls:** with **PVC prices** expected to **increase** and **caustic soda** set for a **recovery**, vinyls spreads are forecasted to go **up** in 2019.

**PP U.S.:** higher spreads due to **tight PP market** in the U.S., in addition to **higher propylene supply** from PDHs and crackers.

**PP Europe:** **lower PP demand** due to a **slowdown** in the **Eurozone GDP** growth shall put **pressure on spreads**.

**PE Mexico:** **lower spreads** are expected in 2019, mainly due to **higher ethane prices**, as a consequence of a **lack of pipelines** and **shale gas fracking capacity** in the U.S.

\*Main Chemicals: ethylene, propylene, butadiene, benzene, cumene, para-xylene, orto-xylene, mixed xylenes, MTBE, gasoline and toluene

Source: Consultancy Companies

Δ (2019 x 2018)



## International Spreads (US\$/Kton) <sup>(1)</sup>

- Increase in main chemicals supply
- Slowdown on demand from China
- New PE capacities start-up

- Tight PP market in the U.S

- New PE capacities start-up
- Lack of pipelines and gas fracking capacity in the U.S in the short term

## Demand

- GDP Growth: 2.2% <sup>(2)</sup>
- Resins Demand/GDP elasticity: ~1.5x

- GDP Growth US: 2.5% <sup>(2)</sup>
- GDP Growth Euro Zone: 1.6% <sup>(2)</sup>
- Resins Demand/GDP elasticity: ~1,0x

- GDP Growth: 2.1% <sup>(2)</sup>
- Resins Demand/GDP elasticity: ~1.5x

## Braskem Utilization Rate

- 2018 performance was negatively impacted by unpredicted events
- For 2019, it is planned a turnaround of the Bahia cracker in the 4Q19 (45 days long)

- 2018 performance was also negatively impacted by unpredicted events (outages, schedule shutdown and logistics constraints)

- Considered similar levels for ethane supply

EBITDA 2019 x 2018

(1) Source: Consultancy Companies  
 (2) Source: International Monetary Fund (IMF)



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