

Earnings Conference Call

2Q16

Investor Relations
São Paulo, August 5, 2016

 **Braskem**



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:

- Demand for resins (PE, PP and PVC) was 1.2 million tons in 2Q16, growing 3% from 1Q16. In the period, the Company's market share expanded 3 p.p., with total sales of 846 kton.
- Resin exports from Brazil increased 21% from 2Q15, to 454 kton. Compared to 1Q16, resin exports grew by 9%. Exports of basic petrochemicals amounted to 379 kton, increasing 6% from the volume in 2Q15.
- Braskem's crackers operated at an average capacity utilization rate of 94% in 2Q16, up 1 p.p. from the same period last year and 5 p.p. higher than in 1Q16, highlighting the production from the gas-based cracker in Rio de Janeiro.
- In 2Q16, the units in Brazil, including exports, posted EBITDA of R\$2,293 million, accounting for 75.3% of the Company's consolidated EBITDA.

United States, Europe and Mexico:

- In the United States and Europe unit, the PP plants operated at an average capacity utilization rate of 103% in 2Q16. Production at the units in the United States and Europe amounted to 513 kton in 2Q16, growing 2% from 2Q15. Sales amounted to 504 kton, growing 2% from 2Q15.
- United States and Europe unit posted EBITDA of US\$212 million (R\$745 million), accounting for 24.5% of consolidated EBITDA. In the same period a year earlier, the segment accounted for 8% of consolidated EBITDA.
- With a more significant production volume, inventory building and the launch of sales, in 2Q16 the petrochemical complex in Mexico delivered its first operating results and become a reportable segment of the Company.

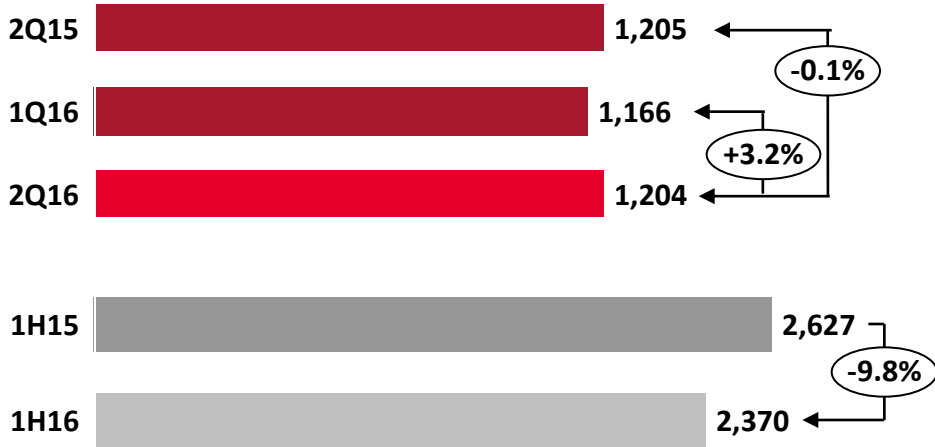
Braskem - Consolidated :

- In Brazilian real, EBITDA increased 15% compared to 2Q15, to R\$3,011 million and stable in relation to 1Q16. In U.S. dollar, EBITDA amounted to US\$858 million, increasing 10% compared to 1Q16.
- In April, Braskem paid R\$1 billion in dividends (32% of 2015 net income).
- Corporate leverage, as measured by the ratio of Net Debt to EBITDA in U.S. dollar, stood at 1.79 times, down 21% from the same period in 2015.

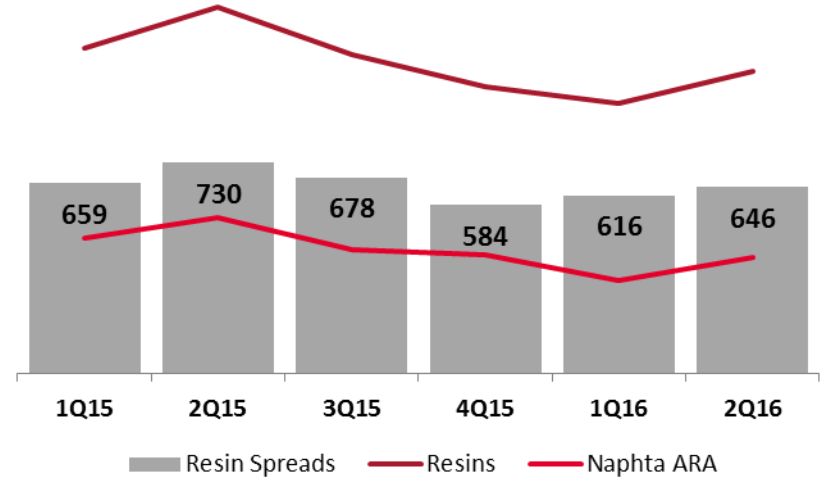
BRAZILIAN UNITS



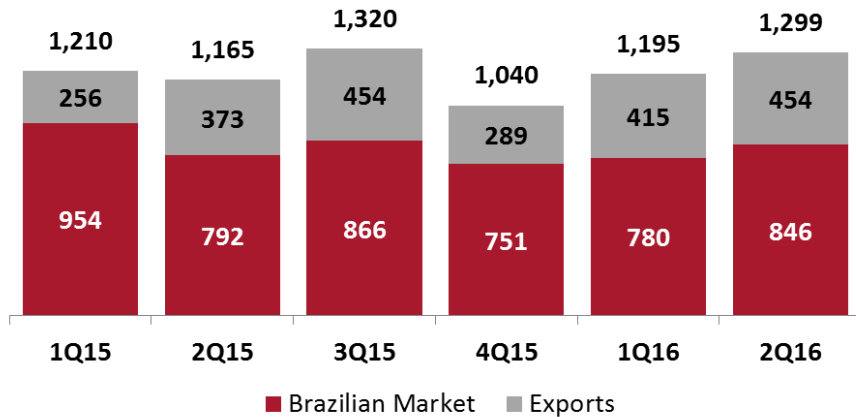
Brazilian Market of Resins (kton)



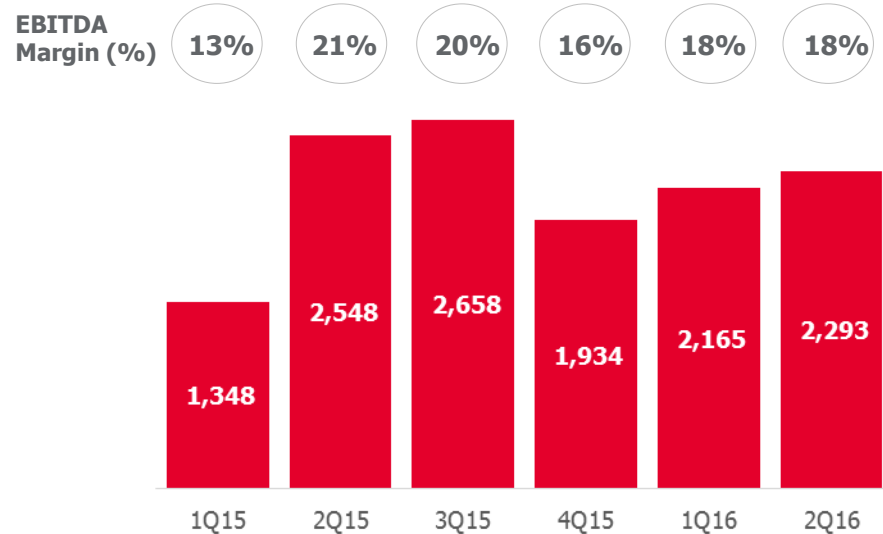
Resin Spreads (US\$/t)*



Total Sales (kton)



EBITDA (R\$ million)

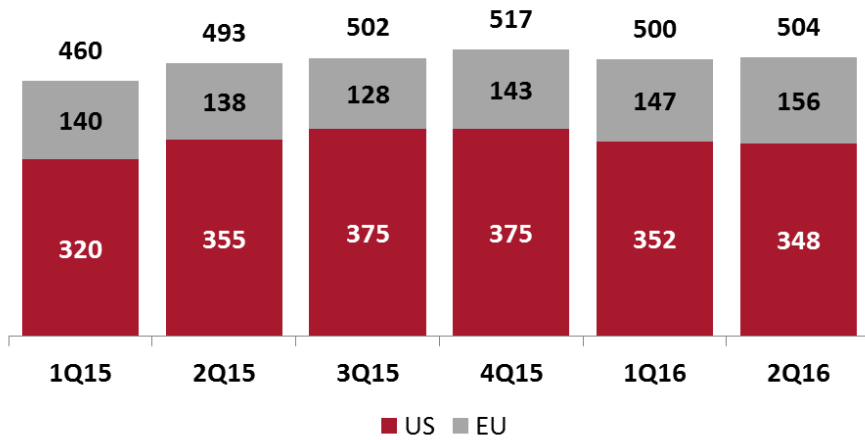


* 53% PE (US), 34% PP (Asia) and 12% PVC (Asia), in accordance with the capacity mix of Braskem's industrial units in Brazil.

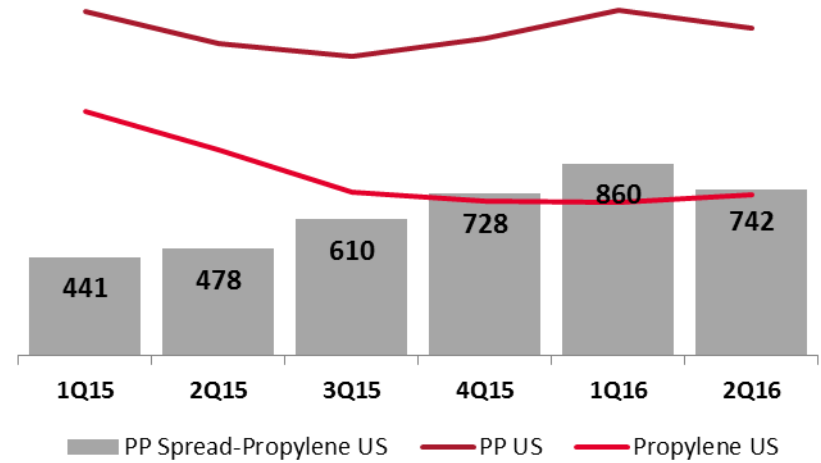
UNITED STATES AND EUROPE UNITS



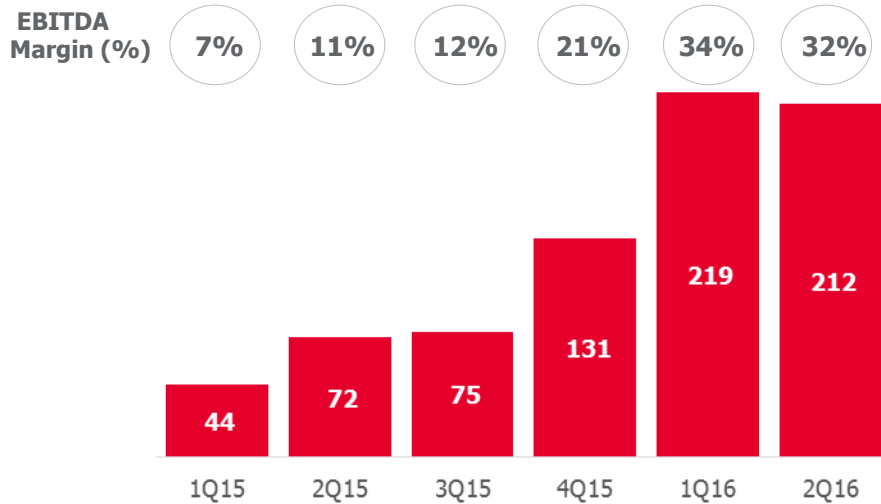
United States and Europe Sales (kton):



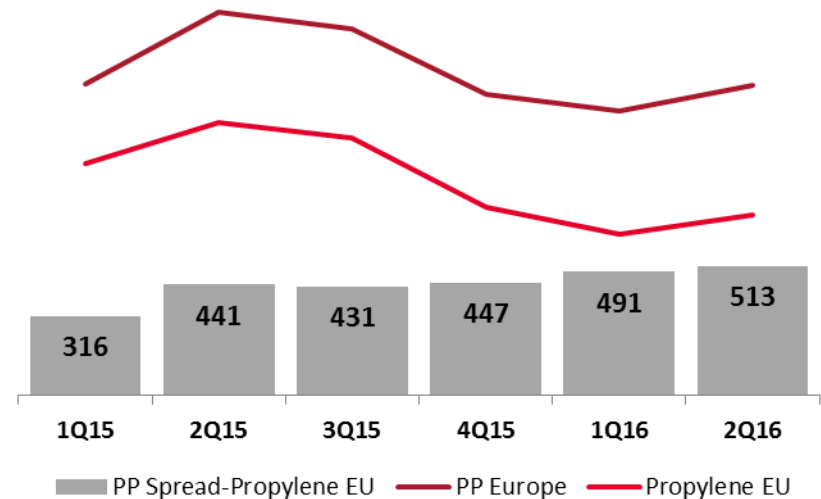
Spread PP US (US\$/t)



EBITDA (US\$ million)



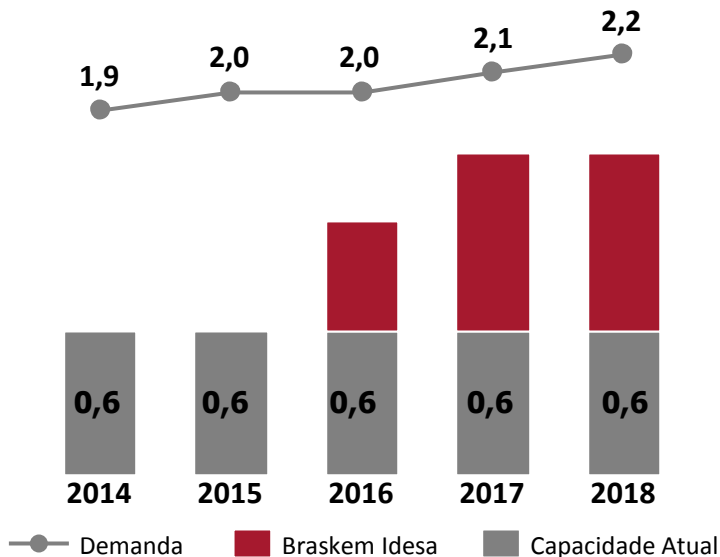
Spread PP Europe (US\$/t)



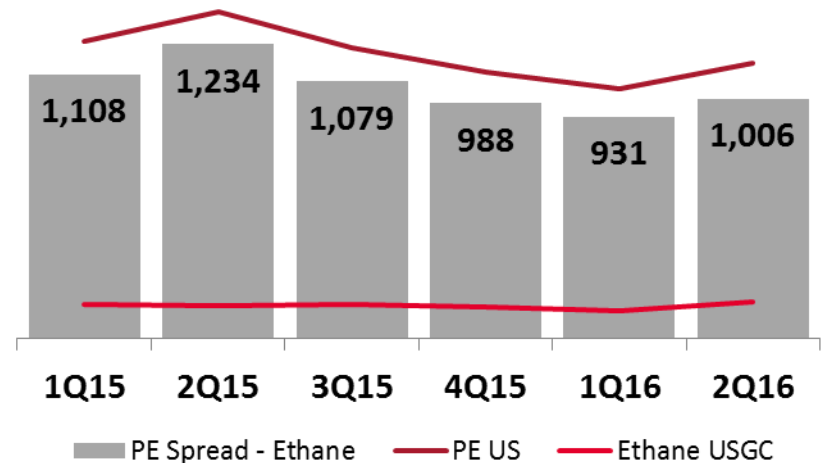
- The complex was gradually commissioned throughout the first half of 2016:
 - Mar/2016:; cracker and specification of the ethylene;
 - Apr/2016: two HDPE units;
 - Jun/2016: LDPE unit.
- Complex current status: production *ramp-up* and stabilization;
- PE Production of 84 kton in the 2Q16 – 32% of utilization rate.



PE Demand (million ton/year)

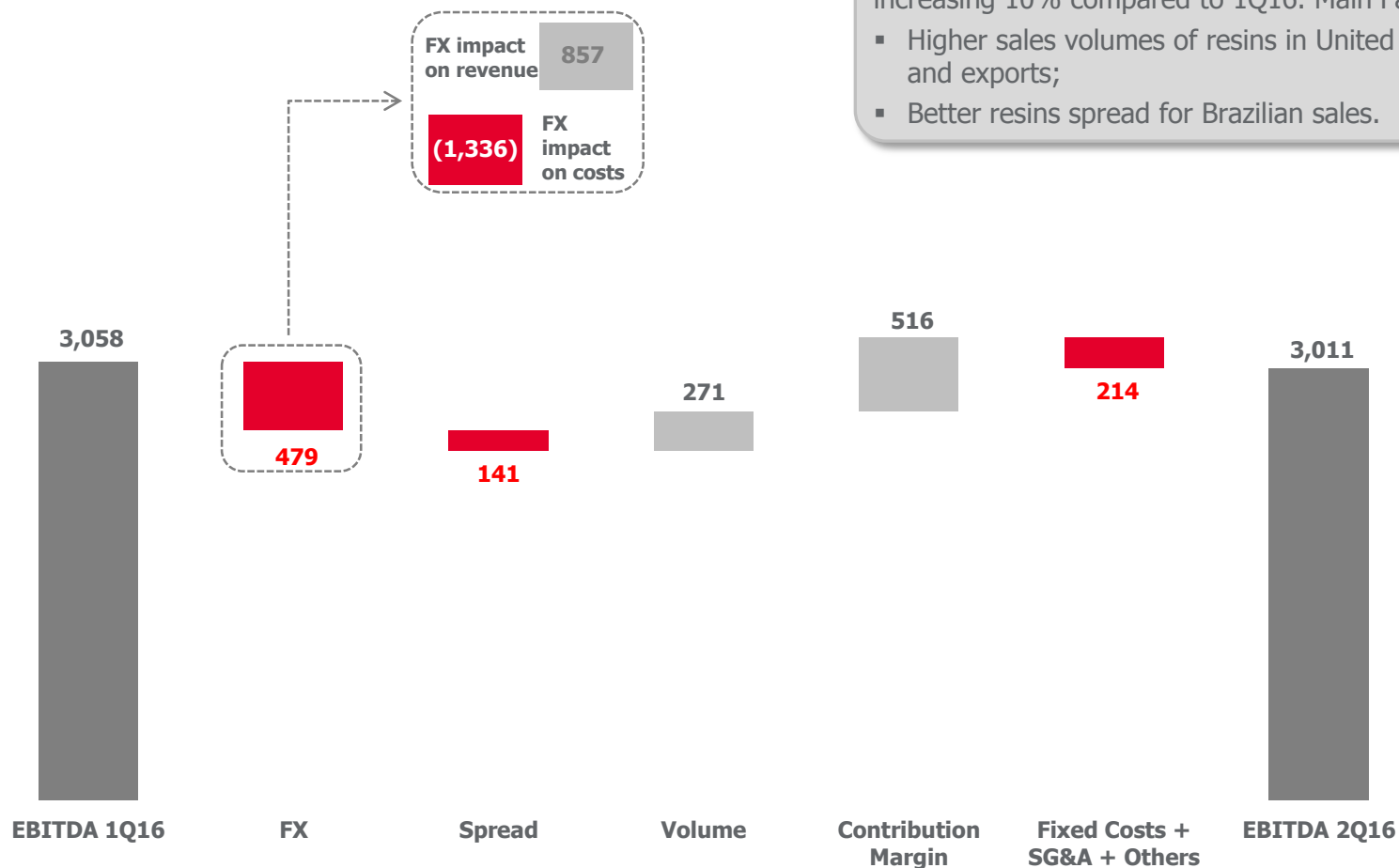


PE Spread Mexico (US\$/t)



EBITDA 2Q16 x 1Q16

R\$ million



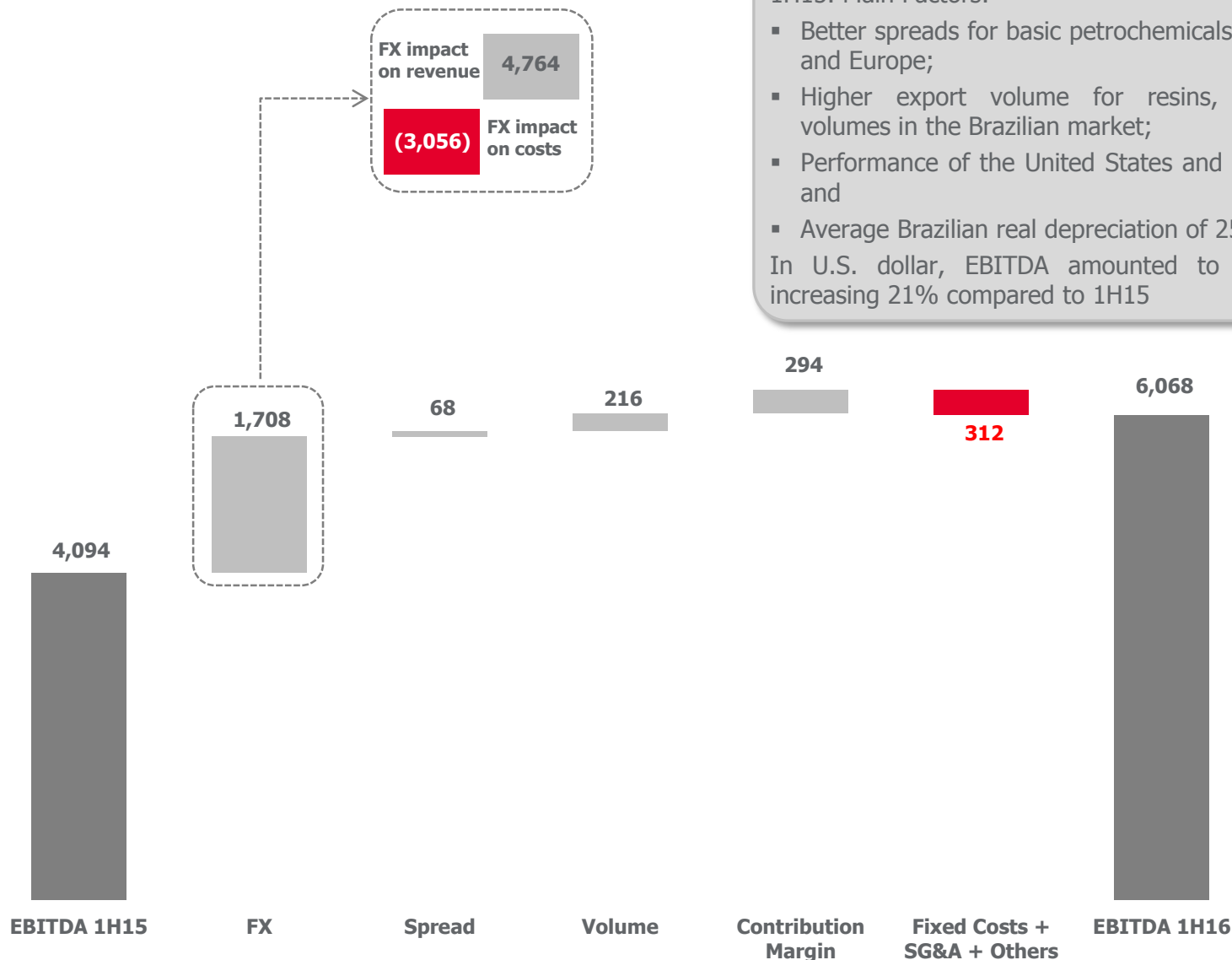
Braskem's consolidated EBITDA amounted to R\$3,011 million in the 2Q16, down 2% from 1Q16 due to the average Brazilian real appreciation of 25% in the period.

In U.S. dollar, EBITDA amounted to US\$858 million, increasing 10% compared to 1Q16. Main Factors:

- Higher sales volumes of resins in United States, Brazil and exports;
- Better resins spread for Brazilian sales.

EBITDA 1H16 x 1H15

R\$ million

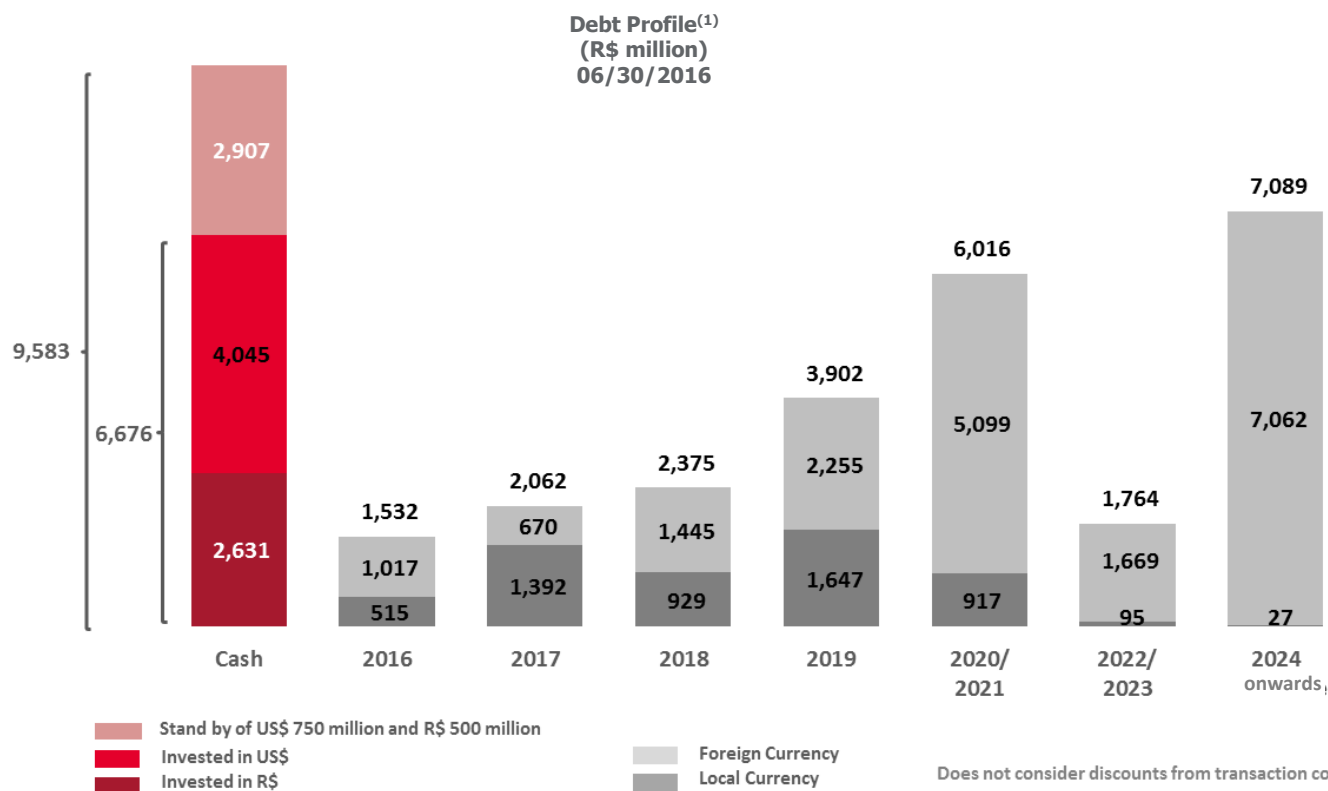


1H16 EBITDA amounted to R\$6,068 million, up 48% from 1H15. Main Factors:

- Better spreads for basic petrochemicals and PP in the U.S. and Europe;
- Higher export volume for resins, minimizing lower volumes in the Brazilian market;
- Performance of the United States and Europe operations; and
- Average Brazilian real depreciation of 25%.

In U.S. dollar, EBITDA amounted to US\$1,638 million, increasing 21% compared to 1H15

AMORTIZATION SCHEDULE AND DEBT PROFILE



(06/30/16 - R\$ million)
 Gross Debt: R\$ 24,501
 Net Debt: R\$ 17,825
 Avg. Debt Term: 14.7 years
 Debt Coverage: 38 months
 Avg. Cost of Debt: 6.02% (US\$) and 10.63% (R\$)

Net Debt / EBITDA (US\$)

US\$ million	2Q15	1Q16	2Q16
Net Debt ^(a)	5,855	5,334	5,553
EBITDA (LTM)	2,577	3,108	3,109
Net Debt/EBITDA	2.27x	1.72x	1.79x

Corporate Credit Rating

Agency	Rating	Outlook	Date
Global Scale			
Moody's	Ba1	Negative	02/25/2016
Fitch	BBB-	Negative	05/10/2016
S&P	BBB-	Negative	02/17/2016

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

- Braskem invested R\$807 million in 2Q16.
- In the first six months of 2016, investments* came to R\$1,553 million, as follows:
 - Braskem contributions to the Mexico Project: R\$942 million (61%);
 - Investments to maintain the operating reliability of plants: R\$490 million (32%);
 - Other strategic projects: R\$121 million (8%).
- Of the R\$1,553 million invested in 1H16, R\$1,057 million (68%) is related to investments linked to US dollars: (i) operating and strategic investments of the international businesses and (ii) Braskem's equity contributions to the Mexico Project.

Investments								
Million	1Q16		2Q16		1H16		2016e	
Operational (R\$)	189	25%	301	37%	490	32%	1,797	49%
Brazil (R\$)	186		292		479		1,595	
United States and Europe (US\$)	1		6		7		48	
Mexico (R\$)	516	69%	426	53%	942	61%	1,327	36%
Mexico (US\$)	129		121		250		329	
Strategic Projects (R\$)	42	6%	79	10%	121	8%	537	15%
Brazil (R\$)	5		13		18		255	
United States and Europe (US\$)	10		17		26		69	
Total (R\$)	746	100%	807	100%	1,553	100%	3,661	100%
Brazil (R\$)	191		305		496		1,850	
Mexico, United States and Europe (US\$)	140		143		283		447	

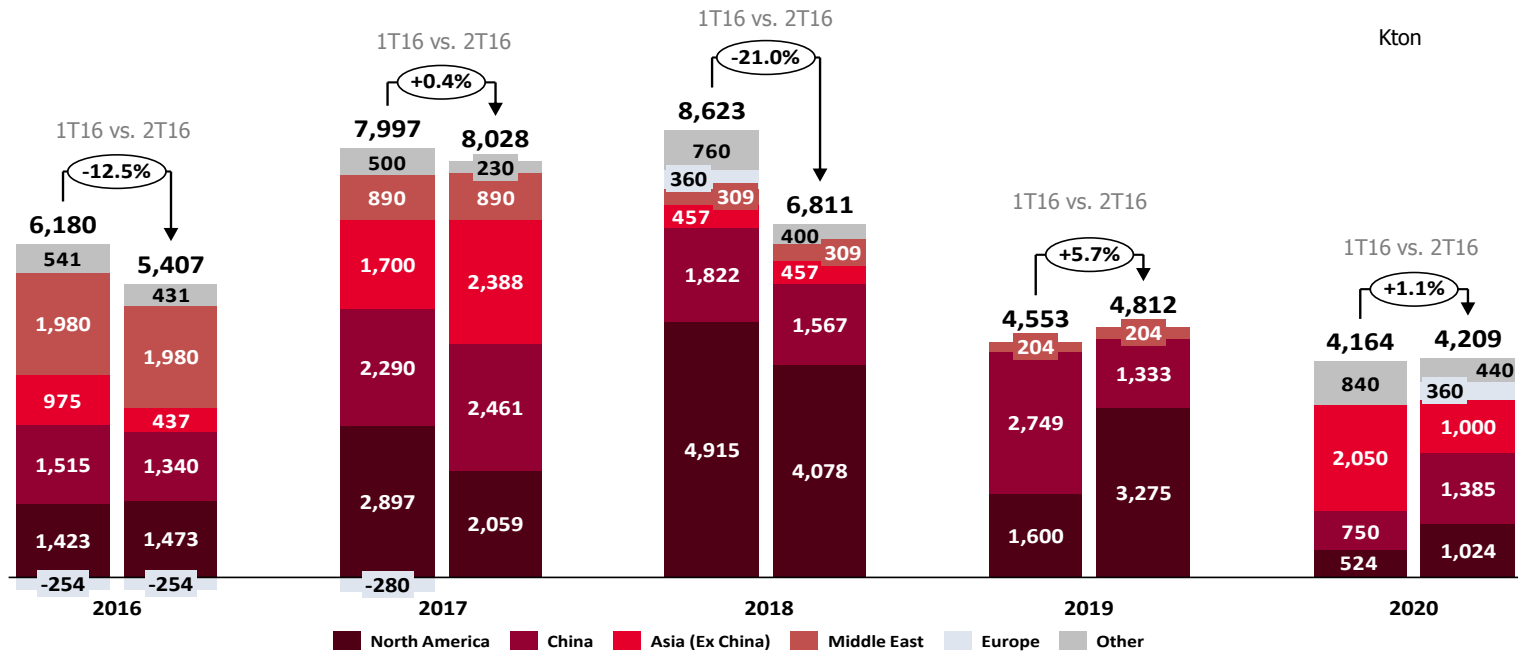
(*) Considers operational investments, maintenance stoppages and spare parts of Braskem and its subsidiaries and contributions for the Mexico project.

PETROCHEMICAL SCENARIO – ETHYLENE

Change in IHS vision 1Q16 vs 2Q16 → New capacity entries postponed/canceled

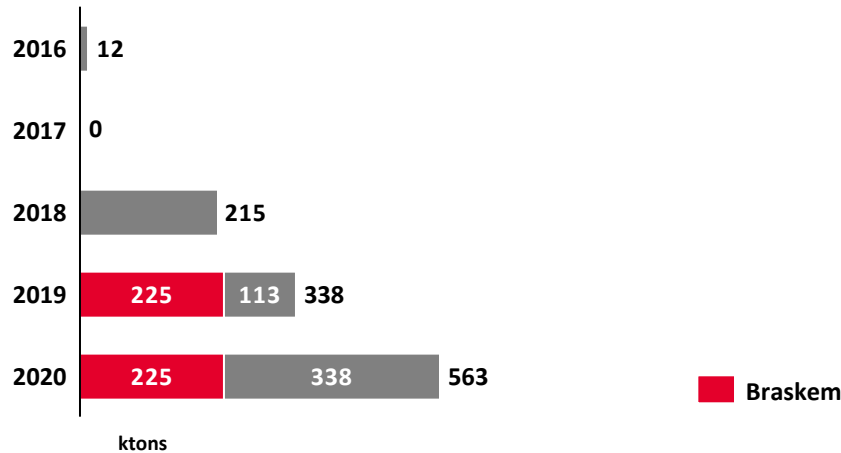
Greenfield projects canceled/postponed already considered:

- US: new capacity projects from American players delayed
- China/Asia: (i) Higher cost to access available feedstock; (ii) Infrastructure problems; (iii) Attractiveness of coal based projects with lower naphtha prices.

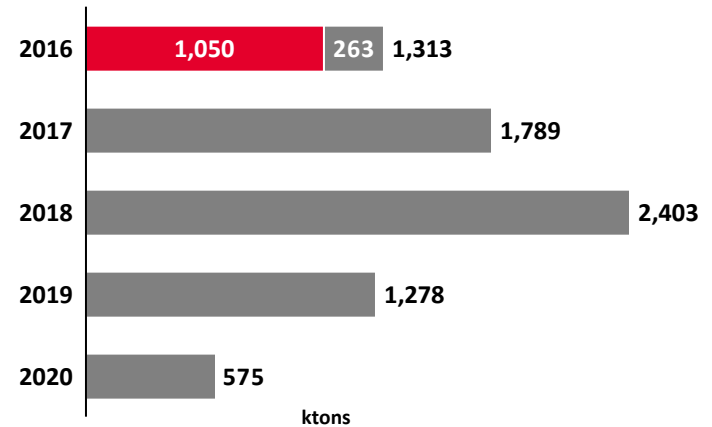


Kton

PP capacity additions in North America



PEe capacity additions in North America



- US market with propylene oversupply to produce PP;
- New PP announced capacity entries will only occur from 2018. Spreads should remain at high levels till this date;
- Although the final investment decision to build a new PP facility in US has not been taken yet, IHS already considers Braskem's new capacity coming into operations from 2019.

- The new entries of PE capacity announced in the US may temporarily push the price of resin in this region, although, it's expect a reversal by the end of the decade.

- Brazil:
 - To ensure operating efficiency to supply Brazilian demand
 - To assure the export of the surplus volume not sold in the Brazilian market
 - To implement a maintenance shutdown in one of the cracker lines in Bahia
 - To implement the feedstock flexibility project in Bahia

- U.S./Europe:
 - Capitalize positive spreads and market in the U.S.
 - Seek PP growth opportunities from competitive propylene in the U.S.

- Mexico:
 - To ensure the operational stability of the complex
 - To sell PE in the domestic market, consolidating the relationship with clients in the Mexican market
 - To export from Mexico, benefiting from synergies with the operations of Braskem in US, Europe and South America

- Liquidity/Financial Health:
 - Focus on cash generation
 - Continue to implement 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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