



# EARNINGS CONFERENCE CALL

4Q17 and 2017

MARCH 2018

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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This presentation is up-to-date as of December 31, 2017, 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.

	Initial expectations 2017	2017 Actual*
<b>Sales in the Regional Markets</b>	Brazil 	 + 4%
	US and Europe 	 + 5%
	Mexico 	 + 174%
<b>Petrochemical Spreads</b>	Chemicals 	 + 28%
	Resins Brazil 	 - 3%
	US and Europe 	 - 12%
	Mexico 	 +3%
<b>EBITDA (US\$)</b>	Brazil 	 + 2%
	US and Europe 	 -7%
	Mexico 	 + 282%
	<b>Braskem Consolidated</b> 	 <b>+ 17% (US\$3,872 million)</b>
<b>Free Cash Flow (R\$)</b>	Increase 	 + 9% (R\$2,460 million)
<b>Earnings per share (R\$)</b>	Increase 	 5.1 in 2017 vs. (0.6) in 2016

1

## Operational Highlights

- Record of Production: (i) ethylene, butadiene, gasoline and PE / PP in Brazil and (ii) PP in the US and Europe
- Record of Sales: (i) main chemicals and PE in the Brazilian market; (ii) exports of butadiene and ethylene; and (iii) PP in the US and Europe
- Consolidated EBITDA record: US\$3,872 million, 17% higher than in 2016

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## Value Creation Investments

- Stability of the UTEC production, after the start-up in 1Q17
- Conclusion of the Bahia cracker flexibility project in 4Q17
- Project to build a new PP plant in US approved by Braskem's Board of Directors

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## Liability Management

- US\$1,750 million bond issuance in 2017: demand exceeded the offer by 8.2 times and represented the largest funding transaction and with the lowest cost ever in the Company's history

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## Credit Rating

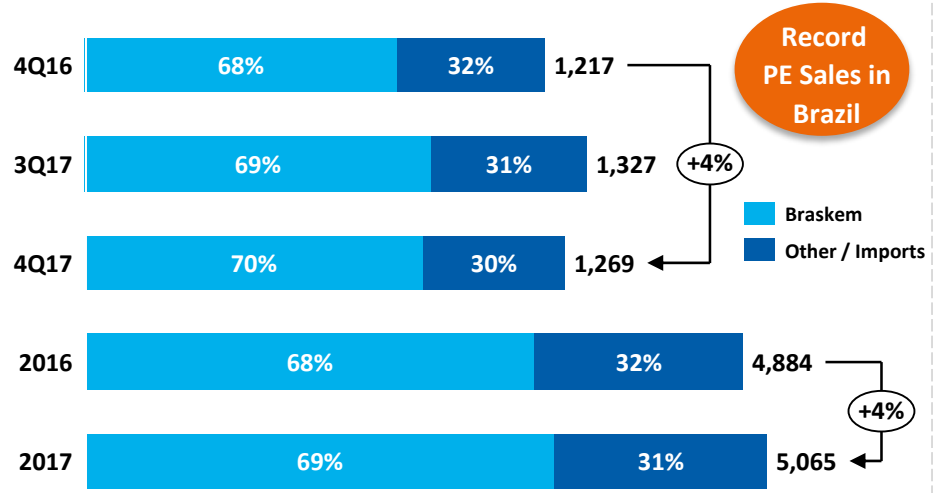
- Braskem maintained investment grade ratings by Standard & Poor's (BBB-) and Fitch Ratings (BBB-)
- Credit ratings above Brazil's sovereign risk by the three main rating agencies (S&P, Fitch and Moody's)

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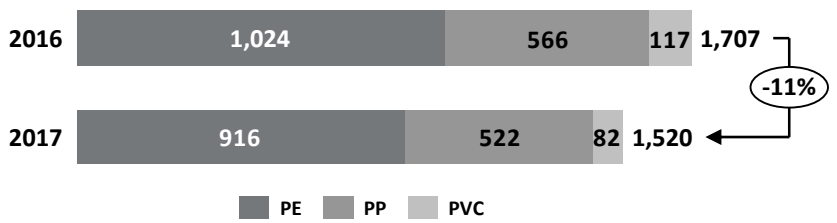
## Dividends

- Early distribution of dividends in the total amount of R\$1 billion
- Distribution of additional dividends in the aggregate amount of R\$1.5 billion to be approved in the next Annual Shareholders' Meeting which will represent a payout of 61% of the net income attributable to shareholders

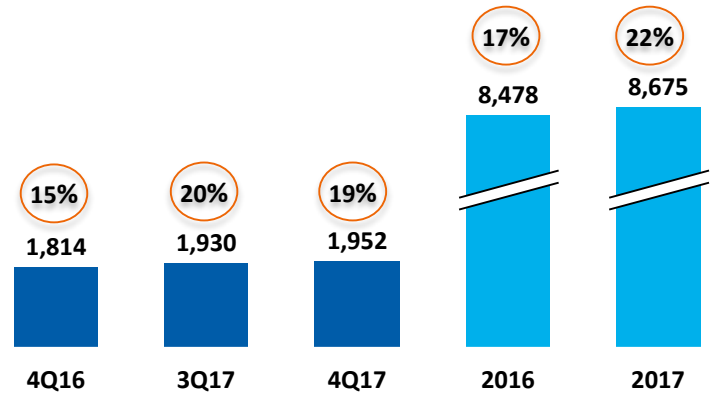
## Braskem's Sales and Brazilian Market of Resins (kton)



## Resins Exports Sales (kton)



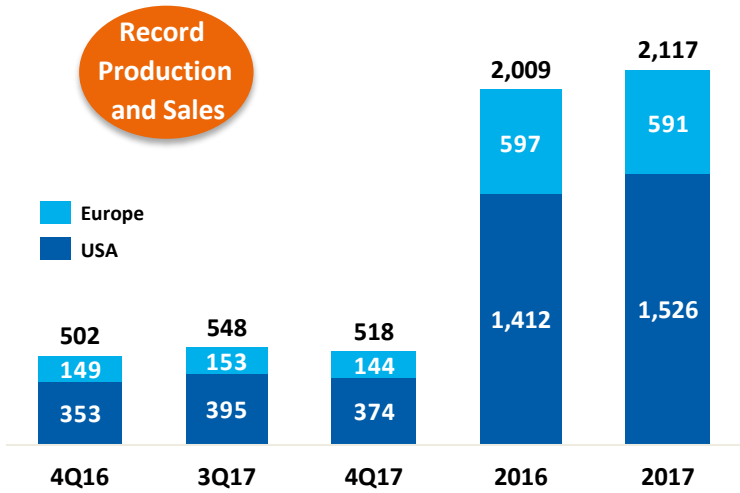
## EBITDA (R\$ Million) and Margin EBITDA



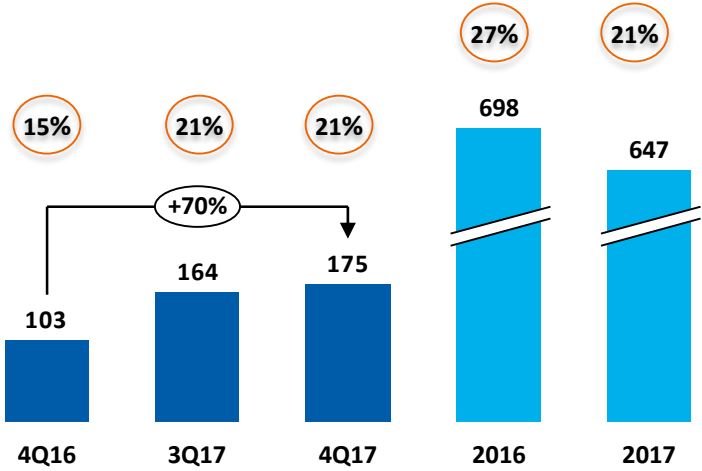
- Crackers avg. capacity utilization rate of 94% (+2%): good operating performance and record production of ethylene, butadiene and gasoline
- Resins demand (4%): stronger economic activity, especially from the **packaging, automotive, agriculture, retail** and **electronics industries**
- Resins exports: down 11% from 2016, reflecting the stronger demand for resins in the Brazilian market

Record Production: crackers

Braskem's PP Sales Volume (ktons)



EBITDA (US\$ Million) and Margin EBITDA

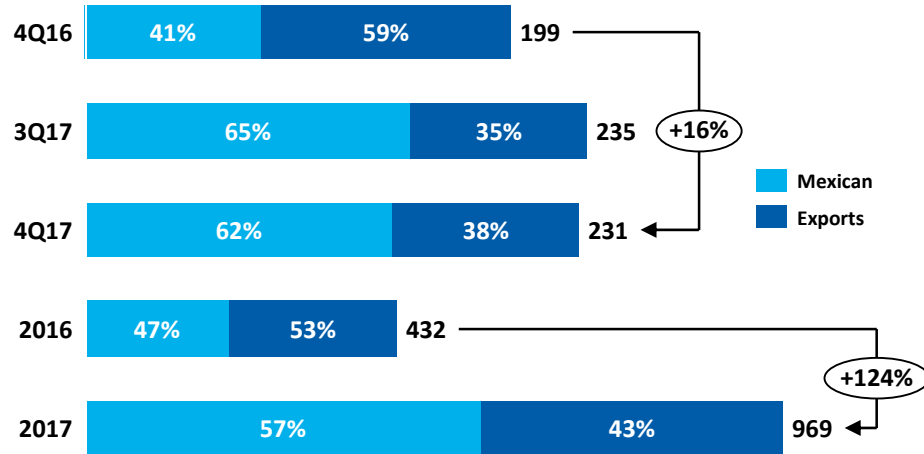


- Capacity utilization rate (-3 p.p.) impacted by the revision of production capacity conducted in 2017. Considering the same nominal capacity for both years, the capacity utilization rate in 2017 would be 5 p.p. higher than in 2016. In the year, production in the United States and Europe grew 5%
- Market: U.S. PP demand increased in relation to 2016 – food packaging and nonwoven industries. In Europe, the growth was driven by the automotive industry
- Sales: +5%, due to capacity expansion projects at the plants in the U.S. (late 2016) and Germany (early 2017) and by the firm PP demand in these regions

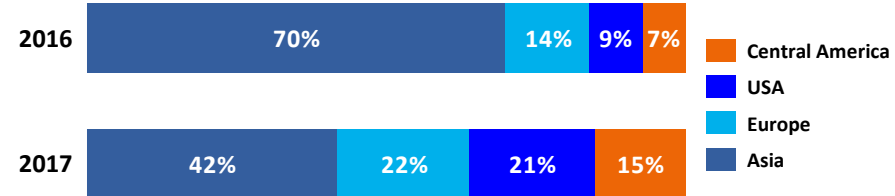
# Highlights of Mexico – 4Q17 and 2017



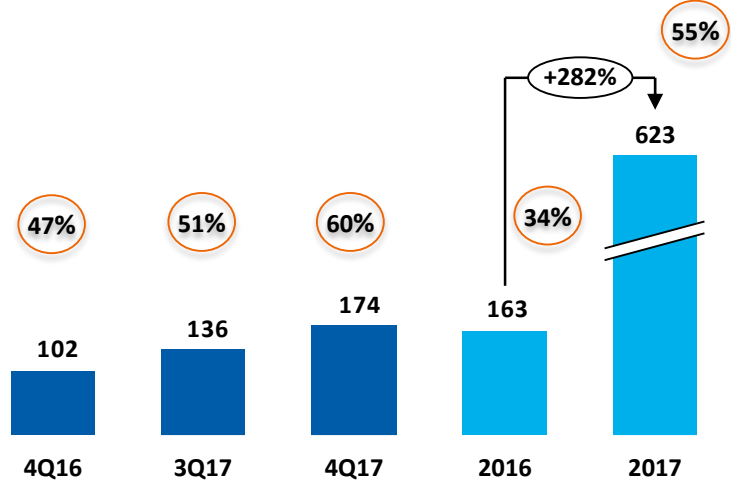
## PE Sales (kton)



## Exports by Region (%)

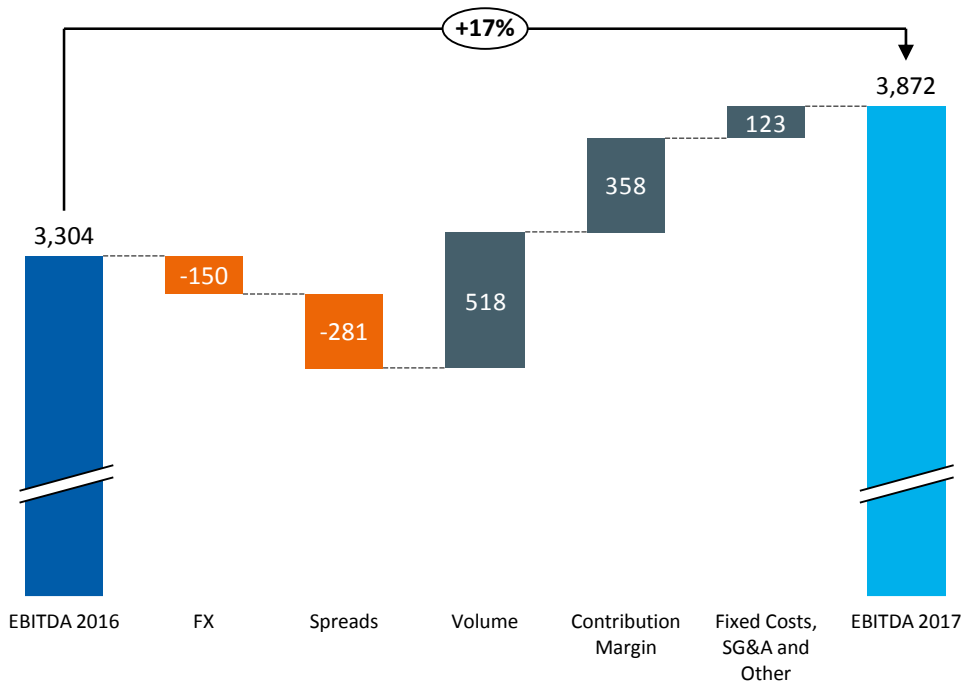


## EBITDA (R\$ Million) and Margin EBITDA



- Capacity utilization rate (+46 p.p.)
- PE market: +1% from 2016, 2.2 million tons
- PE sales: +124% from 2016, given the product's higher supply
- Exports: +81% from 2016, with more profitable markets, such as Europe and the United States

### EBITDA 2017 x 2016 (US\$ million)



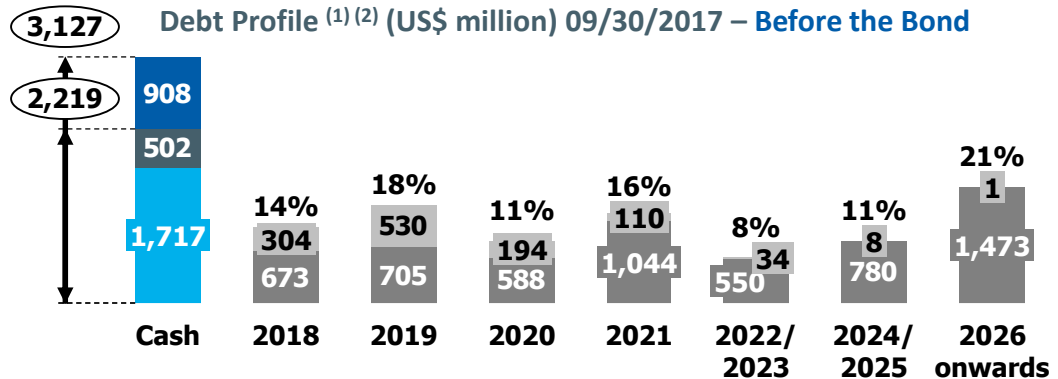
**Record EBITDA**

- Higher sales volume in Mexico
- Expansion of capacity and increase in sales volume of US and Europe units
- Sales increase of PE and PP in the Brazilian market
- Higher spreads for: chemicals, PP in Europe and PE in Mexico
- Capital gain of US \$ 88 million referring to the sale conclusion of quantiQ

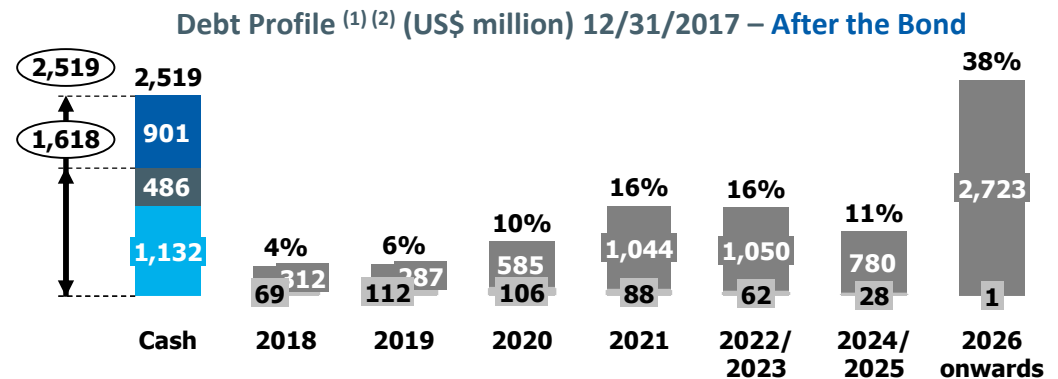
**EBITDA Margin**

**24.5%**





**US\$1,750 million bond issuance in 2017: the largest funding in foreign market and at lowest cost**



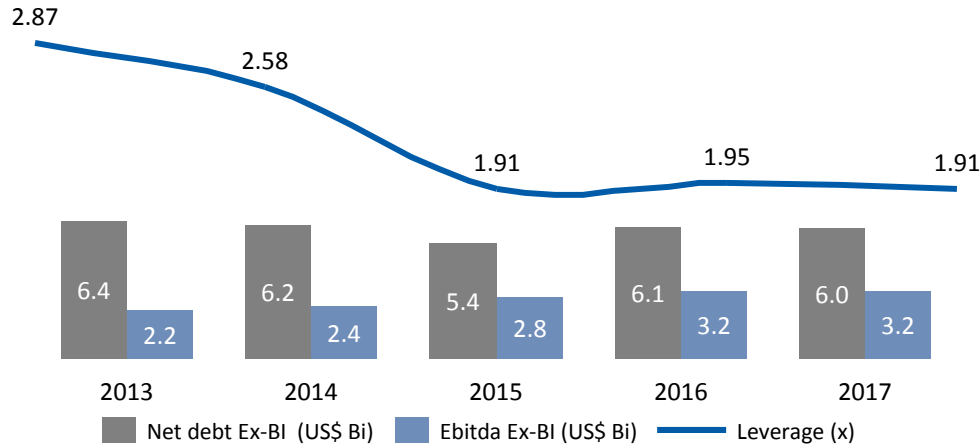
	Before Bond Issuance	After Bond Issuance
Avg. Debt Term	15 years	17 years
Debt Coverage	22 months	40 months
Avg. Cost of Debt	5.69% (US\$)	5.58% (US\$)

■ Invested in R\$  
■ Invested in US\$  
■ Stand by of US\$750 million and R\$500 million  
■ Local Currency  
■ Foreign Currency

(1) Does not consider transaction costs; (2) Does not consider the remaining amortization of 2017

## Leverage

Net debt/ Ebitda (US\$ Bi) <sup>(1)</sup>



## Credit Rating

Above the  
Sovereign

Agency	Rating	Outlook	Date
Fitch	BBB-	Stable	09/28/2017
S&P	BBB-	Negative	03/14/2018
Moody's	Ba1	Negative	08/22/2018

FitchRatings

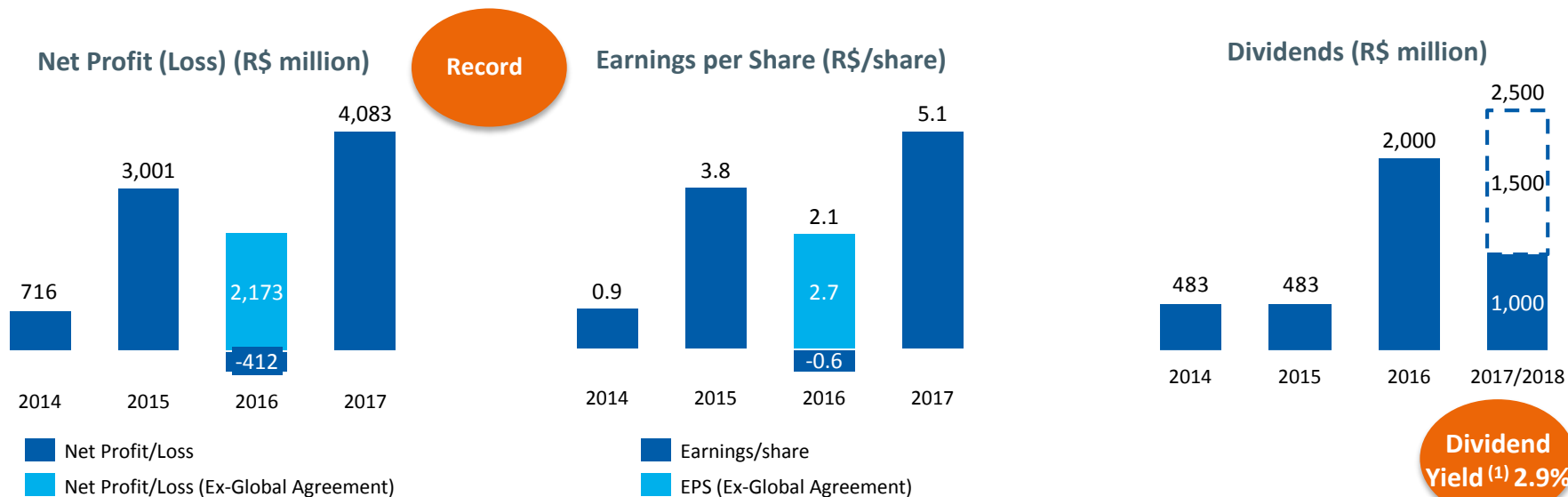


STANDARD  
& POOR'S



- Braskem continued to deleverage, keeping a health balance sheet
- Braskem maintained investment grade ratings at Standard & Poor's (BBB-) and Fitch Ratings (BBB-), and credit ratings above Brazil's sovereign risk at the three main rating agencies (S&P, Fitch and Moody's)

## Strong delivery of results to Shareholder's



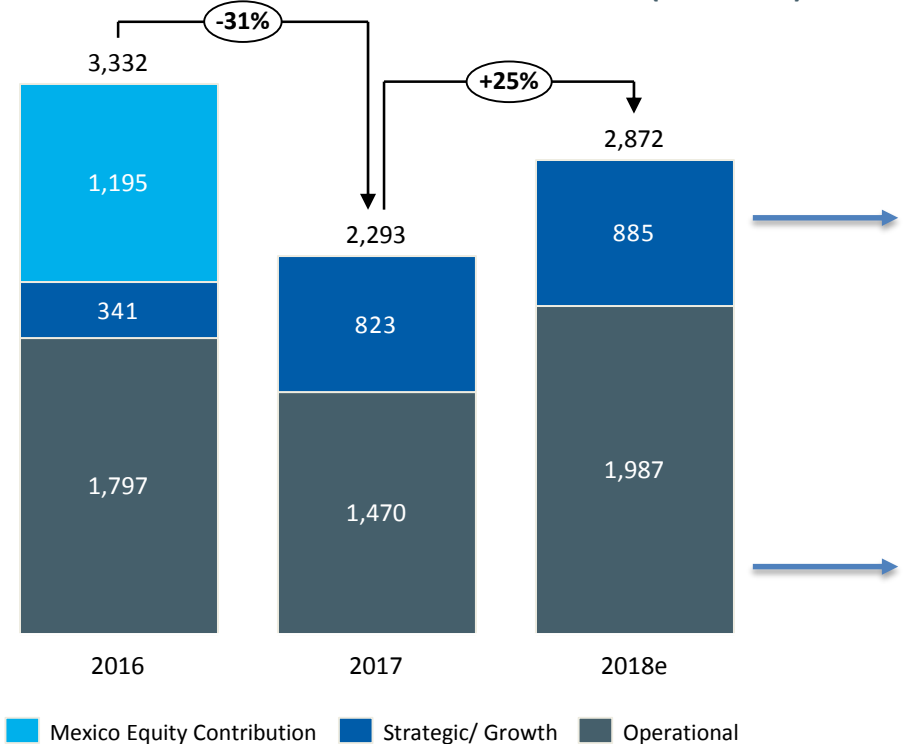
- Stock price (**BRKM5**) gains **29%** in 2017
- In December, the Company paid in **advance R\$1 billion in dividends** for fiscal year 2017
- Braskem' management proposes to the **next Annual Shareholders' Meeting**, the additional **distribution of dividends** in the aggregate amount of **R\$1.5 billion**
- If approved, the **dividend payout** will represent **61%** of the net income attributable to shareholders in 2017

(1) Does not consider the additional distribution of dividends proposed to the next Annual Shareholders' Meeting

# Petrochemical Scenario and Outlook for 2018



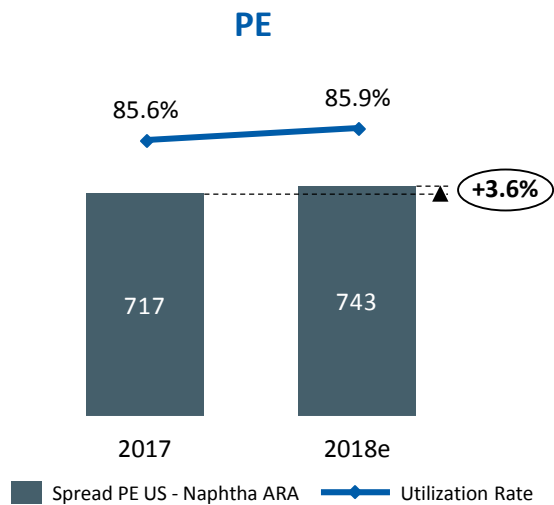
## Total CAPEX (R\$ million)



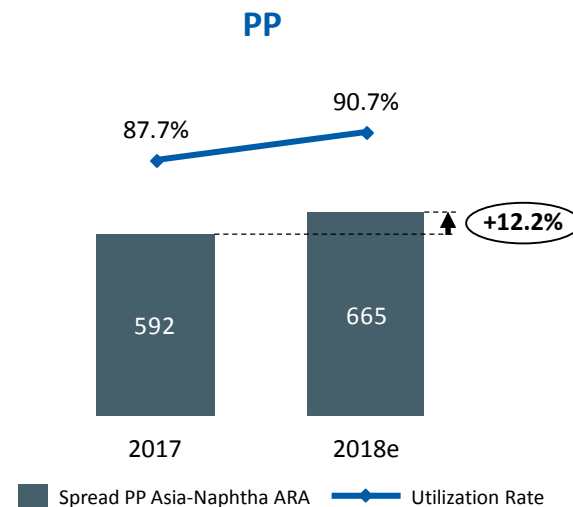
New PP Plant: 2018 disbursement corresponds to 39% of the total expected investment of US\$675 million

1Q18: scheduled maintenance shutdown of the cracker in Triunfo, RS

## Spreads (US\$/kton) and Global Utilization Rate (%)



- New capacities may impact the spreads although less than previously expected due to a stronger global demand
- 5 new PE plants have started-up until now (4,441 kton/y) and 2 more are expected to begin operations in the 2H18 (1,690 kton/y)
- 5 new ethylene plants have started-up until now (5,470 kton/y)




- Projects postponed to after 2020, mainly in China
- For 2018, demand growth for PP will surpass the new capacity additions in approx. 1,100 kton

## 2018e vs. 2017

<b>Utilization Rate</b>	Stable and high in all regions	
<b>Regional Demand</b>	<ul style="list-style-type: none"> <li>~1x GDP – US/EU</li> <li>~1.5 x GDP Brazil/Mexico</li> </ul>	
<b>Petrochemical Spreads</b>	Chemicals	
	Resins Brazil	
	US and Europe	
	Mexico	
<b>Consolidated EBITDA (US\$ million)</b>		

## 2018e vs. 2017

<b>Operating cash flow</b>	Not relevant working capital consumption is expected	
<b>Interests</b>	Lower interest rates and gross debt	
<b>Tax</b>	US tax reform	
<b>CAPEX</b>	US\$876 million	
<b>Global Settlement</b>	Lower payment	
<b>Consolidated Cash Flow (US\$ million)</b>		

# Concentrations





## GOALS

1

### Productivity and Competitiveness

Seek advances in **productivity** and **competitiveness** in the current operation, focusing on **operational efficiency** and **cost-leadership**

Braskem as a **1st Quartile Operator**

2

### Feedstock Diversification

Feedstock diversification, **increasing the share of gas** in the feedstock profile and **maintaining asset flexibility**

Achieve balance between liquid base and gas base, creating **flexibility of + or - 10%**

3

### Geographic Diversification

**Expand the global footprint** outside Brazil with **gains in scale in PE and PP**, reinforcing our **leadership in the Americas**

Results of international operations **above 50%** of consolidated results

4

### Reputation and Governance

**Strengthen Braskem's image and reputation** towards members, society and investors through advances in compliance, sustainability, innovation and people management

Recognition as a **global, innovative and humane company**



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