



**EARNINGS CONFERENCE CALL
2Q19**

Aug 08th 2019



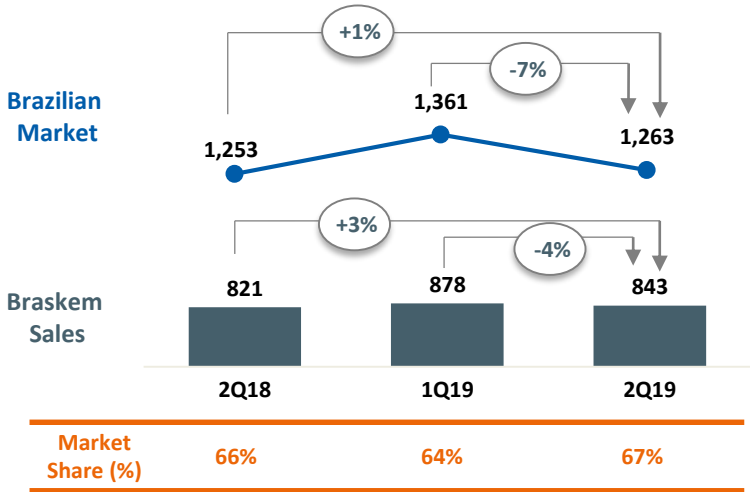
This presentation includes forward-looking statements. These forward-looking statements are not solely historical data, but rather reflect the targets and expectations of Braskem’s management. The terms “anticipate,” “believe,” “expect,” “foresee,” “intend,” “plan,” “estimate,” “project,” “aim” and similar 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.

This presentation is up-to-date as of June 30, 2019, and Braskem does not assume any obligation to update it in light of new information or future developments.

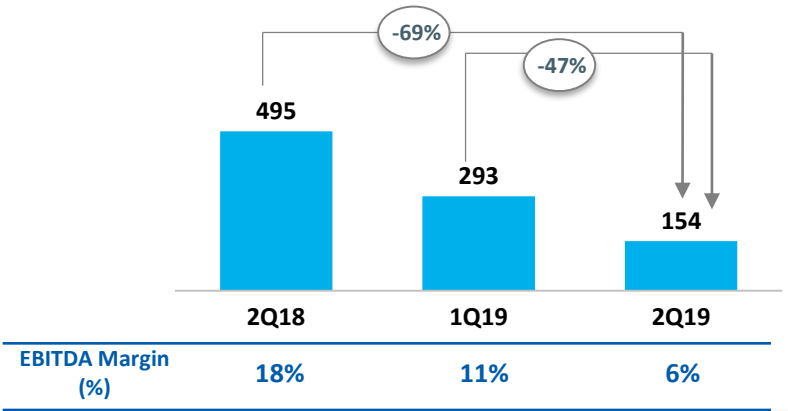
Braskem assumes no liability for transactions or investment decisions taken based on the information in this presentation.

2Q19 Highlights | Brazil

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

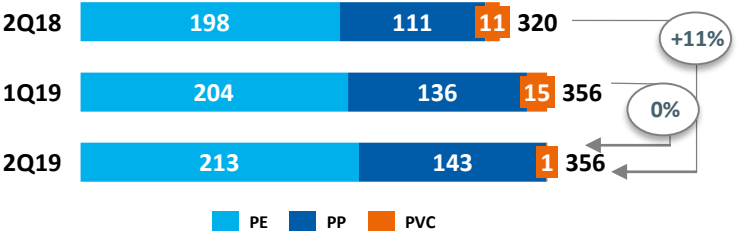


EBITDA (US\$ million) and EBITDA Margin (%)



- **Resins demand:** down from 1Q19, when it was influenced by the **inventory rebuilding** trend in the converters chain. Compared to 2Q18, it was **higher** since that period was affected by logistics constraints caused by the **truck drivers' strike**.
- **Crackers utilization rate:** 89%, **higher** than 1Q19 due to **increased supply** of feedstock to the cracker in **Rio de Janeiro**, which **offset** the **lower utilization rate** of the cracker in **Bahia** resulting from the **shutdown** of the Chlor-Alkali and EDC plants in Alagoas

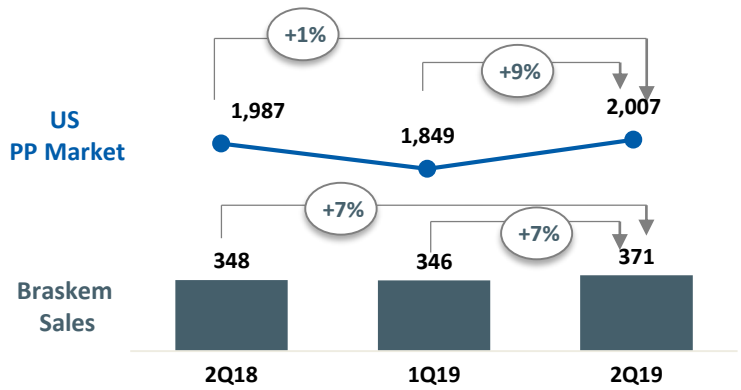
Resins export sales (kton)



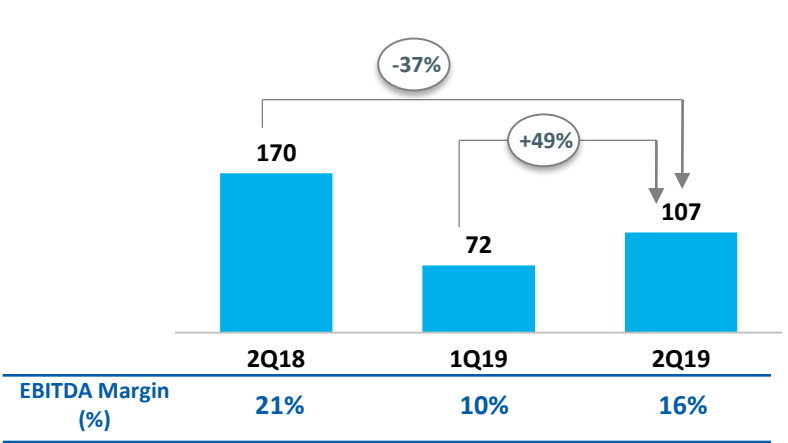
2Q19 Highlights | USA and Europe



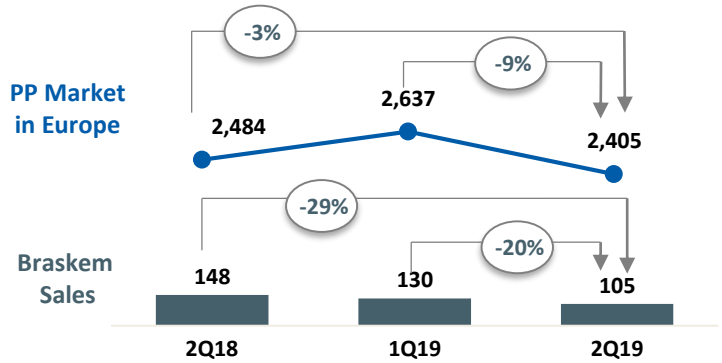
PP demand in US (kton) and Braskem sales (kton)



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

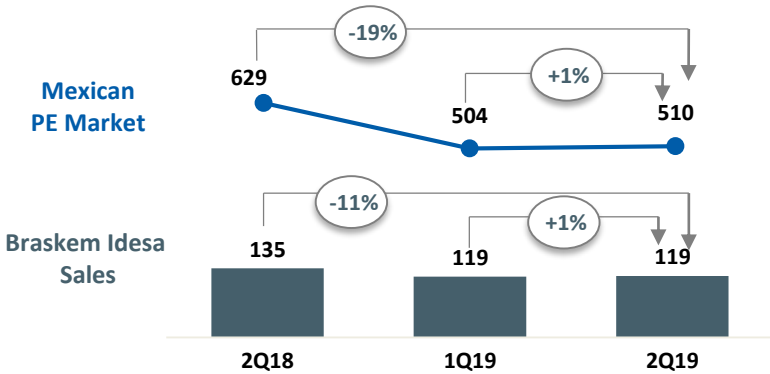


PP demand in Europe (kton) and Braskem sales (kton)

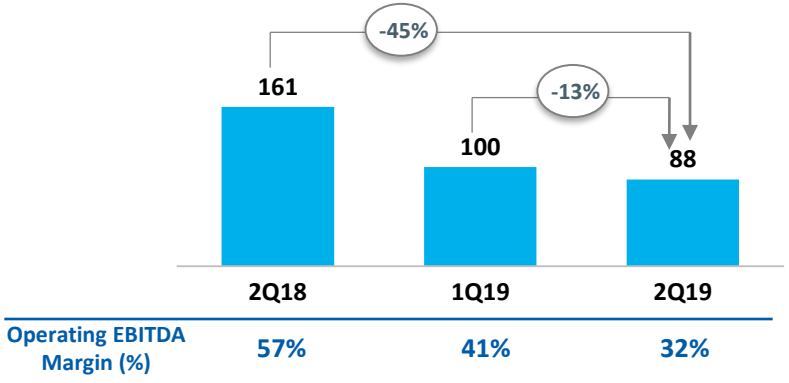


- **Demand in U.S.:** increased compared to 1Q19 and to 2Q18, driven by **lower resin prices** that encouraged converters to **build inventories**.
- **Demand in Europe.:** contraction in demand is mainly explained by the **economic slowdown** and by the **summer**, when demand is **seasonally weaker**.
- **Capacity utilization rate: 92%, up** in relation to 1Q19 and 2Q18, supported mainly by the **good performance of the U.S. units**.

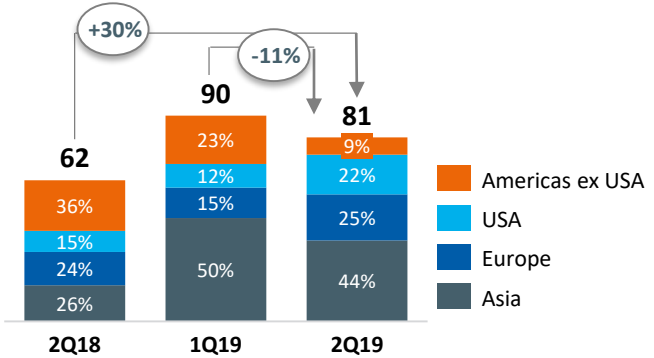
PE demand in Mexico (kton) and Braskem sales (kton)



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

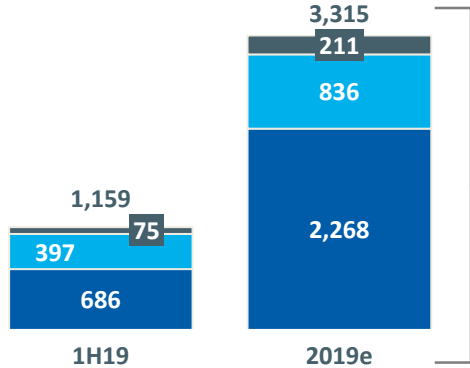


Exports by region (%)



- **Demand in Mexico: decreased** in relation to 2Q18 explained by the **slowdown of the Mexican economy.**
- **Capacity utilization rate: 72%, down** in relation to 1Q19 reflecting the **lower supply of ethane.**

(R\$ million)



■ Strategic/ Growth ■ Operational
■ New PP Plant

Considering the more challenging than expected petrochemical scenario, impacted by the slower global economy growth, the Company will reduce its 2019 investment by approximately US\$100 million.

New PP plant reached 65.5% of physical completion with US\$485 million invested since 2016

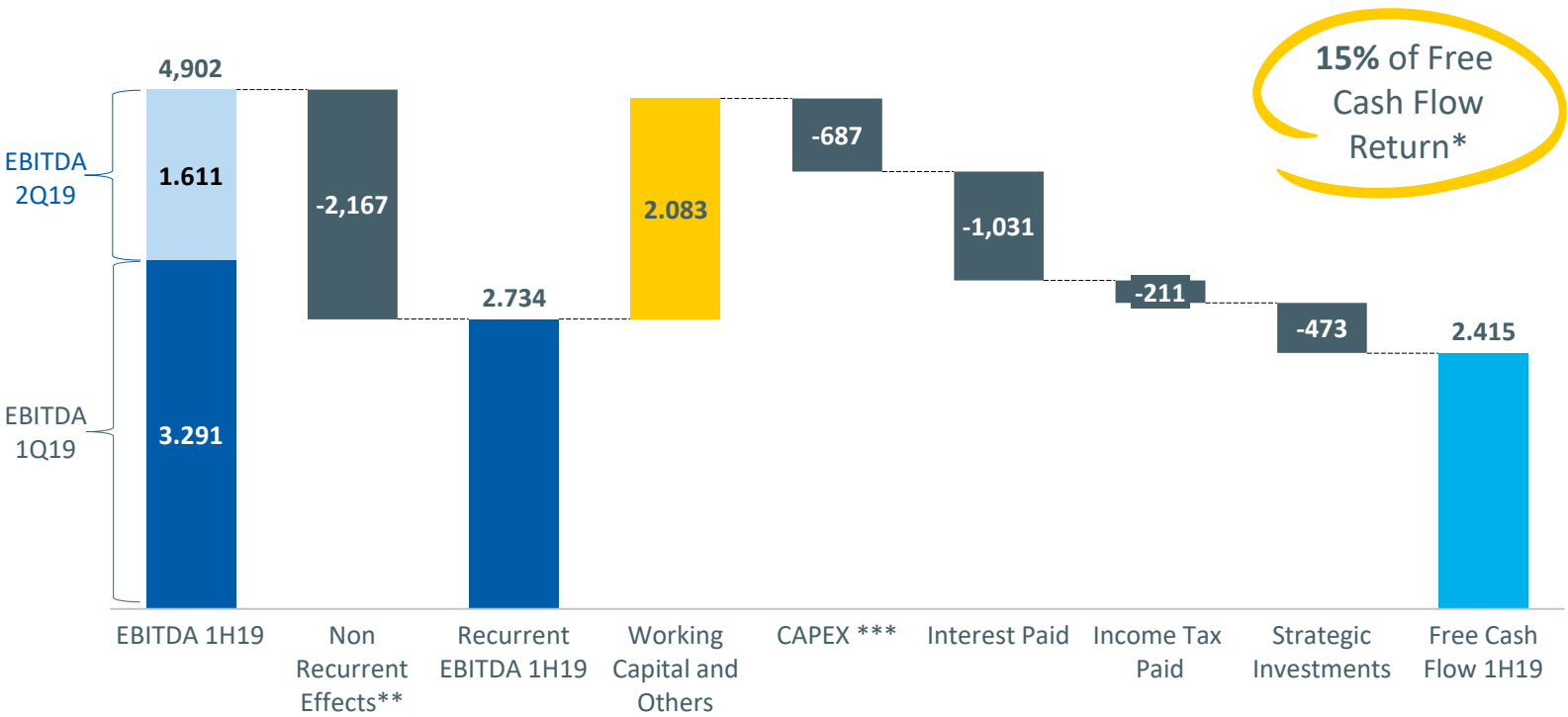


- **35% of the total budget already invested**
- Other strategic investment includes the **improvement of safety and reliability of the electrical power distribution system at the Neal Plant** in which Braskem will invest **US\$43 million until 2020.**

* Does not consider Braskeml desa's CAPEX and Cetrel/ Considers associated taxes

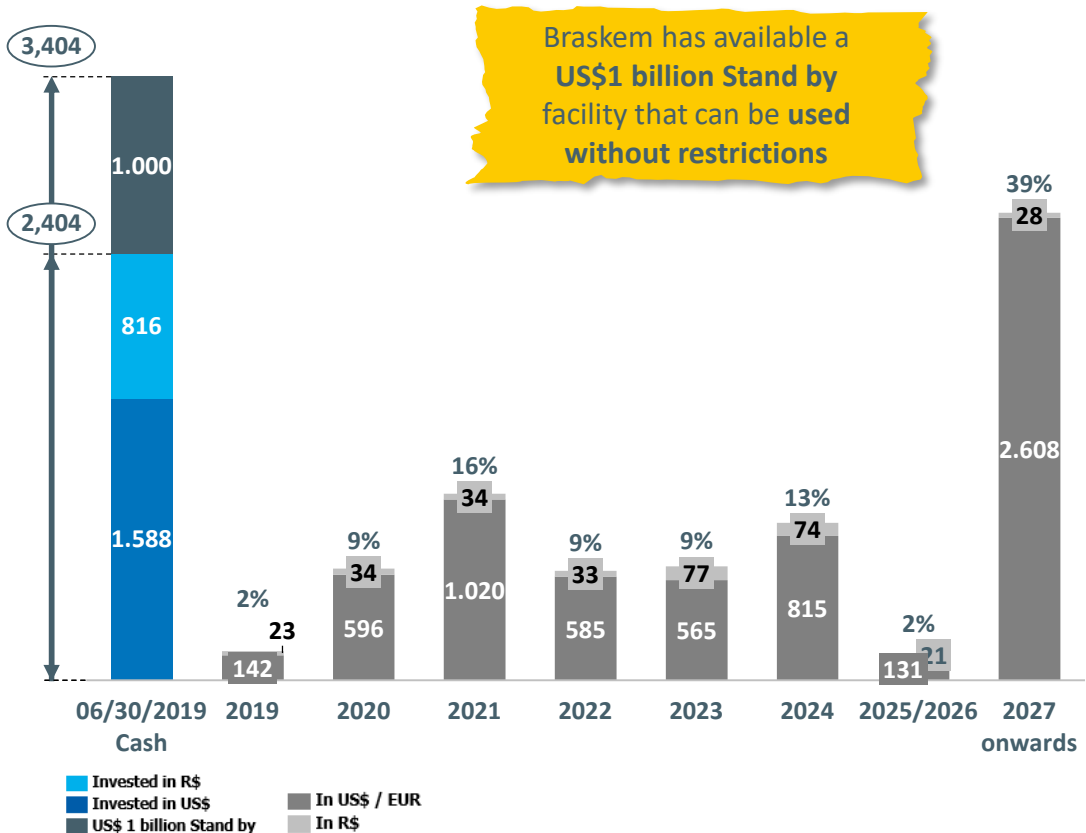
1H19 Free Cash Flow

(R\$ million)



* Free Cash Flow of the last 12 months divided by Market Cap (based on the closing stock quote on Jun 30, 2019)
 ** Considers: (i) PIS/COFINS tax revenue
 *** Considers Braskem Idesa CAPEX and Cetrel/ Does not consider associated taxes that are allocated in "working capital"

Corporate Debt Profile (US\$ million) 06/30/2019¹



Debt Indicators

Net Debt / EBITDA ^{1,2}	2.16x
Average Debt Term ⁴	8.3 years
Debt Coverage ³	46 months considering the standby
Average Weighted Cost of Debt	FX variation + 5.42%

(1) Does not include Braskem Idesa's net debt and EBITDA
 (2) Includes Leniency Agreement
 (3) The US\$1 billion stand by expires in 2023
 (4) Considers the perpetual bond with a duration of 30 years

Credit Rating

Agency	Rating	Outlook	Date
Fitch	BBB-	Stable	11/06/2018
S&P	BBB-	Stable	06/19/2019
Moody's	Ba1	Stable	04/26/2019

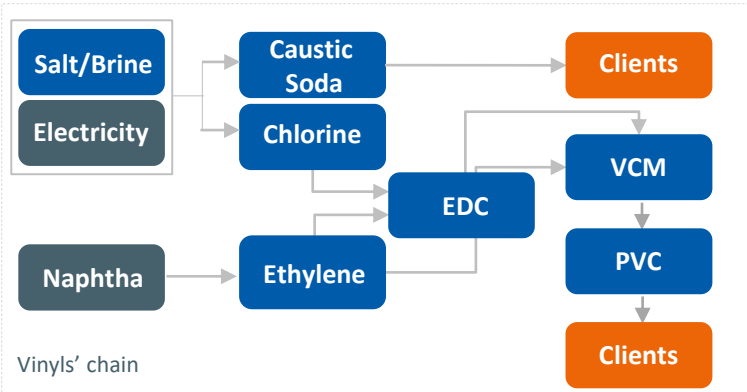


(1) Does not include Braskem Idesa's debt, the Leniency Agreement and transaction costs

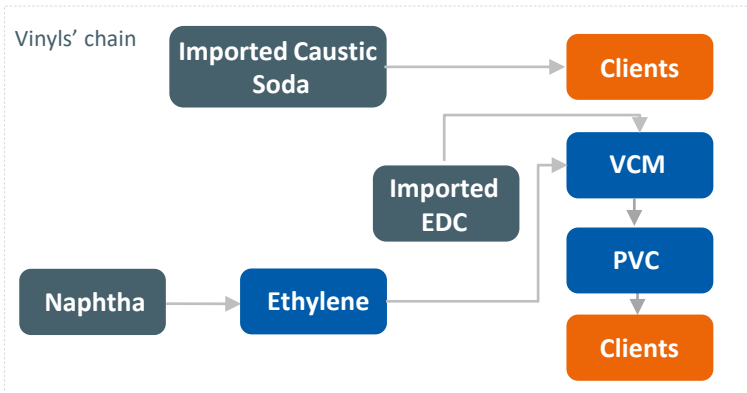
Petrochemical Scenario and Outlook for 2019



INTEGRATED BUSINESS MODEL

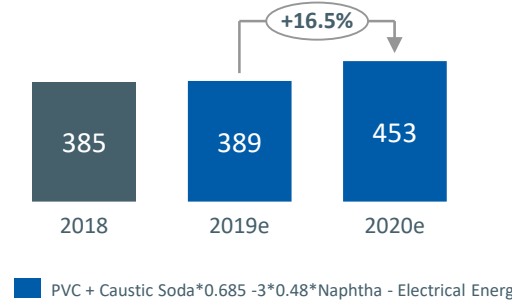


NON-INTEGRATED BUSINESS MODEL

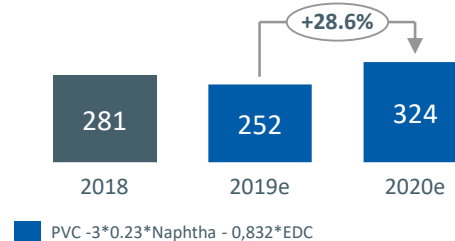


Vinyls' Spreads (US\$t)

INTEGRATED



TEMPORARY



Status

(A) Operational front

- Temporarily operating non-integrated business model (under optimization)
- Evaluation of salt mining alternatives

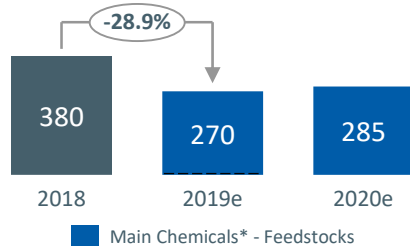
(B) Technical front

- Sonar studies ongoing: 15 of the total of 35 salt mines analyzed
- Foreign and national experts conducting additional studies

(C) Legal front

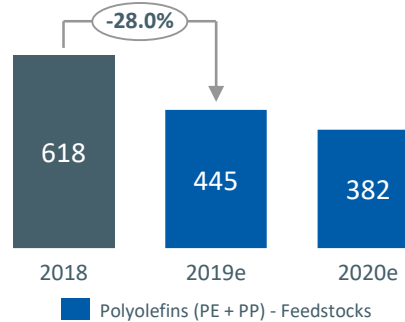
- R\$3.7 billion of cash frozen: awaiting STJ on decision to unfreeze and awaiting appeal review at Alagoas court.
- R\$ 2.5 billion of requested by the MPT to freeze cash: judicial decision still pending. Justification hearing scheduled for August 9th.

Chemicals US\$/t



Chemicals: higher supply, especially from co-products due to **new refineries being started up in Asia.**

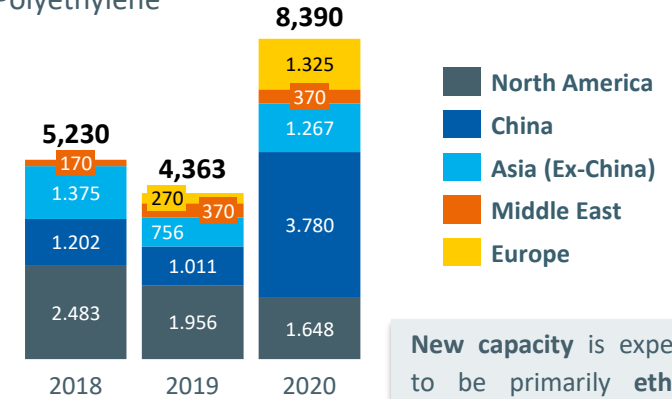
Polyolefins US\$/t



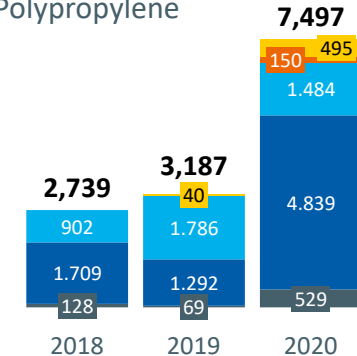
Polyolefins: spreads to **remain under pressure**, due to **slowdown on demand from China** and lower expectations for global growth.

Polyolefins Capacity Additions (kt)

Polyethylene



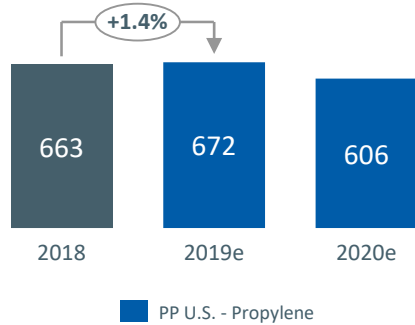
Polypropylene



New capacity is expected to be primarily **ethane-based** and flex, located mainly in **China** and other **Asian countries**, such as South Korea.

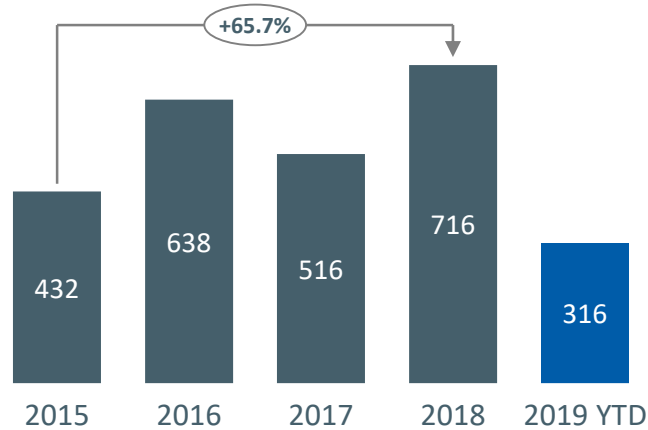
2019 World GDP growth: 2018 forecast: **+3.4%** / 2019 forecast: **+2.9%**
Resins demand growth: 17-18: **+4.8%** / 19-18 estimate: **+4.2%**

Spreads U.S. (US\$/t)



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

United States PP Imports (kt)



PP Imports: The U.S. have become a net importer region since petrochemical investments were focused on polyethylene. For 2019, imports are expected to be in the same levels as 2018.

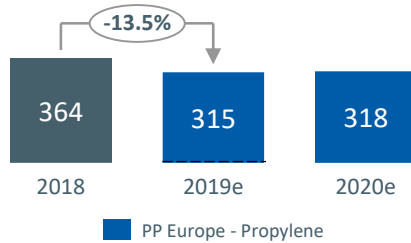
Braskem will add 450kt of PP capacity, with planned start-up for 1H2020

Main exporting countries to the U.S. (2018)

1 st		146 kt (20%)
2 nd		79 kt (11%)
3 rd		62 kt (9%)

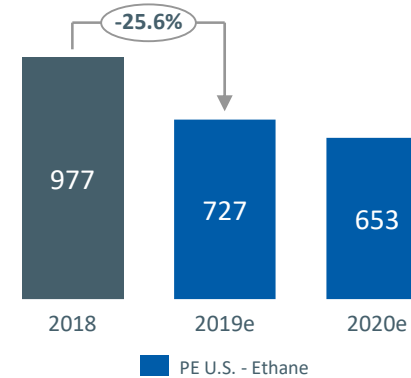
US\$/t

Europe



PP Europe: lower PP demand due to a **slowdown** in the **Eurozone GDP growth**, especially due to a weaker **auto segment**.

Mexico



PE Mexico: higher ethane prices in the U.S. and **lower PE prices**, due to new capacities still coming online in the region.

2019 - Previous Estimates (1Q19) x Current Estimates (2Q19)



International Spreads (US\$/Kton) ⁽¹⁾

	Previous Estimates (1Q19)	Current Estimates (2Q19)	Previous Estimates (1Q19)	Current Estimates (2Q19)	Previous Estimates (1Q19)	Current Estimates (2Q19)
International Spreads (US\$/Kton) ⁽¹⁾	Lower due to increase in main chemicals supply, slowdown on demand from China and new PE capacities	Not changed	Tight PP market in the U.S	Not changed	New PE capacities start-up Lack of pipelines and gas fracking capacity in the U.S in the short term	Not changed
Demand	GDP Growth: 1.5% ⁽¹⁾	Reduced to 0.81% ⁽¹⁾	GDP Growth US: 2.3% ⁽²⁾ GDP Growth Euro Zone: 1.3% ⁽²⁾	Increased to 2.6% ⁽²⁾ Not changed	GDP Growth: 1.6% ⁽²⁾	Reduced to 0,2% ⁽²⁾
Braskem Utilization Rate	2018 performance was negatively impacted by unpredicted events	Not changed	2018 performance was also negatively impacted by unpredicted events	Not changed	Considered similar levels for ethane supply	Not changed

Recurrent EBITDA 2019 x 2018

Previous Estimates (1Q19) x Current Estimates (2Q19)



(1)Source: Boletim Focus
(2)Source: IMF/ Citibanamex



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