

EDF Renewables wind power complex that will supply renewable energy to Braskem

EARNINGS CONFERENCE CALL 1Q21

MAY 6, 2021

Braskem 



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.

This presentation was updated as of March 31, 2021, and Braskem does not assume any obligation to update it in light of new information or future developments.

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

Petrochemical Context in 1Q21

In 1Q21, petrochemical supply was impacted by the severe winter storm in the U.S. Gulf Coast, which led to unplanned production closures affecting resins suppliers. Additionally, demand continued strong

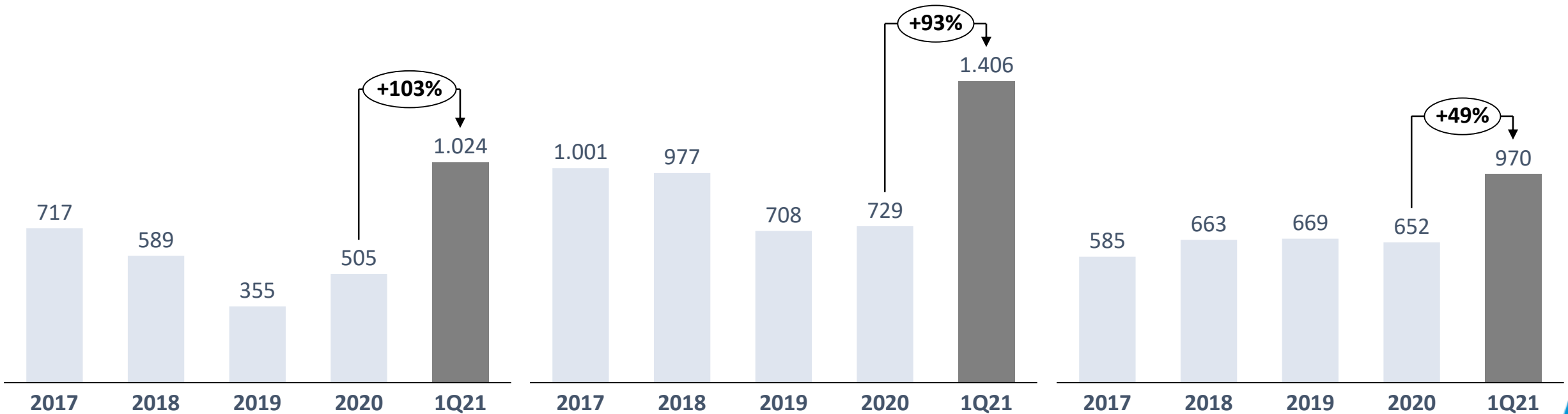
Spread PE US – Naphtha ARA¹
(\$/ton)



Spread PE US – Ethane Mont Belvieu¹
(\$/ton)



Spread PP US – Propylene US¹
(\$/ton)



The petrochemical scenario is dynamic, with spreads fluctuating over time. In 1Q21, international market references were impacted by the industry's supply and demand dynamics, and PE and PP spreads, for instance, reached the highest levels since 2017

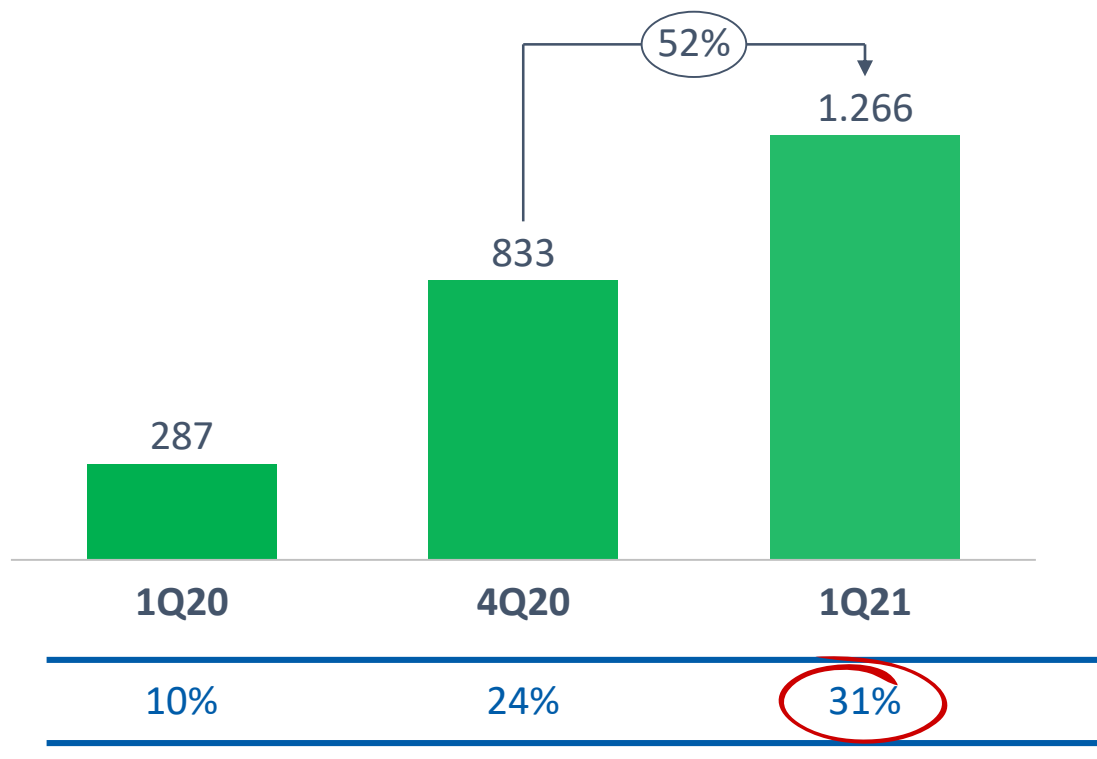
Note (1): External consulting firms.

1Q21 Highlights | Braskem Consolidated

Recurring Operating Result - 1Q21

(US\$ million)

Profitability improves in 1Q21, as shown by the higher recurring operating margin in the period



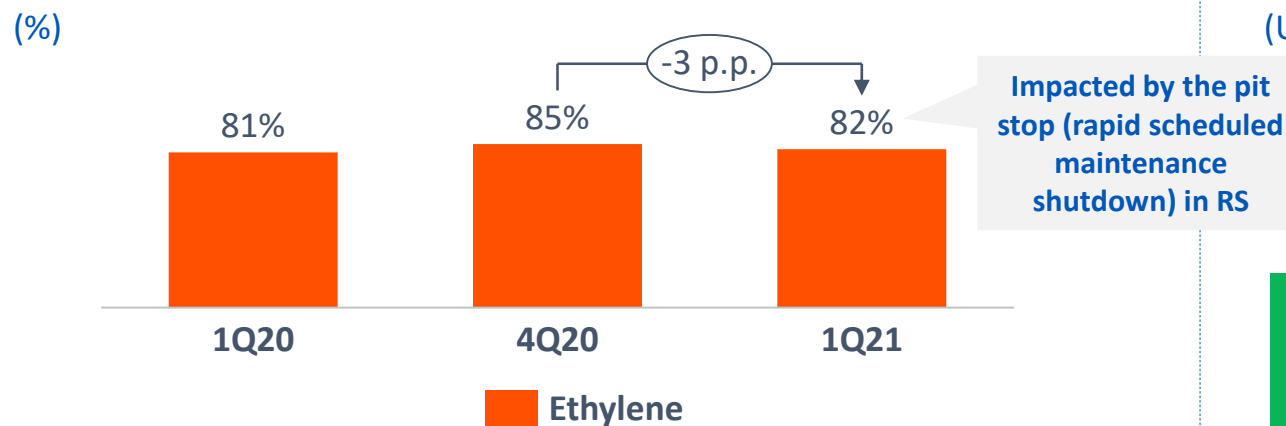
Comments:

- In 1Q21, recurring Operating Result was US\$1,266 million, up 52% on 4Q20, mainly due to:
 - i. better spreads for PE, PP and main chemicals in Brazil, for PP in the USA & Europe and for PE in Mexico
 - ii. higher PP sales volume in Europe
- Compared to 1Q20, recurring Operating Result in U.S. dollar advanced 341%, due to:
 - i. better spreads for resins and main chemicals in Brazil, for PP in the USA & Europe and for PE in Mexico
 - ii. higher sales volume of PP in USA & Europe and of main chemicals in Brazil

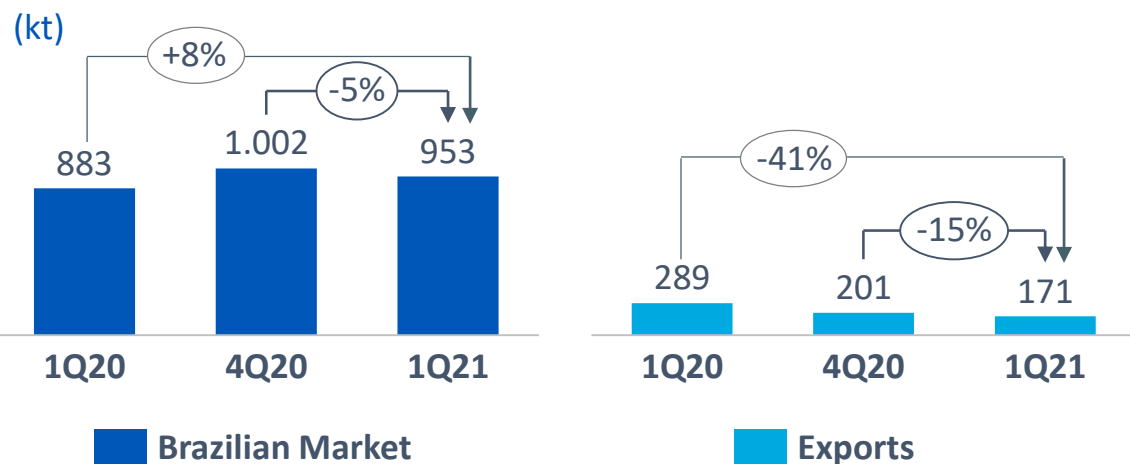


Operational

Utilization Rate of Petrochemical Crackers

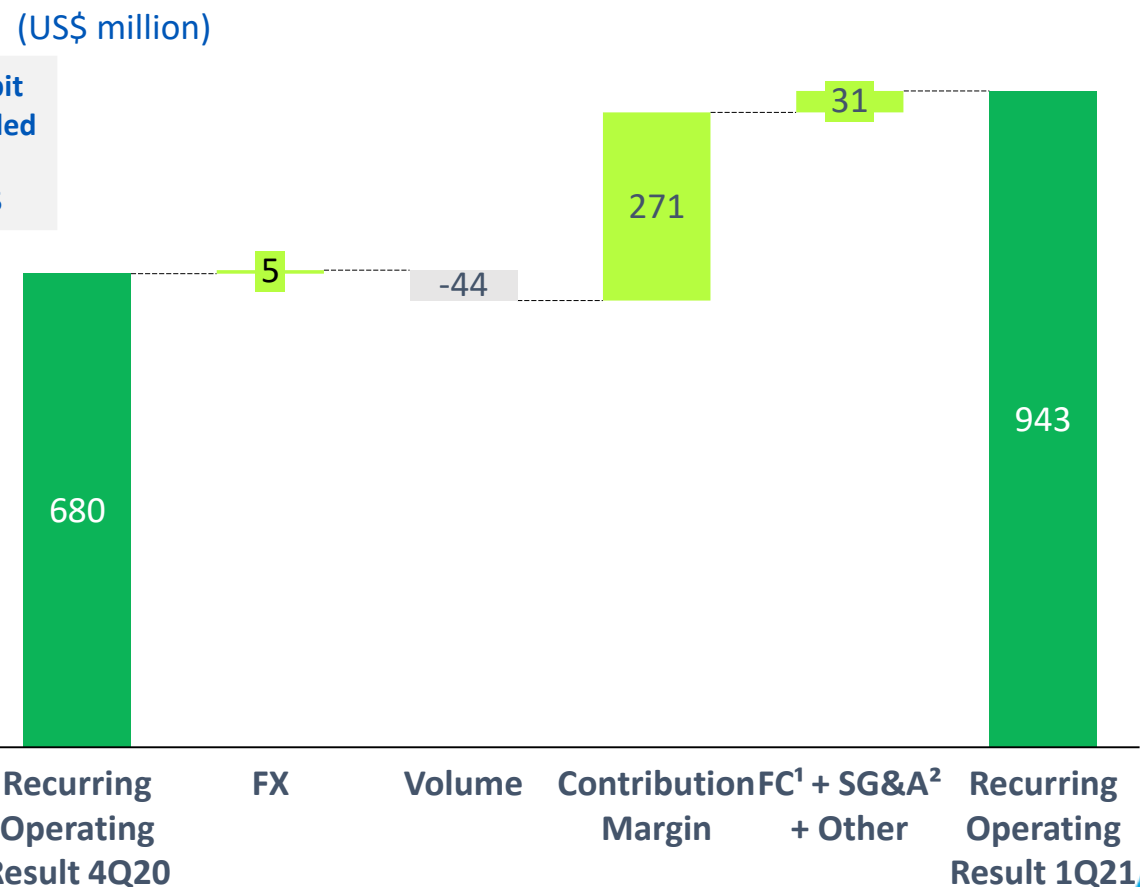


Resin Sales (PE+PP+PVC)



Financial

Recurring Operating Result BRIDGE



Source: Braskem. Note (1): FC: Fixed Costs. Nota (2) SG&A: Selling, General & Administrative Expenses.

Higher supply of imported feedstock in Brazil



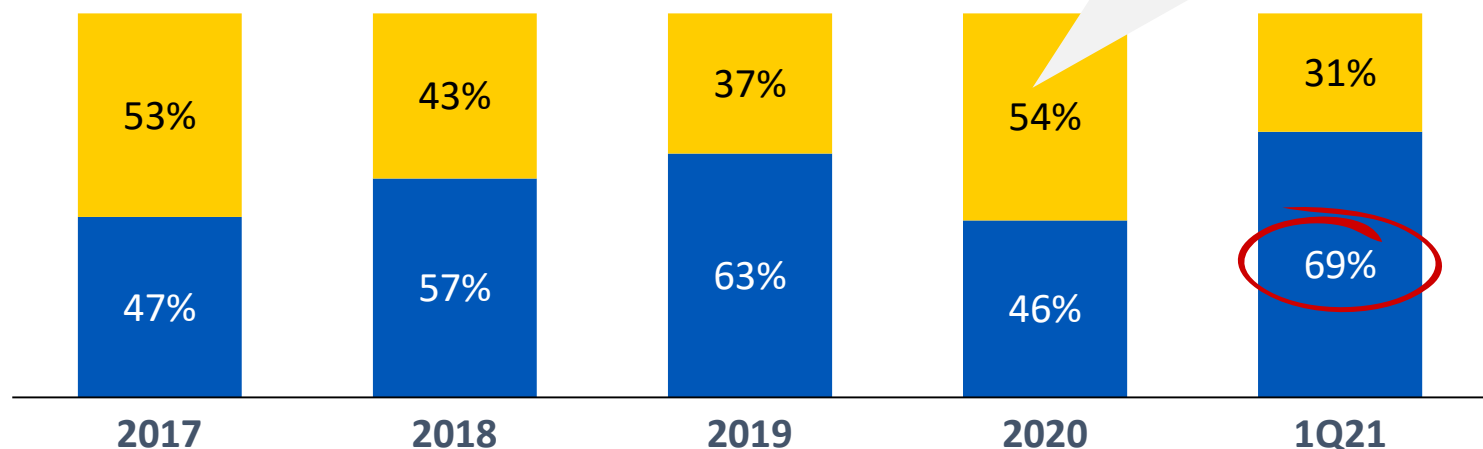
Naphtha Purchases - Supplier Location

(%)

Diversified feedstock supplier base in Brazil, with several suppliers of naphtha imports

■ Brazil ■ Imports

Higher naphtha purchases in Brazil in 2020 due to mutually beneficial opportunity with national supplier in the first half of year



Comments:

- In line with the Company's strategy to diversify its suppliers, the Brazil segment continued to acquire naphtha via supply agreements with international suppliers
- In 1Q21, naphtha imports accounted for **around 70% of total naphtha consumption in the quarter**

Braskem obtains longer payment periods on naphtha purchases with foreign suppliers, positively impacting its cash generation

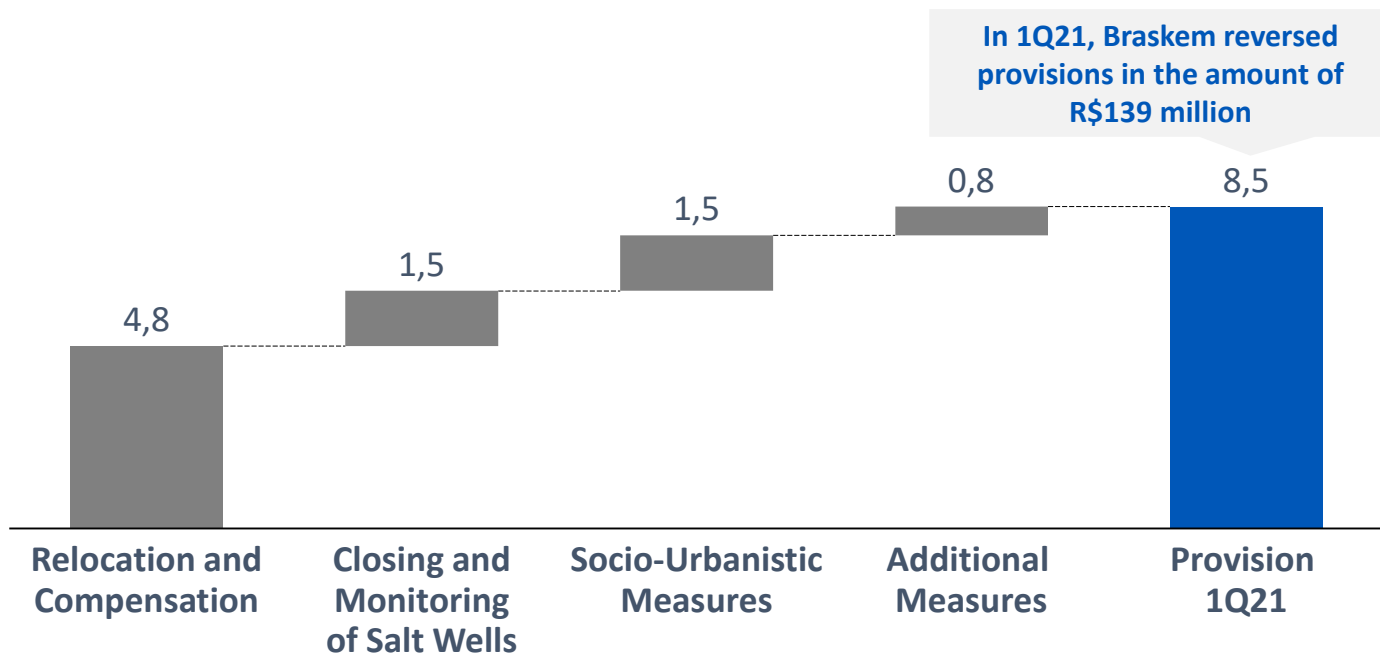
Update on geological event in Alagoas - Financial Impact



Financial Impact¹ - Balance of provisions in 1Q21

(R\$ billion)

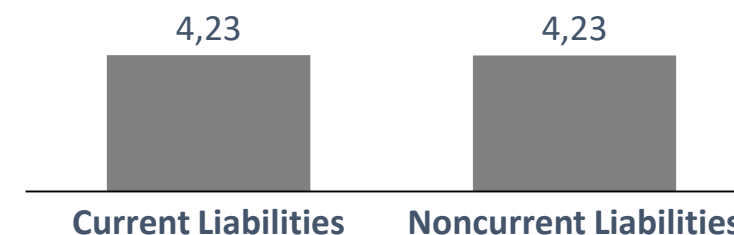
In 1Q21, the balance of provisions related to the geological event in Alagoas was around R\$8.5 billion...



Disbursement Schedule

(R\$ billion)

...of which approximately 50% was registered under Current Liabilities and 50% under Noncurrent Liabilities



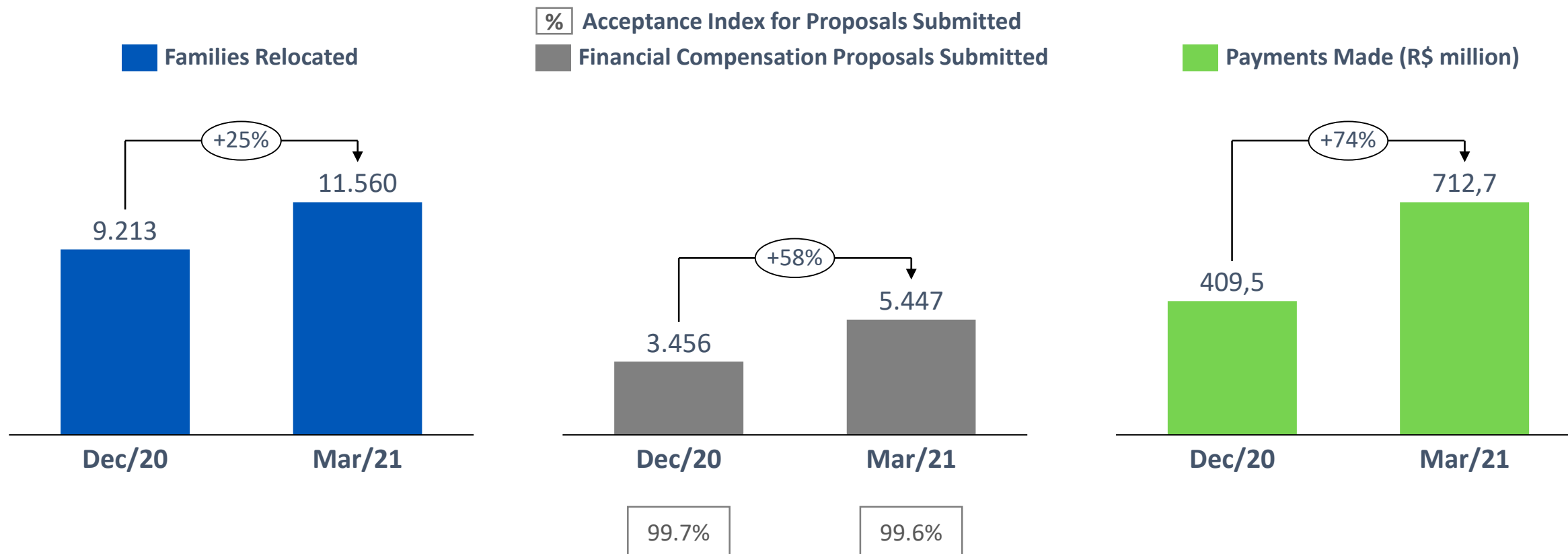
The Company cannot predict with certainty future developments in respect of this matter or its related expenses, and the costs to be incurred by the Company may be different than currently estimated or provisioned

Source: Braskem. Note (1): The total amount of provisions related to the geological event in Alagoas is R\$10.4 billion, and at the end of December/20, the balance of provisions was approximately R\$9.2 billion.

Update on geological event in Alagoas - PCF¹



Update of PCF¹ as of March 31, 2021



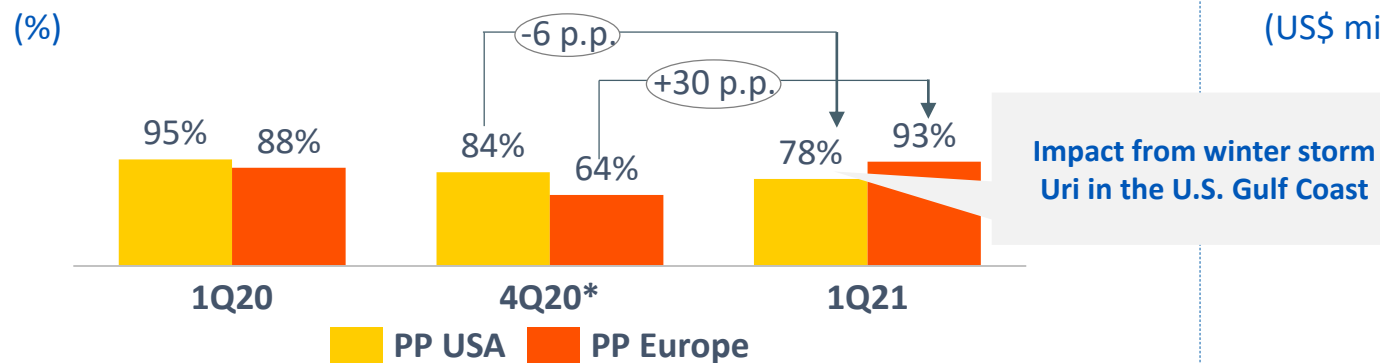
In 1Q21, Braskem continued to make progress on the relocation and financial compensation of families in the districts affected in Maceió

1Q21 Highlights | USA & Europe



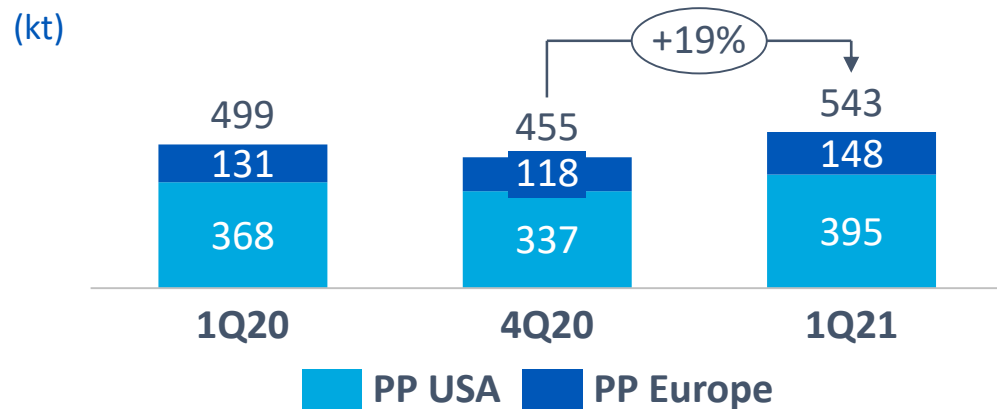
Operational

Utilization Rate of PP Plants



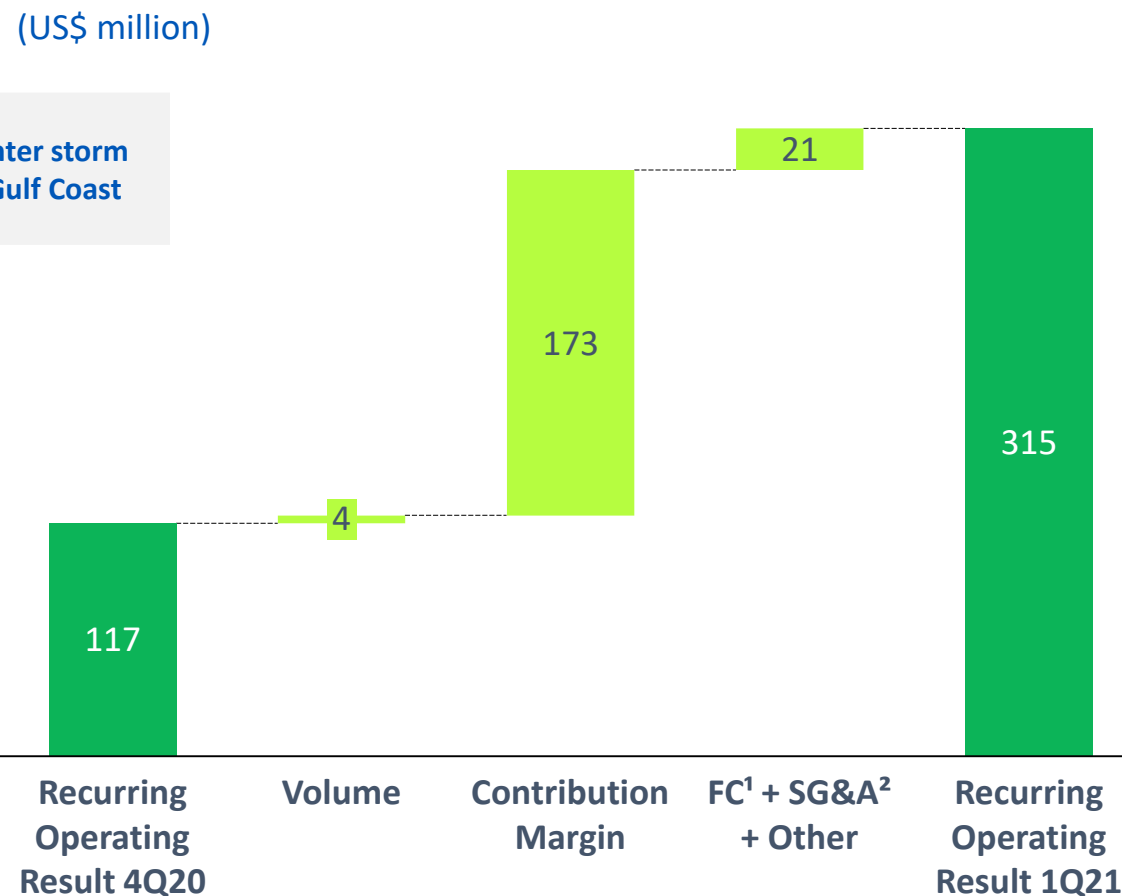
* Utilization Rate of 4Q20 in the United States does not consider Delta

PP Sales³



Financial

Recurring Operating Result BRIDGE



Source: Braskem. Note (1): FC: Fixed Costs. Note (2) SG&A: Selling, General & Administrative Expenses. Note (3): 4Q20 data from United States does not consider sales volume from Delta. Considering Delta sales in 4Q20, sales volume in the United States in 4Q20 was 415 kton and sales in 1Q21 were lower (-5%) due to the impact from winter storm Uri which affected product availability in the region. The 1Q21 sales decline was partially mitigated by the sale of product from inventory to meet short term market demand.



Startup of new global export hub facility in Charleston, South Carolina

- The new hub offers packaging, warehousing and export shipment services to support Braskem's six PP plants in the United States
- The facility has the capacity to support export shipments of up to **204 kt annually** to Braskem clients worldwide
- The new logistics and distribution facility in the port region of South Carolina **significantly increases Braskem's export capacity in the USA**



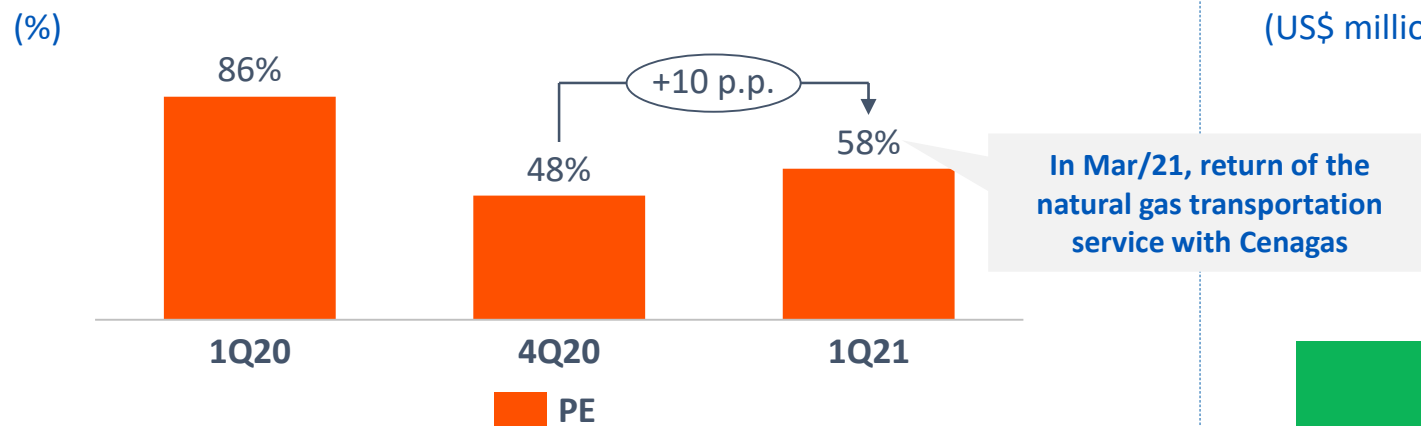
Due to the current moment in the PP market in North America, Braskem is prioritizing sales in the domestic market. However, over time, the new hub will enable Braskem to leverage the production of its assets on the U.S. Gulf Coast, Pennsylvania and West Virginia to better serve the needs of its international clients

Braskem is the largest PP producer in North America and is focusing on reinvesting in its business to support clients globally

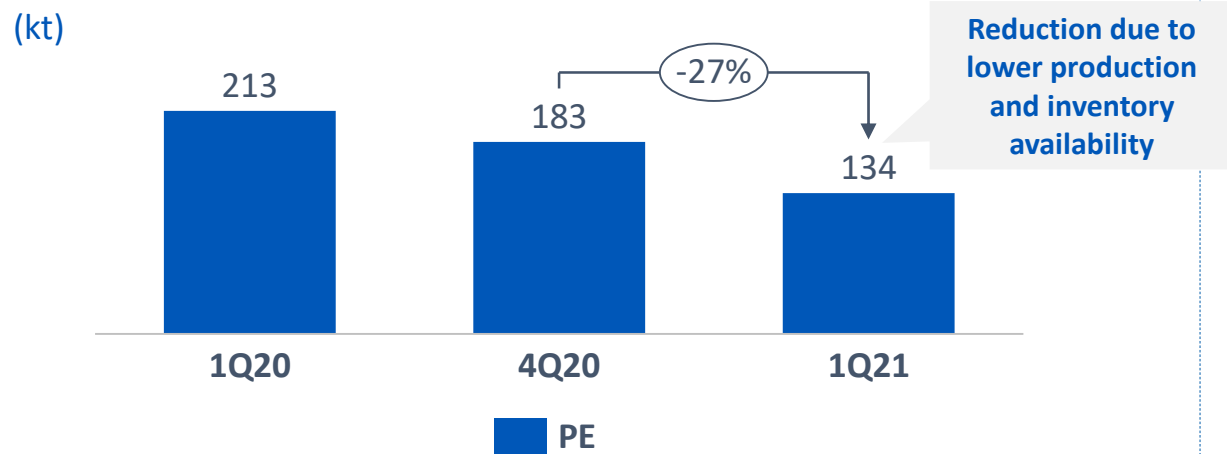


Operational

Utilization Rate of PE Plants



PE Sales



Financial

Recurring Operating Result BRIDGE

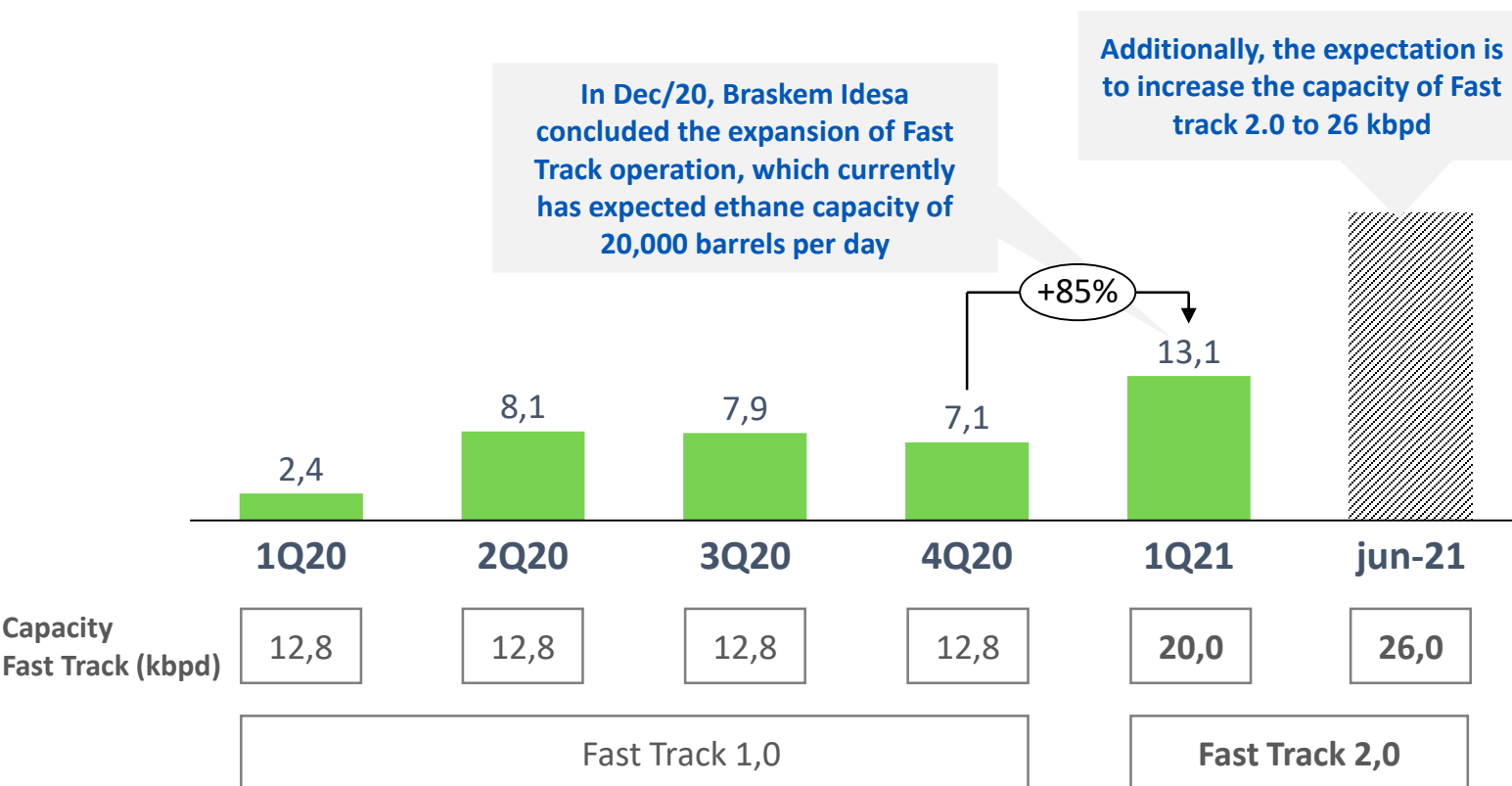


Expansion of ethane imports from U.S. to Braskem Idesa



U.S. Ethane Imports from USA (Fast Track Solution)

('000 barrels per day)



Comments:

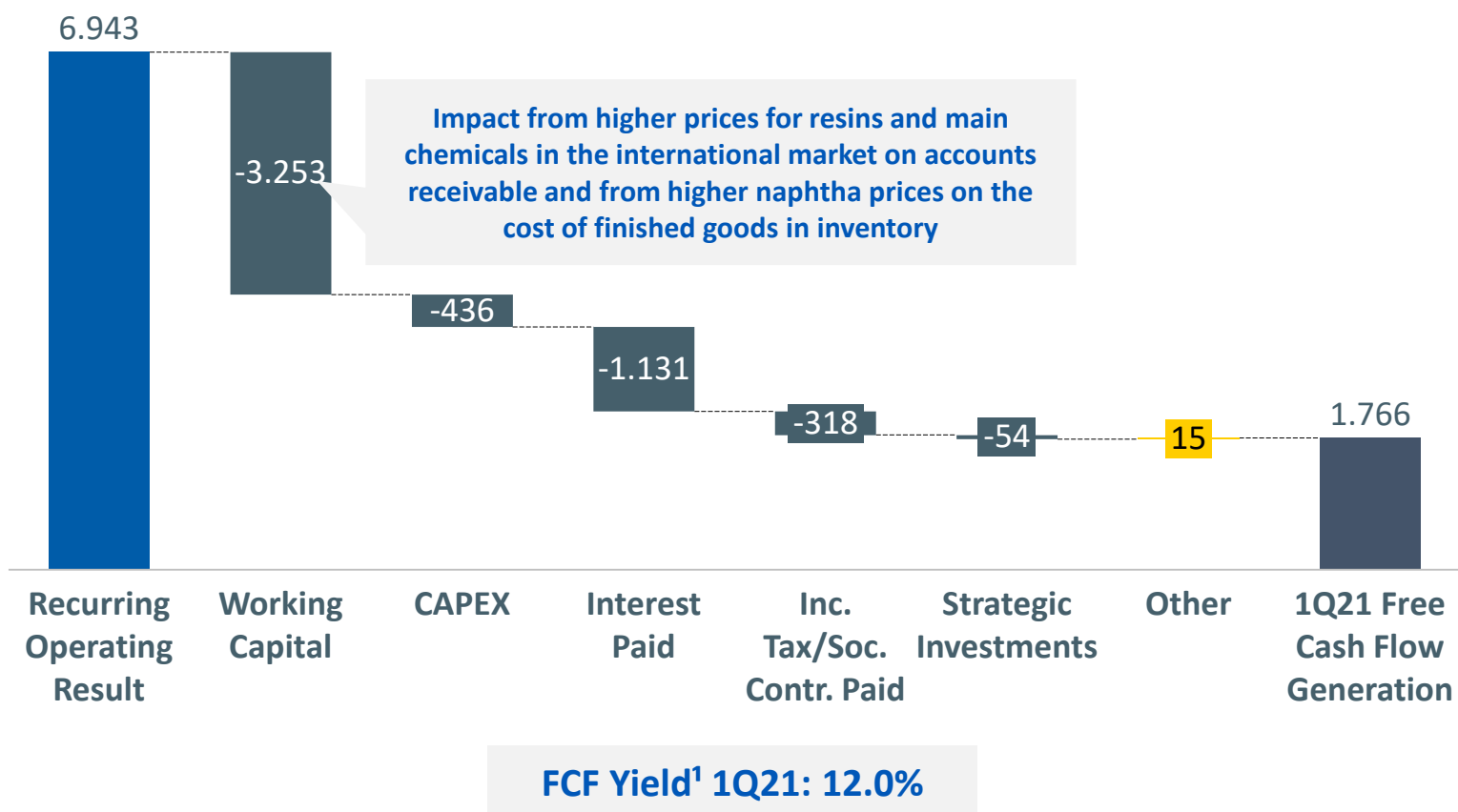
- In 1Q21, to complement the supply of ethane by Pemex, **Braskem Idesa imported a daily average of 13,100 barrels (~70,000 tons)** of ethane from the United States, which represents around 66% of Fast Track's current capacity
- During 1Q21, the operation reached **~25 thousand barrels of imported ethane in a single day**
- The **volume of imported ethane accounted for around 30% of Braskem's total ethane supply in the quarter**

Braskem Idesa has a plan to increase the ethane supply in Mexico via imports and the expansion of the Fast Track solution is part of this plan

Free Cash Flow Generation

Free Cash Flow Generation (R\$ million) - 1Q21

Consistent operating cash generation, in line with the strategy of efficient capital allocation and financial health



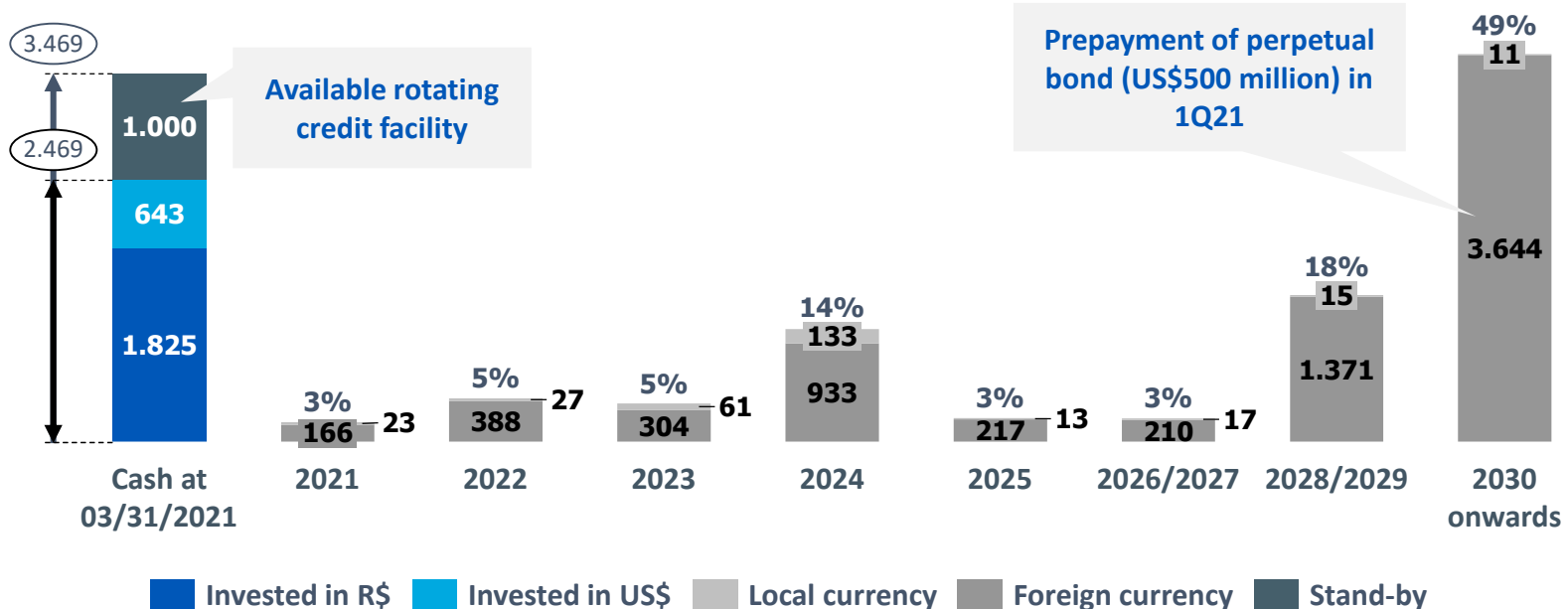
Comments:

- Free cash flow generation in 1Q21 was positive by R\$1,766 million, mainly due to:
 - i. the recurring operating result in the quarter
 - ii. the monetization of PIS/COFINS credits in the approximate amount of R\$761 million
 - iii. the lower volume of operating capex and strategic investments
- These positive impacts were mainly opposed:
 - i. the negative working capital change
 - ii. the highest interest payment in the quarter

Debt Profile

Debt Profile (US\$ million) 03/31/2021¹

Strong liquidity position, with most debt maturing in the long term



(1) Excludes Braskem Idesa and the R\$1.3 billion for funding the Financial Compensation and Support for Relocation Program in Alagoas

Due to its strong cash position and with the objective of reducing its gross debt levels, in March 2021, Braskem announced the total redemption of the 7.375% perpetual bonds, at face value, in the amount of US\$500 million

Debt Indicators

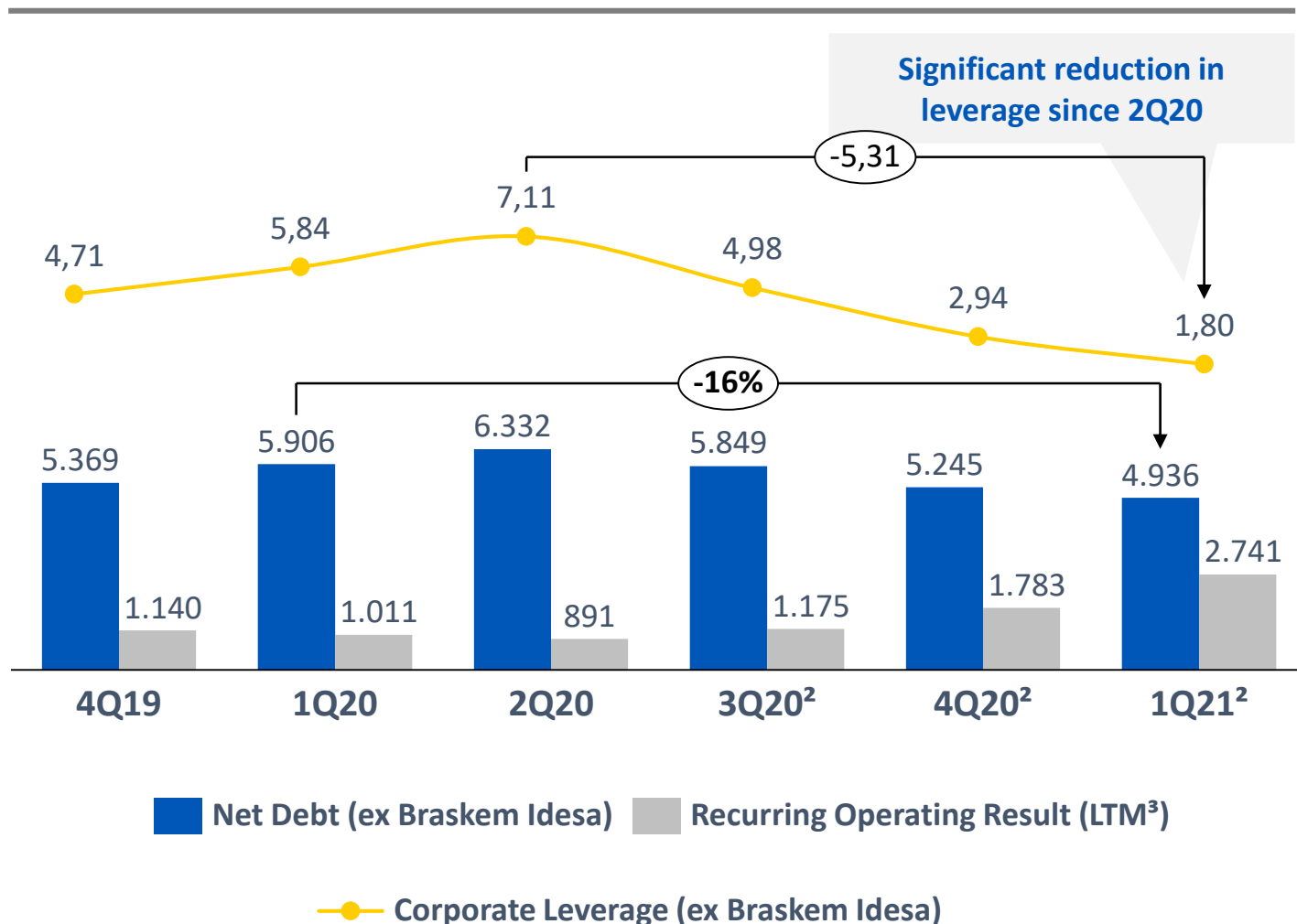
- Sufficient liquidity to cover liabilities coming due in next **79 months**
- Average debt term of **~14 years**
- Weighted average cost of debt of FX variation + **5.2%**

Corporate Credit Risk - Global Scale

Agency	Rating	Outlook	Date
Fitch	BB+	Stable	07/03/2020
S&P	BB+	Stable	07/08/2020
Moody's	Ba1	Negative	07/13/2020

Corporate Leverage

Net Debt/Recurring Operating Result (US\$)¹



Comments:

- In line with its continuous commitment to financial health and with the **objective to be reassigned as an investment grade company**, Braskem continued to reduce its corporate leverage
- The leverage ratio, measured as the ratio of net debt to recurring Operating Result in U.S. dollar, **ended 1Q21 at 1.80x, down 39% from 4Q20 (2.94x)**
- **Additionally, the Company's Net Debt decreased approximately US\$1.0 billion compared to 1Q20**

Source: Braskem. Note (1): Excludes the Project Finance in Mexico and based on recurring Operating Result. Note (2): The leverage calculation considers 50% of the hybrid bond issued in July 2020 as equity as of 3Q20. Note (3): LTM: Last 12 months.

ESG: Startup of the EDF Renewables wind complex, which will supply renewable energy to Braskem

Renewable Energy Purchase

- Power supply secured by a **20-year power purchase agreement signed in 2018**
- The partnership is estimated to result in the **avoidance of 280,000 tons of CO2 emissions over the life of the contract**
- This is the **first renewable energy purchase agreement to start up operations** of the four agreements signed by Braskem as of 2021
- The wind power complex is located in Bahia state and its construction **complies with key guiding principles of sustainable development**



Our carbon neutral strategy



This is one of the agreements which put Braskem near to the mark of 1.5 million tCO2e in emissions avoided through long-term renewable power purchase agreements.

ESG: Braskem and Trafigura perform the world's first transport of naphtha with carbon offset¹

Offsetting of emissions in the value chain

- Trafigura is a supplier of naphtha imports to Braskem's petrochemical complexes in Brazil
- In collaboration with Braskem, **the first naphtha shipment was made with offsets and reductions of the carbon emissions associated with the feedstock**, including the extraction, refining and transportation processes
- The calculation was made by Trafigura and the results were obtained from:
 - **Offset projects based on nature** located in Indonesia and
 - **Reductions based on energy efficiency gains** by cargo vessels
- All offset data is assured by Verified Carbon Standard



This project contribute to CO2 emission offset in the scope 3, which is under study by the Company

Braskem is committed to its strategy of a carbon-neutral circular economy, and this pilot project is a step forward in the efforts to offset part of emissions in the value chain

ESG: International certification to produce resins and chemicals from chemical recycling

ISCC¹ Plus and Chemical Recycling

- **First Brazilian company to receive ISCC Plus certification for the use of circular feedstocks**, such as pyrolysis oil, which is used to produce polymers
- **Pyrolysis oil is the product of a chemical recycling process** that breaks down thermoplastic resin molecules using heat
- The certification is based on the mass balance concept, which ensures that the **amount of raw material is transformed into an equivalent amount² of final product** at the certified units
- ISCC Plus will be valid for all Braskem industrial units in the ABC Petrochemical Complex in São Paulo state and in the Triunfo Petrochemical Complex in Rio Grande do Sul state, **where the certification is already valid for Green PE**



Our strategy for eliminating plastic waste



This control enables the sustainability of circular products to be duly credited and recognized.

ESG: Braskem allocates R\$15 million in 2021 to combat hunger and distributes 48,000 food staple boxes in Brasil

Combating the social crisis caused by COVID

- The COVID pandemic has affected people's lives, **especially with regard to basic survival needs**
- Braskem launched the distribution of **48,000 food staple boxes, 25,000 hygiene kits and three tons of vegetables for local communities**, and also works through other initiatives
- In all, Braskem will allocate R\$15 million in 2021 to initiatives and partnerships in several Brazilian states
- In addition, through its employee volunteer program, Braskem **will also donate 3 food staple boxes for 1 box donated by its employees**



Social responsibility actions



These actions are related to the pillar of developing local communities

This important moment calls for solidarity, joining forces and helping people in need across Brazil to minimize the pandemic's impacts

ESG: Certification by the Federal Revenue Service as an Authorized Economic Operator (OEA) in the Compliance category

Authorized Economic Operator

- **International recognition** for adopting management processes that:
 - **minimize the risk events** existing in import operations
 - **voluntarily comply with the compliance, reliability and security criteria** applicable to the global logistics chain, as well as tax and customs obligations
- This recognition **strengthens relations with international partners** and offers benefits such as **reducing import times and cost in the import process**

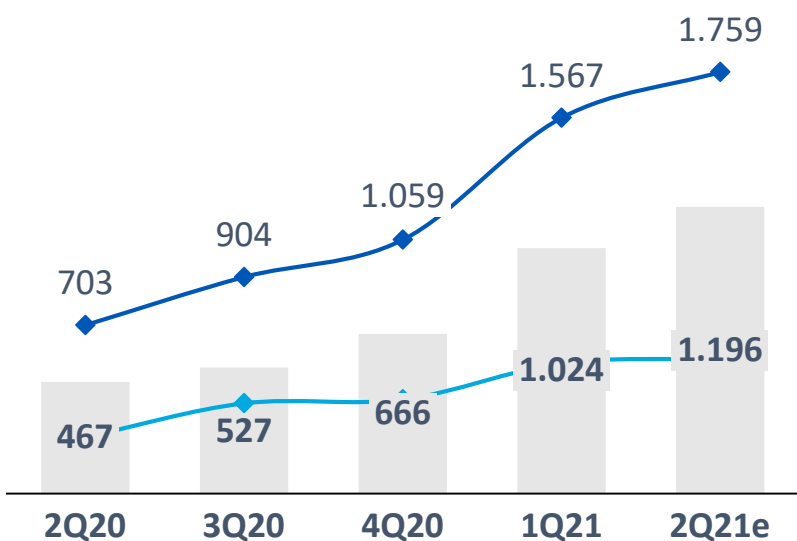


With the credential, Braskem expands its international footprint and reinforces its image as an increasingly competitive, responsible and compliant company

Petrochemical Scenario 2Q21 vs. 1Q21 - PE and PVC

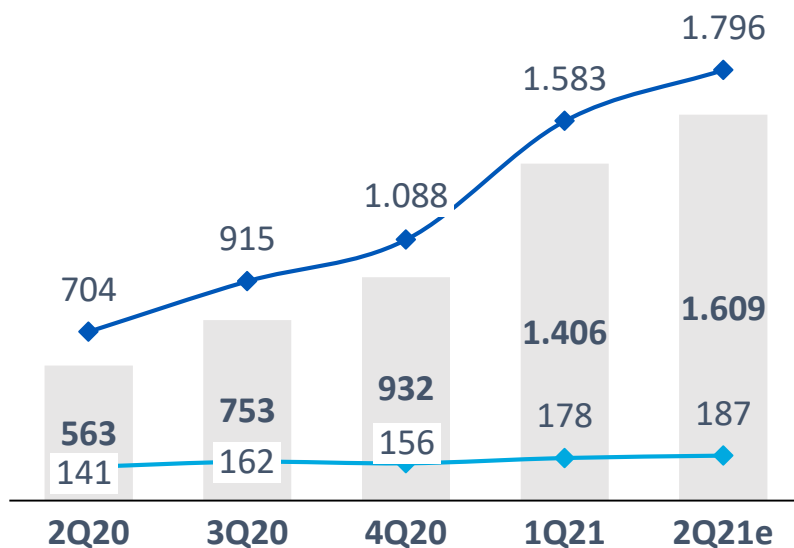
Spread PE US – Naphtha ARA¹

\$/ton



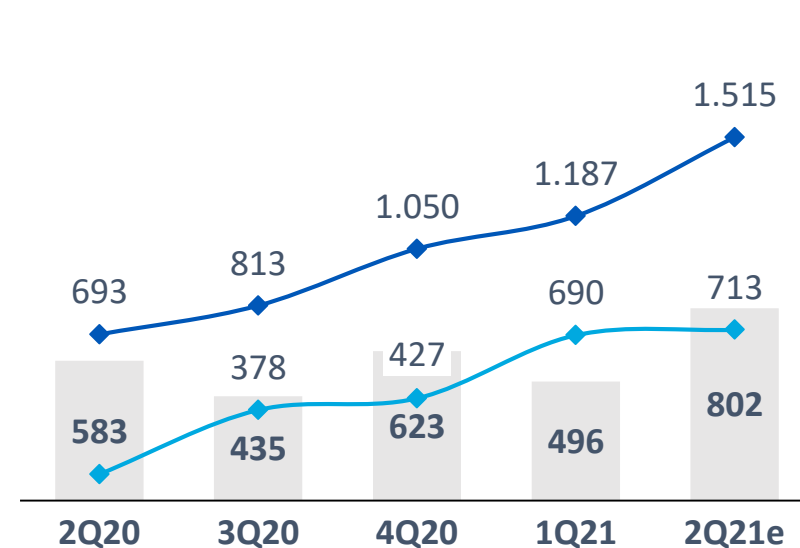
Spread PE US – Ethane Mont Belvieu¹

\$/ton



Spread PVC – Spread Par¹

\$/ton



Spread

Naphtha ARA

Spread

Ethane MB

Spread⁴

Feedstock

PE USG - Brazil Mix²

PE USG - Mexico Mix³

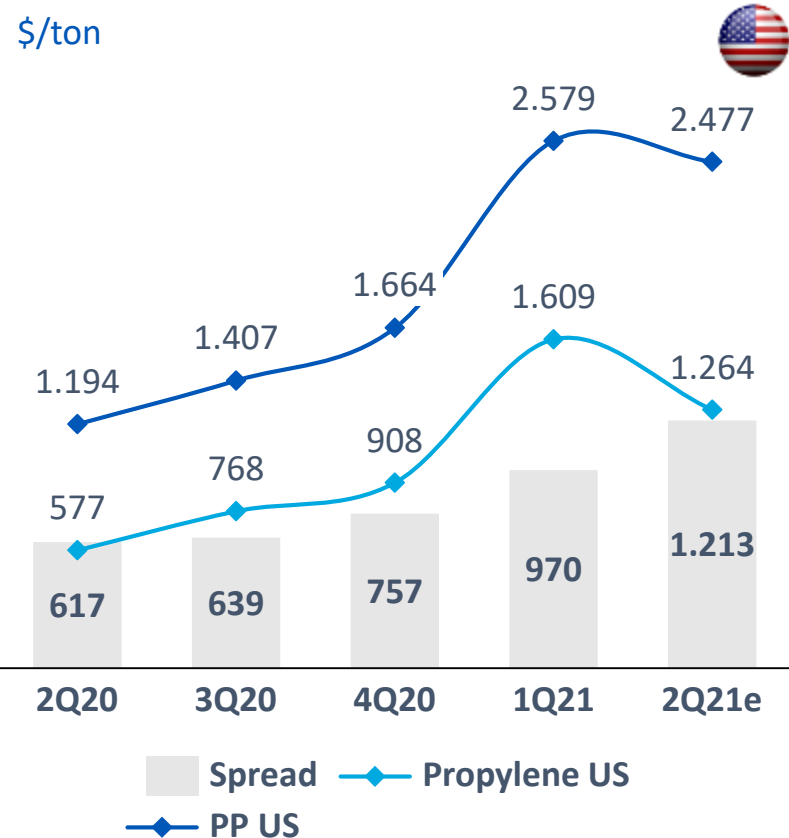
PVC Asia

According to forecasts by external consulting firms, PE and PVC spreads should improve in 2Q21...

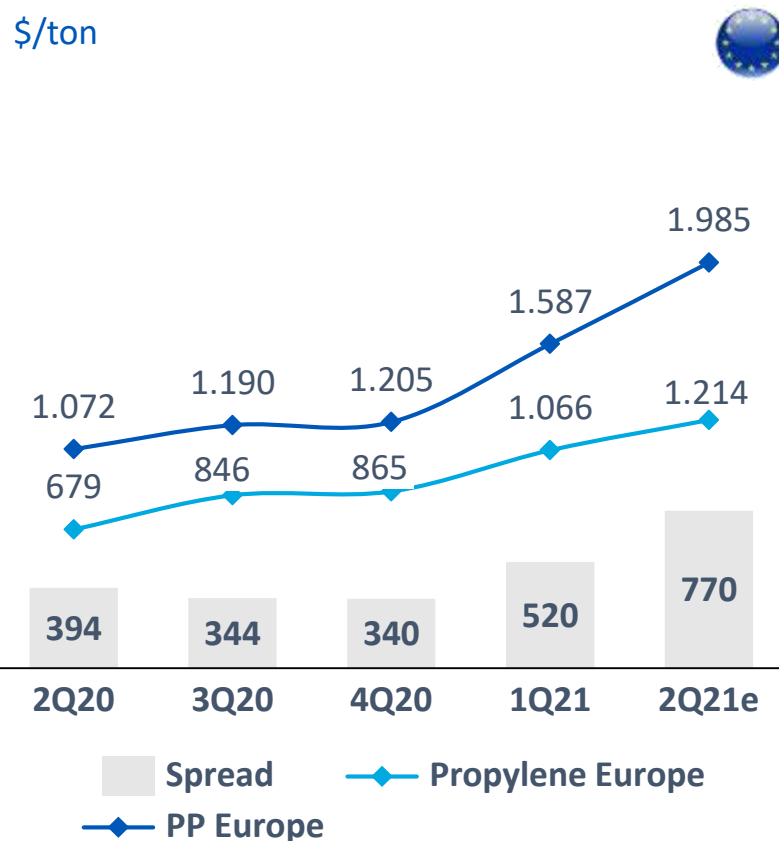
Note (1): External consulting firms. Note (2): PE USG Brazil Mix = 0.3*LDPE US + 0.3*LLDPE US + 0.4*HDPE US. Note (3): PE USG Mexico Mix = 0.286*LDPE US + 0.714*HDPE US. Note (4): Spread Par: PVC + (0.685*Soda Asia) – (1.5984*Naphtha ARA) – (1.014*Brent).

Petrochemical Scenario 2Q21 vs. 1Q21 - PP

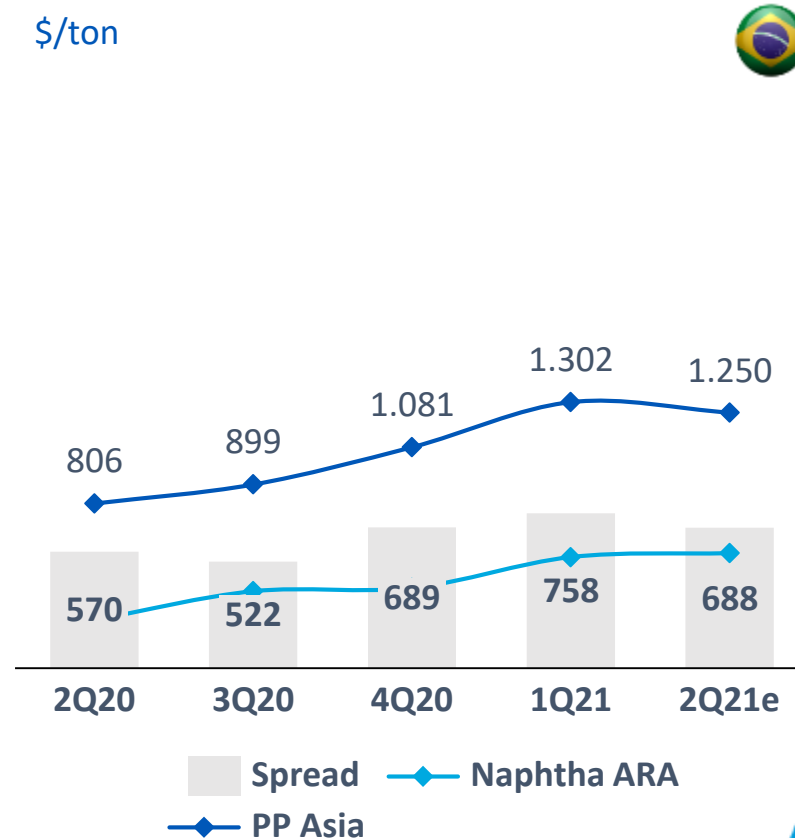
Spread PP US – Propylene US¹



Spread PP Europe – Propylene Europe¹



Spread PP Asia – Naphtha ARA¹



...in the USA & Europe, PP spreads are also expected to improve, with a reduction in PP Brazil in 2Q21

Note (1): External consulting firms.

Braskem Outlook | 2Q21 vs. 1Q21



Brazil



United States



Europe



Mexico

Utilization Rate¹

Ethylene production in line, with higher production in RS after the pitstop in 1Q21 and the schedule shutdown at the SP complex in April/May

Higher PP production, with the expectation of returning production at all plants to normal levels, after the impacts from weather events in 1Q21

PP production in line, due to expectation of an inventory rebuilding trend

Higher PE production, due to the return of gas transportation services and the expectation of higher ethane supply (Fast Track solution)

Sales Volume¹

Total resin sales in line and continuity of the strategy to prioritize sales to Brazilian and SAM market

Higher sales due to increased product availability

Expectation of sales in line, due to the maintenance of product availability

Increase in sales, due to the greater availability of product, after the gradual reestablishment of the operation

Petrochemical Spreads²

Healthier PE e PVC spreads due to continued healthy demand. For PE, there also is the impact of the gradual recovery in PE supply in the USA

Healthier PP-Propylene spreads in USA due to continued strong demand and gradual recovery in PP supply in the USA

Healthier PP-Propylene spreads in Europe, due to continued strong demand, scheduled shutdowns at the region's producers and lower imports from Asia

Healthier PE-Ethane spreads in USA due to continued strong demand and gradual recovery in PE supply in the USA

Increase

Stability

Decrease

Note (1): Braskem expectation. Note (2): Expectation of external consulting firms.

We remain focused on 6 main objectives for 2021

1	GEOLOGICAL PHENOMENON IN ALAGOAS	<ul style="list-style-type: none">Continue the advances related to the geological phenomenon in Alagoas	
2	BRASKEM IDESA	<ul style="list-style-type: none">Expand the ethane import operation and negotiate definitive agreement with PEMEX	
3	CAPITAL ALLOCATION / FINANCIAL HEALTH	<ul style="list-style-type: none">Ensure the Company's continued financial health, risk management and disciplined capital allocation	
4	IMAGE & REPUTATION	<ul style="list-style-type: none">Strengthen Braskem's image and its recognition from employees, clients, suppliers, investors and the general public	
5	INNOVATION & DIGITAL TRANSFORMATION	<ul style="list-style-type: none">Increase efficiency in innovation and accelerate digital transformation	
6	ESG¹ POSITIONING	<ul style="list-style-type: none">Move forward in implementation of our ESG commitments	

Safe operations are and always will be a focus of Braskem's operations, as a PERMANENT AND NONNEGOTIABLE VALUE OF OUR STRATEGY

Thank you!

