

# Earnings Conference Call

## 2Q15

Investor Relations  
São Paulo, August 7, 2015

 Braskem



# Disclaimer on 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.

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This presentation was up-to-date as of June 30, 2015, and Braskem does not assume any obligation to update it in light of new information or future developments.

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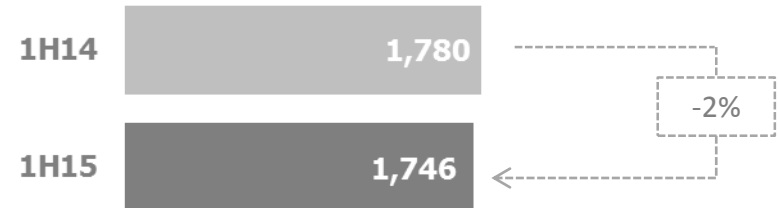
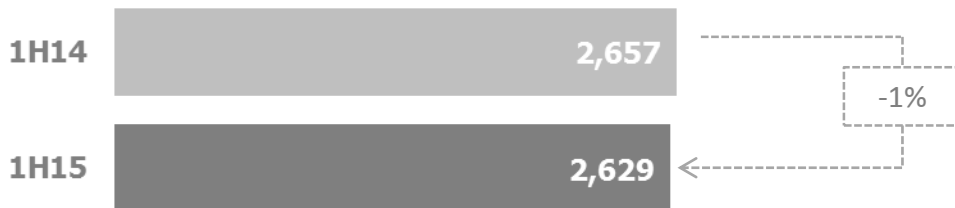
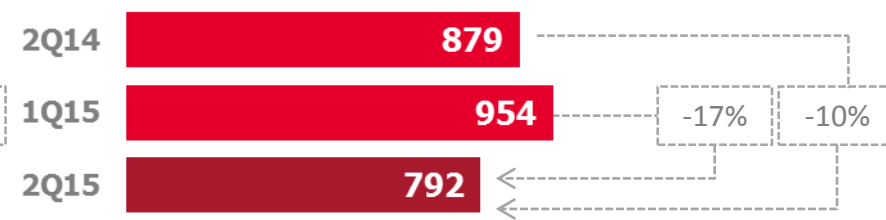
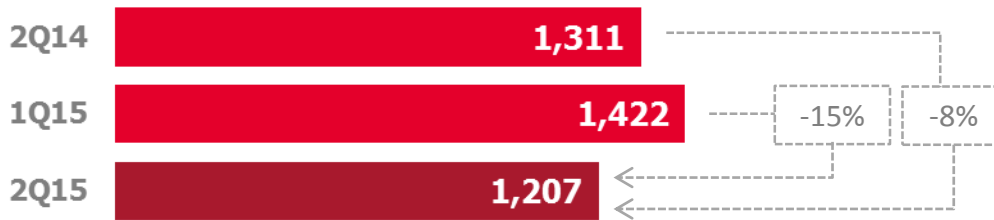
- ▶ The average cracker **utilization rate** stood at **93%**, expanding 4 p.p. from the first quarter.
  - Excluding the Rio de Janeiro site from the analysis, whose performance continued to be affected by low feedstock supply, the crackers operated at an average utilization rate of **97%** in 2Q15.
- ▶ The **Brazilian market** for **resins** (PE, PP and PVC) was 1.2 million tons, down **15%** and **8%** from **1Q15** and **2Q14**, respectively. **Braskem's** sales followed the market trend and amounted to **792 kton**.
- ▶ On the other hand, the favorable **international market trend** and the new **exchange rate** level supported higher export sales. Resin exports amounted to **373 kton**, increasing **46%** and **53%** from 1Q15 and 2Q14. Regarding the **key basic** petrochemicals, **export sales** volume amounted to **353 kton**, up **23%** from 1Q15.
- ▶ The **USA and Europe business unit** recorded record-high sales of PP of 493 kton, **up 7% and 3%** on 1Q15 and on 2Q14, respectively. The average capacity **utilization rate** of the PP plants stood at **101%** and also posted **record-high production** of **506 ktons**.
- ▶ Braskem posted **EBITDA** of **R\$2,610 million** in the quarter. In **U.S. dollar**, EBITDA came to **US\$850 million**.
- ▶ Braskem's **leverage**, as measured by the ratio of Net Debt to EBITDA, stood at **2.27x**, **down 11%** compared to the last quarter and 17% compared to 2Q14. This was Braskem's **lowest** leverage level **since 2007**.
- ▶ **Net Income** was **R\$1,055 million**.
- ▶ **Mexico Project:**
  - The project reached **95%** of physical completion. June marked the startup of the first steam generation boiler. Once steam was made available, the piping of the cracker furnaces was cleaned.
- ▶ **Innovation and Sustainability:**
  - Braskem launched "**Braskem Labs**" – a program that seeks to encourage startups and create projects that develop innovative new solutions based on plastics.

# Brazilian market of Resins and Braskem' Sales



## ▪ The Brazilian market of thermoplastic Resins (kton)

## ▪ Braskem' Sales of Thermoplastic Resins (kton)



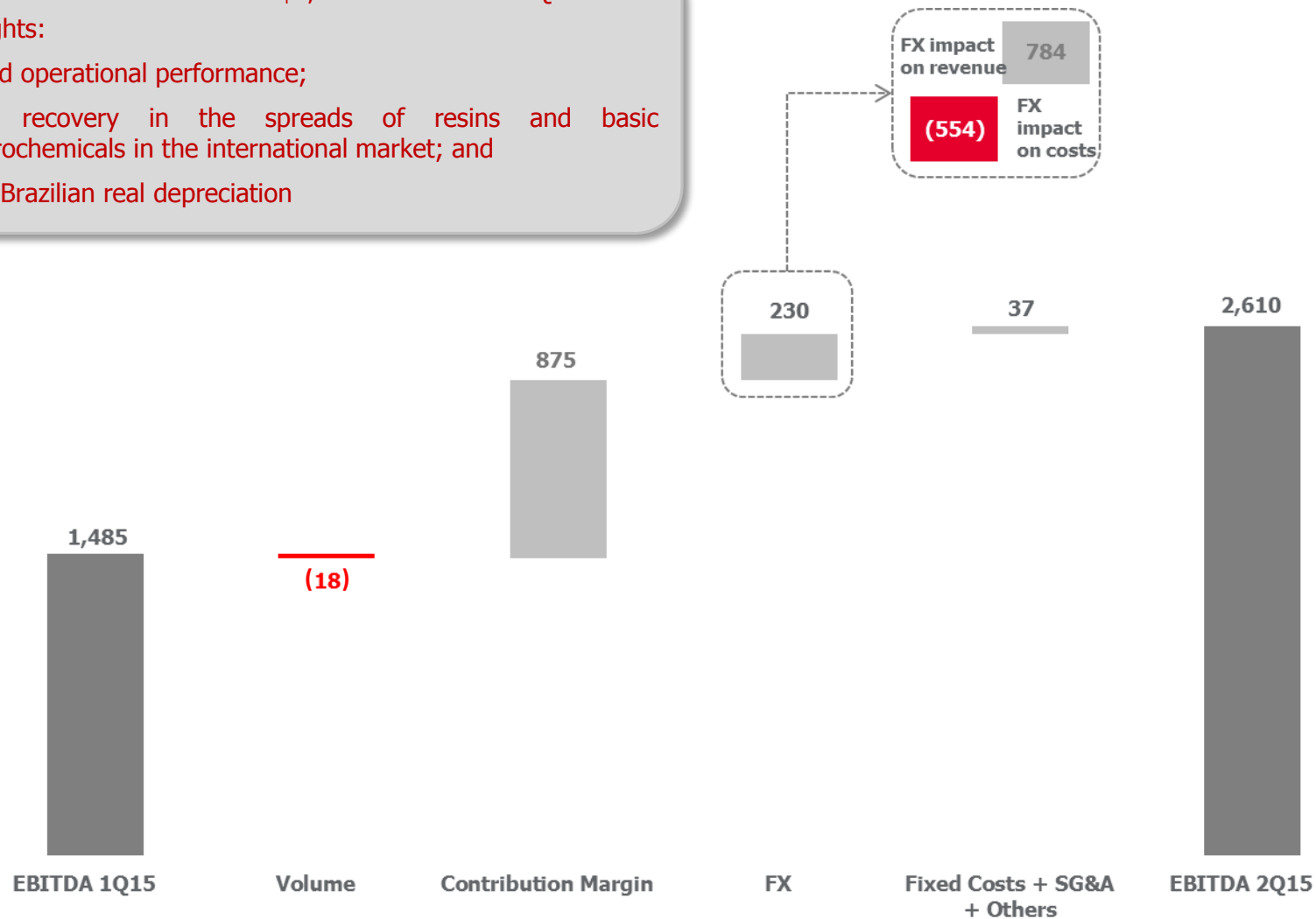
- The deterioration in the Brazilian economy led to contraction in the durable and non-durable goods sectors.
- Following the Brazilian demand trend, Braskem's sales came to 792 kton in the 2Q15. The market share stood at 66% in the quarter.
- In 1H15, demand amounted to approximately 2.6 million tons, in line with the 1H14, mainly due to the inventory rebuilding trend in the converter plastic chain observed in early 2015.

# EBITDA 2Q15 vs. 1Q15

Braskem recorded EBITDA of R\$2,610 million in the 2Q15.

Highlights:

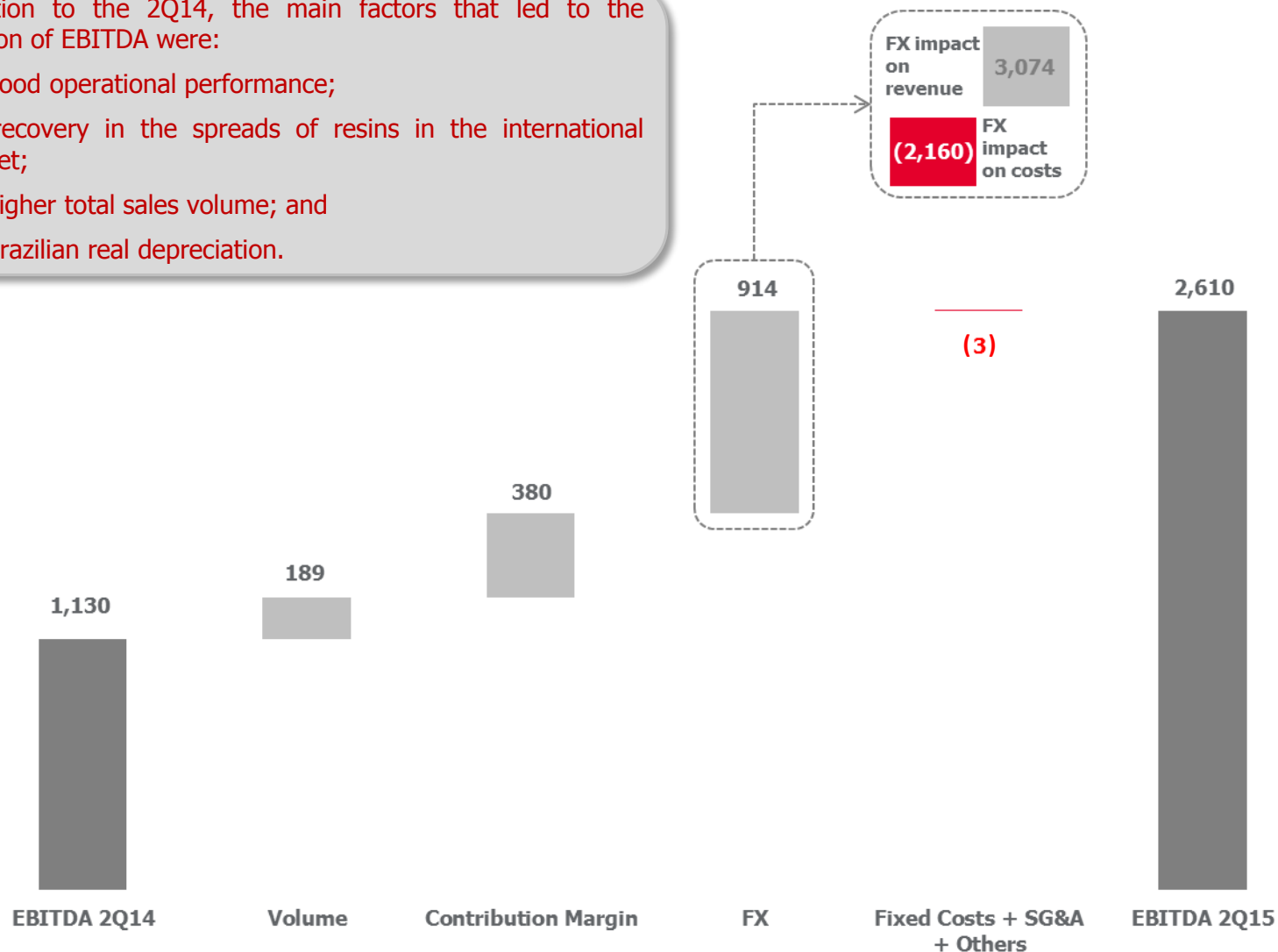
- good operational performance;
- the recovery in the spreads of resins and basic petrochemicals in the international market; and
- the Brazilian real depreciation



# EBITDA 2Q15 vs. 2Q14

In relation to the 2Q14, the main factors that led to the expansion of EBITDA were:

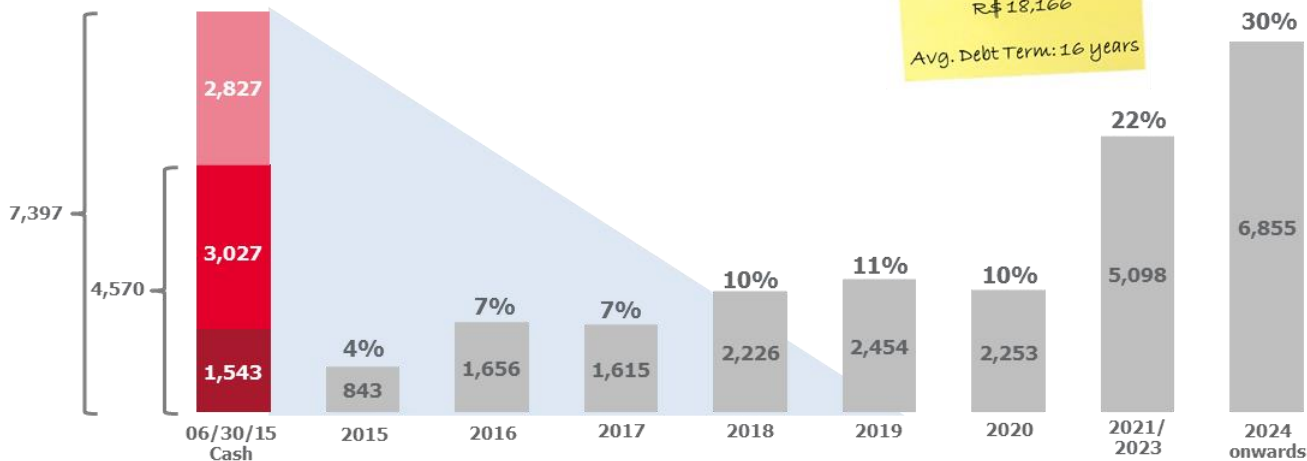
- the good operational performance;
- the recovery in the spreads of resins in the international market;
- the higher total sales volume; and
- the Brazilian real depreciation.



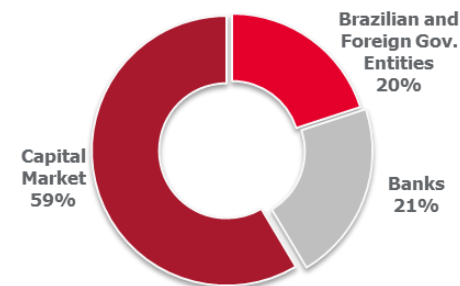
# Amortization schedule and debt profile

Debt Profile <sup>(1)</sup>  
(R\$ million)  
06/30/2015

(06/30/15 - R\$ million)  
Gross Debt:  
R\$ 22,736  
Net Debt:  
R\$ 18,166  
Avg. Debt Term: 16 years



Diversified Funding Sources



(1) Does not include transaction costs

- Stand by of US\$750 million and R\$500 million
- Invested in US\$
- Invested in R\$

## Net Debt / EBITDA (US\$)

US\$ million	2Q14	1Q15	2Q15
Net Debt <sup>(a)</sup>	6,660	5,681	5,855
EBITDA (LTM)	2,426	2,210	2,553
<b>Net Debt/EBITDA</b>	<b>2.73x</b>	<b>2.55x</b>	<b>2.27x</b>

## Corporate Credit Rating

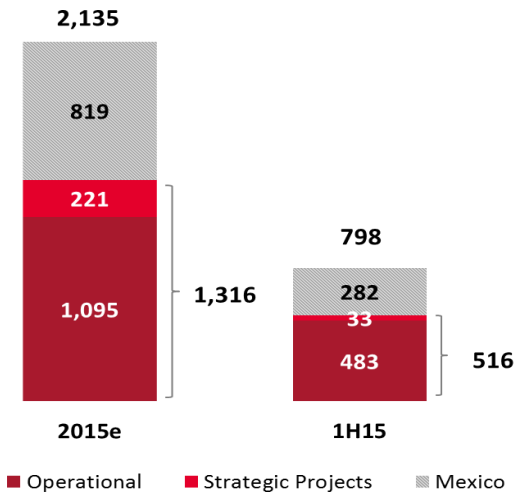
Agency	Rating	Outlook	Date
<b>Global Scale</b>			
Moody's	Baa3	Negative	08/18/2014
Fitch	BBB-	Stable	10/03/2014
S&P	BBB-	Negative	07/29/2015

<sup>(a)</sup> It does not include the financial structure of the Mexico project



## Capex

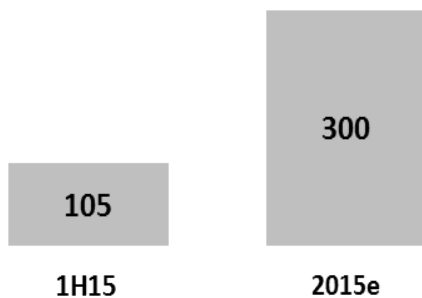
R\$ million



*Operational: Maintenance, replacement, productivity, others*

## Mexico Project

US\$ million



- In 1H15, Braskem invested R\$798 million.
- Excluding the Mexico project from the analysis, total investment in the period came to R\$516 million:
  - ~90% of the total (R\$ 483 million) - was allocated to industrial operations, including the investments related to operating efficiency, HSES, productivity and maintenance.
  - The remainder was allocated to other strategic projects, such as the investment in UTEC production in La Porte, United States.
- For 2015, Braskem expects to invest of close to R\$2 billion.
- Excluding the Mexico project from the analysis, total investment projected for the year is R\$1.3 billion.



- Braskem disbursed US\$105 million or R\$282 million on the project in the first half of the year.
- The project estimated investment for 2015 is around US\$ 300 million.



## Global Scenario

- The gradual recovery of the developed economies have offset the lower growth of the emerging markets and the global GDP is expected to expand 3,3%.
- In Brazil, GDP is expected to decrease 1,8% in 2015.
- With regard to the petrochemical industry, the near-term forecast is for spreads, though still at healthy levels, shall narrower from the to 2Q15 level.

## Priorities 2015

- Renewal of the naphtha supply contract.
- Mexico Project:
  - ❖ Conclusion of construction and start-up of the complex in the end of 2015;
  - ❖ Advance the business strategy and expand the clients base.
- Finalize the energy contract with Chesf.
- Support an industrial policy that, in parallel with the fiscal austerity policy, leads to the gradual recovery of the competitiveness factors of the Brazilian industry.
- Increase the competitiveness of Braskem's feedstock, by reducing its cost and by its diversification.
- Maintaining liquidity levels, cost discipline and financial health.
  - ❖ Focus on the cash generation;
  - ❖ Make progress in the implementation of a new program to reduce fixed costs, which has a target of capturing annual savings of R\$300 to R\$400 million on a recurring basis.

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