



Braskem

4Q13 and 2013 Earnings Conference Call

February 14, 2014



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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4Q13 Highlights

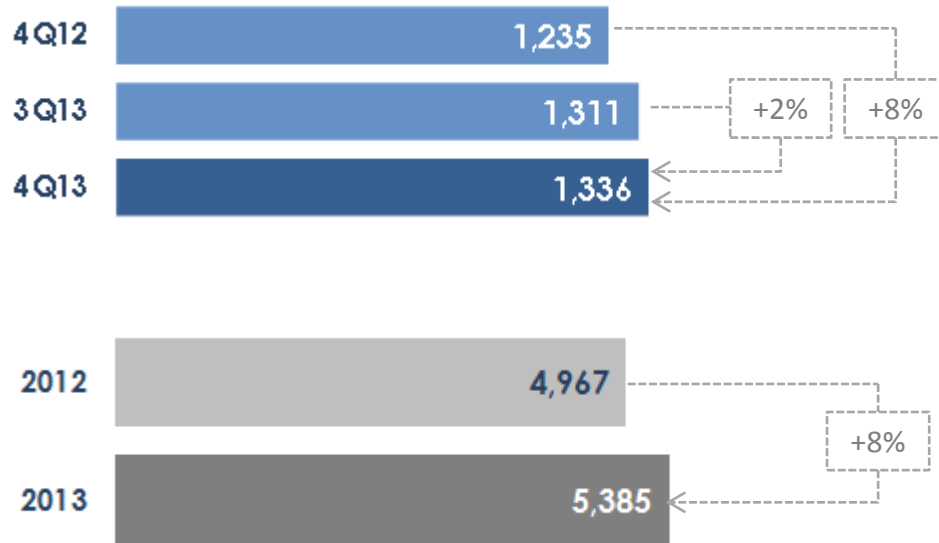
- ▶ Average cracker capacity utilization rate of **84%**, reflecting mainly the scheduled maintenance shutdown at the Camaçari site.
- ▶ The Brazilian resins (PE, PP and PVC) market grew **2%** from 3Q13 to 1.3 million tons. **Braskem's** sales came to **905 ktons**, with market share of **68%**.
- ▶ **EBITDA** was **R\$1.2 billion**. In USD, EBITDA was **US\$521 million**, growing approximately **20%** on 4Q12 recurring EBITDA.
- ▶ Braskem announced the **signing of a contract** with Solvay for the acquisition (still subject to approval by regulatory agencies) of a controlling interest in **Solvay Indupa**, which will enable the Company to:
 - **expand** by **42%** its **PVC** production in **Brazil** and expand its capacity in the region to **1,250 kton**, making it the **fourth largest PVC producer in the Americas**;
 - **expand** its caustic **soda** capacity by **over 60%** to **890 kton**.
- ▶ Integrated project in **Mexico**:
 - Project has reached **58% physical completion**;
 - In November, the subsidiary Braskem-Idesa withdrew the second installment of the **project finance** in the amount of **US\$547 million**.

2013 Highlights

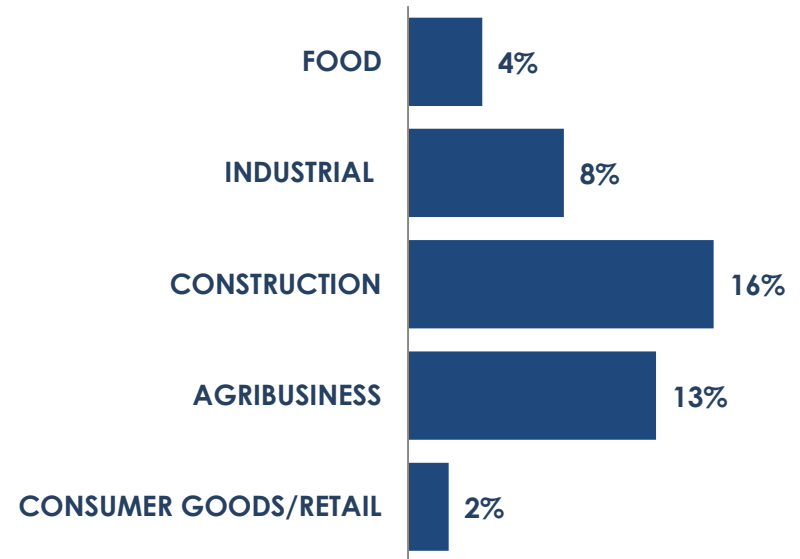
- ▶ **Crackers** recorded average utilization rate of **90%**, with **ethylene** production setting a new record. Braskem also set a new record for **PE** production, of 2.6 million tons.
- ▶ The Brazilian resins (PE, PP and PVC) market grew **8%** from 2012 to 5.4 million tons. **Braskem's** sales came to **3.7 million tons**, with market share of **68%**.
- ▶ In 2013, **EBITDA** was **R\$4.8 billion**, growing **22%** from 2012. In **USD**, **EBITDA** grew **11%** to **US\$2.2 billion**.
- ▶ **Construction** continued to **advance** on the petrochemical complex in Mexico, which should be **commissioned** in **2015**. The project, which is financed under a project finance structure, has already received the first and second installments of the financing in the aggregate amount of **US\$2,031 million**.
- ▶ As of **May 1st, 2013**, the Company decided to designate part of its dollar-denominated liabilities as **hedge** for its **future exports**.
- ▶ Braskem recorded **net income** of **R\$507 million**. Based on this result, Management is **proposing** the **distribution** of **R\$483 million** in dividends.
- ▶ The Company's **leverage**, as measured by the ratio of Net Debt to EBITDA in U.S. dollar, stood at **2.87x**, **down 12%** from 3.25x in 2012.

Brazilian market and Braskem's sales

- Brazilian Thermoplastic Resins Market (kton)



- Braskem Sales Growth 2013 vs. 2012

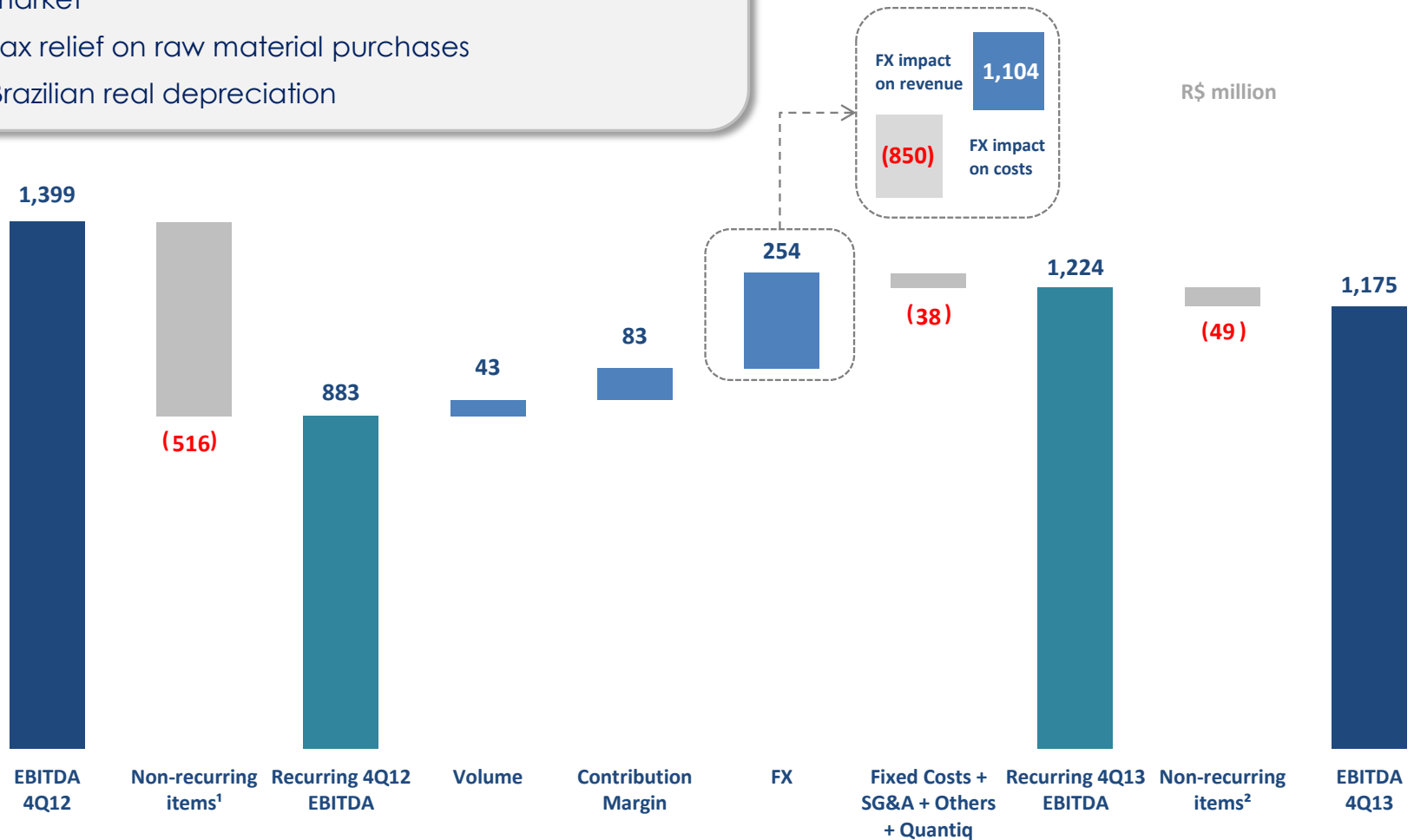


- Opportunistic entry of PE imports in October due to the expiration of the additional import tariff;
- Performance in the year was driven primarily by the construction and agriculture sectors.

EBITDA 4Q13 vs. 4Q12

The performance is explained mainly by:

- Recovery in petrochemical spreads in the international market
- Tax relief on raw material purchases
- Brazilian real depreciation



¹ Recognition of gain from asset divestment

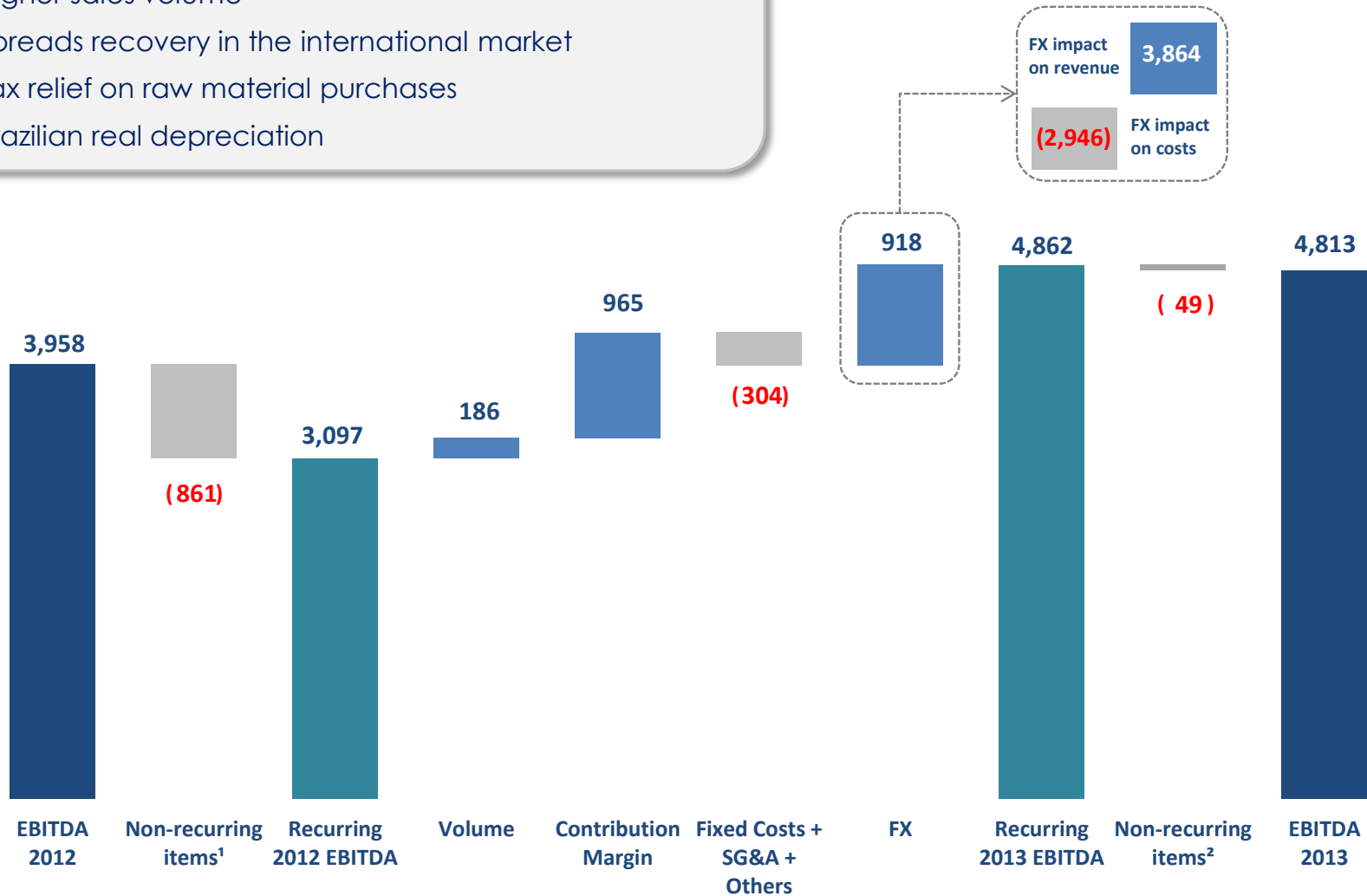
² Includes the expense related to a labor claim involving the payment of overtime at the industrial plants

EBITDA 2013 vs. 2012

R\$ million

The factors driving EBITDA growth were:

- Higher sales volume
- Spreads recovery in the international market
- Tax relief on raw material purchases
- Brazilian real depreciation

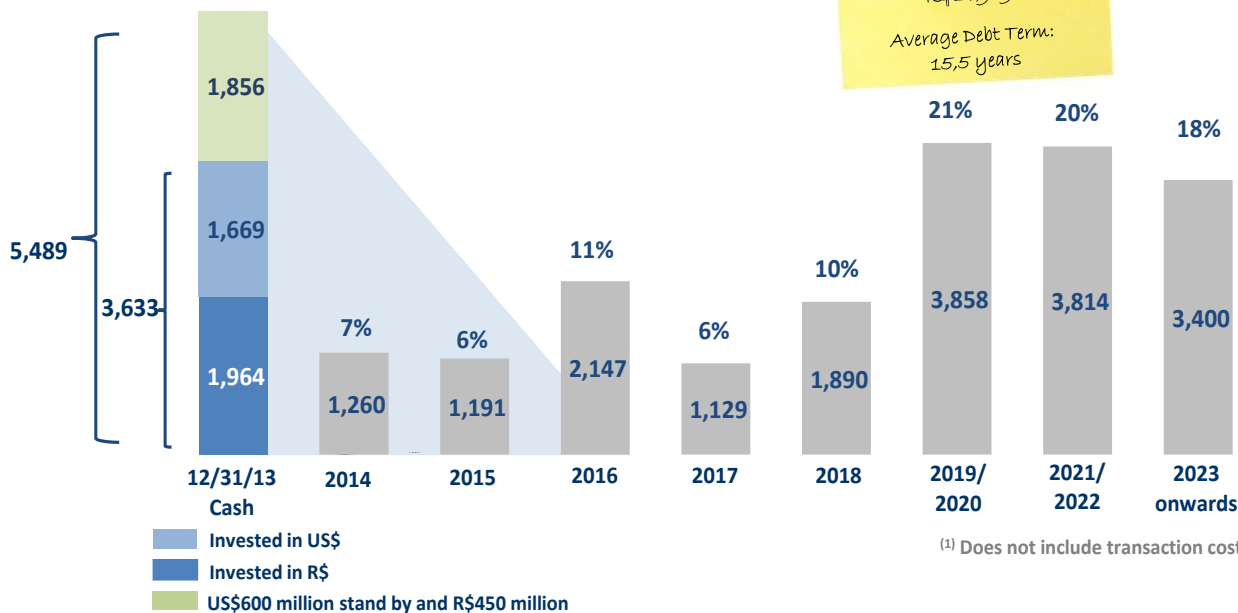


¹ Includes revenue from the compensation paid by Sunoco + Refis tax amnesty program + asset divestment

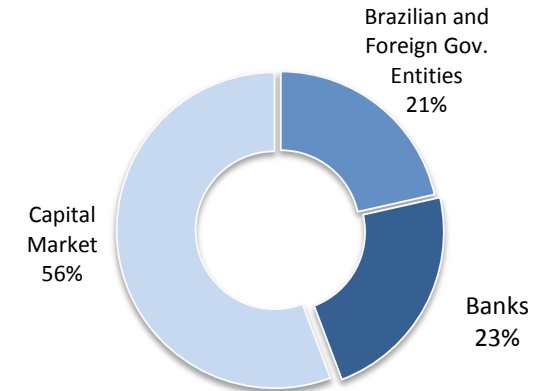
² Includes the expense related to a labor claim involving the payment of overtime at the industrial plants

Longer debt profile with highly diversified financing sources. Liquidity levels stable

Amortization Schedule ⁽¹⁾ (R\$ million) 12/31/2013



Diversified Funding Sources



Net Debt / EBITDA (US\$)

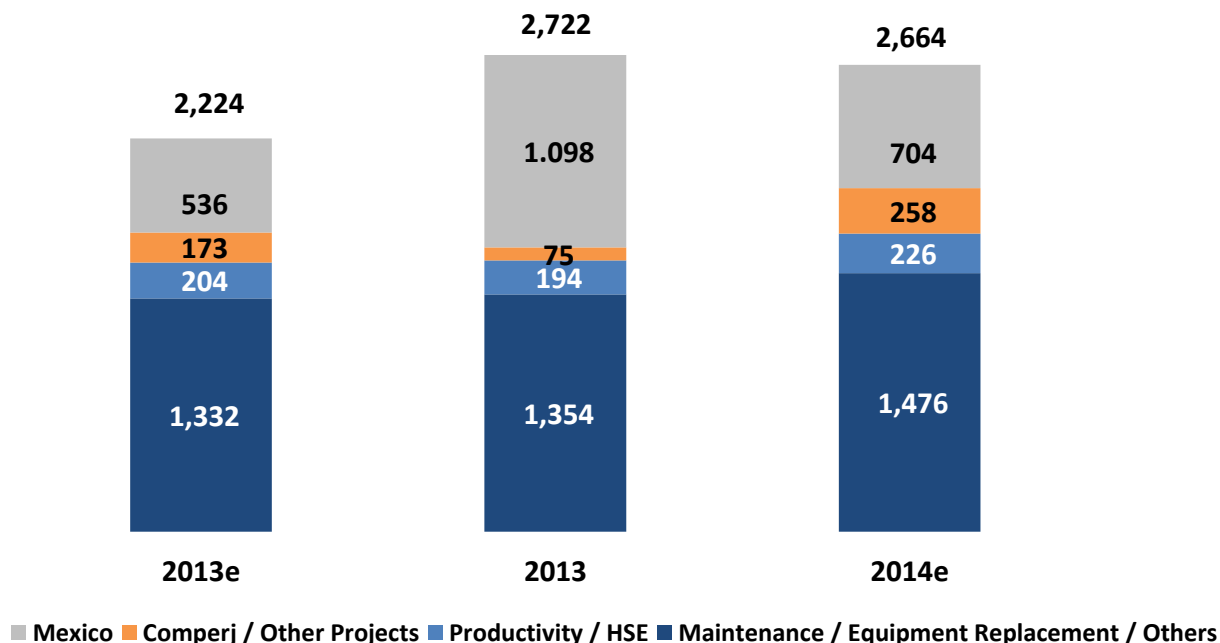
US\$ million	4Q13	4Q12
Net Debt	6,390	6,855
EBITDA (LTM)	2,217	2,003
Net Debt/EBITDA¹	2.87x	3.25x

Braskem Rating – Global Scale

Agency	Rating	Outlook	Date
Fitch	BBB-	Negative	9/10/2013
S&P	BBB-	Stable	7/11/2013
Moody's	Baa3	Negative	4/24/2013

¹Ex-Mexico project

R\$ million



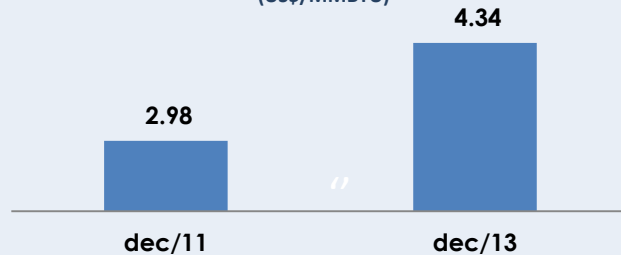
- The Mexico project accounts for the main deviation in relation to the capex initially projected for 2013:
 - ✓ Anticipation of disbursements with the arrival and assembly of large equipment on the site;
 - ✓ Delay in the process to refund the value-added tax levied on equipment purchases; and
 - ✓ Effects of currency variation on the translation of amounts invested in U.S. dollar into Brazilian real, which is the Company's functional currency.
- For 2014, investment is estimated at R\$2,664 million, broken down as follows:
 - ✓ 25% allocated to construction of the new petrochemical complex in Mexico;
 - ✓ 60% allocated to operations, including two scheduled maintenance shutdowns at the Rio Grande do Sul and São Paulo crackers; and
 - ✓ Other strategic projects – adding value to existing streams and studies related to COMPERJ.

The petrochemical industry

Outlook

- The harsh winter in the Northern Hemisphere pressured feedstock prices, which in turn influenced petrochemical prices

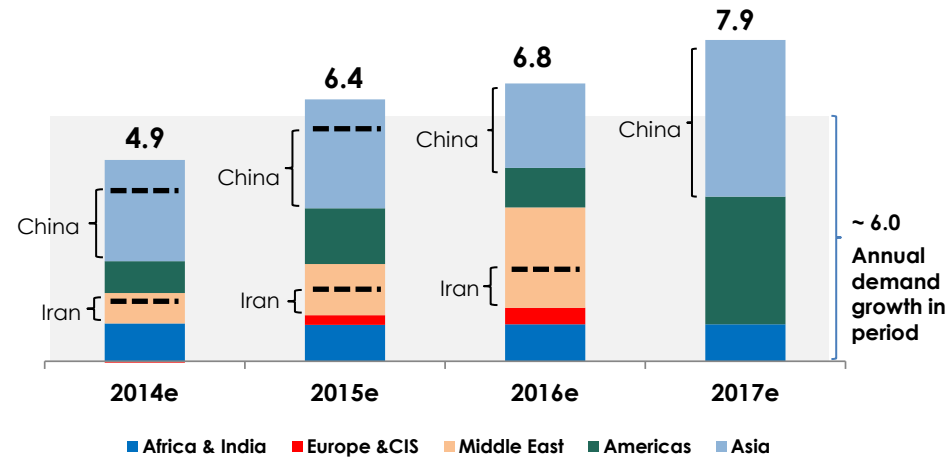
U.S. Natural Gas Price (Henry Hub)
(US\$/MMBTU)



- Scheduled maintenance shutdowns in the United States should help keep the market balanced
- After a seasonal destocking period, European demand is showing signs of recovery
- Demand in Asia expected to recover after the Chinese New Year
- World GDP growth forecast at 3.7% (vs 3% in 2013), driven by recovery in mature economies:
 - higher demand for petrochemicals and recovery in industry profitability
- Debt levels in certain countries still generate uncertainty
- Credit availability in Brazil could impact investment and consumption

Medium / Long Term

Additional ethylene capacity (million tons)



- Uncertainty regarding the startup of projects announced in China:
 - High costs/investments to access feedstocks available
 - Infrastructure issues (logistics, supply of water for extraction, etc.)
- Iran: gas supply associated with oil production
- USA: new capacities to come online only in 2017-18

Priorities

- Renewal of the naphtha supply contract.
- Increasing the competitiveness of Braskem's feedstock by reducing costs and diversifying sources.
- Advancing construction on the greenfield project in Mexico and expanding its pre-marketing activities.
- Defining the feedstock and tax incentives required to make Comperj viable.
- Analyzing opportunities in the U.S. petrochemical market based on the competitive advantages of shale gas - Ascent.
- Making progress on formulating an industrial policy for the petrochemical chain that continues to make the industry more competitive.
- Focusing on continuing to strengthen our relationships with Clients and expanding our market share in Brazil.
- Conclusion of the acquisition of Solvay Indupa's control.
- Maintaining liquidity levels, cost discipline and financial health in a challenging macroeconomic scenario.



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