

## RATING ACTION COMMENTARY

### Fitch Downgrades Braskem's IDR to 'CC'

Tue 30 Dec, 2025 - 11:54 ET

Fitch Ratings - São Paulo - 30 Dec 2025: Fitch Ratings has downgraded Braskem S.A.'s (Braskem) Long-Term Local Currency Issuer Default Rating (IDR) and Long-Term Foreign Currency IDRs to 'CC' from 'CCC+'. Fitch has also downgraded Braskem America Finance Company's senior unsecured rating to 'CC', with a Recovery Rating of 'RR4', from 'CCC+'/'RR4'; and Braskem Netherlands Finance B.V.'s senior unsecured rating to 'CC'/'RR4' from 'CCC+'/'RR4', and its subordinated rating to 'C'/'RR6' from 'CCC-'/'RR6'. Fitch has also downgraded Braskem's National Scale and Senior Unsecured ratings to 'CC(bra)' from 'CCC+(bra)' and 'CC(bra)'/'RR4' from 'CCC+(bra)'/'RR4', respectively.

The downgrades reflect Fitch's uncertainty about Braskem's willingness to meet upcoming debt obligations, including coupon payments scheduled for January 2026, and indicate that a debt restructuring is possible in the near term.

## KEY RATING DRIVERS

**Heightened Interest Payment Risk:** Braskem faces concentrated coupon obligations of approximately USD130 million in January 2026, spanning coupons on its 2028 notes (due Jan. 10), 2031 notes (due Jan. 12), 2081 notes (due Jan. 23), and 2030 and 2050 notes (due Jan. 31). While the company reported USD1.3 billion in cash as of September 2025 and subsequently fully drew its USD1.0 billion standby credit facility in October, Fitch assesses Braskem's reliance on balance-sheet liquidity and bank lines as evidence of tightening financial flexibility amid elevated event risk and uncertain recovery in

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signal an imminent restructuring or other debt actions that could be detrimental to bondholders.

**Sale of Novonor's Stake:** Fitch will assess Braskem's final structure, financing and governance of Braskem if the proposed acquisition of the company's shares by a fund advised by IG4 is completed.

## PEER ANALYSIS

Braskem's ratings reflect the company's heightened refinancing risk and severe liquidity pressure amid a prolonged downturn in the petrochemical cycle and restricted access to credit lines.

## FITCH'S KEY RATING-CASE ASSUMPTIONS

- Brazil polyethylene projected revenue of USD4.0 billion, USD4.0 billion and USD4.1 billion during 2025-2027;
- Brazil polypropylene projected revenue of USD2.0 billion USD2.0 billion and USD2.0 billion during 2025-2027;
- Brazil vinyls projected revenue of USD600 million, USD600 million and USD650 million during 2025-2027;
- Brazil ethylene/propylene projected revenue of USD800 million, USD950 billion and USD950 billion during 2025-2027;
- U.S. and Europe polypropylene projected revenue of USD3.0 billion, USD3.3 billion and USD3.6 billion during 2025-2027;
- Polyethylene-ethane reference spreads of USD770/ton in 2025, USD790/ton in 2026 and USD810/ton in 2027;
- Polyethylene-naphtha reference spreads of USD440/ton in 2025, USD450/ton in

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-- No dividends to shareholders during the analysis horizon.

## RECOVERY ANALYSIS

The recovery analysis for Braskem America Finance's senior unsecured notes and Braskem Netherlands Finance B.V.'s senior unsecured and subordinated notes assumes that Braskem would be a going concern (GC) in bankruptcy and that it would be reorganized rather than liquidated.

GC Approach:

-- A 10% administrative claim;

-- The GC EBITDA is estimated at USD820 million. The GC EBITDA estimate reflects Fitch's assessment of a sustainable, post-reorganization EBITDA level on which Fitch bases Braskem's valuation;

-- EV multiple of 6.0x.

With these assumptions, Fitch's Waterfall Generated Recovery Computation (WGRC) for the senior unsecured and subordinated notes is in 'RR4' and 'RR6', respectively.

## RATING SENSITIVITIES

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Failure to meet interest payment;

-- A Fitch-defined default process has commenced;

-- Announcement of a Distress Debt Exchange (DDE) or any type of debt restructuring.

### Factors that Could, Individually or Collectively, Lead to Positive Rating

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this position could decline significantly in the coming quarters, further weakening liquidity. Total debt was BRL47.5 billion (USD 8.4 billion) as of September 2025.

**ISSUER PROFILE**

Braskem S.A. produces and sells chemicals, petrochemicals, fuels, steam, water, compressed air and industrial gases. The company's plants in Brazil, the U.S., Germany and Mexico produce thermoplastic resins such as polyethylene, polypropylene and polyvinyl chloride.

**REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

**MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS**

[Click here](#) to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

**ESG CONSIDERATIONS**

Braskem S.A. has an ESG Relevance Score of '4' for Human Rights, Community Relations, Access & Affordability due to the reparation costs incurred following the geological event in Alagoas for relocating over 14,000 families from neighboring areas, which has a negative impact on the credit profile, and is relevant to the rating[s] in conjunction with other factors.

Braskem S.A. has an ESG Relevance Score of '4' for Waste & Hazardous Materials Management; Ecological Impacts due to the operations' disruption and large cash outflows triggered by the geological event in Alagoas, which has a negative impact on

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## RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			RECOVERY ⚡	PRIOR ⚡
Braskem Netherlands Finance B.V.					
senior unsecured	LT	CC	Downgrade	RR4	CCC+
subordinated	LT	C	Downgrade	RR6	CCC-
Braskem America Finance Company					
senior unsecured	LT	CC	Downgrade	RR4	CCC+
Braskem S.A.	LT IDR	CC	Downgrade		CCC+
	LC LT IDR	CC	Downgrade		CCC+
	Natl LT	CC(bra)	Downgrade		CCC+ (bra)
senior unsecured	Natl LT	CC(bra)	Downgrade	RR4	CCC+ (bra)

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**APPLICABLE CRITERIA**

[Corporate Recovery Ratings and Instrument Ratings Criteria \(pub. 02 Aug 2024\)](#)

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Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 ([1](#))

**ADDITIONAL DISCLOSURES**

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**ENDORSEMENT STATUS**

Braskem America Finance Company	EU Endorsed, UK Endorsed
Braskem Netherlands Finance B.V.	EU Endorsed, UK Endorsed
Braskem S.A.	EU Endorsed, UK Endorsed

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