

The Braskem logo features a stylized 'B' icon followed by the word 'Braskem' in a bold, sans-serif font.

New ways to look at the world

# Conference Call 2Q11

## Investor Relations

São Paulo, August 15, 2011

# Forward-looking Statements

This presentation contains forward-looking statements. These statements are not historical facts and are based on management's objectives and estimates. The words "anticipate", "believe", "expect", "estimate", "intend", "plan", "project", "aim" and similar words indicate forward-looking statements. Although we believe they are based on reasonable assumptions, these statements are based on the information currently available to management and are subject to a number of risks and uncertainties.

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The forward-looking statements in this presentation are valid only on the date they are made (June 30, 2011) and the Company does not assume any obligation to update them in light of new information or future developments.

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Braskem is not responsible for any transaction or investment decision taken based on the information in this presentation.

# Highlights

- ▶ **Net revenue in 2Q11 was US\$5.2 billion**, or R\$8.3 billion, **growing 18%** and 13%, respectively, from 1Q11. In relation to 2Q10, **growth** in USD was **39%**.
- ▶ In 1H11, net revenue was US\$ 9.7 billion, up 31% from 1H10.
- ▶ Record **EBITDA of R\$ 1.2 billion** in 2Q11, up 25% when compared to prior quarter, supported by the higher contribution margin in the period. Record **LTM EBITDA of US\$2.5 billion** or R\$4.2 billion.
- ▶ Braskem remains committed to maintaining its financial solidity:
  - ▶ **Net Debt/EBITDA** ratio maintained its downward trend to reach **2.30 times**
  - ▶ **New markets tapped: US\$ 500 million, 30-year bond issue due in July 2041**, with coupon of **7.125% p.a.** and **yield of 7.25% p.a.**
- ▶ **Synergies** from Quattor acquisition **totaled R\$163 million** in 1H11.
- ▶ **Acquisition** of Dow's Polypropylene business for **US\$323 million**
  - ▶ Leader in the U.S. PP market.
  - ▶ Global expansion of industrial operations
  - ▶ Total capacity of 1,050 ktons/year: 2 plants in U.S. and 2 in Europe
  - ▶ **Net Debt/EBITDA** ratio of **2.40 x (pro forma)**

# Performance by Segment – 2Q11 vs. 1Q11



## ▶ POLYOLEFINS

- Total sales remain stable
- Revenue: growth of 8% in USD and 4% in BRL



## ▶ VINYL

- PVC and soda sales grow 12% and 7%, respectively
- Recovery in production and increase of 12% in PVC apparent consumption
- Revenue: growth of 19% in USD and 14% in BRL



## ▶ BASIC PETROCHEMICALS

- Total ethylene and propylene sales increase 8%
- Higher feedstock costs and higher cracker co-product prices
- Revenue: growth of 28% in USD and 22% in BRL



## ▶ INTERNATIONAL BUSINESSES

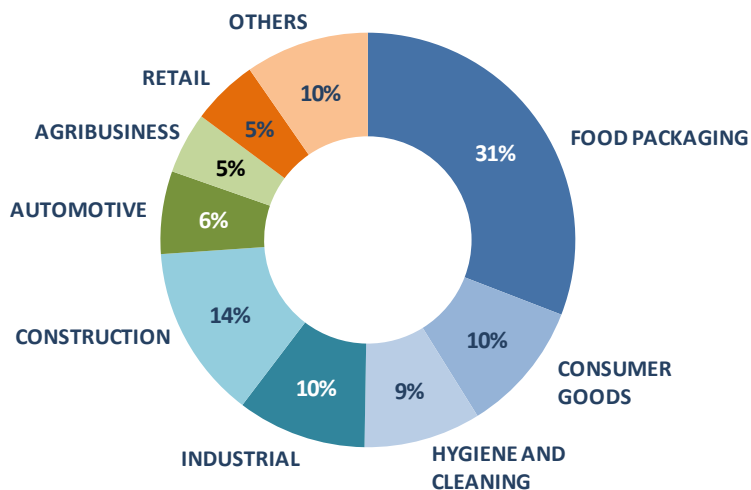
- Higher PP prices, driven by the increase in propylene prices
- Revenue: growth of 18%, to US\$460 million

# Domestic Market Performance

- ▶ Resins Domestic Market grew 2% in 2Q11, compared to 2Q10

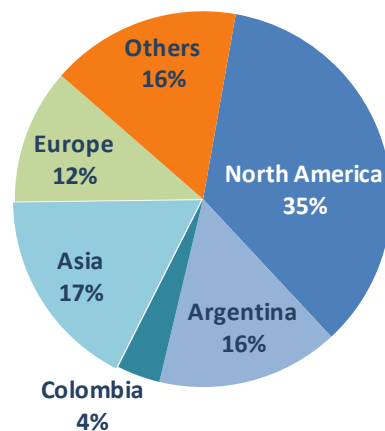
- ▶ Origin of Imports in 2Q11

- ▶ Braskem's Sales Profile – 2Q11

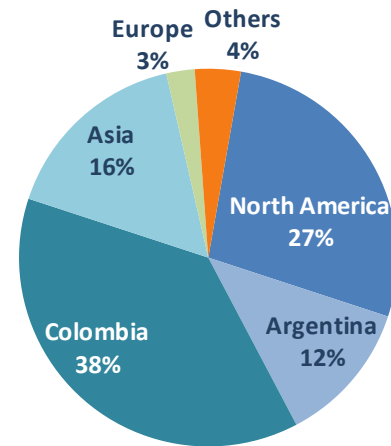


✓ Stronger performance on Consumer Goods and Construction segments

PE + PP



PVC

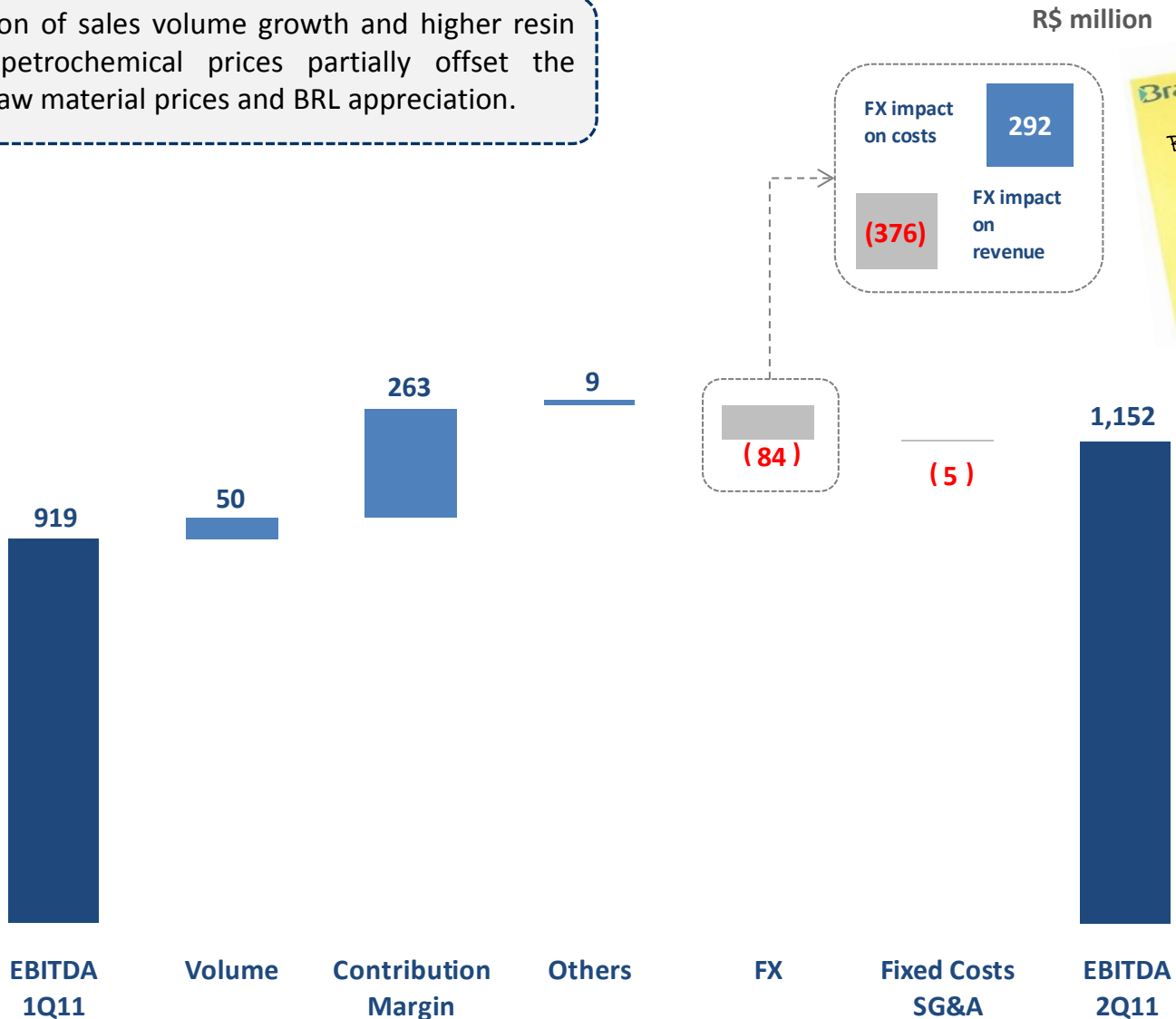


✓ Polyolefins (PE and PP) and PVC imports accounted for 29% and 37% of the domestic market, respectively

✓ Americas accounted for 61% of imports

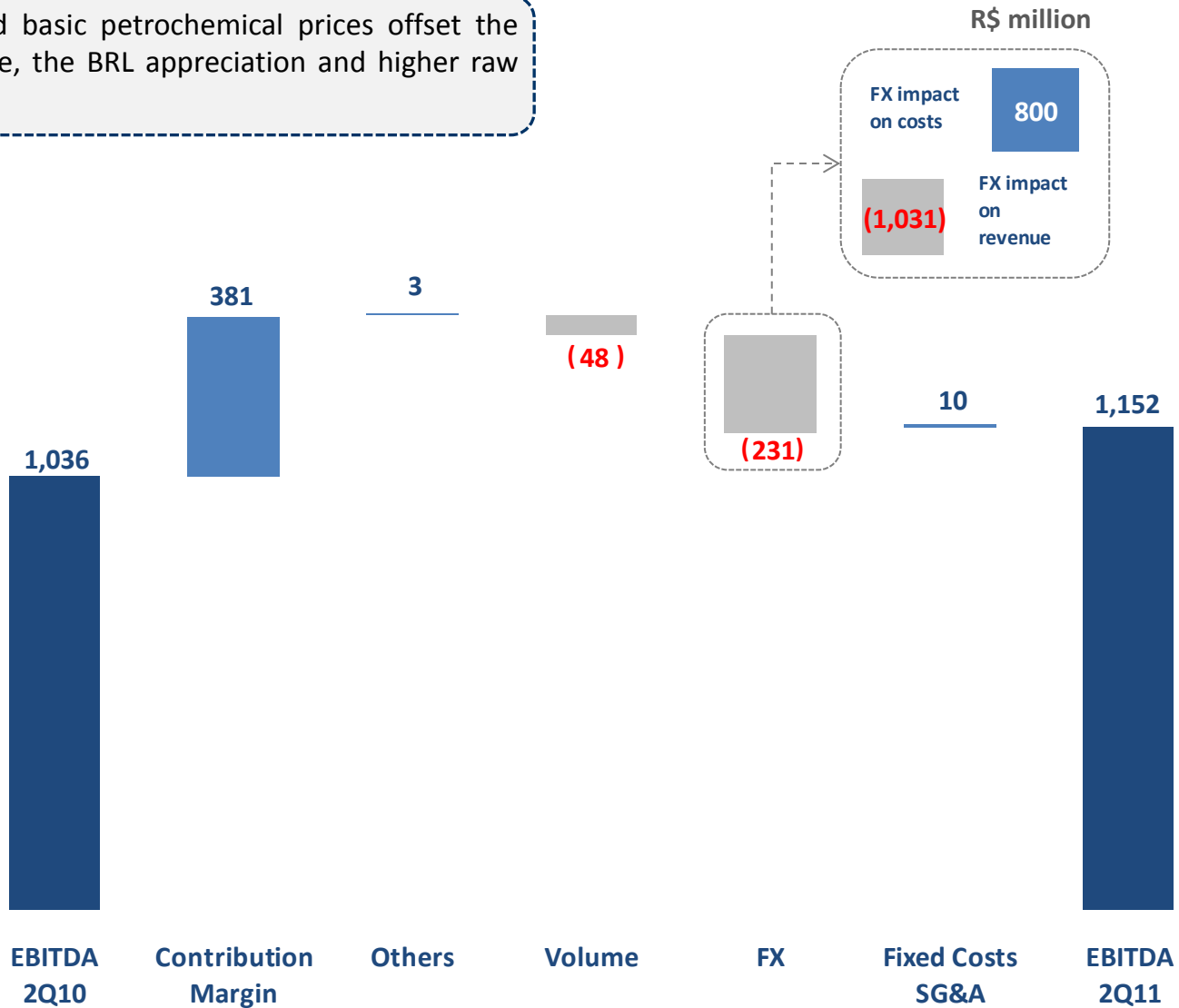
# EBITDA Performance: 2Q11 vs. 1Q11

✓ Combination of sales volume growth and higher resin and basic petrochemical prices partially offset the increase in raw material prices and BRL appreciation.

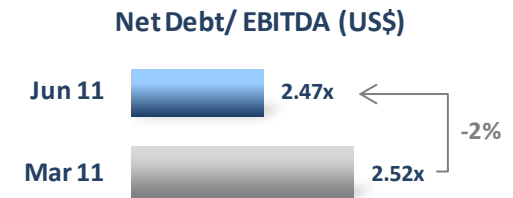
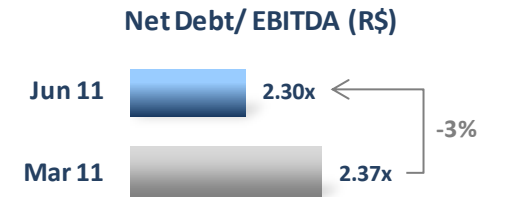
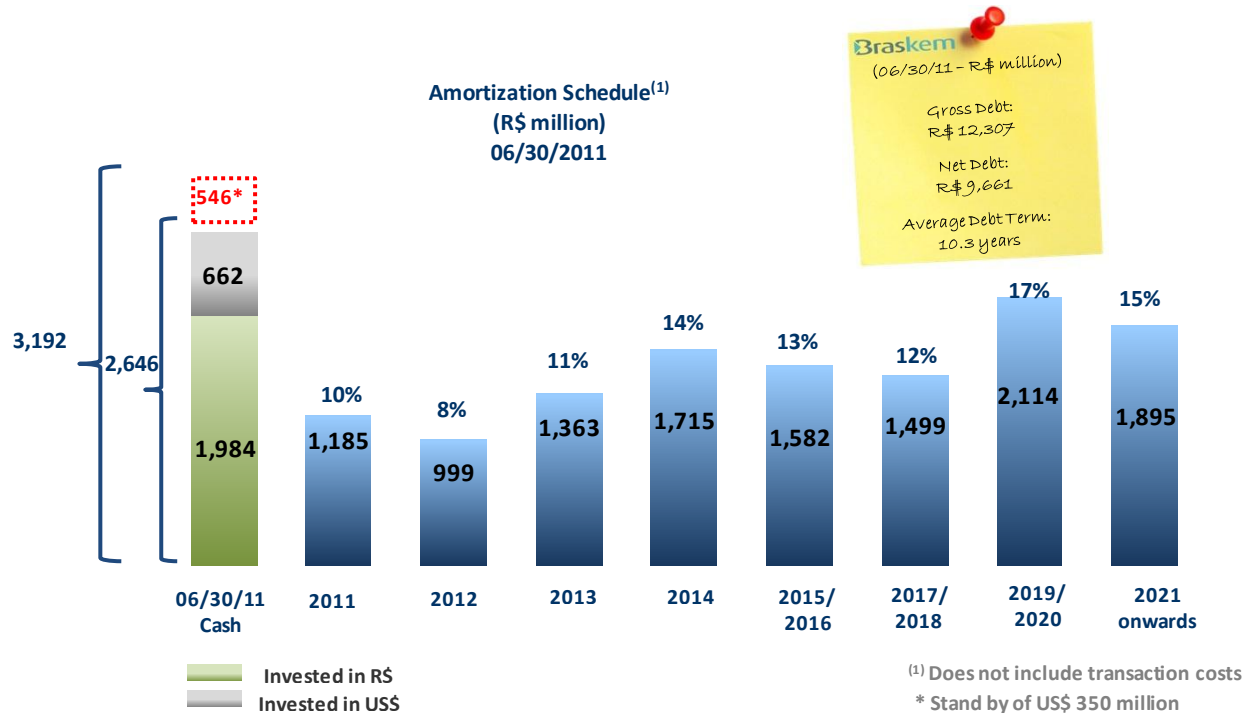


# EBITDA Performance: 2Q11 vs. 2Q10

✓ Higher resin and basic petrochemical prices offset the lower sales volume, the BRL appreciation and higher raw material prices.



# Reduction in leverage reaffirms Braskem's strategy



- ✓ Gross debt pegged to USD: 60%
- ✓ Net debt pegged to USD: 69%

Corporate Credit Rating			
Agency	Rating	Outlook	Date
<b>Global Scale</b>			
Moody's	Baa3	Stable	3/31/2011
S&P	BBB-	Stable	3/30/2011
Fitch	BB+	Positive	1/11/2011
<b>National Scale</b>			
Moody's	Aa2.br	Stable	3/31/2011
S&P	brAAA	Stable	3/30/2011
Fitch	AA (bra)	Positive	1/11/2011

US\$500 million bond issue due in July 2041 with yield of 7.25% p.a. and coupon of 7.125% p.a. marked Braskem's first 30-year issue, allowing for the access to a new profile of investors.

<sup>(1)</sup> Does not include transaction costs

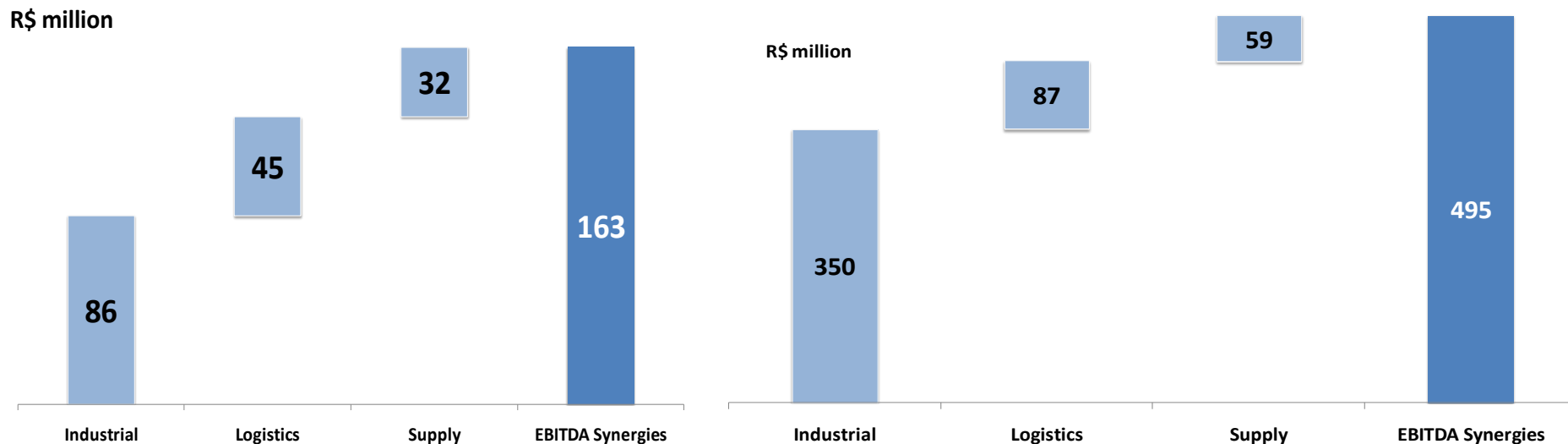
\* Stand by of US\$ 350 million



# Synergies from Quattor acquisition total R\$ 163 million in 1H11

1H11 EBITDA\*: R\$ 163 million

2012 EBITDA\*: R\$ 495 million



## *Identification of new opportunities, efficiency and rapid implementation of initiatives to capture synergies*

- ✓ Integrated planning for industrial units
- ✓ Centralization of strategy for asset maintenance planning
- ✓ Optimization of freight activities and distribution and storage gains
- ✓ Integrated purchasing of raw materials
- ✓ Tax gains and lower debt carrying cost

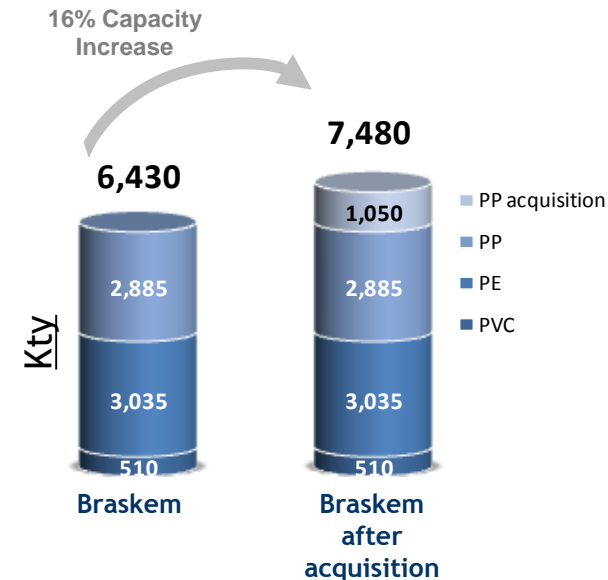
# Acquisition of Dow's Polypropylene Business

## Transaction:

- ▶ On July 27, Braskem acquired Dow's Polypropylene (PP) business, expanding its PP capacity by 1,050 ktons/years
- ▶ Braskem will pay US\$323 million for the business

## Benefits and strategic drivers:

- ▶ Leader in U.S. PP market, one of the world's largest PP consumers
- ▶ Geographic diversification and global expansion of industrial operations
- ▶ Portfolio of complementary products
  - Focus on higher value-added products (co-polymers)
- ▶ Access to U.S. propylene distribution chain
- ▶ Value creation through potential synergies with the current business
  - NPV near US\$140 million
- ▶ Greater presence in the European market
  - Proximity to new clients
  - Support to global leadership in biopolymers
- ▶ PP is one of the world's faster growing thermoplastic resins
- ▶ Fragmented markets in U.S. and Europe - potential for future consolidation



# Outlook and Priorities

## Petrochemical Industry:

- ▶ Global industry scenario in 2H11 points to recovery in resin-naphtha spreads over 2Q11
  - Scheduled stoppages in Asia and recovery in local demand;
  - Continued instability in Middle East operations;
  - Lower capacity utilization rates (U.S. and Europe).
- ▶ Risk Factors
  - Slowdown in demand from emerging countries impacted by the crisis in developed economies;
  - Volatility in raw material prices, driven by stronger speculation on oil prices.

## Braskem's priorities:

- ▶ Support the development of an industrial scenario that strengthens the Brazilian petrochemical and plastics chain
- ▶ Recover market share, combating “subsidized” imports
- ▶ Ensure capture of identified synergies
- ▶ Integrate new PP plants located in U.S. and Germany
- ▶ Maintain liquidity and financial health
- ▶ Expansion Project
  - Expansion of the new PVC Alagoas plant
  - Final Investment Decision for the Ethylene XXI Project in Mexico, based on competitive feedstock
  - Define Comperj configuration with Petrobras
  - Study projects aimed at the access to competitive feedstock in U.S. (shale gas)
  - Expand use of renewable feedstock

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