



# Braskem

A World Class Brazilian Petrochemical Company

## Acquisition of the Petrochemical Assets of The Ipiranga Group

*José Carlos Grubisich*

*March 2007*

# Forward-looking Statements



This presentation contains forward-looking statements. Such statements are not statements of historical facts, and reflect the beliefs and expectations of Braskem's management. The words "anticipates", "wishes", "expects", "estimates", "intends", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements. Although Braskem believes that expectations and assumptions reflected in the forward-looking statements are reasonable based on information currently available to Braskem's management.

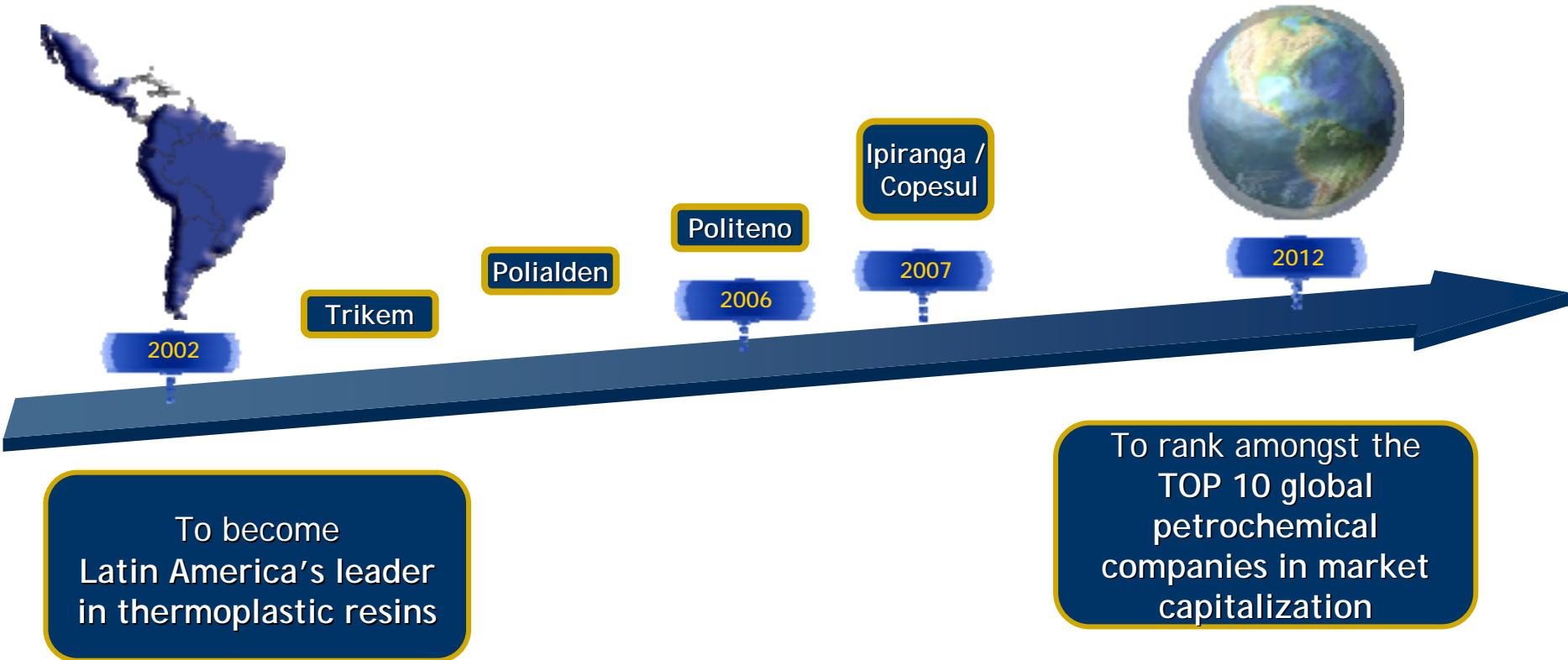
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Forward-looking statements included in this presentation speak only as of the date they are made (December 31, 2006), and the Company does not undertake any obligation to update them in light of new information or future developments.

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Braskem shall not be responsible for any transaction or investment decisions that are taken based on information included in this presentation.

# Our Vision

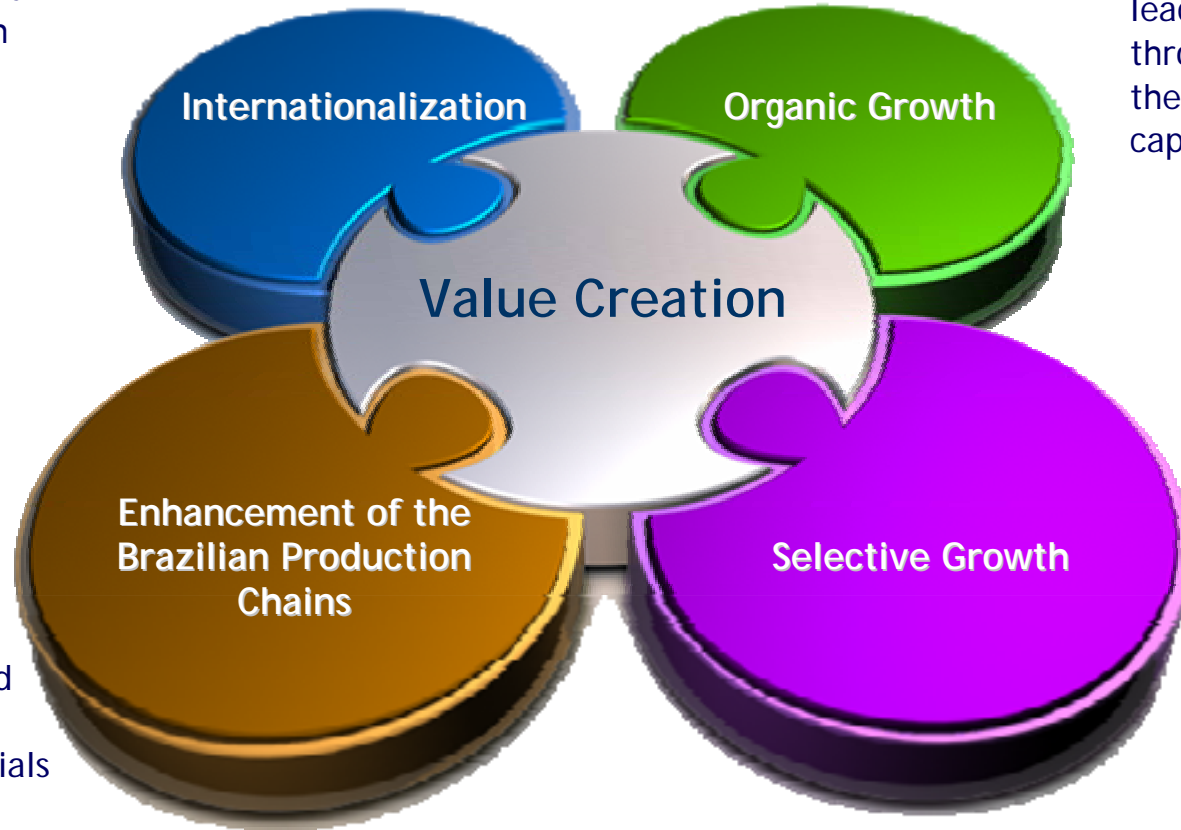


# Strategic Drivers

*Growth with value creation*



Expand production and sales outside of South America, becoming a global leader in PP



Strengthen market leadership in Brazil through consolidation in the local market, capturing synergies

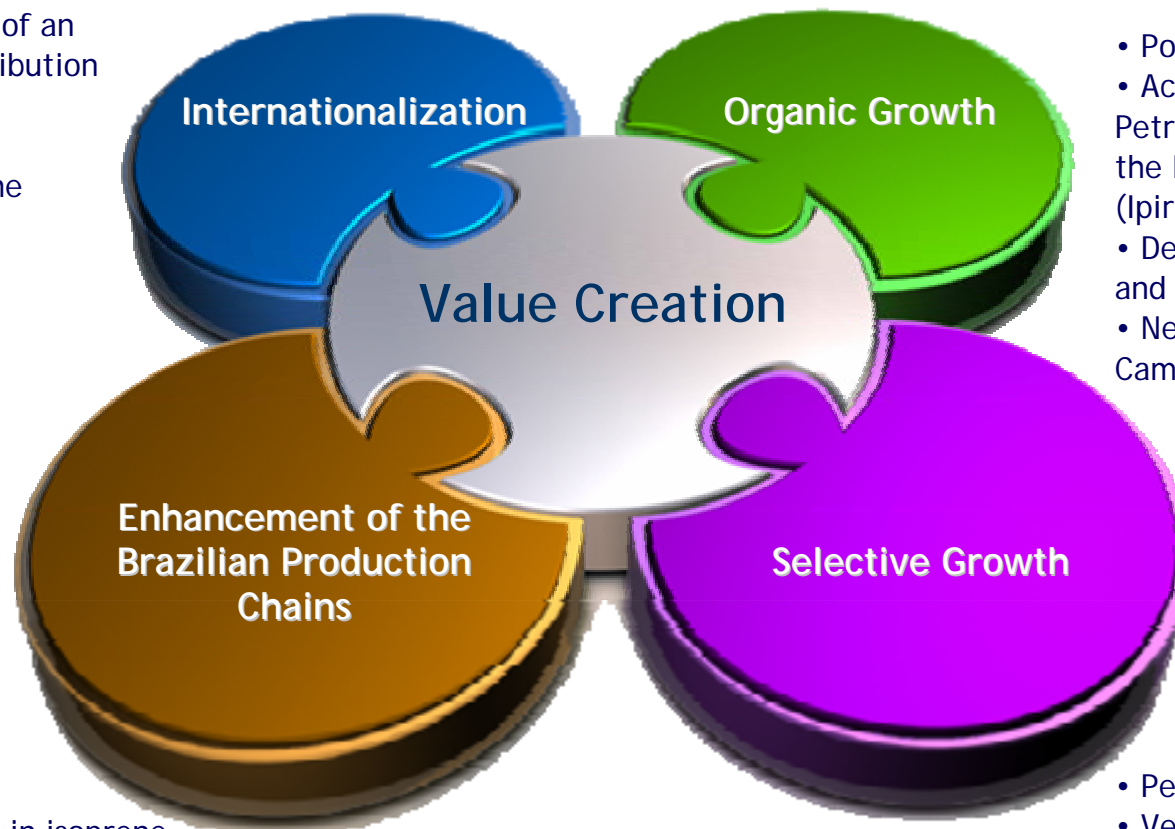
Leverage Braskem's production chains and Brazil's alternative sources of raw materials by broadening its portfolio of products and services

Consolidate market position in key products in Latin America and guarantee competitive sources of raw material

# Strategic Drivers

## Main projects

- Implementation of an International distribution network
- Investment opportunities in the Americas



- Politeno's acquisition
- Acquisition of the Petrochemical Assets of the Ipiranga Group (Ipiranga and Copesul)
- Debottleneckings in PE and PVC
- New PP plant in Camaçari

- Capacity increases in isoprene and paraxylene
- Converging from MTBE to ETBE
- Hydrocarbonic resins
- Green polymers

- Petroquímica Paulínia
- Venezuela Projects:
  - PP plant
  - Jose Olefins Complex - 1st and 2nd generation

# Braskem

*The largest petrochemical company in Latin America*



Gross Revenue

**US\$ 9.9  
Billion**

Net Revenue

**US\$ 7.8  
Billion**

EBITDA

**US\$ 1.4  
Billion**

Net Debt / Ebitda

**2.6 x**

Assets

**US\$ 10.3  
Billion**

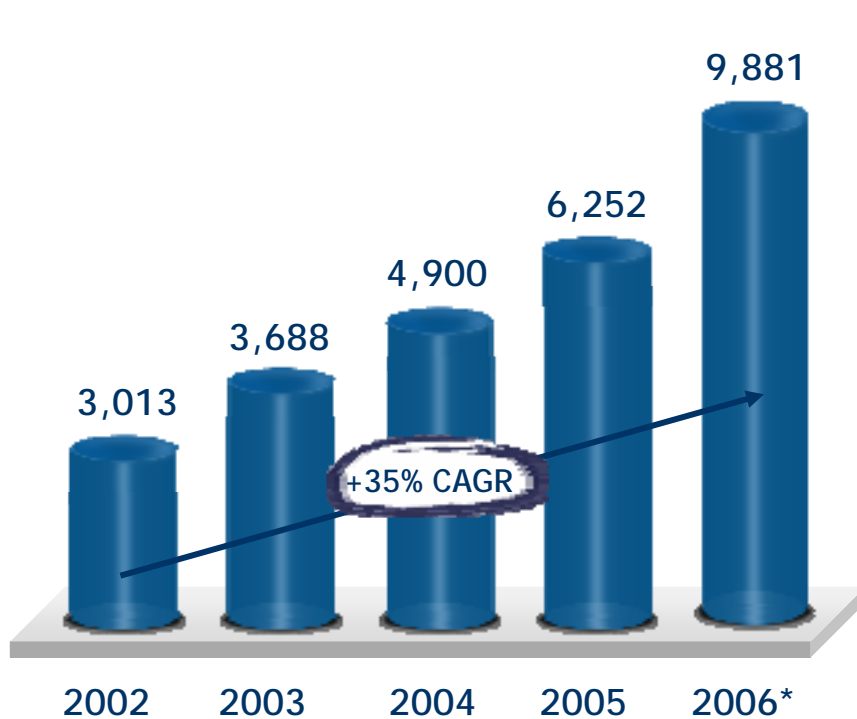
# Braskem

*Consistent improvement leveraged by the acquisition*



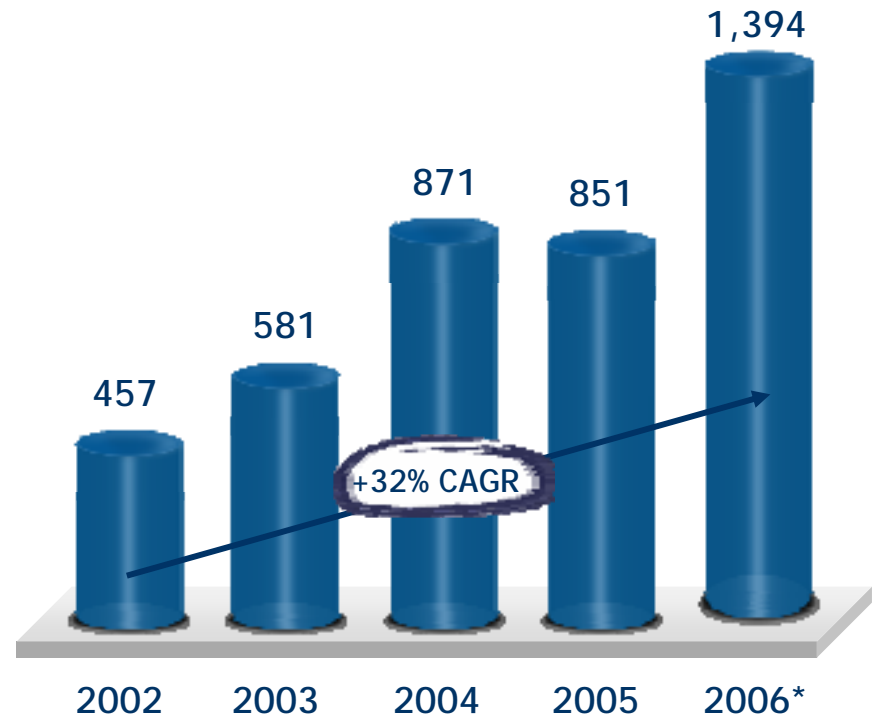
Gross Revenue

US\$ million



EBITDA

US\$ million



\* Pro forma - includes Ipiranga and Copesul's figures for 2006

# The Transaction

## *Step by step*



**STAGE 1**

Ultrapar acquires the stake of the controlling shareholders

**STAGE 2**

Tag along to ordinary shares from CBPI, DPPI and RIPI

**STAGE 3**

Tender offer for the delisting of Copesul

**STAGE 4**

Ultrapar incorporates preferred shares of CBPI, DPPI and RIPI

**STAGE 5**

Ultrapar hands over the petrochemical assets to Braskem / Petrobras

# The Transaction

*Step by step - Braskem's financial effort*



**STAGE 1**

Braskem disbursement : US\$ 309 million  
Liabilities (100%) : US\$ 532 million  
Management of the assets

**STAGE 2**

Braskem disbursement : US\$ 131 million

**STAGE 3**

Braskem disbursement : US\$ 413 million  
Petrobras disbursement : US\$ 275 million

**STAGE 4**

Ultrapar holds 100% of CBPI, DPPI and RIPI total capital

**STAGE 5**

Ultrapar hands over 60% of IQ stake to Braskem and 40% to Petrobras  
Braskem disbursement : US\$ 279 million

# Braskem

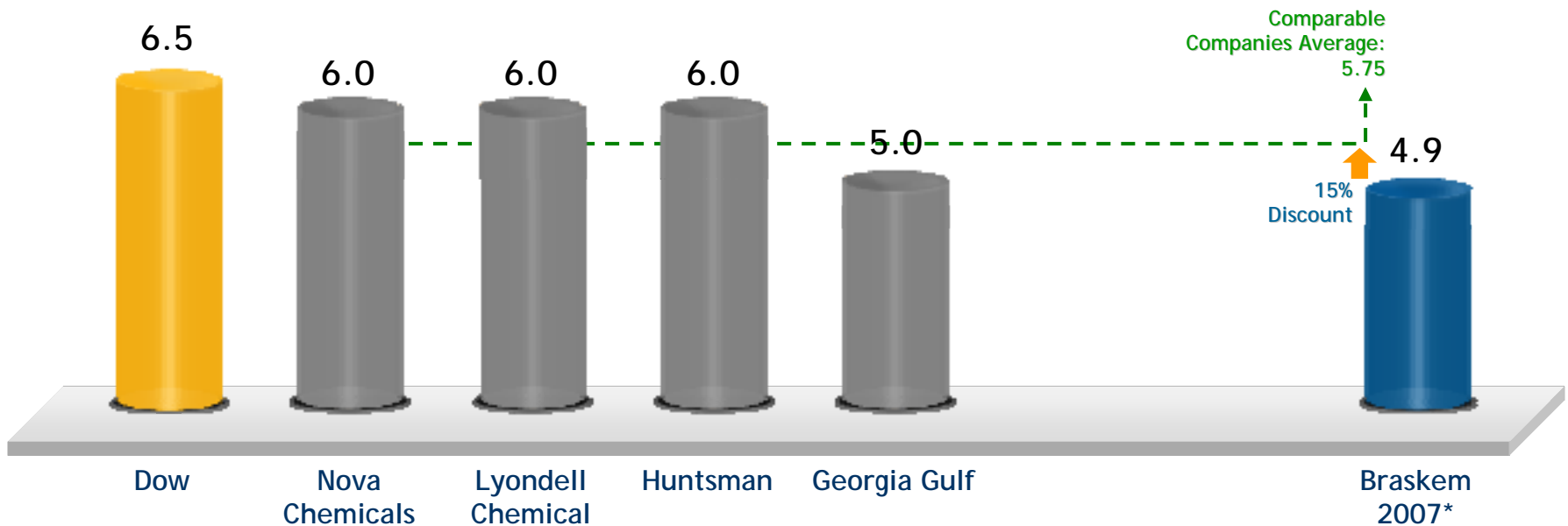
Potential to increase multiples (EV/EBITDA)



## Transaction Multiple: 6.2x



## EV/EBITDA



\* Analysts' average for 2007

# Ipiranga Petroquímica Profile

## *Complementary businesses*

### ■ Ipiranga Petroquímica:



5 units **550 kt de PE**  
**180 kt de PP**

Net Revenue: **R\$ 2 billion**

Ebitda: **R\$ 184 million**

- Leader in HDPE: 38% market share
- Capacity utilization rate in 2006:
  - 89% for PE
  - 81% for PP
- More than US\$ 300 million in exports - around 40% of total volume
- Production technology in PP: Spheripol (same as in Petroquímica Paulínia)
- Production technology in PE (HDPE): Hostalen - the only one in Brazil
- Technology & Innovation Center - 7 new resins launched in 2006

# Copesul Profile

*Integration coupled with opportunity of capturing synergies*



## ■ Copesul:



Production: 1.25 million t of ethylene  
0.6 million t of propylene

Net Revenue: R\$ 6.4 billion

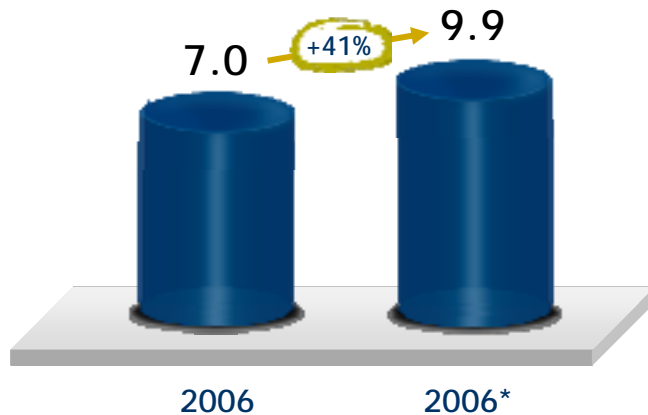
Ebitda: R\$ 1.1 billion

- 2<sup>nd</sup> Largest raw material unit in Latin America
- 85% of ethylene and 100% of propylene supplied to Ipiranga and Braskem
- 440 kt of aromatics production capacity
- 58% of imported raw material - naphtha and condensate
- Storage capacity of naphtha/condensate - 2 times larger than Braskem
- More than US\$ 300 million in exports - around 15% of total volume - 50% in Latin America

# Braskem: Increased scale with improved profitability

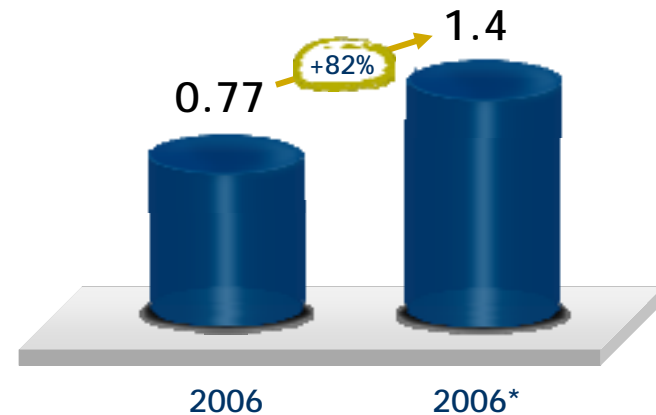
## Gross Revenue

US\$ Billion



## EBITDA

US\$ Billion



- Ethylene Production Capacity: 1.3 MM tons → 2.5 MM tons
- Resins Production Capacity: 2.3 MM tons → 3.1 MM tons
- Market share higher than 50% in all resins

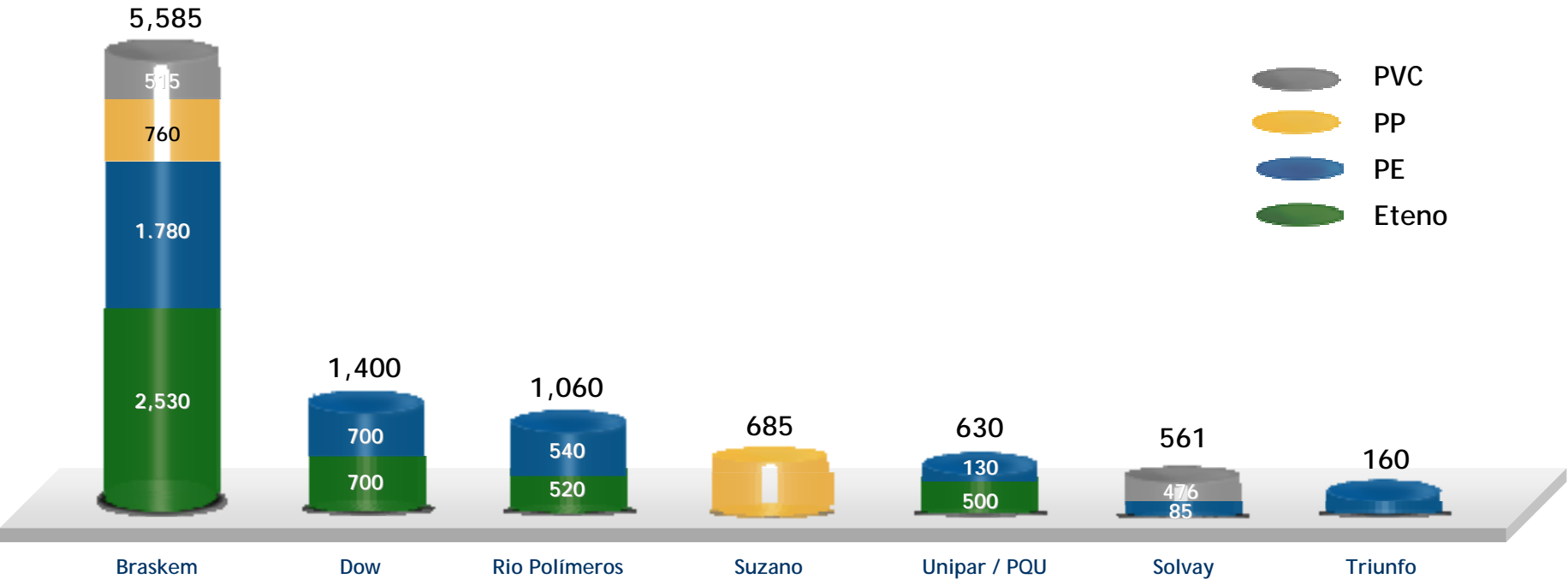
Largest Petrochemical Company in Latin America

# Braskem: even more strengthened position of leading producer in the region ...



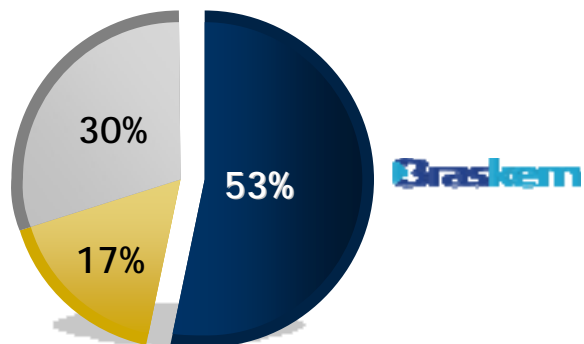
- More than 10 million tons of petrochemical and chemical products in 2008, with 5.6 being of ethylene and resins.

## Production Capacity 000 tons / year

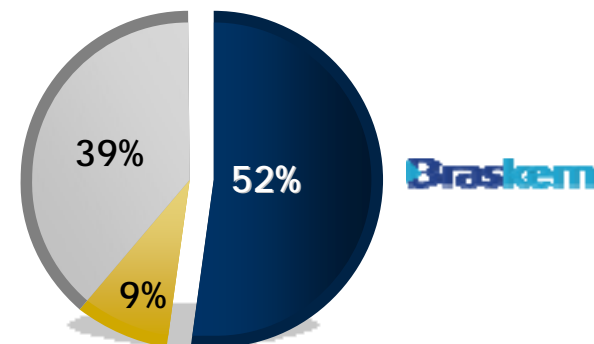


...coupled with industry leadership for all the resins

PE %



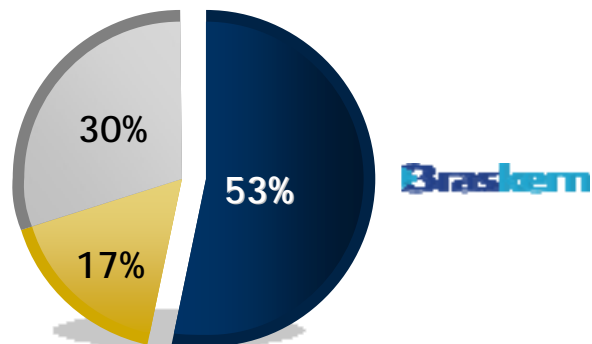
PP %



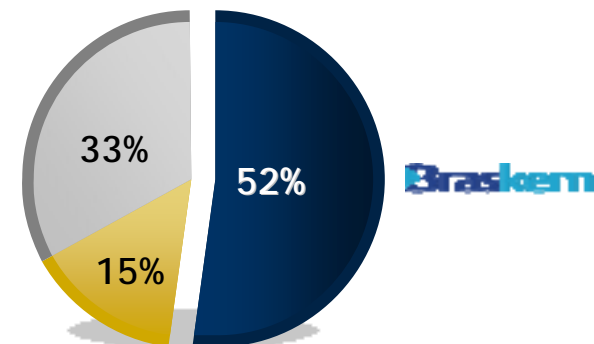
OTHERS

IMPORTS

PVC %



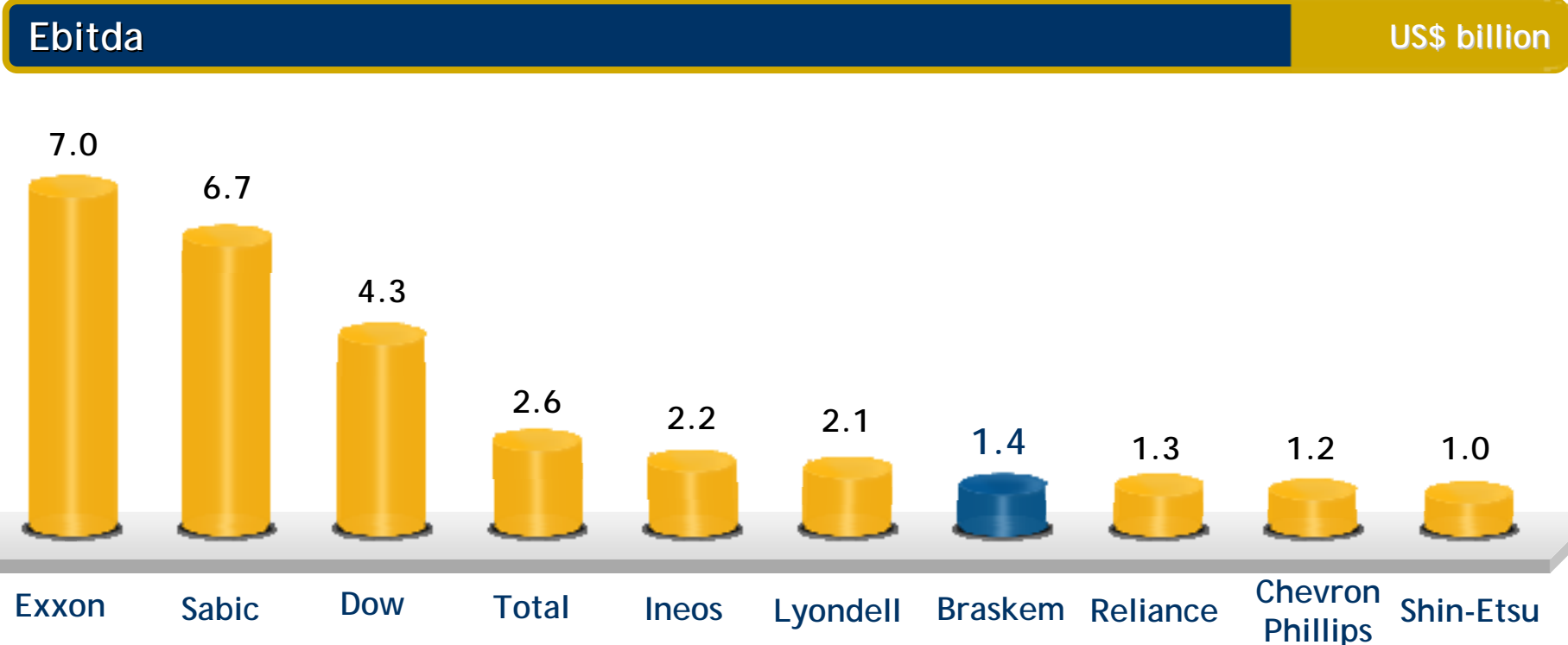
Resins %



# Braskem: positioned among the largest petrochemical companies in the world



■ Braskem's Ebitda is the 7<sup>th</sup> highest in the world among petrochemical companies\*



\*Braskem estimates. 2005 results only in petrochemical businesses of mentioned companies

# Braskem: Improvement of the quality of the business



- Strengthening of partnership with Petrobras
- Improved profitability and EBITDA
- Expansion of product portfolio, consolidating the leading position in its respective segments
- Combination of product portfolio, specially in HDPE
- Client base expansion and supply of value-added services based on Innovation & Technology structure
- Full integration between 1st and 2nd generation, leading to improved competitiveness
- Greater operational flexibility
- Improvement of the supply chain management
  - Greater flexibility when acquiring naphtha



- Increased scale combined with a more robust balance sheet boosts growth and internationalization opportunities

| US\$ million | Braskem Financial Efforts | Net Debt (1) (2) | EBITDA (1) | Net Debt / Ebitda (x) |
|--------------|---------------------------|------------------|------------|-----------------------|
| 12/31/2006   |                           | 2,111            | 764        | 2.76                  |
| STAGE 1      | 731                       | 2,842            | 1,394      | 2.04                  |
| STAGE 2      | 131                       | 2,973            | 1,394      | 2.13                  |
| STAGE 3      | 413                       | 3,386            | 1,394      | 2.43                  |
| STAGE 5      | 279                       | 3,665            | 1,394      | 2.63                  |

(1) unaudited pro-forma 2006 figures

(2) Does not include changes in working capital

Stage 1 includes debt assumption of US\$ 422 million

- Increased scale combined with a more robust balance sheet boosts growth and internationalization opportunities

## Fitch confirms BB+ Positive Outlook for Braskem

*“Fitch expects the company to be able to increase significantly free cash flow generation, which would allow a significant improvement in credit metrics needed for Braskem’s rating to migrate to an Investment Grade category.”*

# Capture of Synergies

*Efficient model to capture synergies*



## ■ Commercial

- Complementary products portfolio, especially HDPE
- Client base integration
- Export contracts optimization

## ■ Industrial

- Operational flexibility
- Shared maintenance services
- Improvement in energy efficiency

## ■ Fiscal and tax optimization

## ■ Supply chain

- Gain of scale in procurement
- Logistic optimization

## ■ Competitive management model with potential to improve quality and productivity through the exchange of best practices

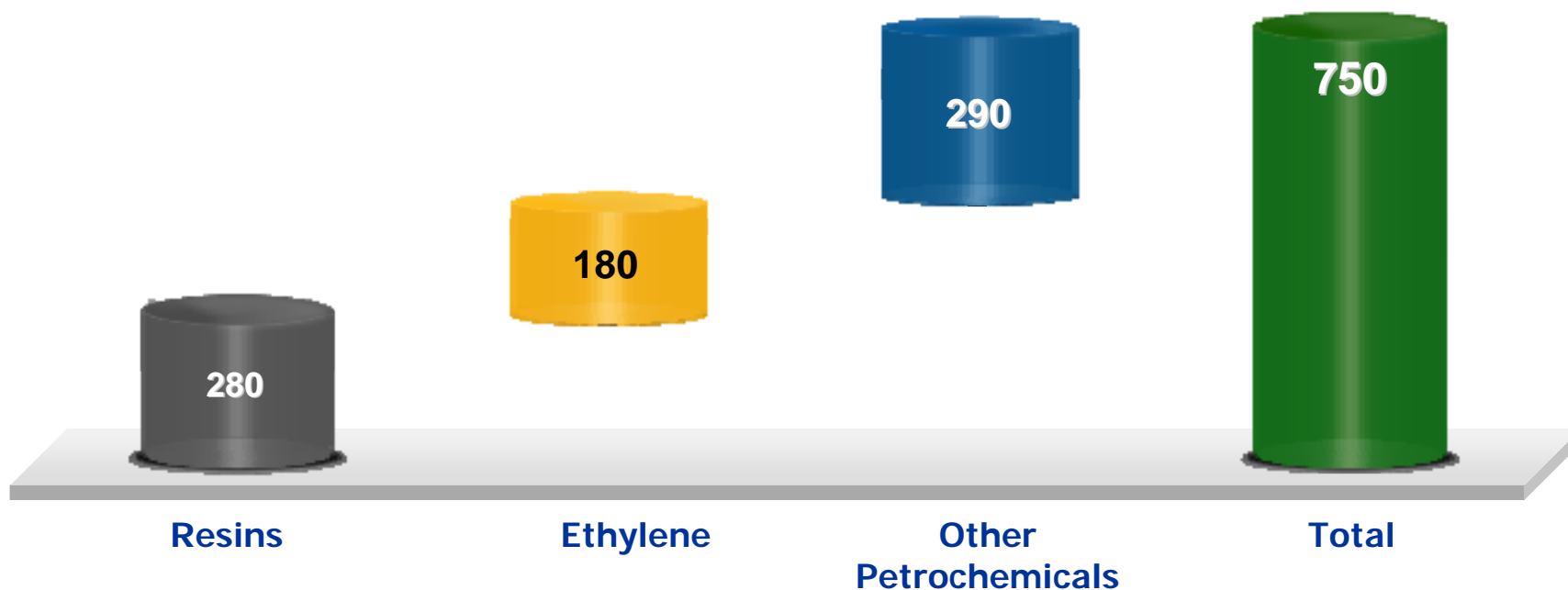
## ■ Possibility of new DBN's in the Southern Complex



# Synergies potentialized by new investment opportunities in the Southern Petrochemical Complex

Potential capacity increases

000 ton / year

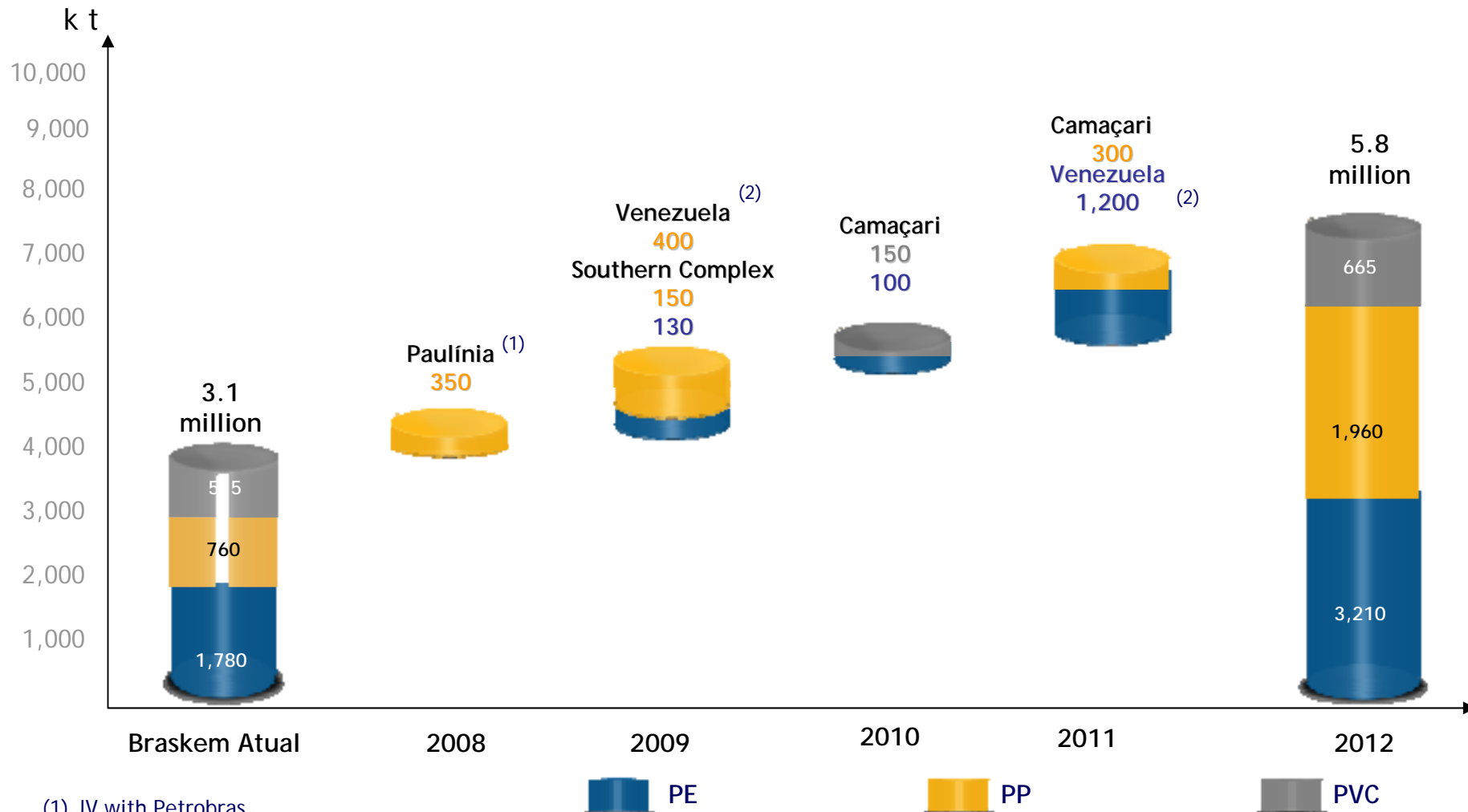


Capacity increase in PP and PE

Copesul capacity increases

Investments of around R\$ 700 million

# Braskem: next steps in the implementation of its strategy of Growth with Value Creation



(1) JV with Petrobras  
(2) JV with Pequiven

- Consistent strategy since the creation of Braskem: proven implementation capacity
- Larger scale leverages growth and internationalization projects already identified
- Strengthened leadership position in thermoplastic resins markets in Latin America
- Full integration between 1st and 2nd generations with increase in competitiveness
- Strong growth potential within next 5 years: production capacity may increase from 10 to 14 million tons, including the 90% increase in the resins production capacity from current 3.1 to 5.8 million tons
- Consolidation of the partnership model with Petrobras
- Solid financial structure preserved
- 100% tag-along for all shareholders and best corporate governance practices

**Social and environmental responsibility**



**Braskem**

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