

Operator:

Good morning ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's 4Q13 and FY2013 earnings conference call. Today with us we have: Carlos Fadigas, CEO, Mario Augusto da Silva, CFO, and Roberta Varella, Head of Investor Relations.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After Braskem remarks are completed, there will be a question and answer section. At that time further instructions will be given. Should any participant need assistance during this call, please press *0 to reach the operator.

We have simultaneous webcast that may be accessed through Braskem's IR website: www.braskem.com.br/ir. The slide presentation may be downloaded from this website; please feel free to flip through the slides during the conference call. There will be a replay facility for this call on the website. We remind you that questions, which will be answered during the Q&A session, may be posted in advance on the website.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Braskem management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Braskem and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Roberta Varella, Head of IR. Ms. Varella, you may begin your conference.

Roberta Varella:

Good morning ladies and gentleman, thank you for participating in another Braskem earnings conference call. Today we will be commenting on our results for the 4Q and the year of 2013.

We'd like to remind you that, pursuant to Federal Law 11,638/07, the results presented in today's presentation reflect the adoption of International Financial Reporting Standards, or IFRS.

Note also that, as of the 2Q12, the Company began to recognize investments in jointly controlled companies using the equity method, and no longer based on proportionate consolidation.

Furthermore, due to the decision to maintain the investments in QUANTIQ, which is the company responsible for the chemical products distribution, Braskem's consolidated results reflects the consolidation of its result in the financial statements for the 4Q and fiscal year 2013, as well as the restatement of the quarterly and annual financial statements for 2012. The information in today's presentation was reviewed by the independent external auditor.

Let's go to the next slide, where we will begin our comments. Slide 3 presents the highlights of the 4Q13. The capacity utilization rate of Braskem's crackers averaged 84%, down 6 p.p. from the average in the previous quarter, mainly reflecting the scheduled shutdown at the cracker in Camaçari that began in late September and lasted 40 days.

The Brazilian market of thermoplastic resins totaled 1.3 million tons, growing 2% from the 3Q, driven by the opportunistic entry of imported materials with the expiration of the additional import tariff of polyethylene, and the restocking trend in the PVC chain. Compared to 4Q12, resin demand grew by 8%. Braskem's sales followed this growth to reach 905 thousand tons in the quarter.

EBITDA was around R\$1.2 billion in the 4Q. In U.S. Dollar, EBITDA was US\$521 million. The increase when compared to the recurring EBITDA of 4Q12 was mainly explained by the recovery in the spreads in the international market and (ii) the tax reduction relief on raw material purchases.

Given the growing regional demand in the vinyls chain and to further strengthen its business, Braskem announced an agreement with Solvay for the acquisition of its controlling interest in Solvay Indupa, a PVC and caustic soda producer in Brazil and Argentina. Still subject to approval by regulatory agencies in both countries, the acquisition expands Braskem's capacity in Brazil and in the regional market, making it the fourth largest PVC producer in the Americas.

As part of the strategy to diversify its feedstock matrix and make it more competitive, the construction on the new petrochemical complex in Mexico continued to advance, with the project's physical completion reaching 58% in the quarter. Another highlight was the withdrawal by the subsidiary Braskem-Idesa of the second installment of the project finance in the amount of US\$547 million.

In line with its commitment to its financial health, Braskem's leverage, as measured by the ratio of net debt to EBITDA, ended the quarter at 2.87x in U.S. Dollar, a decline of 12% from the 4Q12 reflecting the improvement in operational performance between the periods.

Let's go now to slide 4. This slide presents Braskem's highlights in 2013. With its crackers operating at an average utilization rate of 90%, Braskem posted record-high ethylene production of 3.4 million tons. The scheduled maintenance shutdown and some operating issues in the period were offset by the high utilization rate registered in the 1H of the year. The Company also posted record-high polyethylene production of 2.6 million tons in the year.

The Brazilian market of thermoplastic resins totaled 5.4 million tons, up 8% from 2012, driven by the restocking trend in the chain and the better performance of some sectors as infrastructure and agricultural. In this scenario, Braskem's sales grew by 6% to reach 3.7 million tons.

Consolidated EBITDA in the year was R\$4.8 billion, growing by 22% from 2012. Excluding the nonrecurring effects, consolidated EBITDA increase was above 50%. The main factors were (i) the higher sales volume; (ii) the recovery in petrochemical spreads in the international market; (iii) the tax relief on raw material purchases; and (iv) the Brazilian real depreciation. In U.S. Dollar, 2013 EBITDA reached US\$2.2 billion.

As mentioned before, in line with Braskem's strategy to diversify its feedstock matrix and make it more competitive, construction on the Mexico project continued to advance. Regarding the project's financing structure, the subsidiary Braskem-Idesa withdrew two installments of the project finance totaling US\$2 billion. The first disbursement was used by the subsidiary to repay the disbursements advanced by its shareholders, which in the case of Braskem was US\$649 million.

Another highlight in the year was the adoption of hedge accounting. Given its net exposure to the dollar and to better reflect the impact of exchange variation on its result, Braskem decided to designate a portion of its dollar-denominated liabilities as hedge for its future exports. This means that the exchange variation on these liabilities will be temporarily recorded under shareholders' equity and transferred to the statement of operations when these exports occur, making possible the simultaneous recognition of this impact on its liabilities and exports.

In this context, Braskem posted net income of R\$507 million in the year. Based on this result, management has proposed the payment of dividends in the amount of R\$483 million.

Let's go to the next slide, please. Slide 5 shows the performance of the Brazilian market of thermoplastic resin and Braskem's sales profile. In the 4Q13, the Brazilian apparent consumption of thermoplastic resins was 1.3 million tons, growing by 2% from the previous quarter. The highlights include the growth in the PVC market, driven by the expectations of the continued strong performance of the construction industry; and the opportunistic entry of import products in October with the expiration of the additional import tariff of polyethylene. In this context, Braskem's sales were 905 thousand tons, with market share of 68%, in line with the previous quarter.

In a year in which Brazil's GDP growth once again fell short of initial forecasts, domestic demand for thermoplastic resins grew by 8% to 5.4 million tons. As mentioned, this growth is explained by the performance of the sales for certain sectors and by the restocking trend in the chain on the 1H. Braskem's sales followed this trend to reach 3.7 million tons, a growth of 6%.

Let's go to the next slide, please. Slide 6 details the factors that influenced EBITDA in the 4Q13 compared to the same quarter of the previous year. Braskem's consolidated EBITDA was close to R\$ 1.2 billion, an increase over 20% from the recurring EBITDA of the last quarter of 2012. The main factors that contributed to this performance were (i) the recovery in thermoplastic resins spreads in the international market; (ii) the higher sales volume; and (iii) the tax relief on raw material purchases.

The depreciation in the Brazilian real also had a positive impact of R\$254 million, which resulted from a positive revenue impact of around R\$1 billion and a negative cost impact of R\$850 million.

Let's go now to slide 7. This slide presents the factors that influenced EBITDA in 2013. Braskem's consolidated EBITDA in the year was R\$4.8 billion, growing by 22% from 2012. In dollars, EBITDA was US\$ 2.2 billion dollars, 11% higher. Excluding the nonrecurring effects, Braskem's 2013 EBITDA grew by 57% in reais and 43% in U.S. Dollar.

The main drivers of this performance were (i) the improvement in contribution margin, which benefited from the recovery in resins and basic petrochemical spreads in the

international market, which increased by 28% and 12%, respectively; (ii) the better sales mix; and (iii) the tax relief on raw material purchases.

Another highlight was the positive impact from real depreciation of R\$918 million, with a positive revenue impact of close to R\$4 billion and a negative cost impact of around R\$3 billion.

Let's go to the next slide, please. Slide 8 shows Braskem's debt. Since the investment made in the Mexico project by the subsidiary Braskem-Idesa is financed under a project finance model, with debt repaid using the project's own cash generation, the debt analysis presented here does not consider this financing structure.

In this context, on December 31, 2013, Braskem's gross debt stood at US\$7.9 billion, down 3% from the balance on September 30. In Brazilian real, gross debt increased by 2%, reflecting the impact from the 5% U.S. Dollar appreciation in the period. At the end of the period, 70% of gross debt was denominated in U.S. Dollar.

The balance of cash and investments remained virtually stable in relation to the 3Q, at US\$1.6 billion dollars. In line with its strategy to maintain high liquidity and its financial health, the Company also maintains three stand-by credit facilities, with two in the aggregate amount of US\$600 million and one in the amount of R\$450 million, which do not include any restrictive covenants on withdrawals during times of adverse markets; and which were not tapped in the period.

As a result, Braskem's net debt in U.S. Dollar stood at US\$6.4 billion, down 3%. In Brazilian real, consolidated net debt grew by 2% to R\$15 billion. The percentage of net debt denominated in dollar was 75%.

Financial leverage, as measured by the ratio of net debt to EBITDA in U.S. Dollar, ended the year at 2.87x, down 12% from the leverage ratio on December 2012, explained by the better operational performance. In Brazilian real, this leverage ratio stood at 3.09x. At the end of December, the average debt term was approximately 15 years. Considering only the dollar-denominated portion of the debt, the average term was around 21 years.

Only 7% of the Company's total debt matures in 2014, and its high liquidity ensures that its cash and cash equivalents cover the payment of obligations maturing over the next 32 months. Considering the stand-by credit facilities as well, this coverage increases to 35 months.

Aligned with its debt-lengthening strategy, Braskem issued US\$500 million in bonds due in February 2024. The proceeds were used exclusively in an offering to repurchase shorter-term bonds.

Let's go now to slide 9. This slide shows CAPEX in fiscal year 2014 and the outlook for expenditures in 2014. Maintaining its commitment to making investments with returns above the cost of capital, Braskem invested R\$2.7 billion in 2013. Of this total, 40% or around R\$1 billion went to the Mexico project.

The deviation from the amount initially planned for 2013 is explained by the Mexico project. The main factors were the anticipation of part of the disbursements with the arrival and assembly of large equipment on the site; the delay by the Mexican government in the process of refunding the value-added tax levied on equipment purchases; and the effects of exchange variation on the translation of amounts invested in U.S. Dollar into Brazilian real.

It is important to emphasize, however, that Braskem continues to be committed with its financial discipline, and this deviation does not reflect in an increase of cost in the project's total investment. The Company also invested R\$1.4 billion in maintenance in order to keep its assets operating at high levels of operating efficiency and reliability.

For 2014, Braskem's investments are estimated at R\$2.7 billion. Of this amount, approximately 25% will go to the Mexico project; and around 60% will be allocated to the maintenance, productivity improvements and reliability of its assets, including the scheduled maintenance shutdowns at the Rio Grande do Sul and São Paulo crackers. The remainder will go to other strategic projects, being the Comperj project the main one of them.

Let's go to the next slide, please. Slide 10 covers the global petrochemical industry and its outlook. In the 4Q, petrochemical spreads in the international market remained at high levels, reflecting the recovery in mature economies and the scheduled and unscheduled shutdowns worldwide.

In the short term, we expect spreads to maintain their current trend. The harsh winter pressured feedstock prices in the United States and petrochemical prices have followed this trend. Scheduled maintenance shutdowns and expectations of a stronger demand, at the global level, are also positive factors for this scenario.

For 2014, the outlook is that the world economic growth, driven by stronger growth in developed economies, continues to positively influence the demand and petrochemical industry profitability.

Risk factors are still associated with geopolitical issues in the Persian Gulf region and their impact on the dynamics of oil prices and consequently on naphtha prices. The growth in U.S. Oil production will also be an important factor in this dynamic.

In Brazil, 2014 forecast is of a weaker domestic consumption due to the lower availability of credit and the uncertain political scenario; which may impact the demand for petrochemicals.

For the mid to long term, the outlook for the petrochemical industry calls for a gradual recovery in international spreads, reflecting the better global scenario. Uncertainty with regard to the timing of the startup of some projects already announced continues to be a favorable lever for the recovery in sectors' profitability.

We expect the new gas-based projects announced in the United States to start up as of 2017, which should resume pressure on the global petrochemical profitability. However, it is important to note that this new capacity is not expected to change the pricing dynamics, which will continue to use naphtha as its main feedstock.

Let's go to the last slide, please. On this last slide, we present the main areas management is currently focusing on. As explained on the last slide, expectations for 2014 points that global economy will continue in recovery. However, the scenario is still fragile and a lower growth may affect the demand for petrochemicals, impacting sector's profitability.

In this context, Braskem's strategy remains focused on strengthening its business and making it more competitive, while optimizing the management of its fixed and variable costs.

The Company has invested in projects to diversify its feedstock matrix and improve its competitiveness in the global cost curve by (i) building the integrated petrochemical complex in Mexico to produce polyethylene; (ii) analyzing the construction of the new petrochemical complex in Rio de Janeiro - Comperj; (iii) and analyzing opportunities in the U.S. Market arising from the availability of shale gas.

Braskem also remains focused on its partnerships with clients, which has supported a recovery in its market share; investments in innovation, with the development of new applications and efforts to support the growth of the plastics manufacturing industry; its continuous pursuit of higher operating efficiency by increasing its capacity utilization rates; the closing of the acquisition of controlling interest in Solvay Indupa; and all this without losing sight of maintaining the Company's financial health and cost discipline.

That concludes today's presentation, so let's go now to the question and answer session.

Denis Parisien, Deutsche Bank:

Good morning. Thank you very much for the call. I am wondering if you could quantify for us the impact on EBITDA of the PIS/Cofins tax break on raw material cost in the 4Q, and how much was it in the 3Q? You mentioned this as being a contributor to EBITDA. Maybe I missed that, I do not know if you have that in the slide that explains EBITDA, if it was there, sorry. I did not see any quantification of it in the press release. And I have another question after that.

Carlos Fadigas:

Hi, Denis. The impact of the reduction in taxes on raw materials, PIS/Cofins tax in raw materials in the year was roughly R\$600 million. You can consider that half of that was in the last quarter of the year. So, basically half in half in the last two quarters of the year. It started in May but it took some time for it to hit the income statement because it goes into inventory and so on. So pretty much half in the 3Q13 and half in the 4Q13, that is somehow what we should be expecting for 2014 as well.

Denis Parisien:

Great, thank you. That was really helpful. My other question is the surge in imports that you faced in the 4Q due to the expiration of the tariff. I was a little bit surprised by that considering that the Real obviously is at a much more competitive level than it has been in the previous couple of years, as your previous press release had talked about regaining market share versus imports. You have that tax break on raw materials as it obviously makes the company or the country more competitive, and yet the lowering of the tariff from whatever I guess with its special rate 20% back down to 12% caused the surge in imports. And I mean that tariff has been remained at the new lower level. So, that sounds like a little bit of a concern, you still are having severe import competition unless you get a special higher tariff, what does that tell us about your cost competitiveness or can you give us a little bit of color on year-over-year, quarter-over-quarter market share in that product and what you expect going forward? Maybe just address it on a broad scale, your competitiveness vis-à-vis imports?

Carlos Fadigas:

Denis, let me address your concern. First point is that, as you mentioned, we had import tariff that moved up from 14 to 20 on October of 2012 and came back from 20, back to 14

on October 2013. Because of that, the surge in imports was actually a delay from imports from the 3Q into the 4Q. So, whoever wanted to import polyethylene, there was an incentive to wait to see the tariff came back from 20 to 14. So, we saw some imports that most likely would have entered the market in the 3Q that actually entered the market in the 4Q because of that.

So, when you see the market share of Braskem, yes, it came back from 70% to 68% in overall of the market share, comparing 2012, 70%, with 2013, 68%. It is not a diametric change. I do not expect imports to keep moving up because of the return to 14. We have been living with 14 or more than 10 years. Naturally, the other half is 20, but we have been living with 14 for 10 years, and the interest rate that you mention and all the other things have helped us, you also have to bear in mind that we have prices here that we align with international prices constantly. So, whenever interest rates grow up, we can either hold a little bit and work on increasing the market share, or we can raise them to international parity and therefore it has a bit of impact in margins.

Trying to summarize what I am telling you, it is not a new trend in terms of high end imported polyethylene. It is delay from the 3Q to 4Q. All these things are mentioned in terms of benefit to raw material, the real influence in all the sectors when we decide our price strategy, and our price strategy is defined with an eye on the market share and another one in the margin we want to have.

So, that is how we are going to be managing mix and I do not see any significant change in the competitive landscape that should point to a constant decline in market share from Braskem, but it is a constant process in terms of the pure management needs month-by-month monitoring imports. When 2017 comes, I think that overall international spread of polyethylene may change because of new capacity, I think we are going to have plenty of time to discuss that between now and then, but we are also working here on other long-term strategies to increase competitiveness of Braskem when that time comes. I hope I have answered at least part of your question.

Denis Parisien:

That is very helpful. Thank you very much. Last question, if I may, the credit lines that that Daniel mentioned several times during the presentation, are any of them committed to credit lines? Is there a credit fee for any of them?

Mario Augusto Da Silva:

Hi, Denis. Good to talk to you again. We do keep it, we have R\$3.6 billion of cash position and on top of that, given the cost of keeping cash in the Company, we do have R\$1.8 billion of committed credit line at a very low cost in terms of commitment fees associated with that. It is better to have those committed lines rather than having cash where you can have a strong negative carry on that cash position. So, there is no net cost on those credit lines, no net cost and we can have access to those credit lines at any point.

Denis Parisien:

Excellent. Thank you very much.

Andres Portilla, GBM:

Hello. Thank you for the call. I wanted to ask you about the increase in naphtha prices from Petrobras. I wanted to know if it is going to materialize and, if so, how much will it

increase in terms of percentage? I know the original plan was to raise the prices 0.5% but I would like to know if you have an advance on these matters?

Carlos Fadigas:

Hi, Andres, thank you for your participation in the call. First of all, I cannot talk much about the negotiations, they are sensitive topics and some of the conditions discussed are also relevant to competitors of Braskem, so, if you allow me, I will not be able to address some of your points.

The only point I would like to make is, first of all, the 5% you mentioned; it is an information that came from the press that was an assumption made by the press. But I cannot, again, comment whether it is right or wrong but it is not a number that came from the Company management. What I can also tell you is that the way we see it there is no space – for sure no space for additional cost for the segment, and I mentioned that because, as you know, we face competition for shale gas in the United States, the price of producing polyethylene from gas is much, much lower than producing from – it is actually some US\$800,000 to US\$900,000 per ton lower than producing from naphtha, and also the Brazilian chemical sector has a huge trade debt on its commercial balance.

So, we have reached a record US\$32 billion debt in terms of trade balance of the chemical sector in Brazil. Roughly, 1/3 of the chemical products market in Brazil is already in the hands of imported products, all kinds of products. And I mentioned the chemical, not only resin, because Braskem runs three raw material plants in Brazil, one in Bahia, one in Rio Grande do Sul, and one in São Paulo. They all work with naphtha. And from that plant, we source hundreds of different industrial plants from the chemical segment in Brazil. So, be it because of the trade debt, be it because of the shale gas in the United States for raising raw material prices in Brazil, and that is our main focus on the discussion with Petrobras. So, that is what I can comment, that is what I can mention to you. I apologize if I cannot go into more details.

Andres Portilla:

OK. It is perfect. Thank you very much.

Marcus Sequeira, Deutsche Bank:

Hi, good morning, everyone. I have two questions; sorry if they already have been asked, but if you look at the key mine numbers, they point out to a gradual perhaps decline in spreads throughout 2014. So, I was wondering if you guys see the same trends?

And also the second question is that, you know, given how the macroeconomic activity in Brazil has been and the expectations for this year, how do you see passing through prices and passing through Real devaluation into prices? Thanks.

Carlos Fadigas:

Hi, Marc, thanks for the question. The number we have got from international consultants, if we talk about flat, if we talk about GMI, now called IHS, at least they point to an increase in spreads. But leaving the consultants aside, let me tell you our perspectives, the way we see it is spreads, both for petrochemicals and resins in 2014, we believe they are going to stay – naturally that will depend on economic environment, but based on the economic environment we see right now, we see them staying around what we saw in the 2H13.

Therefore, on average we see better spreads in 2014 when compared to the whole year of 2013. So, that is our expectations for spreads going forward.

Regarding prices in Brazil, pass through was of devaluation of Real. First of all, we have to do that; that is how this segment has been giving us prices for the last 20 years. I know that is not your question, but it is just to put into perspective. That is how it has been done and that is how it is done with our raw materials. So, it happens both ways; we have reduced price last year, when the international price fell, and naturally it is going to go up. When the prices go up, we have to realign.

It takes a few months, I would say that in some cases it may take us from two to four months in tougher economic environment, it may take us from three to four months to adapt prices, but they end up being passed through. We do that in a slower pace. It is automatic in our raw materials, but we do that on a slower pace to our customers because we know this takes time to push back when we try to pass through that to the industry we serve, be it food and beverage or whatever.

There is not a relevant price increase to pass through at this point where we are, here, mid-February. Actually it has stopped growing up; we have now 2.39, we finished last year at 2.34, so there is not a relevant price exchange rate to be passed through. It is hard to forecast the exchange rate going forward, but if they move up, and actually we hope they move up to the benefit of Brazilian industry and its competitiveness, but in the event it goes up we, at the end of the day, have to pass it through; I do not know, it is going to take something between two and 10 months in the end until it will be passed through naturally.

Marcus Sequeira:

If I could just follow up on a question asked by another participant. When you talk about the industry cannot absorb higher costs, higher raw material costs, but today when you look at the naphtha that you import independently and the naphtha that you buy from Petrobras, what is the price differential between those two products? I know there is a differential due to quality of Brazilian naphtha, but if you could put apples-to-apples, what is the price differential?

Carlos Fadigas:

OK. That is a very good question, Marc. First of all, we have to go back to one thing that we mentioned, what we call naphtha seems to be a pretty standard thing. There is a lot in terms of composition, and this difference is now even more important because of the aromatics content of the naphtha, to produce aromatics like benzene, toluene, xylenes, as the United States has already moved from naphtha, today they are not able to produce some of these aromatics and this has increased the price of aromatics. Therefore, a naphtha with a higher content of heavier, longer product chains has more value. That is why we call the same thing that has difference among them.

Having said that, I, again, will not be able to go into details in terms of price of naphtha, we have also taken into consideration several other factors, alternative use of this naphtha for Petrobras; over several years Petrobras has been long in naphtha and has exported, now it is in a different position and we do not know exactly what would be the long-term trend with Petrobras, if they are going to be a naphtha exporter, they are not importers. So, that is another thing; they have to take into consideration what is the alternative for them and so on. Again, just like with the question asked by Andres, there are some issues that are associated with our raw material contracts, be it with Petrobras, with PDVESA,

with Sonatrack, with another plant that are very relevant competitors and, therefore, I will not be able to go into detail, I apologize for that.

Marcus Sequeira:

That is perfect. Thank you very much.

Cris Buck, Barclays:

Yes, good morning. Thanks. I was hoping to follow up on the tax question and was wondering, you indicated that there was about R\$300 million impact in the quarter, and I was wondering if you could help us figure out where that is embedded in slide six and where is that in the contribution margin. And if you could also help us what else is in that margin and why it was so much lower in the 4Q when you had a very large benefit of R\$965 million on the year?

Carlos Fadigas:

Cris, if you go back to slide six, that we mentioned, it compares the 4Q12 with the 4Q13. Yes, the number of it, on average for the end of last year and for this year is roughly R\$300 million. This is considered both in volume and margin contribution, it is not on the other bar, so it is both of that. So, when you have R\$43 million and R\$83 million from both volume and margin contribution, it more in margin contribution than in volume, and naturally in volume, the volume we got from Dow, it has a benefit, so a piece of that is there.

What we also had in the 4Q that is offset, partially, is margin contribution, that is why you do not see the R\$200 million, R\$300 million, there is an increase in naphtha price when you compare one quarter to the other, and that also reflects the fact that we buy naphtha on a last three months average to write naphtha cost as being part of the margin contribution that is there.

On top of that, we also had debt, and when I say debt I am talking about PE and PP that we use in the cracker we have in the State of Rio de Janeiro, so when we see this increase in raw material, it has impacted the contribution margin each of the flows we have in slide six. So, I do not know if that answers your question.

I think Cris has left already, no longer is able to talk. So, that is the answer, that is where the R\$300 million per quarter shows up in slide six, and our expectation for 2014 is to have a similar impact in all those quarters of the year. Thank you.

Cris Buck:

Sorry, I seem to get cut off there. That was helpful on the margin issue; can you give us some guidance for margins in 2014? There was obviously a lot of volatility between the 15% margin in the 3Q and the lower margins in the 4Q. So, where should we expect things to be moving forward?

Carlos Fadigas:

OK. Cris, I will avoid talking about p.p. and specifically EBITDA margin, I am talking about the fundamentals. A quick comment on the 3Q, we had on the 3Q a benefit of the lag of the naphtha contract, the three months lag we had rising naphtha and petrochemical prices. So, in the 3Q we had, this quarter, we had higher base petrochemical products

that we sell and still had the lag two months lower naphtha prices. So, that is why you see the volatility quarter over quarter because of this lag.

Talking about the fundamentals into 2014, one important thing is the exchange rate. Even if you follow Braskem's EBITDA on those products, you have to bear in mind that we have costs that are Reais denominated, they are local currency denominated, mainly our salaries are in Brazil and the maintenance cost is in Brazil and so on. Our naphtha and gas prices are associated with USD, but some portion of our costs are Reais denominated, naturally when we express them in USD, they are going to have a smaller amount when it is expressed in USD. So therefore even if you follow Braskem EBITDA on USD, the depreciation of the Real is a positive effect.

The second important point is market, we do believe that we are going to have a growth, not a big growth but something around 3% on revenue demand into 2014. I am talking about the Brazilian market. In the US, where we have the polypropylene operations, we also see a positive trend with US growing between 2.5% and 3%, and that should also help our sales in the US.

In terms of volume, a positive impact. In terms of spreads, in terms of petrochemical margins, we see margins in the 2H13, so when you compare the overall year 2014 with the overall year of 2013, we expect to have a better margin, a slightly better margin in that comparison. We have seen positive trends there for 2014 and I hope it translates into a better performance for Braskem as well.

Cris Buck:

Right, that is helpful. So, it sounds like we should expect maybe marginally higher margins in 2014 than 2013?

Carlos Fadigas:

Exactly that.

Cris Buck:

OK, great. And a final question from me, just wondering how your discussion is going with the rating agencies, if you guys expect to be pulled off of negative watch at this point, that was certainly the indication you gave us in the last call. So, I am just wondering any update there.

Mario Augusto da Silva:

Hi, Cris. Yes, we keep working with the rating agencies to remove the negative outlook that we have. Just remember, on some imports we do have a stable outlook, on future moves we have a negative outlook. The position on the rating agency side, they want to see a little bit more of strength, the operational results. And if we have a good 1Q, we are going to keep working with them to remove the negative outlook as soon as possible.

One more detail for you is that if you take a look in the release, the last release from Fitch, they say that "If this scenario materializes in 2013, the Company's rating outlook should be revised to stable". So, for the first time they opened a window to remove the negative outlook.

Cris Buck:

Great. Thanks very much.

Mario Epelbaum, Tree Capital:

Hi, everybody. Again, I apologize if someone asked this question, but I have two questions. First, could you update on the development of the Mexico project? If you could tell us when you are looking for the start date. And if you could also tell us if the net debt that you mentioned in the presentation, does that include your portion of the debt associated with the projects, or is that separate?

Carlos Fadigas:

Hi, Mario. The Mexican project, as you know, is under construction. We finished last year, the year 2013 with 58% completion out of the EPC; engineering, procurement, and construction. At this point, the best forecast we have for the end of 2014 is roughly 85% completion on the EPC. So, it is progressing well. We have already US\$2 billion that the banks have lent us through disbursements that add up to US\$2 billion. So, the banks are fully committed to the project as well.

And startup date is still around the 3Q15. So, it is progressing well, a lot of work. Mexicans seems quite busy there, roughly 10,000 workers at the construction site. And, as I mentioned, it is progressing. We have also already started pre-marketing activities. We already have a commercial team and we have already started relationship with several Mexican customers. It is progressing smoothly. I would say that from here, but I am sure that the team in Mexico is working very hard, it is progressing according to forecast. I will pass to Mario to comment on your question on net debt.

Mario Augusto da Silva:

Hi, Mario. Just to comment that the numbers that we show in the presentation, they do not include the project finance from Mexico. You should remember that it is a limited required project finance within Mexico; we do have partners on the project level. BSA is our partner there, they have 25%. So those numbers, they do not include the project finance from Mexico.

Mario Epelbaum:

Thank you.

Denis Parisien, Deutsche Bank:

Hi, thanks for taking my follow up. Could you tell us some color on how we should think about the Solvay Indupa bid? Could you remind us, please, what the last bid was in total USD value including assumed debt, and give us some color as to timelines, roadmap, how we should think about where that call might end up?

Carlos Fadigas:

OK, Denis. Going back to the Solvay Indupa numbers, so enterprise value for Solvay Indupa, US\$290 million. Excluding debt, equity value is US\$35 million. 70% of that is the amount to be paid plus minor adjustments through the controlling shareholders, the total group. Up to 30% of that should be paid to the minority shareholders. The minority

shareholders have 30% of the equity value. So, these base calculations at the same share price would have given the minority shareholders roughly US\$10 million. We have offered P\$0.53. We actually have agreed to buy the controlling shareholders at the level of P\$0.53 per share. Due to the Argentinean laws, the offer we made to the minority shareholders was PS\$1.35 per share that we offered that the local capital market authorities have asked us to review and to change. We are working on the index right now.

The amount that we will be disbursed by Braskem depends on two things, first of all net with the share price we will end up offering, and the amount of shareholders that will accept this price. At this point, we do not know yet what will be the reaction of the market but we are not targeting to buy all the shareholders back. What I am trying to say is that it is not an offer to close the capital, to delist the Solvay Indupa; it is merely an offer that is associated with the – not authority, but it is associated with the change in control. So that is the basic math of this offer. I hope it is helpful.

Denis Parisien:

Sure. For the potential increase in price applies only to the minorities?

Carlos Fadigas:

Yes, exactly. And to those...

Denis Parisien:

And those that participate – so we are talking about a relatively small amount of money relative to the all-in US\$290 million?

Carlos Fadigas:

Yes. Naturally, we are going to be very cautious here on spending Braskem's shareholders' money, but I tend to agree with your comments.

Denis Parisien:

Sure. And who would be the best person to talk to offline later on today about line-by-line details of the quantiQ numbers going in and out of de-consolidating and reconsolidating and all that? Would that be Mario or should I go to IR, or who would be the best person to talk to about that offline?

Roberta Varella:

Hi Denis, we have a team that is dedicated to the fixed income market. You can talk with Marina Dalben, I will drop you an email. You can contact her, she will give you all the explanations.

Denis Parisien:

Yeah, it is OK. I know how to get a hold of Marina; that is perfect. Thanks very much.

Alex Terd, Wells Fargo Bank:

Hi guys. I have two questions today. The first one, just explaining here on the Solvay Indupa question that you just had. Can you talk a little bit more about the analysis behind the acquisition, especially with the current issues in Argentina right now and the way how you see how we could expect to put money in Argentina and eventually take money out of Argentina with the trading commissions. Is that an issue and I am assuming you have done some analysis on that too. And then I have a second question.

Carlos Fadigas:

OK, Alex. I want to address your comment about valuation and so on. First of all, regardless of the economic environment in Argentina right now, we believe that we have that reflected in the price we are paying for the asset. So just to follow with the decision made in the U.S., it is been a few years since we bought Sunoco. But I assure you, we had seen a pressure at that point in the U.S., since the economic crisis when we bought the polypropylene business of Sunoco, it was really a question about administering that challenge at that point. And we said that the challenging economic environment and challenging situation for PP business in the U.S. was fully reflected in the price we paid for these assets. So, if you consider the last 12 months EBITDA for these assets, there is roughly US\$75 million, and you can compare that with the US\$290 million we paid for the asset, we find a multiple that, in my view, fully reflects economic situation, both in Argentina and in Brazil. I would not like to should be critics of the situation in Argentina.

Regarding getting all that money out of Argentina, we are following the current discussions and the situation with the National Reserve. But you have to put things in perspective. First of all, Brazil is a huge trade partner of Argentina. Argentina has always been a relevant market for Brazil. It is the same trade agreement area, called MERCOSUL, as Brazil. It is almost a domestic market for the sales of both polyethylene and polypropylene we sell from Brazil into Argentina, and will be just because of simple geography. Argentina will remain a very relevant partner for Braskem. So, we agree on a long-term industry that is also have to keep a perspective of a longer-term perspective.

So, to wrap up what I am telling you is that we have been present there for more than 20 years selling resin. We will be present there for the next 20 years, most likely, selling resin, and now operating these two plants there. The economic environment, be it translated to growth rates, inflation, or wherever, it is fully reflected in the price.

And finally I would like to mention that any depreciation on the local currency, I made the same comment about Brazil in the previous question that was asked about exchange rates in Brazil. The depreciation of local currency in Argentina will only add to the competitiveness of the local industry, because it will reduce the Peso-denominated costs that the operation in Argentina has. So, all in all, I still see that as a very positive acquisition for Braskem and maybe I should have also mentioned that there is an additional plant in Brazil and PVC is a very relevant resin, both for Braskem and for the region we will see growth in infrastructure and construction in Brazil. That was the rationale behind the decision.

Alex Terd:

Well, thank you for that. I understood. My second question that I have is more related to U.S. and Europe. It appears to me there is evolution in terms of diversification of those two places as a percentage of your total revenues, based on 52% in 2012 to 70% in 2013. So, can you talk a little bit about what to expect going forward for those two regions

carving out the West Virginia project, so more on an organic basis, especially knowing that the peak prices have stabilized a little bit in the region?

Carlos Fadigas:

OK. Leaving aside the project in West Virginia and also leaving aside Mexico, and focusing on the United States and Europe. The focus in Europe right now is to increase margins as the economic environment improves. We do not have any plans to increase capacity there, naturally. It is not only us; we have not seen investments locally in Europe because of the economic environment. We also use European operations to support exports from Brazil. So, going forward, we are naturally trying to be improving our personal portfolio in Europe, as we have done over the last four years in the U.S. And we are going to be supporting these costs from Brazil, so I do not see material change in the profitability of the European business we have right now. If that happens, that will come from marginal improvement in the economic environment. In the U.S. we have a bigger focus in the U.S.

We have always said that our focus of growth is mainly in the Americas, part of that through greenfields, and that is the case of Mexico and assets in West Virginia, and part of that through eventual M&A. That is how we bought the two businesses, polypropylene business from both Sunoco and Dow. In the U.S., we are working very hard to reduce cost of raw material and we have been successful in doing that. We bought the splitters from Sunoco when they shut down the refinery in MERCOSUL. And that has allowed us to buy refinery grade propylene to keep the raw material then polymer grade propylene. We have also increased a number of supplies in Texas, where we have three plants, that have reduced our cost of raw material there. And going forward, we are going to be buying propylene from propane. We have an agreement with Enterprise in the U.S., we are building right now a propane dehydrogenation to supply Braskem propylene from propane, and we have what we call producer economics in the sense they are going to be buying propene at the price of propane plus the cost of dehydrogenation that we add to the competitiveness. The dehydrogenation plant will start operating at the end of next year. So the focus in the United States, right now, on polypropylene is reducing the cost of propene and improving the spread of the business. It is going well so far and should improve significantly at the end of next year, when we have the propane dehydrogenation PDH running.

On the commercial side, we have been focused on forming segment compounds for the automotive segment, we have the higher market share. Sales in the compounded industry in the United States. We have been focusing also on this packaging that came with the PP business we bought from Dow Chemicals that is going well. And we are also focused on industrial segment and on non-woven, and there we have also relevant market share.

So, commercial side is doing well. On the raw material side we have made some progress and hope to make bigger progress in the future with the PDH. So, that is the strategy behind these two assets. We would also like to leave aside West Virginia, but let us bring now back both Mexico and assets in West Virginia into the picture. We do expect to capture synergies when we have a bigger presence in North America. We have 1.5 million tons of polypropylene right now. We are going to have an additional 1 million tons of polyethylene from Mexico, and something similar to that from naphta, so with a bigger presence we are hoping to capture synergies not only on the cost side, administrative synergies, but also on the revenue side, as we have a lot of polypropylene customers that are willing to buy polyethylene from us and looking forward for us to have this capacity run in Mexico. So, that is the overall strategy.

Alex Terd:

I appreciate that, thanks.

Operator:

I will turn it over to the Company for closing remarks.

Carlos Fadigas:

Well, thank you all for participating in the call. The year 2013 was naturally a better year for Braskem when compared to the two previous years, both 2011 and 2012 that were tough years for the petrochemical segment and for Braskem in particular. We are glad we have increased EBITDA by 10% in the quarter and by 20% in Brazilian Reais. As we did that, we also kept a focus on growing the Company and building a bit of presence in gas, and that applies to the Mexican project that reached 58% completion at the end of 2013.

It is too early in terms of the discussion with Petrobras for the Comperj project where we reached an agreement, as we have this project, the projects run with gas and also with the assets for that came from a much more abstract objective to a much more practical objective this year, so we have a better understanding on the gas price. In order to do so, we have identified an industrial site for the project and so on.

So, trying to focus both on raising profitability of plant operation and also building green field and acquisitions, in the case of Solvay, to grow Braskem and making it more profitable as we move forward. We hope that we have a better year in 2014. We are pretty much focused also on reducing costs in Brazil, naphtha discussion with Petrobras, and also focused on keeping growing the projects we have, Mexico, Comperj, and also implementing the acquisition of Solvay.

So thanks again. And I wish you all have a good evening. Bye, bye.

Operator:

Thank you. This concludes today's Braskem's yearend conference call. You may disconnect your lines at this time.

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