

The Braskem logo is displayed in a white, bold, sans-serif font. The letter 'B' is stylized with a square cutout on its left side. The background of the slide is a dark blue and green space-themed image with a yellow vertical pipe, glowing CO2 molecules, a periodic table, and a scientist silhouette.

New ways to look at the world

# Meeting with Investors

## 2Q11 Results

Carlos Fadigas  
*CEO*

Marcela Drehmer  
*CFO*

São Paulo, August 16, 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.

---

The forward-looking statements in this presentation are valid only on the date they are made (June 30, 2010) and the Company does not assume any obligation to update them in light of new information or future developments.

---

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

# Agenda

- ▶ 2Q11 Results

---

- ▶ Growth and Value Creation

---

- ▶ The Petrochemical Industry

---

- ▶ Outlook and Priorities

---

# Agenda

- ▶ **2Q11 Results**

---

- ▶ Growth and Value Creation

---

- ▶ The Petrochemical Industry

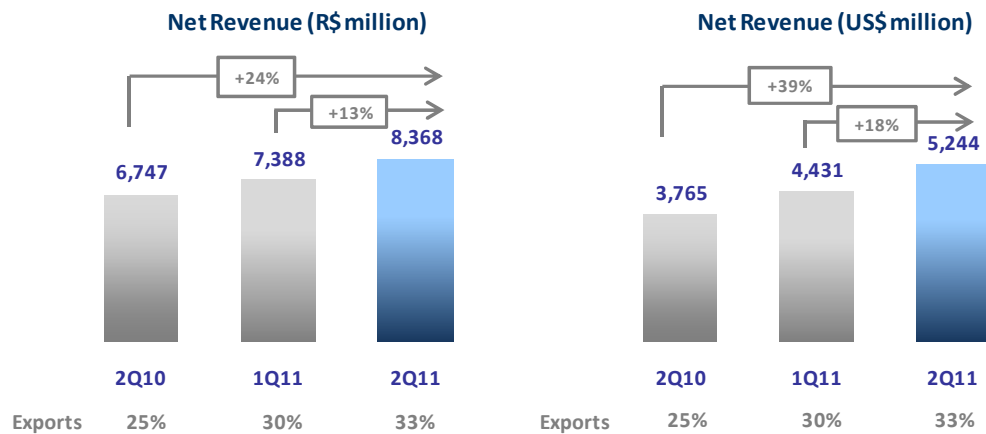
---

- ▶ Outlook and Priorities

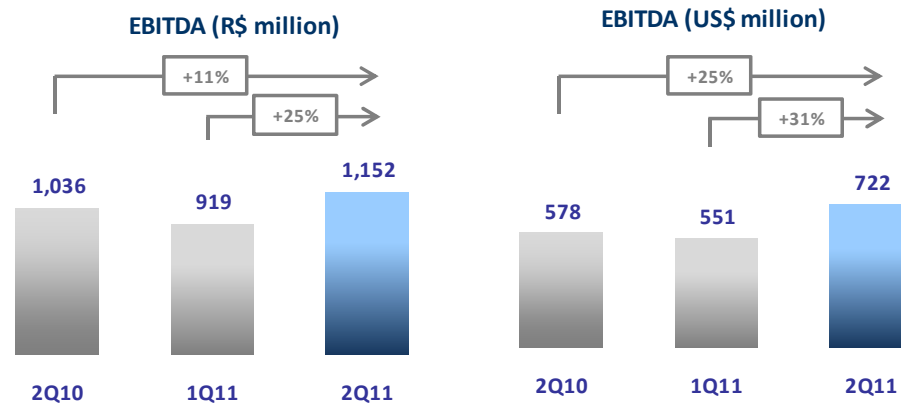
---

# 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.

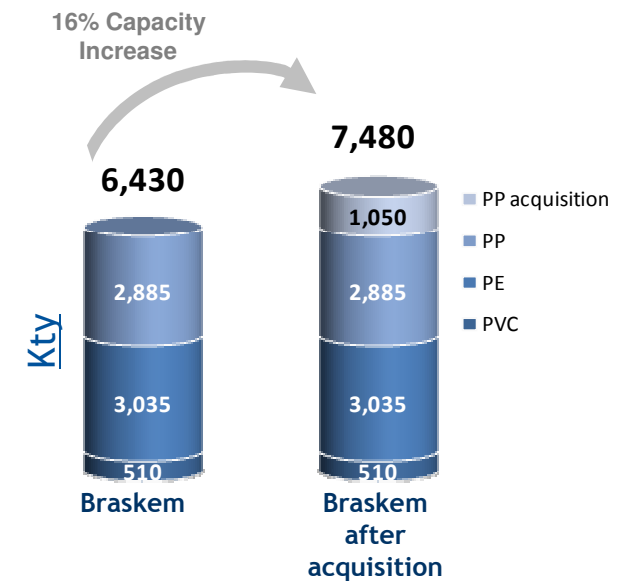


- ▶ **Record EBITDA** of **R\$1.2 billion** in 2Q11, up 25% when compared to prior quarter, supported by the higher contribution margin in the period. **Record USD EBITDA** of **US\$722 million** in **2Q11** and **LTM EBITDA** of **US\$2.5 billion**.



# Highlights

- ▶ Braskem remains committed to maintaining its financial solidity:
  - ▶ **Net Debt/EBITDA** ratio maintained its downward trend to reach **2.30x**
  - ▶ **New market 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.**
  - ▶ Another line of **stand-by loan** hired, in August, in the amount of **US\$250 million** with even better conditions than the one already held in 06/30/11.
- ▶ **Synergies** from Quattor acquisition **totaled R\$163 million** in annual and recurring EBITDA in 1H11.
- ▶ Conclusion of the 1<sup>st</sup> maintenance shutdown of Rio de Janeiro's cracker on time and at expected cost
- ▶ Braskem **awarded by Você S/A magazine** as one of the best companies where to start a career
- ▶ Braskem selected by the Brazilian Association of Publicly Traded Companies (Abrasca) as the **company that most created value in 2011**.
- ▶ **Acquisition** of Dow's Polypropylene business for **US\$323 million**

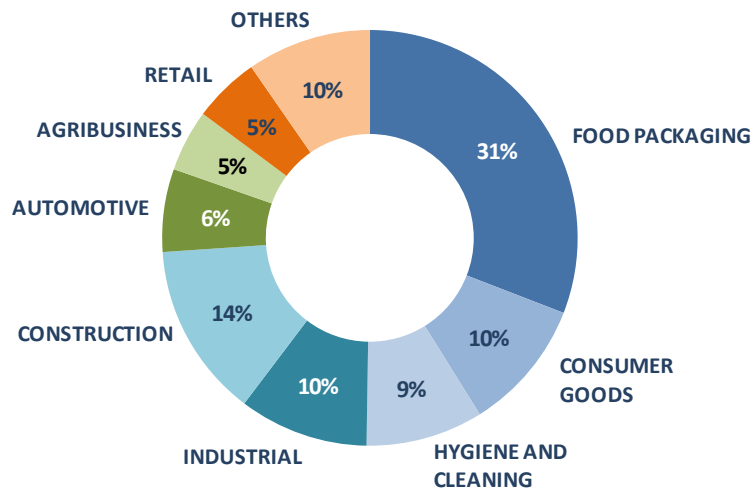


# Domestic Market Performance

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

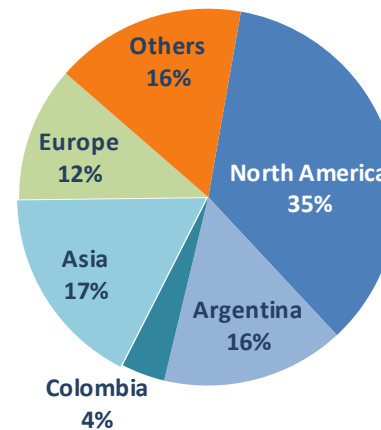
- ▶ Origin of Imports in 2Q11

- ▶ Braskem's Sales Profile – 2Q11

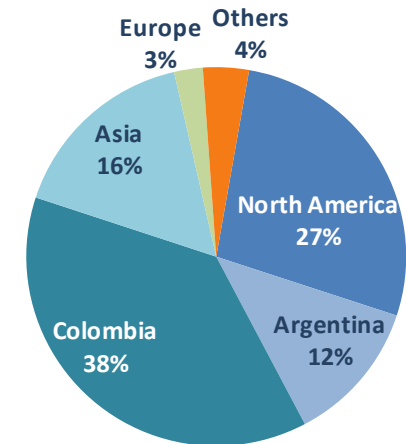


✓ Stronger performance on Consumer Goods and Construction segments

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

# Innovating to better serve the Client

## ► New applications



**New polypropylene cap  
Partnership with Grupo Boticário**

*The differential of this application was the high degree of transparency of the resin, developed in partnership with the client.*



**Caps made from green PE  
Partnership between Braskem, Tetra Pak and  
Nestlé Brasil**

*The new caps made from green PE reinforces the Company's commitment to serving its Clients with innovation and sustainability.*



**PE for the production of geomembranes**

*Geomembranes are considered the most efficient product for containing waste and protecting the soil from liquids. This new PE anticipates the trend of stricter requirements requiring their use.*

## ► Strengthening the plastics production chain



**VISIO Braskem**

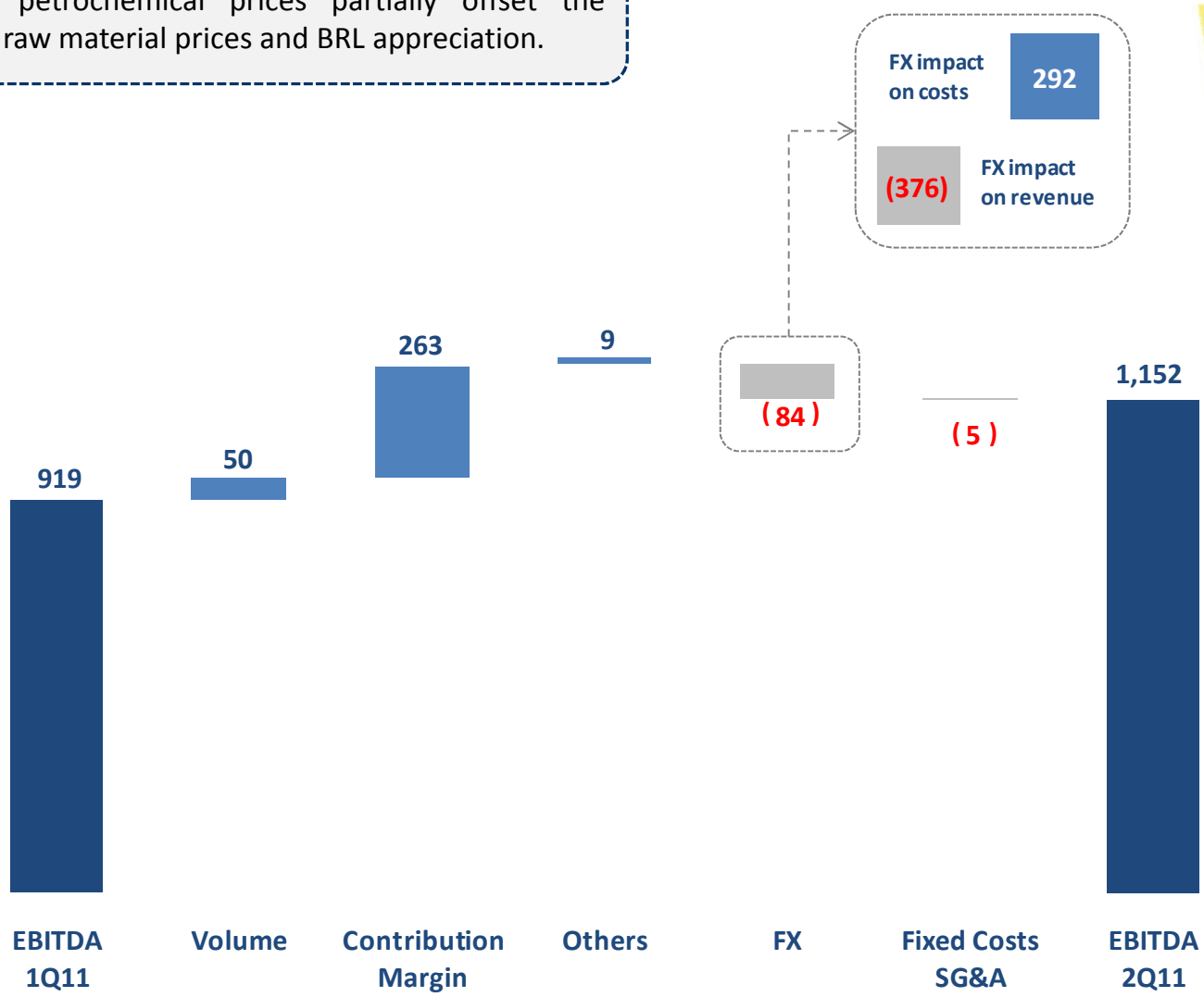
### Serve with Value:

- ✓ Supporting the individual development of each client
- ✓ Boosting clients' competitiveness, while ensuring sustainable growth
- ✓ Strengthening Brazil's plastics production chain

# EBITDA Performance: 2Q11 *versus* 1Q11

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

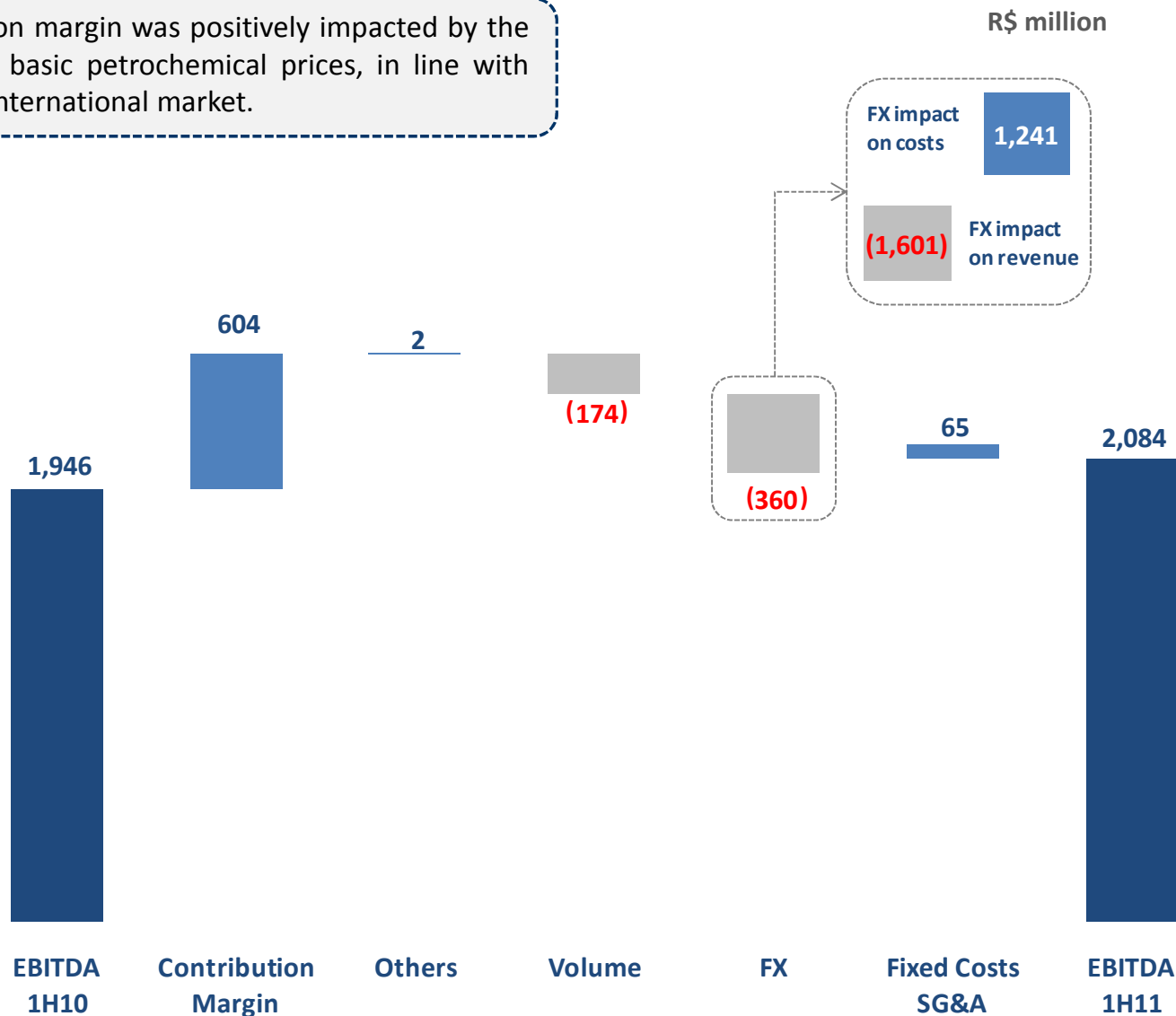
R\$ million



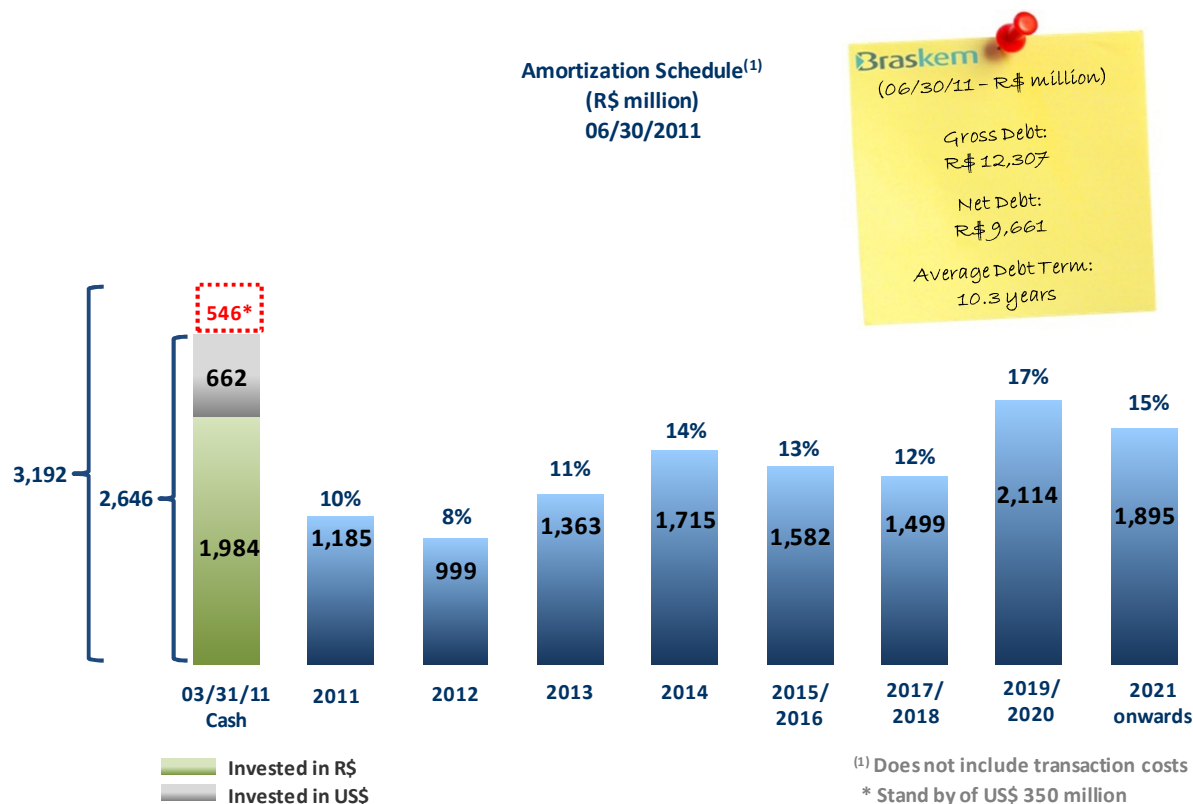
**Braskem**  
 Braskem registered record-high EBITDA of R\$1,152 million

# EBITDA Performance: 1H11 versus 1H10

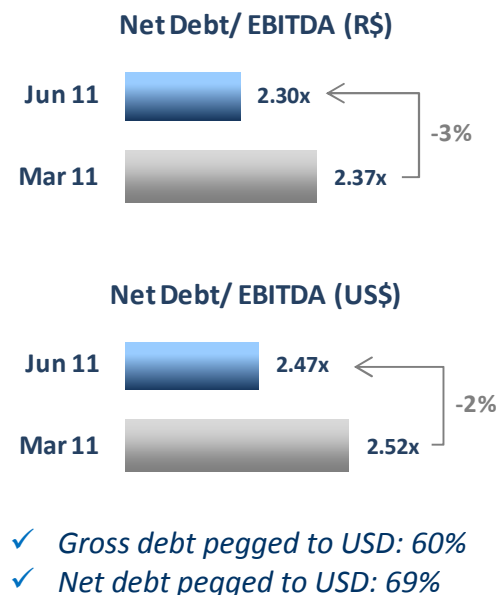
✓ The contribution margin was positively impacted by the higher resin and basic petrochemical prices, in line with the trend in the international market.



# Reduction in leverage reaffirms Braskem's strategy



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.

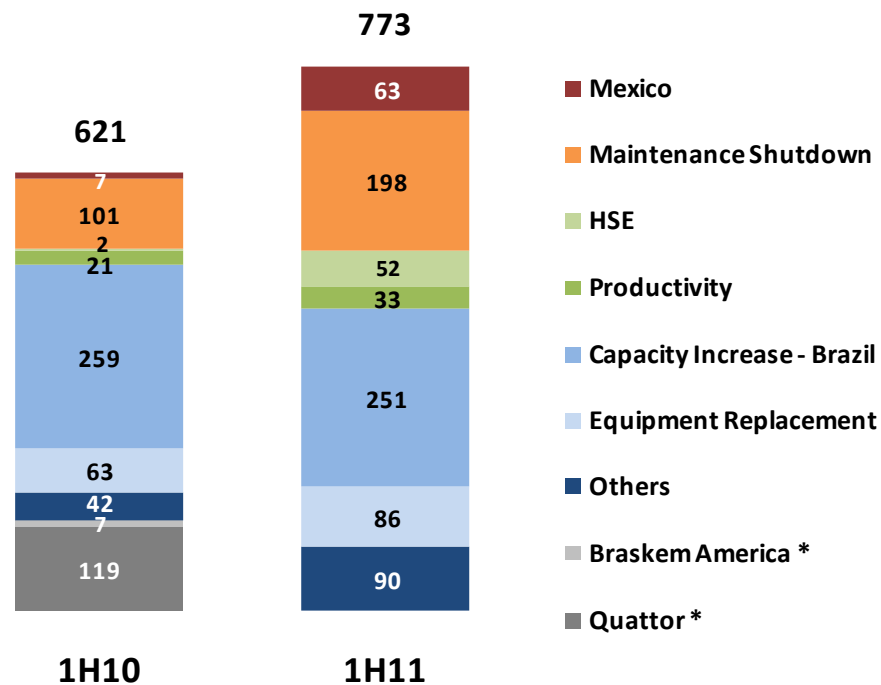


Corporate Credit Rating			
Agency	Rating	Outlook	Date
<b>Global Scale</b>			
Moody's	Baa3	Stable	3/31/2011
S&P	BBB-	Stable	3/30/2011
Fitch	BB+	Positive	1/11/2011
<b>National Scale</b>			
Moody's	Aa2.br	Stable	3/31/2011
S&P	brAAA	Stable	3/30/2011
Fitch	AA (bra)	Positive	1/11/2011

# Investments totaled R\$773 million in 1H11

✓ Investments in **1H11** totaled **R\$773 million**, up 24% than the R\$621 million invested in 1H10. The most of this amount was invested in capacity expansion projects and on scheduled maintenance shutdowns.

Investments  
(R\$ million)



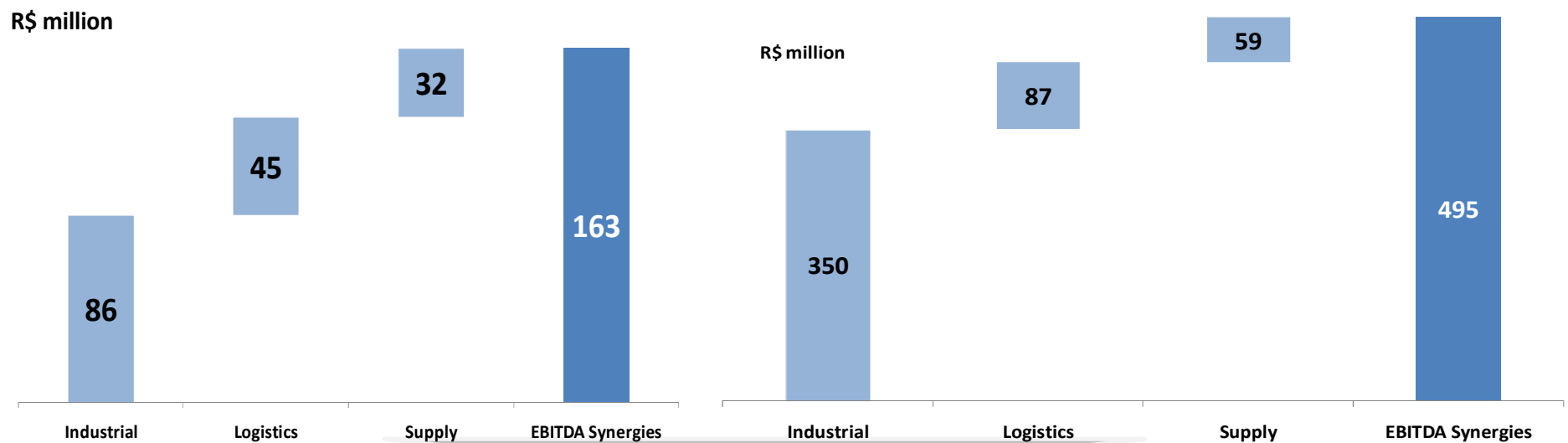
\* In 2010, Braskem America and Quattor's investments were analyzed separately

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

1H11 EBITDA\*: R\$163 million

2012 EBITDA\*: R\$495 million

*2011 target\*: R\$377 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

# Agenda

- ▶ 2Q11 Results

---

- ▶ **Growth and Value Creation**

---

- ▶ The Petrochemical Industry

---

- ▶ Outlook and Priorities

---

# 3 Main growth / value drivers

## ▶ Brazil

- ▶ Expansions for over demanded products such as PVC and Butadiene
- ▶ Gas supply from pre-salt exploration can bring competitiveness to the new projects in Brazil

## ▶ Internationalization

- ▶ Latin America and US as good alternatives for future competitive feedstock supply
- ▶ Partnerships with local players to develop local industry at competitive gas prices

## ▶ Sustainable Chemicals

- ▶ Initial focus in renewable raw materials with no changes for customers in terms of investments and applications
- ▶ Partnerships in order to develop green products

# Growth Strategy – Brazil

## *Maximizing the assets utilization in the local market*

### PVC Expansion ⇨ to meet the increasing Brazilian demand

- ▶ Operational start-up: May 2012
  - ▶ The plant construction has reached more than 43% of its schedule
  - ▶ The project's main equipment are already in advanced stages of production
- ▶ Capacity expansion of 200 kton/y in Alagoas
- ▶ Investments of US\$470 million with expected NPV ~US\$450 million
- ▶ Expected disbursement of R\$380 million in 2011



PVC

### Butadiene ⇨ to meet the growing world demand

- ▶ Operational start-up: end of 2012
- ▶ The plant construction has reached 21.5% of its schedule
- ▶ Raw material for the manufacture of rubber tires and synthetic rubbers
- ▶ Capacity: expansion of 100 kton/year in Triunfo (South Complex)
- ▶ Investments of R\$300 million. Pre-sale contracts have been firmied, totaling an advance of ~R\$ 200 million in 1H11
- ▶ 1H11 disbursement: R\$40 million



Butadiene



### COMPERJ

- ▶ To define the project an raw material configuration with Petrobras

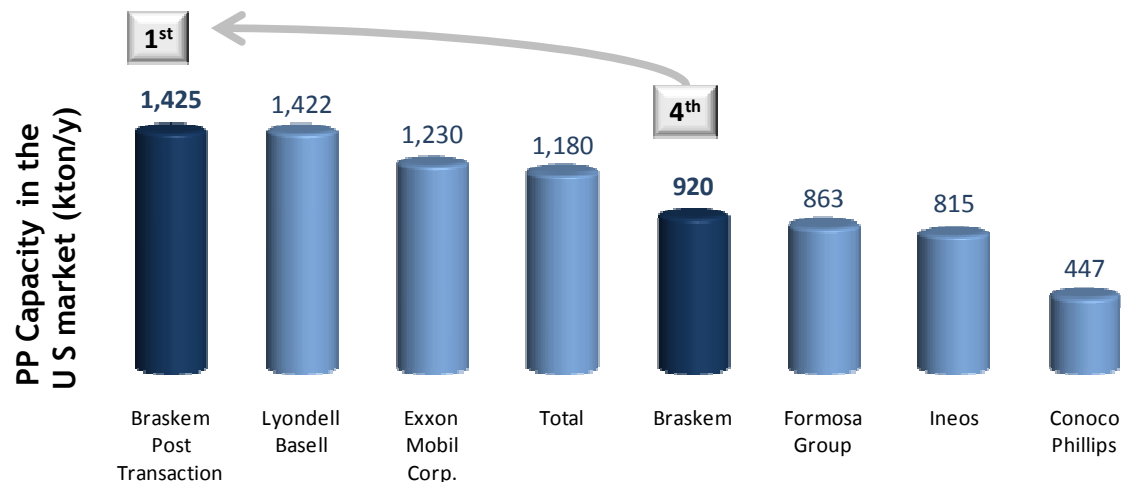
### Brownfield projects (under analysis)

- ▶ Ethylene, PE and PP

# 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

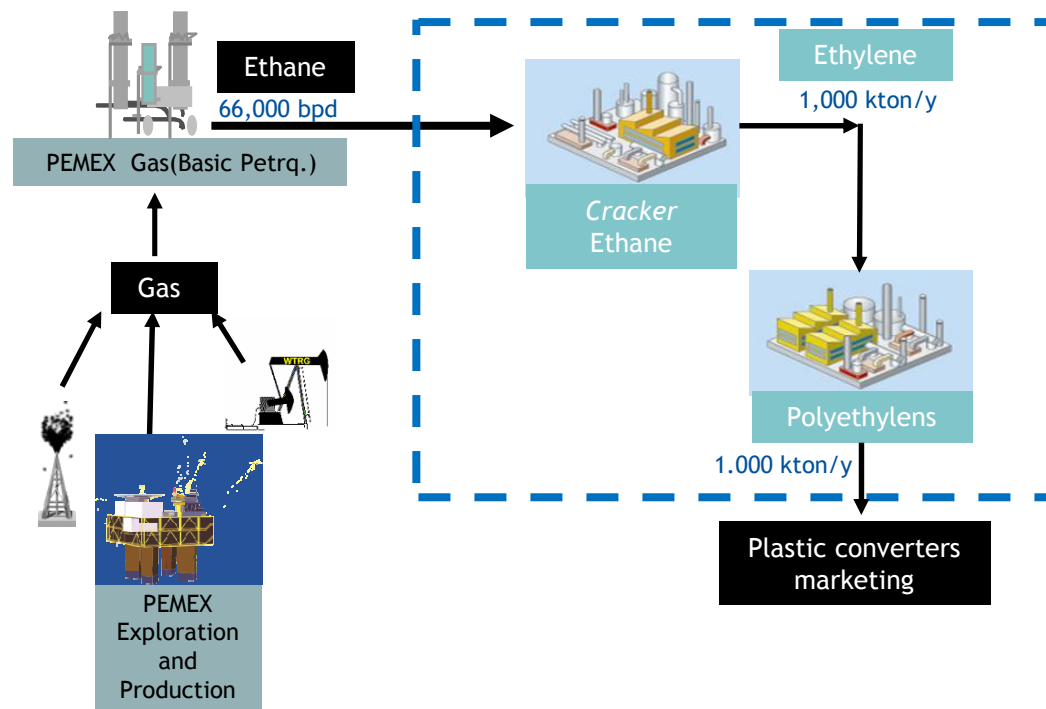
# Growth Strategy

## *Access to competitive feedstock*

### The Ethylene XXI Project (Mexico) – JV between Braskem and IDESA

#### Main features

- ▶ Operational start-up: early 2015
- ▶ Purchase of ethane from PEMEX
- ▶ Integrated project: 1 Mton/y of ethylene and 1 Mton/y of PE
- ▶ Mexico imports 68% of its total PE demand (1.8 Mton/y)
- ▶ Financial advisor: Sumitomo Bank
- ▶ Strategic partnership with Ineos and Lyondell Basell for PE plants technologies and Technip for the ethylene cracker
- ▶ Receiving over US\$6 billion in letters of interest
- ▶ Investment: US\$2.5 billion (project finance – 70% debt/30% equity)
- ▶ Project finance is in the due diligence phase of socio-environmental, technical, legal, market and insurance issues
- ▶ Construction expected to begin in 1H12



# Agenda

- ▶ 2Q11 Results

---

- ▶ Growth and Value Creation

---

- ▶ **The Petrochemical Industry**

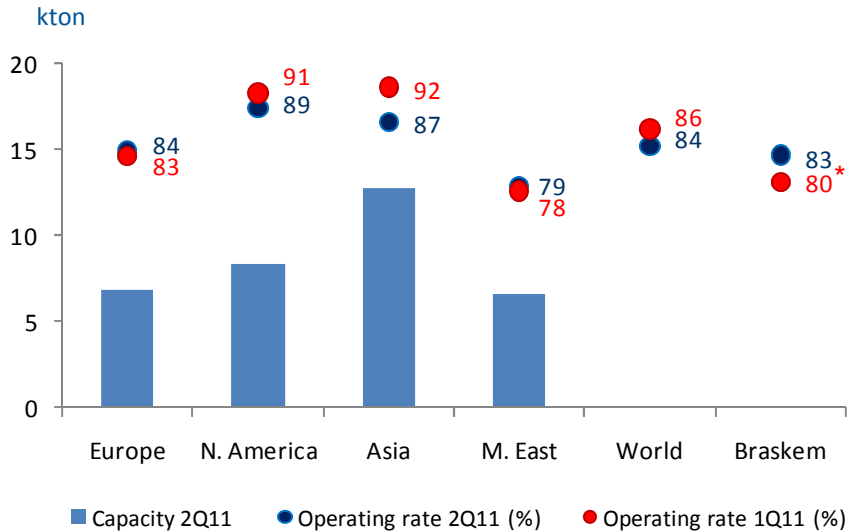
---

- ▶ Outlook and Priorities

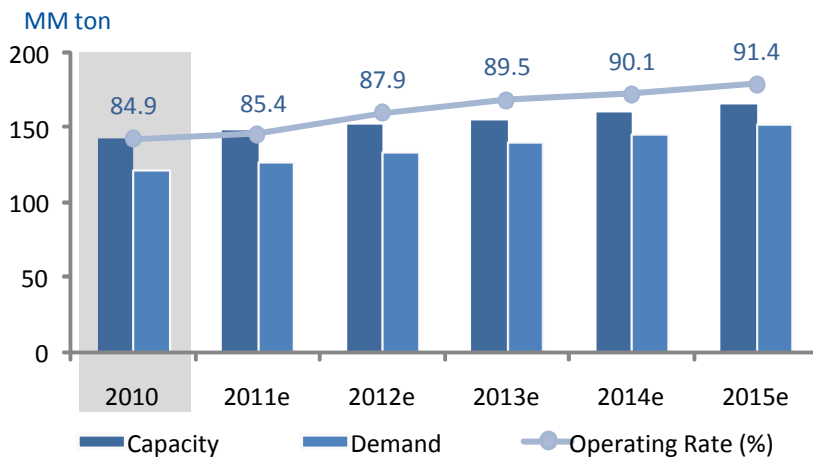
---

# Outlook on the Global Petrochemical Industry

## Ethylene: Operating rate 2Q11



## Ethylene: Supply and Demand Balance



## 2Q11 Industry

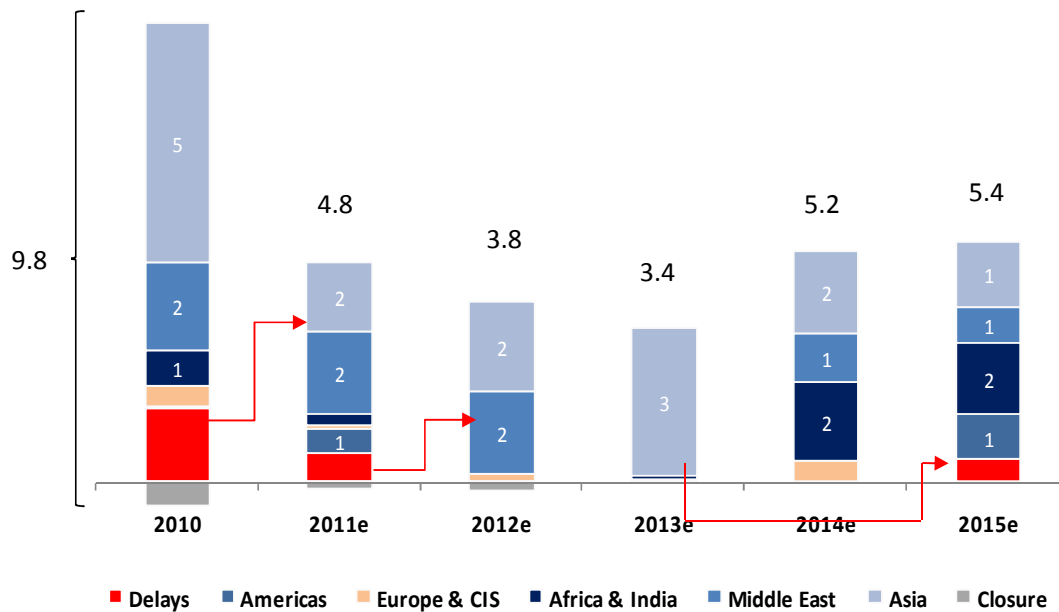
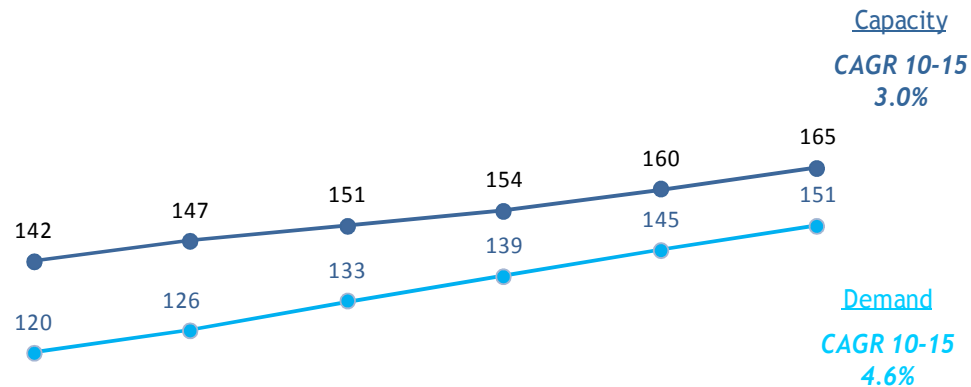
- Volatility and lower prices of raw materials in relation to 1Q11
- New monetary tightening measures implemented by the Chinese government to controlling the domestic demand growth
- Scheduled maintenance shutdowns ⇒ global operating rate decreased to 84%

## Global Scenario

- Limited supply in 3Q11 due to maintenance shutdowns in the US and Europe, and operational problems in Asia
- The short-term outlook shows recovery in the petrochemical industry profitability for the 2H11
- Worsening of the fiscal situation in developed countries may impact global growth, currently supported by emerging countries

# Outlook for the petrochemical industry scenario remains positive in the medium and long terms

## Ethylene: Demand growth overcome capacity additions



- Limited additional capacity until 2015
  - ✓ Fewer new investments announced motivated by the 2008 financial crisis
  - ✓ Sanctions in Iran and gas moratorium in Qatar restrict investments in petrochemicals in the Middle East
- No further availability of subsidized gas for new projects (Middle East) ⇒ using of swing crackers with mixed feedstock: ethane/naphtha
- Greenfield projects: 4-5 years to startup

# Agenda

- ▶ 2Q11 Results

---

- ▶ Growth and Value Creation

---

- ▶ The Petrochemical Industry

---

- ▶ Outlook and Priorities

---

# Outlook and Priorities

## Petrochemical Industry:

- ▶ Global industry scenario in 2H11 points to recovery in resin-naphtha spreads over 2Q11
  - Scheduled shutdowns in Asia and recovery in local demand
  - Continued instability in Middle East operations
  - Lower capacity utilization rates ⇒ Scheduled shutdowns in U.S. and Europe
- ▶ Risk Factors
  - Slowdown in demand from emerging countries impacted by the crisis in developed economies
  - Volatility in raw material 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
- ▶ Program to reduce fixed costs
- ▶ Growth Projects
  - Expansion of the new PVC Alagoas plant
  - Final Investment Decision for the Ethylene XXI Project in Mexico, based on competitive feedstock
  - Advance in the Comperj configuration with Petrobras
  - Study projects aimed at accessing competitive feedstock in U.S. (shale gas)
  - Expand use of renewable feedstock

The Braskem logo is displayed in a large, white, sans-serif font. The letter 'B' is stylized with a square cutout on its left side. The background of the slide is a dark blue and green space-themed image with a yellow vertical pipe, glowing CO2 molecules, a periodic table, and a scientist silhouette.

New ways to look at the world

# Meeting with Investors

## 2Q11 Results

Carlos Fadigas  
*CEO*

Marcela Drehmer  
*CFO*

São Paulo, August 16, 2011

