



Operator:

Good morning ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's first quarter 2015 earnings conference call. Today with us we have: Carlos Fadigas, CEO, Mario Augusto da Silva, CFO, and Roberta Varella, Investor Relations Director.

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, IR Director. 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 first quarter of 2015.

We would 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. The financial information in today's presentation was reviewed by the independent external auditor.

Let's go to the next slide please, where we will begin our comments. On slide 3, we present the highlights of the first quarter of 2015. The average cracker capacity utilization rate was 89%, increasing 3 percentage points from the fourth quarter. The normalization of operations at the São Paulo cracker, after the scheduled maintenance shutdown



completed in October, and the better performance of the Triunfo site, offset the lower feedstock supply to the Rio de Janeiro complex.

Brazilian demand for thermoplastic resins was 1.4 million tons, growing 6% year over year and 9% on the previous quarter. This performance is mainly explained by the inventory rebuilding of the plastic processors. Braskem's sales followed this trend and reached 954 thousand tons, increasing 6% and 12%.

Braskem recorded consolidated EBITDA of R\$1.5 billion, up 10% on the previous quarter. The reduction of the petrochemical spreads in the international market was offset by the higher resin sales volume; the Brazilian real depreciation; and the refund recognition of R\$220 million, which will be explained in more detail on slide 5. In comparison with the recurring EBITDA of the first quarter of 2014, EBITDA in Brazilian real grew by 9%. In this scenario, Braskem posted net income of R\$204 million in the quarter. Braskem's leverage, as measured by the ratio of net debt to EBITDA in US dollar, stood at 2.55 times, down 1% from the previous quarter.

Construction of the Mexico complex continued to advance and reached 92% completion in the quarter. The engineering and procurement activities were finalized and the pre-commissioning activities of the complex have been initiated.

At the end of April, the subsidiary Braskem-Idesa withdrew the fifth installment of the project finance of US\$291 million, and with this the total disbursement reached US\$3.2 billion.

Let's go to the next slide please. On slide 4, we will discuss the performance of the Brazilian market of thermoplastic resins and on Braskem's sales in the first quarter. The Brazilian market of thermoplastic resin reached 1.4 million tons, increasing 6% and 9% from 1Q14 and 4Q14, respectively. This growth is explained mainly by the inventory rebuilding of the plastic processors, which had postponed part of the volume purchases in the last quarter due to the expectation of lower resin prices. Also contributing to this performance was the demand of sectors related to consumer goods and agribusiness.

Following this market trend, Braskem's sales increased by 6% year over year and by 12% on the prior quarter, reaching 954 thousand tons. Braskem's market share stood at 67%, expanding 2 percentage points on the previous quarter.

Let's go to slide 5, please. Slide 5 presents the factors that influenced EBITDA in the first quarter of this year compared to the same quarter of 2014. Consolidated EBITDA was R\$1.5 billion, 9% higher than the recurring EBITDA of the 1Q14. This increase was as result of the higher sales volume and the refund recognition of R\$220 million related to the amendment of the naphtha supply agreement, expired in February.

In late august 2014, Braskem and Petrobras signed a new amendment to the naphtha supply contract of 2009, valid from September 1st to February 28th of 2015. The original conditions were temporarily maintained, until the definition of a new long-term contract agreement; and this new price would be applied retroactively to September 1st of 2014.



On the other hand, it was also established that, if a new long-term contract was not signed, the pricing formula to be applied, for the entire duration of the amendment, would be the average of the price proposed by the parties in the negotiation. Therefore, as we calculated the price using as a basis this average it resulted in a refund to Braskem in the gross amount of R\$243 million. Excluding PIS and COFINS tax rates, the amount of R\$220 million was recognized in the line “cost of goods sold” on the first-quarter income statement.

Another highlight was the average US dollar appreciation, which had a positive impact of R\$434 million, with a positive revenue impact of R\$1.7 billion and a negative cost impact of R\$1.3 billion.

Let's go now to slide 6. This slide presents the evolution in EBITDA compared to the last quarter of 2014. Braskem's EBITDA in the first quarter grew by 10% on the previous quarter. The reduction of the petrochemical spreads in the international market was offset by the higher sales volume and by the refund recognition of R\$220 million related to the amendment of the naphtha supply agreement, as explained on the previous slide.

Also contributing to this growth was the average appreciation of the US dollar, which positively affected the result in R\$278 million, with a positive revenue impact of R\$1.1 billion and a negative cost impact of R\$800 million.

Let's go now to slide 7. This slide presents data on 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 analysis presented here does not consider this amount.

In this context, on March 31st of 2015, Braskem's gross debt stood at US\$7.2 billion, decreasing 6% from the balance on December 31st. In Brazilian real, gross debt increased by 14%, reflecting the impact from the 21% US dollar appreciation in the end of the period. 73% of gross debt was denominated in US dollar. The balance of cash and investments was US\$1.5 billion, increasing by US\$100 million from the balance in the previous quarter. As a result, Braskem's net debt decreased by 9% to US\$5.7 billion. In Brazilian real, net debt increased by 10%. Net debt denominated in US dollar was 80%.

Due to its liquidity strategy, Braskem also maintains two stand-by credit facilities in the amounts of US\$750 million and R\$500 million, which do not include any restrictive covenants on withdrawals during times of adverse markets.

The decrease in net debt led to a reduction in financial leverage measured by the ratio of net debt to EBITDA from 2.58 times to 2.55 times in US dollar. In Brazilian real, the leverage ratio stood at 3.30 times, 13% higher, explained by the Brazilian real depreciation in the period.

On March 31st, the average debt term stood at 16.4 years, increasing from 15.7 years on December 31st. Considering only the portion of debt denominated in US dollar, the average debt term was around 21 years.



Only 6% of Braskem's total debt matures in 2015, and its high liquidity ensures that its cash and cash equivalents cover the payment of obligations maturing over the next 37 months. Considering the stand-by credit facilities, this coverage is 51 months.

Let's go to the next slide, please. Slide 8 shows the estimated CAPEX for 2015 and the amount disbursed in the first quarter. Braskem, in line with its strategy of portfolio and fixed-cost management, plans to invest approximately R\$2 billion in 2015.

Excluding the Mexico project from the analysis, total CAPEX projected for the year is R\$1.3 billion, 31% lower than in 2014. Of this amount, around 85% will be allocated to operational investments as for example maintenance and operational efficiency, among others. The remainder will be allocated to other projects. In the same basis, CAPEX in the first quarter was R\$246 million.

With regard to the Mexico project, in March, the Company announced that the total investment was updated to US\$5.2 billion, which represents an addition contribution of US\$600 million in relation to the initial estimate. This contribution will be fully covered by the controlling shareholders and the amount corresponding to Braskem's portion is, approximately, US\$450 million.

Scheduled to start its operations by the end of 2015, Braskem invested US\$105 million in the project in the quarter. For the year, the expected investment is around US\$300 million. The remaining balance of US\$150 million shall be disbursed in 2016.

Let's go to slide 9, please. On this slide we will discuss about the global petrochemical scenario. The average price of naphtha, the main feedstock used by the sector, continued to follow the oil market dynamics and declined by 23% from the previous quarter. With this, the petrochemical prices also decreased. In this scenario, the spreads of thermoplastic resins and main basic petrochemicals fell by 19% and 33%, respectively.

The short-term scenario, however, is of a slight recovery in spreads, reflecting a relatively balanced market in terms of supply and demand of petrochemicals. The points of attention remain related to geopolitical issues in the Middle East and North Africa and its impact on the dynamics of the oil market. In the medium and long term, the outlook for the global petrochemical industry remains positive.

As you can see on the chart, the forecast updated in 2015 points to postponements and/or delays in the projects that are expected to come online in the period from 2015 to 2018, when compared to the 2014 forecast.

In this context, the expectation is that the increase in the supply of petrochemical products remains similar to the demand growth, and therefore the market would remain relatively balanced until mid-2017.

Additionally to this scenario, the decrease in oil prices has also motivated the cancellations and/or postponements of the announcement of new petrochemical projects, expected to come online starting in 2020.



Let's go to the last slide, please. In this slide, we present Braskem's management concentrations for 2015, in which we can highlight the renewal, at competitive basis, of the naphtha supply agreement with Petrobras; the completion of the construction of the integrated project in Mexico and the startup of its operations at the end of 2015; the renewal of the energy contract with Chesf, seeking a solution that ensures the competitiveness of its costs and the feasibility of its electricity-intensive operations in the northeast region of Brazil; and the support of an industrial policy that allows Brazil's manufacturing industry to recover its competitiveness in the context of the fiscal austerity measures announced by the federal government.

In line with its commitment to financial health and cost discipline, Braskem's priorities for 2015 also include the current reduction of its investment level and the progress in the implementation of a program to reduce its fixed costs. The program includes a review of processes to identify synergies across businesses, with the consequent capture of operating efficiency gains and cost reductions.

That concludes today's presentation. Let's go now to the question and answer session.

Andre Sobreira, Credit Suisse:

Hi, everyone, good morning. I was wondering if you could comment a little bit on the R\$220 million adjustment from the naphtha contract. It seems a little bit counterintuitive because our expectation is that the average of the prices proposed by you and PPR, that is very least mean and maintenance of the current quarter cannot post benefit for Braskem. So if you could, whatever color you could give us on that point, please. Thank you.

Carlos Fadigas:

Thank you, Andre. When we signed this six month extension back in August last year, we said that – merely the focus of the invoice, Petrobras will have to send an invoice on a daily basis and we have to pay something, to keep the original price formula that was designed back in 2009. The first comment about that is that this formula is not all the time below neither all the time above ARA reference price. It fluctuates sometimes below that, sometimes above it.

But anyways, we agree we will have what I call a temporary price. Naturally and technically to everyone, we would change the price once we reach the long-term contract. And basically that means price was a temporary one. But we also agreed with Petrobras and it was a request from Petrobras that in the event we did not sign a long-term contract we would price, ultimately inventory price the naphtha sold in the six months at the average of the – it's another price. This other price we found was very simple average of what each Company wanted.

So, I understand it may sound counterintuitive to some people, depending on their understanding of what was our request and what was Petrobras' intention, but bear in mind also that the original formula doesn't represent a discount on ARA price all the time. It can go above ARA.



So, when you compare this formula with the agreement we made was the simple average of intentions, price intentions, we at the end of the quarter, at the end of the semester, this six month period we had paid R\$220 million more than it was with simple average. So, that is what happened.

Having said that, that was the agreement for that six month extension that was different from the previous one and it does not represent anything going forward. For this six month extension that started on February 2015, the one we are going through right now, our intention is to really replace that with a long term contract.

We are working very hard to get there and I do hope we will get do an agreement and we will finally have a long term contract. And again, the price that will be invoiced right we will replace it by the price of a long-term contract. So, that's what happened in the expansion that expired in February this year and that is the intention going forward.

Andre Sobreira:

OK. Can I make a follow-up? Do you think if oil and naphtha prices had not fallen as quickly as they have, do you think the outcome for the price that's renewed would have been different? For example, if prices had been less volatile, you would not necessarily have won the R\$220 million, the adjustment would be different? Is it maybe just a case of the volatility of international price or is it really the average of the prices that would have favored you regardless?

Carlos Fadigas:

Please understand that we'll have to find a balance here between providing some clarity to you and to the market and at the same time avoid going into too much detail in order to protect both Petrobras and Braskem. And more than that, we are facing very tough competition here on polyethylene.

As you know, we have been fighting to get back some of the market share we lost several years in producers that are present in the market and are very keen on understanding what's our growth structure. So, we have to find a balance between protecting Braskem commercially and avoiding going into too much detail and providing you some clarity.

My answer to you is, if there is a bit of everything in this adjustment, the volatility of oil had a part on that. The average of the intentions also played a role in determining this reimbursement, so a little bit of everything. But I do hope we get to a more stable ground once we get long-term contract and once we can communicate it to you, to the market, in order to the market be able in a relatively reasonable way to forecast Braskem's performance going forward.

Andre Sobreira:

That's perfect. I thank you very much.



Frank McGann, Merrill Lynch:

Good morning. In terms of the CAPEX numbers, the numbers ex-Mexico, I think you mentioned were coming down from R\$1.7 billion to R\$1.3 billion. What is the main driver of that, is it less maintenance CAPEX, what are the key causes there?

Carlos Fadigas:

The CAPEX excluding the Mexican project, they are coming down from R\$1.9 billion to R\$1.3 billion and the main explanation for this reduction is the fact that we had two internal stoppages last year. We stopped the cracker in Rio Grande do Sul for maintenance and we did the same with the one we have in Sao Paulo, and just a question of scheduling, we have no planned maintenance stoppage for crackers in Brazil this year. That explains I would say 85% of the difference between the CAPEX for 2014 to 2015, excluding Mexico.

Frank McGann:

Okay, so there is no change in how you are managing the business, your expectations for the average CAPEX going forward, it's just the timing of those specific planned maintenance projects?

Carlos Fadigas:

It is mainly the timing of these maintenance stoppages, but having said that we always look for ways to reduce CAPEX. We have 36 industrial plants and we make a big difference on cash flow from operations. We have been working on that for quite some time. We may have some room going forward, we naturally look at each facility to understand its future life, for how long we're going to keep running some of these plants, so we will reduce maintenance in the plant naturally if they have a shorter life going forward, but we have not found any relevant step change in the CAPEX for maintenance. We are going to keep working on that, but the change for 2014 to 2015 is not a consequence of that.

Frank McGann:

If I could follow up also maybe just in terms of the contract with Chesf, I think you made some comments on the Portuguese call, maybe you could go through what your expectations are now for that contract and some of the specific provisions I think that involve regarding some spending on forms of energy.

Carlos Fadigas:

There is a group of industrial consumers in the north part of Brazil that have had this contract with Chesf for several years, which is expiring at the end of next month, at the end of June it's expiring. We were purchasing electricity at R\$110 per megawatt and we are looking for ways to extend this contract. One of the proposals put forward by the Ministry of Mining and Energy in Brazil was that we – one alternative is that this industry keeps buying the electricity from Chesf at this R\$110 and we used this flow of payments to create



an investment fund that we will in the future invest to generate more electricity in Northeast of Brazil.

One key point is that if Chesf does not keep supplying these industries, they will have to revert this energy to the distribution company, electric distribution companies at a much lower price, something around R\$43 per megawatt. So, to give you a price, that will be R\$70 lower than the current R\$110 we are paying right now.

So, by keeping this contract, Chesf will be able to channel these additional R\$70 to the creation of the investment fund that over time we will be able to support investments in renewable energy, electricity generation in the Northeast, that's I would say the main plan, that's the master plan.

Naturally as there was in the details, we are right now working very hard with the teams from the Ministry of Mining and Energy to get through all the details for how long we are going to extend its contract, what exactly would be the amount of money channeled through the investment fund, how this fund will be managed, how much of the electricity that is supplied to these companies will be kept to these companies, there is a demand to reduce the overall volume by 25%.

So, there is a scenario which is not exactly 100% of its volume of the electricity that is being supplied. So, we are working in all these things and we do hope to get to a final understanding with them prior to the end of June. That's critical for all these companies and actually the governors of the Northeastern states, of Northeast Brazil are backing this proposal because what they have in one hand is the risk of, in the case we do not renew this contract, if the industries do not renew this contract, what they see is some of these plants may be shut down; on the other side, we see a double game, not only the industries will be kept running, but they will see more investments in the Northeast of Brazil.

And I would say I'm optimistic, at least confident that we are going to get to something of around between now and the end of the next month. It's a short period, but we are working day in, day out in finding the solution.

Frank McGann:

So, if this proposal goes into effect essentially a year, your cost probably do not change materially, but Chesf essentially has an additional responsibility to put some funds into some alternative electricity projects?

Carlos Fadigas:

Yes, that's exactly the concept behind it, you are right.

Frank McGann:

Alright. OK. If I could maybe just follow up with one more just quickly, in terms of how you're seeing the market in terms of demand today looking forward six months and how you're thinking about the market say six months ago. I think those are better than you



might have thought from here or worse or how do you see things?

Carlos Fadigas:

Of course that's really a tough question to answer, but I'll give you my best shot. Looking forward what we believe we are going to have this year for the demand of resins, I think the main focus is on the resins we sell in Brazil. Brazil is forecasting a GDP reduction, that's the consensus in the market, it is actually measured by the Central Bank through the public report from the Central Bank every Monday and brings the average consensus of GDP, so right now the forecast is going to lose about 1.4% to 1.5% of GDP in the year.

We have no reason to think that the performance of the demand the overall demand for resin in Brazil will be much different from that. We had a very uncommon 1Q because of the price dynamics. People had postponed consumption from 4Q into the 1Q, and at the end of the 1Q because of the appreciation of USD against the Real, and we have prices in real that we adjust monthly, I think we decided to anticipate purchase, therefore some demand from the second quarter ended up inside the 1Q as people anticipated – purchased and they bought a little bit more.

But if we look at the next nine months of the year, overall that figure exceeded. The big difference, when you look into different segments in the Brazilian economy, there is a very big difference between consumer and durable goods. Durable goods have been taken a very dramatic correction. The automotive industry is running roughly 20% below what it was last year and the consumer goods are holding up quite significantly, but that's the forecast we have right now.

In terms of how we saw things in the past and how we see things now, I think that the overall business environment coming from prior to the end of the year, it was worsened as you got to the to the end of the year and started a very clear microeconomic policy that was due to increasing interest rates, and so the overall environment got worse and I think that it's improving now.

People are understanding exactly what is the situation they're going to be facing in 2015, people start thinking about what's going to be next year 2016, so the economy will go up a little bit, grow about 1% next year. So, that's the overall feel, but for this year we are going to get our figures, eventually lose 1% of the overall size of the market and hopefully get to a flat number, that's what we see right now.

Frank McGann:

Okay, great, thank you very much.

Carlos Fadigas:

Thank you too.



Pedro Medeiros, Citibank:

Thanks for taking my question. Fadigas, this is actually another question based on the Brazilian call. When we look at Petrobras today and you're talking about a major divestment program, is there any asset or a particular asset that Petrobras would be interested on evaluating an acquisition here? Perhaps more objectively the PTA plant out of Suape would be of Braskem interest today?

Carlos Fadigas:

No, it would not, not at this point. They are very focused on the products we already produce and we confess, if you remember, we ourselves divest the few assets that were not connected to our core business and that's the focus. And actually we haven't heard much about Petrobras' interest in selling the PT asset, the Petroquímica Suape. We haven't heard about it and it is not our focus at this point.

Pedro Medeiros:

Thank you.

Carlos Fadigas:

Thank you too.

André Sobreira, Credit Suisse:

Hi Fadigas, just a follow-up because yesterday in your press conference, we started to see some headlines from your comments or comments from the journalists about an eventual sale of the Petrobras stake in Braskem or of the other's stake in Braskem. So, given it was headlines from the press conference, I was wondering if you had any comments that or if you could clarify what was said yesterday.

Carlos Fadigas:

OK. Andre, look we only know about an eventual interest or an eventual intention of Petrobras to sell the stake they have with Braskem and we know that truly for us. And that's all we know. It's the shareholders' decision and as management we avoid commenting on shareholders' decision whether they want to hold the shares they have with Braskem or whether they want to sell it. So, that's one of the comments I made yesterday.

I was also asked about naphtha contract. If we sell, that a new naphtha contract will be needed if you wanted to sell the stake and my reaction at the press conference was based on fewer comments then and my comment was that I felt it was common sense but prior to making even an investment in Braskem's shares, any eventual buyer would like to have clarity on the loan agreement supply of naphtha to Braskem. That's all I mentioned yesterday and really that's all the information we have.



André Sobreira:

Understood. Thank you.

Alvaro Cepeda, Bice Vide:

Hello. Thanks for taking the question. I was wondering if you could comment a little bit about the rational, shareholders equity, specifically when we look at the balance sheet included in the press release, the other comparisons in income that includes the evaluation of liabilities in hedge accounting. Maybe can you just explain a little bit just on this, tell me a little bit more about the number and if we should continue to see a decrease in the amount of the shareholders' equity there, if you look at years ago, it has been going down.

Mario Augusto da Silva:

Thank you for the question. What you saw in the shareholders equity is the – remember that in July 2013 we have adopted the hedge accounting. So, as a consequence of that, all the exchange variation that in the past would go through the income statement, now it goes directly to the shareholder equity and then in the future, when the exports happen, these exchange variations, together with the exports will go through the income statement. So, reduction in the shareholder equity is a consequence of the exchange variation that we saw in Brazil in this first quarter.

Alvaro Cepeda:

OK. But just to understand the mechanics, when the exports occur, that you are going to see a reduction in this loss for the other comparison income or it is just going to hit you in the topline through revenues or through other line?

Mario Augusto da Silva:

In the future when the exports happen, there is no change on the shareholder equity but this will go through the income statement.

Alvaro Cepeda:

Okay, so it's actually when it goes through the income statement and if you have more profits or stuff like that, it will go through results, and eventually to shareholders equity?

Mario Augusto da Silva:

Perfect, it's why the hedge account in our case best represents the results of the company because you match the exports, the revenue from exports at a certain exchange rate, with the exchange variation associated with the debt, so throughout the year, beginning in 2016 you are going to start seeing a portion of that exchange rate going through the income statement of the company.



Alvaro Cepeda:

OK. The final question, but this does not use the whole effect of the FX variation on that, it's just the one that's related with the exports, right?

Mario Augusto da Silva:

In the shareholders' equity, you'll see the whole effect of the exchange variation at this point and beginning 2016 and through 2024 you're going to see a portion of that exchange variation going year-by-year and going through the income statement.

Alvaro Cepeda:

OK. Perfect, thank you.

Bruno Montanari, Morgan Stanley:

Hi, thanks for taking my question and good afternoon. Most of my questions have been answered, but I just have a quick one. You're doing a very good job on the cash conversion cycle, so wondering if you can provide us with any comments on how working capital should evolve in the next few quarters, just so we can kind of calibrate our assumptions here. Thanks a lot.

Mario Augusto da Silva:

We've seen in the 1Q a very strong cash flow. This is a consequence a little bit of the reduction in the price of the products we have commented early in the call. The resins price had decreased by 20%. So, as a consequence the demand that we have seen in the past years in terms of working capital now is coming back as a positive cash flow. So, the cash flow was good in the 1Q, was positive and very positive in the 1Q and I think in general I would expect for the year a positive cash flow for the Company.

Bruno Montanari:

Got it, perfect. Thanks a lot.

Soledad Acoroni, LarrainVial:

Hello, thank you for the call. Just two quick questions regarding the outlook for this current fiscal year 2015. I wonder if you can give us more color on the volumes that you expect – the growth in volumes that you expect for the current year, first. And secondly, in terms of margin, EBITDA margin, given this strategy that you are pursuing of reducing costs, what is the EBITDA margin that you are forecasting for the current year?

Carlos Fadigas:

Regarding the forecast for the rest of the year, let me go through a few of the drivers that



drive our profitability. I will not forecast percentage number for EBITDA, but I'll give you the main points that affect its profitability. First of all, in terms of volume on sales, the main important sales are related with the resins in Brazil, that's our main market.

And actually we export what we are not able to sell in the domestic market and our forecast for sales in Brazil will be somehow in line with the GDP growth that is forecast for Brazil, which at this point is slightly negative, it's minus 1.4% of contraction in the economy. So, the overall volumes of sales in Brazil, they go in line with the Brazilian market, we are always going to be working to increase market share but if they go in line, the Brazilian market should be slightly smaller than it was last year.

Regarding margins, when we look at margins going forward, we do not expect them to be really different from what they were in the 1Q of the year and in the 1Q it was a little bit smaller than the 4Q14, but our margins should stay flat specifically internationally overall margins, but if we talk about Braskem margin, it could improve a little bit because in the 1Q we still had somewhat expensive inventory of both from material and finished goods that were produced for more expensive naphtha throughout last year.

So, that brought down our margin, but also we expect our profitability of exchange rate because – and actually become more competitive as the Brazilian Real loses value and helps us reduce our real denominated costs and that should help the Company going forward. We have an average exchange rate of R\$2.36 for the last year.

So, it was a number of R\$2.35 this year and next year we are going to have a much weaker real this year, even when you compare the first of the year, that the exchange rate was R\$2.86 on average. So, we believe we are going to have a weaker real in the exchange rate going forward and that will help us as well.

So, when add all these things, there is other saving, the result of that would be positive for Braskem, it's more positive for Braskem as we have low volumes, slightly better margins and a better exchange rate. So, that's the kind of condition regarding our margins going forward for the next nine months.

Soledad Acoroni:

OK. Thank you very much.

Carlos Fadigas:

Thank you too.

Operator:

As there are no questions, I will turn over to the company for closing remarks.

Carlos Fadigas:

Thank you very much for participating on the call. Thank you for your interest. A big final



comment from my side, that we are going to keep working to and at the same time that we work on Braskem growth with the Mexican project, with potential project in United States, with a UTEC project that we have already announced to produce high molecular weight polyethylene in the US. We are going to keep working on Braskem growth and at the same time we are going keep working to, I would say, to a certain extent to protect and present our current operations in Brazil from suffering of lack of naphtha, lack of electricity and all the challenges associated with the industry in Brazil.

So, it is all in our agenda, we are working at the same time on the assets we have and keep generating as much cash as we can and at the same time we are going to keep working on Braskem growth trying to build a more competitive asset base going forward. So thank you again. I wish you all have a very good week. Bye-bye.

Operator:

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

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