



# 3Q20 EARNINGS CONFERENCE CALL

NOVEMBER, 12, 2020







## DISCLAIMER ON FORWARD-LOOKING STATEMENTS

This presentation includes forward-looking statements. These forward-looking statements are not solely historical data, but rather reflect the targets and expectations of Braskem's management. The terms "anticipate," "believe," "expect," "foresee," "intend," "plan," "estimate," "project," "aim" and similar terms are used to indicate forward-looking statements. Although we believe these forward-looking statements are based on reasonable assumptions, they are subject to various risks and uncertainties and are prepared using the information currently available to Braskem.

This presentation is up-to-date as of September, 30, 2020, and Braskem does not assume any obligation to update it in light of new information or future developments.

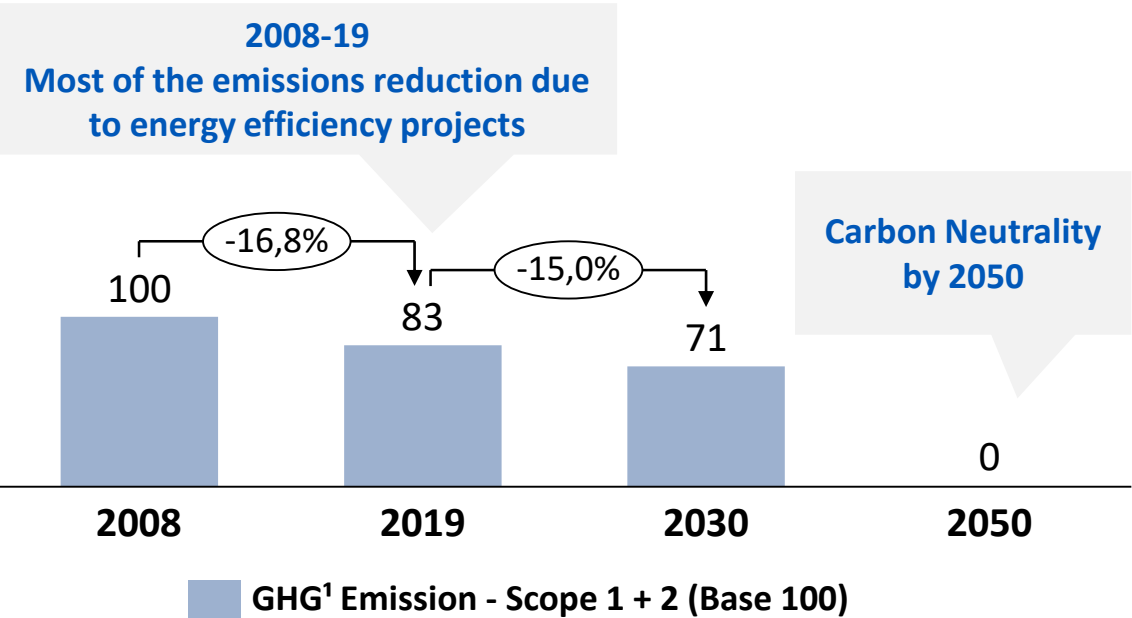
Braskem assumes no liability for transactions or investment decisions taken based on the information in this presentation.

# New goals related to mitigating climate change and eliminating plastic waste



## MITIGATING CLIMATE CHANGE

- ✓ Achieve **carbon neutrality by 2050**
- ✓ Provide a **15% reduction** in carbon emissions **by 2030**



## ELIMINATING PLASTIC WASTE

- ✓ Expand **I'm green™** portfolio aiming to include **300,000 tons** of thermoplastic resins and chemicals with recycled content by 2025; and, by 2030, **1 million** tons of such products
- ✓ By 2030, work to divert **1.5 million tons** of plastic waste away from incineration, to landfills, or environment.



Source: Braskem. Note (1): GHG: Green House Gases (Kt CO<sub>2</sub>e)

# Our strategy on carbon neutrality and circular economy



## CARBON NEUTRALITY

1

### EMISSIONS REDUCTION

- **Reduction** of emissions focusing on **energy efficiency**, and increasing the use of **renewable energy** in current operations, establishing partnerships focused on innovation and technology

2

### EMISSIONS OFFSET

- **Offsetting emissions** with potential investments in the **production of chemicals and polymers from renewable sources**

3

### EMISSIONS CAPTURE

- **Capturing carbon emissions** through research and development for the use of **carbon emissions as a raw material**



## CIRCULAR ECONOMY

### MECHANICAL RECYCLING

### CHEMICAL RECYCLING

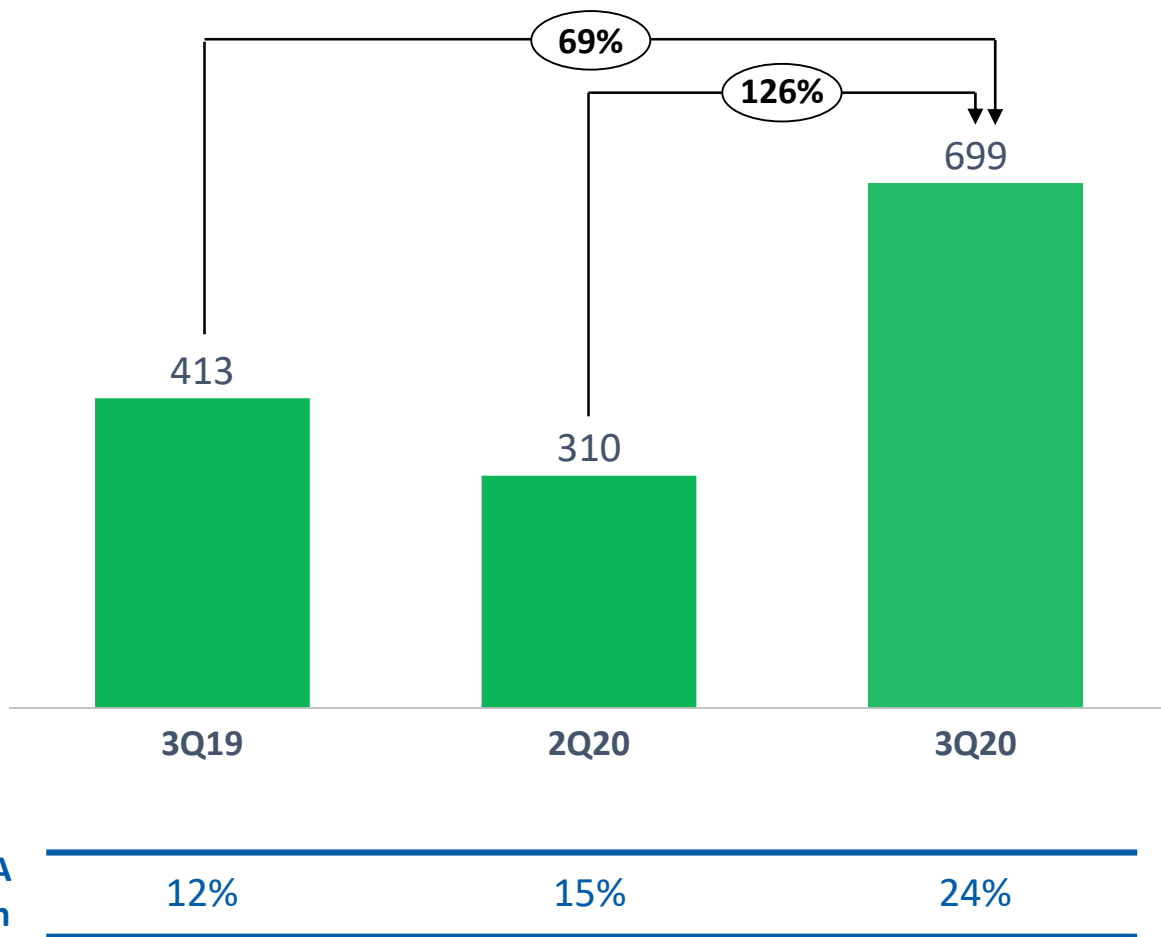
- In the forefront of Circular Economy, Braskem will **continue to pursue its mechanical and chemical recycling projects**

# 3Q20 Highlights | Braskem Consolidated



## EBITDA

(US\$ million)



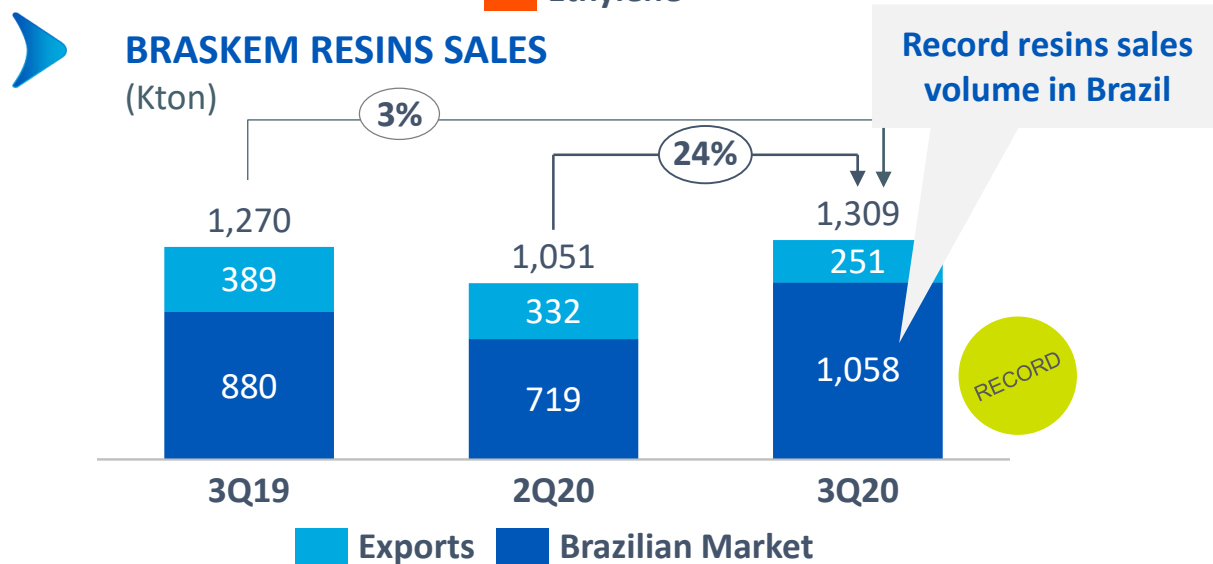
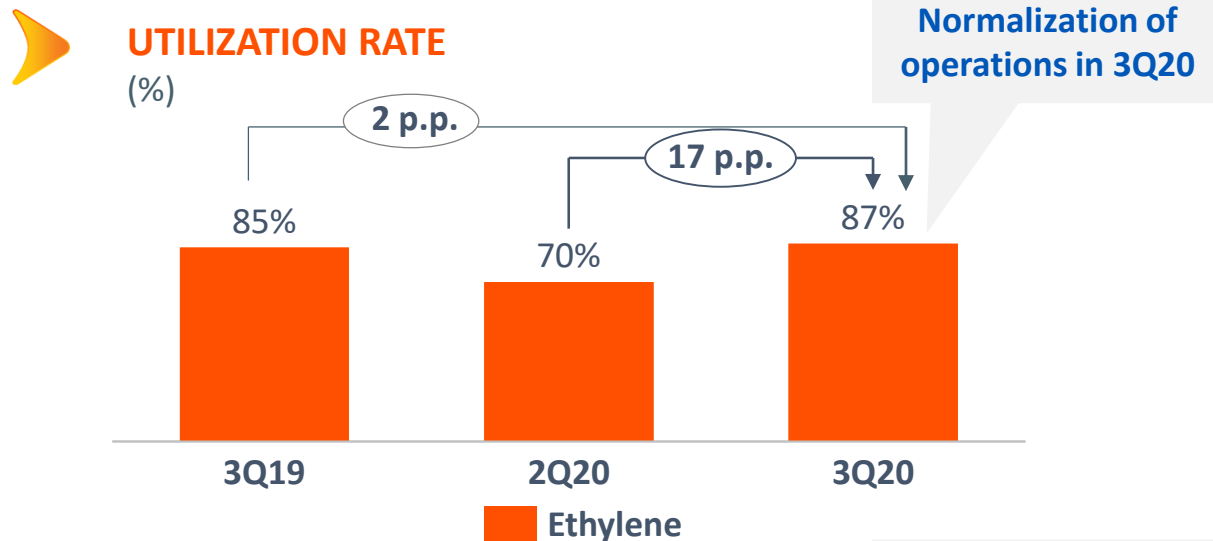
## Comments:

- The Company's recurring EBITDA was US\$699 million, 126% higher than 2Q20, mainly explained by:
  - the better spreads of PE in Brazil, PP in the United States and PE in Mexico
  - an increase in sales volume in Brazil and in the United States due to the recovery in demand for resins in the Brazilian market and PP in North America
- Compared to the same period of the previous year, the Company's recurring EBITDA in US dollars was 69% higher

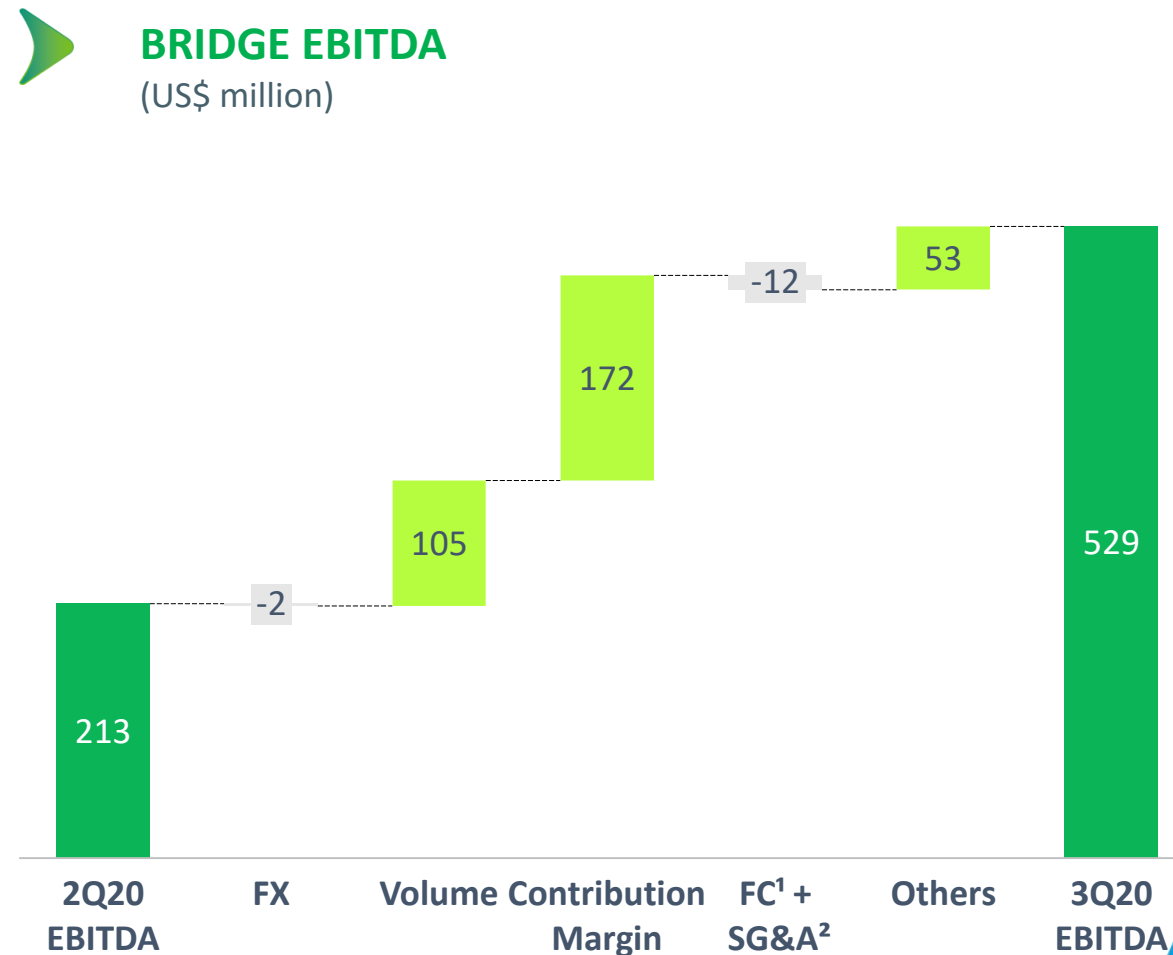
# 3Q20 Highlights | Brazil



## Operational



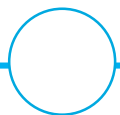
## Financial



# Update regarding the geological event in Alagoas (1/2)

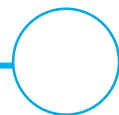
## Provisions announced until 3<sup>rd</sup> Quarter of 2020

**1<sup>st</sup> Provision**  
**January, 2020**  
(~R\$3.4 billion)



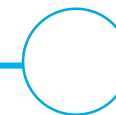
- **~R\$1.7 billion:** Support the relocation and indemnification of residents of the areas at risk located in the affected districts (**amount transferred to another Braskem bank account**)
- **~R\$1.0 billion:** actions to monitor and close the salt mining wells (environmental)
- **~R\$700 million<sup>1</sup>:** other measures not covered by the Agreement

**2<sup>nd</sup> Provision**  
**July, 2020**  
(~R\$1.6 billion)



- **~R\$850 million:** possible assistance measures for residents of the new areas
- **~R\$750 million:** additional expenses expected from the measures to definitively shutdown the salt mining activities in Maceió, the operation management and the relocation of properties included after technical analysis, among others

**3<sup>rd</sup> Provision**  
**September, 2020**  
(~R\$3.5 billion)



- **~R\$3.5 billion:** implementation of potential new measures related to the geological event in Alagoas. This amount includes the potential short-term and long-term impacts

**The total balance of provisions was R\$ 7.9 billion in 3Q20 - R\$ 3.7 billion accounted in current liabilities and R\$ 4.2 billion in non-current liabilities**

**Braskem cannot predict with certainty future developments in respect of this matter or its related expenses, and the costs to be incurred by the Company may be different than estimated**



# Update regarding the geological event in Alagoas (2/2)

## Financial Compensation and Support for Relocation Program

Updated until September / 2020

- **6,654 reallocated properties** as of September 2020
- **+7,500 families on the compensation flow**
- **+26,000\* residentes relocated**
- **+2,000 families shifted from Humanitarian Aid**

**Approximately R\$180 million was disbursed from the cash of R\$1.7 billion for expenses related to the Financial Compensation and Support for Relocation Program**



### CENTRAL DO MORADOR

The **Residents' Center** has been set up to service residents of the Financial Compensation and Support for Relocation Program

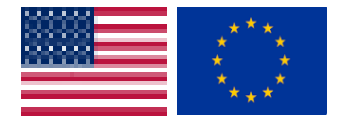
### PROGRAMA DE ACOLHIMENTO DE **animais**

The program is focused on picking up and providing health care and welfare improvement of animals

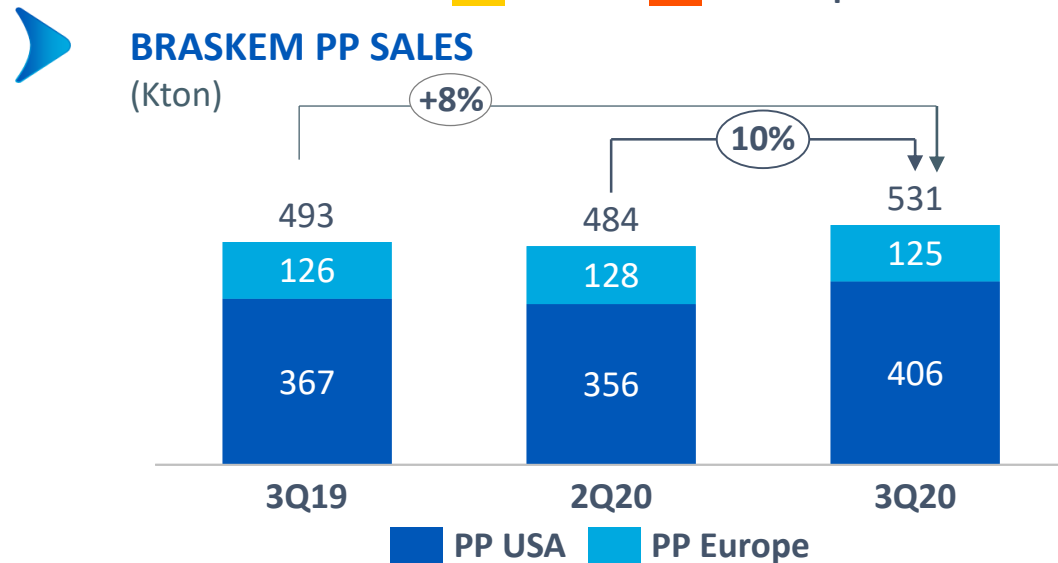
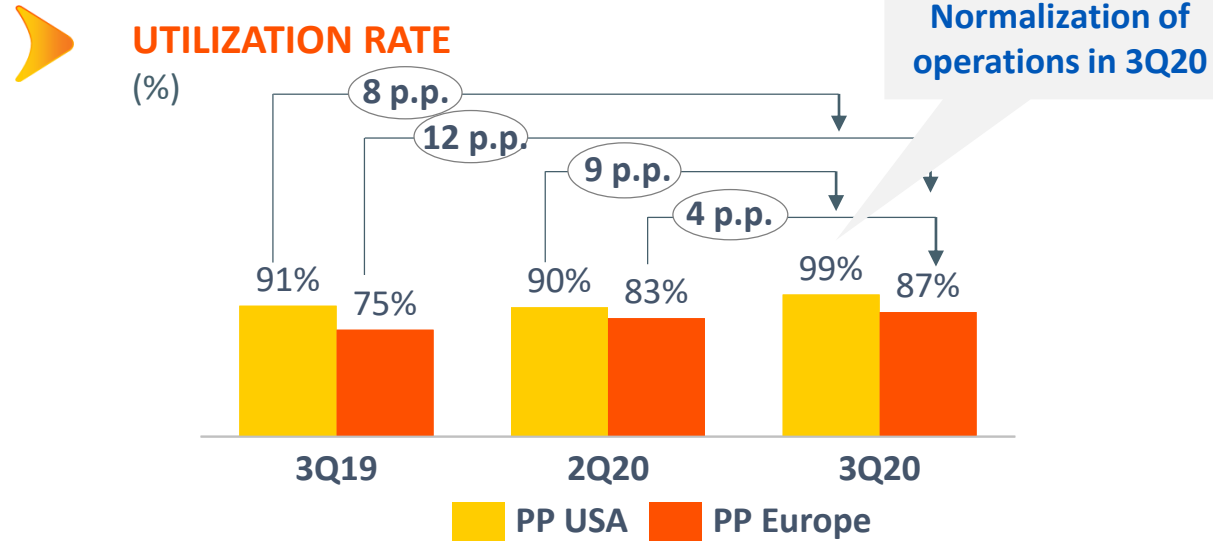




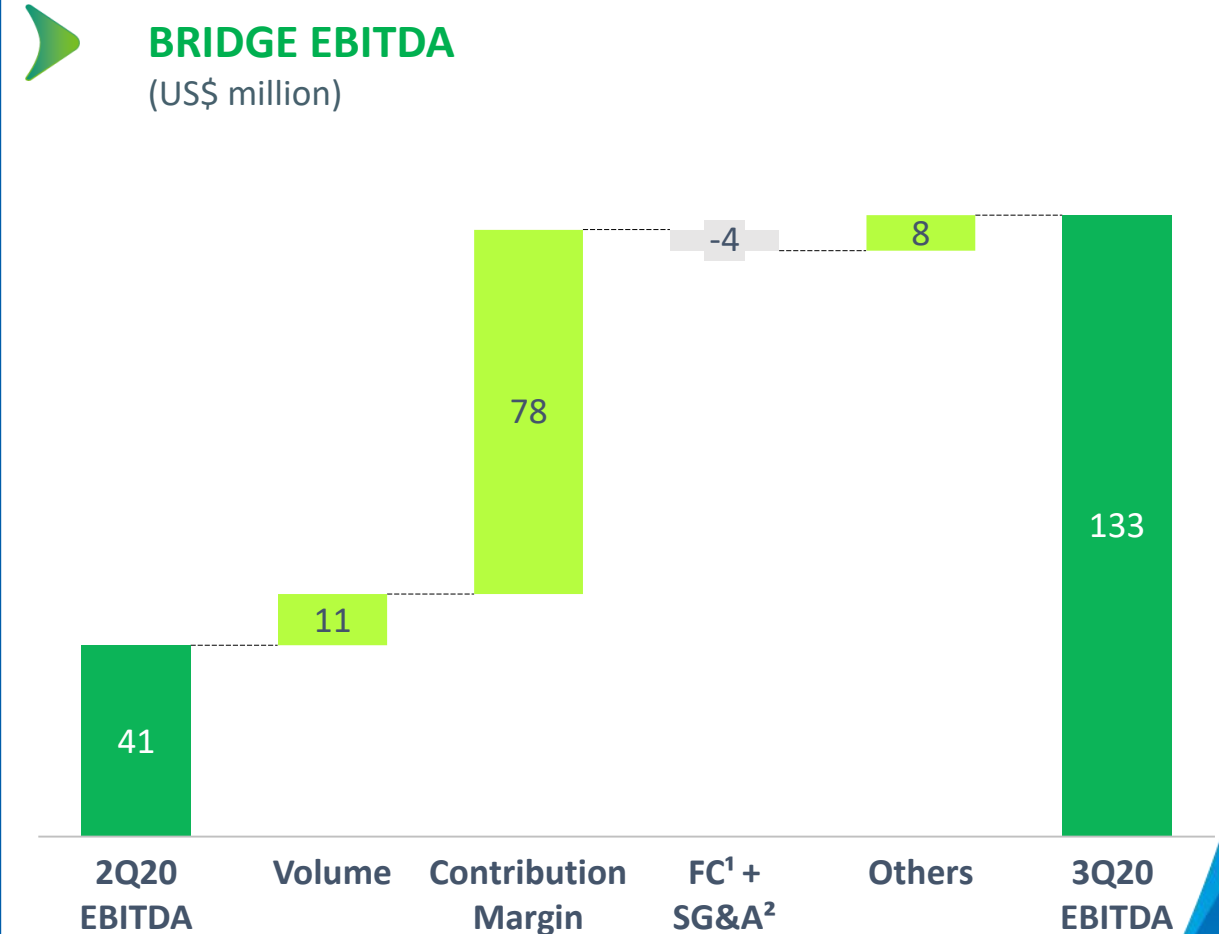
# 3Q20 Highlights | United States and Europe



## Operational



## Financial



# New PP plant in the United States

## Delta Conclusion

- Braskem has started **the commercial production of Polypropylene (PP)** in its new facility in the United States
- The new plant is located at **La Porte**, in the state of Texas, and it has a production capacity of **450 thousands of tons per year**
- The investment is in line with Braskem's **strategy of feedstock diversification and geographic expansion**
- In **October**, the production of our new PP plant in the United States (Delta) was **36,000 tons**, close to the monthly production capacity of the plant of around 38,000 tons.

Delta Pellets

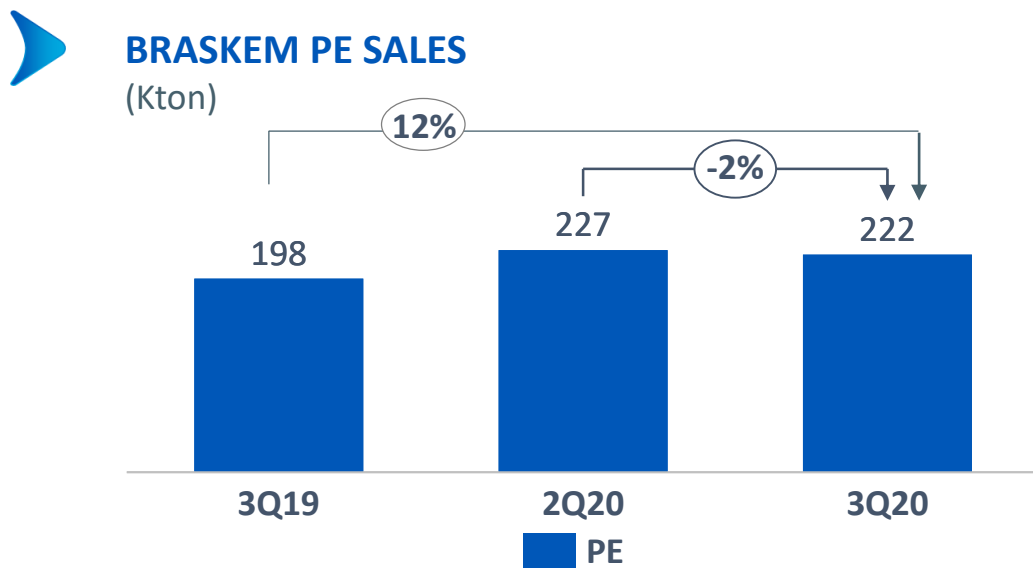
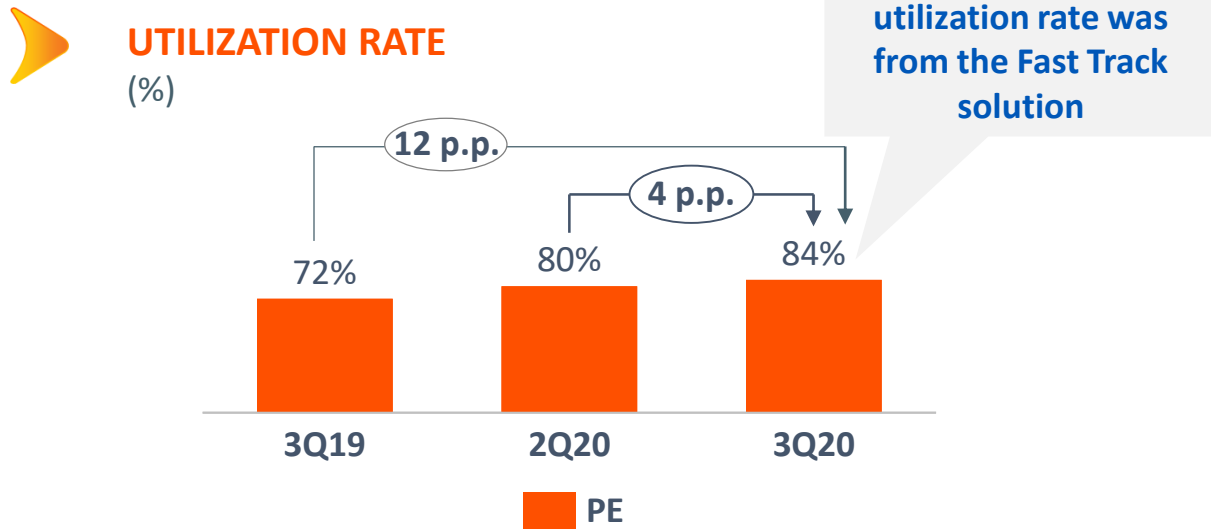


**At the end of September, Braskem organized the Delta Day, an online event to talk about the new PP plant in the US. The Delta Day material can be accessed on the Company's IR website.**

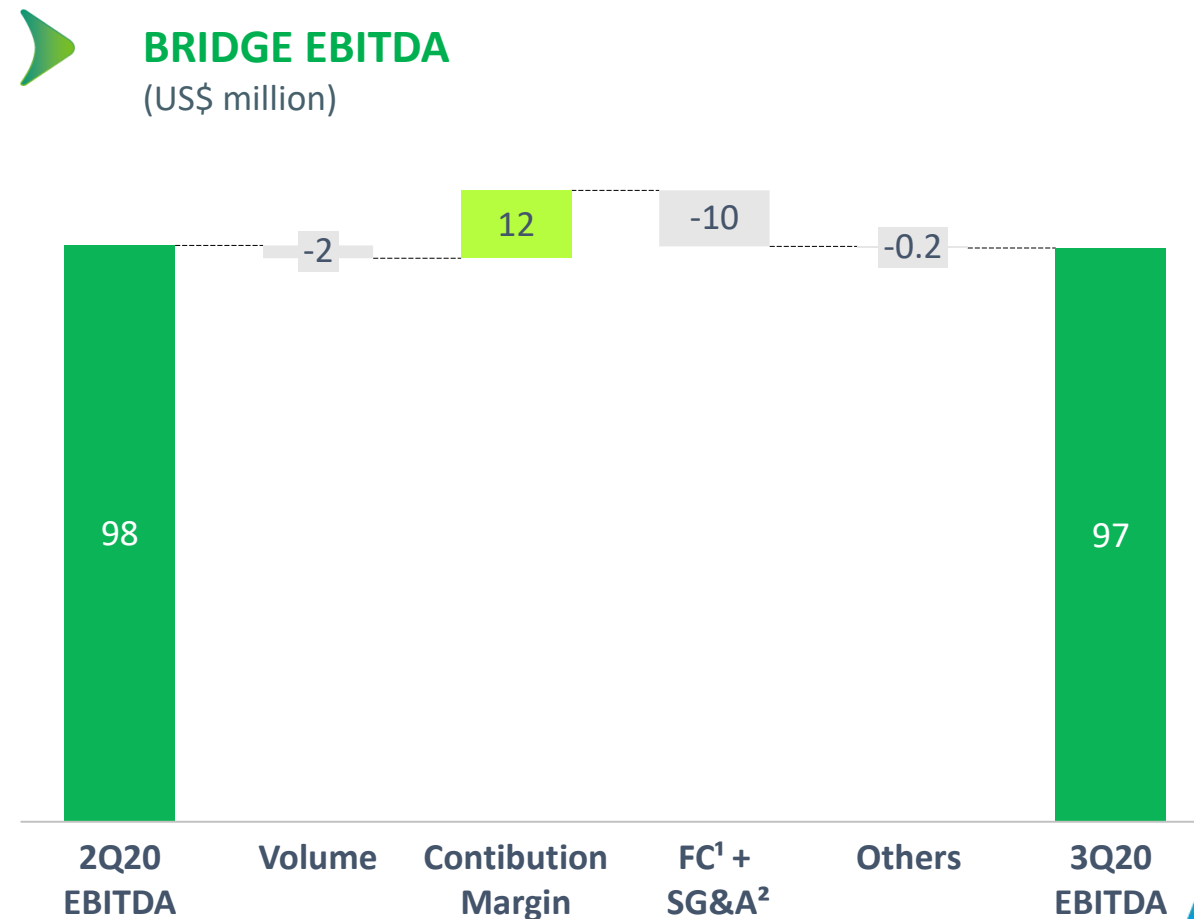
# 3Q20 Highlights | Mexico



## Operational



## Financial



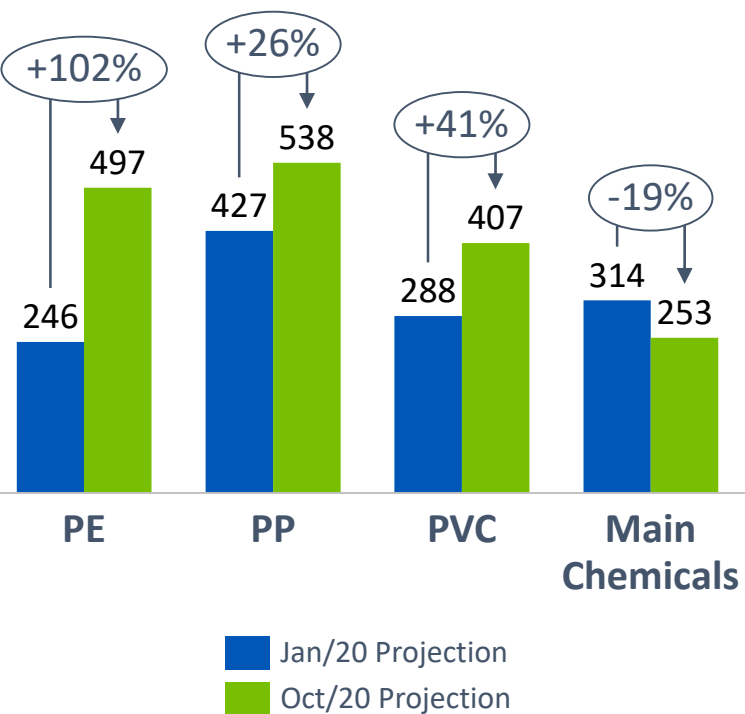


# Petrochemical Scenario 2020

External consulting firms projection: Jan/20 report vs. Oct/20 report

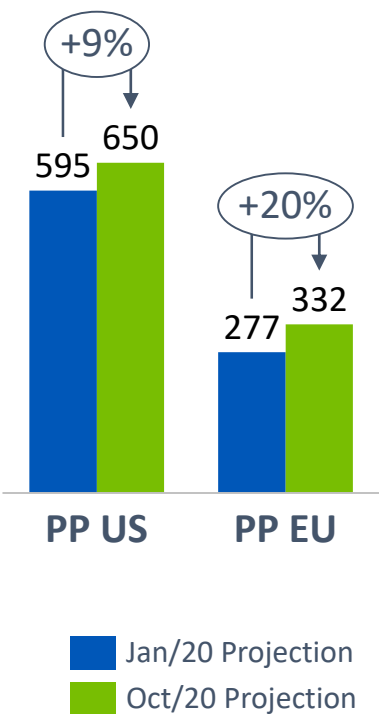
## Brazil Spreads

PE, PP, PVC and Main Chemicals



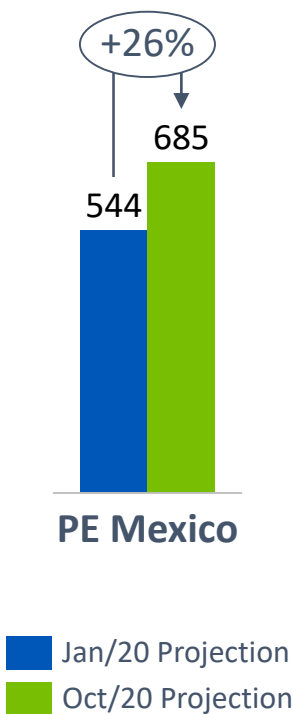
## US & Europe Spreads

PP US and PP EU



## Mexico Spreads

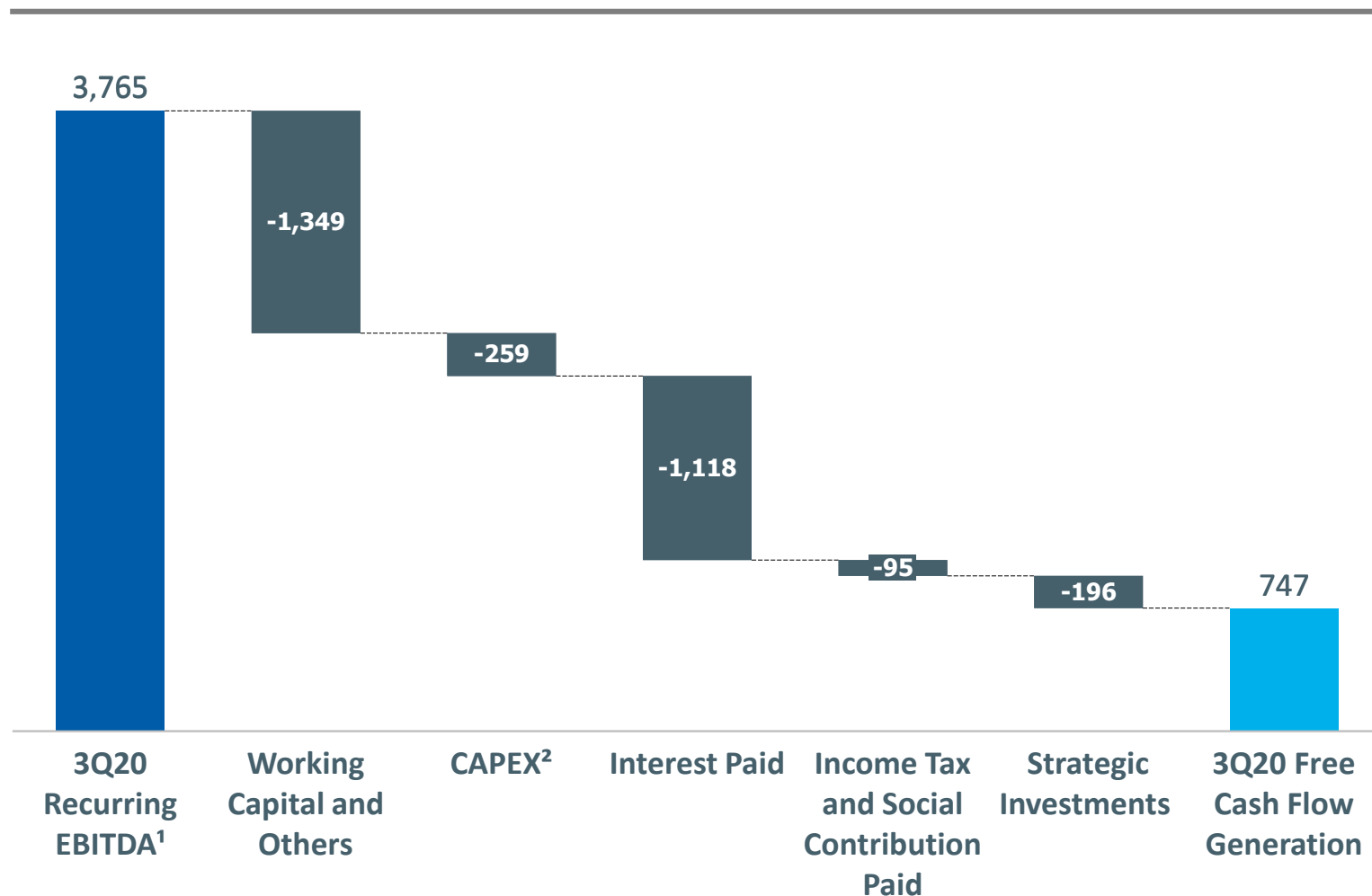
PE Mexico



According to the most recent projections by external consulting firms, the expectation is for healthier resins spreads in all regions

# Positive Free Cash Flow Generation

Free Cash Flow Generation (R\$ million) – 3Q20



(1) Does not consider mainly non-recurring expenses related to the geological event in Alagoas

(2) Considers Braskem Idesa and Cetrel CAPEX and does not consider associated taxes in the working capital

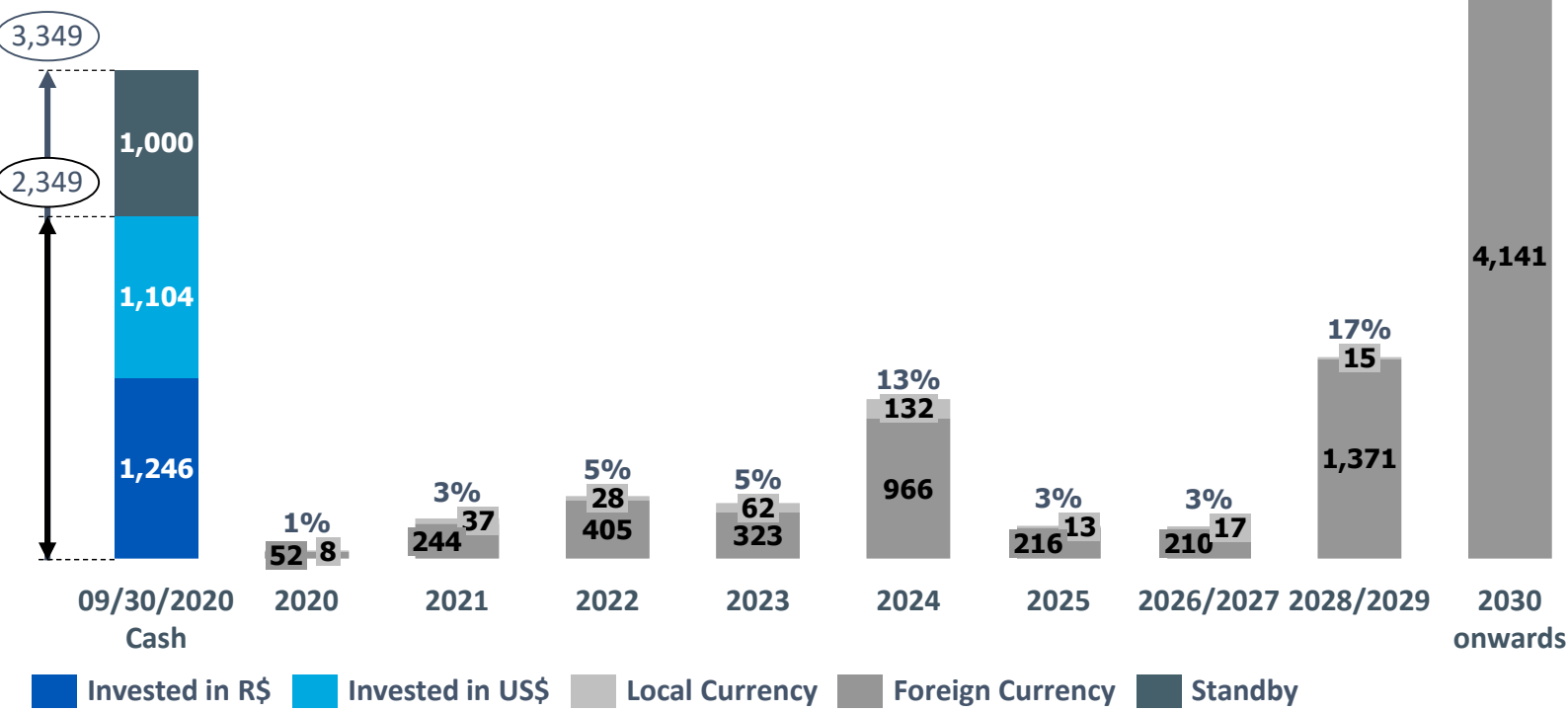
## Comments:

- Free cash flow generation was positive in R\$747 million mainly explained by
  - the increase in recurring EBITDA in the quarter
  - monetization of PIS/COFINS credit for approximately R\$332 million in 3Q20
- This effect was partially offset, mainly, by a bigger interest payment in the quarter, due to the payment of the first installment of semiannual interest of bonds issued in November 2019
- Year-to-date, free cash flow generation was negative in R\$757 million mainly explained by the cash consumption due to the change in the feedstock purchase strategy due to COVID (lower volume of imported naphtha)

# Debt Profile

Debt Profile (US\$ million) 09/30/2020<sup>(1)</sup>

AROUND 50% OF THE TOTAL DEBT DUE  
AFTER 2030



## Debt KPIs

- Sufficient liquidity to cover debt maturities in the next **53 months**
- The average debt term is around **19 years**
- The weighted average cost of debt is exchange variation + **5,2%**






## Corporate Credit Rating – Global Scale

Agency	Rating	Outlook	Date
Fitch	BB+	Stable	07/03/2020
S&P	BB+	Stable	07/08/2020
Moody's	Ba1	Negative	07/13/2020

(1) Does not consider the cash of R\$1.5 billion for expenses related to the Financial Compensation and Support for Relocation Program in Alagoas



# Braskem remains focused on implementing the deleveraging plan initiatives

Initiatives	Description	Status
1 Hybrid Bond Issuance	<ul style="list-style-type: none"> <li>Issuance in the total volume of US\$600 million, with <b>50% equity treatment</b> by Standard &amp; Poor's and Fitch Ratings</li> </ul>	Issuance concluded in July/20 
2 CAPEX Reduction	<ul style="list-style-type: none"> <li><b>Reduction of planned investments</b> for 2020 from US\$721 million to approximately US\$600 million</li> </ul>	2020e = ~US\$600 million 
3 Fixed Costs Reduction	<ul style="list-style-type: none"> <li><b>Reduction of fixed costs</b> by approximately 10%, compared to 2019</li> </ul>	Reduction of approximately 9% compared to the same period of 2019 (January to September/20) 
4 Working Capital Optimizations	<ul style="list-style-type: none"> <li><b>Working capital optimizations</b> under discussion with relevant suppliers</li> </ul>	Ongoing conversation with relevant suppliers 
5 Taxes Monetization	<ul style="list-style-type: none"> <li><b>Monetization of PIS/COFINS</b> credits of approximately US\$300 million in 2 years</li> </ul>	Monetization of approximately R\$1 billion (January to September/20) 

Braskem is working on implementing measures to reduce its corporate leverage to be reassigned as an investment grade company

# ESG: Braskem and AEPW engaged to eliminate plastic waste

## Letter signed by the CEO

- Annually, **AEPW<sup>1</sup>** organizes the Progress Report, a report that celebrates the **advances aimed at eliminating plastic waste in the environment**
- In the 2020 publication, **a letter from Braskem's CEO** highlights the Company's main achievements
- Our contributions were focused in **three main fronts**:
  - 1 Business strategy focused in the **sustainable development**
  - 2 **Promotion of the Circular Economy**, stimulating new approaches, from production to disposal
  - 3 Strengthening of portfolio, technologies and business models based on **biopolymers and plastic reuse**

Source: Braskem. Note (1): AEPW: Alliance To End Plastic Waste



### WE ARE STRONGER TOGETHER

*Sustainability has always been in Braskem's DNA. From the beginning of our operations, we are committed to improve people's lives with sustainable solutions from chemicals and plastics. We are proud to join forces with an initiative as important as the Alliance to End Plastic Waste, in combating the disposal of plastic waste in the environment, especially in the oceans.*

#### Strategy focused on sustainable development

Improper disposal and inadequate solid waste management of plastics are two of the main factors that impact the contamination of seas and oceans. Aligned with the AEPW initiatives, we recognize the complexity of this problem and understand that finding solutions is only possible if the various sectors of society – government, society and companies – join efforts.

#### Expanding the paths of the circular economy

Plastic is an extremely efficient material, but we need to focus on minimizing its disposal and promoting the recyclability of post-consumer plastics. In 2019, we strengthened our commitment to the Circular Economy by consolidating our strategy to create an increasingly sustainable cycle – from production to post-consumption.

#### New products, future possibilities

As a world leader in the production of biopolymers, our brand I'm green™ has helped us focus on a more strategized sustainable portfolio. In 2019, we expanded our efforts to cover not only renewable solutions, but the entire product line with a circular economy approach: products made from recycled content and the mix between renewable and recycled. We also strengthened our effort to support new technologies and business models that encourage the reuse of plastics – the next important steps for our sustainable growth.

**Roberto Simões**  
Chief Executive Officer  
Braskem



# ESG: Partnership for the removal of plastic waste from landfills



## Agreement signed between Braskem and Tecipar

- The agreement will prevent more than **two thousand tons of plastic waste** from being discarded annually in the landfill of Santana do Parnaíba, São Paulo
- The volume is equivalent to **36 million plastic packages** made of PE and PP
- The partnership reinforces Braskem's commitment to the **Circular Economy** and is in line with the company's business strategy, engaged in **contributing to the development of the recycling chain**
- This is Braskem's first contract for the removal of plastic waste from landfills



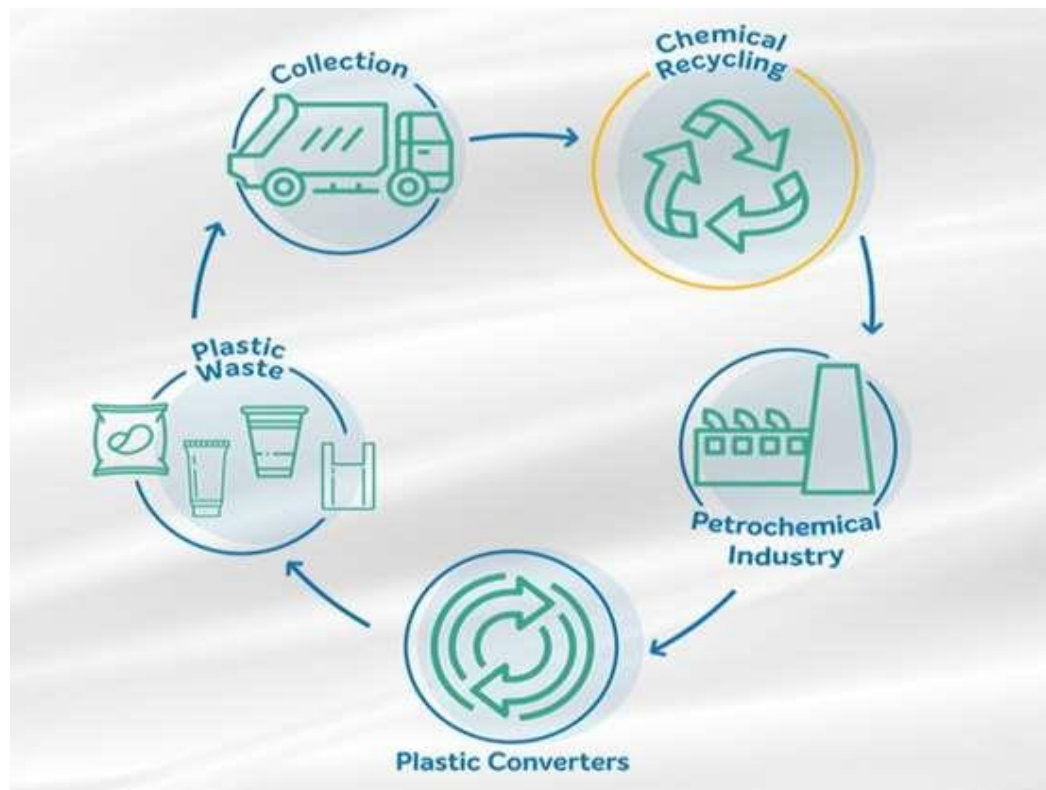
**Support for technologies and systems that can facilitate recycling in the country is among the eight pillars of Braskem's commitment to the Circular Economy**



# ESG: Advance in research on plastics chemical recycling

## Moving to a Circular Economy

Simplified Chemical Recycling Structure



## New Cooperation Agreement on Chemical Recycling



- Braskem has signed a cooperation agreement with **FCC<sup>1</sup>, SENAI<sup>2</sup> CETIQT<sup>3</sup> e COPPE/UFRJ<sup>4</sup>**
- The agreement was obtained after **Braskem's participation on a selection process opened by SENAI**, through a public notice
- The estimated investments is **R\$2.7 million**
- In **chemical recycling**, the discarded plastic waste is processed and **transformed into raw material again**, that will be used to create new plastic resins

The objective of the new agreement is to develop catalysts to improve the quality of products generated in the chemical plastic recycling process

# ESG: Diversity & Inclusion

## Our Diversity & Inclusion actions in recent years



Braskem's Internship Program seeks to ensure greater diversity and inclusion. Some selection criteria were made more flexible, such as the English language, which is no longer mandatory in 40% of the vacancies and the selection of resumes remains blind

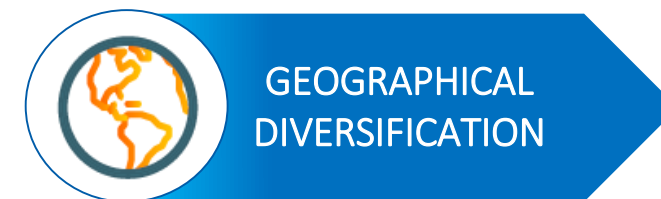
# Our priorities for 4Q20



- Start up Chlor-Alkali operations in Alagoas
- Conclude negotiations to renew the supply of naphtha of the industrial unit in São Paulo and ethane and propane in Rio de Janeiro



- Continue the ramp up of the complementary solution (Fast Track) for importing ethane at Braskem Idesa
- Continue evaluating a definitive infrastructure solution for expanding access to ethane in Mexico



- Continue the ramp up of the new PP plant in the USA (Delta)
- Maximize synergies among the regions where Braskem has industrial operations



- Increase the volume of global production and commercialization of recycled resins
- Continue with the advances of the Financial Compensation and Support for Relocation Program in Alagoas



- Continue with the implementation of the Deleveraging Plan initiatives
- Maintain capital allocation discipline





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