

Q1 2017 Earnings Call

Company Participants

- Pedro van Langendonck Teixeira de Freitas, Chief Financial Officer, Investor Relations Officer

Other Participants

- Bruno Montanari, Analyst
- Frank McGann, Analyst
- Hassan Ahmed, Analyst
- Sarah Leshner, Analyst

Presentation

Operator

Good afternoon ladies and gentlemen. At this time, we will like to welcome everyone to Braskem's Unreviewed by the Auditors First Quarter of 2017 Earnings Conference Call. Today, with us we have Fernando Musa, CEO; and Pedro Teixeira, Investor Relations and Controller and 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. (Operator Instruction) We have simultaneous webcast that may be accessed through Braskem's IR website at www.braskem-ri.com.br and the Engage-X platform, where the slide presentation is available for download. 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. It could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to Pedro Teixeira, Investor Relations and Controller and Director. Please, Mr. Teixeira, you may begin your conference.

Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Good afternoon, everyone. Thank you for participating in the first quarter 2017 earnings conference call of Braskem. Moving in our presentation to slide number three, it's important to reinforce that although the company continued to make progress on the required evaluations of its process and internal control as announced to the market in its Material Facts dated as February 22, 2017 and March 28, 2017, the company has not yet concluded its work with the independent auditors, which has made it impossible to report the information duly reviewed by auditors.

However in order to keep the market informed on its operational and financial performance. The company reported today its financial information and reviewed by the auditors for the first quarter 2017.

Beginning our presentation in slide number four where we tackle the results of the operations in Braskem, our Braskem Brazil during the first quarter. The highlights are as follows. The company reached a utilization rate in crackers in Brazil of 95%, 6 percentage points up when compared to the total of first quarter 2016 and 5 percentage points up from the fourth quarter 2016. Remembering that in the fourth quarter, we had the (inaudible) in the cracker in Bahia.

And also in the first quarter 2017, the company ran its cracker in Rio de Janeiro at a very high utilization rate with higher supply of local feedstock and also imported ethane at a small amount from the US to run its cracker in Rio de Janeiro at an even higher utilization rate. The Brazilian demand reached 1.2 million ton in the first quarter of 2017. It was an increase by 5% when compared to the third quarter 2016 and that became stable when compared to the fourth quarter of 2016.

The company market share expanded by 2%. The company sold in the market, in the Brazilian market 844,000 tons which represents an increase of 8% from the first quarter 2016 above the overall increase of the market. [ph] The market thus represent an increase in its market share. The results of export were very positive as well. The company increased its export of resins by 3.5% as compared to the first quarter 2016 and the export of basic petrochemicals increased by 27% when compared to the first quarter 2016. The EBITDA generated by the facility and the operations in Brazil, reached \$761 million and represented 68% of the consolidated EBITDA of the company.

Moving to slide number five, I just want to point out the two graphs on the lower side of the slide. The first one shows the evolution of the EBITDA in Brazil and there was an increase in EBITDA margin from 18% to 25% of the operation and in corporations in Brazil. An important factor here, aside of the good utilization rate and the level of exports was the fact that Braskem's basic petrochemical went very up in the first quarter, then the margins in Brazil were pushed up from 18% to 25%.

FINAL

The resin spreads on the lower side of the slide shows that the spreads were somehow stable during this quarter and increased just by 1%. So the main impact here was the margin generated by the petrochemical -- the basic petrochemical segment in Brazil.

Moving to slide number six, we are going to talk a little bit about the results in the US, Europe and Mexico, beginning with US and the Europe, utilization rates in those regions reached 101%, 1% higher than the first quarter of 2016 and 4 percentage points higher as compared to the fourth quarter of 2016, remembering that in the fourth quarter of last year there was a scheduled shutdown of Marcus' fifth unit, an incident that we have in US.

In this quarter, we reached a new record of sales in US and Europe. We accounted 534,000 tons and increased by 7% when compared to the first quarter 2016, 6% when compared to the fourth quarter 2016.

The EBITDA of US and Europe together represented 17% of the total EBITDA of the company and equivalent to \$188 million. It is important to report that in January, the new plant in La Porte, Texas have begun its operations to produce the new tech resin which enable -- will enable the company to better service clients in North America as well as Europe through exports from the US.

In Mexico PE plants operated at an average utilization rate of 97%. So the company is kind of reaching what was expected. The total production was 250,000 ton. If we analyze this, we are going to reach 1 million tons of production in a given year. So it's very close to 100% of the capacity of the new complex.

In terms of sales in this quarter, we sold 264,000 tons. So we were able to sell more than what was produced. There was a reduction in the inventory levels in Mexico. And the Mexico complex reached an EBITDA \$171 million representing, 15% of the company's consolidated segment.

Moving to slide number seven, just to highlight two factors on the US and the Europe -- on the US and Europe front. First the sales -- the record of sales from 500 -- an average of 500 in the latest quarter of 2016 to 534 in the first quarter of 2017. And also this led to an increase in the EBITDA generation from a 103 to 188 in the first quarter 2017.

The demand is very strong in US and so we have been able to achieve better results.

The margins in the US and Europe are relatively same, 3% down in US, 3% high in Europe and in an average -- weighted average between the regions it will be a slight decrease quarter-on-quarter.

Moving to slide number eight, this gives a little bit more information about the operations in Mexico. As you can see here on the graph on the up left side of the slide, it shows a very robust utilization rate in the range of 97% to 94% since December last year. We have an average utilization rate in Mexico of 97% this quarter.

And on the right side of the slide you can see that there was an important increase on the amount of products placed in Mexico. We also increases the amount exported because we didn't produce more than as compared to the fourth quarter 2016. However, we increased more the amounts placed in Mexican and that what we expect to occur in the future. The more the company gets stable, the more it will place products in Mexico, (inaudible) export, generating a greater value to the company.

FINAL

The EBITDA margin reached 57%. So, the company benefits by the difference -- by the spread between PE in the US coal that reached \$1.1 per ton -- \$1,191 per ton and the same price in the region (inaudible) group reference that was \$173 per ton generating a gross spread of almost more than \$1000 per ton.

Moving to slide number nine, the consolidated results of the company, (inaudible) very exciting year. Just to point out that EBITDA reached \$1.1 billion in this quarter, equivalent to BRL3.6 billion. So it's 45% greater than what we achieved year ago. The consolidated net income of the company -- at the parent level reached BRL1.8 billion.

And with such a good result and cash generated the company was able to deleverage. So we reached our net debt to EBITDA ratio in US dollars is of 1.57, one of the lowest that we had during the last 10 years. The company also paid in this quarter 95 -- around \$95 million referring to the portion of the US Department of Justice under the Global Settlement that was executed with the authorities back in December 2016.

On slide number 10 it shows the comparison of the fourth quarter 2016 EBITDA and EBITDA generated in the first quarter of 2017. As you can see here, what played in favor of the company was this greatest amount -- greatest volume sold in all regions in US, and in Europe, in Brazil, especially in Mexico, we have the project reaching a higher utilization rate and also a contribution margin that spread towards -- were very positive with an important contribution from basic petrochemical spreads.

On slide number 11, it shows the cash balance, cash and equivalents balance of the company that has reached \$2.2 billion in the quarter. And with a (inaudible) of its debt. We have a gross debt of \$7.4 billion and a net debt of \$5.2 billion with an average term of 17.1 and an average cost of 5.64% per year.

And on the chart, on the lower side of the slide, you can see that the leverage has decreased from 1.68 to 1.57 [ph] without considering the effects of the global settlement, but considering the global settlement as a debt and as an additional debt obligation of the company, even though there was a decrease from 1.90 [ph] to 1.82 times. And the company remains investment grade by Fitch and S&P.

Moving to slide number 12, it shows the investment that the company did and considering the operational investments (inaudible) Braskem and subsidiaries contributions to the Mexican project. The company invested in this quarter around BRL285 million which is equivalent to 16% of the total amount expected to be invested in the full year of 2017.

FINAL

Two important contribution in the amount invested. BRL20 million was related to the feedstock diversification project that we had in Bahia that reached a completion, a feedstock completion ratio of 39% in United States and Europe. We can highlight the investment of \$8.7 million, which is related to studies of the new PP facility in United States. That is yet to be approved by the Board.

Moving to slide number 13, we have the PE capacity expansion. The forecast for 2017 -- the forecast of 2017 has decreased from 7.5 million ton that were expected to come online on the first quarter of 2016 to 6.8 million tons that is now expected to come online in 2017. This increase was mainly driven by the postponement of some projects that were expected to become operational in 2017 in India and in China. These led to a review by the spread expected for 2017 by the consulting companies. The spreads for 2017 were expected to be in the range of 560 in -- when we were in the fourth quarter 2017, but now we will revise it up to around \$700 per ton for the whole year of 2017.

Moving to slide number 14, this slide try to demonstrate how we foresee the first quarter 2017 and what we expect to occur [ph] in the nine month of 2017. So we had in Brazil in a volume perspective results that were in line with the fourth quarter 2016. There was an increase when compared to the first quarter of 2017, but the volumes were in line which was posted in the fourth quarter 2017.

And we expect that the volumes, the demand in Brazil gradually increase over the following quarters, especially in the second semester of 2017. In Brazil we had a very positive effect from the basic petrochemicals spread. And, however, we understand and we expect that these two spreads will be reduced in the following quarters, PE and basic petrochemicals.

On the other hand, we expect that the spreads for PVC will increase over the next -- over the following quarters given the lack of investments of new PVC players worldwide. So in Brazil we expect the EBITDA generation for the following quarters to become smaller than what we posted in the first quarter 2017. In the US and Europe we have a very stable situation, very stable demand. PP spreads were slightly lower than in this quarter, mainly pressured [ph] by US spreads, but we expect the spreads in US to become greater as new refineries are coming online. Again they had published formal data in the fourth quarter of 2017 and the new PHP [ph] facility -- there will be new PHP facility that shall become operation by the end of the first semester, beginning of the second semester 2017. So we expect that the level of EBITDA for US and Europe to become relatively stable over the next quarters.

In Mexico, we expect to push more volume to the domestic to play -- to allocate more volumes to the domestic market and compared to export should generate a greater amount of value-added in prices in Mexico are better than the export prices to some region, especially to Asia where we too are exporting an important amount of products from exporting and importing (inaudible) volume from Mexico.

Likewise in Brazil, the PE spread in the region in the (inaudible) should reduce by the end of 2017. So spreads in Mexico we expect that it will be reduced over the next quarters. In

Bloomberg Transcript

general, we expect somehow some level of stabilization in the EBITDA generation in Mexico.

Turning to the last slide, these are the key concentrations of the company. First one, the company is concentrated in productivity and competitiveness and to focus to be in the first quartile operator. Feedstock diversification is another key concentration to have a very -- a better balance between naphtha and gas production and also geographic diversification to expand the global presence with gains in scale in PE and PP and to have a contribution from international operations above 50%.

As you could note, during the presentation that results from outside of Brazil represented 32% on a consolidated basis. So the intention of the company is to grow these gains in scale in PE and PP. You know what, these three key concentrations will be founded on reputation and governance. So the company intends to have the key objective, which is to strengthen Braskem's images and reputation, advancing in many of its initiatives in terms of compliance, sustainability, innovation and people management.

Thank you all for your attention and I invite you to participate on the question and answer session.

Questions And Answers

Operator

Thank you. The floor is now open for questions. (Operator Instructions) Mr. Hassan Ahmed from Alembic Global would like to make a question.

Q - Hassan Ahmed {BIO 7430123 <GO>}

Good afternoon, gentlemen. Obviously, a strong quarter. And you highlighted a couple of interesting things. One was, the strength within the basic petrochemical segment. And you talked about expanding spreads and the like. And thereafter you talked about a certain degree of compression in the near term. So at least in my mind, as I take a look, obviously, the (inaudible) what they did, and the ethylene, polyethylene did what they did in Q1. But I think a large part of the story was also what co-products did, right.

I mean, obviously, butadiene was very strong as was propylene through the course of Q1, which since then seems to have come down fairly hard. So a two part question about that. One is, what is your near term view about the direction these co-products take, Q2 to Q3? And the second part of that is that, is this is a signal for ethylene pricing to go up? And what I mean by that is that, obviously, global utilization rates, particularly for ethylene remain very strong. So if co-product values come down, that means the margin compresses. And if it does, in an environment where utilization rates are north of 90% globally, that -- and in a turnaround period as well, that could potentially signal a rise in ethylene prices in the near term. So would love to hear your views about these two points

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Good afternoon, everybody. Good afternoon, Hassan. I think, as you said, the first quarter was pretty exceptional in the sense that co-products have been very strong, driven by a series of factors. Butadiene, as you mentioned, was a very special case, propylene US spiked significantly. And they have returned to more normal pricing and therefore, more normal spreads since the end of the quarter.

So, my expectation for the back end of the year is that this will revert to normal spreads, and if you understand normal, as the spreads we see with oil prices where they have been recently and therefore, it's similar to slightly better than the average of last year for the co-products.

As far as the ethylene pricing, I think here there is a combination of the co-products, but also the start-up of the clients that are ethylene based, which will keep pressure on the PE pricing. So for the integrated players, it can be more about the integrated PE margin. And for the (inaudible), you are probably right, ethylene pricing could be rising in the US and Europe in the near term, given the co-products' pricing reduction and potentially putting obviously more stress on the ethylene -- polyethylene spreads going forward.

Q - Hassan Ahmed {BIO 7430123 <GO>}

Very helpful. Now as a follow-up, moving slightly upstream. Obviously, we saw a certain degree of strength on the propane side of things within the US in particular. A variety of reasons, obviously, oil was a bit muted. But it seems that you saw heightened sort of export demand out of the US for propane, but thereafter through the course of, call it, January, February, March propane was raising and now that too has moderated a bit. And as I hit there and look at the amount of -- so two things at least in my mind. One is obviously the oil side of things. The E&P guys keep drilling in the US, so obviously more and more NGLs keep coming up out. And the second part of it is that here in the US if you had seen that there has been a fair amount of gas processing capacity that's been added.

So again sort of slightly related to the first question is, well, I mean with these dynamics with oil sort of call it at or about \$50 a barrel Brent with the amount of gas processing capacity that exists in the US, despite sort of increased use of LPGs across the globe and more and more propane sort of exports out of the US, don't you think that -- barring sort of huge spikes in oil prices, don't you think that propane prices would be relatively tepid going forward and in line with that would provide some sort of a upside cap to ethane pricing here as well?

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Yeah, I think if we go back to a couple of the elements I mentioned, I think the last few months have been a clear demonstration of the strength of the drilling in the industry in the US. But clearly -- and that itself see a 45 to 55 barrels oil pricing which is generating very strong production and with that a lot of NGLs coming as byproducts.

So even though there was a spike in propane pricing, I'm of the view that there should be abundance of ethane and propane in the US despite the increased capacity to export

FINAL

propane and the ethylene cracking will be flipping back and forth between the ethane, propane based on availability and therefore pricing of those two molecules which kind of creates a moving effect on the cost in the US if we go back to the last few weeks -- month and a half ago, but that's for production of ethylene in the US with naphtha go through the right [ph] who is processing it to see that.

Now it's flipped back, but it's moved in a range that is pretty tight. Still very competitive no matter what the relative is in the US to other regions in the in the world with the exception of maybe of the Middle East. So I think if there is no shock, driving prices down (inaudible), we should see the abundance of feedstock in the US last for quite a while. Now that the industry -- the oil industry, the (inaudible) oil and shale oil industry, who adapt itself to the, let's call it, \$50 oil.

And this is probably good news for US-based producers, both ethylene but also on the propylene chain, because the PDHs will be competitive and therefore the propane price should be competitive globally, which tends to be a positive news for Braskem given our very large exposure to propylene in the US.

Q - Hassan Ahmed {BIO 7430123 <GO>}

Very helpful as always. Thanks so much.

Operator

Mr. Bruno Montanari from Morgan Stanley would like to make a question.

Q - Bruno Montanari {BIO 15389931 <GO>}

Good afternoon, everyone. Thanks for taking the question. Just a couple of questions about the reporting schedule, given that the auditors have not signed off from Q4 and Q1 now on the region. One, when we expect that process should be concluded? And then second, as it pertains to your debt, how much of those debt instruments you have reporting covenants on? And are you in compliance yet with those reporting covenants? Thank you very much.

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Hello, Bruno. As far as the work with the auditors, I would say we're in the final stages of that process. We have been working very hard since last year with them. As we mentioned several times in our communications to the market, the dialog is all around internal controls and procedures, has nothing to do with the numbers, which -- for which we do not expect any relevant changes to the numbers, and all the numbers that we've been communicating both for '16 and also for the first quarter.

So, as far as the deadline, I would say soon. It's hard to pinpoint exactly when given that some of the passings and analysis that the auditors are conducting might lead to one or two additional questions and then it is the matter of doing these additional (inaudible). And as I said, we believe we are close to the end of that process, but we are not able to pinpoint a specific date.

FINAL

As far as the debt is concerned, we have 120 days for most of the debt that has covenants around publication of the financial statements. Those have a 60-day period of cue [ph] after we receive a notification and we've been working the (inaudible) that have asked about it and we've been discussing, negotiating with the creditors around this. They have been very effective given that the financial results, the operational results have been very strong, the cash flow generation has been very strong. So this is a process that we've been managing and if we are able to finalize the prices [ph] with the auditors sooner rather than later this should resolve itself in the near future.

Q - Bruno Montanari {BIO 15389931 <GO>}

Great news. Thanks a lot.

Operator

Mr. Frank McGann from Merrill Lynch will like to make a question.

Q - Frank McGann {BIO 1499014 <GO>}

Yes. Thank you very much. Two questions, if I may. One just to follow up on discussions you've had in the past related to ethane supply in Mexico and how you are seeing that situation right now, whether you see risk over the next two to three years that there could be potentially some restriction in supply.

And then secondly, working capital which saw a major increase of use of funds rather for working capital in this quarter. I just learned from the Portuguese call that there's been some deliberate decisions made from a commercial standpoint to --that have led or contributed to that. I was just wondering, if you could give a little bit more color on what could you have made and why you are changing out to -- referred to a little bit of demand for funds for working capital.

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Okay, Frank, before answering your two questions, just a clarification which I might have miscommunicated. We did not receive any notification from any creditors, and we've been in dialogs with different agents to update them on the stage of work with the auditors and as I said, we believe that we are getting close to the end of the process and the dialog has been very positive.

Going back to your question, ethane in Mexico, as we've seen from the utilization rate, the complex supply has been very, very great, stable, enabling us to run very strong, close to 100% of our capacity. The availability of ethane in the country is still an issue. Just as a recall, the availability of reserves is there. Pemex has been facing some challenges -- even some issues -- a couple of their platforms that are relevant for the natural gas shale [ph] and this has led to some prepayments that have impacted the industry, but not our projects. Given the very strong contract that we have and -- over \$5 billion investment that was incentivized way by the auction of the long-term contracts by the government and planning, which has created a desire by, I would say, both the government and Pemex to make sure that the project is successful.

FINAL

And I think the data which is showing that we have been able to put together a very strong project that has been successful from an operational point of view, and is proceeding its mission to serve the local market moving upward in the mix sold internally versus exported, as naturally we progress in the relationship with clients.

So as I said, we have a very strong contract. The national interest of having a successful project is very high and the recent past has shown that the supply has been strong. On top of that, the project has been project financed with 17 banks including multilateral reviewing the contract and I would say we are comfortable with our contract situation, of course the more Pemex were able to restore the system to provide an abundant propane to the industry and including to ourselves and then we'll be able to try the limits of our plants. And maybe even though above 100% (inaudible) been doing in some plants around the world.

As far as the working capital discussion, we have a series of feedstock supply contracts over the last couple of years, given the need for investment in Mexico and other investments we have made very good actions to pursue some contracts that have longer payment terms and this would of course come with a trade up as far as pricing and the economic side of the equation.

With the improved cash flow generation in the last few quarters, the end of the investment in Mexico, we started to make deliberate actions to balance those -- this tradeoff between payment terms and the economic side on the feedstock and this is a process that probably was a little bit stronger in the first quarter. Combined we have a series of other actions from a operational point of view that also led to a reduction of the accounts payable accounts.

If we think about the future, there was a big change as I said in this trade-off between the economic aspect and the financial aspect. There are still some opportunities to do this arbitrage going forward but it should be smaller compared to what we've seen in the last couple of quarters. That's it.

Q - Frank McGann {BIO 1499014 <GO>}

Okay. Thank you very much. Very helpful.

Operator

Mrs. Sarah Leshner from Barclays would like to make a question.

Q - Sarah Leshner {BIO 15039127 <GO>}

Hi. I have a question on your expectations for -- at (inaudible) particularly the timing of cash flows. We know that certain metrics need to be achieved before either the shareholders receive repayment of debt or will receive dividend. So, I was just wondering what your expectations are regarding a timeline for that? Thank you.

FINAL

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Hello, Sarah. As we've seen, the operational results and financial results of the project have been very strong. Having said that, most of the cash flow will be dedicated to giving the working capital and closing the financial divisions of the project finance. We do not expect the project to distribute its cash flow to the partners, to the sponsors in '17.

Based on the results in '18 and depending on the cycle and what happens with the spreads, this could be something that will be discussed during '18. Basically, deleverage the project more or decide to distribute dividends to the two sponsors is dialog for '18. Again, it will be finalized on what happens ethylene to PE spreads in the region.

Q - Sarah Leshner {BIO 15039127 <GO>}

Okay. Great. Just to clarify that you're referring to both the repayment of the shareholder loans for that planning in addition to payment of dividends?

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Yeah.

Q - Sarah Leshner {BIO 15039127 <GO>}

Okay.

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Any cash flow paid out to the sponsors should happen after the end of '17 depending on the operational and financial results.

Q - Sarah Leshner {BIO 15039127 <GO>}

Okay, that makes sense. Thanks.

Operator

Thank you. I will turn over to the company for closing remarks.

A - Pedro van Langendonck Teixeira de Freitas {BIO 19740578 <GO>}

Thank you all for participating in the call. As -- I hope I was clear during the presentation and dialog, we had a very strong first quarter. This was driven by the international scenario, but also by the ability of Braskem teams around world to create very efficiency and therefore capture all the opportunities that was out there for -- and transform that into good operational and financial results.

We had an exceptional first quarter. We do expect that from an operational point of view we will continue to have good performance. From a spread point of view we mentioned a couple of dimensions where we should see a small decline on those spreads in the back

end of the year compared to first quarter, but we still see a healthy cash flow generation for the rest of the year.

The Mexico project, which was a key strategic investment for the company and very relevant commitment is reaching stability from an operational point of view and it's progressing in its strategy of increasing the volume that is used to serve local clients. And as we continue to progress on that dimension, we will see even more stability by giving stronger and stronger relationships with customers close by to our operations.

As we think about the PP business in the US and other relevant aspects to cash flow generation, we expect to have a healthy year especially given the propylene expected behavior. And the market demand continues to be healthy, it contributes to our expectation of getting the plan investment decision on our new PP plant, given the fact that the market is still -- and that's important and is expected to continue to increase as the imports of PP to serve the local demand. So this is another relevant project that as we finalize the study will be taken to the Board in the near future.

Finally, I want to emphasize that we've been investing a lot of time and effort in improving our compliance systems as a part of our obligation given the global settlement, but also given our belief that this will help the company be a stronger, better managed company. We developed a compliance program that has over 150 individual initiatives as of today. Out of those, 60 have already been fully implemented and we are working on the other 90 as we speak. And this is the program that we expect to resolve as we continue to implement actions. We are strongly identifying new initiatives to continuing that journey to have a stronger compliance system for Braskem.

So, once again, thank you very much for listening to our results. Very good quarter, and looking forward to talking to you, again in the second quarter. Thanks.

Operator

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

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.

