

Q3 2011 Earnings Call

Company Participants

- Carlos Fadigas, CEO
- Roberta Varella, Manager

Other Participants

- Christian Audi, Analyst
- Frank McGann, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's 3Q '11 Earnings Conference Call. Today with us we have Carlos Fadigas, CEO; Marcela Drehmer, CFO and IRO; and Roberta Varella, IR Manager.

We would like to inform you that this event is being recorded and all participants will be in a listen-only mode during the Company's presentation. After Braskem remarks are completed, there will be a question-and-answer session. At that time, further instructions will be given.

(Operator Instructions)

We have a 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 the 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 and 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 Manager. Ms. Varella, you may begin your conference.

Roberta Varella {BIO 19105478 <GO>}

Good morning, ladies and gentlemen. I'd like to thank you for participating in yet another Braskem quarterly earnings conference call. Today, we will be commenting on our results for the Third Quarter of 2011.

Firstly, we'd like to remind you pursuant to the Federal Law 11638 of 2007 the results presented herein reflect the adoption of International Financial Reporting Standards, IFRS. In addition, unless stated otherwise, Braskem's consolidated results reflect for 2010 periods as stated the pro forma consolidation of 100% of the results of Quattor Participacoes and Sunoco Chemicals, which were acquired in April 2010, as the acquisition had occurred in the beginning of the same year.

The financial statements also includes the proportional consolidation of (inaudible) and the full consolidation of Cetrel as of Second Quarter 2011 retroactive to January 2011. The information in today's presentation was reviewed by the independent external auditor, with exception of Sunoco Chemicals in the First Quarter of 2010.

Now, let's go to slide three, where we will begin our comments.

The first slide, slide number three, shows the Company's Third Quarter highlights. Despite the volatility and uncertainties in the global scenario, Braskem remains aligned with its long-term strategy, committed with its growth and value creation.

In Third Quarter, EBITDA reached \$568 million, or BRL940 million, a decrease of 21% and 18%, respectively, explained by the margin reduction between the quarters that fall below spreads in international markets.

The Company posted EBITDA of \$1.9 billion in the first nine months of 2010, 10% higher than the same period of last year. This performance was positively affected by the higher average price, representing double-digit growth. EBITDA in reais was in line when compared to the same period 2010, explained by the real average appreciation of 80%.

Regarding the strategy of adding value to its assets, Braskem progressed with the construction of its PVC and Butadiene project expansions in showing their future commission and within the expected budget and schedule. In addition, the Company entered into an agreement with BASF to supply propylene to their acrylic complex that will be located in Camacari and will enable the Company to redirect its export sales to the domestic markets.

Second, to explain its commitment to competitiveness, Braskem launched the new fixed-cost reduction program to offset the impact from inflation this year, which should be around 7%.

In the international front, Braskem concluded the acquisition of Dow Chemical's polypropylene business, becoming the leader of this resin in the US market. The schedule of the Mexican project has progressed in showing its commission on the first half of 2015.

Braskem also remains committed to its financial solidity. The 30-year bond issue of \$500 million (last July) extended the Company's average total debt term from 10 to 12 years. Considering the portion of debt pegged to dollar, the average term was extended to 17 years.

On September 30, the net debt/EBITDA ratio stood at 2.3 times in US dollars and 2.6 times in reais. In both cases, the leverage was affected by the real depreciation of 19% in the quarter. The appreciation of the dollar impacted the Company financially in BRL1.6 billion, leading to a loss of BRL1 billion in the quarter. It's important to mention that this effect does not cause an impact on Braskem's cash in the short-term.

On November 1, 2011, the credit rating agency upgraded Braskem's rating to BB-, ranking the Company investment grade with stable outlook. The agency highlighted as positive points the Company's strategic position in the global petrochemical industry as well as the management of its financial portfolio and its strong shareholding structure. Braskem has now been granted with an investment grade by all three global credit rating agencies.

Now, let's move to the next slides. On slide four, we have the performance of the Brazilian thermoplastic reins market as well as the many operating segments of the Company compared to the previous quarter.

In Third Quarter, domestic demand increased 13% over the prior quarter to 1.3 million tonnes, led by seasonality in the period. Braskem sales totaled 856,000 tonnes, 12% higher than in Second Quarter, limited by the PVC production. Imports maintained relevant market share of 29% for polyolefins and 35% for PVC, reflecting the domestic shortfall of the PVC market whose imports total around 110,000 tonnes and the continual opportunistic (inflow) of imports to ports that granted VAT tax incentive combined with the appreciation of the real, which reverted this trend as of the second week of September.

The Company's polyolefins sales increased 12% to 722,000 tonnes, reflecting the good performance of some sectors, such as agribusiness, industrial, and infrastructure. In reais, revenue was 80% higher from Second Quarter, positively affected by the higher sales volume of satin to lower average prices, which followed international market trend.

In the vinyl segment, PVC demand reached 320,000 tonnes, 20% up from the previous quarter. Braskem's sales increased 13%, led by the higher production volume.

In the Third Quarter, the capacity utilization rate stood at 94%, returning to its normal levels after the blackout that affected operations in the first half of the year. Net revenue in reais remained stable in relation to the Second Quarter.

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Braskem is continuing to work to create value for its clients, and the plastics production chain has progress in its visual program, which focuses to support the development of each client. In Third Quarter, more than 50 initiatives were implemented. Braskem, as a support to its clients, has shared its operational know-how in the electrical power market allowing for competitive gains as a result of its lower power costs, as an example.

Let's move now to slide five. Here we show the factors that affected Third Quarter EBITDA in comparison with the previous quarter. Braskem recorded a consolidated EBITDA of BRL940 million in Third Quarter, 18% down on Second Quarter. The increase in basic petrochemical and resin sales volume, which had an impact of BRL94 million, partially offset the reduction in the contribution margin, which had a negative impact of BRL309 million, reflecting the lower period prices, which followed a downward trajectory of international price.

In this quarter, the expectations of a slowdown on the global economy affected the spreads reduction of the international market. The 3% appreciation of the dollar generated a net positive impact of BRL41 million, comprising a BRL218 million positive impact on revenue and BRL177 million negative impact on costs. Expenses generated a negative EBITDA impact of BRL38 million, mainly due to logistic expenses associated with the increase in sales volume such as storage and freight.

Moving on to the next slide. Here on slide six, we compare EBITDA in the nine months of 2011 with the same period last year. Braskem reported year-to-date consolidated EBITDA of BRL3 billion, in line when compared to the same period 2010. In US dollar terms, EBITDA came to \$1.8 billion, a 10% improvement. The reduction in sale volume, which generated a negative EBITDA impact of BRL268 million was figured by the power blackout which affected the production to mid-May.

The contribution margin, however, had a positive impact of BRL764 million thanks to higher base petrochemical and resin spreads, which followed the upward price trend in international market.

In Third Quarter, as mentioned in previous slide, these spreads were negatively impacted by the slowdown of global economy. The 80% appreciation of the real between the two periods generated a net negative impact of BRL468 million, comprising a BRL2.2 billion negative impact on revenue and a BRL1.6 billion positive impact on costs.

Now, let's go to slide seven. This slide represents the synergies from the Quattor merger reinforcing Braskem commitment with its value creation strategy. The capture of synergies through September totaled BRL309 million.

The main gains were in industrial and logistics fonts and primarily resulted from the integrated planning by the industrial units, a reduction of around 20% in the number of resins weighed -- this is an ongoing process, the optimization of production and additional value to the cracker products such as butadiene, gain for international storage costs and freight weights, and the integrated management of fixed stock purchase, among others.

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In terms of the Company's income statement, both of these areas are allocated to the revenue such as the reduction in the export sales of some cracker co-products should be redirected to supply domestic market and production costs gains reflected in the integrated planning of its successes. In 2011, the Company expects to capture BRL377 million in annual and recurring EBITDA, achieving BRL495 million as of 2012.

Moving on slide eight. Slide eight shows the financial result and impact of the real devaluation in the quarter. Since Braskem possesses net exposure in the US dollars, any change in the exchange rate has an impact on the booked financial results with virtually 100% of revenue and approximately 80% of costs directly or indirectly pegged to the valuation in the dollar rate.

The Company considers it appropriate to maintain a substantial portion of debt in the same currency as a natural hedge. Therefore, the effect of the 90% period of deflation of the real against the US dollar on Braskem's net dollar exposure, particularly in regard to debt, has a negative impact of BRL1.6 billion on the Third Quarter financial result.

In year-to-date terms, the exchange variation had the negative impact of BRL1 billion. It's worth noting that the foreign exchange effect has no impact on the Company's cash in the short-term. Since most of the exchange variations relate to the dollar-pegged portion of the debt as we just mentioned, the amount will only be dispersed when the debt matures. The average term of debt pegged to dollar is 17 years. The Company's total average debt term is 12 years.

Excluding the effects from foreign exchange and monetary variation on the balance sheet account exposed to dollars, the Third Quarter net financial result was an expense of BRL379 million. On the same basis, the year-to-date net financial result was an expense of BRL989 million, which represents a BRL96 million decline from the same period last year.

In order to protect its cash flow in short-term, Braskem adopts the market risk management procedures in accordance with its financial risk management policy. The Company seeks to balance the maturity of its dollar-pegged obligations with revenue and cash investments in dollars.

Now, let's go to the next slide. Slide nine represents Braskem debt position on September 30, 2011 when the Company had gross debt of \$7.7 billion, down 3% from the end of the previous quarter, or BRL14.2 billion, an increase of 16%. In both cases, reflecting the dollar appreciation of 90% in the period. The dollar-pegged portion of the gross debt was 65%.

The dollar denominated cash in financial investments grew by 10% to \$1.9 billion. It's worth noting that this high cash level returned to a normal level at the beginning of October following the disbursement for the acquisition of Dow's PP business. The Company's consolidated net debt at the end of the Third Quarter was BRL5.8 billion, 6% down on June 30, or BRL10.8 billion, up by 11% in the same period.

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Excluding recent acquisitions disbursement, Braskem has a debt amortization coverage of 27 months, or 30 months including the two stand-by loans totaling \$600 million. The Company's net debt is pushed dollars 7% in the Third Quarter. Financial leverage mirrored by the net debt to EBITDA ratio increased by 2.3 times to 2.6 times in reais. In dollars, however, leverage has fallen 2.5 times to 2.3 times, affected in both cases by the real depreciation.

On November 1, the rating agency raised Braskem's rating to investment grade, confirming the investment grade status previously granted by S&P and Moody's. On September 30, the average debt term was 12 years, versus 10 years in Second Quarter. Considering only the dollar portion of the debt, the average term was 17 years, as previously mentioned. The increase was explained by the issue of \$500 million in 30-year bonds during July 2011. In Third Quarter, the Company's average debt cost was 6.1% in dollars and 88.2% of the CDI in reais.

Now, let's move on to the slide 10. This slide shows with further details Braskem expansion projects progress in the Brazilian market. The PVC expansion project is designed to add value to the vinyl segment, replacing the EDC export by PVC sales, which has higher value added. The PVC expansion of 200,000 tonnes is scheduled to start up in May 2012.

The growth (inaudible) domestic demand for PVC posted an increase around 6% in the first nine months of 2011 compared to the same period last year. At the end of Third Quarter, the construction was more than 61% complete and on scale. The main items of equipment ordered from global suppliers are already in an advanced stage of manufacture.

The butadiene expansion project is an example of adding value to the cracker space. The expansion of 100,000 tonnes per year is scheduled to start up in July 2012. Braskem's butadiene supply will increase by around 30%. Additionally, the Company has signed pre-sale agreements and have resulted in an advance of roughly BRL200 million. In the first nine months of 2011, butadiene prices rose by approximately 6% in relation to the same period last year, reflecting the growing demand worldwide and its limited supply.

Moving on to the next slide. Here on slide number 11, we will discuss about the integrated project in Mexico. The Mexican integrated project is a joint venture between Braskem and Idesa to produce polyethylene from ethane, and it's based on a long-term contract with Pemex Gas that will supply its feedstock needs for 20 years. This project diversifies Braskem's raw material matrix, bringing more competitiveness to its portfolio.

The construction is expected should be concluded in the first half of 2015. Besides the feedstock attractiveness we highlight the opportunity to supply the shortage of the Mexican market that's suspected should grow around 5% for the year 2011. It's important to mention that 70% of this market is supplied by imported materials.

In order to ensure that the project will be on schedule, we highlight during Third Quarter the beginning of ground preparation work on site where the future complex will be built

given final conditions and rainfall in the region and the advanced purchase of the equipment with long manufacturing and delivery terms.

Fixed investments are now estimated BRL3 billion due to inflation and a more detailed analysis of the investments with the progress of the Front End Engineering Design, which has been developed by the consortium responsible for construction.

We'd like to remember that this investment will be financed to project finance 70% debt and 30% equity and Braskem has 65% of the joint venture. Braskem is still in due diligence phase to structure the project finance and is expected to be concluded in the First Quarter of 2012 with construction beginning in same year.

Moving on to slide number 12. On this last slide, we present the outlook for the industry and the main areas where management is currently focused on. The global slowdown, higher than previously expected, affected the perspective for the Fourth Quarter of 2011. The petrochemical industry spreads in international markets should continue to be pressurized.

It's important to remember that that outlook remains positive for the medium and long-term. Demand growth should outpace the entry of new capacities. Despite the lower growth expected for the Brazilian economy, the country still presents a consistent perform. Due to the real depreciation and the tax benefits considered by some ports in some states, frustrated domestic industry expansion for 2011. However, the better income and the lower level of unemployment are positive factors for the medium and long-term growth for the country.

Additionally, the Federal government has adopted measures to mandate the competitiveness of the local industry and to promote its growth such as (inaudible), which includes the same type of program among others. In this scenario, Braskem is committed to the local supply, working with clients in order to explain the Brazilian petrochemical and plastics chain.

The Company will also focus on capturing the synergies from Quattor and from the recent acquisition of Dow Chemical's polypropylene business; the constant pursuit of its operational efficiencies to schedule maintenance shutdowns and cost savings; the conclusion of PVC and butadiene expansions looking to add value to existing streams; to structure the project financing to begin the construction of the projection in Mexico, which should diversify the Company's feedstock portfolio at competitive costs; better details (inaudible) to expand supply in Brazil to the use of gas in these compared petrochemical projects; and to expand the use of renewable raw materials source without neglecting its liquidity and financial health.

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

Questions And Answers

Operator

Thank you. The floor is now open for questions. (Operator Instructions) Our first question comes from Frank McGann from Bank of America Merrill Lynch. Please, go ahead.

Q - Frank McGann {BIO 1499014 <GO>}

Yes, hello. Good afternoon. I was just wondering, perhaps, if you could expand a little bit on your vision for the Fourth Quarter and perhaps any insight you might have or assumptions you are making for 2012 in terms of the level of demand, how much margin do you think will actually deteriorate further in Q4 versus Q3?

Perhaps also, relative to the competitive environment within Brazil and the competitive environment with imports, how you think that will act over the next year, year and a half?

A - Carlos Fadigas

Okay, Frank. Good afternoon. Carlos Fadigas is speaking. Regarding the Fourth Quarter of 2011, typically in Brazil that's a weaker quarter than the third one in terms of volume of sales. So last year, we had a consumption in the Fourth Quarter that was 5% lower than what we saw in the Third Quarter, so we have no reason to believe it's going to be different this year.

It has to do with seasonality in the Southern Hemisphere with the summer at the end of the year and the holiday season and so on. So market went up by 13% from second to Third Quarter and should come down roughly around 6% -- 5% to 6% in terms of volume.

In terms of spreads, it's a bit tougher to predict that because we've been keeping track of what is happening in Asia, in several other markets, and we have seen a weakening in prices of both raw material and resins, and we see a reduction in prices in both ends, but with some compression in terms of margins.

It's hard to give an exact number of how margins will move because on top of that we have most of our sales inside Brazil denominated in Brazilian reais would have to forecast as well the behavior of the Brazilian currency against the US dollars.

But if you were to talk about international spreads, I would say that we've been seeing spreads internationally weaken more than 10%. If you look at Asia, mainly Asia, with PP, with PVC, and also if you look at the United States and polyethylene. So that's what we can see in terms of spread, a bigger number than 10%. That should have a similar reflect in Brazil, coupled with a weaker volume due to seasonality in Brazil.

When I talk about 2012, I think it's a little bit early to talk about spreads. The overall spread for the year, according to industry consultants, should be similar to what we had on average for 2011, but it's still hard to guarantee that it's going to be the behavior. I hope it's better, but it's hard to guarantee what is going to happen.

We do believe internal markets should grow. Brazil should grow in terms of GDP roughly 4%; if you want to be optimistic, 4.5%; if you want to be pessimistic, 3.5%. And we have seen historically the market in Brazil growing 1.5 times GDP.

Naturally, to get there we have to reduce the level of imports in Brazil. And now I'm talking about imports of transformed goods, plastic goods that come to Brazil imported to the end user, straight to the paying end user. Therefore, the plastic converters in Brazil have lost some market share, but I'm also talking about imports of resins gaining some market share from Braskem.

So we need to capture some more market share, first of all, to guarantee that our customers' market will grow and therefore our business with all customers will grow as well as we also capture market share, but back from the imports.

There is one interesting thing about Brazil right now. We've been working on that. WE have addressed that in the call in Portuguese. We have a few on the coast of Brazil that right now are giving tax incentives to imports, and they do that because it gives them some additional taxes. So they've been incentivizing imports to come through their ports, and therefore some cases they are giving them 9% tax rebate for the imports.

That has changed the competitiveness -- increased the competitiveness of imports of resins, but it has been already ruled as a unconstitutional benefit in Brazil. It's going to take a while for that to be -- it's going to take a few -- some time for that to be solved. But it has to be solved at some point between the end of this year, beginning of next year so we can capture some more market imported goods and also imports of the resins.

In terms of spreads going beyond 2012, then it should be a much better period. Most consultants are talking about a fly-up, the best point of the petrochemical, starting in '13 and happening at some point between '14 and '15. But that's long-term at this point; we have to focus on the short-term.

Q - Frank McGann {BIO 1499014 <GO>}

Okay. Thank you very much.

A - Carlos Fadigas

You're welcome.

Operator

(Operator Instructions) Our next question comes from Christian Audi from Santander. Please, go ahead.

Q - Christian Audi {BIO 1825501 <GO>}

Thanks. Hi, Fadigas. I just wanted to get your read in terms of specific growth in the demand for resins in Brazil going into next year. Let me start with 2011. At the end of the

day, how much do you think the Brazilian demand for resins could grow this year? Do you know what you've seen through October?

A - Carlos Fadigas

Recent -- let me talk about Brazilian industry as a whole and then narrow it back to Braskem market.

The year turned out relatively different than we expected originally. First of all, Brazil, we expected growth of 4.5 points in terms of GDP, and now the consensus seems to be more around 3 to 3.2 percentage points of GDP. On top of that, Brazilian industry as a whole has lost competitiveness throughout the year due to a much stronger currency and, as I said, incentives to imports.

So if you read the economic newspapers in Brazil, they're going to be talking about the Brazilian industry losing share in the domestic market and actually fighting back right now to re-establish a different competitive arena, I would say, by guaranteeing we won't have tax incentives to import anymore here in Brazil.

In terms of resins, Brazil has grown typically 1.5 times to 2 times in the good years on top of GDP. So we had a 15% growth in resin demand in Brazil in 2010, coming from 2009. The country had a GDP growth, 7.5%, and resin demand grew two times.

For this year, we had forecasted for similar in terms of elasticity rate. But at the end of the year, I think we're going to see a flat demand for resins, meaning that you're going to have the similar 4.8 million tonnes of demand we had last year; we've going to have something similar this year.

So it means that our customers are losing share to the imported groups. The Brazilian plastic converters are going to be converting the same amount of plastic despite the fact that the economy has grown 3%, and that's a direct consequence of high level of imports of finished goods.

That's a situation that we don't see happening going forward. Actually, we are working right now to prevent it from happening. I do hope Brazil grows something above 4% -- 4% to 4.5% -- and we do want to see elasticity rates back above one and, let's say, demand growing 5% to 6% next year. It's hard to forecast that right now because it's going to depend also on international market, but I think we should have the market back on track as we work to resolve the question of tax incentives in the country.

Q - Christian Audi {BIO 1825501 <GO>}

So you expect the Brazilian economy -- for example, when you do your budgeting exercises for 2012, I guess you guys you're using -- you're working with an input of the Brazilian economy GDP-wise growing 3% to 4%, or basically growing at the same pace that it grew in 2011?

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A - Carlos Fadigas

Well a little bit more, I would say. Yes. It's between 3% and 4%, just because right now my forecast -- the market forecast, I should say, is 3.2%, it's more in the range -- it's around 4% for the next year.

As we project demand for resins, Christian, we take into consideration GDP but we also take into consideration the competence of GDP, industrial production, the real estate market, and some other factors that we see that have also been a good indicator of demand of resins. So GDP is a quick and simple way of explaining how we address growth for demand of resins. Actually, helps explain a lot, doesn't explain everything, but these are the numbers we are right now expecting for next year.

Q - Christian Audi {BIO 1825501 <GO>}

Right. Because I was just trying to get a sense of; as you touched on in the previous question, the outlook for 2012. So on the one hand, in terms of pricing power, you expect spreads internationally to remain at similar levels in 2012 as in 2011. So maybe some limited pricing power,

However, on the volume side, you're saying that you're more optimistic in terms of resins to GDP coming back. So you have kind of maybe lack of pricing power but volume growth, helped by weaker effects, and are those the elements that are making you feel more optimistic about 2012 or am I misunderstanding something? Please correct me if I didn't say it right.

A - Carlos Fadigas

I think, Christian, you've got the big picture. If I were to restate it in a different way, I would say that in terms of volume we don't expect to see what we saw this year. Actually, we've never seen what we saw this year in terms of having a flat market. Even when you see a year like 2008 and '09 -- in 2009 where we had no growth in GDP, we saw resin demand going up. That's why I'm optimistic that we won't see this effect again.

So in terms of volume, we do expect to have some growth. Hard to say a number right now. If I were to talk about the range, something around 5% to 6%.

In terms of spreads, I don't see a lot of change in spread next year. Naturally, we don't expect spreads to stay the way we want to see them in the Fourth Quarter. The market right now is very weak. It's a direct reflection of -- the consequence of what is happening right now in Europe. Also, China had reduced the level of purchase throughout October, so we do expect it to get back to, let's say, normal. And by normal, I would mean average spreads for 2011. So in terms of spread, not much of a change.

If we do succeed in eliminating the incentive for imports, that will give us back -- on top of a growing market, more market share and even more pricing power, although the international spreads we will not change, our pricing power could improve.

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And on top of that, to finalize my answer to you, we're going to have a bigger industrial footprint, is going to have eight months from now a new PVC plant that we will be fully dedicated to sell to the domestic market. And also on top of that, a butadiene plant we're going to make much better use of with the C4 product chain we have right now to convert C4s into butadiene and therefore are going to have better industrial footprint.

If we add that all, it doesn't mean we're going to have a dramatically different year, but we're going to have a better year than we had in 2011.

Q - Christian Audi {BIO 1825501 <GO>}

Okay. All right. Thank you, Fadigas.

A - Carlos Fadigas

Thank you.

Operator

(Operator Instructions) We have no further questions at this time. I'll now turn the call over to Mr. Carlos Fadigas for closing remarks.

A - Carlos Fadigas

I'd like to thank you all for the time and the interest. I'd like to say that Braskem, although we have a very challenging market outside Brazil with weakening margins and so on, we saw Braskem delever in the first nine months of this year and EBITDA that is 10% higher than we had nine months in 2010. If you measure that in reais, we believe it's the same amount of EBITDA.

So we have a Company that has a resilient capacity of generating cash, very liquid with a lot of cash, with very interesting and profitable growth projects -- PVC; butadiene; and in longer-term, the Mexican project; and the Comperj Petrochemical Complex in Rio de Janeiro.

So yes, we're going to have, I would say, a tough quarter. I think that's going to be true to every single economy. Most of the industry in Brazil, specifically the petrochemical sector, is going to be a tough quarter, but we remain confident we're going to have a better year in 2012. And as we reach '13 or '14, we're going to have the combination of an even bigger industrial footprint with much better margins.

So we remain focused on our long-term strategy. We remain carefully investing in very profitable projects. We will remain a very solid Company. We just received a third investment grade and we are going to keep growing the Company, keeping it make more profitable as we cross, I would say, a tough year, a tough period to the world economy and to Brazil as well.

Thanks a lot, again. I wish you all a good day and a good weekend. 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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