

Q2 2014 Earnings Call

Company Participants

- Carlos Jose Fadigas de Souza, Chief Executive Officer
- Roberta Varella, Head of Investor Relations

Other Participants

- Christian Audi, Analyst
- Fernando Perez, Analyst
- Frank McGann, Analyst

Presentation

Operator

Good afternoon ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's Second Quarter 2014 Earnings Conference Call. Today with us we have, Carlos Fadigas, CEO; Mario Augusto da Silva, CFO; and Roberta Varella, Head of Investor Relations.

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 Instructions)

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 operator's 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, Head of IR. Ms. Varella, you may begin your conference.

Roberta Varella {BIO 19105478 <GO>}

Good afternoon ladies and gentleman, thank you for participating in another Braskem earnings conference call. Today we'll be commenting on our results for the second quarter and first-half of 2014. We'd like to remind you that, pursuant to Federal Law 11,638 as of 2007, the results presented in today's presentation reflect the adoption of International Financial Reporting Standards.

Note also that, due to the decision to maintain its investments in QUANTIQ, which is the company responsible for chemical products distribution, Braskem restated its consolidated quarterly results for 2013 to include the results of this operation. 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 three, we present the highlights of the second quarter of 2014. The average capacity utilization rate of Braskem's crackers in the period was 84%, down 1 percentage point from the first quarter, which is explained by the scheduled maintenance shutdown of main line at cracker in Triunfo from mid-March until April, and by the ongoing problems with feedstock supply at the Rio de Janeiro site.

The Brazilian market of thermoplastic resins reached 1.3 million tons, down 3% from the first quarter reflecting the slowdown of the Brazilian economy. Braskem's sales followed this trend and also declined by 3%, when compared to the second quarter of 2013, a period that benefit from inventory building and a good performance from some sectors.

Brazilian demand decreased by 8%, while Braskem sales fell 7%. Consolidated EBITDA in the second quarter of 2014 was 1.1 billion an increase of 6% from the same period last year. Explained by the recovering petrochemical spreads in the international market and the Brazilian real depreciation, compared to the first quarter recurring EBITDA they were 17% decrease. The main factors contributed to these results were the reduction in petrochemical spreads to the international market, the average Brazilian real appreciation and the sales mix of the Brazilian operation.

In this context, net income in the quarter came to R\$124 million, Braskem's leverage as measured by the ratio of net debt to EBITDA in US dollar stood at 2.73 times, partially unchanged from the previous quarter. In line with the company's strategy to diversify its feedstock profile and make it more competitive.

The construction of the Mexico project continues to advance, where the complex physical completion reached 75%, pre-marketing activities also advanced with the number of clients already reached around 200 clients. As part of its commitment to develop the Brazilian Plastic Chain, Braskem has advanced, and the problem created (inaudible). Plastic Chain Competitiveness Incentive Plan as part of the initiative, the company and its clients

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participated in Agrishow, one of the largest trade fairs in agribusiness to showcase innovation in plastics, such as silo bags and plastic truck bodies and many others.

Let's go now to slide four, the slide number four shows the performance of the Brazilian market of thermoplastic resins and Braskem's sales. In the second quarter of 2014, Brazilian demand for thermoplastic resins fell by 3% in relation to the previous quarter influenced by the economic slowdown and the deceleration in certain division, which was also impacted by the fewer number of working days during the world cup.

Braskem sales followed the market dynamics and totaled 879,000 tons. The company's market share stood at 67% similar to the first quarter, compared to the second quarter of 2013 when there was an inventory rebuilding in the chain and the growth in some sectors such as automotive, agribusiness and infrastructure. The market contracted by 8% while Braskem sales fell by 7%.

In the first half of the year, Brazilian thermoplastic resins demand totaled 2.6 million ton decreasing by 3% from the same period last year. Braskem's sales followed this trend and contracted by 5%.

Let's go to the next slide please. Slide five details the factors that influenced EBITDA in the second quarter of 2014 compared to the previous quarter. Braskem's consolidated EBITDA was R\$1.1 billion decreasing by 17% from the first quarter on a recurring basis.

The decrease is mainly explained by the reduction in petrochemical spread in the international market. The sales mix of the Brazilian operations, which were partially offset by the good performance of the US and Europe business units.

The 6% average appreciation in the Brazilian real against the US dollar was another negative factor that impacted the result in R\$128 billion, which performed by a negative revenue impact of R\$443 million, and a positive cost impact of R\$315 million. In US dollars, EBITDA in the quarter was \$507 million, down 12% from recurring EBITDA in the first quarter and in line with EBITDA present in the same period of 2013.

Let's go now to slide six. This slide represents the factors that influenced EBITDA in the first half of 2014 compared with the same period last year. Braskem's consolidated EBITDA reached R\$2.8 billion grown by 37% on the first semester of 2013.

On our recurring basis increase was 24%. The result was mainly due to the recovery in thermoplastic resins spreads in the international market and the 13% real depreciation in the US dollar which generated again of R\$610 million, formed by a positive revenue impact of R\$2.6 billion and the negatively cost impact of R\$2 billion.

Let's go now to slide seven. This slide shows Braskem's debt profile. Since the investment made in the Mexico project by the subsidiary Braskem-Idesa is financed under our project finance model, the debt repaid using the projects on cash generation, the debt analysis present here does not consider these financial structure.

In this context, on June 3, Braskem's gross debt stood at \$8 billion, increasing 1% from the balance on the first quarter. In Brazilian real, gross debt decreased by 2% reflecting the impact from the 3% depreciation in the dollar ended between the two periods. Gross debt denominated in U.S. dollar was 69% [ph].

Meanwhile, the balance of cash and investments totaled \$1.4 billion, practically stable when compared to the balance of the previous quarter. The company, however, maintains three revolving stand-by credit facilities, which do not include any restrictive covenants on withdrawals during times of adverse markets; and which were not tapped in the period.

As a result, Braskem's net debt stood at \$6.7 billion. In Brazilian real, net debt fell by 2% to R\$14.7 billion. Net debt denominated in dollar was 75%.

Financial leverage as measured by the ratio of net-debt-to-EBITDA in U.S. dollar and at the quarter at 2.73 times. In Brazilian real, the leverage ratio stood at 2.62 times decreasing by 3% impacted by the Brazilian real appreciation between the period.

On June 3, the average debt term was close to 15 years in line with the term of register at the end of the first quarter. Considering only dollar-denominated portion of debt, the average debt term was around 21 years. Only 5% of total debt matures in 2014 and the company's high liquidity ensures that its cash and cash equivalents cover the payment of obligations maturing over the next 26 months. If we consider the stand-by credit facilities as well, this coverage expensed to 28 months.

Let's go to the next slide. Slide shows the Growth projects of Braskem. In line with the company registered diversified feedstock profile and make it more competitive. The Construction of the integrated project which is polyethylene in Mexico continues to advance. Where the complex, physical completion reached 75%, over 50,000 tons of material and 640 pieces of equipment have already been delivered to the site. And around 560 people have already been hired to run the future industrial operation.

Regarding the project's financing structure, by the end of the first half, the subsidiary Braskem-Idesa had withdrawn two disbursements of the project finance in the total amount of \$2.5 billion. The project, which will start operations in the second half of 2015, is the first Greenfield project to be commissioned in North America and will use competitively priced ethane to produce polyethylene.

In addition to the feedstock's competitiveness, another advantage of the project is its focus on serving the growing demand for polyethylene in Mexico's domestic market. Which currently the nets in market and had 70% of the net supplied by imported material.

Regarding the Ascent project, progress continues to be made on the engineering studies and a new retail supply agreement was signed with Range. Considering the agreement already signed with Antero to close around 50% of the feedstock required by the project has already been secured.

Note, however, the definition of the project from corporate structure is still pending.

In June, Braskem announced the construction of a new line to produce ultra-high molecular polyethylene at its site in La Porte, Texas. Non-commercially as UTEC, the resin was available -- using 100% Brazilian technology and has applications across a wide range of industries such as oil extraction, military equipment and construction.

The new unit is expected to start operations in the first half of 2016 and its goal is to complement the portfolio of products produced in Brazil. In line with its commitment to invest in maintenance and improvement of the operation efficiency of its assets. Braskem increased the capacity of its plant in Seadrift, Texas around 40,000 tons, bringing (inaudible) capacity to 225,000 tons.

Let's go to slide nine, please. This slide shows CapEx in the first half of the year. Maintained its commitment to making investments with returns above the cost of capital, Braskem invested around R\$1.3 billion in the period of this amount 65% was allocated to this operation, including part of the disbursement for the scheduled maintenance shutdown and around 30% was allocated to the construction of the new petrochemical complex in Mexico.

Other expenses are related to other project announced by the company such as the investment for the production of UTEC at La Porte site in the United States and the conversion expansion of -- one of its polyethylene production lines in Bahia to produce (inaudible) based polyethylene. It's important to remember that the investment in the Mexico project some here does not include the resource from the project financiers or from found the minority shareholder of the project. For 2014, Braskem Investments are estimated around R\$2.7 billion.

Let's go to the next slide please. The slide 10, cover the prospects for the petrochemical industry and market as well as in many areas management are currently focusing on. The revision of the US economy grow in the first quarter due to harsh winter and the lower growth in emerging markets lead International Monetary Fund to revise downward its forecast for world GDP growth in 2014 from 3.6% to 3.4%.

The outlook for the medium and long-term however remains positive. Where the United States showing signs of recovery awaiting in the second order and China responded to the new similar policies to support a more sustainable growth.

Europe, after two years, after economical slowdown is also finally in growth in 2013. The risk factors posed to date global scenario are associated with the geopolitical issues in Ukraine and Iraq. In Brazil, the macroeconomic outlook is more challenging. According to the latest local survey published by the Central Bank, the forecast for GDP growth in 2014 was revise downward to 0.86%, reflecting the economic activity reduction. It's expected, however, that the government continue advancement in Brazil enabling the resumption of the economic growth.

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The short-term outlook for the global petrochemical industry remains positive. The market fundamentals points with further levels are in line with prior quarter with expectation of a balanced market between supply and demand. In this context, Braskem's strategy continues to focus on developing Brazilian petrochemical and plastics chain and on investing in project to diversify its feedstock profile and improve its competitiveness in the global cost-curve too.

The construction of the integrated petrochemical complex in Mexico to produce polyethylene and the products on the study for the Ascent project. The company also remains focus on investments in innovation with the development of new applications and efforts to support the growth of the plastics manufacturing industry. Its continuous pursuit of higher operating efficiency by increasing its capacity utilization rates. Concluding the acquisition of controlling the interest in Solvay, Indupa and maintaining its financial health and cost discipline.

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

Questions And Answers

Operator

Thank you. This floor is now opened for questions. (Operator Instructions) Mr. Frank McGann from Bank of America, would like to make a question.

Q - Frank McGann {BIO 1499014 <GO>}

Hi, good afternoon. Two things if I may. One is just, maybe you could comment a little bit on what you're seeing so far in the third quarter in terms of demand levels and the overall trend, things overall seem to be fairly weak not just for your results but for others. And I just wanted to see if you can see that continuing?

And then secondly, in terms of the gas market in Brazil and the long-term competitiveness. I know you have focused often on the need for better pricing, but I was wondering how you're seeing that right now? How you're seeing the potential for gas and the container project together and as a long-term way to could you just diversify your feedstock mix?

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Hi, Frank. This is Carlos Fadigas speaking. Regarding this third quarter, your first question, as you know we had a weak demand on the second quarter. The fact that we had the Fifa World Cup in the country; actually it was a big event mobilizing several large cities and we ended-up having less working days in the month of June.

So we start at the end of first quarter with some of demand for second quarter had been anticipated into the first quarter and some of that would be postponed to the third quarter. So far we only have the month of July finished and what we saw in the month of July was in line with what we expected a better quarter and actually seasonality in Brazil is

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one that the third quarter is the strongest of the four quarters and we -- so far we are seeing that.

Although the market in Brazil for revenues was down 3% when compared with the first semester of 2013. So, year-to-date versus year-to-date 14 to 13 which is down 3% but if you focus some recover, some recovery in a way that we finished the year with from neutral -- since likely positive demand when compared to 2013.

So, we get through the same demand or hopefully something is more or like 1% better. GDP growth for Brazil at this point is forecasted to be as likely below 1%. So that also means that demand, we are focusing demand somehow in line with the GDP growth.

Regarding the order factors, important factors for the result in the third quarter. What I can tell you so far is that the national spread due to (inaudible) inline hopefully a little bit better, but I don't have anything consistent to say that it's going to be better. We've seen not the prices going down, petrochemical prices, our end product have yet to go down, but typically they would after a short period for the announced price. So something in line, so in terms of spread you see something in line between the third and second quarter, hopefully a little bit better with the expectation.

Exchange rates is relevant to us. The Brazilian real go up stronger, what is bad for Braskem, our local cost ends up in translating more U.S. dollars, our local denominated costs, but what we saw over the last week was the Brazilian real losing some debt, so I think it's moved from R\$2.23 per US dollar to around R\$2.29 per dollar. It's not a huge movement, but at least it is in the right direction.

So that's another thing, so I mentioned to you the demand, spread and also exchange rate. On the production side, we don't see any material change although we have a maintenance -- planned maintenance stoppage at our cracker in Sao Paulo, we don't see that effect mature in the third quarter.

Regarding the gas market in Brazil, I think we have to differentiate natural gas from ethane and propane. The overall mix of natural gas, as you know, is more methane than anything else had, at the end of the day has its price set by Petrobras (inaudible).

When you talk about the technical products like compared, we are not talking about the price of natural gas, -- as I said mainly methane. We are talking about ethane and propane price, so Petrobras will have what they say to us -- that they're going to have relevant additional gas volumes going forward as they explore resources in Brazil.

At a certain point in the past the business plan is a public document. They publish it, their business plan indicated that the offer of natural gas and therefore availability production of gas would not double between now and the end of the decade.

So as we grow the production of gas, definitely we're going to have more ethane and propane to the discussions on comparison revolve around how much is that available, and

whether it can make that available for the petrochemical used at international prices.

So what we're trying to achieve with Petrobras is an agreement to have gas by gas again - mainly ethane and propane available at international reference price. It would not make any sense to try to do the petrochemical complex, at the same time that we are doing -- raising the international price in the US and Mexico compared should not be that different.

So to the end, it's less about the price of natural gas, it's more about the price we can agree with Petrobras on mainly ethane eventually propane, butane is not out of the figure better I would say that ethane and propane would be the main moleculars we'll be looking for.

Q - Frank McGann {BIO 1499014 <GO>}

Okay. But if I could follow-up, maybe just in terms of comparison, how are you seeing that project with Mexico and with the potential US project, it would seem as if you're play this fairly full for the foreseeable future as -- is that mean compares with less likely there over the next four to five years or you've done simultaneously with some of these other projects.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Frank regarding Mexico, we crossed the 75% completion at this point. So this one-fourth of the project should be deal between the end of this year and 2015. We've been successful so far. Actually we have -- I think, I can say we have a good track records in terms of new projects, we build four plants in Brazil between 2008 and 2012. PP plant, Green PE plant, PVC plant and Butadiene plant. The all were on target both in terms of costs and schedule.

Now the challenge is bigger and actually building petrochemical complex is different than building a PP line. But so far so good in export. So I don't think that what could prevent complex should be brought on stream earlier. What -- I wouldn't say that we could prevent complex would be the competition let's say for capital or for focus energy, resources of the company. We could do both of them in the same time.

Our shareholder of the project group is by one of the largest engineering company in Brazil, so building complex would not being a challenge for then, we're working on own refineries and other things -- larger things in Brazil, so building complex wouldn't be -- at the same time as we build asset would not be a challenge.

The challenge with complex, I think it's much more associated with further certainty that reach the country and Petrobras has about the availability of the same propane going forward. And whether we can agree on the price of raw material that makes sense for building this petrochemical complex.

So I do hope we come to a position where we have the right -- all these stars aligned to be able to start comparing and it needs to happens at the same time that we had the

same thing for us and naturally the stretch, but it will not prevent us from doing both at the same time.

Q - Frank McGann {BIO 1499014 <GO>}

Is it something that could be declined fairly soon do you think, or is that it might it take a year or two.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

I think it's going to take a year two. Because I have to choose between the two options fairly shortly the opportunities one in too outstay with -- we have an election year, we have discussions about the naturally all the uncertainty around the evolution of the production of oil and gas that's just not Petrobras I mean, as far as I know, and I talk a lot to my colleague add some model chemicals and they say that they have the same direction with the exploration production teams and it's constantly evolving.

So I think it has to do with -- having the certainty of how much going to be available when in the future. So I think, it's going to take us more time then we -- again we thought it would take us. It has proved to be a bigger chance.

Q - Frank McGann {BIO 1499014 <GO>}

Okay. Thank you very much.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Thank you.

Operator

Mr. Fernando Perez from GBM. Would you like to make a question.

Q - Fernando Perez {BIO 17362174 <GO>}

Hi, good afternoon. Thank you for the call. I got two questions, if I may. The First one is regarding (inaudible) constitution. I was wondering if the -- Argentinean situation affects anything regarding the acquisition. And the second one is, do you have any advance in recurring Petrobras supply contract. Thank you.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Okay. Fernando, regarding (inaudible) we announced the creation in December, right now we are discussing this transaction with the Brazilian antitrust agency and with the Argentinean Capital Market Agency -- the commission. It's progressing, the Brazilian antitrust agency had issued December of this year to reach the final opinion. A preliminary opinion from the technical team was against the acquisition saying that would be bring too much of consolidation concentration in the market.

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We have very hard evidence that it's not the case and we are going to be send our case to the advisors, to the higher body of antitrust agency in Brazil and we remain confident to get that approved. Regarding the attractiveness of the condition in light of the current situation and in Argentina, we remain very much interest in buying these assets.

Argentina has been an important market for Brazil, for more than 20 years. We have a presence there and right now, although all the discussions and now the issues around the external debt internally price and profitability are good. We do not have the right to manage solely, but because we haven't closed the transaction but we've the right to close -- follow the performance of the company and we know they have been performing well especially the Argentinean piece of the business.

So to summarize it's a long-term investment in a market that has been for a long-term relevance to us, it's an interesting assets, it has a good synergy. We have a good -- see especially in (inaudible) and Argentina where our exports from Brazil to Argentina and the business is doing good. It's been okay.

And may be to finalize it, I think we signed a contract on a price point that reflect the risks associated with the environment in Argentina. So it's pricing already to certain extent. It's not quite well priced, but that's my perspective.

Regarding the Masted[ph] contract with Petrobras, it was due -- it's finished at February this year it was renewed for six months and we are in discussions with Petrobras to quite come to an agreement between now and the end of this additional period.

We have not yet, but at the same time discussions are still going on. Our notion on the conference call in Portuguese that we have a team in Rio de Janeiro where Petrobras has its headquarters. Today, just to give an example, the discussions are still going on. There are benefits on the table and we're trying to strike a balance between both points of view.

What I can also tell you is that, the fact that we're coming close to the end of this addition of period made working favor of discussion. Both sides know that we have to find some kind of an agreement. Both Braskem and the Brazilian petrochemical sector are very relevant to the Brazilian economy. We supply most of the chemical companies in Brazil, they by their turn supply a lot of manufacturing plants in Brazil with additives, lubricant, fuels, coatings, painting, additives and everything else. So it's a very -- it's an industry that's in the very base of several value chain then we know the responsibility we have.

So we are working very hard. I can't comment much more on that. But what I can tell you is that, we are working hard as we can to get these results.

Q - Fernando Perez {BIO 17362174 <GO>}

Okay. Thank you very much.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Thank you.

Operator

Mr. Christian Audi from Santander. Would you like to make a question.

Q - Christian Audi {BIO 1825501 <GO>}

Thank you. Hi, Fadigas. Couple of questions. First, in terms of the Mexican project. Could you just give us an update on the timing and also when you start -- what level production you expect for the first year of the project?

And the second, given this continually weak demand scenario that you have explained and talked about, have you had from a pricing point of view had to do a lot of discounting of your products in such fashion that some of the price increases that, I remember you had early in the year have had to go back in a more focus on going forward, for example in July. Have you had to, on the back of weak demand, give price break for customers?
Thanks.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Hi, Christian. Let me start with your second question. Yes, we saw weaker demand this second quarter, as we announced it was a weaker one. It did not have an impact on price. Our policy for pricing the resins is true for international prices.

So, although the vast majority of the sales are made in Brazil, the Brazilian prices follow international prices. So, regarding sales in Brazil, that demand naturally is a local factor and depends on the demand from our customers in Brazil, but price is a global factor.

So, we may have like we had in last quarter, a weaker demand, but price is related to international price and therefore it spreads better than what we had in the second quarter of last year. So, weaker demand year-over-year, better spreads year-over-year. So, that's the dynamic.

Regarding the Mexican project, the target for the third quarter of 2015, there is a lot of things should be done throughout the initial three quarters of the next year. There is a pre-commissioning phase. The first thing that we will start is the utilities. So, steam, water, treatment of the waste water and other things. After that, next becomes the cracker, and then the polyethylene line. So, that's what is going to keep us busy throughout the first three quarters of the next year.

I do not have an exact forecast to give you at this point for the operating rate for the rest of 2015 and for 2016. Actually, it's going to be gradually ramping up. We are going to work on that as we get closer to the startup and I'm going to see if I have something for the next call 90 days from now. I'm going to -- it's a good question going to start (inaudible) we do have -- it's planned already, but it's not I mean focused right now to scrap [ph] that

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we are focusing most of our energy in building the complex. What we also doing at the same time, is the pre-marketing.

If we exclude Fenix that is the only local producer of PE. We are the third largest seller of polyethylene into the Mexican market at this point. Although, we have no production at this point, but we are buying resins in the market and we are sending resins from Brazil into next go for the pre-market, we have had sales for more than 200 customers.

So we already have a pretty good idea of the market there regarding which kind of grades the customer used, which kind of machine they run. We are approving price line, so we can sell to them from bigger one that we have the complex running but, I'll come back to that point when we (inaudible) talk more about the ramp-up for the Mexican project in '15 and '16.

Q - Christian Audi {BIO 1825501 <GO>}

Thanks, Fadigas. And just one follow-up. This is a more general question, given that you're such a large company servicing all different sectors of the Brazilian economy. When you think about how much visibility you have to the future, in terms of backlog in terms of contracts already signed.

What would you say in your view is the length of visibility that you have with good assurance of your business. Is it three months, is it six months, is it nine months, particularly in a very volatile macroeconomic situation in Brazil.

What you think in general, you feel comfortable saying that you have how much visibility of your business.

A - Carlos Jose Fadigas de Souza {BIO 15226603 <GO>}

Christian, the first comment I would make to you is that the visibility for increased growth Brazilian economy has been low over the last couple of years. My perception is that, in the past we had better visibility not only Braskem but overall.

And the last years were a bit frustrating in terms of how capable you are of pretty things. The future and GDP growth, just go give a various example for the last two or three years we've started every single year more optimistic than what really happened in terms of GDP growth. And that's also the case for 2014 and -- we had when we did the budget for '14 and we are doing right now for '15. We took into consideration a GDP growth of roughly 2 to 2.5, but they don't have expect GDP in mind right now, but it was the view, the general view of the market at this point.

And right now it's 0.86(inaudible) on GDP growth in Brazil. So the visibility has the income paying down over the last year. I don't know how it's going to be in the future.

When I look now for the next quarters, I think, we have a reasonable view of what it is going to happen over the 90 days, but specifically right now, because we are very close

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to a presidential election and that could have impact on economic policies.

I think it produced a GDP we may have achieved regardless of who is elected. Even the current President Dilma Rousseff may try to change the macroeconomic policies of the country.

Naturally, if we have change on government, that macroeconomic policies could change even further. So I think, we have to wait a little bit more until October to reaching in a better perspective both macroeconomic trends in Brazil.

What I can tell you also is that for the second half of the year, we see agriculture, we have a good performance. Hope, sustain what -- with a good performance if have right now. But some other sectors automotive, it's not having a good year as you know, and we don't expect it to change dramatically now.

Infrastructure construction also same thing, not a great year. And I think about how applying -- how to applying this in some other segments the same thing. I mean, things are in line with what we see in the economy. Generally, there is a slower pace of growth. So that what we have been seeing so far.

I hope, I had answered your question.

Q - Christian Audi {BIO 1825501 <GO>}

Yeah, very well. Thank you very much for the level of detail. Appreciate it.

Operator

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

A - Roberta Varella {BIO 19105478 <GO>}

Well, I'd like to thank you all again for participating the call and the interest. My two comments. First one is, as you can see we had in a challenging second half and the challenging year in Brazil right now. Our main operations are, the poor economic activity and some uncertainties around the raw material price and energy. We are very much focusing guarantee [ph] we have light conditions, both in terms of raw material and energy for the company. As we also work hard to keep market share and increase profitability in Brazil.

My second comment has to do with all the investments we are making should create a new -- an additional user base for Braskem based up on very competitive raw materials, so that has -- that's where in Mexico compared -- at a certain point compared us in the UTEC investments relevant and we are very much focus on making sure we move most of these projects ahead, so we have a more competitive production base in Brazil.

I would like to thank you again for participating, and I wish you all have a very good weekend. Bye-bye.

Operator

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

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