

## Q2 2007 Earnings Call

### Company Participants

- Carlos Fadigas, CFO
- Jose Carlos Grubisich, CEO
- Luiz Henrique Valverde, IR

### Other Participants

- Ed Kuczma, Analyst
- Eduardo Vieira, Analyst
- Eric Ollom, Analyst
- Sergio Torres, Analyst
- Tereza Mello, Analyst

### Presentation

#### Operator

Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to Braskem's Second Quarter 2007 earnings conference call. Today with us we have Mr. Jose Carlos Grubisich, CEO; Carlos Fadigas, CFO; and Luiz Henrique Valverde, IRO for Braskem.

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)

The slide presentation may be downloaded from this website. Please feel free to flip through the slides during the conference call. There will be a replay facility for this call on the website. We remind you that questions, which will be answered during the Q&A session, may be posted in advance on the website.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Braskem management and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and, therefore, depend on circumstances that may or may not occur in the future. Investors should understand that

general economic conditions, industry conditions and other operating factors could also affect the future results of Braskem and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference to Mr. Luiz Valverde, Braskem's IRO. Mr. Valverde, you may begin your conference.

## Luiz Henrique Valverde

Good morning, ladies and gentlemen. I'd like to thank everyone for participating today in Braskem's quarterly conference call this time to discuss the Second Quarter '07 results.

First, I'd like to remind you that, in April, Braskem assumed the management of the petrochemical assets of Ipiranga Group so that now Braskem fully consolidates the results of the Company's Ipiranga Quimica, Ipiranga Petroquimica, and Copesul. As a result, minority interests are eliminated from the Company's consolidated shareholders' equity and net income.

In addition, starting this quarter, Braskem will communicate with the market based on consolidated financial statements, including the proportional consolidation of its jointly controlled subsidiaries, Petroflex and Cetrel, in accordance with CVM Instruction 247. The information in the comparison periods is presented on a pro forma basis, as if the acquisition of Ipiranga assets and its effects on consolidated figures had occurred on January the 1st, 2006.

We go now to the next slide, number three, where we will begin our comments. On slide number three, we show the growth of Braskem net revenue and EBITDA in the last five years, considering the last 12 months through the close of the Second Quarter of this year on a pro forma basis and other periods on a real basis. Net revenue posted a strong compound annual growth rate of 34%, driven by the consistent growth in the Brazilian market, Braskem's market leadership position and the successful commercial strategy for Braskem products, which is stated on unique innovation and technology structure that enables us to offer new products and services to all clients.

Furthermore, Braskem has made important acquisitions, including Politeño in 2006 and more importantly the recent acquisition of the petrochemical assets of Ipiranga Group in 2007, consolidating gross revenue of \$11 billion, and net revenue of \$8.7 billion.

In terms of EBITDA, the compound annual growth rate posted by Braskem was also very significant, reaching 33%, demonstrating the strong growth in Braskem's operating cash flow, combined with the consistent improvement in the quality of the Company's business. In this context, EBITDA margin in the last 12 months reached 19% over net revenue.

Let's go now to the next slide, number four, in which we present the main strategic advances in the quarter. In June '07, Braskem announced the global certification of the first polyethylene from sugarcane ethanol, a raw material that is 100% renewable, using

technology developed at the Company's Technology and Innovation Center. Note that this product has the same processing and application characteristics as the polyethylene already produced by Braskem, which means plastic manufacturers will not need to make any new investment in their production facilities in order to use the green polyethylene.

The management of Braskem plans to submit to its Board of Directors before the end of this year a project to install a plant with annual capacity, ranging from 100,000 to 200,000 tons to produce ethylene from ethanol with startup expected in late 2009.

Regarding the acquisition of the petrochemical assets of Ipiranga Group, the acquisition of the minority interest of Ipiranga Petroquímica was concluded through the purchase of the remaining 7.61%. Additionally, the process to delist the Company has been implemented with the request to cancel its registration as a publicly held company.

On May 21, 2007, the CVM, Brazil's Securities Exchange Commission, announced that a public tender offer for Copesul shares for the transfer of control was not required, given that the outcome of the transaction would merely represent the consolidation of control by Braskem, which already exercised such control, albeit jointly, and primarily on an equal basis with another company, namely Ipiranga Petroquímica. Braskem is continuing the delisting process of Copesul and awaits CVM approval for the publication of the public tender offer notice.

In a demonstration of its confidence in Braskem's value creation potential, Odebrecht converted debentures into Braskem shares, and BNDESPAR exchanged Odebrecht debentures for a portion of those converted shares. As a result of this transaction, the BNDESPAR's holding in Braskem's total capital went from 3.7% to 7.4%, while Odebrecht's holdings in Braskem's capital stock increased from 38.1% to 44.4%. Braskem free float decreased from 49% to approximately 45% on July 31, 2007.

Going to the next slide, number five, we show the main indicators of our industrial performance. Braskem has posted high and rising capacity utilization rates in its industrial units. This performance is the result of improved operating reliability at the Company's industrial units, combined with full integration of the first and second generation operations for polyethylene, polypropylene, and PVC.

The Second Quarter 2007, the first generation plants, represented by the production of ethylene, operated at 96% capacity. And Copesul and the Basic Petrochemicals Unit operated at 99% and 93% of their capacity, respectively. The polypropylene units, considering Braskem's plant and the plants of Ipiranga Petroquímica, operated at 97% capacity. The polyethylene plant operated at 92% capacity, while the PVC plants registered a capacity utilization rate of 88%, due to scheduled maintenance stoppage in April 2007.

In a comparison of production volumes in the first half of this year with the first half of last year, the growth presented by Braskem's main products was very significant, among which we highlight a growth of 10% in PVC, 8% in polypropylene, 3% in polyethylene, and 5% in ethylene as a result of the improved reliability and productivity at our industrial units.

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Going to the next slide, please, slide number six, we show the growth in Brazil's resin market and Braskem's market share in the domestic market. The domestic resin market, here consolidated by polyethylene, polypropylene and PVC, grew 6% in the Second Quarter '07 compared to the First Quarter '07, boosted by the construction, automotive and agribusiness industries.

Braskem's sales in the domestic market grew 9% in the second Q '07 compared to first Q '07. A positive highlight was the polyolefins, polyethylene, polypropylene, which increased 9%, higher than the gross average posted by the market for these products. PVC sales rose 7%, increasing its market share by 3% in the quarter.

In the semi-annual comparison, the Brazilian resin market grew by 6% in first half '07 compared to the same period of last year, led by expansions in the polypropylene market of 8% and in the PVC market of 10%. The same period, the polyethylene market expanded by 3%. In this context, Braskem confirmed its leading position in the market with a market share of 50%.

Now going to the next slide, number seven, we show the main economic indicators observed in the Second Quarter of this year. The second Q '07, Braskem consolidated net revenue totaled \$5R billion, up 23% from the pro forma results of 2Q '06. The main drivers of this performance were the 9% growth in resin sales volume combined with the better prices for resins and for aromatics. These drivers were partially offset by the average appreciation in Brazilian real between the periods of 9%, since prices use as a benchmark the international market, where prices are quoted in dollars.

Braskem consolidated EBITDA in second Q '07 was \$921R million, 64% higher than in the same period of last year, the main drivers of which were higher capacity utilization rate, improved sales volume and better profitability in the commercialization of all products. EBITDA in second Q '07 was also positively impacted by nonrecurring operating revenue in the amount of \$111R million from the reverse of a provision for discounting tax. EBITDA margin in second Q '07 was 18.5% in the quarter, up from 13.9% the same period a year ago and down slightly from the margin of 19.3% in first Q '07.

Braskem net income, excluding minority interest, in second Q '07 totaled \$281R million, a reversal from the loss of \$55R million posted in second Q '06, mainly due to the better operating performance in second Q '07. The main drivers of this increase was stronger EBITDA, improved financial results and recognition of an income tax credit of \$86R million related to the deductibility of the goodwill from the merger of Politenio.

The Company's financial leverage measured by the ratio of net debt to EBITDA was 2.18 times at the end of first Q '07, declining by 32% to 1.49 times at the end of second Q '07. Over the course of the acquisition of the petrochemical assets of Group Ipiranga and the delisting of Copesul, the Company's indebtedness is expected to return to level of net debt to EBITDA between 2 times and 2.3 times.

The average debt maturity is 13 years, allowing the Company to ensure an adequate annual maturity schedule in addition to higher efficiency in the allocation of funds to

operating working capital.

Now moving on to the next slide, number eight. Slide number eight, we show the main factors influencing the variation in EBITDA in the Second Quarter of 2007 versus the Second Quarter of the previous year. Braskem EBITDA in second Q '07 was \$921R million, representing an increase of 64% over EBITDA of \$562R million posted in second Q '06.

The structure [ph] of our commercial policy of maintaining prices in the domestic markets aligned with those practiced in the international market made a positive contribution of \$743R million. The increase in Braskem's total sales volume of approximately 11% positively contributed \$130R million. As previously commented in this presentation, the second Q '07 was positively impacted by nonrecurring revenue worth \$111R million from the reversal of a provision for PIS/Cofins tax.

Higher raw material costs, basically naphtha, had a negative impact of \$391R million, reflecting the 11% increase in naphtha prices in international markets in second Q '07 in relation to the second Q '06. The average appreciation in Brazilian real of 9% against the U.S. dollar had a negative impact of \$158R million.

SG&A expenses and other costs rose in the Second Quarter against the previous quarter by \$76R million. The main drivers of this valuation were, number one, the higher volume sold; number two, higher personnel expenses related to the annual wage increase granted in 4Q '06 under the collective bargaining agreement; and number three, nonrecurring expenses relating to startup of the process to integrate Copesul, Ipiranga Quimica and Ipiranga Petroquimica.

Given these figures, in the Second Quarter of 2007, Braskem posted EBITDA of \$921R million, equivalent to \$565 million.

Moving to the next slide, number nine -- slide number nine shows the main drivers of the variation in EBITDA second Q '07 in relation to first Q '07. Braskem EBITDA in second Q '07 climbed to \$921R million with margin of 18.5% over net revenue, an increase of 8% over the EBITDA of \$853R million and marginal 19.3% registered in first Q '07.

The commercial performance in [ph] maintaining prices in the domestic market aligned with prices in the international markets made a positive contribution of \$374R million. The increase of 9% in Braskem's total sales volume made a positive contribution of \$190R million. The Second Quarter was positively impacted by nonrecurring revenue of \$111R million from the reversal of a provision for PIS/Cofins tax, as I mentioned before.

A decline of \$16R million was also shown in [ph] the SG&A expenses in the second Q '07 against the previous quarter, primarily due to the lower provision for doubtful accounts in the amount of \$35R million. The increase in raw material costs, basically naphtha, had a negative impact of \$524R million, given that the naphtha price in international markets was 21% higher in second Q '07 compared to first Q '07. The variation in the average exchange rate between the two quarters with the Brazilian real appreciating by 6% against the U.S. dollar had a negative impact of \$99R million.

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Now moving on to the next slide, number ten. Slide number ten presents a simplified income statement that shows the evolution in the main lines of Braskem's results in the periods under comparison. Basically, we have already covered the performance in the second Q '07. However, it is important to note here the consistency of the operating performance at Braskem as demonstrated by the evolution in EBITDA between the periods analyzed, in particular the growth of 64% between the second Q '07 and second Q '06. EBITDA in first half '07 grew by 37% compared to the same period of 2006, reaching \$1R.8 billion.

Another point to highlight is the improvement in the net financial result in all periods analyzed, primarily resulting from the positive impact of the high appreciation the real against the dollar evidenced by the foreign exchange rate variation verified in the periods under comparison.

And lastly, we would like to highlight Braskem's net income evolution, which increased from \$92R million in the second half '06 to \$408R million in the first half '07, representing a substantial increase of \$316R million, mainly boosted by Braskem's improved operating and financial performance posted through 2007.

And now, let's move to the last slide, slide number 11, which we tried to show Braskem's new corporate size after the recent acquisition of Ipiranga Group's petrochemical assets. Braskem's consolidated positioning as the largest petrochemical company in Latin America and continues firmly in its strategy of growth associated with value creation, with the objective of becoming one of the ten largest petrochemical companies in the world in terms of market size.

The Company's new size is represented by annual gross revenue of \$11 billion, net revenue of approximately \$9 billion, EBITDA of \$1.7 billion, exports of \$2.4 billion and assets of more than \$10 billion.

So this concludes the presentation, our prepared remarks. And we will now move onto the Q&A session. Thank you.

## Questions And Answers

### Operator

(Operator Instructions)

Our first question comes from Eric Ollom of ING.

### Q - Eric Ollom {BIO 4374335 <GO>}

Hi. Good morning, everybody. And congratulations on completing a fantastic acquisition and merger. My question has to do on the CapEx budget for '07 as well as for '08. Obviously, the acquisition works through that in some way. So could you just kind of tell us what is your plans for '07 with and without the acquisition and also for '08?

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**A - Jose Carlos Grubisich {BIO 2072165 <GO>}**

Eric. Good morning. Grubisich speaking. As far as Braskem is concerned, the standalone basis, our CapEx projected is \$800R million for the full 2007 year, and we are investing in an integrated management system. We are increasing capacity in terms of our operation facilities. We are bringing more automation to our operations.

And we are putting together our budget plan for 2008, taking into consideration this integration of Copesul and Ipiranga petrochemicals because we need to review our own investment plan on the Braskem standalone basis. And we need to optimize all the potential projects for 2008, 2009 and 2010.

When we disclosed the acquisition of Ipiranga, we disclosed that we could invest \$700R million in Copesul and Ipiranga as a result of this acquisition to increase capacity in Copesul of ethylene and propylene and also to boost the production of the thermoplastic resins within Ipiranga. But what we're doing now is that we're putting in the same process all the opportunities in our acquisition facilities Braskem standalone, all the opportunities within Ipiranga and also the debottleneck within Copesul.

We do want to put this together in our business plan process-making decision. And we do want to submit this to our executive board and to our management board until the end of the year. And as soon as we get the green light from the executive team and the management board, we will give full disclosure to the market. But take it into consideration that 2007, our project is \$800R million, not including, of course, the cost of the acquisition.

**Q - Eric Ollom {BIO 4374335 <GO>}**

Okay. Okay. Fair enough. And in terms of capacity increases, can you give us any sort of ballpark on what you would expect the consolidated capacity of the enterprise to be by the end of this year?

**A - Jose Carlos Grubisich {BIO 2072165 <GO>}**

What we have now is we have a greenfield capacity being implemented in Paulinia. It's 350,000 tons of polypropylene. That's the joint venture we have with Petrobras -- 60% Braskem, 40% Petrobras. The project is now under physical implementation. It's on time, on budget. And that new capacity will be operational in the end of the First Quarter 2008. So that's for sure. We do confirm this target day. We do confirm the capital expenditure. And the products will be available, let's say, in the beginning of the Second Quarter.

We have also debottleneck in Camacari for polyethylene, between 50,000 to 100,000 tons of polyethylene. We have now under work this engineering detail for the expansion, the debottleneck in Copesul for the planning shutdown in 2010. That's going to be one additional furnace.

But what you can take into consideration, let's say, for the short term -- 2007, 2008 -- is the new capacity of polypropylene, 350,000 tons, and the debottleneck in polyethylene

with high value-added product for the end of 2007, beginning 2008, between 50,000 to 100,000 in new capacity for '07 and '08.

**Q - Eric Ollom** {BIO 4374335 <GO>}

Okay. All right. Well thank you very much.

**Operator**

(Operator Instructions)

Our next question comes from Sergio Torres of Bear Stearns.

**Q - Sergio Torres** {BIO 7078415 <GO>}

Gentlemen. Good morning. This is Sergio Torres. My question had to do with the SG&A reduction at Braskem alone. I would like to know if you have identified what were the sources for those expenses reduction. And also, on Copesul, it appears that on the cost side, the increase in cost at Copesul was slightly higher than I could explain based on the raw material price increase alone. And I was wondering if you could shed some light on that? Thank you.

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Sergio, as far as the SG&A within Braskem is concerned, we have started at the beginning of this year a project alongside with paying a consulting group. And we are revealing all our cost structure, trying to leverage all of the implementation of our new management information system, which is going to streamline all our key business processes, mainly in the production area. And we have already mapped out many opportunities and many gaps in relation to what we can consider benchmark in our industry in terms of cost structure.

We are just detailing now the action plans, accountability of our own leadership group deadline for the implementation. And we think that we are going to see the first in initial results of this program in the second half of 2007. And we do expect to have full benefit of this program, which is basically cost reduction, in 2008.

I cannot disclose the final objective to you because it's not yet completely detailed, and the accountability has not been assigned yet. But in our next conference call, I think my commitment to have a full disclosure on the scope and the value of this cost reduction program.

As far as Copesul is concerned, I will ask Fadigas to give you all the details and the explanation.

**Q - Sergio Torres** {BIO 7078415 <GO>}

Thank you.

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### A - Carlos Fadigas

Serg, it's Fadigas speaking. Copesul in the last quarter has sold some condensate to refinaria [ph] Ipiranga that is processed at refinaria Ipiranga and then sold back to Copesul. This increased the total revenue line and also the cost of goods sold line without adding much margin to Copesul. This is done to improve the quality of the condensate and reduce the final cost of the raw material processed.

So if you look at percentage results, it reduces a little bit in terms of the net revenue because it's an almost neutral transaction to Copesul.

### Q - Sergio Torres {BIO 7078415 <GO>}

What do you mean, it's neutral?

### A - Carlos Fadigas

You have on the revenue line of Copesul and also on the cost line of Copesul.

### Q - Sergio Torres {BIO 7078415 <GO>}

Oh, okay.

### A - Carlos Fadigas

-- for condensate that is sent to the refinery and sent back to Copesul. So it ends up adding at both lines without adding margin to it.

### Q - Sergio Torres {BIO 7078415 <GO>}

Okay.

### A - Carlos Fadigas

That's why in terms of net revenues you see slightly higher cost of goods sold.

### Q - Sergio Torres {BIO 7078415 <GO>}

Okay.

### A - Jose Carlos Grubisich {BIO 2072165 <GO>}

That was (inaudible).

### Q - Sergio Torres {BIO 7078415 <GO>}

Right. Okay. Understood. Thank you.

### Operator

(Operator Instructions)

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Our next question is coming from Ed Kuczma of Van Eck Global.

**Q - Ed Kuczma** {BIO 6691195 <GO>}

Yes. Thanks for the call, guys. Just given the outlook for global capacity addition in the coming years, what's your outlook on international pricing and also domestic pricing, the threat of increased imports into Brazil?

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Grubisich speaking. We do keep the same view on the cycle of the petrochemical business on the global basis. We have read clear confirmation that some projects in Iran are late and that Iran has had even a consult some of their capacity expansion projects. We know that we might see a new capacity come on stream in Saudi Arabia in 2009. So we do see a positive cycle in terms of spread, in terms of margins.

Let's not talk about price because it depends on the cost of naphtha and the oil price. But in terms of profitability and spreads, we do think that the industry will see good results until the end of 2008, most likely going into 2009. And we do not expect any major slowdown before, let's say, end of 2009, beginning of 2010 because demand on a global basis is growing more than the supply addition. Capacity utilization rate of ethylene and all the thermoplastic resins are still very high. And we do think that that will be in this position for two, three years to come.

As far as the Brazilian pricing situation is concerned, we do build up our prices based on the international market price, plus all the transaction cost to bring products into the Brazilian mark. And on top of what we call the import parity price, we can command a premium because we deliver many services to our customers, a supply chain -- a just-in-time supply chain, technical assistance, product and market development. And we can work with them to enable them to reduce their own exchange rate exposure, their financial exposure.

So our customers do accept premiums going from 5% to 7% up to 15% to 17%, depending on the size of the customer, on the profile of the product. And that's, of course, a driver for profitability for Braskem.

**Q - Ed Kuczma** {BIO 6691195 <GO>}

Have you seen those premiums -- have they moved at all to the Brazilian customers, that 5% to 7% or the 20% to 22%?

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

No. In fact, what has been implemented here is that we are recovering the historical levels of service margins we had in the past, 2006 and even part of 2005. Our service margins have been reduced because we had local competition coming from (inaudible). But we haven't been able to take back the leadership of the pricing policy in the Brazilian market, and we have been able to recover the level of service margins we had in the past. And we think that we can keep for the time being the same level of service margin.

**Q - Ed Kuczma** {BIO 6691195 <GO>}

Thank you.

**Operator**

Thank you. Your next question is coming from Tereza Mello of Citi.

**Q - Tereza Mello** {BIO 6448187 <GO>}

Hi. (inaudible question; technical difficulty)

**A - Luiz Henrique Valverde**

Tereza?

**Q - Tereza Mello** {BIO 6448187 <GO>}

Yes.

**A - Luiz Henrique Valverde**

Can you start again because we had some interruption in your voice?

**Q - Tereza Mello** {BIO 6448187 <GO>}

Oh, sure. I hope it's better now. Just asking about what's Braskem view and how you see the competitive structure of the Brazilian petrochemical industry evolving after this proposed acquisition of Petrobras or Suzano Petroquimica by Petrobras, and how Braskem -- if Braskem feels comfortable with this situation considering that Petrobras is a minority shareholder, is on Braskem Board, is a supplier, and now can be a competitor, a major competitor? If you could comment on that?

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Tereza, that's more than a feeling. We have a very clear and positive position about this transaction. We do not have anything to comment about the transaction itself, the valuation, the structure of this transaction between Petrobras and Suzano. It's a private business. And they might have seen value to go in that direction. What we do not agree, and we are, of course, going to fight against, is the resuscitation [ph] of the Brazilian petrochemical sector or part of the Brazilian petrochemical sector.

The rule of the game was agreed with Petrobras with all the private players in the sector and with the Brazilian government that we would go through a consolidation of the Brazilian petrochemical sector because that makes a lot of sense in terms of competitiveness, improvement, and also the preparation to have, let's say, strong enough Brazilian petrochemical companies to compete not only in the local market, not only in the regional market, but also in the global competitive arena.

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And we have a clear understanding that the alignment with the government with Petrobras is that the consolidation will have a clear leadership in terms of controlling position and management position from the private sector. That's why we have stated very clear, publicly here in Brazil that we do expect Petrobras to make a next step in this strategic decision. They just announced to the market that they are going to call the private sector to have a participation in this restructuring, in this consolidation step of the Southeast Petrochemical Complex. And we do expect that Unipar will have the leadership of the process in a controlling position and managing the company in the future.

**Q - Tereza Mello** {BIO 6448187 <GO>}

Okay. Thank you very much.

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Thank you, Tereza.

## Operator

Thank you. Your next question is coming from Eduardo Vieira of Credit Suisse.

**Q - Eduardo Vieira** {BIO 3087009 <GO>}

Good morning. Thanks for the call. Could you comment on your plans for refinancing the bridge loan for the acquisition of Ipiranga Petroquimica in terms of timing and types of instruments you're targeting? Thank you.

**A - Carlos Fadigas**

Eduardo, it's Fadigas speaking. The first comment is that we do have a very comfortable position because when we signed the bridge loan, we went for a two-year bridge loan. So that was done this way especially to give us time to go for the refinancing for the takeout [ph] transactions at the best moment in the market. So that's kind of the flexibility we have. And that's the flexibility we're going to use to issue the cheapest possible bet for Braskem in replacing the bridge loan.

Out of the \$1.2 billion bridge loan, we have withdrawn only \$300 million. We may consider refinancing this \$300 million or part of it in the second half of this year with a bond. That's an idea. But that depends on the situation in the market. And again, we are not in a hurry to do that.

Regarding the remaining part of the bridge loan, once it's been used, it's going to be refinanced by new bonds, export prepayments. And we're also considering using the local capital market and issuing a debenture in the local markets. So these would be the three main instruments we would use to refinance the bridge loan when we feel the time is right to do that.

**Q - Eduardo Vieira** {BIO 3087009 <GO>}

Great. Thanks a lot, Fadigas.

## Operator

Thank you. Our final question comes from Sergio Torres of Bear Stearns.

**Q - Sergio Torres** {BIO 7078415 <GO>}

Thank you. Just a brief follow-up -- if you could share with us your CapEx number for Copesul for '07?

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Sergio, the CapEx for Copesul '07 is \$150R million.

**Q - Sergio Torres** {BIO 7078415 <GO>}

\$150R million. And that is not included in the \$800R million number that you mentioned about Braskem before, right?

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

No. That's included in the \$800R million I mentioned before. It's what you have -- the breakdown is Braskem \$550R million, Copesul \$150R million and Ipiranga close to \$100R million CapEx 2007.

**Q - Sergio Torres** {BIO 7078415 <GO>}

Understood. Great. Thank you.

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Okay.

## Operator

Thank you. At this time, I would like to turn the floor back over to Braskem management for any closing remarks.

**A - Jose Carlos Grubisich** {BIO 2072165 <GO>}

Okay. Thank you very much for your participation, your attention to this call. And we are, of course, at your disposal if you have any further questions or any further information you need to have on our side. So have a good day and a nice weekend. Thank you.

## Operator

Thank you. This does conclude today's Braskem's Second Quarter 2007 earnings conference call. You may disconnect your lines at this time, and have a wonderful day.

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