

BRASKEM SA  
Form 6-K  
March 29, 2018

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**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16  
OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of March, 2018**  
**(Commission File No. 1-14862 )**

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**BRASKEM S.A.**  
*(Exact Name as Specified in its Charter)*

**N/A**  
*(Translation of registrant's name into English)*

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**Rua Eteno, 1561, Polo Petroquimico de Camacari**  
**Camacari, Bahia - CEP 42810-000 Brazil**  
*(Address of principal executive offices)*

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K  
in paper as permitted by Regulation S-T Rule 101(b)(1).

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in paper as permitted by Regulation S-T Rule 101(b)(7).

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to  
the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- \_\_\_\_\_.

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***Record EBITDA of US\$3.9 billion in 2017***

***Stock price (BRKM5) gains 29% in the period***

**HIGHLIGHTS:**

Braskem – Consolidated:

4 In 4Q17, EBITDA amounted to US\$911 million, up 5% from 3Q17, mainly due to the widening of international spreads after Hurricane Harvey in the United States. Compared to 4Q16, EBITDA advanced 25%, explained by sales volume growth and the improvement in chemicals spreads in the international market, PP spreads in the United States and Europe and PE spreads in Mexico.

4 In 2017, consolidated EBITDA was US\$3,872 million, a new record for the Company and 17% higher than in 2016, with positive impacts from: (i) sales volume growth in Mexico, due to the complex reaching full ramp-up; (ii) wider spreads for chemicals in the international market, for PP in Europe and for PE in Mexico; (iii) expansion in production capacity and sales volume growth at the units in the United States and Europe; (iv) higher sales volume in the Brazilian market and record-high production volumes of key chemicals, PP and PE; and (v) capital gain of US\$88 million from the quantiQ divestment.

4 In 4Q17, Braskem posted consolidated net income of R\$313 million and net income of R\$386 million in the Parent Company. In 2017, consolidated net income amounted to R\$4,133 million, while net income attributable to shareholders came to R\$4,083 million, corresponding to earnings of R\$5.12 per common share and per class "A" preferred share.

4 In the year, free cash flow was R\$2,460 million.

4 Financial leverage measured by the ratio of net debt to EBITDA in U.S. dollar stood at 1.91x at the end of 2017.

4 The recordable and lost-time injury frequency rate, considering both Team Members and Partners per million hours worked, stood at 1.03 in the year, or 41% lower than the global industry average<sup>2</sup>.

4 In December, the Company paid in advance R\$1 billion in dividends for fiscal year 2017, representing 24.5% of net income attributable to shareholders for the year.

4 Standard & Poor's reaffirmed Braskem's investment grade rating of BBB-, with a negative outlook, given the downgrade in Brazil's sovereign rating in January 2018. In this scenario, the Company maintained investment grade ratings at Standard & Poor's (BBB-) and Fitch Ratings (BBB-) and a rating above Brazil's sovereign risk at Moody's.

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| Main Financial Results            | 4Q17         | 3Q17         | 4Q16         | Chg.      | Chg.       | 2017          | 2016          | Chg.       |
|-----------------------------------|--------------|--------------|--------------|-----------|------------|---------------|---------------|------------|
| <i>R\$ million</i>                | (A)          | (B)          | (C)          | (A)/(B)   | (A)/(C)    | (D)           | (E)           | (D)/(E)    |
| Net Revenue                       | 12,628       | 12,162       | 12,046       | 4%        | 5%         | 49,261        | 47,664        | 3%         |
| EBITDA                            | 2,952        | 2,746        | 2,379        | 8%        | 24%        | 12,334        | 11,507        | 7%         |
| Net Profit (Loss)*                | 386          | 799          | (2,531)      | -52%      | -          | 4,083         | (411)         | -          |
| Free Cash Flow                    |              |              |              |           |            |               |               |            |
| Generation**                      | -            | 43           | 1,068        | -104%     | -120%      | 2,460         | 2,247         | 9%         |
| <i>Net Revenue (US\$ million)</i> | <i>3,929</i> | <i>3,788</i> | <i>3,658</i> | <i>4%</i> | <i>7%</i>  | <i>15,441</i> | <i>13,734</i> | <i>12%</i> |
| <i>EBITDA (US\$ million)</i>      | <i>911</i>   | <i>868</i>   | <i>727</i>   | <i>5%</i> | <i>25%</i> | <i>3,872</i>  | <i>3,304</i>  | <i>17%</i> |

\*Net Profit (Loss) Attributable to Company's Shareholders

\*\*\* Free Cash Flow Generation relates, according to Annex IV, to the Net Cash provided by operating activities excluding (i) the payment of the leniency agreement and (ii) the effects of reclassifications between the lines of Financial investments held for trading and Cash and Cash Equivalents; subtracted by the line of Cash used in Investing Activities.

1 The amount for the class "B" preferred shares is R\$0.61.

<sup>2</sup> The industry average is 1.75, according to the American Fuel & Petrochemical Manufactures (AFPM)

Petrochemical Industry:

4 In 4Q17, the spread of the key chemicals<sup>3</sup> produced by Braskem stood at US\$344/ton, down 5% from 3Q17, due to the naphtha price increase, which has not been fully reflected in the prices of these products. In 2017, the chemicals spread was US\$411/ton, up 28% from 2016, due to increases in the prices of chemicals, especially butadiene and benzene in the first quarter of 2017.

4 In the quarter, the average international spread<sup>4</sup> for the resins produced by Braskem in Brazil was US\$637/ton, down 2% from 3Q17. In the year, the resin spread stood at US\$654/ton, down 3% from 2016. In both cases, the spread remained at healthy levels, since resin prices eventually accompanied the increase in naphtha prices.

4 The PP spread in the United States<sup>5</sup> was US\$610/ton, increasing 4% from 3Q17, reflecting the effects from Hurricane Harvey. In the year, the PP spread in the United States was US\$585/ton, down 17% from 2016, reflecting the higher propylene price due to the increase in exports and the lower inventories of this product.

4 The PP spread in Europe was US\$509/t, down 6% from 3Q17, due to the hike in oil prices, which led to higher propylene prices and to lower seasonal demand for PP in the fourth quarter.

4 The PE spread in Mexico<sup>6</sup> was US\$1,069/ton, increasing 12% from 3Q17, explained by the effects from Hurricane Harvey, by the higher prices for oil/naphtha, which had a greater impact on PE prices than on ethane prices, and by the delays of new capacities expected to come online in the period. In the year, the PE spread in Mexico stood at US\$1,001/ton, up 3% from 2016.

| Petrochemical Spreads - IHS* | 4Q17  | 3Q17 | 4Q16 | Chg.    | Chg.    | 2017  | 2016 | Chg.    |
|------------------------------|-------|------|------|---------|---------|-------|------|---------|
| US\$/ton                     | (A)   | (B)  | (C)  | (A)/(B) | (A)/(C) | (D)   | (E)  | (D)/(E) |
| Chemicals Spread             | 344   | 362  | 325  | -5%     | 6%      | 411   | 321  | 28%     |
| Resins Spread                |       |      |      |         |         |       |      |         |
| Brazil                       | 637   | 650  | 649  | -2%     | -2%     | 654   | 677  | -3%     |
| United States                | 610   | 584  | 588  | 4%      | 4%      | 585   | 702  | -17%    |
| Europe                       | 509   | 544  | 438  | -6%     | 16%     | 505   | 476  | 6%      |
| Mexico**                     | 1,069 | 951  | 941  | 12%     | 14%     | 1,001 | 969  | 3%      |

\* Source: IHS

\*\*Difference between PE and ethane reference prices

Compliance:

4 In keeping with its commitment to acting ethically, with integrity and transparency, the Company launched in 2016 a comprehensive Compliance Program comprising various initiatives to improve its Compliance system. In 4Q17, a total of 31 initiatives under the Compliance Program were concluded, which included:

- Directives on: (i) Relation with Government Officials; (ii) Internal Controls; (iii) Global Sales; (iv) Attracting & Identifying People; and (v) Disciplinary Measures.
- Hiring of a Compliance Officer in Europe; and
- Training programs on the Code of Conduct, Anticorruption and Fair Competition.

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3 Difference between the prices of key chemicals (15% ethylene, 10% propylene, 35% BTX, 10% butadiene, 5% cumene and 25% fuels, based on the capacity mix of Braskem's industrial units in Brazil) and the price of naphtha – Source: HIS.

4 Difference between the price of resins based on the capacity mix of Braskem's industrial units in Brazil and the price of naphtha – Source: IHS.

5 Difference between the U.S. polypropylene price and the U.S. propylene price.

6 Difference between the U.S. polyethylene price and the U.S. ethane price.

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Highlights by Segment:

Brazil:

4 Brazilian demand for resins (PE, PP and PVC) was 1.3 million tons in 4Q17, down 4% from 3Q17, due to seasonality. In the year, resin demand was 5.1 million tons, growing 4% from 2016, driven by stronger economic activity, especially from the packaging, automotive, agriculture, retail and electronics industries.

4 Braskem's resin sales in the Brazilian market amounted to 892 kton in 4Q17, decreasing 2% from 3Q17, lower than the market contraction of 4%. In the year, sales volume in the Brazilian market came to 3.5 million tons, growing 4% from 2016 and setting a new record for PE sales volume. Braskem's market share stood at 70% in 4Q17 and 69% in 2017.

4 In 4Q17, the average cracker capacity utilization rate was 95%, increasing 3 p.p. from 3Q17. In the year, the average cracker capacity utilization rate was 94%, up 2 p.p. from 2016, supporting record-high production of ethylene, butadiene and gasoline.

4 In 4Q17, the Company exported 339 kton of resins, representing decreases of 15% and 18% compared to 3Q17 and 4Q16, respectively. In the year, resin exports amounted to 1.5 million tons, down 11% from 2016.

4 In 4Q17, the units in Brazil posted EBITDA of R\$1,952 million. In the year, EBITDA came to R\$8,675 million, which corresponds to 68% of consolidated EBITDA.

United States and Europe:

4 In 4Q17, the average capacity utilization rate stood at 99%, increasing 4 p.p. and 3 p.p. from 3Q17 and 4Q16, respectively. In 2017, the average capacity utilization rate was 97%, down 3 p.p. from 2016.

4 The units in the United States and Europe posted EBITDA of US\$175 million in 4Q17 and US\$647 million in 2017, corresponding to 16% of the Company's consolidated EBITDA.

4 Construction of the new PP plant in the United States reached 9% completion in 2017, with investment of US\$172 million already disbursed.

Mexico:

4 In 4Q17, the PE plants operated at an average capacity utilization of 86%, down 1 p.p. from 3Q17. In 2017, the average capacity utilization rate was 88%, increasing 46 p.p. from 2016.

4 In the quarter, PE sales in the local market amounted to 144 kton, down 6% from 3Q17. In the year, PE sales in the local market came to 551 kton.

4 EBITDA from the Mexico unit was US\$174 million in 4Q17 and US\$623 million in the year, corresponding to 16% of the Company's consolidated EBITDA.

## OUTLOOK

In January 2018, the International Monetary Fund (IMF) revised upwards its forecast for world GDP growth in 2018 by 0.2 p.p. in relation to its last forecast in October 2017. The current expectation is for the global economy to grow by 3.9% in 2018. The revision reflects (i) the stronger momentum in global growth; (ii) the recent growth in world trade; and (iii) the expected impact from the recently approved U.S. tax policy changes.

According to the Brazilian Central Bank's "Focus" report, the country's GDP is expected to grow 2.7% in 2018. The positive result is based on higher levels of household consumption and investments. In the medium and long terms, the main risks to the performance of the Brazilian economy are associated with political uncertainties, which threaten the implementation of structural reforms.

With regard to the dynamics of the oil market, factors supporting the recent upturn in oil prices include the more robust world economy, weather events in the United States, the extension of the agreement to cut oil production by OPEC member nations and other large producers, led by Russia, and geopolitical tensions in the Middle East, while Brent crude oil was quoted as high as US\$70 per barrel in mid-January. According to the International Energy Agency (IEA), this price level is not expected to last, given the growing supply of shale oil from the United States, which renders less effective the efforts of global producers to limit production and reduce international inventories. In this scenario, in mid-February, the Brent crude oil price already registered a decline, to US\$63.33/barrel.

In the petrochemical industry, the scenario remains positive with healthy spreads expected for the coming years:

§ Chemicals: the chemicals spread in the international market is expected to remain at healthy levels, albeit lower than in 2017, when prices peaked in 1Q17 due to one-off problems with product shortages, especially of butadiene and benzene.

§ Polyethylene (PE): PE spreads in the international market are expected to remain at healthy levels, though still below the level in 2017, given the new polyethylene capacities to come online in the United States during 2018. Spreads should begin to recover as of 2019, given the lack of a second investment phase in the region and the lower production of coal-based product in Asia, leading to high capacity utilization rates for this resin in the global market.

§ Polypropylene (PP): spreads in the international market are expected to remain at healthy levels due to the resin's supply-demand balance in the global market. In the U.S. market, however, the expectation is for even better PP spreads compared to last year, given the higher supply of propylene feedstock in the region following the startup of another propane dehydrogenator and no new PP capacities expected to come online in 2018.

§ PVC: the scenario remains positive, with the expectation of spreads widening in relation to 2017 over the coming years, since demand exceeds the new capacity added each year, supporting higher global utilization rates.

Furthermore, the global petrochemical market could be affected by the growth in initiatives promoting ethical consumerism and by the change in the Chinese law impacting solid waste imports from other countries to produce resins.

In this scenario, the Company's strategy remains focused on: (i) pursuing higher productivity and competitiveness in its current operations, with a focus on operating efficiency and cost leadership; (ii) diversifying the feedstock profile by increasing the share of gas and maintaining assets flexibility; (iii) expanding the global footprint; and (iv) strengthening Braskem's image and reputation towards Team Members, Clients, Suppliers, Society and Investors, through advances in compliance, sustainability, innovation and people management.



**1. BRAZIL**

Braskem's results in Brazil are formed by the following segments: Chemicals, Polyolefins & Vinyls.

**Financial Overview (R\$ million)**

|   |               |              |                |           |
|---|---------------|--------------|----------------|-----------|
| <b>Net Revenue</b>                                | <b>10,115</b> | <b>9,635</b> | <b>5%</b>      | <b>38</b> |
| COGS  | (7,723)       | (7,381)      | 5%             | (29)      |
| <b>Gross Profit</b>                               | <b>2,392</b>  | <b>2,254</b> | <b>6%</b>      | <b>9</b>  |
| <b>Gross Margin</b>                               | <b>24%</b>    | <b>22%</b>   | <b>1 p.p.</b>  |           |
| SG&A  | (647)         | (662)        | -2%            | (2)       |
| Other Operating Income (Expenses)                 | (307)         | (192)        | 60%            |           |
| Investment in Subsidiary and Associated Companies | 11            | 6            | 64%            |           |
| <b>EBITDA</b>                                     | <b>1,952</b>  | <b>1,930</b> | <b>1%</b>      | <b>8</b>  |
| <b>EBITDA Margin</b>                              | <b>19%</b>    | <b>20%</b>   | <b>-1 p.p.</b> |           |
| Net Revenue (US\$ million)                        | 3,115         | 3,045        | 2%             | 17        |
| EBITDA (US\$ million)                             | 601           | 610          | -1%            | 2         |

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7 Braskem's result in Brazil corresponds to the sum of the results from the Chemicals, Polyolefins and Vinyls units less eliminations from the revenues and costs with transfers of products among these segments. In 2Q17, EBITDA from Brazil includes the capital gain from the divestment of quantiQ, of R\$277 million, which is not allocated to any operating segment.

1.1. CHEMICALS<sup>8</sup>

| CHEMICALS  | 4Q17             | 3Q17             | 4Q16             | Chg.          | Chg.          | 2017             | 2016             | Chg.          |
|--|------------------|------------------|------------------|---------------|---------------|------------------|------------------|---------------|
|  | (A)              | (B)              | (C)              | (A)/(B)       | (A)/(C)       | (D)              | (E)              | (D)/(E)       |
| <b>Operating Overview (ton)</b>                  |                  |                  |                  |               |               |                  |                  |               |
| <b>Production</b>                                |                  |                  |                  |               |               |                  |                  |               |
| Ethylene   | 902,772          | 865,570          | 844,392          | 4%            | 7%            | 3,518,658        | 3,459,861        | 2%            |
| <i>Utilization Rate</i>                          | <i>95%</i>       | <i>92%</i>       | <i>90%</i>       | <i>3 p.p.</i> | <i>5 p.p.</i> | <i>94%</i>       | <i>92%</i>       | <i>2 p.p.</i> |
| Propylene  | 360,984          | 367,016          | 330,266          | -2%           | 9%            | 1,445,887        | 1,400,466        | 3%            |
| Cumene   | 52,817           | 52,714           | 54,513           | 0%            | -3%           | 198,202          | 193,936          | 2%            |
| Butadiene  | 108,576          | 107,782          | 95,021           | 1%            | 14%           | 430,032          | 411,688          | 4%            |
| Gasolina   | 245,672          | 262,085          | 320,719          | -6%           | -23%          | 1,008,579        | 984,189          | 2%            |
| BTX*   | 233,094          | 257,576          | 234,028          | -10%          | 0%            | 977,184          | 1,000,489        | -2%           |
| Others   | 273,198          | 273,264          | 255,590          | 0%            | 7%            | 1,077,453        | 1,033,848        | 4%            |
| <b>Total</b>                                     | <b>2,177,113</b> | <b>2,186,008</b> | <b>2,134,529</b> | <b>0%</b>     | <b>2%</b>     | <b>8,655,996</b> | <b>8,484,476</b> | <b>2%</b>     |
| <b>Sales - Brazilian Market (Main Chemicals)</b> |                  |                  |                  |               |               |                  |                  |               |
| Ethylene   | 130,633          | 133,786          | 115,902          | -2%           | 13%           | 523,639          | 511,865          | 2%            |
| Propylene  | 94,647           | 104,778          | 75,036           | -10%          | 26%           | 360,394          | 291,311          | 24%           |
| Cumene   | 53,169           | 52,409           | 52,431           | 1%            | 1%            | 199,792          | 194,472          | 3%            |
| Butadiene  | 44,601           | 48,520           | 47,187           | -8%           | -5%           | 183,849          | 198,451          | -7%           |
| Gasolina   | 232,772          | 224,513          | 213,752          | 4%            | 9%            | 925,867          | 745,087          | 24%           |
| BTX*   | 171,645          | 163,741          | 168,721          | 5%            | 2%            | 644,589          | 676,958          | -5%           |
| <b>Total</b>                                     | <b>727,467</b>   | <b>727,748</b>   | <b>673,028</b>   | <b>0%</b>     | <b>8%</b>     | <b>2,838,130</b> | <b>2,618,144</b> | <b>8%</b>     |
| <b>Exports (Main Chemicals)</b>                  |                  |                  |                  |               |               |                  |                  |               |
| Ethylene   | 36,083           | 18,397           | 7,917            | 96%           | 356%          | 100,927          | 64,193           | 57%           |
| Propylene  | 4,601            | 9,210            | 7,501            | -50%          | -39%          | 43,127           | 79,312           | -46%          |
| Gasolina   | 14,258           | 25,508           | 31,977           | -44%          | -55%          | 78,030           | 194,222          | -60%          |
| Butadiene  | 65,262           | 57,278           | 52,167           | 14%           | 25%           | 241,019          | 213,666          | 13%           |
| BTX*   | 80,618           | 89,734           | 95,965           | -10%          | -16%          | 361,476          | 347,498          | 4%            |
| <b>Total</b>                                     | <b>200,822</b>   | <b>200,127</b>   | <b>195,527</b>   | <b>0%</b>     | <b>3%</b>     | <b>824,579</b>   | <b>898,893</b>   | <b>-8%</b>    |
| <b>Financial Overview (R\$ million)</b>          |                  |                  |                  |               |               |                  |                  |               |
| <b>Net Revenue</b>                               | <b>6,706</b>     | <b>5,958</b>     | <b>6,548</b>     | <b>13%</b>    | <b>2%</b>     | <b>25,179</b>    | <b>25,063</b>    | <b>0%</b>     |
| COGS   | (5,450)          | (4,876)          | (5,294)          | 12%           | 3%            | (20,530)         | (20,248)         | 1%            |
| <b>Gross Profit</b>                              | <b>1,256</b>     | <b>1,082</b>     | <b>1,253</b>     | <b>16%</b>    | <b>0%</b>     | <b>4,649</b>     | <b>4,814</b>     | <b>-3%</b>    |
| <b>Gross Margin</b>                              | <b>19%</b>       | <b>18%</b>       | <b>19%</b>       | <b>1 p.p.</b> | <b>0 p.p.</b> | <b>18%</b>       | <b>19%</b>       | <b>0 p.p.</b> |
| SG&A   | (190)            | (207)            | (179)            | -8%           | 6%            | (773)            | (680)            | 14%           |

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|  |              |              |              |               |               |              |              |               |
|--|--------------|--------------|--------------|---------------|---------------|--------------|--------------|---------------|
| Other Operating Income (Expenses)      | (103)        | (52)         | (295)        | 99%           | -65%          | (197)        | (410)        | -52%          |
| <b>EBITDA</b>                          | <b>1,255</b> | <b>1,117</b> | <b>1,076</b> | <b>12%</b>    | <b>17%</b>    | <b>4,809</b> | <b>4,910</b> | <b>-2%</b>    |
| <b>EBITDA Margin</b>                   | <b>19%</b>   | <b>19%</b>   | <b>16%</b>   | <b>0 p.p.</b> | <b>3 p.p.</b> | <b>19%</b>   | <b>20%</b>   | <b>1 p.p.</b> |
| Net Revenue (US\$ million)             | 2,065        | 1,884        | 1,989        | 10%           | 4%            | 7,891        | 7,242        | 9%            |
| EBITDA (US\$ million)                  | 388          | 353          | 329          | 10%           | 18%           | 1,510        | 1,415        | 7%            |
| BTX* - Benzene, Toluene and Paraxylene |              |              |              |               |               |              |              |               |

### Capacity Utilization:

Compared to 3Q17, the 3 p.p. increase in the average capacity utilization of crackers is mainly explained by the record-high utilization rate of 103% at the Rio de Janeiro cracker, which in the prior quarter had been affected by a scheduled shutdown. Compared to the same period of 2016, the average capacity utilization rate of the crackers in 4Q17 was 5 p.p. higher, due to the scheduled shutdown at the Bahia cracker in 4Q16.

In 2017, the average capacity utilization rate of the crackers stood at 94%, advancing 2 p.p. on 2016, reflecting the good operating performance and record production of ethylene, butadiene and gasoline.

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8 The Chemicals segment is formed by and operates four petrochemical complexes (Camaçari, Triunfo, São Paulo and Rio de Janeiro) producing olefins, aromatics and utilities. These units have total annual ethylene production capacity of 3,952 kton, of which approximately 78% is naphtha-based, 16% is gas-based and the remainder is ethanol-based. Of the total ethylene produced by the Chemicals Unit, approximately 80% is transferred for use by Braskem's Polyolefins and Vinyls units. Total annual propylene production capacity is 1,585 kton, of which approximately 65% on average is transferred for use by the Company's Polyolefins segment.

In 2017, ethylene, propylene, cumene, gasoline, benzene, toluene and paraxylene accounted for approximately 80% of net revenue in the Chemicals segment, for which reason they are considered key chemical products.

**Sales Volume – Brazilian Market:**

In 4Q17, the volume of sales of key chemicals to third parties was 727 kton, in line with 3Q17 and 8% higher than in 4Q16, which is basically explained by the stronger sales volumes of propylene, ethylene and gasoline.

In 2017, the volume of sales of key chemicals to third parties was a record-high 2,838 kton, growing 8% from 2016, led by the higher volume of propylene sales to the acrylics unit in Camaçari, Bahia and of gasoline sales, reflecting the change in the sales policy.

**Sales Volume - Export Market:**

Exports of key chemicals came to 201 kton in 4Q17, in line with the volume exported in 3Q17 and 3% higher than in the same period of 2016, driven predominately by sales of ethylene and butadiene.

In 2017, exports of key chemicals amounted to 825 kton, down 8% from 2016, due to the change in the sales mix of gasoline and propylene, both of which are sold in the local market, even though the Company posted record export sales of butadiene and ethylene.

**COGS<sup>9</sup>:**

In 4Q17, COGS amounted to US\$1,678 million, increasing 9% and 4% from 3Q17 and 4Q16, respectively, explained mainly by higher prices for key raw materials.

- The ARA naphtha price reference averaged US\$556/ton, increasing 20% and 26% compared to 3Q17 and 4Q16, respectively, accompanying the higher prices of Brent crude oil. The crude oil price rose 17% and 26% compared to 3Q17 and 4Q16, respectively, reflecting the extension of the OPEC+<sup>10</sup> agreement to cut production and the low oil stocks in the United States. For naphtha supply in the Brazilian market (average of n-1 quote), the average international price reference in 4Q17 was US\$532/ton, 24% and 27% higher than in 3Q17 and 4Q16, respectively.
- The USGC reference price for ethane, the main feedstock used by the Rio de Janeiro cracker, averaged 25¢/gal (US\$185/ton), down 4% compared to 3Q17, due to the high inventory build in expectation of new crackers coming online in late 2017, which did not occur on schedule. Compared to 4Q16, the USGC price for ethane rose 4%, which is explained by higher ethane export volumes from the United States, by the higher price for LPG, which led producers to prefer cracking ethane, and by the startup of two new crackers.
- The USGC price reference for propane in 4Q17 was 96¢/gal (US\$ 499/ton), 24% and 65% higher than in 3Q17 and 4Q16, respectively, reflecting the higher volume of exports, especially to Asia, and the signs of a more severe winter in the northern hemisphere.

In 2017, COGS in the Chemical segment amounted to US\$6,432 million, up 10% from 2016, due to the growth in sales volume and the higher prices for raw materials, especially naphtha, whose price increased 26% in the period, accompanying the oil price.

**SG&A Expenses<sup>11</sup>:**

Selling, general and administrative expenses in 4Q17 and 2017 corresponded to around 3% of the segment's net revenue in the period.

**EBITDA:** In 4Q17, EBITDA came to US\$388 million, advancing 10% and 18% from 3Q17 and 4Q17, respectively. In 2017, EBITDA from the Chemicals segment was US\$1,510 million, up 7% from 2016.

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9 Cost of goods sold: the Chemicals segment uses naphtha, HLR (refinery gas), ethane and propane as the main feedstocks for its production of olefins and aromatics. Petrobras supplies 100% of the HLR and most of the ethane, propane and naphtha consumed by Braskem, with the remainder met by imports from various suppliers.

10 Organization of Petroleum Exporting Countries

11 Selling, general and administrative expenses.

1.2. POLYOLEFINS<sup>12</sup>

| POLYOLEFINS                             | 4Q17             | 3Q17             | 4Q16             | Chg.          | Chg.           | 2017             | 2016             | Chg.           |
|---|------------------|------------------|------------------|---------------|----------------|------------------|------------------|----------------|
|   | (A)              | (B)              | (C)              | (A)/(B)       | (A)/(C)        | (D)              | (E)              | (D)/(E)        |
| <b>Operating Overview (ton)</b>         |                  |                  |                  |               |                |                  |                  |                |
| <b>Production</b>                       |                  |                  |                  |               |                |                  |                  |                |
| PE                                      | 697,318          | 670,673          | 667,187          | 4%            | 5%             | 2,719,245        | 2,708,466        | 0%             |
| <i>Utilization Rate</i>                 | <i>91%</i>       | <i>88%</i>       | <i>87%</i>       | <i>3 p.p.</i> | <i>4 p.p.</i>  | <i>90%</i>       | <i>89%</i>       | <i>1 p.p.</i>  |
| PP                                      | 426,753          | 430,534          | 393,676          | -1%           | 8%             | 1,711,741        | 1,592,474        | 7%             |
| <i>Utilization Rate</i>                 | <i>92%</i>       | <i>92%</i>       | <i>85%</i>       | <i>0 p.p.</i> | <i>7 p.p.</i>  | <i>93%</i>       | <i>86%</i>       | <i>7 p.p.</i>  |
| <b>Total</b>                            | <b>1,124,071</b> | <b>1,101,207</b> | <b>1,060,862</b> | <b>2%</b>     | <b>6%</b>      | <b>4,430,986</b> | <b>4,300,940</b> | <b>3%</b>      |
| <b>Sales - Brazilian Market</b>         |                  |                  |                  |               |                |                  |                  |                |
| PE                                      | 455,557          | 477,676          | 419,557          | -5%           | 9%             | 1,795,446        | 1,705,462        | 5%             |
| PP                                      | 289,680          | 309,945          | 266,864          | -7%           | 9%             | 1,164,947        | 1,105,675        | 5%             |
| <i>Market Share</i>                     | <i>74%</i>       | <i>73%</i>       | <i>71%</i>       | <i>1 p.p.</i> | <i>3 p.p.</i>  | <i>73%</i>       | <i>73%</i>       | <i>0 p.p.</i>  |
| <b>Total</b>                            | <b>745,237</b>   | <b>787,621</b>   | <b>686,421</b>   | <b>-5%</b>    | <b>9%</b>      | <b>2,960,393</b> | <b>2,811,137</b> | <b>5%</b>      |
| <b>Exports</b>                          |                  |                  |                  |               |                |                  |                  |                |
| PE                                      | 213,903          | 222,992          | 233,859          | -4%           | -9%            | 916,115          | 1,024,233        | -11%           |
| PP                                      | 116,227          | 136,175          | 142,174          | -15%          | -18%           | 522,210          | 566,255          | -8%            |
| <b>Total</b>                            | <b>330,130</b>   | <b>359,168</b>   | <b>376,032</b>   | <b>-8%</b>    | <b>-12%</b>    | <b>1,438,325</b> | <b>1,590,488</b> | <b>-10%</b>    |
| <b>Financial Overview (R\$ million)</b> |                  |                  |                  |               |                |                  |                  |                |
| <b>Net Revenue</b>                      | <b>4,984</b>     | <b>4,961</b>     | <b>4,730</b>     | <b>0%</b>     | <b>5%</b>      | <b>19,650</b>    | <b>20,307</b>    | <b>-3%</b>     |
| COGS                                    | (3,985)          | (3,968)          | (3,724)          | 0%            | 7%             | (15,572)         | (15,981)         | -3%            |
| <b>Gross Profit</b>                     | <b>1,000</b>     | <b>993</b>       | <b>1,007</b>     | <b>1%</b>     | <b>-1%</b>     | <b>4,079</b>     | <b>4,326</b>     | <b>-6%</b>     |
| <b>Gross Margin</b>                     | <b>20%</b>       | <b>20%</b>       | <b>21%</b>       | <b>0 p.p.</b> | <b>-1 p.p.</b> | <b>21%</b>       | <b>21%</b>       | <b>-1 p.p.</b> |
| SG&A                                    | (346)            | (336)            | (342)            | 3%            | 1%             | (1,322)          | (1,285)          | 3%             |
| Other Operating Income (Expenses)       | (75)             | (57)             | (78)             | 32%           | -4%            | (178)            | (199)            | -11%           |
| <b>EBITDA</b>                           | <b>684</b>       | <b>704</b>       | <b>694</b>       | <b>-3%</b>    | <b>-1%</b>     | <b>3,001</b>     | <b>3,291</b>     | <b>-9%</b>     |
| <b>EBITDA Margin</b>                    | <b>14%</b>       | <b>14%</b>       | <b>15%</b>       | <b>0 p.p.</b> | <b>-1 p.p.</b> | <b>15%</b>       | <b>16%</b>       | <b>-1 p.p.</b> |
| Net Revenue (US\$ million)              | 1,536            | 1,569            | 1,437            | -2%           | 7%             | 6,157            | 5,850            | 5%             |
| EBITDA (US\$ million)                   | 212              | 223              | 200              | -5%           | 6%             | 943              | 935              | 1%             |

**Capacity Utilization:**

The average capacity utilization of PE industrial units rose by 3 p.p. from 3Q17 and by 4 p.p. from 4Q16, when they were affected by the scheduled shutdown of the Rio de Janeiro cracker and one of the cracker lines in Bahia, respectively.

The average capacity utilization rate of the PP industrial units maintained its high level of the previous quarter and increased by 7 p.p. compared to 4Q16, reflecting the improved supply of propylene by the Chemicals segment.

In 2017, the average capacity utilization of the PE plants stood at 90%, increasing 1 p.p. compared to 2016. In the same period, the PP plants operated at an average utilization rate of 93%, 7 p.p. higher than in 2016, influenced by the better performance of the plants in São Paulo state and of the Rio Grande do Sul complex, supported by the improved supply of propylene by the Chemicals segment. In the year, polyolefins production grew 3% compared to 2016, setting a new record.

### **Brazilian Market:**

Influenced by seasonality, the estimated market for polyolefins (PE and PP) in 4Q17 was 1,004 kton, down 7% from 3Q17. Compared to 4Q16, the estimated market for polyolefins expanded 4%, led by sales of PE to the packaging industry, especially for the consumer goods segment, driven by higher household consumption, and of PP to the automotive industry and of raffia to the growing agriculture industry.

In the year, the estimated market for PE and PP grew 5% to 4,061 kton, driven by brisker growth in the packaging industry and by the recovery of certain industries, especially automotive, agriculture, retail and electronics/appliance.

12 The Polyolefins segment is formed by 18 industrial plants in Brazil producing polyethylene (PE) and polypropylene (PP), which includes the production of Braskem's Green PE from renewable feedstock. The industrial operations consist of the PE and PP plants located in the petrochemical complexes of Triunfo, Camaçari, São Paulo, Paulínia and Rio de Janeiro, which have combined annual production capacity of 3,055 kton of PE, with 200 kton of Green PE and 1,850 kton of PP. In 1Q17, the UTEC business, which previously was part of the Polyolefins segment, became part of the United States and Europe segment.

### **Sales Volume - Brazilian Market:**

In 4Q17, due to seasonality, sales volume in Brazil fell 5% from 3Q17, supporting a market share gain of 1 p.p., to 74%. Compared to 4Q16, sales volume in Brazil grew 9%, outpacing the growth in Brazilian demand for polyolefins.

In the year, sales volume in Brazil accompanied the performance of the local market to grow 5% from 2016, with market share of 73%, in line with the previous year. The highlight was the sales of PE in Brazil, which grew 5% to set a new record.

### **Sales Volume - Export Market:**

Reflecting the stronger demand for resins in the Brazilian market, sales volume from the Polyolefins unit decreased 12% and 10% compared to 4Q16 and 2016, respectively. Exports to South American countries remained strong, since they are priority markets for the Company. Compared to 3Q17, export volume decreased 8% due to seasonality.

### **COGS<sup>13</sup>:**

In 4Q17, COGS of the Polyolefins unit stood at US\$1,227 million, down 2% from 3Q17, explained by lower sales volume, which offset the higher feedstock prices.

- The average USGC propylene price reference in 3Q17 was US\$1,080/ton, 18% higher than in 3Q16, explained by Hurricane Harvey in Texas, which affected the region's refineries and crackers and significantly reduced the supply of propylene in the market.
- The European (NWE) price reference for ethylene, which is used for internal transfers from the Chemicals unit, averaged US\$1,219/ton in the quarter, up 6% from 3Q17.

Compared to 4Q16, COGS in U.S. dollar of the Polyolefins unit increased 9%, explained by the 19% increase in the European (NWE) price reference for ethylene and by the 35% increase in the USGC price reference for propylene, combined with the sales volume growth.

In 2017, COGS of the Polyolefins Unit came to US\$4,878 million, up 6% compared to 2016, explained by higher feedstock prices in the international market and sales volume growth. The average price reference for propylene in the U.S. Gulf Coast (USGC) was US\$986/ton, while the international price reference for ethylene in Europe (NWE) averaged US\$1,146/ton, up 30% and 14%, respectively, from 2016.

### **SG&A Expenses:**

Selling, general and administrative expenses in both 4Q17 and 2017 corresponded to 7% of the segment's net revenue in the period.

### **EBITDA:**



EBITDA amounted to US\$212 million, declining 5% from 3Q17, due to the narrowing of international polyolefin spreads. In Brazilian real, EBITDA came to R\$684 million, 3% lower, positively influenced by the 3% average Brazilian real depreciation in the period.

Compared to 4Q16, the higher spreads for polyolefins, especially PP, in the international market led EBITDA to increase 6% in U.S. dollar and decrease 1% in Brazilian real, affected by the 1% average local-currency appreciation.

In the year, EBITDA came to US\$943 million, growing 1% from 2016, adversely affected by the lower PP spreads. In Brazilian real, EBITDA was stable and also was influenced by the 9% appreciation in the local currency in the period.

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13 Cost of goods sold: ethylene and propylene are the main feedstocks used to make PE and PP, respectively. For PE production, 100% of the ethylene used is supplied by the Chemicals Unit, as is 65% of the propylene used to make PP, with the remainder supplied by Petrobras.

1.3. VINYL<sup>14</sup>

| VINYLS                                  | 4Q17           | 3Q17           | 4Q16           | Chg.           | Chg.           | 2017             | 2016             | Chg.          |
|---|----------------|----------------|----------------|----------------|----------------|------------------|------------------|---------------|
|   | (A)            | (B)            | (C)            | (A)/(B)        | (A)/(C)        | (D)              | (E)              | (D)/(E)       |
| <b>Operating Overview (ton)</b>         |                |                |                |                |                |                  |                  |               |
| <b>Production</b>                       |                |                |                |                |                |                  |                  |               |
| PVC                                     | 157,329        | 157,052        | 162,873        | 0%             | -3%            | 611,217          | 594,039          | 3%            |
| <i>Utilization Rate</i>                 | <i>88%</i>     | <i>88%</i>     | <i>91%</i>     | <i>0 p.p.</i>  | <i>-3 p.p.</i> | <i>86%</i>       | <i>84%</i>       | <i>2 p.p.</i> |
| Caustic Soda                            | 109,899        | 108,807        | 113,282        | 1%             | -3%            | 408,981          | 440,907          | -7%           |
| <b>Total</b>                            | <b>267,228</b> | <b>265,859</b> | <b>276,156</b> | <b>1%</b>      | <b>-3%</b>     | <b>1,020,198</b> | <b>1,034,945</b> | <b>-1%</b>    |
| <b>Sales - Brazilian Market</b>         |                |                |                |                |                |                  |                  |               |
| PVC                                     | 147,210        | 127,193        | 137,377        | 16%            | 7%             | 525,683          | 528,314          | 0%            |
| <i>Market Share</i>                     | <i>56%</i>     | <i>51%</i>     | <i>54%</i>     | <i>4 p.p.</i>  | <i>2 p.p.</i>  | <i>52%</i>       | <i>52%</i>       | <i>0 p.p.</i> |
| Caustic Soda                            | 96,163         | 105,748        | 101,673        | -9%            | -5%            | 402,001          | 436,607          | -8%           |
| <b>Total</b>                            | <b>243,374</b> | <b>232,942</b> | <b>239,050</b> | <b>4%</b>      | <b>2%</b>      | <b>927,684</b>   | <b>964,921</b>   | <b>-4%</b>    |
| <b>Exports</b>                          |                |                |                |                |                |                  |                  |               |
| PVC                                     | 8,452          | 37,078         | 39,035         | -77%           | -78%           | 82,008           | 116,919          | -30%          |
| <b>Financial Overview (R\$ million)</b> |                |                |                |                |                |                  |                  |               |
| <b>Net Revenue</b>                      | <b>810</b>     | <b>800</b>     | <b>794</b>     | <b>1%</b>      | <b>2%</b>      | <b>3,067</b>     | <b>3,016</b>     | <b>2%</b>     |
| COGS                                    | (670)          | (683)          | (730)          | -2%            | -8%            | (2,606)          | (2,815)          | -7%           |
| <b>Gross Profit</b>                     | <b>140</b>     | <b>117</b>     | <b>64</b>      | <b>20%</b>     | <b>118%</b>    | <b>461</b>       | <b>201</b>       | <b>129%</b>   |
| <b>Gross Margin</b>                     | <b>17%</b>     | <b>15%</b>     | <b>8%</b>      | <b>2 p.p.</b>  | <b>9 p.p.</b>  | <b>15%</b>       | <b>7%</b>        | <b>8 p.p.</b> |
| SG&A                                    | (51)           | (36)           | (67)           | 40%            | -25%           | (163)            | (237)            | -31%          |
| Other Operating Income (Expenses)       | (94)           | (19)           | (51)           | 384%           | 86%            | (163)            | (72)             | 127%          |
| <b>EBITDA</b>                           | <b>73</b>      | <b>146</b>     | <b>38</b>      | <b>-50%</b>    | <b>92%</b>     | <b>454</b>       | <b>241</b>       | <b>88%</b>    |
| <b>EBITDA Margin</b>                    | <b>9%</b>      | <b>18%</b>     | <b>5%</b>      | <b>-9 p.p.</b> | <b>4 p.p.</b>  | <b>15%</b>       | <b>8%</b>        | <b>7 p.p.</b> |
| Net Revenue (US\$ million)              | 250            | 253            | 241            | -1%            | 3%             | 962              | 870              | 11%           |
| EBITDA (US\$ million)                   | 22             | 46             | 12             | -51%           | 92%            | 143              | 69               | 108%          |

**Capacity Utilization:**

The average capacity utilization of PVC stood at 88% in 4Q17, in line with 3Q17 and 3 p.p. lower than in the year-ago period. In 2017, the average capacity utilization of the PVC plants stood at 86%, up 2 p.p. from 2016.

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14 The Vinyls segment is formed by the industrial and commercial operations of the PVC, Chlorine and Caustic Soda units, as well as other products such as hydrogen and sodium hypochlorite. The industrial operations include three PVC plants located in the petrochemical complexes in Camaçari and Alagoas and the two chlor-alkali plants located in the same two petrochemical complexes. The Company's production capacity is 710 kta of PVC and 539 kta of caustic soda.

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### **Brazilian Market:**

The estimated market for PVC in 3Q17 was 265 kton, expanding 7% and 4% from 3Q17 and 4Q16, respectively. In the year, the estimated PVC market contracted 2%, mainly due to the performance of the construction and infrastructure sectors.

### **Sales Volume - Brazilian Market:**

In 4Q17, PVC sales grew 16% on the prior quarter, outstripping demand in the Brazilian market. In this scenario, Braskem's market share stood at 56%, gaining 4 p.p. in relation to 3Q17. Compared to the same period last year, PVC sales grew by 7%.

In 2017, sales amounted to 526 kton, in line with 2016, with the highlight the sales to the clothing and footwear sector. Market share also was stable in relation to 2016, at 52%.

### **Sales Volume - Export Market:**

Braskem continued to export PVC to offset the contraction in the local market, although at lower volumes compared to 2016.

### **COGS<sup>15</sup>:**

In the year, COGS amounted US\$818 million, up 1% from 2016 as a result of higher feedstock prices in the international market.

### **SG&A Expenses:**

Selling, general and administrative expenses in 4Q17 and in 2017 corresponded to 6% and 5% of the segment's net revenue, respectively.

### **EBITDA:**

Supported mainly by the better international spread for PVC and caustic soda, EBITDA in U.S. dollar advanced 108% compared to 2016, to US\$143 million. Despite the Brazilian real appreciation in the period, EBITDA amounted to R\$454 million, growing 88% from 2016.

## **2. UNITED STATES AND EUROPE<sup>16</sup>**

<sup>15</sup> Cost of goods sold: ethylene and salt are the main inputs used by the Vinyls segment to produce caustic soda, chlorine and PVC. The ethylene is 100% supplied by the Chemicals segment. In salt consumption, Braskem holds significant cost advantages over some competitors thanks to its low-cost extraction of sodium chloride (especially compared to sea salt) and low transportation costs, given its industrial unit's proximity to the salt mine.

16 The segment's results are formed by six industrial units in the United States and two in Europe, with aggregate production capacity of 2,195 kta, with 1,570 kta in the United States and 625 kta in Europe.

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| VINYLS                                  | 4Q17           | 3Q17           | 4Q16           | Chg.           | Chg.           | 2017             | 2016             | Chg.          |
|---|----------------|----------------|----------------|----------------|----------------|------------------|------------------|---------------|
|   | (A)            | (B)            | (C)            | (A)(B)         | (A)(C)         | (D)              | (E)              | (D)/(E)       |
| <b>Operating Overview (ton)</b>         |                |                |                |                |                |                  |                  |               |
| <b>Production</b>                       |                |                |                |                |                |                  |                  |               |
| PVC                                     | 157,329        | 157,052        | 162,873        | 0%             | -3%            | 611,217          | 594,039          | 3%            |
| <i>Utilization Rate</i>                 | <i>88%</i>     | <i>88%</i>     | <i>91%</i>     | <i>0 p.p.</i>  | <i>-3 p.p.</i> | <i>86%</i>       | <i>84%</i>       | <i>2 p.p.</i> |
| Caustic Soda                            | 109,899        | 108,807        | 113,282        | 1%             | -3%            | 408,981          | 440,907          | -7%           |
| <b>Total</b>                            | <b>267,228</b> | <b>265,859</b> | <b>276,156</b> | <b>1%</b>      | <b>-3%</b>     | <b>1,020,198</b> | <b>1,034,945</b> | <b>-1%</b>    |
| <b>Sales - Brazilian Market</b>         |                |                |                |                |                |                  |                  |               |
| PVC                                     | 147,210        | 127,193        | 137,377        | 16%            | 7%             | 525,683          | 528,314          | 0%            |
| <i>Market Share</i>                     | <i>56%</i>     | <i>51%</i>     | <i>54%</i>     | <i>4 p.p.</i>  | <i>2 p.p.</i>  | <i>52%</i>       | <i>52%</i>       | <i>0 p.p.</i> |
| Caustic Soda                            | 96,163         | 105,748        | 101,673        | -9%            | -5%            | 402,001          | 436,607          | -8%           |
| <b>Total</b>                            | <b>243,374</b> | <b>232,942</b> | <b>239,050</b> | <b>4%</b>      | <b>2%</b>      | <b>927,684</b>   | <b>964,921</b>   | <b>-4%</b>    |
| <b>Exports</b>                          |                |                |                |                |                |                  |                  |               |
| PVC                                     | 8,452          | 37,078         | 39,035         | -77%           | -78%           | 82,008           | 116,919          | -30%          |
| <b>Financial Overview (R\$ million)</b> |                |                |                |                |                |                  |                  |               |
| <b>Net Revenue</b>                      | <b>810</b>     | <b>800</b>     | <b>794</b>     | <b>1%</b>      | <b>2%</b>      | <b>3,067</b>     | <b>3,016</b>     | <b>2%</b>     |
| COGS                                    | (670)          | (683)          | (730)          | -2%            | -8%            | (2,606)          | (2,815)          | -7%           |
| <b>Gross Profit</b>                     | <b>140</b>     | <b>117</b>     | <b>64</b>      | <b>20%</b>     | <b>118%</b>    | <b>461</b>       | <b>201</b>       | <b>129%</b>   |
| <b>Gross Margin</b>                     | <b>17%</b>     | <b>15%</b>     | <b>8%</b>      | <b>2 p.p.</b>  | <b>9 p.p.</b>  | <b>15%</b>       | <b>7%</b>        | <b>8 p.p.</b> |
| SG&A                                    | (51)           | (36)           | (67)           | 40%            | -25%           | (163)            | (237)            | -31%          |
| Other Operating Income (Expenses)       | (94)           | (19)           | (51)           | 384%           | 86%            | (163)            | (72)             | 127%          |
| <b>EBITDA</b>                           | <b>73</b>      | <b>146</b>     | <b>38</b>      | <b>-50%</b>    | <b>92%</b>     | <b>454</b>       | <b>241</b>       | <b>88%</b>    |
| <b>EBITDA Margin</b>                    | <b>9%</b>      | <b>18%</b>     | <b>5%</b>      | <b>-9 p.p.</b> | <b>4 p.p.</b>  | <b>15%</b>       | <b>8%</b>        | <b>7 p.p.</b> |
| Net Revenue (US\$ million)              | 250            | 253            | 241            | -1%            | 3%             | 962              | 870              | 11%           |
| EBITDA (US\$ million)                   | 22             | 46             | 12             | -51%           | 92%            | 143              | 69               | 108%          |

### Capacity Utilization:

The average capacity utilization rate in the United States and Europe was 99% in 4Q17, increasing 4 p.p. compared to 3Q17, given the shutdown of plants in Texas in August due to Hurricane Harvey. Compared to 4Q16, the utilization rate increased 3 p.p., due to the shutdown for the capacity-expansion project at the Marcus Hook plant in late 2016.

In 2017, the capacity utilization rate was 97%, down 3 p.p. from the previous year, reflecting the revision of production capacity conducted in 2017. Considering the same nominal capacity for both years, the capacity utilization rate in 2017 was 5 p.p. higher than in 2016. In the year, production in the United States and Europe grew 5% to set a new record.

### Market:

United States: Despite Hurricane Harvey and the weaker performance of the automotive industry, U.S. PP demand increased in relation to 2016, mainly supported by the food packaging and nonwoven industries.

Europe: The recovery of European economies gained traction over the year, with PP demand in 2017 higher than in the prior year, driven by the automotive industry. Furthermore, local producers increased production in the period due to the lower volume of PP imports, due to maintenance shutdowns in the Middle East and the effects from Hurricane Harvey in the United States. This enabled Braskem to use its position as a local competitor to leverage exports from Brazil.

**Sales Volume:**

Sales volume in 4Q17 declined 5% compared to 3Q17, due to seasonality, and increased 3% compared to 4Q16, due to stronger PP production in the United States coupled with the increase in demand.

In the year, sales set a new record by advancing 5%, which is basically explained by the capacity expansion projects at the plants in the United States (late 2016) and Germany (early 2017) and by the firm PP demand in these regions.

### **COGS<sup>17</sup>:**

In 4Q17, the segment's cost of goods sold (COGS) amounted to US\$611 million, increasing 29% from 4Q16.

- The average price of USGC polymer grade propylene in 4Q17 was US\$1,080/ton, up 18% and 35% from 3Q17 and 4Q16, respectively, explained by the products shortage due to Hurricane Harvey.
- The European price reference for propylene averaged US\$1,025/ton in 4Q17, increasing 9% and 29% from 3Q17 and 4Q16, reflecting the longer-than-expected maintenance shutdowns at the region's crackers.

In 2017, COGS stood at US\$2,324 million, increasing 33% from 2016.

- In the year, propylene prices in the United States averaged US\$986/ton, increasing 30% from 2016, explained by higher propane prices and low inventory levels. In 2017, the reference price for Europe was US\$946/ton, up 30% on the prior year, reflecting the higher oil prices and the growing share of gas used as feedstock by European crackers at the expense of naphtha, which reduced the supply of propylene in the region.

### **SG&A Expenses:**

Selling, general and administrative expenses corresponded to 6% of the segment's net revenue in 4Q17 and 2017.

### **EBITDA:**

EBITDA in 4Q17 came to US\$175 million, advancing 6% on 3Q17, explained by the 4% increase in the PP-propylene spread<sup>18</sup> in the United States. In Brazilian real, EBITDA was R\$567 million, accounting for 18% of consolidated EBITDA.

In the year, EBITDA was US\$647 million, down 7% from 2016, due to the 17% decline in PP-propylene spreads<sup>3</sup> in the United States. The result reflects the lower supply of propylene, given the growing demand for the product in the year, while exports increased and new capacity startups were delayed. In Brazilian real, EBITDA amounted to R\$2,063 million, accounting for 16% of consolidated EBITDA.

## **3. MEXICO (Braskem Idesa)<sup>19</sup>**

<sup>17</sup> Cost of goods sold: the main feedstock used to make PP in the United States and Europe is propylene, which is supplied to the Company's industrial units by various local producers.



18 As of 2Q16, we are presenting the U.S. PP spread as follows to better reflect the U.S. market: difference between the U.S. PP (GP-homopolymer) price and the U.S. Propylene (polymer grade) price.

| MEXICO                                   | 4Q17           | 3Q17           | 4Q16           | Chg.           | Chg.           | 2017           | 2016           | Chg.           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | (A)            | (B)            | (C)            | (A)/(B)        | (A)/(C)        | (D)            | (E)            | (D)/(E)        |
| <b>Operating Overview (ton)</b>          |                |                |                |                |                |                |                |                |
| <b>Production</b>                        |                |                |                |                |                |                |                |                |
| PE                                       | 226,737        | 229,504        | 193,189        | -1%            | 17%            | 923,540        | 443,180        | 108%           |
| <i>Utilization Rate</i>                  | <i>86%</i>     | <i>87%</i>     | <i>73%</i>     | <i>-1 p.p.</i> | <i>13 p.p.</i> | <i>88%</i>     | <i>42%</i>     | <i>46 p.p.</i> |
| <b>Sales</b>                             |                |                |                |                |                |                |                |                |
| Mexican Market                           | 144,207        | 153,149        | 81,862         | -6%            | 76%            | 551,264        | 201,066        | 174%           |
| Exports                                  | 86,534         | 82,357         | 116,843        | 5%             | -26%           | 418,067        | 231,378        | 81%            |
| <b>Total</b>                             | <b>230,741</b> | <b>235,506</b> | <b>198,706</b> | <b>-2%</b>     | <b>16%</b>     | <b>969,330</b> | <b>432,444</b> | <b>124%</b>    |
| <b>Financial Overview (US\$ million)</b> |                |                |                |                |                |                |                |                |
| <b>Net Revenue</b>                       | <b>288</b>     | <b>267</b>     | <b>217</b>     | <b>8%</b>      | <b>33%</b>     | <b>1,128</b>   | <b>474</b>     | <b>138%</b>    |
| COGS                                     | (159)          | (166)          | (141)          | -4%            | 13%            | (657)          | (344)          | 91%            |
| <b>Gross Profit</b>                      | <b>129</b>     | <b>101</b>     | <b>75</b>      | <b>28%</b>     | <b>71%</b>     | <b>472</b>     | <b>131</b>     | <b>261%</b>    |
| <b>Gross Margin</b>                      | <b>45%</b>     | <b>38%</b>     | <b>35%</b>     | <b>7 p.p.</b>  | <b>10 p.p.</b> | <b>42%</b>     | <b>28%</b>     | <b>14 p.p.</b> |
| SG&A                                     | (23)           | (25)           | (19)           | -9%            | 16%            | (90)           | (68)           | 31%            |
| Other Operating Income (Expenses)        | 5              | 3              | 0              | 92%            | 2337%          | 9              | 0              | 11948%         |
| <b>EBITDA</b>                            | <b>174</b>     | <b>136</b>     | <b>102</b>     | <b>28%</b>     | <b>71%</b>     | <b>623</b>     | <b>163</b>     | <b>282%</b>    |
| <b>EBITDA Margin</b>                     | <b>60%</b>     | <b>51%</b>     | <b>47%</b>     | <b>9 p.p.</b>  | <b>13 p.p.</b> | <b>55%</b>     | <b>34%</b>     | <b>21 p.p.</b> |
| Net Revenue (R\$ million)                | 936            | 843            | 714            | 11%            | 31%            | 3,601          | 1,587          | 127%           |
| EBITDA (R\$ million)                     | 567            | 429            | 336            | 32%            | 69%            | 1,987          | 530            | 275%           |

### **Capacity Utilization:**

In 4Q17, the average capacity utilization rate of the PE industrial units was 86%, down 1 p.p. from 3Q17, given the supply of ethane in the period, and up 13 p.p. from 4Q16. Compared to 2016, the average capacity utilization rate of PE increased 46 p.p., since the plants were in ramp-up phase during the period.

### **Mexican Market:**

In 4Q17, the estimated PE market in Mexico was 523 kton, down 6% from 3Q17, impacted by seasonality and pent-up demand due to the expected decline in PE prices in the region following the startup of new gas-based capacities in the United States. Compared to 4Q16, the estimated market grew 2%.

In 2017, the estimated PE market in Mexico was 2.2 million tons, 1% higher than in 2016, but lagging the projected 2% growth in Mexico's GDP, according to the IMF, adversely affected by lower consumption due to higher interest rates.

### **Sales Volume:**

In 4Q17, sales volume followed the overall industry performance, decreasing 6% compared to 3Q17. Compared to 4Q16, when the plants were in the ramp-up phase, sales in the local market were 76% higher.

Surplus product in the quarter was directed to exports, which increased 5% compared to 3Q17, mainly to the United States, due to the lower supply of PE in the region caused by Hurricane Harvey. Meanwhile, compared to 4Q16, exports fell 26%, given the priority on sales in the local market.

In 2017, given the product's higher supply, total PE sales volume grew 124% compared to 2016. Braskem Idesa increased its market share in Mexico, supported by sales growth of 174% compared to 2016.

Exports grew 81%, with more profitable markets, such as Europe and the United States, accounting for a higher share, driven by the expansion of the product portfolio and better coordination between the sales teams in the United States and Europe.

19 The segment comprises an ethane-based cracker, two high-density polyethylene (HDPE) plants and one low-density polyethylene (LDPE) plant with combined PE production capacity of 1,050 kta. This unit includes the results of Braskem Idesa SAPI and of the other subsidiaries of Braskem S.A. in Mexico.

**COGS<sup>20</sup>:**

In 4Q17, COGS<sup>21</sup> stood at US\$159 million, down 4% from 3Q17, influenced by the lower sales volume and lower prices of ethane and natural gas. Compared to 4Q16, COGS increased 13%, reflecting the higher sales volume.

- the U.S. Gulf Coast reference price for ethane (ethane USGC) fell 4% from 3Q17 and increased 4% from 4Q16, as explained above.
- the Henry Hub reference price for natural gas fell 2% and 5% from 3Q17 and 4Q16, respectively, given the expectation of temperatures above previous forecasts for the U.S. winter.

In the year, COGS<sup>21</sup> came to US\$657 million, increasing 91% from 2016, due to the higher sales volume.

- The USGC price reference for ethane increased 26% compared to 2016, due to stronger demand after the startup of ethane export terminals, the higher prices of LPG and the expected startup of new crackers.
- The Henry Hub price reference for natural gas increased 19% compared to 2016, due to higher export volumes to Mexico. Furthermore, in 2016, the natural gas price was affected by inventories above the average in last 5 years, due to high winter temperatures.

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20 Cost of goods sold: for its ethane supply, Braskem Idesa has a 20-year agreement with the subsidiary of Petróleos Mexicanos (PEMEX), whose price is based on the USG ethane price reference. For its natural gas supply, Braskem Idesa has a supply contract with prices referenced to a basket of sources of natural gas in the U.S. South, especially the Henry Hub natural gas price reference.

<sup>21</sup> Book COGS – Excludes costs with resales of PE produced in Brazil and includes impacts from the accounting standard CPC 30.

**SG&A Expenses:**

Selling, general and administrative expenses corresponded to 8% of the segment's net revenue in 4Q17 and 2017.

**Other Income/Expenses, Net (OIE):**

In 4Q17, OIE included income of R\$11.4 million related to the financial penalty established in the ethane supply agreement. In the year, this income amounted to US\$19.5 million.

**EBITDA:**

In 4Q17, EBITDA was US\$174 million, growing 28% from 3Q17, due to the higher spreads in the international market. Compared to 4Q16, EBITDA advanced 71%.

In 2017, EBITDA was US\$623 million, increasing US\$460 million compared to 2016, due to the ramp-up process.

**Financial Results Braskem Idesa:**

In 4Q17, the financial result was an expense of R\$741 million (compared to the net financial expense of R\$363 million in 3Q17), reflecting the impact from an exchange variation loss on the outstanding balance of the loan, due to the depreciation in the Mexican peso against the U.S. dollar in the quarter. On December 31, 2017, the outstanding principal of the loan with the project's shareholders stood at US\$1,998 million. In 4Q17, the Company recognized an expense of R\$51 million related to the adoption of hedge accounting in the profit or loss.

Excluding the effects from exchange variation, the financial result in 4Q17 was an expense of R\$227 million, down 2% from the expense recorded in 3Q17.

| Financial Result (R\$ million)         | 4Q17         | 3Q17         | 4Q16         | Chg.        | Chg.        | 2017         | 2016           | Chg.         |
|--|--------------|--------------|--------------|-------------|-------------|--------------|----------------|--------------|
| BRASKEM IDESA                          | (A)          | (B)          | (C)          | (A)/(B)     | (A)/(C)     | (D)          | (E)            | (D)/(E)      |
| <b>Financial Expenses</b>              | <b>(241)</b> | <b>(238)</b> | <b>(253)</b> | <b>1%</b>   | <b>-5%</b>  | <b>(974)</b> | <b>(689)</b>   | <b>41%</b>   |
| Interest Expenses                      | (229)        | (218)        | (249)        | 5%          | -8%         | (867)        | (643)          | 35%          |
| Others                                 | (12)         | (21)         | (4)          | -41%        | 192%        | (107)        | (46)           | 131%         |
| <b>Financial Revenue</b>               | <b>14</b>    | <b>8</b>     | <b>1</b>     | <b>80%</b>  | <b>n.a.</b> | <b>25</b>    | <b>3</b>       | <b>672%</b>  |
| Interest                               | 2            | 2            | 1            | 23%         | 159%        | 6            | 3              | 95%          |
| Others                                 | 12           | 6            | 0            | 96%         | n.a.        | 18           | 0              | n.a.         |
| <b>Foreign Exchange Variation, net</b> | <b>(514)</b> | <b>(132)</b> | <b>(384)</b> | <b>289%</b> | <b>34%</b>  | <b>132</b>   | <b>(1,094)</b> | <b>-112%</b> |

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|                                      |              |              |              |             |            |              |                |             |
|--------------------------------------|--------------|--------------|--------------|-------------|------------|--------------|----------------|-------------|
| Foreign Exchange Variation (Expense) | (595)        | (146)        | (412)        | 308%        | 44%        | 134          | (1,163)        | -111%       |
| Foreign Exchange Variation (Revenue) | 80           | 14           | 28           | 491%        | 187%       | (2)          | 69             | -102%       |
| <b>Net Financial Result</b>          | <b>(741)</b> | <b>(363)</b> | <b>(636)</b> | <b>104%</b> | <b>17%</b> | <b>(817)</b> | <b>(1,780)</b> | <b>-54%</b> |

In 2017, the financial result was an expense of R\$817 million (compared to net financial expense of R\$1,780 million in 2016), positively impacted by an exchange variation gain on the outstanding balance of the loan, due to the appreciation in the Mexican peso against the U.S. dollar in the year. The Company recognized an expense of R\$164 million related to the adoption of hedge accounting in the profit or loss.

Excluding the effects from exchange variation, the net financial result in the year was an expense of R\$949 million, compared to an expense of R\$686 million in 2016, explained by the capitalization of interest through April 2016, corresponding to the project phase of Braskem Idesa, and by the increase in LIBOR.

CONSOLIDATED<sup>22</sup>

| Financial Overview (R\$ million)   | Net           |                |              |              | Minority  | Other Revenues | Operating    | EBITDA       |
|------------------------------------|---------------|----------------|--------------|--------------|-----------|----------------|--------------|--------------|
| CONSOLIDATED 4Q17                  | Revenue       | COGS           | Gross Profit | SG&A         | Interest  | and Expenses   | Profit       |              |
| Brazil                             | 10,115        | (7,723)        | 2,392        | (647)        | 11        | (307)          | 1,449        | 1,952        |
| U.S. and Europe                    | 2,671         | (1,983)        | 687          | (161)        | -         | (16)           | 510          | 568          |
| Mexico                             | 936           | (519)          | 418          | (72)         | -         | 16             | 362          | 567          |
| Other Segments                     | 69            | (19)           | 50           | (15)         | -         | 7              | 42           | 48           |
| Eliminations and Reclassifications | (1,163)       | 986            | (176)        | 24           | -         | (3)            | (155)        | (182)        |
| <b>Braskem Total</b>               | <b>12,628</b> | <b>(9,257)</b> | <b>3,371</b> | <b>(870)</b> | <b>11</b> | <b>(304)</b>   | <b>2,208</b> | <b>2,952</b> |

| Financial Overview (R\$ million)   | Net           |                 |               |                | Minority  | Other Revenues | Operating    | EBITDA        |
|------------------------------------|---------------|-----------------|---------------|----------------|-----------|----------------|--------------|---------------|
| CONSOLIDATED 2017                  | Revenue       | COGS            | Gross Profit  | SG&A           | Interest  | and Expenses   | Profit       |               |
| Brazil                             | 38,698        | (29,357)        | 9,341         | (2,229)        | 40        | (423)          | 6,729        | 8,675         |
| U.S. and Europe                    | 9,854         | (7,419)         | 2,435         | (583)          | -         | (21)           | 1,831        | 2,064         |
| Mexico                             | 3,601         | (2,097)         | 1,503         | (283)          | -         | 28             | 1,248        | 1,987         |
| Other Segments                     | 81            | (33)            | 48            | (15)           | -         | (68)           | (35)         | 56            |
| Eliminations and Reclassifications | (2,974)       | 2,506           | (468)         | 49             | -         | 6              | (414)        | (447)         |
| <b>Braskem Total</b>               | <b>49,261</b> | <b>(36,401)</b> | <b>12,860</b> | <b>(3,061)</b> | <b>40</b> | <b>(480)</b>   | <b>9,359</b> | <b>12,334</b> |

22 The consolidated figures are formed by the results from the Brazil, United States & Europe and Mexico segments adjusted by eliminations and reclassifications. Braskem's consolidated result corresponds to the sum of the results in Brazil, United States & Europe and Mexico, less eliminations from the revenues and costs from the transfers of products among these regions. EBITDA for 2Q17 includes the capital gain from the divestment of quantiQ, in the amount of R\$277 million, which is not registered in any operating segment.

## **NET REVENUE**

In 2017, net revenue amounted to US\$15.4 billion, advancing 12% on 2016, which is explained by (i) the sales volume of the Mexico complex; (ii) the recovery in local demand; (iii) higher prices for resins and key chemicals in the international market; and (iv) the capacity expansion projects at plants in the United States and Germany. In Brazilian real, net revenue came to R\$49.3 billion, advancing 3% on the prior year.

## **COST OF GOODS SOLD (COGS)**

Consolidated COGS in 4Q17 was US\$2,852 million, down 1% from 3Q17, due to the lower sales volume in nearly all segments, which offset the higher feedstock prices in the international market. In Brazilian real, consolidated COGS came to R\$9,257 million, up 1% from 3Q17, due to the local currency's depreciation in the period.

Compared to 4Q16, COGS in U.S. dollar increased 4%, due to sales volume growth and higher feedstock prices. In Brazilian real, COGS increased 3% from 4Q16.

In 2017, COGS amounted to US\$11,407 million, increasing 13% from 2016, explained by the sales volume growth in Mexico due to reaching full ramp-up and by the higher feedstock prices in the international market. In Brazilian real, COGS came to R\$36,401 million, up 4% from 2016.



## **SG&A EXPENSES**

In 4Q17, selling, general and administrative expenses amounted to R\$870 million, increasing 9% compared to 4Q16, reflecting sales volume growth and higher expenses with advertising and publicity. In U.S. dollar, expenses amounted to US\$250 million, 4% lower than in 4Q16.

In the year, expenses were R\$3,061 million, up 7% from 2016, due to the higher selling expenses in Mexico and audit expenses. In U.S. dollar, SG&A expenses amounted to US\$906 million, 3% higher than in 2016.

## **OTHER INCOME/EXPENSES, NET (OIE)**

The Company recorded an expense of R\$ 304 million in Other Income (Expenses), Net in 4Q17, which is mainly related to the provision for recovery of environmental damages in the amount of R\$102 million, adjustment to the profit sharing of team members in the amount of R\$113 million, and provision for legal and labor claims in the amount of R\$57 million.

In 2017, other expenses decreased by R\$3.4 billion compared to 2016, mainly due to the financial penalty under the global settlement executed in 2016 and provisioned for in 4Q16. Excluding the capital gain from the divestment of quantiQ, in the amount of R\$277 million in 2017, the Company recorded an expense of R\$756 million under Other Income (Expenses), Net, which mainly includes:

§ employee profit sharing (R\$400 million);

§ provision for impairment losses from fixed and intangible assets (R\$77 million);

§ write-off of fixed and intangible assets due to discontinuity, including investment projects and ongoing maintenance shutdowns (R\$129 million); and

§ provision for legal and labor claims (R\$120 million).

## **EBITDA**

In 4Q17, Braskem's consolidated EBITDA<sup>23</sup> amounted to US\$911 million, advancing 25% on the year-ago period. In Brazilian real, EBITDA came to R\$2,952 million, 24% higher than in 4Q16. Despite the impact from seasonality, EBITDA in 4Q17 grew by 5% compared to 3Q17, due to the widening of spreads caused by shortage of resins in the aftermath of Hurricane Harvey in the U.S. Gulf Coast.

In 2017, consolidated EBITDA was US\$3,872 million, a new record for the Company and 17% higher than in 2016, with positive impacts from: (i) higher sales volume in Mexico, due to the conclusion of the complex's ramp-up process; (ii) higher international spreads for chemicals, PP in Europe and PE in Mexico; (iii) expansion in production capacity and higher sales volume at the units in the United States and Europe, with record PP production in the United States; (iv) higher sales volume in the Brazilian market, with record production volumes of key chemicals, PE and PP; and (v) capital gain of US\$88 million from the quantiQ divestment. In Brazilian real, EBITDA amounted to a record-high R\$12,334 million, advancing 7% from 2016, influenced by the Brazilian real appreciation in the comparison period.

## **NET FINANCIAL RESULT<sup>24</sup>**

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<sup>23</sup> EBITDA is defined as the net result in the period plus taxes on profit (income tax and social contribution), the financial result and depreciation, amortization and depletion. The Company opts to present adjusted EBITDA, which excludes or adds other items from the statement of operations that help improve the information on its potential gross cash generation.

<sup>24</sup> Excludes the financial result of Braskem Idesa SAPI.

|                                       |                |              |              |             |            |
|---------------------------------------|----------------|--------------|--------------|-------------|------------|
| <b>Financial Expenses</b>             | <b>(1,113)</b> | <b>(639)</b> | <b>(818)</b> | <b>74%</b>  | <b>36%</b> |
| Interest Expenses                     | (362)          | (403)        | (466)        | -10%        | -22%       |
| Others                                | (751)          | (235)        | (352)        | 219%        | 113%       |
| <b>Financial Revenue</b>              | <b>188</b>     | <b>217</b>   | <b>194</b>   | <b>-13%</b> | <b>-3%</b> |
| Interest                              | 164            | 186          | 178          | -12%        | -7%        |
| Others                                | 24             | 31           | 17           | -24%        | 39%        |
| <b>Net Foreign Exchange Variation</b> | <b>(275)</b>   | <b>(216)</b> | <b>(280)</b> | <b>27%</b>  | <b>-2%</b> |
| Foreign Exchange Variation (Expense)  | (561)          | 153          | (109)        | -           | 415%       |
| Foreign Exchange Variation (Revenue)  | 287            | (369)        | (171)        | -           | -268%      |
| <b>Net Financial Result</b>           | <b>(1,199)</b> | <b>(638)</b> | <b>(903)</b> | <b>88%</b>  | <b>33%</b> |

The net financial result in 4Q17 was an expense of R\$1,199 million, compared to an expense of R\$638 million in the previous quarter. Excluding the effects from exchange variation, the net financial result in 4Q17 was an expense of R\$925 million, increasing R\$503 million from the expense in the prior quarter.

- Financial expenses increased 74% from 3Q17, mainly due to the early settlement of derivative operations in the amount of R\$810 million, which impacted financial expenses by R\$471 million. This derivative is associated with a swap transaction to exchange debt from BRL to USD. Overall, these operations (the derivative and debt) have a higher carrying cost and were settled using the proceeds from the bonds issue concluded in October 2017.
- Financial income was impacted by the reduction in the basic interest rate in Brazil and decreased by 13% compared to 3Q17.
- Net exchange variation was affected by the depreciation in the Brazilian real in the period and by the transition of hedge accounting of exports, in the amount of R\$249 million.

In the year, the net financial result was an expense of R\$3,131 million, down R\$1,084 million from 2016. Excluding the effects from exchange variation, the net financial result in 2017 was an expense of R\$2,194 million, stable compared to the expense in the prior year.

- Excluding the impact of R\$471 million on “Other Expenses” from the settlement of derivative operations, financial expenses were in line with those recorded in 2016.
- Financial income decreased by 11%, influenced by the reduction in Brazil’s interest rates.
- Net exchange variation was affected by the depreciation in the Brazilian real in the period and by the transition of hedge accounting of exports, in the amount of R\$1,023 million.

### Currency Hedging Program

Braskem holds net exposure to the U.S. dollar (i.e., more USD-pegged liabilities than USD-pegged assets). At the end of 2017, this net exposure was formed: (i) in the operations, by 56% of suppliers, which was offset by 66% of accounts receivable; and (ii) in the capital structure, by the higher exposure of net debt to the U.S. dollar. Since its operating cash flow is heavily linked to the dollar, maintaining this level of net exposure to the dollar in liabilities acts as a natural hedge. Virtually 100% of its revenue is pegged to the variation in the U.S. dollar and approximately 80% of its costs also is pegged to this currency.

Therefore, in September 2016, Braskem launched a recurring currency hedge program to mitigate the exposure of its cash flows to liabilities denominated in Brazilian real and not pegged to the U.S. dollar (e.g., electricity, payroll, etc.).

With the sole purpose of protecting its cash flow, the program adopts two strategies using derivative instruments: (i) purchase of put options (“puts”) and (ii) purchase of put options associated with the sale of call options (“collars”).

Both alternatives protect Braskem in the event of appreciation in the local currency, with the difference being that the collar strategy can also result in losses for the Company if the USD/BRL exchange rate surpasses the strike price of the call options. With collars, however, the payment of the net premium for obtaining the puts is lower, since the Company receives a premium from the sale of the call options. Lastly, note that any losses from the collar strategy always are offset by gains in competitiveness from the reduction in costs denominated in BRL when translated into USD.

As of December 31, 2017, Braskem held put options in the amount of U\$1.4 billion, with an average strike price of 2.96 R\$/US\$. Braskem also held a total notional value of short options in call option contracts in the amount of U\$926 million, with an average strike price of R\$4.32. The operations have a maximum term of 18 months.

Such operations were designed for the hedge accounting of cash flows as from January 1, 2017, and seek to hedge future exports denominated in USD with maturities in months coinciding with the maturity of the derivatives.

**NET INCOME/LOSS**

|   |      |             |      |       |       |        |   |
|---|------|-------------|------|-------|-------|--------|---|
| <b>Net Profit (Loss)</b>                  | 313  | 764 (2,617) | -59% | -112% | 4,133 | (729)  | - |
| Company's shareholders                    | 386  | 799 (2,531) | -52% | -115% | 4,083 | (411)  | - |
| Non-controlling interest in Braskem Idesa | (73) | (36) (86)   | 106% | -15%  | 50    | (318)  | - |
| <b>Net Profit (Loss) per share</b>        |      |             |      |       |       |        |   |
| Common Shares                             |      |             |      |       | 5.12  | (0.56) | - |
| Class 'A' Preferred Shares                |      |             |      |       | 5.12  | (0.56) | - |
| Class 'B' Preferred Shares                |      |             |      |       | 0.61  | -      | - |

**DIVIDENDS**

In November 2017, the Board of Directors approved the early payment of dividends for fiscal year 2017 in the amount of R\$1 billion, representing 24.5% of the net income attributable to shareholders in the year, in the approximate gross amount of R\$1.26 per common or class "A" preferred share and R\$0.61 per class "B" preferred share. Payment was made in December 2017.

**LIQUIDITY AND CAPITAL RESOURCES**

|   |               |      |               |      |               |
|---|---------------|------|---------------|------|---------------|
| <b>Consolidated Gross Debt</b>                          | <b>10,087</b> |      | <b>10,238</b> |      | <b>10,623</b> |
| in R\$  | 463           | 5%   | 1,361         | 13%  | 1,582         |
| in US\$   | 9,623         | 95%  | 8,877         | 87%  | 9,041         |
| <b>(-) Debt - Braskem Idesa</b>                         | <b>2,930</b>  |      | <b>2,979</b>  |      | <b>3,110</b>  |
| in US\$   | 2,930         | 100% | 2,979         | 100% | 3,110         |
| <b>(+) Leniency Agreement</b>                           | <b>492</b>    |      | <b>501</b>    |      | <b>875</b>    |
| in R\$  | 427           | 87%  | 435           | 87%  | 623           |
| in US\$   | 66            | 13%  | 66            | 13%  | 253           |
| <b>(=) Gross Debt (Ex-Braskem Idesa)</b>                | <b>7,649</b>  |      | <b>7,759</b>  |      | <b>8,389</b>  |
| in R\$  | 890           | 12%  | 1,795         | 23%  | 2,204         |
| in US\$   | 6,759         | 88%  | 5,964         | 77%  | 6,184         |
| <b>(-) Cash and Cash Equivalents (Ex-Braskem Idesa)</b> | <b>1,618</b>  |      | <b>2,219</b>  |      | <b>2,250</b>  |
| in R\$  | 1,132         | 70%  | 1,584         | 71%  | 1,204         |
| in US\$   | 486           | 30%  | 635           | 29%  | 1,046         |
| <b>(=) Net Debt (Ex-Braskem Idesa)</b>                  | <b>6,031</b>  |      | <b>5,541</b>  |      | <b>6,139</b>  |
| in R\$  | (242)         | -4%  | 212           | 4%   | 1,000         |
| in US\$   | 6,273         | 104% | 5,329         | 96%  | 5,139         |
| <b>EBITDA (LTM)</b>                                     | <b>3,153</b>  |      | <b>3,052</b>  |      | <b>3,155</b>  |
| <b>Net Debt/EBITDA</b>                                  | <b>1.91x</b>  |      | <b>1.82x</b>  |      | <b>1.95x</b>  |

On December 31, 2017, the average debt term was 16 years, and considering only dollar-denominated debt, the average debt term was 17 years. The weighted average cost of the Company's debt corresponded to exchange variation + 5.58%.

Braskem's liquidity position of R\$1,618 million is sufficient to cover the payment of all obligations maturing over the next 40 months.

Risk-rating agencies:

Braskem maintained investment grade ratings at Standard & Poor's (BBB-) and Fitch Ratings (BBB-) and credit ratings above Brazil's sovereign risk at the three main rating agencies (S&P, Fitch and Moody's). The reports are available on the Investor Relations website (<http://www.braskem-ri.com.br/home-en>).

**CAPITAL EXPENDITURE<sup>25</sup>**

Braskem's units in Brazil, United States and Europe made investments in the aggregate amount of R\$1,760 million (excluding investments in the new PP plant approved in the year), in line with the initial estimate for 2017.

Investments in the Brazilian units came in 3% below estimate, explained by the savings obtained on the acquisition of equipment, by the effects from the stronger BRL on expenses pegged to the USD and by the changes to the project execution timetable. In U.S. dollar, because of the difference in actual Brazilian real appreciation compared to expectations for the local exchange rate for the year, expenditures were 6% above the initial estimate.

Considering the investment made in building the new polypropylene plant in the United States, of R\$532 million, Braskem's units aggregate investment in Brazil, United States and Europe was R\$2,293million.

**Corporates (ex-Braskem Idesa)**

|                       |            |            |              |            |              |            |            |            |            |            |
|-----------------------|------------|------------|--------------|------------|--------------|------------|------------|------------|------------|------------|
| <b>Brazil</b>         | <b>539</b> | <b>90%</b> | <b>1,576</b> | <b>90%</b> | <b>1,619</b> | <b>92%</b> | <b>166</b> | <b>90%</b> | <b>492</b> | <b>90%</b> |
| Operating             | 459        | 85%        | 1,337        | 85%        | 1,368        | 85%        | 141        | 85%        | 418        | 85%        |
| Strategic             | 81         | 15%        | 239          | 15%        | 251          | 15%        | 25         | 15%        | 75         | 15%        |
| <b>USA and Europe</b> | <b>61</b>  | <b>10%</b> | <b>184</b>   | <b>10%</b> | <b>142</b>   | <b>8%</b>  | <b>19</b>  | <b>10%</b> | <b>57</b>  | <b>10%</b> |
| Operating             | 54         | 88%        | 133          | 72%        | 123          | 87%        | 16         | 88%        | 41         | 72%        |
| Strategic             | 7          | 12%        | 51           | 28%        | 19           | 13%        | 2          | 12%        | 16         | 28%        |

|              |            |             |              |             |              |             |            |             |            |             |
|--------------|------------|-------------|--------------|-------------|--------------|-------------|------------|-------------|------------|-------------|
| <b>Total</b> | <b>600</b> | <b>100%</b> | <b>1,760</b> | <b>100%</b> | <b>1,761</b> | <b>100%</b> | <b>185</b> | <b>100%</b> | <b>550</b> | <b>100%</b> |
|--------------|------------|-------------|--------------|-------------|--------------|-------------|------------|-------------|------------|-------------|

**New PP Plant USA**

|              |            |             |            |             |          |           |           |             |            |             |
|--------------|------------|-------------|------------|-------------|----------|-----------|-----------|-------------|------------|-------------|
| Strategic    | 168        | 100%        | 532        | 100%        | -        | 0%        | 52        | 100%        | 167        | 100%        |
| <b>Total</b> | <b>168</b> | <b>100%</b> | <b>532</b> | <b>100%</b> | <b>-</b> | <b>0%</b> | <b>52</b> | <b>100%</b> | <b>167</b> | <b>100%</b> |

|              |            |             |              |             |              |             |            |             |            |             |
|--------------|------------|-------------|--------------|-------------|--------------|-------------|------------|-------------|------------|-------------|
| <b>Total</b> |            |             |              |             |              |             |            |             |            |             |
| Operating    | 512        | 67%         | 1,470        | 64%         | 1,491        | 85%         | 158        | 67%         | 459        | 64%         |
| Strategic    | 256        | 33%         | 823          | 36%         | 270          | 15%         | 79         | 33%         | 258        | 36%         |
| <b>Total</b> | <b>768</b> | <b>100%</b> | <b>2,293</b> | <b>100%</b> | <b>1,761</b> | <b>100%</b> | <b>237</b> | <b>100%</b> | <b>717</b> | <b>100%</b> |

In the same period, Braskem Idesa made investments totaling R\$ 22 million, 58% below the amount forecast for the year as a result of the investment portfolio' optimization, which resulted in the postponement/ cancellation of some projects.

### Non-Corporates (Braskem Idesa)

#### Mexico

|              |          |             |           |             |           |             |          |             |          |             |           |             |
|--------------|----------|-------------|-----------|-------------|-----------|-------------|----------|-------------|----------|-------------|-----------|-------------|
| Operating    | 9        | 100%        | 22        | 100%        | 53        | 100%        | 3        | 100%        | 7        | 100%        | 15        | 100%        |
| <b>Total</b> | <b>9</b> | <b>100%</b> | <b>22</b> | <b>100%</b> | <b>53</b> | <b>100%</b> | <b>3</b> | <b>100%</b> | <b>7</b> | <b>100%</b> | <b>15</b> | <b>100%</b> |

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25 Considers operating investment, maintenance shutdowns and acquisitions of spare parts.



Investments in 2018

Braskem plans to invest around R\$2,872 million this year, of which R\$1,047 million (US\$320 million) is pegged to the U.S. dollar related to operating investments in the United States, Europe and Mexico units.

Of this amount, R\$1,987 million will be allocated to maintenance, productivity, HES and operational efficiency, including the disbursements for the scheduled maintenance shutdown of the cracker in Triunfo, Rio Grande do Sul, which is scheduled for 1Q18. The remainder will be allocated to other strategic projects, such as the new PP plant in the United States (US\$263 million).

**Corporates (ex-Braskem Idesa)**

|                       |              |             |            |             |
|-----------------------|--------------|-------------|------------|-------------|
| <b>Brazil</b>         | <b>1,824</b> | <b>64%</b>  | <b>556</b> | <b>64%</b>  |
| Operating             | 1,804        | 63%         | 550        | 63%         |
| Strategic             | 20           | 1%          | 6          | 1%          |
| <b>USA and Europe</b> | <b>1,047</b> | <b>36%</b>  | <b>320</b> | <b>36%</b>  |
| Operating             | 183          | 6%          | 56         | 6%          |
| Strategic             | 865          | 30%         | 264        | 30%         |
| <b>Total</b>          | <b>2,872</b> | <b>100%</b> | <b>876</b> | <b>100%</b> |
| <b>Total</b>          |              |             |            |             |
| Operating             | 1,987        | 69%         | 606        | 69%         |
| Strategic             | 885          | 31%         | 270        | 31%         |
| <b>Total</b>          | <b>2,872</b> | <b>100%</b> | <b>876</b> | <b>100%</b> |

Braskem Idesa plans to invest around US\$42 million (R\$137 million) in projects related to maintenance, productivity, HES and operating efficiency.

**Non-Corporates (Braskem Idesa)**

|               |            |      |           |      |
|---------------|------------|------|-----------|------|
| <b>Mexico</b> |            |      |           |      |
| Operating     | 137        | 100% | 42        | 100% |
| <b>Total</b>  | <b>137</b> |      | <b>42</b> |      |



## CASH FLOW<sup>26</sup>

In 2017, Braskem recorded free cash flow<sup>27</sup> of R\$2,460 million, 9% higher than in 2016.

Excluding (i) R\$608 million related to the acquisition of interests in Cetrel and Distribuidora de Água Camaçari; (ii) R\$450 million received from the quantiQ divestment; and (iii) R\$39.6 million in proceeds from the sale of land in the ABC region of Greater São Paulo, free cash flow in the year was R\$2,579 million, 15% higher than in 2016. The increase is mainly explained by (i) the higher cash generation from operations; (ii) the 20% reduction in payment of IR/CSLL in the United States; and (iii) the 10% decline in investments, due to the completion of construction of the Braskem Idesa petrochemical complex.

## VALUE DRIVERS

### 4 New PP plant in the United States

Consistent with Braskem's strategy to diversify its feedstock profile and to expand geographically in the Americas, strengthening its leadership in polypropylene production in the United States, the Board of Directors approved, on June 21, 2017, the project to build a new 450 kton polypropylene plant at its site in La Porte, Texas. The project's startup is slated for the second quarter of 2020.

With investment approved of up to US\$675 million, in 2017, Braskem already invested US\$172 million, related to expenditures with detailed engineering and equipment purchases. In 2017, the project advanced 9%: 67% of engineering and 43% of purchases were completed, and also site preparation for construction and assembly of temporary facilities was started. Another highlight was the contracting of Linde Group to lead the project's EPC and the selection of UNIPOL<sup>®</sup> technology, from Grace.

### 4 Feedstock flexibility project in Bahia:

In 4Q17, the project to enable up to 15% of the ethylene produced by the cracker in Bahia state to use ethane as feedstock was completed. A series of modifications were made to the industrial site and to the Port of Aratu over the past 13 months to ensure the reliability, quality and safety of the operations. A total of R\$380 million was invested in the technological adaptation of the Chemicals Unit at Camaçari, in the interconnection pipeline and in the adaptation of logistics infrastructure at the Aratu Port Terminal.

In November, the project reached an important milestone with the first vessel loaded with ethane docking at the Port of Aratu. On November 20, the product arrived in the furnaces for cracking, marking Braskem's first flex operation at Camaçari.

## SUSTAINABLE DEVELOPMENT

Braskem continues to focus on strengthening its contribution to sustainable development, mitigating risks and seeking shared value creation. Its efforts in this area are structured along three main fronts: (i) Increasingly sustainable Resources and Operations; increasingly sustainable feedstocks and operations, a portfolio of increasingly sustainable products, and solutions for a more sustainable life. The highlights in the quarter include:

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26 Note that the cash flow analysis above does not consider the reclassification of “cash and cash equivalents” to “financial investments held for trade” related to financial investments in Brazilian federal government bonds (Brazilian floating-rate (SELIC) government bond - LFT) and floating-rate bonds (LFs) issued by

financial institutions, whose original maturities exceed three months, with high liquidity and expected realization in the short term, in accordance with Note 5 to the Quarterly Financial Statements as of September 30, 2017.

27 Excludes: (i) payment under the Leniency Agreement; and (ii) reclassification of cash and cash equivalents to financial investments held for trade, as explained in the above note.

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- 4 **ISE Index:** for the 13<sup>th</sup> year in a row, Braskem was included in the Corporate Sustainability Index (ISE) of the São Paulo Exchange (B3), which recognizes the best publicly traded corporations in Brazil in managing sustainable development.
- 4 **CDP Climate:** for the second straight year, Braskem was named an “A List” company in the Climate ranking of the Carbon Disclosure Project (CDP), which recognizes the best publicly traded corporations in managing greenhouse gas emissions. Braskem was the only Brazilian and Latin American company to achieve the top score in CDP's Climate ranking, consolidating its position as a reference in the management of GHG emissions and recognizing its contributions to the transition towards a low-carbon economy.
- 4 **CDP Water:** for the first time Braskem was named an "A List" company in the CDP's Water ranking, which recognizes the best publicly traded corporations in managing the use of water resources. Braskem was the only Brazilian and Latin American company to achieve the top score in CDP's Water ranking, consolidating its position as a reference in the management of water resources and recognizing its contributions to the transition towards a more sustainable economy.
- 4 **LCA Study:** With Braskem's support, the Hospital Technical Committee of the Brazilian Association of Nonwovens and Technical Fabric Manufacturers (ABINT) worked on the review of the standard ABNT NBR 16064, seeking not only to specify the materials to be used in producing the kits, but also to establish performance and quality criteria for these products.
- 4 **Wecycle platform:** In 2017, Braskem created the Recycling & Wecycle Platform area, which aims to consolidate actions and leverage initiatives, businesses and sustainable solutions related to the circular economy for plastics, especially recycling. Created in 2015, the Wecycle platform will continue to be used to foster businesses and initiatives that value plastic waste and the development of solutions, products and processes that involve plastic recycling, among which we highlight the following:
- The packaging for the stain remover Tira Manchas Qualitá, developed in partnership with Pão de Açúcar, was one of the winning projects of the 11<sup>th</sup> edition of the Great Packaging Case Studies Award of the Brazilian Packaging Association (ABRE). 31 projects were recognized at the awards ceremony, which was attended by 500 professionals representing the packaging value chain.
  - The Wecycle resin supported the creation of a new bicycle concept, which is the result of 12 years of research and of investment of some R\$5 million by Muzzicycle. The bicycle frame contains around three kilograms of plastic, of which 30% has been recycled.
  - Braskem joined forces with the companies Martiplast, a producer of housewares, and Leroy Merlin, one of the largest construction materials chains, to offer consumers organizing boxes made of 100%-recycled plastic (polypropylene), which was recycled from big bags previously used by the company to transport and move their resins.



**INDICATORS****Operating**

|                      |       |       |       |          |          |
|----------------------|-------|-------|-------|----------|----------|
| EBITDA               | 2,952 | 2,746 | 2,379 | 8%       | 24%      |
| EBITDA Margin (%)    | 23.4  | 22.6  | 19.8  | 1 p.p.   | 4 p.p.   |
| SG&A/Net Revenue (%) | 6.9   | 6.5   | 6.6   | 0.4 p.p. | 0.3 p.p. |

**Financial\***

|                          |        |        |        |     |      |
|--------------------------|--------|--------|--------|-----|------|
| Net Debt                 | 19,951 | 17,553 | 20,007 | 14% | 0%   |
| Net Debt/EBITDA LTM      | 1.99x  | 1.80x  | 1.82x  | 10% | 9%   |
| EBITDA/Interest Paid LTM | 6.1    | 6.6    | 8.5    | -7% | -28% |

**Company Valuation**

|                                |        |        |        |     |      |
|--------------------------------|--------|--------|--------|-----|------|
| Share Price (Final)            | 42.9   | 41.3   | 33.3   | 4%  | 29%  |
| Shares Outstanding (Million)** | 796    | 796    | 796    | 0%  | 0%   |
| Market Cap                     | 34,125 | 32,836 | 26,507 | 4%  | 29%  |
| Net Debt                       | 26,558 | 23,995 | 27,023 | 11% | -2%  |
| Braskem                        | 19,951 | 17,553 | 20,007 | 14% | 0%   |
| Braskem Idesa (75%)**          | 6,607  | 6,443  | 7,016  | 3%  | -6%  |
| Enterprise Value (EV)          | 60,684 | 56,831 | 53,529 | 7%  | 13%  |
| EBITDA LTM                     | 11,554 | 11,047 | 11,386 | 5%  | 1%   |
| Braskem                        | 10,045 | 9,737  | 11,022 | 3%  | -9%  |
| Braskem Idesa (75%)            | 1,509  | 1,310  | 363    | 15% | 315% |
| <b>EV/EBITDA</b>               | 5.3x   | 5.1x   | 4.7x   | 2%  | 12%  |

**EPS** 5.1x 1.5x -0.5x 250% -1092%

**Dividend Yield (%)** 2.9 3.0 7.5 -4% -61%

**FCF Yield (%)\*\*\*\*** 7.2 8.3 8.5 -13% -15%

\*Não considera Dívida Líquida, EBITDA e Juros Pagos da Braskem Idesa

\*\*Não considera ações mantidas em tesouraria

\*\*\*Considera US\$ 133 milhões de aplicação financeira dada como garantia para cobrir a obrigação da Braskem ligada à constituição de conta reserva para o project finance da Braskem Idesa

\*\*\*\*Não considera: (i) pagamento do acordo de leniência; e (ii) reclassificação de equivalentes de caixa para aplicações financeiras mantidas para negociação

\*Does not consider net debt, EBITDA and interest paid of Braskem Idesa

\*\*Does not consider shares held in treasury

\*\*\*Considers US\$133 million of market security given as collateral to cover Braskem's obligation related to the construction of a reserve account for Braskem Idesa's project finance

\*\*\*\* Does not consider: (i) leniency agreement payment; and (ii) reclassification of cash equivalents to financial investment held for trading





**EXHIBITS LIST:**

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**DISCLAIMER**

**This release contains forward-looking statements. These forward-looking statements are not solely historical data, but rather reflect the targets and expectations of Braskem's management. Words such as "anticipate," "wish," "expect," "foresee," "intend," "plan," "predict," "project," "aim" and similar terms seek to identify statements that necessarily involve known and unknown risks. Braskem does not undertake any liability for transactions or investment decisions based on the information contained in this document.**

## Appendix I

## Consolidated Statement of Operations

|   |               |               |                |             |
|---|---------------|---------------|----------------|-------------|
| <b>Gross Revenue</b>                              | <b>15,058</b> | <b>14,440</b> | <b>14,012</b>  | <b>4%</b>   |
| <b>Net Revenue</b>                                | <b>12,628</b> | <b>12,162</b> | <b>12,046</b>  | <b>4%</b>   |
| Cost of Good Sold                                 | (9,257)       | (9,162)       | (8,992)        | 1%          |
| <b>Gross Profit</b>                               | <b>3,371</b>  | <b>3,000</b>  | <b>3,054</b>   | <b>12%</b>  |
| Selling Expenses                                  | (374)         | (381)         | (391)          | -2%         |
| General and Administrative Expenses               | (440)         | (372)         | (363)          | 18%         |
| Expenses with Research and Technology             | (56)          | (39)          | (42)           | 45%         |
| Other Net Income (expenses)                       | (304)         | (283)         | (3,502)        | 8%          |
| Investment in Subsidiary and Associated Companies | 11            | 6             | 7              | 64%         |
| <b>Operating Profit Before Financial Result</b>   | <b>2,208</b>  | <b>1,932</b>  | <b>(1,240)</b> | <b>14%</b>  |
| Net Financial Result                              | (1,939)       | (940)         | (1,569)        | 106%        |
| <b>Profit Before Tax and Social Contribution</b>  | <b>268</b>    | <b>991</b>    | <b>(2,809)</b> | <b>-73%</b> |
| Income Tax / Social Contribution                  | 44            | (228)         | 188            | -           |
| Discontinued operations result                    | -             | -             | 4              | 0%          |
| <b>Net Profit (Loss)</b>                          | <b>313</b>    | <b>764</b>    | <b>(2,617)</b> | <b>-59%</b> |
| <b>Attributable to</b>                            |               |               |                |             |
| Company's shareholders                            | 386           | 799           | (2,531)        | -52%        |
| Non-controlling interest in Braskem Idesa         | (73)          | (36)          | (86)           | 106%        |

## ANNEX II

## Calculation of Consolidated EBITDA

|  |              |              |                |             |
|--|--------------|--------------|----------------|-------------|
| <b>Net Profit</b>                        | <b>313</b>   | <b>764</b>   | <b>(2,617)</b> | <b>-59%</b> |
| Income Tax / Social Contribution         | (44)         | 228          | (188)          | -           |
| Financial Result                         | 1,939        | 940          | 1,569          | 106%        |
| Depreciation, amortization and depletion | 760          | 745          | 727            | 2%          |
| Cost                                     | 718          | 697          | 670            | 3%          |
| Expenses                                 | 42           | 47           | 57             | -12%        |
| <b>Basic EBITDA</b>                      | <b>2,967</b> | <b>2,677</b> | <b>(509)</b>   | <b>11%</b>  |

|  |              |              |              |           |   |
|--|--------------|--------------|--------------|-----------|---|
| Provisions for the impairment of long-lived assets (i) | (4)          | 75           | (1)          | -         | 6 |
| Result with discontinued operations (ii)               | -            | -            | 4            | 0%        |   |
| Results from equity investments (iii)                  | (11)         | (6)          | (7)          | 64%       |   |
| <b>Adjusted EBITDA</b>                                 | <b>2,952</b> | <b>2,746</b> | <b>2,379</b> | <b>8%</b> |   |
| <i>EBITDA Margin</i>                                   | 23.4%        | 22.6%        | 19.8%        | 1 p.p.    | 4 |
| Adjusted EBITDA US\$ million                           | 911          | 868          | 727          | 5%        |   |

(i) Represents the accrual and reversal of provisions for the impairment of long-lived assets (investments, property, plant and equipment and intangible assets) that were adjusted to form EBITDA, since there is no expectation of their financial realization and if in fact realized they would be duly recorded on the statement of operations.

(ii) Corresponds to the results of quantiQ and IQAG.

(iii) Corresponds to results from equity investments in associated companies and joint ventures.

## ANNEX III

## Consolidated Balance Sheet

|   |               |               |                    |
|---|---------------|---------------|--------------------|
| <b>Current</b>                              | <b>17,992</b> | <b>16,426</b> | <b>10%</b>         |
| Cash and Cash Equivalents                   | 3,775         | 6,702         | -44%               |
| Marketable Securities/Held for Trading      | 2,303         | 1,190         | 93%                |
| Accounts Receivable                         | 3,281         | 1,634         | 101%               |
| Inventories                                 | 6,847         | 5,238         | 31%                |
| Recoverable Taxes                           | 1,349         | 1,356         | 0%                 |
| Dividends and Interest on Equity            | 11            | 15            | -28%               |
| Prepaid Expenses                            | 134           | 102           | 32%                |
| Related parties                             | 0             | 0             | <i>n.a.</i>        |
| Derivatives operations                      | 4             | 8             | -55%               |
| Other Assets                                | 288           | 181           | 59%                |
| <b>Assets held for sale</b>                 | <b>-</b>      | <b>360</b>    | <b><i>n.a.</i></b> |
| <b>Non Current</b>                          | <b>35,349</b> | <b>35,566</b> | <b>-1%</b>         |
| Marketable Securities/ Held-to-Maturity     | 10            | 0             | <i>n.a.</i>        |
| Accounts Receivable                         | 37            | 70            | -47%               |
| Advances to suppliers                       | 46            | 62            | -24%               |
| Taxes Recoverable                           | 1,024         | 1,088         | -6%                |
| Deferred Income Tax and Social Contribution | 1,166         | 1,653         | -29%               |
| Compulsory Deposits and Escrow Accounts     | 290           | 233           | 24%                |
| Related parties                             | 0             | 0             | <i>n.a.</i>        |
| Insurance claims                            | 40            | 51            | -21%               |
| Derivatives operations                      | 33            | 29            | 11%                |
| Other Assets                                | 113           | 141           | -20%               |
| Investments                                 | 101           | 92            | 10%                |
| Property, Plant and Equipment               | 29,762        | 29,337        | 1%                 |
| Intangible Assets                           | 2,727         | 2,809         | -3%                |
| <b>Total Assets</b>                         | <b>53,342</b> | <b>52,352</b> | <b>2%</b>          |

|   |               |               |              |
|---|---------------|---------------|--------------|
| <b>Current</b>  | <b>19,138</b> | <b>23,568</b> | <b>-19%</b>  |
| Suppliers   | 5,266         | 6,545         | -20%         |
| Financing*  | 1,185         | 2,594         | -54%         |
| Braskem Idesa Financing*                              | 9,691         | 10,438        | -7%          |
| Derivatives operations                                | 7             | 29            | -76%         |
| Salary and Payroll Charges                            | 631           | 562           | 12%          |
| Taxes Payable   | 1,261         | 1,154         | 9%           |
| Dividends   | 4             | 3             | 25%          |
| Advances from Customers                               | 353           | 203           | 74%          |
| Leniency Agreement                                    | 257           | 1,354         | -81%         |
| Sundry Provisions                                     | 179           | 113           | 58%          |
| Accounts payable to related parties                   | 0             | 0             | n.a.         |
| Other payables  | 277           | 476           | -42%         |
| Debentures  | 27            | 0             | n.a.         |
| <b>Non Current Liabilities Held for Sale</b>          | <b>-</b>      | <b>95</b>     | <b>-100%</b> |
| <b>Non Current</b>                                    | <b>28,513</b> | <b>27,063</b> | <b>5%</b>    |
| Suppliers   | 260           | 202           | 29%          |
| Financing*  | 22,177        | 20,737        | 7%           |
| Debentures  | 286           | 0             | n.a.         |
| Derivatives operations                                | 0             | 861           | -100%        |
| Taxes Payable   | 53            | 24            | 119%         |
| Accounts payable to related parties                   | 0             | 0             | n.a.         |
| Loan to non-controlling shareholders of Braskem Idesa | 1,757         | 1,621         | 8%           |
| Deferred Income Tax and Social Contribution           | 940           | 511           | 84%          |
| Post-employment Benefit                               | 194           | 162           | 20%          |
| Provision for losses on subsidiaries                  | 0             | 0             | n.a.         |
| Advances from Customers                               | 0             | 163           | -100%        |
| Contingencies   | 1,093         | 985           | 11%          |
| Leniency Agreement                                    | 1,372         | 1,499         | -8%          |
| Sundry Provisions                                     | 235           | 206           | 14%          |
| Other payables  | 148           | 93            | 60%          |
| <b>Shareholders' Equity</b>                           | <b>5,690</b>  | <b>1,721</b>  | <b>231%</b>  |
| Capital   | 8,043         | 8,043         | 0%           |
| Capital Reserve                                       | 232           | 232           | 0%           |
| Profit Reserves                                       | 3,946         | 835           | 373%         |
| Equity Valuation Adjustments**                        | -5,654        | -6,322        | -11%         |
| Treasury Shares                                       | -50           | -50           | 0%           |
| Retained Earnings                                     | 0             | 0             | n.a.         |
| <b>Company's Shareholders</b>                         | <b>6,518</b>  | <b>2,739</b>  | <b>138%</b>  |
| Non Controlling Interest on Braskem Idesa             | (828)         | (1,018)       | -19%         |
| <b>Total Liabilities and Shareholders' Equity</b>     | <b>53,342</b> | <b>52,352</b> | <b>2%</b>    |

\* On the base date of the quarterly financial statements for the period ended September 30, 2017, Braskem was in non-remediated default with project finance contractual obligations. As a result, the entire balance of non-current liabilities, in the amount of R\$8,700 million, was reclassified to current liabilities, in accordance with CPC 26 and its corresponding accounting standard IAS 1 (Presentation of Financial Statements). In accordance with the aforementioned accounting standards, reclassification is required in situations in which the breach of certain contractual obligations entitles creditors to request the prepayment of obligations in the short term. In this context, note that none of the creditors requested said prepayment of obligations and that Braskem Idesa has been settling its debt service obligations in accordance with their original maturity schedule. Furthermore, Braskem Idesa has been negotiating approval of such breaches with its creditors in order to reclassify the entire amount reclassified from current liabilities back to non-current liabilities.

\*\* Includes the exchange variation of financial liabilities designated as hedge accounting.

## EXHIBIT IV

Consolidated Cash Flow<sup>28</sup>

|  |              |              |                |             |                    |               |              |                    |
|--|--------------|--------------|----------------|-------------|--------------------|---------------|--------------|--------------------|
| <b>Profit (Loss) Before Income Tax and Social Contribution and the result of discontinued operations</b> | <b>268</b>   | <b>991</b>   | <b>(2,803)</b> | <b>-73%</b> | <b><i>n.a.</i></b> | <b>5,417</b>  | <b>(99)</b>  | <b><i>n.a.</i></b> |
| Adjust for Net Income Restatement  |              |              |                |             |                    |               |              |                    |
| Depreciation, Amortization and Depletion   | 760          | 745          | 728            | 2%          | 4%                 | 2,929         | 2,683        | 9%                 |
| Equity Result  | (11)         | (6)          | (7)            | 64%         | 54%                | (40)          | (30)         | 33%                |
| Interest, Monetary and Exchange Variation, Net Leniency Agreement  | 2,124        | 281          | 1,028          | 655%        | 107%               | 3,698         | 3,026        | 22%                |
| Gain on sale of investment in subsidiary   | -            | -            | 2,853          | <i>n.a.</i> | -100%              | -             | 2,853        | -100%              |
| Provision for losses and write-offs of long-lived assets   | -            | -            | -              | <i>n.a.</i> | <i>n.a.</i>        | (277)         | -            | <i>n.a.</i>        |
| <b>Cash Generation before Working</b>  | <b>3,239</b> | <b>2,102</b> | <b>1,824</b>   | <b>54%</b>  | <b>78%</b>         | <b>11,940</b> | <b>8,474</b> | <b>41%</b>         |

**Capital**

|  |              |              |              |             |             |              |              |             |
|--|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|
| Operating Working Capital Variation                                    | -            | -            | -            | <i>n.a.</i> | <i>n.a.</i> | -            | -            | <i>n.a.</i> |
| Financial investments held for trading Account Receivable from Clients | (493)        | (285)        | 371          | 73%         | <i>n.a.</i> | (1,598)      | 1,008        | <i>n.a.</i> |
| Inventories Recoverable  | (1,064)      | 170          | 296          | <i>n.a.</i> | <i>n.a.</i> | (1,558)      | 862          | <i>n.a.</i> |
| Taxes Advanced Expenses  | 214          | 74           | 65           | 191%        | 229%        | 471          | 1,058        | -55%        |
| Other Account Receivables  | 57           | 15           | 38           | 282%        | 50%         | (31)         | 64           | <i>n.a.</i> |
| Suppliers  | 9            | 63           | 421          | -86%        | -98%        | 26           | 354          | -93%        |
| Taxes Payable  | 32           | (122)        | (1,242)      | <i>n.a.</i> | <i>n.a.</i> | (1,436)      | (4,255)      | -66%        |
| Advances from Customers  | (209)        | 168          | (446)        | <i>n.a.</i> | -53%        | (218)        | (292)        | -26%        |
| Leniency Agreement   | (11)         | 69           | (39)         | <i>n.a.</i> | -71%        | (14)         | 217          | -106%       |
| Other Provisions   | -            | (736)        | -            | -100%       | <i>n.a.</i> | (1,344)      | -            | <i>n.a.</i> |
| Other Account Payables   | 146          | 51           | 441          | 186%        | -67%        | 195          | 558          | -65%        |
|  | 251          | 32           | 57           | 688%        | 344%        | 56           | 38           | 44%         |
| <b>Operating Cash Flow</b>   | <b>2,171</b> | <b>1,601</b> | <b>1,786</b> | <b>36%</b>  | <b>22%</b>  | <b>6,490</b> | <b>7,660</b> | <b>-15%</b> |
| Financial investments (includes LFT's and LF's)                        | 64           | 413          | 254          | -85%        | -75%        | (953)        | (222)        | 330%        |
| <b>Operating Cash Flow and</b>   | <b>2,235</b> | <b>2,014</b> | <b>2,040</b> | <b>11%</b>  | <b>10%</b>  | <b>5,536</b> | <b>7,438</b> | <b>-26%</b> |
| Interest Paid  | (661)        | (468)        | (463)        | 41%         | 43%         | (2,154)      | (1,827)      | 18%         |
| Income Tax and Social Contribution                                     | (244)        | (74)         | (306)        | 228%        | -20%        | (921)        | (1,153)      | -20%        |
| <b>Net Cash provided by operating activities</b>                       | <b>1,330</b> | <b>1,472</b> | <b>1,271</b> | <b>-10%</b> | <b>5%</b>   | <b>2,462</b> | <b>4,458</b> | <b>-45%</b> |



|  |                |                |              |             |             |                |                |             |
|--|----------------|----------------|--------------|-------------|-------------|----------------|----------------|-------------|
| Proceeds from the sale of fixed assets       | 38             | 0              | 0            | <i>n.a.</i> | <i>n.a.</i> | 40             | 1              | 6932%       |
| Proceeds from the sale of investments        | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | 450            | -              | <i>n.a.</i> |
| Additions to investment in subsidiaries      | (608)          | -              | -            | <i>n.a.</i> | <i>n.a.</i> | (608)          | -              | <i>n.a.</i> |
| Additions to Fixed and Intangible Assets     | (758)          | (760)          | (834)        | 0%          | -9%         | (2,273)        | (2,587)        | -12%        |
| Option Premium in the US dollar sale         | (2)            | (3)            | -            | -18%        | <i>n.a.</i> | (15)           | (5)            | 202%        |
| Financial Assets Held to Maturity            | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | -              | 38             | -100%       |
| <b>Cash used in Investing Activities</b>     | <b>(1,330)</b> | <b>(763)</b>   | <b>(833)</b> | <b>74%</b>  | <b>60%</b>  | <b>(2,406)</b> | <b>(2,552)</b> | <b>-6%</b>  |
| Short-Term and Long-Term Debt Obtained       | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | -              | -              | <i>n.a.</i> |
| Borrowings                                   | 6,023          | 982            | 1,286        | 513%        | 368%        | 8,492          | 4,108          | 107%        |
| Payment of Borrowings                        | (5,471)        | (1,795)        | (1,146)      | 205%        | 377%        | (8,779)        | (4,902)        | 79%         |
| Derivative Transactions-payment              | (810)          | -              | -            | <i>n.a.</i> | <i>n.a.</i> | (810)          | -              | <i>n.a.</i> |
| Braskem Idesa Debt Obtained                  | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | -              | -              | <i>n.a.</i> |
| Borrowings                                   | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | 188            | 504            | -63%        |
| Payment of Borrowings                        | (370)          | (262)          | (99)         | 41%         | 273%        | (1,081)        | (469)          | 130%        |
| Dividends                                    | (999)          | (0)            | (999)        | <i>n.a.</i> | 0%          | (999)          | (1,998)        | -50%        |
| Capital Increase of non-controlling interest | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | -              | -              | <i>n.a.</i> |
| Repurchase of treasury shares                | -              | -              | -            | <i>n.a.</i> | <i>n.a.</i> | -              | -              | <i>n.a.</i> |
| <b>Cash used in Financing</b>                | <b>(1,626)</b> | <b>(1,075)</b> | <b>(959)</b> | <b>51%</b>  | <b>70%</b>  | <b>(2,988)</b> | <b>(2,757)</b> | <b>8%</b>   |

**Activities**

Exchange  
Variation on  
Cash of Foreign  
Subsidiaries  
and Jointly  
Controlled  
Companies

|      |     |    |             |             |   |     |      |
|------|-----|----|-------------|-------------|---|-----|------|
| (51) | 107 | 60 | <i>n.a.</i> | <i>n.a.</i> | 6 | 587 | -99% |
|------|-----|----|-------------|-------------|---|-----|------|

**Cash and  
Cash  
Equivalents  
Generation  
(Application)**

|                |              |              |             |             |                |              |              |
|----------------|--------------|--------------|-------------|-------------|----------------|--------------|--------------|
| <b>(1,677)</b> | <b>(259)</b> | <b>(461)</b> | <b>548%</b> | <b>264%</b> | <b>(2,927)</b> | <b>(265)</b> | <b>1003%</b> |
|----------------|--------------|--------------|-------------|-------------|----------------|--------------|--------------|

Represented by  
Cash and Cash  
Equivalents at  
The Beginning  
of The Period

Cash and Cash  
Equivalents at  
The End of The  
Period

|       |       |       |     |      |       |       |     |
|-------|-------|-------|-----|------|-------|-------|-----|
| 5,452 | 5,711 | 7,239 | -5% | -25% | 6,702 | 7,043 | -5% |
|-------|-------|-------|-----|------|-------|-------|-----|

|       |       |       |      |      |       |       |      |
|-------|-------|-------|------|------|-------|-------|------|
| 3,775 | 5,452 | 6,778 | -31% | -44% | 3,775 | 6,778 | -44% |
|-------|-------|-------|------|------|-------|-------|------|

**Increase  
(Decrease) in  
Cash and  
Cash  
Equivalents**

|                |              |              |             |             |                |              |              |
|----------------|--------------|--------------|-------------|-------------|----------------|--------------|--------------|
| <b>(1,677)</b> | <b>(259)</b> | <b>(461)</b> | <b>548%</b> | <b>264%</b> | <b>(2,927)</b> | <b>(265)</b> | <b>1003%</b> |
|----------------|--------------|--------------|-------------|-------------|----------------|--------------|--------------|

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<sup>28</sup> The effects from reclassifications between the lines Financial Investments Held for Trade and Cash and Cash Equivalents were: (i) reduction in financial investments of R\$167 million in 1Q17; (ii) increase in financial investments of R\$1,648 million in 2Q17; (iii) reduction in financial investments of R\$378 million in 3Q17; and (iv) reduction of financial investments by R\$ 42 million in 4Q17

## EXHIBIT V

## Calculation of Free Cash Flow

| Free Cash Flow Generation                         | 4Q17        | 3Q17         | 4Q16       | Chg.         | Chg.         | 2017         | 2016         | Chg.      |
|---|-------------|--------------|------------|--------------|--------------|--------------|--------------|-----------|
| <i>R\$ million</i>                                | (A)         | (B)          | (C)        | (A)/(B)      | (A)/(C)      | (D)          | (E)          | (D)/(E)   |
| Net Cash provided by operating activities         | 1,330       | 1,472        | 1,271      | -10%         | 5%           | 2,462        | 4,458        | -45%      |
| (-) Cash used in Investing Activities             | 1,330       | 763          | 833        | 74%          | 60%          | 2,406        | 2,552        | -6%       |
| (+) Leniency Agreement                            | -           | 736          | -          | n.a.         | n.a.         | 1,344        | -            | n.a.      |
| (+) Reclassification of cash and cash equivalents | (42)        | (378)        | (223)      | -89%         | -81%         | 1,061        | 342          | 210%      |
| <b>(=) Free Cash Flow Generation</b>              | <b>(43)</b> | <b>1,068</b> | <b>215</b> | <b>-104%</b> | <b>-120%</b> | <b>2,460</b> | <b>2,247</b> | <b>9%</b> |

## EXHIBIT VI

## Statement of Operations – Deconsolidation Braskem Idesa

| Income Statement (R\$ million)                    | Consolidated     |                | Braskem Idesa |                |              |              | Consolidated   |                |
|---|------------------|----------------|---------------|----------------|--------------|--------------|----------------|----------------|
|   | Ex Braskem Idesa |                | Consolidated  |                | Eliminations |              | Consolidated   |                |
|   | 2017             | 2016           | 2017          | 2016           | 2017         | 2016         | 2017           | 2016           |
| <b>Net Revenue</b>                                | <b>46,207</b>    | <b>46,343</b>  | <b>3,657</b>  | <b>1,495</b>   | <b>(603)</b> | <b>(174)</b> | <b>49,261</b>  | <b>47,664</b>  |
| Cost of Good Sold                                 | (34,899)         | (34,041)       | (2,125)       | (1,109)        | 623          | 164          | (36,401)       | (34,986)       |
| <b>Gross Profit</b>                               | <b>11,308</b>    | <b>12,302</b>  | <b>1,532</b>  | <b>386</b>     | <b>20</b>    | <b>(10)</b>  | <b>12,860</b>  | <b>12,678</b>  |
| Selling and Distribution Expenses                 | (1,288)          | (1,287)        | (172)         | (117)          | -            | -            | (1,460)        | (1,404)        |
| General and Administrative Expenses               | (1,336)          | (1,201)        | (122)         | (124)          | 24           | 40           | (1,434)        | (1,286)        |
| Research and Development Expenses                 | (167)            | (162)          | -             | -              | -            | -            | (167)          | (162)          |
| Other Net Income (expenses)                       | 192              | (923)          | -             | -              | (152)        | 953          | 40             | 30             |
| Investment in Subsidiary and Associated Companies | (512)            | (3,914)        | 32            | 8              | -            | -            | (479)          | (3,906)        |
| <b>Operating Profit Before Financial Result</b>   | <b>8,197</b>     | <b>4,816</b>   | <b>1,270</b>  | <b>153</b>     | <b>(108)</b> | <b>983</b>   | <b>9,359</b>   | <b>5,951</b>   |
| <b>Net Financial Result</b>                       | <b>(3,131)</b>   | <b>(4,215)</b> | <b>(817)</b>  | <b>(1,780)</b> | <b>6</b>     | <b>(96)</b>  | <b>(3,942)</b> | <b>(6,091)</b> |

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|  |              |              |            |                |              |            |              |              |
|--|--------------|--------------|------------|----------------|--------------|------------|--------------|--------------|
| Financial Expenses                               | (3,045)      | (3,054)      | (974)      | (689)          | 271          | 172        | (3,747)      | (3,571)      |
| Financial Revenues                               | 850          | 955          | 25         | 3              | (271)        | (268)      | 604          | 690          |
| Exchange Variation, net                          | (937)        | (2,116)      | 132        | (1,094)        | 6            | -          | (799)        | (3,210)      |
| <b>Profit Before Tax and Social Contribution</b> | <b>5,066</b> | <b>601</b>   | <b>453</b> | <b>(1,627)</b> | <b>(102)</b> | <b>887</b> | <b>5,417</b> | <b>(140)</b> |
| Income Tax / Social Contribution                 | (992)        | (1,039)      | (300)      | 423            | -            | -          | (1,292)      | (616)        |
| Discontinued operations result                   | 9            | 27           | -          | -              | -            | -          | 9            | 27           |
| <b>Net Profit (Loss)</b>                         | <b>4,083</b> | <b>(411)</b> | <b>153</b> | <b>(1,204)</b> | <b>(102)</b> | <b>887</b> | <b>4,133</b> | <b>(729)</b> |

## EXHIBIT VII

## Balance Sheet - Deconsolidation Braskem Idesa

|   |               |               |               |            |
|---|---------------|---------------|---------------|------------|
| <b>Current</b>  | <b>16,771</b> | <b>15,529</b> | <b>1,370</b>  |            |
| Cash and Cash Equivalents                             | 3,480         | 6,500         | 295           |            |
| Marketable Securities/Held for Trading                | 2,303         | 1,190         |               |            |
| Accounts Receivable                                   | 2,809         | 1,456         | 621           |            |
| Inventories   | 6,500         | 4,863         | 347           |            |
| Recoverable Taxes                                     | 1,286         | 1,241         | 63            |            |
| Other receivables                                     | 393           | 279           | 45            |            |
| <b>Assets held for sale</b>                           |               | <b>360</b>    |               |            |
| <b>Non Current</b>                                    | <b>28,598</b> | <b>28,099</b> | <b>12,450</b> | <b>12,</b> |
| Taxes Recoverable                                     | 1,024         | 1,088         | 0             |            |
| Deferred Income Tax and Social Contribution           | 129           | 190           | 1,036         | 1          |
| Related parties                                       | 5,052         | 4,691         |               |            |
| Other receivables                                     | 638           | 649           | 33            |            |
| Property, Plant and Equipment                         | 19,180        | 18,814        | 11,228        | 11         |
| Intangible Assets                                     | 2,576         | 2,668         | 152           |            |
| <b>Total Assets</b>                                   | <b>45,369</b> | <b>43,987</b> | <b>13,819</b> | <b>13,</b> |
| <br>  |               |               |               |            |
| <b>Current</b>  | <b>9,343</b>  | <b>12,664</b> | <b>9,943</b>  | <b>10,</b> |
| Suppliers   | 5,254         | 6,335         | 160           |            |
| Financing   | 1,185         | 2,594         |               |            |
| Braskem Idesa Financing                               |               |               | 9,691         | 10         |
| Debentures  | 27            |               |               |            |
| Operações com derivativos                             |               |               | 7             |            |
| Salary and Payroll Charges                            | 610           | 540           | 21            |            |
| Taxes Payable   | 1,248         | 1,141         | 13            |            |
| Other payables  | 1,019         | 2,053         | 51            |            |
| Non Current Liabilities Held for Sale                 |               | 95            |               |            |
| <b>Non Current</b>                                    | <b>29,439</b> | <b>28,489</b> | <b>6,830</b>  | <b>6,</b>  |
| Financing   | 22,177        | 20,737        |               |            |
| Accounts payable to related parties                   |               |               | 5,066         | 4          |
| Loan to non-controlling shareholders of Braskem Idesa |               |               | 1,757         | 1          |
| Provision for losses on subsidiaries                  | 2,690         | 3,054         |               |            |
| Other payables  | 4,572         | 4,699         | 8             |            |

|   |               |               |                |             |
|---|---------------|---------------|----------------|-------------|
| <b>Shareholders' Equity</b>                       | <b>6,587</b>  | <b>2,739</b>  | <b>(2,954)</b> | <b>(3,4</b> |
| Attributable to Company's Shareholders            | 6,518         | 2,739         | (2,954)        | (3,         |
| Non Controlling Interest on Braskem Idesa         | 69            |               |                |             |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>45,369</b> | <b>43,987</b> | <b>13,819</b>  | <b>13,</b>  |

## EXHIBIT VIII

## Cash Flow - Deconsolidation Braskem Idesa

|   |                |                |              |                |              |            |                |              |
|---|----------------|----------------|--------------|----------------|--------------|------------|----------------|--------------|
| <b>Profit (Loss) Before Income Tax and Social Contribution and the result of discontinued operations Adjust for Net Income (Loss) Restatement</b> | <b>5,066</b>   | <b>642</b>     | <b>453</b>   | <b>(1,627)</b> | <b>(102)</b> | <b>887</b> | <b>5,417</b>   | <b>(99)</b>  |
| Depreciation, Amortization and Depletion  | 2,230          | 2,381          | 742          | 332            | (44)         | (30)       | 2,929          | 2,683        |
| Equity Result   | (192)          | 923            | -            | -              | 152          | (953)      | (40)           | (30)         |
| Interest, Monetary and Exchange Variation, Net Gain on sale of investment in subsidiary   | 2,901          | 1,851          | 803          | 1,229          | (6)          | (54)       | 3,698          | 3,026        |
| Leniency Agreement  | (277)          | -              | -            | -              | -            | -          | (277)          | -            |
| Provision for losses and write-offs of long-lived assets  | -              | 2,853          | -            | -              | -            | -          | -              | 2,853        |
| <b>Operating Working Capital Variation</b>  | <b>(5,063)</b> | <b>(1,094)</b> | <b>(387)</b> | <b>279</b>     | <b>-</b>     | <b>-</b>   | <b>(5,450)</b> | <b>(815)</b> |
| Financial investments held for  | -              | (428)          | -            | -              | -            | -          | -              | (428)        |

|                    |              |              |              |            |          |              |              |              |
|--------------------|--------------|--------------|--------------|------------|----------|--------------|--------------|--------------|
| trading            |              |              |              |            |          |              |              |              |
| Account            |              |              |              |            |          |              |              |              |
| Receivable         |              |              |              |            |          |              |              |              |
| from Clients       | (1,304)      | 1,083        | (373)        | (127)      | 79       | 51           | (1,598)      | 1,008        |
| Inventories        | (1,595)      | 967          | 37           | (105)      | -        | -            | (1,558)      | 862          |
| Recoverable        |              |              |              |            |          |              |              |              |
| Taxes              | 418          | 977          | 53           | 81         | -        | -            | 471          | 1,058        |
| Advanced           |              |              |              |            |          |              |              |              |
| Expenses           | (22)         | 64           | (9)          | -          | -        | -            | (31)         | 64           |
| Other Account      |              |              |              |            |          |              |              |              |
| Receivables        | 35           | 333          | (9)          | 21         | -        | -            | 26           | 354          |
| Suppliers          | (1,238)      | (4,053)      | (119)        | (150)      | (79)     | (51)         | (1,436)      | (4,255)      |
| Taxes Payable      | (135)        | (674)        | (83)         | 382        | -        | -            | (218)        | (292)        |
| Advances           |              |              |              |            |          |              |              |              |
| from               |              |              |              |            |          |              |              |              |
| Customers          | (3)          | 207          | (10)         | 10         | -        | -            | (14)         | 217          |
| Leniency           |              |              |              |            |          |              |              |              |
| Agreement          | (1,344)      | -            | -            | -          | -        | -            | (1,344)      | -            |
| Other Account      |              |              |              |            |          |              |              |              |
| Payables           | 124          | 431          | 126          | 166        | -        | -            | 250          | 597          |
| <b>Operating</b>   |              |              |              |            |          |              |              |              |
| <b>Cash Flow</b>   | <b>4,878</b> | <b>7,597</b> | <b>1,612</b> | <b>213</b> | <b>-</b> | <b>(150)</b> | <b>6,490</b> | <b>7,660</b> |
| Financial          |              |              |              |            |          |              |              |              |
| investments        |              |              |              |            |          |              |              |              |
| (includes LFT's    |              |              |              |            |          |              |              |              |
| and LF's           | (953)        | (222)        | -            | -          | -        | -            | (953)        | (222)        |
| <b>Operating</b>   |              |              |              |            |          |              |              |              |
| <b>Cash Flow</b>   |              |              |              |            |          |              |              |              |
| <b>and</b>         | <b>3,925</b> | <b>7,375</b> | <b>1,612</b> | <b>213</b> | <b>-</b> | <b>(150)</b> | <b>5,536</b> | <b>7,438</b> |
| Interest Paid      | (1,649)      | (1,612)      | (505)        | (215)      | -        | -            | (2,154)      | (1,827)      |
| Income Tax         |              |              |              |            |          |              |              |              |
| and Social         |              |              |              |            |          |              |              |              |
| Contribution       | (919)        | (1,153)      | (1)          | -          | -        | -            | (921)        | (1,153)      |
| <b>Net Cash</b>    |              |              |              |            |          |              |              |              |
| <b>provided by</b> |              |              |              |            |          |              |              |              |
| <b>operating</b>   |              |              |              |            |          |              |              |              |
| <b>activities</b>  | <b>1,356</b> | <b>4,611</b> | <b>1,105</b> | <b>(2)</b> | <b>-</b> | <b>(150)</b> | <b>2,462</b> | <b>4,458</b> |
| Proceeds from      |              |              |              |            |          |              |              |              |
| the sale of        |              |              |              |            |          |              |              |              |
| fixed assets       | 40           | 1            | -            | -          | -        | -            | 40           | 1            |
| Proceeds from      |              |              |              |            |          |              |              |              |
| the sale of        |              |              |              |            |          |              |              |              |
| investments        | 450          | -            | -            | -          | -        | -            | 450          | -            |
| Additions to       |              |              |              |            |          |              |              |              |
| investment in      |              |              |              |            |          |              |              |              |
| subsidiaries       | (608)        | -            | -            | -          | -        | -            | (608)        | -            |
| Additions to       |              |              |              |            |          |              |              |              |
| Fixed and          |              |              |              |            |          |              |              |              |
| Intangible         |              |              |              |            |          |              |              |              |
| Assets             | (2,186)      | (1,845)      | (88)         | (892)      | -        | 150          | (2,273)      | (2,587)      |
|                    | (15)         | 33           | -            | -          | -        | -            | (15)         | 33           |



|   |                |                |              |              |          |            |                |                |  |
|---|----------------|----------------|--------------|--------------|----------|------------|----------------|----------------|--|
| Other investments   |                |                |              |              |          |            |                |                |  |
| <b>Cash used in Investing Activities</b>  | <b>(2,319)</b> | <b>(1,810)</b> | <b>(88)</b>  | <b>(892)</b> | <b>-</b> | <b>150</b> | <b>(2,406)</b> | <b>(2,552)</b> |  |
| Financing Obtained  |                |                |              |              |          |            |                |                |  |
| Borrowings  | 8,492          | 4,108          | -            | -            | -        | -          | 8,492          | 4,108          |  |
| Payment of Borrowings   | (8,779)        | (4,902)        | -            | -            | -        | -          | (8,779)        | (4,902)        |  |
| Operations with derivatives - payments  | (810)          | -              | -            | -            | -        | -          | (810)          | -              |  |
| <i>Project finance</i> Obtained   | -              | -              | -            | -            | -        | -          | -              | -              |  |
| Borrowings  | -              | -              | 188          | 504          | -        | -          | 188            | 504            |  |
| Payment of Borrowings   | -              | -              | (1,081)      | (469)        | -        | -          | (1,081)        | (469)          |  |
| Related Parties   | -              | -              | -            | -            | -        | -          | -              | -              |  |
| Obtained (Payment of) Borrowings  | 21             | (882)          | (21)         | 882          | -        | -          | -              | -              |  |
| Dividends Paid  | (999)          | (1,998)        | -            | -            | -        | -          | (999)          | (1,998)        |  |
| <b>Cash used in Financing Activities</b>  | <b>(2,075)</b> | <b>(3,674)</b> | <b>(913)</b> | <b>917</b>   | <b>-</b> | <b>-</b>   | <b>(2,988)</b> | <b>(2,757)</b> |  |
| Exchange Variation on Cash of Foreign Subsidiaries and Jointly Controlled Companies | 18             | 542            | (11)         | 45           | -        | -          | 6              | 587            |  |
| <b>Cash and Cash Equivalents Generation (Application)</b>                           | <b>(3,020)</b> | <b>(332)</b>   | <b>93</b>    | <b>67</b>    | <b>-</b> | <b>-</b>   | <b>(2,927)</b> | <b>(265)</b>   |  |
| Represented by  |                |                |              |              |          |            |                |                |  |
| Cash and Cash Equivalents at The Beginning of The Period                            | 6,500          | 6,909          | 202          | 135          | -        | -          | 6,702          | 7,043          |  |
| Cash and Cash Equivalents at The End of The Period                                  | 3,480          | 6,576          | 295          | 202          | -        | -          | 3,775          | 6,778          |  |
|   | <b>(3,020)</b> | <b>(332)</b>   | <b>93</b>    | <b>67</b>    | <b>-</b> | <b>-</b>   | <b>(2,927)</b> | <b>(265)</b>   |  |

**Increase  
(Decrease) in  
Cash and  
Cash  
Equivalents**

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## EXHIBIT IX

## Production Volume

|                      |                  |                  |                  |                  |                  |
|----------------------|------------------|------------------|------------------|------------------|------------------|
|                      | <b>1,037,965</b> | <b>1,086,706</b> | <b>1,115,407</b> | <b>1,060,862</b> | <b>1,109,350</b> |
|                      | 629,737          | 699,663          | 711,879          | 667,187          | 672,070          |
| PP                   | 408,228          | 387,043          | 403,527          | 393,676          | 437,277          |
| <b>Vinyls</b>        | <b>373,158</b>   | <b>411,444</b>   | <b>445,919</b>   | <b>452,380</b>   | <b>430,820</b>   |
| PVC                  | 125,906          | 148,604          | 156,655          | 162,873          | 158,340          |
| Caustic Soda         | 105,727          | 102,071          | 119,827          | 113,282          | 101,630          |
| MVC                  | 129,365          | 149,143          | 157,634          | 163,650          | 158,890          |
| Chlorine             | 12,160           | 11,625           | 11,804           | 12,574           | 11,940           |
| <b>Chemicals</b>     | <b>2,077,406</b> | <b>2,116,126</b> | <b>2,156,415</b> | <b>2,134,529</b> | <b>2,175,040</b> |
| Ethylene             | 831,422          | 880,739          | 903,308          | 844,392          | 879,790          |
| Propylene            | 341,327          | 367,036          | 361,837          | 330,266          | 365,230          |
| High Purity Propane  | 1,021            | 692              | 878              | 744              | 930              |
| Butadiene            | 100,802          | 106,708          | 109,156          | 95,021           | 107,600          |
| Paraxylene           | 51,230           | 50,420           | 48,516           | 46,027           | 45,430           |
| Benzene              | 165,845          | 170,399          | 187,020          | 166,644          | 188,460          |
| Toluene              | 32,666           | 27,916           | 32,449           | 21,357           | 17,120           |
| Orthoxylene          | 13,987           | 12,329           | 15,084           | 14,018           | 14,470           |
| Isoprene             | 3,912            | 3,309            | 5,433            | 2,889            | 5,390            |
| Butene 1             | 11,746           | 16,879           | 19,039           | 19,039           | 19,030           |
| Dicyclopentadien     | 4,702            | 3,544            | 7,872            | 7,872            | 7,870            |
| Hydrogen             | 1,015            | 1,490            | 1,791            | 1,372            | 1,560            |
| ETBE/ MTBE           | 74,978           | 91,146           | 82,927           | 66,650           | 87,690           |
| Aromatic Chain (RAP) | 30,898           | 35,864           | 32,183           | 34,122           | 33,290           |
| Piperylene           | 5,111            | 4,614            | 7,400            | 3,675            | 6,790            |
| Gasoil               | 16,239           | 9,782            | 1,633            | 23,739           | 10,200           |
| C4 Heavies           | 7,084            | 9,909            | 7,820            | 6,223            | 9,100            |
| BTE Fuel Oil         | 21,819           | 21,206           | 17,647           | 14,934           | 14,620           |
| Unilene              | 1,708            | 3,600            | 3,365            | 3,243            | 3,280            |
| PIB                  | 4,889            | 4,043            | 5,692            | 6,605            | 5,030            |
| Mixed Xylenes        | 16,472           | 13,601           | 16,239           | 11,867           | 11,800           |
| AB9 Solvent          | 6,663            | 3,284            | 12,257           | 9,438            | 7,800            |
| Coperaf1             | 1,632            | 5,842            | 77               | 2,941            | 3,300            |
| Aguarras             | 5,313            | 4,062            | 6,592            | 8,677            | 6,980            |
| Fuel                 | 245,558          | 213,330          | 204,582          | 320,719          | 265,020          |
| Aromatic C7C8        | 5,867            | 391              | (393)            | 333              | (375)            |
| Cumene               | 56,553           | 36,935           | 45,935           | 54,513           | 42,050           |

|                                 |                |                |                |                |                |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Nonene                          | 5,181          | 4,142          | 6,206          | 5,498          | 4,999          |
| Tetramer                        | 4,759          | 4,249          | 6,425          | 3,696          | 3,299          |
| Other Basic Petrochemicals      | 7,007          | 8,666          | 7,445          | 8,015          | 7,159          |
| <b>United States and Europe</b> | <b>499,233</b> | <b>513,415</b> | <b>512,361</b> | <b>482,170</b> | <b>525,867</b> |
| PP                              | 499,233        | 513,415        | 512,361        | 482,170        | 525,867        |
| <b>Mexico</b>                   | -              | <b>83,538</b>  | <b>166,453</b> | <b>193,189</b> | <b>249,921</b> |
| PE                              | -              | 83,538         | 166,453        | 193,189        | 249,921        |

## EXHIBIT X

## Sales Volume - Domestic Market - Main Products

|                       |                |                |                |                |                |                |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Polyolefins</b>    | <b>660,692</b> | <b>712,674</b> | <b>751,350</b> | <b>686,421</b> | <b>705,260</b> | <b>722,210</b> |
| PE's*                 | 391,425        | 436,529        | 457,951        | 419,557        | 420,438        | 441,700        |
| PP                    | 269,267        | 276,145        | 293,399        | 266,864        | 284,822        | 280,510        |
| <b>Vinyls</b>         | <b>229,349</b> | <b>245,825</b> | <b>250,697</b> | <b>239,050</b> | <b>244,973</b> | <b>206,300</b> |
| PVC                   | 119,698        | 132,913        | 138,327        | 137,377        | 139,017        | 112,200        |
| Caustic Soda          | 109,652        | 112,912        | 112,370        | 101,673        | 105,956        | 94,100         |
| <b>Main Chemicals</b> | <b>706,507</b> | <b>562,465</b> | <b>676,144</b> | <b>673,028</b> | <b>689,697</b> | <b>693,210</b> |
| Ethylene              | 127,181        | 125,343        | 143,440        | 115,902        | 127,753        | 131,400        |
| Propylene             | 60,747         | 72,419         | 83,109         | 75,036         | 85,226         | 75,700         |
| Butadiene             | 49,832         | 50,492         | 50,940         | 47,187         | 44,428         | 46,300         |
| Benzene               | 117,216        | 120,119        | 125,794        | 111,411        | 97,455         | 117,000        |
| Toluene               | 11,952         | 10,521         | 10,398         | 9,647          | 11,129         | 11,900         |
| Paraxylene            | 38,185         | 41,726         | 32,327         | 47,663         | 44,066         | 27,600         |
| Cumene                | 49,530         | 41,158         | 51,352         | 52,431         | 41,352         | 52,800         |
| Gasoline              | 251,862        | 100,689        | 178,785        | 213,752        | 238,288        | 230,200        |

Considers Green PE and from 2017 does not consider UTEC sales

## EXHIBIT XI

## Sales Volume - Export Market - Main Products

|                    |                |                |                |                |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Polyolefins</b> | <b>380,807</b> | <b>426,395</b> | <b>407,254</b> | <b>376,032</b> | <b>390,871</b> |
| PE's*              | 244,227        | 275,322        | 270,825        | 233,859        | 240,530        |
| PP                 | 136,580        | 151,072        | 136,429        | 142,174        | 150,341        |
| <b>Vinyls</b>      | <b>34,256</b>  | <b>27,145</b>  | <b>16,483</b>  | <b>44,872</b>  | <b>34,741</b>  |
| PVC                | 34,256         | 27,145         | 16,483         | 39,035         | 27,198         |
| Caustic Soda       | -              | -              | -              | 5,837          | 7,543          |

|   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Main Chemicals</b>   | <b>176,317</b> | <b>306,982</b> | <b>220,068</b> | <b>195,527</b> | <b>232,794</b> |
| Ethylene  | 23,784         | 19,637         | 12,856         | 7,917          | 34,500         |
| Propylene   | 19,314         | 28,340         | 24,157         | 7,501          | 7,828          |
| Butadiene   | 52,907         | 49,613         | 58,980         | 52,167         | 57,498         |
| Benzene   | 57,771         | 37,211         | 63,440         | 78,266         | 99,193         |
| Toluene   | 17,291         | 19,209         | 18,972         | 17,699         | 6,209          |
| Paraxylene  | 5,250          | 16,396         | 15,993         | -              | -              |
| Cumene  | -              | -              | -              | -              | -              |
| Gasoline  | -              | 136,575        | 25,670         | 31,977         | 27,567         |
| <b>United States and Europe</b>                               | <b>499,577</b> | <b>503,980</b> | <b>502,850</b> | <b>502,067</b> | <b>534,338</b> |
| PP  | 499,577        | 503,980        | 502,850        | 502,067        | 534,338        |
| <b>Mexico</b>   | <b>26,043</b>  | <b>54,000</b>  | <b>152,904</b> | <b>198,706</b> | <b>264,129</b> |
| PE  | 26,043         | 54,000         | 152,904        | 198,706        | 264,129        |
| Considers Green PE and from 2017 does not consider UTEC sales |                |                |                |                |                |

## EXHIBIT XII

## Consolidated Net Revenue

|                                   |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Polyolefins</b>                | <b>5,092</b>  | <b>5,316</b>  | <b>5,170</b>  | <b>4,730</b>  |
| Domestic Market                   | 3,383         | 3,575         | 3,633         | 3,311         |
| Export Market                     | 1,709         | 1,741         | 1,536         | 1,419         |
| <b>Vinyls</b>                     | <b>742</b>    | <b>732</b>    | <b>736</b>    | <b>797</b>    |
| Domestic Market                   | 651           | 665           | 691           | 672           |
| Export Market                     | 90            | 68            | 45            | 125           |
| <b>Chemicals (Most Relevants)</b> | <b>2,603</b>  | <b>2,513</b>  | <b>2,646</b>  | <b>2,595</b>  |
| <b>Domestic Market</b>            | <b>1,926</b>  | <b>1,576</b>  | <b>1,828</b>  | <b>1,842</b>  |
| Ethylene/Propylene                | 609           | 598           | 684           | 570           |
| Butadiene                         | 116           | 134           | 142           | 175           |
| Cumene                            | 142           | 100           | 122           | 137           |
| BTX*                              | 442           | 410           | 377           | 400           |
| Gasoline                          | 476           | 201           | 355           | 408           |
| Others                            | 141           | 133           | 149           | 152           |
| <b>Export Market</b>              | <b>676</b>    | <b>937</b>    | <b>818</b>    | <b>753</b>    |
| Ethylene/Propylene                | 142           | 150           | 109           | 46            |
| Butadiene                         | 150           | 160           | 191           | 248           |
| BTX*                              | 180           | 167           | 222           | 213           |
| Gasoline                          | -             | 176           | 24            | 37            |
| Others                            | 204           | 285           | 272           | 209           |
| <b>United States and Europe</b>   | <b>2,535</b>  | <b>2,298</b>  | <b>2,066</b>  | <b>1,997</b>  |
| <b>Mexico</b>                     | <b>123</b>    | <b>215</b>    | <b>537</b>    | <b>714</b>    |
| PE                                | 123           | 213           | 529           | 706           |
| Mexico Others**                   | -             | 2             | 8             | 8             |
| <b>Resale***</b>                  | <b>634</b>    | <b>402</b>    | <b>642</b>    | <b>904</b>    |
| <b>Others****</b>                 | <b>187</b>    | <b>245</b>    | <b>184</b>    | <b>307</b>    |
| <b>Total</b>                      | <b>11,915</b> | <b>11,722</b> | <b>11,981</b> | <b>12,046</b> |

\*BTX = Benzene, Toluene and Paraxylene

\*\* Others Mexico = Fuel and Utilities

