

## **Braskem's profit grows and reaches R\$ 541 million during the year**

### ***EBITDA reaches R\$ 2.5 billion in the first 9 months of 2007***

Braskem evolved in a consistent manner in its main economic-financial performance indicators in the first 9 months of 2007 in relation to the equal period of the previous year, overcoming the strong impact in the costs caused by the elevation of the petroleum prices to record levels. This year, the net profit accumulated by Braskem until September rose over 1300%, totaling R\$ 541 million. The consolidated EBITDA had a growth of 21% in relation to the EBITDA of R\$ 2.1 billion counted in the 9M06 and reached R\$ 2.5 billion. In the last twelve months, the EBITDA was R\$ 3.5 billion, or US\$ 1.7 billion, with an EBITDA margin of 19%.

"The results obtained by Braskem confirm the change of the company's competitiveness level with the benefits of the integration of Copesul, Ipiranga Petroquímica and Ipiranga Química, levered by the increase in volumes in the internal market and greater selectivity in exports with profitability improvement", says José Carlos Grubisich, president of Braskem. "Besides this, Braskem set a new paradigm in global petrochemistry with the confirmation of investment to produce green polyethylene from ethanol", he adds.

The increase of stability of industrial operation was decisive for Braskem to reach in the third quarter its largest production volume since the beginning of 2006, which allowed the company to overcome the growing demand for thermoplastic resins in the domestic market with the enlargement of the market share in its main performance segments. The total sales volume of Braskem's resins was 724 thousand tons this quarter, with special attention on internal sales which grew 8% – in the case of PVC, the increment reached 9%. This way, the company's consolidated participation in the Brazilian market went from 51% in the second quarter to 54%.

In function of the internal demand increase, Braskem combined a sales mix with greater volumes in the domestic market and directing of exports for markets with better profitability, such as Latin America and Europ, which allowed for exporting US\$ 548 million in the third quarter. In the accumulated of 2007, exports grew 16%, leaping from US\$ 1.5 billion to US\$ 1.7 billion.

Braskem's consolidates net revenue from January to September 2007 was R\$ 14.0 billion, an increase of 10% when compared to the net revenue of R\$ 12.7 billion registered in the nine months of the previous year. In dollars, the growth was 20%, with net revenue reaching US\$ 7.0 billion in the nine months of 2007 compared to US\$ 5.8 billion in the same period of 2006. During the last twelve months the consolidated net revenue was R\$ 18.2 billion, or US\$ 9 billion.

The investments made by the company summed R\$ 769 million in the first nine months of 2007, in line with the sum applied in the same period of 2006 not considering the R\$ 180 million designated to Petroquímica Paulínia in this exercise. Besides this, there was a disbursement of R\$ 125 million in programmed stops for maintenance with the purpose of keeping plants operating with high levels of reliability.

In the strategic context, Braskem advanced another step in the acquisition process in the petrochemistry assets of Grupo Ipiranga with the canceling of the registration of open company of Copesul, formalized October 18. The capital closing took place after an auction took place, on October 5, in which Braskem acquired 34,040,927 ordinary emission stocks of Copesul, representing 98.6% of the stocks enabled to participate in the process. The financial settlement, in the value of R\$ 1.3 billion, was concluded on October 10, 2007.

In relation to the consolidation of the petrochemistry sector in Brazil, Braskem anticipates good opportunities for capturing synergies and the creation of value in the integration between Ipiranga Química, Ipiranga Petroquímica and Copesul's operation and its own operations at the Pólo de Triunfo, in Rio Grande do Sul. A new corporate governing model has already been implemented in the three companies, aligned with the stock participations of Braskem in the role of controlling stockholder and of Petrobras as relevant minority stockholder. The work of identification of synergy opportunities has already been concluded by the integration teams and the amount of synergies expected is of US\$ 1.1 billion, in present net value, to be captures in the next two years, with an equivalent EBITDA of R\$ 200 million in annual and reoccurring bases, being more than R\$ 100 million in 2008.

The decision reaffirmed by Braskem to invest in a new industrial unit of ethno from sugar cane ethanol for the production of green polyethylene, with capacity for 200 thousand tons yearly and expected to start operating at the end of 2009, had a strong repercussion during the K 2007 fair in Dusseldorf, in Germany, the largest petrochemistry sector event in the world. This project, next to the initiatives to invest in new capacities in Brazil and Latin America, is aligned to Braskem's growth strategy with the creation of Braskem's value and its view of positioning itself among the ten main global petrochemistry industries.

"Consistent results as those we are announcing, combined with new projects which join world scale, updated technology and access to competitive raw material, reinforce our trust in reaching this goal during the foreseen deadline, in 2012", assesses Grubisich.

Braskem, a world-class Brazilian petrochemical company, is the leader in the thermoplastic resins segment in Latin America, and is the third largest Brazilian industrial company owned by the private sector. The company operates 18 manufacturing plants located throughout Brazil, and has an annual production capacity of more than 10 million tons of petrochemical and chemical products.

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