

BRASKEM'S EBITDA WAS R\$ 458 MILLION IN THE FIRST QUARTER

*Growth in the exported volume and recovery of the domestic market
in March guarantee return to the optimum use rate*

The sales of resins made by Braskem had a significant recovery in March, especially in the domestic market, returning to the previous levels verified before the beginning of the world economic crisis. Resumption of sales signalizes the beginning of a gradual improvement of performance perspectives for the sector. In this context, the capacity utilization rates of the centers returned to levels of 95%, after having dropped to 55% in December and January.

However, the reaction in March was not enough to compensate the adverse scenario of the first two months of 2009. At the end of the quarter, Braskem's net income reached R\$ 3.2 billion, with reduction of 24% in relation to the fourth quarter of 2008, justified mainly by the fall in resin prices in the domestic market and reduction in volumes in January and February. While the company's EBITDA was R\$ 458 million, 19% less than the amount recorded in the previous quarter, while the EBITDA margin reached 14.5%.

"Recovery of the domestic market and gradual resumption of the demand in Asia, particularly in China, indicate that the worst moment of the crisis' effects is possibly being overcome, although it seems early to evaluate if it is a sustainable resumption or a bubble due to destocking", evaluates Bernardo Gradin, president of Braskem. "Meanwhile, the company remains focused on financial discipline and productivity, prioritizing investments with lower return rate, growth opportunities and cost reduction", says Gradin.

Note the conclusion of negotiations with Petrobras on the new bases of the contract for supply of naphtha to the company. The new contract has a 5-year term, renewable for five more years, and adapts quality standards to international references and price formula with mobile average that aims at protecting both parties from great raw material price oscillations. The final price may vary with premium or discount in relation to the ARA international reference.

The volume of resins sold by Braskem in the domestic market showed a setback of 7% in the first quarter in relation to the previous quarter, influenced by the low level of economic activity in January and February, as well as by the programmed stop for maintenance in the PVC plant in Alagoas. This reduction was widely compensated by the growth of resin exports, which more than doubled in volume in the period.

While the sales of basic petrochemicals in the foreign market had reduction in the period – 22% in case of propene and 10% for aromatic products. This way, considered together, Braskem's exports provided a net income of US\$ 335 million in the first quarter, below the US\$ 420 million of the fourth quarter of 2008 due to the lower prices, while its share grew from 22% to 25% of the company's total net income.

Braskem's net profit in the first quarter was R\$ 10 million, reverting a negative net result of R\$ 2.1 billion in the previous quarter, which reflected a strong accounting exchange impact on the liabilities in dollar of the company – contrary to this quarter, in which the exchange trajectory was practically stable.

In line with its commitment to the discipline of capital and with the making of investments with return above its capital cost, Braskem reduced disbursements in relation to the same period of the previous year by 49%, making operational investments that totaled R\$ 123 million in the first quarter of 2009. Included in this small amount is a portion pertaining to initial disbursements of the PE Verde project, whose cornerstone was launched on the 22nd of April in Triunfo, in Rio Grande do Sul.

An additional relevant fact after the end of the quarter was approval by the Management Board of the proposal for incorporation of Petroquímica Triunfo by Braskem. This decision, referenced in Extraordinary General Meeting of Braskem and Petroquímica Triunfo, led to the incorporation of Triunfo and conclusion of the Investment Agreement through which Petrobras contributed in Braskem its stockholding in petrochemical companies, becoming owner of 25.3% of the total capital of Braskem, maintaining a share of 31% in its voting capital.

“With the success of another stage of the sector's consolidation process and with selective investments in production capacity increase, Braskem advances toward sustainability of its business and of its strategic vision of being among the 10 main petrochemical companies in the world”, states Gradin.