

### **Braskem tripled its profits in 2004**

*Profits of R\$ 691 million and an EBITDA of R\$ 2, 5 billion composed the result of the best annual performance since the company was created.*

Braskem reached in 2004 a record net profit of R\$ 691 million, what represents an increase of 221% if compared to the result of 2003. The EBITDA (profits before taxes, tributes, depreciations and amortizations) increased in 43%, from R\$ 1,87 billion in 2003 to R\$ 2,5 billion in 2004. Furthermore, Braskem presented a consistent evolution of all its indicators of operational, economic and financial performance. The EBITDA margin of Braskem increased from 19% to 23%.

“The excellent performance of the company in 2004 reflects the competitive advantage of its business model and indicates new references of competitiveness and the strategic flexibility of the company”, states José Carlos Grubisich, president of Braskem. “The company is prepared to accelerate the growth programs through the production capacity improvement, the construction of new factories or through any eventual opportunity that may be detected in the Brazilian petrochemical scenery, observing the possibilities of being in the international market” he adds.

In 2004, Braskem operated all its industrial units with a utilization capacity of more than 90%. In 2005, the company promises a higher production capacity, due to the investments of 2004, totalizing R\$ 374 million, and new investments that will be implemented along the year. Braskem has plans to operate its facilities with a higher utilization capacity, when compared to 2003 numbers, so that the company will be able to respond to the crescent domestic market demand and to be strategically present in the international market.

There will also be a positive impact in the company's numbers due to the competitiveness and productivity improvement resulting from an entrepreneurial excellence program. This program will place Braskem among the most competitive petrochemicals in the world until 2007, when the company will make approximately R\$ 420 million in annualized and recurrent bases. In March 2004, when it started, the program reached a gaining of R\$ 90 million in annualized and recurrent bases, an amount 50% higher than the expected R\$ 60 million amount.

The sales of Braskem thermoplastic resins – polyethylene, polypropylene and PVC – in the domestic market presented in 2004, an expressive 13% increase, if compared to the previous year. These sales were enhanced by a high demand for these products, a result of the consistent growth of Brazilian economy in the second semester.

The gross revenue passed R\$ 14 billion and the net revenue, R\$ 11 billion, 20% higher than the net revenue of 2003.

The company is present in the international market through its exportations. In 2004, these sales brought a net income of US\$ 710 million, passing 15% the value registered in 2003. The raise of resins international prices compensated the reduction of the volumes

registered in the exportations. The recovery of the Argentinean market, where Braskem increased its resin exportation volume to 28%, was an important fact in the period.

In 2004, Braskem was responsible for the biggest shares issue (R\$ 1,2 billion) operated by a Brazilian company in the international market. Furthermore, the company had its strategy of net indebtedness reduction successfully implemented, finishing the year in R\$ 3,9 billion, a value 38% lower than the one registered in the end of 2003. The relation between net debt and EBITDA was reduced to 1,5 in December 2004, compared with 3,5 registered in 2003.

“Braskem met all the commitments made to the market and reached a new position, in terms of capital structure and financial performance, what will provide the company with a solid platform for its growth”, says Paul Altit, vice president of finances and investor relations. The company is distributing part of these results to shareholders – R\$ 205 million.

In the end of 2004, the company’s market value reached US\$ 4,6 billion, an evolution of 187% compared to the last year number.. Braskem still represents an outstanding opportunity of value creation because of the perspectives of Brazilian economy growth and the high profitability expected for the international petrochemical sector. “Braskem growth process will be implemented, observing our commitment of value creation for all the shareholders”, states Grubisich.

Braskem, a world-class Brazilian petrochemical, is the leader in thermoplastic resins in Latin America and it figures among the three largest private companies in Brazil. With 13 industrial plants located in Brazil, the company produces annually 5,7 million tons of chemical and petrochemical products.

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