

A R\$ 26 MILLION NET PROFIT CONFIRMS THE OUTSTANDING PERFORMANCE OF BRASKEM IN THE FIRST QUARTER

Ebitda of R\$ 688 million surpasses in 30% the number registered in the same period of 2004 and keeps growth trajectory

Braskem reached a net profit of R\$ 206 million in the first quarter of 2005, a number substantially superior to the R\$ 10 million registered in the first quarter of 2004. The result reflects a consistent evolution of Braskem's main performance indicators, what confirms its business model competitiveness and the excellence of its management that is always committed with value creation.

The Ebitda presented an expressive growth of 30% in the periods comparison, an evolution from R\$ 529 million to R\$ 688 million in the first quarter of 2005, also a value 4% higher than the one reached in the previous quarter. The Ebitda margin, that measures the profitability of the company reached 22,4%.

"The results of Braskem prove its capacity of overcoming challenging scenarios and its strategic flexibility when increasing the exportations to keep high capacity utilization rates", says José Carlos Grubisich, president of Braskem. It is important to keep in mind that the international prices of petrol and NAFTA reached high numbers in a period that was also characterized by the decrease of Brazilian economy growth.

Even so, the investments to increase the operational reliability and capacity have already brought important results in the increase of produced volumes by Braskem, what contributed for rates of utilization higher than 90% in all industrial units of the company. Braskem plans to operate all its sites in full capacity during 2005.

In the first quarter, taking advantage of a moment that presented good profitability of petrochemical products in the international market, Braskem practically doubled its exportations, increasing the revenue from US\$ 133 million in the first quarter of 2004 to US\$ 261 million. Total sales of Braskem thermoplastic resins rose 13%, due to the exportations, to the increase of demand for non durable products by polyethylene, and to the automobilist and electroeletronic sector by polypropylene.

The excellent performance resulted in a 44% increase of the net revenue, that rose from R\$ 2,1 billion in the first quarter of 2004 to R\$ 3,1 billion in 2005. The gross revenue also grew in the same proportion, 45%, reaching the value of R\$ 4,0 billion, what proves

once again the strong cash generation capacity of Braskem. In the last 12 months accumulated, the gross revenue reached R\$ 15,3 billion.

About competitiveness, the company reached an important acceleration in gains resulting from its operational excellence program, Braskem +. In the first quarter, this program resulted in gains of R\$ 120 million, in annualized and recurrent bases, almost the double of the R\$ 64 million target expected for the period.

Braskem kept its way towards the reduction of net indebtedness and mainly of its financial obligations costs. At the end of the first quarter, the company's net debt was R\$ 3,4 billion, a reduction of 11% when compared to the value registered in December 2004. In this period, Braskem presented in March a relation net debt/Ebitda of 1,27 compared to 1,52 in December and 3,4 in March 2004.

In the first quarter, Braskem invested R\$ 75 million in the expansion of the industrial units capacity as part of its modernization and growth program which presents resources of R\$ 600 million for 2005. Expansion programs are already going on such as; increase of 50 thousand t/year of PVC in Alagoas and 60 thousand t/year of polyethylene in Camaçari, in Bahia. Furthermore, Braskem is about to conclude the studies for a new polypropylene plant construction in Paulinia – SP, with capacity of 350 thousand t/year, in partnership with Petrobras.

“The reliability in the thermoplastic resins market evolution and the differentiated performance of Braskem, together with a strategic and financial flexibility, reinforce our determination in accelerating the growth plans of the company with value creation”, says Grubisich. “Braskem is ready to evaluate new consolidation opportunities that might be brought by the domestic and regional markets, as well as to initiate its process of internationalization”, reassures the president.

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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