

BRASKEM ANNOUNCES RECORD NET PROFIT OF R\$ 634 MILLION IN THE FIRST SEMESTER

In the last 12 months, the Gross net totalized R\$ 15,9 million and the EBITDA R\$ 2,7 million

Braskem reached a R\$ 428 million net profit in the second quarter of 2005, an expressive evolution when compared to the results observed in the same period of 2004 – a loss of R\$ 302 million. This performance brought to Braskem a net profit of R\$ 634 million in the first semester against the negative result of R\$ 292 million in the first semester of 2004.

“The performance in the quarter confirms the consistent growth of Braskem and reflects the reliability and competitiveness improvement of our actives”, states the president José Carlos Grubisich. “These facts, combined with the perspectives of the internal market recuperation and the resins prices recovering in the international market, allow us to anticipate the perspective of sales growth and profitability in the second semester”, explains Grubisich.

The capacity utilization rates in all Braskem industrial units remained higher than 92%, spotting the propylene, which reached 97%, considering the positive impacts of the capacity increase of 120 thousand tons/year that started operation in 2004. The total sales volume of main thermoplastic resins of Braskem – polyethylene, polypropylene and PVC – registered a 7% growth in the first semester and 2% in the second quarter.

The exportations were extremely representative for this performance, bringing a US\$ 509 million income in the semester, an increase of 44% over the same period of 2004. From this total, US\$ 248 million were gained with exportations from April to June. These results not only confirms the position of Braskem as one of the most important exporting industries in the country but also shows its flexibility and agility to focus on the external market in moments of domestic market decrease.

Braskem’s net income presented a relevant growth of 22% in the semester, increasing from R\$ 4,9 billion in 2004 to R\$ 6,0 billion in 2005, observing that R\$ 2,9 billion were registered in the second quarter. In the last 12 months period, the net income surpassed R\$ 12,1 billion. The R\$ 7,8 billion gross income of the first semester of 2005, totalized R\$ 15,9 billion in the accumulated of the last 12 months.

The EBITDA reached R\$ 1 billion in the first semester, 10% higher than in the same period in 2004. In the second quarter, the EBITDA registered a decrease of 7%, totalizing R\$ 570 million, but an increase of 14% when expressed in dollars – US\$ 230 million. In this period the price of Naphtha, main raw material used by Braskem, reached its highest value in history, US\$ 521 by ton. In the last twelve months accumulated, the EBITDA totalized R\$ 2,7 billion or Us\$ 975 million. The EBITDA margin was 21,1% in the semester and 19,8% in the quarter. These margins remained among the highest ones in the international petrochemical sector.

Braskem promoted a very successful process of searching for relevant and competitive resources in the second quarter. This process brought US\$ 150 million in 10 years bonds, US\$ 150 million in perpetual bonds – the first issue of a non financial Brazilian company – and R\$ 300 million in five years debentures. These new resources allowed a considerable reduction of the capital cost and the expansion of debt from 3,5 years in march 2005 to more than 9 years at the end of the second quarter.

Along the first semester, Braskem reduced its net debt in 19%, from US\$ 1,5 billion to US\$ 1,2 billion. At the same time, its financial projection, measured by the relation between the net debt and the EBITDA, drew back from 1,52 in December 31st to 1,08 in the end of June. “In the next years, our net cash generation will be always significantly higher than the total amount of the debt parcels and the necessary resources for the company investments”, says Paul Atit, Braskem vice president and responsible for Finances and Investor Relations.

Once again, the company improved with its operational excellence program named – Braskem +. Till the second quarter of 2005, in recurrent and annualized bases, the company got R\$ 192 million in productivity gains. This value is higher than the accumulated expected to the end of 2005 and it represents a strong acceleration in the program implementation. The goal programmed for June 2005 was R\$ 140 million.

The investments conducted by Braskem in the first semester were 213 million of a R\$ 600 million value calculated for 2005. Part of these resources will be designated to the construction of a plant that’s supposed to produce 350 thousand tons/year of polypropylene in Paulinia, in partnership with Petroquisa announced in July. An investment of US\$ 250 million has been considered for a industrial unit with capacity to produce 400 thousand tons/year of polypropylene

in Venezuela, in partnership with CPV – Pequiven. “ Braskem carries, on with confidence and determination, its growth programs that are aligned with its strategy of value creation and strengthening of its market leadership”, concludes 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.

August 8th , 2005

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