

About CAP:

CAP, a subsidiary of PT Barito Pacific Tbk, is Indonesia's largest integrated petrochemical company producing olefins and polyolefins. CAP's state-of-the-art facility and infrastructure are located in Cilegon and Serang, in Banten province on Java. CAP operates the country's only naphtha cracker, and is the sole producer of ethylene, styrene monomer and butadiene in Indonesia. In addition, CAP is also the largest polyolefins producer in Indonesia, producing raw materials and base petrochemical products used for packaging products, pipes, automotive, electronics, and consumer goods in support of Indonesia's growth and industrialization ambitions.

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NEWS RELEASE

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CHANDRA ASRI PETROCHEMICAL ANNOUNCES RESULTS FOR THE PERIOD ENDING MARCH 31, 2020

On 4 June 2020, PT Chandra Asri Petrochemical Tbk (IDX: TPIA) released its unaudited consolidated financial statements for the first 3 months of 2020. The Company recorded Net Revenues of US\$476.8 million.

The Company's Director, Suryandi, commented:

"Our first quarter 2020 performance was largely shaped by the challenging macro environment, tight petrochemical margins, and softening demand especially in the China domestic market due to the Covid-19 pandemic. We recorded Q1 2020 Revenues of US\$477 million, EBITDA of -US\$13.5 million, and a Net Loss of US\$17 million. To manage and navigate the unprecedented uncertainty, Chandra Asri is focused on three key strategic imperatives, which are (1) Business Continuity, (2) Operational Excellence, and (3) Financial Resilience.

With strong balance sheet position and US\$880 million of liquidity as of 31 March 2020 including US\$624 million cash and cash equivalents, Chandra Asri is well positioned to weather the crisis. Sales volumes remain stable as our plant is running optimally, coming out of Turnaround Maintenance in 2019 coupled with additional capacity coming on stream after expansion projects completed last year. Petrochemical spreads and outlook have improved from Quarter 2, with the sharp decline in crude, translating to a 20-30% margin uplift. Clear plans being executed to rephase capex, reduce opex, and optimize working capital.

Our ongoing expansion project of MTBE and Butene-1 plant is slated for completion per plan by Q3 2020. We continue to believe in the long-term attractiveness of the Indonesian petrochemical market, and will maintain capital discipline and prudent investment to secure continuous profitable growth."

3M 2020 FINANCIAL HIGHLIGHTS:

- Net Revenues decreased by 13.7% to US\$476.8 million from US\$552.2 million in Q1 2019 as a result of lower average sales product prices particularly for Olefins and Polyolefins with relatively stable sales volume.
- Cost of Revenues remains stable US\$493.4 million from US\$490.3 million in Q1 2019 largely due to higher feedstock volume as a result of increased production capacity and offset by decreased in Naphtha price to an average of US\$521/MT from US\$533/MT in Q1 2019, reflecting lower Brent crude oil prices which contracted to an average of US\$50/bbl compared to US\$63/bbl in Q1 2019.
- EBITDA declined by 120.4% to -US\$13.5 million from US\$66.1 million in Q1 2019 driven by lower petrochemical margins due to global supply additions coupled with feedstock prices volatility, weak trade demand for polymers due to the US trade war, and subdued economy activity due to Covid-19 pandemic.
- Net Profit After Tax amounted to -US\$17.5 million, lower by 199.3% from the Q1 2019 figure of US\$17.6 million. The US\$35 million reduction is largely attributable to compressed margins (-US\$78 million), offset by income tax benefit (US\$33 million).
- Net Debt to EBITDA stands at 2.6X, with robust strong liquidity pool of US\$624 million in cash and cash equivalents, US\$225 million of available Revolving Credit Facility, and US\$31 million in marketable securities.

US\$ million, unless otherwise stated	3M2020	3M2019	% change
Net Revenues	476.8	552.2	(13.7)
Cost of Revenues	493.4	490.3	0.6
Gross Profit	(16.6)	61.9	(126.8)
Net Profit After Tax	(17.5)	17.6	(199.3)
EBITDA	(13.5)	66.1	(120.4)
Cash Flows from (used in) Operating Activities	(101.7)	(177.4)	(42.7)
Capital Investments	46.2	66.6	(30.5)
Earnings per share (US\$)	(0.0010)	0.0010	(200.0)
US\$ million, unless otherwise stated	3M2020	FY2019	% change
Total Assets	3,403.7	3,451.2	(1.4)
Total Liabilities	1,665.3	1,690.2	(1.5)
Shareholders' Equity	1,738.4	1,761.0	(1.3)
Interest Bearing Debt	885.2	791.4	11.9
Cash & Cash Equivalents	623.9	660.2	(5.5)
Net Debt / (Cash)	261.3	131.2	99.1

Financial Ratios

	3M2020	3M2019	% change
Gross Profit Margin (%)	(3.5)	11.2	(131.1)
EBITDA Margin (%)	(2.8)	12.0	(123.7)
Interest service coverage (x)	5.6	4.1	38.3
Debt to Capitalization (%)	34	28	21.4
Debt to EBITDA (x) - LTM	8.8	2.0	330.9
Net Debt/ (Cash) to EBITDA (x) – LTM	2.6	0.4	N/A

Business Segments

In US\$ million	Revenues		
	3M2020	3M2019	% change
Olefins	74.8	131.6	(43.2)
Polyolefins	295.7	265.5	11.4
Styrene Monomer	64.0	96.6	(33.8)
Butadiene	41.1	55.4	(25.8)
Tanks and Jetty Rental	1.3	3.1	(58.2)
Consolidated	476.8	552.2	(13.7)

In US\$ million	Gross Profit		
	3M2020	3M2019	% change
Olefins	5.9	15.2	(61.3)
Polyolefins	(21.5)	31.6	(167.9)
Styrene Monomer	(5.0)	11.1	(145.0)
Butadiene	3.1	3.2	(2.1)
Tanks and Jetty Rental	0.9	2.6	(65.5)
Consolidated	(16.6)	63.7	(126.0)

FINANCIAL PERFORMANCE ANALYSIS

Net Revenues

Net Revenues decreased by US\$75 million, 13.7% lower to US\$476.8 million from US\$552.2 million in Q1 2019, mainly reflecting lower average sales product prices to US\$865/T from US\$999/T in Q1 2019 of which Ethylene and Polyethylene prices dropped sharply to US\$713/T and US\$874/T from US\$948/T and US\$1,180 respectively. In addition, our sales volume remained relatively stable at level of 551KT in Q1 2020.

Cost of Revenues

Cost of Revenues remained stable US\$493.4 million from US\$490.3 million in Q1 2019 largely due to higher feedstock volume as a result of increased production capacity, offset by a decrease in Naphtha price to an average of US\$521/MT from US\$533/MT in Q1 2019 driven by lower Brent crude oil prices (20% decline year-on-year to an average of US\$50/bbl against US\$63/bbl in Q1 2019).

As a result of the above, Gross Profit for three months of 2020 was -US\$16.6 million, 126.8% lower than Q1 2019.

EBITDA

EBITDA declined by 120.4% to -US\$13.5 million from US\$66.1 million in Q1 2019 driven by lower petrochemical margins due to global supply additions coupled with feedstock prices volatility, weak trade demand for polymers due to the US-China trade war, and weak macroeconomic environment due to the global Covid-19 pandemic.

Net Profit After Tax

The Company recorded -US\$17.5 million Net Profit After Tax in Q1 2020 compared to US\$17.6 million in same period last year. The US\$35 million reduction is largely attributable to weaker gross profit (-US\$78 million), offset by income tax benefit (US\$33 million) with the reduction of Indonesia corporate income tax rate from 25% to 22% resulting in a reduction of Deferred Tax Liabilities.

Total Assets

Total Assets decreased by 1.4% to US\$3,403.7 million as of 31 March 2020, against US\$3,451.2 million on 31 December 2019 largely due to lower account receivables reflecting soft lower average selling prices.

Total Liabilities

Total Liabilities shrunk to US\$1,665.3 million from US\$1,690.2 in Q1 2019 mainly due to lower account payable at US\$585.3 million coupled with lower deferred tax liabilities at US\$114.7 million with the change in Indonesia's corporate income tax rate, offset by higher interest bearing debt at US\$885.2 million and working capital credit facility of US\$75 million.

As of March 31, 2020, the Company had a total debt position of US\$885.2 million, against a cash and cash equivalents balance of US\$623.9 million, resulting in an overall net debt position of US\$261.3 million. Net Debt to EBITDA stood at 2.6x.

Cash Flows from Operating Activities

Net cash used in Operating activities was US\$101.7 million in Q1 2020 against US\$177.4 million in Q1 2019, due to lower cash paid to suppliers.

Cash Flows from Investing Activities

Net cash used in Investing activities decreased by 41.9% to US\$37.9 million in Q1 2020 from US\$65.3 million in Q1 2019, with most capex projects largely completed and only channeled towards the ongoing MTBE-B1 plant expansion.

Cash Flows from Financing Activities

Net cash provided from Financing activities was US\$103.4 million in Q1 2020 against US\$63.8 million in Q1 2019 due to proceeds from IDR Bond Shelf Registration 2 Phase III in February 2020 totaling IDR750 billion (USD54 million equivalent), partially offset by principal repayments.

MARKET CONDITIONS Q1 2020

Brent crude price dropped to US\$51/bbl in Q1 2020 from US\$59/bbl in Q4 2019 on the back of bearish demand sentiment due to global economy slowdown and the Covid-19 outbreak, higher inventory on rising output and failed OPEC+ supply cut agreement in March.

Naphtha price in Q1 2020 decreased to US\$437/MT from an average US\$516/MT in Q4 2019 due to weaker crude oil prices & gasoline markets, sluggish cracking demand caused by strict restrictions amid Covid-19 crisis and pressured regional market due to higher inflows of arbitrage cargoes from US & EU to Asia.

Ethylene price declined to US\$684/MT in Q1 2020 from US\$752/MT in Q4 2019 due to subdued demand amid Covid-19 pandemic, ample finished goods inventories in line with several downstream units running at lower rate or shutdown. Rising deep-sea cargo arrivals from EU & Brazil with limited purchase from buyers amid uncertainties.

Polymer price decreased in Q1 2020 to US\$888/MT for Polyethylene and US\$988/MT for Polypropylene. Weaker Polyethylene prices were driven by weak sentiment due to tumbling oil prices and Covid-19 which resulted in anticipated global recession and softer China's import market. Polypropylene prices softened due to thin trading as buyers remain cautious, abundant inventory in the market.

Butadiene price decreased to US\$790/MT in Q1 2020 from US\$976/MT in Q4 2019 on the back of limited transactions amid weak oil prices followed by lackluster demand from synthetic rubber and ABS markets on plummeting global automotive trades due to pandemic, as well as abundant supply from Chinese petrochemical producers resumed operations in March.

Styrene Monomer price decreased to US\$803/MT in Q1 2020 from US\$885/MT in Q4 2019, due to ample supply as new Styrene Monomer plant started up in China amid low downstream operations across Asia. Energy values were falling followed by sluggish demand on extended CNY holiday amid the Covid-19 pandemic.

CORPORATE NEWS



Chandra Asri Donates Books and Bookshelves to Support Literacy

On 12 March 2020, the Company through its Literacy Corner Program donated books and bookshelves to seven schools located in the area around the Company's operations, consisting of 4 Kindergartens (PAUD) and 3 Elementary Schools. A total of 499 books were donated for this program as a part of a targeted initiative to increase literacy starting at an early stage.



Chandra Asri Donates Thousands of COVID-19 Rapid Test Kit and Mask to National Disaster Response Agency

On 26 March 2020, the Company donates 20,000 rapid test kits; 14,000 surgical masks; and 20,000 N95 masks for COVID-19 response to the National Disaster Response Agency (BNPB). Some of the test kits will also be given to hospitals in Banten area such as Rumah Sakit Umum Daerah (RSUD) Tangerang, RSUD Serang, and RS Krakatau Medika.



Chandra Asri & Sulfindo Adiusaha Distributed Thousands of Medical Equipment to Several Hospitals in Banten and Jakarta

On 9 April 2020, the Company & Sulfindo Adiusaha distributed thousands of medical equipment such as rapid test equipment, protective clothing, masks and gloves to several hospitals in Banten and Jakarta.



Chandra Asri in Collaboration with Mpojin Donated Water Tanks to Central Java

On 16 April 2020, the Company collaborated with Mpojin donated 135 water tanks to Central Java. This collaboration was created because of the important role of plastic water tanks that are durable, sturdy, and can protect from germs, bacteria, also viruses. These water tanks will be used as a handwashing facility in schools by the city and district governments in Central Java to maintain the hygiene of the students to avoid transmission of COVID-19.



Chandra Asri Donates Thousands of Food Packages to Communities around Wisma Barito

On 24 April 2020, the Company donated thousands of food packages to the communities around Wisma Barito Pacific, Jakarta. This support is intended to help and support communities around the office area in dealing with the COVID-19 pandemic in the holy month of Ramadan.



Chandra Asri Produces Raw Materials of Protective Medical Clothing and Surgical Mask to Meet Domestic Demand

The current COVID-19 pandemic has caused a surge in protective clothing and surgical mask demand. The Company is committed to ensure sufficient domestic supply through its particular type of non-woven Polypropylene, HS35NW that has received the national standardization approval "Standar Nasional Indonesia (SNI)" and Halal Certification.



Chandra Asri Distributes Local Rice from Serang to Help Affected Communities of COVID-19

On 5 May 2020, the Company distributed rice packages to 1,100 families in several villages in the Anyer district and Task Force of COVID-19 in Gunung Sugih, Ciwandan sub-district. As an effort to empower local farmers, Chandra Asri donated Jaseng rice, which is a harvested from local farmers in Serang. In addition, the Company also distributed masks to the community as a preventive measure to slow the rate of transmission of COVID-19 in Cilegon and Serang.



Chandra Asri Distributes Food Packages for Scavengers in Greater Jakarta Area

On 11 May 2020, the Company together with Ikatan Pemulung Indonesia (IPI) donated thousands of food packages to the scavengers in Jakarta metropolitan area. Scavengers are an informal sector that is important in the plastics recycling chain. Therefore, the Company always supports IPI to continuously increase the level of plastic recycling and reduce unmanaged plastic waste.



Chandra Asri Signed a Term Loan Facility Agreement with PermataBank

On 18 May 2020, the Company partnered with PT Bank Permata Tbk to sign a US\$70 million Term Loan Credit Facility Agreement. This partnership is part of the commitment to support Indonesia's economic growth through domestic industry financing amid the challenges of the COVID-19 pandemic. This Term Loan Facility will be used to finance General Corporate Purpose, Annual/ Regular Capital Expenditure (CAPEX), Operating Expense, and/or Refinancing Requirements.



Chandra Asri is Reaffirmed at BB- with Stable Outlook, by Fitch Ratings

On 20 May 2020, the Company's credit rating was reaffirmed by Fitch Ratings at 'BB-' with Stable Outlook. The international credit rating agency also affirmed the Company's senior unsecured US Dollar Bond at 'BB-'.