

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 polypropylene 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 ENDED SEPTEMBER 30, 2019

On 23 December 2019, PT Chandra Asri Petrochemical Tbk (IDX: TPIA) released its audited consolidated financial statements for the nine months of 2019, in line with planned corporate actions. The Company recorded Net Revenues of US\$1,387.6 million.

The Company's Director, Suryandi, commented:

"Our financial performance over the nine months of 2019 reflects a softer global macroeconomic environment, and the planned Turnaround Maintenance (TAM) of our plants over August and September 2019 to tie in with our new PE and PP capacities coming on stream.

We have successfully executed our TAM, started-up our 400 KTA new Polyethylene plant and created additional 110KTA Polypropylene capacity through debottlenecking. All this was done smoothly, ahead of schedule and within budget; and a new safety track-record of 44 million work hours without any Lost Time Accident.

We achieved a year-to-date September 2019 EBITDA of US\$155 million, despite lower petrochemical industry margins. Our strategic intent to maintain strong liquidity and financial flexibility remains robust, with a cash balance of US\$569 million as of September 30th, 2019.

We continue to make solid progress towards taking Final Investment Decision on our CAP 2 project, to construct a second cracker complex that will deliver exponential growth and contribute towards improving the domestic supply of petrochemical products, to reduce imports and improve Indonesia's balance of payments."

9M2019 FINANCIAL HIGHLIGHTS:

- Net Revenues decreased by 29.3% to US\$1,387.6 million from US\$1,962.3 million in 9M2018 as a result of lower sales volume due to scheduled TAM, coupled with lower average sales prices, primarily for Ethylene and Polyethylene.
- Cost of Revenues decreased by 24.5% to US\$1,220.3 million from US\$1,617.1 million in 9M2018 largely due to lower feedstock cost, primarily Naphtha which decreased to an average of US\$543/MT from US\$646/MT in 9M2018, reflecting lower Brent crude oil prices which contracted to an average of US\$65/bbl in 9M2019 compared to US\$73/bbl in 9M2018.
- EBITDA declined by 53.9% to US\$155.4 million from US\$337.4 million for 9M2018 driven by lower petrochemical margins, with new supply capacity addition in US and China, and subdued trade demand for polymers in finished good exports due to the ongoing Sino-US trade war.
- Net Profit After Tax amounted to US\$32.1 million, lower by 81.1% from the 9M2018 figure of US\$169.7 million. The US\$137.7 million reduction is largely attributable to compressing margins (-US\$178 million), offset by lower tax expenses (-US\$45 million).
- Robust balance sheet with Net Debt to EBITDA at 1.2X, and strong liquidity with US\$569 million in cash and cash equivalents.
- Turnaround Maintenance 2019 a Success – Safe (0 LTA), Smooth (Vertical start up), Ahead of Time (51 vs 55 days), Under Budget (\$4m below plan).

US\$ million, unless otherwise stated	9M2019	9M2018	% change
Net Revenues	1,387.6	1,962.3	(29.3)
Cost of Revenues	1,220.3	1,617.1	(24.5)
Gross Profit	167.3	345.2	(51.5)
Net Profit After Tax	32.1	169.7	(81.1)
EBITDA	155.4	337.4	(53.9)
Cash Flows from (used in) Operating Activities	(17.8)	164.9	(110.8)
Capital Investments	272.8	208.7	30.7
Dividends Paid	26.6	52.1	(49.0)
Earnings per share (US\$)	0.0018	0.0095	(81.5)
US\$ million, unless otherwise stated	9M2019	FY2018	% change
Total Assets	3,175.2	3,173.5	0.1
Total Liabilities	1,398.3	1,403.4	-0.4
Shareholders' Equity	1,776.9	1,770.1	0.4
Interest Bearing Debt	823.5	618.2	33.2
Cash & Cash Equivalents	569.2	726.7	(21.7)
Net Debt / (Cash)	254.2	(108.5)	(334.3)

Financial Ratios

	9M2019	9M2018	% change
Gross Profit Margin	12.1%	17.6%	(31.5)
EBITDA Margin	11.2%	17.2%	(34.8)
Interest service coverage (x)	3.7	5.7	(34.7)
Debt to Capitalization	32%	25%	27.8
Debt to EBITDA (x) - LTM	3.7	1.3	190.5
Net Debt/ (Cash) to EBITDA (x) – LTM	1.2	(0.2)	N/A

Business Segments

In US\$ million	Revenues		
	9M2019	9M2018	% change
Olefins	315.9	596.1	(47.0)
Polyolefins	644.9	902.7	(28.6)
Styrene Monomer	286.0	315.7	(9.4)
Butadiene	133.2	139.8	(4.8)
Tanks and Jetty Rental	7.7	8.0	(4.0)
Consolidated	1,387.6	1,962.3	(29.3)

In US\$ million	Gross Profit		
	9M2019	9M2018	% change
Olefins	28.6	140.1	(79.6)
Polyolefins	89.3	157.1	(43.2)
Styrene Monomer	35.1	33.4	5.0
Butadiene	8.7	7.7	12.9
Tanks and Jetty Rental	5.7	7.0	(18.1)
Consolidated	167.3	345.2	(51.5)

FINANCIAL PERFORMANCE ANALYSIS

Net Revenues

Net Revenues decreased by US\$575 million, 29.3% lower from US\$1,962.3 million in 9M2018 to US\$1,387.6 million in 9M2019, firstly reflecting lower sales volume due to reduced operating activities as a result of TAM over August-September 2019, with sales volume at 1,394KT (9M2019) vs 1,619KT (9M2018). Secondly, realized average sales prices were lower this year, primarily for Ethylene and Polyethylene (average sales prices 9M2019 US\$996 vs US\$1,212 in 9M2018).

Cost of Revenues

Cost of Revenues decreased by US\$397 million, 24.5% lower from US\$1,617.1 million in 9M2018 to US\$1,220.3 million in 9M2019, mainly due to lower feedstock costs, primarily Naphtha, which declined by some 16% from US\$646/ton to US\$543/ton in 9M2019 on the back of lower Brent crude oil prices by 11% year-on-year.

As a result of the above, Gross Profit for the first 9 months of 2019 was US\$167.3 million, 51.5% lower than 9M2018.

EBITDA

EBITDA declined by US\$182 million, from US\$337.4 million in 9M2018 to US\$155.4 million in 9M2019 largely due to the lower Gross Profit reflecting moderating petrochemical industry margins, in an environment of new supply capacity addition in US and China, and subdued trade demand for polymers in finished good exports due to the ongoing Sino-US trade war.

Net Profit After Tax

The Company recorded US\$32.1 million of Net Profit After Tax in 9M2019, compared to US\$169.7 million in same period last year. The US\$138 million reduction in Net Profit After Tax is largely attributable to lower gross profit (-US\$178 million), offset by lower income tax expenses (-US\$45 million).

Total Assets

Total Assets remained stable at US\$3,175.2 million as of 30 September 2019, against US\$3,173.5 million on 31 December 2018 with continued growth of investment in fixed assets for the projects due to come onstream to support continued expansion.

Total Liabilities

Total Liabilities slightly declined from US\$1,403.4 million in FY2018 to US\$1,398.3 million in 9M2019 mainly due to lower trade accounts payable, partially offset by higher interest-bearing debt of US\$205.3 million in 9M2019 mostly contributed by the drawdown of the export credit facility from the Japan Bank for International Cooperation (JBIC) and issuance of new IDR Bonds - Shelf Registration Bonds II Phase II-2019.

As of September 30, 2019, the Company had a total debt position of US\$823.5 million, against a cash and cash equivalents balance of US\$569.2 million, resulting in an overall net debt position of US\$254.2 million. Net Debt to EBITDA continues to be very favorable at 1.2x.

Cash Flows from Operating Activities

Net cash used in Operating activities was US\$17.8 million in 9M2019 against Net cash provided from Operating activities of US\$164.9 million in 9M2018, due to lower cash receipt from customers attributable to lower sales volume and lower realized sales prices, and inventory build-up over TAM.

Cash Flows from Investing Activities

Net cash used in Investing activities increased by 44% from US\$201.8 million in 9M2018 to US\$290.6 million in 9M2019, largely due to downstream expansions for the New Polyethylene plant, Polypropylene debottlenecking, the ongoing MTBE-B1 plant expansion, CAP 2 Pre-FID spending, and TAM in Q3 2019.

Cash Flows from Financing Activities

Net cash provided from Financing activities was US\$150.9 million in 9M2019 against Net cash used in Financing of US\$118.0 million in 9M2018 due to higher proceeds from bank loans – export credit facility from JBIC of US\$183 million and IDR Bonds-Shelf Registration Bonds II Phase II-2019 issuance of US\$52 million, coupled with lower payment of bank loans and dividends.

MARKET UPDATES

Brent crude price dropped to US\$62/bbl in Q3-2019 from US\$68/bbl in Q2-2019 on the back of slower energy demand growth, soft global economy, partially offset by supply security issues amidst the Middle East geopolitical crisis, OPEC supply-cut, as well as US sanctions on Venezuela and Iran.

Naphtha price in Q3-2019 decreased from an average US\$543/MT in Q2-2019 to US\$496/MT due to falling oil prices and lackluster sentiment amid slower cracking demand during TAM, attractive LPG cracking economics and weaker gasoline demand as the driving season ended.

Ethylene price declined from US\$828/MT in Q2-2019 to US\$804/MT in Q3-2019 driven by subdued derivative demands amid bearish sentiment on ample spot availability, more supply from China's cracker started-up whilst demand from China was disrupted due to pollution warnings in North China.

Polymer price decreased in Q3-2019 to US\$1,020/MT for Polyethylene and US\$1,095/MT for Polypropylene. Weaker Polyethylene prices were driven by sluggish demand for downstream finished-products in South East Asia, subdued China's import market on thin trading amid the US-China trade war. Polypropylene prices softened due to limited transactions and supply pressure amid weak sentiment, with buyers cautious on slow finished-goods demand.

Butadiene price increased from US\$975/MT in Q2-2019 to US\$1,172/MT in Q3-2019 on the back of higher Asian spot demand amid lower inventory in East China, shutdowns in EU, US and Taiwan.

Styrene Monomer price decreased from US\$1,061/MT in Q2-2019 to US\$1,027/MT in Q3-2019, due to longer Styrene Monomer inventory in China and South Korea amid weaker sentiment, sluggish Polystyrene and Expanded Polystyrene markets amid the US-China trade war.

CORPORATE NEWS



CAP and SMI awarded Gold at ISDA 2019

On 6 September 2019, the Company and PT Styrindo Mono Indonesia (SMI), a subsidiary of the Company, won the Gold Award at Indonesia Sustainable Development Goals Awards (ISDA) 2019 organized by the Corporate Forum for Community Development. ISDA is given to companies that are considered in empowering the community through CSR programs that are in line with Sustainable Development Goals (SDGs).



Segregate Our Waste Like Japanese Culture at Jak-Japan Matsuri Festival 2019

On 7-8 September 2019, the Company joined Jak-Japan Matsuri Festival 2019 to socialize Let's Segregate Our Waste, Like Japanese Culture. This is a pleasant form of education on the proper waste management system which is crowded with young people who are the main target in behavior change in waste management.



CAP Supports Community-Based Waste Management Industry

On 12 September 2019, the Company inaugurated its waste recycling facility, known as Zero Waste Management Industry (IPS Masaro) in Cilegon. IPS Masaro is a waste management concept (Segregate-Transport-Process) where all waste collected is processed, leaving zero waste. Organic waste will be processed into liquid fertilizer and mulch, non-organic waste will be processed into fuel, and waste with no economic value will go into an incinerator to produce fuel to operate the machine in IPS Masaro.



CAP Named the Top Community Care in Asia at ACES Award 2019

On 20 September 2019, the Company was named the Top Community Care Company in Asia in the Asia Corporate Excellence & Sustainability (ACES) Award 2019 in Bangkok, Thailand. The Company entered the Sustainability category with the Cisiram Village Renovation (Bedah Kampung) and Plastic Road program in this ceremony initiated by the Mors Group.



Clean Up Movement in World Clean Up Day 2019

On 21 September 2019, the Company participated again in World Clean Up Day 2019. In this clean action activity at the Mangrove Nature Park, North Jakarta, volunteers collected waste and sent it to the waste bank for recycling.



CAP and SMI Received Gold Award at ICQCC Tokyo 2019

On 23-26 September 2019, the Company and PT Styrimdo Mono Indonesia (SMI), a subsidiary of the Company, received the Gold Award which is the highest ranking in the 44th International Convention in QC Circle (ICQCC) held in Tokyo, Japan with the theme “Creating a Brighter Future through TQM and QC Circle Activities”.



CAP Received Awards at APQO International Conference

On 14-16 October 2019, the Company was awarded 3 Stars (the highest award) in the “Contributing to Excellence Competition” at the 25th Asia Pacific Quality Organization (APQO) International Conference held in Legian (Bali) with the theme “Pursuing Excellence, Futureproofing Sustainability”.



CAP Wins Silver Award at OPEXCON 2019

On 7 November 2019, the Company was awarded Silver at the Indonesia Operational Excellence Conference and Award initiated by SHIFT Indonesia. The theme of the event was “OPEX 4.0: Process Excellence, People Transformation & Digital Innovation”.



SMI Rebuilt PAUD Al-Hikmah in Puloampel

On 11 November 2019, the Company through its subsidiary, SMI, rebuilt an Early Childhood Care and Education Center (“Pendidikan Anak Usia Dini” in Indonesian / PAUD) named PAUD Al-Hikmah. This PAUD is the third after PAUD Barokah 1 and PAUD Widuri in Ciwandan District, Cilegon City.



Extraordinary General Meeting of Shareholders (EGMS) and Public Expose 2019

On 15 November 2019, the Company held its EGMS followed by a Public Expose 2019. In this meeting the Shareholders approved the merger between the Company and its subsidiary, PT Petrokimia Butadiene Indonesia to integrate the overall production process, enhance product mapping and improve procurement and accounting synergies, to improve overall operational performance so as to create a more synergistic, stronger and more efficient company.



CAP and SMI Received Award Again at TKMPN XXIII

On 18-22 November 2019, the Company was awarded the Platinum Award and Gold Award at the 23rd National Quality & Productivity Gathering (TKMPN) held in Solo City. The theme is 'With Our Spirit of Innovation Improving Quality and Productivity in Supporting Industry Era 4.0'.



CAP Participated in Plaspak 2019

On 20-23 November 2019, the Company participated in the largest plastic exhibition in Indonesia, Plaspak 2019. The Company launched its new theme, 'Your Growth Partner' and presented a mini-seminar, called Tech-Talk which outlines the use of LLDPE for low voltage cable applications to support infrastructure projects; and the plans of the Company to support the growth of the automotive industry in Indonesia.



CAP Received Three Awards at HR Excellence Awards 2019

On 21 November 2019, the Company received three awards at the HR Excellence Awards 2019 held by HumanResources Online. The Company won 3 out of 5 categories in participated in, namely silver for Excellence in Leadership Development category, gold for Excellence in Team Collaboration category, and HR Leader of the Year.



Asphalt Plastic Inauguration Along 19 Km with Cilegon City Government

On 25 November 2019, the Company together with Cilegon City Government inaugurated 19 kilometers of plastic asphalt road, spread across 34 points in Cilegon City, as part of the Company's efforts as a growth partner to the government in the management of plastic waste. The Company provided 16.5 tons of High Density Polyethylene (HDPE) waste for the asphalt mixture.



President Jokowi Officiated the New Polyethylene Plant

On 6 December 2019, the President of the Republic of Indonesia, Mr. Joko Widodo (Jokowi), officiated the Company's new Polyethylene (PE) plant at Chandra Asri's petrochemical complex in Cilegon. This new PE plant provides an additional capacity of 400 KTA, bringing the total capacity to 736 KTA. The Company's effort in capacity building is intended to take part in reducing the import of petrochemical materials and support the national economy.