

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

Jakarta, 17 March 2020



CHANDRA ASRI PETROCHEMICAL ANNOUNCES RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2019

On 17 March 2020, PT Chandra Asri Petrochemical Tbk (IDX: TPIA) released its audited consolidated financial statements for the full year of 2019. The Company recorded Net Revenues of US\$1,880.9 million.

The Company's Director, Suryandi, commented:

"In 2019, we successfully increased our total production capacity by 603 KTA to 4,061 KTA, thanks to our plant debottlenecking projects and the newly-constructed 400 KTA Polyethylene plant. Not only were we able to complete our capacity expansion projects on time and within budget, we were able to execute the planned Turnaround Maintenance (TAM) of our plants in August-September 2019 safely with a vertical start-up.

2019 presented challenging macroeconomic conditions, with the trade war, geopolitical uncertainty, and declining petrochemical product margins due to increased supply capacity. Despite these challenges, we achieved a full year 2019 EBITDA of US\$180 million. We remain fully committed to maintaining strong liquidity and financial flexibility, with a cash balance of US\$660 million as of December 31st, 2019.

We believe in the strong and attractive prospects of the petrochemical industry in Indonesia. Our intention to expand and develop our second petrochemical complex remains unchanged, and the pace will be subject to the stage-gated approach we have consistently adopted to ensure prudent and effective deployment of capital, underpinned by a strong equity base in our Balance Sheet."

FY 2019 FINANCIAL HIGHLIGHTS:

- Net Revenues decreased by 26.0% to US\$1,880.9 million from US\$2,543.2 million in FY2018 as a result of lower product average sales prices particularly for Olefins, and lower sales volume due to scheduled Turnaround Maintenance to tie in with a New 400KTA Polyethylene plant and Polypropylene debottlenecking to increase capacity by 110KTA.
- Cost of Revenues decreased by 20.6% to US\$1,709.9 million from US\$2,152.7 million in FY2018 largely due to lower feedstock cost, primarily Naphtha which decreased to an average of US\$542/MT from US\$650/MT in FY2018, reflecting lower Brent crude oil prices which contracted to an average of US\$64/bbl in FY2019 compared to US\$72/bbl in FY2018.
- EBITDA declined by 55.2% to US\$180.1 million from US\$401.7 million for FY2018 driven by lower petrochemical margins, with new supply capacity addition in US and China, and subdued trade demand for polymers in finished goods exports due to the US trade war.
- Net Profit After Tax amounted to US\$23.6 million, lower by 87.0% from the FY2018 figure of US\$182.3 million. The US\$158.7 million reduction is largely attributable to compressed margins (-US\$219 million), offset by lower tax expenses (-US\$57 million).
- Net Debt to EBITDA at 0.7X, and strong liquidity with US\$660 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	FY2019	FY2018	% change
Net Revenues	1,881.0	2,543.2	(26.0)
Cost of Revenues	1,709.9	2,152.7	(20.6)
Gross Profit	171.1	390.5	(56.2)
Net Profit After Tax	23.6	182.3	(87.0)
EBITDA	180.1	401.7	(55.2)
Cash Flows from (used in) Operating Activities	238.1	403.5	(41.0)
Capital Investments	385.2	354.0	8.8
Dividends Paid	33.3	81.7	(59.3)
Earnings per share (US\$)	0.0013	0.0102	(87.3)
US\$ million, unless otherwise stated	FY2019	FY2018	% change
Total Assets	3,451.2	3,173.5	8.8
Total Liabilities	1,690.2	1,403.4	20.4
Shareholders' Equity	1,761.0	1,770.1	(0.5)
Interest Bearing Debt	791.4	618.2	28.0
Cash & Cash Equivalents	660.2	726.7	(9.2)
Net Debt / (Cash)	131.2	(108.5)	(220.9)

Financial Ratios

	FY2019	FY2018	% change
Gross Profit Margin	9.1%	15.4%	(40.8)
EBITDA Margin	9.6%	15.8%	(39.4)
Interest Service Coverage (x)	4.1	8.3	(50.2)
Debt to Capitalization	31%	26%	19.2
Debt to EBITDA (x) - LTM	4.4	1.5	185.5
Net Debt/ (Cash) to EBITDA (x) – LTM	0.7	(0.3)	N/A

Business Segments

In US\$ million	Revenues		
	FY2019	FY2018	% change
Olefins	412.3	733.7	(43.8)
Polyolefins	899.2	1184.2	(24.1)
Styrene Monomer	373.1	411.0	(9.2)
Butadiene	187.5	205.7	(8.9)
Tanks and Jetty Rental	8.9	8.6	3.6
Consolidated	1,881.0	2,543.2	(26.0)

In US\$ million	Gross Profit		
	FY2019	FY2018	% change
Olefins	39.1	145.4	(73.1)
Polyolefins	79.6	189.9	(58.1)
Styrene Monomer	37.5	41.7	(9.9)
Butadiene	8.5	7.3	16.8
Tanks and Jetty Rental	6.4	6.2	2.4
Consolidated	171.1	390.5	(56.2)

FINANCIAL PERFORMANCE ANALYSIS

Net Revenues

Net Revenues decreased by US\$662 million, 26.0% lower from US\$2,543.2 million in FY2018 to US\$1,880.9 million in FY2019, mainly reflecting lower sales volume due to reduced operating activities as a result of TAM over August-September 2019, with sales volume at 1,942KT (FY2019) vs 2,141KT (FY2018). Further, realized average sales prices were lower this year, primarily for Ethylene (average sales prices FY2019 US\$861/T vs US\$1,163/T in FY2018). and Polyethylene (average sales prices FY2019 US\$1047 vs US\$1,412 in FY2018).

Cost of Revenues

Cost of Revenues decreased by US\$443 million, 20.6% lower from US\$2,152.7 million in FY2018 to US\$1,709.9 million in FY2019, mainly due to lower feedstock costs, primarily Naphtha, which declined by some 17% from US\$650/ton to US\$542/ton in FY2019 on the back of lower Brent crude oil prices by 10% year-on-year.

As a result of the above, Gross Profit for twelve months of 2019 was US\$171.1 million, 56.2% lower than FY2018.

EBITDA

EBITDA declined by US\$222 million, from US\$401.7 million in FY2018 to US\$180.1 million in FY2019 largely due to the lower Gross Profit reflecting continued softening petrochemical margins, in an environment of new supply capacity addition in US and China, and subdued demand for polymers in finished good exports due to the ongoing US trade war, as well as lower overall global economic growth.

Net Profit After Tax

The Company recorded US\$23.6 million of Net Profit After Tax in FY2019, compared to US\$182.3 million in same period last year. The US\$159 million reduction in Net Profit After Tax is largely attributable to lower gross profit (-US\$219 million), offset by lower income tax expenses (-US\$57 million).

Total Assets

Total Assets increased by 8.8% to US\$3,451.2 million as of 31 December 2019, against US\$3,173.5 million on 31 December 2018 with continued growth of investment in fixed assets for the projects to support business expansion.

Total Liabilities

Total Liabilities grew from US\$1,403.4 million in FY2018 to US\$1,690.2 million in FY2019 mainly due to higher interest-bearing debt of US\$173.2 million in FY2019 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 December 31, 2019, the Company had a total debt position of US\$791.4 million, against a cash and cash equivalents balance of US\$660.2 million, resulting in an overall net debt position of US\$131.2 million. Net Debt to EBITDA stood at 0.7x.

Cash Flows from Operating Activities

Net cash provided from Operating activities was US\$238.1 million in FY2019 against US\$403.5 million in FY2018, due to lower cash receipt from customers attributable to lower sales volume and lower realized sales prices.

Cash Flows from Investing Activities

Net cash used in Investing activities increased by 11.5% from US\$369.6 million in FY2018 to US\$411.9 million in FY2019, 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\$107.2 million in FY2019 against Net cash used in Financing of US\$149.8 million in FY2018 due to higher proceeds from bank loans – export credit facility from JBIC of US\$191 million and partially offset by lower payment of bank loans and lower dividend payment.

MARKET UPDATES

Brent crude price dropped to US\$59/bbl in Q4-2019 from US\$62/bbl in Q3-2019 on the back of sluggish global economy and uncertainties from the US-China trade war. Geopolitical factors remained high on the agenda, with crises in Middle East and OPEC supply cuts.

Naphtha price in Q4-2019 increased from an average US\$496/MT in Q3-2019 to US\$516/MT due to tighter supply from Middle East and India amid TAM in refineries and higher demand from gasoline blending due to higher LPG cost in winter.

Ethylene price declined from US\$804/MT in Q3-2019 to US\$752/MT in Q4-2019 due to poor derivatives demand especially Polyethylene and Styrene Monomer, as well as longer spot supply due to derivative units outages.

Polymer price decreased in Q4-2019 to US\$892 /MT for Polyethylene and US\$1,062/MT for Polypropylene. Weaker Polyethylene prices were driven by bearish sentiment due to lower Ethylene prices and softer China's import market with more deep-sea cargo arrivals. Polypropylene prices softened due to limited transactions towards year-end, bearish sentiment and lackluster demand.

Butadiene price decreased from US\$1,172/MT in Q3-2019 to US\$976/MT in Q4-2019 on the back of weak derivatives demand from SBR and ABS along lower global economic growth, as well as excess capacity in Japan.

Styrene Monomer price decreased from US\$1,027/MT in Q3-2019 to US\$885/MT in Q4-2019, due to ample supply and softer demand during winter.

CORPORATE NEWS



Chandra Asri and SMI Awarded Green Industry Award 2019

On 27 December 2019, the Company and PT Styrimdo Mono Indonesia (SMI), a subsidiary of the Company, have been awarded another Green Industry Award 2019 from the Ministry of Industry with Level 5 award. Until now, SMI has received the highest award of Green Industry Level 5 for 5 times, while Chandra Asri for 3 times.



Chandra Asri Helps Flood Victims in Banten Province

On 5 January 2020, the Company provided aids for the flood victims in Banten Province consisting of 1,500 packages of sanitary kit and 1,500 packages of baby kit. The aids were officially received by the Governor of Banten Province, Mr. Wahidin Halim. This is one of the Company's form of commitment to become a growth partner for the surrounding community.



SMI Awarded Green Category of PROPER 2019

On 8 January 2020, SMI, a subsidiary of the Company, has been awarded the Green category award in the Corporate Performance Rating Program in Environmental Management (PROPER). This marked the third time achievement for SMI to obtain the Green category.



EGMS Approved to Increase Capital by Pre-emptive Rights

On 5 February 2020, the Company held an Extraordinary General Meeting of Shareholders (EGMS). The Meeting then approved Chandra Asri's plan to increase capital by giving Pre-emptive Rights to the Company's shareholders through the Limited Public Offering III mechanism. In addition, the Meeting also approved the amendment to the provisions of article 4 paragraph (2) of the Company's Articles of Association regarding issued and paid-up capital.



SMI Officially Launches PAUD Al-Hikmah in Puloampel

On 12 February 2020, SMI, a subsidiary of the Company, inaugurated PAUD Al-Hikmah building in collaboration with Happy Hearts Indonesia Foundation. PAUD Al-Hikmah is located in Margasari Village, Puloampel District, Serang Regency.



Chandra Asri Successfully Issued Bonds amounting to IDR750 billion

On 13 February 2020, the Company successfully issued five-year bonds worth IDR750 billion with a coupon of 8.70%. Net proceeds obtained by the Company will be used for working capital purposes. The issuance of Shelf Registration Bonds II Chandra Asri Petrochemical Stage III Year 2020 has attracted many employees, suppliers, customers and public investors.



Chandra Asri Supports the First Plastic Asphalt in Semarang

On 17-20 February 2020, the Company supported the first plastic asphalt in Semarang City in collaboration with Dian Nuswantoro University and Semarang City Government. The implementation was held on Yudistira Street to Arjuna Raya Street, Pendrikan Kidul, Central Semarang. This collaboration reflects the Company's commitment to drive circular economy in Indonesia through the processing of plastic waste.



Chandra Asri Cooperates with BPPT for Innovation in Polymer Material Technology

On 24 February 2020, the Company cooperates with the Agency for the Assessment and Application of Technology (BPPT) to develop innovations in the field of polymer material technology. This collaboration has two main pillars namely the development of the latest technology and products as well as the development of initiatives within the framework of a circular economic sustainable program.