



Chandra Asri

PT Chandra Asri Petrochemical Tbk

H1 2023 Results

07 August 2023 Earnings Call

Presentation to Analysts and Investors



Forward-Looking Statement

IMPORTANT NOTICE: This document contains forward-looking statements concerning the financial condition, results of operations and business of PT Chandra Asri Petrochemical Tbk. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

There are a number of factors that could affect the operations and future performance of PT Chandra Asri Petrochemical Tbk, and cause the Company's results to differ from those expressed in the forward looking statements including (a) cyclicity in the petrochemical industry, (b) volatility of the international market prices, (c) fluctuations in feedstock costs, (d) variances to capacities and product expansion plans, (e) increased global and local competitions, (f) unscheduled outages and shutdowns, (g) political and macro-economic risks, (h) trade-regulating actions by international governments, (i) evolving environmental and occupational health and safety laws, (j) dependence on third party providers, (k) approvals to renew permits/approvals/licenses, (l) risks associated with global pandemics e.g. COVID-19 outbreak, and (m) changes in trading conditions.

All forward-looking statements in this document are expressly qualified in their entirety. Readers should not place undue reliance on forward-looking statements. Neither PT Chandra Asri Petrochemical Tbk nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this document.



Agenda

- Summary Highlights
- Performance Overview
- Strategy & Growth
- Questions & Answers



01 Summary Highlights

Summary Highlights

01 POSITIVE NET INCOME OF US\$0.3M & EBITDA OF US\$95M

Chandra Asri continues to remain focused on being a best-in-class operator, with leading safety and performance standards, delivering competitive results ahead of comparable peers.

02 ANOTHER SOLID MILESTONE IN M&A

Increased equity stake in Krakatau Posco Energy (“KPE”) from 10% to 45% with a commitment to partner with Posco to invest up to US\$200m. The Company continues to leverage its competitive strengths and robust balance sheet to grow in the infrastructure space, via a programmatic M&A strategy that complements its petrochemical core.

03 SOLID PROGRESS IN CA-EDC AS PART OF CAP 2

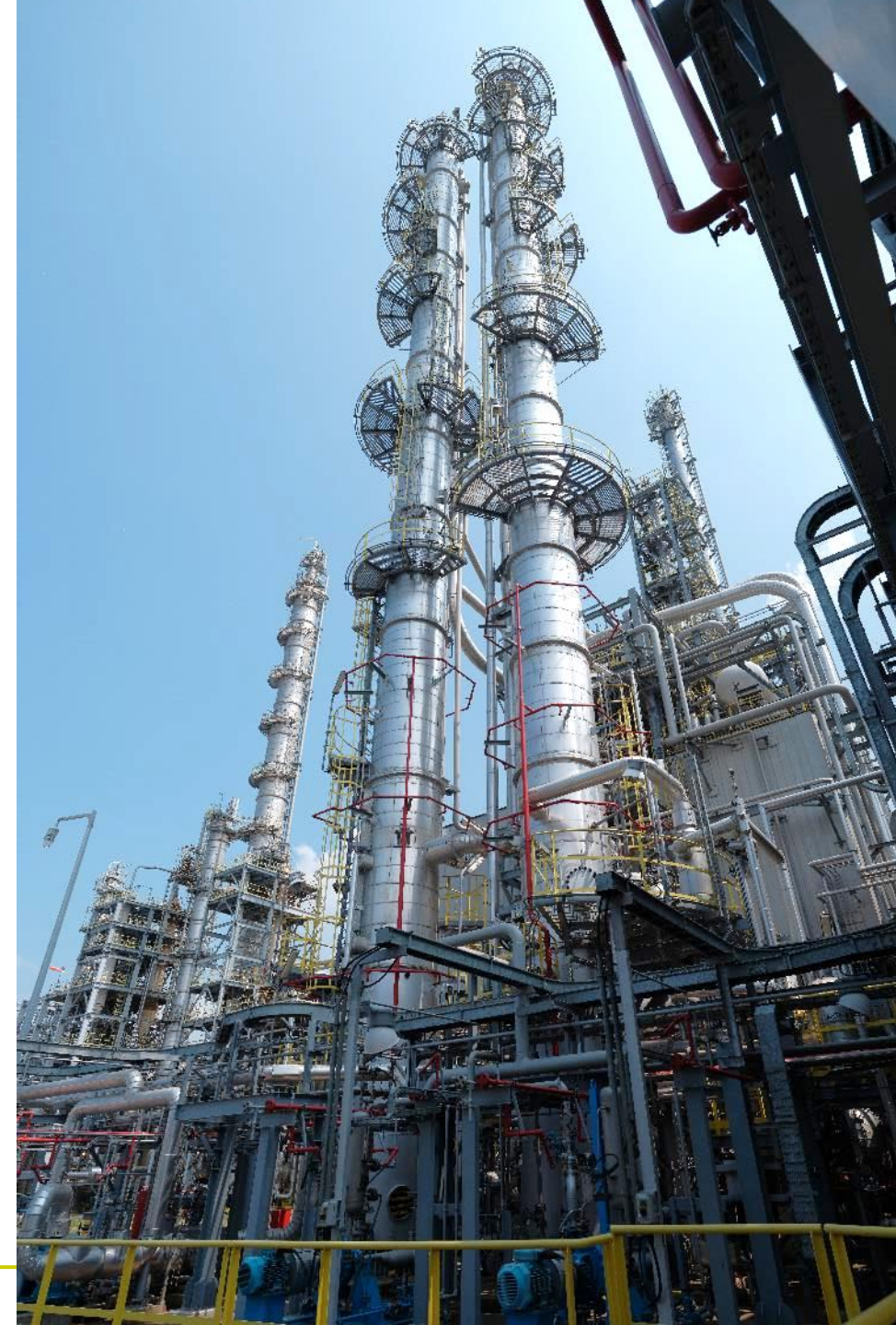
Signed MoU with Indonesia’s sovereign wealth fund, Indonesia Investment Authority (“INA”), for joint development of a Caustic Soda – Ethylene Dichloride plant in Cilegon, as a reconfigured CAP 2 downstream. Appointed Asahi Kasei as CA licensor and leading vinyl technology licensor from USA to develop a world-scale EDC plant.

04 LISTED ON TOP 6 ESG INDEX BY IDX

The Company was incorporated into the IDX ESG Leaders Index as announced by the Indonesia Stock Exchange (IDX), being within the top 1 percentile in the industry group globally, as ranked by Sustainalytics, the international ESG rating agency.

05 ADVANCING DIGITAL TRANSFORMATION

Fortified and cutting-edge: Chandra Asri bolsters IT infrastructure and strengthens cybersecurity posture through the launch of a Security Operations Centre (SOC), partnering with NYSE-listed IT company, DXC Technology (formerly Hewlett Packard’s Enterprise Services).



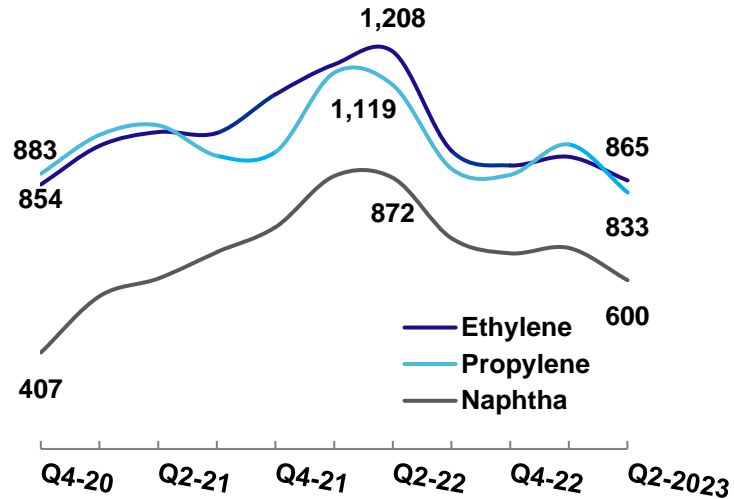


02 Performance Overview

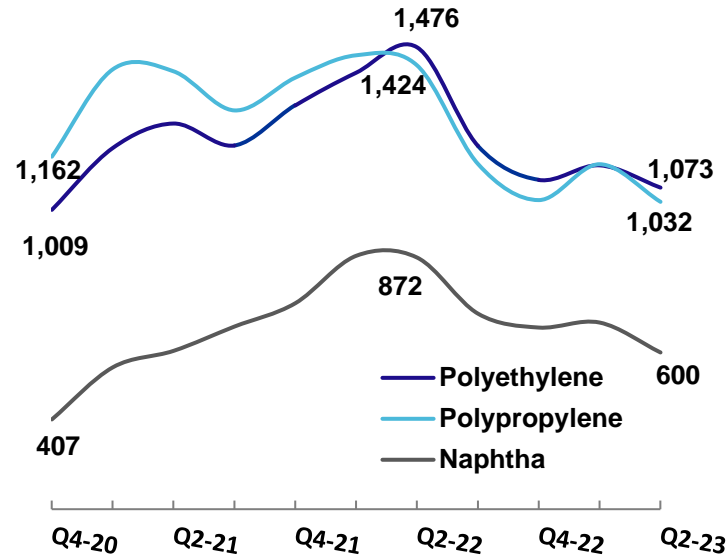
Market Product Prices

Spreads improved in H1 2023 compared to 2022, but with uncertainties ahead

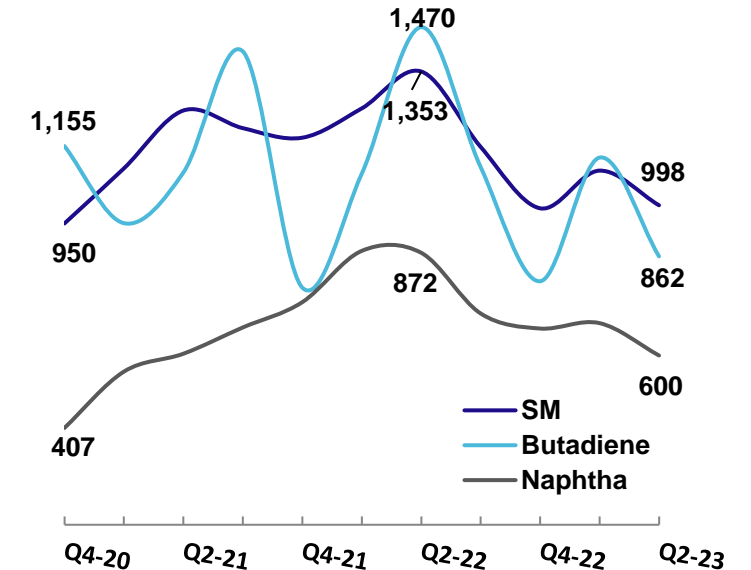
Olefins



Polyolefins



Styrene Monomer (SM) & Butadiene



Naphtha price ↓

Continued drop in oil price & ample supplies to Asian market.

Ethylene price ↓

Persistent bearish sentiment as unhealthy downstream margins continued to stall market demand.

PE price ↓

Demand recovery remains unclear. Inflation and recession in key world's economies continued to weigh on the overall market sentiment.

PP price ↓

Oversupply and seasonal lull in downstream demand continued to weigh on the market sentiment.

SM price ↓

Downstream demand remains tepid as buyers only buys as-needed basis.

BD price ↓

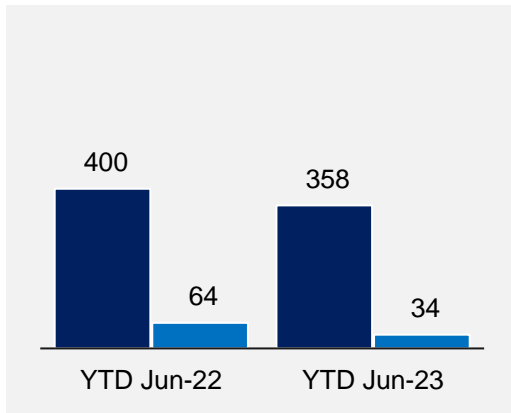
Bearish as more supplies from new plants and weak downstream tyre demand due to off-peak season.

Sources: Market data from ICIS & Chemanalyst

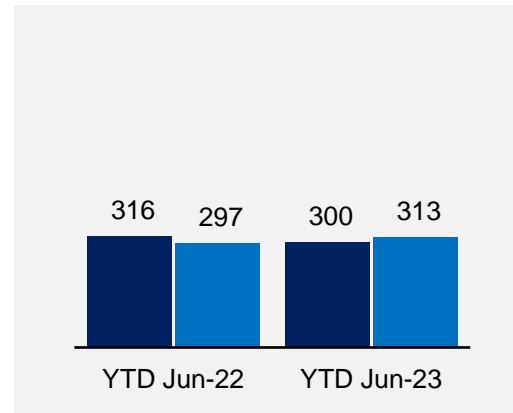
Production and Sales

Sustained production volume to maintain continuous supply to the market

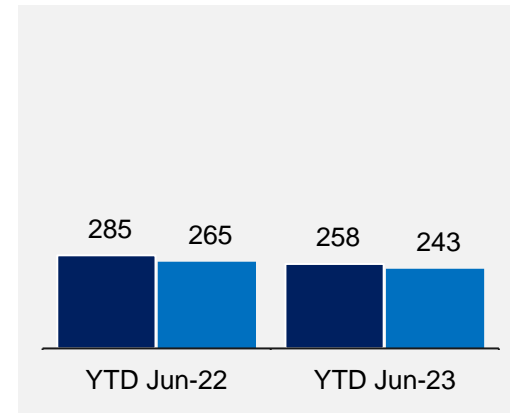
■ Production ■ Sales (all figures in KT)



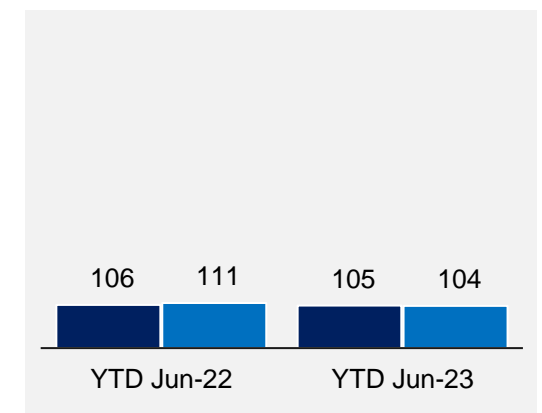
Ethylene Plant⁽¹⁾



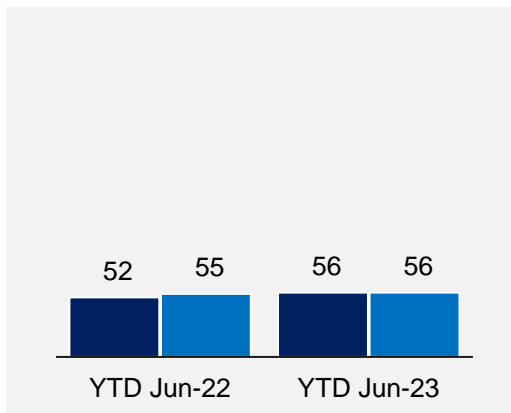
Polyethylene Plant



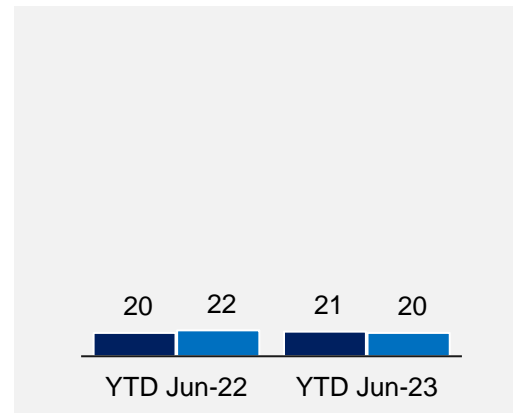
Polypropylene Plant



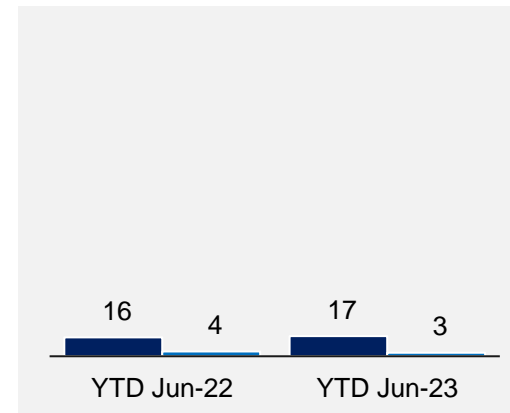
Styrene Monomer Plant



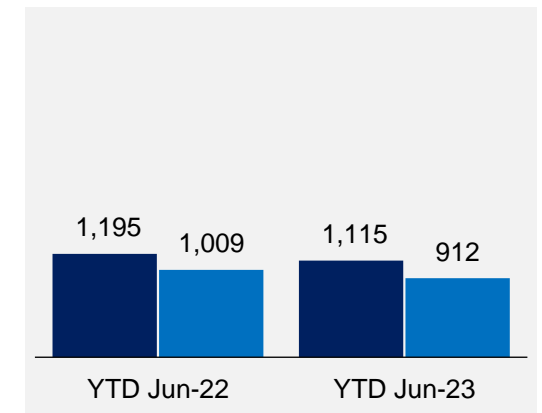
Butadiene Plant



MTBE Plant



Butene-1 Plant⁽²⁾



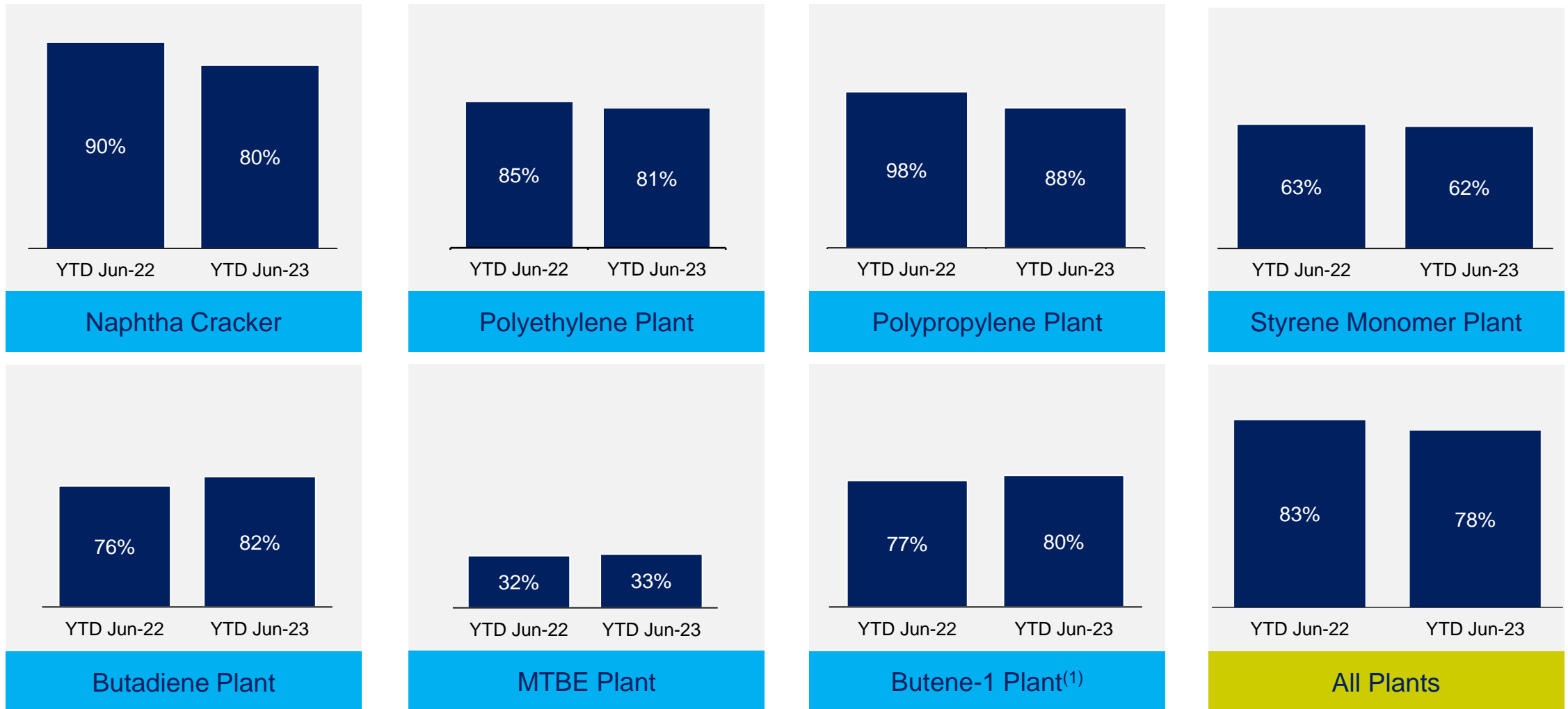
Total Production & Sales Volume

(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plants, while the remaining of Ethylene is sold to merchant market. Since the New Polyethylene plant 400KTA's operation started in Q4 2019, Ethylene is mostly self-consumed as a feedstock for the Polyethylene plant.

(2) Butene-1 (B1) is mainly for internal use as a co-monomer in the Polyethylene production process.

Operating Rates

Maintained robust operating rates amidst market challenges



(1) Whilst B1-MTBE plants are already fully operational, meeting full specifications, the operating rates are subject to fulfilling long-term raffinate off-take agreements that will run until 2023. This is considered as a part of the Final Investment Decision approval process.

ESG Framework

Continuous focus to weave ESG into strategic, financial and operational decisions



Resource use and Environmental Management

Energy Transition and Low Carbon Solution

Social and Community Engagement

Product Stewardship

OHS and Human Right

Nurture our People (Human Capital Development)

Supply Chain Management

I.T. and Security Management

Business Risk Management

Liability on Corporate Governance

ESG Communication and Disclosure (include Stakeholder Engagement)

ESG Recognitions

Notable recognitions for our commitment to environmental, social, and governance practices

Padmamitra Award 2022



Chandra Asri received the **Environmental Conservation & Biodiversity achievement at the Padmamitra Award 2022**, organised by the Indonesian CSR Forum. This award was **handed over directly by the Vice President of the Republic of Indonesia, Prof. Dr. (H.C.) K. H. Ma'ruf Amin**.

Chandra Asri proposed two programs, namely:

- **Mangrove conservation** in the Patikang Lestari Mangrove Edu-Ecotourism Area, Pandeglang
- Community empowerment initiatives through plastic waste management, **the End-To-End Plastic Waste Management**

4 Appreciations at the K3 Award 2023



KDL received appreciations in four categories at the 2023 K3 Awards

- **Zero Accident achievement** (acknowledging the Company's accomplishment of achieving 7,120,320 accident-free work hours)
- **Implementation of Occupational Safety and Health Management Systems (SMK3)** (consistently maintained its previous achievements and obtained a score of 93.37%)
- Awarded the **platinum** title for its outstanding achievements in the **HIV/AIDS** and **COVID-19 Prevention and Control Programs**

2023 Corporate Emissions Transparency Award



Chandra Asri received **two awards at the "2023 Corporate Emissions Transparency Award"** event organised by the Bumi Global Karbon Foundation (BGK Foundation), in collaboration with Investor Magazine from B-Universe, namely:

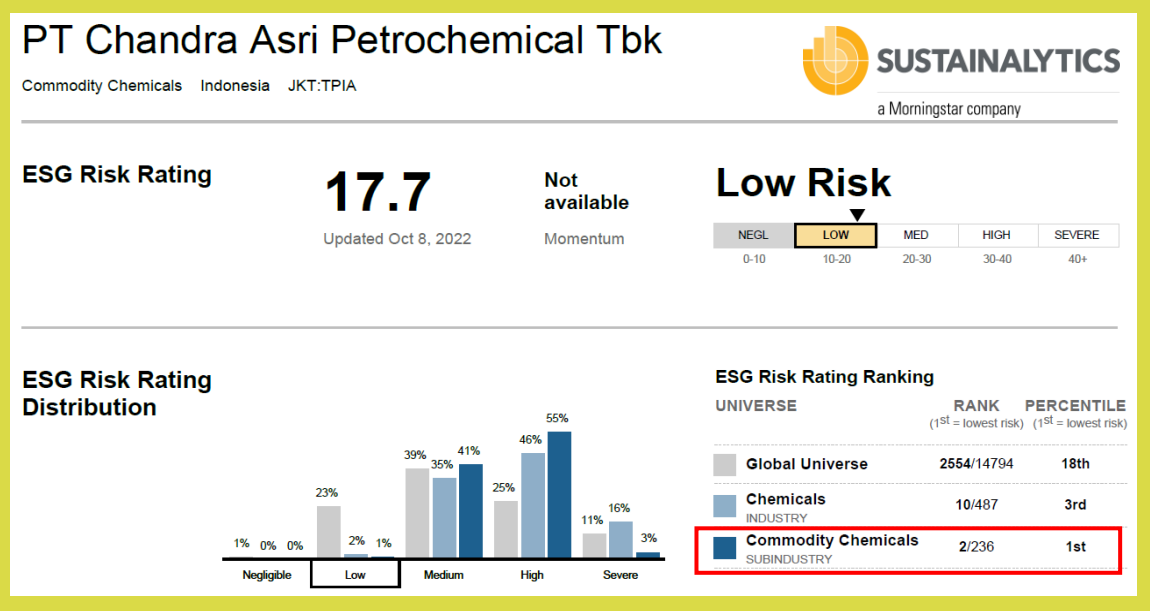
- **2023 Corporate Emissions Reduction Transparency Award in the Green Category**
- **2023 Corporate Emissions Calculation Transparency Award in the Gold Category**

These awards were given to Chandra Asri for its accomplishment in reducing emissions and disclosing the calculation of two emission scopes, as reported in the Sustainability Report 2021.

ESG Excellence Acknowledged: Acclaimed Recognition for Sustainable Impact

Strong ESG rating by renowned rating agency and inclusion in prominent index validates sustainable commitment

Top 1% of the Commodity Chemical Sub-Industry ESG Risk Rating



In October 2022, Chandra Asri successfully received a “Low Risk” ESG Risk Rating with a score of 17.7. This score also placed Chandra Asri in the top 1 percentile in the Global Commodity Chemicals sub-Industry as assessed by Morningstar Sustainalytics.

IDX’s ESG Leaders Index

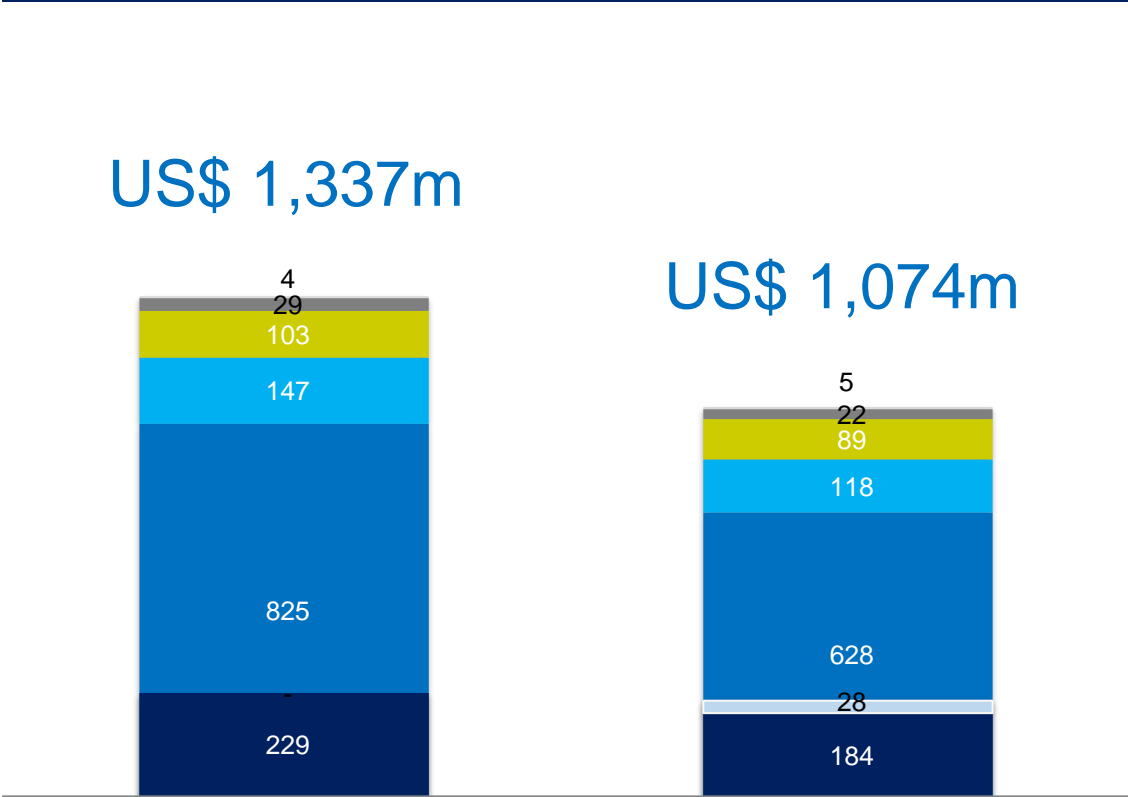
No	Code	Company Name	ESG Score
1	ERAA	PT Erajaya Swasembada Tbk	12.67
2	BSDE	PT Bumi Serpong Damai Tbk	15.09
3	SCMA	PT Surya Citra Media Tbk	15.35
4	EMTK	PT Elang Mahkota Teknologi Tbk	15.7
5	MNCN	PT Media Nusantara Citra Tbk	17.7
6	TPIA	PT Chandra Asri Petrochemical Tbk	18.08
7	BMTR	PT Global Mediacom Tbk	18.14
8	UNVR	PT Unilever Indonesia Tbk	18.8
9	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk	18.84
10	ACES	PT Ace Hardware Indonesia Tbk	18.95

CAP incorporated into the IDX ESG Leaders Index. The Indonesia Stock Exchange (“IDX”) selected the constituents of the IDX ESG Leaders Index by considering several things, one of which was the ESG risk score from Morningstar Sustainalytics.

Revenue

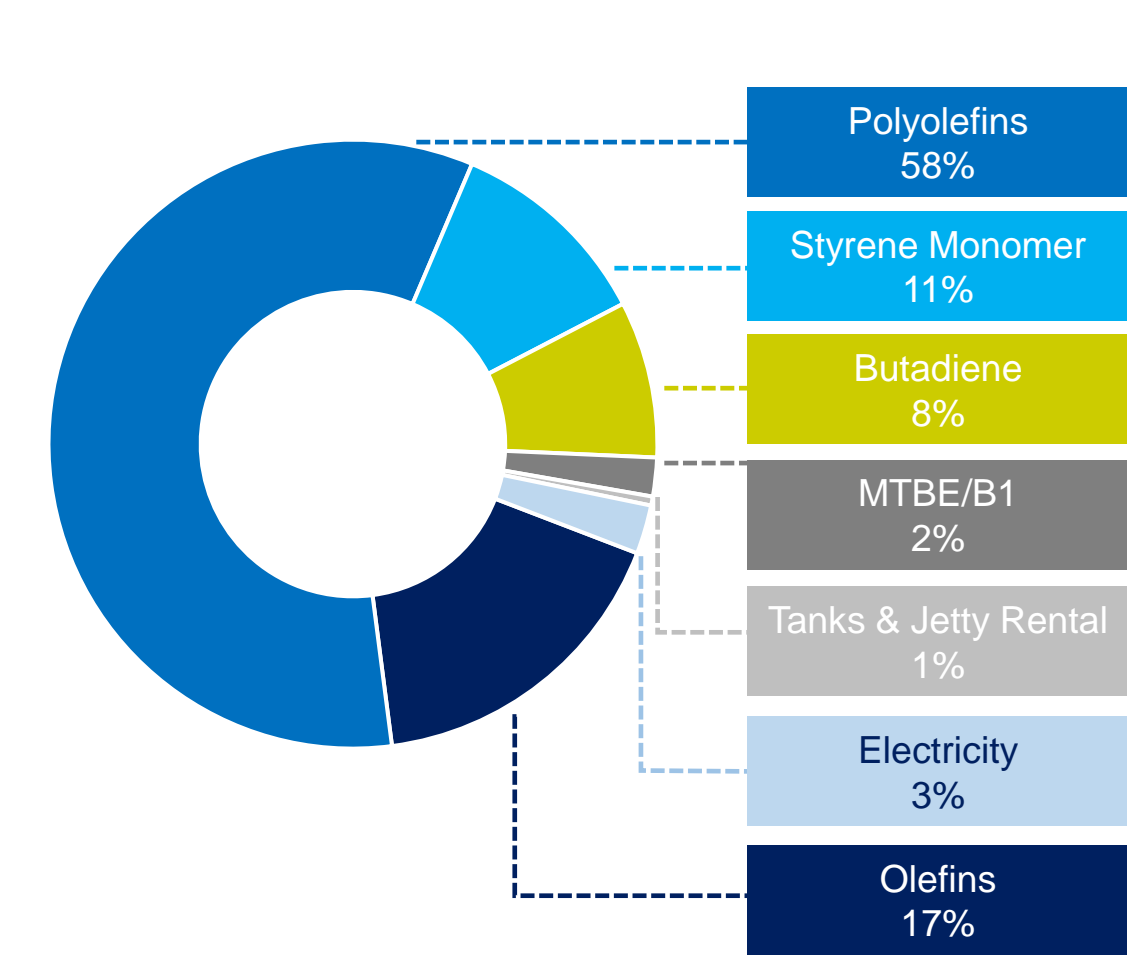
Polyolefins lead as top contributor to healthy revenue level with added electricity revenue

Net Revenues (US\$ m)



■ Polyolefins ■ SM ■ BD ■ MTBE ■ Tanks & Jetty Rental ■ Olefins ■ Electricity

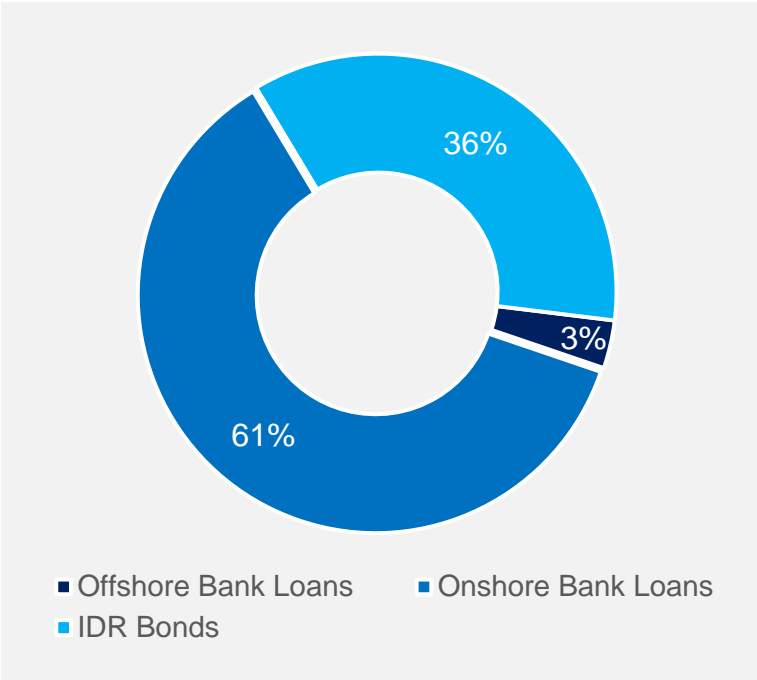
Net Revenues Split (%)



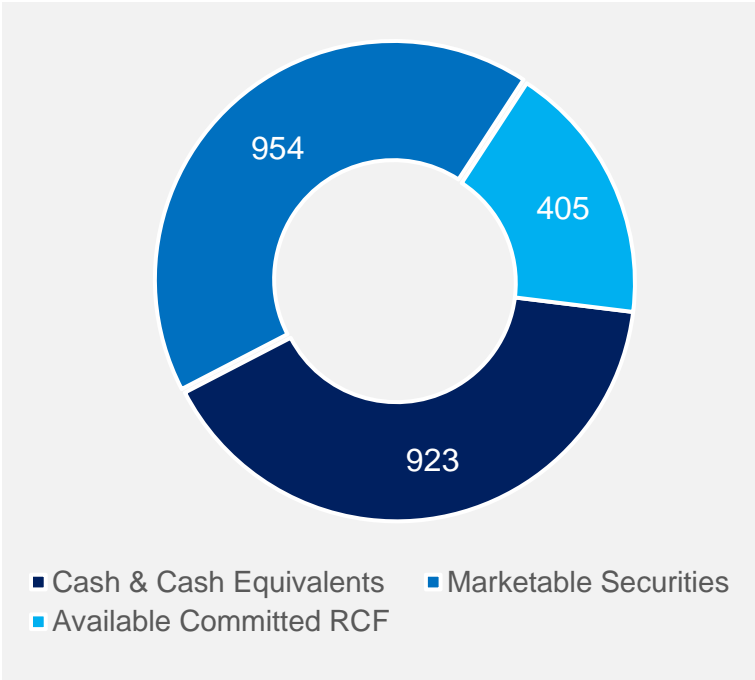
Balance Sheet Highlights

Rock-solid balance sheet underpins financial flexibility and agility

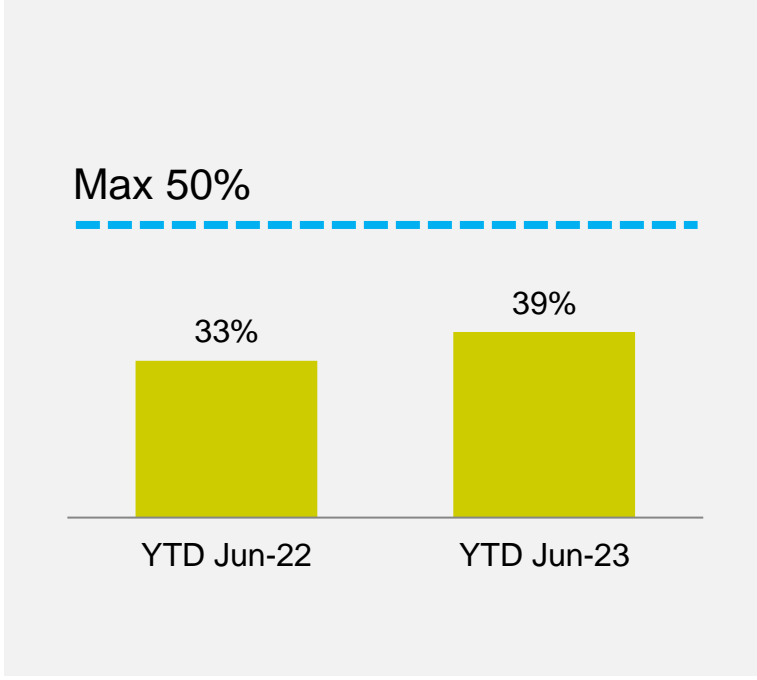
Financing Sources (%)



Liquidity Pool



Debt-to-Capitalization





03 Strategy & Growth

Three Key Strategic Focus Areas

Chandra Asri's Programmatic M&A strategy is geared towards supporting exponential growth

Exponential Growth



Second World-Scale
Complex (CAP 2 / CAA)

Programmatic M&A
via CDI

Sustainability & ESG



Crystallise Framework

Broaden Partnerships

Digital Transformation



New ERP
Implementation

Digital Plant

KPE Overview

KDL's joint venture with POSCO—the global leading steelmaker—in the energy infrastructure sector

A. General



- Established: August 2011
- Key Business Activity: Supply electricity solely for Iron & Steel Making (“ISM”) plant of PT Krakatau Posco (“KP”)
- Headquarter Location: Cilegon

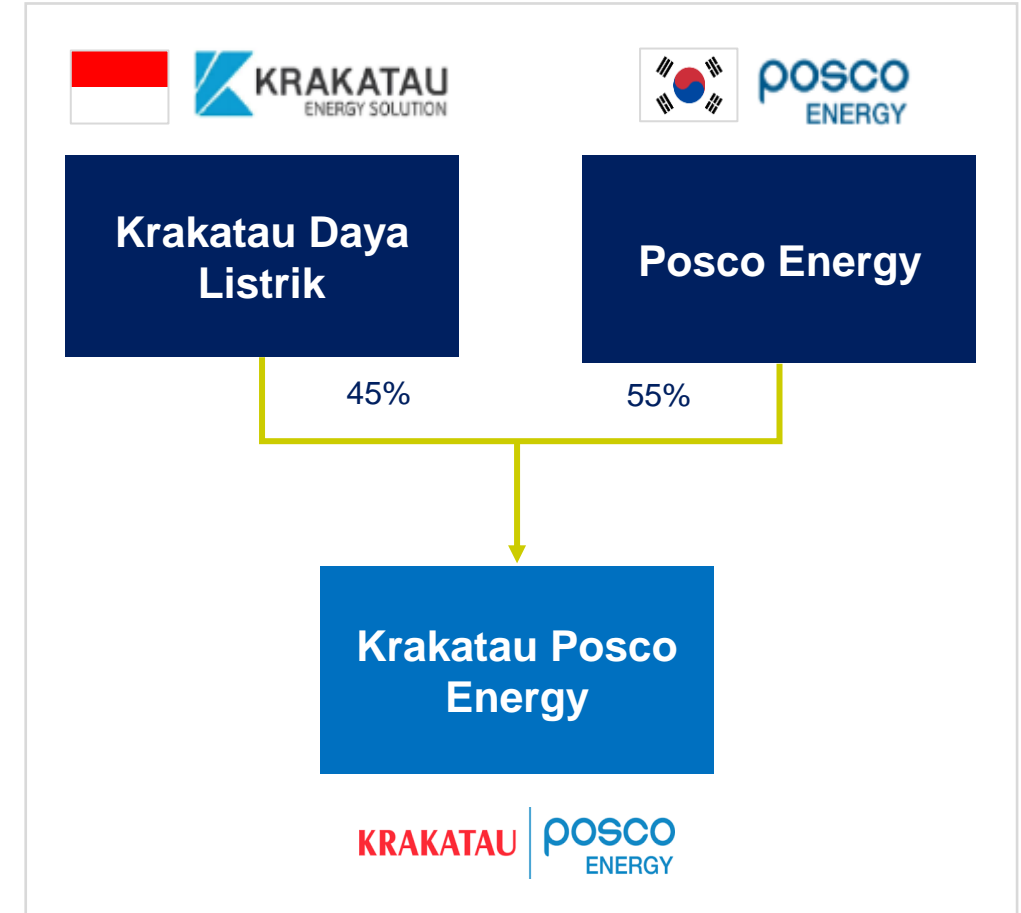
B. Key Assets

- KPE has built a power plant with capacity of 200 MW, which operates using off-gas from KP as its raw material and supporting utilities (e.g. raw water, N₂)
- KPE has a long-term contract agreement with KP that has been extended until 2038



C. Share Investment Structure

KPE is a joint venture between KDL and Posco Energy (“PE”).



Investment in KPE of up to US\$200m

The investment is split into 2 phases – to increase the existing stake and to support expansion plans

Phase 01

KPE Stake Increment

KDL's stake increment in KPE, a joint venture (JV) with Posco the global leading steelmaker, from 10% to 45%.

Phase 02

Expansion of 200MW Power Plant

KDL will co-invest in accordance with its equity stake to support KPE's planned expansion to construct a new 200MW power plant.



- With this growth trajectory, KDL's total power generation capacity will increase to 300MW, consisting of:
- 120 MW from its existing wholly owned combined cycle power plant plus
 - 180 MW from its equity stake in KPE after the planned investment expansion (which is 45% of 400MW)

CAP's 2023 Priorities

Performance underpinned by Chandra Asri's strong track record of execution



CORE BUSINESS

Expand petrochemical & infrastructure business

Cost leadership

Operational excellence



MAJOR PROJECTS

Prepare for the upcoming FID of CA-EDC Plant as part of reconfigured CAP 2

Integrate the newly-acquired companies to realise identified synergies



SUSTAINABLE PATHWAYS

Maintain industry leadership in ESG

Explore partnerships in renewables (HVO and Bio Products)

OPTIMISE VALUE AND SHAREHOLDER RETURNS
“UPLIFT AND SMOOTHEN THE VALUE CURVE”



04 Questions & Answers



Chandra Asri

Thank you

Feel free to reach out to us should you have any questions

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