### PT Chandra Asri Petrochemical Tbk [TPIA.JK]

Anyer, 23-24 September 2016





- 2. Operational & Financial Performance
- 3. Project Updates
- 4. Industry Outlook



## **Company Profile ("CAP")**

- The largest integrated producer of Olefins and Polyolefins in Indonesia.
- Producing plastic raw materials and chemicals used in a variety of everyday consumer products (packaging, pipes, jerry cans, automotive, electronics, shoes, etc.).
- Owns the only Naphtha Cracker, Styrene Monomer, and Butadiene plant in Indonesia.
- The largest producer of Propylene (470KTA) 8
   Polypropylene (480KTA) in Indonesia.
- Sole producer of Ethylene (860KTA); and one of two Polyethylene producers (336KTA) in Indonesia.
- Strategic/adjacent plant location with customers in the industrial estate of Cilegon-Merak.
- Operates 3 Jetty with capacity of DWT 6K, 10K, and 80K within the plant complex to facilitate logistics.
- Backed by strong principal shareholders, Barito Pacific Grup\* (65.2%) and SCG Chemicals (30.5%) as of Aug 2016.



**Integrated Petrochemical Complex** 





Styrene Monomer Plant



Polypropylene Plant



**Butadiene Plant** 

Notes: (\*) Including the ownership of Marigold Resources and Magna Resources. KTA: Kilo tonnes per annum; DWT: Dead-weight ton





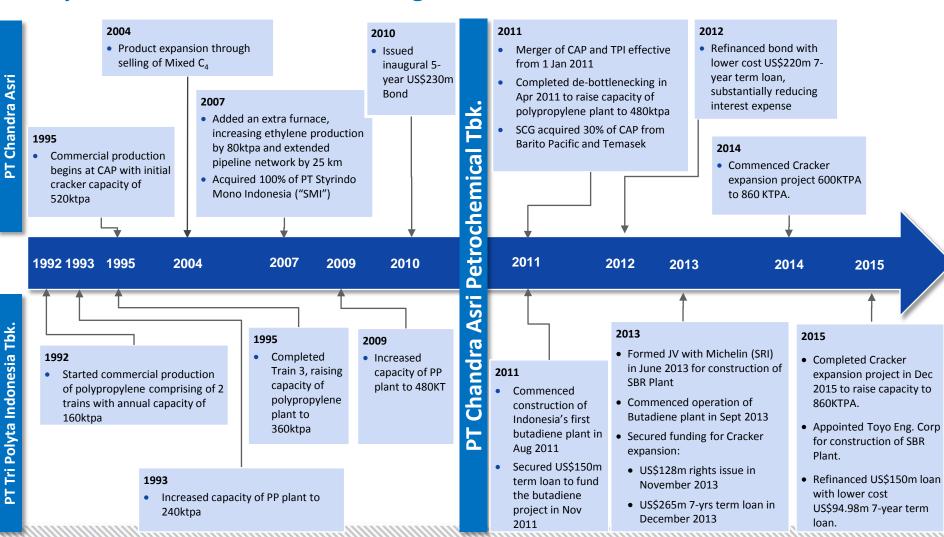
#### **Vision and Business Strategies**

# **Indonesia's Leading and Preferred Petrochemical Company**

- Increase capacity and build on leading market position.
- Expand product offerings and further optimize integration along the petrochemical value chain.
- 3. Develop feedstock advantage to improve cost competitiveness.
- 4. Develop and nurture human capital.
- 5. Leverage owned unique infrastructure and improve premium service to customers.
- 6. Maintain and further improve best-in-class operating standards, cost efficiency, and Safety, Health, and Environment (SHE).



#### 23 years track record of successful growth

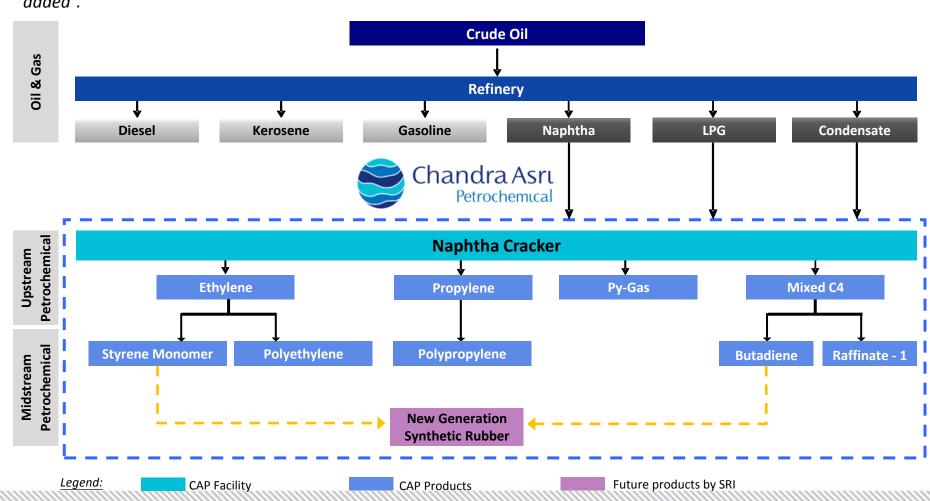


# Chandra Asru Petrochemical

#### 1. Company Profile

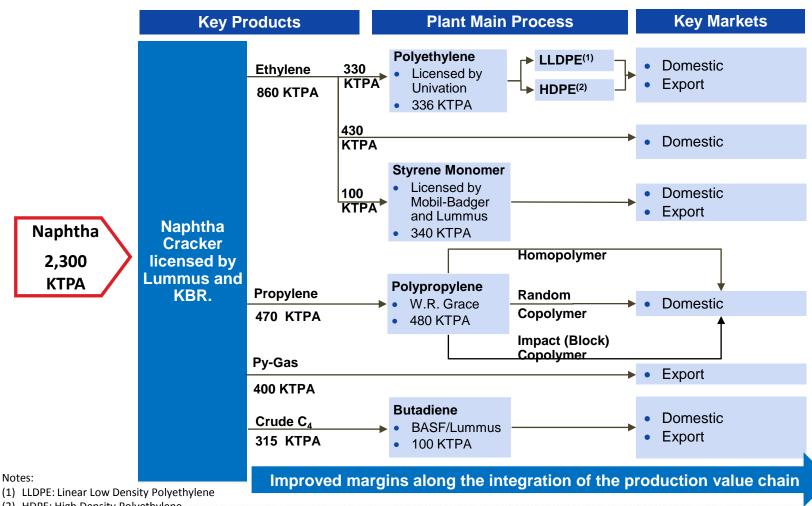
#### **Integrated Business Operations**

"Integrated business operations from upstream to downstream resulting in higher efficiency, lower costs, and value-added".





#### **Integrated Business Operations (cont'd)**



(2) HDPE: High Density Polyethylene



#### **Diverse Product Portfolio**



Net Revenues 1H-2016: US\$882.1 million (100%)

28% 49% 7% 15%

B - 1	-1-0	
PON	olefins/	

**Net Revenues** US\$432 million

**Polyethylene** 



**Polypropylene** 



#### **Olefins**

**Net Revenues** US\$250 million

#### **Ethylene**



Py-Gas



Mixed C<sub>4</sub>

**Propylene** 



#### **Styrene Monomer**

**Net Revenues** US\$131 million





**Butadiene** 

**Net Revenues** US\$64 million



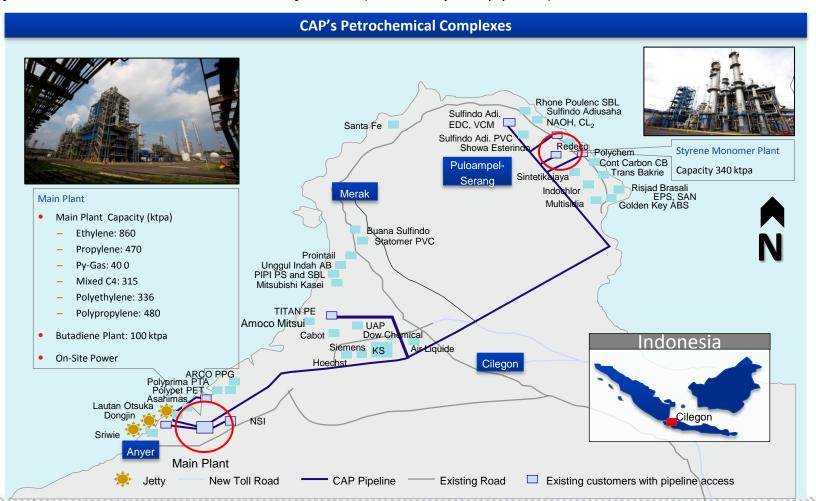


Established PT Synthetic Rubber Indonesia, JV between SMI and Michelin, to build Styrene Butadiene Rubber plant.



#### **Strategic Location**

"Adjacent and interlinked with customer's facilities (45 km Ethylene pipeline)".





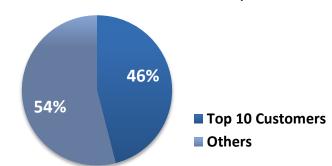


#### **Loyal & Broad Customer Base**

- Diversified clientele. Top 10 Customers contribute 46% of revenues in 1H-2016.
- Key Customers are loyal customers who have long term relationship.
- Convenience for customers who are directly linked with pipes integrated with CAP's production facilities.
- Strong marketing and distribution platform with wide network serving ~300+ Customers.
- Short delivery trend time resulting in pricing premium to market reference prices.

#### **Sales Composition based on Customers**

Total Net Revenues 1H-2016: US\$882.1 million



#### **Key Customers**



















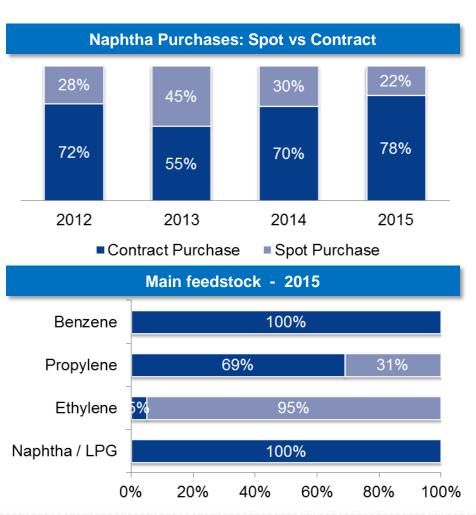




#### Stable and flexible feedstock supply

#### **Feedstock Overview**

- Long-standing and stable business relationships with suppliers.
- No significant interruptions on the feedstock supply.
- Flexibility in feedstock purchases (spot vs. contract) - no single supplier dependence.
- Synergies on joint procurement with SCG.
- Naphtha storage with great capacity.





#### Strong management team with extensive industry experience

#### **Board of Commissioners**

**Djoko Suyanto** 

4 years in industry

1 year with CAP

41 years in industry 5 years with CAP

Tan Ek Kia

Ho Hon Cheong

9 months in industry 9 months with CAP

**Agus Salim Pangestu** 

10 years in industry 9 years with CAP

Loeki Sundjaja Putera

15 years in industry 14 years with CAP

Chaovalit Ekabut<sup>(1)</sup>

11 years in industry 4 years with CAP

Cholanat Yanaranop<sup>(1)</sup>

28 years in industry 4 years with CAP

#### **Senior Management**



13 years in industry 12 years with CAP





Kulachet Dharachandra<sup>(1)</sup> VP Director of **Operations** 

19 years in industry Started June 16 with CAP



**Pangestu** VP Director of Polymer Commercial

10 years in industry 9 years with CAP



**Terry Lim Chong** Thian Director of Finance

34 years in industry 10 years with CAP



Survandi Director of Human Resource and Corp. Administration

26 years in industry 26 years with CAP



Sirinantanakul<sup>(1)</sup> Director of Manufacturing

22 years in industry Started Jan16 with CAP



**Fransiskus Ruly Aryawan** Director of Monomer Commercial

13 years in industry 13 years with CAP

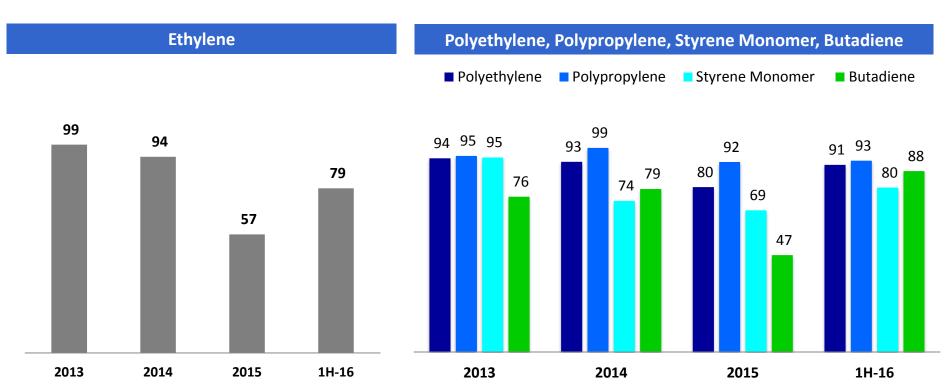
(1) Appointed by SCG.



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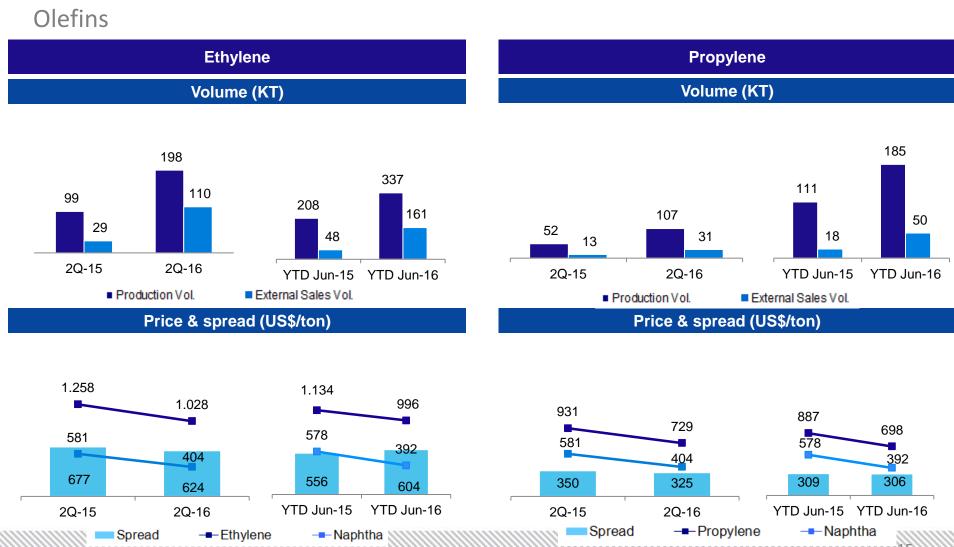
#### Plan Utilization Rate (%)



- Consistently achieved high utilization rate of above 90%.
- Decline of utilization in 2015 was due to shutdowns in the 4th quarter for Tie-in work of the Cracker Expansion project. In addition, within the 85-day shutdowns period were also conducted a Turnaround Maintenance (TAM).
- Post Expansion completion in Dec-2015, Cracker plant operates with new capacity of 860 KTA (up to 43%).
- Butadiene Plant operates since Sept-2013.



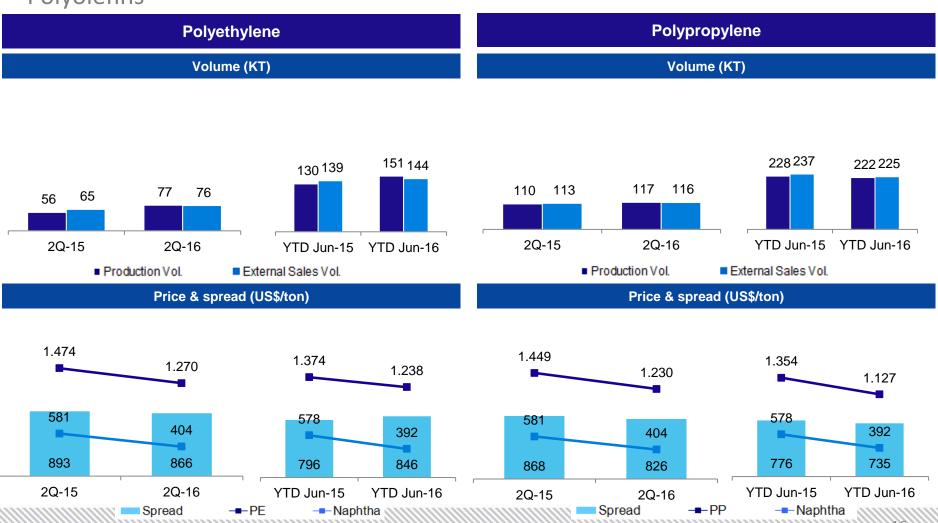
#### **Volume and Price by products**





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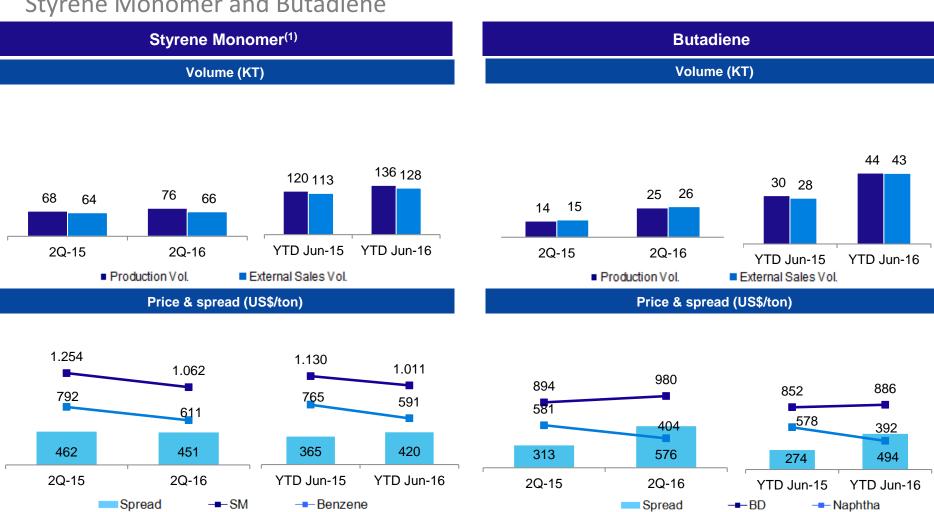
Polyolefins





#### **Volume and Price by products**

Styrene Monomer and Butadiene





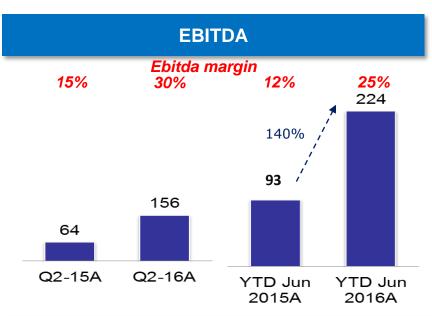
# **Financial Highlights: Profit or Loss 1H-2016**

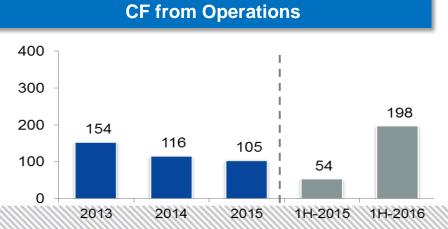
	2Q-15	2Q-15 1Q-16 2Q-16 2Q-16		Q-16	1H-15	1H-16		
	(US\$ mn)	(US\$ mn)	(US\$ mn)	YoY	QoQ	(US\$ mn)	(US\$ mn)	YoY
Net Revenues	442	359	523	18%	46%	799	882	10%
Cost of Revenues	370	296	368	-1%	24%	711	664	-7%
Gross Profit	72	63	156	116%	149%	88	218	147%
Operating Profit (Loss)	48	46	135	181%	193%	46	180	291%
Profit (Loss) For The Year	15	35	96	538%	172%	18	132	636%
EBITDA	65	68	156	141%	129%	93	224	140%
Gross Profit Margin	16%	17%	30%			11%	25%	
Operating Profit Margin	11%	13%	26%			6%	20%	
Net Profit Margin	3%	10%	18%			2%	15%	
EBITDA Margin	15%	19%	30%			12%	25%	

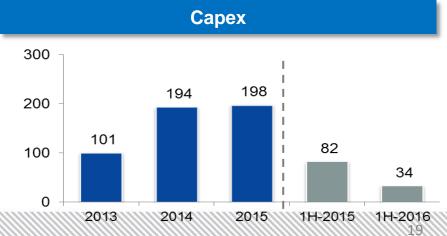


## **Financial Highlights: continued**











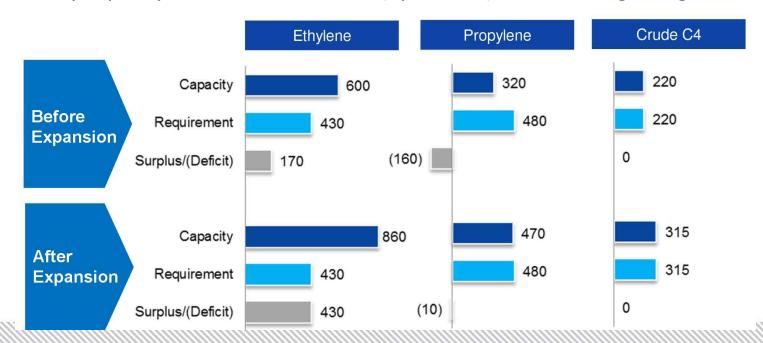
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# **Cracker Expansion Project** "...a successful project delivery"

- Mechanical completion achieved on 9 December 2015.
- TAM/tie-in works for expansion was completed as scheduled. Cracker operated again with on-spec products on 19 December.
- Total expenditures within budget ca. US\$380 million.
- Cracker facility capacity increased to 860 KTA (up to 43%) since the beginning of 2016.







# **Cracker Expansion Project**





#### 3. Project Updates

# **SBR plant project**

- EPC contract awarded to Toyo Engineering & IKPT in June 2015.
- CAP has fully injected total equity of US\$54m.
- Overall progress 32% as of June 2016.
- Drainage work & temporary site facility completed.
- Pipe-rack construction, civil construction work, structure and building erection, on-going.
- Targeted to be operational in 2018.



Future SBR Plant Facility Area





Building equipment foundation

"Provide added value for Butadiene and Styrene Monomer, into high-tech Synthetic Rubber products".

Piperack, Stripping area and Crumb Slurry Tank

# 3. Project Updates



# Polyethylene plant expansion

- Licence: UNIPOL Polyethylene Process from Univation Technologies, LLC.
- Capacity: new facility of total 400 KTA to produce LLDPE, HDPE and Metallocene LLDPE.
- FID target in mid 2017.
- Plant come on-stream in 2019/2020.
- It will capture more market shares of PE in domestic where the country is still short of supply. Market demand is estimated +/- 1.4mn TPA.

"Following the completion of its
Cracker expansion and in line with its
strategy of pursuing vertical
integration, CAP has a strategic plan
to build a new PE plant to add value
to its excess Ethylene product"



Existing PE plant in Cilegon with capacity 336 KTA where 1 train is UNIPOL PE Technology 200 KTA and another train 136 KTA is SDK



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#### 4. Industry Outlook

**Industry Outlook** 

"Demand fundamental remain good for petrochemical industry over the next few years, new capacity additions post 2015 resulting in modest decline in average margins following period of sustained higher profitability"

#### SEA Ethylene price spreads over naphtha 700 90% 600 Gap over naphtha (Dollars per ton) 88% 500 % Utilisation rates 86% 300 200 82% 100 2009 2011 2013 2015 2017F 2019F 2021F

■ Ethylene Delta Over Net Raw Material Cost ■ ■ ■ Global utilisation rates

#### Note:

- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel

**SEA Polyolefins price spreads over naphtha** 



Polyolefins Delta Over Net Raw Material Cost

Global polyolefins utilisation rates

#### Note

- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel

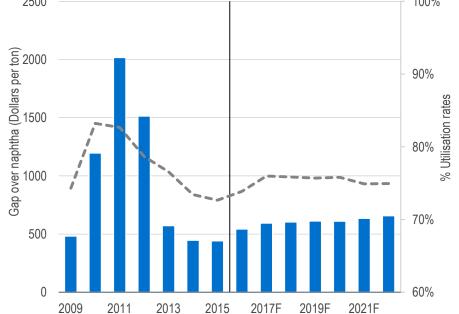
Source: Nexant (Feb 2016)

#### 4. Industry Outlook



#### **Industry Outlook (Cont'd)**

# SEA Butadiene price spreads over Net Raw Material Cost

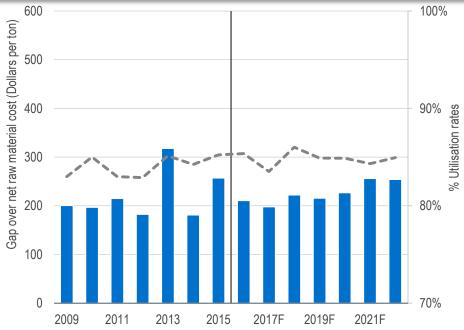


Butadiene Delta Over Net Raw Material Cost - - Global utilisation rates

#### Note:

- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel





Styrene Delta Over Net Raw Material Cost\* --- Global utilisation rates

Note: - 2015 is based on actual on year to date basis (Jan-Nov)

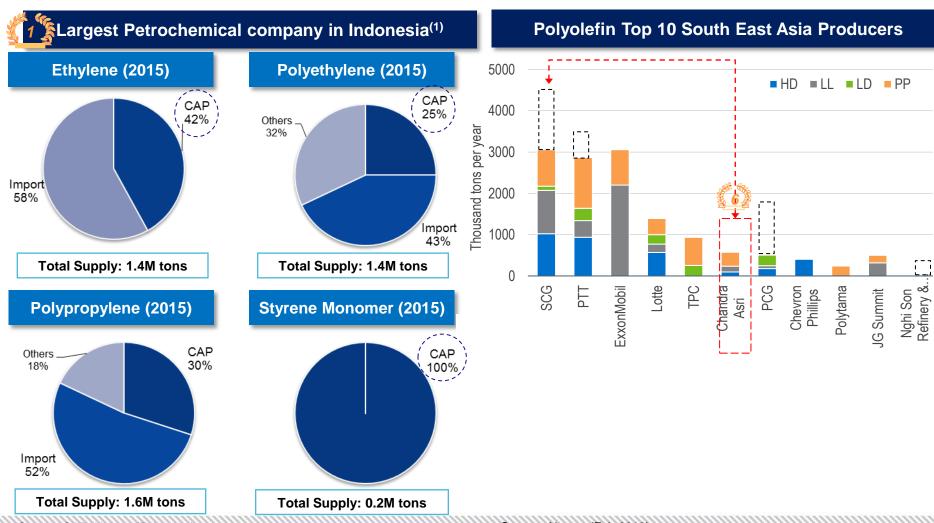
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel
- \* Styrene market price less net raw material prices (benzene\*.0.78 + ethylene\*0.28)

Source: Nexant (Feb 2016)



#### 4. Industry Outlook

"CAP is a market leader in Indonesia across all of its products and a leading player in the region".



Source: CAP, Nexant (Feb 2016) Note: (1) By production excluding fertilizer producers



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