

Indonesia's
LEADING and
PREFERRED
Petrochemical Company



Chandra Asri
Petrochemical

Investor Update

Singapore, 28 – 30 November 2016

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1. Company Overview

PT Chandra Asri Petrochemical Tbk (“CAP”) at a glance

- Largest integrated Olefins and Polyolefins producer in Indonesia
- Owns the only Naphtha Cracker, Styrene Monomer and Butadiene plants in Indonesia
- Sole producer of Ethylene (860KTA) and the largest Polypropylene producer (480KTA) in Indonesia. One of two producers of Propylene (470KTA) and Polyethylene (336KTA) in Indonesia
- Uniquely positioned to capitalize on strong growth prospects of Indonesia’s petrochemical industry and rising consumer demand
- Backed by strong principal shareholders Barito Pacific Group⁽¹⁾ (65.21%) and Siam Cement Group (“SCG”) (30.57%) as of 30th Sept 2016

• Financial Summary:	<u>FY2015</u>	<u>9-mth 2016</u>
▪ Net Revenue	US\$1,378m	US\$1,400m
▪ Adjusted EBITDA	US\$155m	US\$370m
▪ EBITDA margin	11%	26%



CAP's main integrated manufacturing complex



Ethylene plant



Polypropylene plant



Styrene monomer plant



Butadiene plant

(1) Includes CAP shares held by Marigold Resources Pte Ltd and Magna Resources Corp Pte. Ltd.

Vision and business strategy

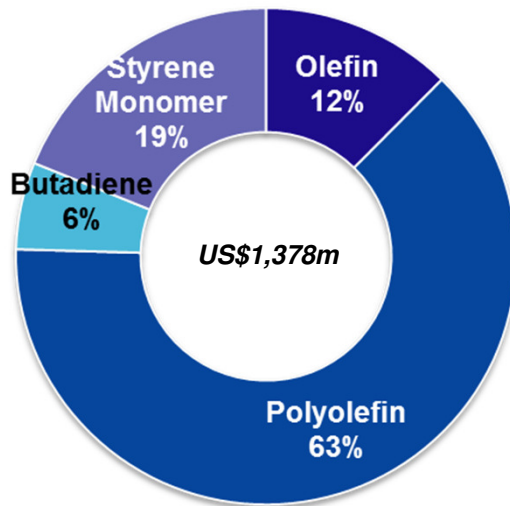
The Leading and Preferred Petrochemical Company in Indonesia

- 1 Increase capacity and build on leading market position
- 2 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 Continue to leverage the Company's unique infrastructure and customer service to maintain premium relationship
- 6 Maintain and further improve best-in-class operating standards, cost efficiency, and safety, health, and environment

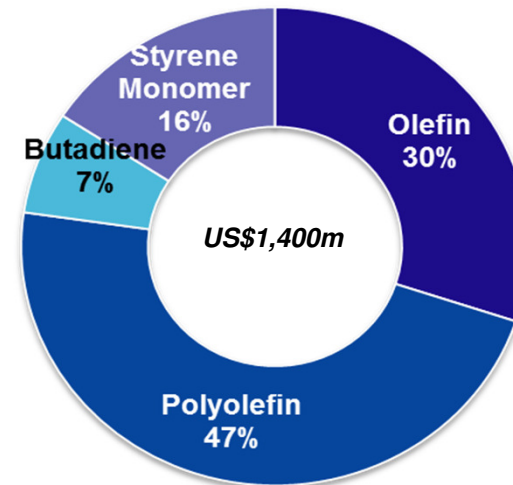
Strong and diverse product portfolio

...fundamental to production of many diverse consumer and industrial products

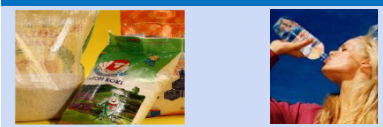

2015 Revenue



2016 YTD Sep Revenue



Olefins	
Ethylene 	Propylene 
Pygas 	Mixed C₄ 

Polyolefins	
Polyethylene 	
Polypropylene 	

Styrene Monomer	
	
	

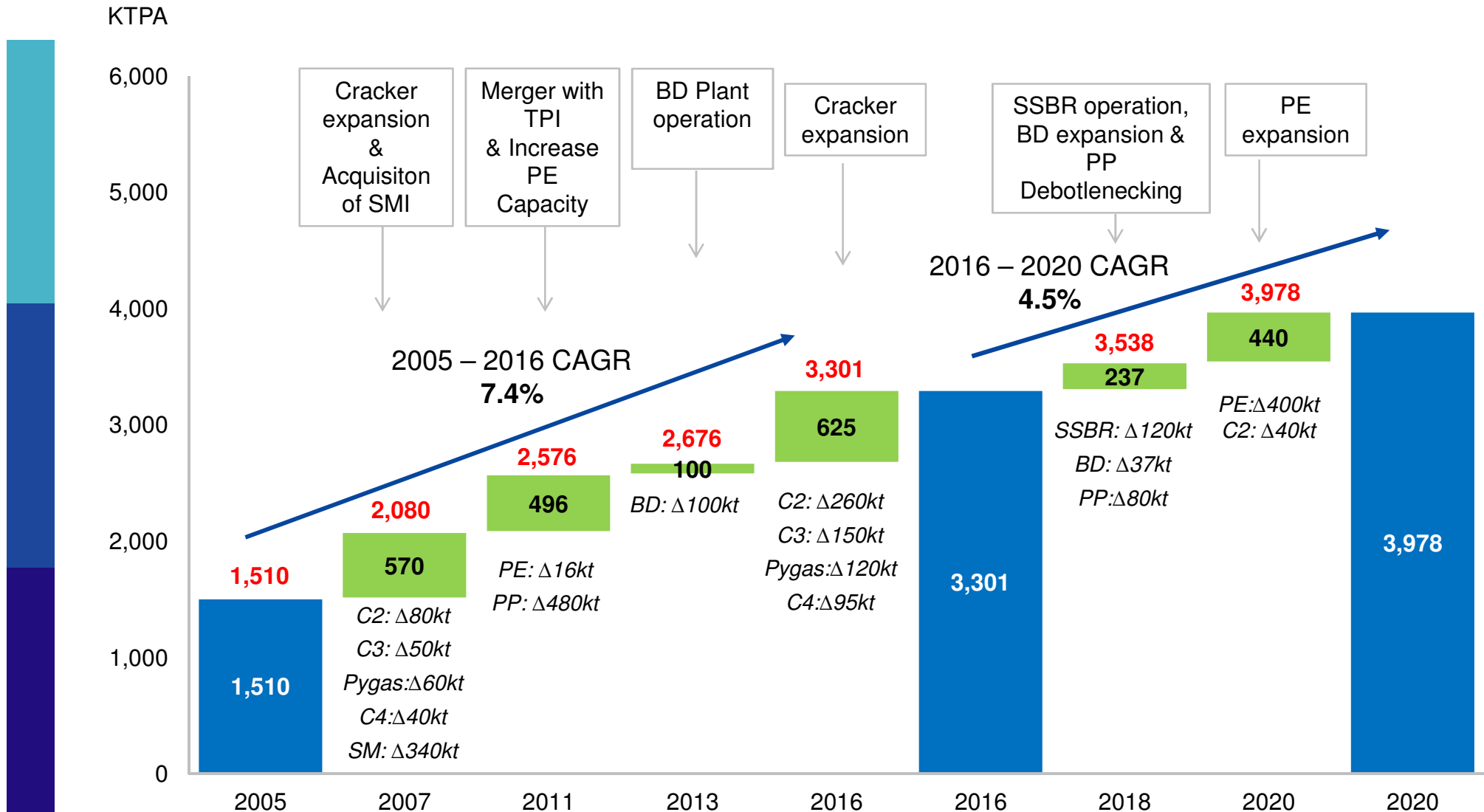
Butadiene	
	

2. Key Investment Highlights

Key investment highlights



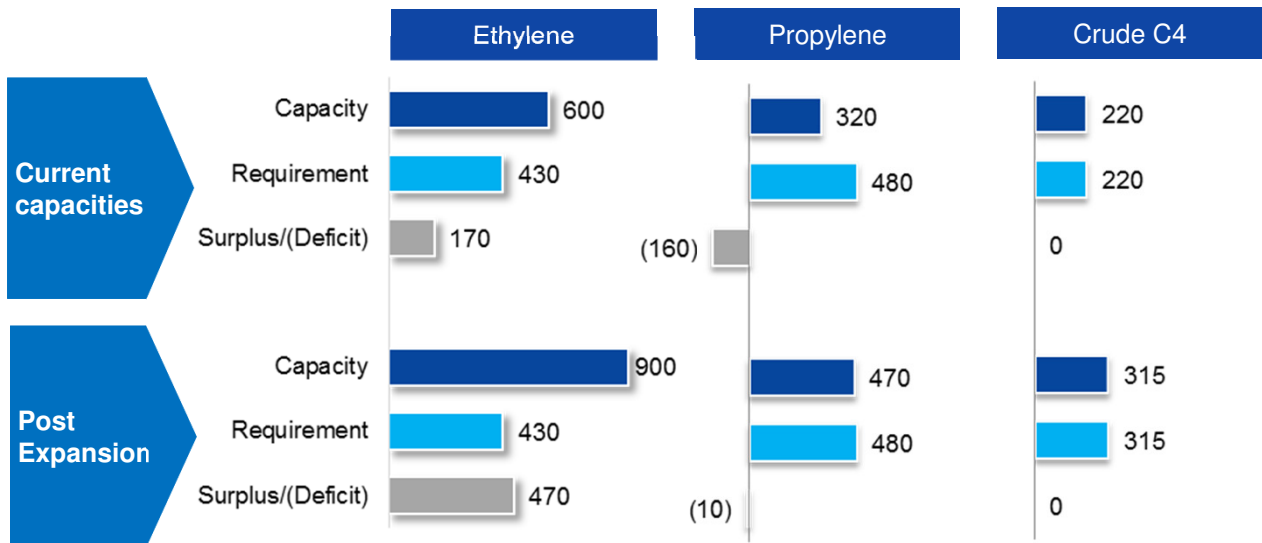
1 Strong success of both vertical and horizontal expansion



Source: Company

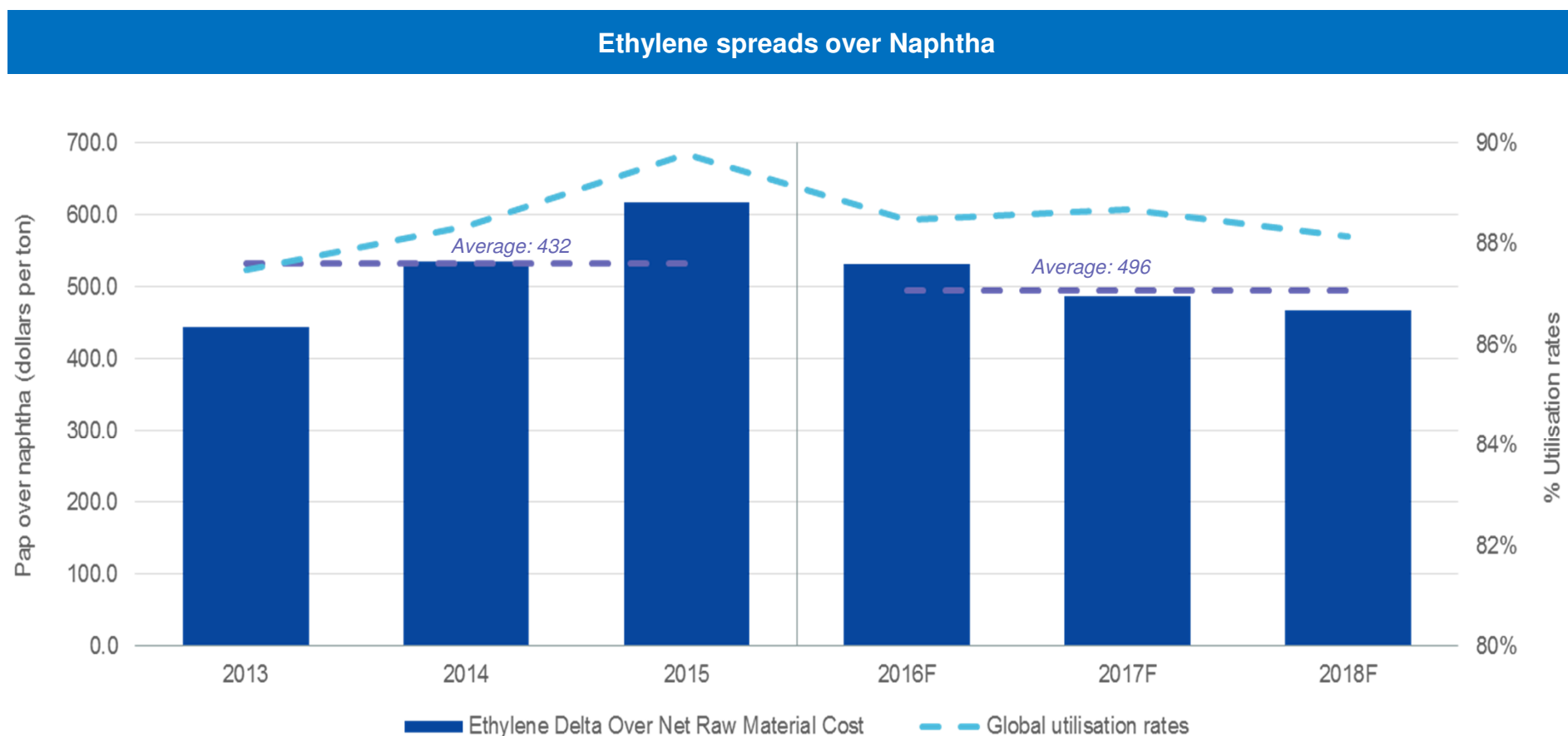
1 Successful cracker expansion

- Cracker expansion to achieve economies of scale and take advantage of significant ethylene shortage in Indonesia
- Ethylene sold to existing domestic customers who are carrying out debottlenecking (Asahimas, etc)
- Achieved Mechanical Completion on Dec 9, 2015. Re-started Cracker and achieved on-spec products on Dec 19, 2015
- Total actual project cost in line with budget (ca. US\$380m)



2 Attractive industry fundamentals: petrochemical industry is in long term cyclical phase

Petrochemical industry profitability to continue on path of sustainable recovery post 2012 as a result of improving demand and lower capacity addition



Note: Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel
 Source: Nexant (Feb 2016)

2 Ethylene world supply growth and capacity

Ethylene world supply growth

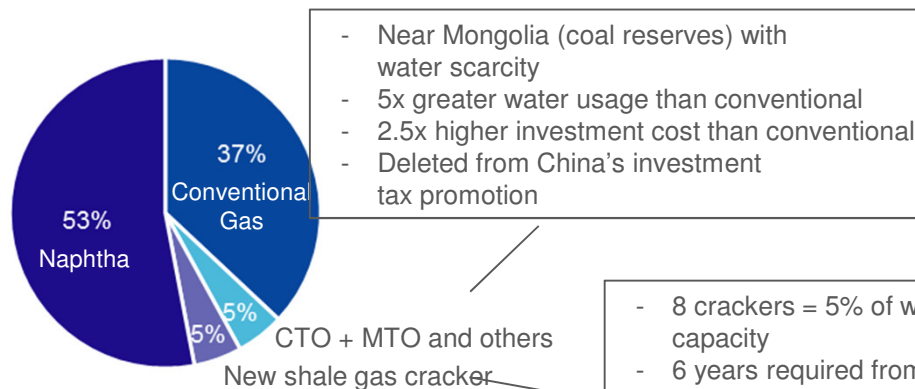


Incremental supply growth (MT):

2.8	4.4	4.6	4.7	4.7	3.5	10.5	6.9	2.0	5.0	3.4	5.0	5-6	6-7	6-7	6-7	6-7	6-7
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Ethylene world capacity – Naptha + conventional gas = 91% of capacity

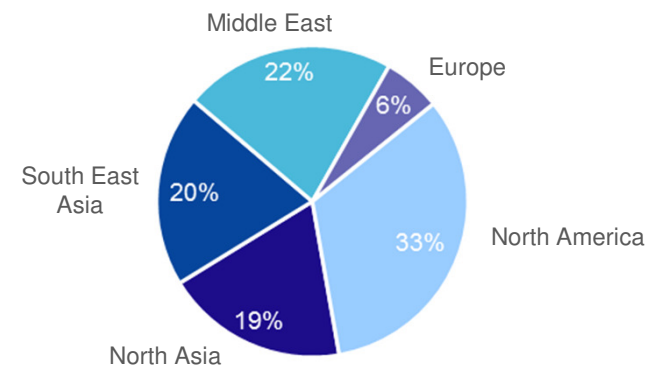
Ethylene world capacity: 191MT in 2021



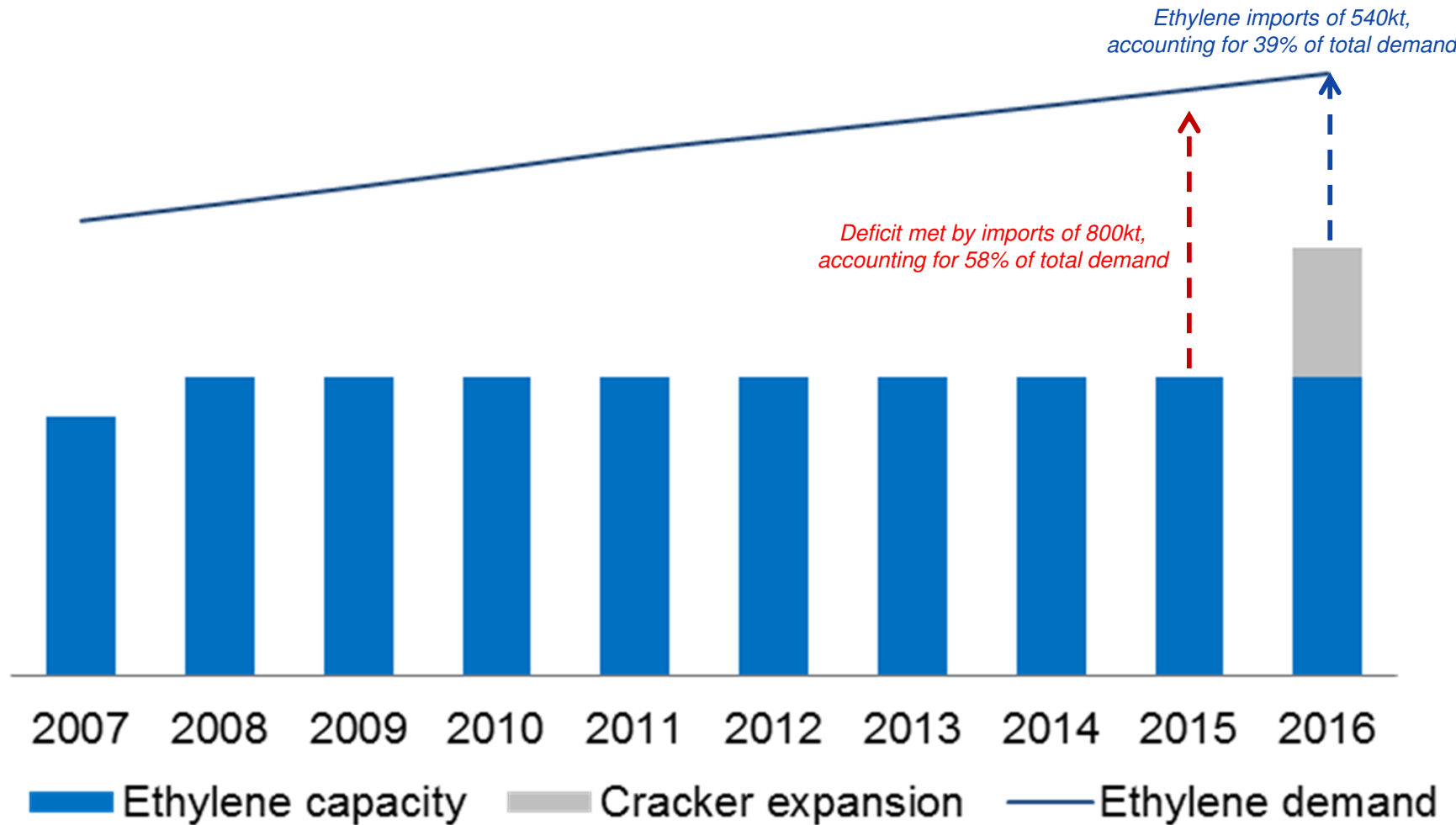
- Near Mongolia (coal reserves) with water scarcity
- 5x greater water usage than conventional
- 2.5x higher investment cost than conventional
- Deleted from China's investment tax promotion

- 8 crackers = 5% of world's capacity
- 6 years required from planning to start-up

New capacity by region (2017-2021)



2 Strong Indonesian ethylene supply & demand

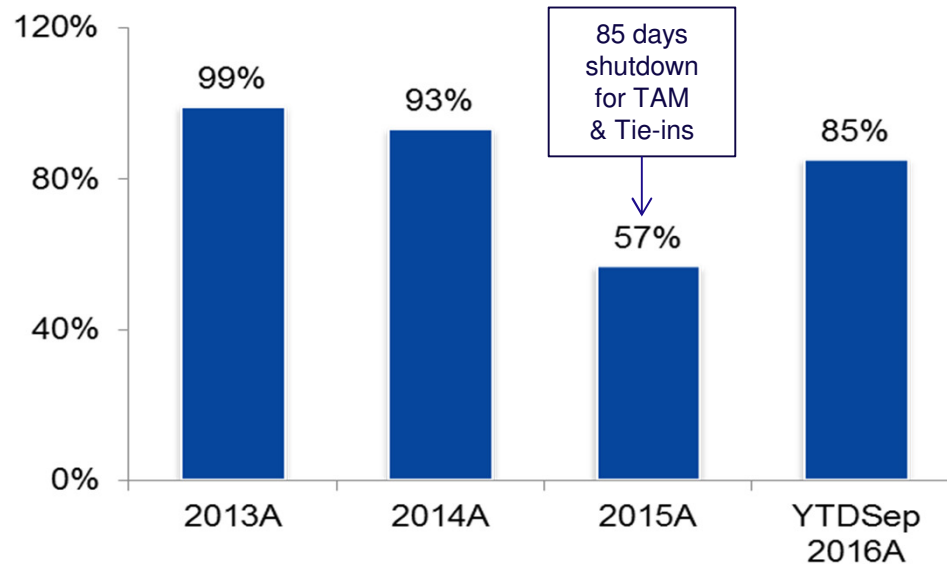


2 High operating rates

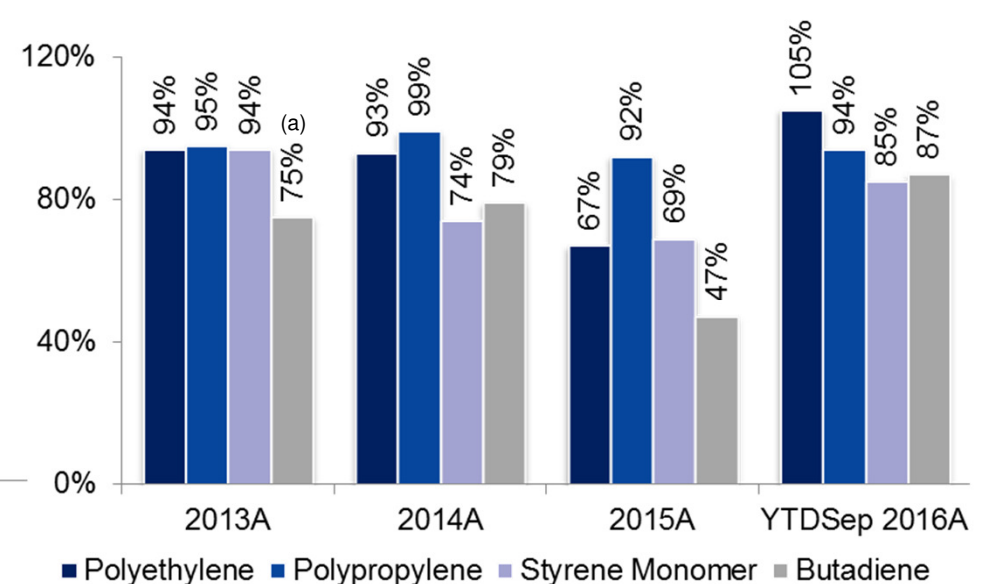
Continue to achieve high capacity utilization rates mainly due to robust demand from domestic market in Indonesia, a net petrochemical importing country, and focusing on energy yield and efficiency improvements.

Utilisation rates of CAP

Ethylene



Polyethylene, Polypropylene, Styrene Monomer, Butadiene



- Consistently achieved high utilization rate of above 90%.
- Conducted 85 days shutdown for Turn Around Maintenance (TAM) and Cracker Expansion Tie-ins from Sept to Dec 2015
- Next TAM scheduled for 2020

- CAP's utilisation rates of the downstream products have remained strong with average of more than 90%
- Utilisation rates in 2014-2015 for SM and BD impacted by market conditions and C4 availability respectively

(a) Represents 3 months operation from Sep-Dec
Source: Company information

3 Strong demand growth expected in Indonesia for petrochemical products

Petrochemical products are fundamental to production of a wide variety of consumer and industrial products, such as packaging, containers, automotive and construction materials



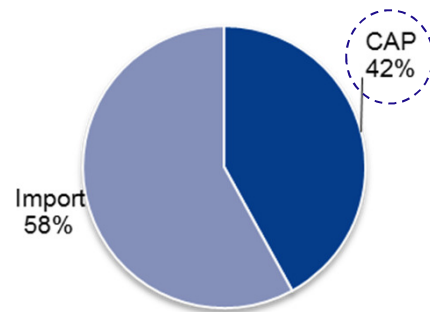
Source: Nexant (Feb 2016)

4 Domestic market leader

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

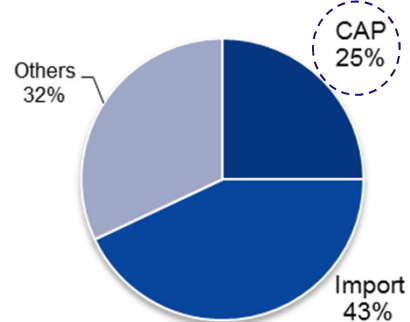
Largest Petrochemical company in Indonesia⁽¹⁾

Ethylene (2015)



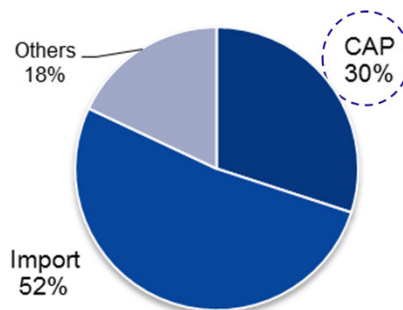
Total Supply: 1.4M tons

Polyethylene (2015)



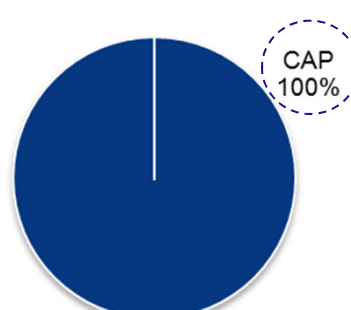
Total Supply: 1.4M tons

Polypropylene (2015)



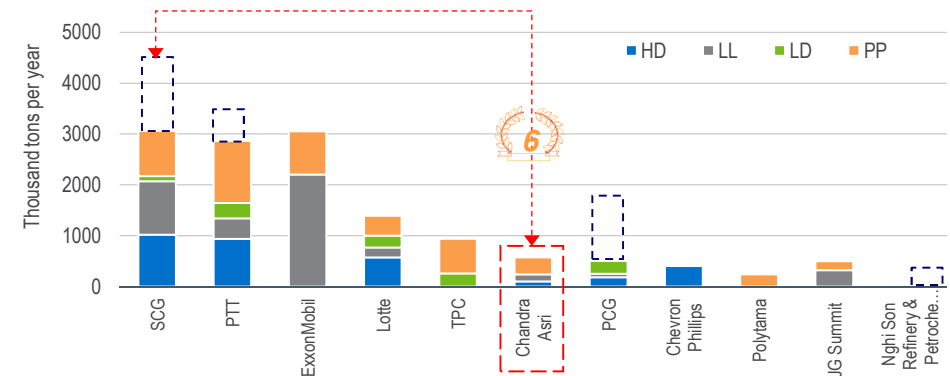
Total Supply: 1.8M tons

Styrene Monomer (2015)

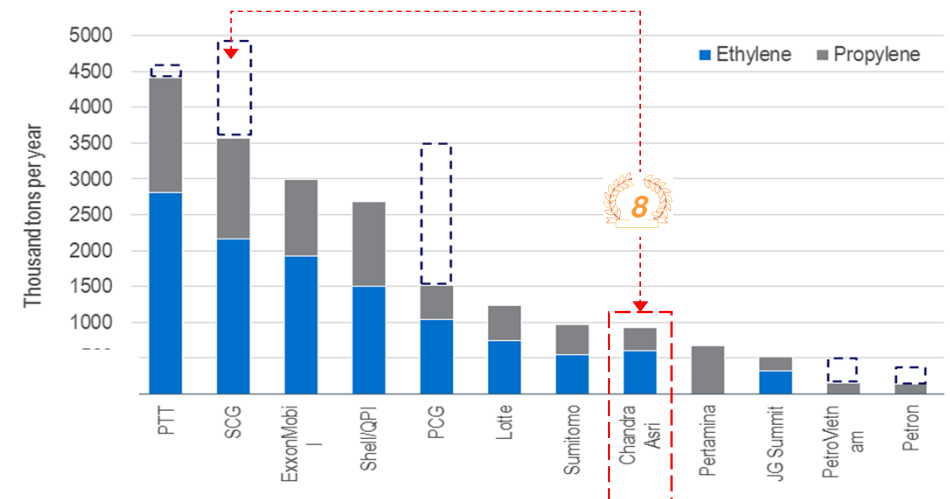


Total Supply: 0.2M tons

Polyolefin Top 10 South East Asia Producers



Olefin Top 10 South East Asia Producers

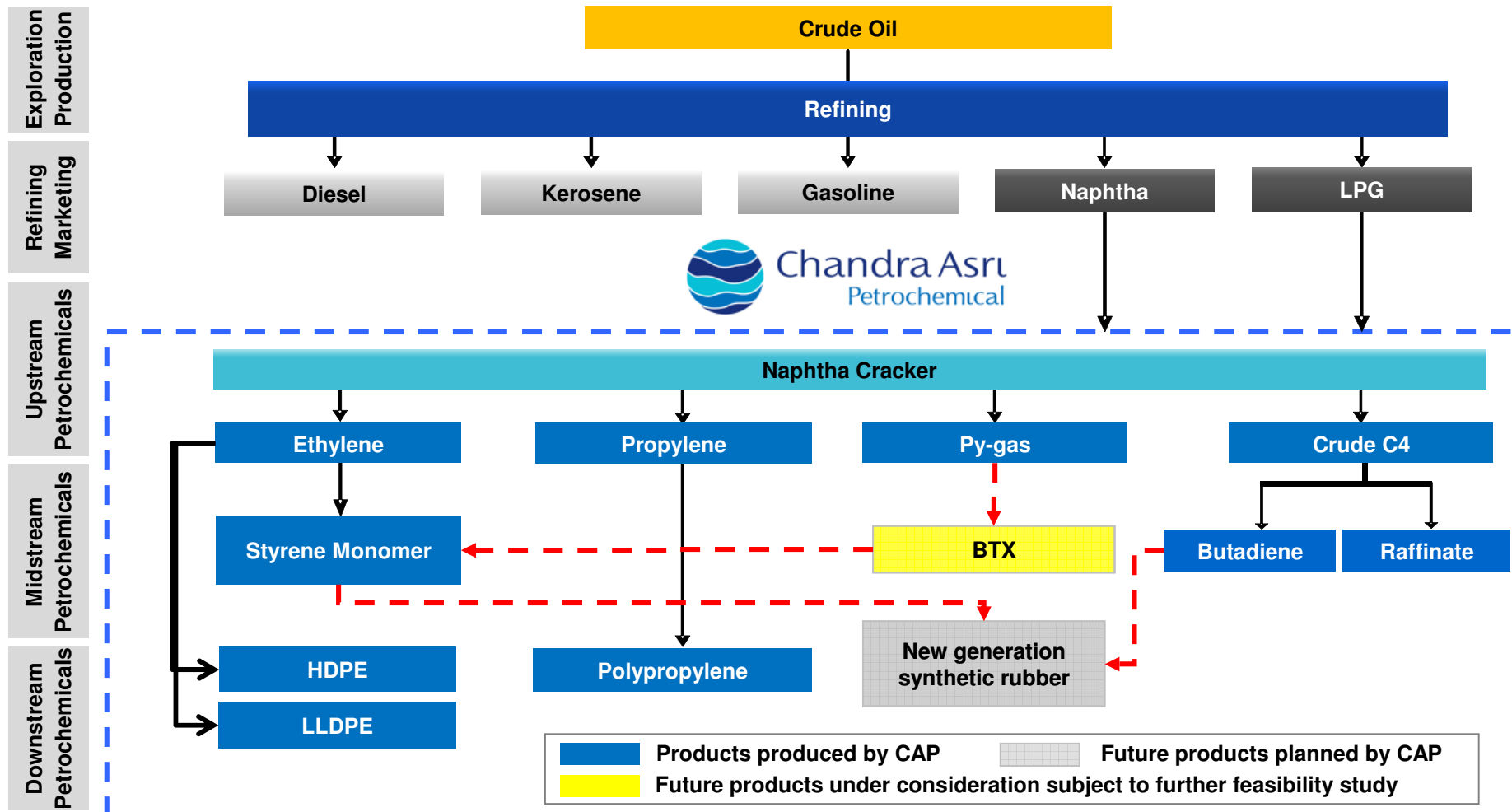


(1) By production excluding fertilizer producers
Source: Company, Nexant (Feb 2016)

Source: Nexant (Feb 2016)

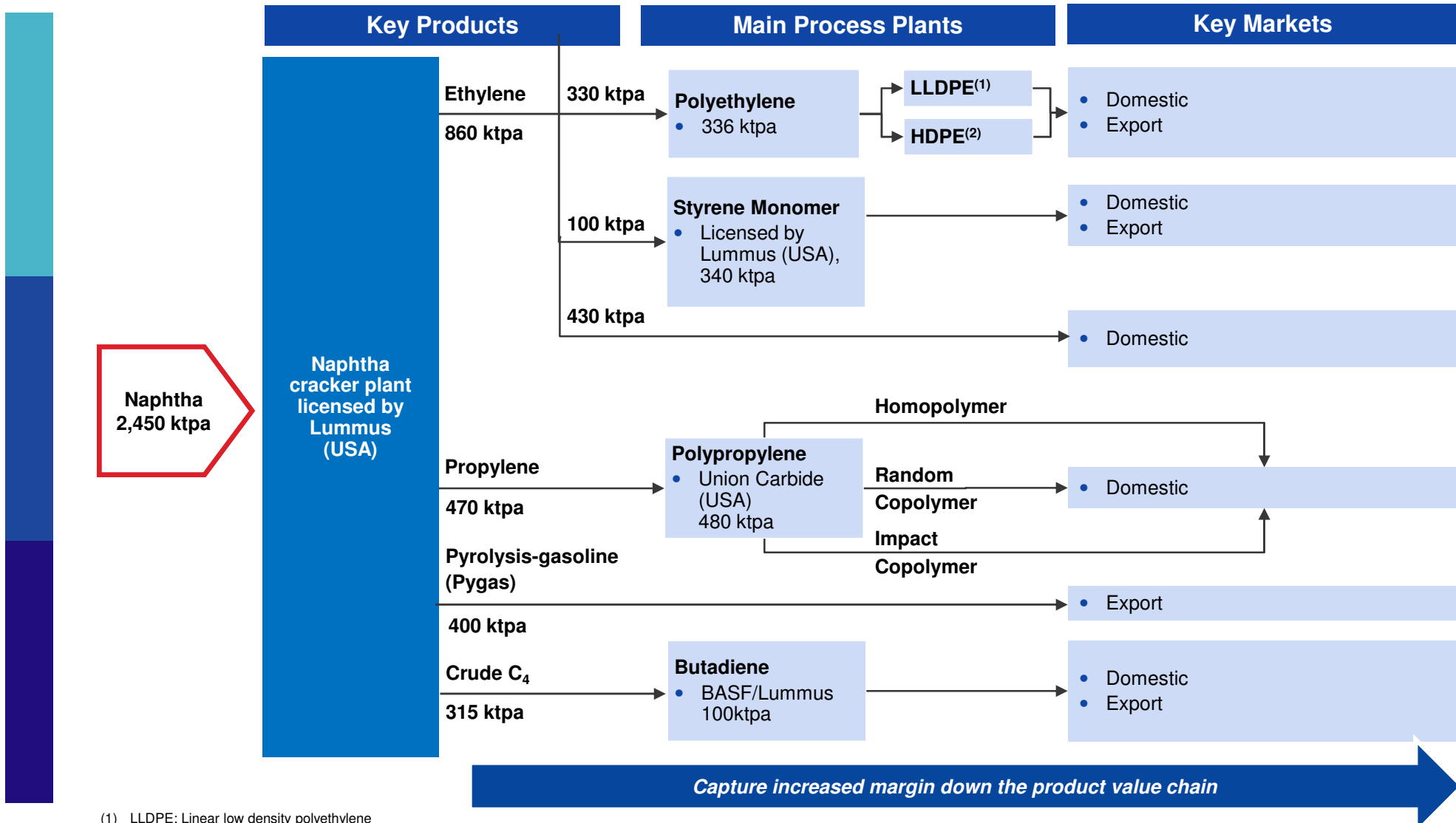
4 Vertically integrated operations resulting in higher efficiency and lower costs

Operations are integrated from upstream to downstream petrochemical products. New products planned will further integrate operations



4 Key products, capacity and key markets

Cracker debottlenecking resulted in streamlining with no shortage of midstream products

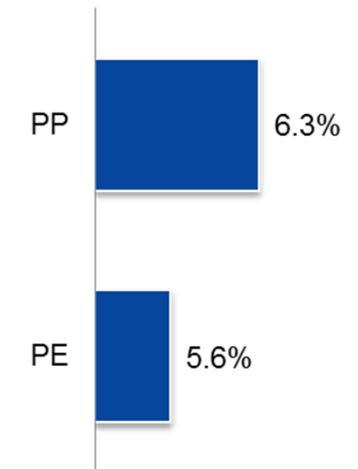
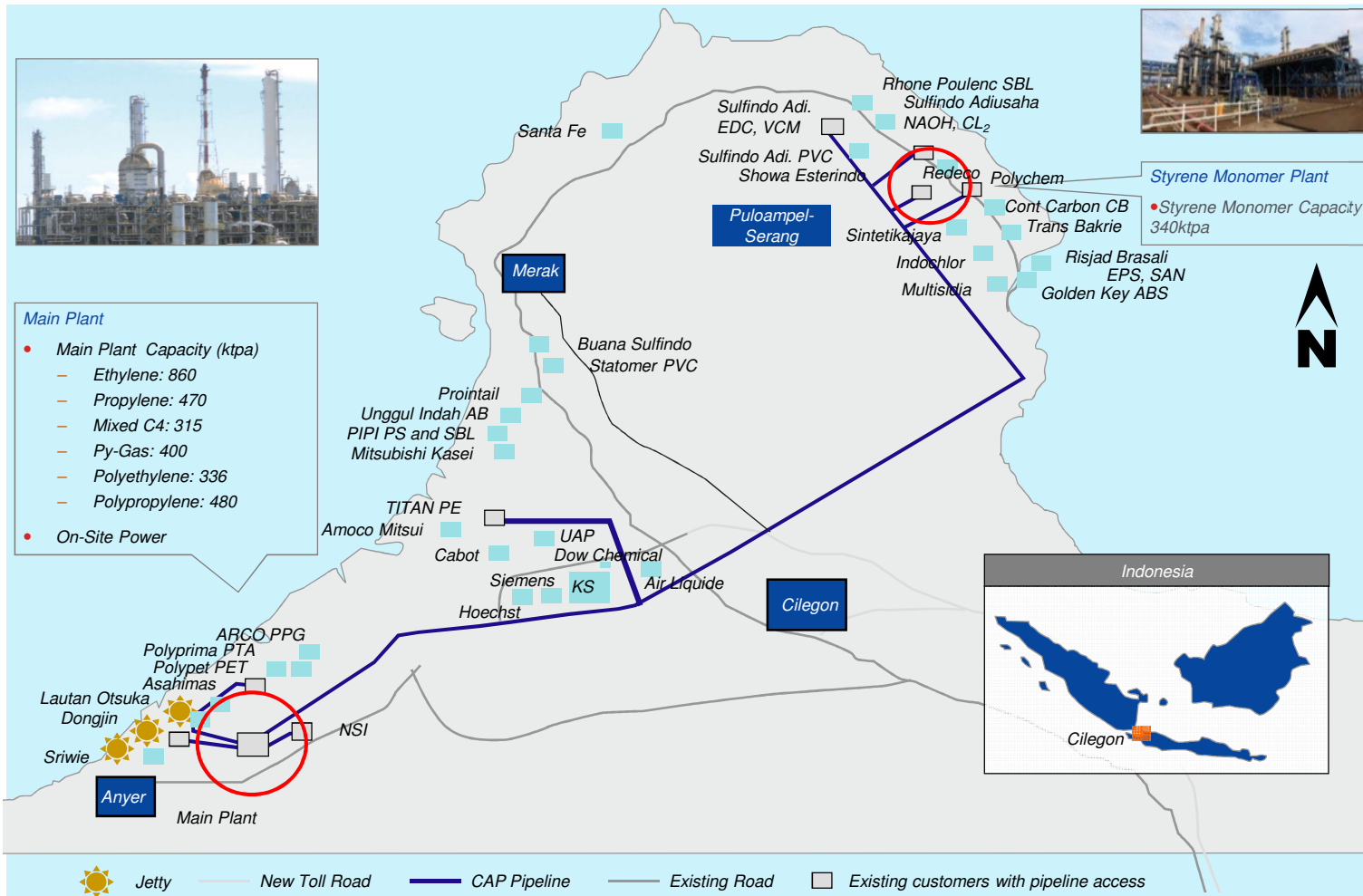


(1) LLDPE: Linear low density polyethylene
 (2) HDPE: High Density Polyethylene

5 Integrated facilities, strategically located to key customers leading to product price premiums

CAP's Petrochemical Complexes

Avg. Price Premium (2011-2015)

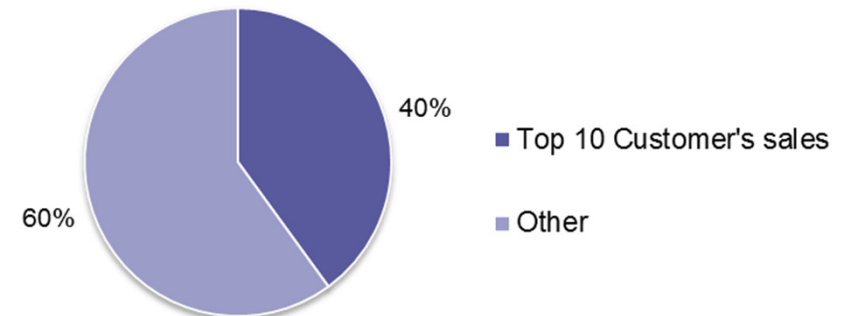


5 Customers' dependency on sole cracker reinforced by pipeline integration

- Diversified clientele with top 10 customers accounting for only 40% of revenues in 2015
- Long term relationships with key customers
- Customers integrated with CAP production facilities via CAP's pipeline
- Strong marketing and distribution platform with wide network serving ~300+ customers
- Short delivery trend time resulting in pricing premium to benchmark prices

Top 10 customers' sales breakdown

Total CAP sales 2015 : US\$ 1,378



Selected key customers

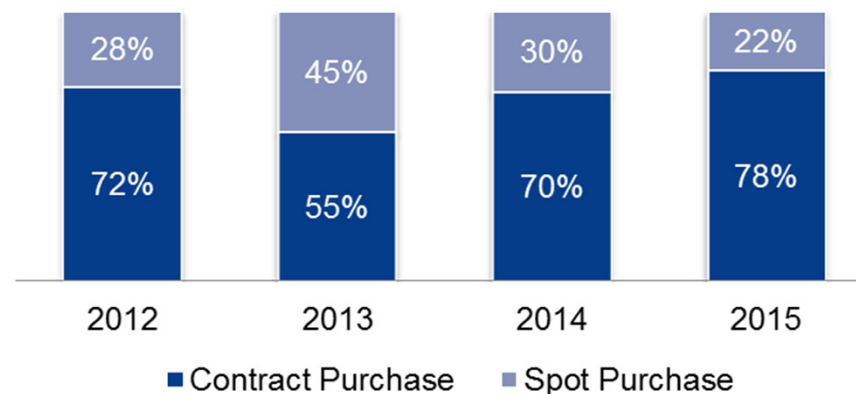


6 Stable and flexible feedstock supply... With increasing advantaged feedstock from domestic sources

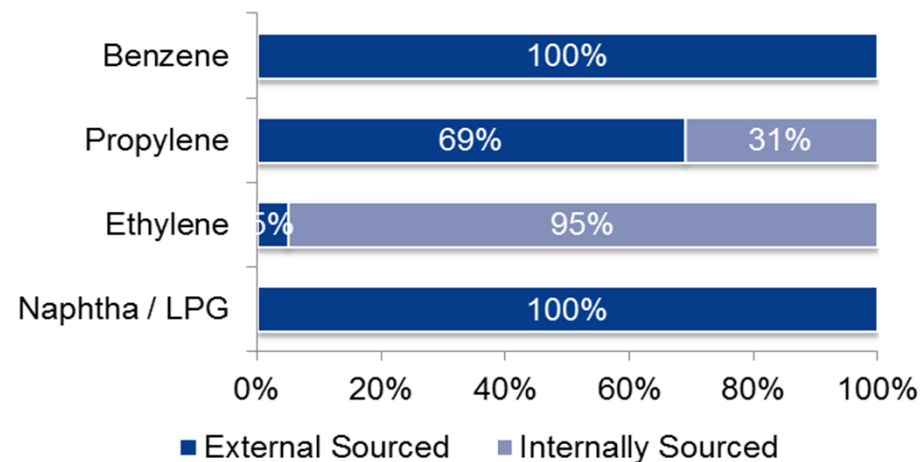
Feedstock overview

- Long-standing stable supplier relationships
- No material feedstock supply disruption
- Flexibility in feedstock purchasing (spot vs. contract) – no single supplier dependence
- Procurement synergies with SCG
- Substantial naphtha storage capacity

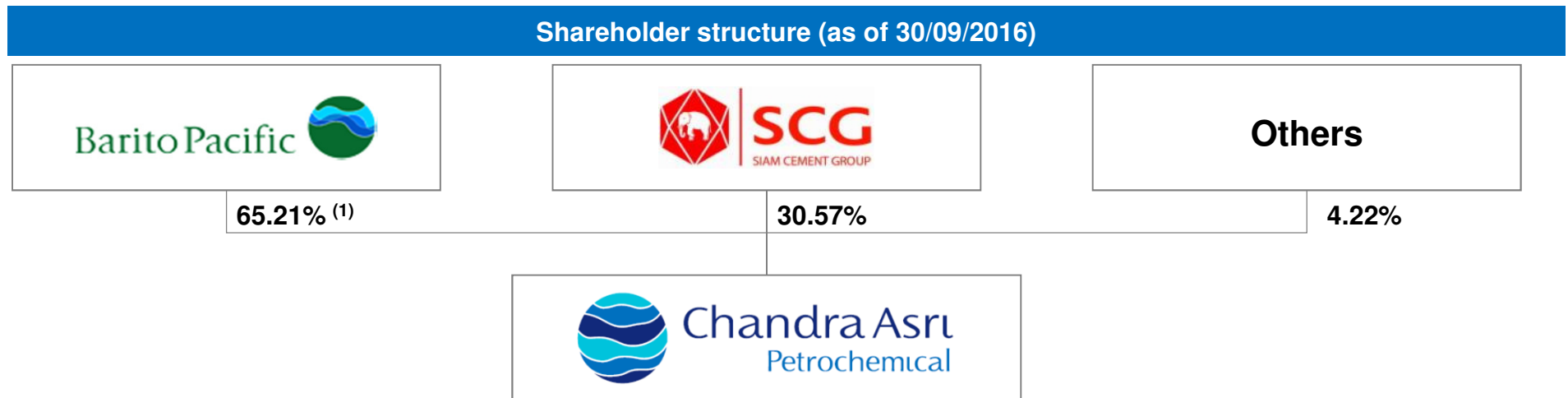
Naphtha spot vs contracted purchases



Main Raw Materials - 2015



7 Strong commitment from shareholders



Siam Cement Group

- Thailand's largest industrial conglomerate and Asia's leading chemicals producer
- Invested 30% in CAP in 2011
- Long term shareholder with substantial experience and expertise in petrochemicals committed to supporting the development of the business

Key benefits of partnership

- Production know-how
- Sharing of best operational practices
- Raw material procurement savings
- Sales and marketing collaboration
- Access to Thailand banks
- Accelerate CAP's expansion plans
- Take advantage of market opportunities

(1) Includes CAP shares held by Marigold Resources Pte Ltd and Magna Resources Corp Pte. Ltd

8 Strong management team with substantial industry experience

BOARD OF COMMISSIONERS



DJOKO SUYANTO
President Commissioner
Independent Commissioner

4 years in the Industry
1 year with CAP



TAN EK KIA
VP Commissioner
Independent Commissioner

41 years in the Industry
5 years with CAP



HO HON CHEONG
Independent Commissioner

c.1 year in the Industry
c.1 year with CAP



AGUS SALIM PANGESTU
Commissioner

10 years in the Industry
9 years with CAP



LOEKI SUNDJAJA PUTERA
Commissioner

15 years in the Industry
14 years with CAP



CHAOVALIT EKABUT⁽¹⁾
Commissioner

11 years in the Industry
4 years with CAP



CHOLANAT YANARANOP⁽¹⁾
Commissioner

28 years in the Industry
4 years with CAP

BOARD OF DIRECTORS



ERWIN CIPUTRA
President Director

13 years in the Industry
12 years with CAP



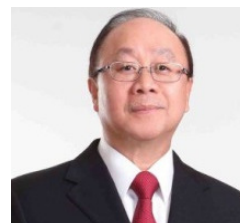
KULACHET DHARACHANDRA⁽¹⁾
VP Director of Operations

19 years in the Industry
With CAP since June 2016



BARITONO PANGESTU
VP Director of Polymer Commercial

10 years in the Industry
9 years with CAP



TERRY LIM CHONG THIAN
Director of Finance

34 years in the Industry
10 years with CAP



SURYANDI
Director of Human Resource and Corp. Administration

26 years in the Industry
26 years with CAP



PIBOON SIRINANTANAKUL⁽¹⁾
Director of Manufacturing

22 years in the Industry
With CAP since Jan 2016



FRANSISKUS RULY ARYAWAN
Monomer Commercial

13 years in the Industry
13 years with CAP

(1) Appointed by SCG

3. Strategic Growth

Synthetic rubber project

... *Value add to our products*

- Awarded EPC contract to Toyo Engineering Corp. in June 2015
- SBR Plant project progressing with engineering work (ca. 48% progress as of Sept'16), civil work, soil improvement and construction of temporary facility. Expected start-up Q2 2018
- Further value add CAP's Butadiene and Styrene Monomer products into high technology Synthetic Rubber products and enhance CAP's netback



Future SBR Plant Facility Area

Butadiene expansion project

... *Add value to incremental C4 production*

- Capacity: Increase BD capacity from 100 KTA to 137 KTA
- Investment: 36 Million US\$ +/- 30%
- Start-up: Q4 2018
- Awarded FEED to Toyo Engineering Korea, target completion end 2016
- EPC activities start Q1 2017



Existing BD Plant

*“Avoid opportunity loss of co-cracking/selling excess crude C4.
Fulfill SRI’s BD requirement in the future”*

New polyethylene plant

... *Further vertical integration*

- Licence: UNIPOL Polyethylene Process from Univation Technologies, LLC
- Capacity: new facility of total 400 KTA to produce LLDPE, HDPE and Metallocene LLDPE. Estimated cost US\$300m
- Further vertical integration, enhance CAP's market share (2015 domestic demand +/- 1.4mn TPA) and import substitution (thereby reducing forex outflows)



Existing PE plant in Cilegon with capacity 336 KTA with 1 train UNIPOL PE Technology 200 KTA and 1 train Showa Denko PE Technology 136 KTA

"Following 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"

Polypropylene debottlenecking

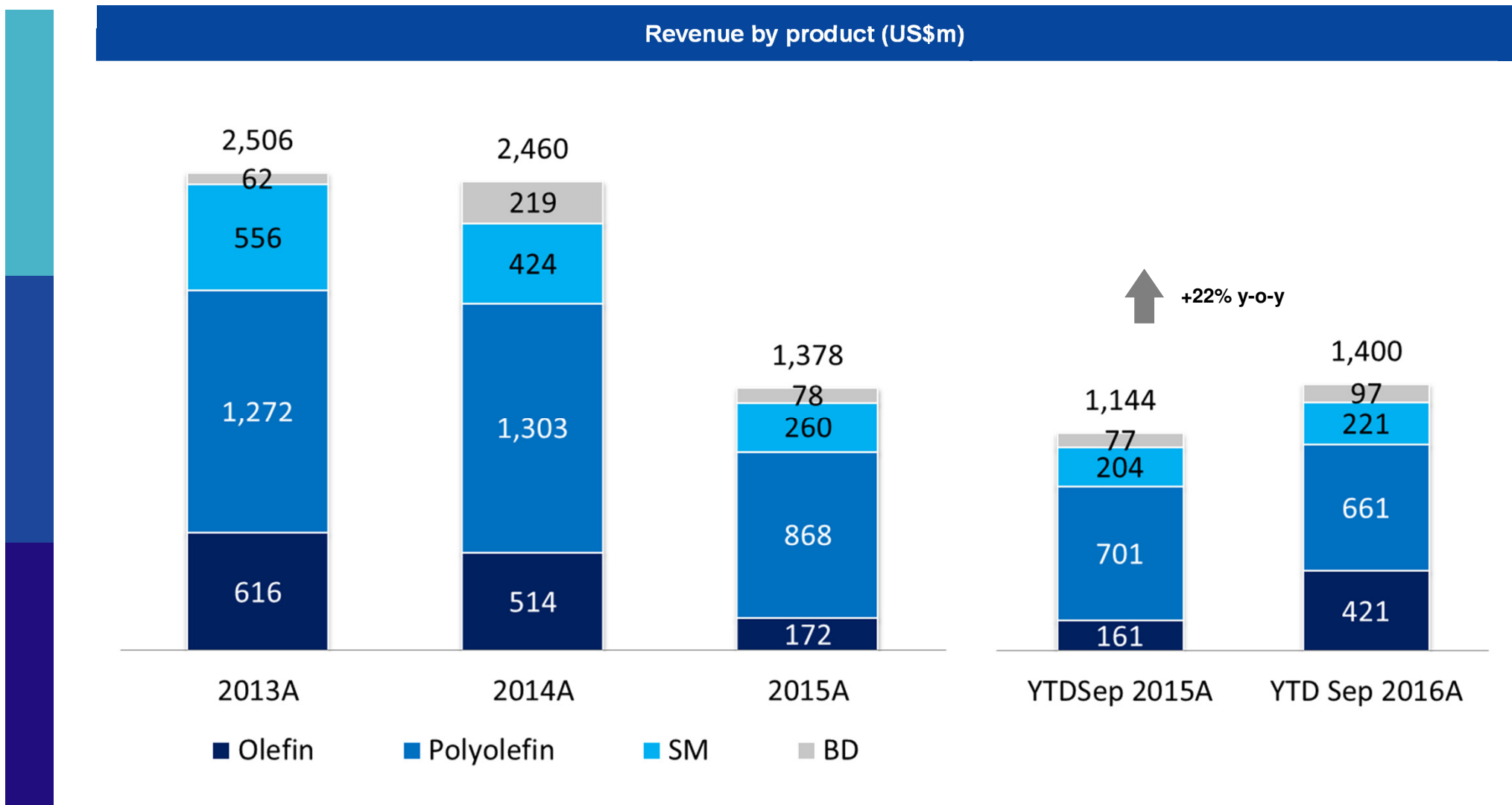
- Debottleneck PP Plant to increase capacity by 80 KTA from 480 KTA to 560 KTA
- Estimated cost US\$15m
- Schedule for 2018, work duration around 1 month



Existing PP plant in Cilegon with capacity 480 KTA,
3 trains of Union Carbide Technology.

4. Financial Highlights

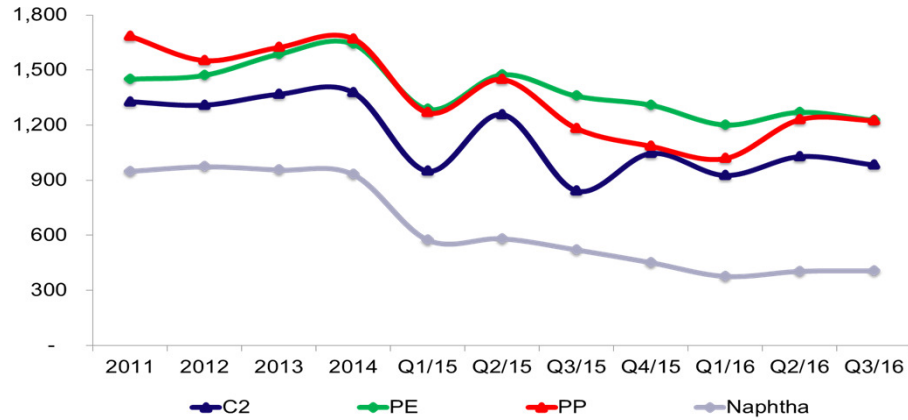
Net revenues



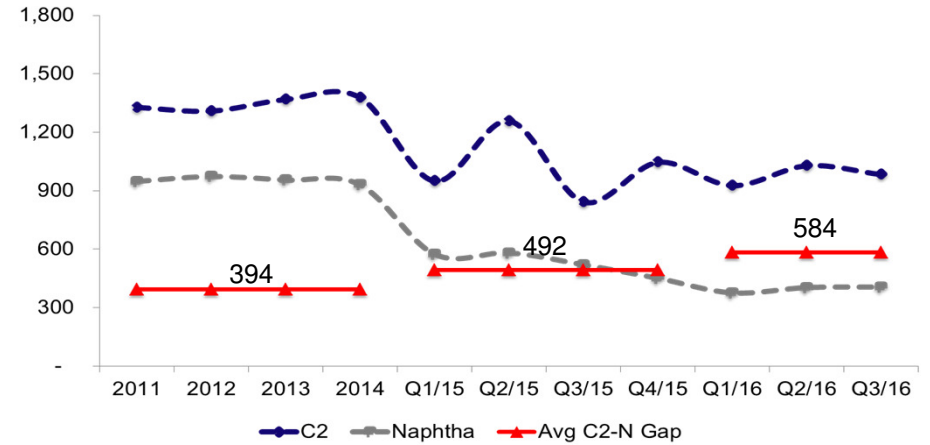
Source: Company Information

Improved spreads across all key product categories

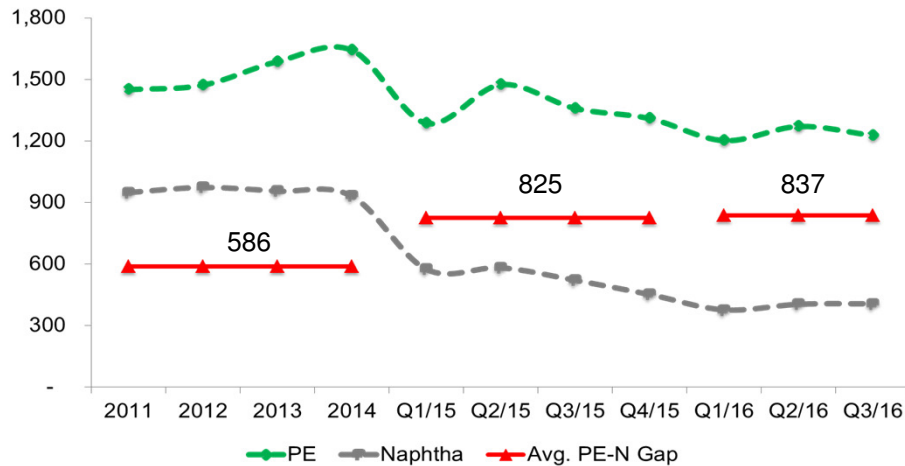
CAP Avg Realized Prices (US\$/ton)



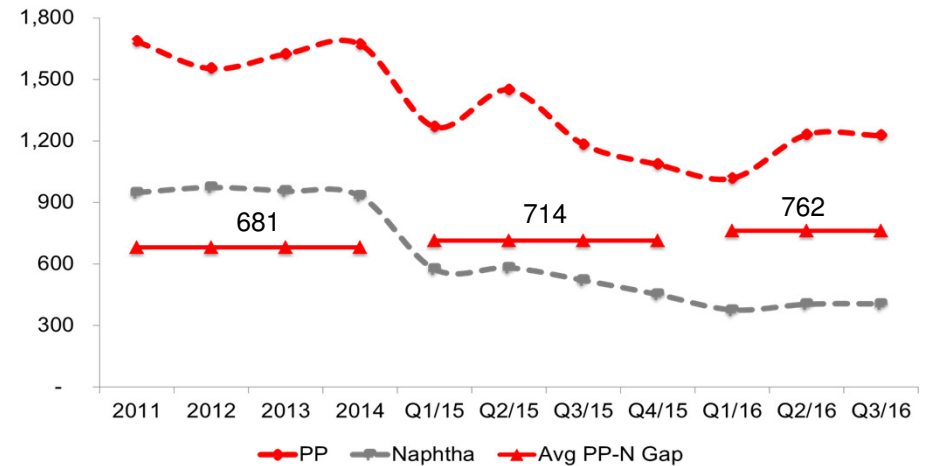
C2 – Naphtha Price Gap (US\$/ton)



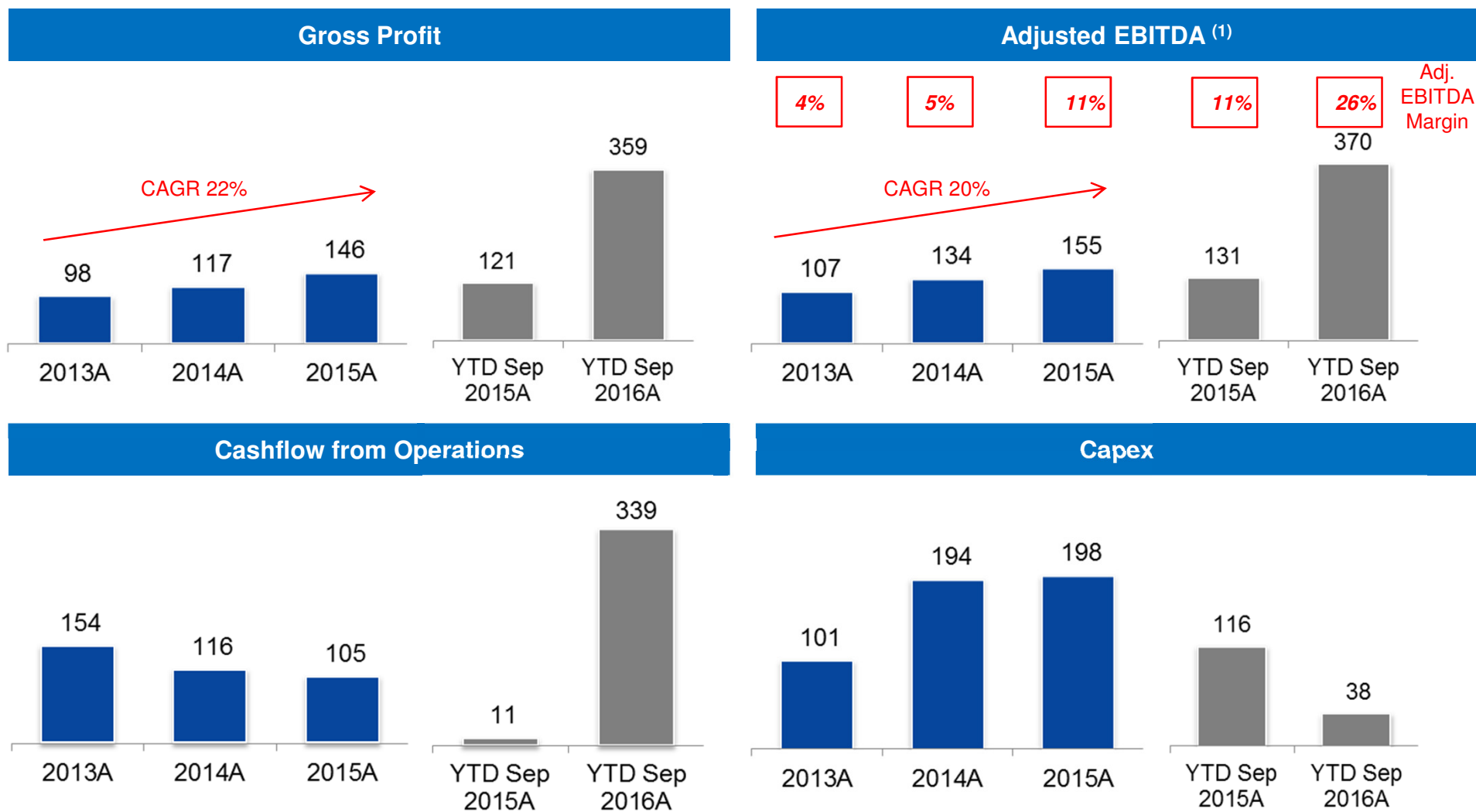
PE – Naphtha Price Gap (US\$/ton)



PP – Naphtha Price Gap (US\$/ton)



Strong financials across the cycle, further enhanced by economies of scale from world class size (in US\$m)

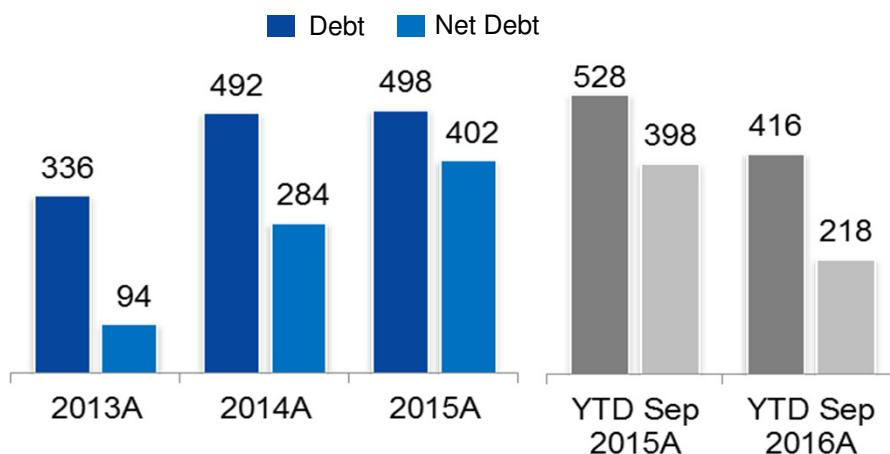


(1) Adjusted EBITDA is defined as net income/(loss) before interest, taxes, depreciation and amortization as adjusted for net unrealized foreign exchange loss/(gain), unrealized loss/(gain) on mark to market valuation of derivatives, equity in net loss of an associate, write down of inventories to NRV.

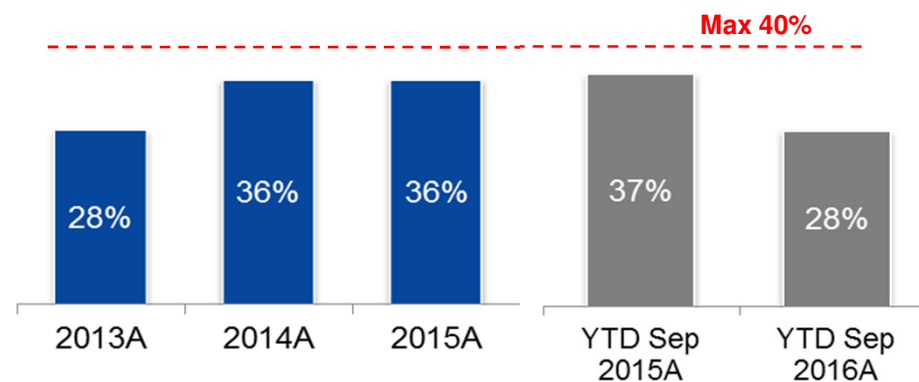
Source: Company Information

Consolidated debt, liquidity and coverage profile

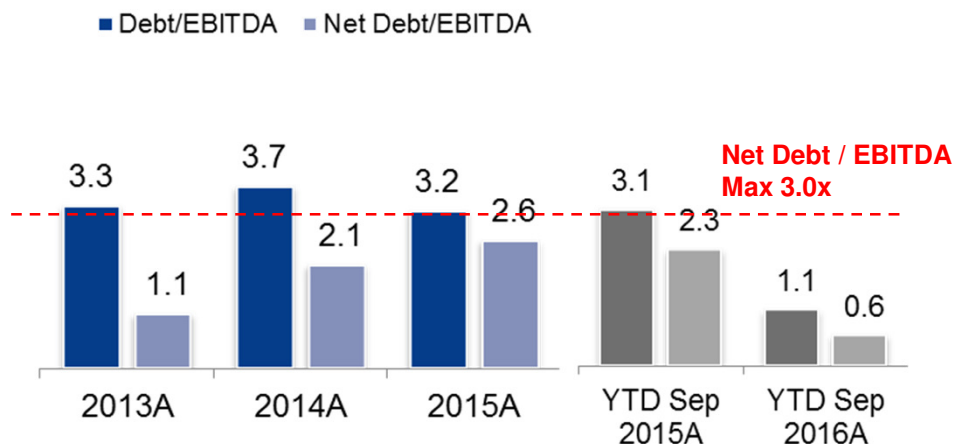
Total Debt & Net Debt (US\$m)



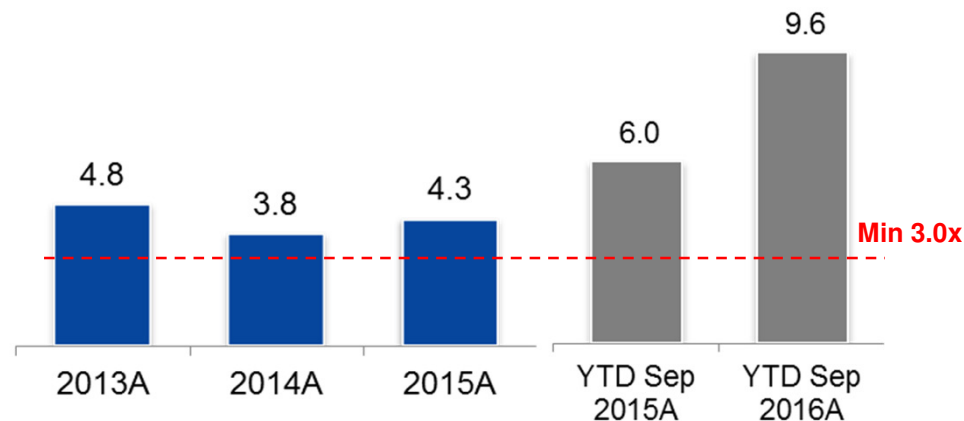
Debt to Capital (%)



Total Debt & Net Debt / EBITDA



EBITDA / Int. cover



Source: Company Information

5. Conclusion

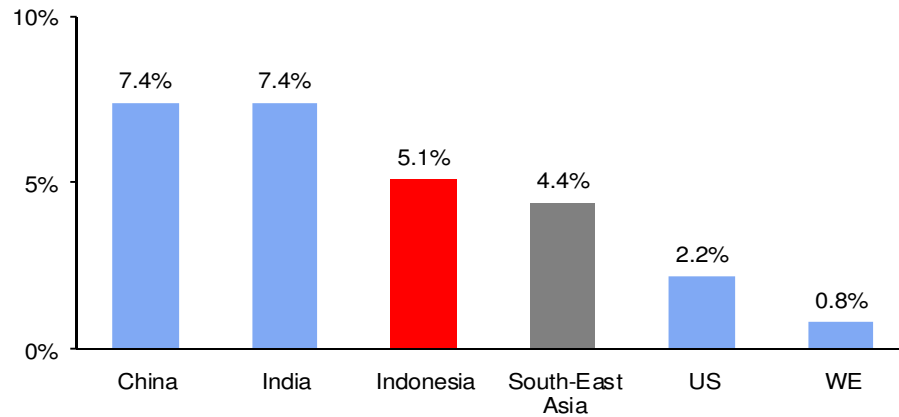
Key investment highlights



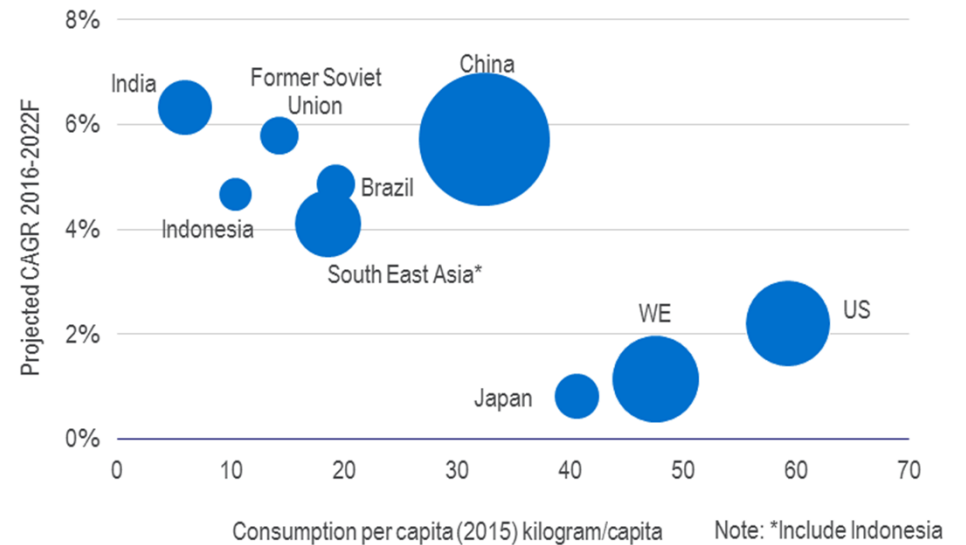
6. Appendix

2 Uniquely positioned to benefit from Indonesia's strong macroeconomic growth and consumption trends

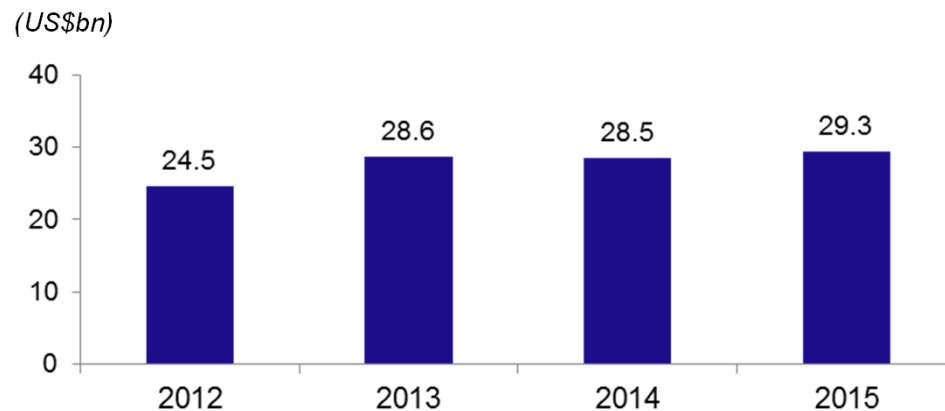
GDP growth CAGR (2014-2018E)



Polyolefins Consumption per Capita^{(1),(2)}



FDI Investment in Indonesia (2012-2015)



Domestic trends



(1) Size of bubble indicates population size of each country / region in 2015



(2) Polyolefins include HDPE, LLDPE, LDPE and PP

Source: Nexant (Feb 2016), BKPM

3 Indonesia's leading petrochemical producer

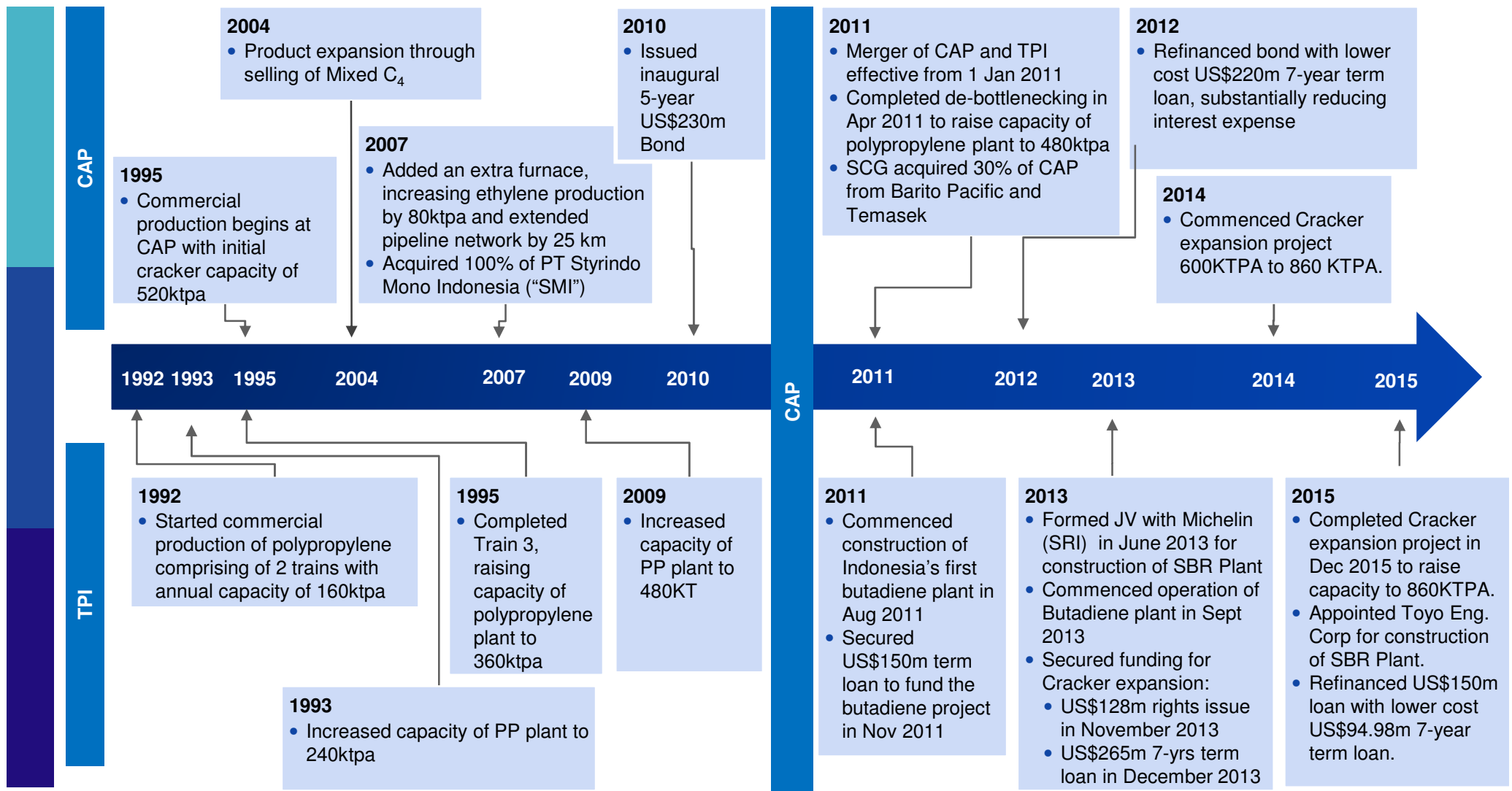
CAP has the most diverse product range and a dominant producer with approximately 48% market share of Indonesia's olefins and polymers production capacity

Capacities of Petrochemical Producers in Indonesia (Annual) – FY2015

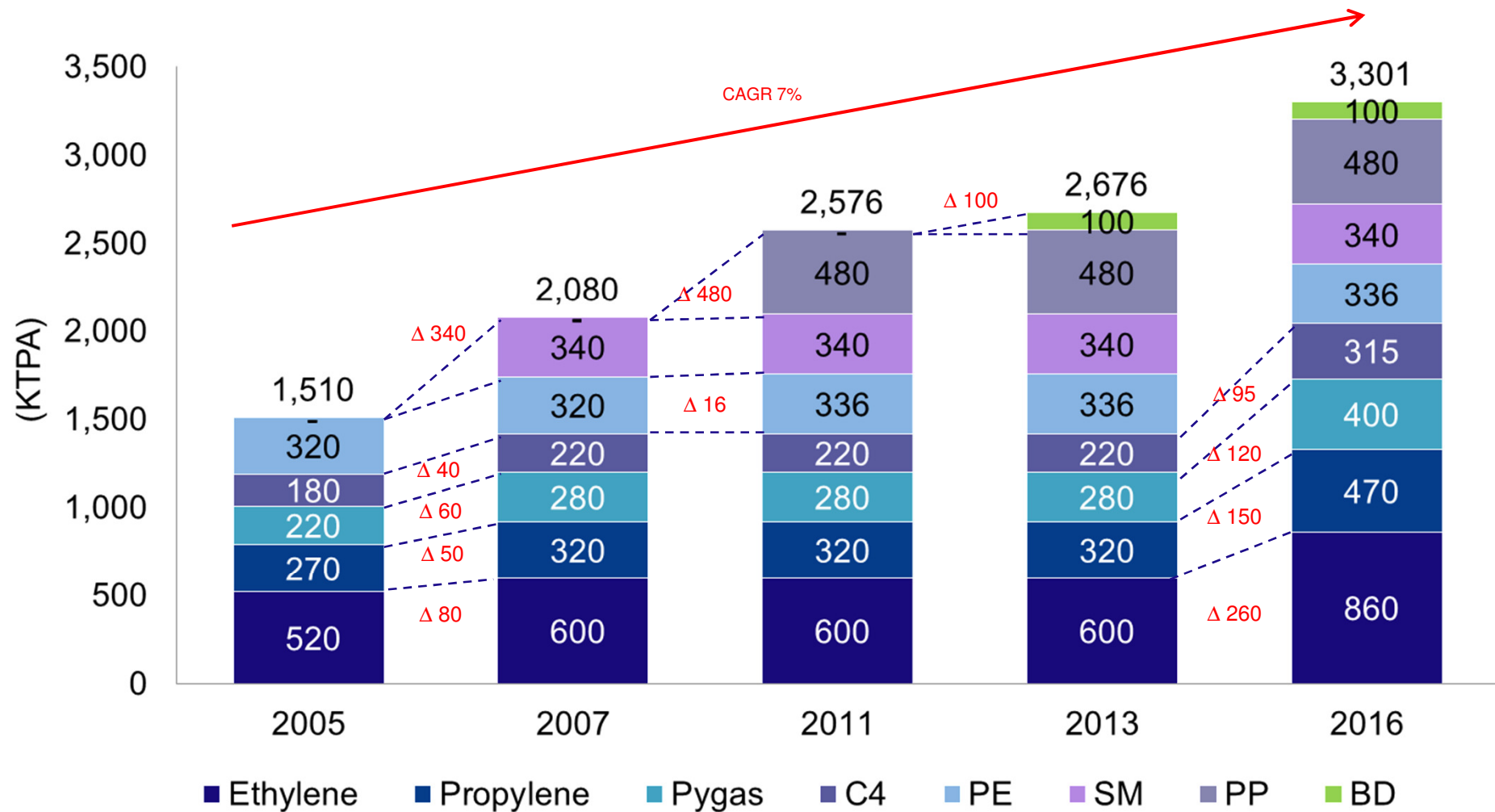
Products (KT)	 	Lotte Chemical		Polytama	Asahimas Chemical	Sulfindo	Nippon Shokubai	Petro-Oxo Nusantara	Polychem Indonesia	TPPI	TOTAL
		Titan	Pertamina								
Ethylene	860										860
LLDPE	200	200									400
HDPE	136	250									386
Polypropylene	480		45	386							911
Styrene Monomer	340										340
Vinyl Chloride Monomer					712	130					530
Ethylene Oxide									216		216
Propylene	470		430								900
Acrylic Acid							140				140
Butanol								20			20
Ethylhexanol								100			100
Py-gas	400										400
Crude C4	315										315
Benzene										400	400
ParaXylene										550	550
Butadiene	100										100
Total Capacity of Producer	3,301	450	475	386	712	130	140	120	216	950	6,880

Source: Company

23 years track record of successful growth



Strong success of both vertical and horizontal expansion



Source: Company

Thank You

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