

Indonesia's
LEADING and
PREFERRED
Petrochemical Company



Chandra Asri
Petrochemical

Investor Update

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

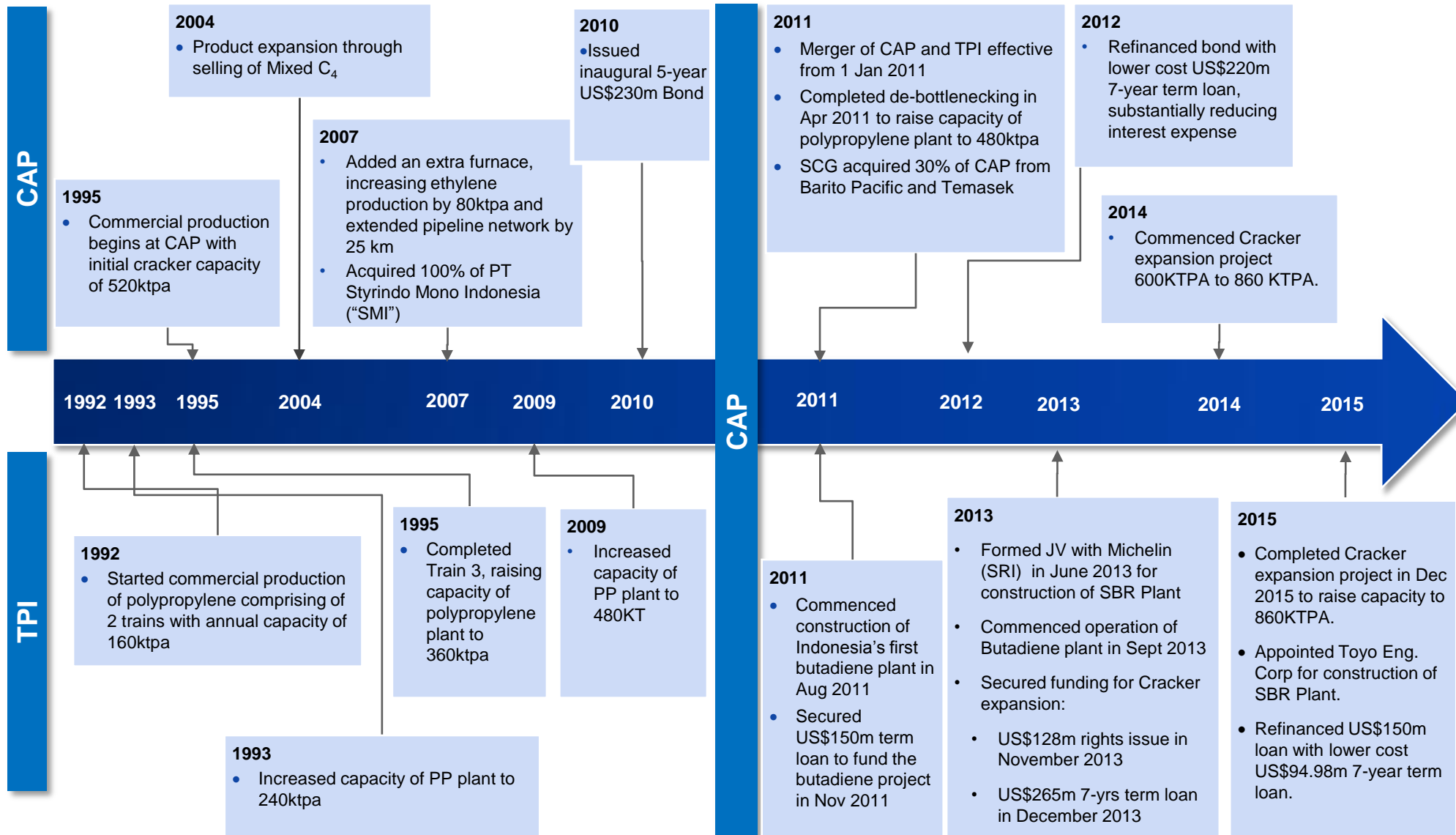
(1) Includes CAP shares held by Marigold Resources Pte Ltd and Magna Resources Corp Pte. Ltd.

Vision and Business Strategy

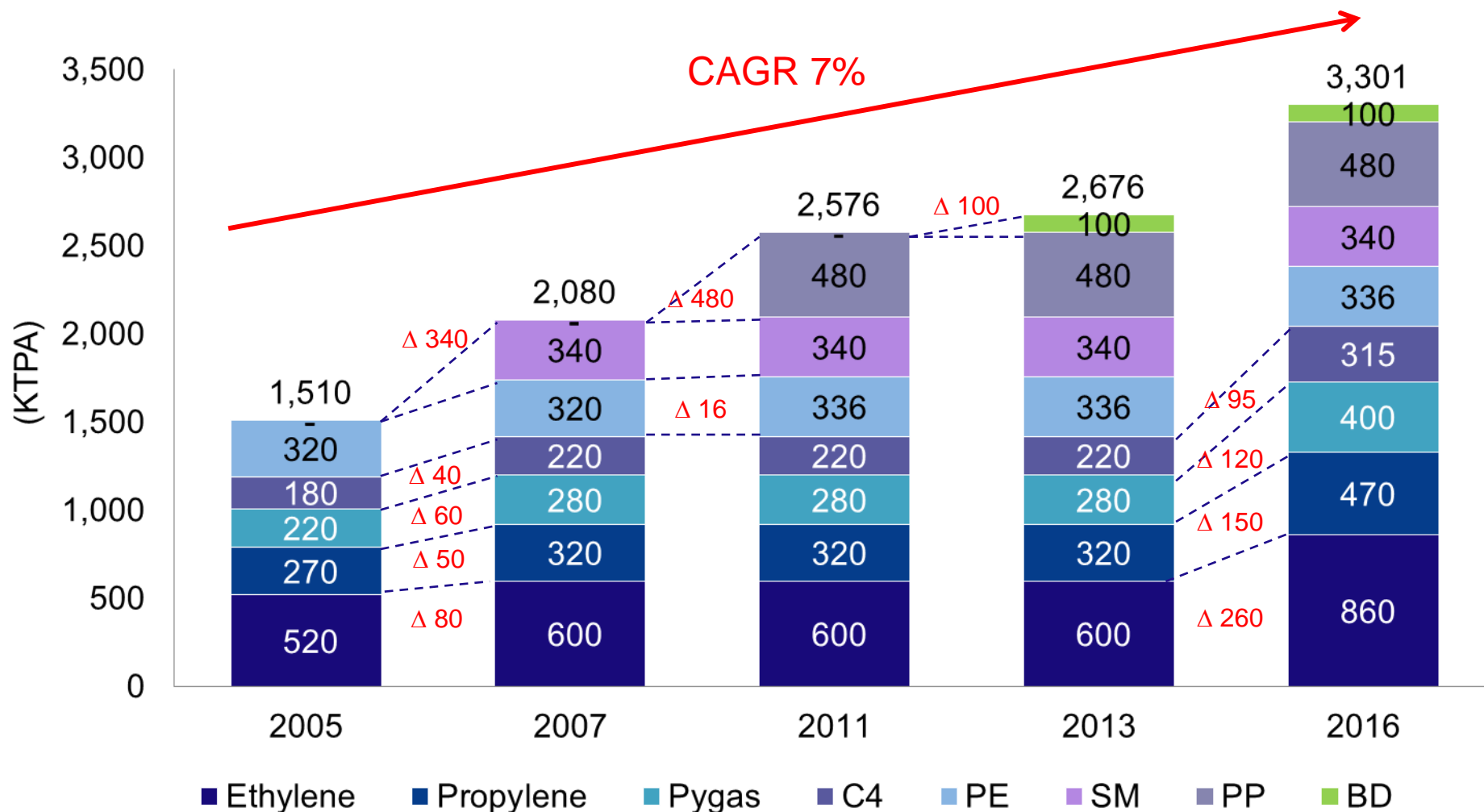
The Leading and Preferred Petrochemical Company in Indonesia

- 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

23 years track record of successful growth



Strong success of both vertical and horizontal expansion

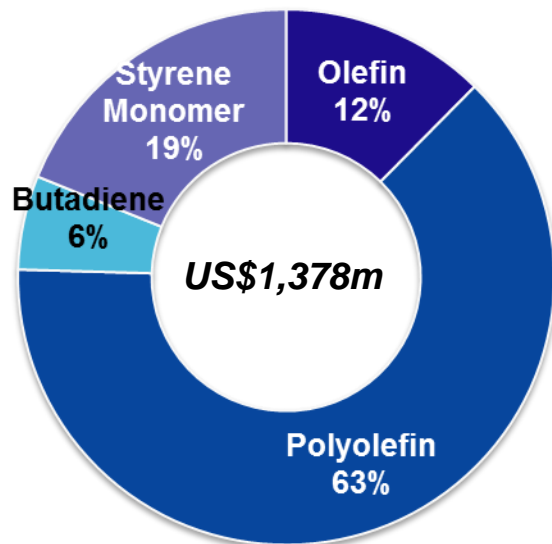


Source: Company

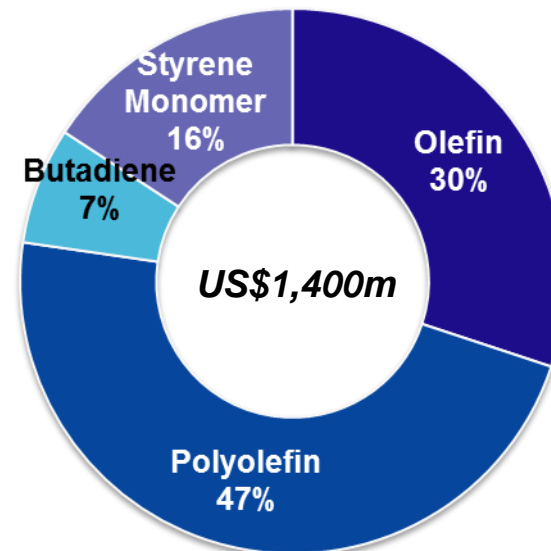
Strong and Diverse Product Portfolio

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

2015 Revenue



2016 YTD Sep Revenue



Olefins

Ethylene



Propylene



Pygas

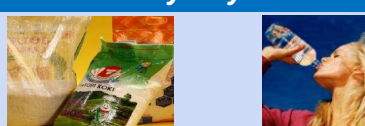


Mixed C₄



Polyolefins

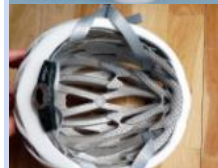
Polyethylene



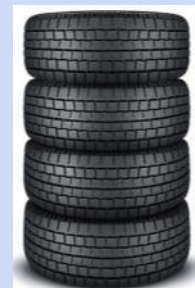
Polypropylene



Styrene Monomer



Butadiene



2. Key Investment Highlights

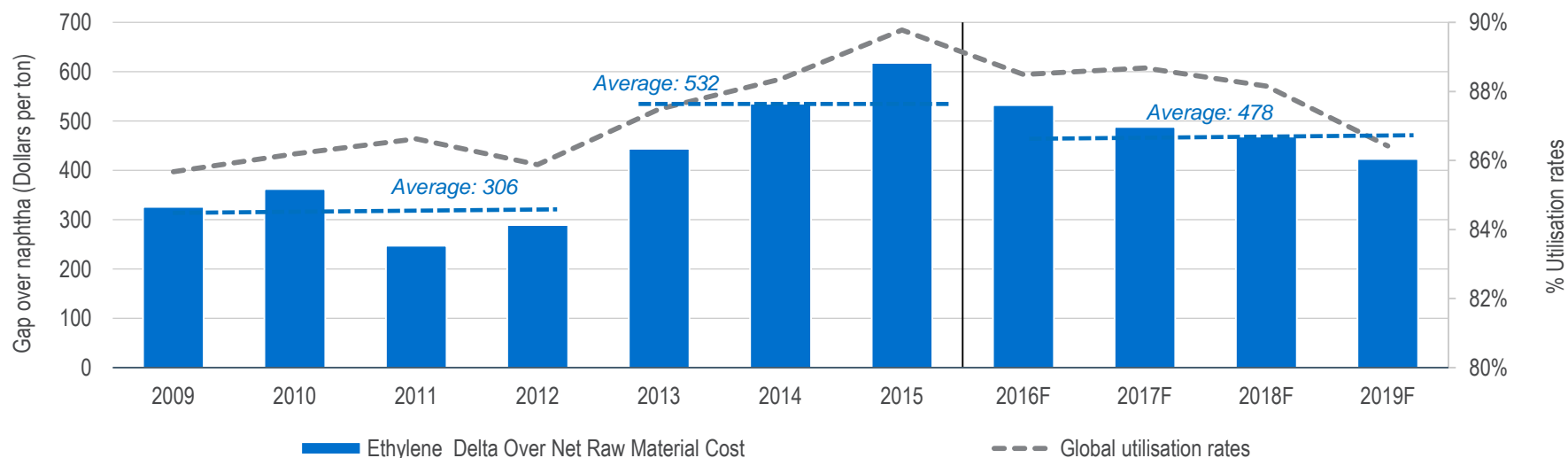
Key Investment Highlights



1 Attractive industry fundamentals: Petrochemical industry is in long term cyclical phase

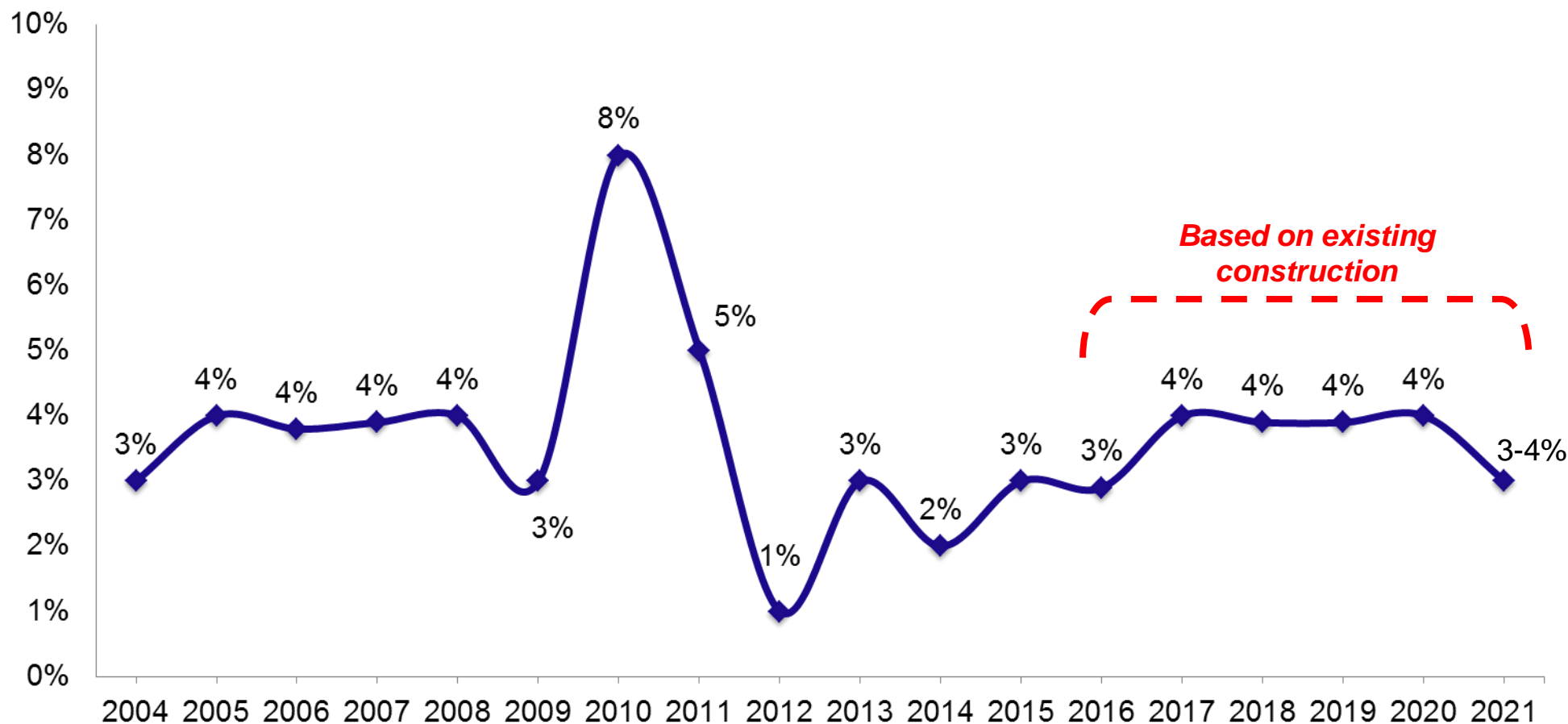
Petrochemical industry profitability to continue on path of sustainable recovery post 2012 as a result of improving demand and lower capacity addition

Ethylene spreads over Naphtha



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

Ethylene world supply growth



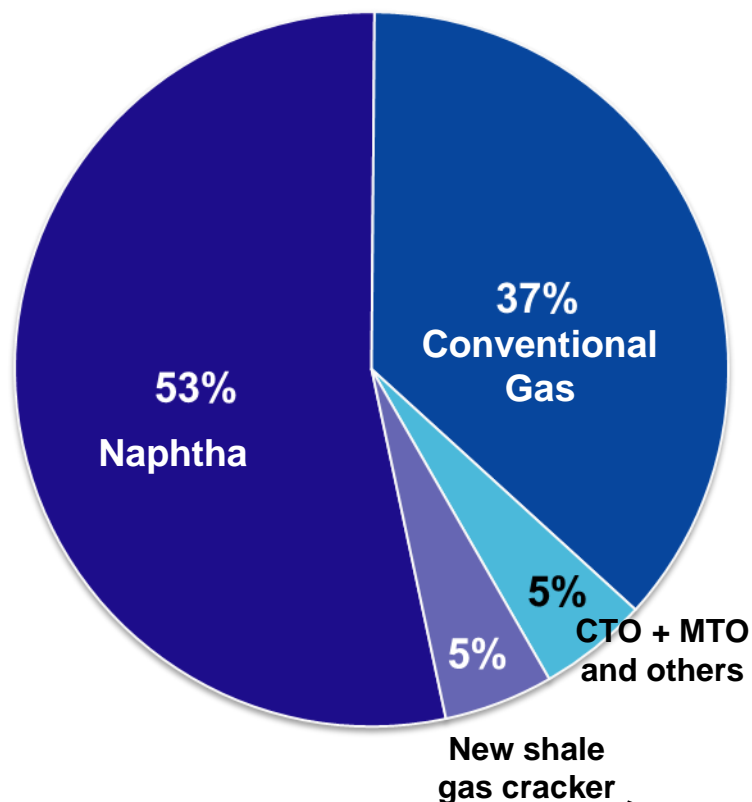
Incremental supply growth (MT):

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

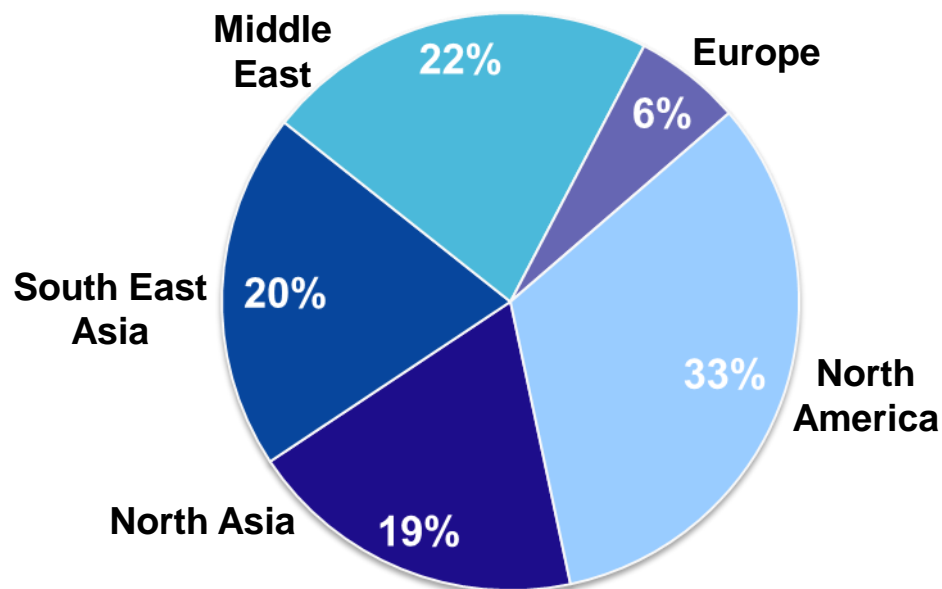
Ethylene world capacity

Naptha + conventional gas = 91% of capacity

**Ethylene world capacity
191MT in 2021**



**New capacity by region
(2017-2021)**



- 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

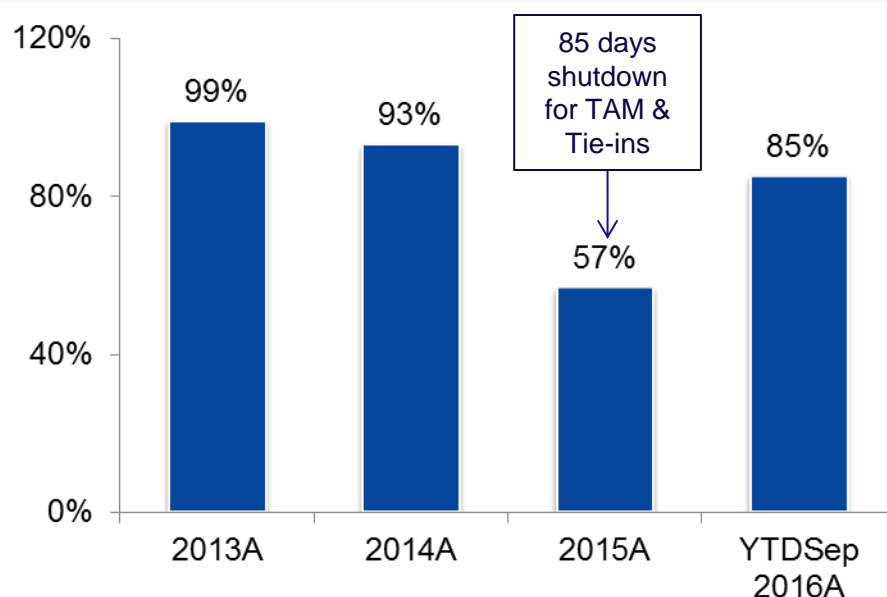
- 8 crackers = 5% of world's capacity
- 6 years required from planning to start-up

1 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.

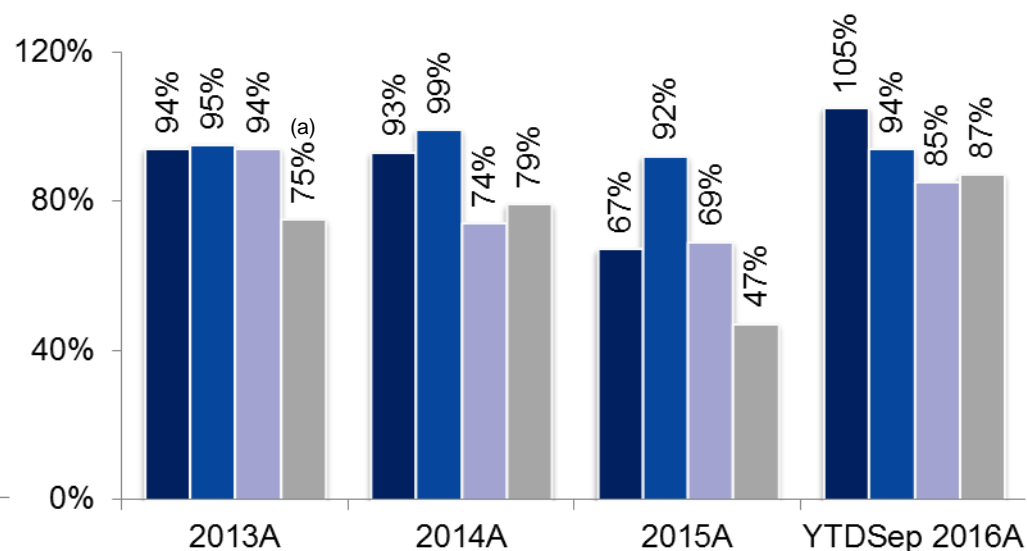
Utilisation rates of CAP

Ethylene



- 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.

Polyethylene, Polypropylene, Styrene Monomer, Butadiene



■ Polyethylene ■ Polypropylene ■ Styrene Monomer ■ Butadiene

- 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.

Note:

(a) Represents 3 months operation from Sep-Dec

② Strong demand growth expected in Indonesia for petrochemical products

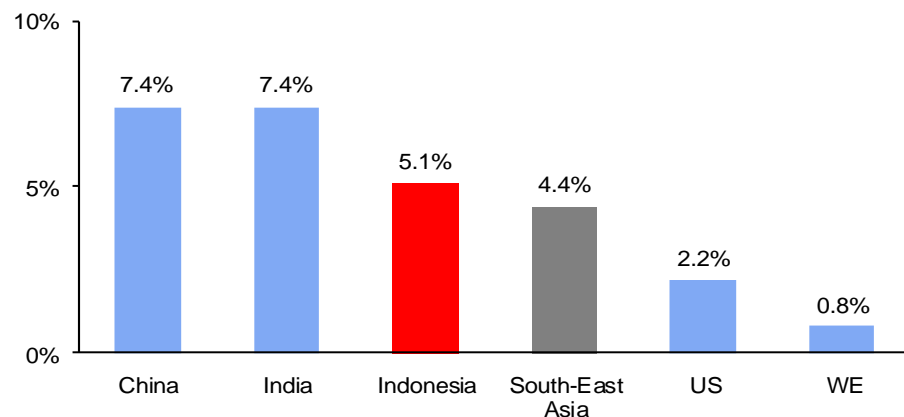
Petrochemical products are fundamental to production of a wide variety of consumer and industrial products, such as packaging, containers, automotive and construction materials



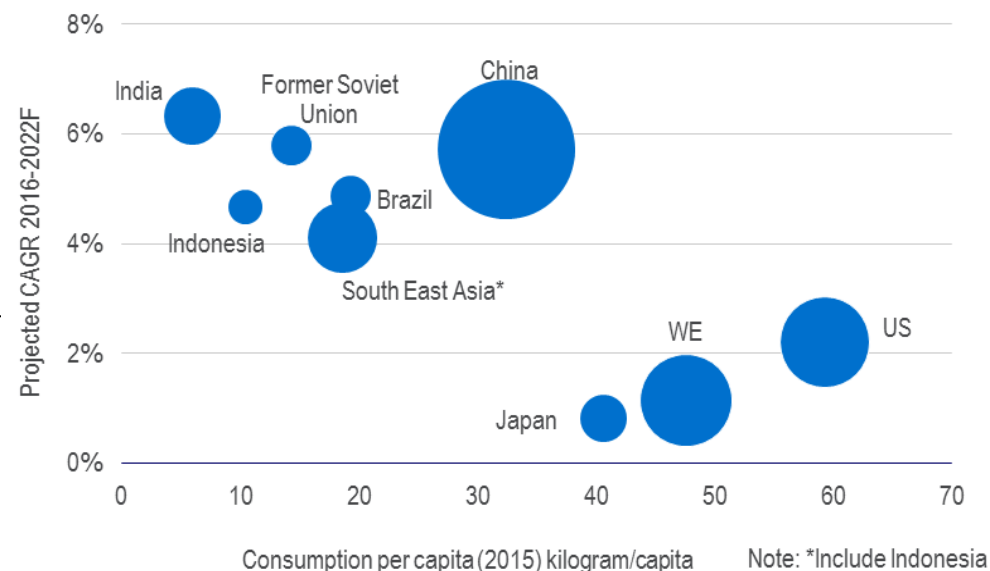
Source: Nexant (Feb 2016)

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

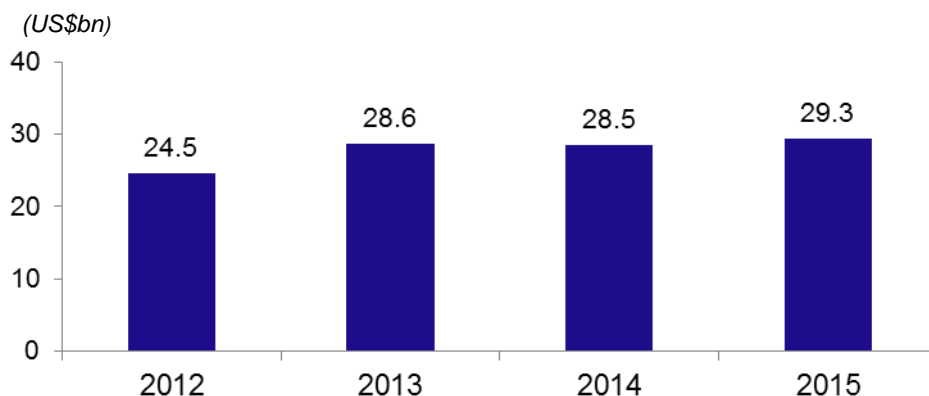
GDP growth CAGR (2014-2018E)



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



FDI Investment in Indonesia (2012-2015)



Source: Nexant (Feb 2016), BKPM

Notes:

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

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

Domestic trends

Rising Population

Quality of Life



Urbanization

Manufacturing

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 Titan	Pertamina	Polytama	Asahimas Chemical	Sulfindo	Nippon Shokubai	Petro-Oxo Nusantara	Polychem Indonesia	TPPI	TOTAL
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

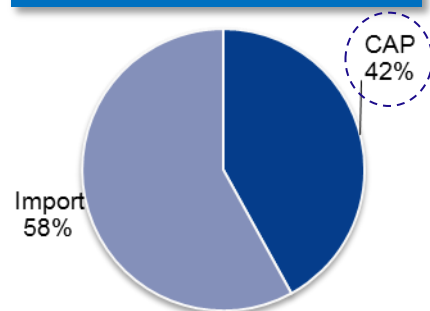
Source: Company

3 Domestic Market Leader

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

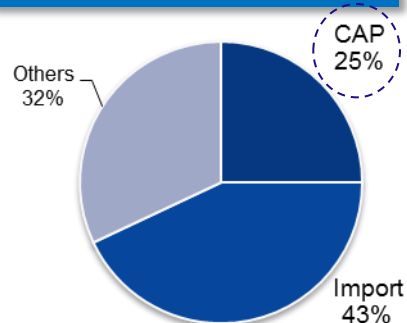
1 Largest Petrochemical company in Indonesia⁽¹⁾

Ethylene (2015)



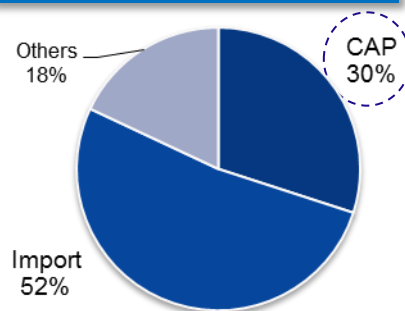
Total Supply: 1.4M tons

Polyethylene (2015)



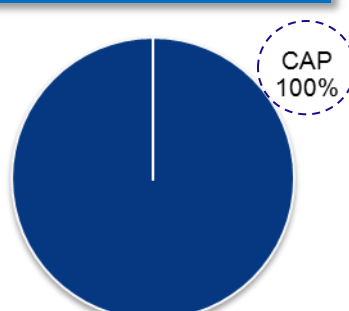
Total Supply: 1.4M tons

Polypropylene (2015)



Total Supply: 1.8M tons

Styrene Monomer (2015)

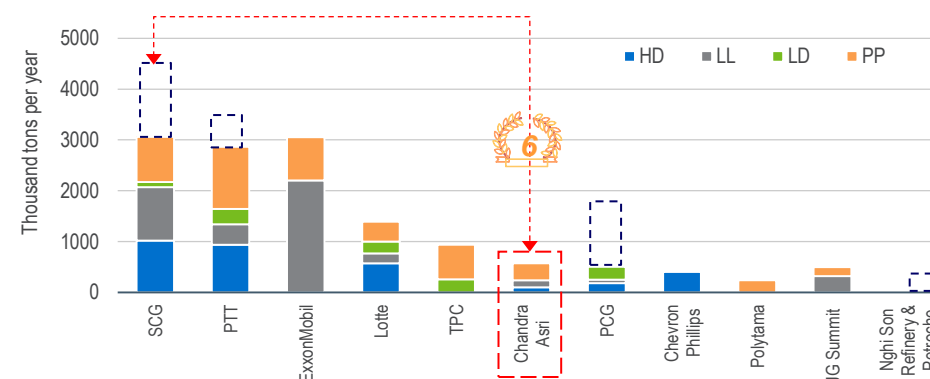


Total Supply: 0.2M tons

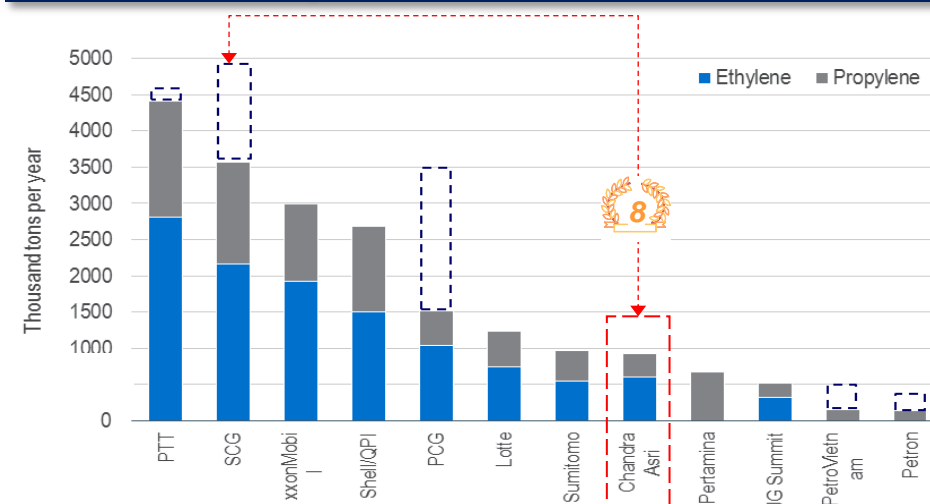
Source: Company, Nexant (Feb 2016)

Note: (1) By production excluding fertilizer producers

Polyolefin Top 10 South East Asia Producers



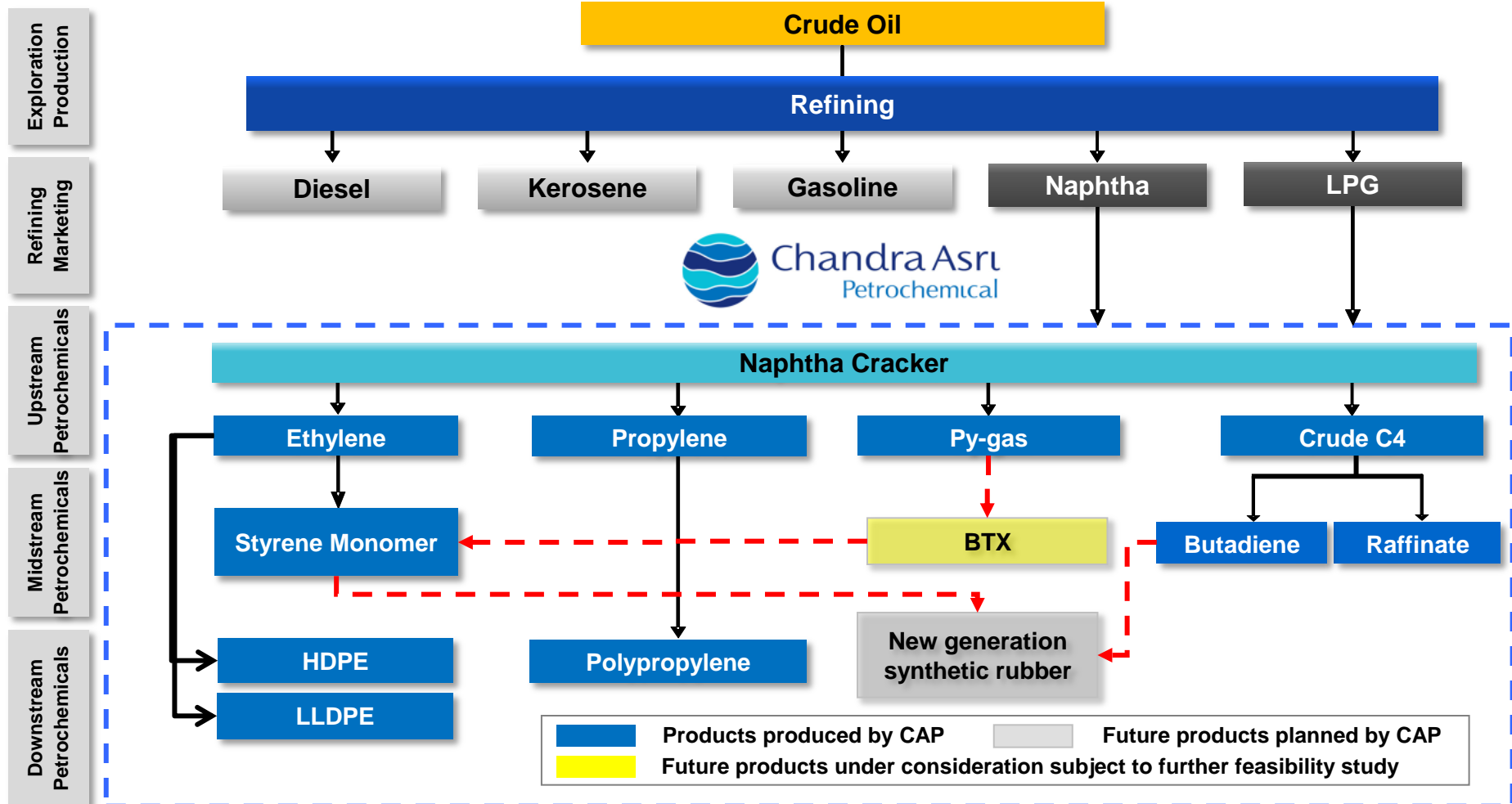
Olefin Top 10 South East Asia Producers



Source: Nexant (Feb 2016)

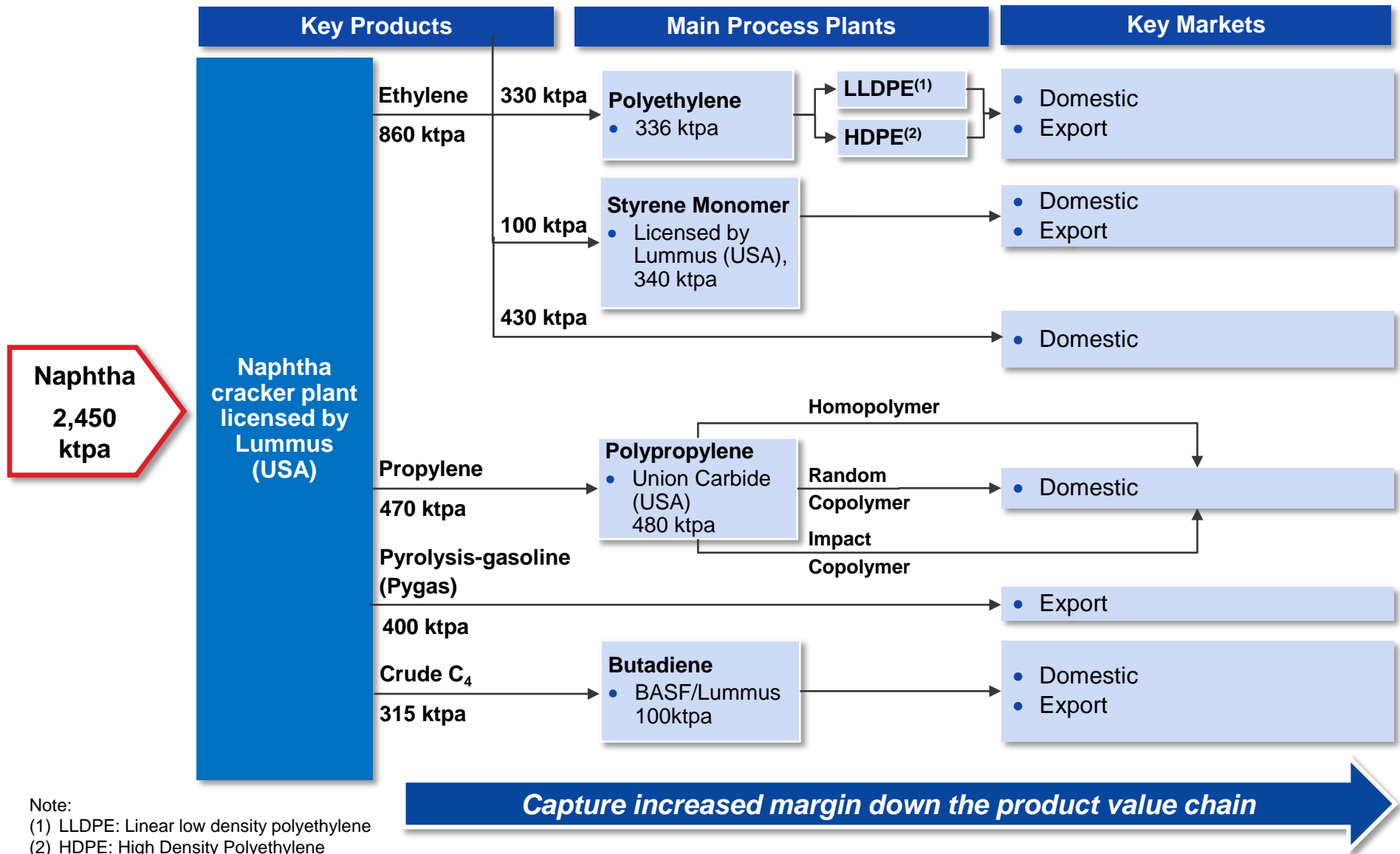
③ Vertically integrated operations resulting in higher efficiency and lower costs

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



3 Key products, capacity and key markets

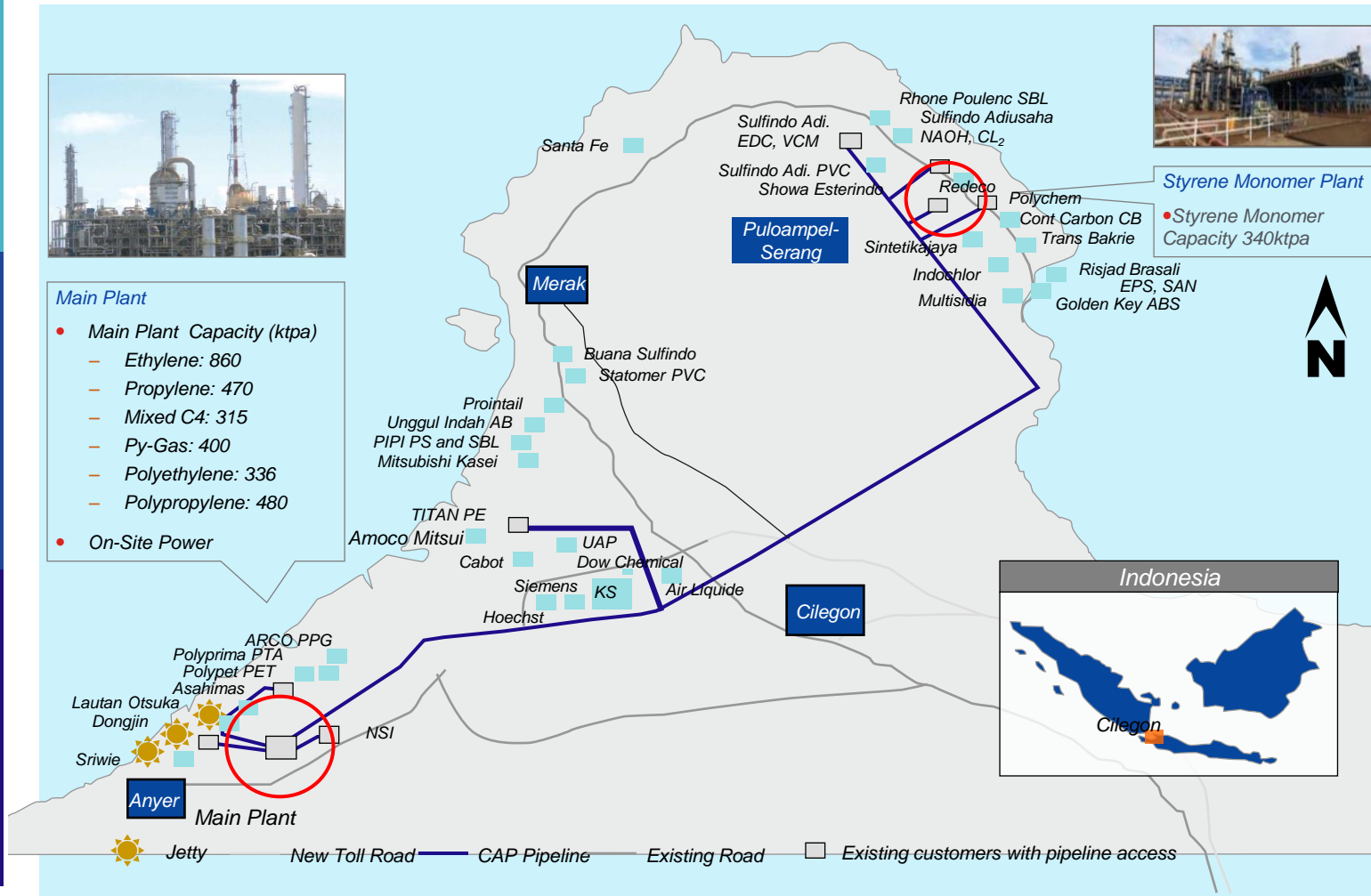
Cracker debottlenecking resulted in streamlining with no shortage of midstream products



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

CAP's Petrochemical Complexes

Avg. Price Premium
(2011-2015)



PP	6.3%
PE	5.6%

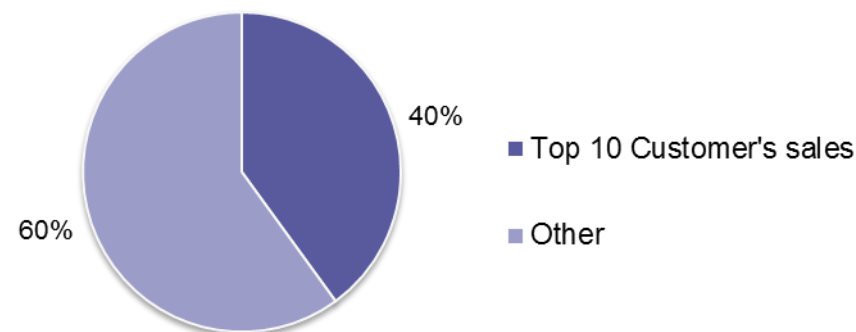
4 Loyal and broad customer base

... Long established blue-chip customer base

- 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



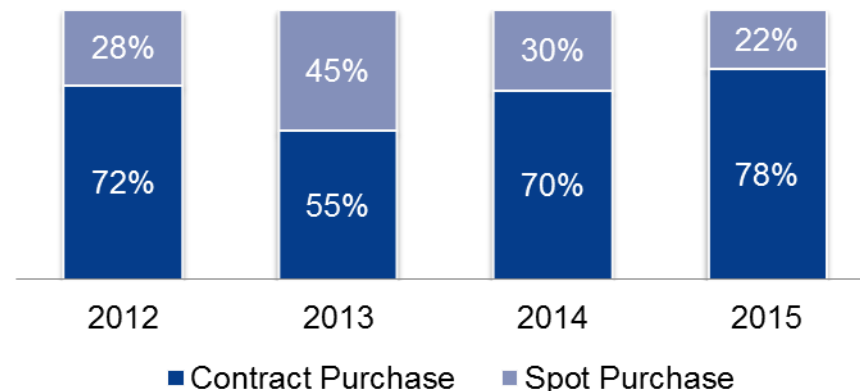
Source: Company

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

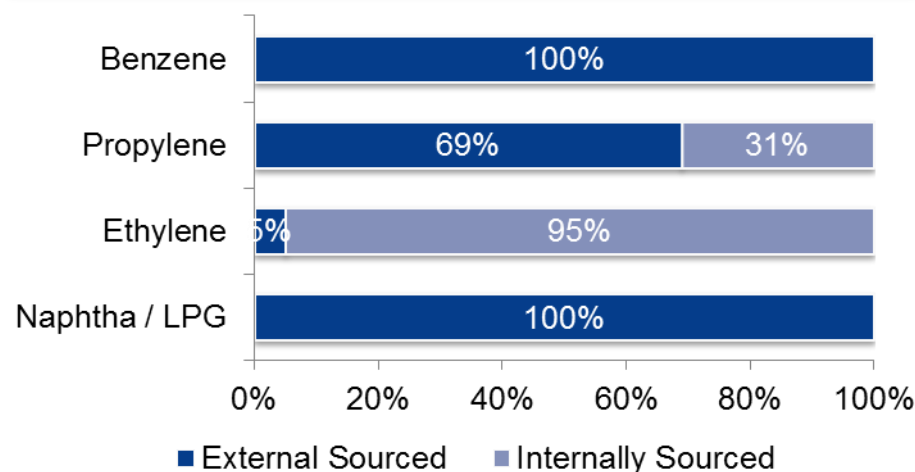
Feedstock overview

- 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



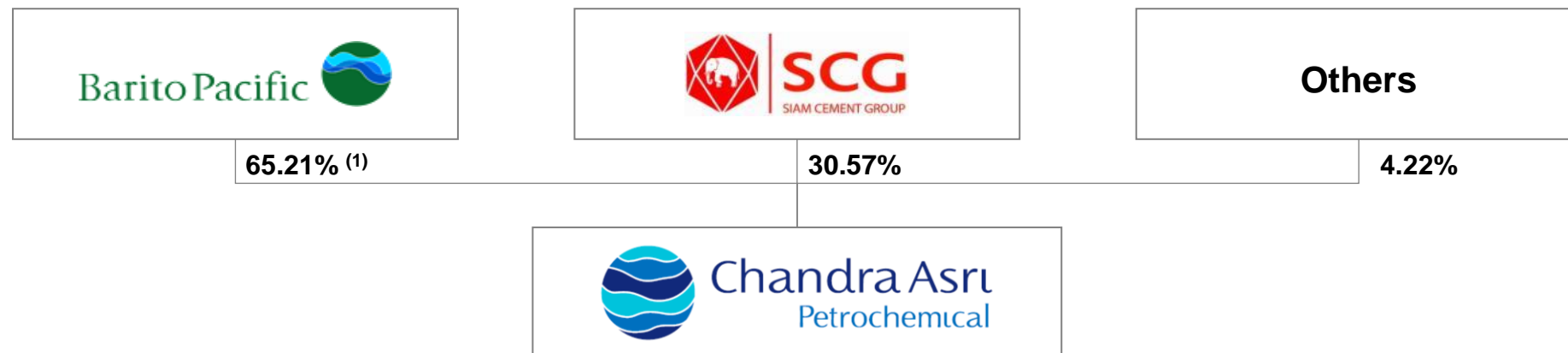
Main Raw Materials - 2015



Source: Company

⑥ Strong commitment from Shareholders

Shareholder structure (as of 30/09/2016)



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.

Note:

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

7 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

9 months in the
Industry
9 months 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

Notes:

(1) Appointed by SCG

3. Strategic Growth

Cracker Expansion Project

... Successful project delivery

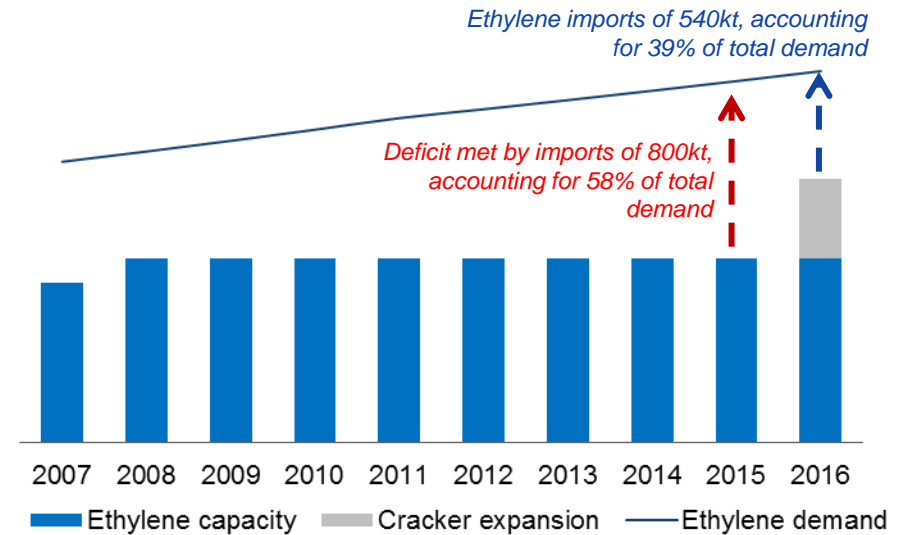
- Cracker expansion to achieve economies of scale and take advantage of significant ethylene shortage in Indonesia.
- Ethylene sold to existing domestic customers who are carrying out debottlenecking (Asahimas, etc)
- Achieved Mechanical Completion on Dec 9, 2015. Re-started Cracker and achieved on-spec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



Current capacities

Post Expansion

Indonesian Ethylene Supply & Demand



	Ethylene	Propylene	Crude C4
Capacity	600	320	220
Requirement	430	480	220
Surplus/(Deficit)	170	(160)	0
Capacity	860	470	315
Requirement	430	480	315
Surplus/(Deficit)	430	(10)	0

Synthetic Rubber Project

... Value add to our products

- Signed JV agreement with Michelin in June 2013.
- 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



55%

45%



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.
- FID target in mid 2017.
- Plant expected to come on-stream in 2019/2020.
- 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"

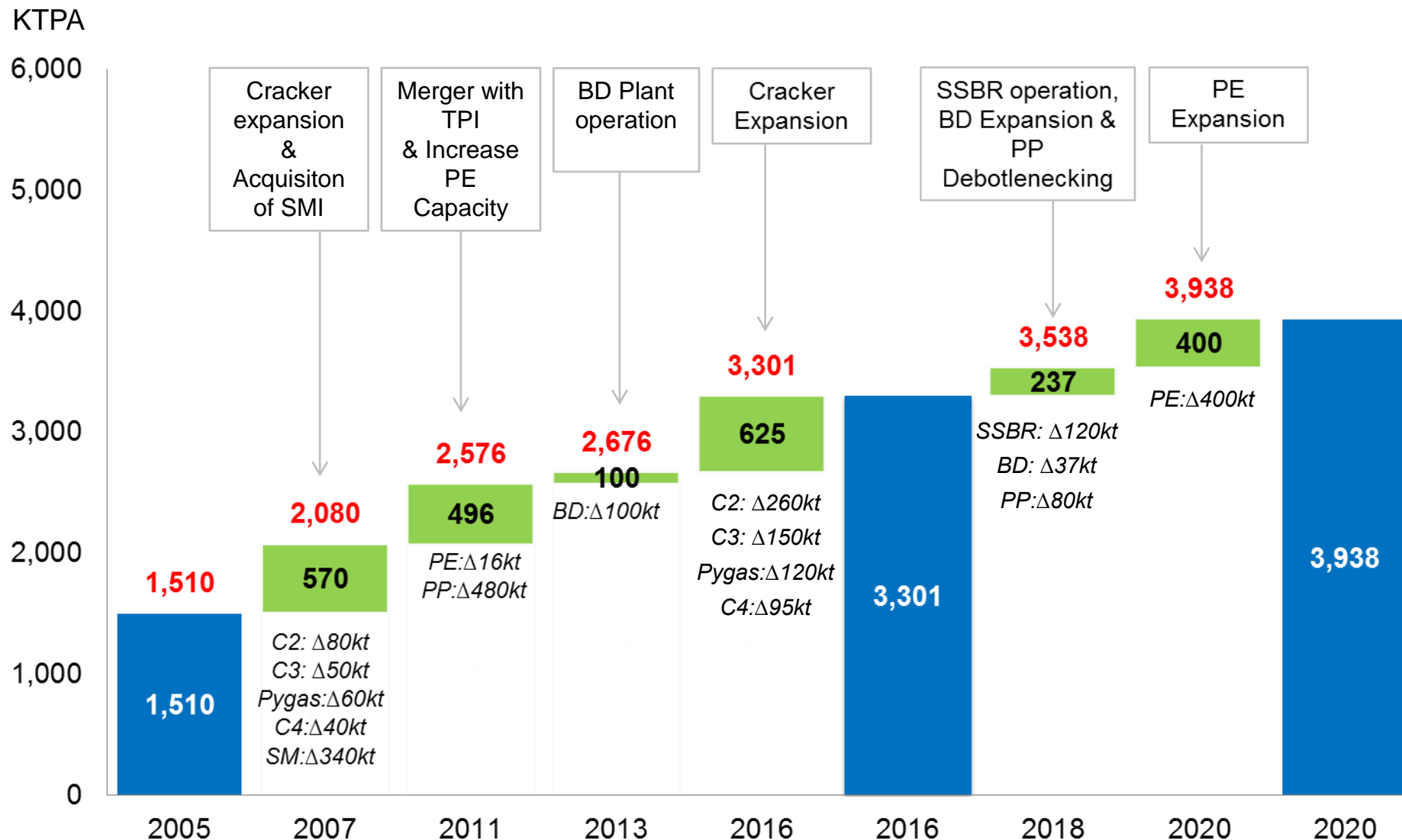
Polypropylene Debottlenecking

- 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.

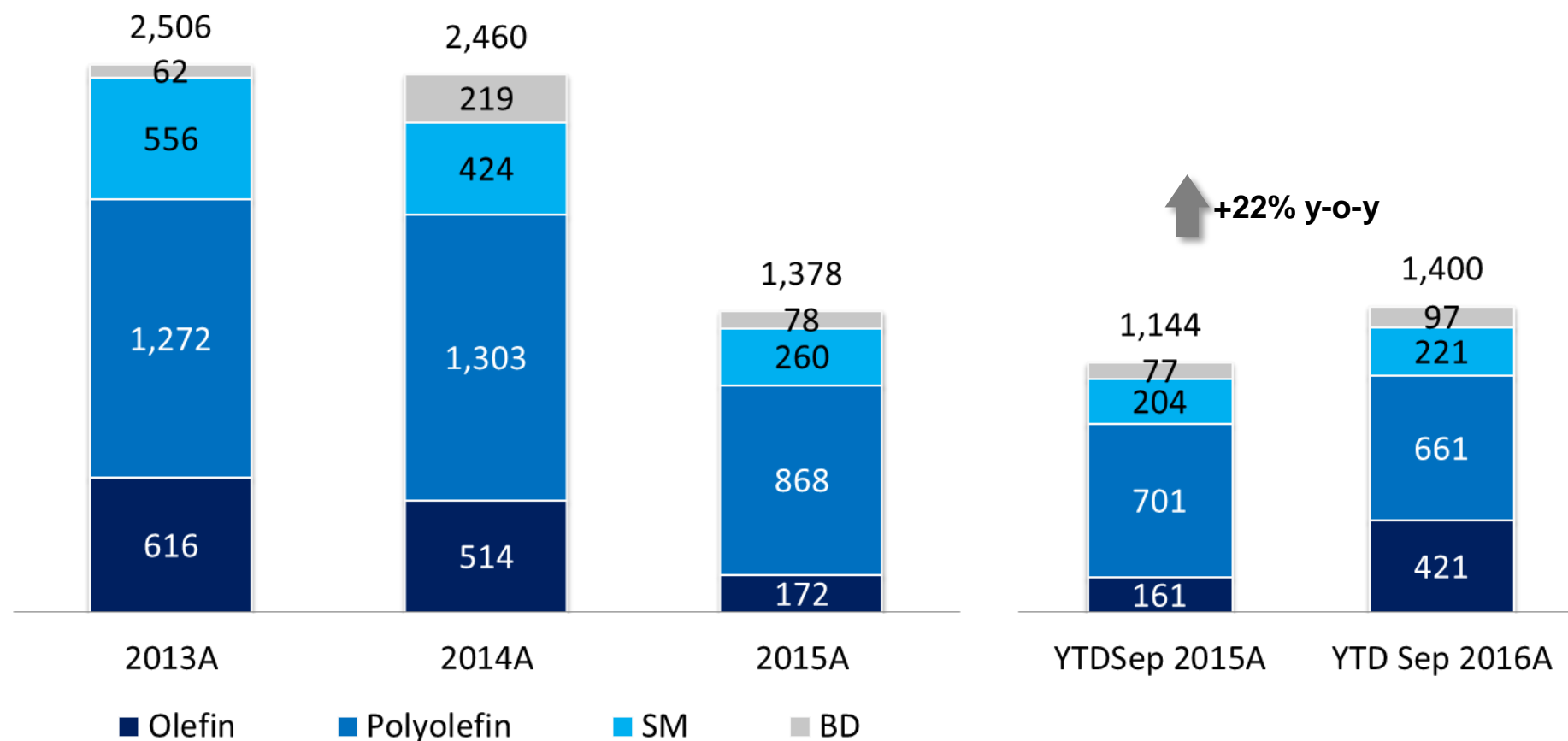
Strong success of both vertical and horizontal expansion



4. Financial Highlights

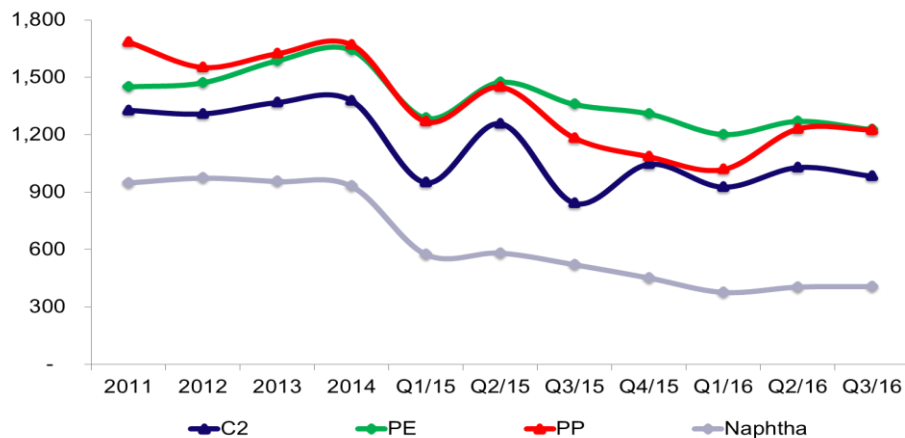
Net Revenues

Revenue by product (US\$m)

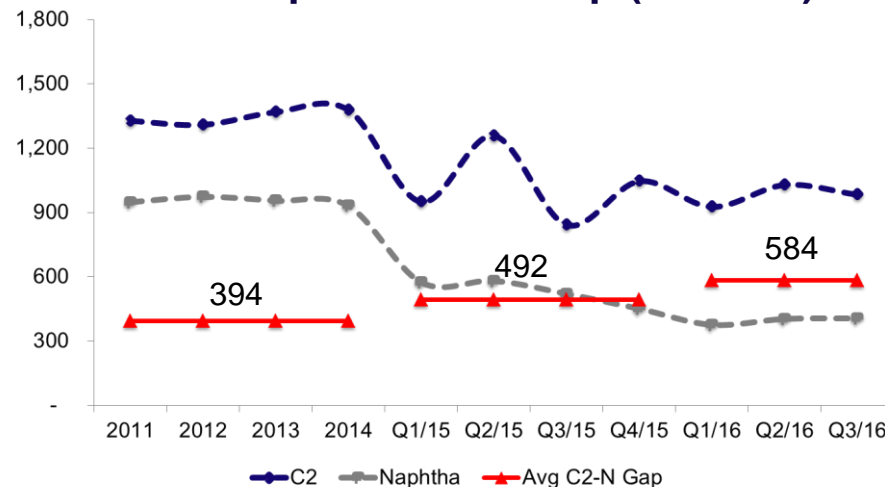


Source: Company Information

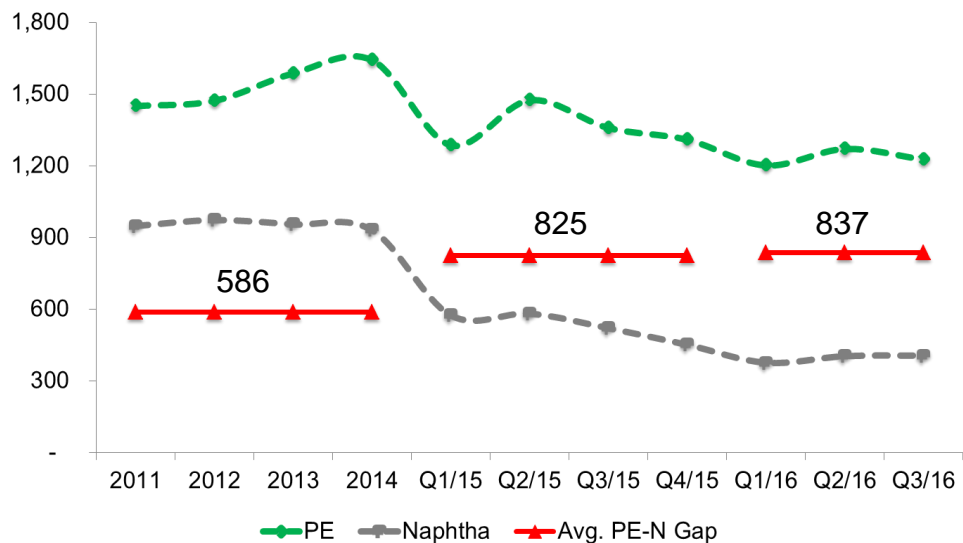
CAP Avg Realized Prices (US\$/ton)



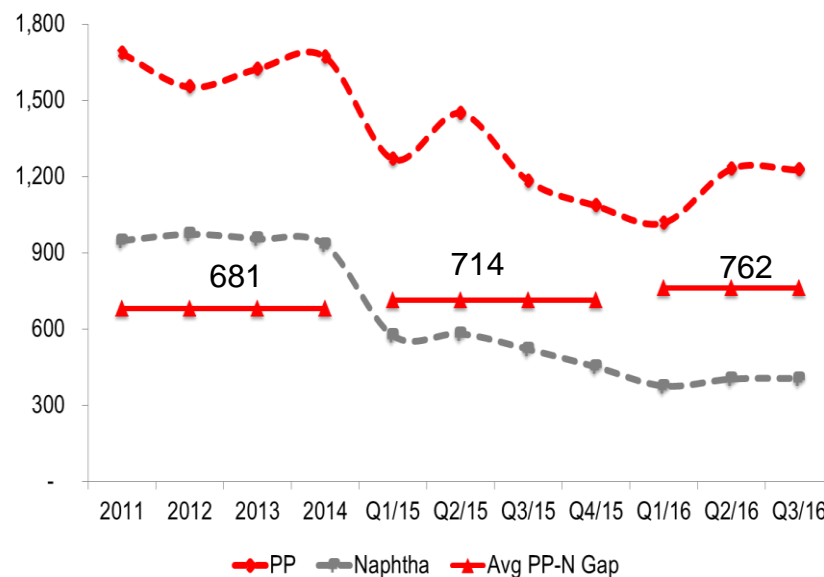
C2 – Naphtha Price Gap (US\$/ton)



PE – Naphtha Price Gap (US\$/ton)

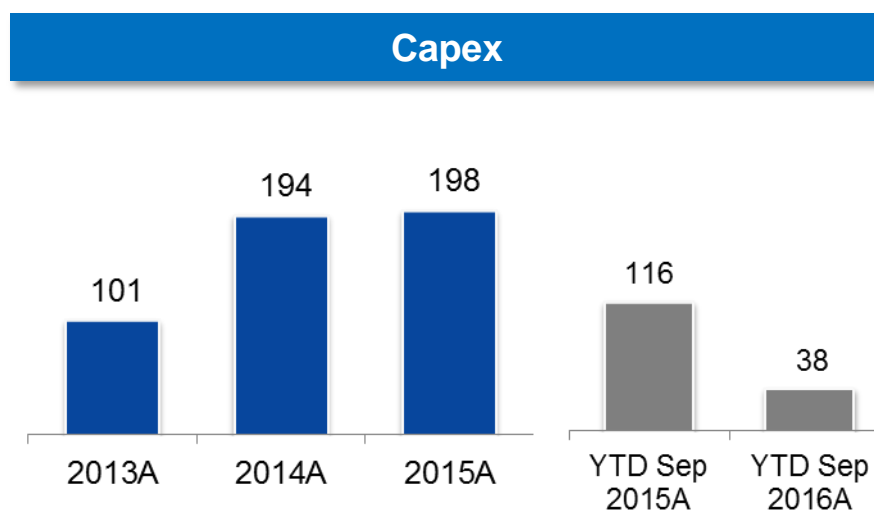
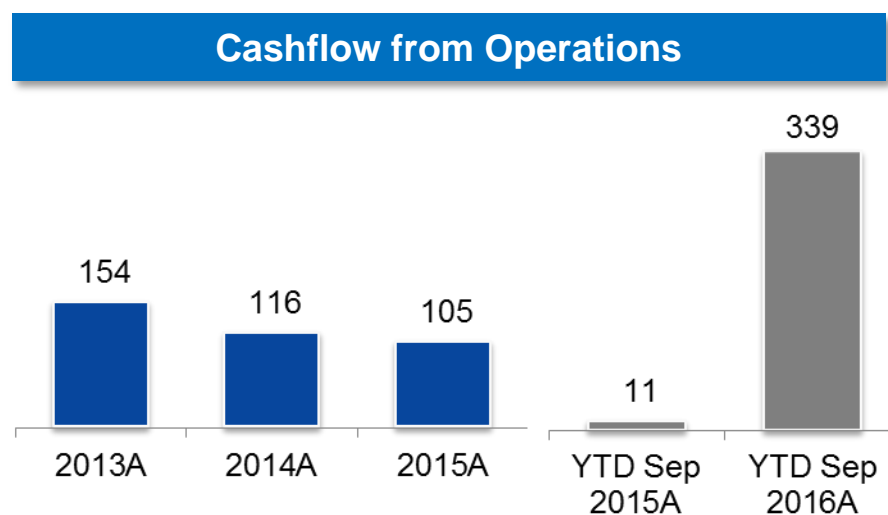
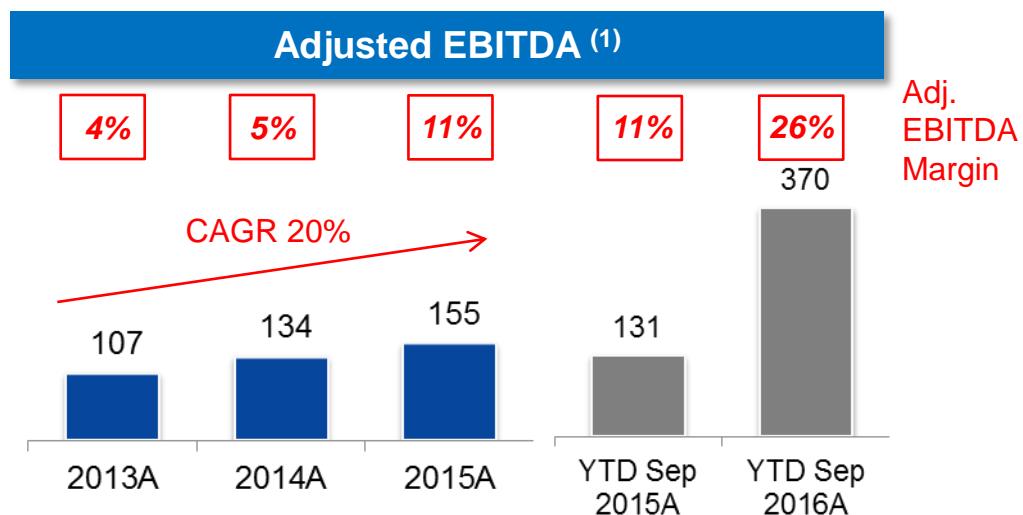
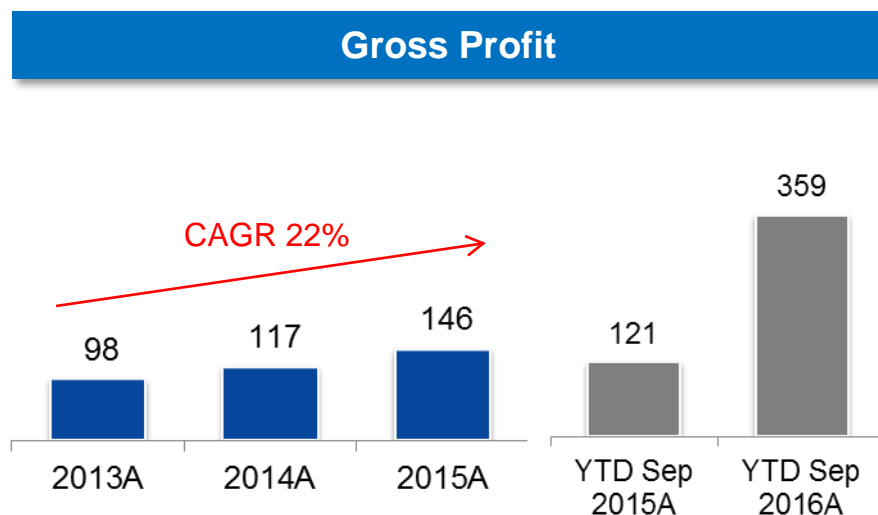


PP – Naphtha Price Gap (US\$/ton)



Financial Summary: Strong financial profile

(in US\$m)

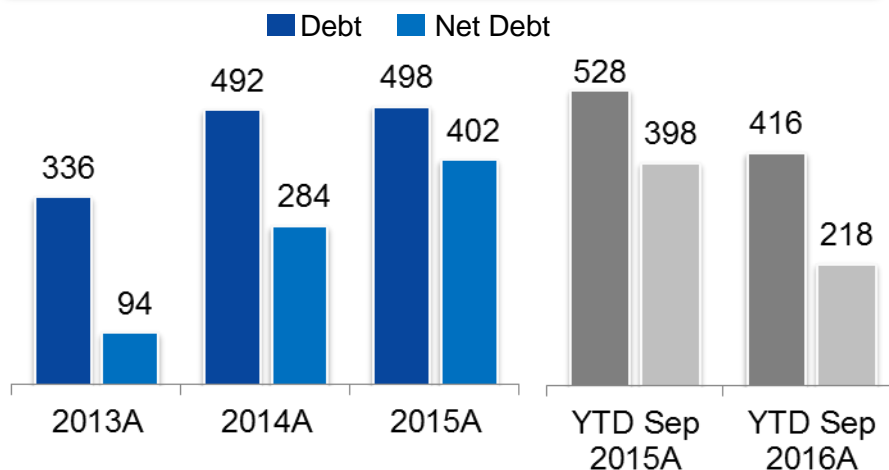


Source: Company Information

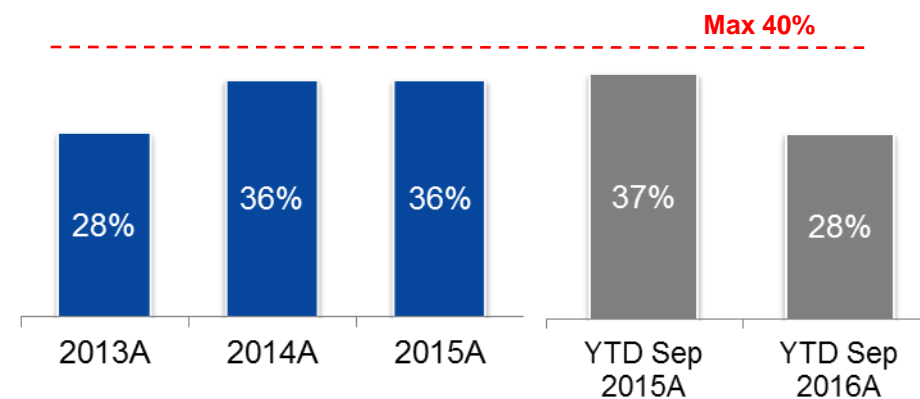
(1) Adjusted EBITDA is defined as net income/(loss) before interest, taxes, depreciation and amortization as adjusted for net unrealized foreign exchange loss/(gain), unrealized loss/(gain) on mark to market valuation of derivatives, equity in net loss of an associate, write down of inventories to NRV.

Consolidated Debt, Liquidity and Coverage profile

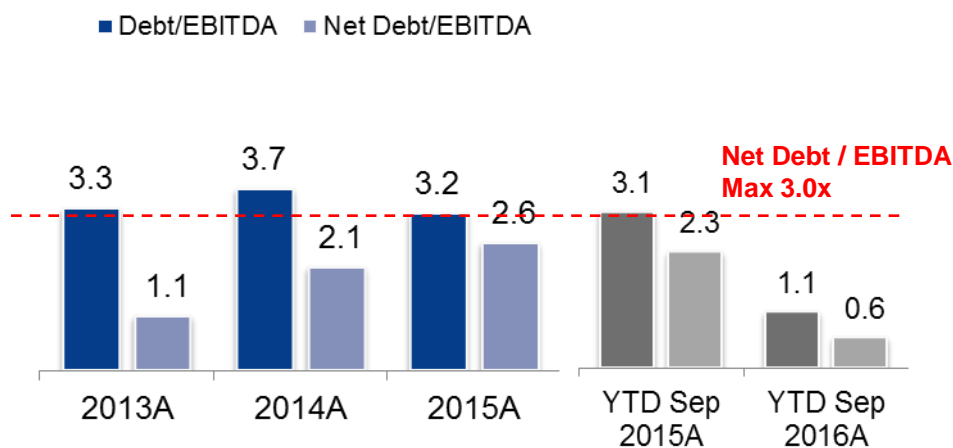
Total Debt & Net Debt (US\$m)



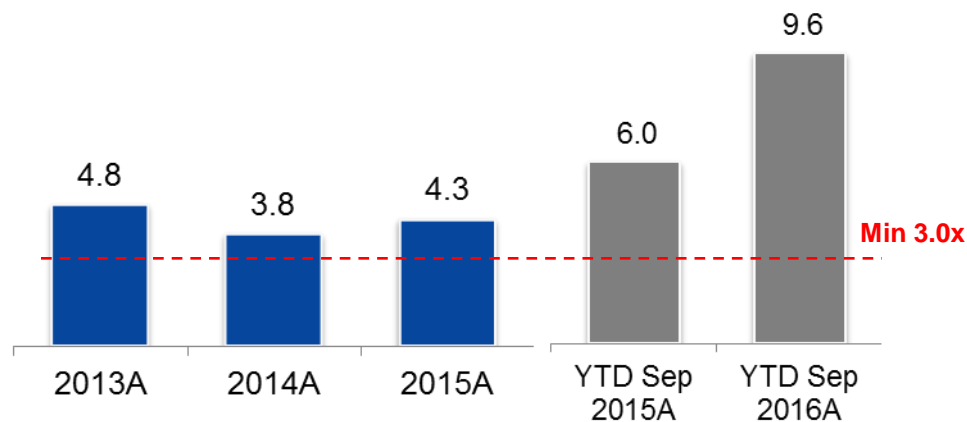
Debt to Capital (%)



Total Debt & Net Debt / EBITDA



EBITDA / Int. cover



Source: Company Information

5. Conclusion

Key Investment Highlights



Thank You

Address:

PT Chandra Asri Petrochemical Tbk

Wisma Barito Pacific Tower A, Lt. 7
Jl. Let. Jend. S. Parman Kav. 62-63
Jakarta 11410

Contact:

Investor Relations

Email: investor-relations@capcx.com
Tel: +62 21 530 7950
Fax: +62 21 530 8930

Visit our website at www.chandra-asri.com

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