Chandra Asri Petrochemical

Indonesia's

LEADING and PREFERRED Petrochemical Company

PT Chandra Asri Petrochemical Tbk
[IDX: TPIA]

www.chandra-asri.com

1Q 2018 Performance

Earnings Call

29 June 2018

Chandra Asri Petrochemical

Agenda:

- **Q1 2018 Performance**
- **2018 Outlook**
- **Projects Update**
- **Q & A**

Q1 2018 Performance

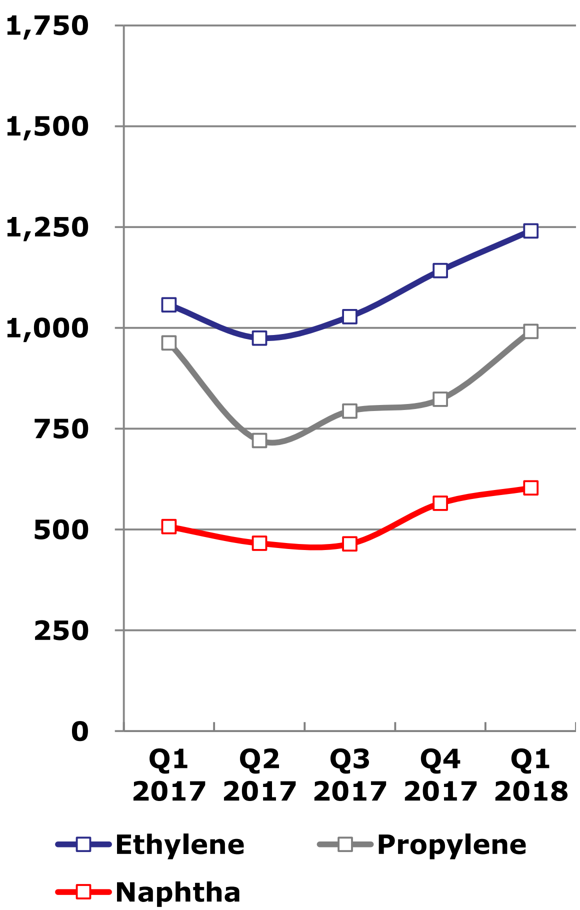
Company Highlights 1Q 2018

- Achieved EBITDA of US$129m with margin of 19% for Q1 2018 amid rising naphtha cost in tandem with higher crude oil price, partly offset by strong production and sales volumes, primarily Polymers.
- Maintained high operating rates for all plants except for planned shutdown of Butadiene for tie-in /TAM.
- All projects progressing as per plan.
- Successfully issued IDR500 billion Bond (~US$36.2m) in March 2018, proceeds used to prepay US$94.98m TL facility and for working capital.

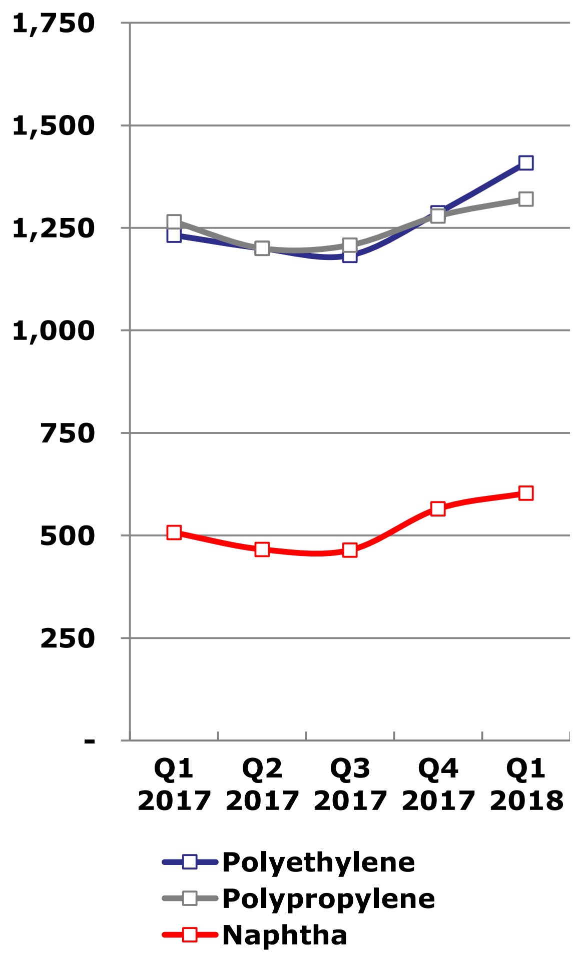
Product Spreads

Continuing healthy product spreads, despite increasing feedstock price reflecting higher crude oil ...

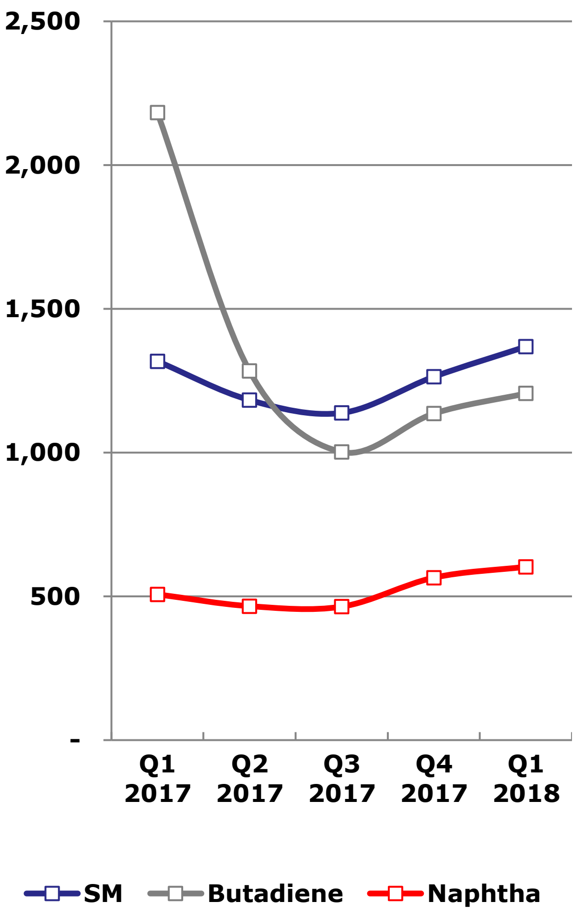
Olefins



Polyolefins



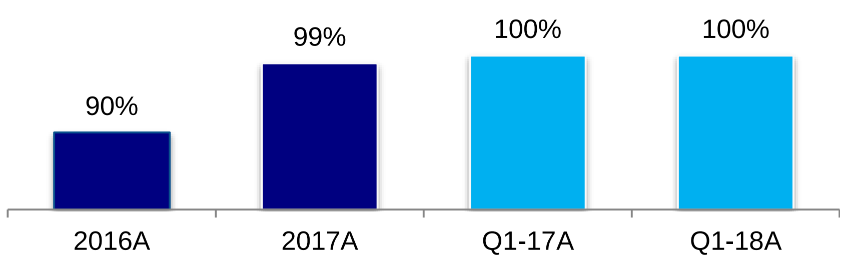
Others



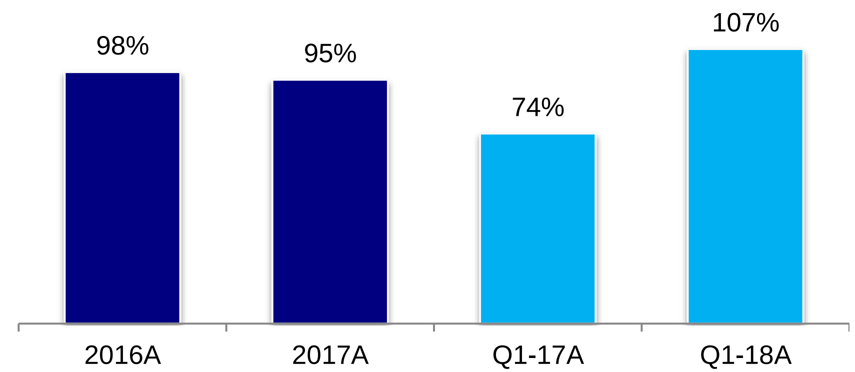
Operating rates

Maintained high operating rates for all plants …

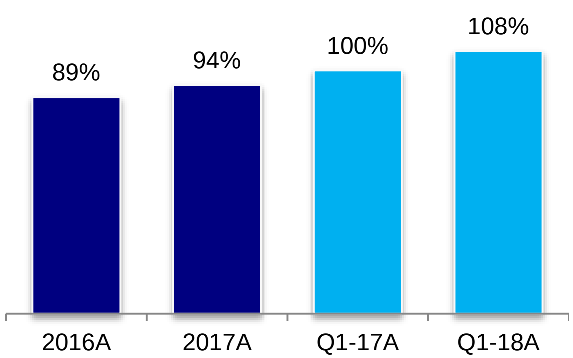
Ethylene



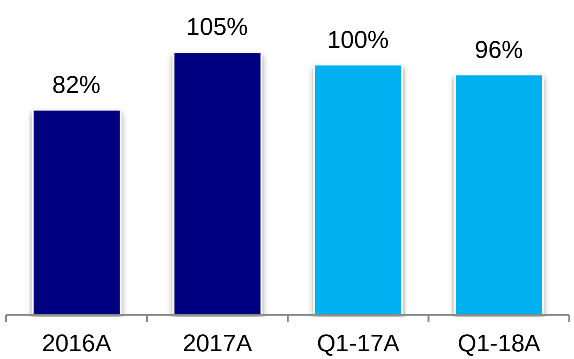
Polyethylene



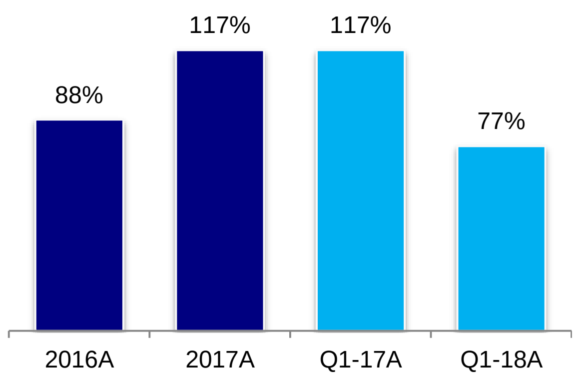
Polypropylene



Styrene Monomer



Butadiene

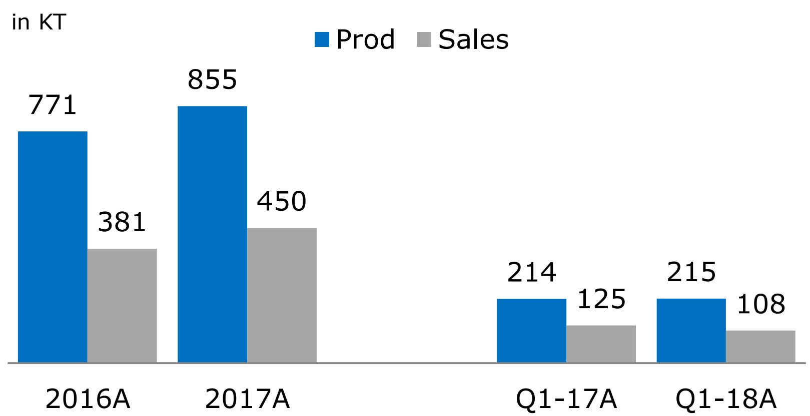


Source: Company information

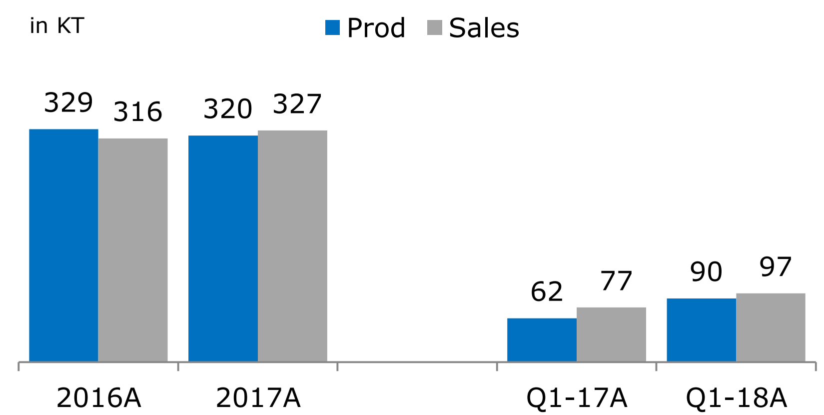
Production and Sales Volumes

Higher volumes resulting from higher operating rates

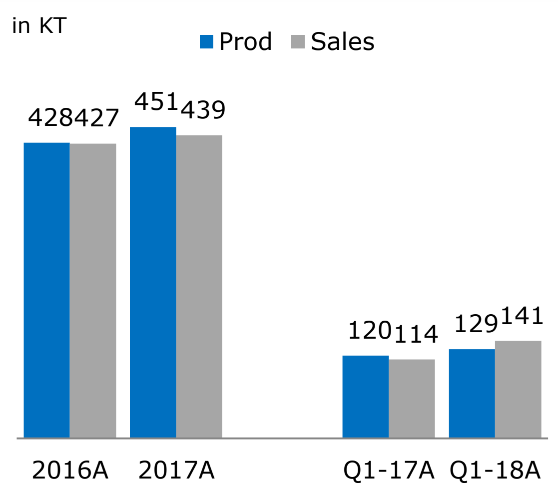
Ethylene



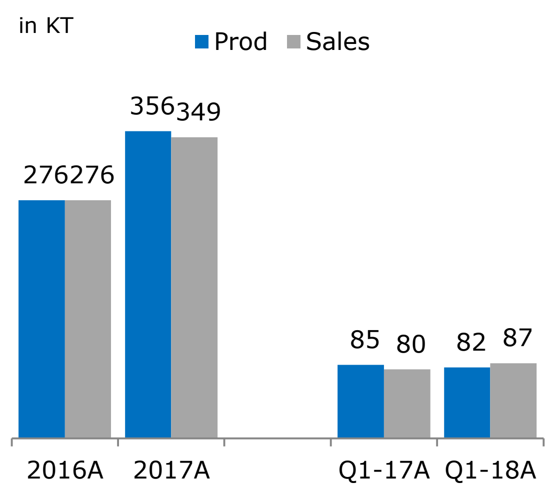
Polyethylene



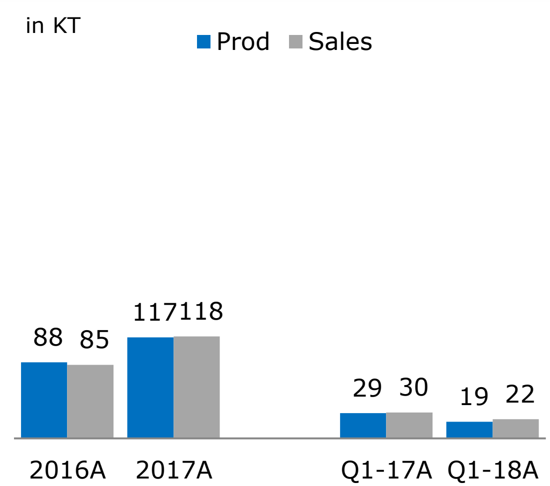
Polypropylene



Styrene Monomer



Butadiene

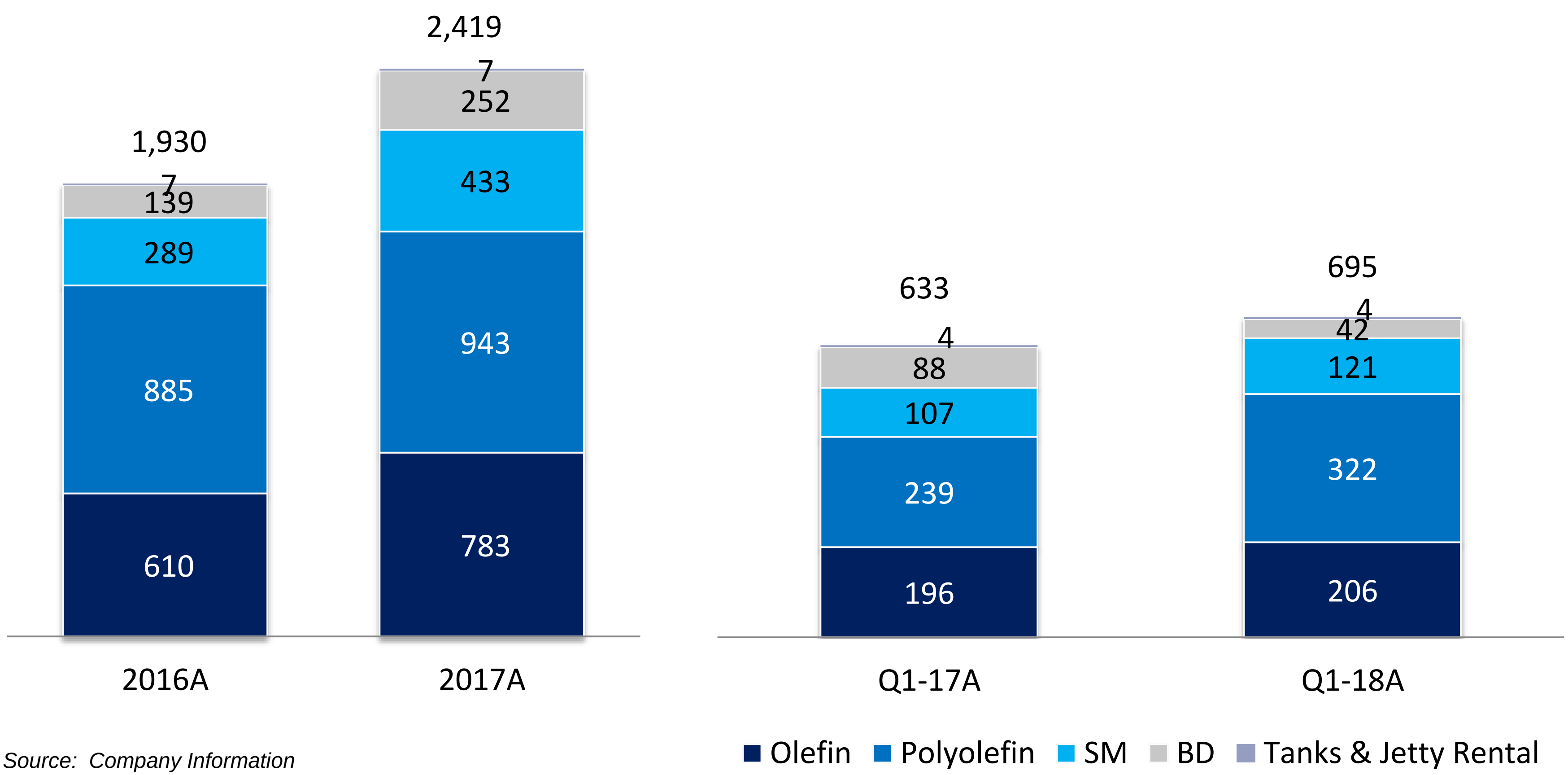


Source: Company information

Net revenues

9% higher revenues in Q1/18A vs Q1/17A reflecting higher sales volume and product prices, primarily for Polymers, partly offset by lower Butadiene due to planned shutdown

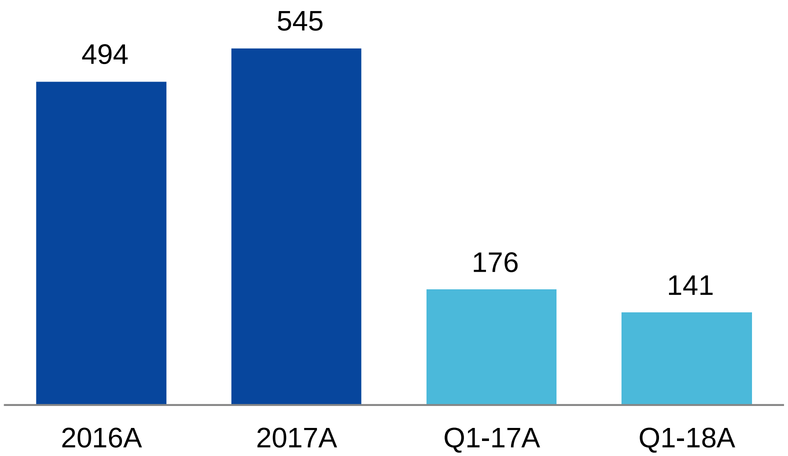
Revenue by Segment (US$m)



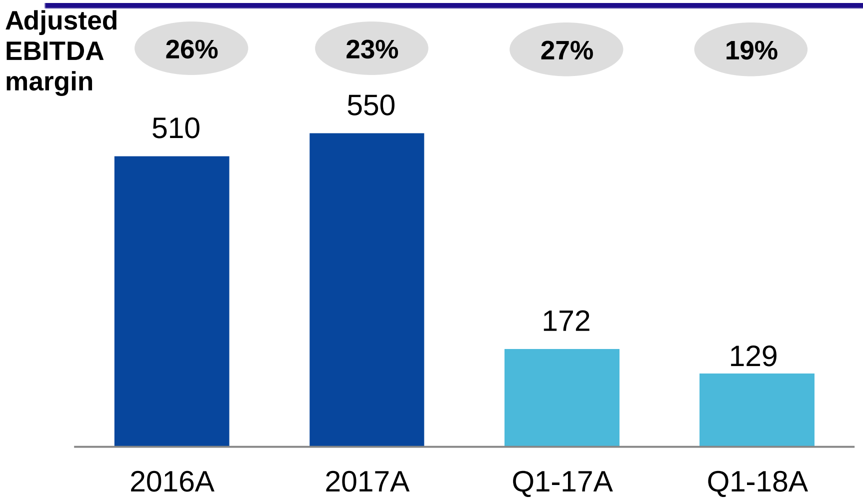
Source: Company Information

Financials (in US$m)

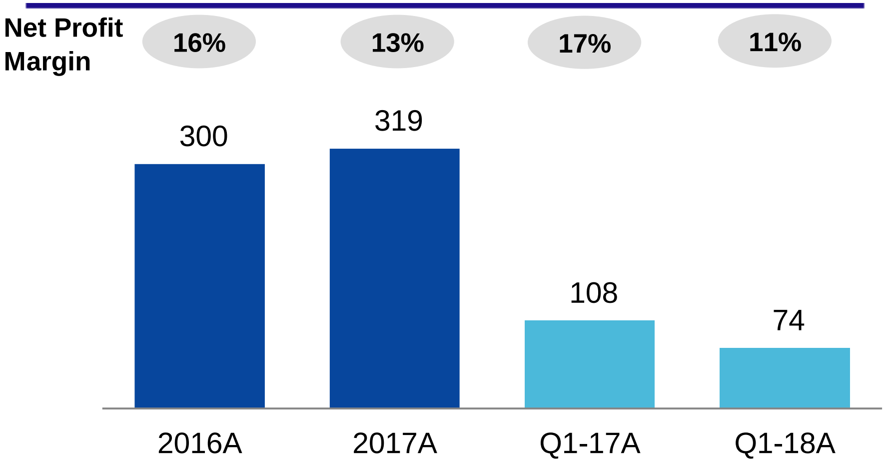
Gross Profit



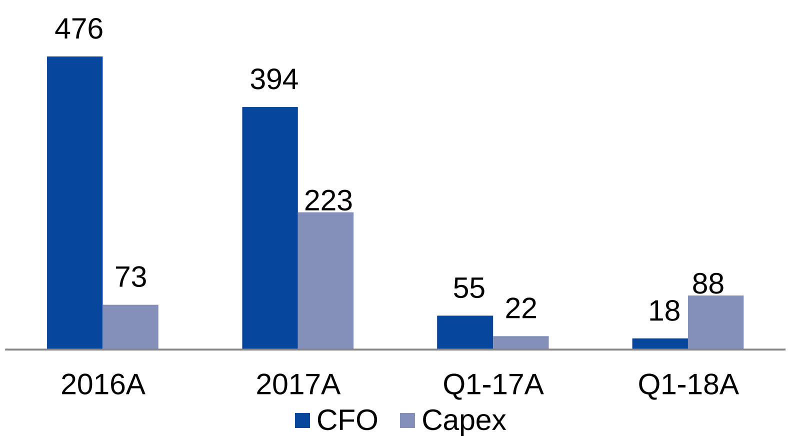
EBITDA (Unaudited)



Net Profit



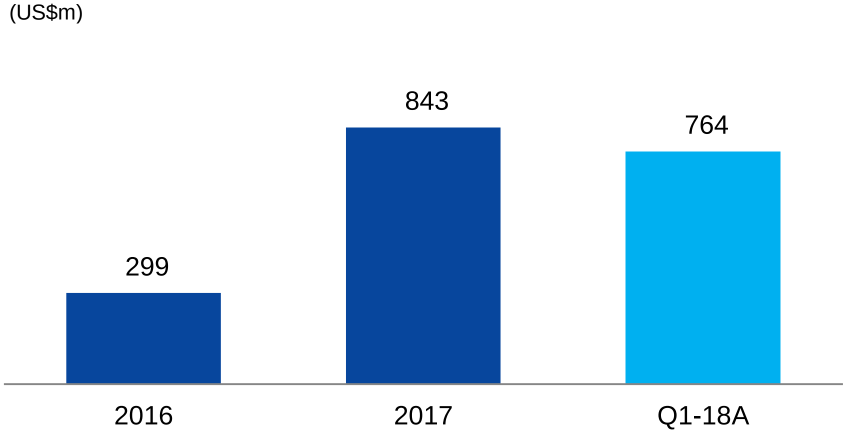
Cash flow from Operations, Capex



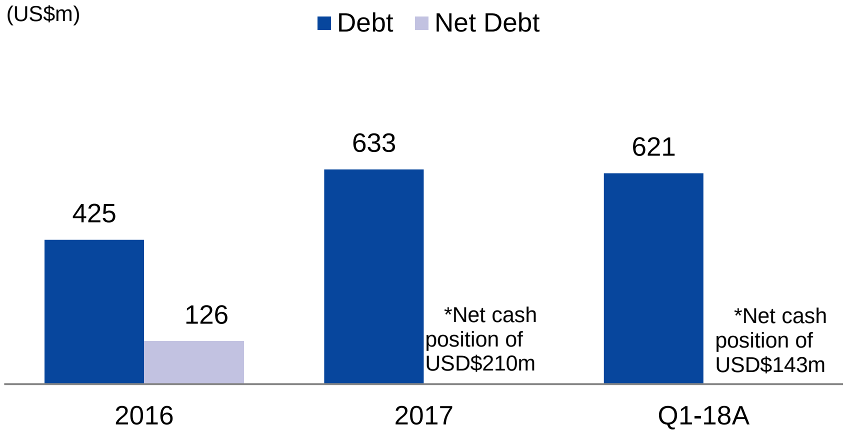
Source: Company Information

Strong Balance Sheet Supported by Financial Profile Strengthening

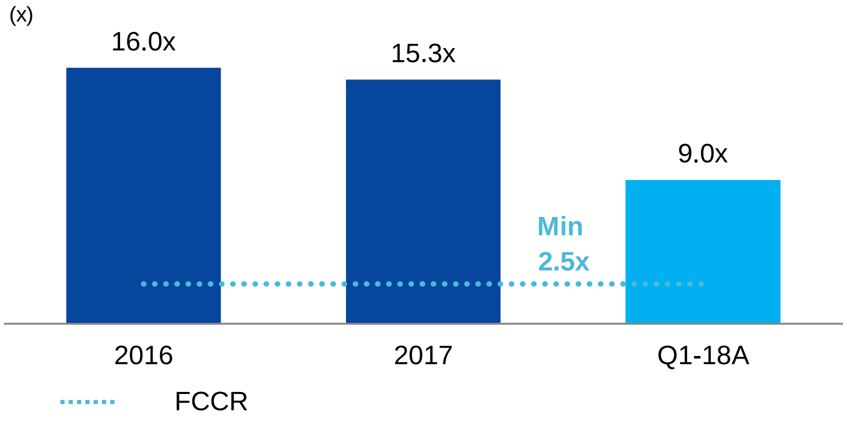
Cash Balance



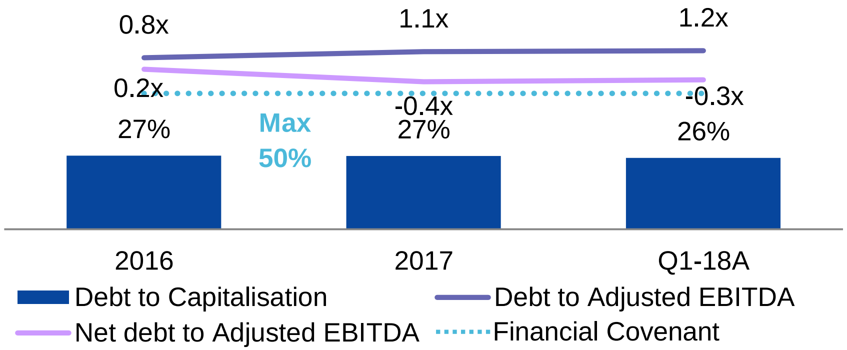
Debt and Net Debt



Adjusted EBITDA / Finance Costs



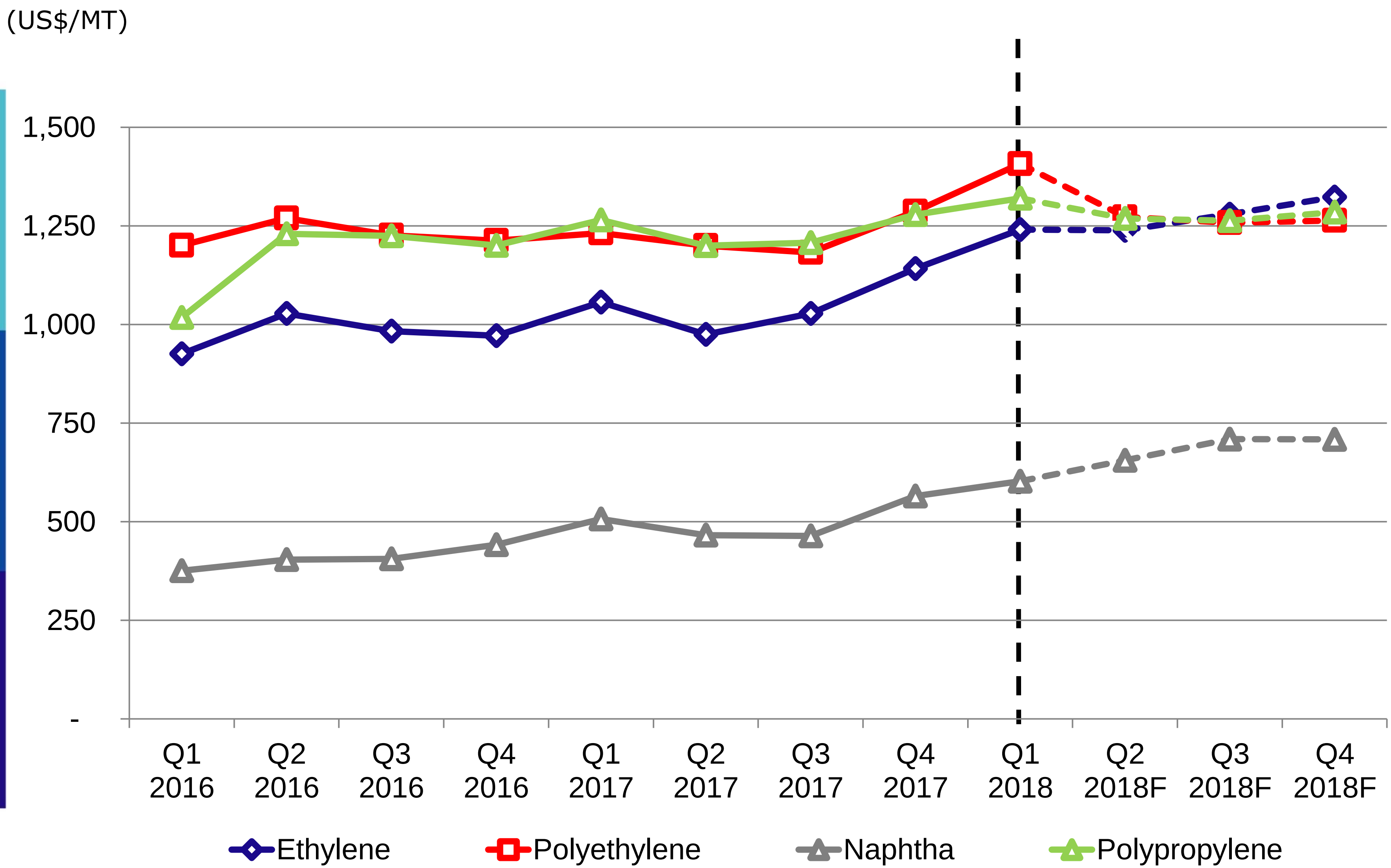
Leverage Ratios [1]



(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

2018 Outlook

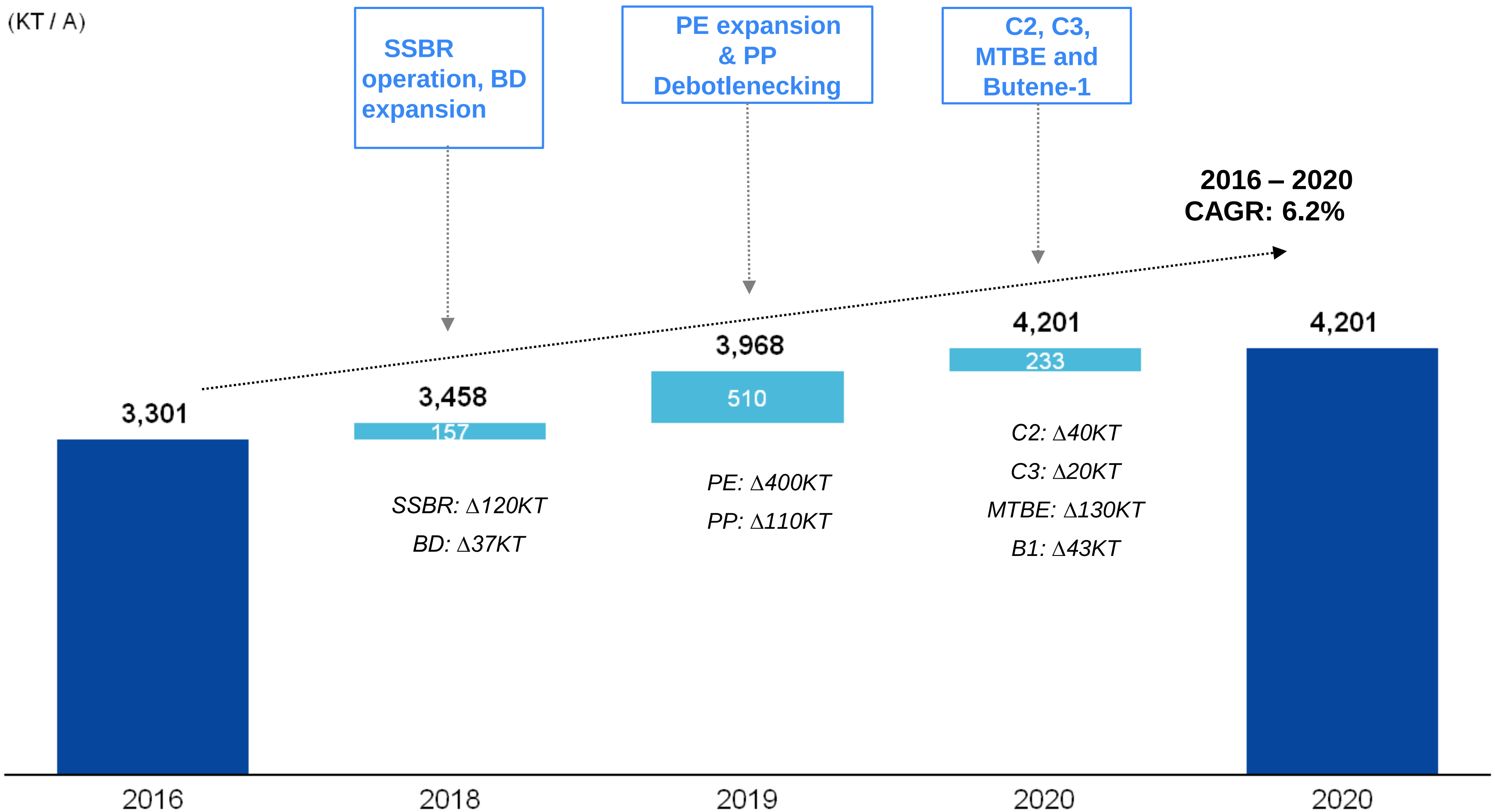
Continuing healthy product spreads despite increasing feedstock price …



Note: Forecasted price based on IHS 31 May 2018

Projects Update

Strategic Growth via Expansion and Debottlenecking (Excluding Second Petrochemical Complex)



After doubling the size of production capacity over historical 10-yrs, expected further growth in the next 5-yrs will come from several expansion & debottlenecking initiatives.

Note:
SSBR – Solution Styrene Butadiene Rubber
BD Expansion - Butadiene Plant Expansion
PE - Polyethylene
PP – Polypropylene
MTBE - Methyl tert-butyl ether
C2 / C3 – Refers to furnace revamp

Strategic Growth via Expansion and Debottlenecking

Increase Production Capacity

Butadiene Plant Expansion

- Increase BD capacity by 100 KT/A to 137 KT/A
- Rationale:
  - Add value to incremental C4 post 2015 cracker expansion
  - Avoid opportunity loss of exporting excess C4
  - Enjoy BD domestic premium and fulfill SRI's BD requirement
- Proposed start-up: 2Q2018
- Estimated cost: US$ 42.0 million

New Polyethylene Plant

- New facility of total 400 KT/A to produce LLDPE, HDPE and Metallocene LLDPE
- Further vertical integration
- Rationale:
  - Further vertical integration;
  - Protect and grow leading polymer market position in Indonesia
- Proposed start-up: 4Q2019
- Estimated cost: US$ 380 million

Furnace Revamp

- Increase cracker capacity by modifying heat internals to increase ethylene capacity from 860 KT/A to 900 KT/A and propylene capacity from 470 KT/A to 490 KT/A
- Proposed start-up: 1Q2020
- Estimated cost: US$ 48.0 million

Additional Expansion and Product Offering Initiatives

PP Debottlenecking

- Debottleneck PP plant to increase capacity by 110 KT/A from 480 KT/A to 590 KT/A
- Rationale:
  - Demand and supply gap for PP expected to widen in Indonesia
  - Opportunity to increase PP sales
- Proposed start-up: 3Q2019
- Estimated cost: US$ 39.5 million

MTBE and Butene – 1 Plant

- Production of 127 KT/A and 43 KT/A of MTBE and Butene-1, respectively
- Rationale:
  - Secure supply of MTBE and Butene-1 which are used in the production of Polyethylene
  - Excess demand for MTBE in Indonesia
- Proposed start-up: 3Q2020
- Estimated cost: US$ 114.0 million

Second Petrochemical Complex

- Expected to conduct feasiblity study for the construction and operation of second integrated petrochemical complex
- Complex expected to comprise:
  - 1,100 KT/A ethylene cracker
  - Various downstream derivative products
- Set up new company (PT Chandra Asri Perkasa) to undertake new project
- Shareholding structure yet to be finalized and CAP is in discussion with various third parties
- There is land available adjacent to main petrochemical complex which would be available for future acquisition as necessary

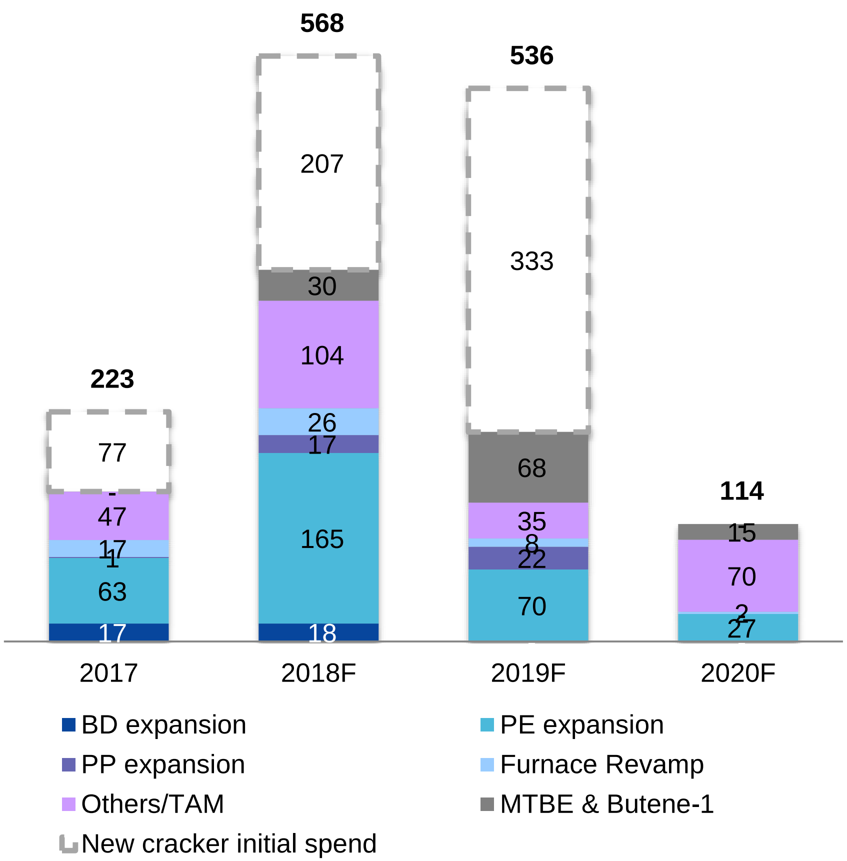
Expand Product Offering by Moving Downstream

Synthetic Rubber Project (through SRI JV)

- Part of downstream integration strategy and efforts to produce higher-value added products
- Partnership with leading global player Michelin (ownership 55:45%)
- Production capacity: 120 KT/A
- Proposed start-up: 3Q2018
- Estimated total project cost: US$570.0 million (fully funded)

Capital Expenditure Plan to Pursue Value-Accretive Growth

Capex Plans Breakdown by Year 2017 – 2020 (US$m)



Sources and Uses of Funds 2018 - 2020

Sources:	**US$m**
▪ Cash balances as of 31/12/17	843
• Operating cash flows	[ ]
▪ Debt (Capacity)	[ ]
Total Sources	**[ ]**

Uses:	
• CAP Expansion Capex	678
• CAP2 Initial Spend	540
Total Uses	**1,218**

Estimated US$1.2b over next 3 years, mainly for Expansion and Debottlenecking

Chandra Asri Petrochemical

CAP2 Project Master Schedule

Gate 1: Sep'17

Gate 3: Q4'19

Stage 0

Cap 2 Concept

1. Complex Configuration
2. Feed Design Basis
3. Preliminary Investment

Stage 1

1. Prelim project return
2. Technology Award
3. License/ BEP/ PDP

Stage 2

1. FEED
2. AMDAL
3. ITB

Stage 3

1. EPC Bidding
2. Final TIC
3. Investment Return Report
4. Firmed Funding Plan
5. Permits

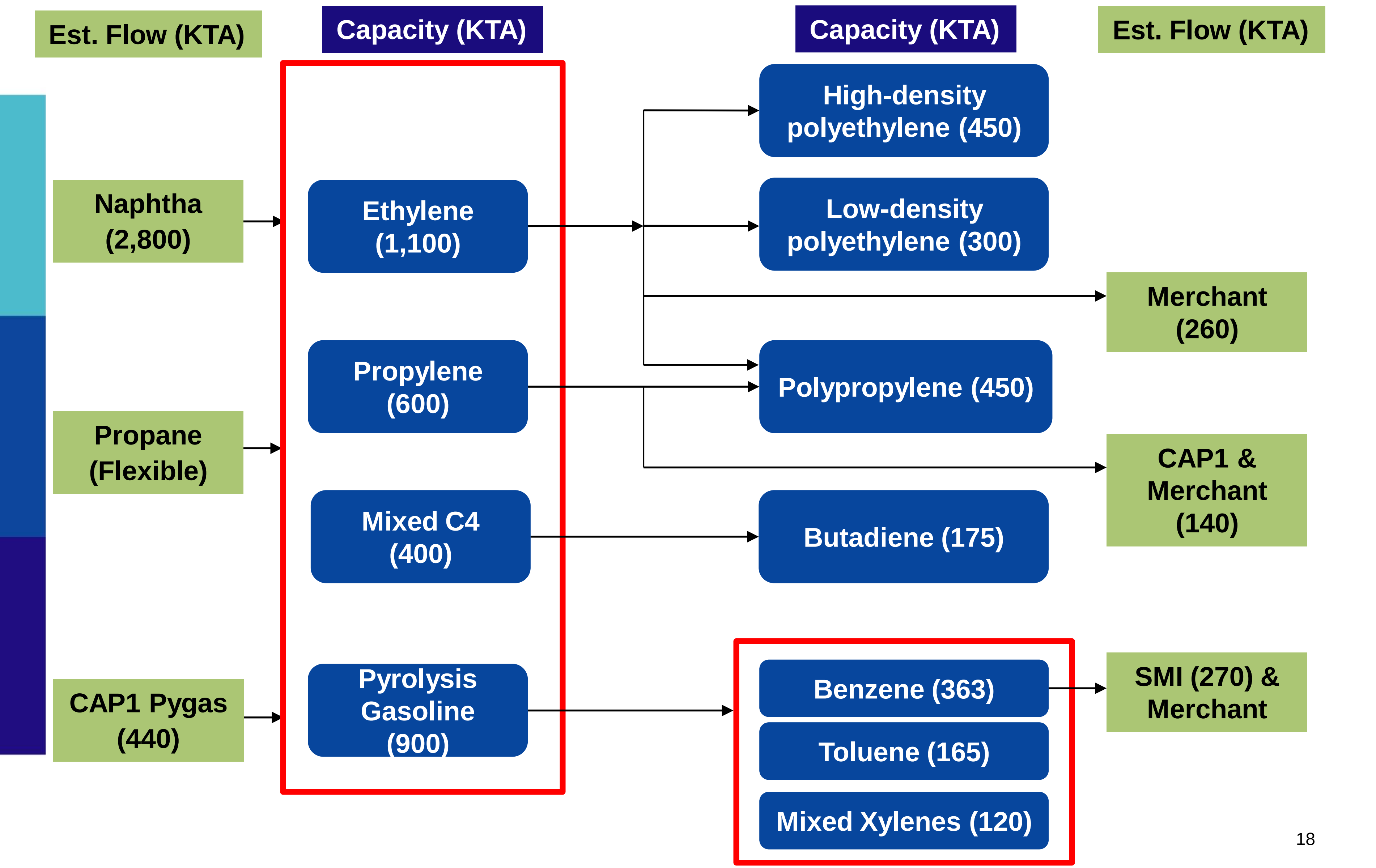
Stage 4

1. EPC Work
2. Financial Close
3. Commissioning
4. Startup

Gate 2: Q4'18

Gate 4: Q1'20

CAP2 product flows and production capacities



CAP2 Progress… Awarded technology licensors and basic design package in Apr'18

Production Plant	Licensor	Production Plant	Licensor
Olefins (1.1 MMTA C2)	• CB&I	**HDPE** (450KTA)	• Texplore
Butadiene (175 KTA)	• BASF/CB&I	**LDPE** (300 KTA)	• LyondellBasell
Aromatics (363 KTA BZ, 165 *KTA TL, 120 KTA MX*)	• GTC	**PP** (450 KTA)	• LyondellBasell


THANK YOU