

Indonesia's

LEADING and
PREFERRED
Petrochemical Company

PT Chandra Asri Petrochemical Tbk
[IDX: TPIA]

www.chandra-asri.com

Q2 2018 Performance
Earnings Call

14 September 2018

Agenda:

- **Q2 2018 Performance**
- **2H 2018 Outlook**
- **Projects Update**
- **Q & A**



Q2 2018 Performance

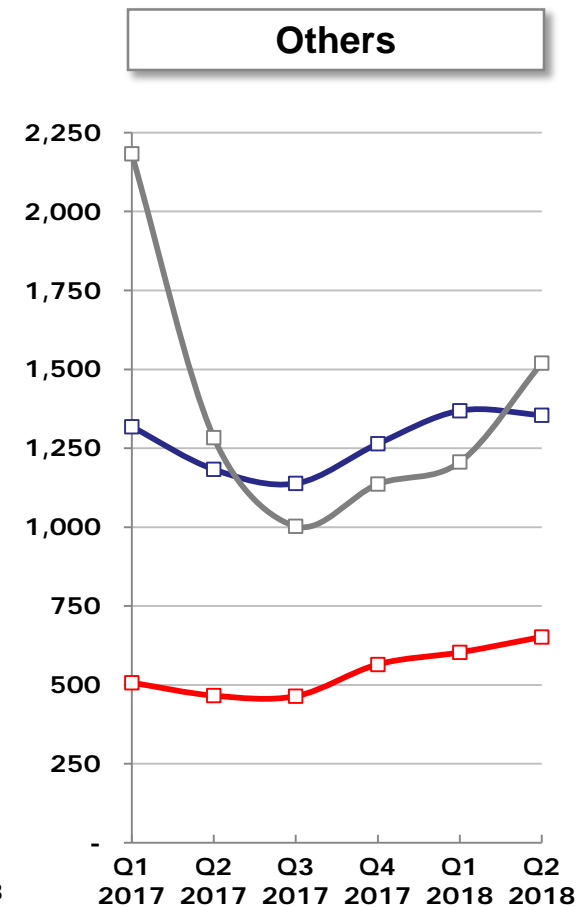
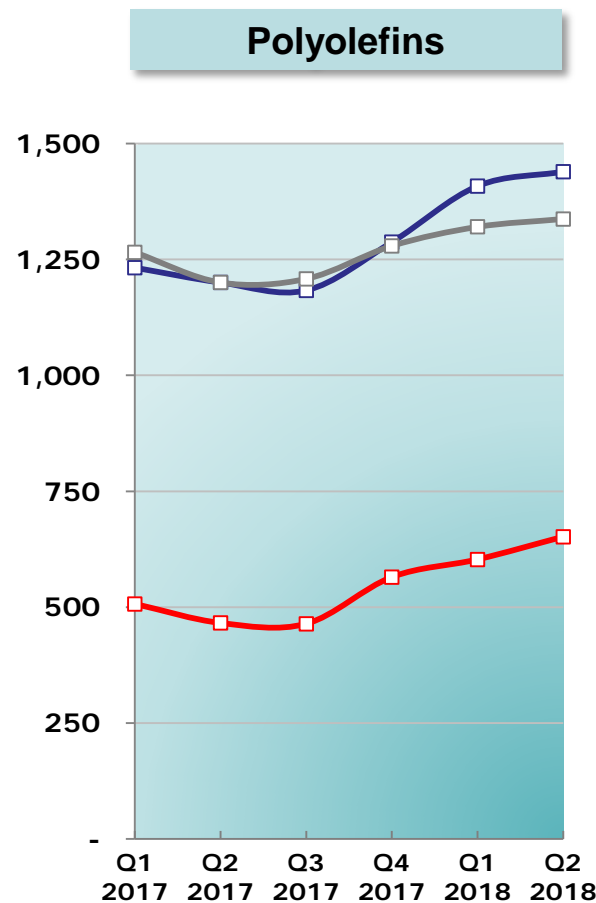
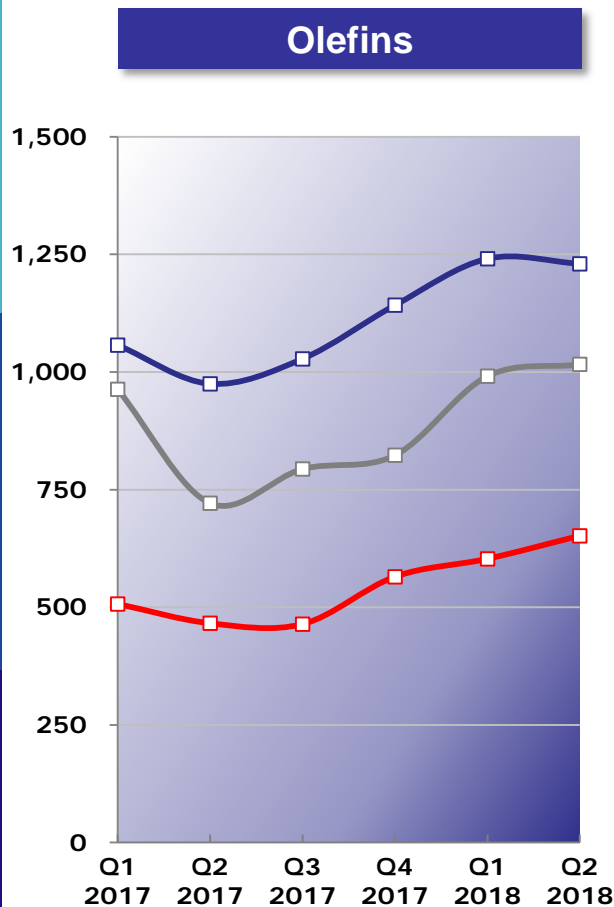
Company Highlights Q2 2018

- No LTA recorded during Q2. Achieved combined 11,200,758 work hours without LTA as of 30 June 2018.
- Achieved consolidated EBITDA of US\$104m in Q2 bringing 1H 2018 EBITDA to US\$233m with margin of 18% amid rising naphtha cost (higher crude oil prices), lower sales volume, partly offset by higher average selling prices somewhat mitigating higher feedstock cost.
- Lower sales volume impacted by 90 days Butadiene (BD) plant shutdown and seasonal effect of Lebaran holidays in June curtailing delivery to customers.
- Maintained high operating rates for all plants >90% except for planned shutdown of BD for tie-in /TAM.
- All projects progressing as per plan. Successfully startup of BD plant with expanded capacity of 137KTA (+37%) on 3 June 2018. Achieved mechanical completion of SBR plant on 24 May 2018 and successfully started up on 31 Aug 2018.



Product Spreads (in US\$/MT)

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



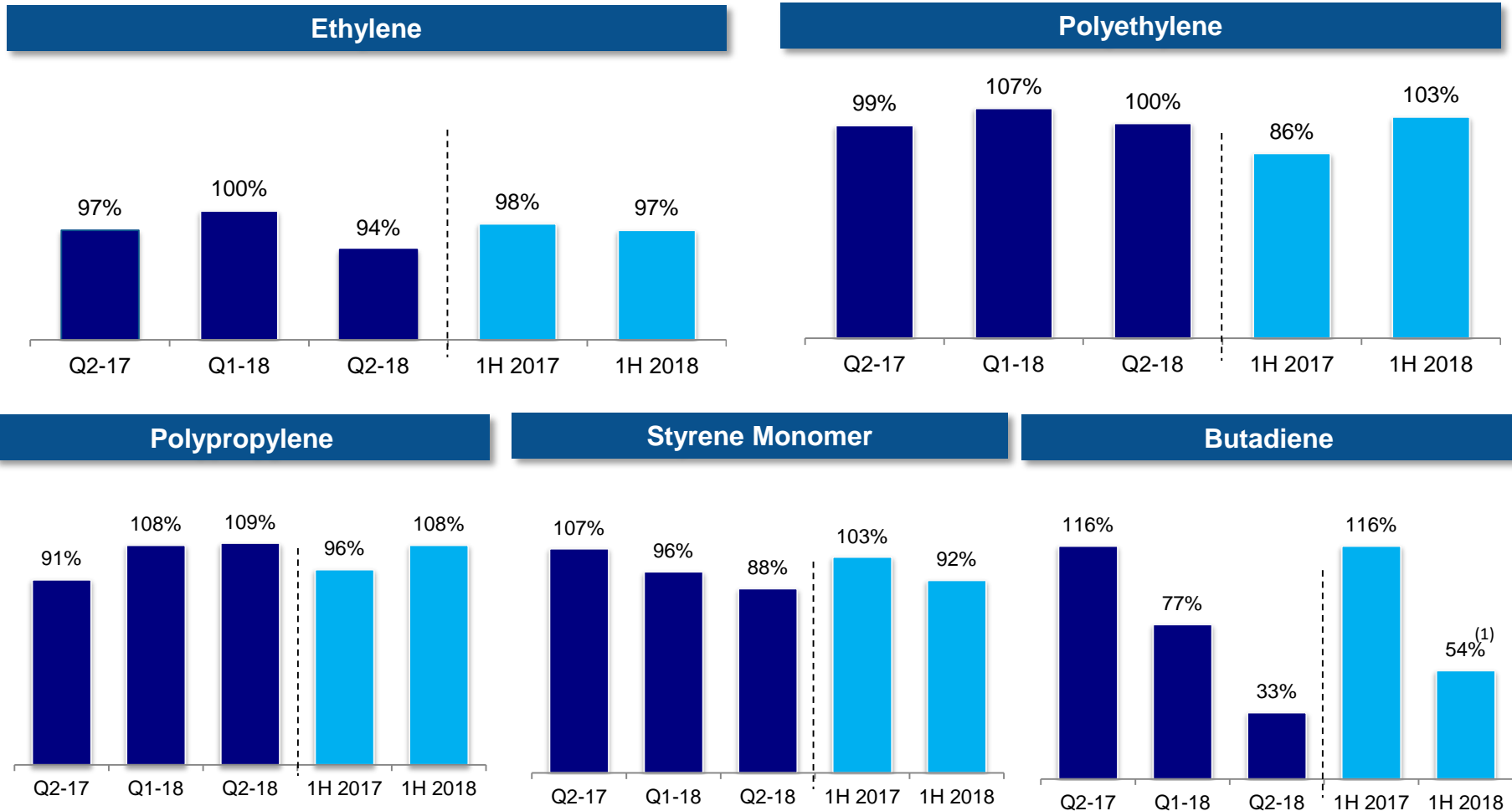
—■— Ethylene —■— Propylene
—■— Naphtha

—■— Polyethylene —■— Polypropylene
—■— Naphtha

—■— SM —■— Butadiene —■— Naphtha

Operating rates

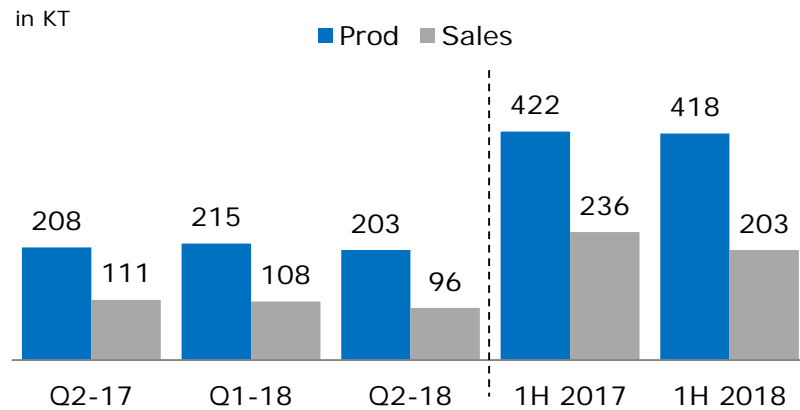
Maintained high operating rates for all plants except for Butadiene plant due to 90 days planned shutdown for capacity expansion and maintenance turnaround



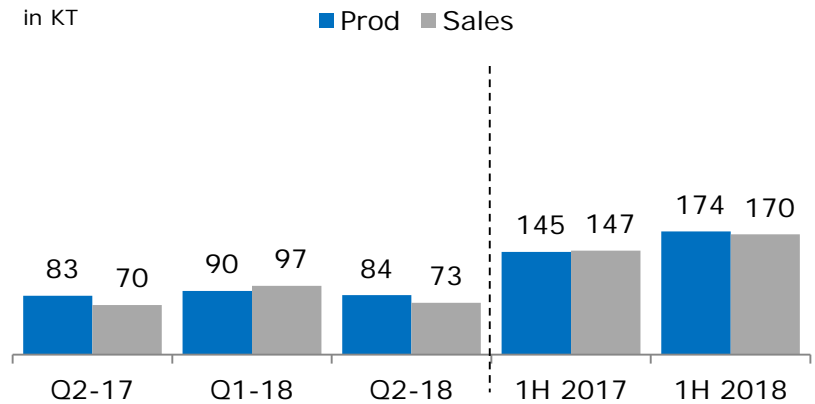
(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion and TAM.

Production and Sales Volumes

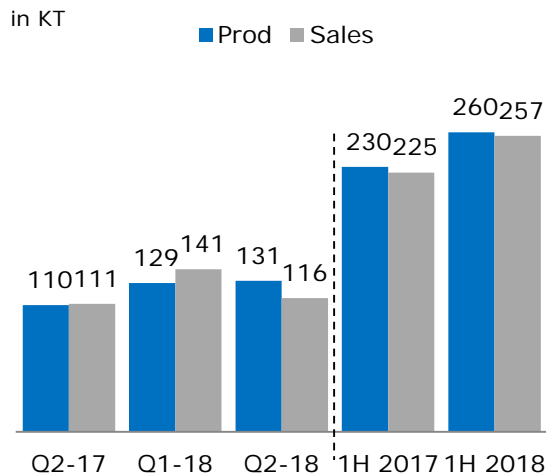
Ethylene



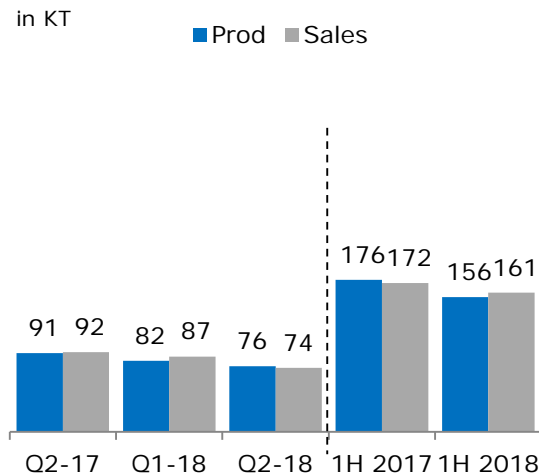
Polyethylene



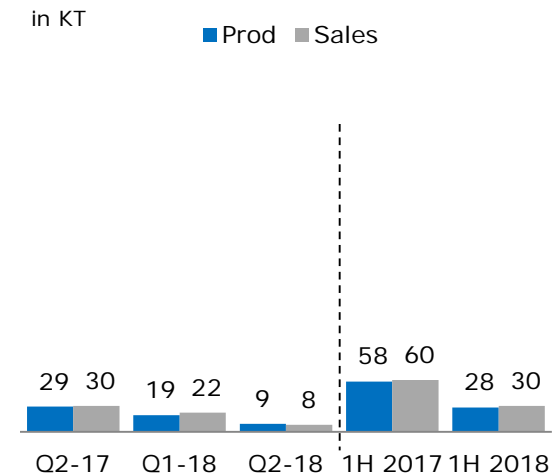
Polypropylene



Styrene Monomer



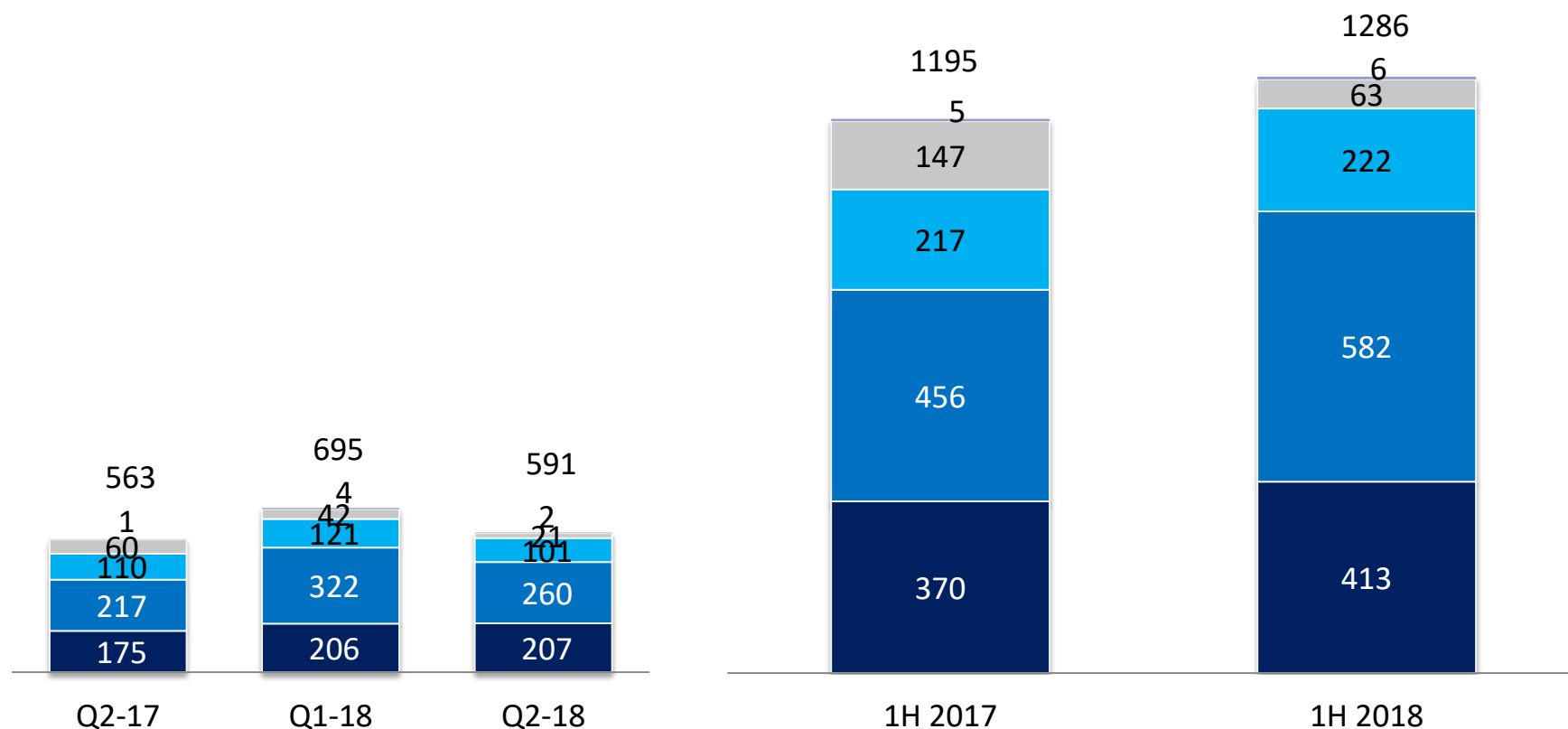
Butadiene



Net Revenues

8% higher revenues in YTD Q2/18 vs YTD Q2/17 reflecting higher average sales prices, primarily Ethylene and Polyethylene, partly offset by lower Butadiene sales due to planned shutdown and seasonal effect of Lebaran holiday

Revenue by Segment (US\$m)

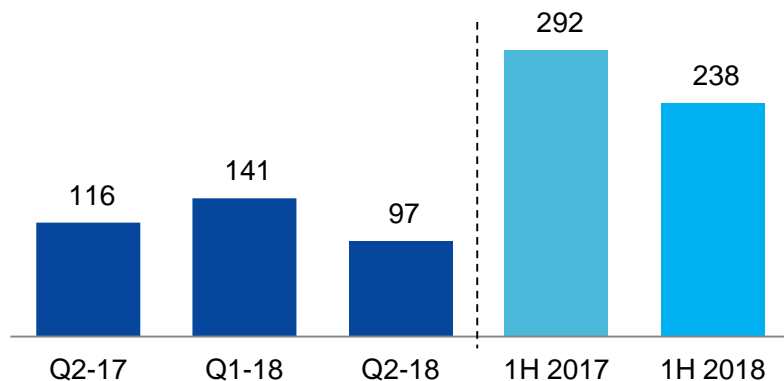


Source: Company Information

■ Olefin ■ Polyolefin ■ SM ■ BD ■ Tanks & Jetty Rental

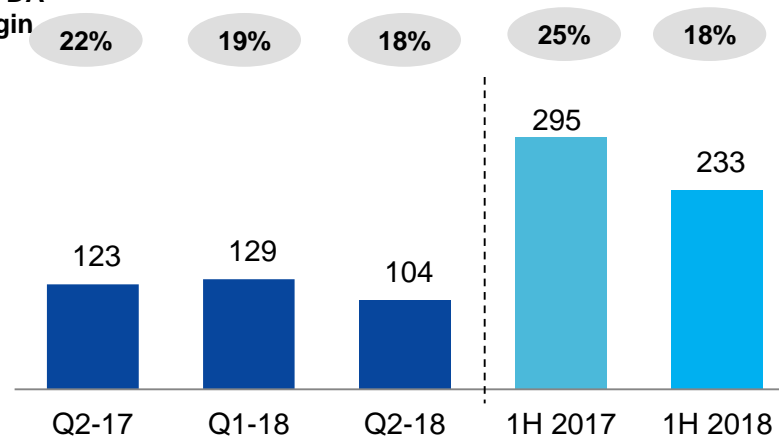
Financials (in US\$m)

Gross Profit



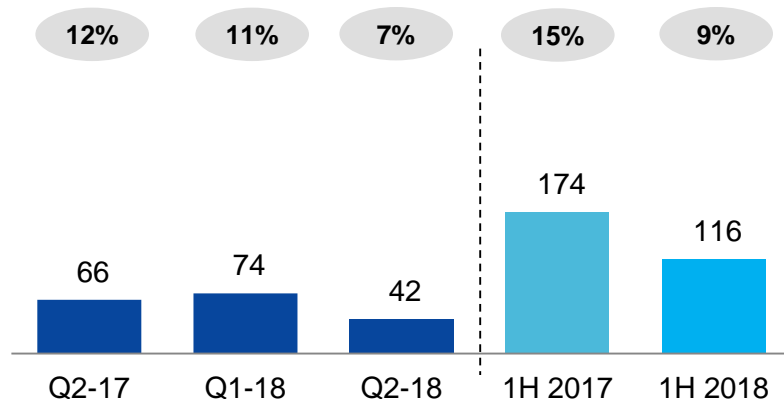
EBITDA (Unaudited)

Adjusted
EBITDA
margin

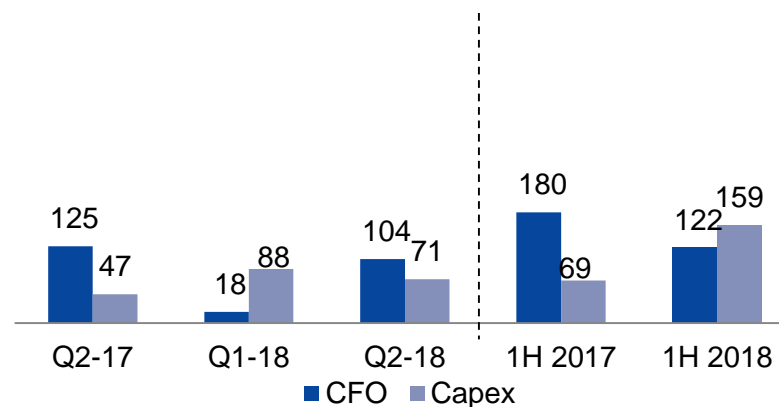


Net Profit

Net Profit
Margin



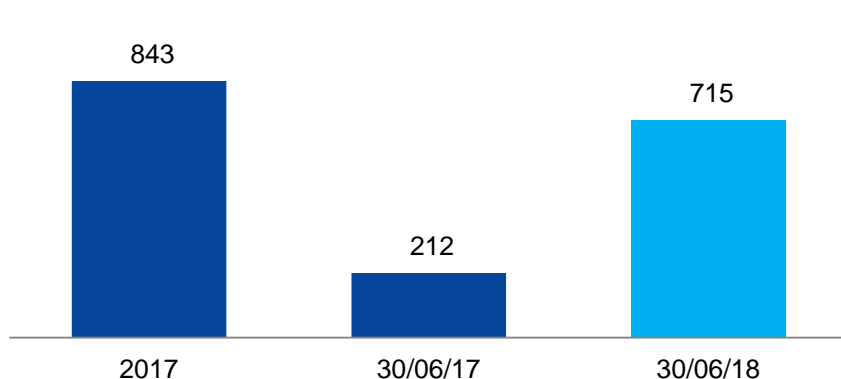
Cash flow from Operations, Capex



Strong Balance Sheet Supported by Financial Profile Strengthening

Cash Balance

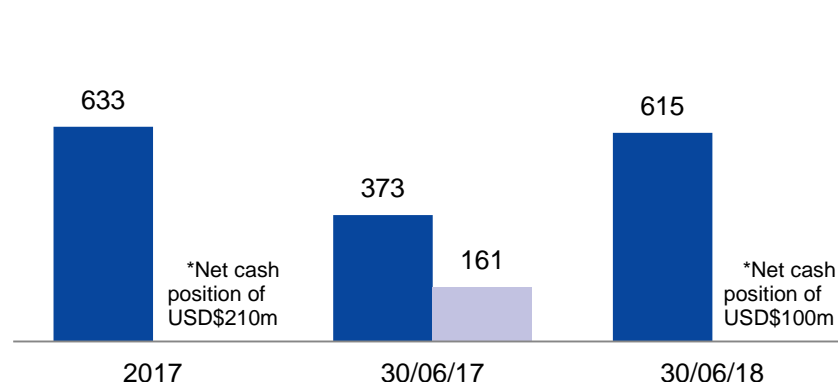
(US\$m)



Debt and Net Debt

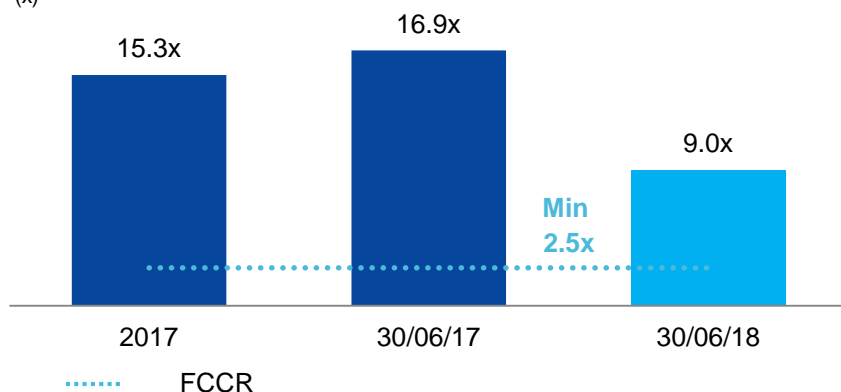
(US\$m)

■ Debt ■ Net Debt

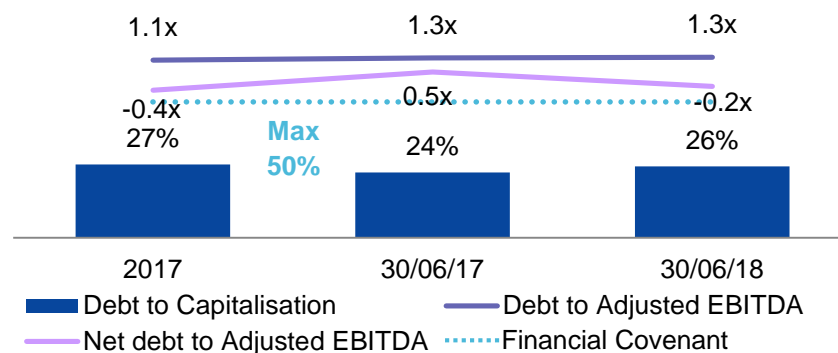


Adjusted EBITDA / Finance Costs

(x)



Leverage Ratios ⁽¹⁾

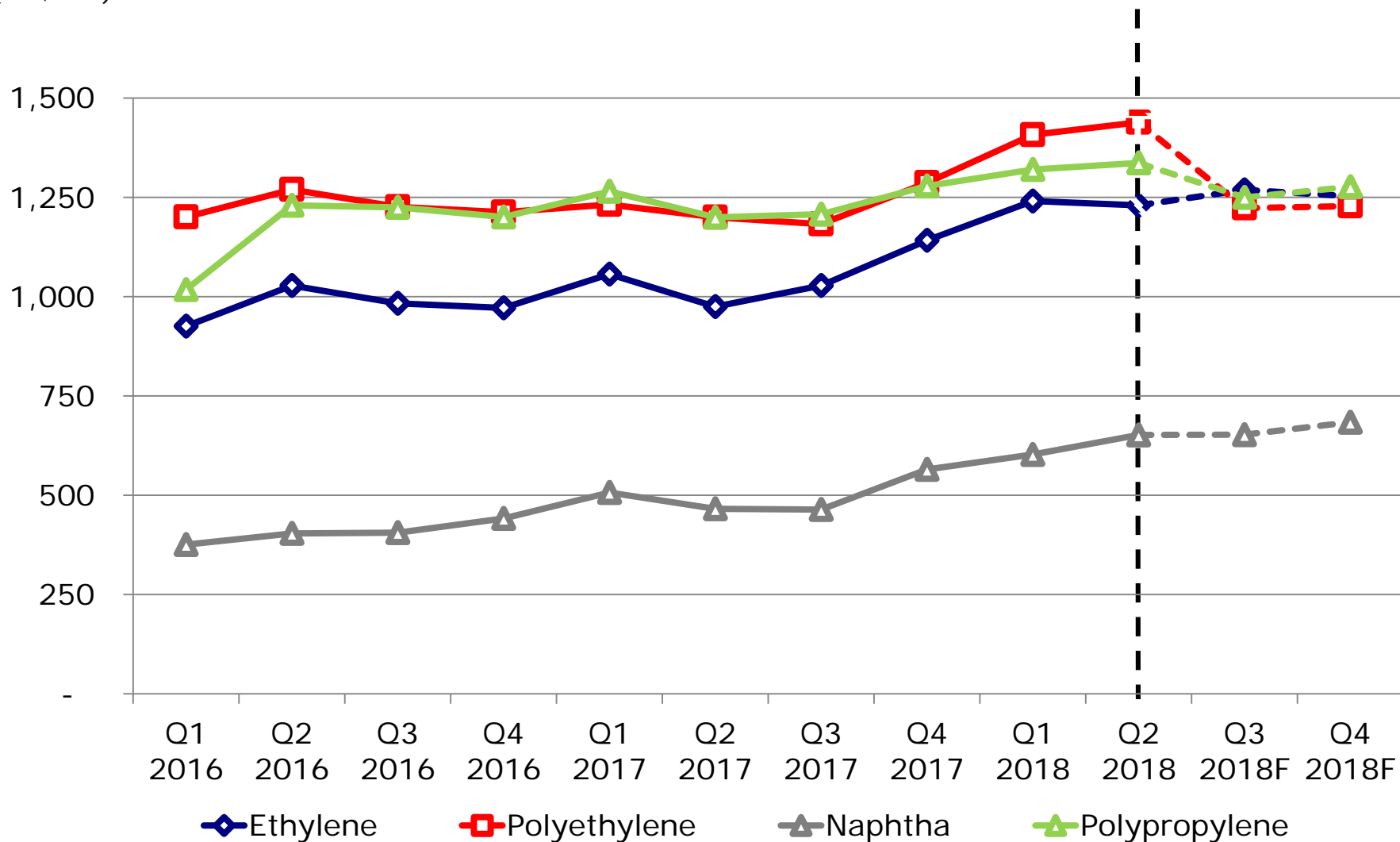


(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

2018 Outlook

Continuing healthy product spreads despite increasing feedstock price ...

(US\$/MT)



Note: Forecasted price based on IHS 31 August 2018

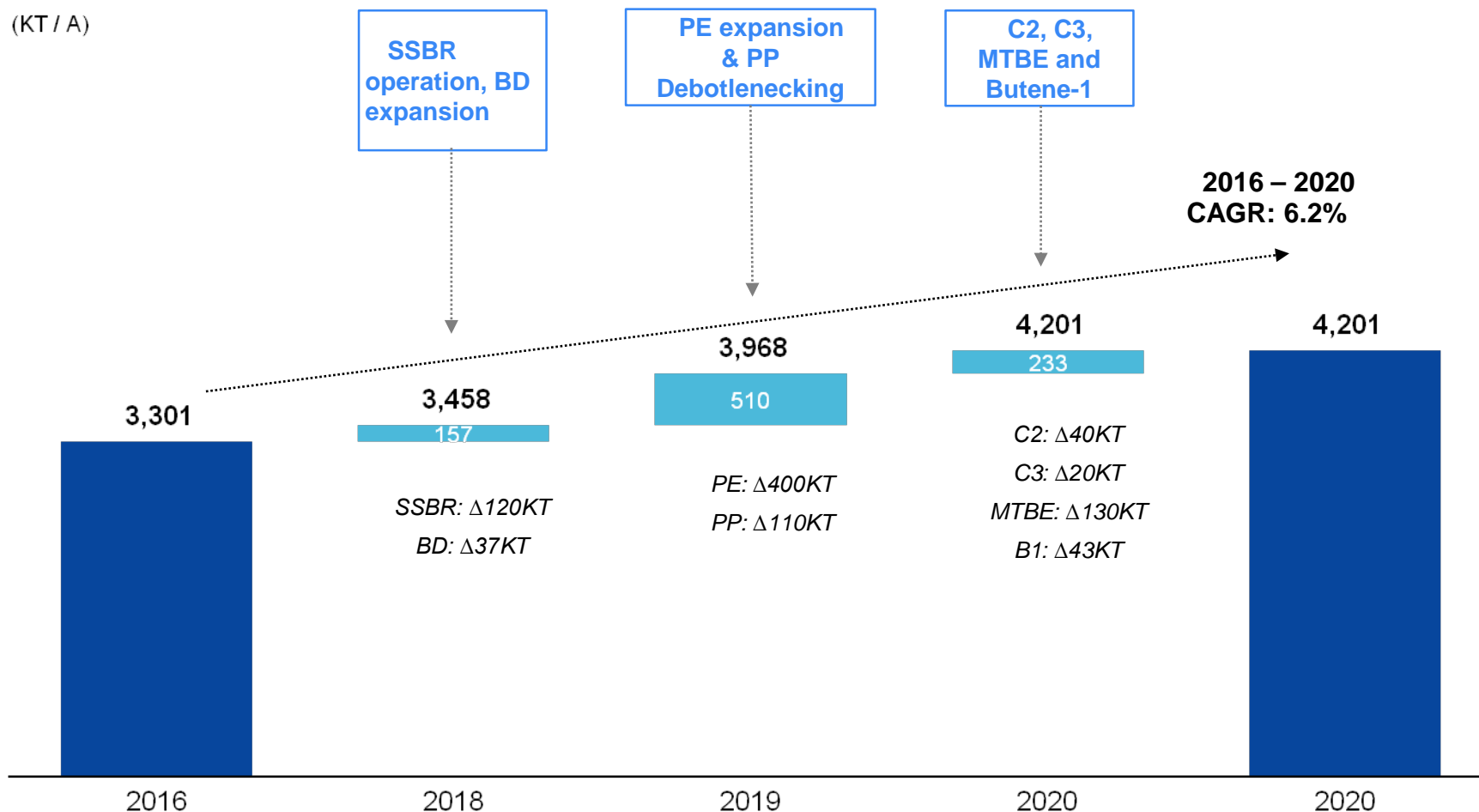
2H 2018 Planned Activities affecting plant performance

- ❑ Ethylene Cracker – 2 furnace revamp for capacity creep (estimated 45 days each) will be conducted in Q3 2018 and Q4 2018. Estimated production loss 7KT per shutdown.
- ❑ SM plant – PS2 Turnaround maintenance (TAM) estimated 30 days in Q3 2018. Estimated production loss 17KT. PS1 TAM carried out in Q2. Estimated production loss 7KT.
- ❑ Overall impact is estimated to reduce Full year 2018 production volume by 5% y-o-y, including Butadiene TAM/tie-in works in 1H 2018.

Projects Update

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

(KT / A)



After doubling the size of production capacity over historical 10-yr's, expected further growth in the next 5-yr's 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
- Status: Completed and restarted on 3 June 2018
- 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: 4Q2019
- 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 feasibility 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
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018.
- Estimated total project cost: US\$570.0 million (fully funded)



Status of key projects ...

☐ **Synthetic Rubber Project (JV with Michelin)**

Achieved mechanical completion of SBR plant on 24 May 2018 and successfully started up on 31 August 2018.

☐ **Butadiene Expansion Project**

Completed and resumed in operation since 3 June 2018.

☐ **Polypropylene Debottlenecking Project**

Overall progress around 27%. Target completion Q4 2019.

☐ **New 400 KTA Polyethylene Project**

Overall progress 59%. Target completion Q4 2019.

☐ **Furnace Revamping Project.**

Overall progress 74%. Target Completion Q1 2020.

☐ **MTBE and Butene-1 Project**

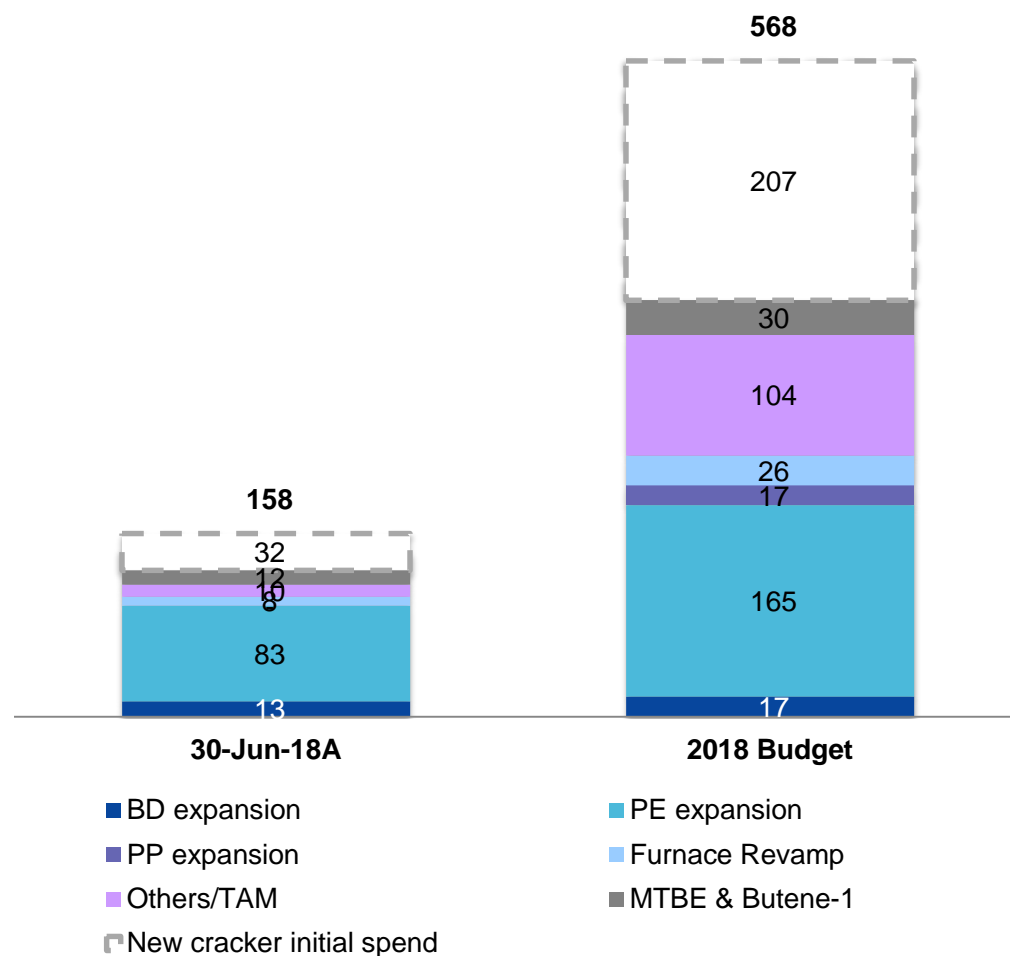
Overall progress 17%. Target Completion Q3 2020.

☐ **CAP-2 Project**

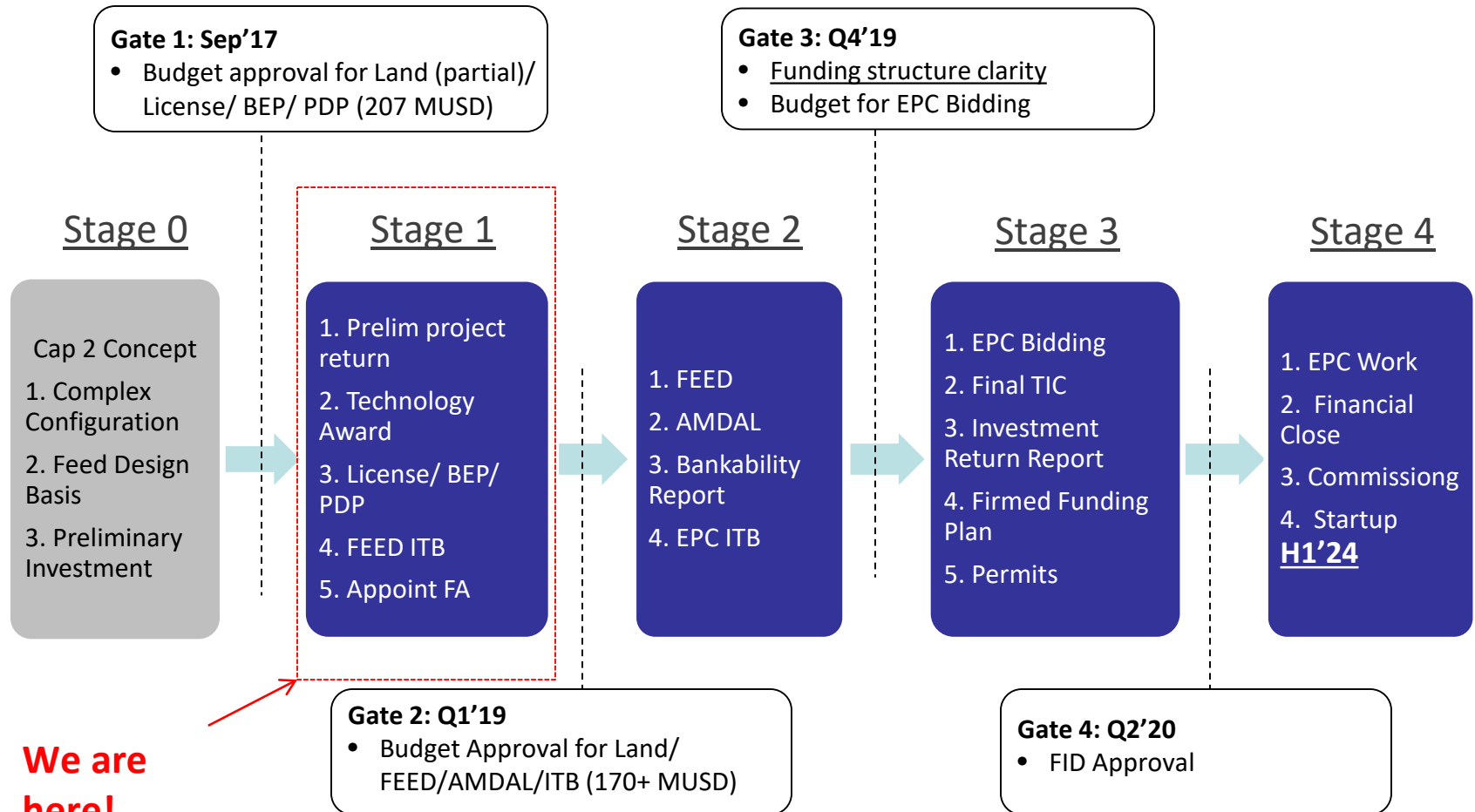
(Stage 1: partial land purchase, technology selection, licenses and basic design packages, FA and FEED contractor selection).

Capex Spending for Key Projects

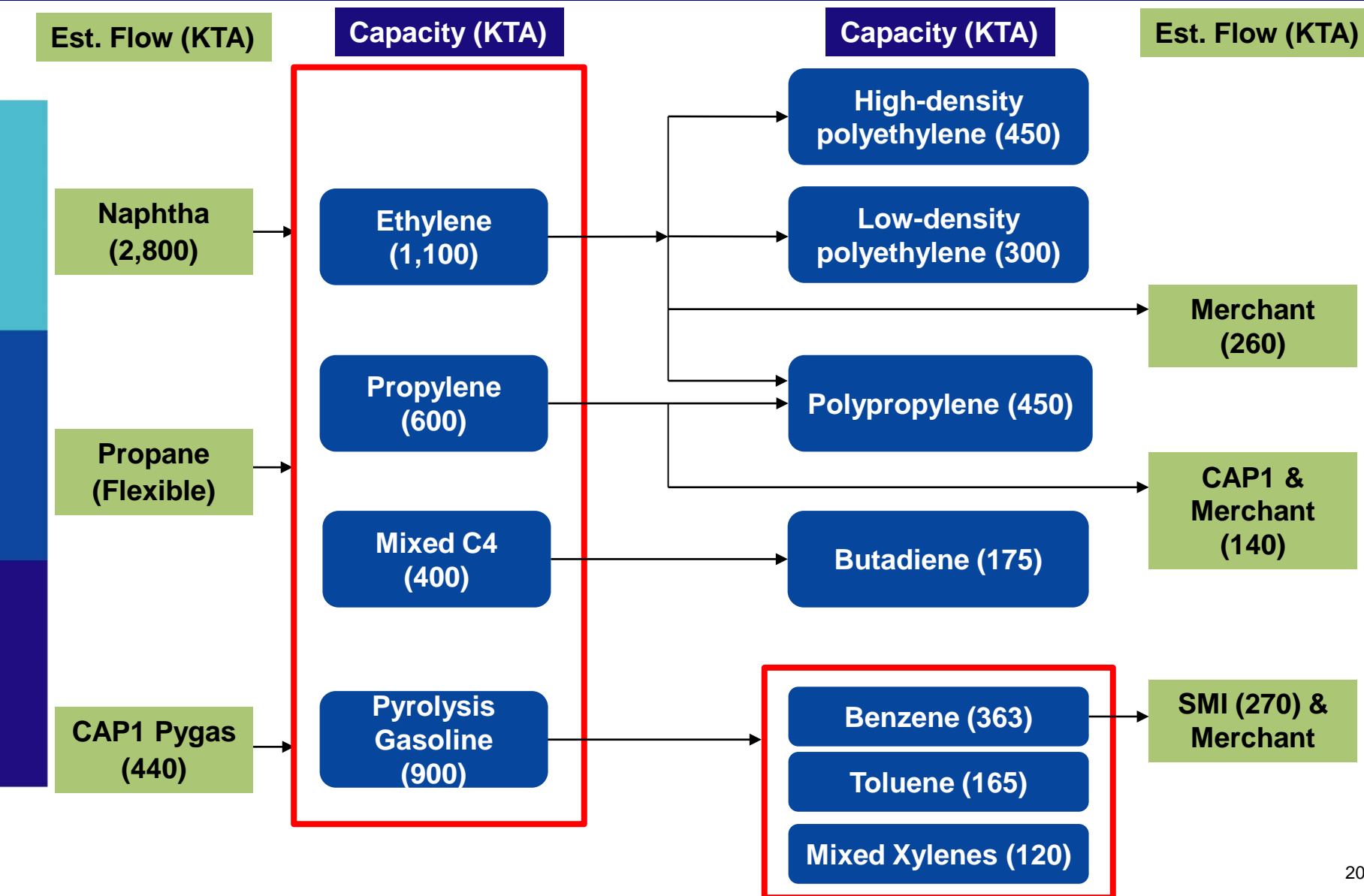
Capex Breakdown 30 Jun 2018A and 2018 Budget (US\$m)



CAP2 Project Master Schedule



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)	<ul style="list-style-type: none"> • CB&I 	HDPE (450KTA)	<ul style="list-style-type: none"> • Texplore
Butadiene (175 KTA)	<ul style="list-style-type: none"> • BASF/CB&I 	LDPE (300 KTA)	<ul style="list-style-type: none"> • LyondellBasell
Aromatics (363 KTA BZ, 165 KTA TL, 120 KTA MX)	<ul style="list-style-type: none"> • GTC 	PP (450 KTA)	<ul style="list-style-type: none"> • LyondellBasell

