



Chandra Asri
Petrochemical

Indonesia's

LEADING and
PREFERRED

Petrochemical Company

PT Chandra Asri Petrochemical Tbk
[IDX: TPIA]

www.chandra-asri.com

9M 2018 Performance
Earnings Call

9 November 2018

Disclaimer

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Agenda:

- **Q3 and 9M 2018 Performance**
- **2018 Outlook**
- **Projects Update**
- **Q & A**

Q3 and 9M 2018 Performance

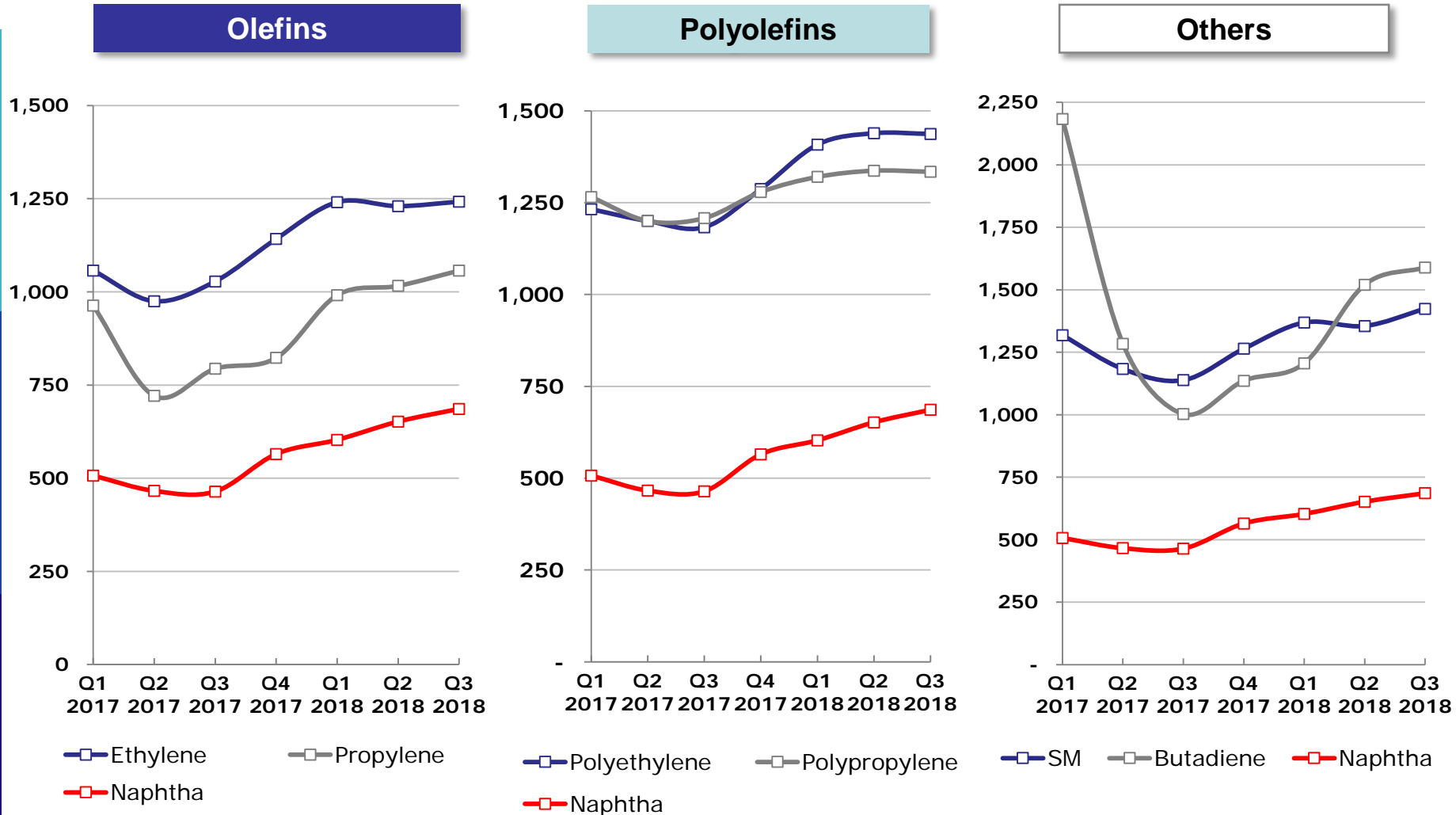
Company Highlights Q3 and 9M 2018

- No LTA recorded during Q3. Achieved combined 15,601,503 work hours without LTA as of 30 Sept 2018.
- Achieved consolidated EBITDA of US\$104.6m in Q3 bringing 9M 2018 EBITDA to US\$337.4m with margin of 17.2% amid rising naphtha cost and lower sales volume (planned maintenance, capacity expansions), partly offset by higher average selling prices.
- Lower sales volume largely due to scheduled maintenance/ capacity expansion for Butadiene plant (90 days, Mar-Jun), Cracker furnace revamp (BA106) 45 days in Aug/Sep and TAM of Styrene Monomer (SM1) plant in Q3 2018 (30 days, Jul).
- Maintained high operating rates for all plants >90% except for planned shutdown of BD and TAM of SM plant.
- Successful startup of SBR plant on 31 Aug 2018.
- Successful completion of 1st Cracker furnace modification BA106 in Q3.



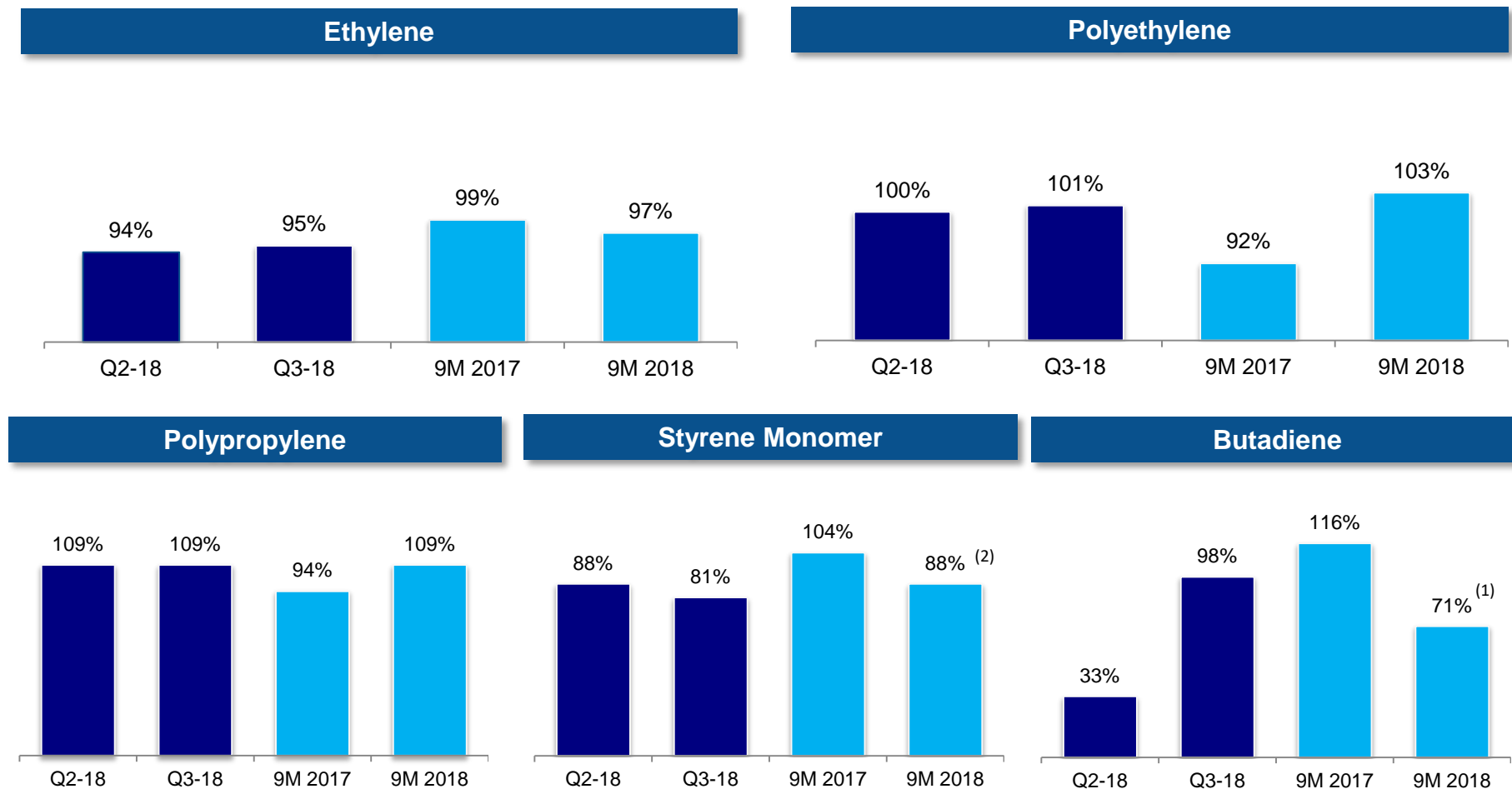
Product Spreads (in US\$/MT)

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



Operating Rates

... maintained high operating rates YTD for all plants except for Butadiene and Styrene Monomer plants due to scheduled maintenance and capacity expansion



(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM.

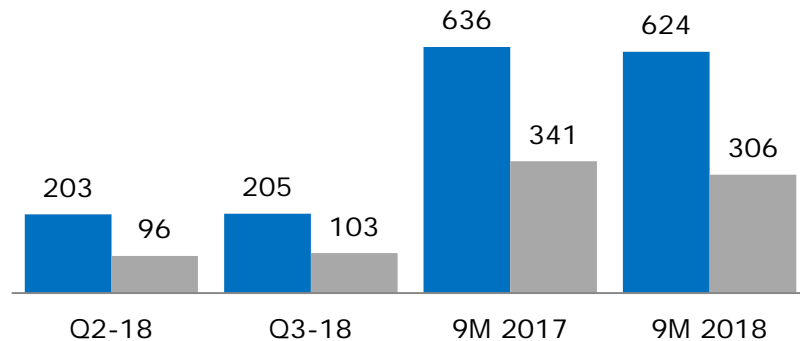
(2) Due to TAM of both trains.

Production and Sales Volumes

Ethylene

in KT

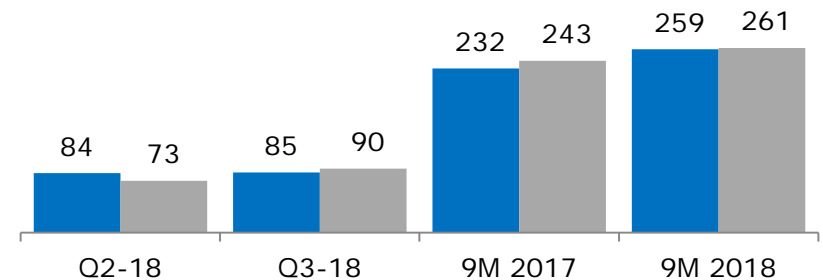
■ Prod ■ Sales



Polyethylene

in KT

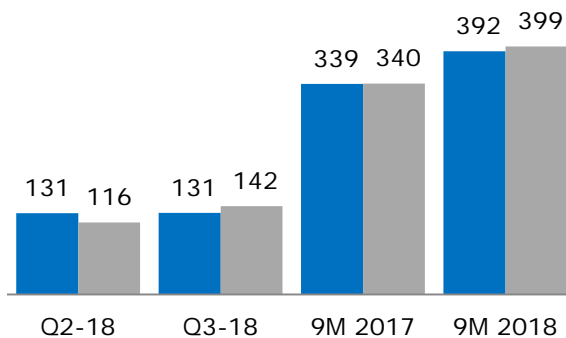
■ Prod ■ Sales



Polypropylene

in KT

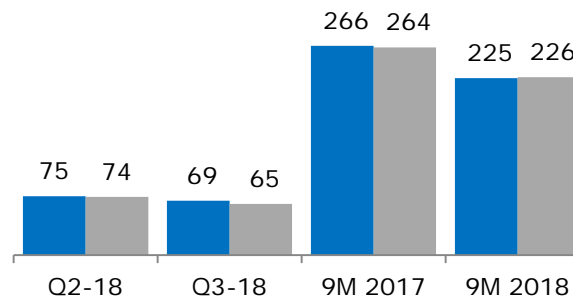
■ Prod ■ Sales



Styrene Monomer

in KT

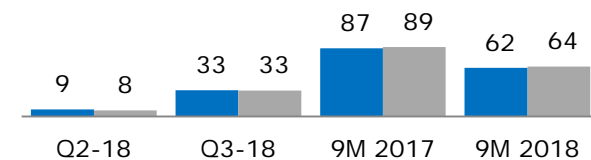
■ Prod ■ Sales



Butadiene

in KT

■ Prod ■ Sales



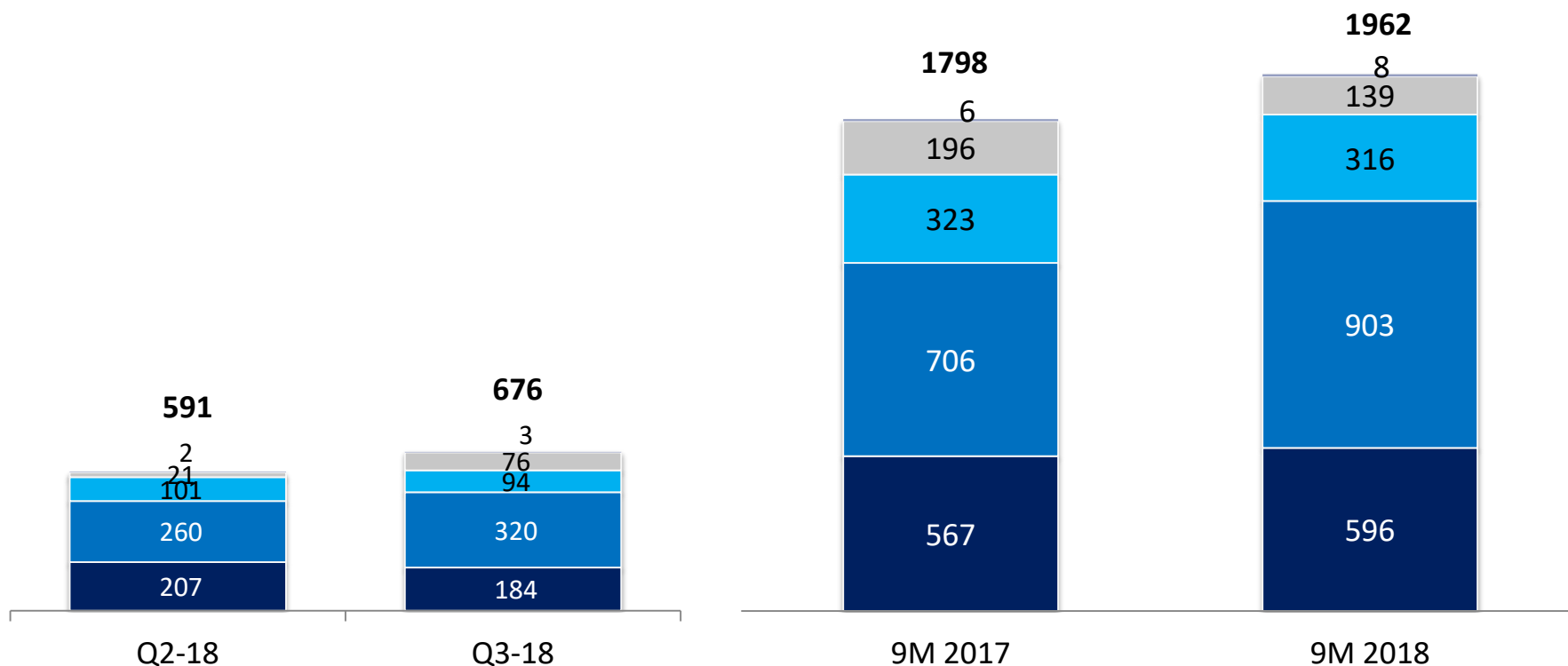
Source: Company information

Note: *) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

Net Revenues

9% y-o-y higher Revenues in 9M 2018 reflecting higher average sales prices, primarily Ethylene and Polyethylene, partly offset by lower sales volumes due to planned operational activities (capacity expansions, TAM)

Revenue by Segment (US\$m)

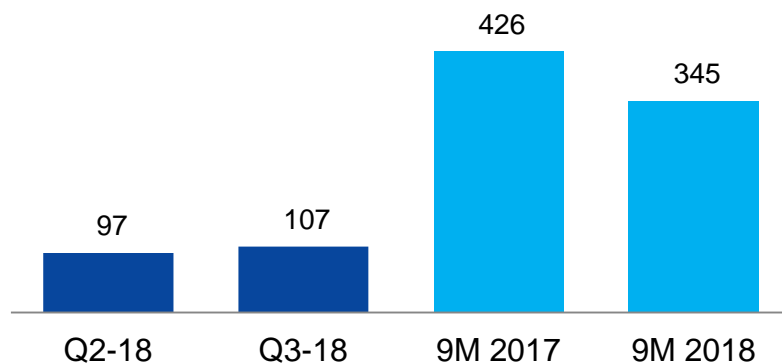


Source: Company Information

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

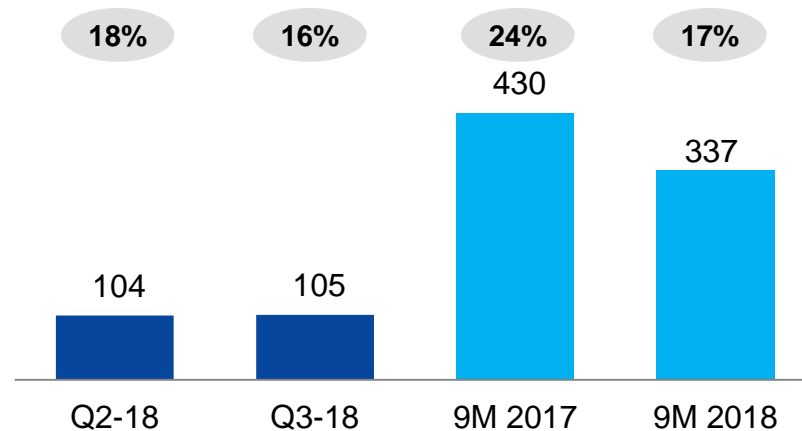
Financials (in US\$m)

Gross Profit



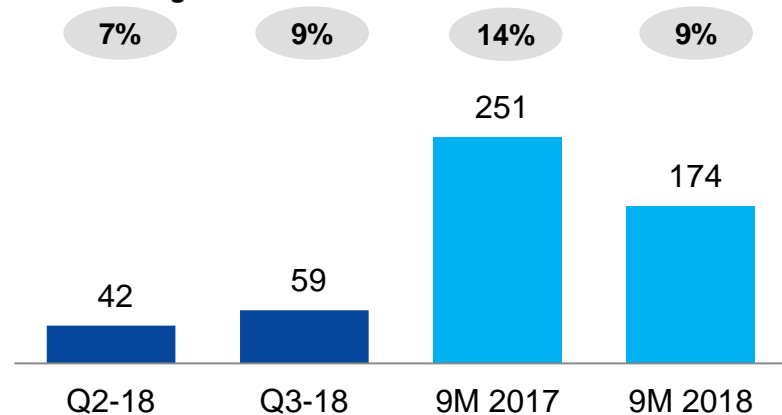
EBITDA (Unaudited)

Adjusted EBITDA margin

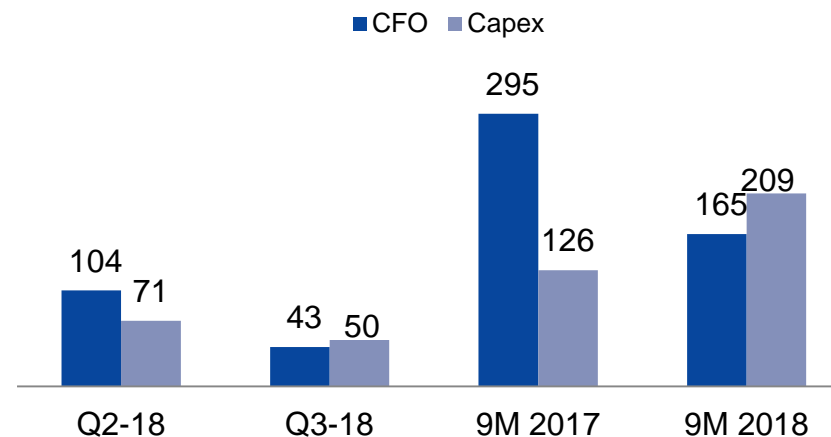


Net Profit

Net Profit Margin



Cash flow from Operations, Capex

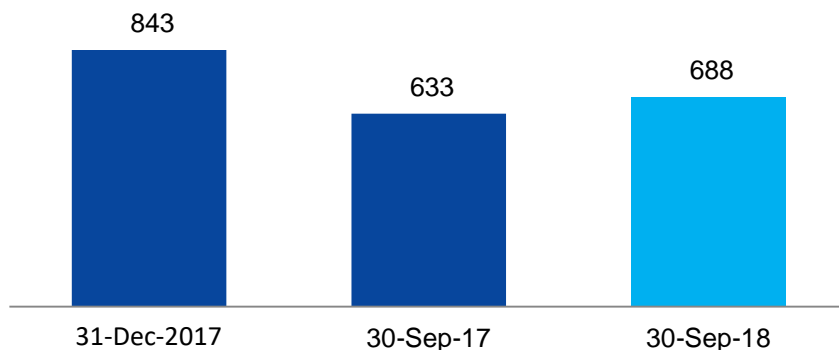


Source: Company Information

Strong Balance Sheet Supported by Strengthened Financial Profile

Cash Balance

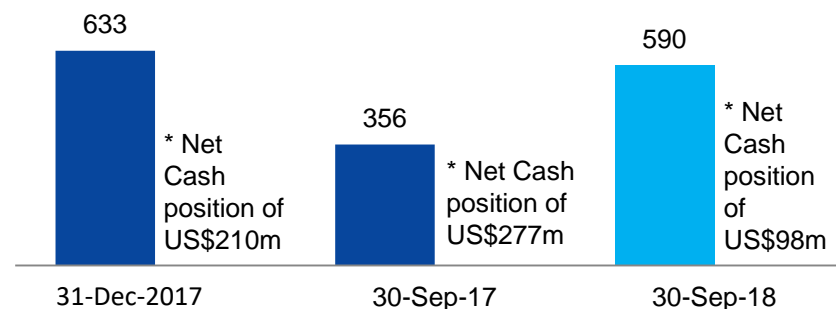
(US\$m)



Debt and Net Debt

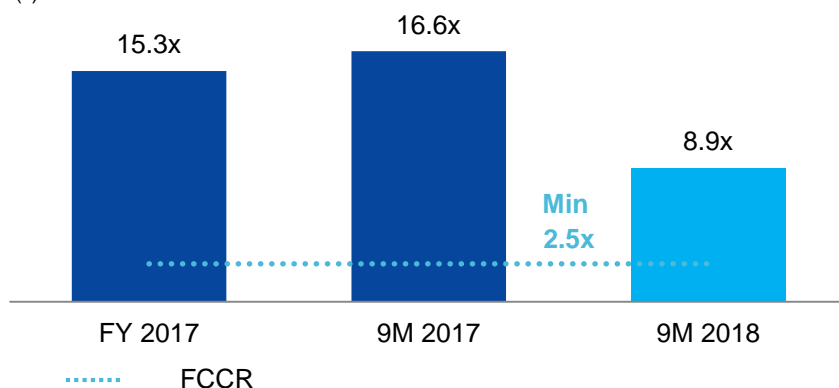
(US\$m)

■ Debt ■ Net Debt

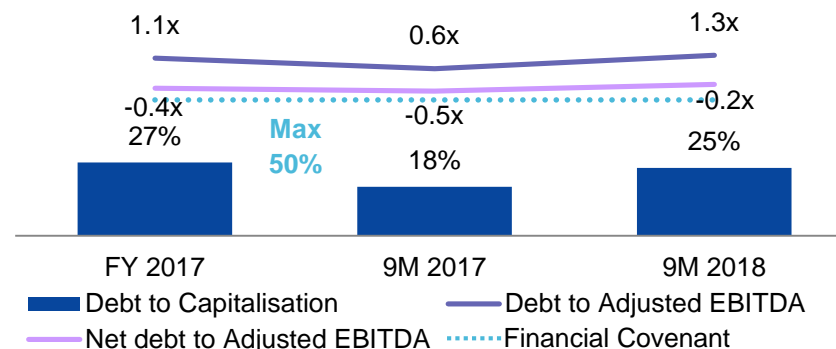


Adjusted EBITDA / Finance Costs

(x)



Leverage Ratios ⁽¹⁾

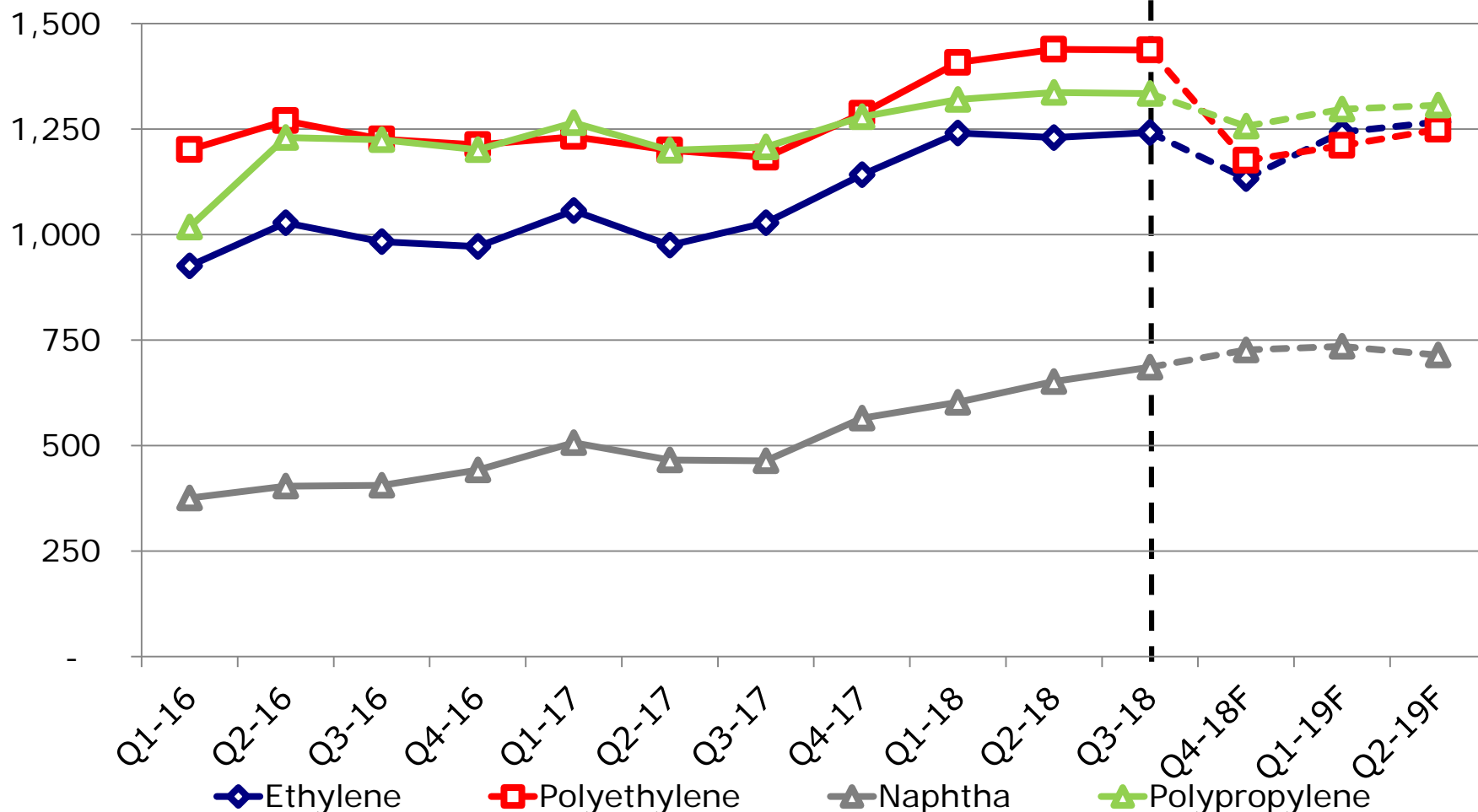


(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

2018 Outlook

Continuing healthy product spreads despite increasing feedstock price ...

(US\$/MT)



Note: *) Forecasted price shown with dash line is based on IHS 31 October 2018.

**) Company's actual prices include premium shown with solid line.

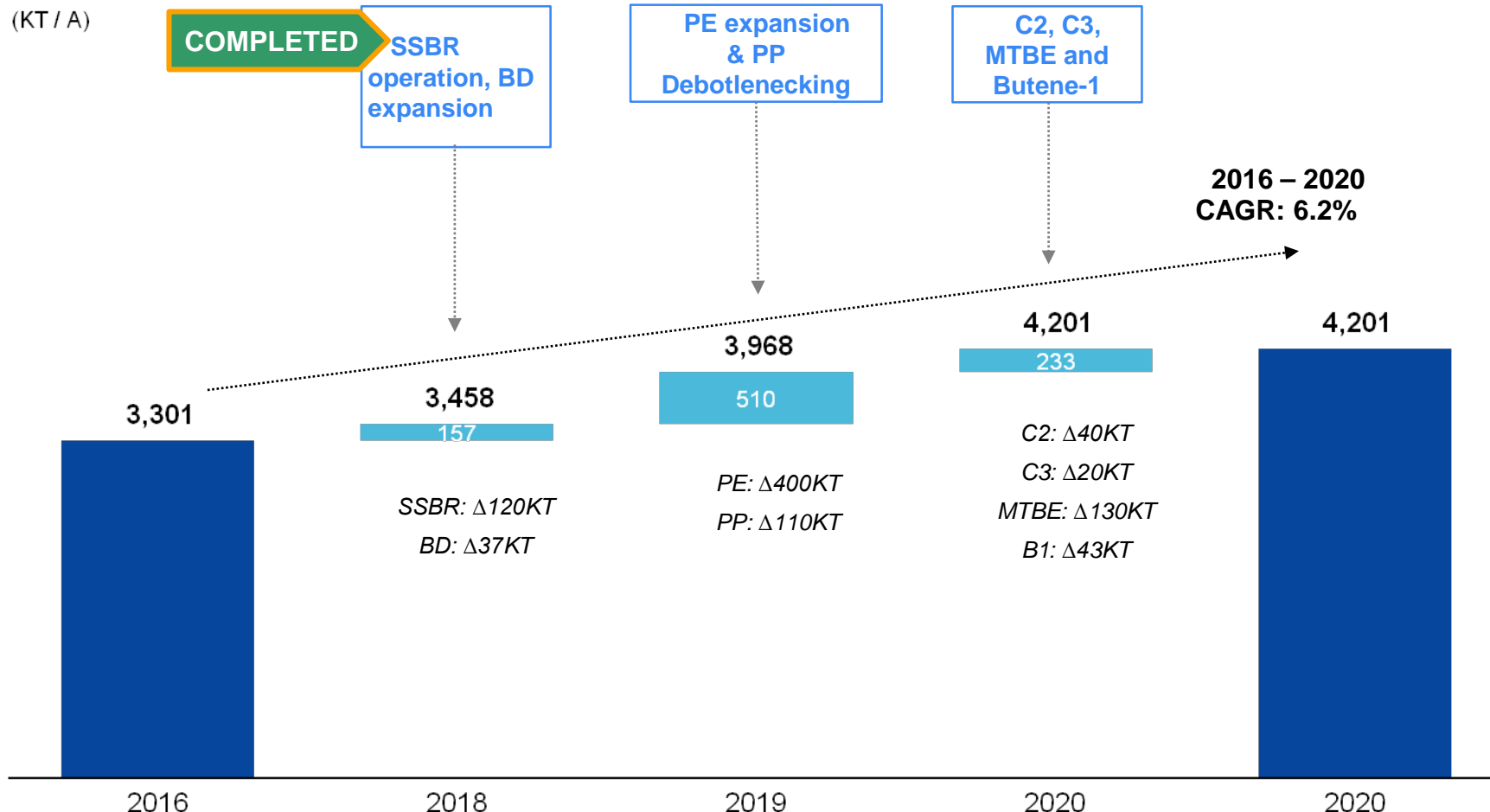
Q4 2018 Planned Activities affecting plant performance

- ❑ Ethylene Cracker – BA101 Cracker furnace revamp (50 days, Nov/Dec) for capacity creep, estimated production loss 5KT.
- ❑ SM plant – Styrene Monomer (PS-2) TAM (45days, mid Sep/Oct), estimated production loss 17KT.

For FY2018, lower overall production of ca. 5% compared to 2017 actual production.

Projects Update

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



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 On Stream

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\$ 130.5 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) On Stream



Status of Key Projects

☐ Butadiene Expansion Project

Completed and resumed in operation since 3 June 2018. **[COMPLETED]**

☐ Synthetic Rubber Project (JV with Michelin)

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

☐ Polypropylene Debottlenecking Project

Overall progress around 31%. Target completion Q4 2019.

☐ New 400 KTA Polyethylene Project

Overall progress 76%. Target completion Q4 2019.

☐ Furnace Revamping Project.

Overall progress 77%. Target Completion Q1 2020.

☐ MTBE and Butene-1 Project

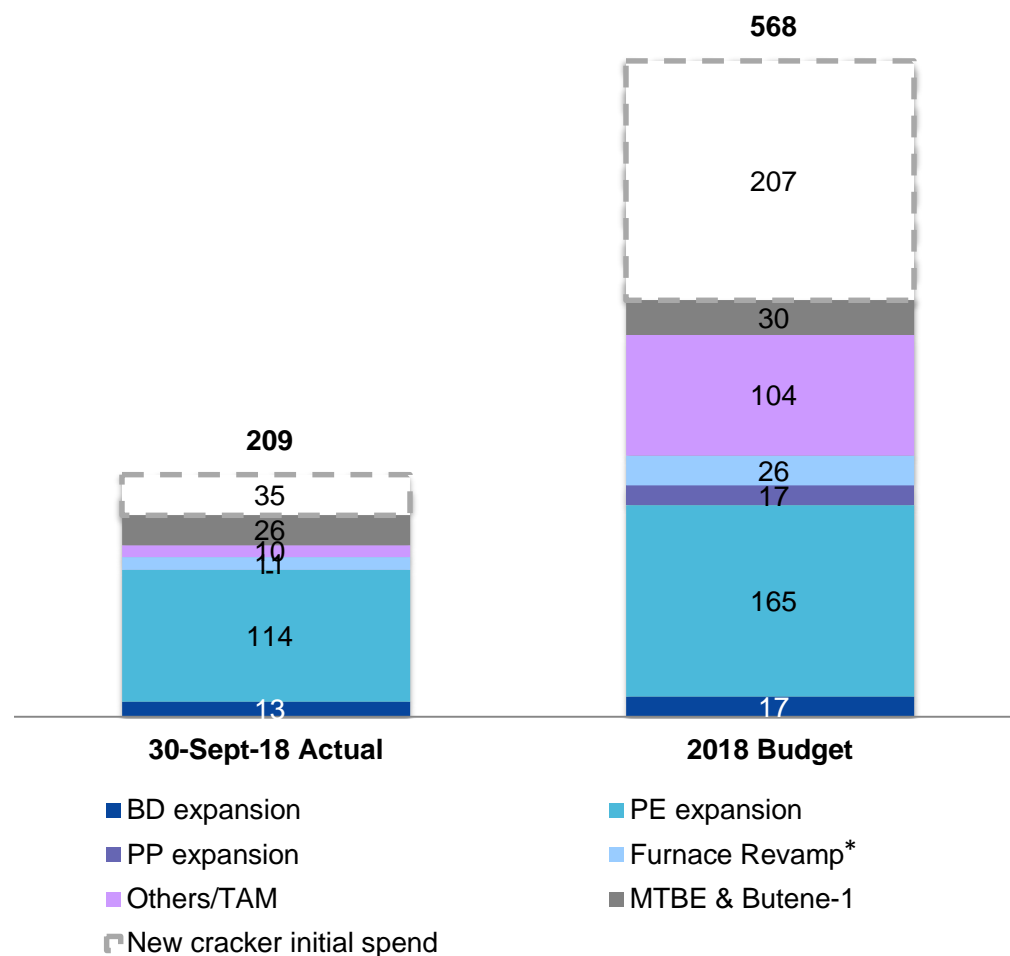
Overall progress 29%. Target Completion Q3 2020.

☐ CAP-2 Project

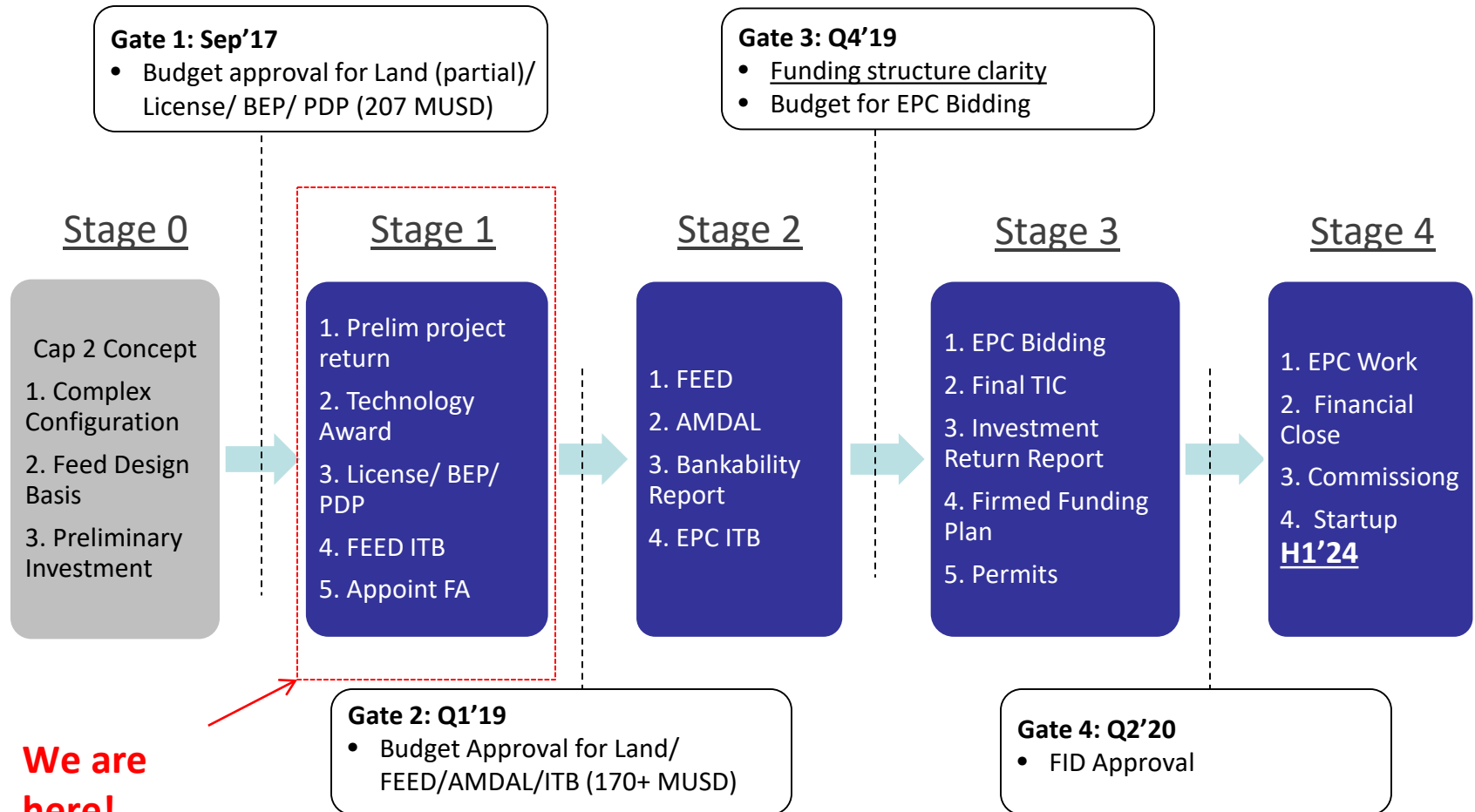
(Stage 1: partial land purchase, technology selection, licenses and basic design packages, FA and FEED contractor selection). Next step is Stage Gate-2 in Q1 2019.

Capex Spending for Key Projects

Capex Breakdown 30 Sept 2018A and 2018 Plan (US\$m)



CAP2 Project Master Schedule



CAP2 Current Status Summary

- Investment license granted and preparing to apply for income tax holiday at least 20 years.
- Completed technology selection.
- Developing basic engineering designs which will be completed by December 2018 (current progress 80%).

Production Plant	Licensor	Production Plant	Licensor
Olefins (1.1 MMTA C2)	Lummus	HDPE (450 KTA)	Texlore
Butadiene (160 KTA BD)	BASF/Lummus	LDPE (300 KTA)	LyondellBasell
Aromatics (335 KTA BZ, 220 KTA TL, 243 KTA MX)	GTC	PP (450 KTA)	LyondellBasell

- Selected HSBC as financial advisor.
- Developing bankability study report which will be completed by March 2019.

