



Chandra Asri
Petrochemical

Presentation Material

Investor Gathering
Jakarta, 16 November 2018

Penawaran Umum Berkelanjutan
Obligasi Berkelanjutan II
Chandra Asri Petrochemical
Tahap I Tahun 2018

*Shelf Registration Bonds II
Chandra Asri Petrochemical
Phase I Year 2018*

Joint Lead Underwriters:



BCAsekuritas



DBS



mandiri
sekuritas

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Section 1

COMPANY PROFILE

Company at a Glance

Largest Integrated Petrochemical Producer in Indonesia

- ✓ **Largest integrated petrochemical producer** in Indonesia and operates the country's only naphtha cracker, styrene monomer and butadiene plants
- ✓ **Market leadership** in highly attractive Indonesia and SE Asia petrochemical market
 - Market share of approximately 52%, 24%, and 29% of the domestic market (including imports) in olefin, polyethylene, and polypropylene, respectively.
- ✓ **Support** from Barito Pacific Group and Siam Cement Group
- ✓ **Transformed in 2016 following the 4Q2015 Naphtha Cracker expansion**, Production capacity increased by some 43% to Ethylene 860 KTA, Propylene 470 KTA, Py-Gas 400 KTA, and Mixed C4 315 KTA
- ✓ **Further downstream expansion completed in 2018**, Butadiene plant up to 137 KTA from 100 KTA and new synthetic rubber plant with capacity of 120 KTA (a joint venture with Michelin)
- ✓ **Vital National Object** status

Stable and Robust Financials Supported by Strong Credit Strengths

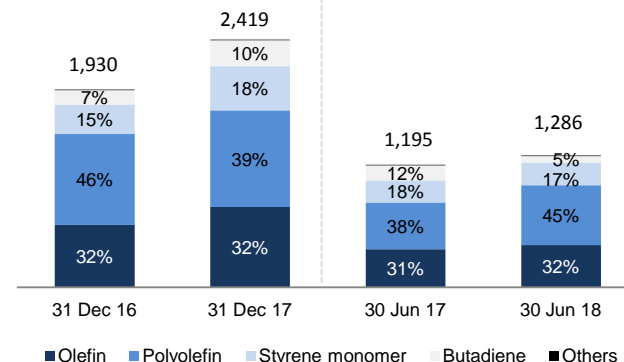
- ✓ **Integration** from upstream cracker to downstream polyolefin products
 - Strategically located near key customers
- ✓ **Low production cost** base and **operating efficiencies**
 - Benefit from scale of feedstock sourcing and stable supplier relationships
 - Naphtha cracker utilization rate of 97% in 1H2018
- ✓ **Long-standing relationships** with diverse customer base
 - No single customer accounts for more than 7% of consolidated revenue
 - In 1H2018, 75% of products by revenue were sold to domestic market
- ✓ **Captive distribution network** provides significant cost efficiencies
 - Key customers integrated with CAP production facilities via CAP's pipelines
 - Provides significant cost efficiencies to key customers
- ✓ **New projects fueling strategic growth**
 - Projects to expand downstream products, new Polyethylene plants, debottlenecking of Polypropylene plant, MTBE/B1 plant and other efficiency improvements
 - Evaluation of a second petrochemical complex underway



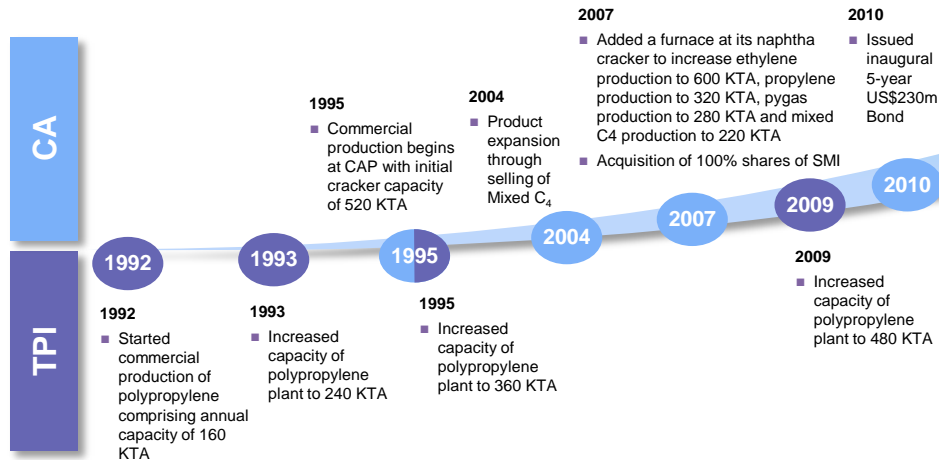
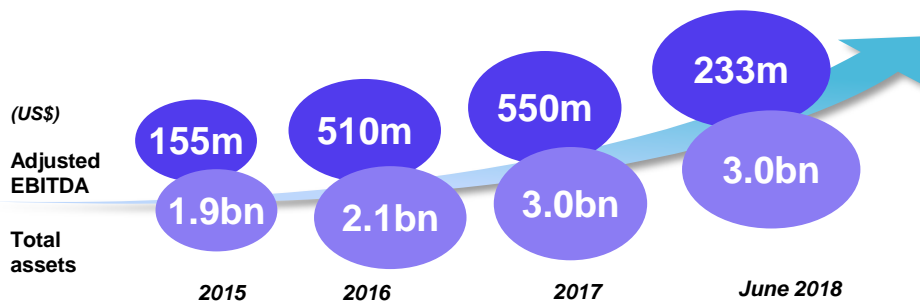
CAP's main integrated manufacturing complex

Revenue Breakdown

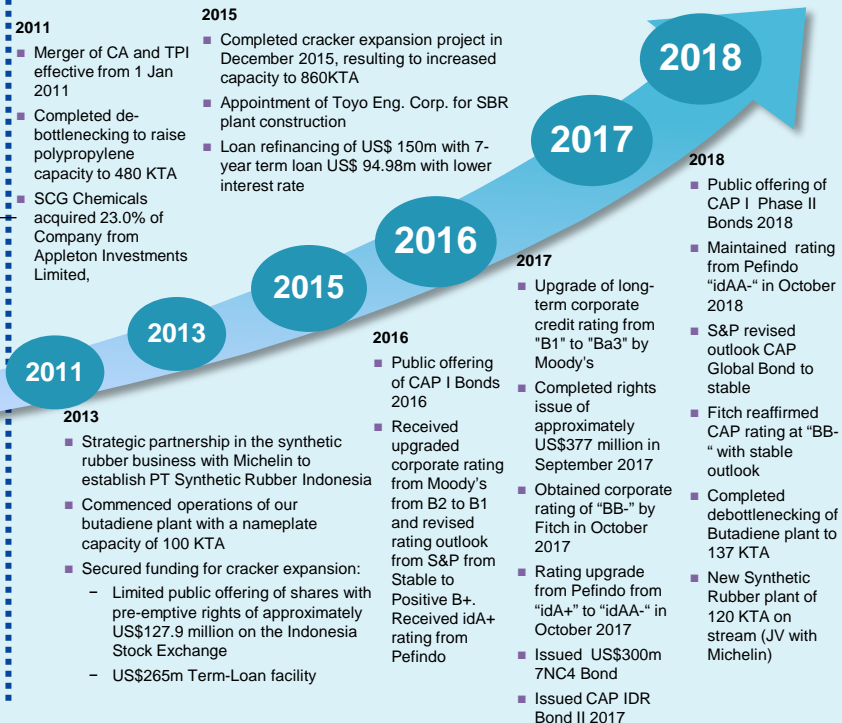
(US\$ mn)



26 Year Track Record of Successful Growth



CAP

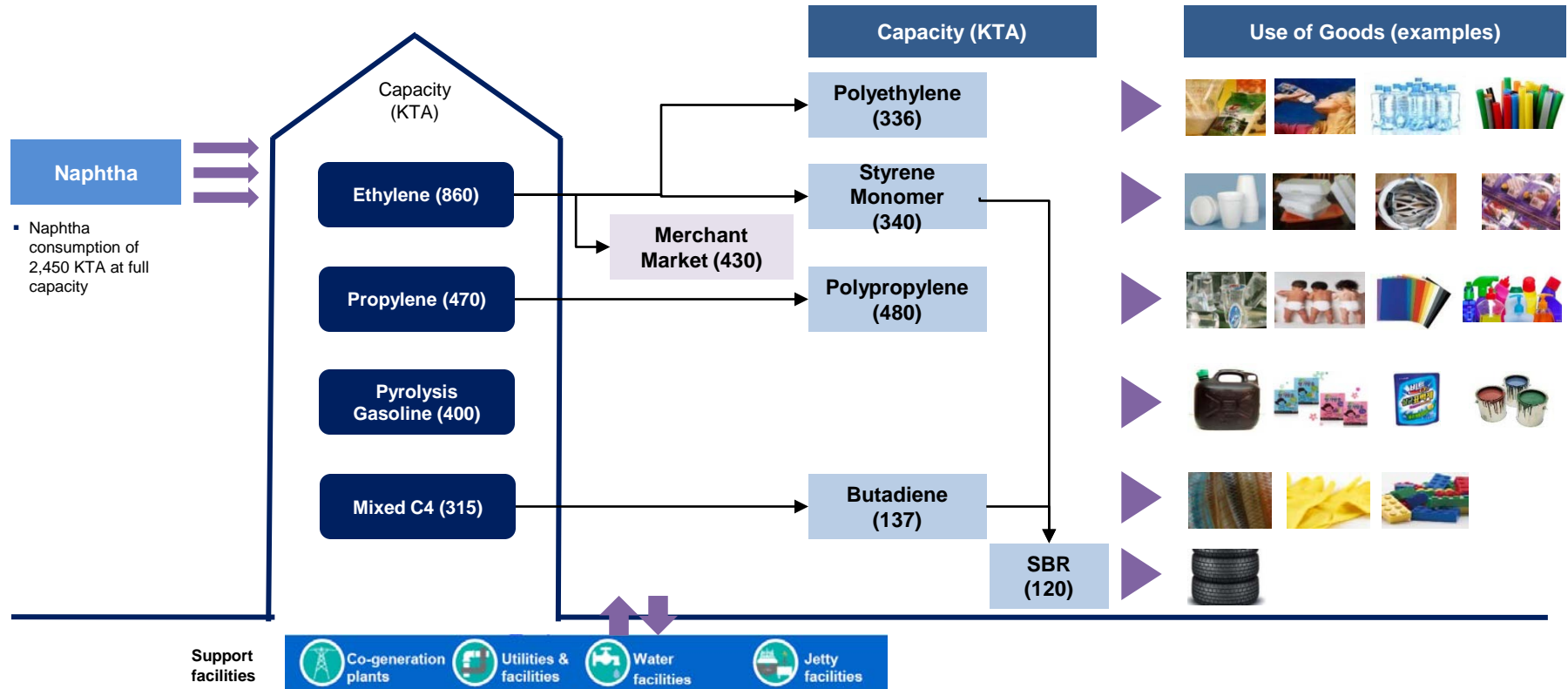


Track record of achieving operational and structured growth

Vision: Indonesia's Leading and Preferred Petrochemical Company

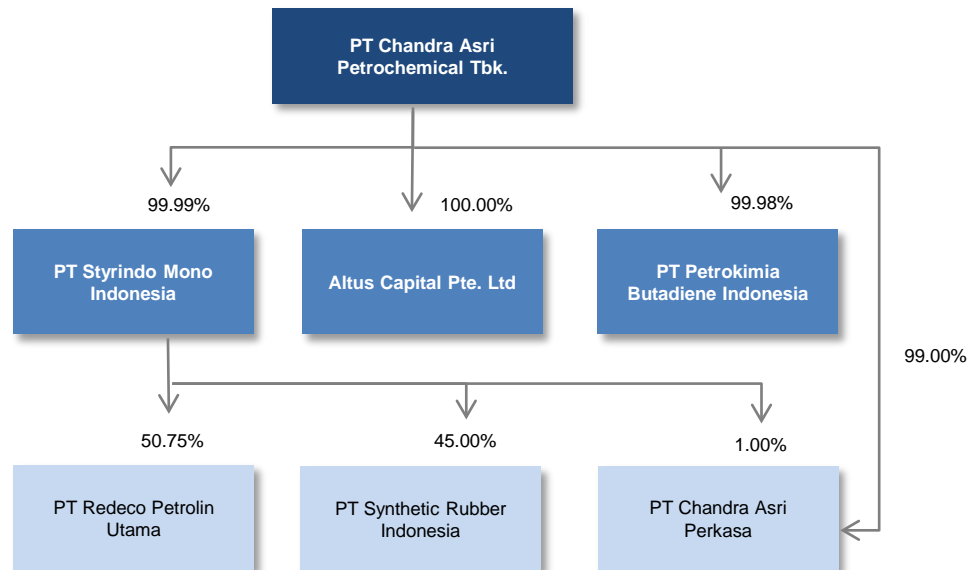
- 1 Increase capacity and build on leading market position
- 2 Expand product offerings and further optimize integration along the petrochemical value chain
- 3 Develop feedstock advantage to improve cost competitiveness
- 4 Develop and nurture human capital
- 5 Continue to leverage the Company's unique infrastructure and customer service to maintain premium value to customers
- 6 Achieve best-in-class operating standards, cost efficiency and safety, health and environment, and leveraging on digital transformation
- 7 Roll out sustainability programs under Sustainability Framework

Integrated Production of Diverse Products



CAP's products encompass a wide range across the consumer products value-chain, and its leading position and strategic location enhances its competitiveness

Group Structure as of 30 June, 2018



PT Styrindo Mono Indonesia	<ul style="list-style-type: none"> Established in 1991. Acquired by CAP in 2007. Sole producer of Styrene Monomer in Indonesia with capacity of 340KTPA. Utilizes both Mobil-Badger Technology and Lummus Technology.
Altus Capital Pte. Ltd.	<ul style="list-style-type: none"> Established in 2009. Subsidiary established for financing purposes.
PT Petrokimia Butadiene Indonesia	<ul style="list-style-type: none"> Established in 2010. Sole producer of Butadiene with capacity of 137 KTA. Utilizes Lummus/BASF Technology.
PT Redeco Petrolin Utama	<ul style="list-style-type: none"> Established in 1980. Engaged in intermediate bulk-storage tank terminal and jetty management services for chemical products. Also handles refined petroleum products for local and international oil companies.
PT Synthetic Rubber Indonesia	<ul style="list-style-type: none"> Established in 2013, a joint venture company between SMI with Compagnie Financiere Du Groupe Michelin (Michelin). Sole producer of synthetic rubber, the raw material to produce tires. The construction of SRI plant was commenced in 2016 and has started to operate in August 2018.
PT Chandra Asri Perkasa	<ul style="list-style-type: none"> Established in 2017 New entity to undertake second petrochemical complex

Section 2

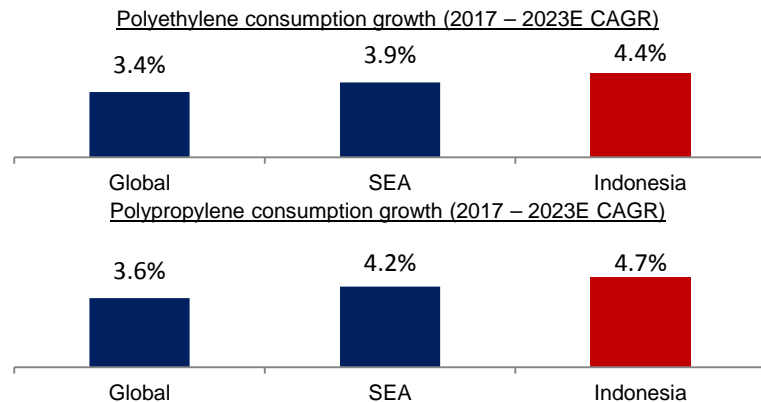
KEY INVESTMENT HIGHLIGHTS

Key Investment Highlights

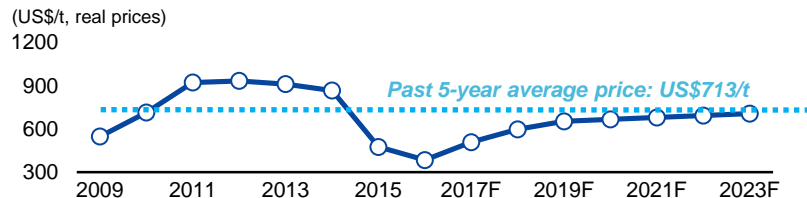


Attractive Industry Fundamentals Providing Tailwinds for Petrochemicals Demand Growth in SEA

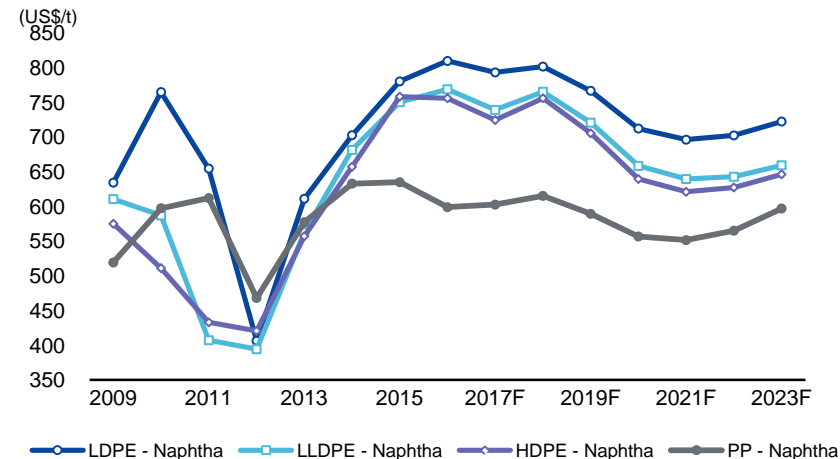
Polyolefin Demand in SEA is Expected to Outpace Global Market Growth...



... while Asian Naphtha Prices Remain Below Historical Average



Polyolefin Spreads Expected to Remain Resilient

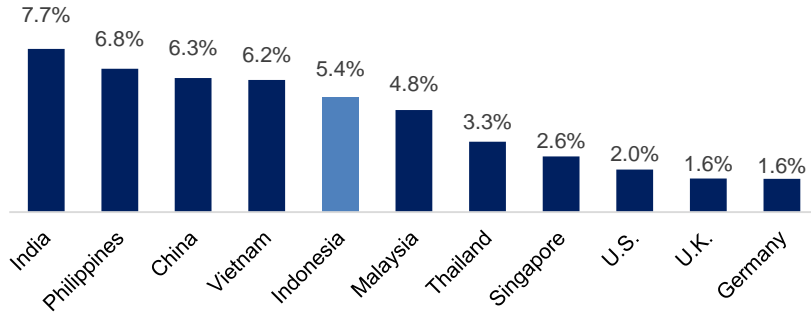


(US\$/t)	Last 5 Years Average	Last 5 Years Average
LDPE – Naphtha	662	754 ▲
LLDPE – Naphtha	631	705 ▲
HDPE – Naphtha	630	689 ▲
PP - Naphtha	582	583 ▲

Average spreads of key products will continue to be resilient

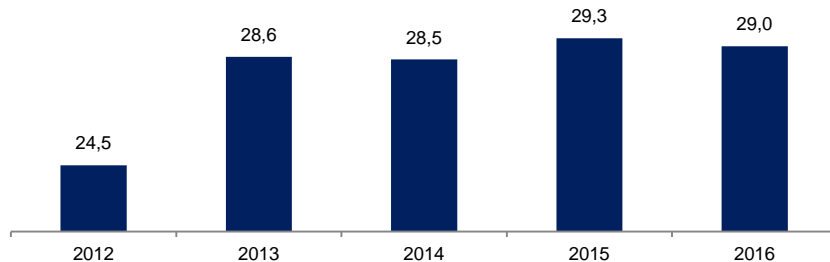
Well-Positioned to Benefit from Attractive Indonesian Macroeconomic Growth and Consumption Trends

GDP Growth CAGR (2017 – 2020F)



Foreign Direct Investment in Indonesia (2012 – 2016)

(US\$bn)



(1) GDP, constant prices; IMF World Economic Outlook Database, October 2017

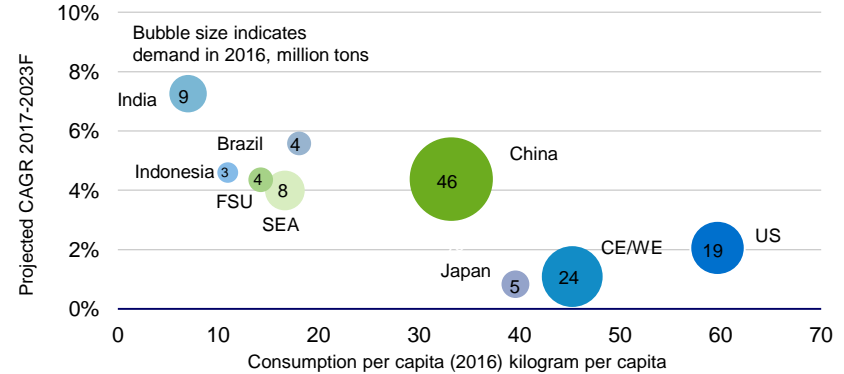
(2) SEA excludes Indonesia

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

(4) FSU means Former Soviet Union, CE means Central Europe, WE means Western Europe

Source: Nexant Industry Report, IMF, BKPM

Polyolefin Consumption per Capita ⁽¹⁾ ⁽²⁾ ⁽³⁾



Domestic Trends

Rising Population

Quality of Life

Product Substitution

Consumer Spending

Urbanization

Manufacturing

Strong Demand Growth for Petrochemical Products in Indonesia

End Markets

Polyethylene

- Plastic films
- Containers
- Bottles
- Plastic bags



Polypropylene

- Packaging
- Films and sheets
- Fibers and filaments
- Toys
- Automotive parts



Styrene Monomer

- Drinks cups
- Food containers
- Car interiors
- Helmet padding

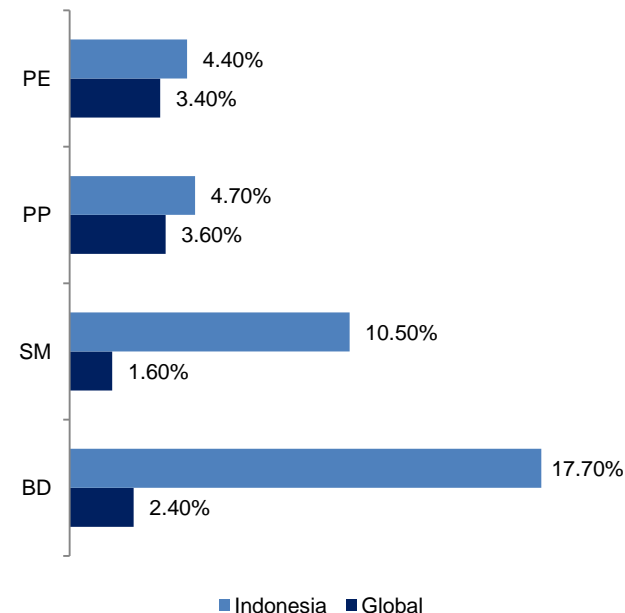


Butadiene

- Vehicle tires
- Synthetic rubber
- Gloves and footwear



Total Demand Growth ⁽¹⁾ (2017F – 2023F CAGR)

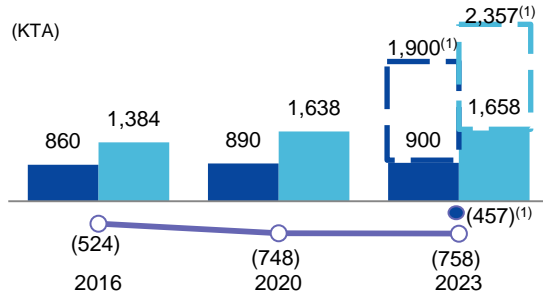


Petrochemical products are fundamental to the production of a wide variety of consumer and industrial products, such as packaging, containers, automotive and construction materials

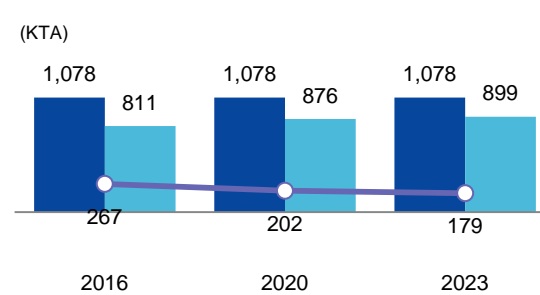
(1) By volume
Source: Nexant

Petrochemical Market in Indonesia will Continue to See an Increasing Gap Between Supply and Demand

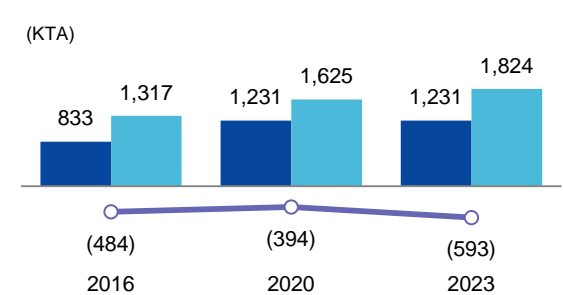
Ethylene



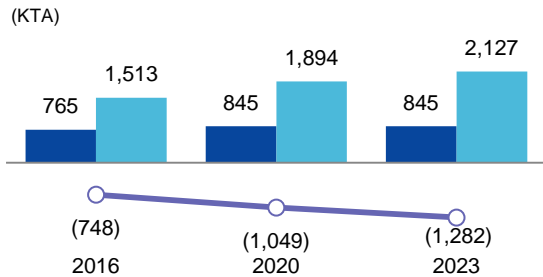
Propylene



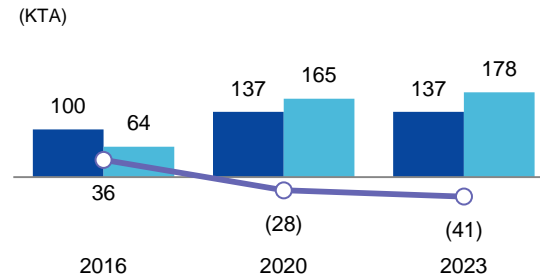
Polyethylene



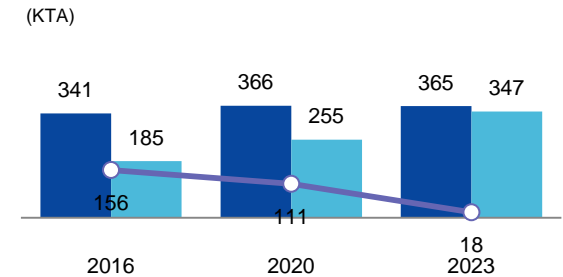
Polypropylene



Butadiene



Styrene Monomer



Capacity

Consumption

Gap

Indonesia is expected to remain in deficit and dependent on imports

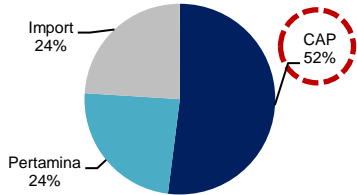
(1) Includes unsanctioned capacity of 1 MT
Source: Nexant

3 CAP is the Indonesian Market Leader



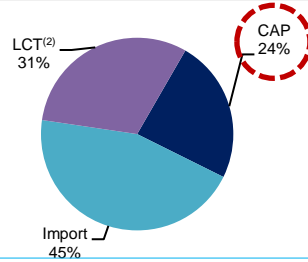
Largest Petrochemical Company in Indonesia ⁽¹⁾

Olefin



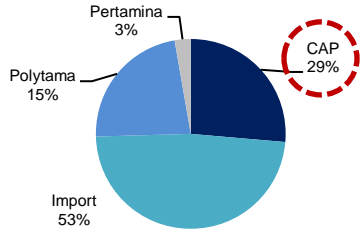
Total Supply: 2.6M tons

Polyethylene



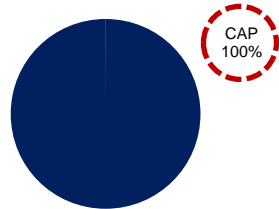
Total Supply: 1.4M tons

Polypropylene



Total Supply: 1.6M tons

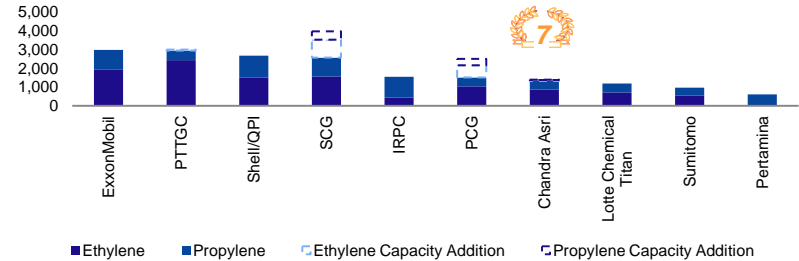
Styrene Monomer



Total Supply: 0.3M tons

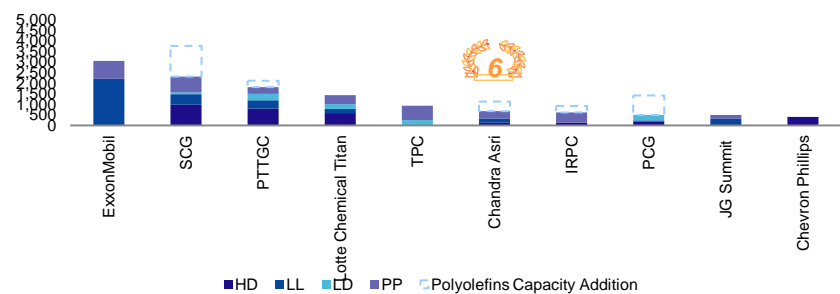
Olefin Top 10 South East Asia Producers ⁽³⁾

('000 tons per year)



Polyolefin Top 10 South East Asia Producers ⁽³⁾

('000 tons per year)



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







(1) By production excluding fertilizer producers

(2) Refers to Lotte Chemical Titan

(3) Chandra Asri capacity is inclusive of SCG's equity in Chandra Asri

Source: Nexant 2017

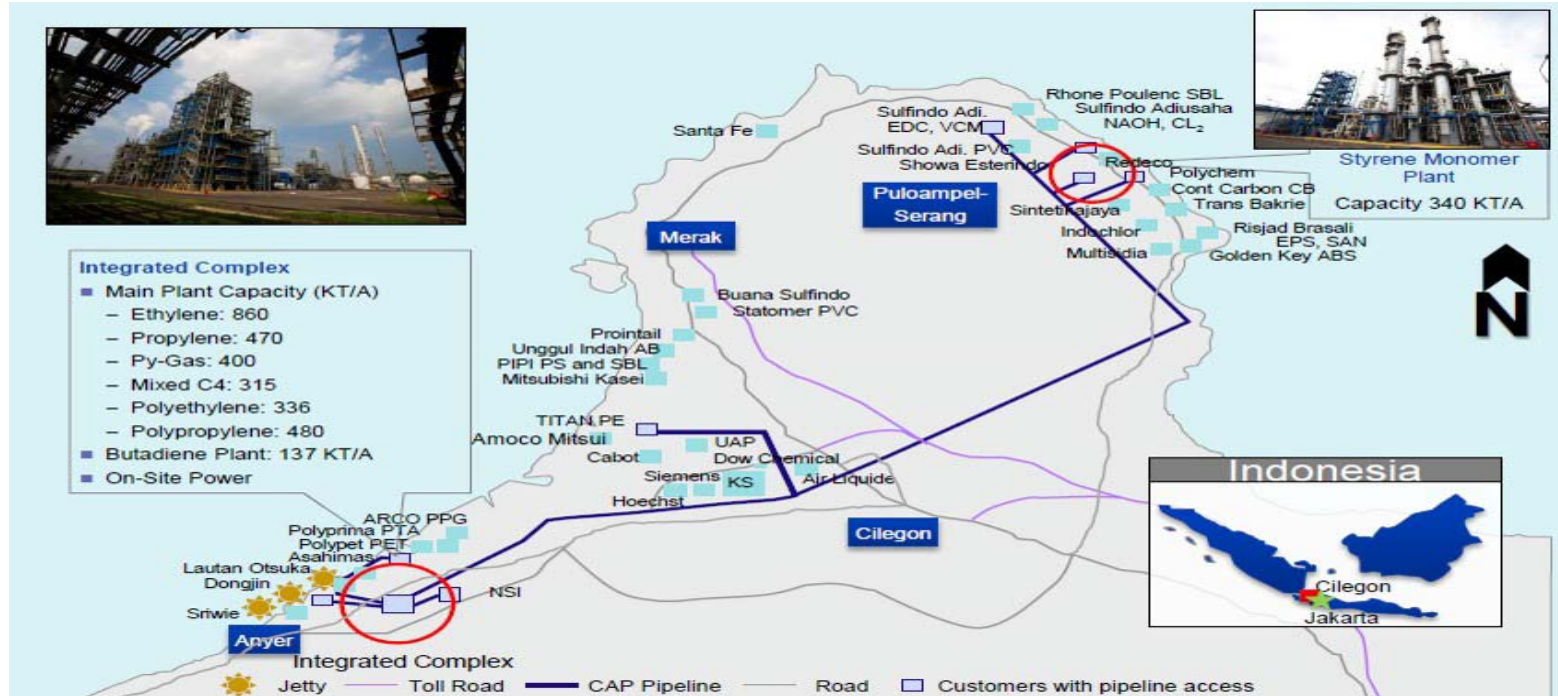
Capacities of Petrochemical Producers in Indonesia (March 2017)

Capacity (^{'000} tons per year)	 Chandra Asri Petrochemical	 LOTTE CHEMICAL TITANI	 PERTAMINA	Polytama	 ASC AGC Group	 PT SULFINDO ADJUSARA	 TPPI	Others	Total
Ethylene	860								860
Propylene	470		608						1,078
LLDPE	200	200							400
HDPE	136	250							386
Polypropylene	480		45	240					765
Ethylene Dichloride					644	370			1,014
Vinyl Chloride Monomer					734	130			864
Polyvinyl Chloride					507	95		202	804
Ethylene Oxide								240	240
Ethylene Glycol								220	220
Acrylic Acid								140	140
Butanol								20	20
Ethylhexanol								140	140
Py-Gas	400								400
Crude C4	315								315
Butadiene ¹	137								137
Benzene			125				400		525
Para-Xylene			298				540		838
Styrene	340								340
Styrene Butadiene Rubber ¹	120								120
Total	3,458	450	1,076	240	1,885	595	940	962	9,606

CAP offers the most diverse product range and is a dominant producer with market share of approximately 52%, 24%, and 29% of the domestic market (including imports) in olefin, polyethylene, and polypropylene, respectively

(1) As per 3Q18

CAP's Integrated Petrochemical Complexes



Location proximity to key customers and reliability of supply leading to premium pricing, with integration of facilities creating high barriers to entry

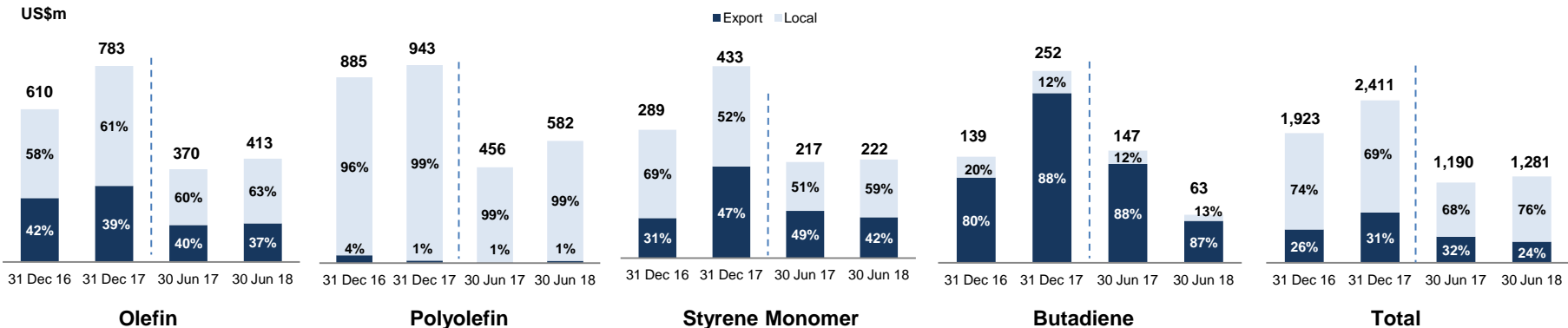
Sales & Marketing Strategy

- Long term relationships with key customers
- Connected to production facilities via CAP's pipeline (ethylene and propylene customers)
- Network of 300+ customers, with diversified clientele
 - Top 10 customers account for only 46% of revenues in June 2018
 - Majority of top 10 customers have been with CAP for >10 years
- Trademarked brand names
 - "Asrene" for polyethylene products, "Trilene" for polypropylene products, "Grene" for resin products
- Strong marketing and distribution platform with nation-wide network
 - Short delivery times result in premium pricing over benchmarks
 - Ongoing technical support

Top 10 Customers (2018)

Customer	Products	% of Revenue	Customer Since	Location
Customer 1	Polyethylene & Polypropylene	6.9	1995	Indonesia
Customer 2	Ethylene, Styrene Monomer, Butadiene & C ₄	6.0	2002	Japan
Customer 3	Ethylene, C ₄ & styrene monomer	5.7	2010	Singapore
Customer 4	Pygas	5.7	2002	Thailand
Customer 5	Butadiene & Styrene Monomer	5.2	2004	Indonesia
Customer 6	Ethylene	5.2	1995	Indonesia
Customer 7	Ethylene	3.9	2006	Indonesia
Customer 8	Polyethylene & Polypropylene	3.2	1995	Indonesia
Customer 9	Ethylene	2.5	2006	Indonesia
Customer 10	Ethylene, C ₄ & Butadiene	2.3	2009	Singapore
Total		46.6%		

Sales Breakdown (2016 – Jun 2018)

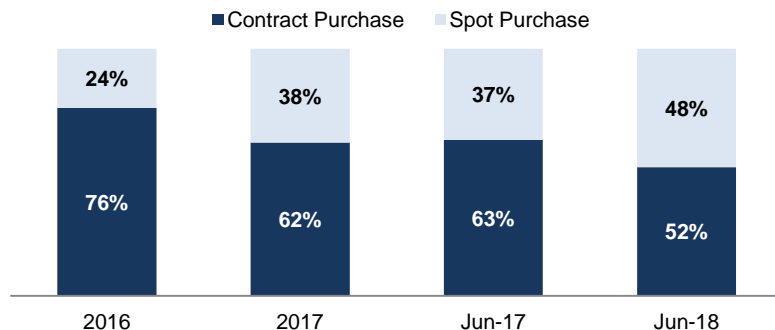


5 Stable and Flexible Feedstock Supply

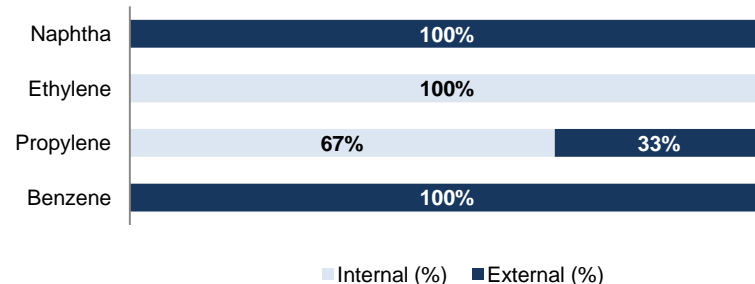
Feedstock Procurement Overview

- Long-standing stable supplier relationships
- No material feedstock supply disruption historically
- Flexibility in feedstock purchasing (spot vs. contract)
 - Avoids single supplier dependence
 - 52% of naphtha under contract with major oil trading companies in 1H18
- Procurement synergies with SCG
- Substantial naphtha storage capacity to support 27 days of operations

Feedstock Procurement Overview



Main Raw Materials (June 2018)

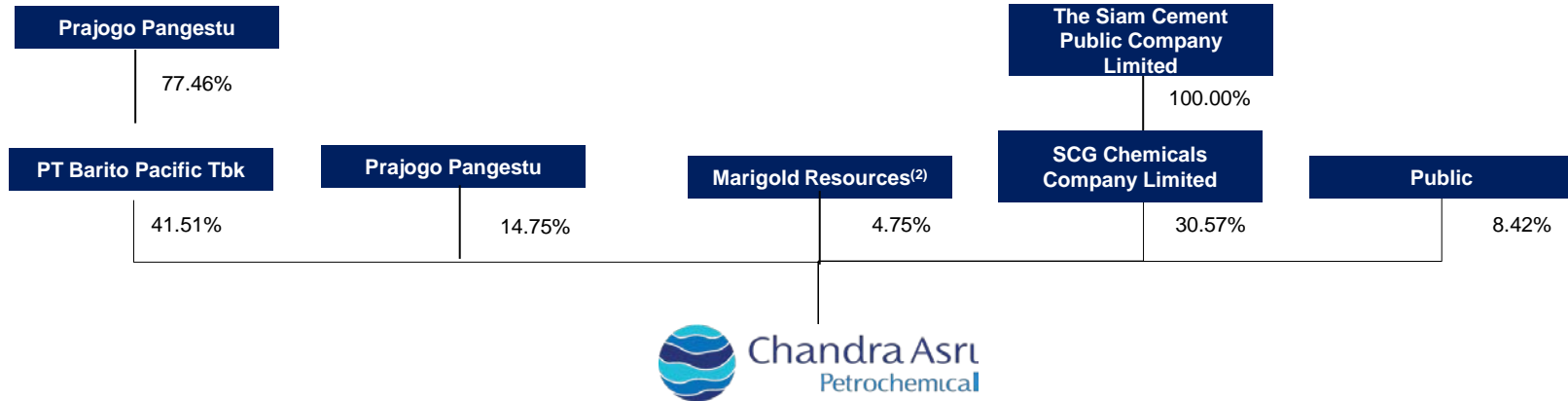


Suppliers of Naphtha (June 2018)

Supplier	US\$m	%
Shell International Eastern Trading	185.6	26.2
Aramco	171.4	24.2
Marubeni Petroleum Co. Ltd.	85.7	12.1
Chevron U.S.A. Inc.	71.2	10.0
Totsa	69.5	9.8
KPC	37.2	5.2
Vitol Asia Pte. Ltd.	30.0	4.2
Shell MDS (Malaysia) Sendirian Berhad	27.0	3.8
Konsorsium PT Titis Sampurna	21.8	3.1
PT Surya Mandala Sakti	9.8	1.4
Total	709.2	100.0

Customer-centric approach has resulted in long-standing relationships

6 Strong Commitment from Shareholders¹



Barito Pacific

- Indonesia based conglomerate with business interests in property, timber, plantation, power generation and petrochemicals

Siam Cement Group

- Thailand's largest industrial conglomerate and Asia's leading chemicals producer
- Invested 30% in CAP in 2011
- Second largest olefins and polyolefin producer in South East Asia

Key benefits of partnership

- Barito Pacific is committed to the growth and development of CAP
 - Available land for expansion
 - Financial commitment (e.g. full subscription to 2013 rights offering)

Siam Cement Group

- Production know-how and sharing of best operational practices
- Raw material procurement savings
- Sales and marketing collaboration
- Access to Thai financial institutions
- Accelerate CAP's expansion plans

Strong backing from long term marquee strategic regional investors committed to the development of the business

⁽¹⁾ Group structure as of 30 September 2018

⁽²⁾ Subsidiary of PT Barito Pacific Tbk

Board of Commissioners



DJOKO SUYANTO
President Commissioner
Independent Commissioner

3 years in the Industry
3 years with CAP



TAN EK KIA
Vice President Commissioner
Independent Commissioner

45 years in the Industry
7 years with CAP



HO HON CHEONG
Commissioner,
Independent Commissioner

3 years in the Industry
3 years with CAP



**AGUS SALIM
PANGESTU**
Commissioner

12 years in the Industry
12 years with CAP



**LOEKI SUNDJAJA
PUTRA**
Commissioner

16 years in the Industry
16 years with CAP



**THAMMASAK
SETHAUDOM ⁽¹⁾**
Commissioner

27 years in the Industry
<1 year with CAP ⁽²⁾



**CHOLANAT
YANARANOP ⁽¹⁾**
Commissioner

31 years in the Industry
6 years with CAP

Board of Directors



ERWIN CIPUTRA
President Director

14 years in the Industry
14 years with CAP



**KULACHET
DHARACHANDRA ⁽¹⁾**
VP Director of Operations

24 years in the Industry
2 years with CAP



**BARITONO PRAJOGO
PANGESTU**
VP Director of Polymer
Commercial

13 years in the Industry
13 years with CAP



LIM CHONG THIAN
Director of Finance

38 years in the Industry
13 years with CAP



**SOMKOUN
SRIWATTAGAPHONG ⁽¹⁾**
Director of Manufacturing

21 years in the Industry
<1 year with CAP ⁽²⁾



**FRANSISKUS RULY
ARYAWAN**
Director of Monomer
Commercial

16 years in the Industry
16 years with CAP



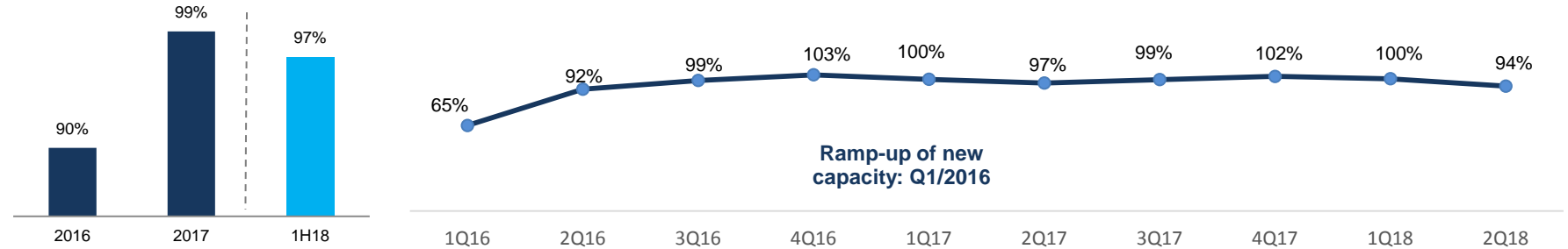
SURYANDI
Director of Human Resources
and Corp. Administration,
Independent Director

28 years in the Industry
28 years with CAP

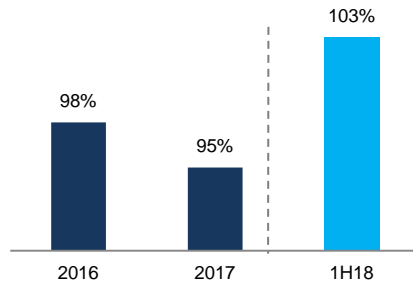
(1) Representative of SCG
(2) Appointed in September 2018

7 Strong Track Record of Delivering Operational Excellence and Performance

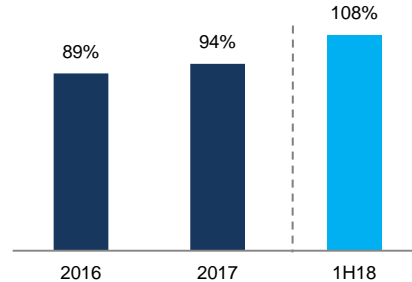
Naphtha Cracker Utilization



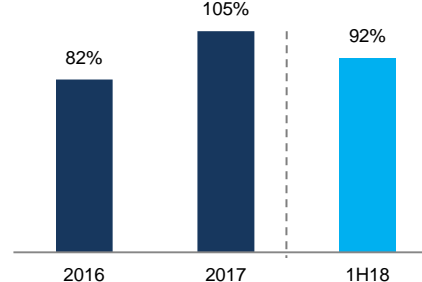
Polyethylene Plant Utilization



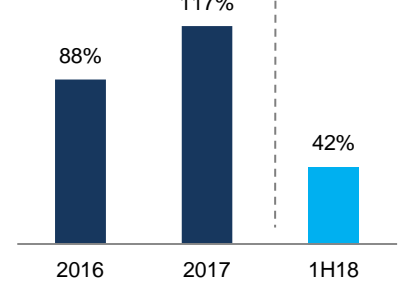
Polypropylene Plant Utilization



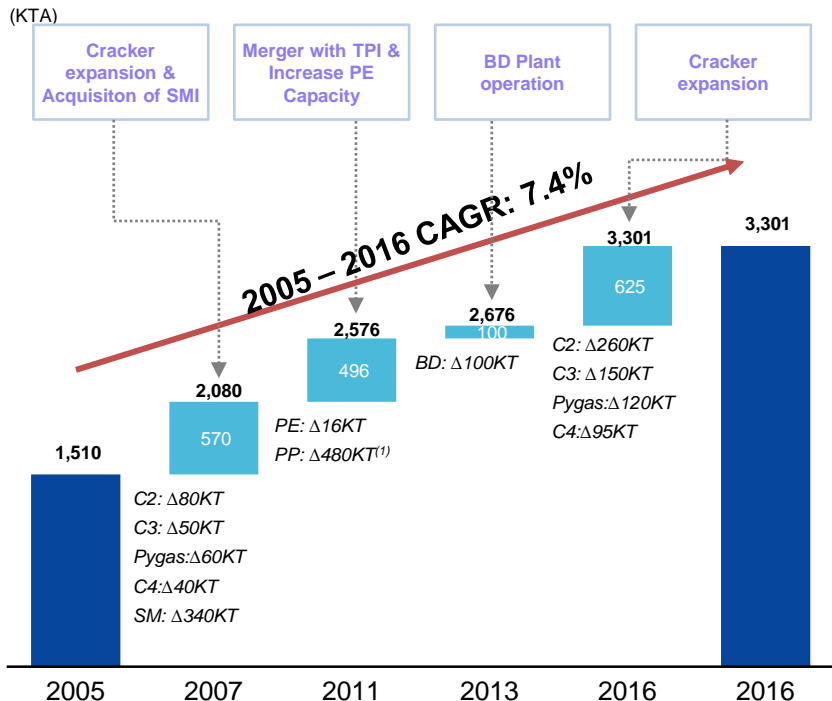
Styrene Monomer Plant Utilization



Butadiene Plant Utilization



Plant utilization has remained high due to our operational process optimization initiatives



- Successfully acquired and integrated SMI and TPI
- Expanded naphtha cracker in 2015 to achieve economies of scale and take advantage of significant ethylene shortage in Indonesia
 - Mechanical completion on 9 Dec 2015, on time and within budget
 - Total actual project cost in line with budget (c. US\$380m)
 - Achieved high utilization rates
- Currently undertaking next stage of expansions and growth

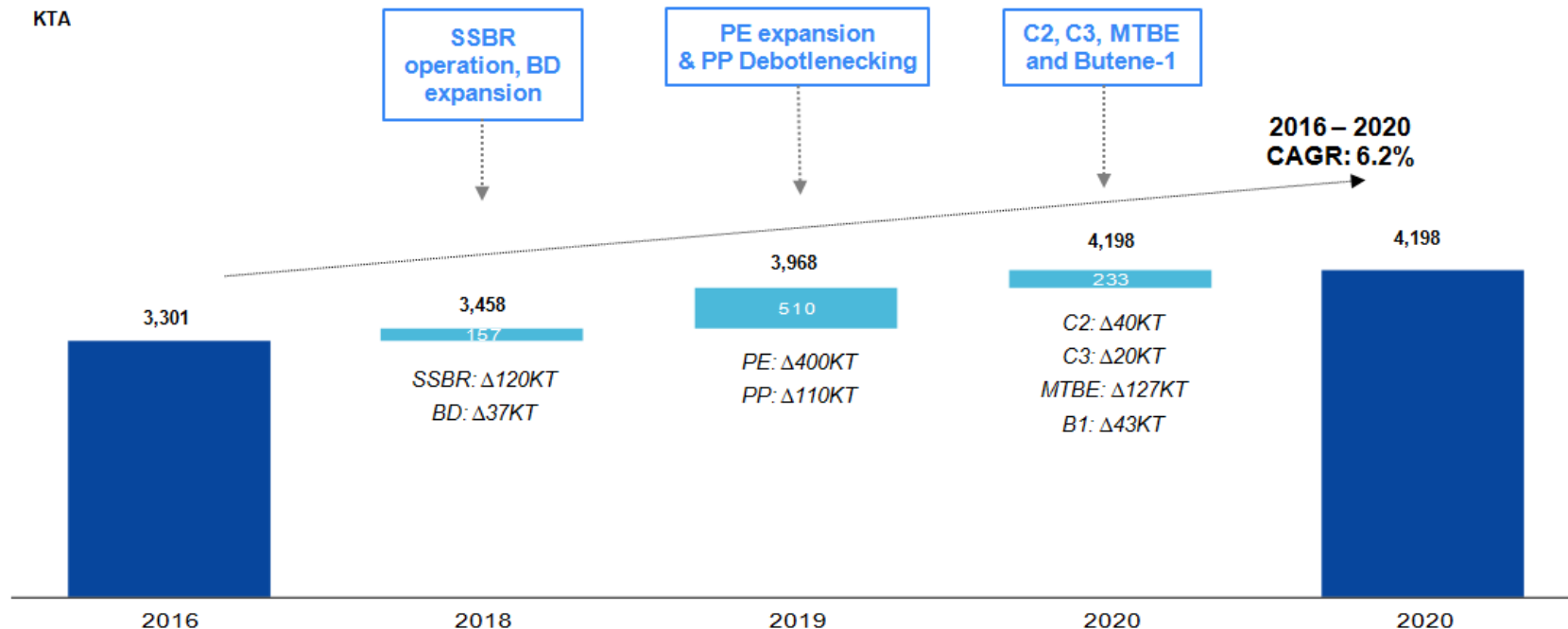
Expansion of production capacity and product range has enabled us to maintain our market leading position

(1) Represents addition to capacity due to merger with TPI that had installed propylene capacity of 480 KTA at the time of merger

Section 3

ATTRACTIVE GROWTH PROFILE

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



After doubling the size of production capacity over historical 10-yr, expected further growth in the next 5-yr 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 KTA to 137 KTA
- 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 KTA 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\$ 380.0 million

Furnace Revamp

- Increase cracker capacity by modifying heat internals to increase ethylene capacity from 860 KTA to 900 KTA and propylene capacity from 470 KTA to 490 KTA
- 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 KTA from 480 KTA to 590 KTA
- 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 KTA and 43 KTA 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 KTA ethylene cracker
 - Various downstream derivative products
- Estimated project cost: US\$4-5 billion
- 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 KTA
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018.
- Estimated total project cost: US\$570.0 million (fully funded)



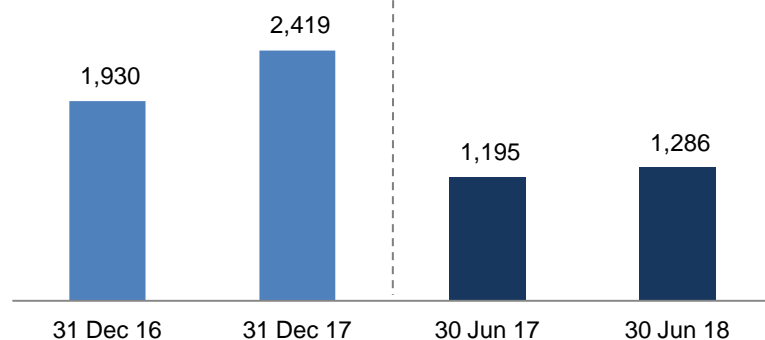
Section 4

FINANCIAL HIGHLIGHTS

Consolidated Statement of Profit and Loss and Other Comprehensive Income

Revenue

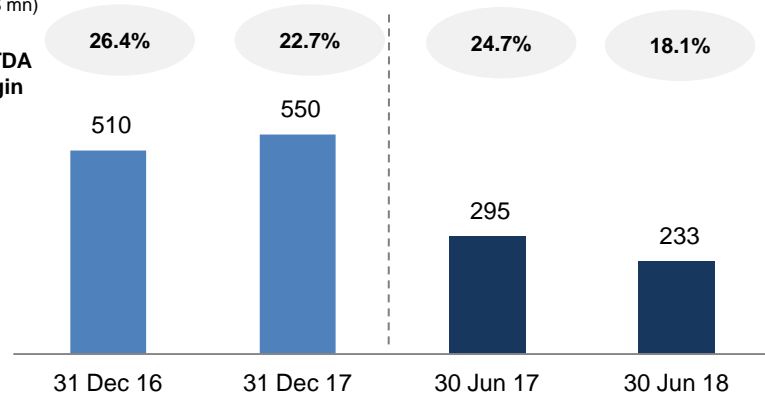
(US\$ mn)



Adjusted EBITDA (unaudited)

(US\$ mn)

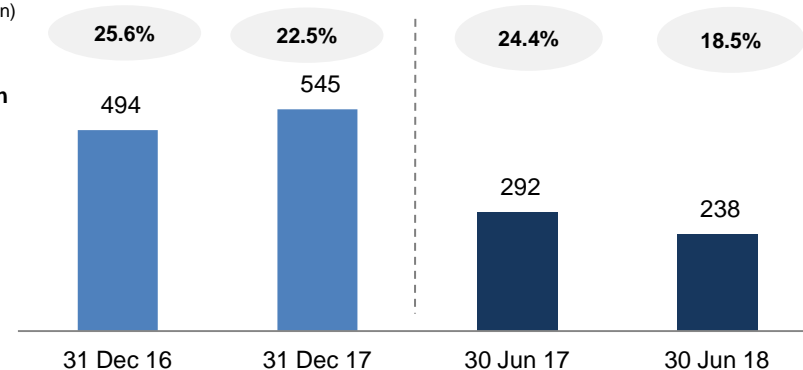
Adj.
EBITDA
Margin



Gross Profit

(US\$ mn)

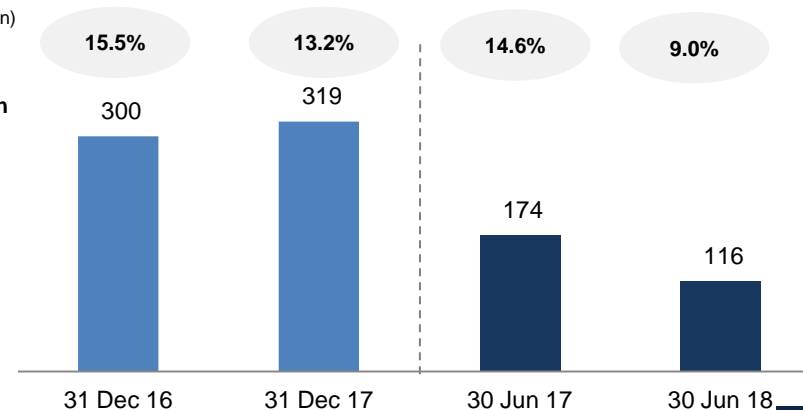
Gross
Profit
Margin



Net Profit

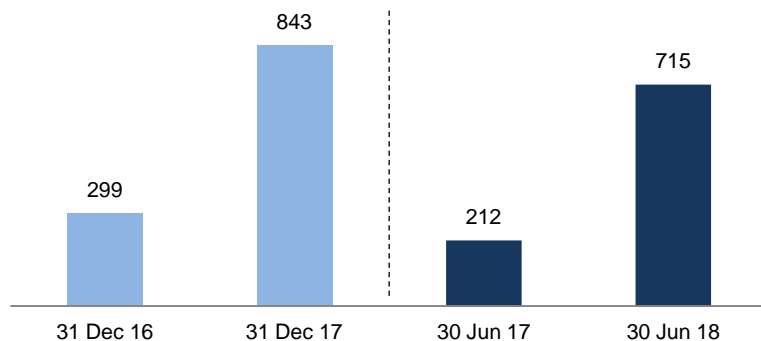
(US\$ mn)

Net
Profit
Margin

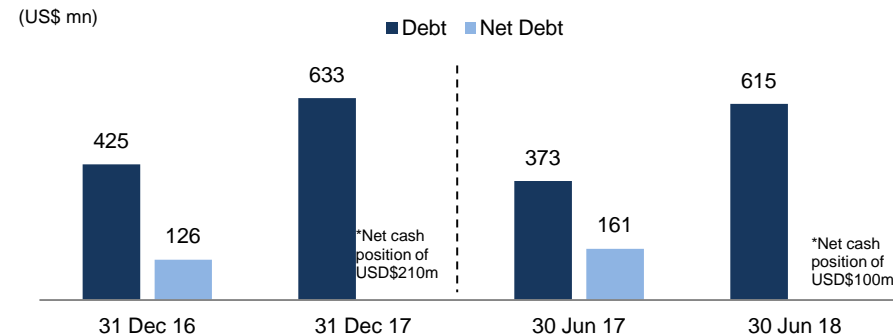


Strong Balance Sheet Supported by Financial Profile Strengthening

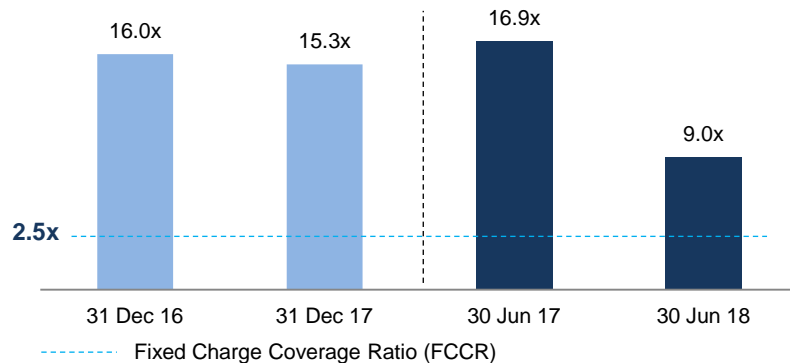
Cash Balance



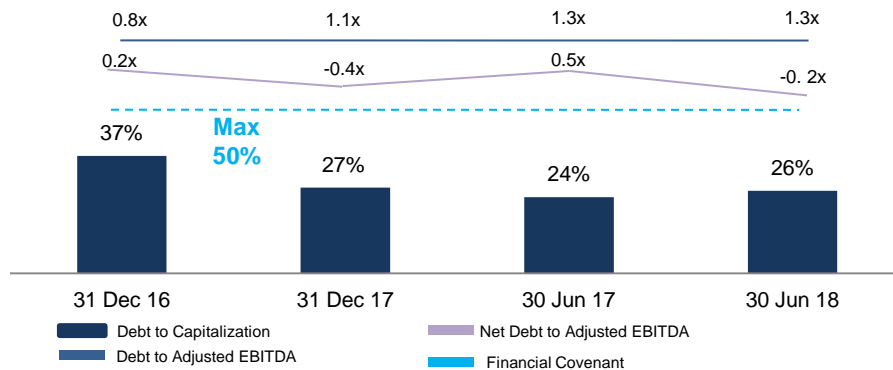
Debt and Net Debt



Adjusted EBITDA / Finance Costs ⁽¹⁾



Leverage Ratios ⁽²⁾



(1)

Adjusted EBITDA was calculated on LTM basis

(2)

Debt to Capitalization 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.

Section 5

INDICATIVE STRUCTURE AND TIMETABLE

Indicative Structure

Instrument Name	: Obligasi Berkelanjutan II Chandra Asri Petrochemical Tahap I Tahun 2018
Program Size	: Up to IDR 2,000,000,000,000 (two trillion Rupiah)
Phase I Issuance Size	: Up to IDR 500,000,000,000 (five hundred billion Rupiah)
Instrument Rating	: _{id} AA- (<i>Double A Minus</i>) dari PT Pemeringkat Efek Indonesia (Pefindo)
Tenor	: <ul style="list-style-type: none"> • Series A : 3 years • Series B : 5 years
Collateral	: Clean Basis
Use of Proceeds	: <ul style="list-style-type: none"> • Approximately 80% will be used to pay principal amount of the Company's loan based on Facility Agreement for US\$220.000.000 Single Currency Term Facility which was obtained in 2012 • The remaining 20% will be used to finance the Company's capital expenditure for MTBE and B1 plant
Listing Board	: Indonesia Stock Exchange (IDX)

Joint Lead Underwriters	:	<ul style="list-style-type: none">• PT BCA Sekuritas• PT DBS Vickers Sekuritas Indonesia• PT Mandiri Sekuritas
Legal Counsel	:	Assegaf Hamzah & Partners
Public Accountant	:	KAP Satrio Bing Eny & Rekan (member of Deloitte Touche Tohmatsu Limited)
Notary	:	Dedy Syamri, S.H.
Trustee	:	PT Bank Tabungan Negara (Persero) Tbk
Rating Agency	:	PT Pemeringkat Efek Indonesia (Pefindo)
Payment Agent	:	PT Kustodian Sentral Efek Indonesia (KSEI)

Indicative Timetable

Bookbuilding Period	:	16 – 30 November 2018
Final Pricing	:	30 November 2018
Effective Statement from OJK	:	12 December 2018
Offering Period	:	13 – 14 December 2018
Allotment	:	17 December 2018
Payment from Investors to Joint Lead Underwriters	:	18 December 2018
Electronic Distribution	:	19 December 2018
Listing on IDX	:	20 December 2018

Bonds Coupon Ranges

3 years

9.75% - 10.50%

5 years

10.25% - 11.00%



Thank You

Joint Lead Underwriters:



BCAsekuritas

mandiri
sekuritas