



Chandra Asri
Your Growth Partner

PT Chandra Asri Petrochemical Tbk
EARNINGS UPDATE
Third Quarter 2019 Results



Jakarta, 23 December 2019

Disclaimer

IMPORTANT NOTICE: This document contains forward-looking statements concerning the financial condition, results of operations and business of PT Chandra Asri Petrochemical Tbk. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. All forward-looking statements contained in this document are expressly qualified in their entirety. Readers should not place undue reliance on forward-looking statements. Neither PT Chandra Asri Petrochemical Tbk nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this document.

Contents

1 Summary Highlights



2 Performance Overview



3 Strategic & Growth Updates



4 Outlook & Priorities



Summary Highlights

- ◆ 44 million work hours without Loss Time Accident as of 30 September 2019.
- ◆ 2019 year to date financial performance reflects continued moderation of global petrochemical margins due to new capacity additions, soft global macroeconomic environment (e.g. US-China trade war, drone attack on Saudi Arabia's oil production assets), and our planned shutdown for Turn-around Maintenance (TAM).
- ◆ Consolidated Net Revenues of US\$1,388mn (9M 2019) vs US\$1,962mn (9M 2018), mainly due to lower sales volume as a result of planned TAM and lower average sales prices, particularly for Ethylene and Polyethylene.
- ◆ EBITDA of US\$155mn (9M2019) against US\$337mn (9M2018) due to tightening petrochemical spreads, but the Company is still able to sustain double-digit margins at 11%.
- ◆ Net Profit After Tax was US\$32mn for 9M2019, compared to US\$170mn in same period last year. The US\$138mn reduction is largely attributable to lower gross profit (-US\$178mn), offset by lower tax expenses (-US\$45mn).
- ◆ Robust balance sheet with Net Debt to EBITDA at 1.2X, and strong liquidity with US\$569mn in cash and cash equivalents.
- ◆ Turnaround Maintenance 2019 a Success – Safe (0 LTA), Smooth (Vertical start up), Ahead of Time (51 vs 55 days), Under Budget (\$4m below plan)
- ◆ Successfully started-up New Polyethylene plant 400KTA that was officiated by HE President of Indonesia Joko Widodo on 6 December 2019.
- ◆ With total new production capacity ~4 MTA, CAP has wide range of diversification and product mix to sustain position as Indonesia's leading petrochemical Company.
- ◆ CAP 2 future exponential growth on track. Finalising shortlisted partner selection and commencing FEED in Q1 2020.



CAP's main integrated manufacturing complex

YTD Q3-2019 Key Figures (in US\$m)

Net Revenues USD1,388m	EBITDA USD155m
Net Income USD32m	Cash Balance USD569m
Cash Flow from Operating Activities (USD18m)	Capital Expenditure USD273m

Performance Overview

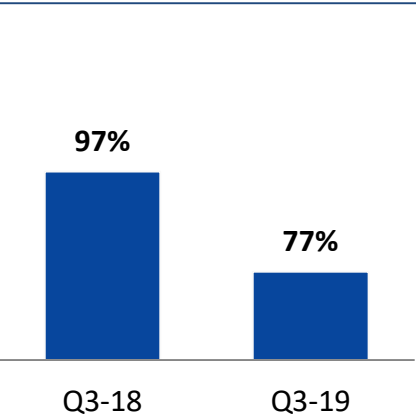


Year To Date Operating Rates

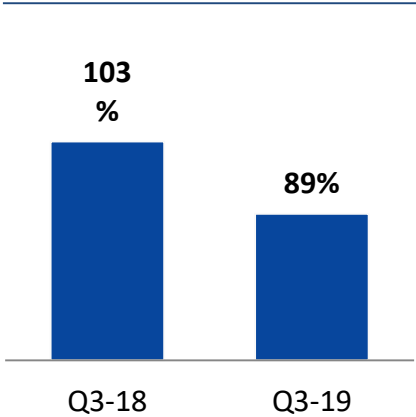
During Aug-Sep 2019, we performed plant shutdown to conduct a Turn-Around Maintenance (TAM). The TAM was successfully executed in 51 days and we resumed operations in September 2019. As a result of the TAM, we recorded lower operating rates in Q3-19.

year to date data

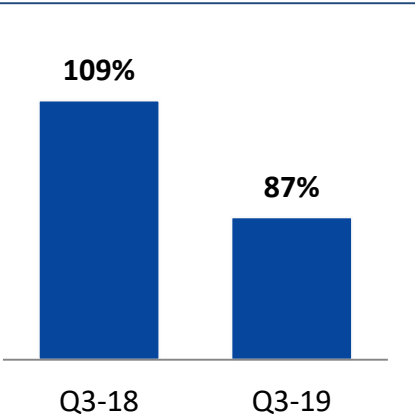
Naphtha Cracker



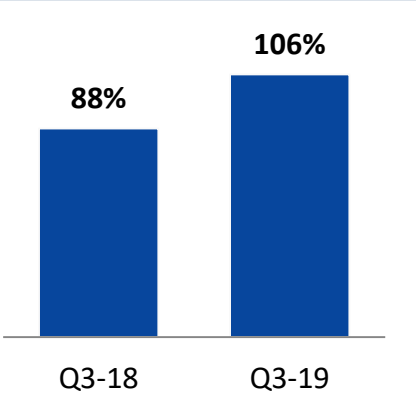
Polyethylene Plant



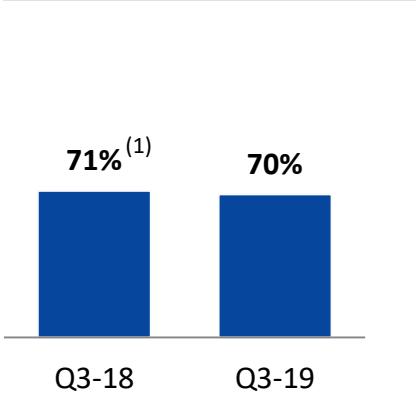
Polypropylene Plant



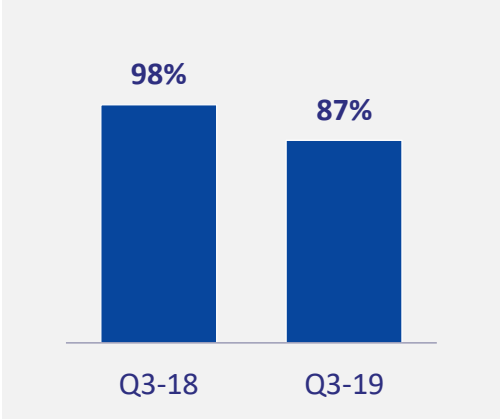
Styrene Monomer Plant



Butadiene Plant

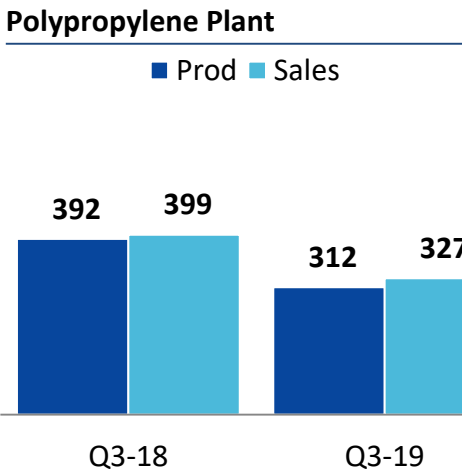
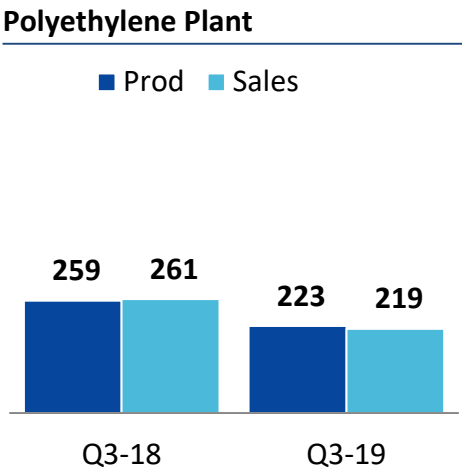
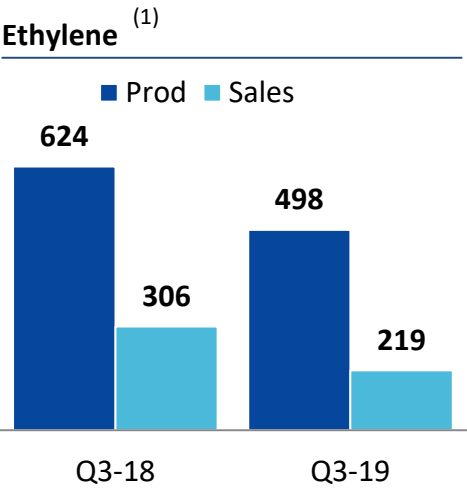


All Plants

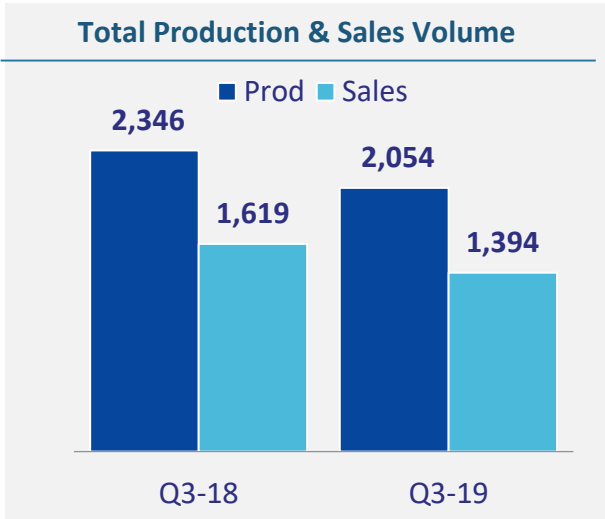
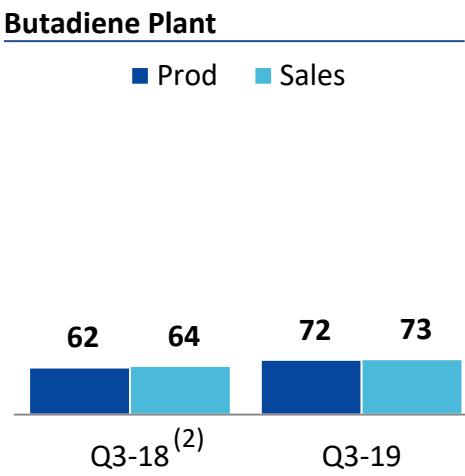
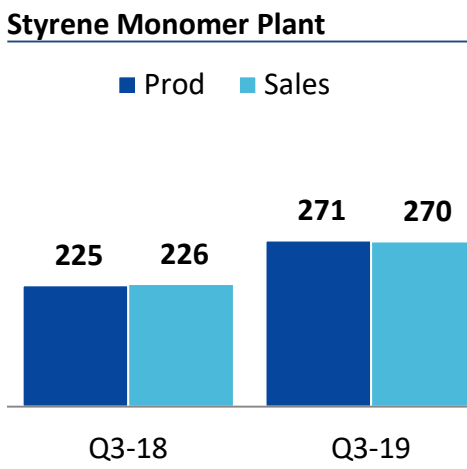


(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM

Year To Date Production and Sales Volumes (in KT)



year to date data

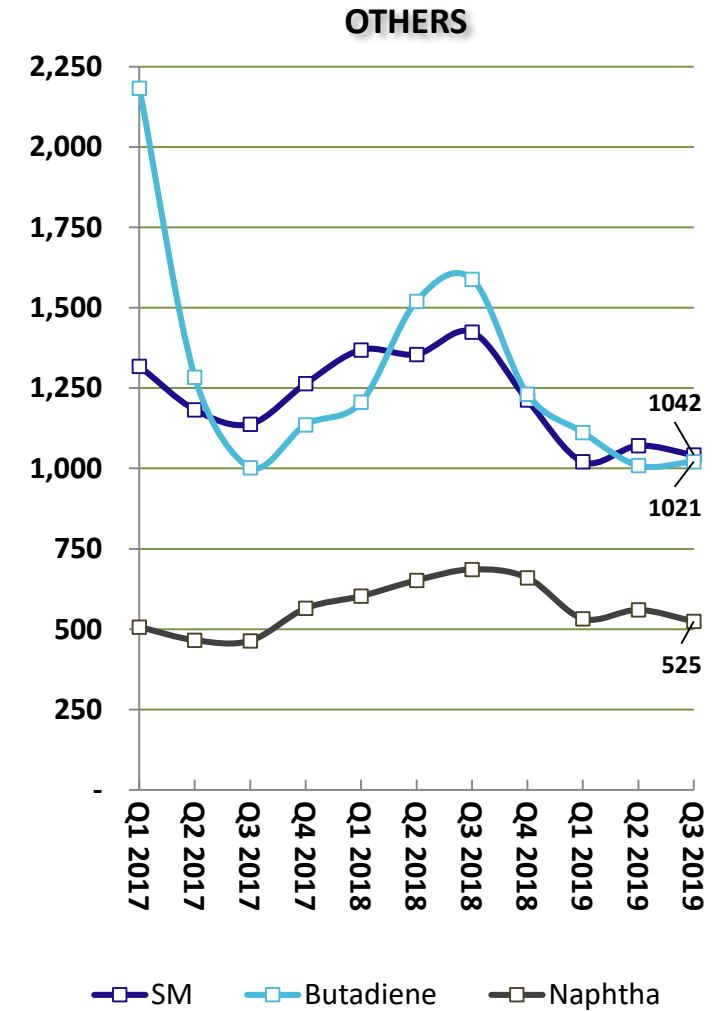
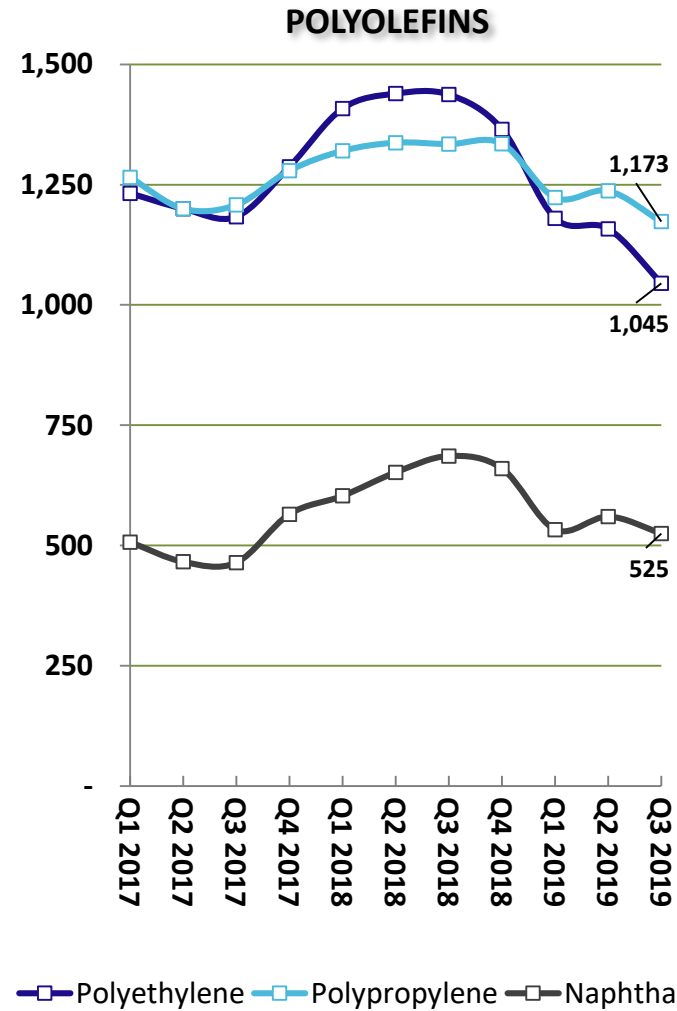
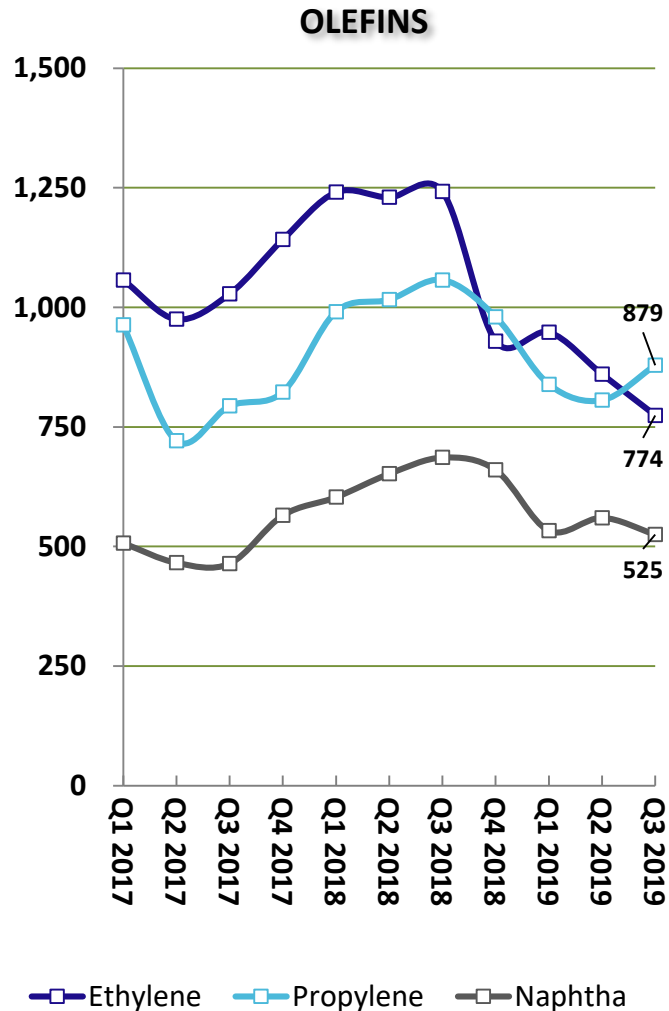


(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

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

Product Spreads (in US\$/MT)

Product prices and spreads esp. Ethylene and Polyethylene were adversely affected due to global capacity additions with steady demand, along with declining feedstock prices.

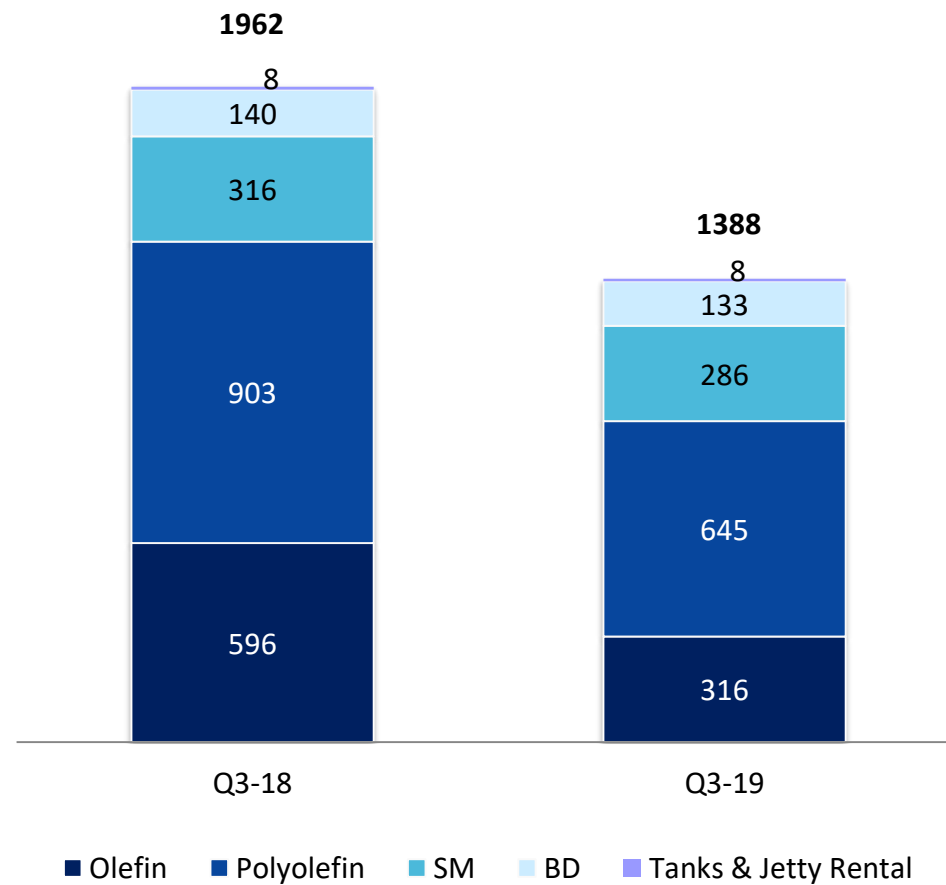


Year To Date Net Revenues

Lower Net Revenues by 29.3% ytd to US\$1,387.6 million in Q3 2019, reflecting lower sales volume coupled with declined realized ASP for all products, primarily for Ethylene and Polyethylene.

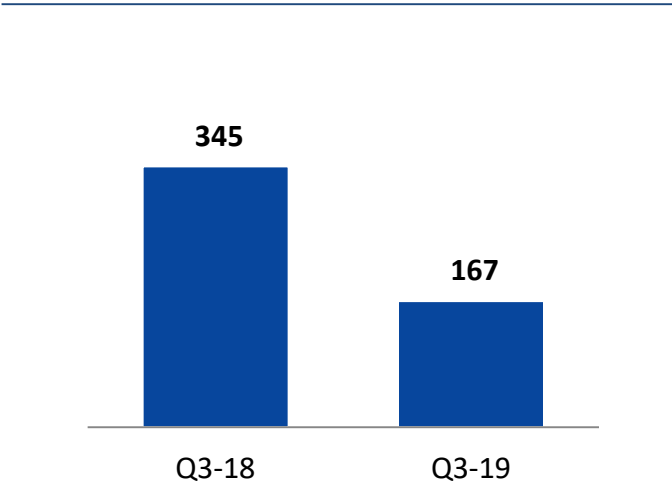
Revenues by Segment (in US\$mn)

year to date

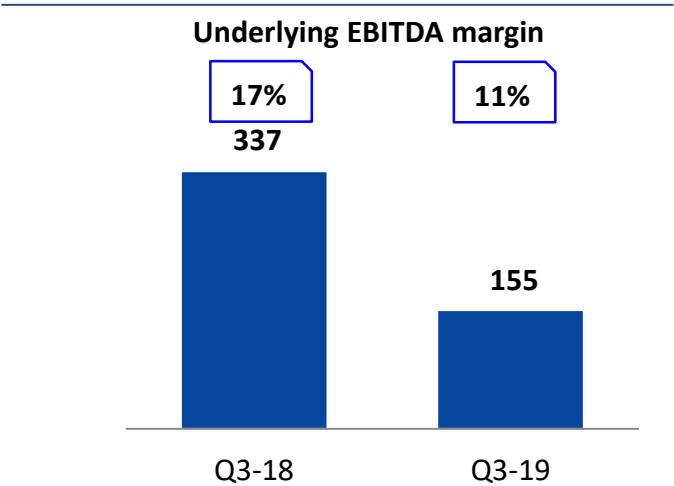


Key Financials (in US\$mn)

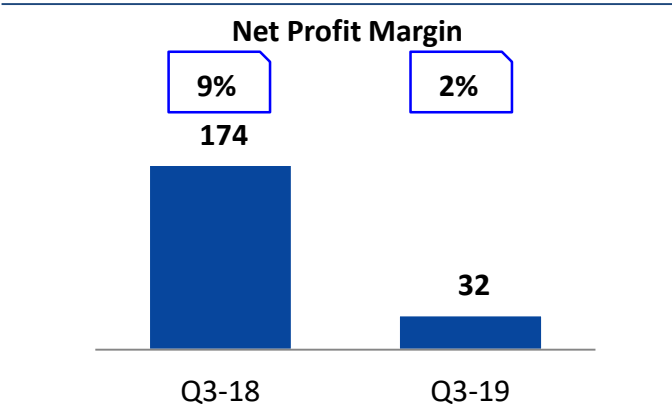
Gross Profit



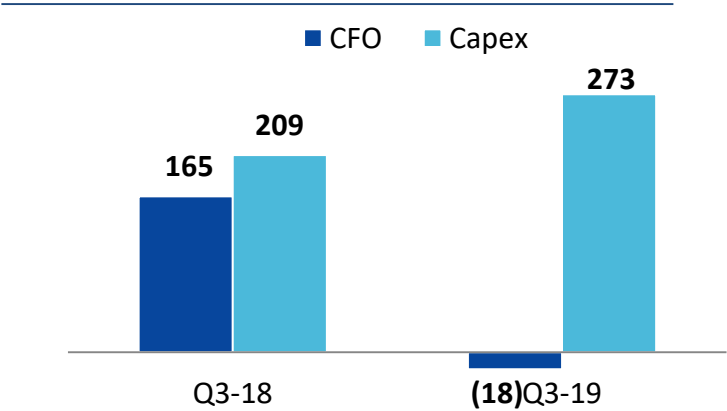
EBITDA



Net Profit



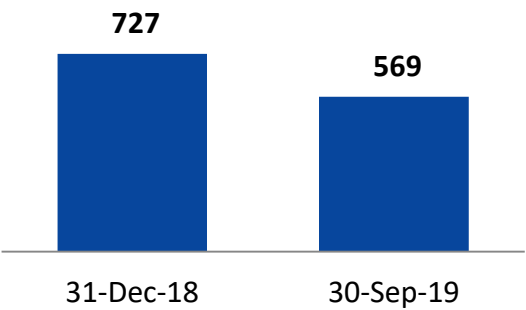
Cash Flow from Operations, Capex



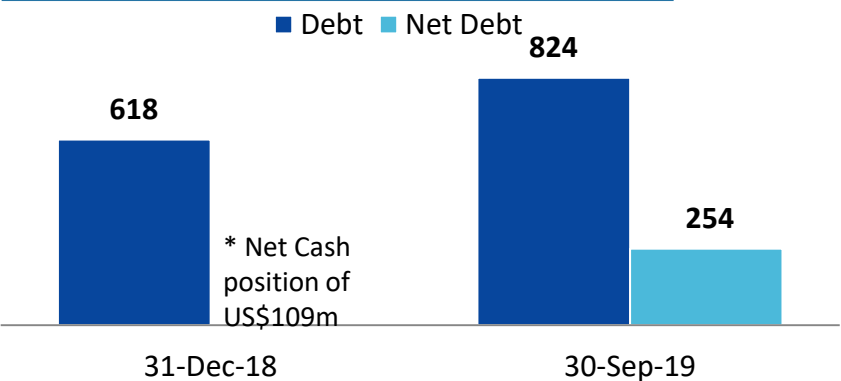
Underlying EBITDA = Earnings Before Interest, Tax, Depreciation, Amortization, Unrealized Foreign Exchange, Equity in Net loss of an Associate, and other non-operational, non-cash items

Key Financials (in US\$m)

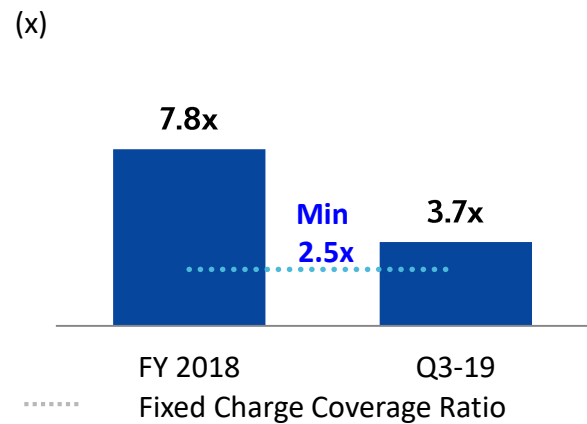
Cash Balance



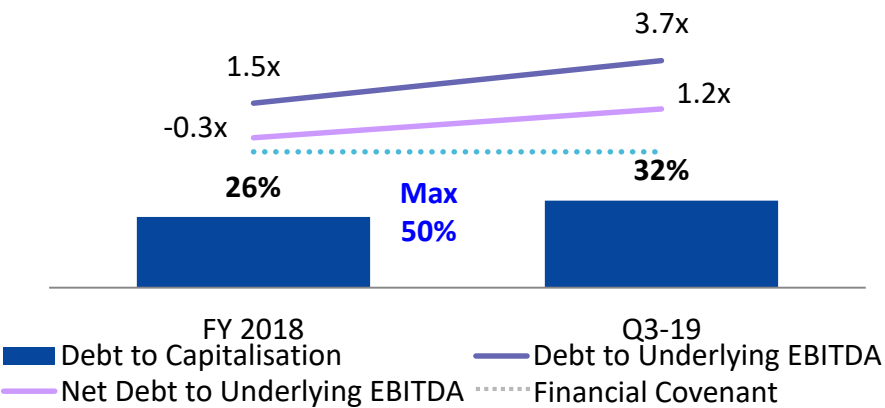
Debt and Net Debt



Underlying EBITDA / Finance Costs



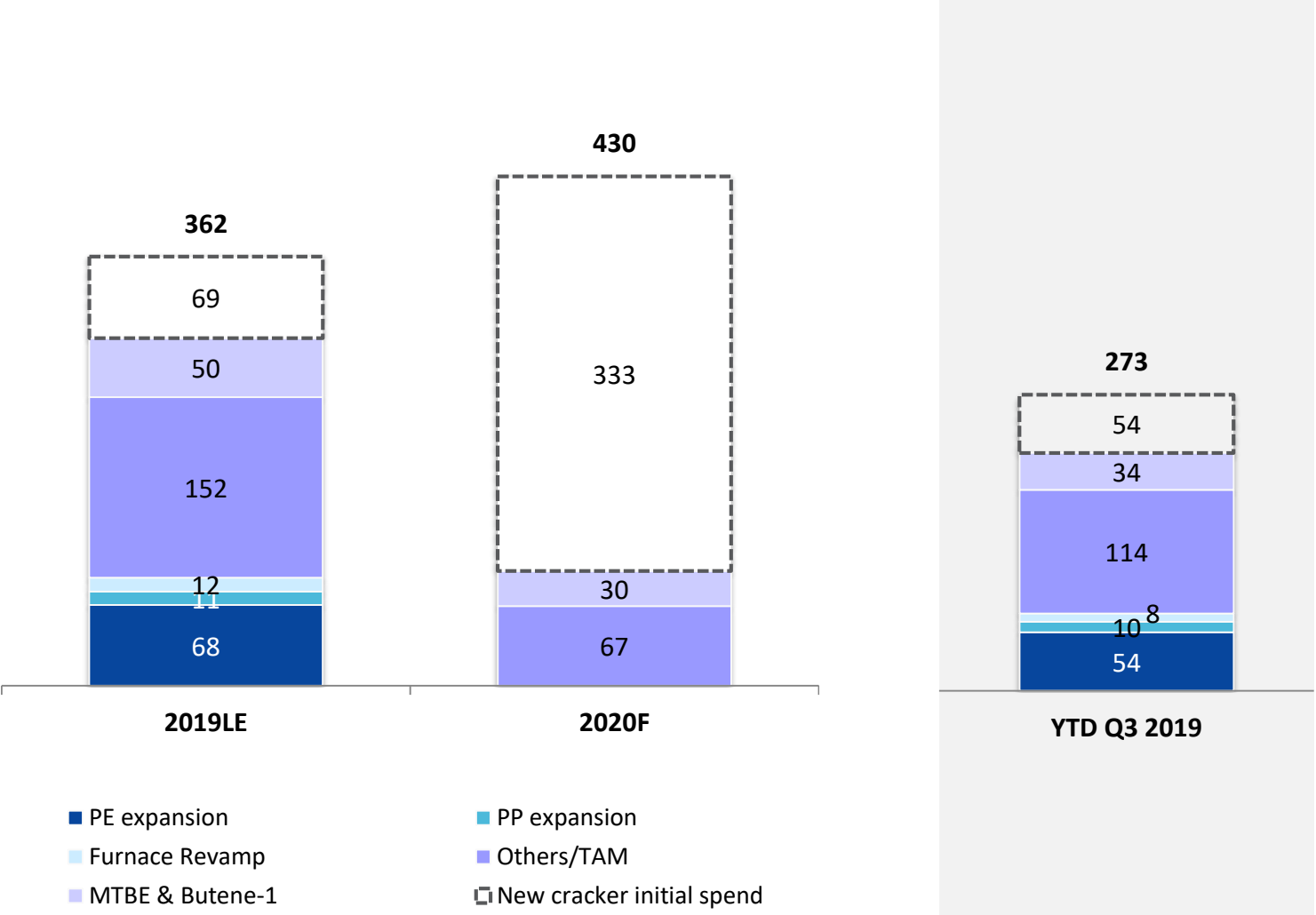
Leverage Ratios



Underlying EBITDA = Earnings Before Interest, Tax, Depreciation, Amortization, Unrealized Foreign Exchange, Equity in Net loss of an Associate, and other non-operational, non-cash items

CAPEX Spending (in US\$mn)

CAP1's remaining ongoing projects is MTBE and Butene-1 will be on stream by Q3 2020 whereas CAP2 is the majority spending for next year's budget.



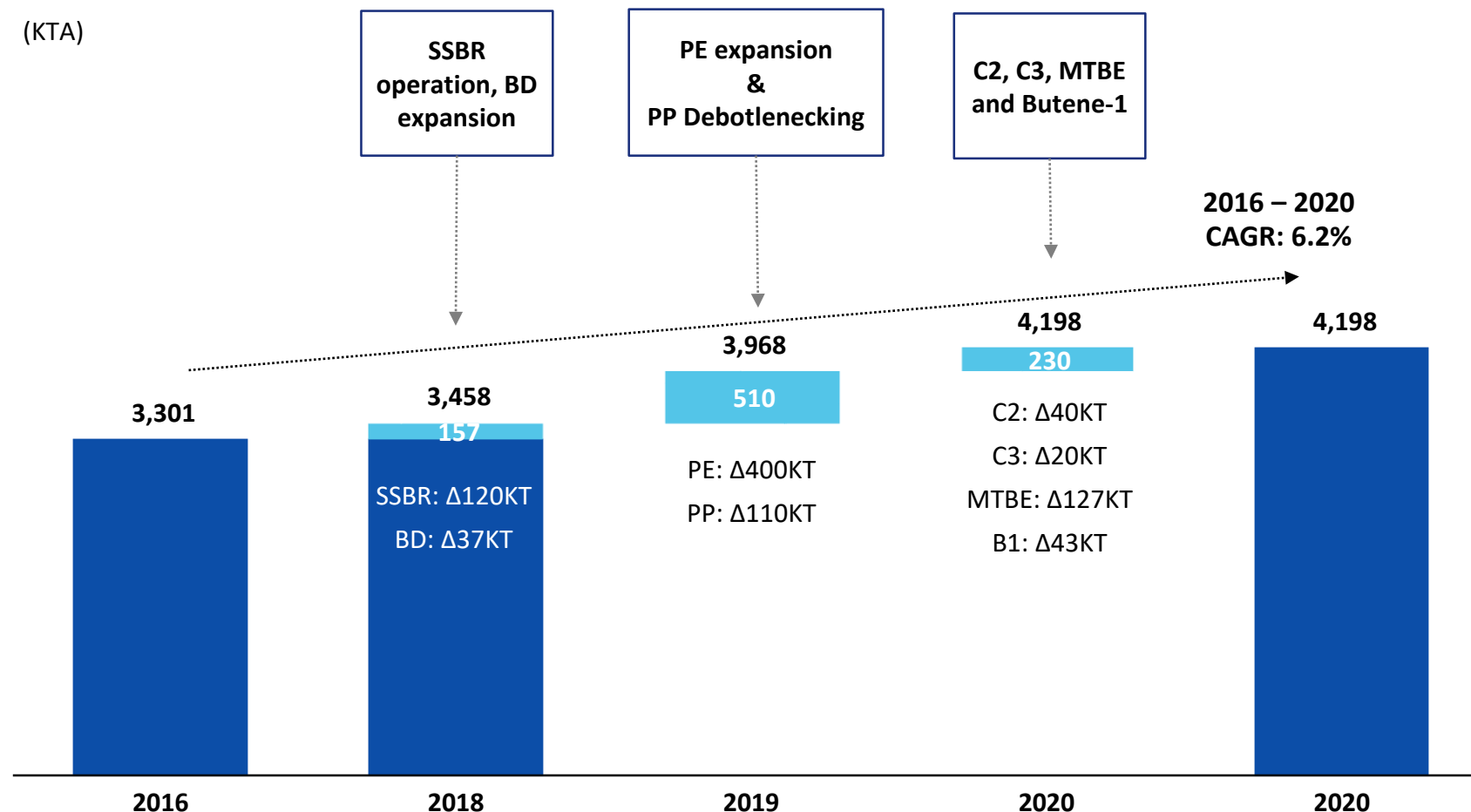
Strategic & Growth Updates



Strategic Growth via Expansion & Debottlenecking

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

(KTA)



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

Projects

On Stream and On Track

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
- Investment: US\$ 42 million

On
Stream

New Polyethylene Plant

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

On
Stream

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: end 2019
- Est. Investment: US\$ 48 million

On
Stream

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
- Est. Investment: US\$ 39.5 million

On
Stream

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
- Est. Investment: US\$ 130.5 million

Progress
90%

Expand Product Offering by Moving Downstream

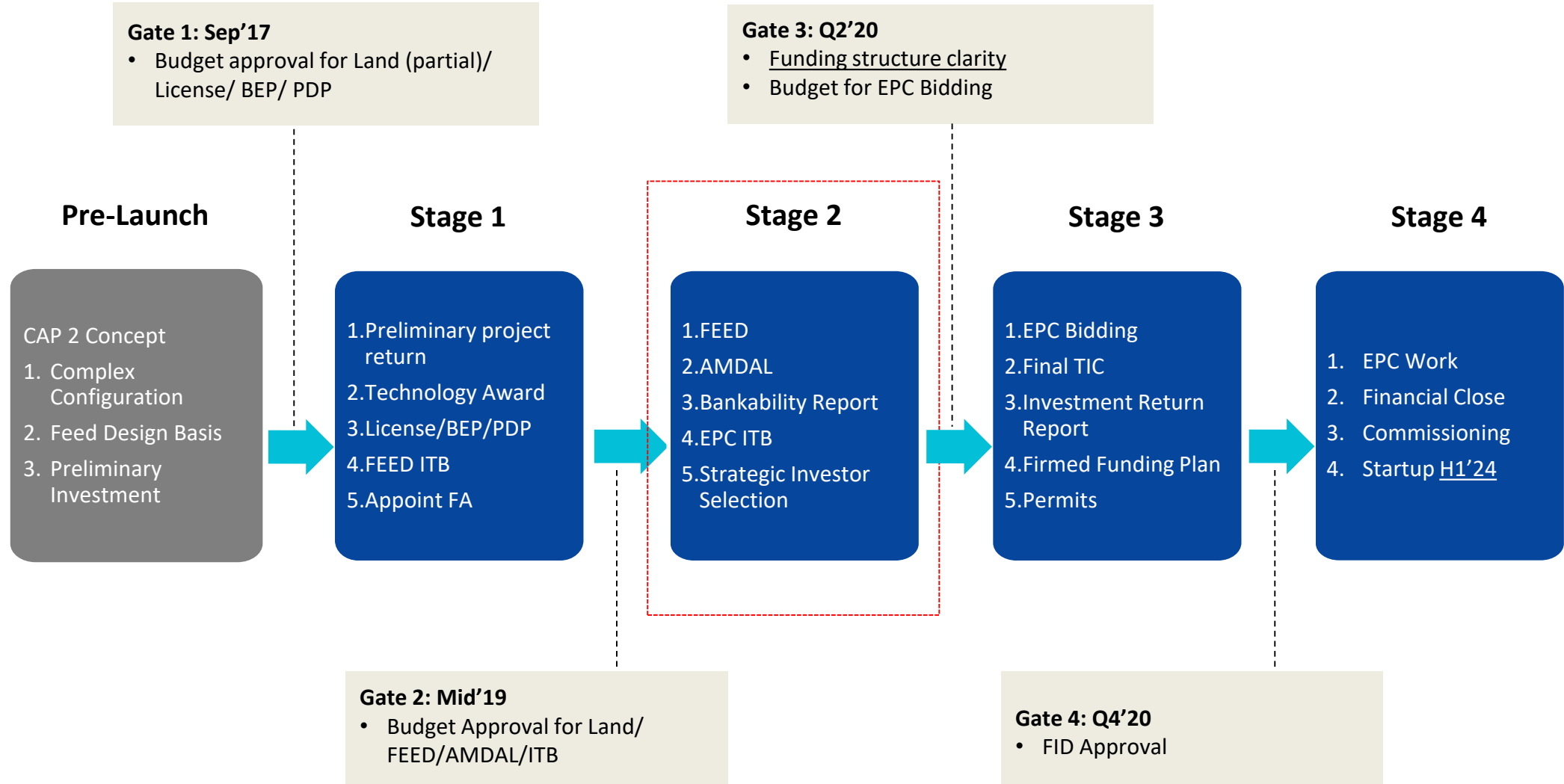
Synthetic Rubber Project (through SRI JV)

- Part of downstream integration strategy and efforts to produce higher-value added products
- Partnership with leading global player (55% Michelin and 45% CAP)
- Production capacity: 120 KT/A
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018
- Investment: US\$435 million

On
Stream

CAP 2 – Project Master Schedule

Ongoing progress for selection of Strategic Investor. Target to have FID Approval by Q4 2020.



New 400KTA Polyethylene Plant

Officiated by the President of the Republic of Indonesia, Mr. Joko Widodo



“The development of Chandra Asri’s new plant is a concrete step [that] is needed by our country,” President Jokowi said on Friday – The Jakarta Post, 9 Dec 2019



“PT Chandra Asri is a pioneer in the petrochemical industry in the country. We must support investment in this field to stop imports” said President Jokowi on Friday – Antara, 6 Dec 2019

Our Sustainability

Incorporating ESG

In Chandra Asri, sustainability is an inherent part of our business strategy. Along with the company's growth, **Environmental, Social and Governance** aspects have become embedded in our operational activities and become our priorities.

To share the update of our ESG activities, we have launched our **Sustainability Report** in 2019 followed by an **ESG presentation**.



Asia Corporate Excellence & Sustainability Award



Padmamitra Award



TKMPN XXII & IQPC Award



ICQCC Award



10th IICD Corporate Governance Award



Bisnis Indonesia Award



PROPER Award for SMI



Operational Excellence Conference & Award



TPM Excellence Award



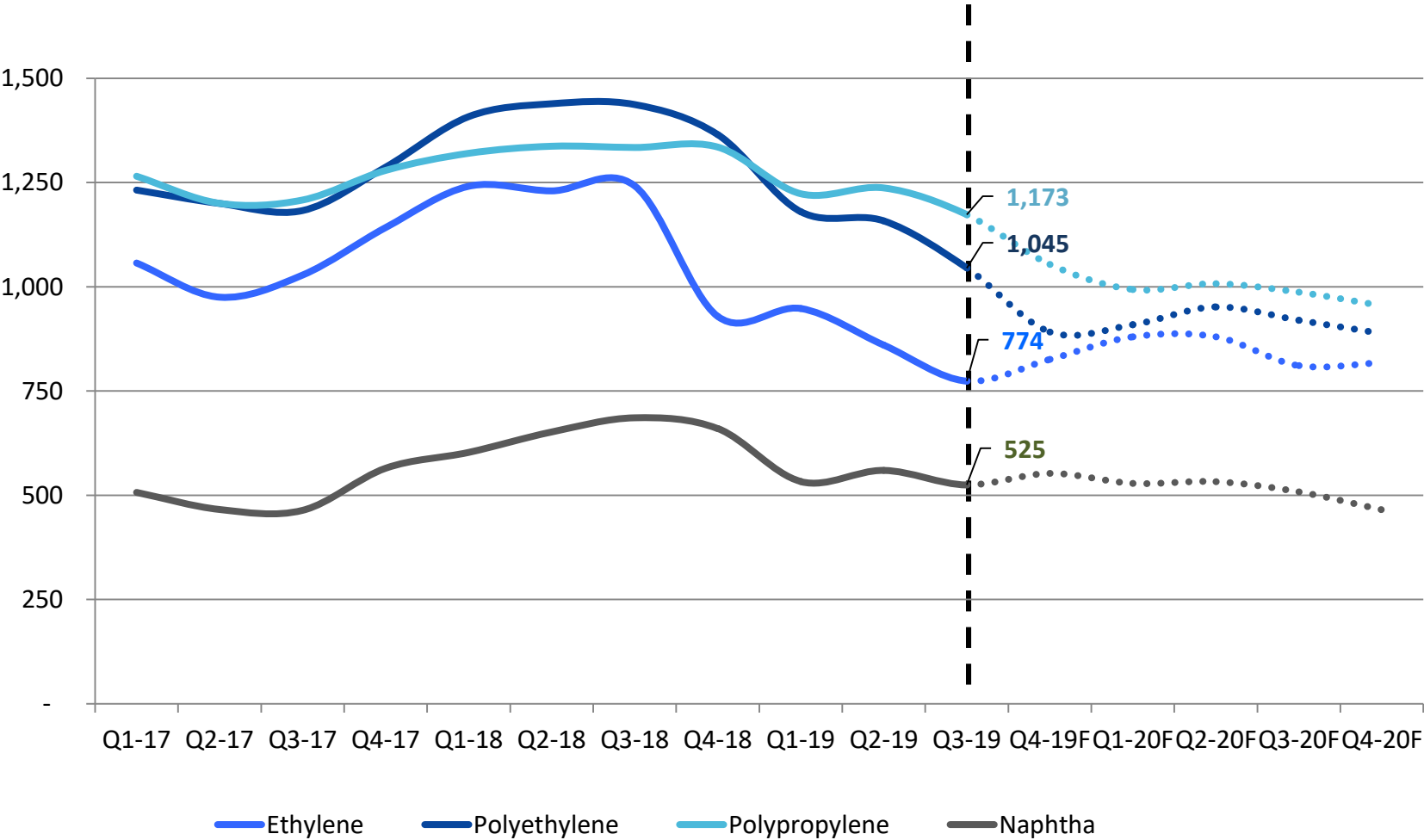
Green Industry for SMI

Outlook & Priorities



Margins Outlook (in US\$/MT)

Petrochemical margins are moderating along with new capacity additions, softening demand, and global economy uncertainties



Note: *) Dashed line - Forecasted price shown is based on IHS 3 December 2019 including premium.
**) Solid line - Company's actual prices.

Key Priorities

- ◆ Ramping up production of new 400 KTA PE plant and PP plant post debottlenecking in September with new increased capacity of 590KTA.
- ◆ Complete MTBE and Butene-1 plant project by Q3 2020 and achieve total production capacity of 4.2 MTA.
- ◆ Conclude the internal merger of CAP-PBI by 1 January 2020 to improve the operational, management and capital structure efficiency.
- ◆ Sustained focus on CAP 2 project development:
 - Finalise Strategic Investor selection;
 - Embark on Front End Engineering and Design in Q1 2020.



Q & A Session





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