

Indonesia's  
**LEADING** and  
**PREFERRED**  
Petrochemical Company



**Earnings Updates**  
**Second Quarter 2019 Results**

**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.

- 
- 1 Summary Highlights
  - 2 Performance Overview
  - 3 Strategic and Growth Projects Update
  - 4 Outlook and Priorities
  - 5 Q & A
-



# Summary Highlights

- ◆ Achieved 32 million work hours without Loss Time Accident as of 30 June 2019.
- ◆ First half 2019 financial performance reflects moderating global petrochemical margins due to capacity additions, and softening demand brought about by the US-China trade tension, offset by growing Indonesian demand on the back of steady GDP growth of 5.05%.
- ◆ Consolidated Net Revenues of US\$1,054mn (6M 2019) vs US\$1,286mn (6M 2018), mainly due to lower average sales prices of Ethylene and Polyethylene.
- ◆ EBITDA of US\$125mn (6M2019) against US\$233mn (6M2018) due to the moderating petrochemical cycle, with double-digit margins sustained at 12%.
- ◆ Net Profit After Tax was US\$33.3mn for 6M2019, compared to US\$115.5mn in same period last year. The US\$82.2mn reduction is largely attributable to lower gross profit (-US\$103.0mn), increased share in the net loss of an associate (-US\$3.1mn), lower tax expense (+US\$21.6mn), and savings on general and administrative expenses (+US\$2.0mn).
- ◆ Maintained a robust balance sheet with Net Debt to EBITDA at 0.5X, and strong liquidity with US\$649mn in cash and cash equivalents.
- ◆ Start-up of New PE and PP Debottlenecking on track and within budget for Q4 2019, tied in with Turn-Around Maintenance targeted for 55 days commencing August 2019.
- ◆ Total capacity of 3,968KTA after expansion in line with strategy of downstream integration and expansion, to sustain position as Indonesia's leading petrochemical Company.
- ◆ Continue making progress on CAP 2 project to deliver transformational growth, with ongoing process for the selection of a Strategic Investor.



## YTD Q2 2019 Key Figures (in US\$m)

**Net Revenues**  
**1,054**

**EBITDA**  
**125**

**Net Income**  
**33**

**Cash Balance**  
**649**

**Cash Flow From  
Operations**  
**(42)**

**Capital  
Expenditure**  
**152**

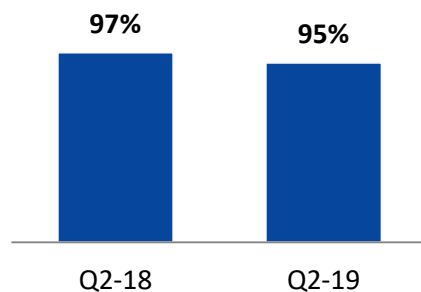


## Performance Overview

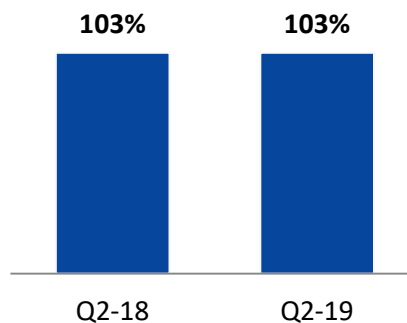
# Operating Rates

*year to date*

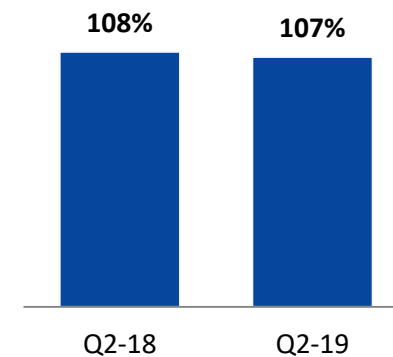
## Naphtha Cracker



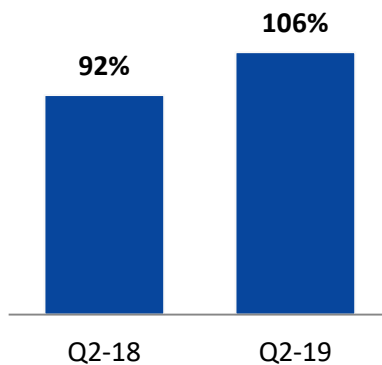
## Polyethylene Plant



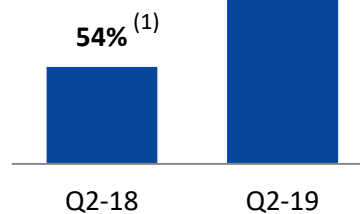
## Polypropylene Plant



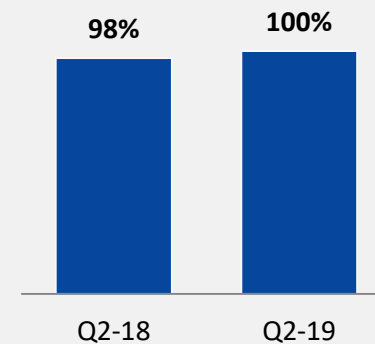
## Styrene Monomer Plant



## Butadiene Plant



## All Plants

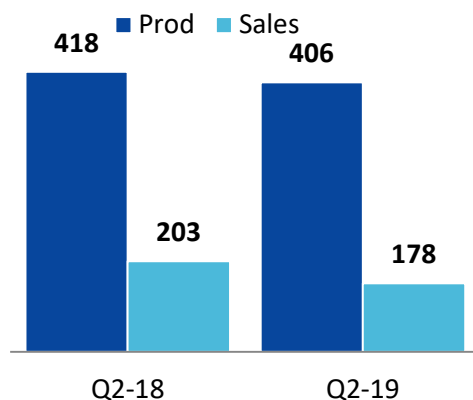


(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM

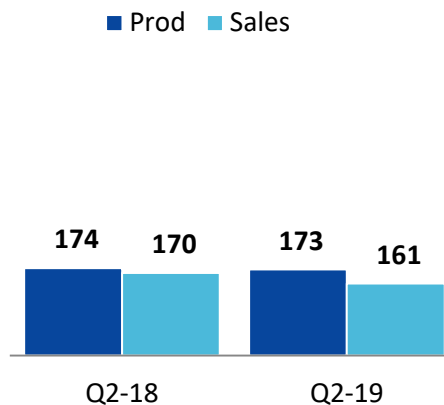
# Production and Sales Volumes (in KT)

*year to date*

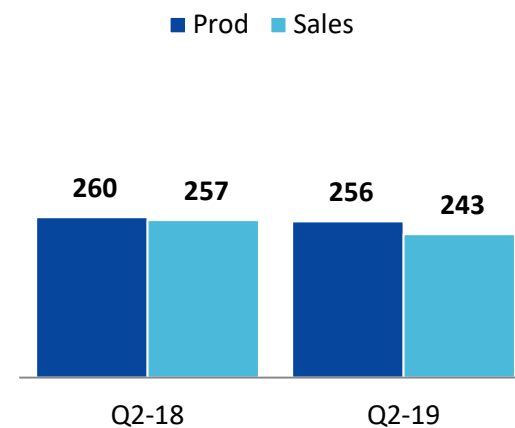
## Ethylene<sup>(1)</sup>



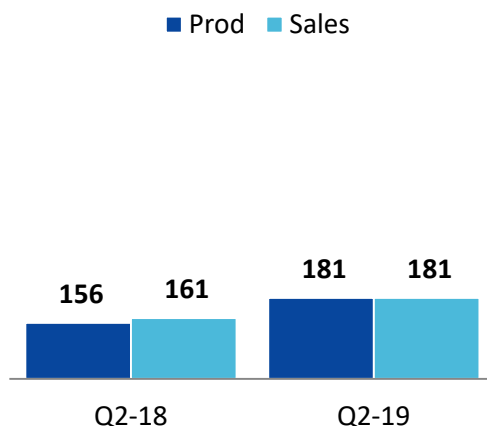
## Polyethylene Plant



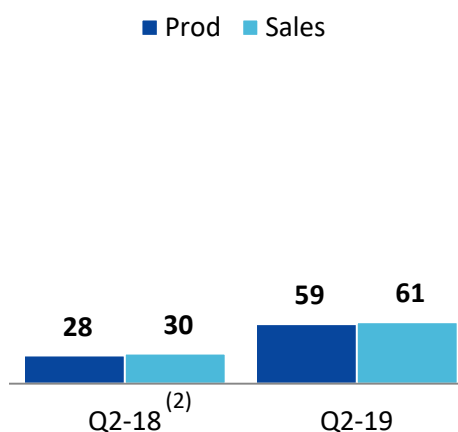
## Polypropylene Plant



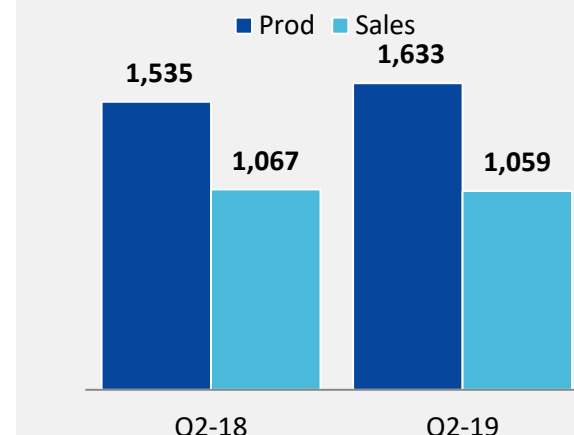
## Styrene Monomer Plant



## Butadiene Plant



## Total Production & Sales Volume



(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.

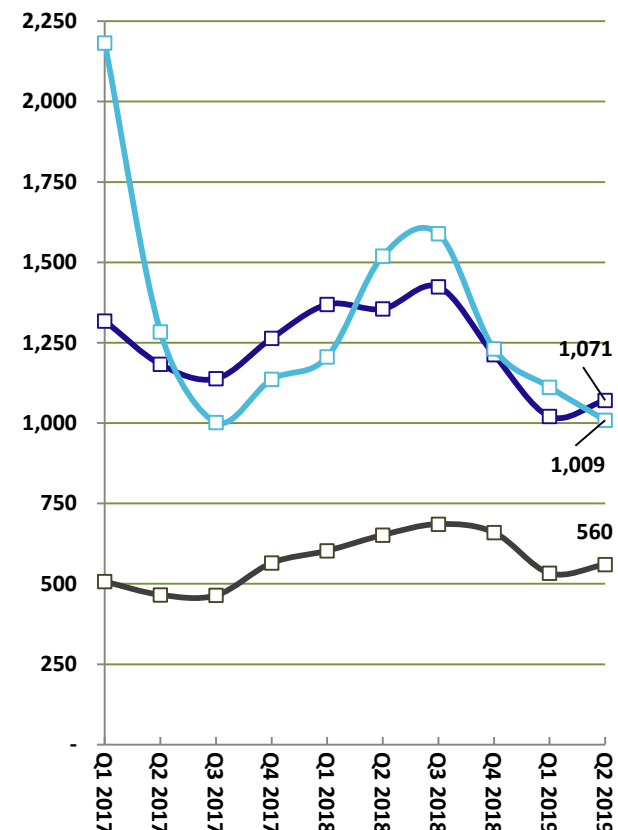
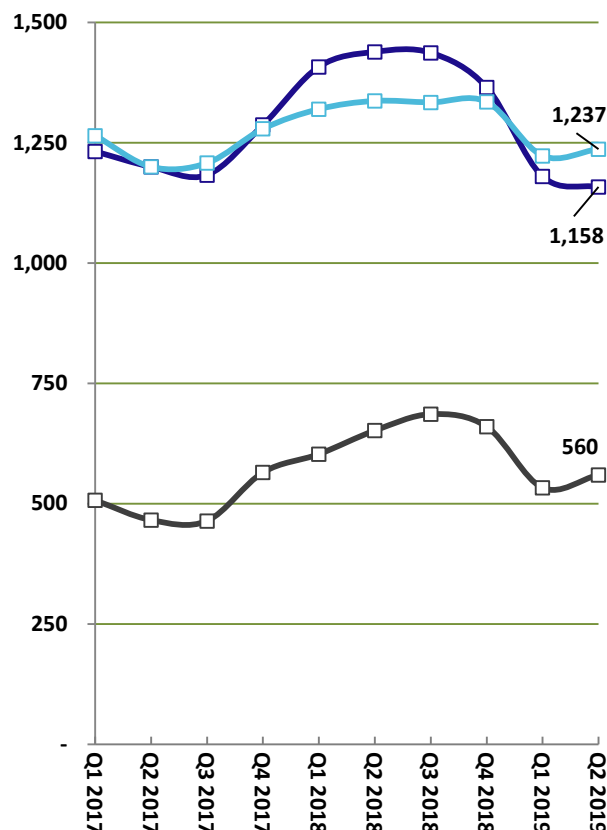
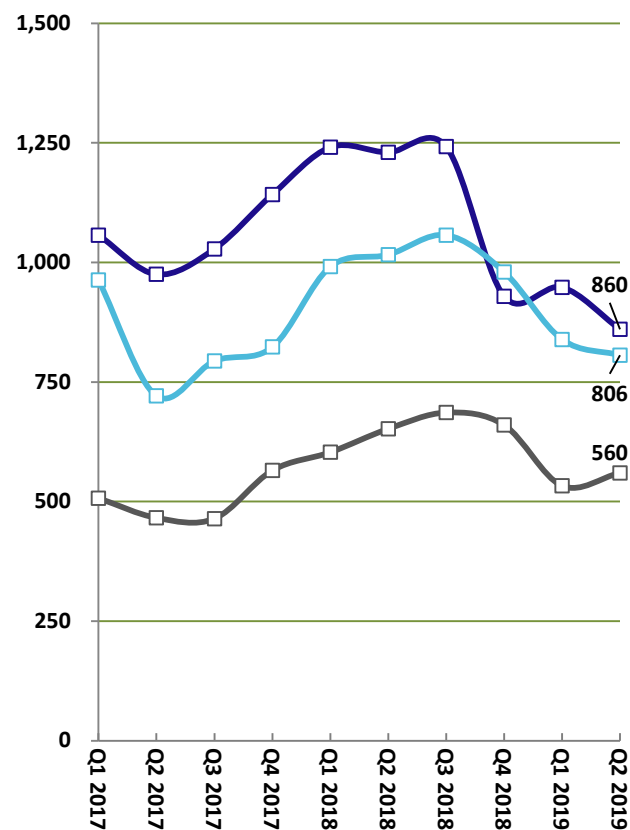
# Product Spreads (in US\$/MT)

*Product prices and spreads were adversely affected due to global capacity additions, and feedstock prices slightly increased.*

## OLEFINS

## POLYOLEFINS

## OTHERS



■ Ethylene 
 ■ Propylene 
 ■ Naptha

■ Polyethylene 
 ■ Polypropylene 
 ■ Naptha

■ SM 
 ■ Butadiene 
 ■ Naptha

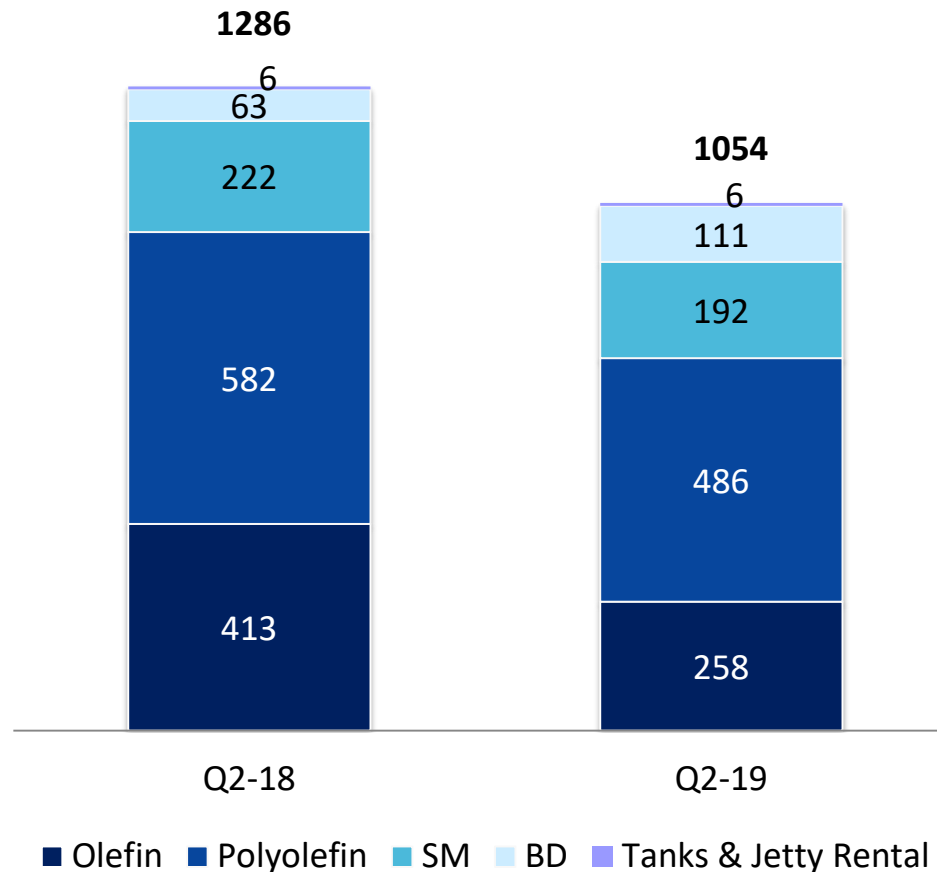


# Net Revenues

*Lower Net Revenues by 18.1% ytd to US\$1,053.7 million in Q2 2019, reflecting lower realized ASP for all products, primarily for Ethylene and Polyethylene.*

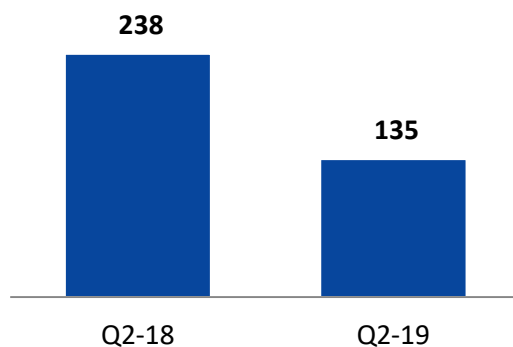
## Revenues by Segment (in US\$mn)

*year to date*

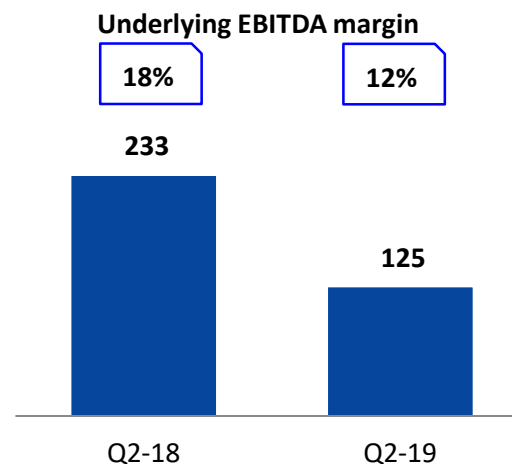


# Key Financials (in US\$mn)

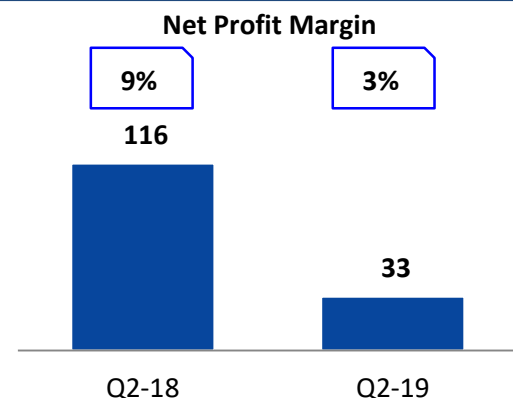
## Gross Profit



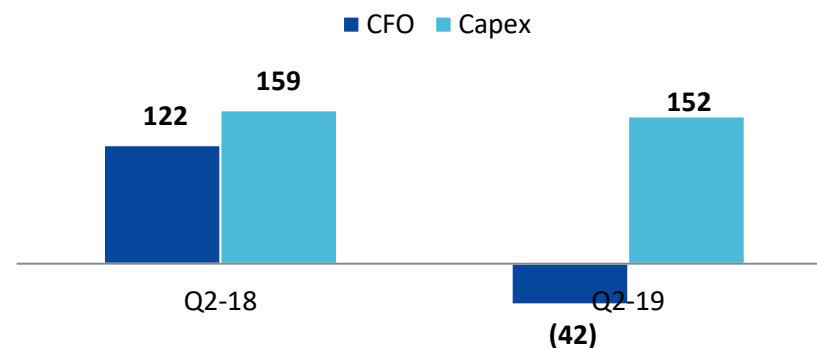
## EBITDA



## Net Profit



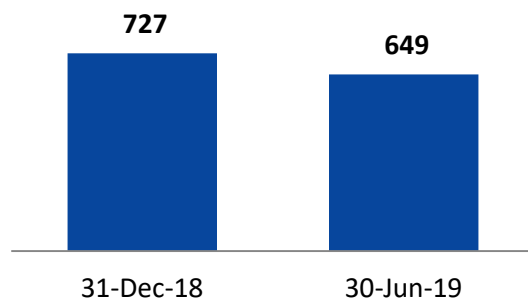
## Cash Flow from Operations, Capex



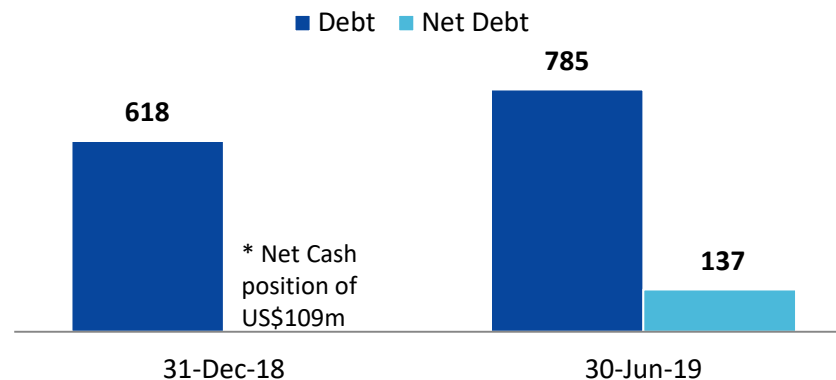
Underlying EBITDA = Earnings Before Interest, Tax, Depreciation, Amortization, Unrealized Foreign Exchange, Equity in Net loss of an Associate, and other non-operational, non-cash items

# Key Financials (in US\$mn)

## Cash Balance

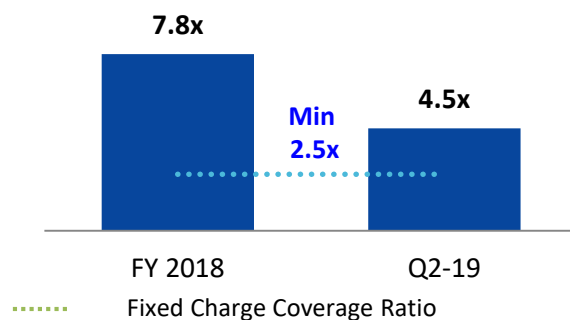


## Debt and Net Debt

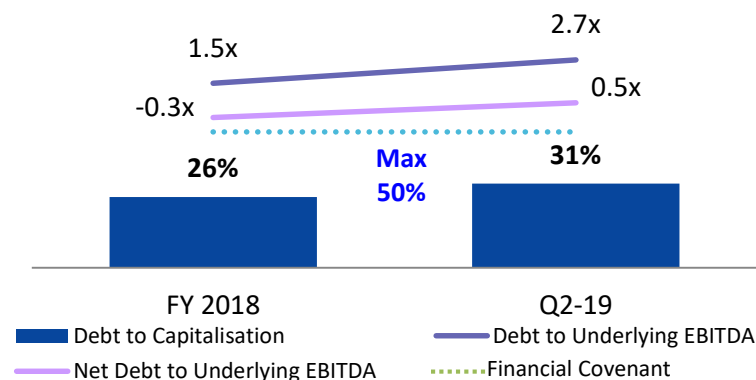


## Underlying EBITDA / Finance Costs

(x)



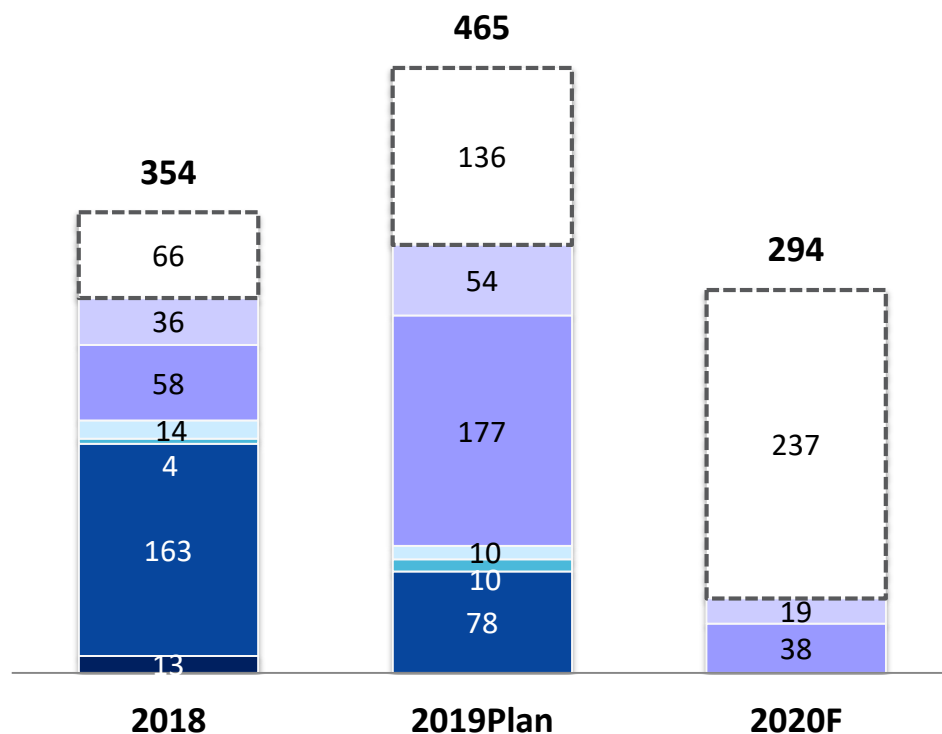
## Leverage Ratios



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

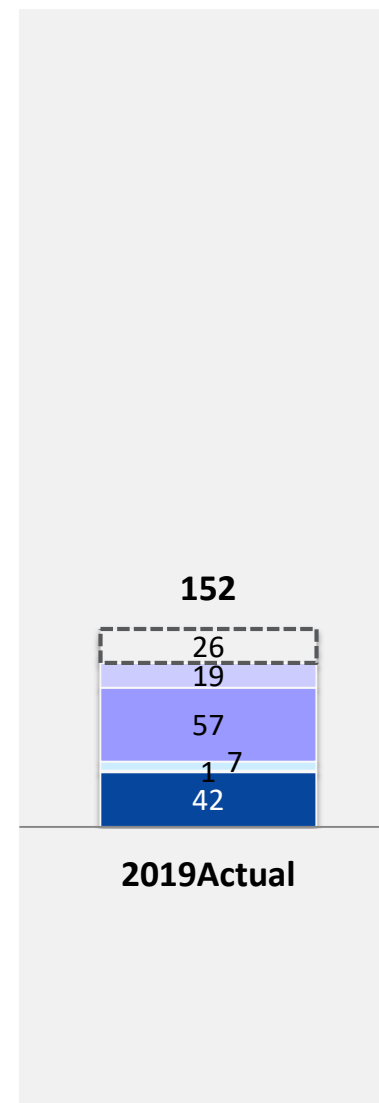
# CAPEX Spending (in US\$mn)

Fully funded through to 2020



■ BD expansion  
■ PP expansion  
■ Others/TAM  
□ New cracker initial spend

■ PE expansion  
■ Furnace Revamp  
■ MTBE & Butene-1





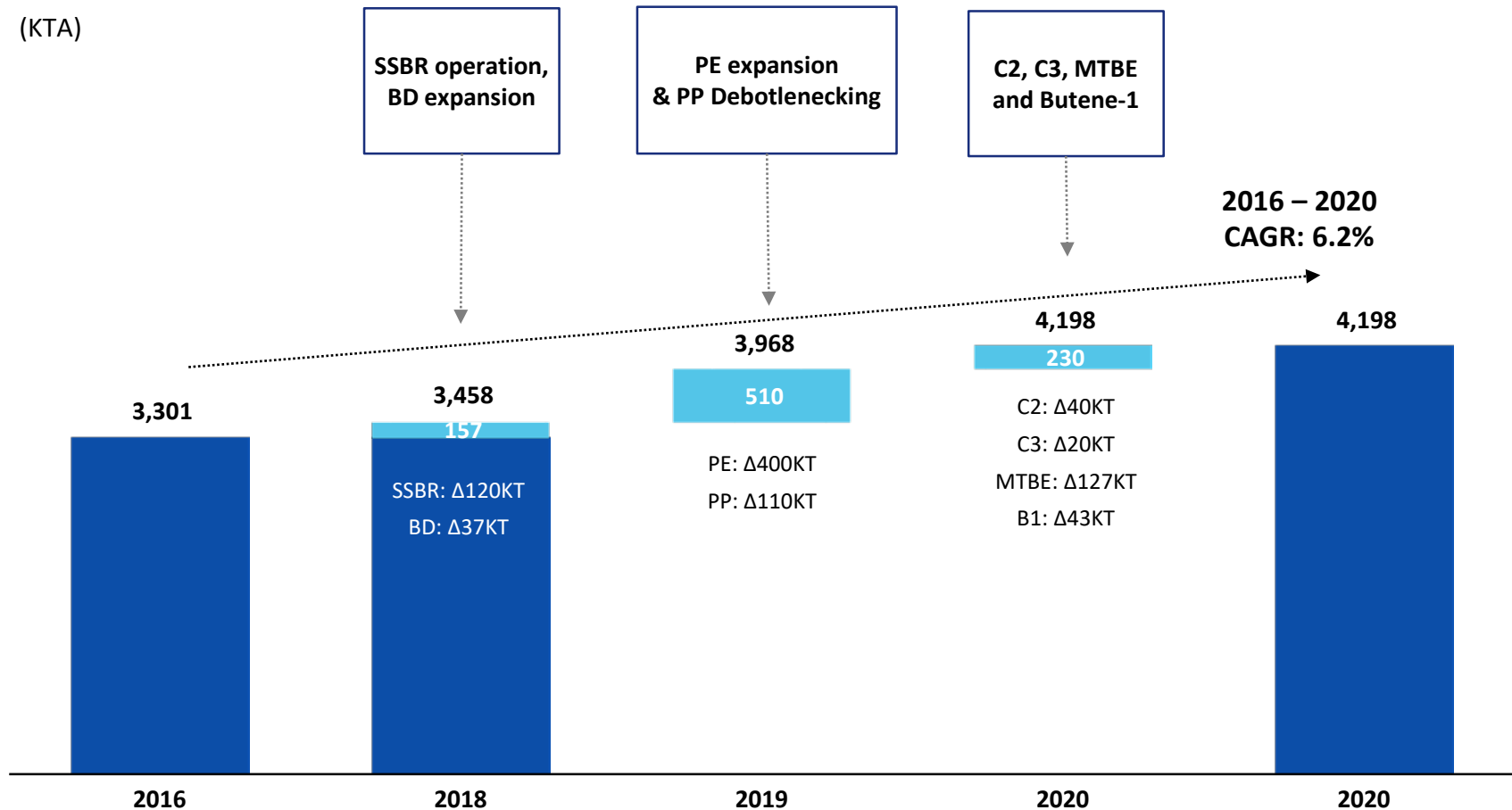
## Strategic & Growth Projects Update



# 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

Progress  
99%

### 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

Progress  
96%

## 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

Progress  
87%

### 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  
81%

## Expand Product Offering by Moving Downstream

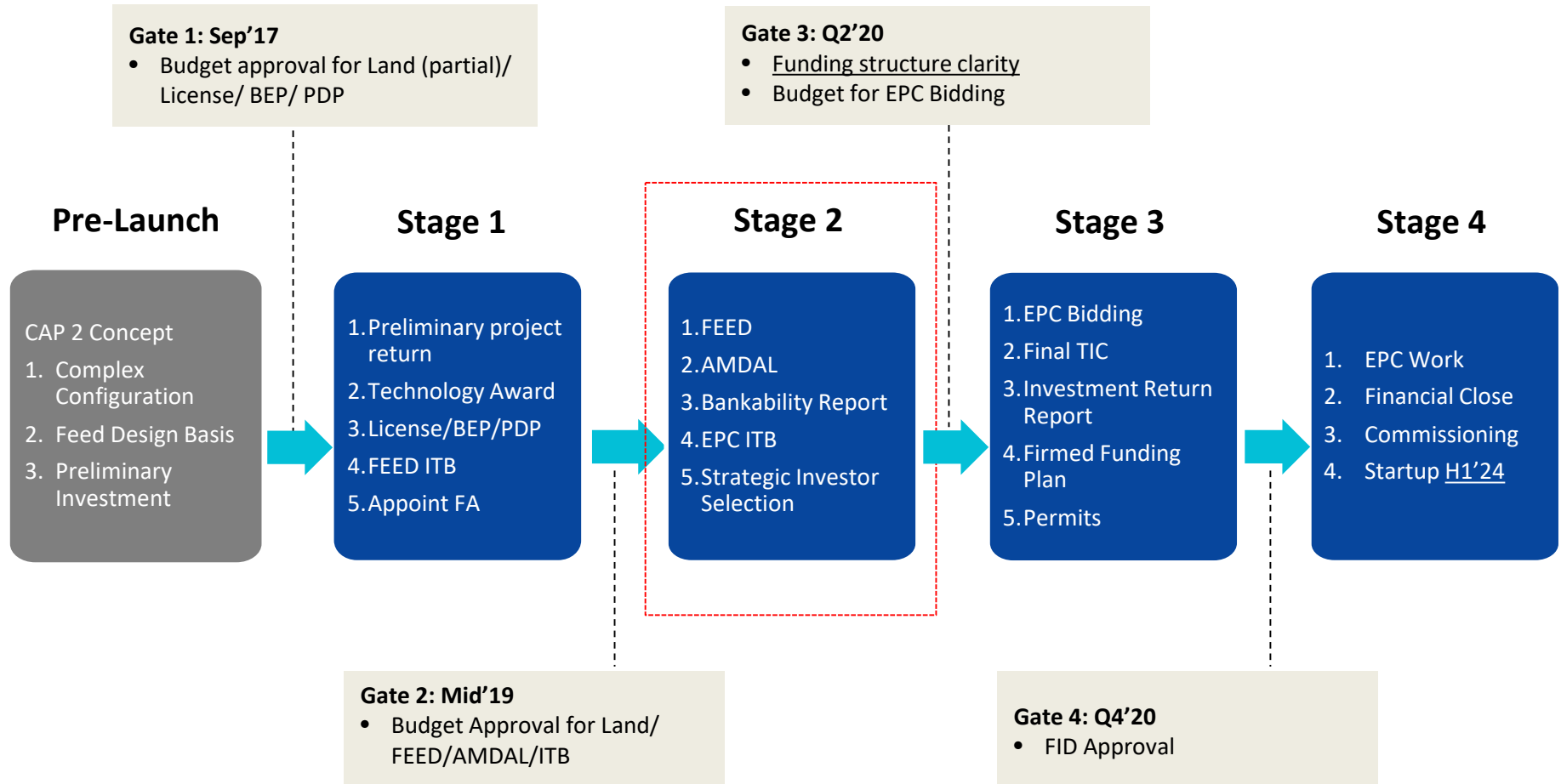
### Synthetic Rubber Project (through SRI JV)

- 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.*

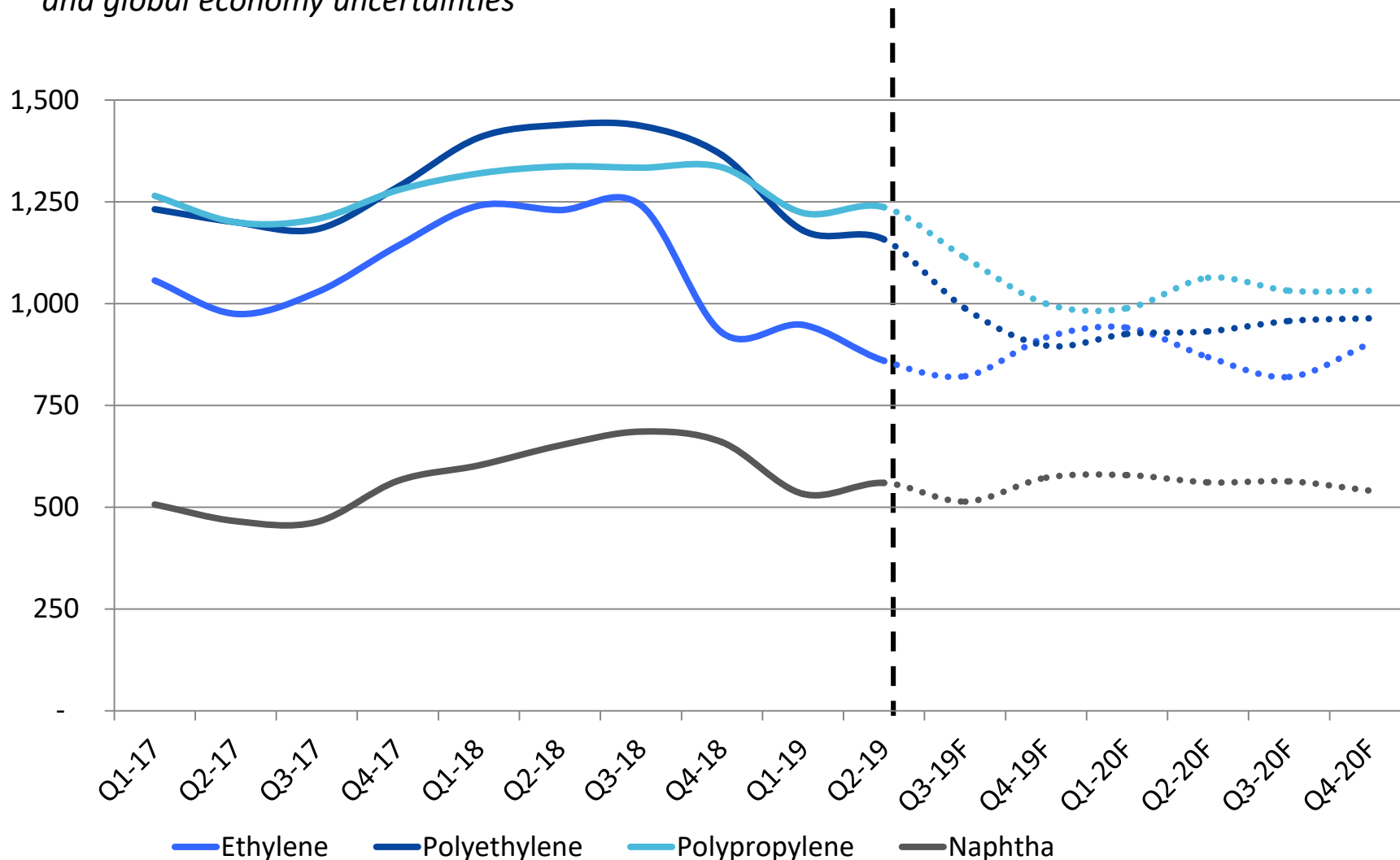




## Outlook and Priorities

# Margins Outlook (in US\$/MT)

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



Note: \*) Dashed line - Forecasted price shown is based on IHS 2 September 2019 including premium.

\*\*) Solid line - Company's actual prices.



## H2 2019 Key Priorities

- ◆ To successfully restart Naphtha Cracker and other downstream plant facilities for a successful Turn Around Maintenance, within targeted 55 days.
- ◆ Commencing the start-up of our new 400KTA PE plant by Q4 2019 PE, to achieve overall 736KTA PE capacity (119% increase)
- ◆ Resume operations of our PP plant post debottlenecking in September with new capacity of 590KTA, up from 480KTA.
- ◆ Continue the capacity creep project of furnace revamp of our Naphtha Cracker facility which is expected to be completed by Q4 this year.
- ◆ To conclude the internal merger of CAP-PBI in order to improve the operational, management and capital structure efficiency. The merger is scheduled to be legally effective by 1 January 2020.
- ◆ Sustained focus on CAP 2 project development, with ongoing progress on selecting Strategic Investor.







# Q & A

## For more information please contact:

Head Office Address:

**PT Chandra Asri Petrochemical Tbk**

Wisma Barito Pacific Tower A, 7<sup>th</sup> Floor

Jl. Let. Jend. S. Parman Kav. 62-63

Jakarta 11410

Contact:

**Investor Relations**

Email: [investor-relations@capcx.com](mailto:investor-relations@capcx.com)

Tel: +62 21 530 7950

Fax: +62 21 530 8930

Visit our website at [www.chandra-asri.com](http://www.chandra-asri.com)