

PT Chandra Asri Petrochemical Tbk
Company Presentation

CGS-CIMB 13th Annual Indonesia Conference
Bali, 28 June 2019



Disclaimer

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Company Overview

Chandra Asri at a glance

Largest Integrated Petrochemical Producer in Indonesia

Petrochemical Producer	Largest & Integrated in Indonesia <ul style="list-style-type: none">Operates the country's only Naphtha Cracker, Styrene Monomer, and Butadiene plants
Market Leadership	Highly attractive Indonesia & SEA petrochemical market <ul style="list-style-type: none">Market share of domestic market: approx. 50% (Olefins), 20% (Polyethylene), 27% (Polypropylene)
Strong Support	<ul style="list-style-type: none">Barito Pacific GroupSiam Cement Group
Transformation in 2016	Post Naphtha Cracker Expansion in Q4 2015 <ul style="list-style-type: none">Increased production capacity by some 43%: 860KTA (Ethylene), 470KTA (Propylene), 400KTA (Py-Gas), and 315KTA (Mixed C4)
Completion of Downstream Expansion	<ul style="list-style-type: none">Butadiene plant up to 137KTA from 100KTANew 120KTA Synthetic Rubber plant (JV with Michelin)
Status	Vital National Object

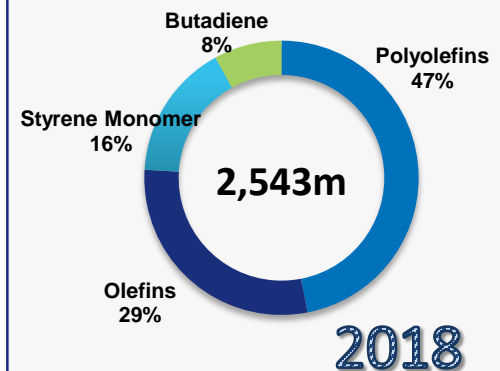
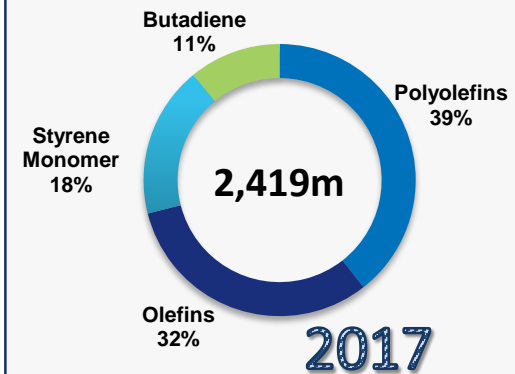
Chandra Asri at a glance

Stable & robust financials supported by strong credit strengths

Integration	From upstream cracker to downstream polyolefins products <ul style="list-style-type: none"> Located strategically near key customers in Cilegon, Banten
Low Production Cost & Operating Efficiencies	<ul style="list-style-type: none"> Benefit from scale of feedstock sourcing & stable supplier relationship Naphtha Cracker utilization rate >90% in average
Long-Standing Relationship	Diverse customer base <ul style="list-style-type: none"> No single customer accounts for more than 7-8% of consolidated revenues Around +/- 75% products by revenues sold to domestic market
Captive Distribution Network	Provide significant cost efficiencies <ul style="list-style-type: none"> Key customers integrated with our production facilities via pipelines Key customers are benefitted with significant cost efficiencies
Strategic Growth	New projects in pipeline <ul style="list-style-type: none"> Expand downstream products: New Polyethylene plant, Debottlenecking Polypropylene plant, MTBE/B1 plant and other efficiency improvements Evaluation of a second petrochemical complex is underway

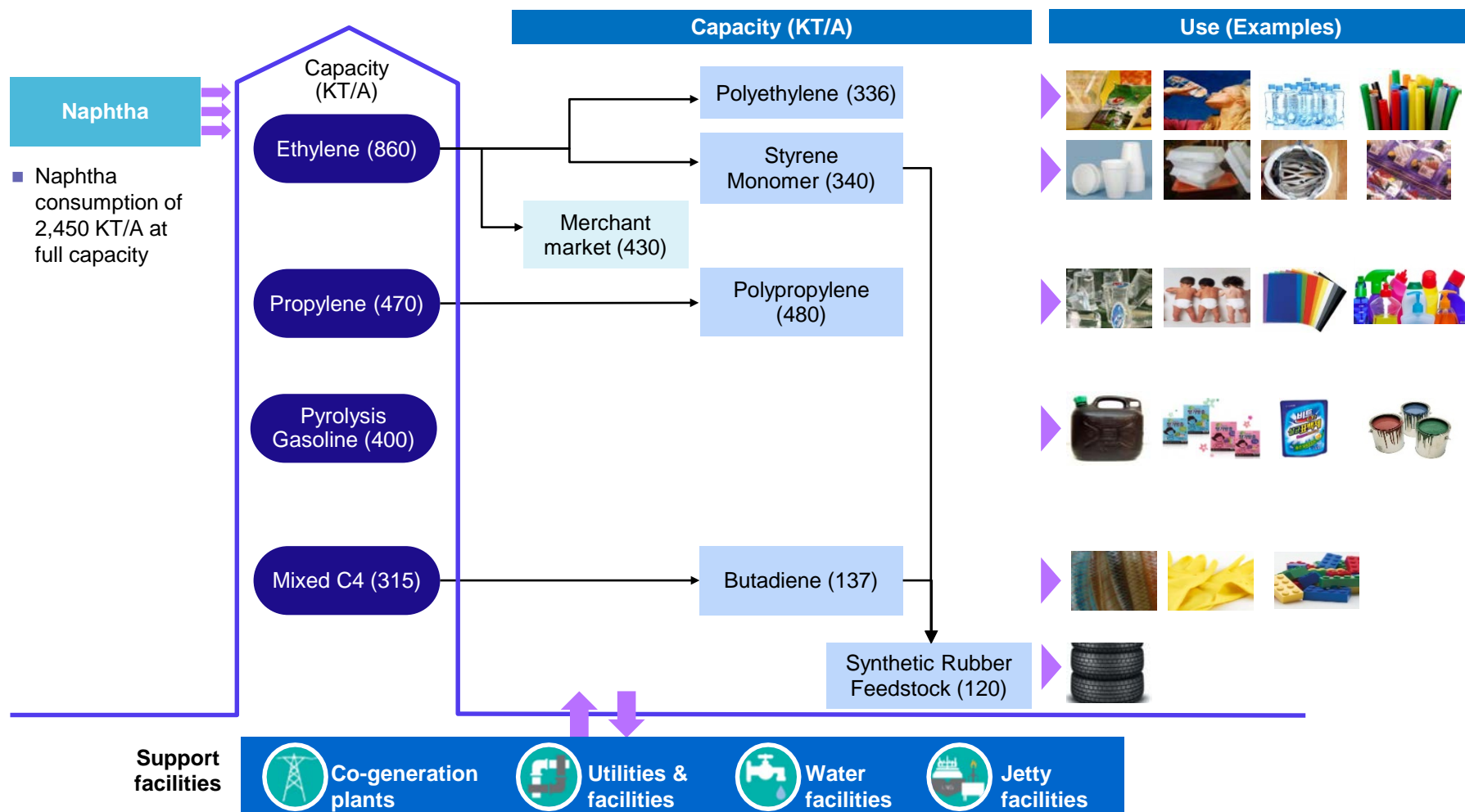
REVENUES

(US\$)



Integrated Production of Diverse Products







Our products encompass a wide range across the consumer products value-chain, and our leading position and strategic location enhances our competitiveness



Indonesia's Largest Petrochemical Producer

We offer the most diverse product range and a dominant producer with approximate domestic market share of 50% (Olefins), 20% (Polyethylene), and 27% (Polypropylene)

Capacities of Petrochemical Producers in Indonesia

Capacity ('000 tons per year)	 Chandra Asri Petrochemical	 LOTTE CHEMICAL TITAN	 PERTAMINA	Polytama	 ASC AGC Group	 PT SULFINDO ADIUSARA	 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					760	370			1,130
Vinyl Chloride Monomer					875	130			1,005
Polyvinyl Chloride					550	95		202	847
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	137*								137
Benzene			125				400		525
Para-Xylene			298				540		838
Styrene	340								340
Styrene Butadiene Rubber	120*							75	195
Total	3,458	450	1,076	240	2,185	595	940	1,037	9,981

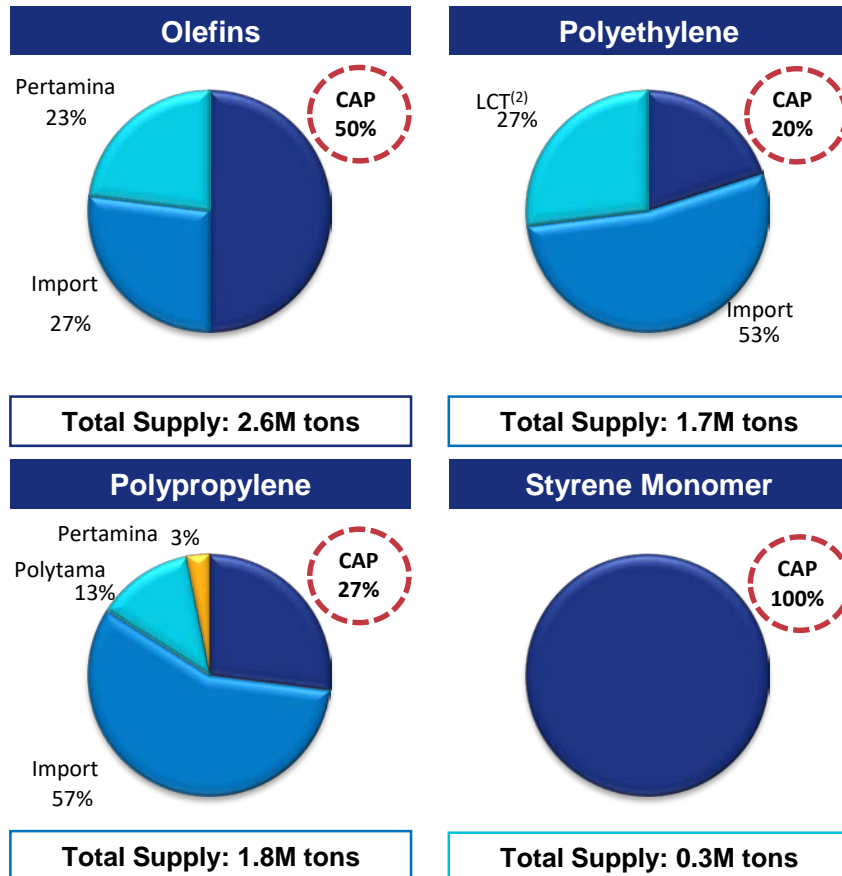
*) As of June-18 for BD and August-18 for SBR

Source: Nexant – 2018; and Company

Indonesian Market Leader

Market leader in Indonesia across all of its products & a leading player in the region

Largest Petrochemical Company in Indonesia⁽¹⁾



(1) By production excluding fertilizer producers

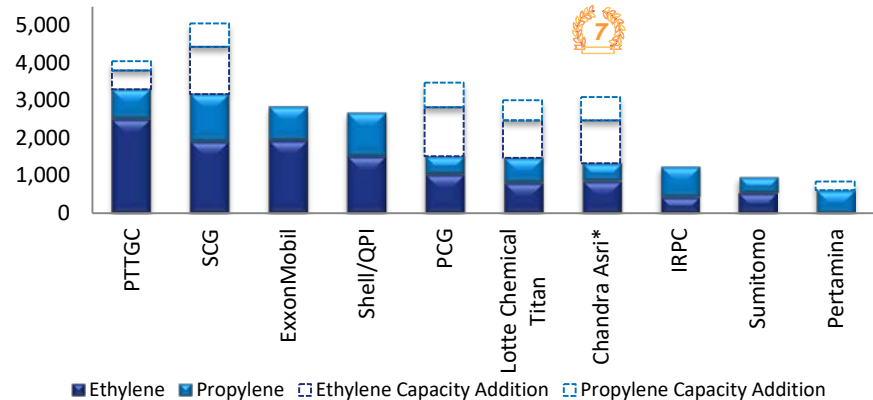
(2) Refers to Lotte Chemical Titan

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

Source: Nexant – 2018

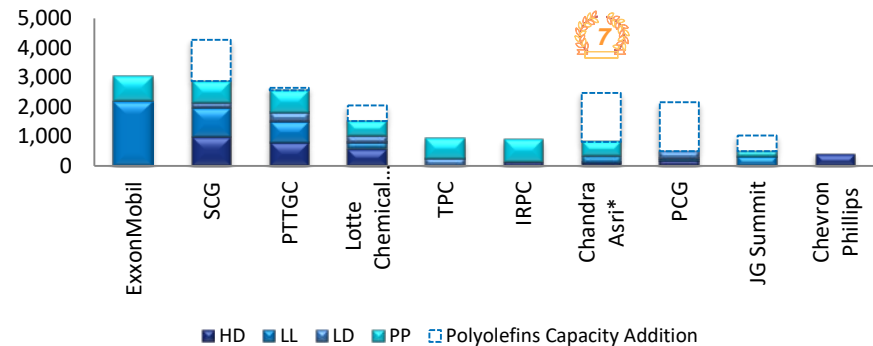
Olefins Top 10 South East Asia Producers⁽³⁾

('000 tons per year)



Polyolefins Top 10 South East Asia Producers⁽³⁾

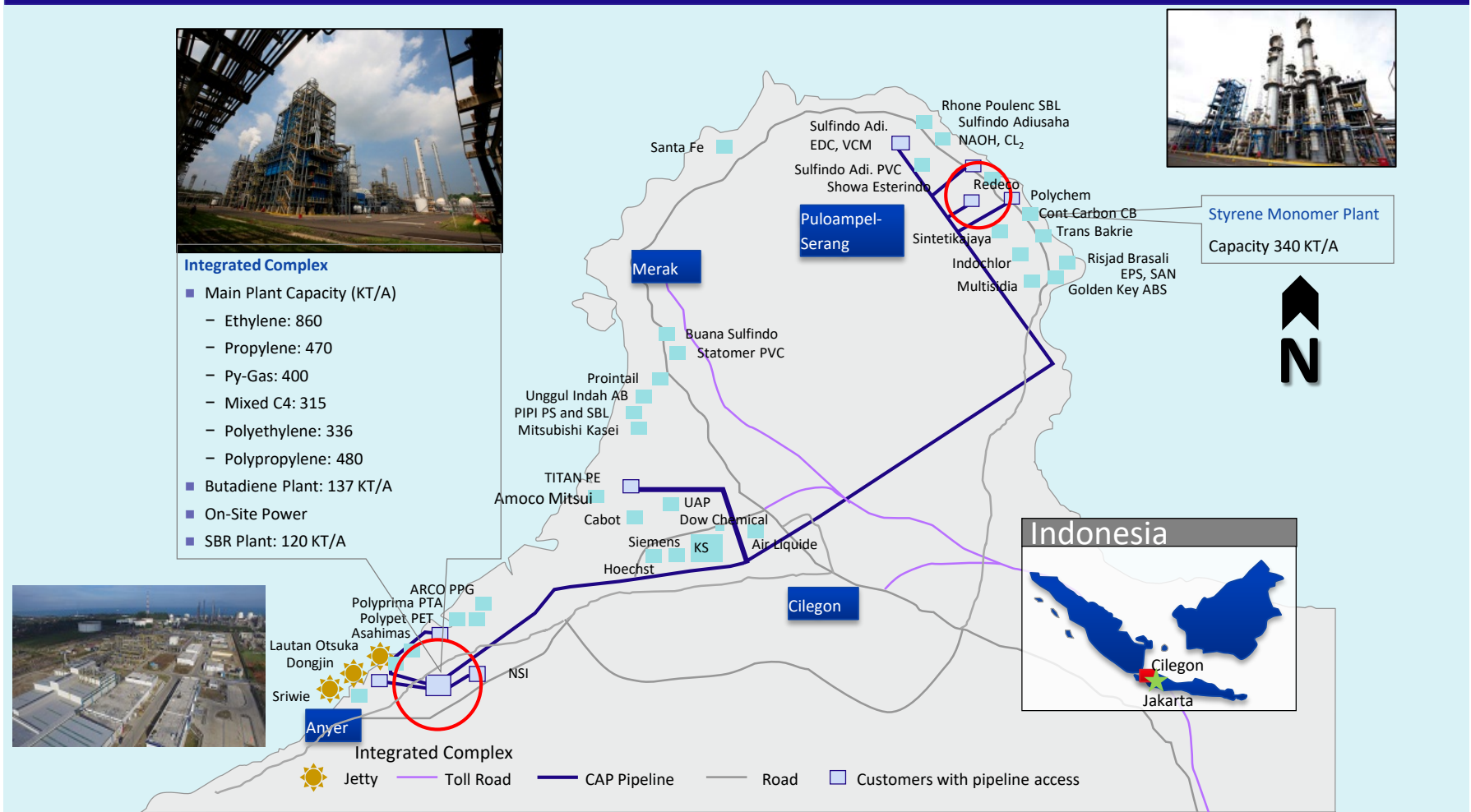
('000 tons per year)



Strategically Located to Supply Key Customers

Our location proximity and well-established pipeline ensures excellent connectivity to key customers coupled with supply reliability which lead to premium pricing, with integration of facilities creating significant barriers to entry

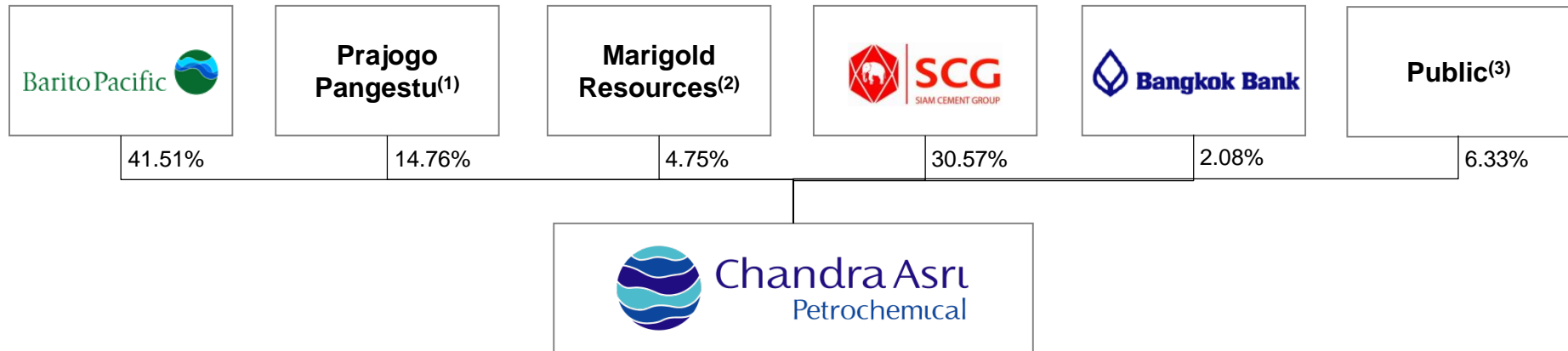
CAP's Integrated Petrochemical Complexes



Solid Commitment from Shareholders

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

Shareholder Structure (as of 31 March 2019)



Barito Pacific

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

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

- Thailand's largest industrial conglomerate and Asia's leading chemicals producer
- Invested 30% in CAP in 2011

Key Benefits of Partnership

- Second largest Olefins and Polyolefins producer in South East Asia
- 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

(1) Owns 73.08% of PT Barito Pacific Tbk


(2) Subsidiary of PT Barito Pacific Tbk

(3) Total Public shareholding including Bangkok Bank is 8.41%








Strong Management Team

With substantial industry experience

Board of Commissioners

						
DJOKO SUYANTO President Commissioner Independent Commissioner	TAN EK KIA VP Commissioner Independent Commissioner	HO HON CHEONG Commissioner, Independent Commissioner	AGUS SALIM PANGESTU Commissioner	LOEKI SUNDJAJA PUTERA Commissioner	THAMMASAK SETHAUDOM⁽¹⁾ Commissioner	CHOLANAT YANARANOP⁽¹⁾ Commissioner
3 years in Industry 3 years with CAP	45 years in Industry 7 years with CAP	3 years in Industry 3 years with CAP	12 years in Industry 12 years with CAP	16 years in Industry 16 years with CAP	27 years in Industry <1 year with CAP ⁽²⁾	31 years in Industry 6 years with CAP

Board of Directors

						
ERWIN CIPUTRA President Director	KULACHET DHARACHANDRA⁽¹⁾ VP Director of Operations	BARITONO PRAJOGO PANGESTU VP Director of Polymer Commercial	LIM CHONG THIAN Director of Finance	SOMKOUN SRIWATTAGAPHONG⁽¹⁾ Director of Manufacturing	FRANSISKUS RULY ARYAWAN Director of Monomer Commercial	SURYANDI Director of Human Resource and Corp. Administration
14 years in Industry 14 years with CAP	24 years in Industry 2 years with CAP	13 years in Industry 13 years with CAP	38 years in Industry 13 years with CAP	21 years in Industry <1 year with CAP ⁽²⁾	16 years in Industry 16 years with CAP	28 years in Industry 28 years with CAP

(1) Representative of SCG

(2) Appointed since September 2018

Our Sustainability Footprint

In all of its business operations, CAP implements principles of good governance and sustainability. These principles encompass the triple bottom line of People, Planet and Profit.



PEOPLE

- Empowering communities
- Rebuild lives in post disaster areas
- Infrastructure support for public facilities
- Maintain zero accidents in the plant area



PLANET

- Preserve biodiversity
- Zero-waste policies in the plant area
- Promote plastic waste management and circular economy



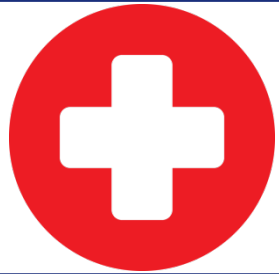
PROFIT

- Consistent growth
- Backbone of Indonesia's petrochemical downstream industries

Empowering Communities, Preserving Environment



Chandra Asri
Petrochemical



HEALTH - Immunization and family planning services. Distribution of milk and supplementary food for infants.



ENVIRONMENT - Converted over 2mn used plastic bags into more than 6km² of plastic-asphalt road that is 40% more durable.



SOCIOECONOMIC - SME Micro Financing Program for local entrepreneurs. Support co-op for the union employees.



EDUCATION - Awarded scholarships to leading Indonesian universities; Math and Physics teacher training programs.



Sustainability Initiatives



Plastic asphalt road in our plant area, July 2018



Support Cilegon City to build 10KM plastic asphalt road in 2019

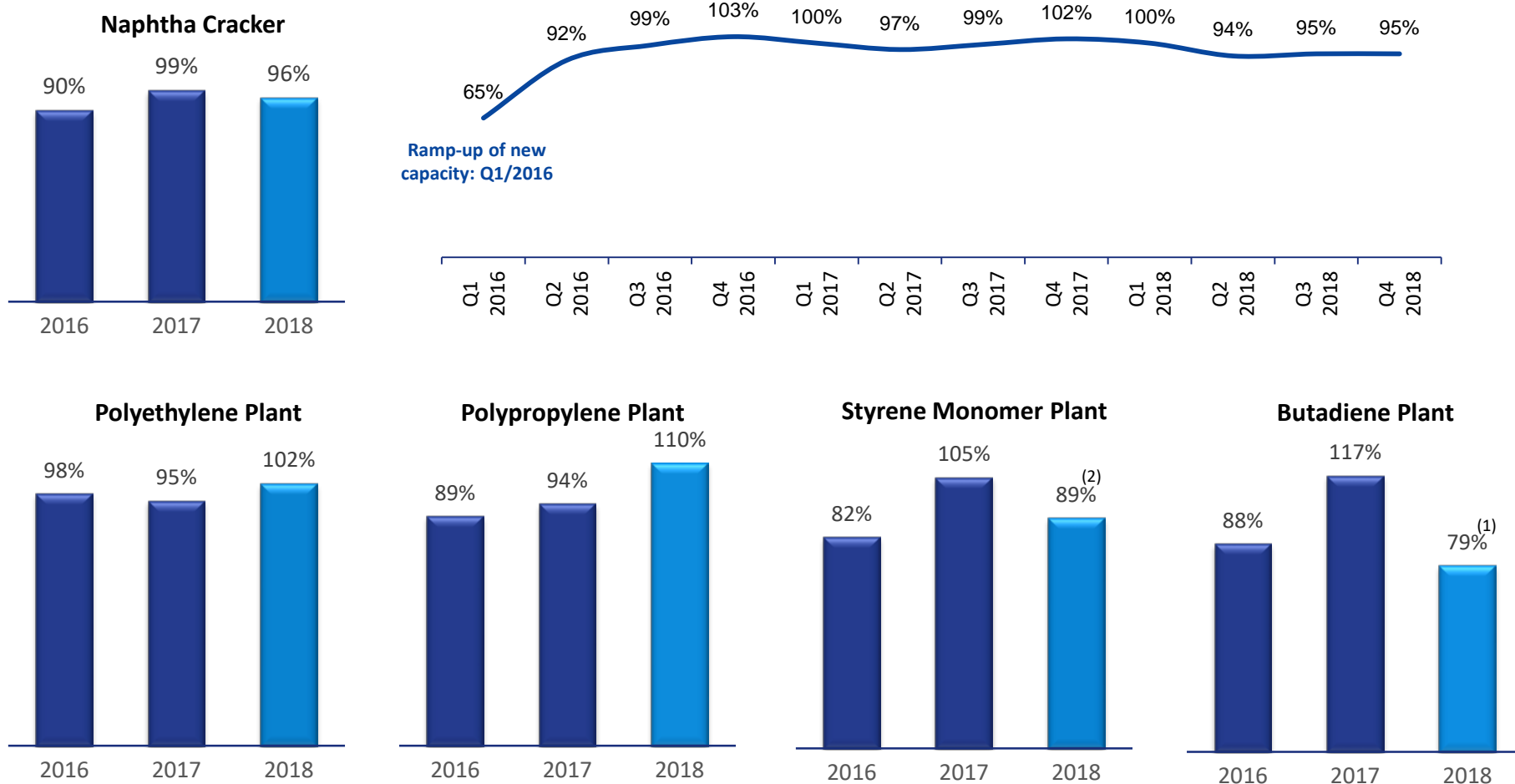


2

Business Performance

Plant Utilization

Delivering Operational Excellence & Performance – Plant Utilization remained high due to our operational process optimization initiatives

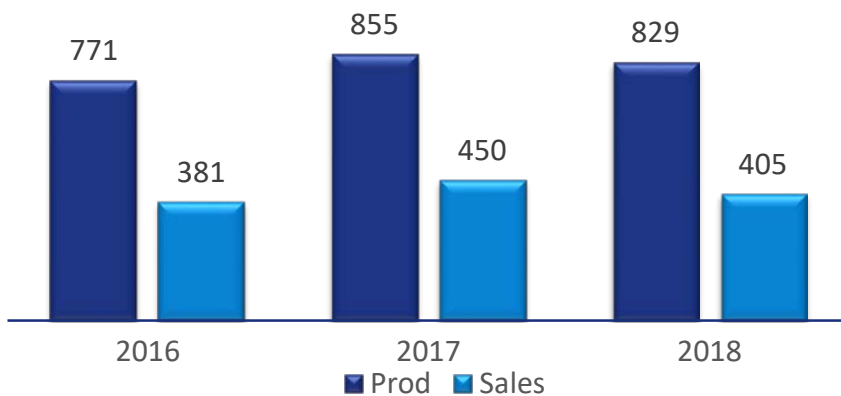


(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM.
 (2) Due to TAM of both trains.

Production & Sales Volume

Naphtha Cracker

(KT)



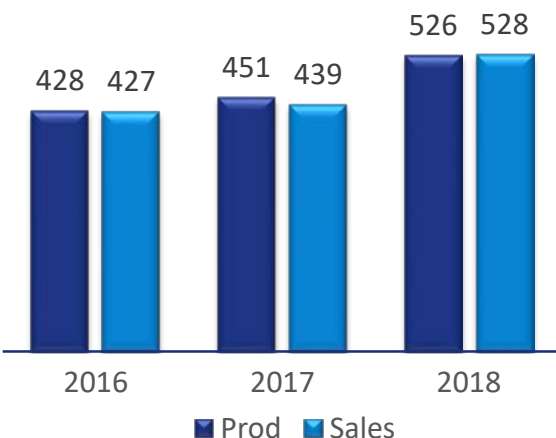
Polyethylene Plant

(KT)



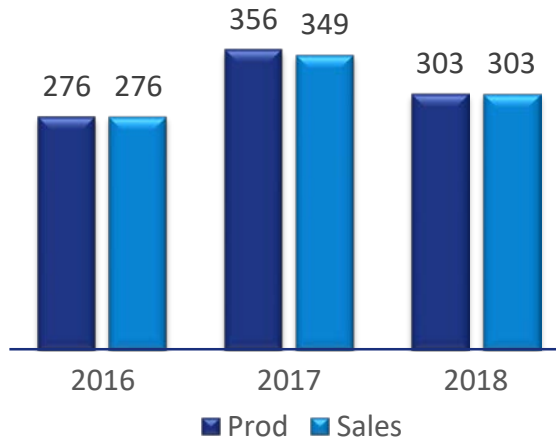
Polypropylene Plant

(KT)



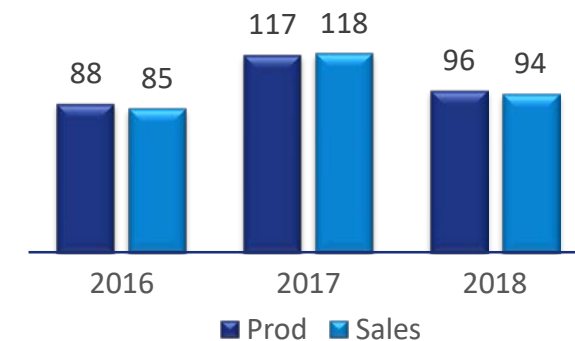
Styrene Monomer Plant

(KT)



Butadiene Plant

(KT)

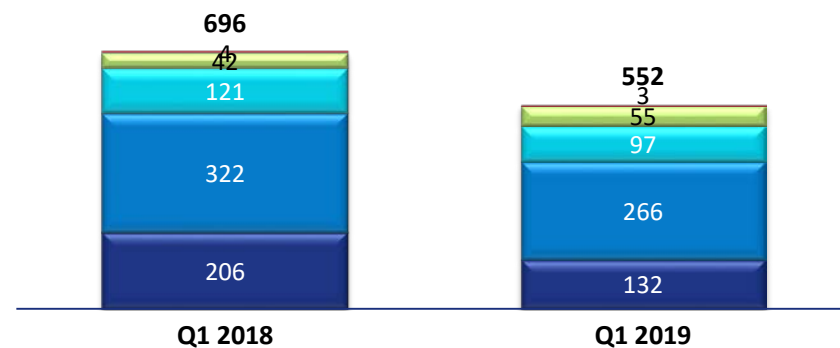
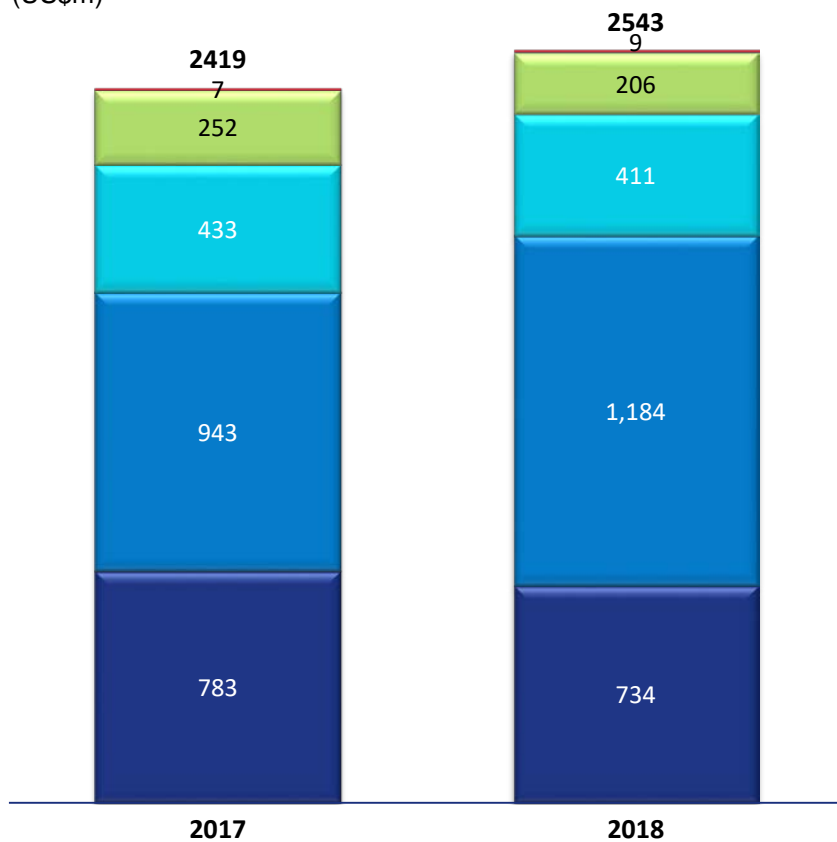


Net Revenues

Lower Net Revenues by 20.6% ytd to US\$552.2 million in Q1 2019, reflecting lower realized ASP particularly for Ethylene, Polyolefins and Styrene Monomer; and slightly lower sales volumes due to planned maintenance activities.

Revenue by Product Segments

(US\$m)



■ Olefins
 ■ Polyolefins
 ■ Styrene Monomer and by-products
 ■ Butadiene and by-products
 ■ Tanks and Jetty rent

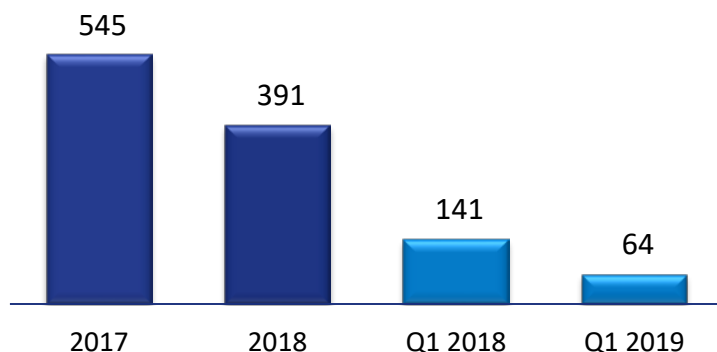
■ Olefins
 ■ Polyolefins
 ■ Styrene Monomer and by-products
 ■ Butadiene and by-products
 ■ Tanks and Jetty rent

Key Financials

Moderating petrochemical margins reflecting supply/demand dynamics, yet we continue to generate double-digit EBITDA margins of 12% in Q1 2019.

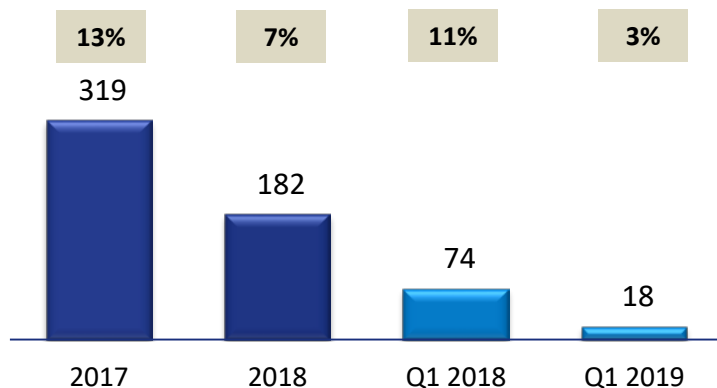
(US\$m)

Gross Profit



Net Profit

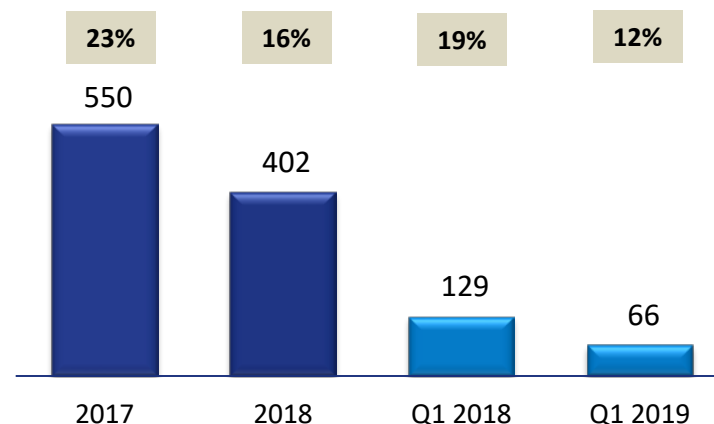
Net Profit Margin



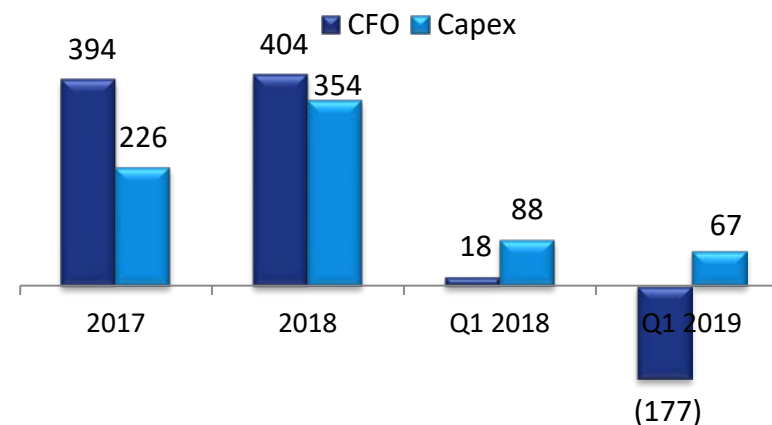
EBITDA

Year to Date

Adjusted EBITDA margin



Cash flow from Operations, Capex

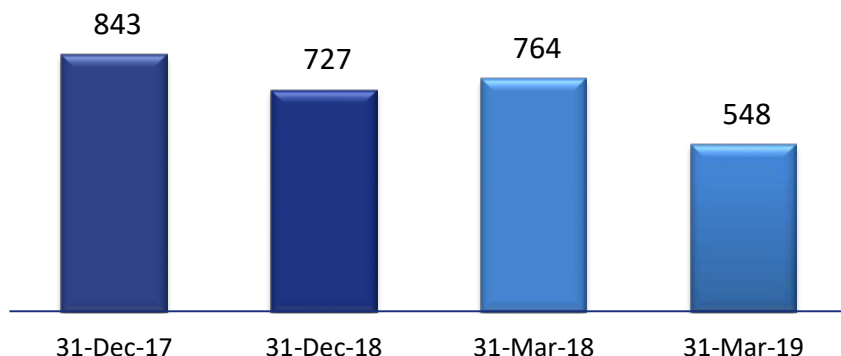


Key Financials

We maintain a very strong Q1 2019 Balance Sheet with Net Debt to EBITDA at 0.4x, and very good liquidity with US\$547.8 million in cash and cash equivalents.

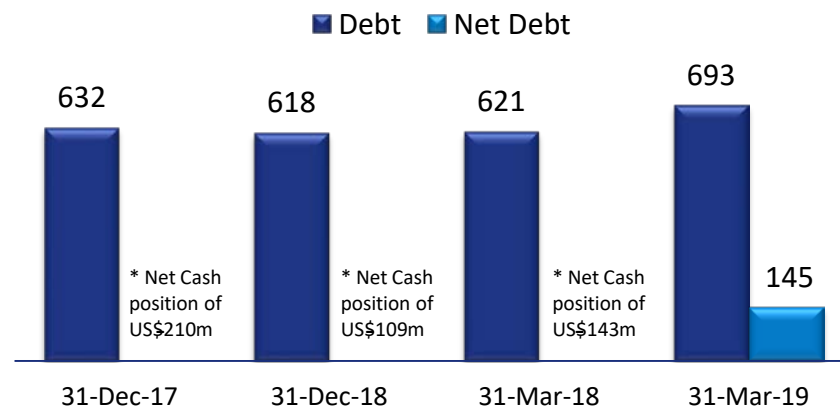
Cash Balance

(US\$m)



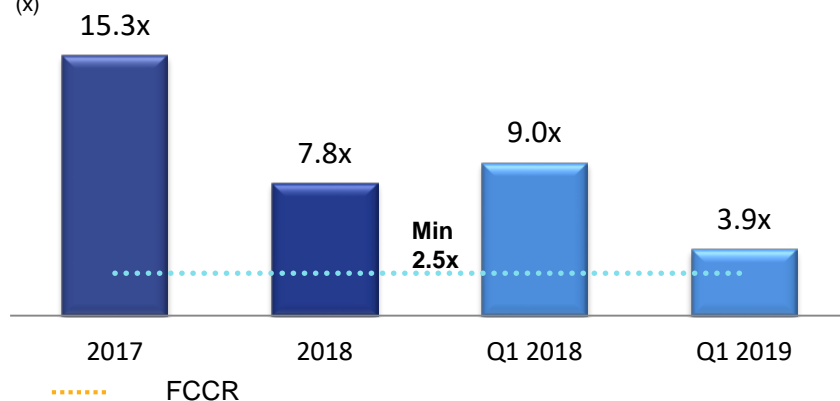
Debt and Net Debt

(US\$m)



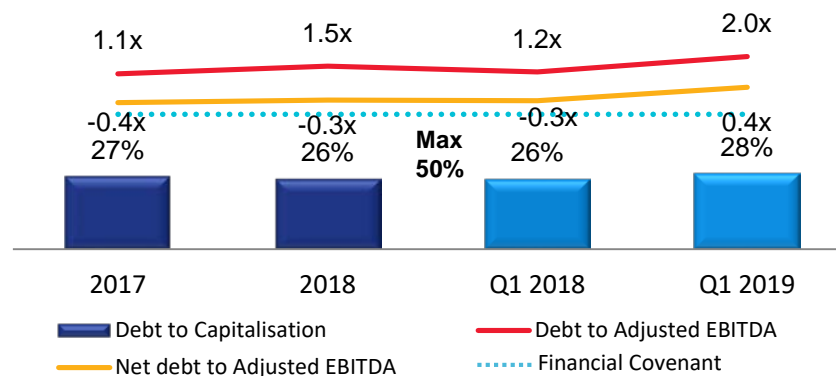
Adjusted EBITDA / Finance Costs ⁽¹⁾

(x)



Leverage Ratios ⁽²⁾

(x and %)



1) Adjusted EBITDA calculated on LTM basis

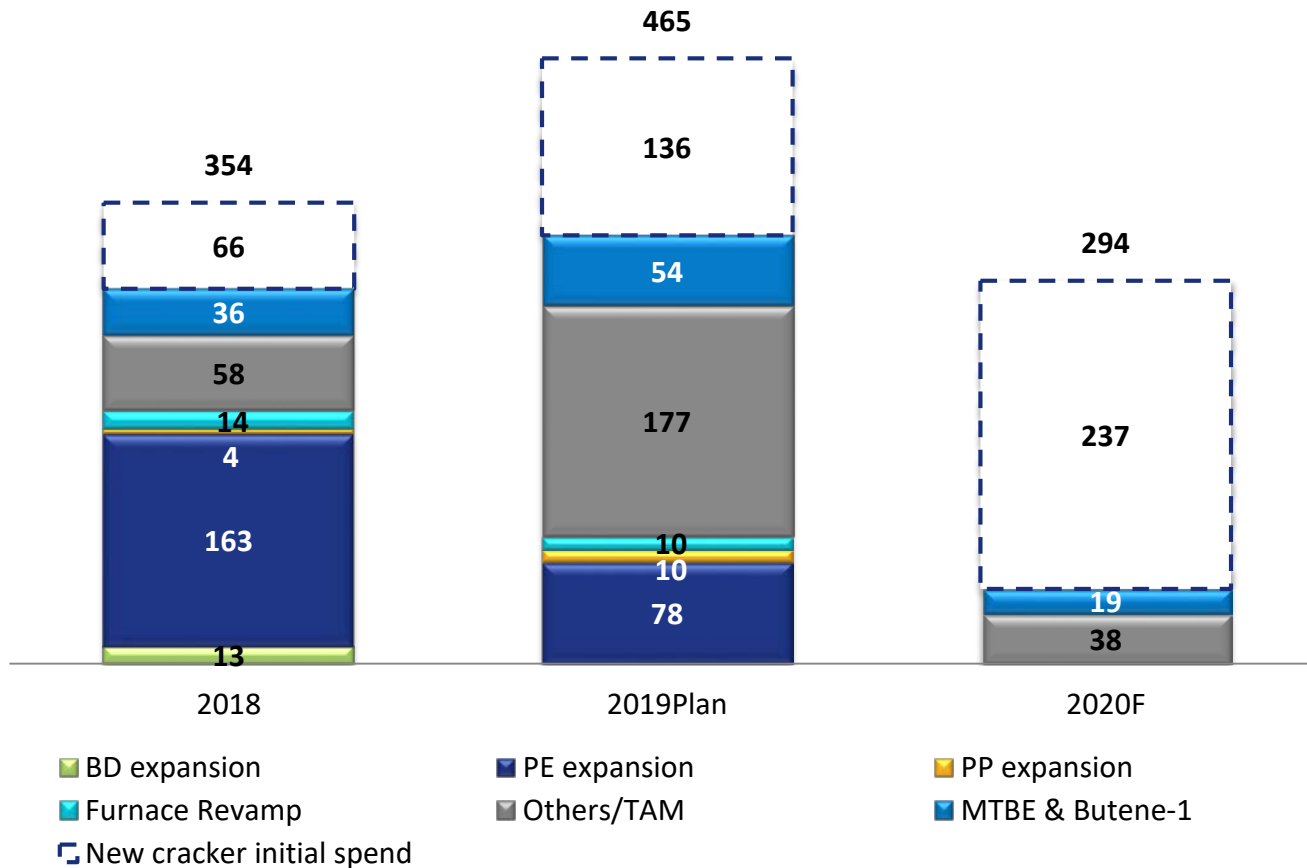
2) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

Capital Expenditure Plan

Fully funded through 2020

Capex Plan 2018-2020

(US\$ mn)



3

Strategic Priorities

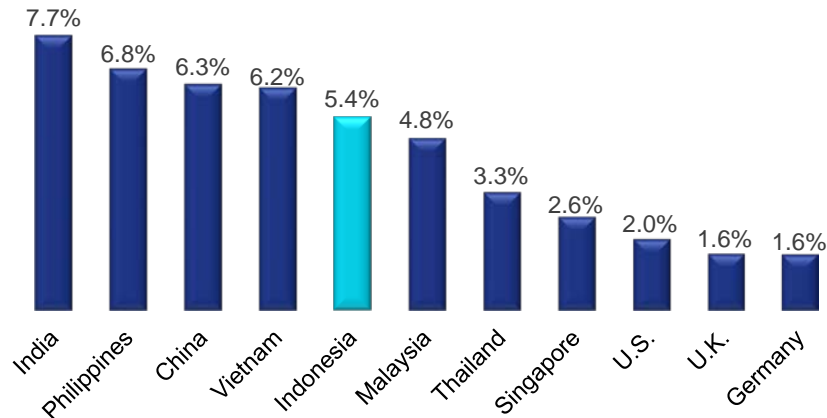
2019 Key Priorities

- **New 400 KTA Polyethylene Plant** to achieve on-spec product by Q4 2019
- **23% increase in Polypropylene capacity to 590KTA** with completion of expansion programme by Q4 2019
- **Complete Furnace Heater Revamping** to increase ethylene and propylene production capacity by end 2019
- Successfully **execute 55-day Turnaround Maintenance (TAM)** in Q3 2019
- **Maintain overall production volumes** around 2018 levels with change in product mix due to TAM



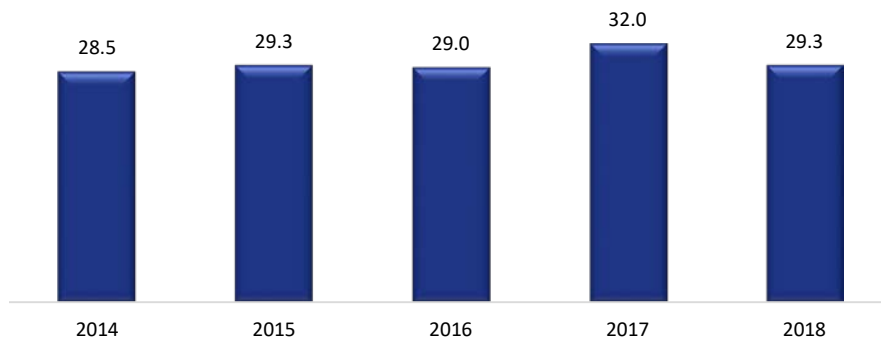
Attractive Indonesian Macroeconomic Growth & Consumption Trends

GDP Growth CAGR (2017 – 2020F)⁽¹⁾



Foreign Direct Investment in Indonesia (2014 – 2018)

(US\$bn)

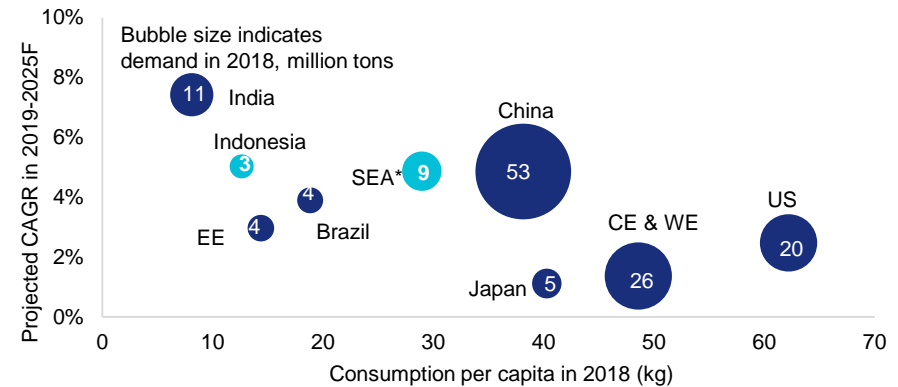


Source: Nexant 2018, IMF, BKPM

Note:

1. GDP, constant prices; IMF World Economic Outlook Database, October 2017
2. Polyolefins include HDPE, LLDPE, LDPE and PP

Polyolefins Consumption per Capita⁽²⁾



Note: EE = Eastern Europe, CE = Central Europe, WE = Western Europe, SEA* = South East Asia (including Malaysia, Philippines, Singapore, Thailand and Vietnam) * Excluding

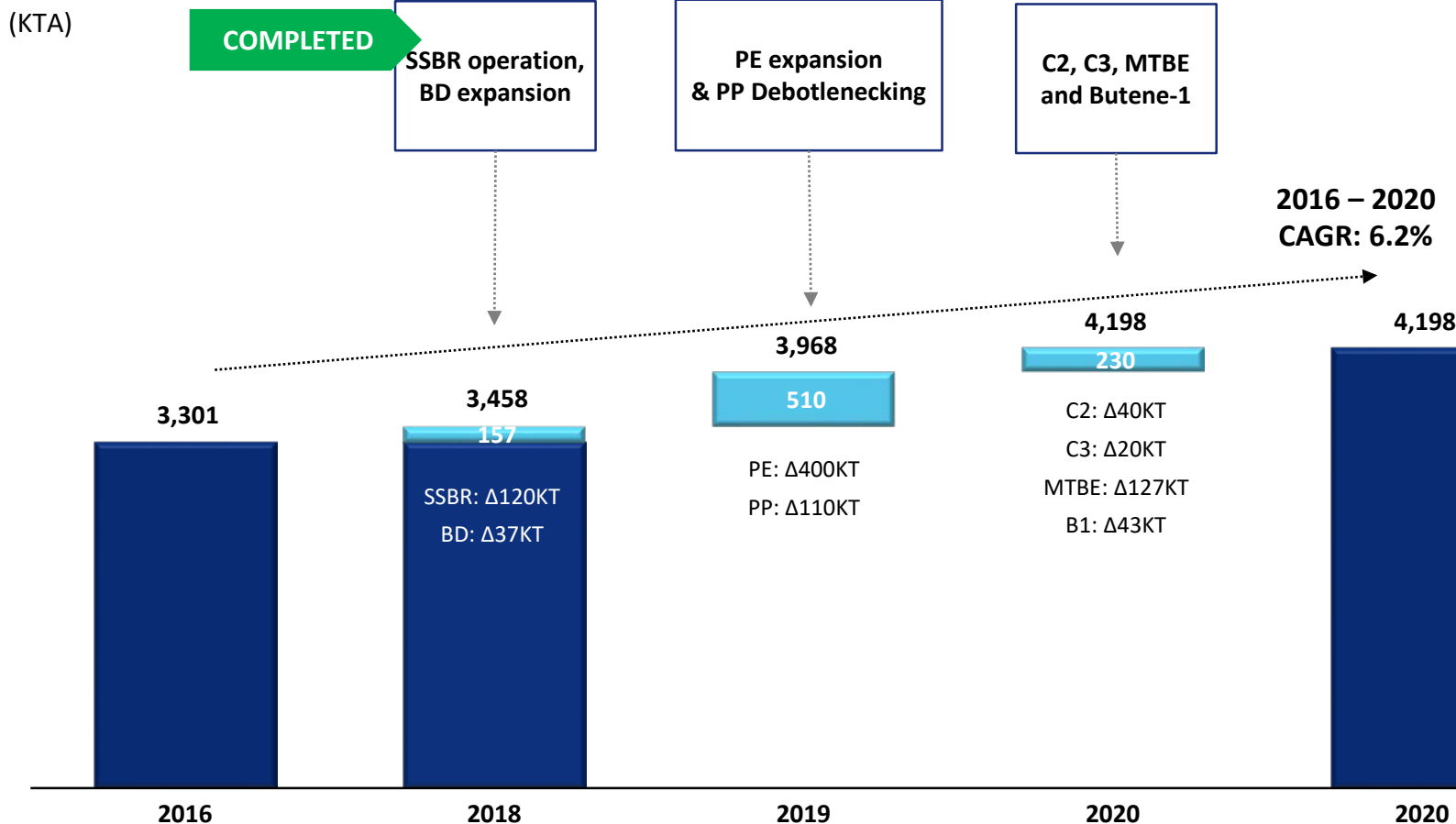
Domestic trends





Strategic Growth via Expansion & Debottlenecking

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



Projects

On stream & 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
97%

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
91%

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
60%

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
70%

Expand Product Offering by Moving Downstream

Synthetic Rubber Project (through SRI JV)

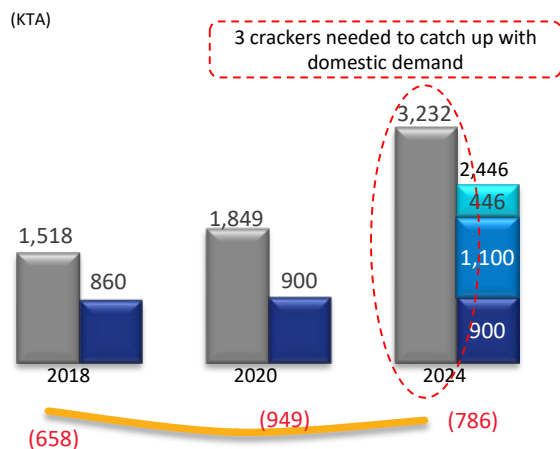
- Part of downstream integration strategy and efforts to produce higher-value added products
- Partnership with leading global player (55% Michelin and 45% CAP)
- Production capacity: 120 KT/A
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018
- Investment: US\$435 million

On
Stream

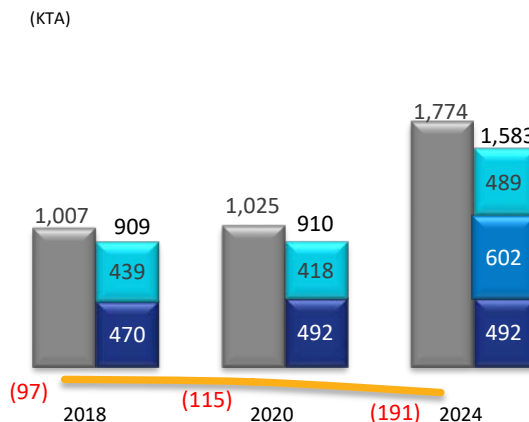
Well-positioned

To benefit from the demand-supply gap in Indonesia

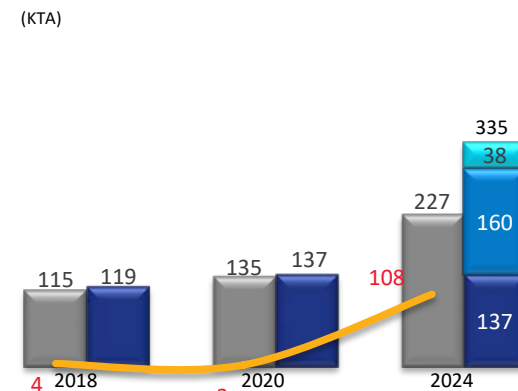
Ethylene



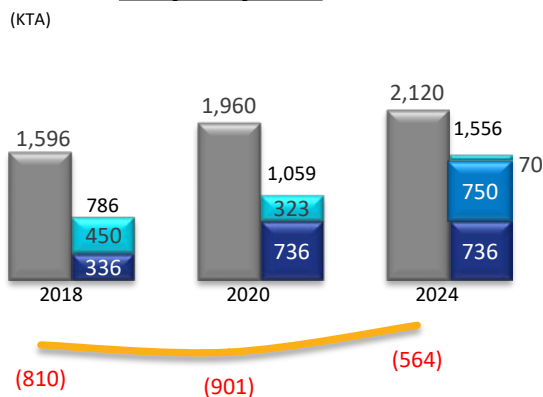
Propylene



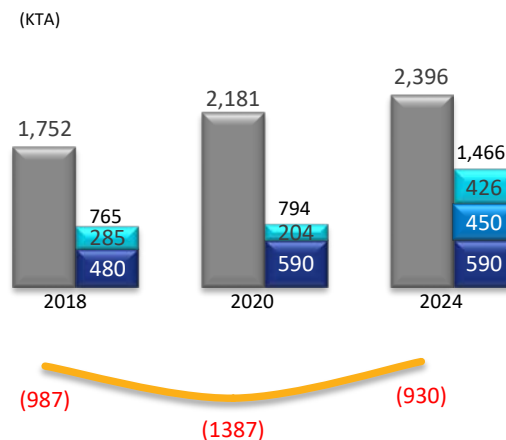
Butadiene



Polyethylene

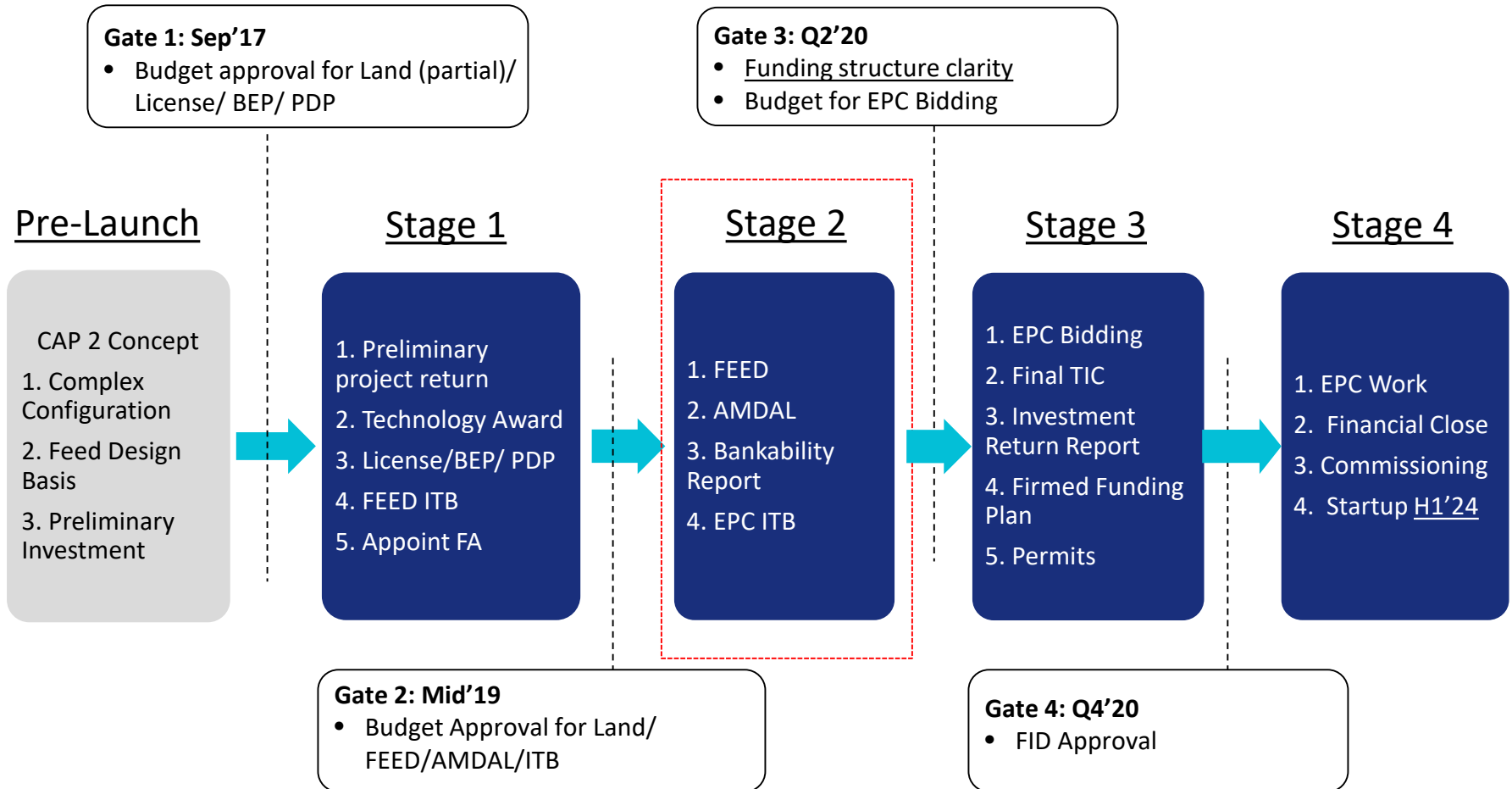


Polypropylene



■ Demand ■ CAP1 ■ CAP2 ■ Other producer — Balance

CAP2 – Project Master Schedule



For more information please contact:

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