



Chandra Asri
Petrochemical

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

Citi 16th Annual Asia Pacific
Investor Conference 2019
**Company
Presentation**

Singapore – February 28th, 2019

- 1. Company Overview**
- 2. Business Performance**
- 3. Financial Highlights**
- 4. 2019 Priorities**

1. Company Overview

Chandra Asri – Indonesia's Leading and Preferred Petrochemical Company



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

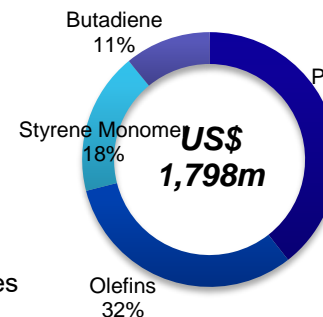


CAP's main integrated manufacturing complex

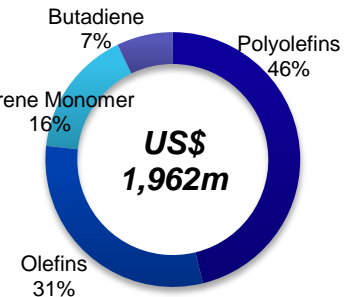
Stable and Robust Financials Supported by Strong Credit Strengths

- ✓ **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 >90% in average
- ✓ **Long-standing relationships** with diverse customer base
 - No single customer accounts for more than 7-8% of consolidated revenue
 - Around +/- 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

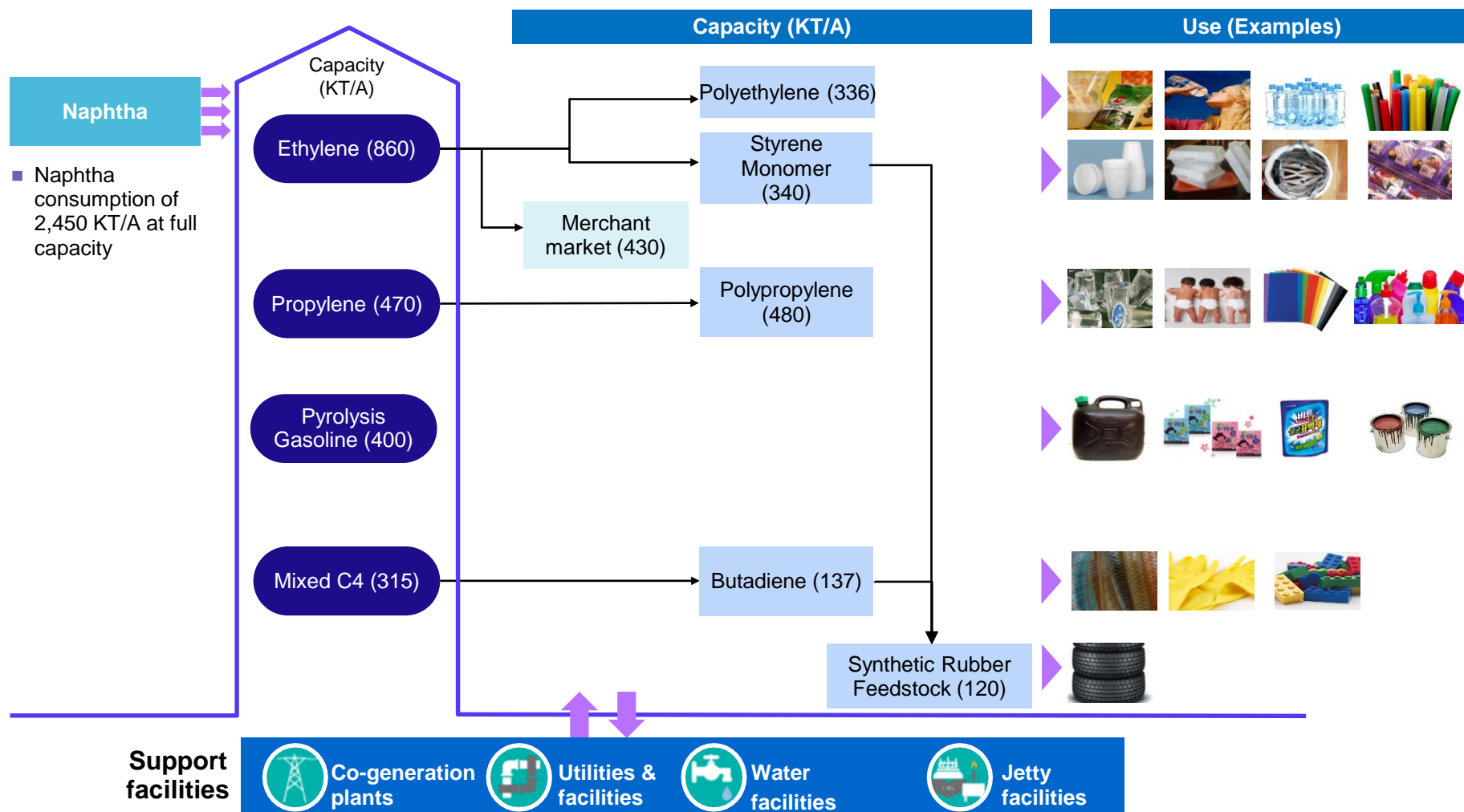
9M2017 Revenues



9M2018 Revenues









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

CAP is Indonesia's Largest Petrochemical Producer

Capacities of Petrochemical Producers in Indonesia

Capacity (<i>'000 tons per year</i>)	 Chandra Asri Petrochemical	 LOTTE CHEMICAL TITAN	 PERTAMINA	Polytama	 ASC AGC Group	 PT SULFINDO ADIRUSANA	 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	137*								137
Benzene			125				400		525
Para-Xylene			298				540		838
Styrene	340								340
Styrene Butadiene Rubber	120*								120
Total	3,458	450	1,076	240	1,885	595	940	962	9,606

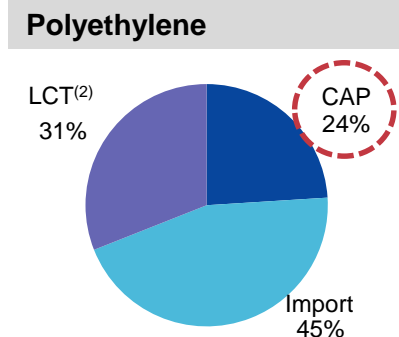
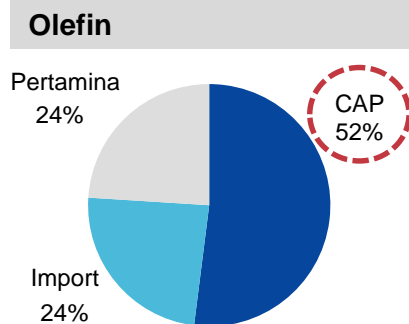
CAP offers the most diverse product range and is a dominant producer with market share of approximately 52%, 24%, and 29% of the domestic market (including imports) in olefin, polyethylene, and polypropylene, respectively

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

Source: Nexant – data March-17; and Company

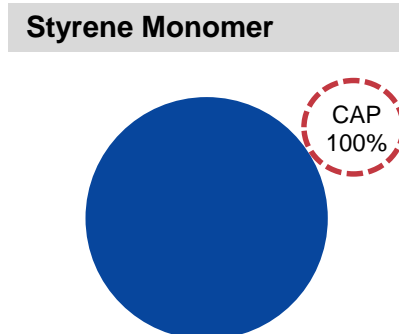
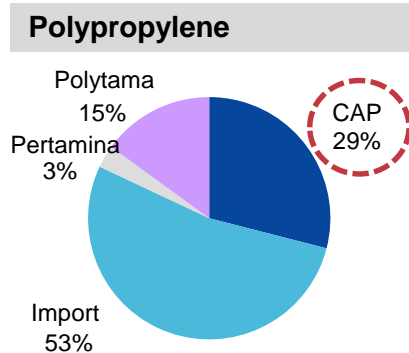
CAP is the Indonesian Market Leader

1 Largest Petrochemical Company in Indonesia⁽¹⁾



Total Supply: 2.6M tons

Total Supply: 1.4M tons

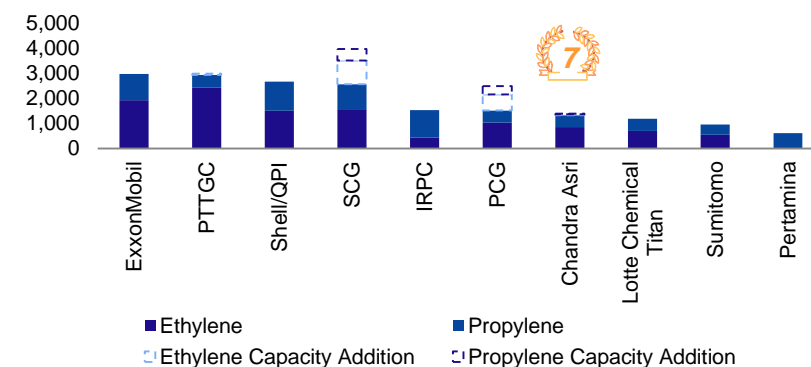


Total Supply: 1.6M tons

Total Supply: 0.3M tons

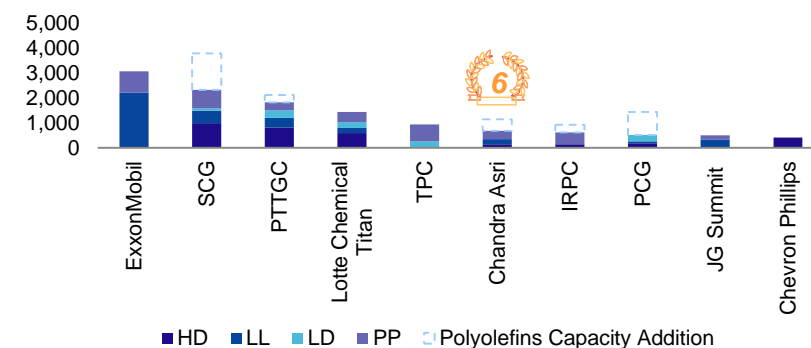
Olefin Top 10 South East Asia Producers⁽³⁾

('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 – October 2017

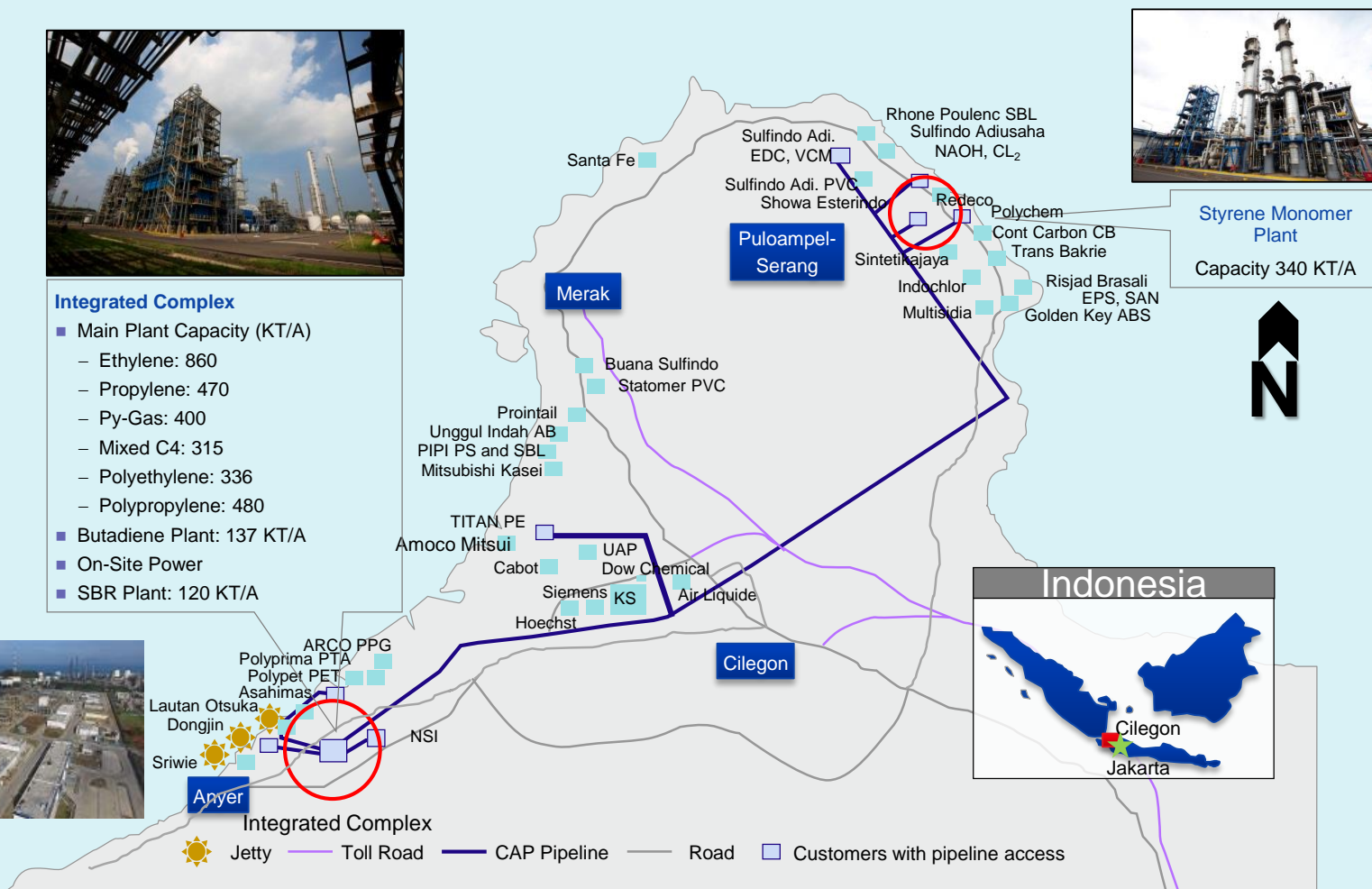
Strategically Located to Supply Key Customers

CAP's Integrated Petrochemical Complexes



Integrated Complex

- Main Plant Capacity (KT/A)
 - Ethylene: 860
 - Propylene: 470
 - Py-Gas: 400
 - Mixed C4: 315
 - Polyethylene: 336
 - Polypropylene: 480
- Butadiene Plant: 137 KT/A
- On-Site Power
- SBR Plant: 120 KT/A



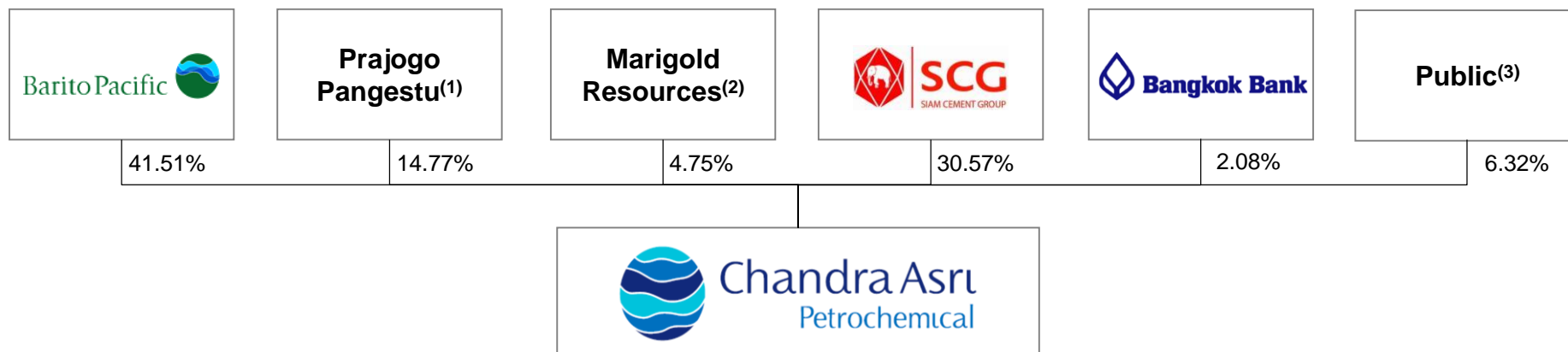
Styrene Monomer Plant
Capacity 340 KT/A



Location proximity and well established pipeline ensures excellent connectivity to key customers. This coupled with reliability of supply lead to premium pricing, with integration of facilities creating significant barriers to entry.

Solid Commitment from Shareholders

Shareholder Structure (as of 31 December 2018)



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
- Second largest olefins and polyolefins producer in South East Asia

Key benefits of partnership



- 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) Owns 77.68% of PT Barito Pacific Tbk
 (2) Subsidiary of PT Barito Pacific Tbk
 (3) Total Public shareholding including Bangkok Bank is 8.40%

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 year 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	TERRY 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, Independent Director
14 years in Industry 14 years with CAP	24 years in Industry 2 year 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
- The backbone of Indonesia's petrochemical downstream industries

Empowering Communities and Preserving the Environment

Health

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



Socioeconomic

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



Environment

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



Education

Awarded scholarships to leading Indonesian universities.
Math and Physics teacher training programmes.



Sustainability Initiatives – Plastic Asphalt Road

Managing Plastic Waste in Indonesia



We mix **2 MILLION** used plastic bags
with asphalt to build **6,372 m²** plastic road

Road stability
enhanced to
40%



@chandraasri.astrochemicalofficial

@chandraasri.astrochemical

Chandra Asri Petrochemical

www.chandra-asri.com

PT Chandra Asri Petrochemical Tbk



Plastic Asphalt Road Chandra Asri Plant Area, July 2018



Chandra Asri will support Cilegon City to build 10 KM of plastic asphalt road in 2019

COMMUNITY-BASED WASTE MANAGEMENT PROGRAM

We empower **1,500**
household through
WASTE MANAGEMENT



2. Business Performance



Safety

- A new milestone: >20mn work hours without LTA
- Embedded Pause for LIFE ways of working
- Launched Process Safety Management Programme



Operations

- Production better than plan
- Scheduled maintenance activities effectively executed
- Expansion plans successfully completed (Butadiene and Synthetic Rubber)



Commercial

- Sustained premium pricing for polymers
- Satisfactory growth in High Value Added products



Financials

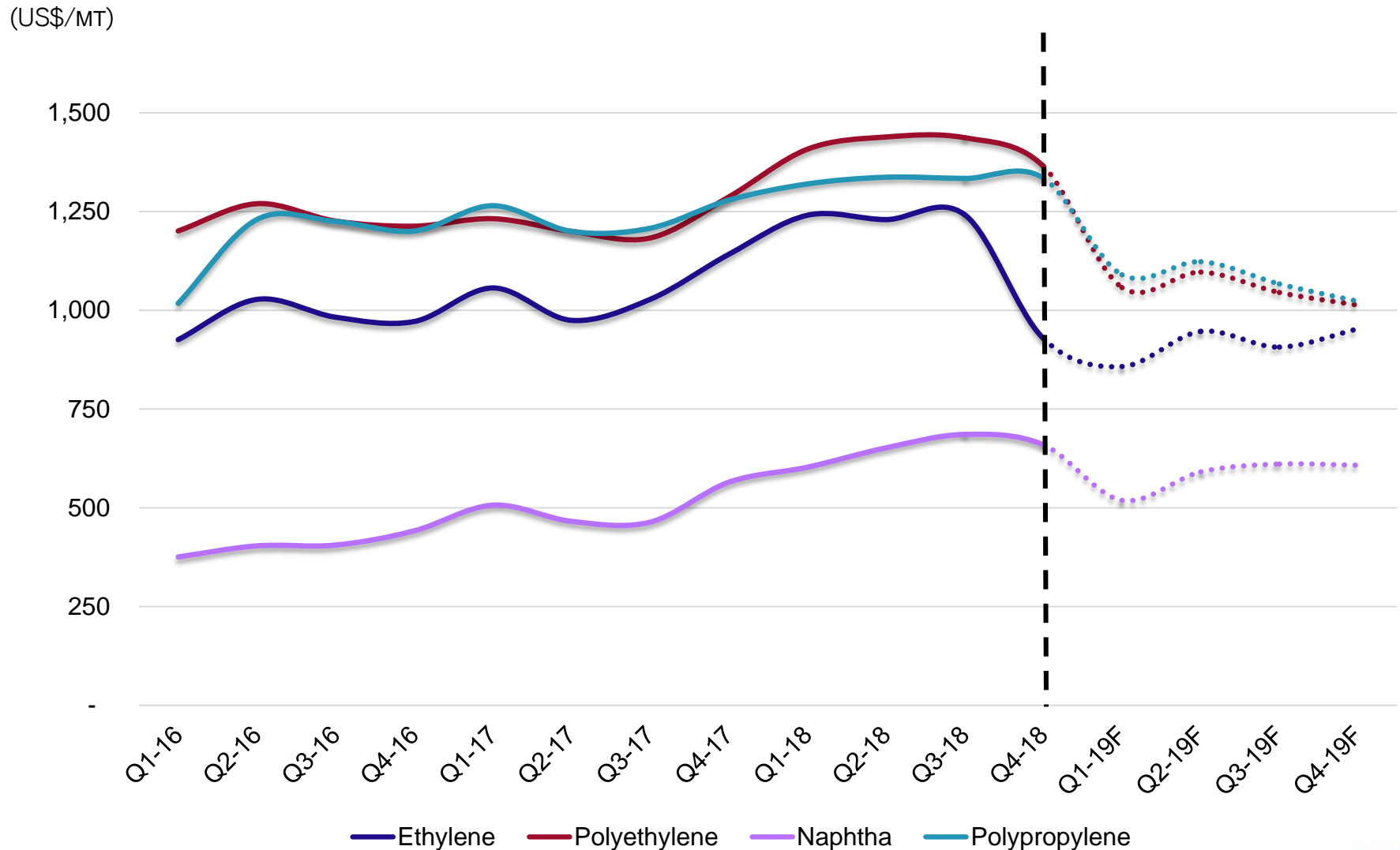
- Competitive earnings and strong CF from operations
- Retained idAA- rating with Pefindo and BB-/Ba3 with Moody's and Fitch
- Secured ECA Buyers' Credit Financing (JBIC and NEXI-covered loans)



Human Capital

- Employee Engagement Scores higher than industry benchmark
- Talent attraction and retention on track for future growth

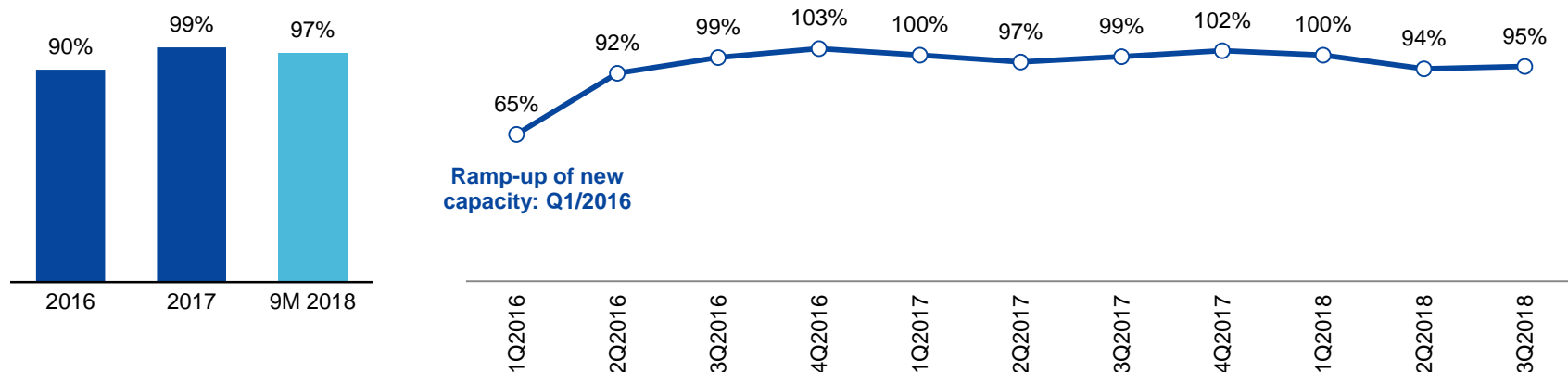
Product Spreads Remain Healthy Through the Cycle



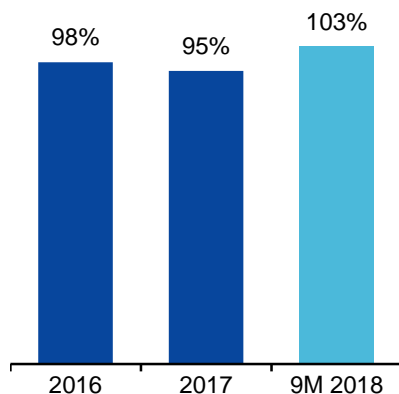
Note: Forecast prices based on IHS 31 January 2019.

Strong Track Record of Delivering Operational Excellence and Performance

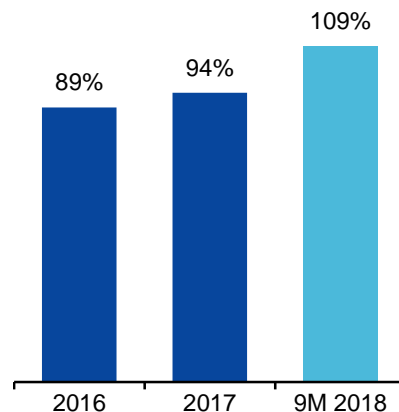
Naphtha Cracker Utilization



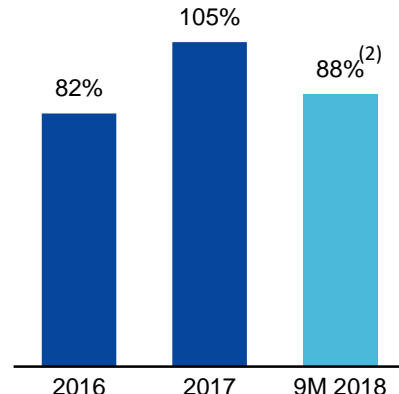
Polyethylene Plant Utilization



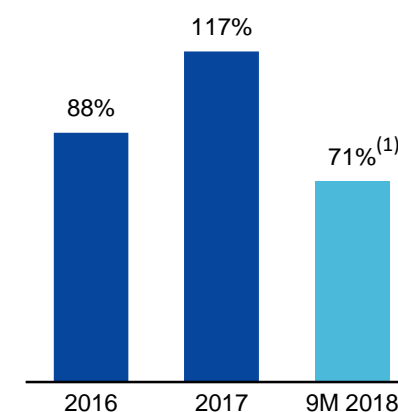
Polypropylene Plant Utilization



Styrene Monomer Plant Utilization



Butadiene Plant Utilization



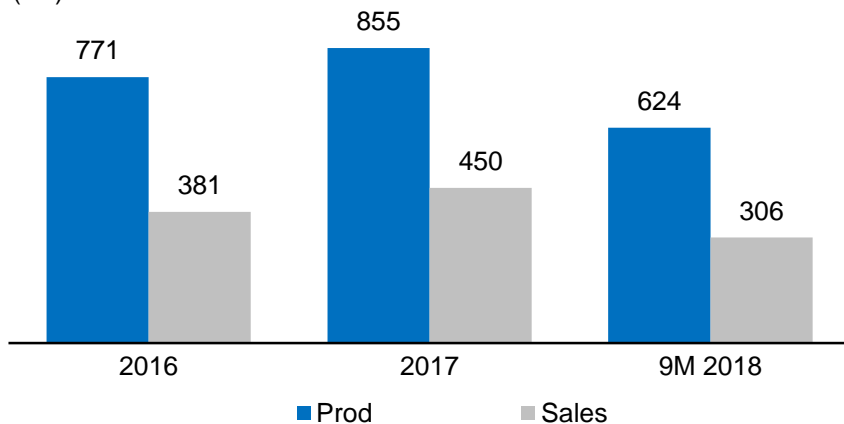
Plant utilization has remained high due to our operational process optimization initiatives

- (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

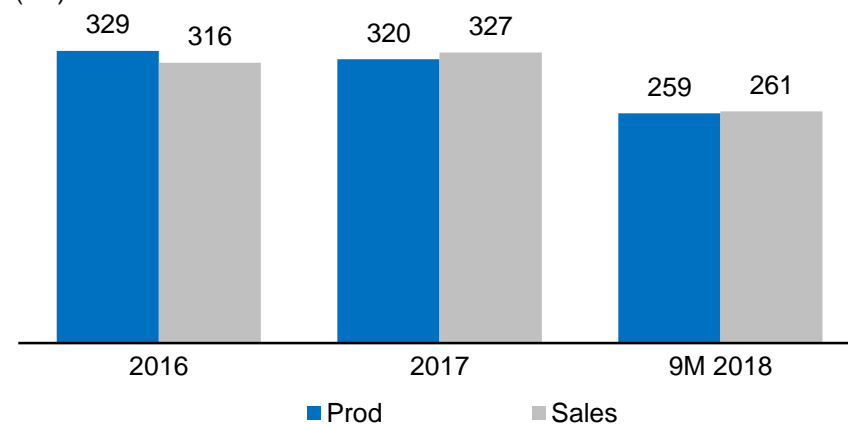
Naphtha Cracker

(KT)



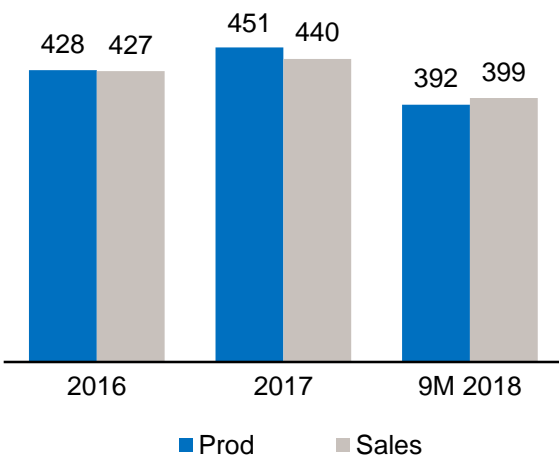
Polyethylene Plant

(KT)



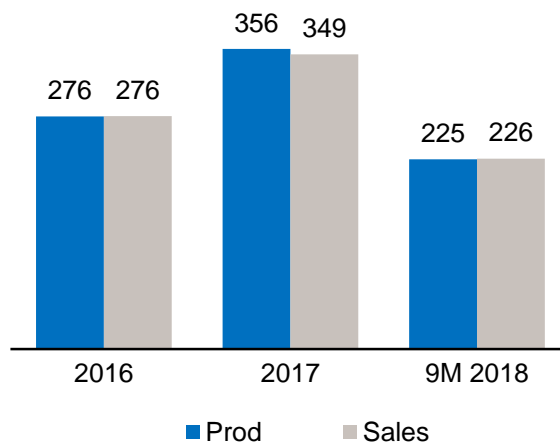
Polypropylene Plant

(KT)



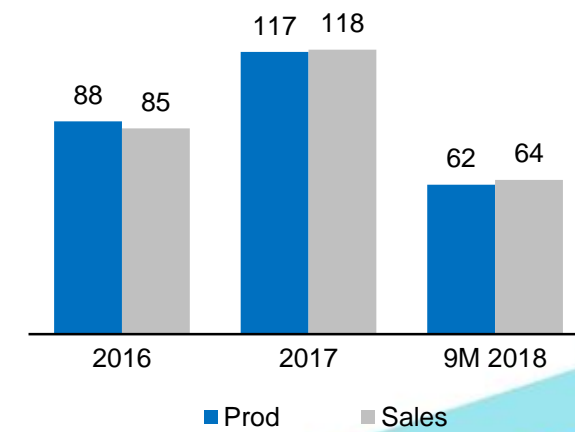
Styrene Monomer Plant

(KT)



Butadiene Plant

(KT)

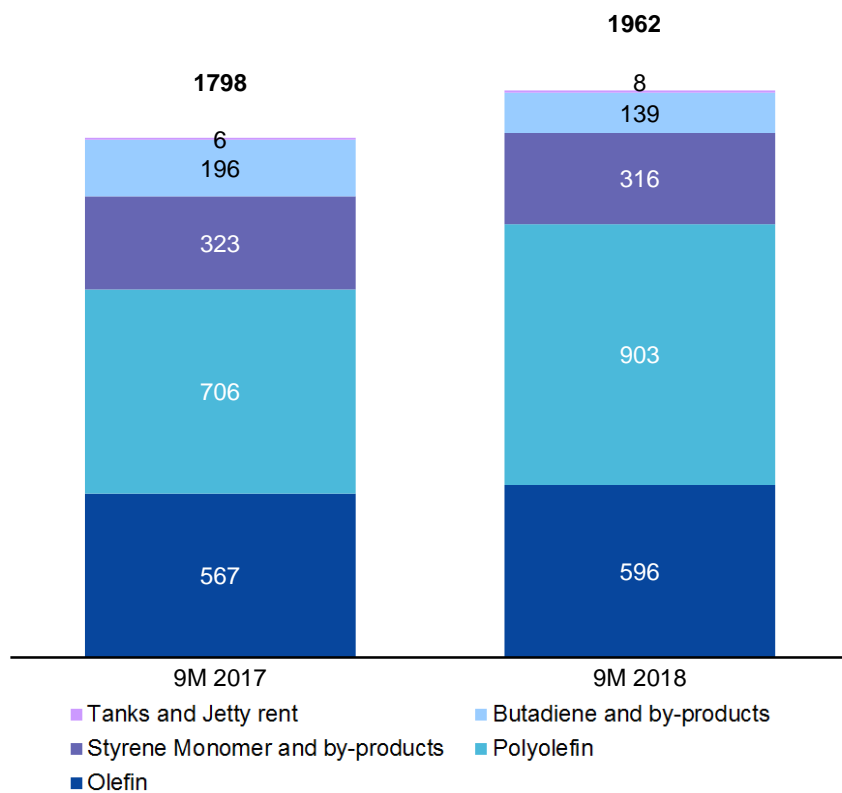


3. Financial Highlights

Resilient Revenue Driven by Diverse Product Portfolio and Increased Capacity

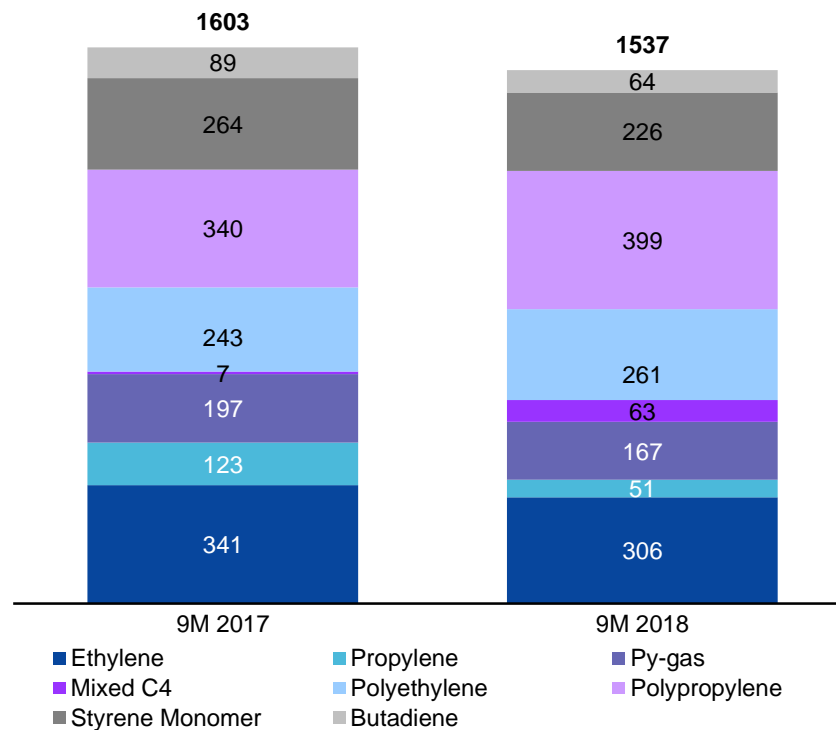
Revenue by Product Segments

(US\$m)



Sales Volume

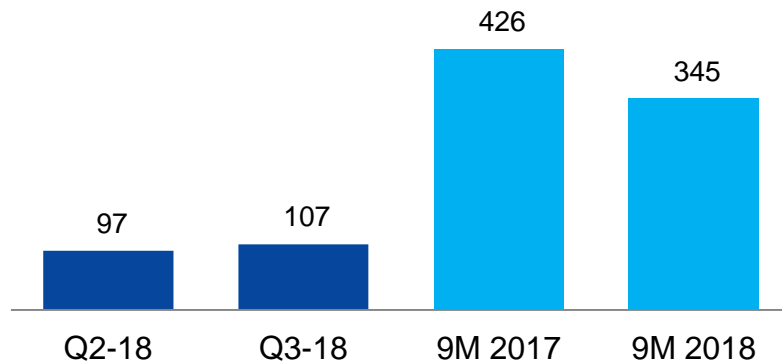
(KT)



Strong Financials Further Enhanced by Economies of Scale

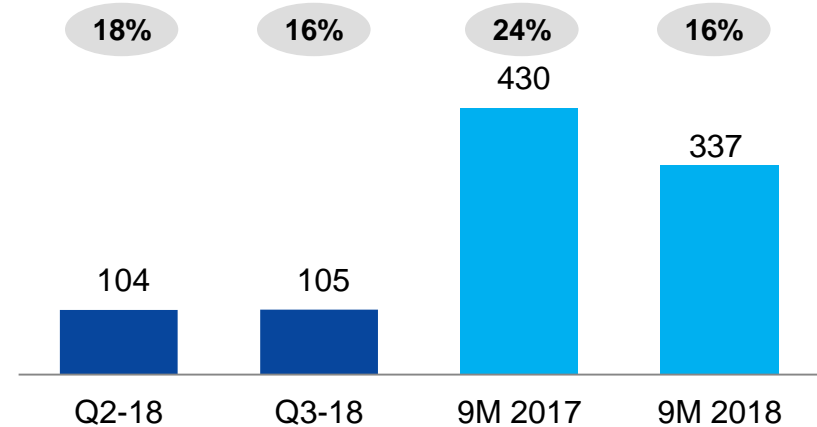
(in US\$m)

Gross Profit



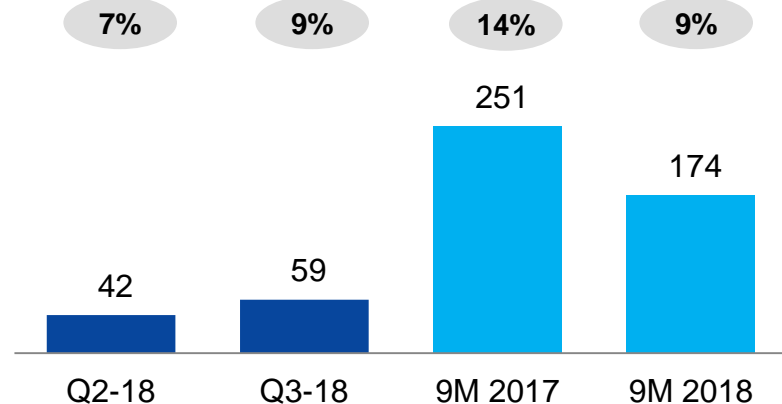
EBITDA (Unaudited)

Adjusted EBITDA margin

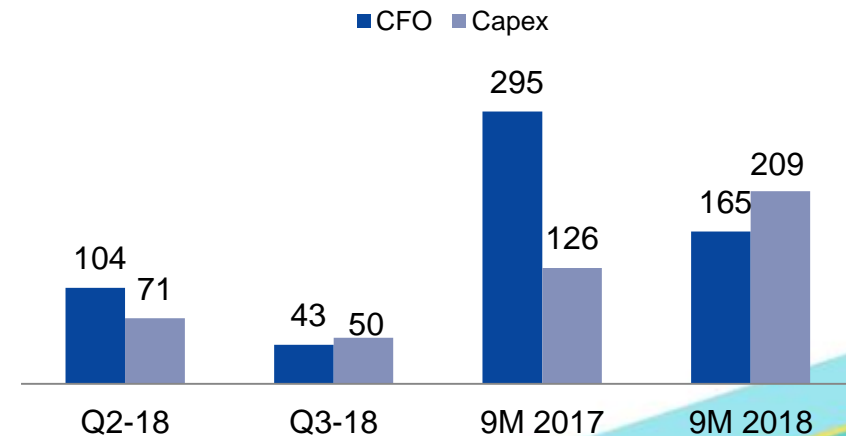


Net Profit

Net Profit Margin



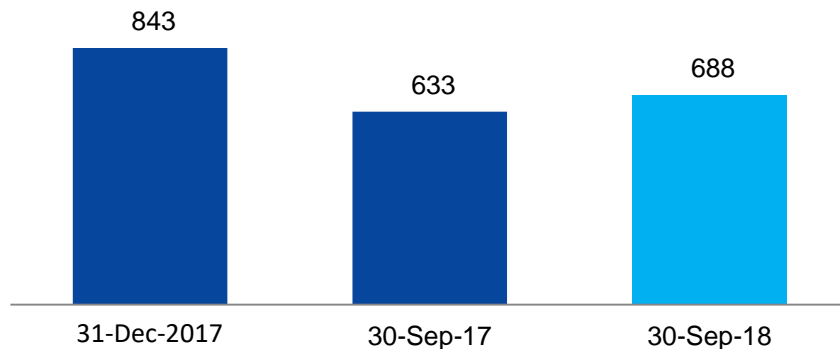
Cash flow from Operations, Capex



Robust Balance Sheet Supported by Financial Profile Strengthening

Cash Balance

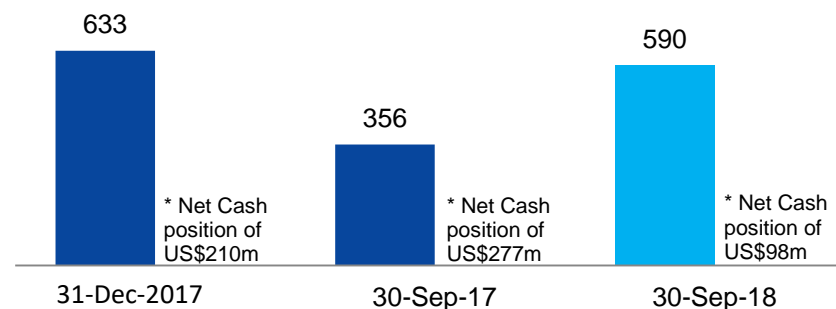
(US\$m)



Debt and Net Debt

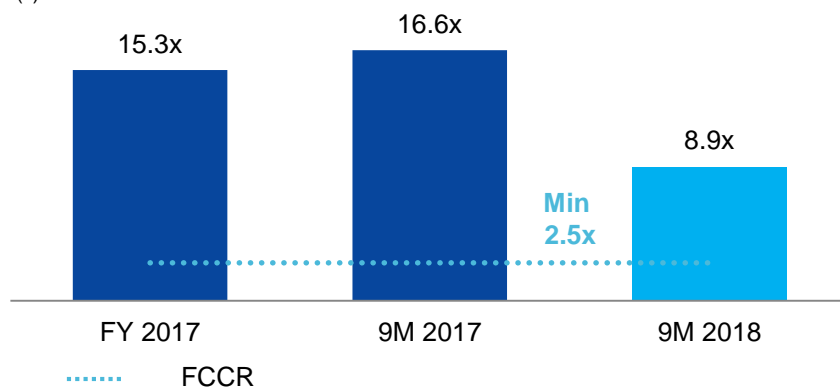
(US\$m)

■ Debt ■ Net Debt



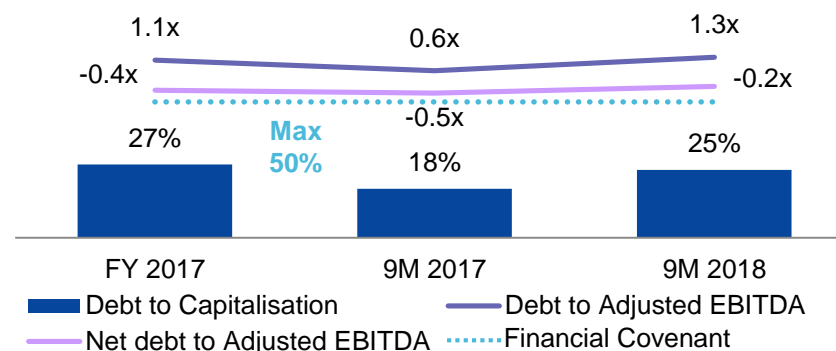
Adjusted EBITDA / Finance Costs ⁽¹⁾

(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.

Competitive, Diversified and Well-Sculpted Long Term Debt (1 of 2)

Type of debt	Principal	Outstanding	Maturity	Interest rate	Key Collateral
Term Loan	US\$220m	US\$26.4m	29 September 2019	LIBOR+Margin	Fixed and movable assets, including real property, plant, machinery and equipment, insurances.
Term Loan	US\$199.8m	US\$159.8m	28 November 2023	LIBOR+Margin	
Senior Secured Notes (IDR)	IDR500 billion ~US\$37.5m	US\$37.5m	Series A: 22 Dec 2019 Series B: 22 Dec 2021	Series A: IDR10.80%pa Series B: IDR11.30%pa	
Senior Secured Notes (IDR) I Phase I 2017	IDR500 billion ~US\$36.9m	US\$36.9m	Series A: 12 Dec 2020 Series B: 12 Dec 2022 Series C: 12 Dec 2024	Series A: IDR8.40%pa Series B: IDR9.10%pa Series C: IDR9.75%pa	
Senior Secured Notes (IDR) I Phase II 2018	IDR500 billion ~US\$34.7m	US\$34.7m	Series A: 1 Mar 2021 Series B: 1 Mar 2023 Series C: 1 Mar 2025	Series A: IDR7.50%pa Series B: IDR8.25%pa Series C: IDR9.00%pa	

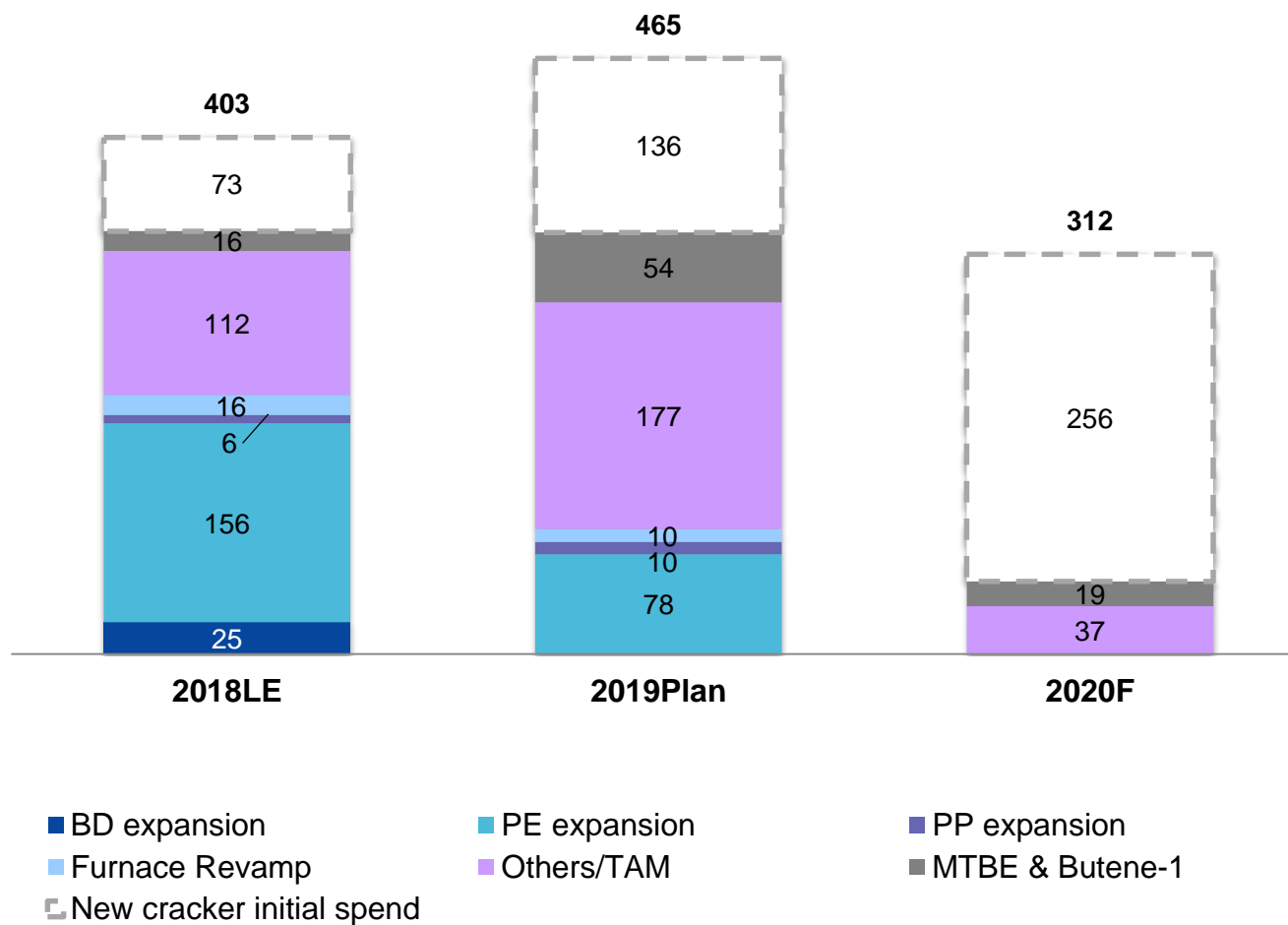
Competitive, Diversified and Well-Sculpted Long Term Debt (2 of 2)

Type of debt	Principal	Outstanding	Maturity	Interest rate	Key Collateral
Senior Unsecured Notes (IDR) II Phase I 2018	IDR500 billion ~US\$32.9m	US\$32.9m	19 Dec 2021	IDR10.00%pa	Unsecured
JBIC Buyer's Credit	Up to US\$191m	Undrawn	10 Sep 2026	LIBOR+Margin	
Senior Unsecured Bond (USD)	US\$300m	US\$300m	28 November 2024	4.95% pa	

Capital Expenditure Plan to Pursue Value-Accretive Growth

Capex Plan 2018-2020

US\$ mn



4. 2019 Priorities

2019 Key Priorities



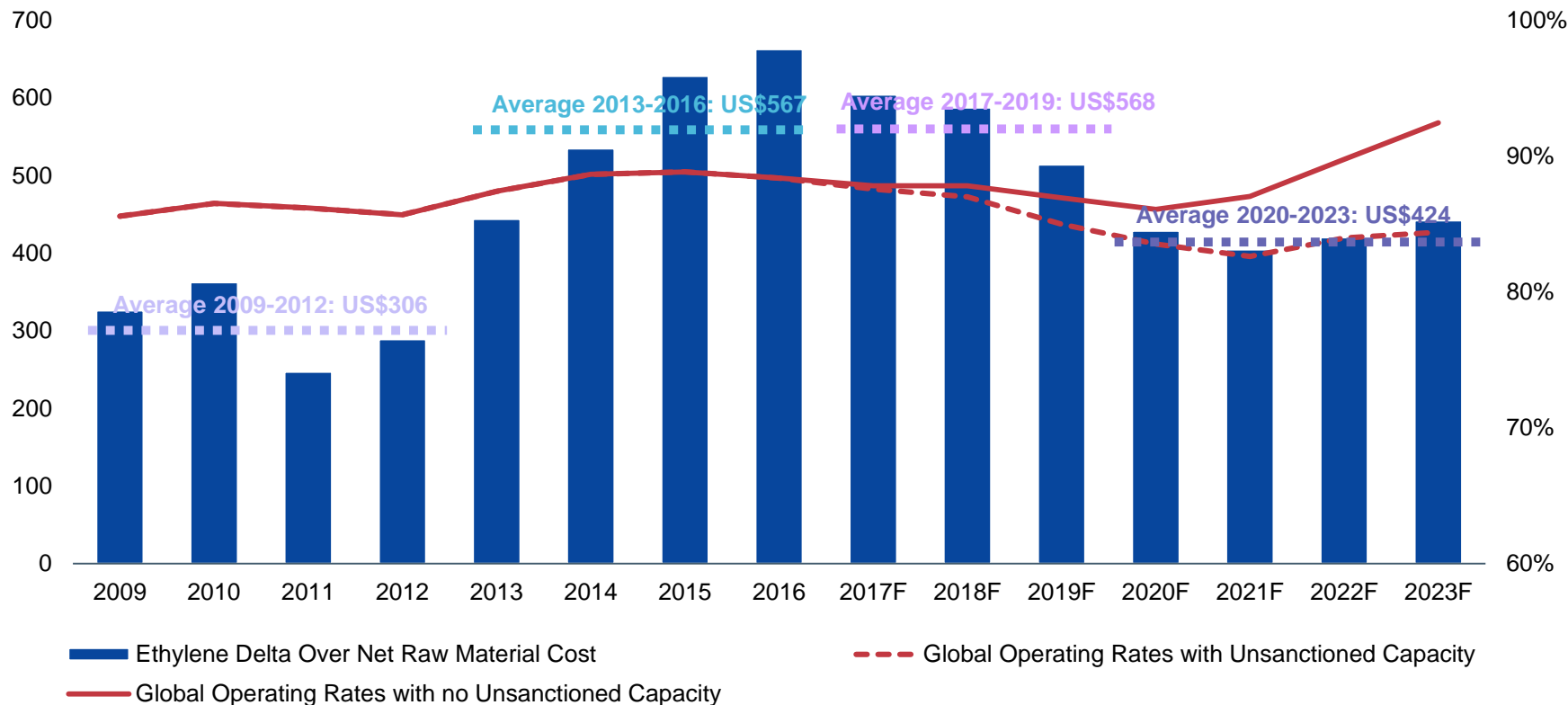
- New 400 KTA Polyethylene Plant to achieve on-spec product by Q4 2019
- 23% increase in Polypropylene capacity to 590KTA with completion of expansion programme by Q4 2019
- Complete Furnace Heater Revamping to increase ethylene and propylene production capacity by end 2019
- Successfully execute 55-day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

The Petrochemical Industry is in a Long Term Cyclical Phase

Ethylene Spreads Over Naphtha

Gap over naphtha (US\$/t)

% Utilisation



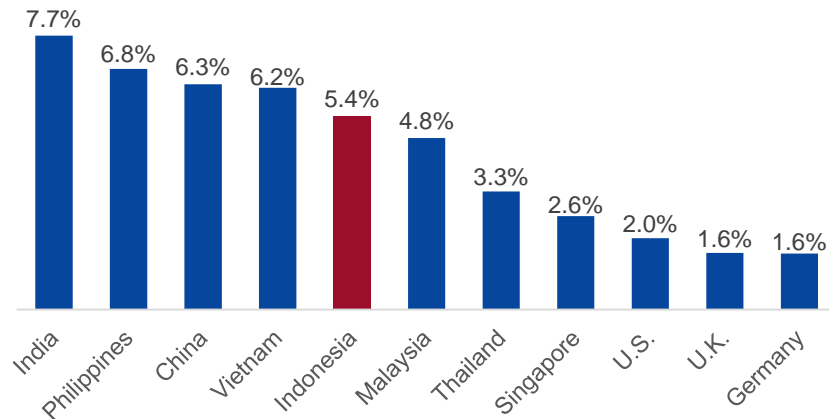
Petrochemical industry profitability to continue on path of sustainable recovery post 2012 as a result of improving demand and lower capacity addition

Note: Forecast price is based on Brent Crude at US\$55 (2017), US\$65 (2018), US\$70 (2019 – 2025) per barrel (constant 2016 dollars)

Source: Nexant

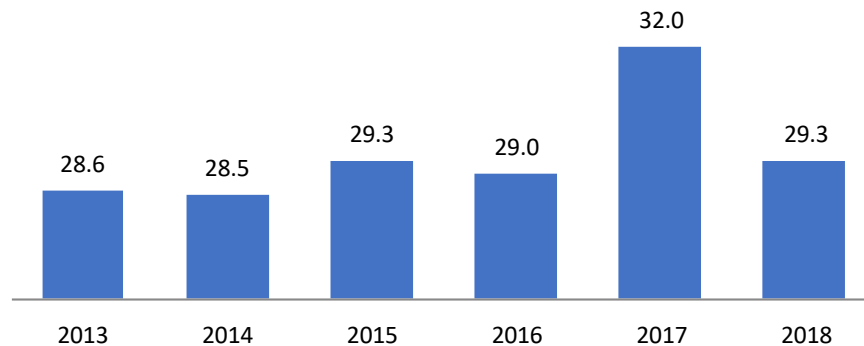
Attractive Indonesian Macroeconomic Growth and Consumption Trends

GDP Growth CAGR (2017 – 2020F)⁽¹⁾

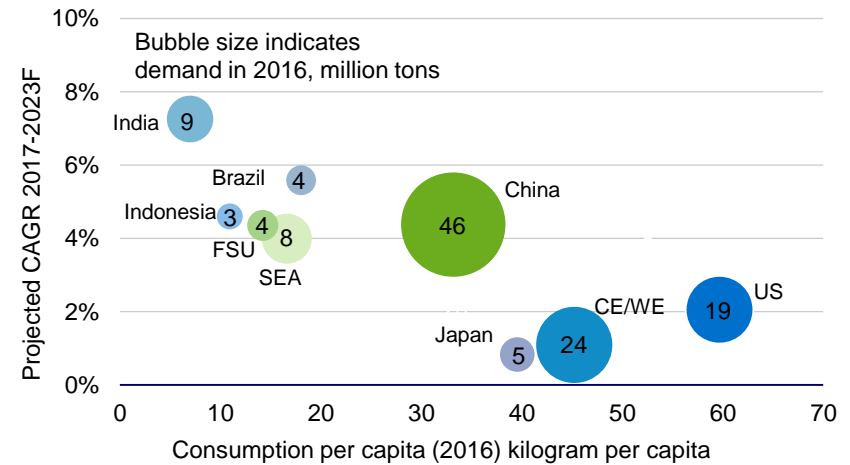


Foreign Direct Investment in Indonesia (2013 – 2018)

(US\$bn)



Polyolefins Consumption per Capita⁽²⁾⁽³⁾⁽⁴⁾



Domestic trends

Rising Population

Quality of Life

Product Substitution

Consumer Spending

Urbanization

Manufacturing

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

(2) SEA excludes Indonesia

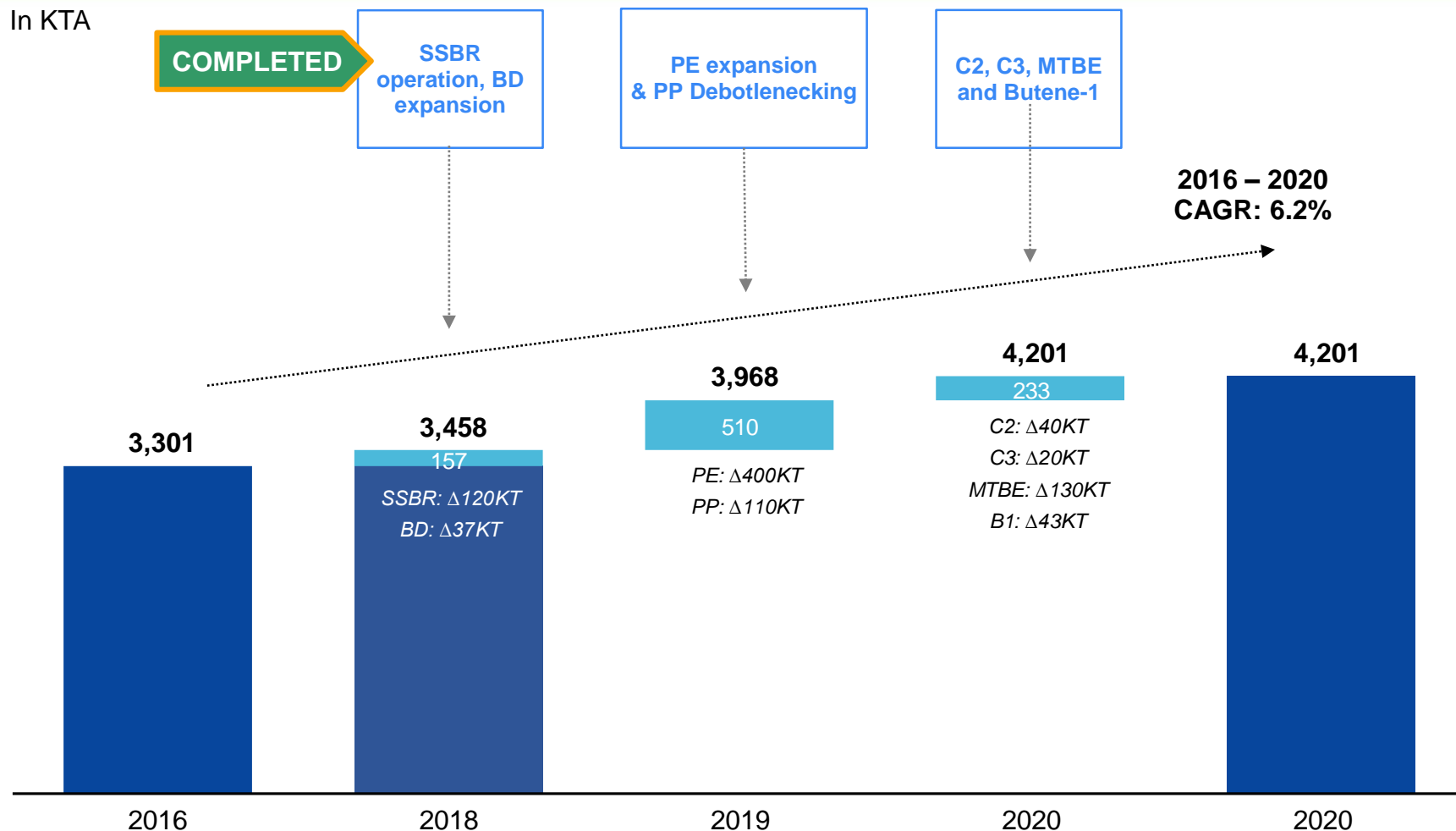
(3) Polyolefins include HDPE, LLDPE, LDPE and PP

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

Source: Nexant Industry Report, IMF, BKPM

CAP 1 Strategic Growth via Expansion and Debottlenecking

In KTA



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 are 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
94%

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
- Est. Investment: US\$ 48 million

Progress
85%

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
45%

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
48%

Expand Product Offering by Moving Downstream

Synthetic Rubber Project (through SRI JV)

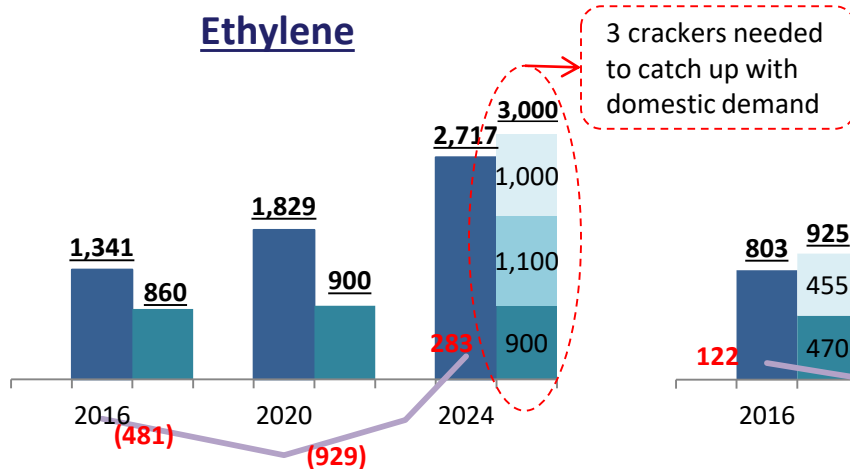
- Part of downstream integration strategy and efforts to produce higher-value added products
- Partnership with leading global player (55% Michelin and 45% CAP)
- Production capacity: 120 KT/A
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018
- Investment: US\$435 million

On
Stream

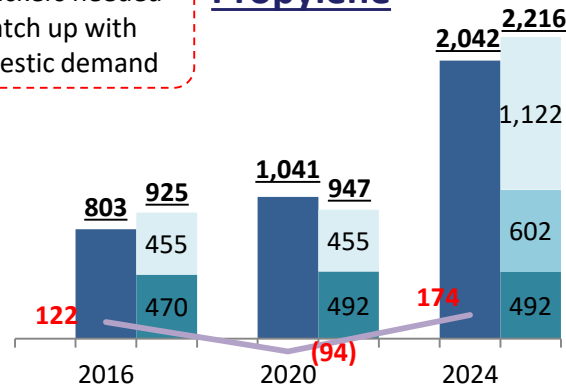
CAP is Well-Positioned to Benefit from the Demand-Supply Gap in Indonesia

In KTA

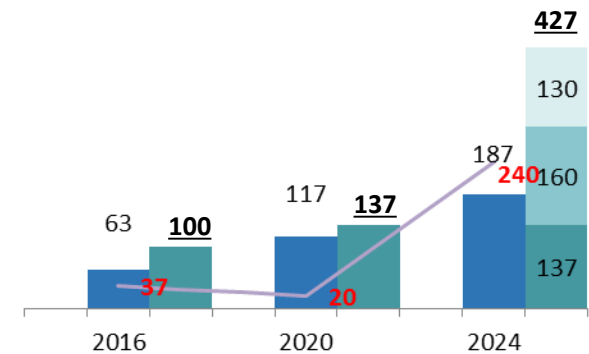
Ethylene



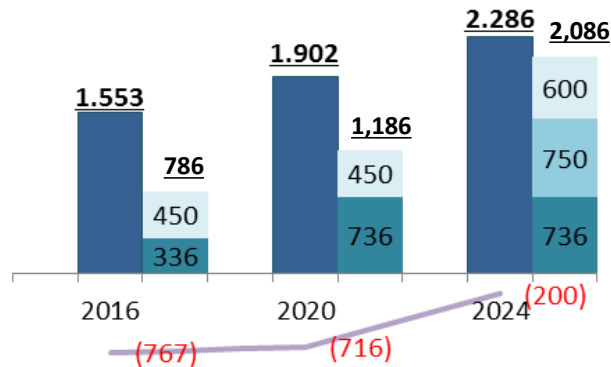
Propylene



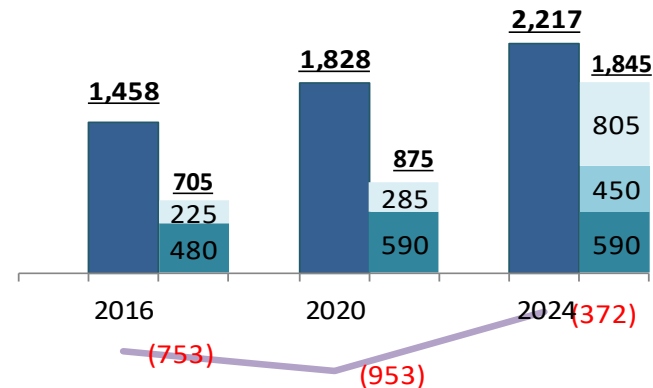
Butadiene



Polyethylene

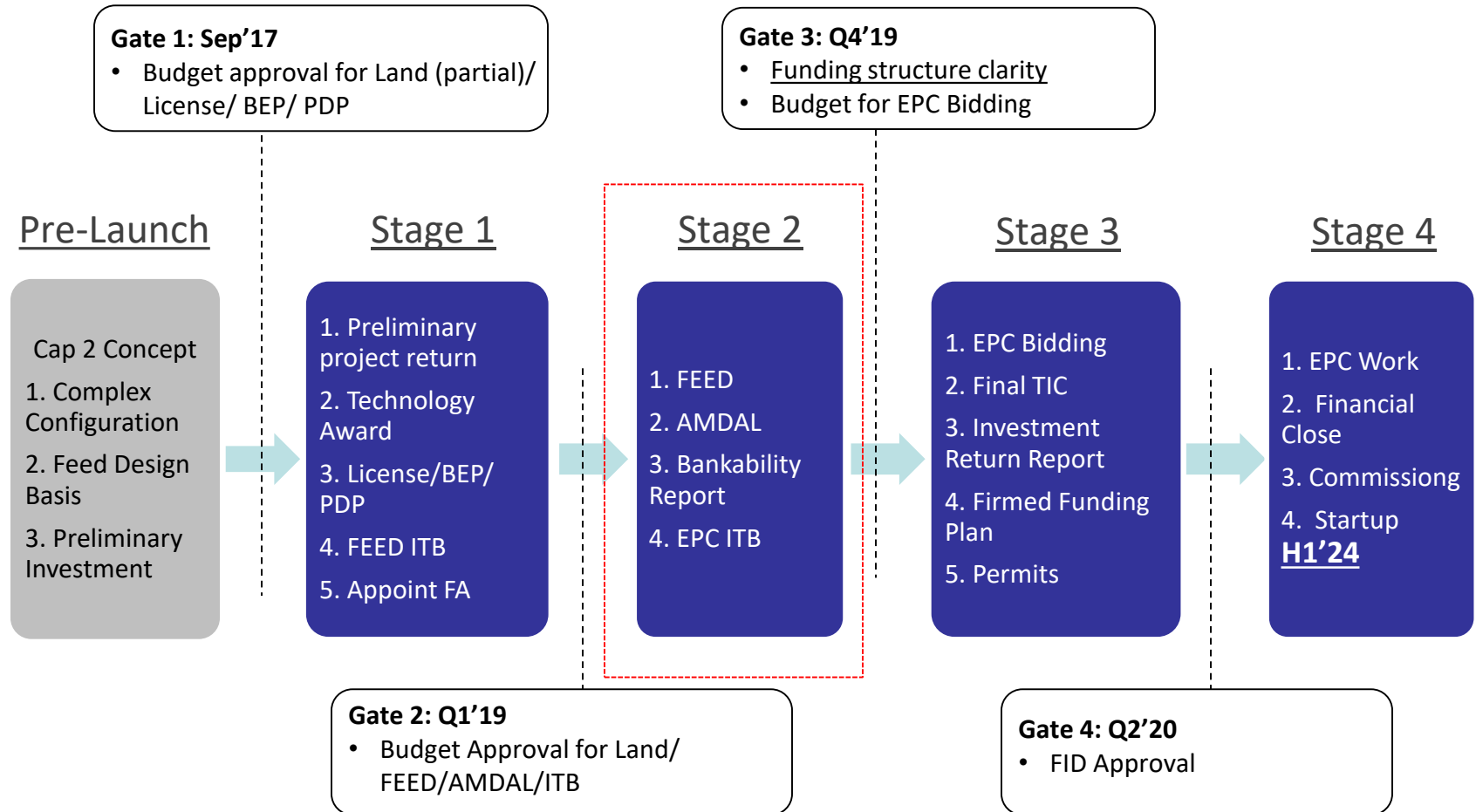


Polypropylene



■ Demand ■ CAP1 ■ CAP2 ■ Other producer — Balance

CAP2 Project Master Schedule



Thank You

Address:

PT Chandra Asri Petrochemical Tbk

Wisma Barito Pacific Tower A, Lt. 7

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

Jakarta 11410

Contact:

Investor Relations

Email: investor-relations@capcx.com

Tel: +62 21 530 7950

Fax: +62 21 530 8930

Visit our website at www.chandra-asri.com

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