



PT Chandra Asri Petrochemical Tbk

Q1 2020 Results

Earnings Call – 5th June 2020



Chandra Asri
Your Growth Partner

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.

There are a number of factors that could affect the operations and future performance of PT Chandra Asri Petrochemical Tbk, and cause the Company's results to differ from those expressed in the forward looking statements including (a) cyclicity in the petrochemical industry, (b) volatility of the international market prices, (c) fluctuations in the cost of feedstock, (d) variances to capacity and product expansion plans, (e) increased global and local competition, (f) unscheduled outages and shutdowns, (g) political and macro-economic risks, (h) trade-regulating actions by international governments, (i) evolving environmental and occupational health and safety laws, (j) dependence on third party providers, (k) approvals to renew permits/approvals/licenses, (l) risks associated with global pandemics e.g. COVID-19 outbreak, and (m) changes in trading conditions.

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 **Strategy & Growth**
- 4 **Questions & Answers**

Management Overview

- 1 **3 Key Imperatives.** Given the unprecedented uncertainty the world is experiencing due to COVID-19, Chandra Asri is focused on (1) Business Continuity, (2) Operational Excellence, and (3) Financial Resilience.
- 2 **Challenging Macro Environment.** Q1 2020 performance reflects challenging macroeconomic conditions with the Trade War, tight petrochemical spreads with high oil prices, and soft domestic market in China due to COVID-19.
- 3 **Improving Outlook.** Spreads have improved with the sharp decline in crude, translating to a 20-30% margin uplift. Clear plans being executed to rephase capex, reduce opex, and optimize working capital.
- 4 **Robust Liquidity.** With an US\$880m Liquidity Pool, and US\$624m Cash Balance, Chandra Asri is well-positioned to maintain its robust Balance Sheet.
- 5 **Sustained Growth Focus.** Continued belief in the long-term attractiveness of the Indonesian petrochemical market, and sustained prudent investment. The B1-MTBE plant will come onstream in Q3 2020. Ongoing discussions with Strategic Investors for the second cracker.



COVID-19 Response

Chandra Asri's Key Imperatives to Navigate the Unprecedented Uncertainty



Business Continuity

- Stringent day-to-day operational protocol
- Senior Management Covid-19 Task Force
- Supporting staff set-up for maximum work-from-home capability
- Support Communities



Operational Excellence

- Focus on Asset Integrity, with smooth and safe operations post TAM 2019
- Supply chain resilience
- Robust IT infrastructure
- Maintain critical customer support
- Maintain staff productivity



Financial Resilience

- Capex reduced by \$295m in 2020
- Opex reduced by >US\$10m
- US\$880m total liquidity pool, with US\$624m cash
- Credit rating affirmed by key rating agencies & market

COVID-19 Response – BUSINESS CONTINUITY

Protecting the safety of our staff, stakeholders and community

Protect & Prevent

- **Continuous Undisrupted Operations** at all sites
- **Dedicated** COVID-19 Task Force to support daily operations
- **Preventive measures** at all locations
 - Physical distancing – no large group meetings; reduced occupancy on buses, canteen, entry points; split-shift
 - Enhanced Cleaning and Disinfecting activities across all site
 - Promote preventive measures like frequent handwashing, wearing of masks
- **Establish Maximum Work From Home** capabilities for Support staff

Support & Uplift

- **Detailed internal protocols and resources:** Travel management, Contact Tracing, COVID Response Protocol, Recovery Team Readiness
- **Maintain employment** and **full health insurance cover** for employees
- **Access to physical and mental health resources.** Dedicated internal medical team to monitor employee health
- **Support** Front Line Workers, Donate Medical Equipment (test kits, masks) and Distribute Food Aid to affected local communities



**Physical
Distancing**



**Temperature
Screening**



**Disinfectant
Chambers**



**Disinfectant
Protocols**

COVID-19 Response – BUSINESS CONTINUITY

Protecting the safety of our staff, stakeholders and community



Enhanced Cleaning and Disinfection

Physical Distancing



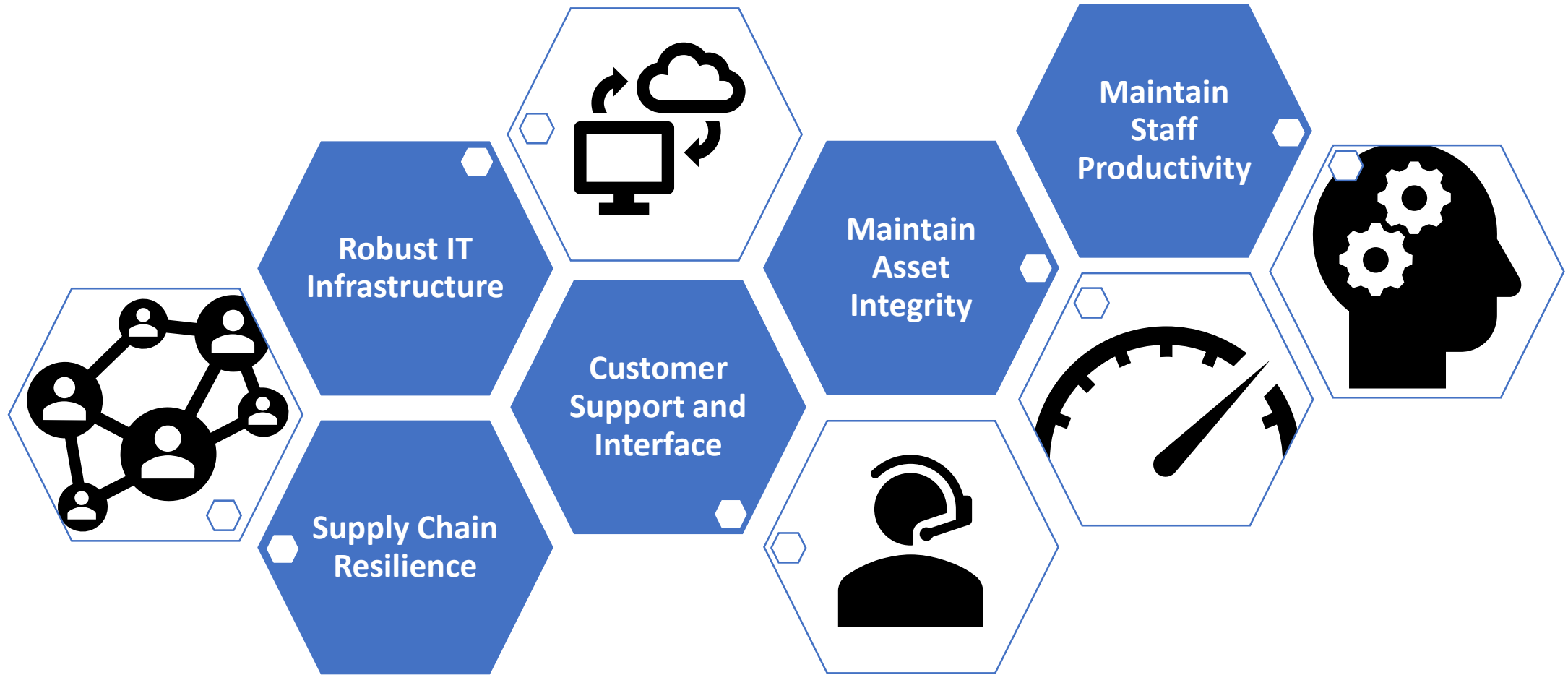
Support Front Line Workers

Donation of Medical Equipment

Food Aid for Affected Communities

COVID-19 Response – OPERATIONAL EXCELLENCE

Maintain Asset Integrity, Productivity, and Customer-Focus



COVID-19 Response – FINANCIAL RESILIENCE

Rephase Capex, Reduce Opex, and Optimise Working Capital

Milestones Achieved for 2020

US\$295m

Reduction in capex budget
2020 from \$430m to \$135m

US\$41m

Cash release from working
capital optimisation

US\$11m

Reduction in conversion costs
with lower gas prices

>US\$10m

Reduction in operating
expenditure

US\$70m

5-year term loan from
PermataBank

US\$75m

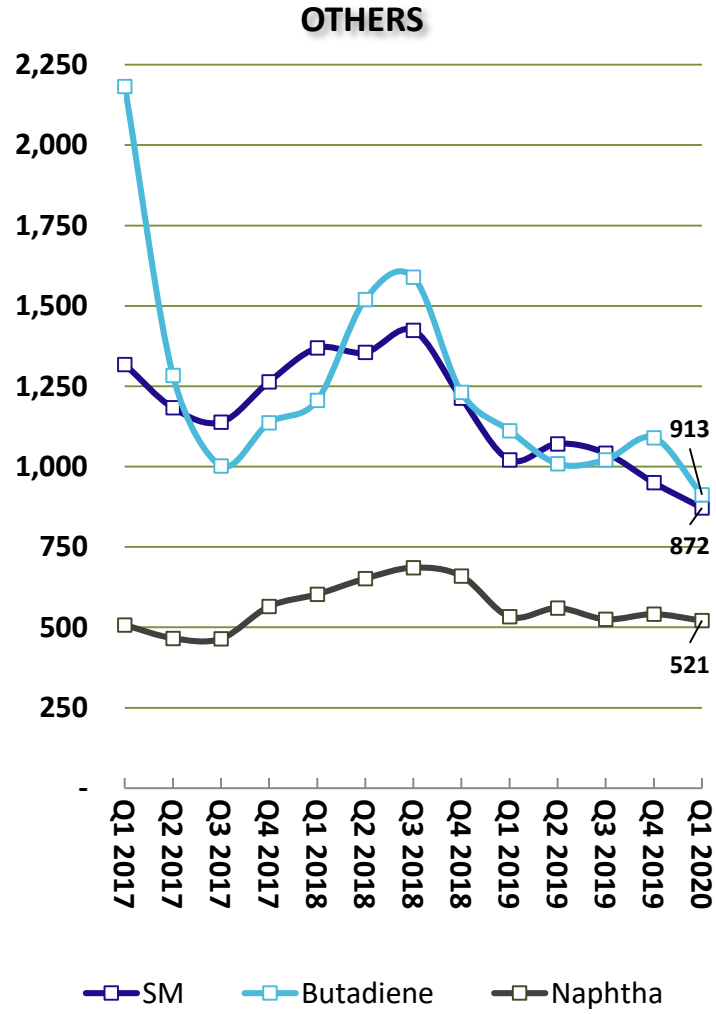
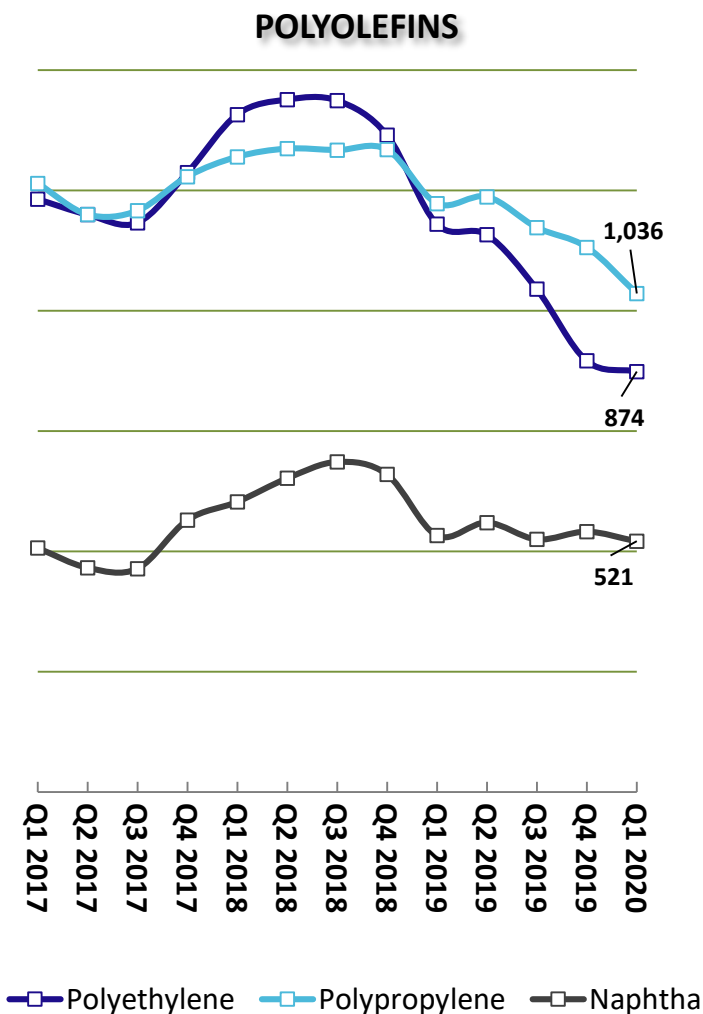
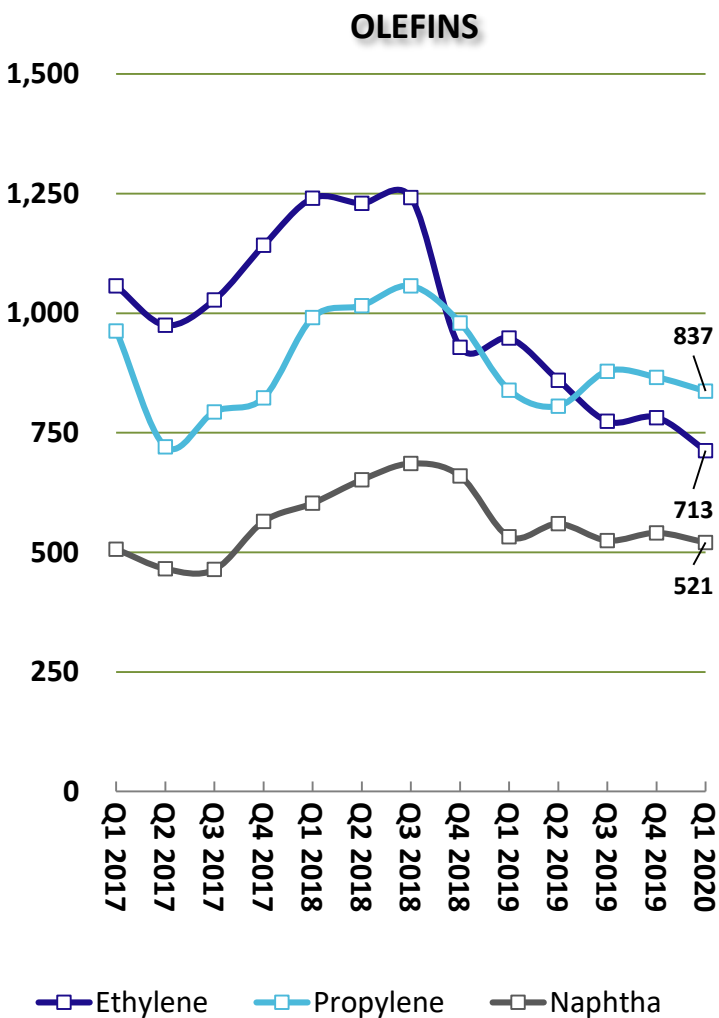
Net increase in LC trade
facilities



**“Loan in the time of Corona”– Notarial signing of PermataBank
5 year term loan facility on 15 May 2020**

Product Spreads

Q1 2020 product spreads were very tight for the global petchem industry, but have since rebounded with the collapse in crude prices.

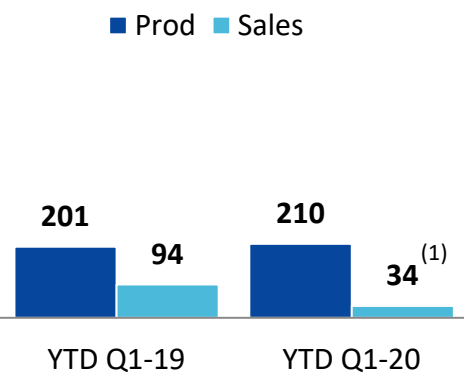


Production and Sales

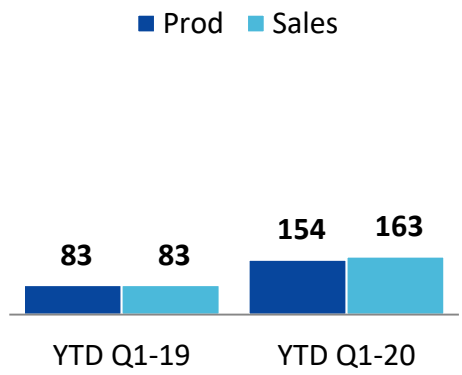
With the 400KTA New Polyethylene coming on stream, Chandra Asri's PE production & sales have doubled.

(all figures in KT)

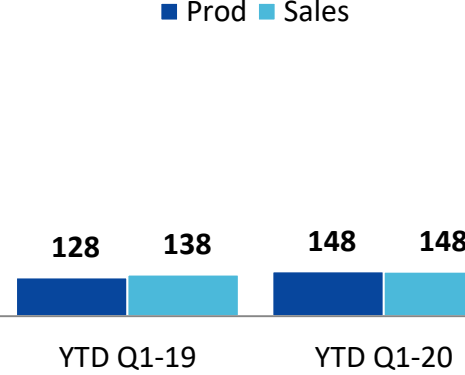
Ethylene



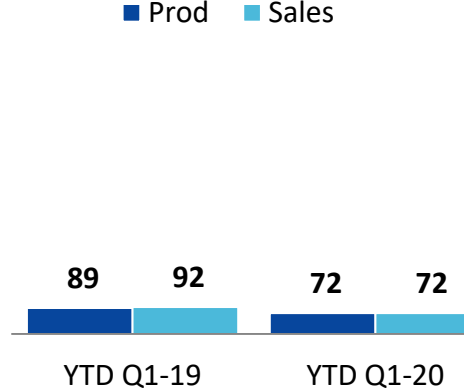
Polyethylene Plant



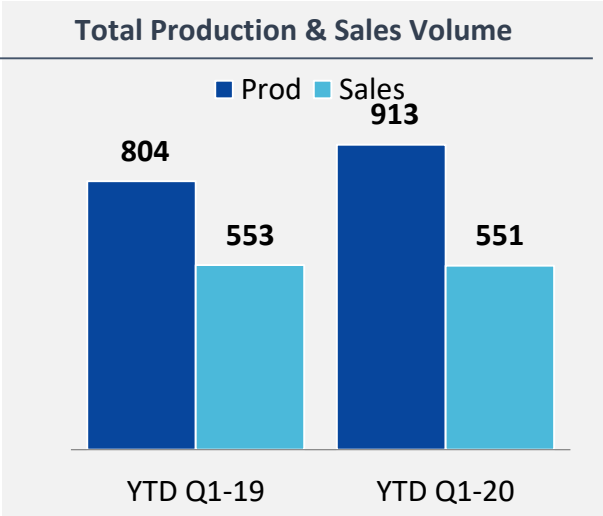
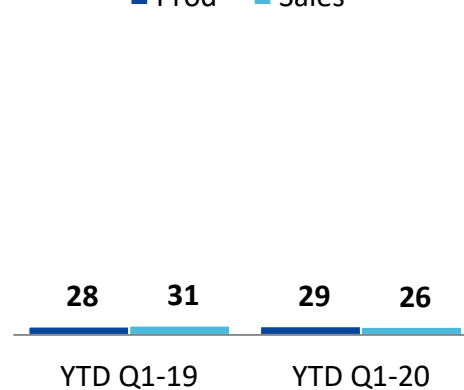
Polypropylene Plant



Styrene Monomer Plant



Butadiene Plant

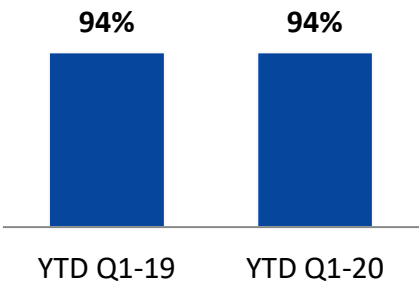


(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

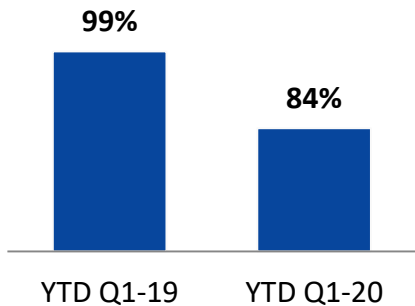
Operating Rates

Key focus is to run the plant full with clear eye on safety, whilst optimising economics and spreads.

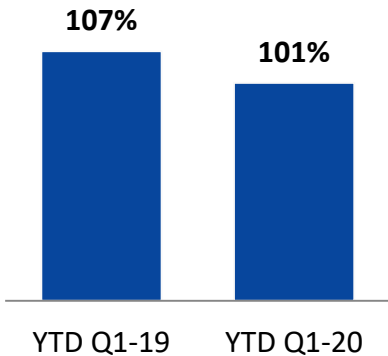
Naphtha Cracker



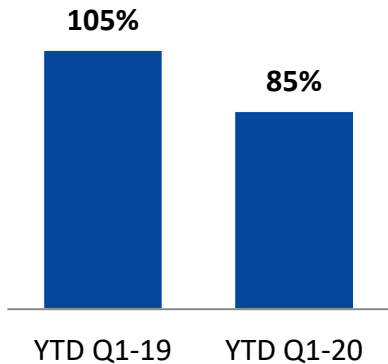
Polyethylene Plant



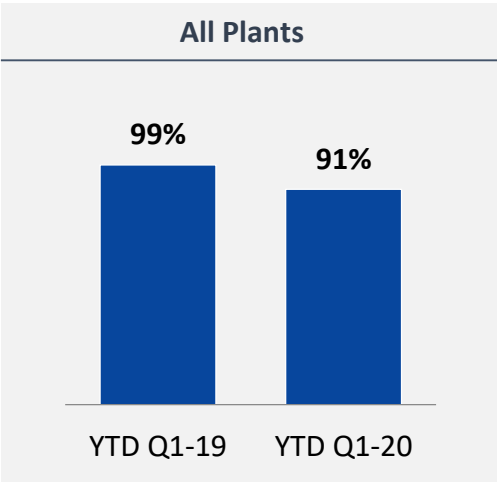
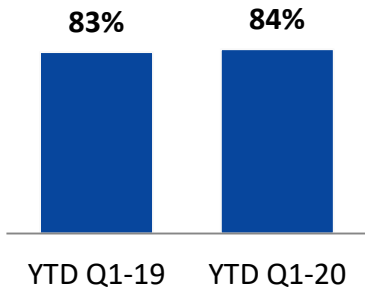
Polypropylene Plant



Styrene Monomer Plant



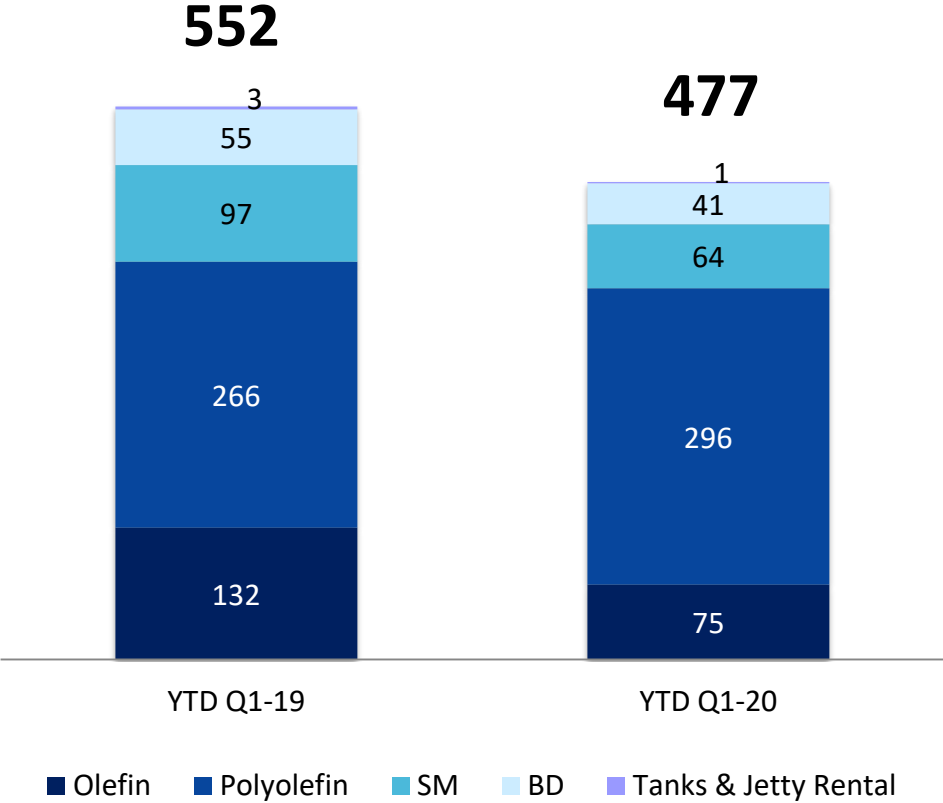
Butadiene Plant



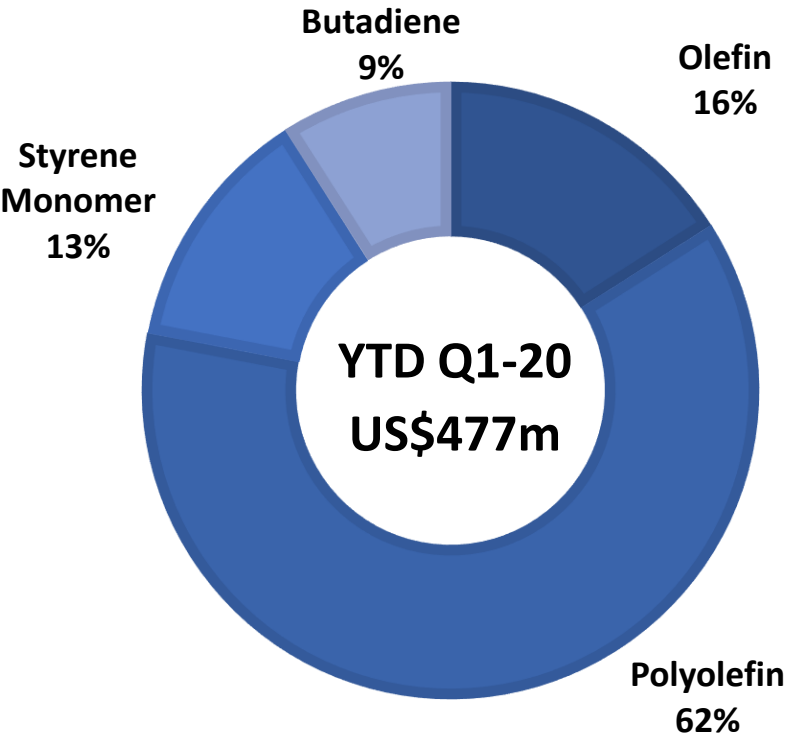
Net Revenues

Lower Net Revenues by 14% ytd to US\$477 million in Q1 2020, reflecting lower realized Average Selling Price for all products, primarily for Ethylene and Polyethylene.

Net Revenues by segment (in US\$mn)



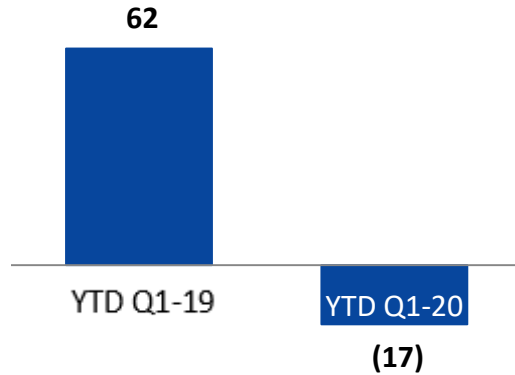
Net Revenues % Split



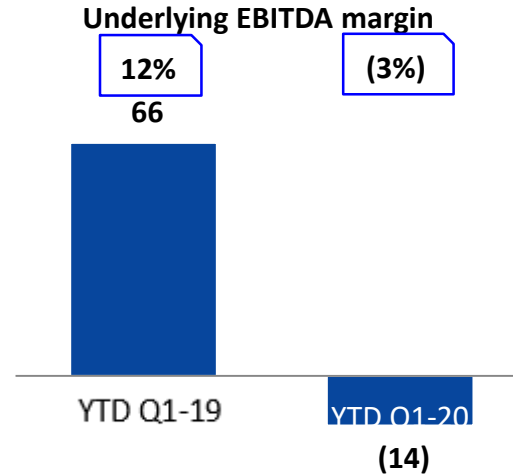
Key Financials

Q1 2020 impacted by margins which were lower than historical average but have since picked up

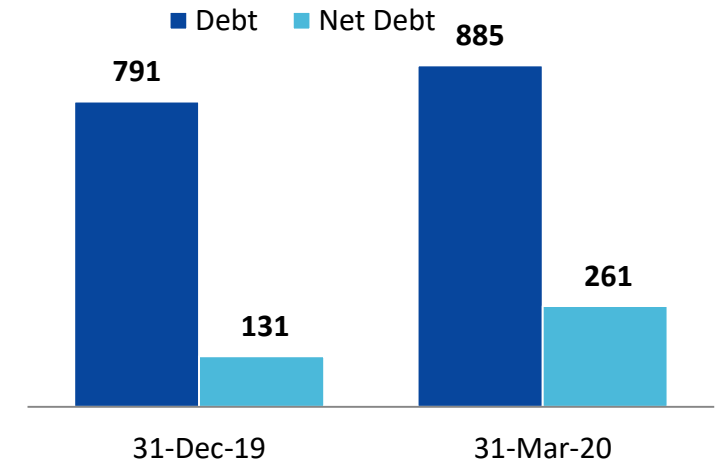
Gross Profit (\$m)



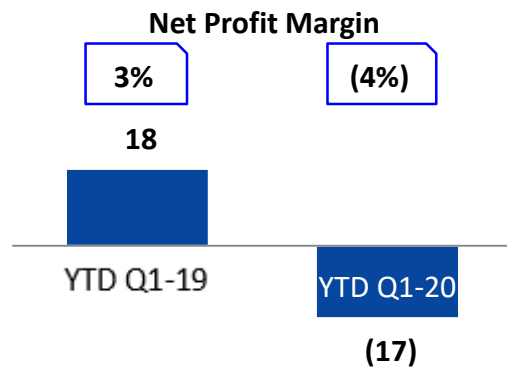
Underlying EBITDA (\$m)



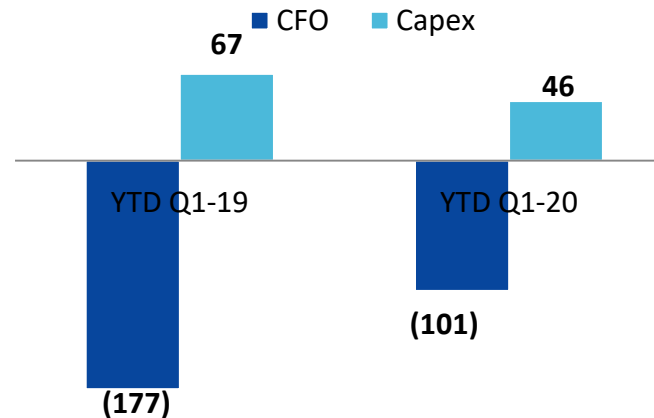
Debt and Net Debt (\$m)



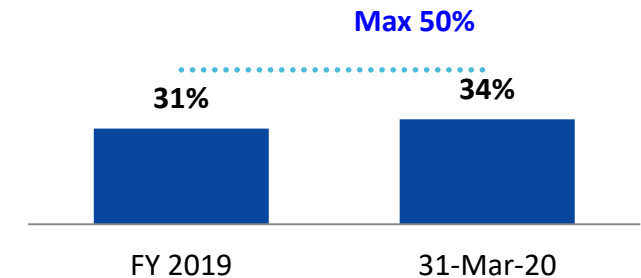
Net Profit (\$m)



Cash Flow from Operations, Capex (\$m)



Gearing (%)



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

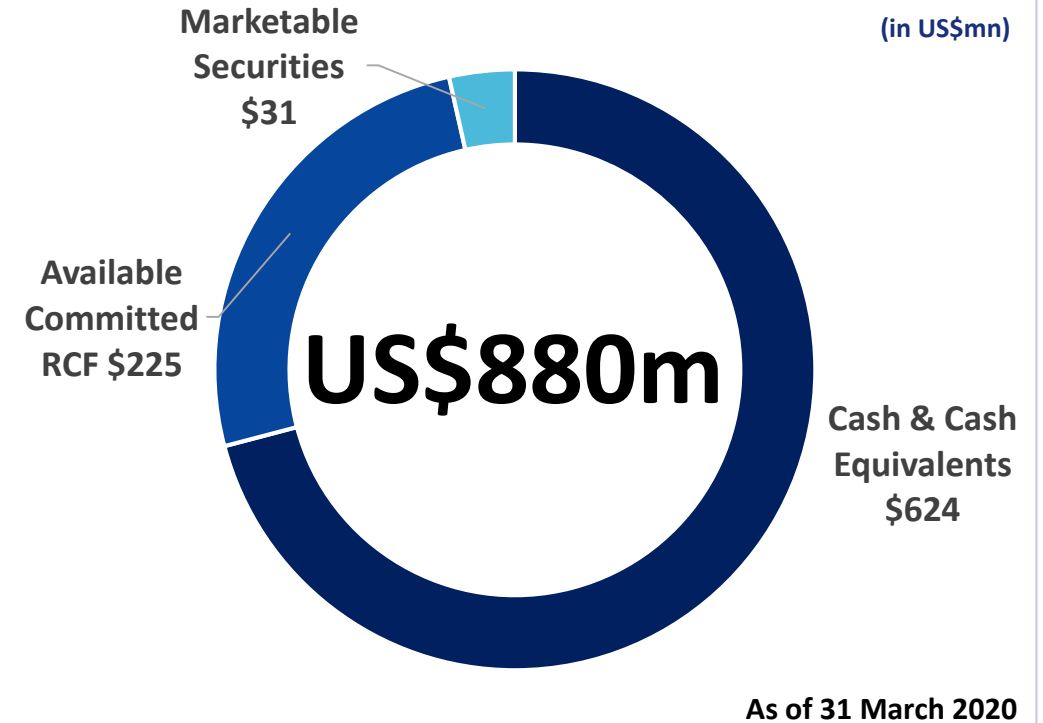
Robust Liquidity Pool

With strong balance sheet position and US\$880m of liquidity, Chandra Asri is well positioned to weather the crisis

Key Highlights

- Strong cash balance of US\$624m
- Robust liquidity with available Revolving Credit Facility lines of US\$225m
- Paid down US\$78m of debt in 2019
- Progressing 3rd IDR Bond Shelf Program after successful full completion of prior programs with oversubscription
- Extended maturities of trade facilities alongside net increase in headline size
- Expect annual interest expense savings with lower libor and competitive financing

Total Liquidity Pool



Updated Capex Budget 2020

Capex channeled towards maintaining asset integrity and safety, and prudent progress being made with new growth projects



Asset Integrity

US\$23m

US\$37m



Margin Improvement

US\$19m

US\$14m



Growth Projects
(including CAP 2)

US\$388m

US\$84m

US\$430m



US\$135m

Outlook for Key Value Drivers

Overall, there is cautious optimism as societies begin to unwind lockdowns and economic activity picks up, notwithstanding global macro economic uncertainties

VOLUME DEMAND

Volumes remain very robust, as Chandra Asri is the leading and preferred domestic player. Limited impact on Indonesian petchem demand and mitigated through exports.

DOMESTIC PREMIUMS

Regional shutdowns, rupiah volatility and restricted movements have affirmed added-value to domestic customers as supplier of 1st choice and sustained local premiums.

PRODUCT PRICES

Polymer product prices strengthening with China manufacturing rebound as their economy reopens. Purchasing Managers Index (PMI) above market expectations.

OPERATING RATES

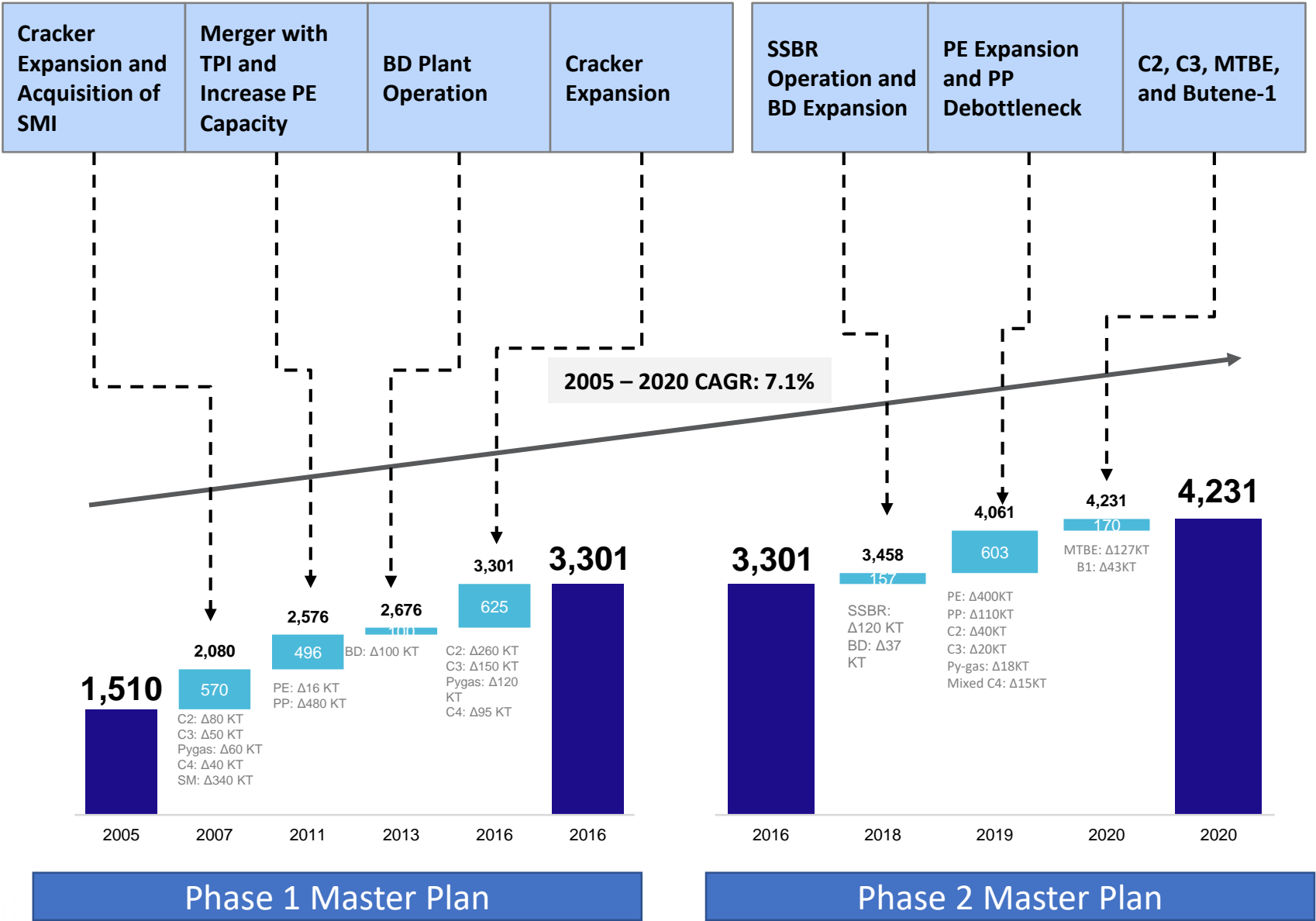
The plant is running optimally, coming out of a successful Turnaround Maintenance in 2019. Dedicated COVID-19 Task Force to ensure sustained operations.

FEEDSTOCK COSTS

At today's crude prices , naphtha produce price competitiveness has moved from 3rd to 1st quartile along the petchem cost curve. Lower feedstock frees up working capital.

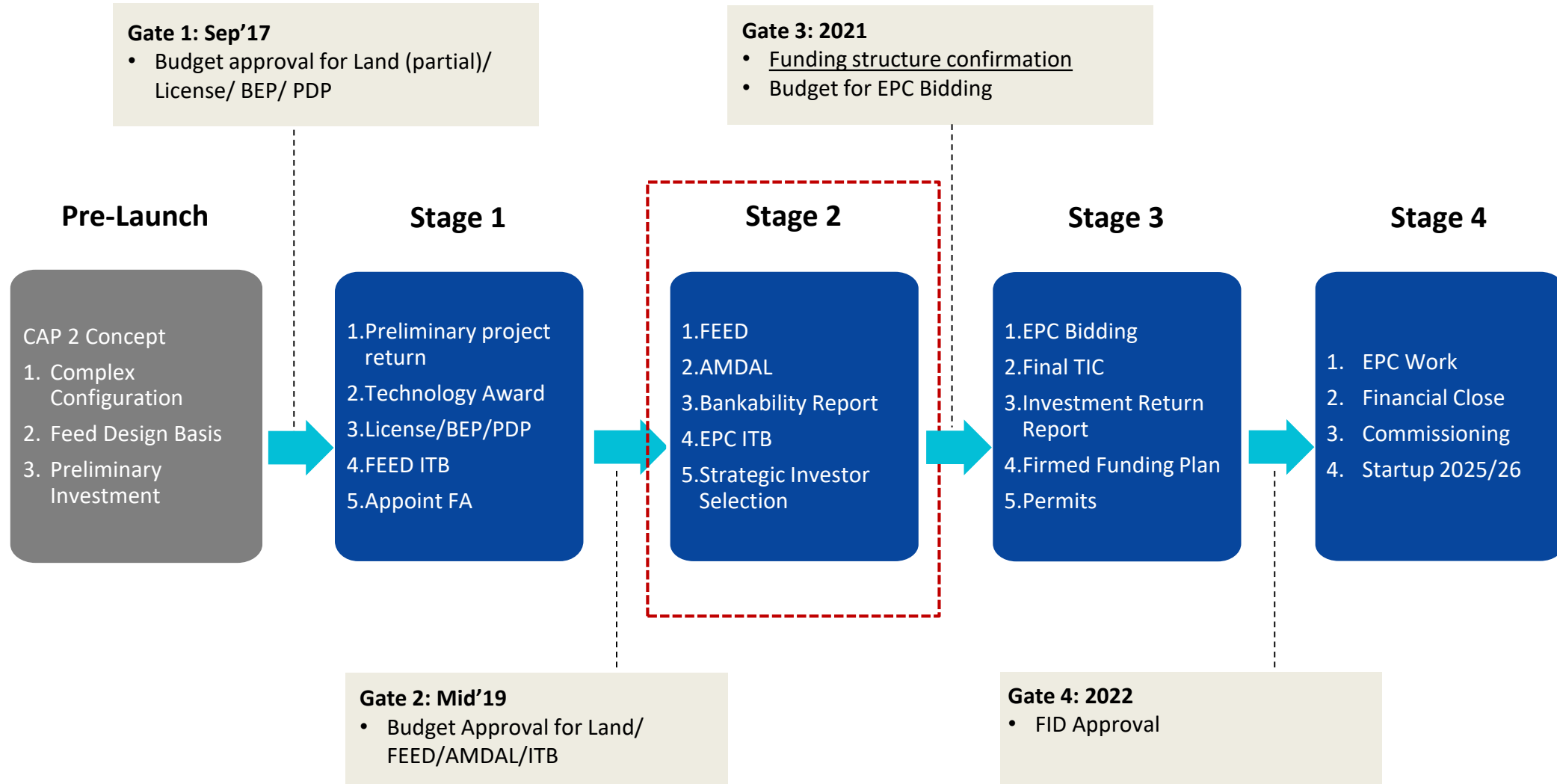
Projects and Growth Update

MTBE-B1 expected to come onstream by Q3 2020 to get to 4.2Mln TPA total capacity, and complete Vertical Integration Master Plan



CAP 2 – Project Master Schedule to Grow to >8Mln TPA Capacity

Re-phased due to COVID-19. Continuous focus on Capital Discipline with Stage-Gated Approach



CAP 2 – Key Milestones and Ongoing Progress

- 1 Ongoing discussions with international Strategic Investors
- 2 Land acquisitions on track
- 3 Shareholder approval for pre-emptive rights
- 4 TIC estimates +/- 30% by 3rd party within projections
- 5 Tax Holiday confirmed (20 years @ 100% + 2 years @ 50%)
- 6 Funding plan clarity progress
- 7 Partnership interest from market-leading utility facility operators



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



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