

# BAHAN BAKU APD DAN MASKER BEDAH

DALAM NEGERI



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PT Chandra Asri Petrochemical Tbk

## Q2 2020 Results

Earnings Call – 28<sup>th</sup> July 2020

**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.



A low-angle, wide shot of a large industrial refinery or chemical plant at night. The complex is illuminated by numerous warm yellow lights, creating a stark contrast with the deep blue twilight sky. The structure is composed of multiple levels of steel frameworks, pipes, and storage tanks. In the foreground, large, dark metal structures frame the left and right sides of the image, adding a sense of scale and depth. The overall atmosphere is one of industrial activity and complexity.

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# Management Overview – Q2 2020 Highlights



## Improved Profitability

- Q2 2020 EBITDA + US\$18m
- Turnaround vs –US \$13.5m EBITDA in Q1 2020
- Positive YTD 2020 EBITDA



## Increased Resilience

- Financial Resilience strategy on track
- US\$931m total liquidity pool with US\$649m cash



## Enhanced Outlook

- Rebound in product spreads since trough in Q1
- Realising double-digit EBITDA margins



## Strong Confidence

- Prepay US\$125m secured term loan to reduce debt
- Continue to invest in Digital and Sustainability

# COVID-19 Response

## Continued Focus on Execution of Key Imperatives



### 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\$931m total liquidity pool, with US\$649m cash
- Credit rating affirmed by key rating agencies & market

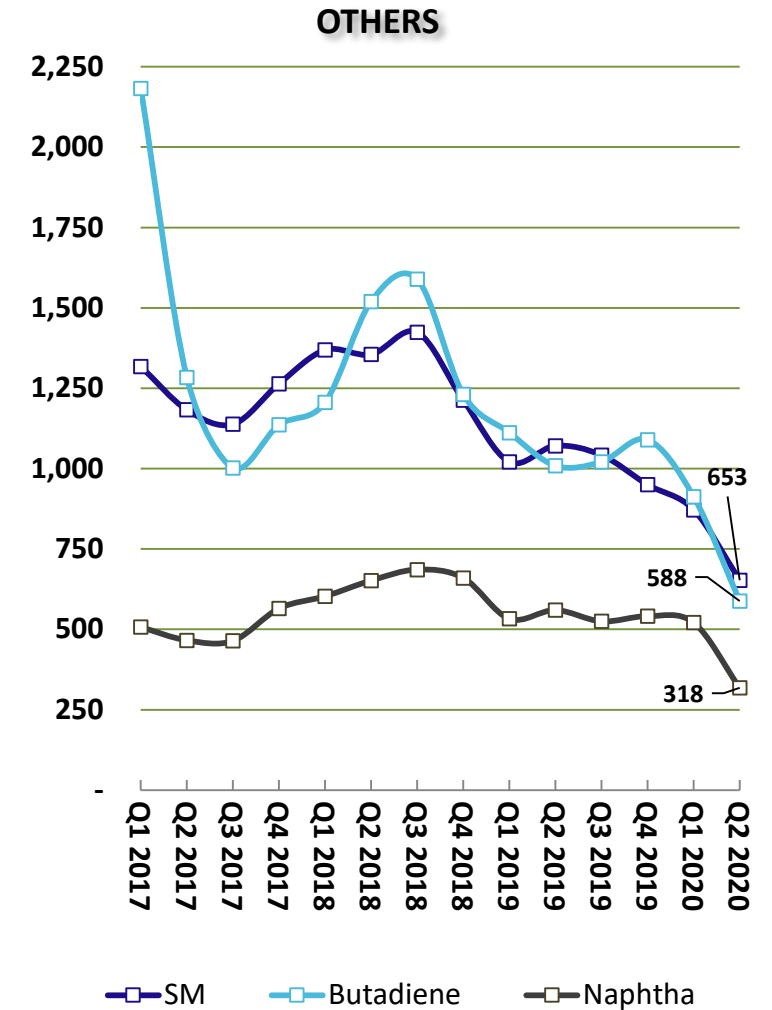
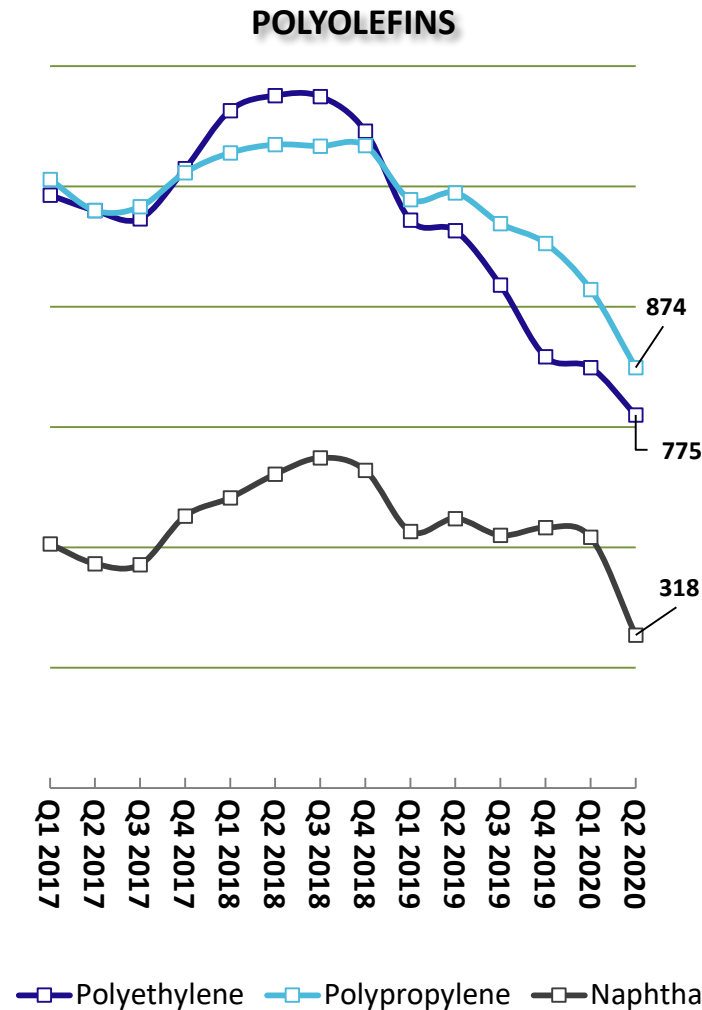
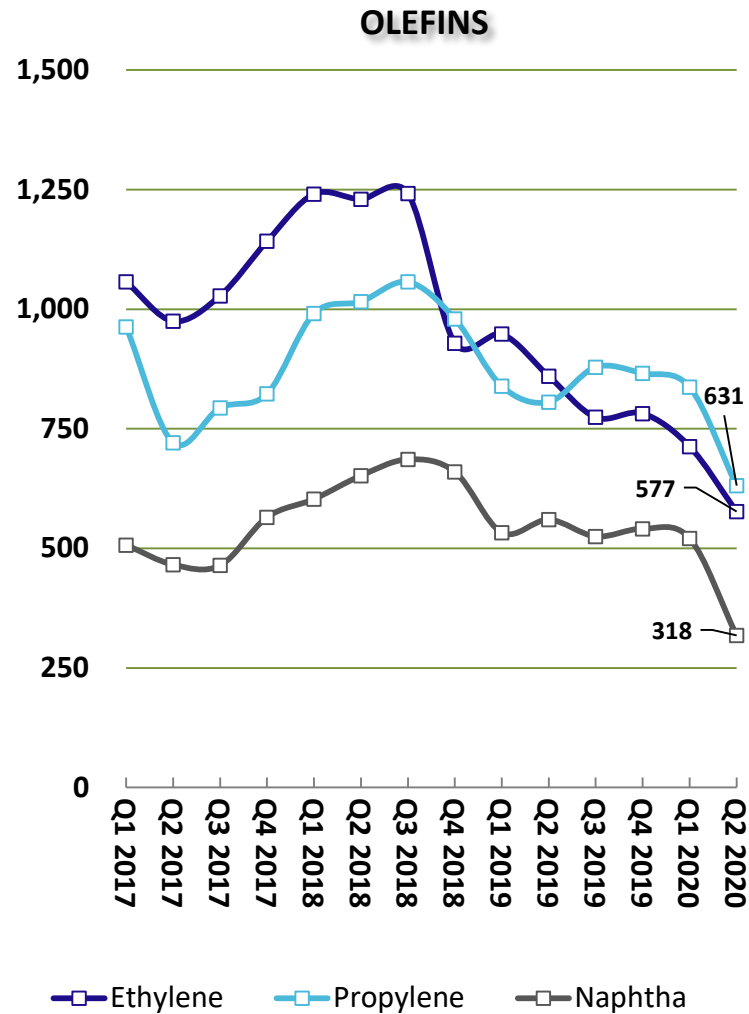
# COVID-19 Response

## Contributing to Front-Line Workers and the Domestic PPE Industry



# Product Spreads

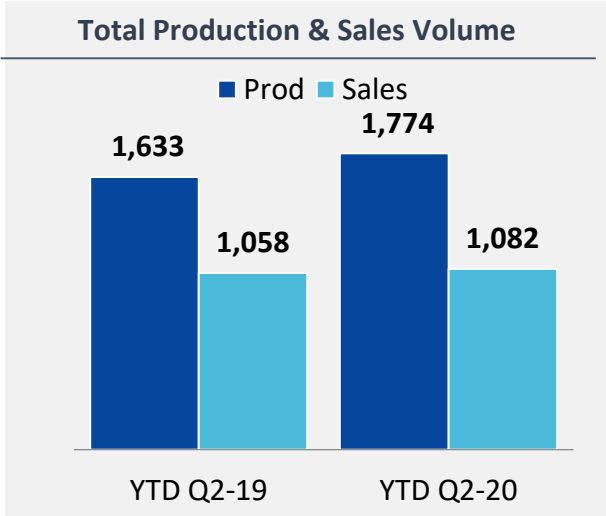
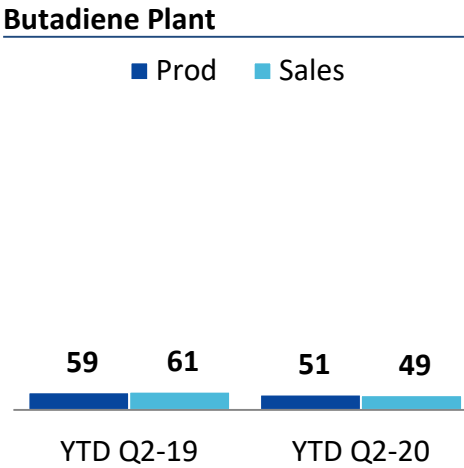
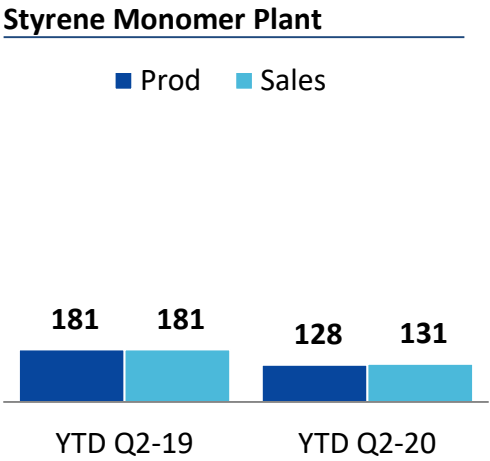
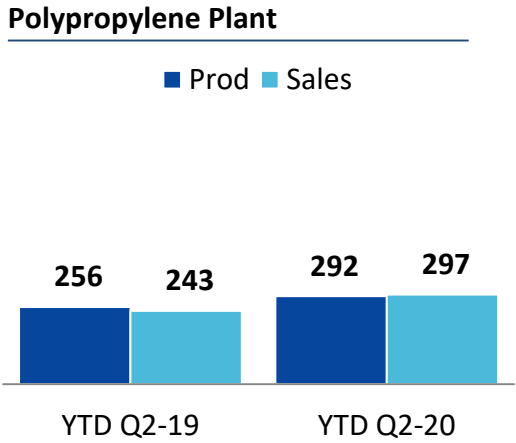
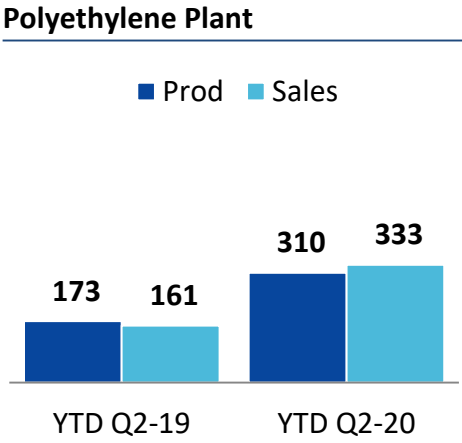
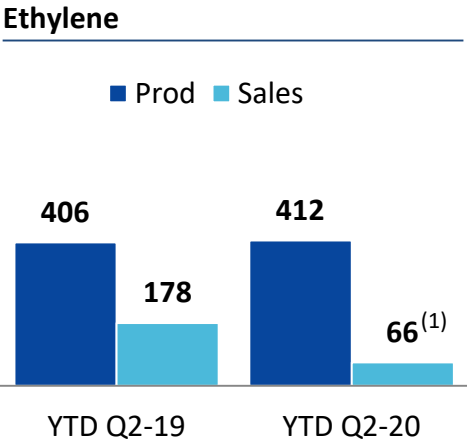
Reduction in naphtha prices in line with decline in crude prices have increased polymer spreads by 20-30%, and freed up working capital



# Production and Sales

Sales volume continue to be robust as Chandra Asri serves the short domestic Indonesian market

(all figures in KT)



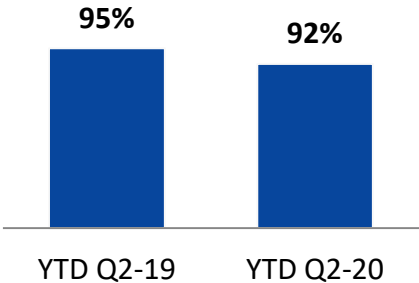
(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.



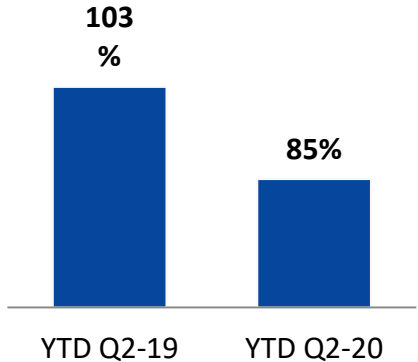
# Operating Rates

Operating rates driven by economics and sustained focus on maintaining Safe Operations. Activity levels ramping up from June.

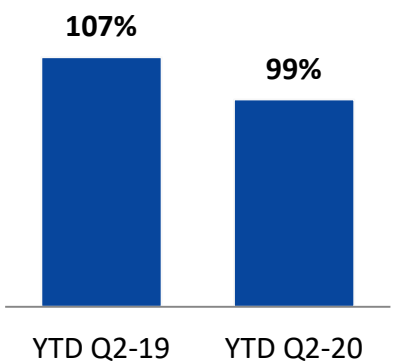
Naphtha Cracker



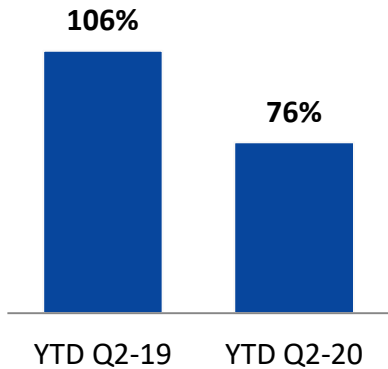
Polyethylene Plant



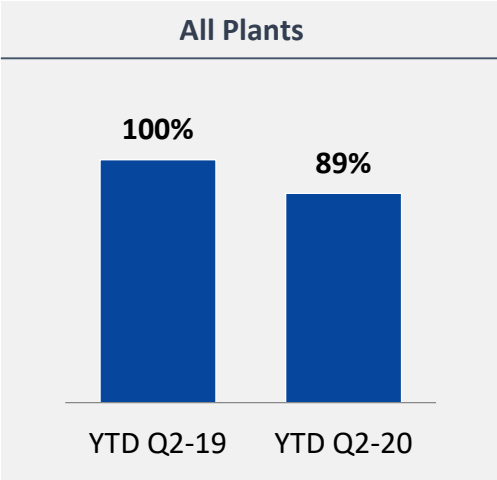
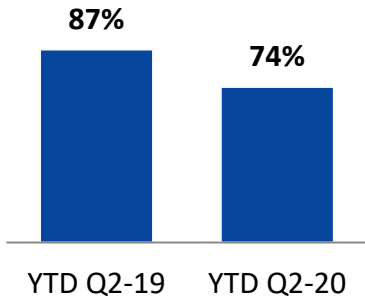
Polypropylene Plant



Styrene Monomer Plant



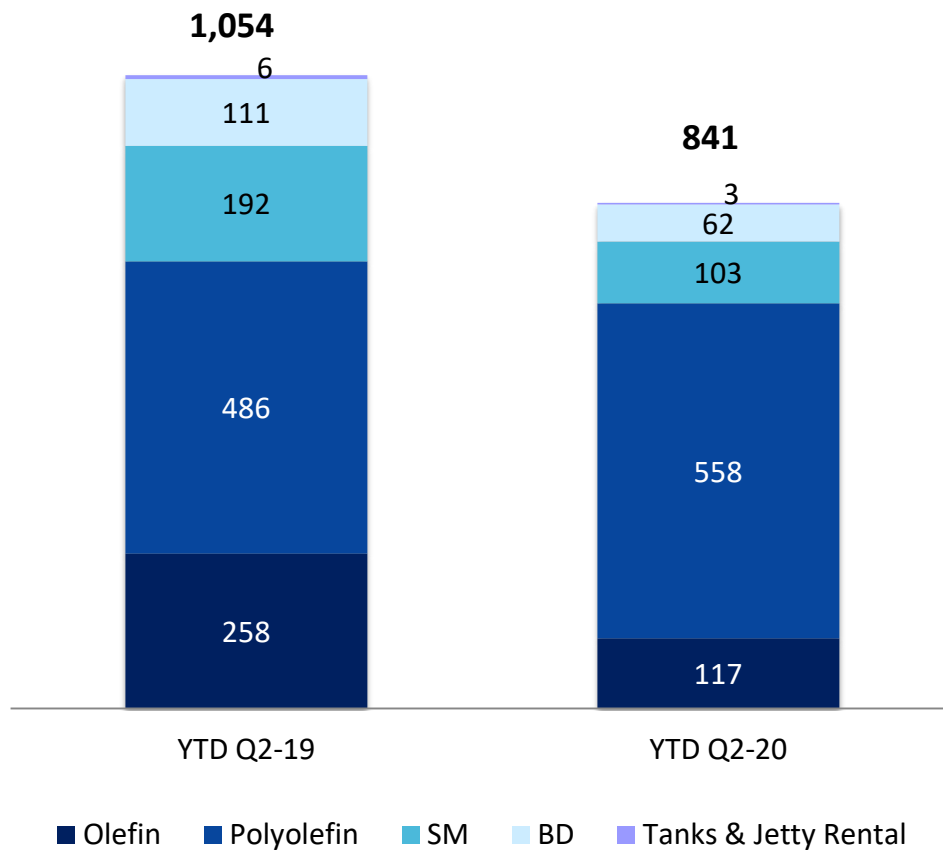
Butadiene Plant



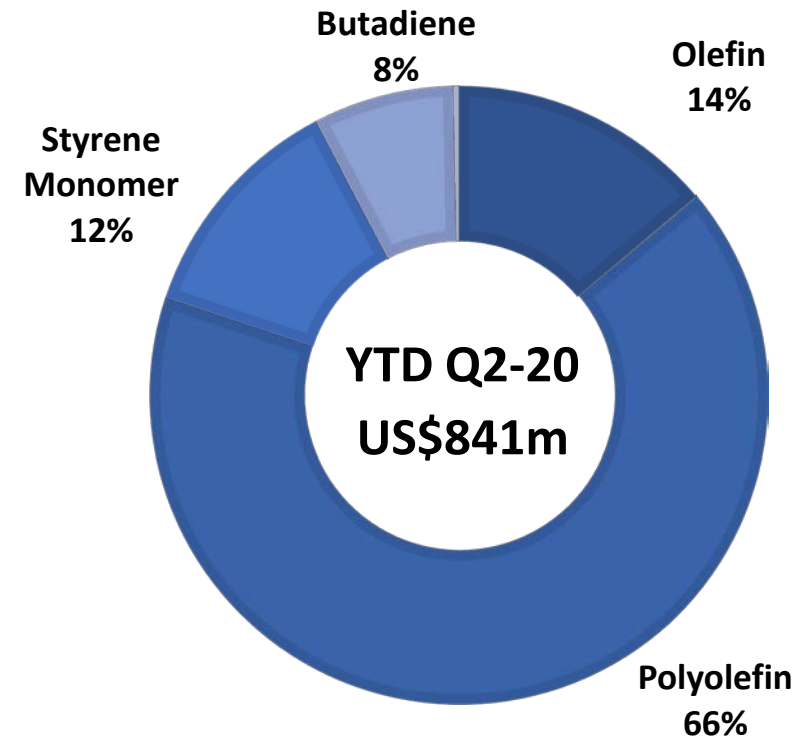
# Net Revenues

Lower Net Revenues by 20% YTD to US\$841 million in Q2 2020, reflecting lower realized Average Selling Price for all products, primarily Ethylene and Polyethylene.

Net Revenues by segment (in US\$mn)



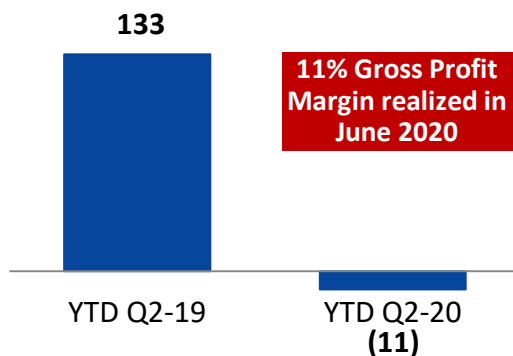
Net Revenues % Split



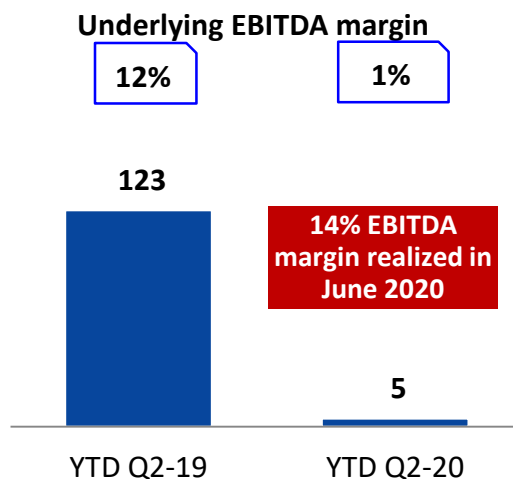
# Key Financials

YTD Q2 2020 impacted by Q1 2020 petchem industry trough. Performance turning around with increased confidence.

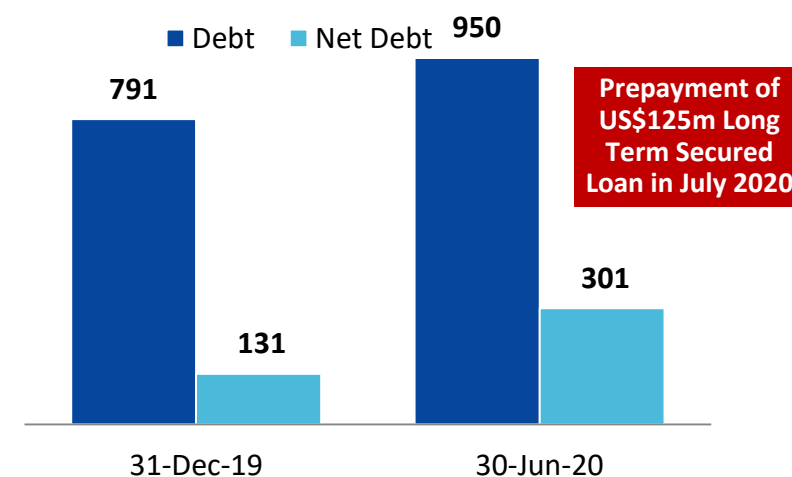
Gross Profit (\$m)



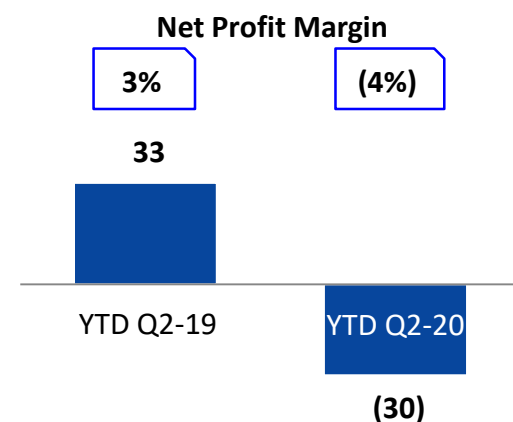
Underlying EBITDA (\$m)



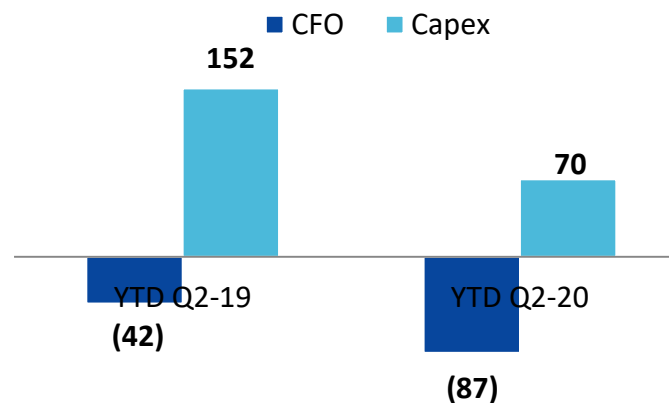
Debt and Net Debt (\$m)



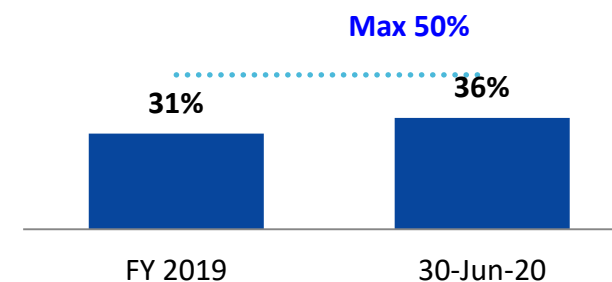
Net Profit (\$m)



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

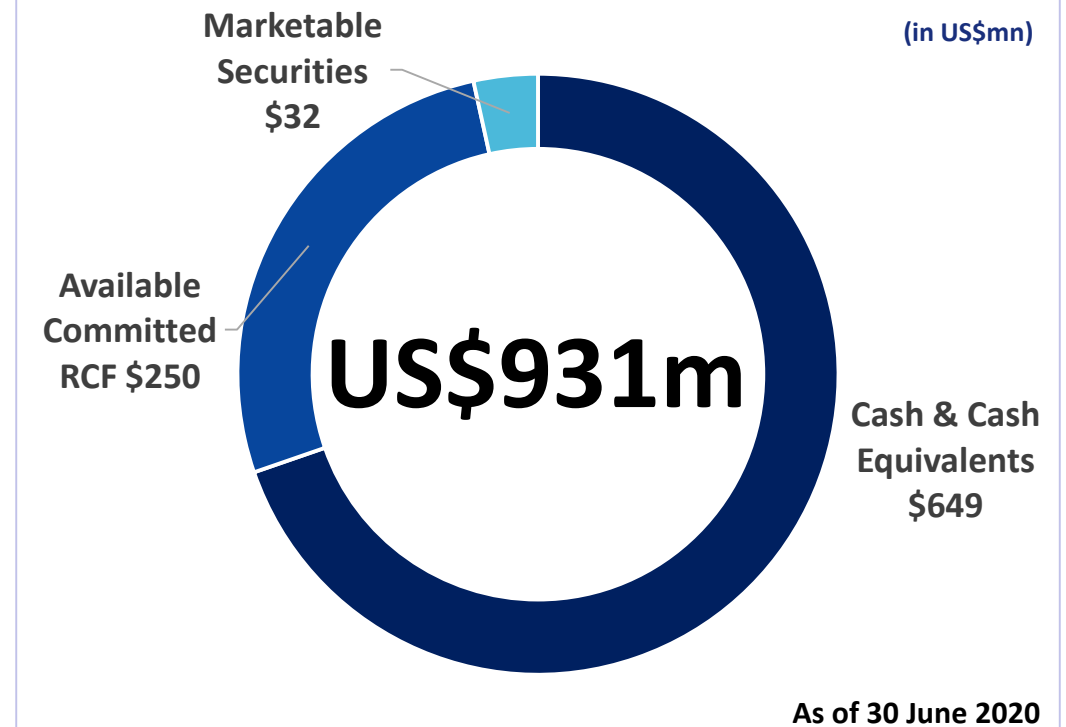
With strong balance sheet position and US\$931m of liquidity as of Q2 2020, Chandra Asri is well positioned to navigate the new normal and emerge strongly on the other side.

This is another step up from the US\$880m liquidity pool as of end Q1 2020.

## Key Highlights

- Strong cash balance of US\$649m
- Robust liquidity with available Revolving Credit Facility lines of US\$250m
- Progressing 3<sup>rd</sup> IDR Bond Shelf Program of Phase I Year 2020 with issuance target of IDR1 trillion
- Full prepayment of remaining US\$125m of Term Loan Facility US\$199.8m – the last secured loan, reducing overall outstanding debt in July 2020
- Expanded and extended unsecured trade line facility from DBS Bank US\$195m; and new committed unsecured RCF from Danamon Bank (in July 2020).
- Expect annual interest expense savings with lower libor and competitive financing

## Total Liquidity Pool



We maintain a solid financial profile, underpinned by robust and ample liquidity, with full flexibility & access to the bank and bond capital markets at competitive rates.



Signing ceremony with long-term partner bank, DBS, for US\$195m extended and expanded Trade Finance and Revolving Credit Facility on 20 July 2020

# Updated Capex Budget 2020

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

Opportunity Classification		Original Capex Budget 2020	Revised Capex Budget 2020	Capex Spending YTD June 2020
	Asset Integrity	US\$23m	US\$37m	US\$15m
	Margin Improvement	US\$19m	US\$14m	US\$15m
	Growth Projects (including CAP 2)	US\$388m	US\$84m	US\$40m
		US\$430m	US\$135m	US\$70m



# Investing in Digital Transformation

Leveraging digital technology as an enabler for operational excellence and sustainable competitive advantage.



## Siemens and Bentley Systems build digital twin for Chandra Asri's Plant Maintenance and Operations

- Transforms analog plant data into automated digital twin framework
- One integrated platform for digital management of all plant asset documentation and data
- Provides control and transparency of plant asset information, increasing performance



## DBS implements RAPID (Real-time Application Programming Interface) for Chandra Asri Finance

- Digitisation – Converts processes and treasury operations to digital
- Speed – Fulfilment of real-time transactions for instant execution
- Interconnectivity – Collaborate, integrate and transact across Bank and Client systems on secure host-to-host protocols

# Investing in Sustainability

Investment in Electrification and Solar Renewable Energy to reduce emissions



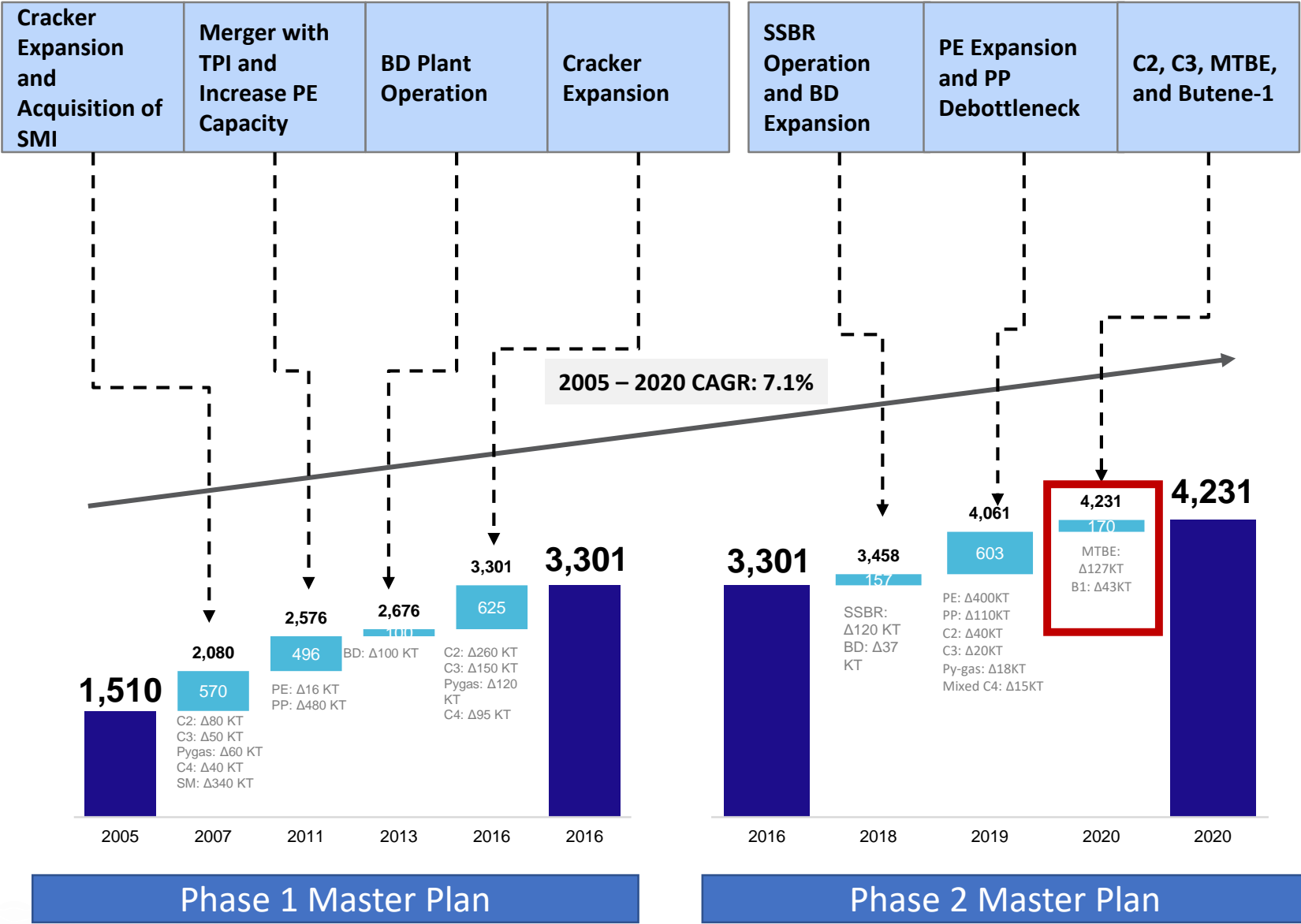
**New Fleet of Electrical Forklifts Replacing Diesel...**



**...Powered by Solar Panels in partnership with Total Solar**

# 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

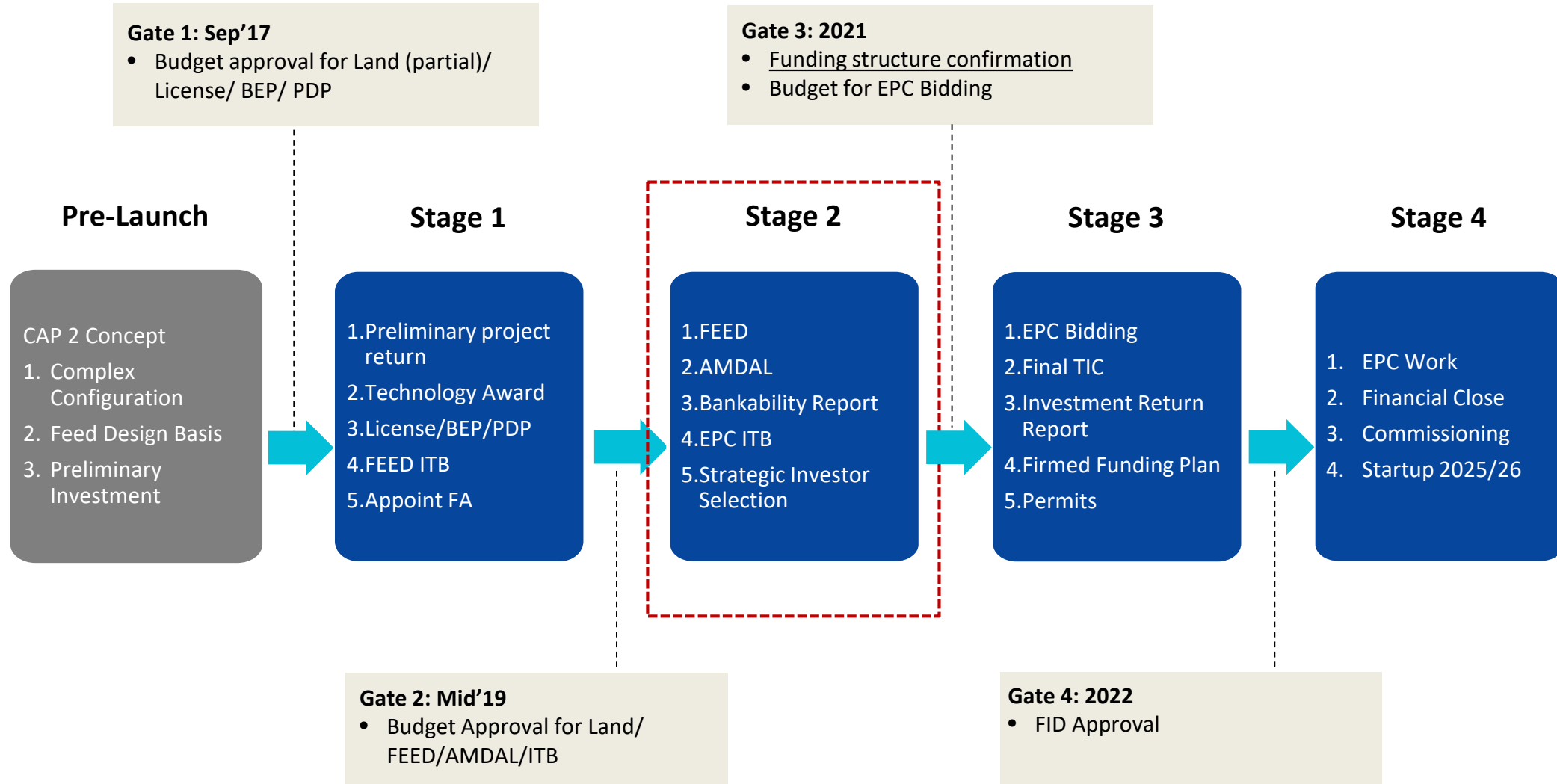


MTBE-B1 plant fully on track to Start Up in Q3 2020



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

FID target date is 2022, subject to COVID-19 public health situation



# 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 3<sup>rd</sup> 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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