



Chandra Asri
Your Growth Partner

PT Chandra Asri Petrochemical Tbk **EARNINGS UPDATE**

Fourth Quarter and Full Year 2019 Results



Jakarta, 17 March 2020

Disclaimer

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.

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FY 2019 Summary Highlights

- 1 EBITDA of US\$180 million and Cash Flow from Operating Activities of US\$238 million despite very challenging macroeconomic conditions, with the trade war, geopolitical uncertainty, and declining petrochemical product margins
- 2 Continued delivery of Operational Excellence – 17.4% capacity expansion to more than 4 million tons per annum including the new 400KTA PE plant, and planned Turnaround Maintenance completed on-spec, safely, on time, and within budget
- 3 Solid Balance Sheet with US\$660mn in cash and cash equivalents and Net Debt to EBITDA at 0.7x
- 4 Material key milestones achieved for 2nd Petrochemical Complex development. Target FID in Q4 2020/Early 2021.



CAP's main integrated manufacturing complex

YTD Q4-2019 Key Figures

Net Revenues USD1,881m	EBITDA USD180m
Net Income USD24m	Cash Balance USD660m
Cash Flow from Operating Activities USD238m	Capital Expenditure USD385m

Performance Overview

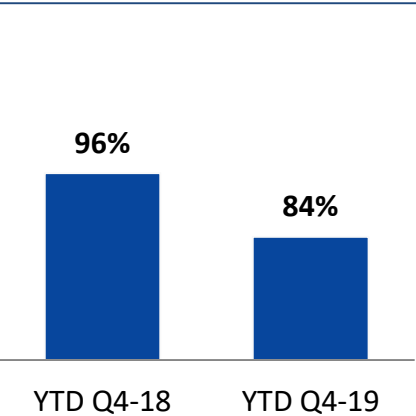


Year To Date Operating Rates

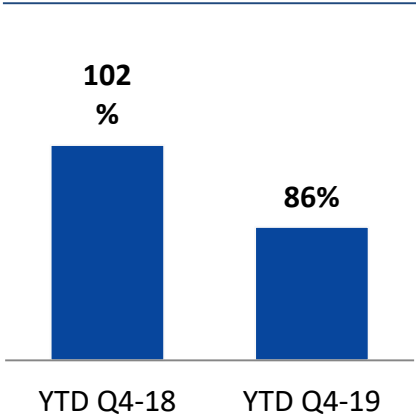
In Aug-Sep 2019, we performed a Turn-Around Maintenance (TAM), resulting in lower operating rates vs 2018. The TAM was successfully executed in 51 days vs a budget of 55 days, and we resumed operations in September 2019.

year to date

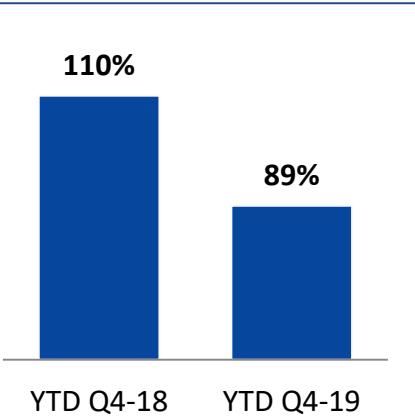
Naphtha Cracker



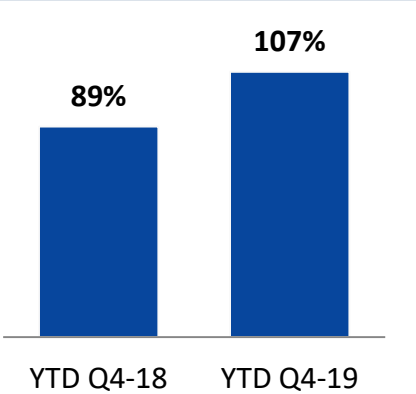
Polyethylene Plant



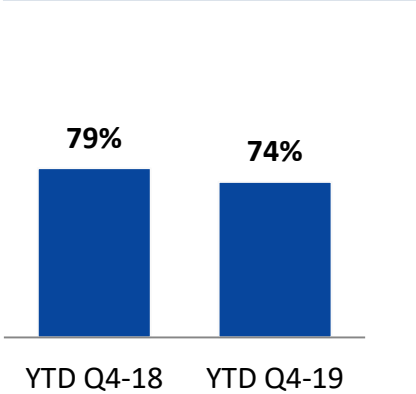
Polypropylene Plant



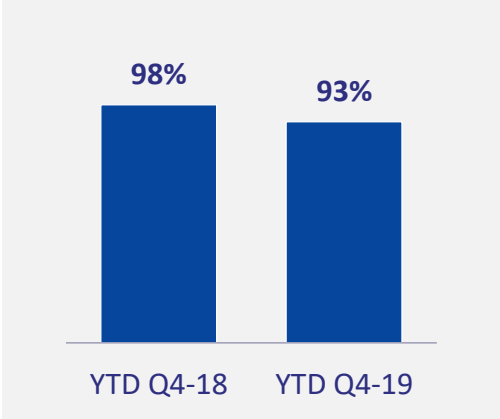
Styrene Monomer Plant



Butadiene Plant

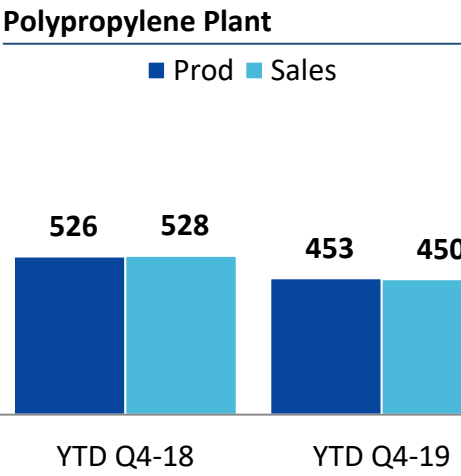
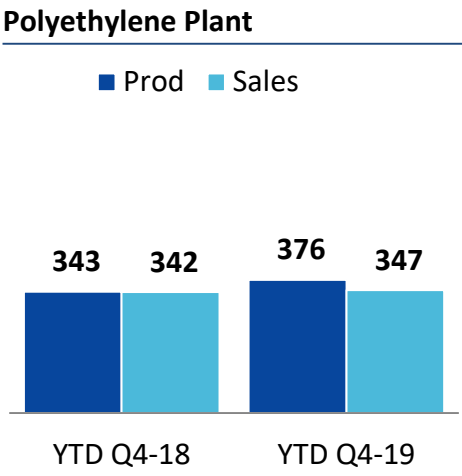
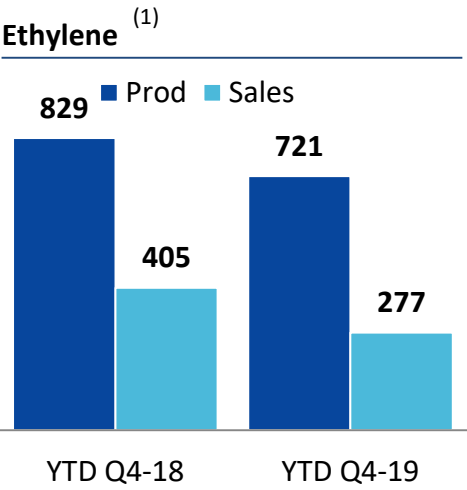


All Plants

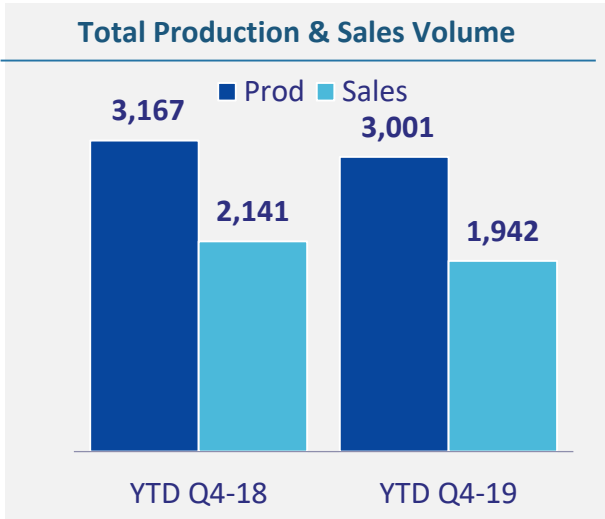
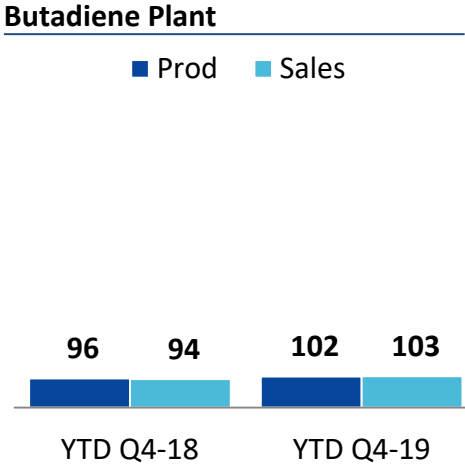
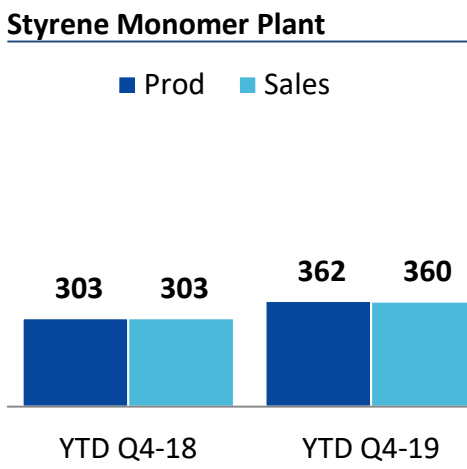


Year To Date Production and Sales Volumes (in KT)

TAM also resulted in lower Production and Sales Volumes.



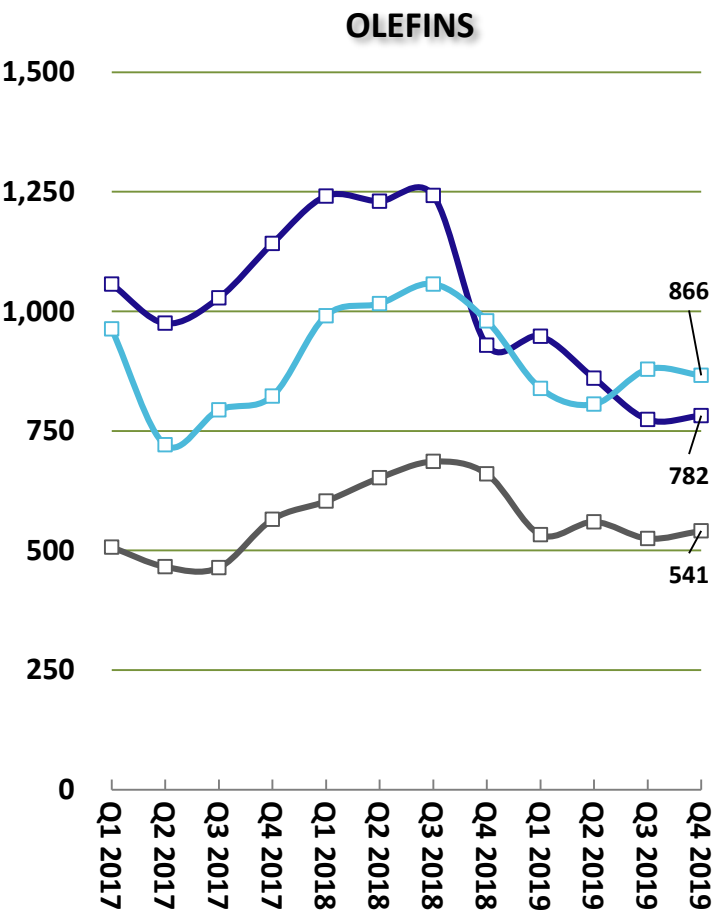
year to date



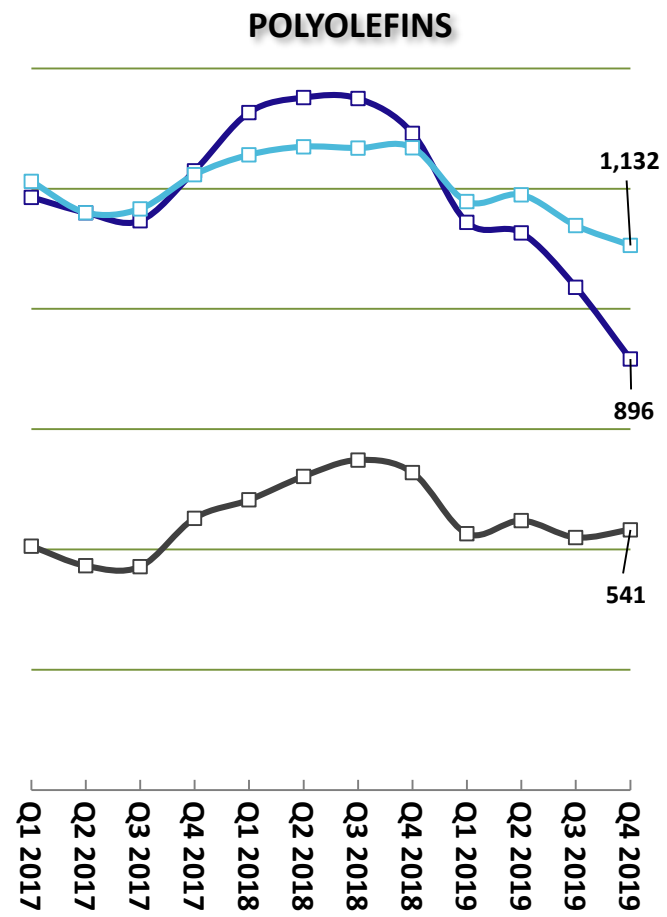
(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

Product Spreads (in US\$/MT)

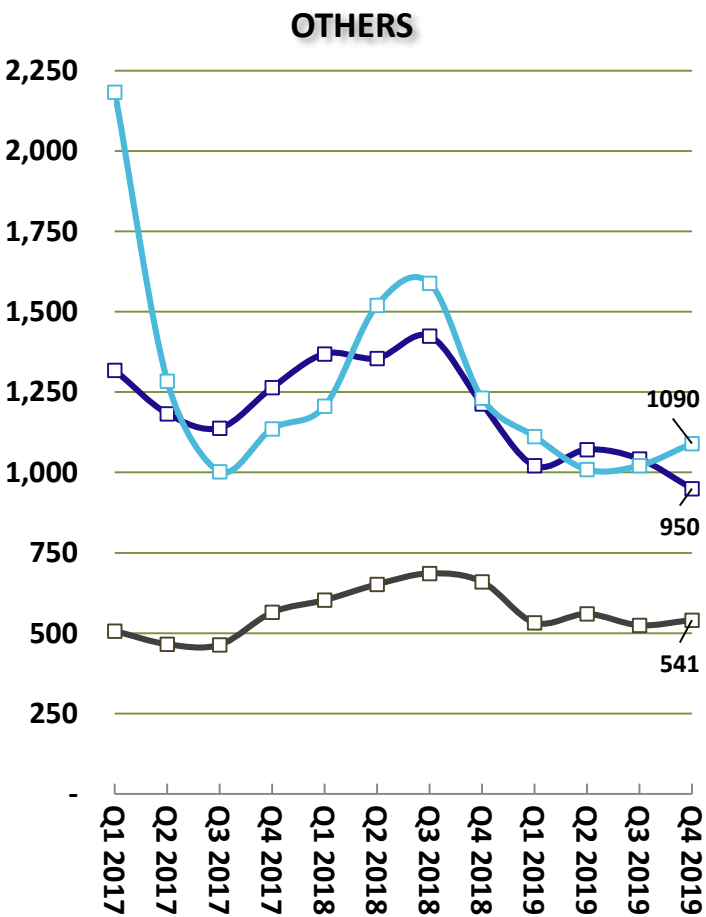
Product prices and spreads especially Ethylene and Polyethylene were adversely affected due to global capacity additions.



— Ethylene — Propylene — Naptha



— Polyethylene — Polypropylene — Naptha

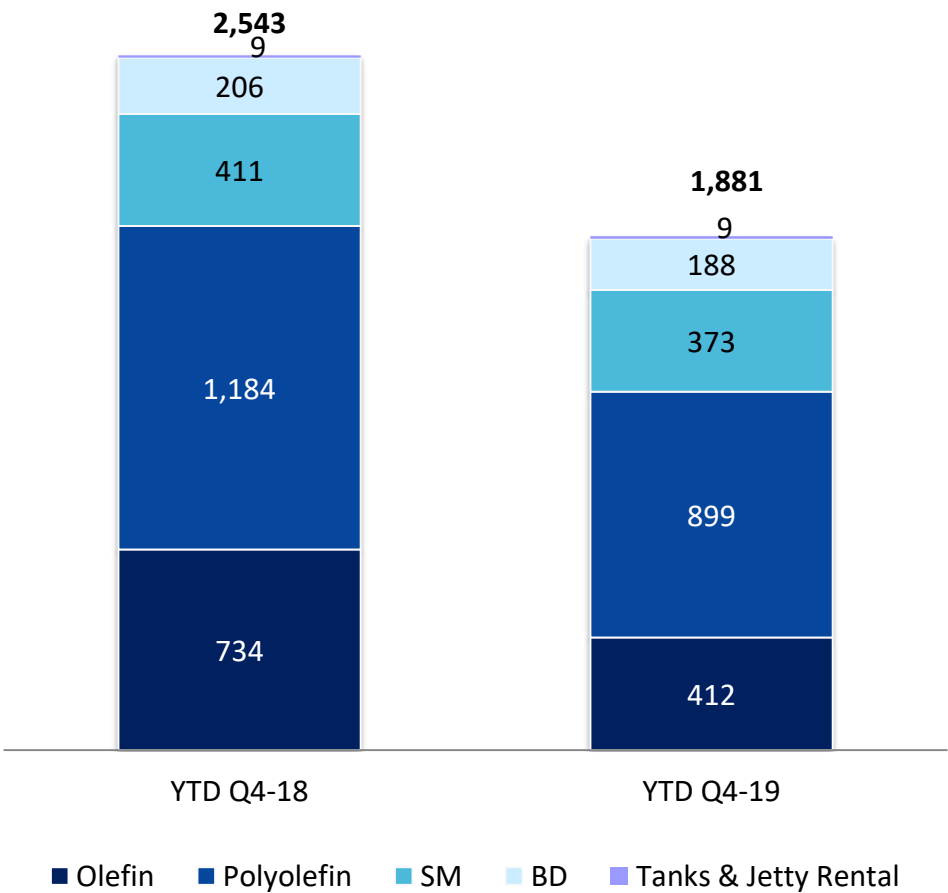


— SM — Butadiene — Naptha

Year To Date Net Revenues

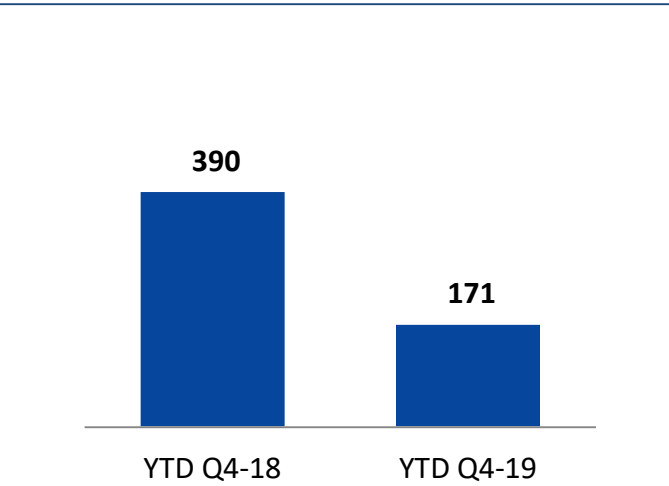
Lower Net Revenues by 26% ytd to US\$1,880.9 million in Q4 2019, reflecting lower sales volume due to planned TAM coupled with declined realized Average Selling Price for all products, primarily for Ethylene and Polyethylene.

Revenues by Segment (in US\$mn) year to date

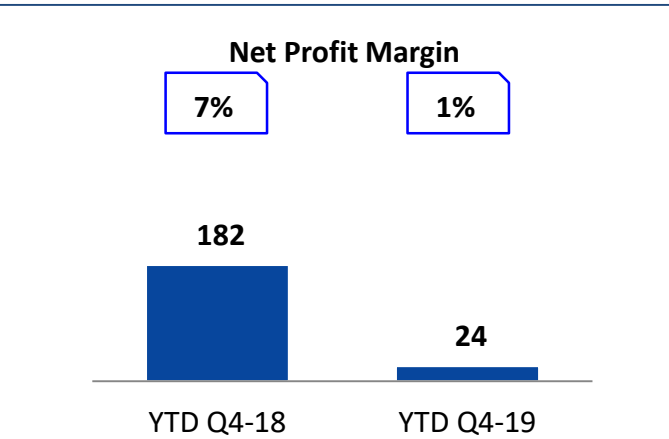


Key Financials (in US\$mn)

Gross Profit

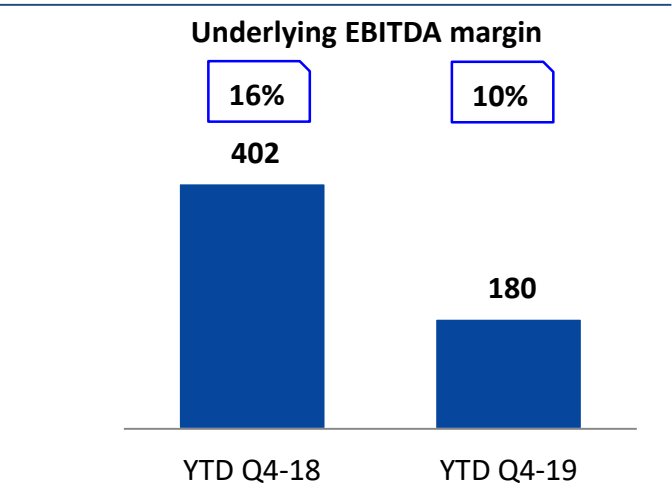


Net Profit

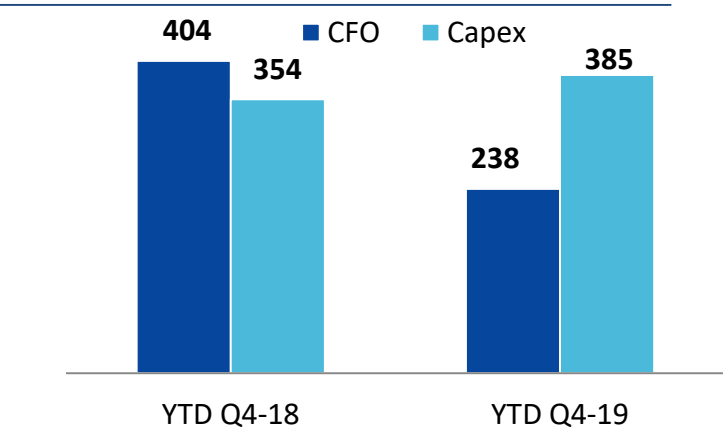


year to date

EBITDA



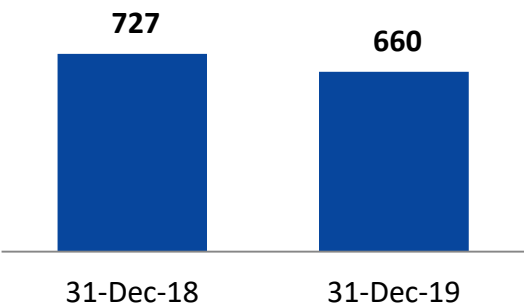
Cash Flow from Operations, Capex



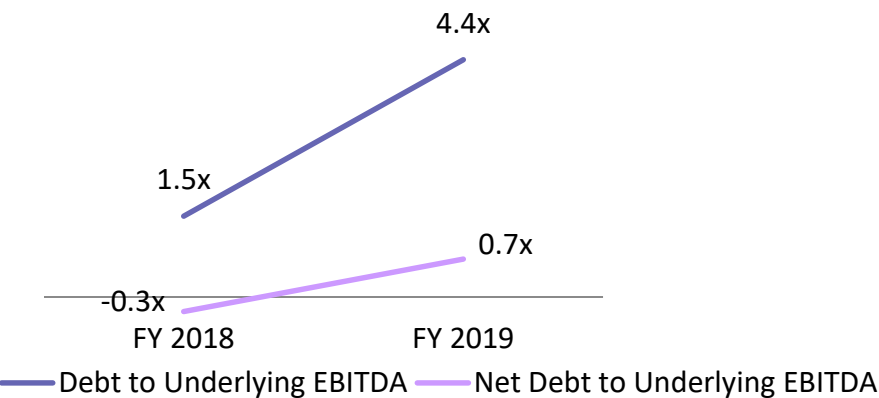
Underlying EBITDA = Earnings Before Interest, Tax, Depreciation, Amortization, Unrealized Foreign Exchange, Equity in Net loss of an Associate, and other non-operational, non-cash items

Key Financials (in US\$mn)

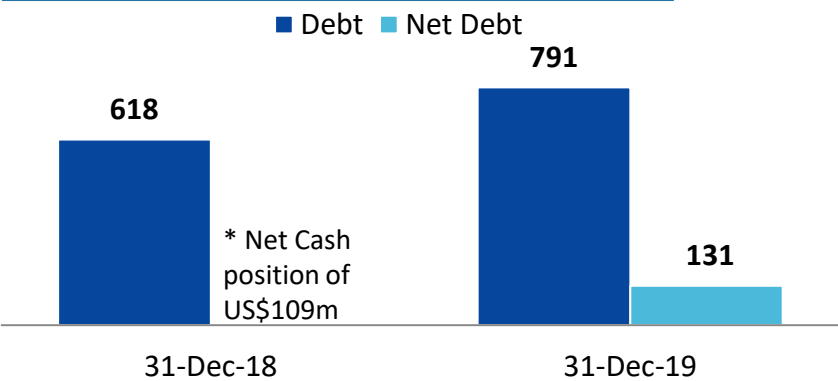
Cash Balance



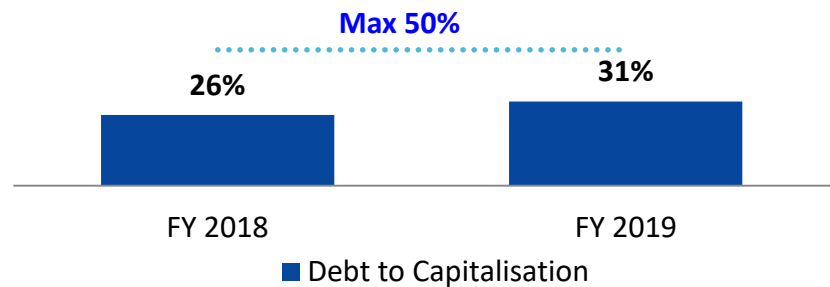
Leverage



Debt and Net Debt



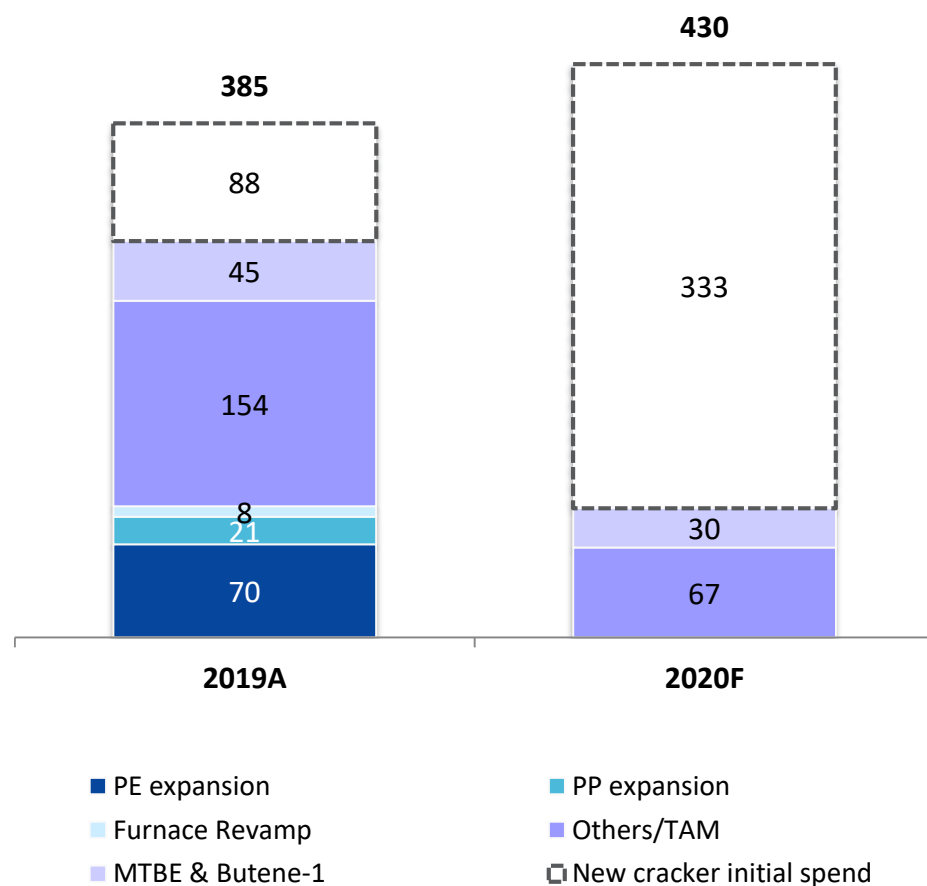
Gearing



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

CAPEX Spending (in US\$mn)

CAP 1 integration close to completion with B1 MTBE coming onstream. CAP2 forms majority spending in 2020



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

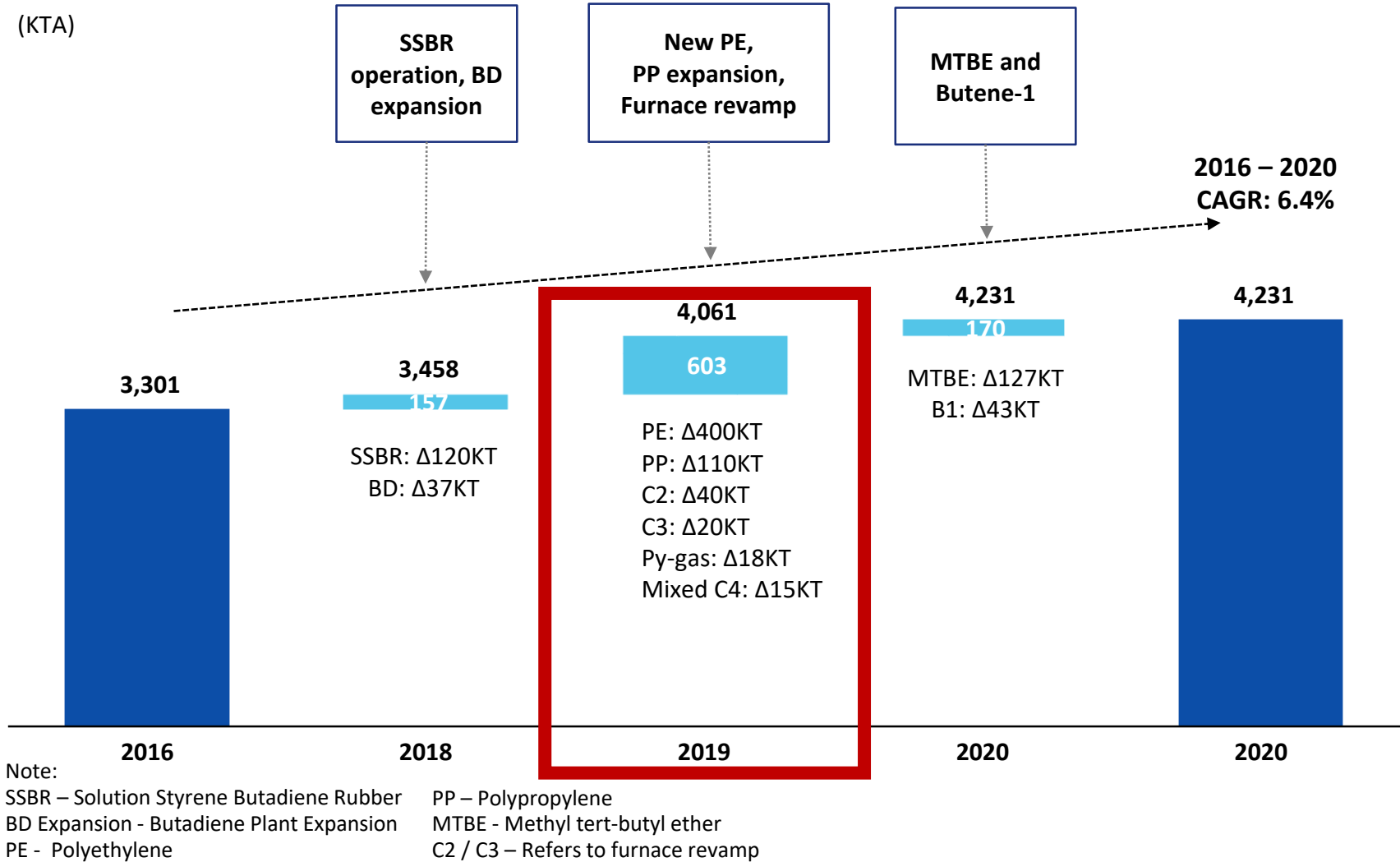


Strategic & Growth Updates



Strategic Growth via Expansion & Debottlenecking

After doubling the size of production capacity over historical 10-yrs, expected further growth in the next 5-yrs will come from several expansion & debottlenecking initiatives



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

On
Stream

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

On
Stream

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

On
Stream

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
98%

Expand Product Offering by Moving Downstream

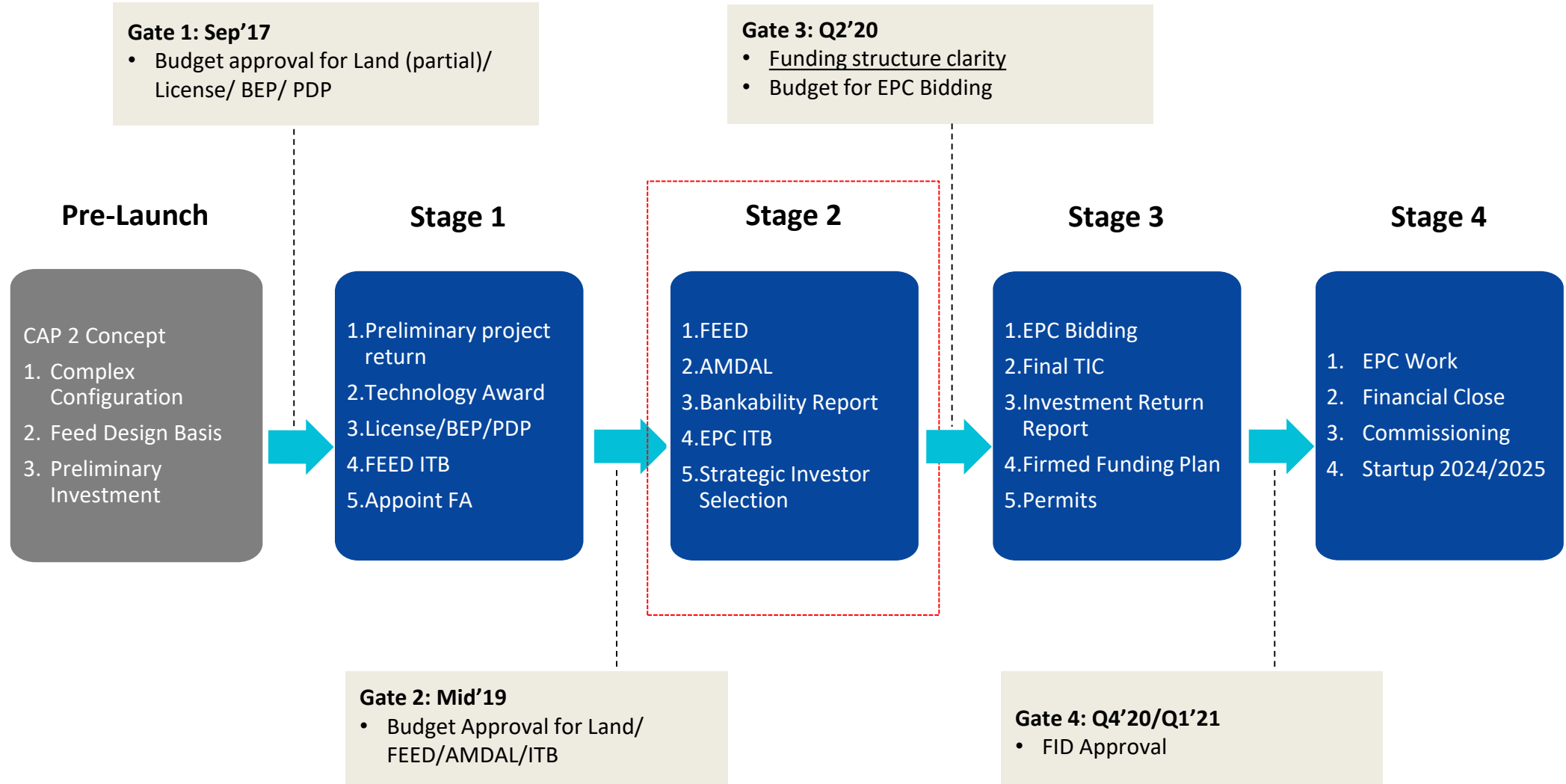
Synthetic Rubber Project (through SRI JV)

- 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

Continuous focus on Capital Discipline with Stage-Gated Approach



Outlook & Priorities



Outlook & Priorities

- ◆ Sustain Operational Excellence & Business Continuity, with Strong Balance Sheet & Liquidity, in light of broader market volatility.
- ◆ Petrochemical margins are moderating along with new capacity additions, softening demand, and global Covid-19 uncertainties.
- ◆ However, with Brent trending down to \$30/bbl, naphtha is around \$300/T, significantly lowering COGS and improving spreads.
- ◆ Complete and start-up of MTBE and Butene-1 plant project by Q3 2020 to achieve total production capacity of 4.2 MTA.
- ◆ Sustained focus on CAP 2 project development:
 - Finalise Strategic Investor.
 - Commence FEED and complete land purchase paperwork and process.
 - Start EPC bidding towards taking FID by end 2020/early 2021.



Q & A Session





For more information please contact:

Head Office Address:

PT Chandra Asri Petrochemical Tbk

Wisma Barito Pacific Tower A, 7th Floor

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



Chandra Asri

Visit our website at www.chandra-asri.com