



Chandra Asri
Petrochemical



Management Presentation

PT Chandra Asri Petrochemical Tbk [TPIA.JK]

Jakarta, September 2016



Certificate Number: 1007/00963



Certificate Number: 1002/54337

1. Company Profile

- 2. Operational & Financial Performance
- 3. Project Updates
- 4. Industry Outlook



Company Profile (“CAP”)

- The largest integrated producer of Olefins and Polyolefins in Indonesia.
- Producing plastic raw materials and chemicals used in a variety of everyday consumer products (packaging, pipes, jerry cans, automotive, electronics, shoes, etc.).
- Owns the only Naphtha Cracker, Styrene Monomer, and Butadiene plant in Indonesia.
- The largest producer of Propylene (470KTA) & Polypropylene (480KTA) in Indonesia.
- Sole producer of Ethylene (860KTA); and one of two Polyethylene producers (336KTA) in Indonesia.
- Strategic/adjacent plant location with customers in the industrial estate of Cilegon-Merak.
- Operates 3 Jetty with capacity of DWT 6K, 10K, and 80K within the plant complex to facilitate logistics.
- Backed by strong principal shareholders, Barito Pacific Grup* (65.2%) and SCG Chemicals (30.5%) as of Aug 2016.

Notes: (*) Including the ownership of Marigold Resources and Magna Resources.

KTA: Kilo tonnes per annum; DWT: Dead-weight ton



Integrated Petrochemical Complex



Naphtha Cracker



Polypropylene Plant



Styrene Monomer Plant



Butadiene Plant

1. Company Profile

2. Operational & Financial Performance

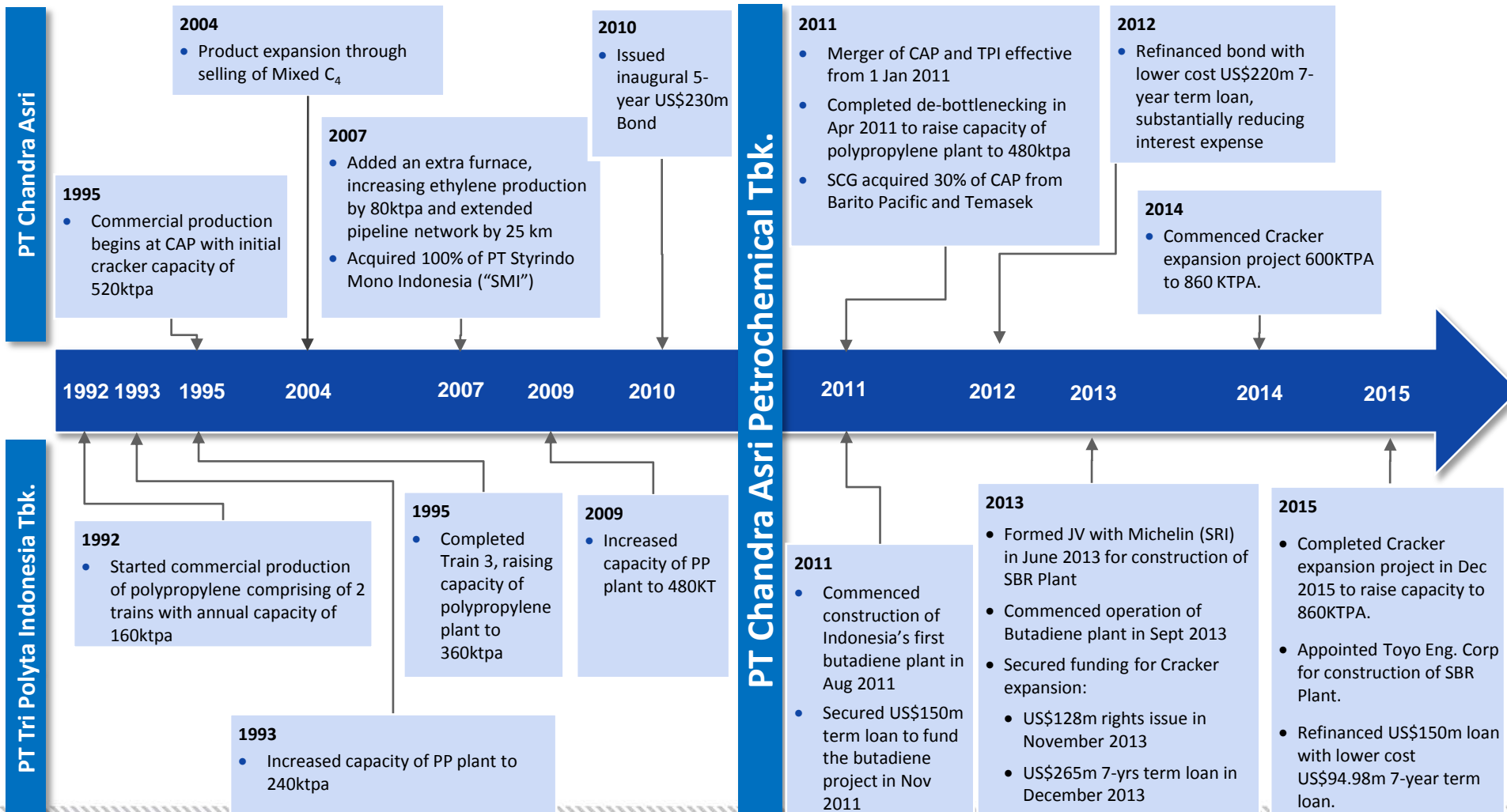
3. Project Updates

4. Industry Outlook



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23 years track record of successful growth



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Strong management team with extensive industry experience

Board of Commissioners

Djoko Suyanto	Tan Ek Kia	Ho Hon Cheong	Agus Salim Pangestu	Loeki Sundjaja Putera	Chaovalit Ekabut ⁽¹⁾	Cholanat Yanaranop ⁽¹⁾
4 years in industry 1 year with CAP	41 years in industry 5 years with CAP	9 months in industry 9 months with CAP	10 years in industry 9 years with CAP	15 years in industry 14 years with CAP	11 years in industry 4 years with CAP	28 years in industry 4 years with CAP

Senior Management

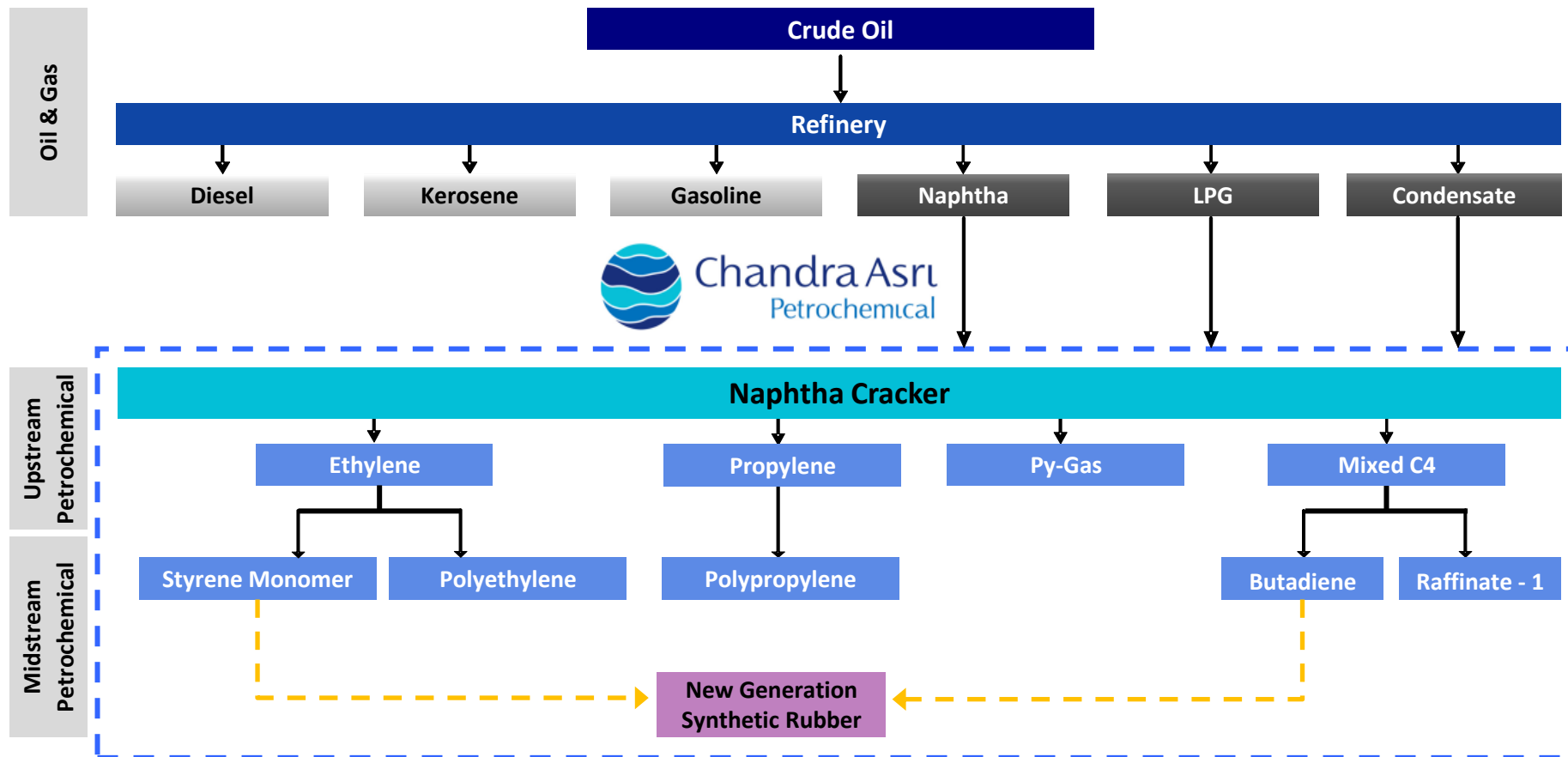
 Erwin Ciputra <i>President Director</i> 13 years in industry 12 years with CAP						
 Kulachet Dharachandra⁽¹⁾ <i>VP Director of Operations</i> 19 years in industry Started June16 with CAP	 Baritono Pangestu <i>VP Director of Polymer Commercial</i> 10 years in industry 9 years with CAP	 Terry Lim Chong Thian <i>Director of Finance</i> 34 years in industry 10 years with CAP	 Suryandi <i>Director of Human Resource and Corp. Administration</i> 26 years in industry 26 years with CAP	 Piboon Sirinantanakul⁽¹⁾ <i>Director of Manufacturing</i> 22 years in industry Started Jan16 with CAP	 Fransiskus Ruly Aryawan <i>Director of Monomer Commercial</i> 13 years in industry 13 years with CAP	

(1) Appointed by SCG.



Integrated Business Operations

"Integrated business operations from upstream to downstream resulting in higher efficiency, lower costs, and value-added".



Legend:

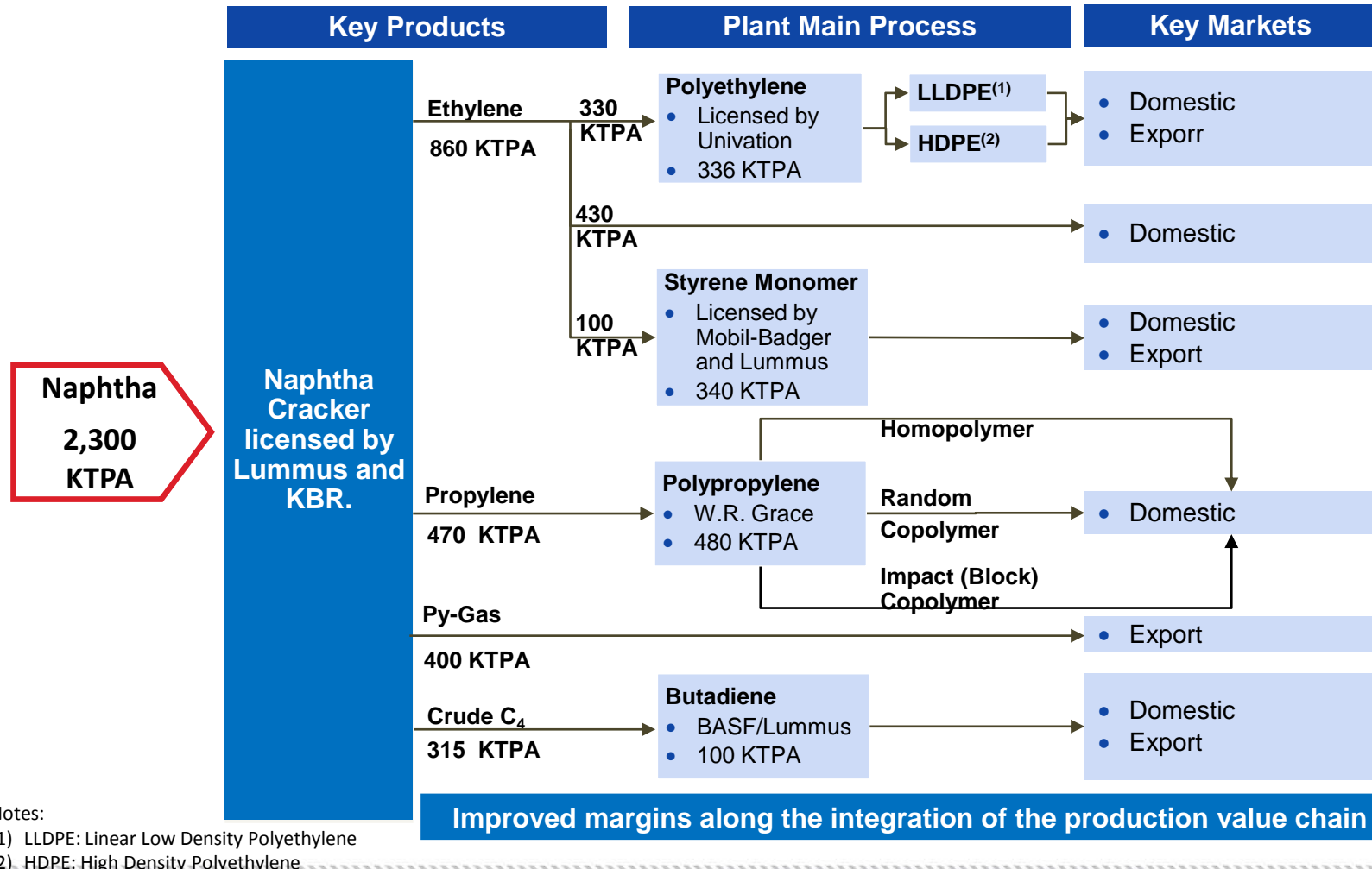
CAP Facility

CAP Products

Future products by SRI



Integrated Business Operations (cont'd)



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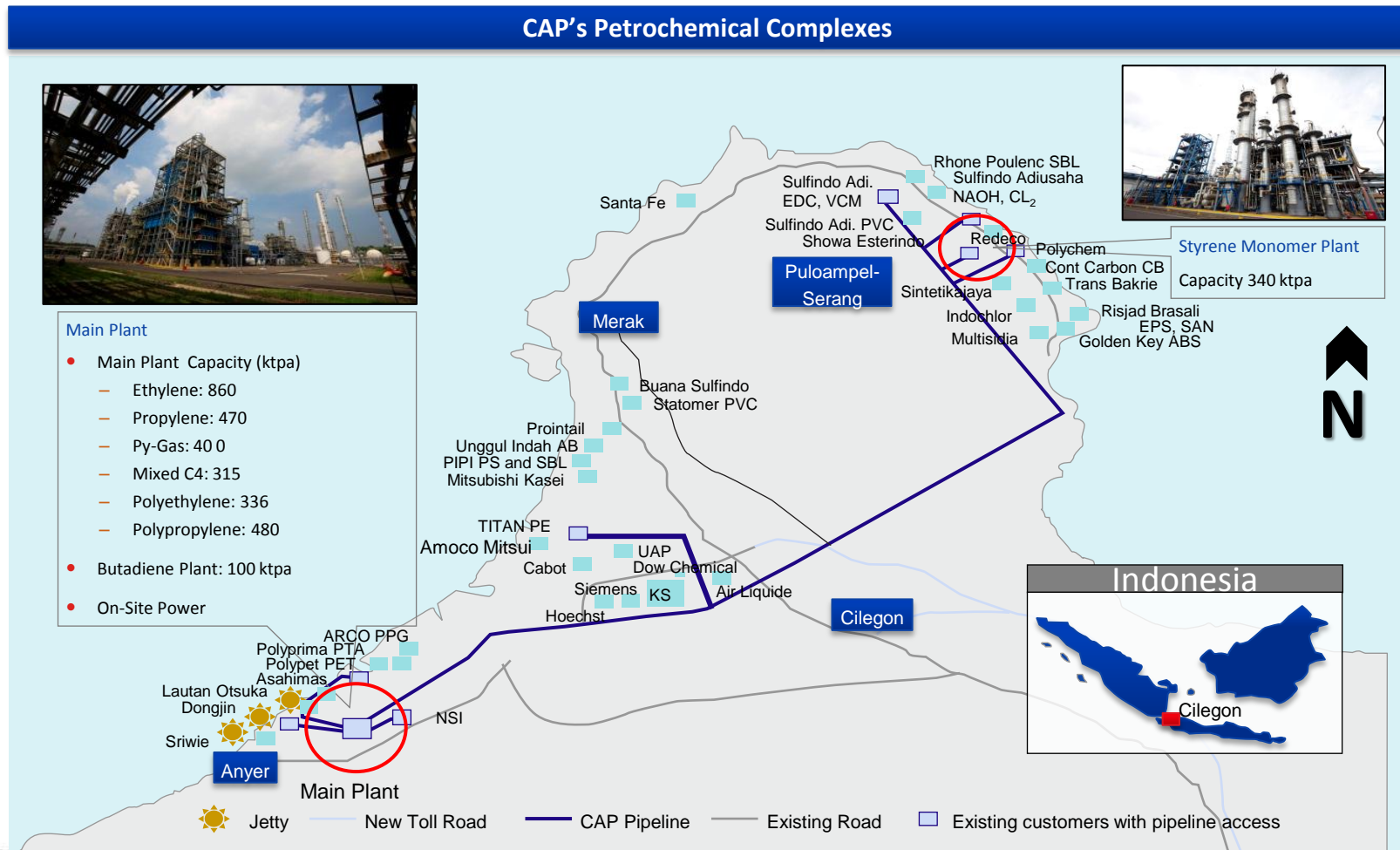
4. Industry Outlook



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Strategic Location

“Adjacent and interlinked with customer’s facilities (45 km Ethylene pipeline)”



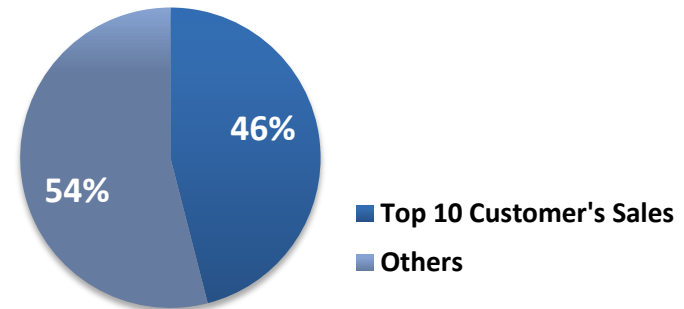


Loyal & Broad Customer Base

- Diversified clientele. Top 10 Customers contribute 46% of revenues in 1H-2016.
- Key Customers are loyal customers who have long term relationship.
- Convenience for customers who are directly linked with pipes integrated with CAP's production facilities.
- Strong marketing and distribution platform with wide network serving ~300+ Customers.
- Short delivery trend time resulting in pricing premium to market reference prices.

Top 10 Customer's Sales Breakdown

Total Net Revenues 1H-2016: US\$882.1 million



Key Customers

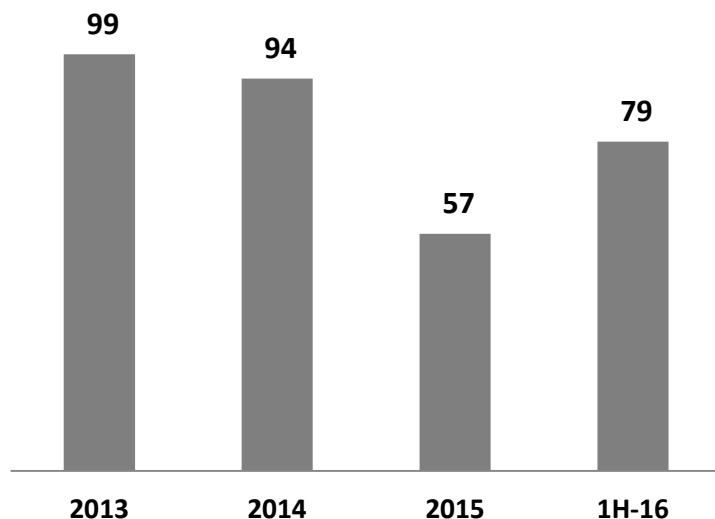


1. Company Profile
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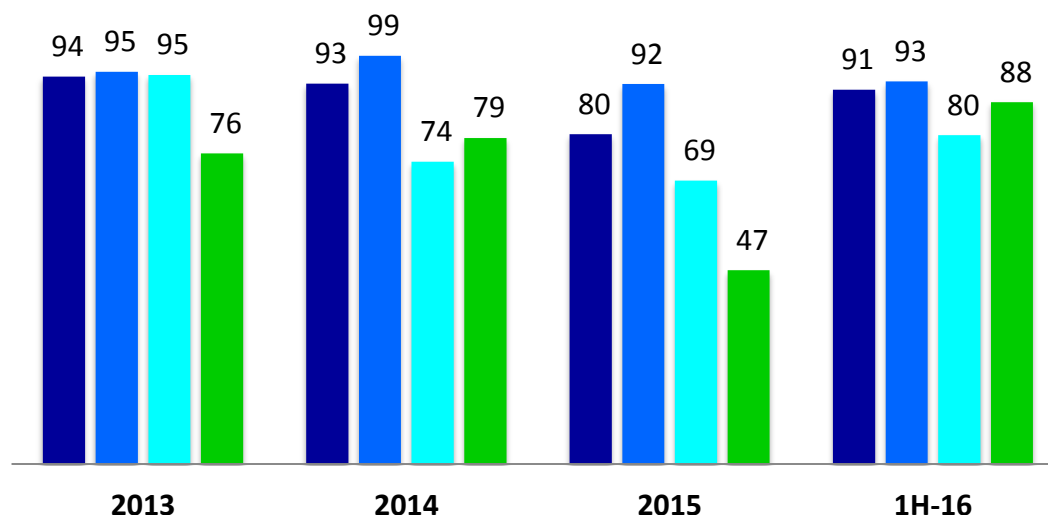
Plan Utilization Rate (%)

Ethylene



Polyethylene, Polypropylene, Styrene Monomer, Butadiene

■ Polyethylene ■ Polypropylene ■ Styrene Monomer ■ Butadiene



- Consistently achieved high utilization rate of above 90%.
- Decline of utilization in 2015 was due to shutdowns in the 4th quarter for Tie-in work of the Cracker Expansion project. In addition, within the 85-day shutdowns period were also conducted a Turnaround Maintenance (TAM).
- Post Expansion completion in Dec-2015, Cracker plant operates with new capacity of 860 KTA (up to 43%).
- Butadiene Plant operates since Sept-2013.

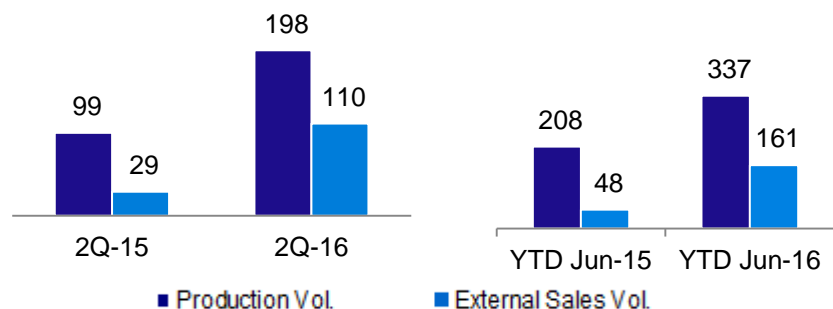


Volume and Price by products

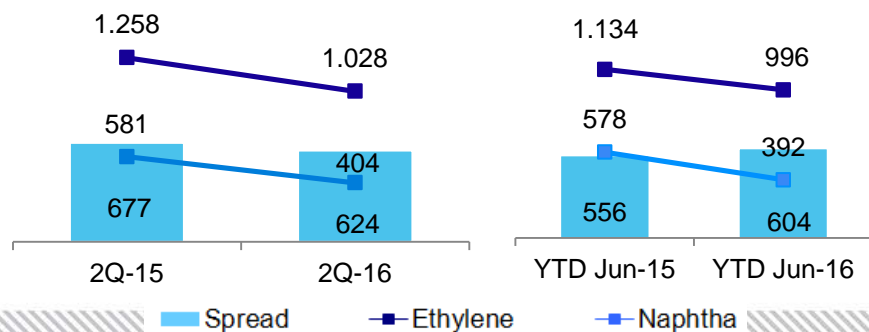
Olefins

Ethylene

Volume (KT)

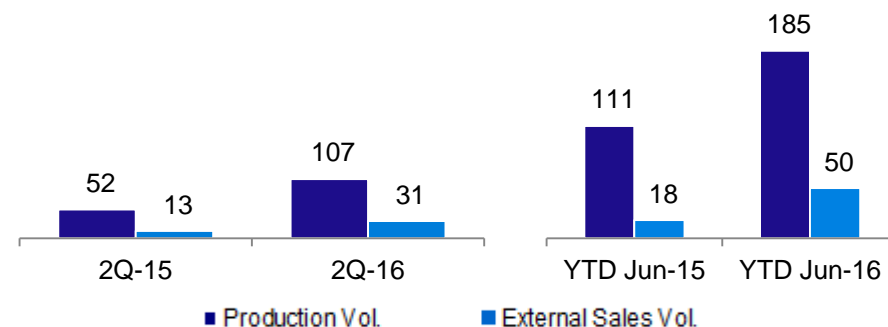


Price & spread (US\$/ton)

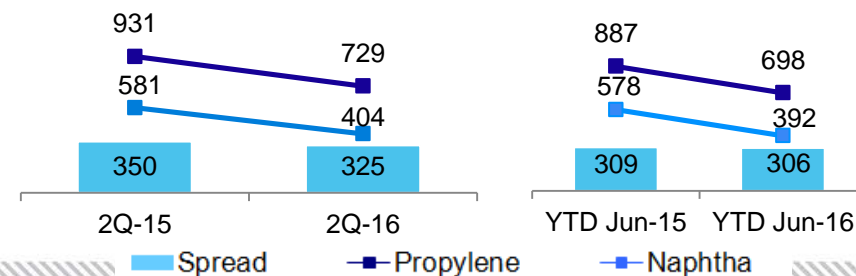


Propylene

Volume (KT)



Price & spread (US\$/ton)



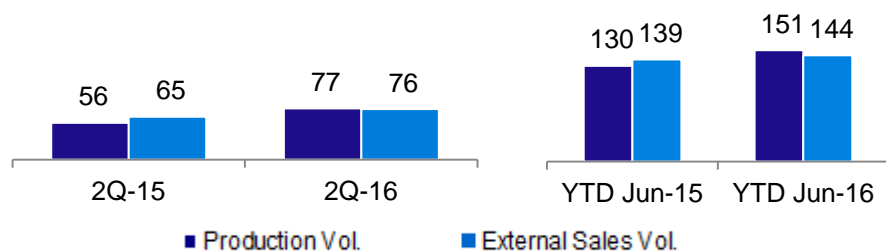


Volume and Price by products

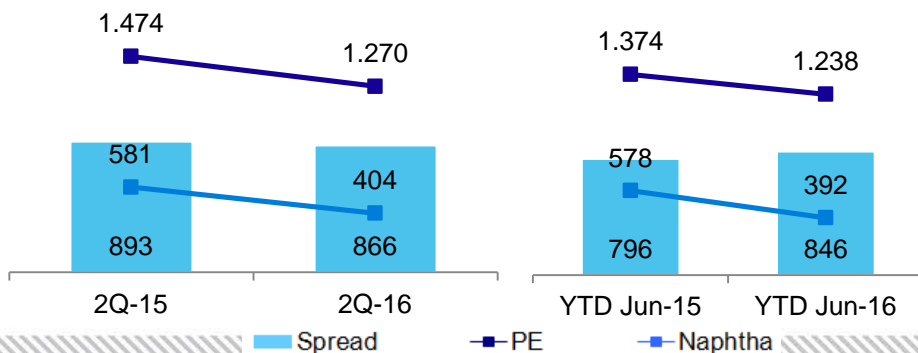
Polyolefins

Polyethylene

Volume (KT)

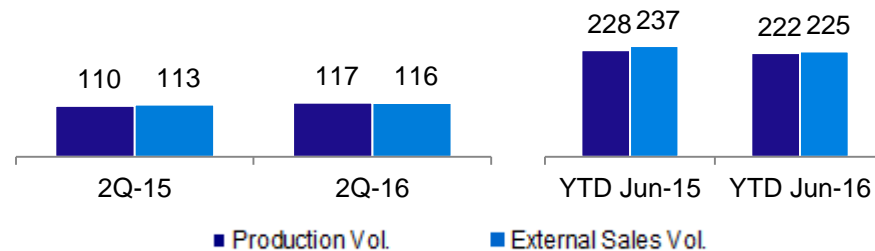


Price & spread (US\$/ton)

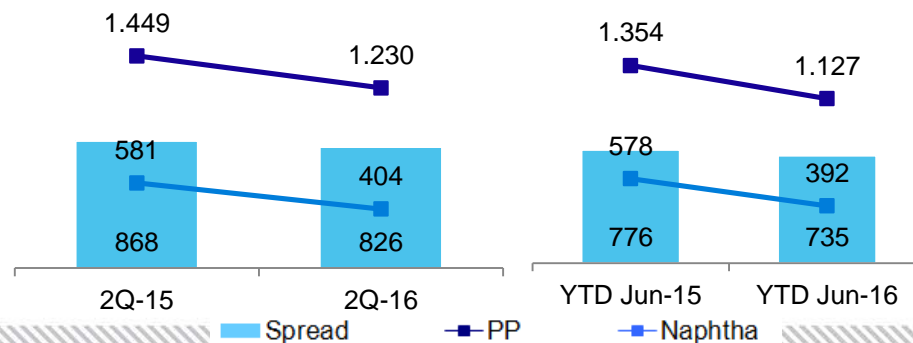


Polypropylene

Volume (KT)



Price & spread (US\$/ton)



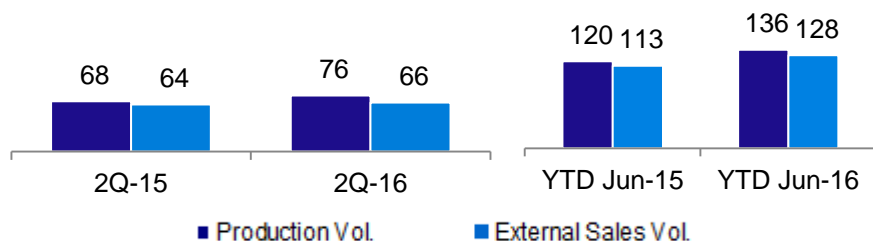


Volume and Price by products

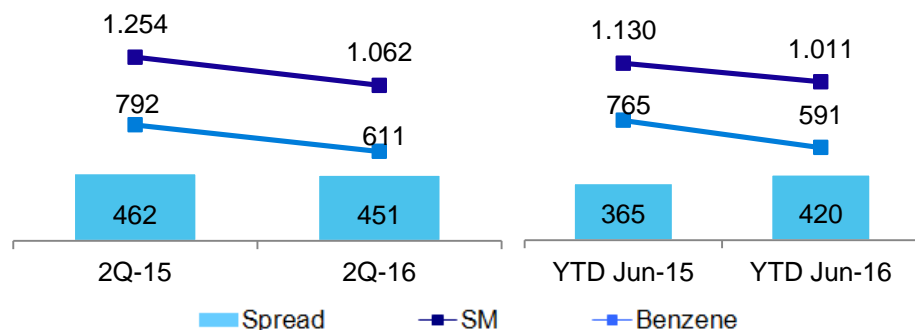
Styrene Monomer and Butadiene

Styrene Monomer⁽¹⁾

Volume (KT)

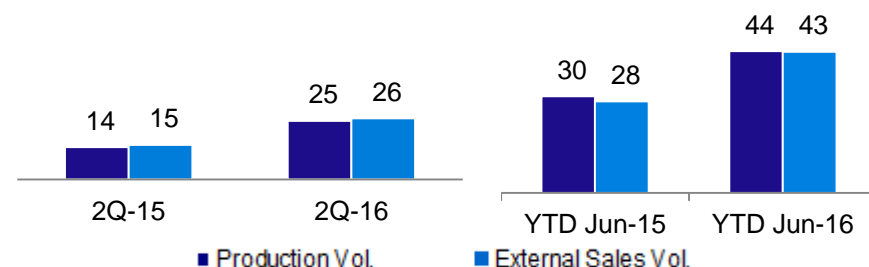


Price & spread (US\$/ton)

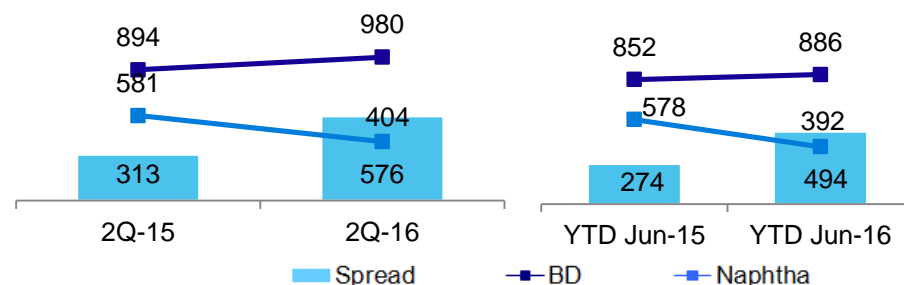


Butadiene

Volume (KT)



Price & spread (US\$/ton)



(1) Styrene Monomer and by products (Toluene and Ethyl Benzene)



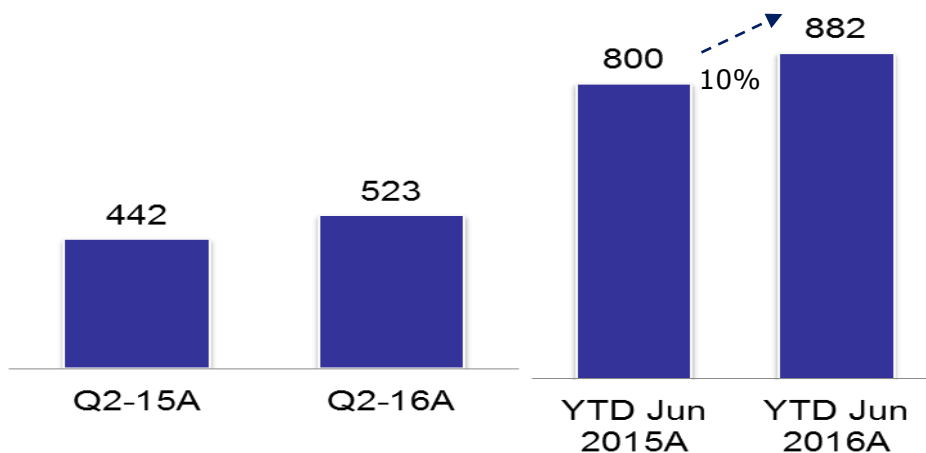
Financial Highlights: Profit or Loss 1H-2016

	2Q-15	1Q-16	2Q-16	2Q-16		1H-15	1H-16	YoY
	(US\$ mn)	(US\$ mn)	(US\$ mn)	YoY	QoQ	(US\$ mn)	(US\$ mn)	
Net Revenues	442	359	523	18%	46%	799	882	10%
Cost of Revenues	370	296	368	-1%	24%	711	664	-7%
Gross Profit	72	63	156	116%	149%	88	218	147%
Operating Profit (Loss)	48	46	135	181%	193%	46	180	291%
Profit (Loss) For The Year	15	35	96	538%	172%	18	132	636%
EBITDA	65	68	156	141%	129%	93	224	140%
<i>Gross Profit Margin</i>	<i>16%</i>	<i>17%</i>	<i>30%</i>			<i>11%</i>	<i>25%</i>	
<i>Operating Profit Margin</i>	<i>11%</i>	<i>13%</i>	<i>26%</i>			<i>6%</i>	<i>20%</i>	
<i>Net Profit Margin</i>	<i>3%</i>	<i>10%</i>	<i>18%</i>			<i>2%</i>	<i>15%</i>	
<i>EBITDA Margin</i>	<i>15%</i>	<i>19%</i>	<i>30%</i>			<i>12%</i>	<i>25%</i>	

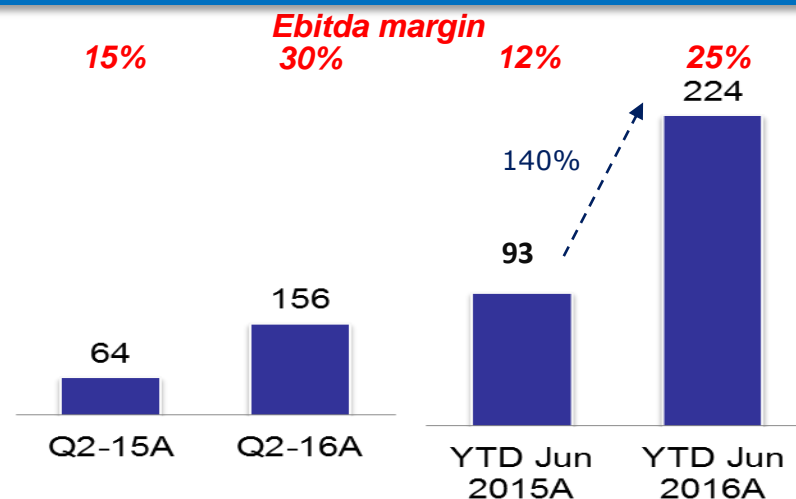


Financial Highlights: continued

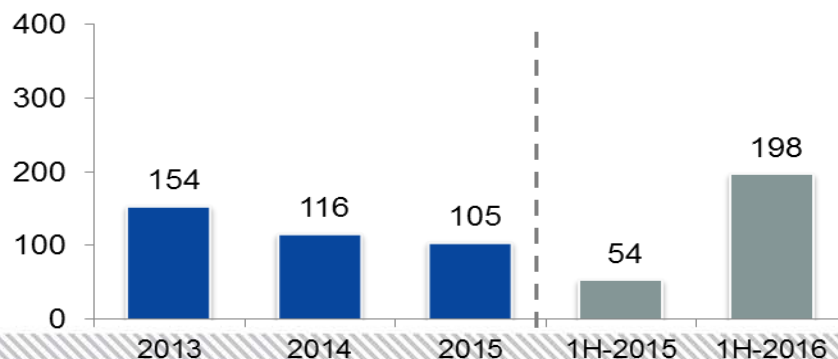
Net Revenues



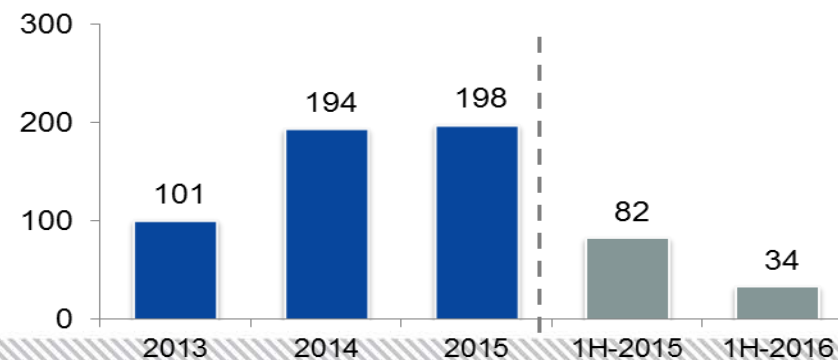
EBITDA



CF from Operations



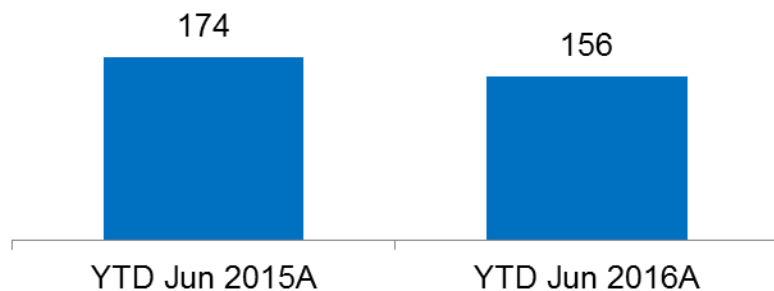
Capex



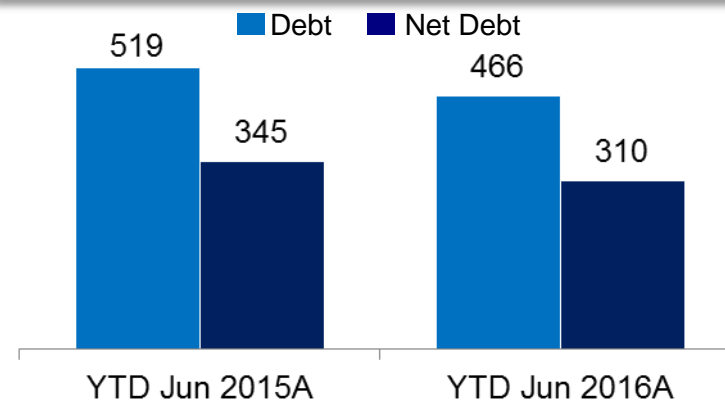


Debt, Liquidity and Covenants

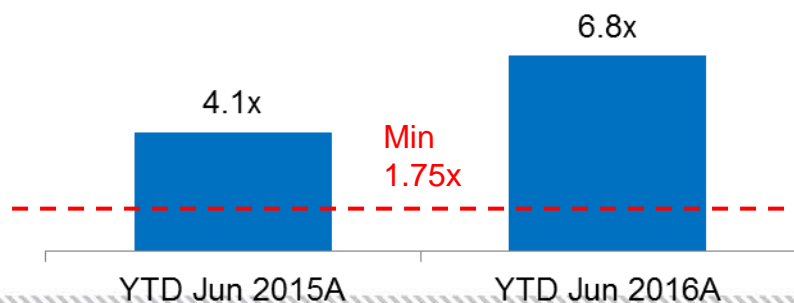
Cash & Equivalents (US\$m)



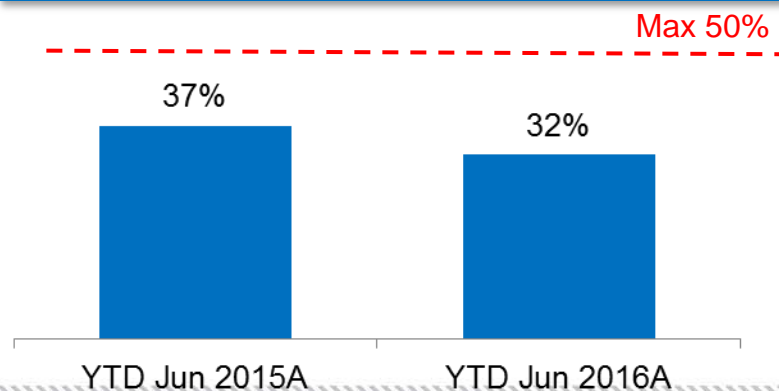
Total Debt (US\$m)



Int. Service Coverage (x)



Debt to Total Capital (%)





Diverse Product Portfolio

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Net Revenues 1H-2016: US\$882.1 million (100%)



Established PT Synthetic Rubber Indonesia, JV between SMI and Michelin, to build Styrene Butadiene Rubber plant.

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Cracker Expansion Project

- Achieved Mechanical Completion on 9 December 2015.
- TAM/Expansion tie-in works successfully completed on schedule. Cracker re-started with on-spec products on 19 December, 5-days ahead of plan.
- Total spending inline with budget ca. US\$380m.
- Cracker facility capacity increased to 860 KTA (up to 43%) since 2016.

"With Cracker capacity equivalent to world-class capacity added with plant modernization, CAP further established its position in the petrochemical industry in Indonesia".



BA-109 New Furnace



DA-415 New Propylene Tower



EBR Compressor

1. Company Profile
2. Operational & Financial Performance

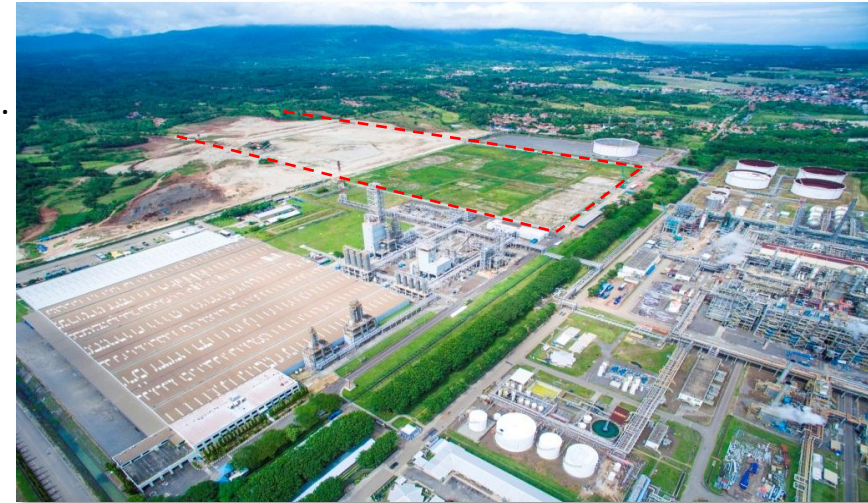
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Cracker Expansion Project



SBR plant project

- EPC contract awarded to Toyo Engineering & IKPT in June 2015.
- CAP has fully injected total equity of US\$54m.
- Overall progress 32% as of June 2016.
- Drainage work & temporary site facility completed.
- Soil improvement work, civil construction work, structure and building erection, on-going.
- Further value add CAP's Butadiene and Styrene Monomer products into high technology Synthetic Rubber products and enhance CAP's netback.



Future SBR Plant Facility Area



Soil Improvement



Temporary Site Facility



CCR & Substation

Polyethylene plant expansion

- Licence: UNIPOL Polyethylene Process from Univation Technologies, LLC.
- Capacity: new facility of total 400 KTA to produce LLDPE, HDPE and Metallocene LLDPE.
- FID target in mid 2017.
- Plant come on-stream in 2019/2020.
- It will capture more market shares of PE in domestic where the country is still short of supply. Market demand is estimated +/- 1.4mn TPA.

"Following the completion of its Cracker expansion and in line with its strategy of pursuing vertical integration, CAP has a strategic plan to build a new PE plant to add value to its excess Ethylene product"



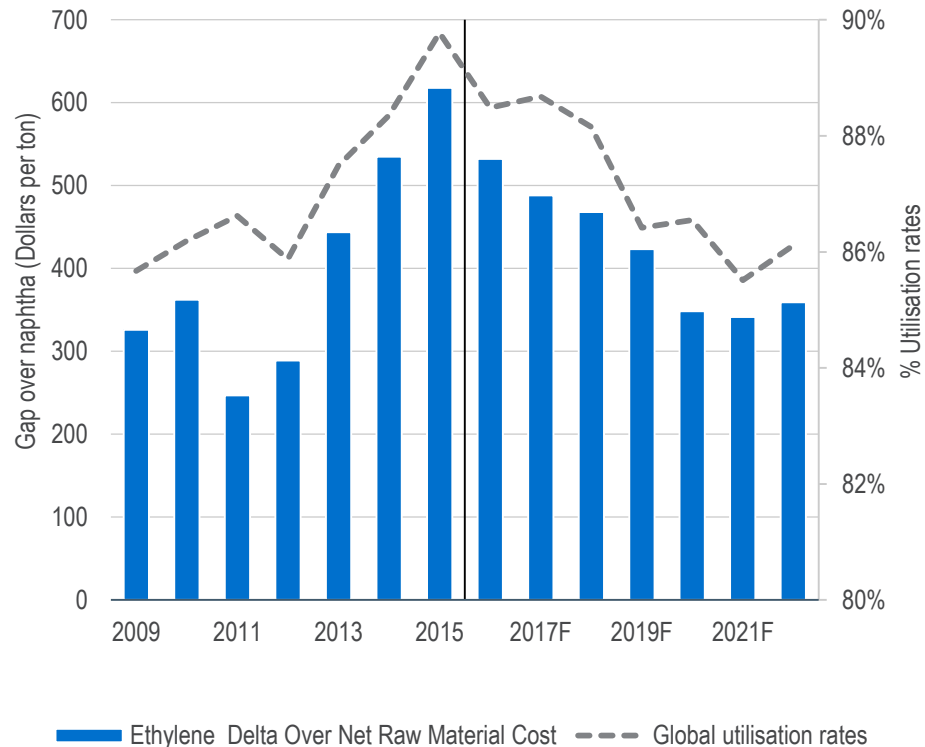
Existing PE plant in Cilegon with capacity 336 KTA where 1 train is UNIPOL PE Technology 200 KTA and another train 136 KTA is SDK

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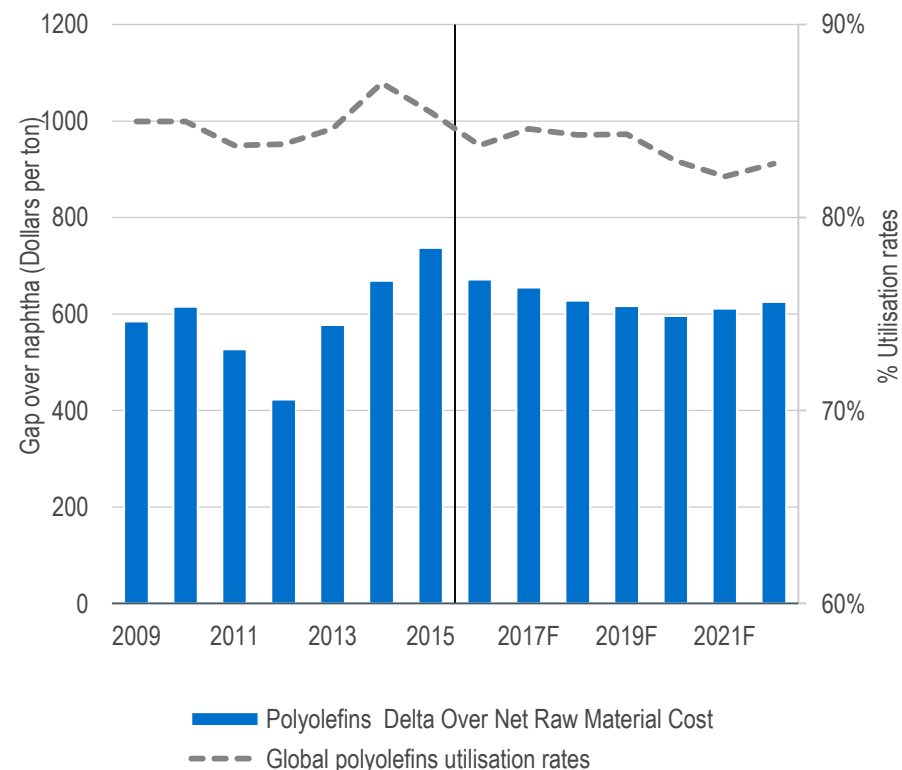
Industry Outlook

“Demand fundamental remain good for petrochemical industry over the next few years, new capacity additions post 2015 resulting in modest decline in average margins following period of sustained higher profitability”

SEA Ethylene price spreads over naphtha



SEA Polyolefins price spreads over naphtha

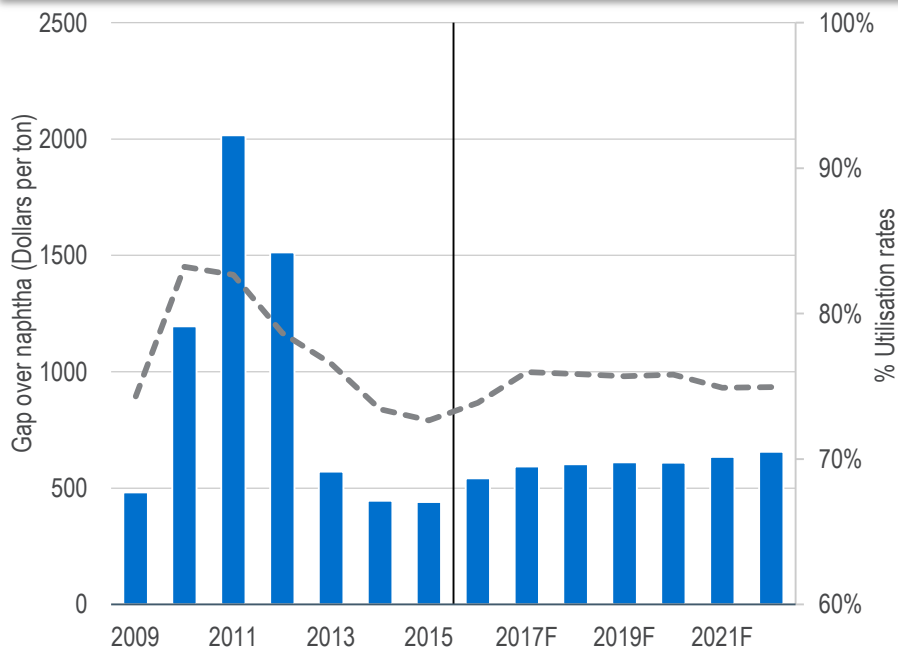


Note:
- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel

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- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel

Industry Outlook (Cont'd)

SEA Butadiene price spreads over Net Raw Material Cost

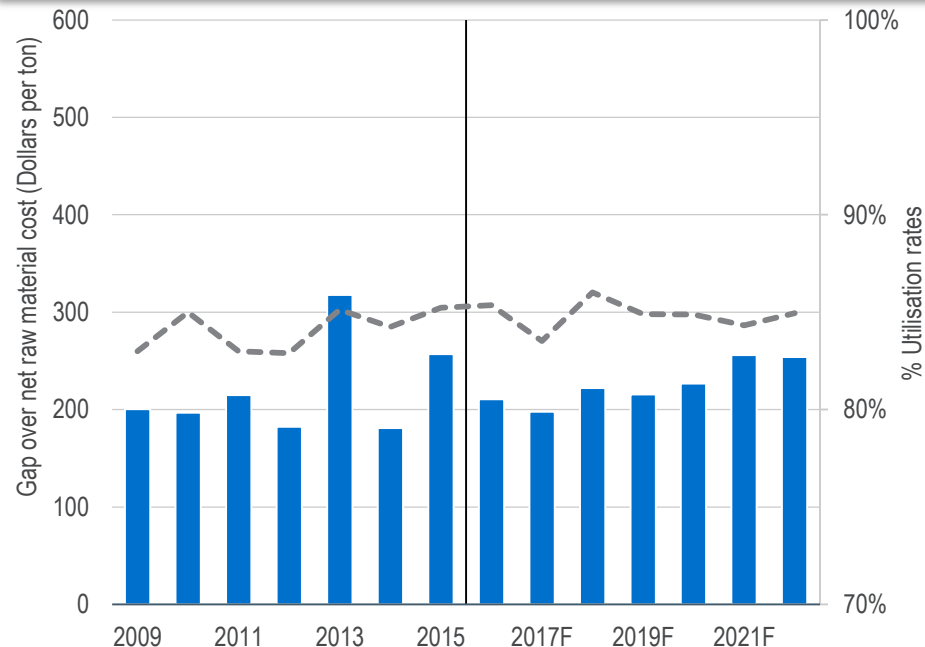


Butadiene Delta Over Net Raw Material Cost — Global utilisation rates

Note:

- 2015 is based on actual on year to date basis (Jan-Nov)
- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel

SEA SM price spreads over Net Raw Material Cost



Styrene Delta Over Net Raw Material Cost* — Global utilisation rates

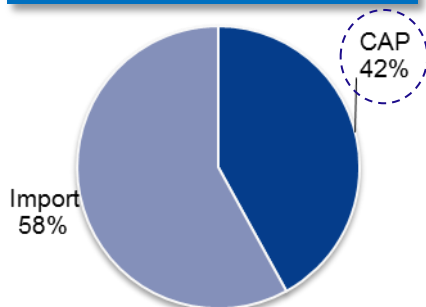
Note: - 2015 is based on actual on year to date basis (Jan-Nov)

- Forecast price is based on Brent Crude at \$30 (2016-2020) and \$50 (2021-2022) per barrel
- * Styrene market price less net raw material prices (benzene*0.78 + ethylene*0.28)

“CAP is a market leader in Indonesia across all of its products and a leading player in the region”.

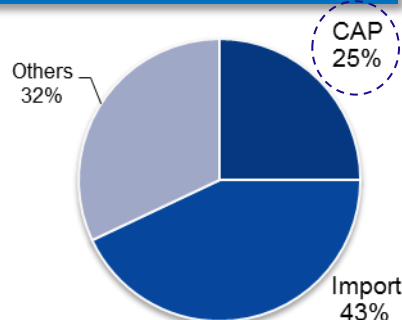
1 Largest Petrochemical company in Indonesia⁽¹⁾

Ethylene (2015)



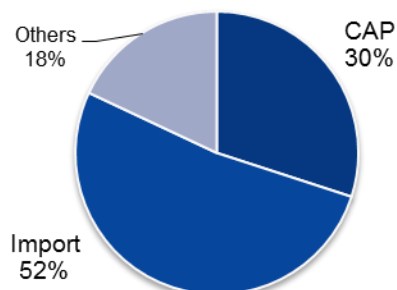
Total Supply: 1.4M tons

Polyethylene (2015)



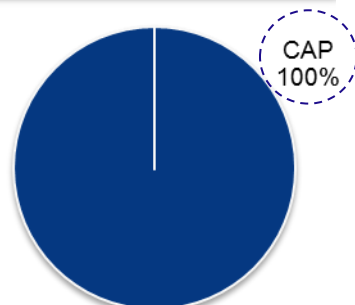
Total Supply: 1.4M tons

Polypropylene (2015)



Total Supply: 1.6M tons

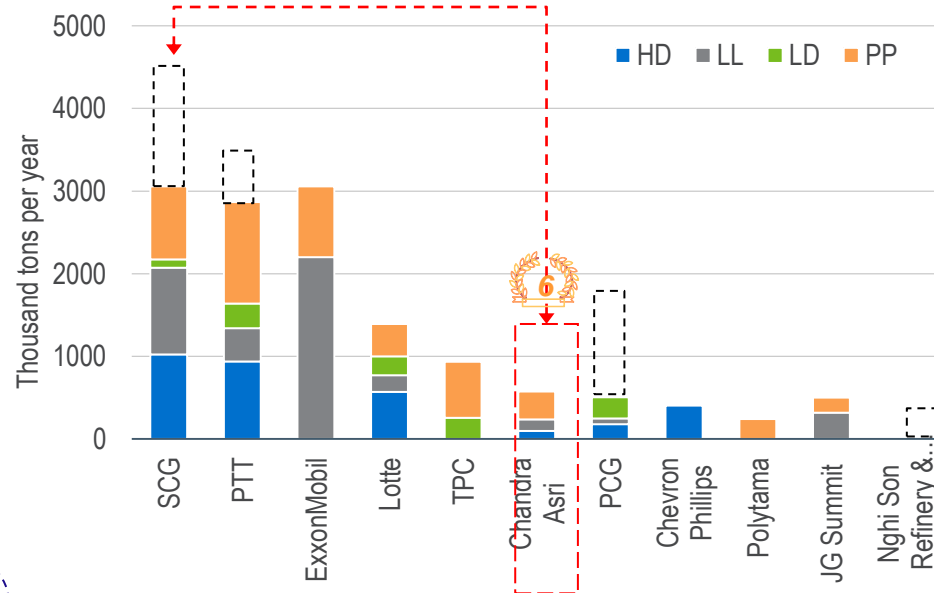
Styrene Monomer (2015)



Total Supply: 0.2M tons

Source: CAP, Nexant (Feb 2016)
Note: (1) By production excluding fertilizer producers

Polyolefin Top 10 South East Asia Producers



Source: Nexant (Feb-2016)

Thank You

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