

Public Expose 2013

PT Chandra Asri Petrochemical Tbk

Jakarta, 18 December 2013



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I. Company At a Glance

Company At a Glance (“CAP”)

- The largest and integrated producer of Olefins and Polyolefin in Indonesia.
- Owns the only Naphtha Cracker, Styrene Monomer, and Butadiene plant in Indonesia.
- Manufactures chemicals and plastics that are used in a variety of everyday consumer and industrial products including packaging materials, containers, storage materials, tires, and others.
- End-user consumer of plastic products amounted to 70% of CAP's total sales (30% from industrial markets).
- Have unique position to capitalize the high growth prospects of petrochemical industry in Indonesia and the rising of consumers demand.
- Supported by strong majority Shareholders, Barito Pacific Group (65.20%)* and SCG Chemicals Co. Ltd. (30.12%) - ownership as of 30 Nov-2013.

Notes: (*) Including CAP ownership which are owned by Marigold Resources Pte. Ltd. and Magna Resources Corp. Pte. Ltd.



Integrated manufacture complex



Ethylene plant



Polypropylene plant



Styrene Monomer plant



Butadiene plant

CAP Vision & Mission

VISION

The Leading and Preferred Petrochemical Company in Indonesia

MISSION

Continue to grow and improve our leadership position through integration, development of human capital, and preferred partnership, in a sustainable manner that will contribute to the growth of Indonesia.

CAP Key Strengths



1 Diverse Product Portfolio



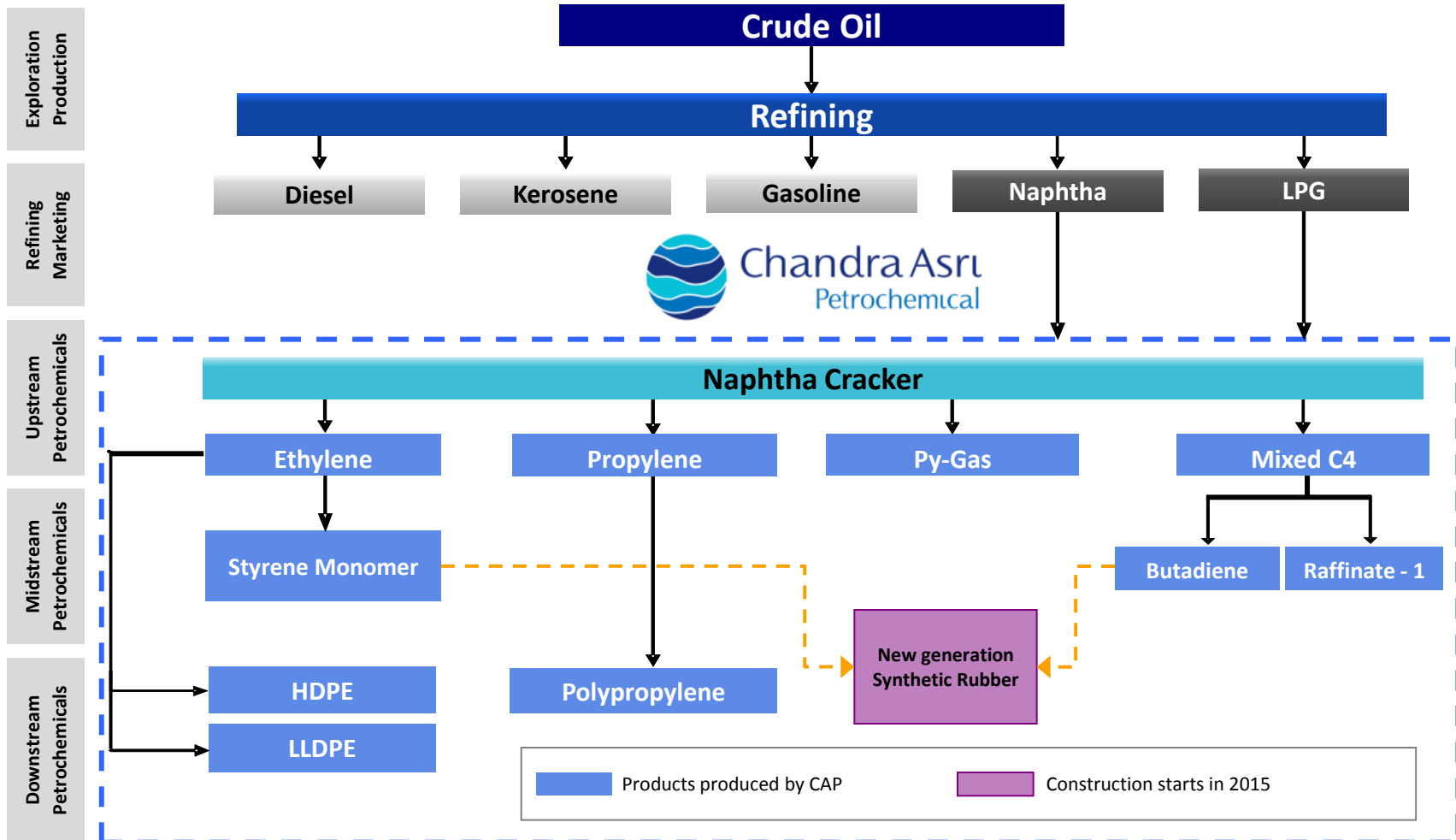
Net Revenue YTD Sept-2013: US\$1,813 million

51% of Net Revenue		27% of Net Revenue		22% of Net Revenue		
Polyolefin		Olefins		Styrene Monomer		Butadiene
Net Revenue YTD Sept-2013 : US\$928 million		Net Revenue YTD Sept-2013 : US\$480 million		Net Revenue YTD Sept-2013 : US\$402 million		Operating 4Q-2013
Polyethylene		Ethylene	Propylene			
						
Polypropylene		Py-Gas	Mixed C ₄			
						
Established a JV between PBI and Michelin to build Synthetic Butadiene Rubber ("SBR") plant facility.						

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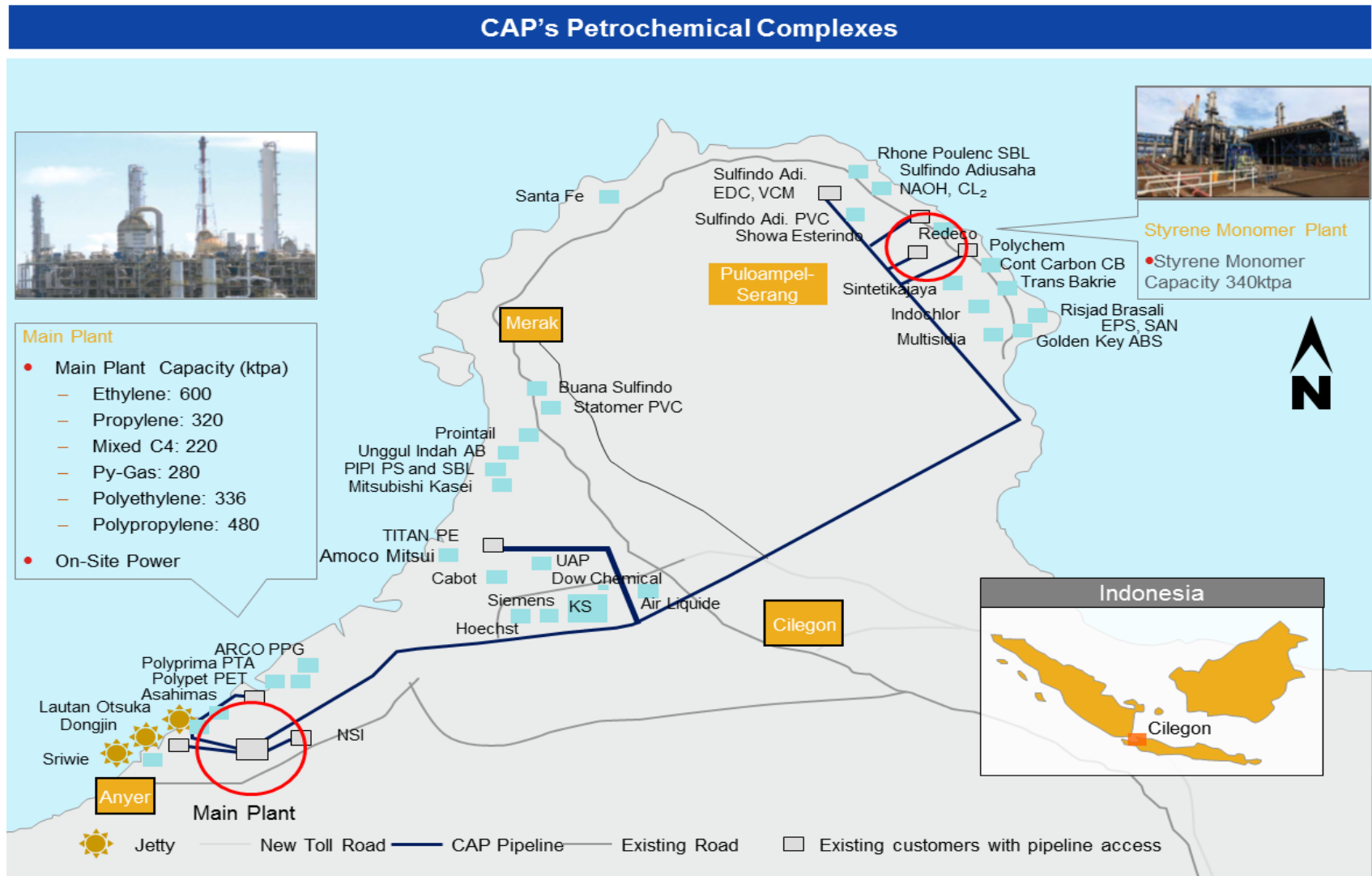
2 Integrated Business Operations

Vertically integrated business operations resulting in higher efficiency and lower costs.



3 Strategic Location

Adjacent and interlinked with Customer's Facilities.

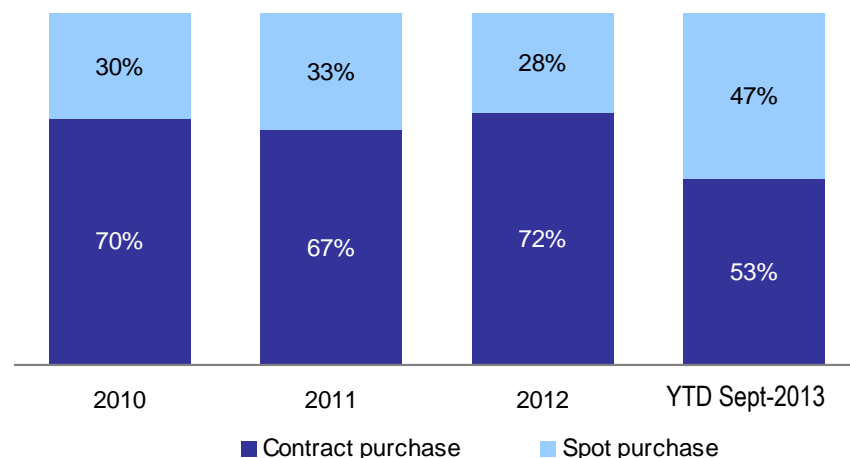


4 Stable and Flexible Feedstock Supply

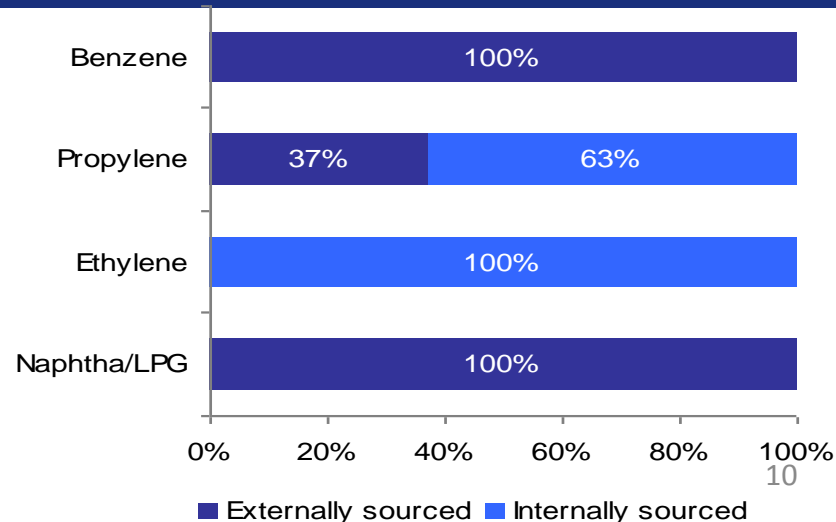
Feedstock Overview

- Various feedstock can be used for Cracker, including:
 - › Naphtha
 - › LPG
 - › Condensates
- Long-standing and stable relationships with our suppliers.
- No material interruptions to deliveries of own feedstock over the last five years.
- Combination of supply arrangements and spot purchases provide flexibility.
- Diverse set of Naphtha suppliers: no single supplier dependence.
 - › Trading Companies in Singapore and Malaysia.
 - › Direct purchases from refineries.

Naphtha Purchases: Spot vs. Contract



Key Feedstock Source YTD Sept-2013



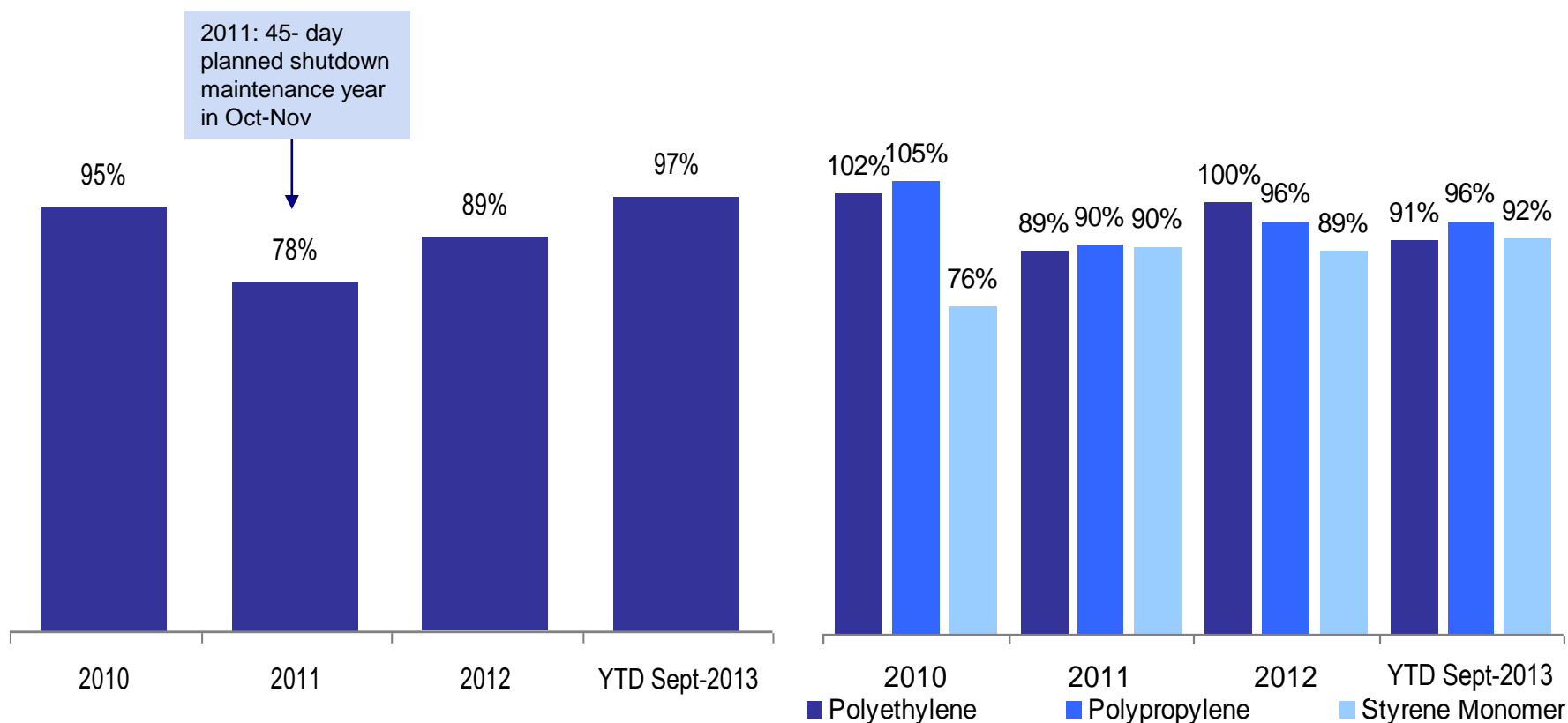
5 High Operating Rates

CAP continued to achieve high capacity utilization rates, mainly due to robust demand from the domestic market in Indonesia which is a net petrochemical importing country and focusing on energy yield and efficiency improvements.

CAP Utilization Rates

Ethylene

Polyethylene, Polypropylene, Styrene Monomer

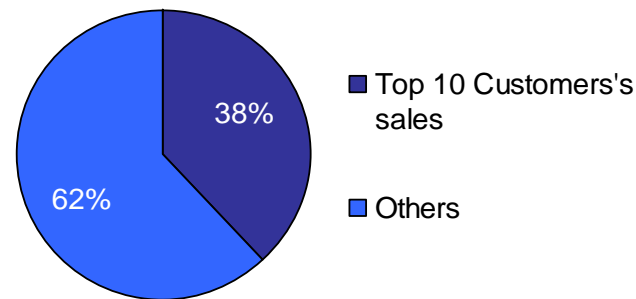


6 Loyal and Broad Customer Base

- Diversified clientele with Top 10 Customers accounting for only 38% of revenues in YTD 2013.
- Solid and long term relationships with key Customers.
- Customers integrated with CAP production facilities via CAP's pipeline.
- Strong marketing and distribution platform with wide network serving ~300+ Customers.
- Short delivery trend time and historically commanded pricing premium to benchmark prices.

Top 10 Customer's Sales Breakdown

Net Revenue CAP – YTD Sept-2013: US\$ 1,813 million



Selected Key Customers



7 Solid and Experienced Management

Board of Commissioners

**George Allister
Lefroy**

Tan Ek Kia

Hanadi Rahardja

**Agus Salim
Pangestu**

**Loeki
Sundjaja Putera**

Chaovalit Ekabut

**Cholanat
Yanaranop**

Board of Directors



Erwin Ciputra
President Director



**Paramate
Nisagornsen**
Vice President
Director



**Raymond
Budhin**
Vice President
Director



**Terry Lim Chong
Thian**
Director



Suryandi
Director



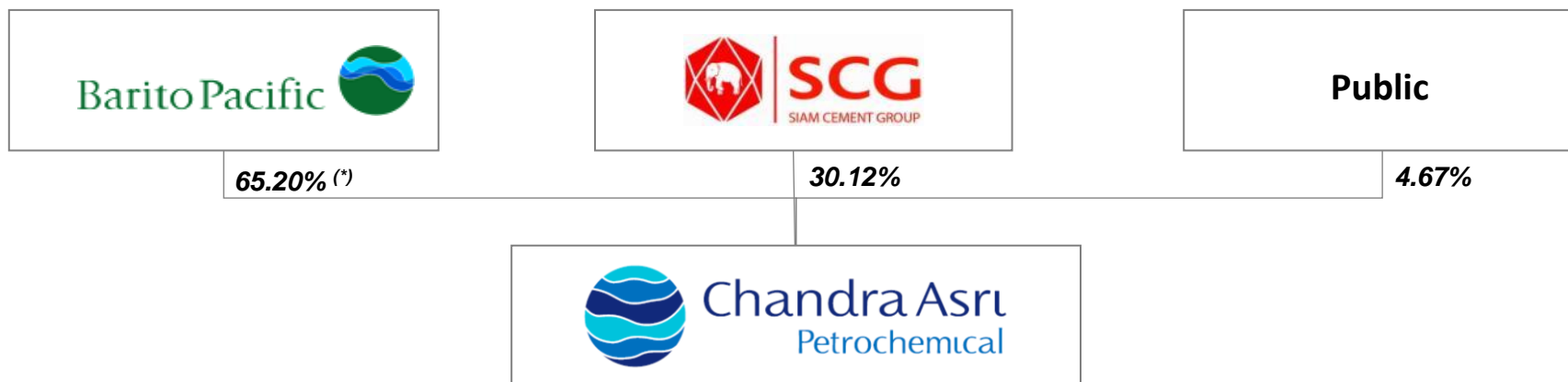
**Baritono
Pangestu**
Director



**Paisan
Lekskulchai**
Director

7 Strong Commitment from Shareholders

Shareholding Structure — per 30 Nov 2013



Barito Pacific

- An Indonesian-based business group headquartered in Jakarta.
- Engaged in a diversified range of business, including petrochemical, property, and palm plantations.
- Listed on IDX since 1993.
- Majority Shareholder is Prajogo Pangestu.

Siam Cement Group

- Thailand's largest industrial conglomerate and Asia's leading chemicals producer.
- Invested in CAP in 2011 through acquiring 30% of CAP from Barito Pacific and Temasek.
- Long-term Shareholder with substantial experience and expertise in petrochemicals committed to supporting the development of the business.

Notes: (*) Including CAP ownership which are owned by Marigold Resources Pte. Ltd. and Magna Resources Corp. Pte. Ltd.

II. Petrochemicals Industry Updates

Strong Demand Growth in Indonesia

Demand of petrochemical products will remain strong in several periods ahead. Petrochemical products are fundamental to production of a wide variety of consumer and industrial products, such as packaging materials, containers, and storage materials.



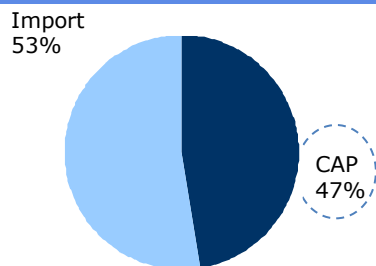
Source: Nexant , Sep 2013

Dominant Market Positions in Indonesia

Retains its dominant position as market leader in many categories of petrochemical products in Indonesia. The only producer of Ethylene, Styrene Monomer, and Butadiene.

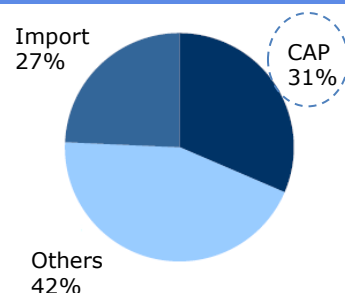
1 Largest Petrochemical Company in Indonesia⁽¹⁾

Ethylene (2012)



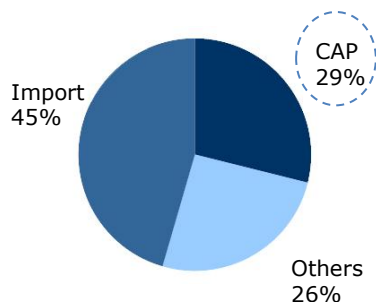
Total Demand: 1.28 million ton

Polyethylene (2012)



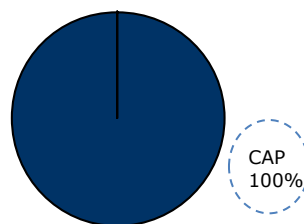
Total Demand: 1.06 million ton

Polypropylene (2012)



Total Demand: 1.66 million ton

Styrene Monomer (2012)

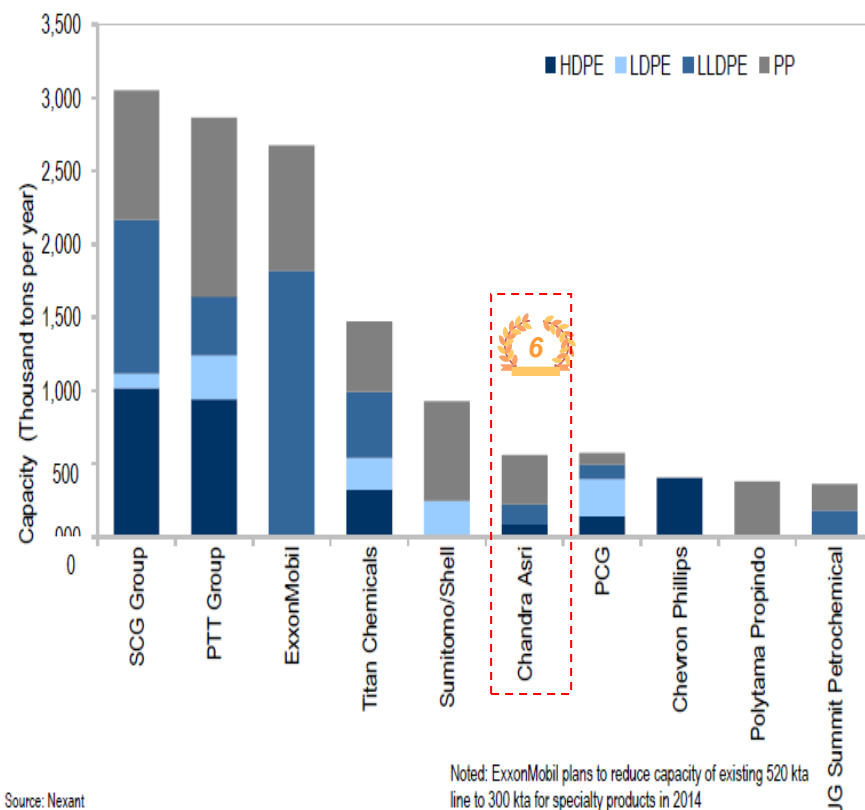


Total Demand: 0.16 million ton

Source: Nexant, Sep 2013
Notes: (1) Exclude fertilizer producers

Top 10 Largest Polyolefins Producers in South East Asia

(Capacity basis 2012)



Source: Nexant

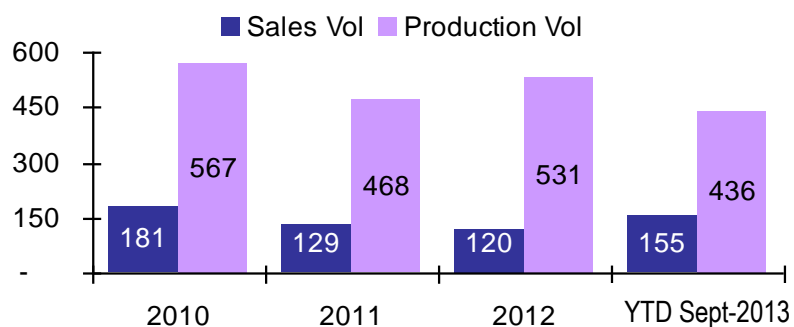
Source: Nexant, Sep 2013

III. Financial & Operational Performance

Trend of Sales and Production Volume

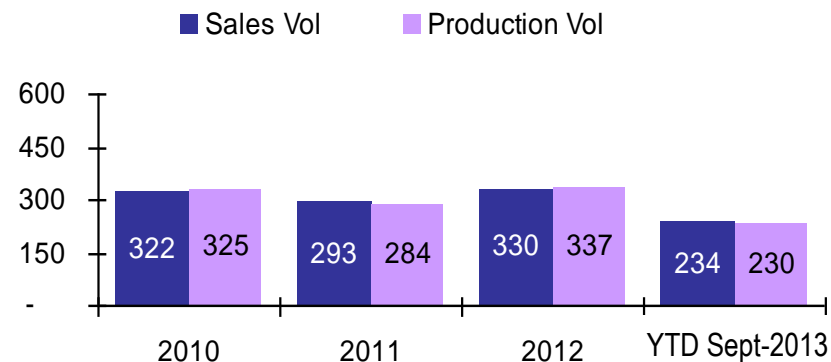
Ethylene ⁽¹⁾

KT



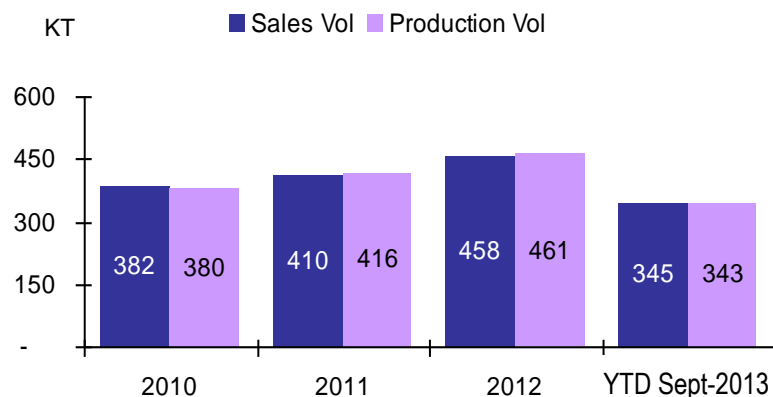
Polyethylene

KT



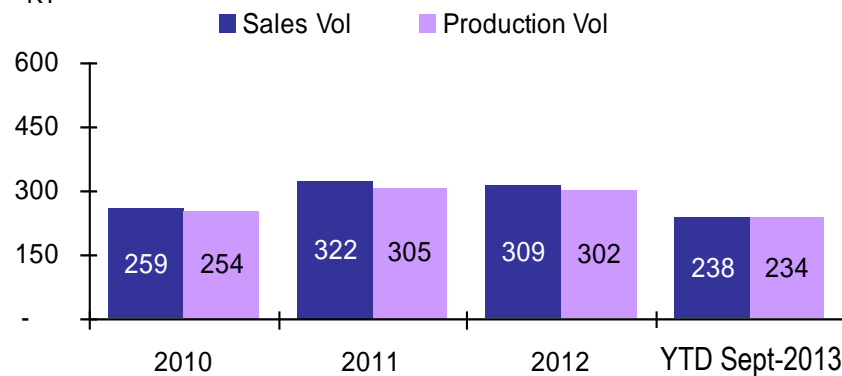
Polypropylene

KT



Styrene Monomer

KT



Note: (1) The additional ethylene produced is consumed internally to produce polyethylene.

Financial Highlights

	30 September 2013 Unaudited US\$'000	30 September 2012 Unaudited US\$'000	31 December 2012 Audited US\$'000
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Balance Sheet

• Cash and cash equivalents	124,065	103,791	123,393
• Current Assets <i>(exclude Cash and cash equivalents)</i>	541,172	618,574	571,456
• Non Current Assets	1,045,346	988,034	992,266
Total Assets	1,710,583	1,710,399	1,687,115
• Current Liabilities	543,203	499,607	484,305
• Non Current Liabilities	457,906	469,055	481,980
• Equity	709,474	741,737	720,830
Total Liabilities and Equities	1,710,583	1,710,399	1,687,115

	30 September 2013 Unaudited US\$'000	30 September 2012 Unaudited US\$'000	31 December 2012 Audited US\$'000
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Income Statements

• Net Revenues	1,813,334	1,707,490	2,285,158
• Gross Profit	58,671	12,303	22,789
• Net Income (Loss) For The Year	(11,356)	(61,114)	(87,213)

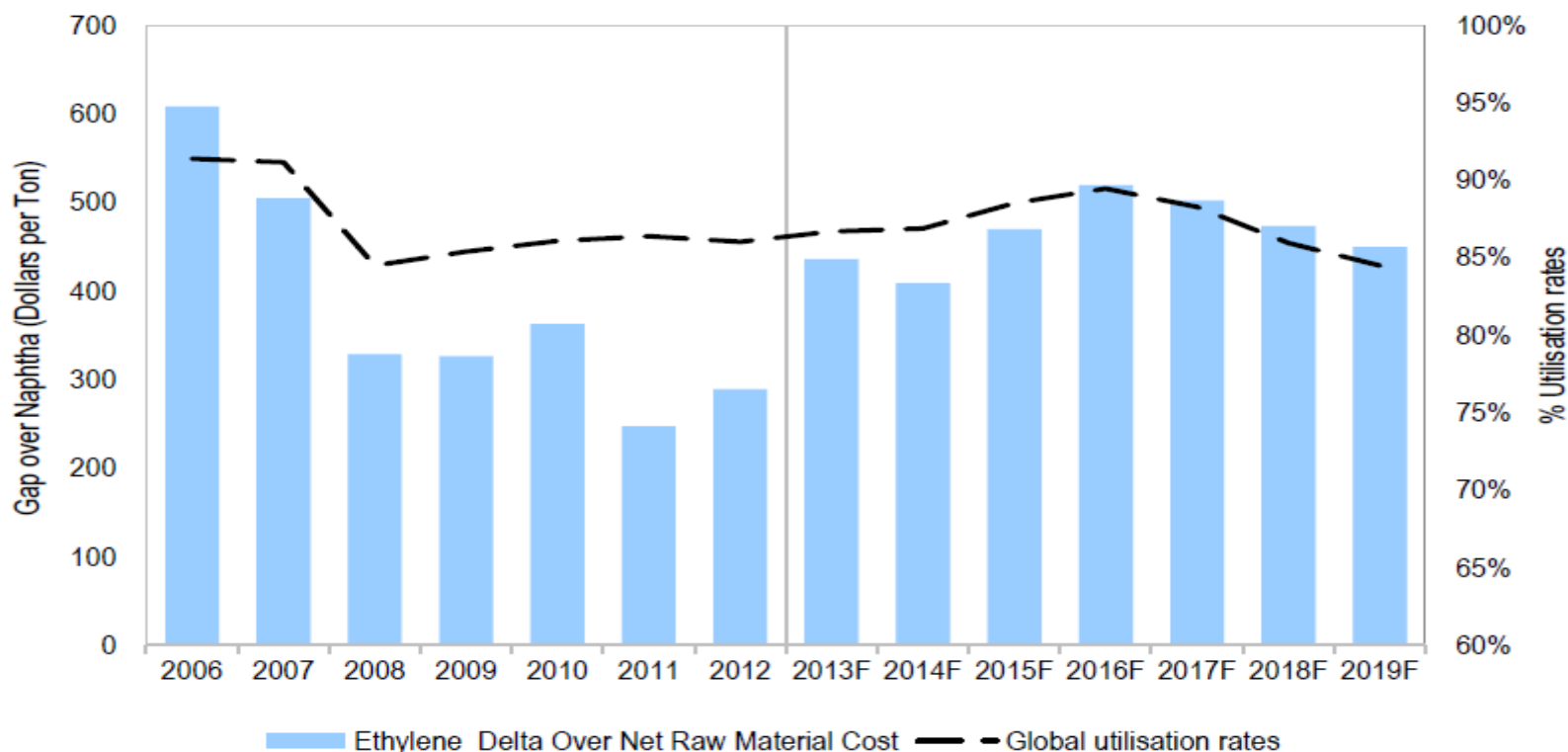
IV. Strategic Initiatives

Attractive Industry Fundamentals: petrochemical industry is expected to enter recovery cycle

Petrochemical industry profitability to continue on path of sustainable recovery post 2012 as a result of improving demand. Fewer capacity start-ups are scheduled over 2013-2016 resulting in improve profitability. Industry margin to climb to a new peak around 2016-2017.

Ethylene price spreads over Naphtha

(Basis: Current US\$, South East Asia Market Pricing)



Source: Nexant

Source: Nexant, Sep 2013

Note: - 2013F is forecasted on year to date basis
 - Forecast price is based on Brent Crude at \$95 per barrel

Key Strategic Initiatives

1. Completed the construction of Butadiene Plant.
2. Cracker expansion project (targeted to operate in 2015).
3. Continuing the implementation phase of JV with Michelin to build Styrene Butadiene Rubber plant (“SBR”).
4. Continuing the operation and cost reduction initiatives in order to further improve the performance while utilizing the potential synergies with the SCG.
5. Optimizing human capital through human resource development programs based on competency.

Butadiene Plant

- Construction of Butadiene plant started in 2011 and operates since 4Q-2013.
- Investment cost US\$150 million.
- Capacity 120 KTPA.



Cracker Expansion Project in Brief

1. To increase economics scale of total production.
2. Maintain leading position in fulfilling the demand growth in Indonesia.
3. To strengthen profitable Polypropylene portfolio competitiveness.
4. To integrate downstream petrochemical industries.

Cracker Expansion Project

Overview

- Planned Cracker expansion is to take advantage of significant Ethylene shortage in Indonesia.
- New production capacity is expected to operate in 2015.
- Surplus of Ethylene production will be sold to local Indonesian customers.
- This project is prepared to face the peak industry condition which is expected to happen in 2016.
- Project cost: US\$380 million.

Current Capacities

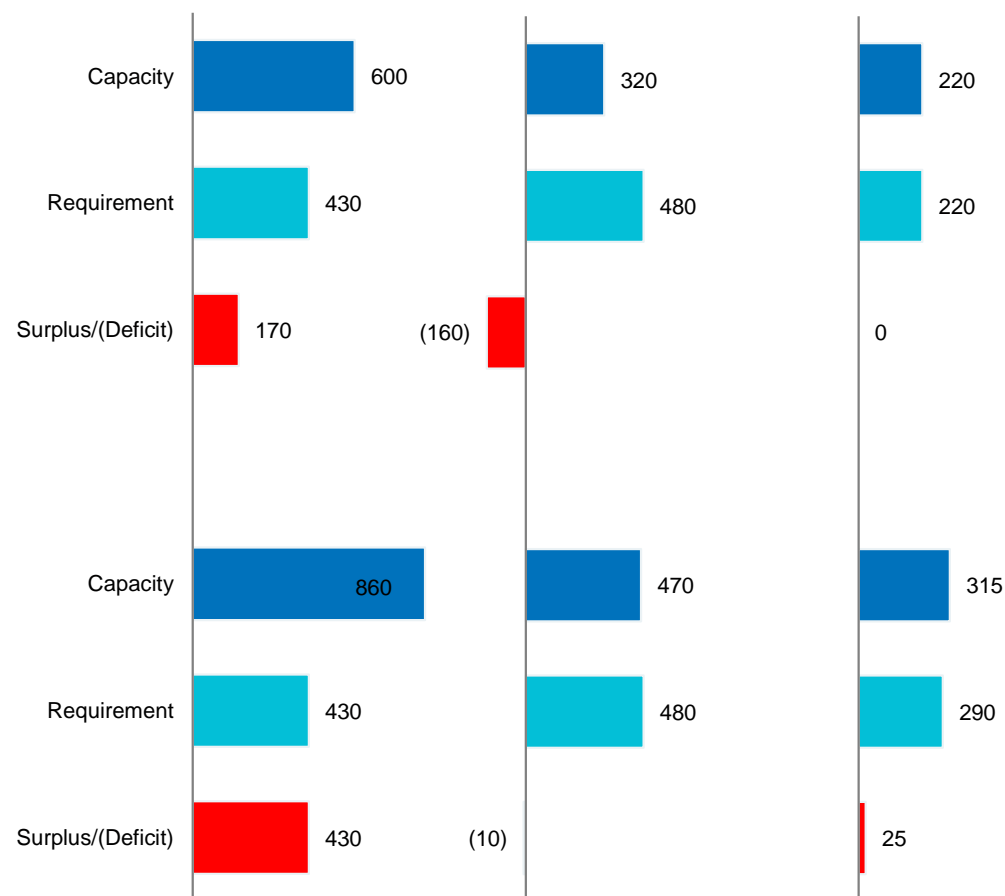
Capacities Post Cracker Expansion

Ethylene

Propylene

Mixed C4

in KTA (Kilo-Tonnes per Annum)



Synthetic Butadiene Rubber

- Type of Business : *Joint Venture* – CAP (45% through PBI) and Michelin (55%).
PT Synthetic Rubber Indonesia.
- Technology : Proprietary Technology (low technology risk).
- Start-up : 4Q2016 – 1Q2017.
- Investment cost : US\$435 million.
- CAP rationale investment:
 - Butadiene downstream integration.
 - Entering new business with high business potential – synthetic rubber business.
 - Strengthen relationship with world-class partner as the technology provider.

Refinancing Structure

Rights Issue

- Conducted PUT I with HMETD (“rights issue”) on October 2013 by issuing 220,766,142 new shares.
- The proceeds amounted to US\$127.9 million at the end of rights issue in November 2013 will be used to finance Naphtha Cracker expansion and equity injection of PT Synthetic Rubber Indonesia, joint venture with Michelin, to build Styrene Butadiene Rubber plant.

Term Loan Facility (New)

- Signed Term Loan Facility Agreement – 7 years on 5 December 2013, amounting to US\$265 million through club deal basis with various local and international banks.
- The loan will be used to finance the capital expenditure of Naphtha Cracker expansion which is estimated to cost US\$380 million.

Term Loan Facility (Current)

- Term Loan Facility amounted to US\$150 million - 7 years through syndication from various local and international banks, which is used to finance the construction of Butadiene plant. The agreement was signed on November 2011.
- Term Loan Facility amounted to US\$220 million – 7 years through syndication from Siam Commercial Bank PCL and Bangkok Bank PCL, which is used for refinancing Senior Secured Guaranteed Notes. The agreement was signed on September 2012.

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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