

Press Release

Chandra Asri Group expands its footprint in the energy infrastructure sector with an investment of up to US\$200mln in Krakatau Posco Energy

Jakarta, June 12, 2023 – PT Chandra Asri Petrochemical Tbk (Chandra Asri Group) is pleased to announce a significant investment in the energy infrastructure sector through its majority-owned subsidiary, PT Krakatau Daya Listrik (KDL). The investment is split into 2 phases amounting up to US\$200 million. Firstly, KDL will increase its stake in PT Krakatau Posco Energy (KPE), a joint venture (JV) with POSCO the global leading steelmaker, to 45%. Secondly, KDL will co-invest in accordance with its equity stake to support KPE's planned expansion to construct a new 200-megawatt (MW) power plant once the Final Investment Decision (FID) is taken. With this growth trajectory, KDL's total power generation capacity will increase to 300MW, consisting of 120 MW from its existing wholly owned combined cycle power plant plus 180 MW from its equity stake in KPE after the planned investment expansion (which is 45% of 400MW).

The Sales and Purchase Agreement was signed by Nandang Hariana, President Director of KDL and Lee Jeon Hyeok, Senior Executive Vice President of Posco International Corporation. KPE has been well-established since 2011 and supplies electricity to the iron and steel making plant of PT Krakatau Posco (KP), a company led by POSCO in partnership with PT Krakatau Steel (Persero) Tbk, located in the heart of Indonesia's "Steel City" Cilegon. KPE currently has an existing power plant and supporting infrastructure utilities with capacity of 200 MW that operates using off-gas from KP and is backed by a long-term contractual full offtake agreement that runs until 2038.

President Director & CEO of Chandra Asri, Erwin Ciputra, said: *"This transaction marks an important milestone in the expansion and growth of the collaboration between Chandra Asri Group and POSCO, underpinned by our confidence in the strategic direction and growth potential of Krakatau Daya Listrik and Krakatau Posco Energy. This move solidifies our commitment to deepening strategic partnerships and reinforces our position as a key investor in the energy sector. We are delighted to be unlocking clear synergies identified with the successful acquisition of Krakatau Daya Listrik by our subsidiary. PT. Chandra*

Daya Investasi (CDI) in February 2023, to grow and develop the industrial powerbase of Indonesia in Cilegon.”

This structured, bespoke, and targeted acquisition was supported by PT Bank Central Asia Tbk. It is part of Chandra Asri Group’s programmatic M&A strategy to extend and strengthen its infrastructure business with a series of bolt-on deals to deliver stronger performance with less risk, leveraging Chandra Asri’s financial strength and solid reputation as a Growth Partner to world-class global corporations.

The increased stake in KPE by Chandra Asri serves to create a more active role for the Company in shaping the energy landscape of Indonesia, especially through KPE providing a reliable and cost-effective energy solutions with minimal environmental impact. By combining their resources, expertise, and market knowledge, the leading shareholders Chandra Asri and POSCO aim to drive innovation, enhance operational efficiencies, and deliver superior value to their customers and stakeholders.

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About Chandra Asri

Chandra Asri Petrochemical is Indonesia’s largest integrated petrochemical company producing olefins and polyolefins. With a history of 30 years and over 2000 dedicated staff, the company incorporates state-of-the-art technologies and supporting facilities located strategically in the country’s petrochemical hub, Cilegon and Serang. As a Growth Partner, Chandra Asri is committed on creating high-value jobs, expanding the domestic petrochemical value chain, and serving the needs of the vibrant and growing Indonesian market. For more information, visit: www.chandra-asri.com

