

**By Pholavit Thiebpattama, Chief Operations Officer &
Andre Khor, Chief Financial Officer**

Pholavit Thiebpattama – Chief Operations Officer

Good afternoon to all our valued attendees. Welcome to the 1st Half Earnings Call for PT Chandra Asri Pacific Tbk.

My name **Pholavit Thiebpattama**, the Chief Operations Officer of Chandra Asri. Joining with me on this call is **Andre Khor**, our Chief Financial Officer.

We are delighted to warmly welcome everyone joining us for this Earnings Call, where we will present Chandra Asri's financial and operational performance for the first half of 2024.

On behalf of the Board of Chandra Asri, we extend our heartfelt gratitude to our committed team members, valued shareholders, analysts, and all stakeholders who have contributed to our positive results. Your unwavering commitment and continuous support propel us forward and instill the confidence to navigate the complexities of the market.

Please note that during this call, management may provide Forward-looking Statements, which include projections of our future results, business operations, and strategies. These statements are based on our current expectations and involve inherent risks and uncertainties that could cause actual outcomes to differ significantly from those described in these forward-looking statements.

For today's **Agenda**, we will begin with an overview of Chandra Asri's Summary of Highlights, continued with the Performance Overview, before proceeding with the latest updates on Strategy & Growth, and then conclude with the Q&A session towards the end of the call.

For the **summary of highlights** in the first half of 2024, Chandra Asri managed to maintain a strong Balance Sheet with a strong liquidity pool of US\$2.2 billion which provides ample resources to enhance financial stability, establishing a strong foundation for future growth and investment opportunities while

undergoing the scheduled Turn Around Maintenance which was last done in 2019. This routine maintenance which involves experienced teams performing critical repairs to ensure facility's reliability, safety and regulatory compliance. This TAM activity also includes the integration of new facilities with existing ones to support the Company's future expansion and business development plans, thereby strengthening the self-sufficiency of the domestic industry. Additionally, several sustainability initiatives are implemented during this TAM, one of which is the utilization of renewable energy through the installation of the third phase of the solar rooftop. This demonstrates the Company's commitment to maintaining operational sustainability and energy efficiency.

Next highlight, as part of our exponential growth process, Chandra Asri Group with Glencore Plc using our joint venture company, CAPGC Pte Ltd signed SPA to acquire Shell's Energy and Chemicals Park in Singapore. This acquisition, which is expected to be finalized at the end of 2024, is expected to bring our production capacity to over 4 times from our existing production capacity with over 5 times projected revenue growth.

We are also proud to announce our inclusion in the Morgan Stanley Capital International Indexes (or "MSCI") as of market close of May 31, 2024. The inclusion of Chandra Asri Group in the MSCI Global Standard Indexes is a testament to our solid financial performance, strategic growth initiatives, and commitment to sustainability.

Lastly, on the Environmental, Social, and Governance (ESG) aspects, Chandra Asri successfully received three awards at the 16th Annual Global CSR & ESG Summit and Awards 2024. These awards emphasize the importance of real and sustainable impact in CSR and ESG practices that Chandra Asri has implemented through revolutionary strategies, cutting-edge solutions, and collaborative initiatives, which are expected to shape an innovative and sustainable future for CSR and ESG.

We are grateful for the recognition of our collective efforts and dedication from our exceptional team, partners, and stakeholders.

Next, we will continue with our **Performance Overview**.

Firstly – on the **Market Product Prices**. Generally, the overall product prices increase which gives positive spread for the sales in the first half of 2024 especially the polyolefins and the SM-BD prices. The inflation and recession in key economies remained persistent, exerting pressure on overall market sentiment for the Polyethylene prices while the Polypropylene prices are impacted by limited trading activity with converters experiencing sufficient supply and adjusted lower operating rate due to lack in finished goods market. Styrene monomer increase mainly due to increased import demand from Europe region and active inquiries from Korean importers to address the domestic supply shortfall. Butadiene prices received its boost from the firm demand and stronger rubber futures as well as the regular off-take of Butadiene from Downstream makers.

Throughout the first half of 2024, we sustained **our production volume** at an optimal level to ensure reliable market is fully supplied while undergoing the TAM. Our total production volume reached 1,114KT, with a sales volume of 671KT. Market sentiment in Indonesia remained positive and is expected to continue its stable growth trajectory.

TAM also brings our **Operating Rates** to a lower than usual level. Despite this, Chandra Asri maintained our cracker and polyolefins plants at effective operating rates to meet domestic demand. We remain optimistic about the promising outlook for the petrochemical market in Indonesia and anticipate continued growth potential.

In our commitment to Environmental, Social, and Governance (**ESG**) principles, we are dedicated to effectively implementing our comprehensive ESG Framework, RESPONSIBLE. I greatly appreciate our team's commitment to actively improving our communities as we continuously advance our ESG initiatives.

Through this ESG framework, we are implementing initiatives that emphasize sustainability throughout our operations, concentrating on environmental stewardship, social responsibility, and governance integrity. The activities outlined in this slide reflect our dedication to these environmental, social, and governance principles.

We are particularly proud that our **ESG initiatives** for 2024 have garnered several prestigious awards. Firstly, Chandra Asri Group successfully received three awards at the 16th Annual GLOBAL CSR & ESG SUMMIT AND AWARDS 2024. The three award categories won by Chandra Asri Group were the Best CSR & ESG Leadership Award – Platinum Category; Best Community Programme Award – Gold Category; and Best Environmental Excellence Award – Silver Category. In addition, the Admin Building at the Ciwandan Plant in Cilegon has successfully obtained the EDGE (Excellence in Design for Greater Efficiencies) Advanced Green Building Certification from the Green Building Council Indonesia. The EDGE certification assesses three main aspects: energy efficiency, water efficiency, and embodied carbon in materials, focusing on consistent sustainability practices reflected in the building's daily operations by utilizing renewable energy and selecting materials with minimal environmental impact. With these ESG accomplishments, Chandra Asri remains committed to exploring a wide range of initiatives and partnerships with various stakeholders to strengthen the company's ESG efforts. We will continue our steadfast commitment to ongoing improvements and work towards fostering a sustainable business ecosystem.

Next, Andre will offer additional details on Chandra Asri's financial performance and growth strategies.

Andre Khor – Chief Financial Officer

Thank you, Khun Pholavit, for highlighting Chandra Asri's achievements in operational and ESG excellence. Moving on to our financial overview, Chandra Asri has maintained strong net **revenue** notwithstanding the Turn Around Maintenance that we are executing. Our net revenue reached US\$ 866 million, with Polyolefins accounting for 59% of our total sales portfolio. As a central part of our strategy, we have consistently focused on meeting domestic demand and reducing our dependence on imports. As a result, 70% of our revenues came from the domestic market, while the remaining 30% was generated from exports of specific grades such as Butadiene, Pygas, and MTBE, which exceeded local demand.

Continuing to our **Balance Sheet** highlights, we have been diligently focused on enhancing Chandra Asri's financial resilience. With a Debt-to-Capital Employed ratio being maintained at 39%, we remain well-aligned with our growth and expansion strategic capabilities. This success is a result of effectively utilizing various long-term financing options throughout the year to support our M&A initiatives.

In our commitment to lenders and investors, we continue to diversify and broaden our financing resources. Our portfolio is currently composed of 37% IDR bonds, 61% onshore bank financing, and 2% offshore bank loans.

We maintain a strong total Liquidity Pool, currently totaling US\$2.2 billion. This includes US\$210 million in available committed revolving credit facilities, US\$940 million in marketable securities, and over US\$1.14 billion in cash and cash equivalents. This robust liquidity position enables us to confidently pursue our business goals and capitalize on opportunities for sustained transformational growth.

Solid support from **financial institutions** have also provided us with confidence in our long-term outlook and stability. Pefindo, the acclaimed Indonesian rating agency, has reaffirmed our AA- rating for our outstanding bonds with a stable outlook to highlight our strong position in Indonesia's local domestic bond framework. Recently Chandra Asri Group also secured an oversubscribed syndicated US\$ 800 million sustainability-linked loan facility from OCBC as the lead arranger as well as 4 trillion Rupiah infrastructure loan facility from PT Bank Mandiri (Persero) Tbk. This tremendous support highlights our group's commitment to responsible business practices and environmental stewardship and is expected to boost our continuous balance sheet strength and credit quality.

Now, let me move on to the highlights for **Strategy & Growth**.

A major **highlight** of our strategy and growth for the first half of 2024 is our successful bid from the auctions process in the Shell Energy and Chemicals Park Singapore (SECP) through our joint venture with Glencore Plc, to set up a joint venture known as CAPGC Pte Ltd to acquire Pulau Bukom and Pulau Jurong sites from Shell Singapore. The Pulau Bukom site features a refinery with a significant capacity of 237,000 barrels per day for crude processing, including various upgrading units that produce essential products such as LPG, gasoline, diesel, jet fuel, and more.

Additionally, Pulau Bukom houses an Ethylene Cracker Complex (ECC) with a substantial capacity of 1.1 million tonnes per annum (Mtpa) for ethylene production. This ECC is closely integrated with the refinery and downstream chemical facilities on Jurong Island, connected via subsea pipelines. The assets' downstream products include critical chemicals such as Styrene Monomer, Polyols, and Mono Ethylene Glycol (MEG), which will significantly enhance our presence and capabilities in the chemicals sector.

Our partnership with Glencore opens up valuable synergies in several key areas. Firstly, we plan to optimize our crude basket by leveraging Glencore's expertise in commodity trading to improve our sourcing strategy. Additionally, we will establish offtake agreements for both fuel and chemical products, utilizing Glencore's extensive trading network to secure beneficial arrangements. This partnership and collaboration will help us optimize our supply chain and trading operations for greater efficiency and profitability.

We are well-positioned to derive substantial value from acquiring Pulau Bukom and Jurong Island through several strategic advantages. Operational synergies across our portfolio will support our growth trajectory and capture efficiencies, aligning with our strategy of expanding capacity and product offerings through vertical integration and leveraging advantaged feedstock. Potential operational synergies include the exchange of intermediate materials and opportunities in distribution, offshoring, and procurement optimization.

Moreover, our access to attractive product markets in Indonesia will enable us to address product shortages through Chandra Asri's established network. This includes opportunities for main fuels like gasoline, bitumen, and jet fuel, as well as chemicals such as ethylene, propylene, MEG, and polyols.

Additionally, leveraging the expertise and supply chains of our shareholders will further enhance our capabilities. Barito Pacific Group would be able to assist in Scope 1 and Scope 2 decarbonization through offsets or renewable energy supply, while SCG and Thai Oil can contribute economies of scale in crude and feedstock sourcing and provide operational expertise. The collaboration will facilitate a diverse base chemical sourcing optionality platform from the refinery to consolidate our crude feedstock, and to optimize logistics within the ethylene cracker complex.

The acquisition positions Chandra Asri for **significant growth**, with projected 500% revenue expansion and over 400% increase in production capacity across a wide range of chemicals. The integrated facilities, which include production of ethylene, propylene, styrene monomer, propylene oxide, polyols, ethylene oxide, mono-ethylene glycols as well as ethoxylation units will present a substantial increase in operational scale and revenue potential of our bigger group as we commit to continually to leverage synergies and expertise to drive efficiency and competitiveness. This acquisition will also sit well alongside the expansion of our chlor alkali and ethylene dichloride plant.

We are very excited to announce our **strategic partnership with Glencore**, a leading global player in natural resources trading and supply chain management, with operations in over 35 countries. This collaboration marks a significant advancement milestone for Chandra Asri Group to add another shareholder onto our partner's roster that will allow us to tap into Glencore's extensive expertise and global network in commodities markets. Together, we aim to optimize our capabilities, enhance supply chain efficiency, and unlock new growth opportunities in the energy and chemicals sector. Glencore's portfolio focuses on long-life, high-quality assets, prioritizing value over volume through brownfield developments, cost control, and synergies with the diversified product offering across various geographies.

In conclusion, the acquisition of Shell Energy and Chemicals Park Singapore represents a pivotal milestone for our Group to propel us into a transformational new era of growth and expansion to the energy and chemicals sector. We are enthusiastic about the opportunities of this strategic investment and are dedicated to maximizing its potential. By capitalizing on the synergies that SECP offers, we aim to deliver lasting value to our stakeholders and to reinforce our position as a leading player in the industry. We look forward to embarking on this journey to drive sustainable growth, and achieving exceptional outcomes for our shareholders, customers, and partners. Thank you for your ongoing support as we enter this exciting new chapter.

Now, we are ready to address any **Questions** you may have. Thank you.