

**PT Chandra Asri
Petrochemical Tbk
[TPIA.JK]**



Chandra Asri
Petrochemical

Analyst Meeting

**FY-2017 Performance
& Updates**

Jakarta - March 15th, 2018

Agenda:

- 1. 2017 Performance**
- 2. Projects Update**
- 3. 2018 Outlook**
- 4. Q & A**

2017 Performance

Company Highlights 2017

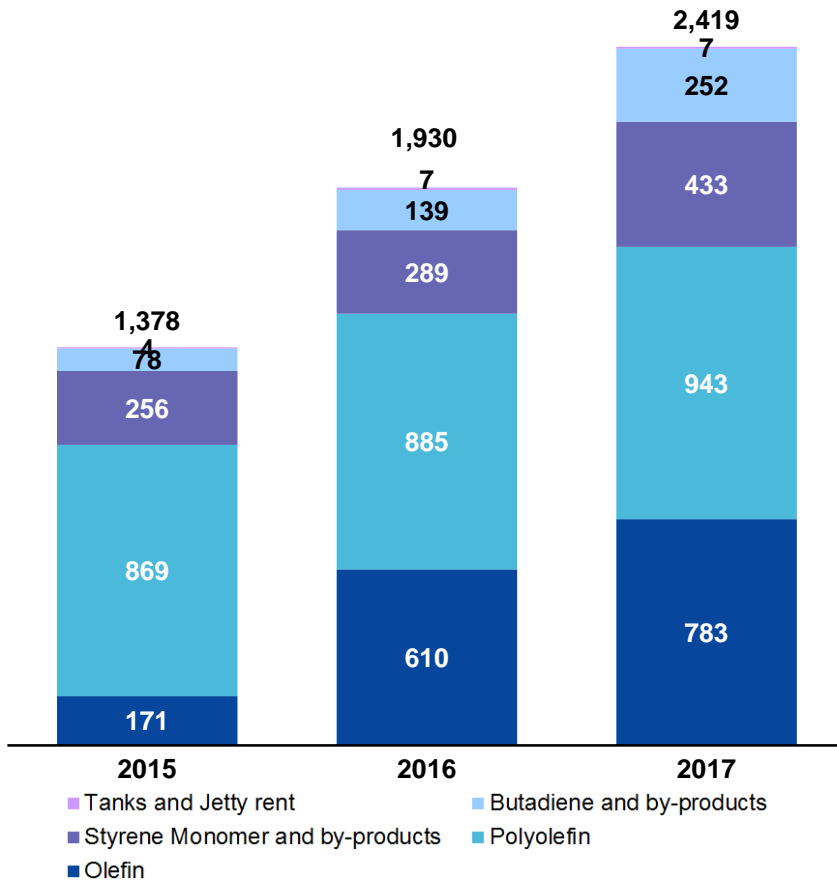
- Achieved record NIAT of US\$319.2m, 6.3% higher y-o-y, primarily contributed by higher volumes and healthy product margins, partially offset by higher feedstock cost.
- Net Revenues increased 25.3% to US\$2418.5m from US\$1930.3m for FY2016.
- Recorded EBITDA of US\$550.3m, 8% higher y-o-y.
- Maintained high operating rates (OR) for all plants resulting in 13% higher sales volume y-o-y; record OR for Cracker, Styrene Monomer and Butadiene.
- All projects are progressing as per plan, including study on second Petrochemical Complex.
- Strengthened capital structure with successful Rights issuance of US\$377.2m and issuances of US\$300m 7NC4 Reg S/144a bond and IDR500b Bond (~US\$37m).
- Obtained Credit ratings of BB-/Stable from Fitch and Pefindo ratings upgrade to idAA- /Stable from idA+.
- TPIA admitted into LQ45 Indonesian Stock Exchange in Jan 2018.



Resilient Revenue Driven by Diverse Product Portfolio and Increased Volumes

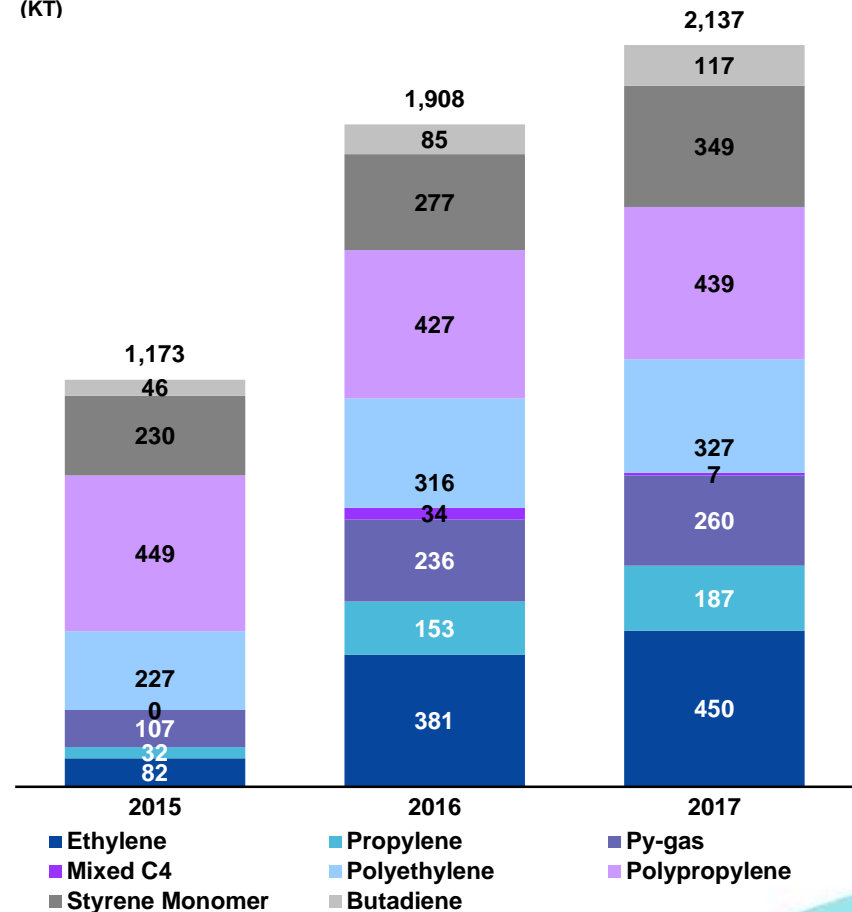
Revenue by Product Segments

(US\$m)



Sales Volume

(KT)

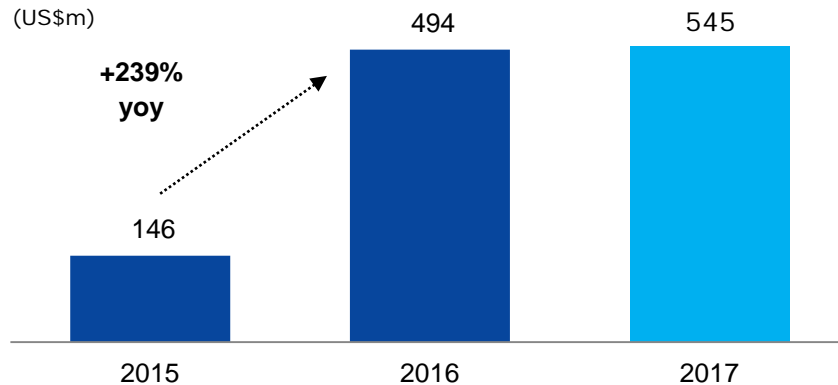


Note: TAM in 2015 and ramp-up in 2016.

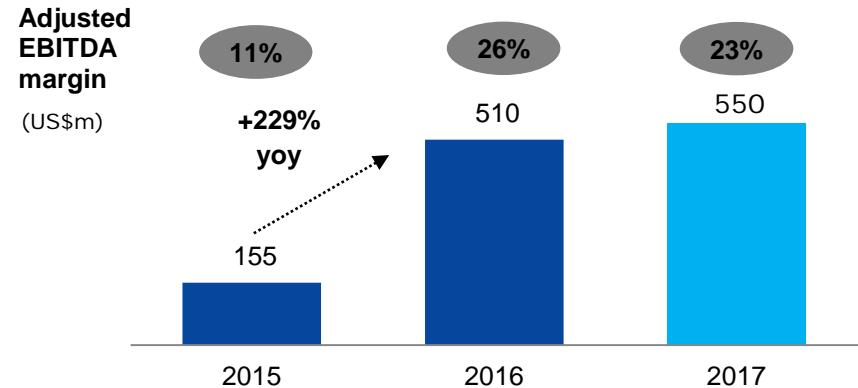
Strong Financials Further Enhanced by Economies of Scale



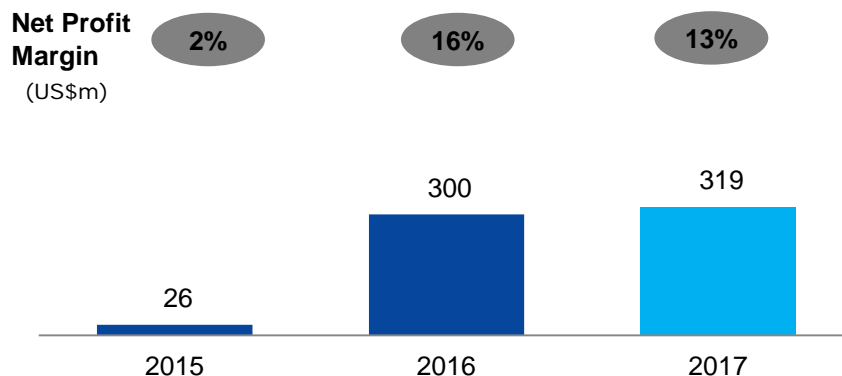
Gross Profit



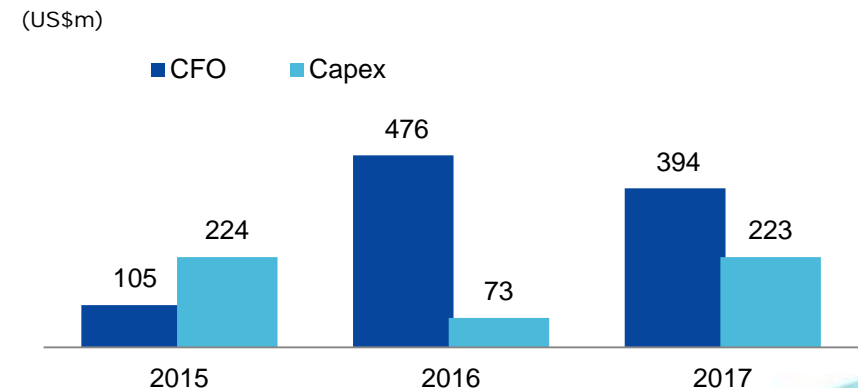
Adjusted EBITDA (unaudited)



Net Profit



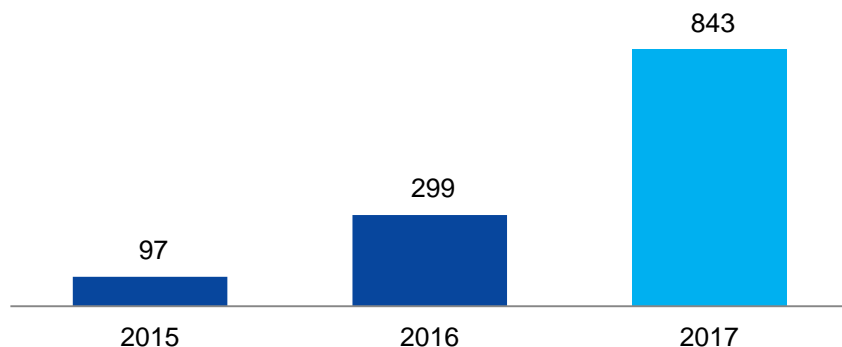
Cashflow from Operations, Capex



Strong Balance Sheet Supported by Financial Profile Strengthening

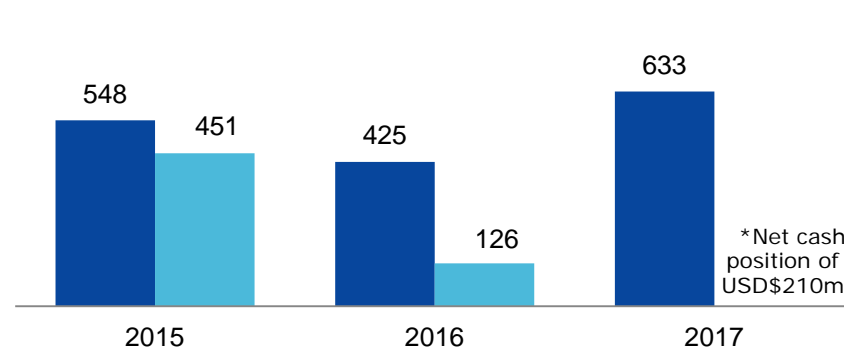
Cash Balance

(US\$m)



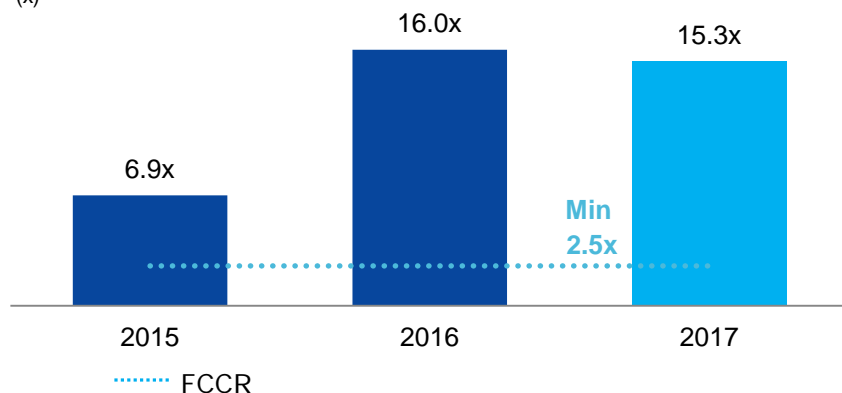
Debt and Net Debt

(US\$m)

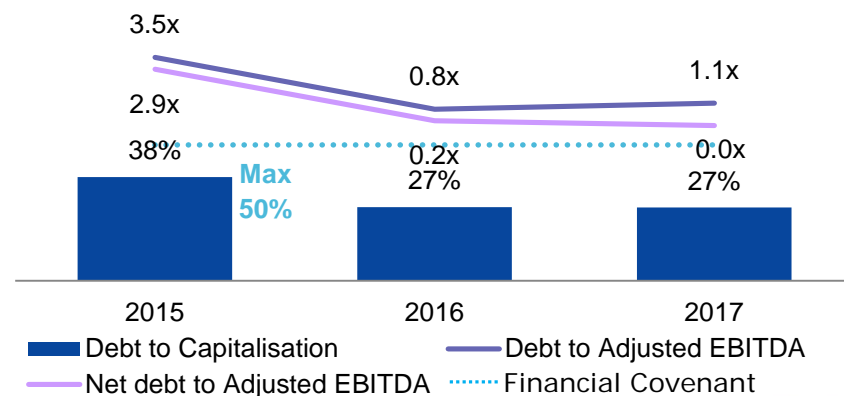


Adjusted EBITDA / Finance Costs

(x)



Leverage Ratios ⁽¹⁾



(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

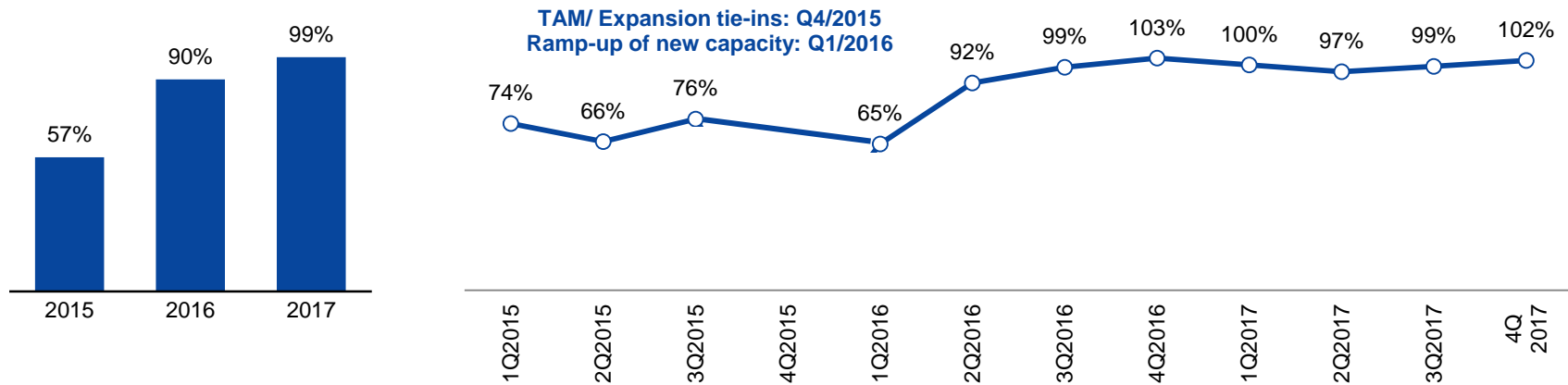
Market Situation

Continue healthy product margin from trend of slowdown in new capacity on-stream, despite rising feedstock price, primarily naphtha, linked to higher crude oil price.

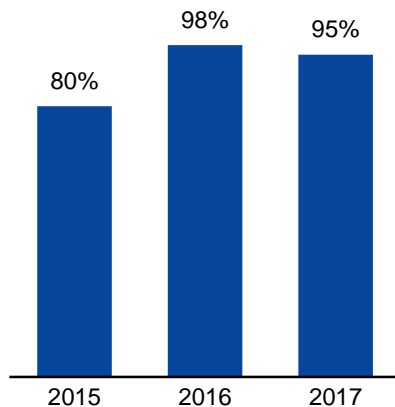
Product	FY2017	FY2016	Y-o-Y %	Notes
Crude (Brent)	\$54/bbl	\$44/bbl	+\$10/bbl (+23%)	Increase crude price amid geopolitical tension and OPEC agreement to extend production cut to end of 2018 and healthy demand.
Naphtha	\$500/t	\$410/t	+\$90/t (+22%)	Increase price driven by stronger Brent and healthy demand. Tightened supply from refinery turn around maintenance and shutdown.
C2	\$1,051/t	\$985/t	+\$66/t (+7%)	Increase price due to limited supply on cracker maintenance and healthy demand on the start-up of new derivative units, as well as pre-stocking activities ahead of new year.
BD	\$1,408/t	\$1,015/t	+\$393/t (+39%)	Increase price amid tight supply situation, strong derivative demand and firmer naphtha price.
PE	\$1,225/t	\$1,228/t	-\$3/t (-0.2%)	Stable price from rising feedstock price and tight supply offset by weaker demand.
PP	\$1,237/t	\$1,167/t	+\$70/t (+6%)	Increase price due to stronger demand and tighter supply from both planned and unplanned shutdown.
SM	\$1,222/t	\$1,032/t	+\$190/t (+18%)	Increase price supported by firmer benzene feedstock price and healthy derivative demand.

Strong Track Record of Delivering Operational Excellence and Performance

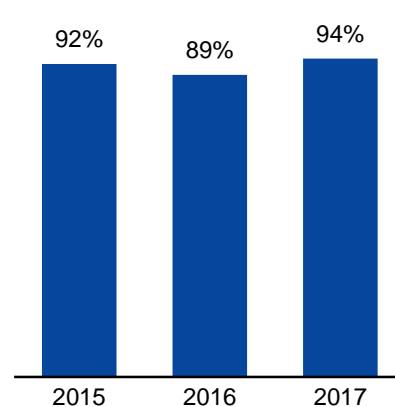
Naphtha Cracker Utilization⁽¹⁾



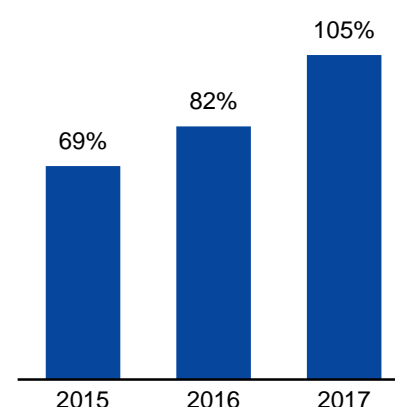
Polyethylene Plant Utilization



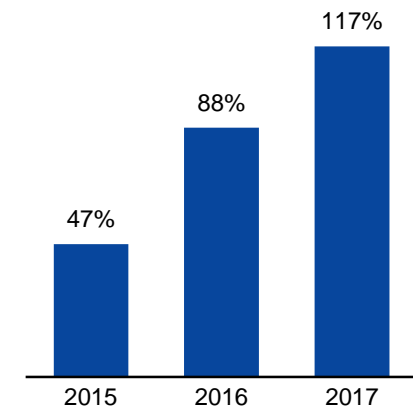
Polypropylene Plant Utilization



Styrene Monomer Plant Utilization



Butadiene Plant Utilization



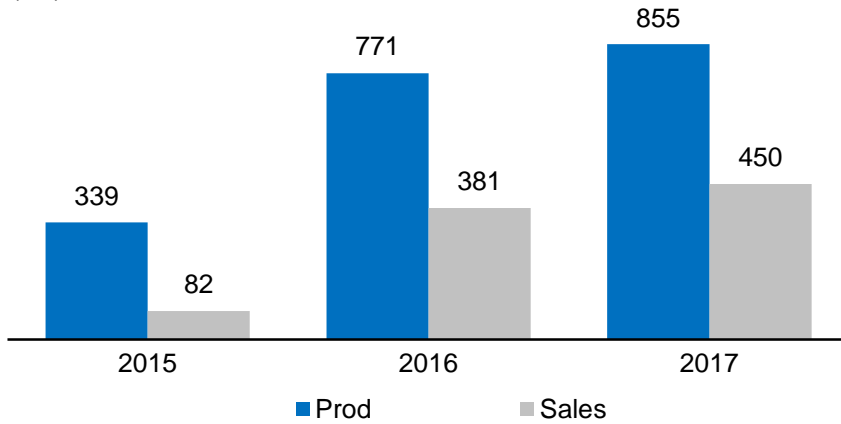
Plant utilization has remained high due to our operational process optimization initiatives

(1) In September to December 2015, we conducted a scheduled TAM and expansion tie-in-works in conjunction with our cracker expansion project, which resulted in the shutdown of our cracker facility for 85 days and limited our production capacity for 2015. 2016 utilisation was reduced due to ramp-up in 1Q 2016

Production and Sales Volumes

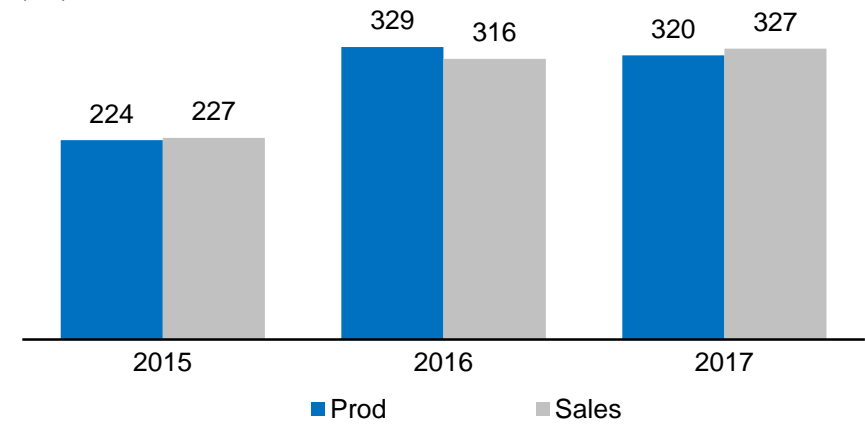
Naphtha Cracker

(KT)



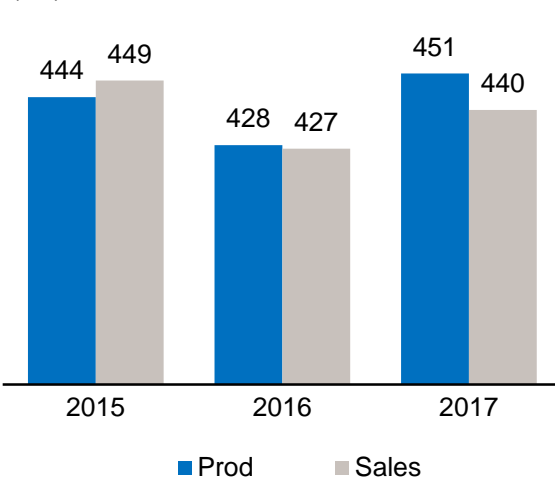
Polyethylene Plant

(KT)



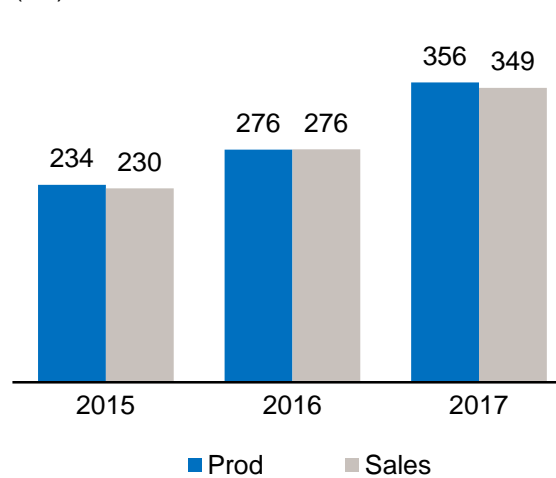
Polypropylene Plant

(KT)



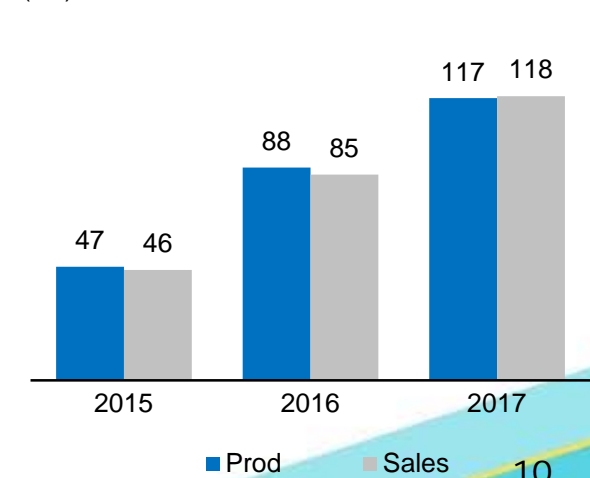
Styrene Monomer Plant

(KT)



Butadiene Plant

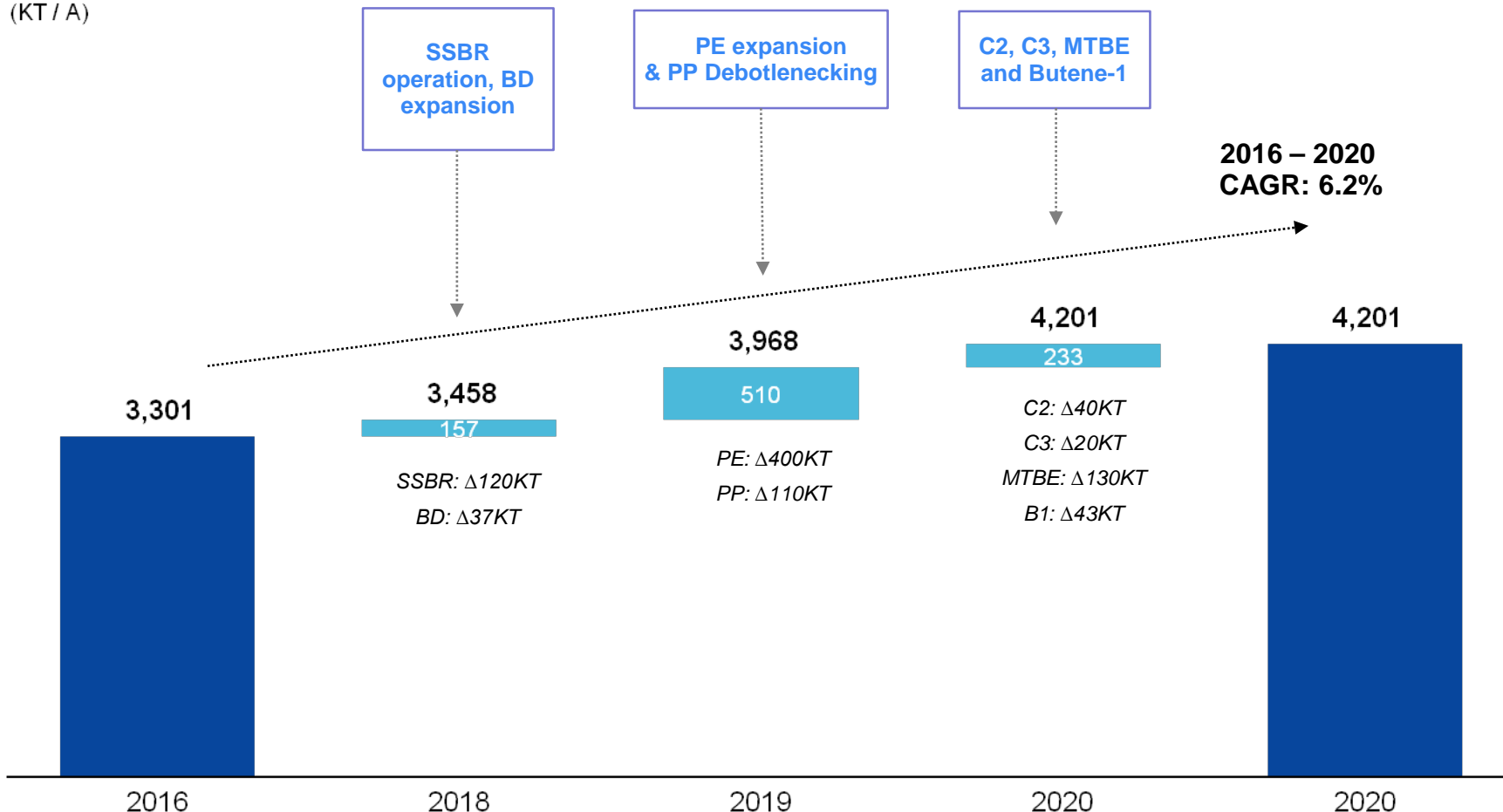
(KT)



Projects Update

Strategic Growth via Expansion and Debottlenecking (Excluding Second Petrochemical Complex)

(KT / A)



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

Note:

SSBR – Solution Styrene Butadiene Rubber
BD Expansion - Butadiene Plant Expansion
PE - Polyethylene

PP – Polypropylene
MTBE - Methyl tert-butyl ether
C2 / C3 – Refers to furnace revamp

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
- Proposed start-up: 2Q2018
- Estimated cost: US\$ 42.0 million

New Polyethylene Plant

- New facility of total 400 KT/A to produce LLDPE, HDPE and Metallocene LLDPE
- Further vertical integration
- Rationale:
 - Further vertical integration;
 - Protect and grow leading polymer market position in Indonesia
- Proposed start-up: 4Q2019
- Estimated cost: US\$ 356.0 million

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: 1Q2020
- Estimated cost: US\$ 48.0 million

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: 3Q2019
- Estimated cost: US\$ 39.5 million

Second Petrochemical Complex

- Expected to conduct feasibility study for the construction and operation of second integrated petrochemical complex
- Complex expected to comprise:
 - 1,000 KT/A ethylene cracker
 - Various downstream derivative products
- Set up new company (PT Chandra Asri Perkasa) to undertake new project
- Shareholding structure yet to be finalized and CAP is in discussion with various third parties
- There is land available adjacent to main petrochemical complex which would be available for future acquisition as necessary

MTBE and Butene – 1 Plant

- Production of 130 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
- Estimated cost: US\$ 114.0 million

Expand Product Offering by Moving Downstream

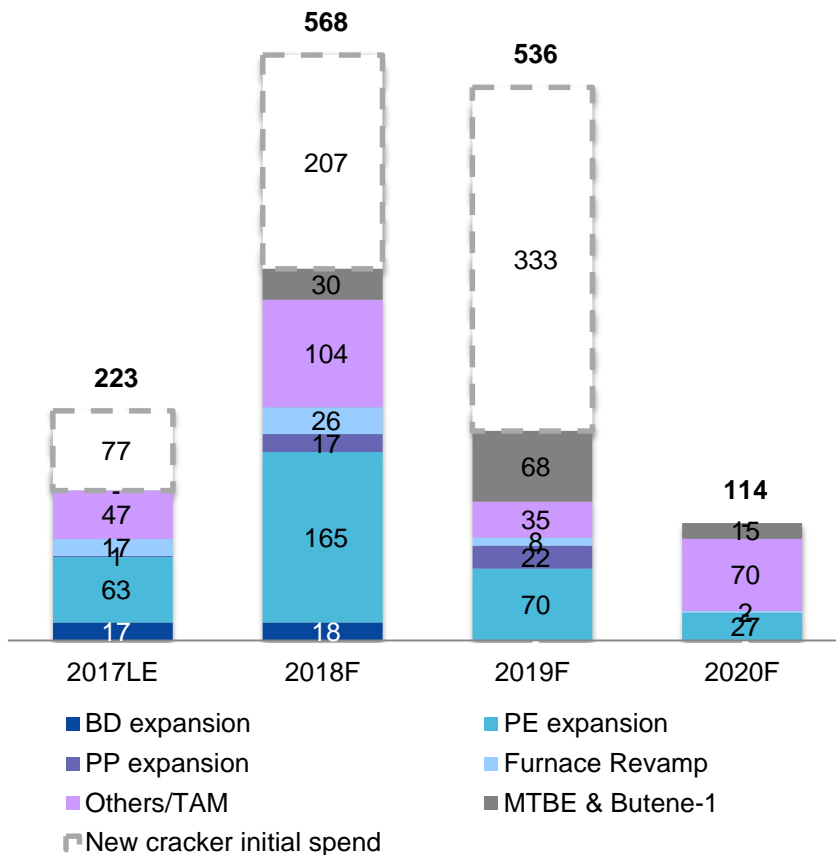
Synthetic Rubber Project (through SRI JV)

- Part of downstream integration strategy and efforts to produce higher-value added products
- Partnership with leading global player Michelin (ownership 55:45%)
- Production capacity: 120 KT/A
- Proposed start-up: 3Q2018
- Estimated total project cost: US\$570.0 million (fully funded)



Capital Expenditure Plan to Pursue Value-Accretive Growth

Capex Plans Breakdown by Year 2017 – 2020 (US\$m)



Sources of Funding

- Internal generated cash flows
- Proceeds from Rights Issue
- Bond proceeds

Estimated US\$1.2b over next 3 years, mainly for Expansion and Debottlenecking

On-going Project Updates

➤ Synthetic Rubber Plant:

- Overall progress 98% as of 31 Dec 2017.
- Target start-up: Q3 2018.

➤ Butadiene Plant expansions:

- Overall progress 67% as of 31 Dec 2017.
- Shutdown for tie-ins is planning for end of Feb 2018.
- Target start-up Q2 2018.

➤ New Polyethylene Plant:

- Overall progress 24% as of 31 Dec 2017.
- Target start-up Q4 2019.

➤ Furnace Revamping:

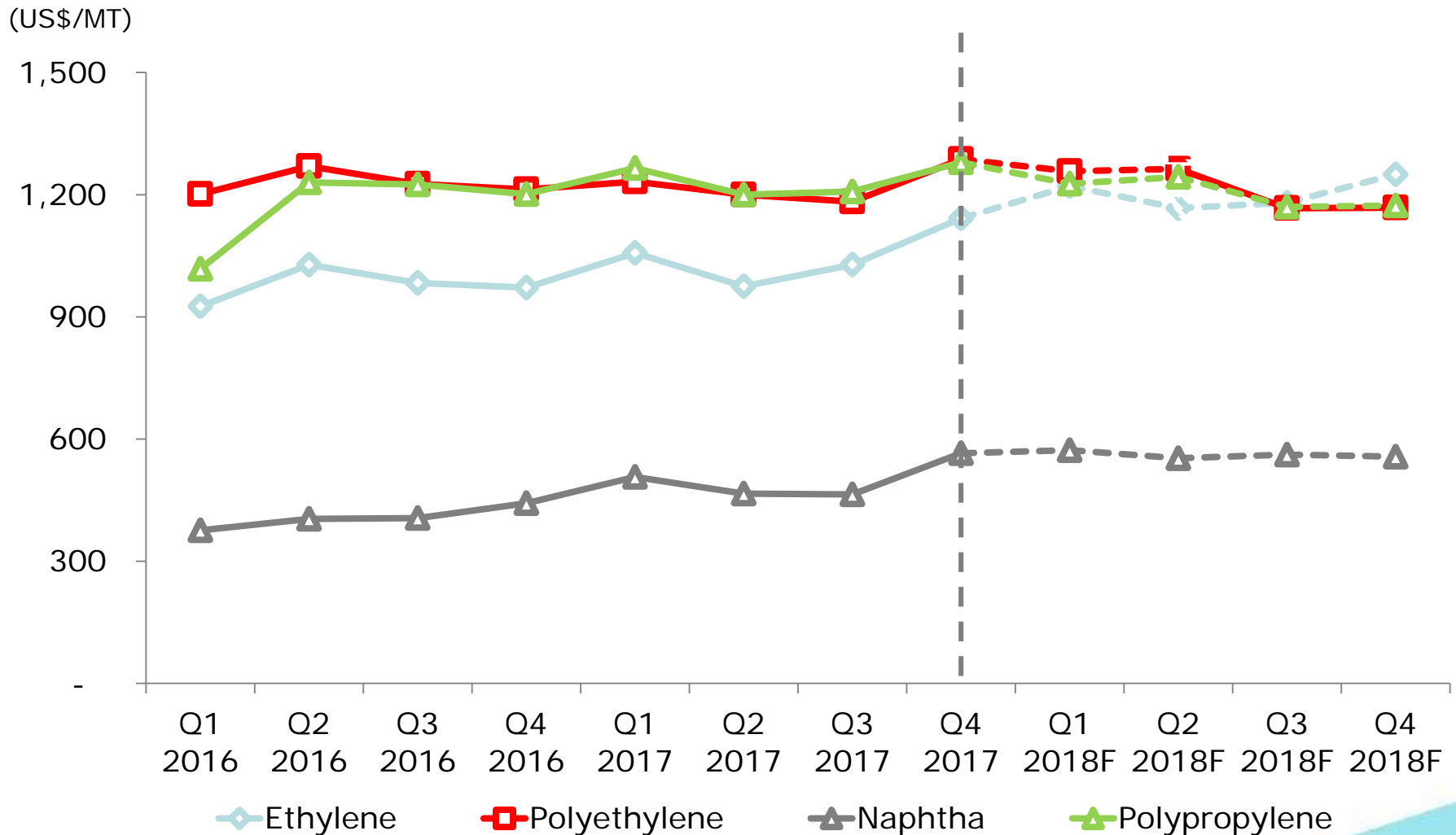
- Overall progress 44% as of 31 Dec 2017.
- Target start-up Q1 2020.

➤ Second Petrochemical Complex (Stage 1):

- On-going land acquisition and clearing.
- Technology selection process.
- Target completion (Stage 1) Q2 2018.

2018 Outlook

Continuing healthy product spreads despite increasing feedstock price



Note: Forecasted price based on IHS 2 March 2018

Q & A

Thank You

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