



Analyst Meeting: FY-2018 Performance & Updates

Jakarta – April 10th, 2019

Agenda:

- 1. Q4 and FY 2018 Performance**
- 2. 2019 Outlook**
- 3. Projects Update**
- 4. Q & A**

Q4 and FY 2018 Performance

Company Highlights FY 2018

- Significant milestone of 20mn work hours without LTA.
- Recorded consolidated FY18 Net Revenues of US\$2,543mn, +5.2%yoy from US\$2,419mn in 2017 mainly due to higher average sales prices of Ethylene, Polyethylene and Polypropylene, partially offset by lower sales volumes due to planned maintenance and capacity expansions.
- Achieved FY18 EBITDA US\$402mn reflecting above mid-cycle industry margins of 16%. Lower sales volume coupled with lower petrochemical margins, and higher interest cost mainly from US\$300mn bond issued in Nov-2017 has resulted in NIAT of US\$182mn, -43%yoy from US\$319mn in 2017.
- Maintained high operating rates above 90% except for Styrene Monomer and Butadiene due to TAM and expansion.
- Increased our annual production capacity to 3,458KT from 3,301KT (from new synthetic rubber plant 120KT and Butadiene plant expansion from 100KT to 137KT).
- Successfully raised Rp1tn from IDR Shelf Bond Programme; and also secured new financing from the Japan Bank for International Cooperation (JBIC) in Dec-2018.

FY-2018 figures

(in US\$mn)

Net Revenues
2,543

EBITDA
402

Net Income
182

Cash Balance
727

CF from Operating
404

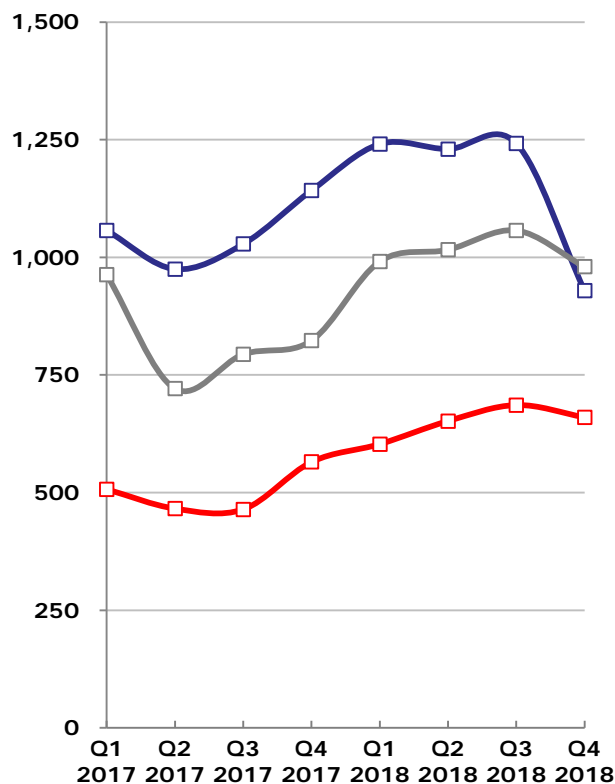
Capex
354



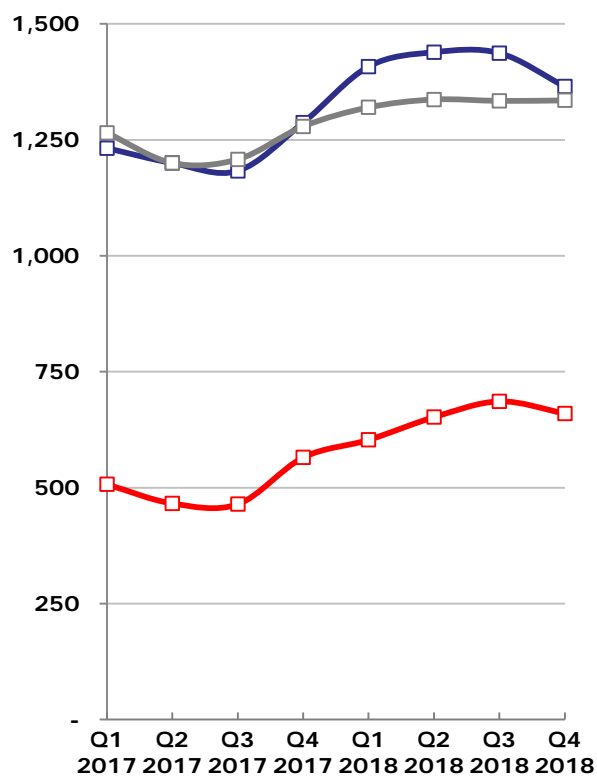
Product Spreads (in US\$/MT)

FY 2018 product spreads remain healthy, despite volatile feedstock and product prices in Q4 2018

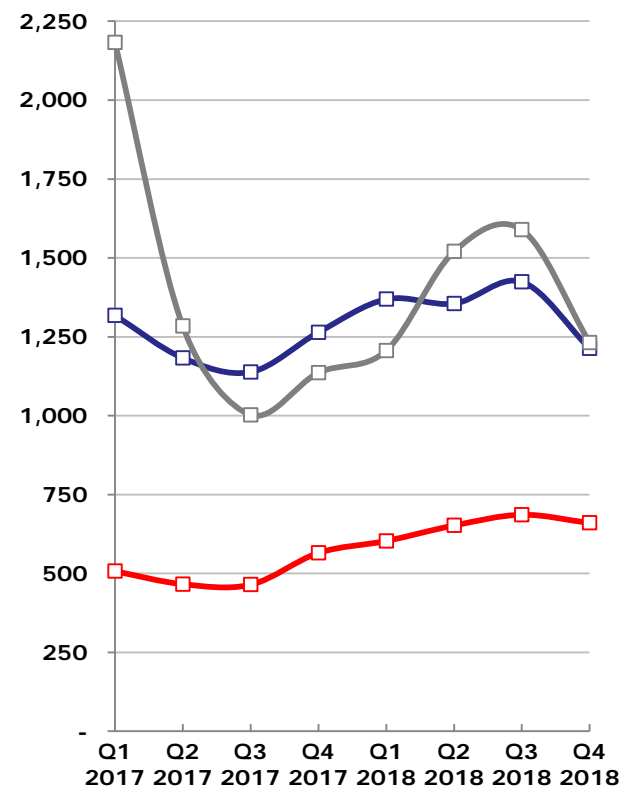
Olefins



Polyolefins



Others



■ Ethylene ■ Propylene
■ Naphtha

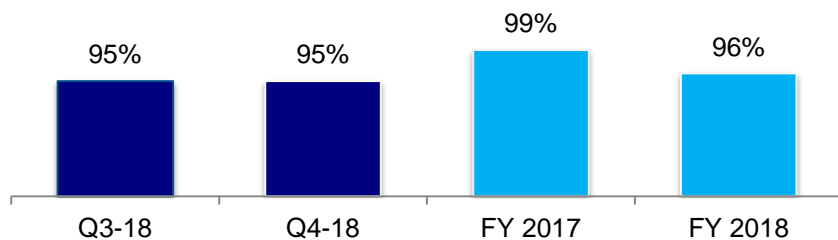
■ Polyethylene ■ Polypropylene
■ Naphtha

■ SM ■ Butadiene ■ Naphtha

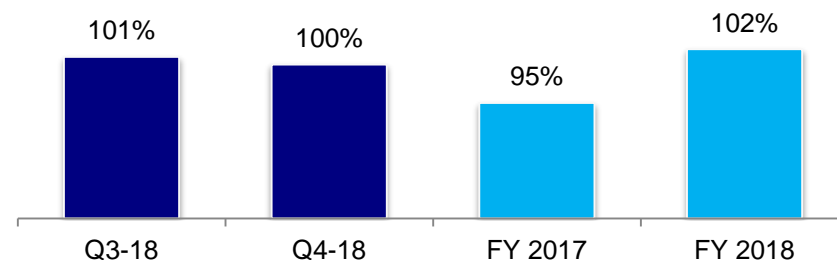
Operating Rates

Maintained high operating rates YTD for all plants except for Butadiene and Styrene Monomer plants due to scheduled maintenance and capacity expansion

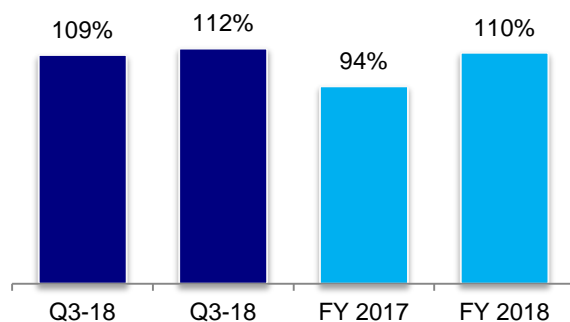
Ethylene



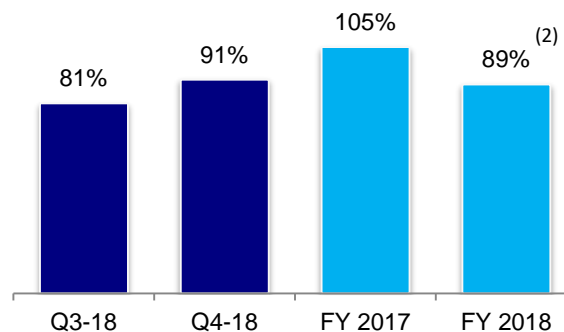
Polyethylene



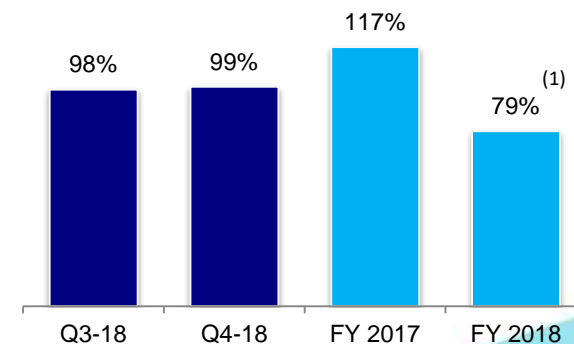
Polypropylene



Styrene Monomer



Butadiene

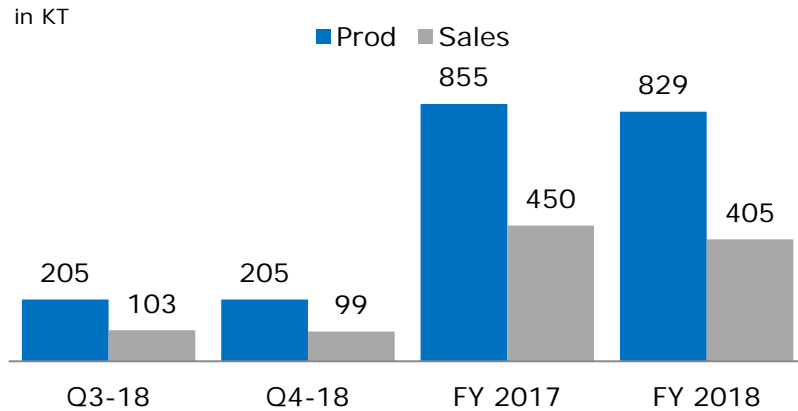


(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM.

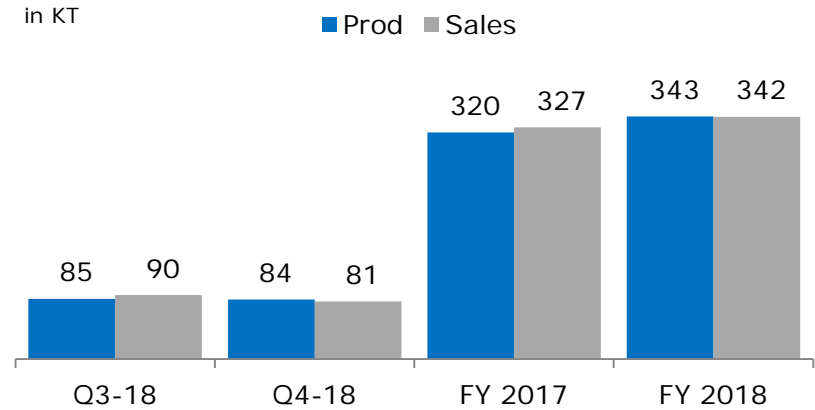
(2) Due to TAM of both trains.

Production and Sales Volumes

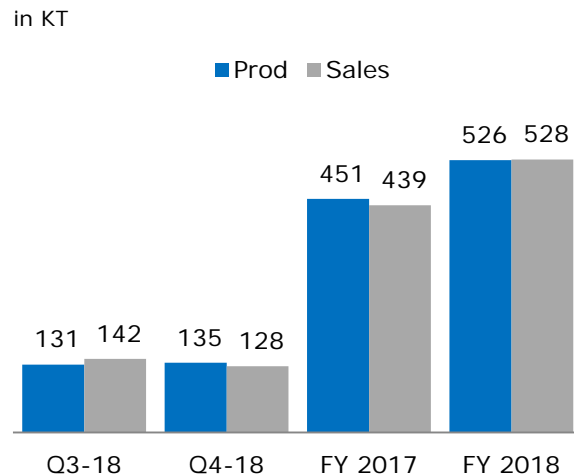
Ethylene



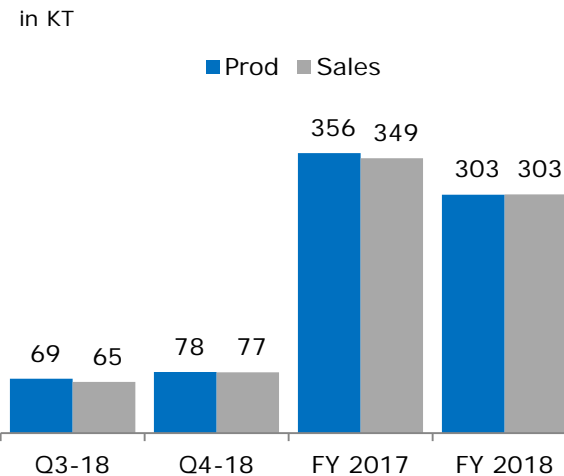
Polyethylene



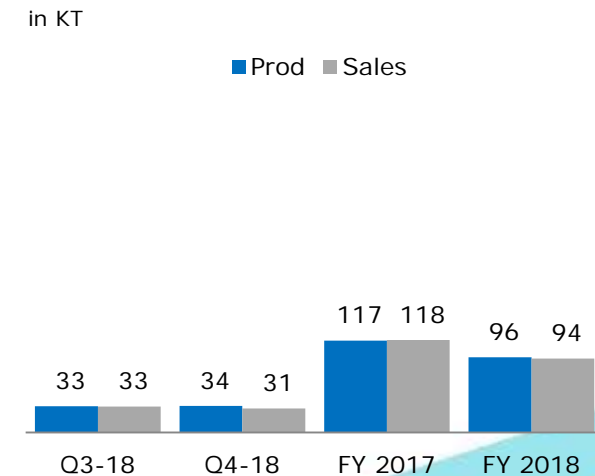
Polypropylene



Styrene Monomer



Butadiene



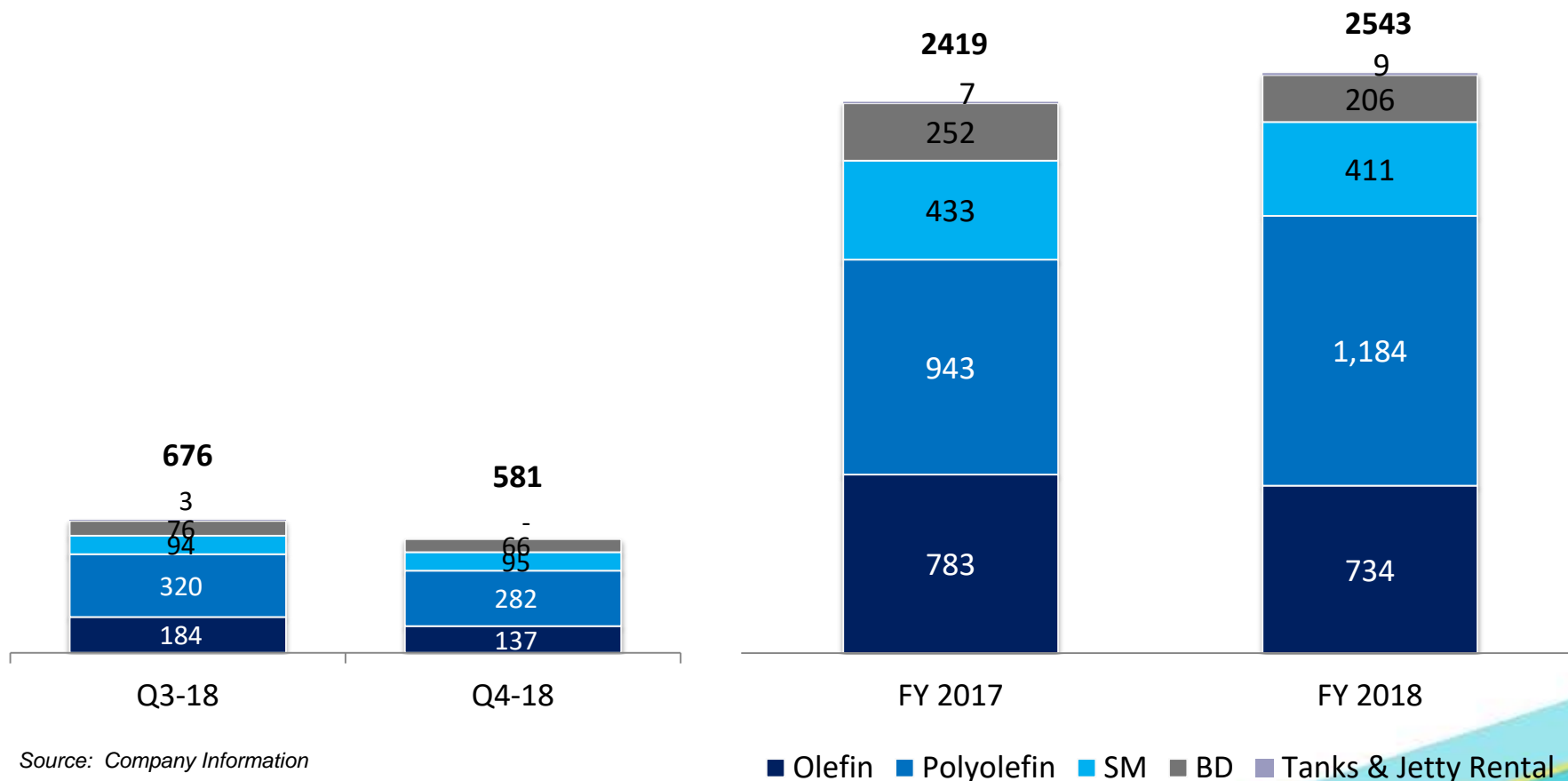
Source: Company information

Note: *) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

Net Revenues

5.2% y-o-y higher Net Revenues in FY 2018 reflecting higher average sales prices, primarily Ethylene, Polyethylene and Polypropylene, partly offset by lower sales volumes due to planned operational activities (capacity expansions, TAM)

Revenue by Segment (US\$m)

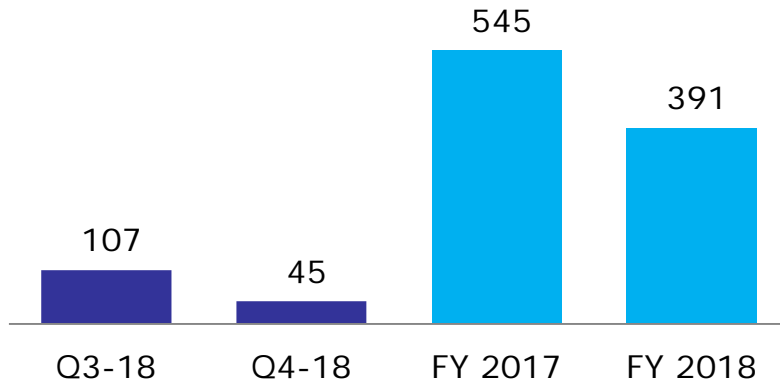


Source: Company Information

■ Olefin ■ Polyolefin ■ SM ■ BD ■ Tanks & Jetty Rental

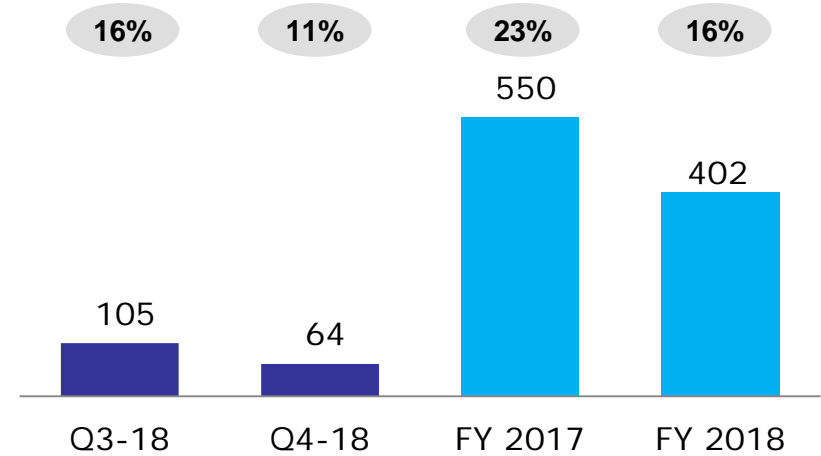
Financials (in US\$m)

Gross Profit



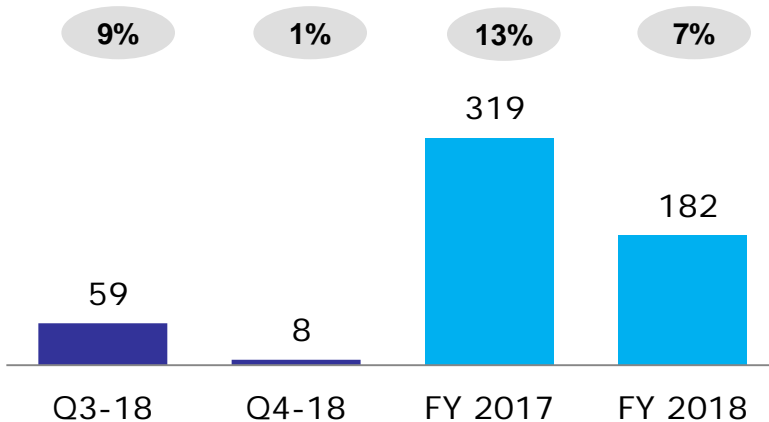
EBITDA

Adjusted EBITDA margin

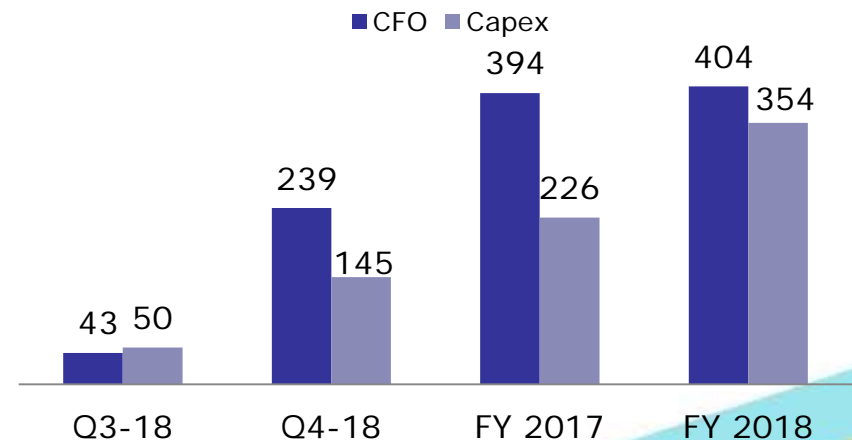


Net Profit

Net Profit Margin



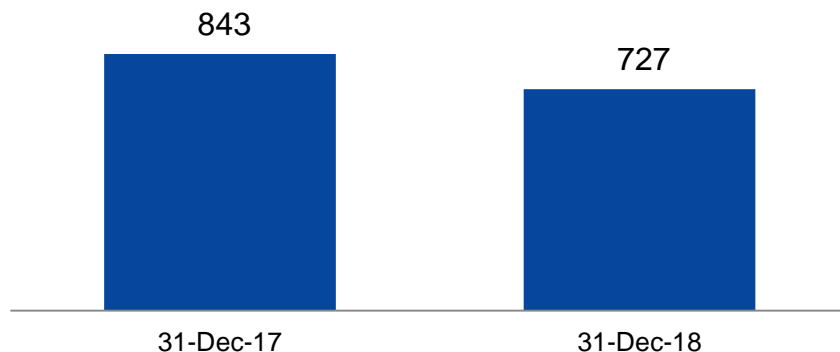
Cash flow from Operations, Capex



Strong Balance Sheet Supported by Financial Profile Strengthening

Cash Balance

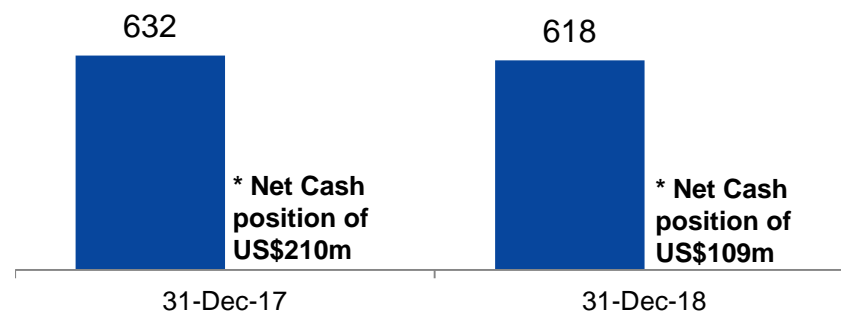
(US\$m)



Debt and Net Debt

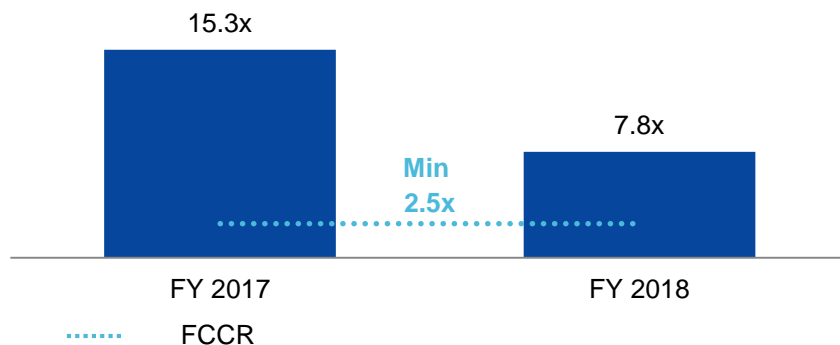
(US\$m)

■ Debt ■ Net Debt

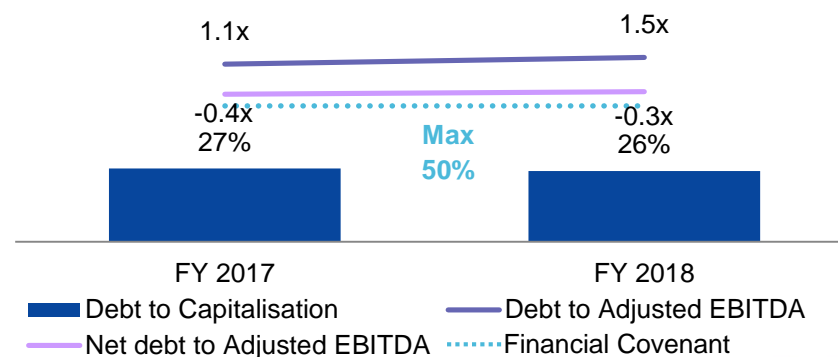


Adjusted EBITDA / Finance Costs

(x)



Leverage Ratios ⁽¹⁾

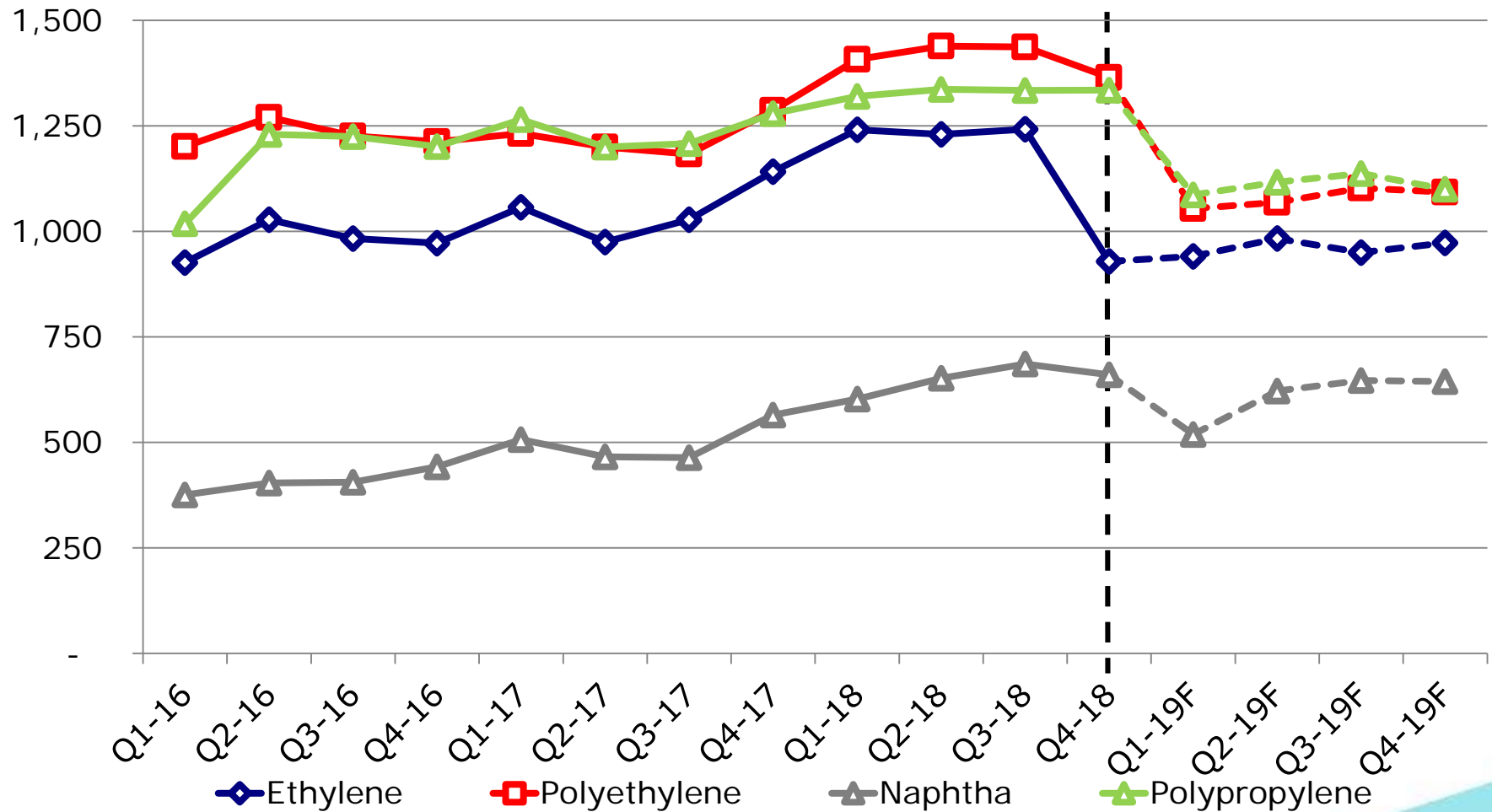


(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

2019 Outlook

Product spreads are moderating along with uncertainties on global economy and oil price

(US\$/MT)



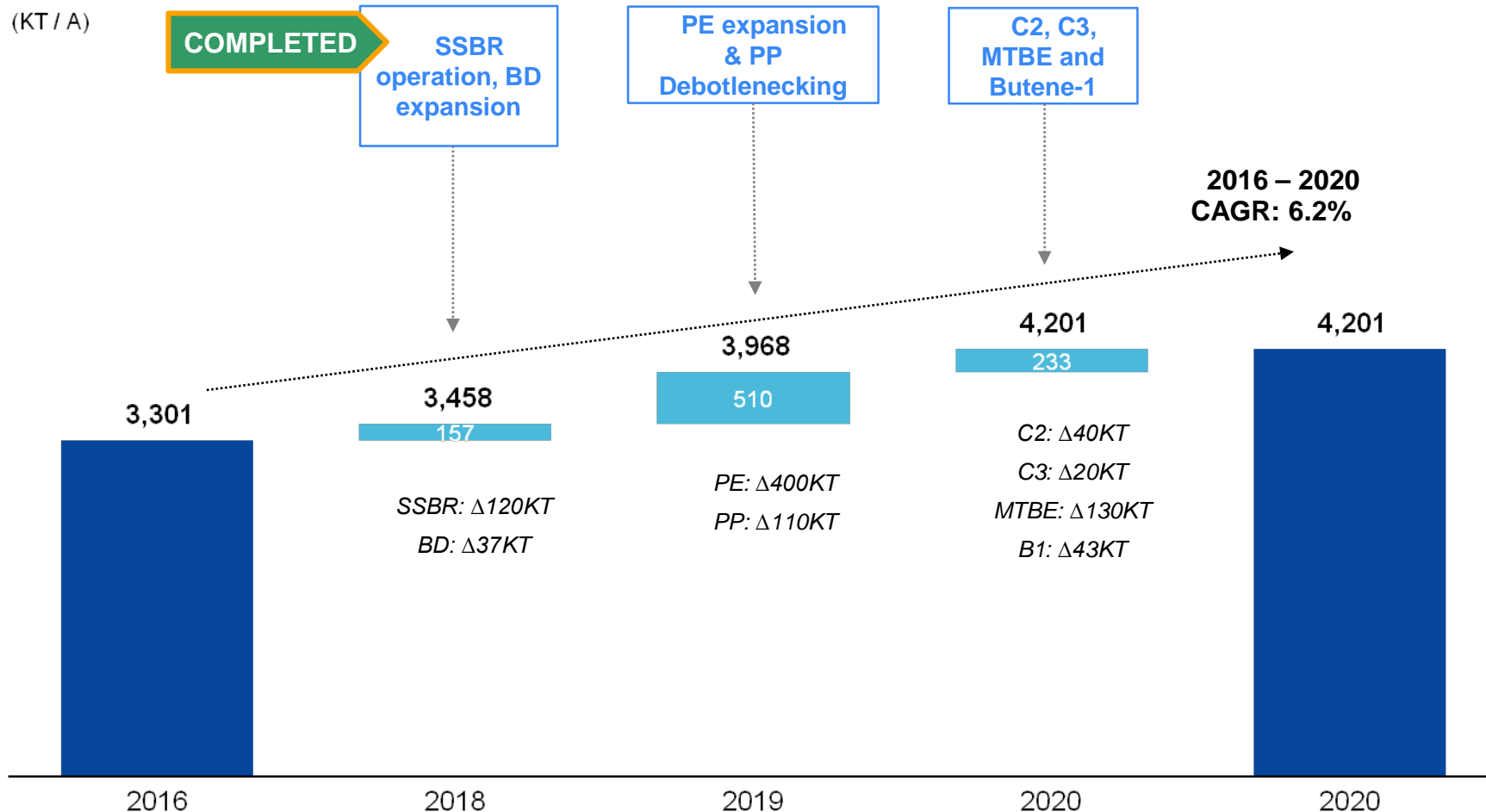
Note: *) Dashed line - Forecasted price shown with dash line is based on IHS 1 April 2019.

***) Solid line - Company's actual prices.

- New 400KTA Polyethylene Plant to start up and achieve on-spec product by Q4 2019.
- 23% increase in Polypropylene capacity to 590KTA with completion of expansion programme by Q4 2019.
- Complete Furnace Heater Revamping to increase Ethylene production capacity from 860KTA to 900KTA by end 2019.
- Successfully execute 55-day Turnaround Maintenance (TAM) in Aug-Sep 2019.
- Maintain overall production volumes around 2018 levels, with change in product mix due to TAM.

Projects Update

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



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

Strategic Growth via Expansion and Debottlenecking

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
- Status: Completed and restarted on 3 June 2018
- Investment: US\$ 42 million

On
Stream

New Polyethylene Plant

- New facility of total 400 KT/A to produce LLDPE, HDPE and Metallocene LLDPE
- Rationale:
 - Further vertical integration;
 - Protect and grow leading polymer market position in Indonesia
- Proposed start-up: 4Q2019
- Est. Investment: US\$ 380 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: end 2019
- Est. Investment: US\$ 48 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: 4Q2019
- Est. Investment: US\$ 39.5 million

MTBE and Butene – 1 Plant

- Production of 127 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
- Est. Investment: US\$ 130.5 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 (55% Michelin and 45% CAP)
- Production capacity: 120 KT/A
- Status: Mechanical completion 24 May 2018 and started up 31 Aug 2018
- Investment: US\$435 million

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Stream

Status of Key Projects...

Polypropylene Debottlenecking Project

Overall progress around 49%. Target completion Q4 2019.

New 400 KTA Polyethylene Project

Overall progress 95%. Target completion Q4 2019.

Furnace Revamping Project.

Overall progress 86%. 3 out of 7 furnaces completed. Target Completion End 2019.

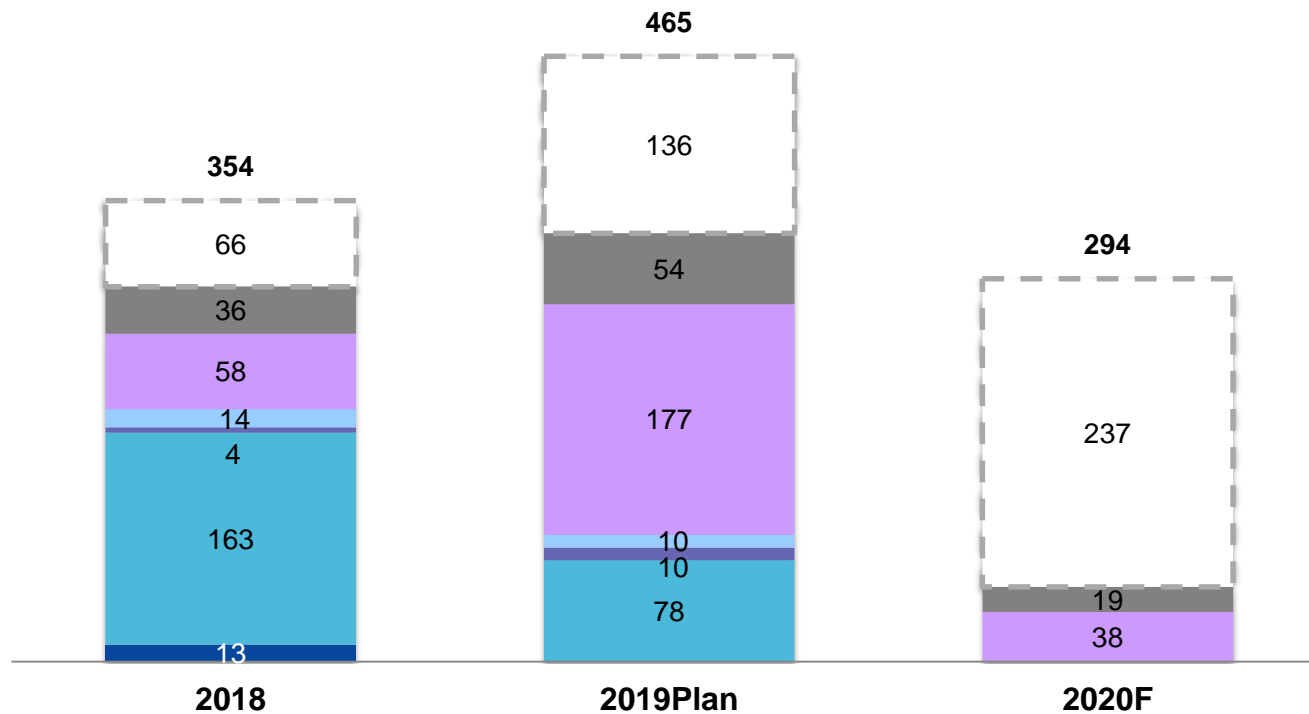
MTBE and Butene-1 Project

Overall progress 52%. Target Completion Q3 2020.

Capex Spending for Key Projects

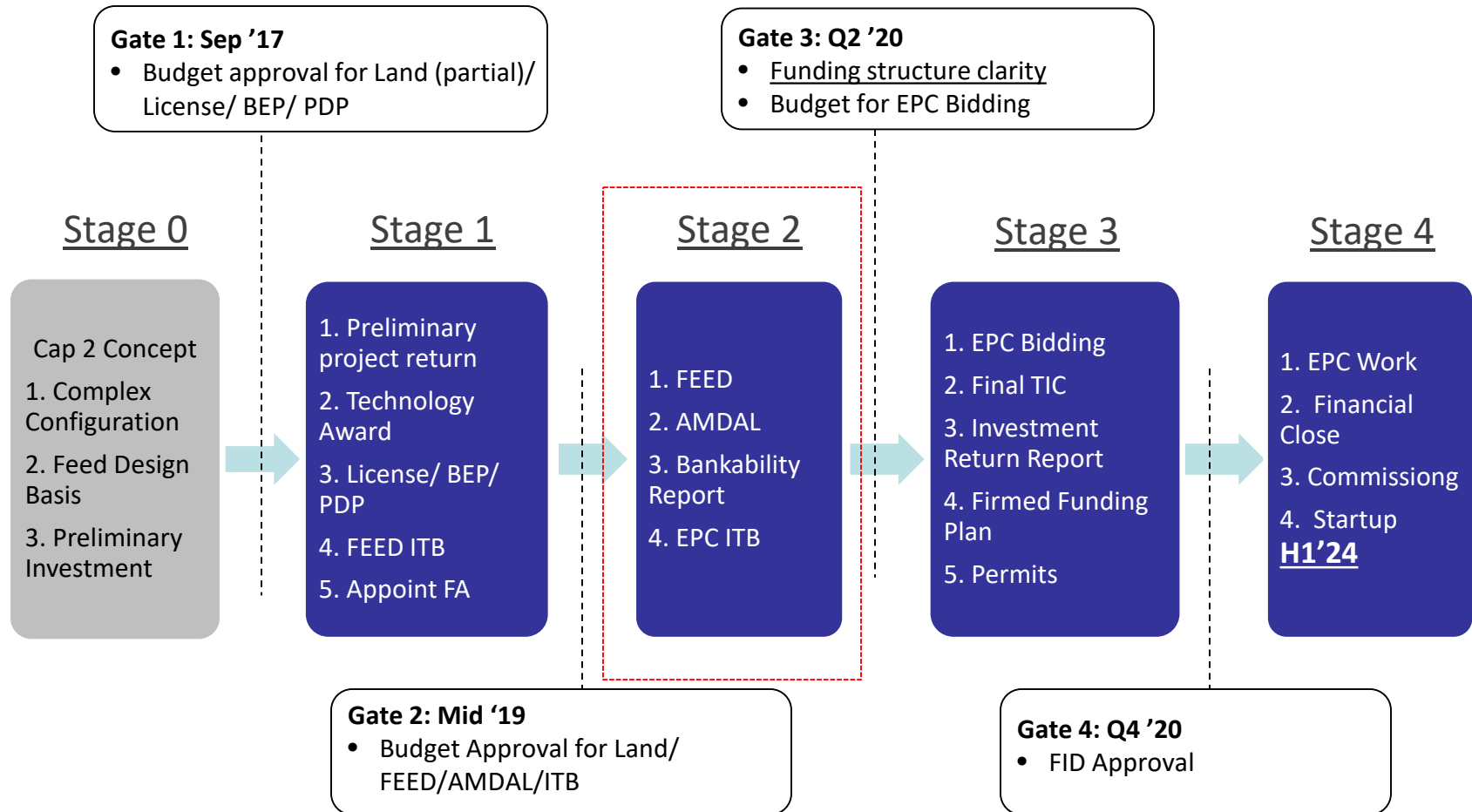
Capex Plan 2018-2020

(in US\$ mn)



- BD expansion
- PE expansion
- PP expansion
- Furnace Revamp
- Others/TAM
- MTBE & Butene-1
- ▭ New cracker initial spend

CAP 2 Project Master Schedule





Highlight of Completed Work Streams



- Investment license granted
- Completed technology selection and Basic Engineering Design
- Appointed Financial Advisor
- Appointed Independent Market Consultant and Sponsor's legal counsel
- Appointed EIA consultant

Work Streams in Progress



- Applying for tax holiday
- Executing FEED tender
- Finalizing bankability report
- Discussing with potential strategic partner(s)

Q & A

Thank You

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