



Chandra Asri
Petrochemical

Indonesia's

LEADING and
PREFERRED

Petrochemical Company

PT Chandra Asri Petrochemical Tbk
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YTD Q1 2019 Performance

Earnings Updates

Disclaimer

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Agenda:

- **Year to Date Q1 2019 Performance**
- **2019 Outlook**
- **Projects Update**
- **Q & A**

Year to Date Q1 2019 Performance

Company Highlights

- Continued focus on delivering capacity growth, sustaining financial flexibility throughout the cycle, and maintaining operational excellence.
- Recorded milestone of 26mn work hours without Lost Time Accident.
- Consolidated YTD Q1 2019 Net Revenues of US\$552mn vs US\$695mn in the same period last year, mainly due to lower average sales prices of Ethylene, Polyolefins and Styrene Monomer, coupled with a slightly lower sales volume of 3.5%, down to 553KT.
- EBITDA of US\$66 million vs US\$129 million in Q1 2018 due to the moderating petrochemical cycle, but still maintaining a double-digit margin of 12%.
- Q1 2019 Net Profit After Tax was US\$18mn vs US\$74mn in the same period last year, largely due to lower gross profit from tightening spreads, coupled with share in net loss of associate, partially offset by other gains and lower income tax.
- Maintained a robust balance sheet with Net Debt to EBITDA at 0.4X, and strong liquidity with US\$548 million in cash and cash equivalents.
- The new 400KTA Polyethylene plant is on track for a start up later this year, together with the debottlenecking of the Polypropylene plant to further enhance economies of scale, diversify the product mix, and strengthen overall value chain integration.

YTD Q1 2019 Key Figures

(in US\$mn)

Net Revenues
552

EBITDA
66

Net Income
18

Cash Balance
548

Cash Flow
From
Operations
(177)

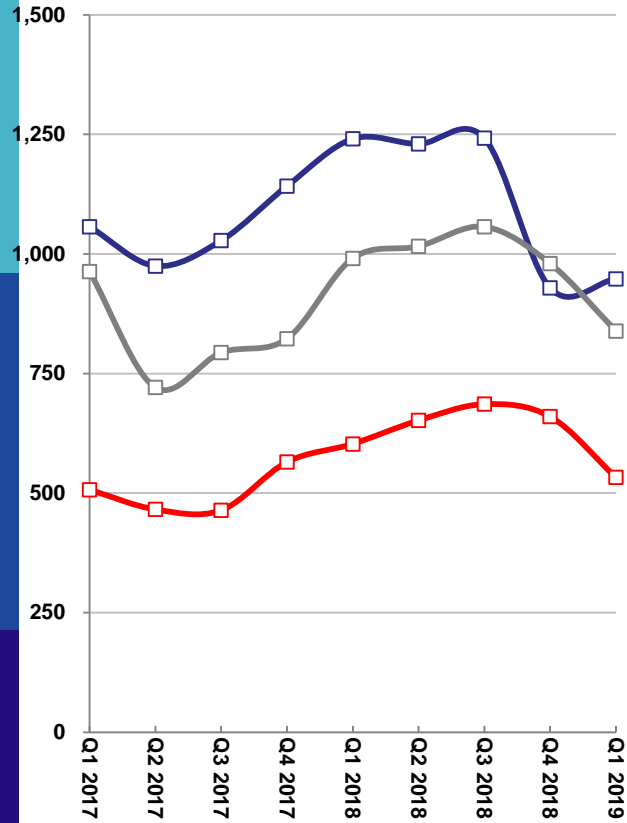
Capex
67



Product Spreads (in US\$/MT)

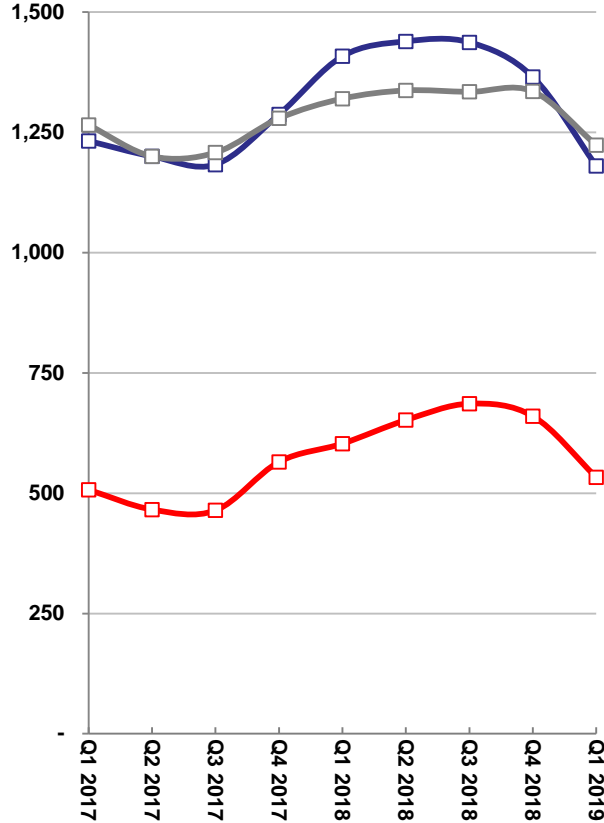
...product spreads improved after volatile feedstock and product prices in Q4 2018

Olefins



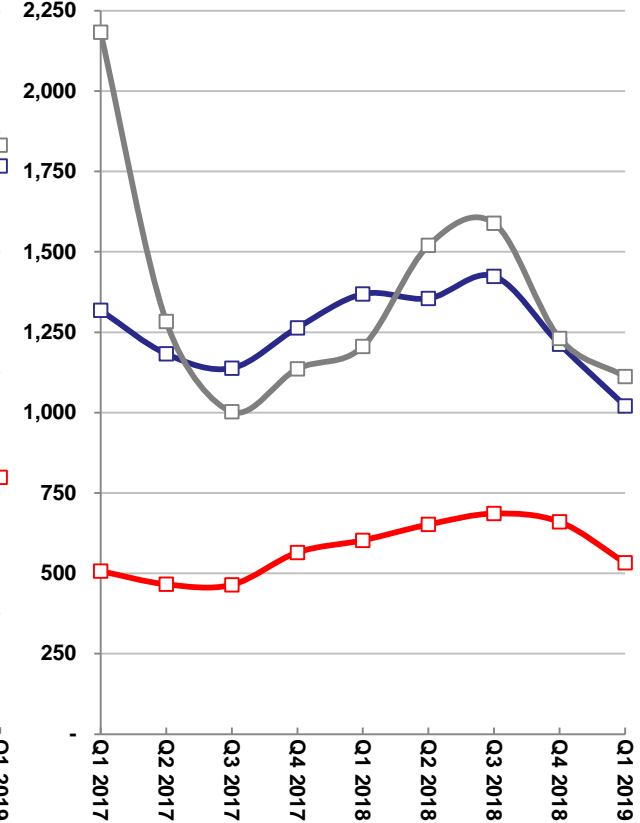
■ Ethylene ■ Propylene
■ Naphtha

Polyolefins



■ Polyethylene ■ Polypropylene
■ Naphtha

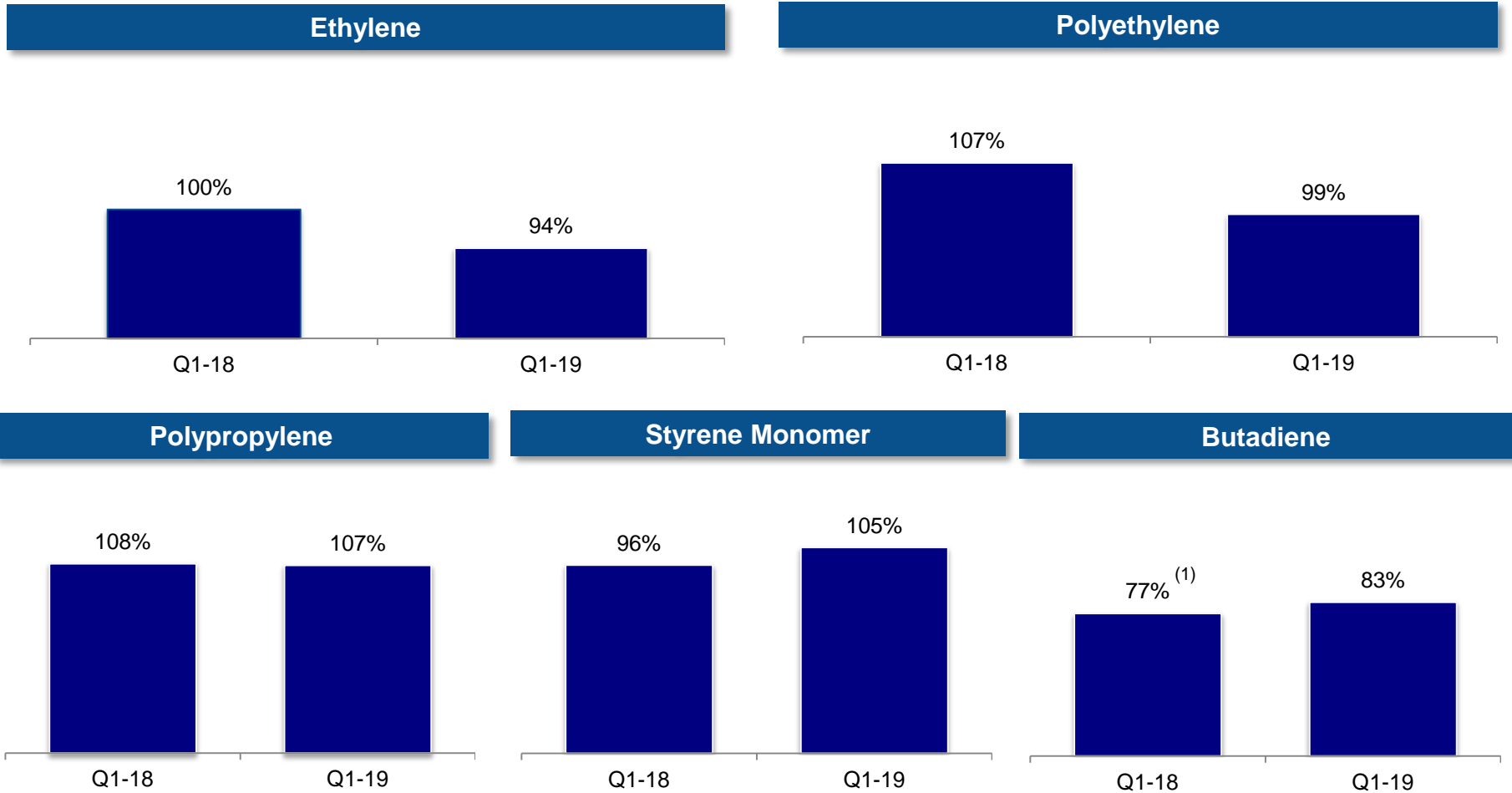
Others



■ SM ■ Butadiene ■ Naphtha

Operating Rates

year to date

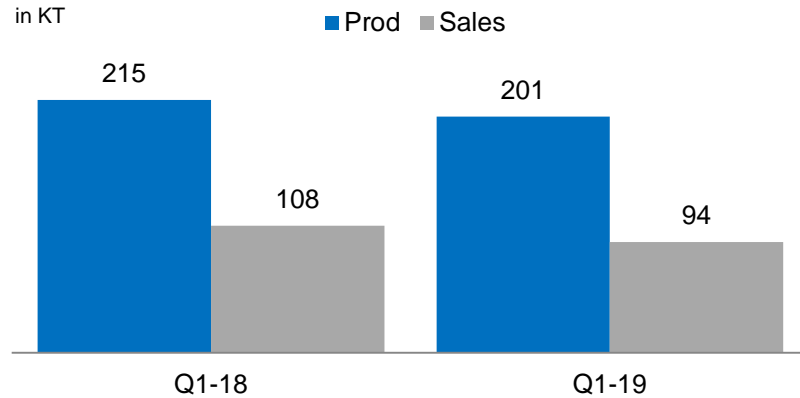


(1) Due to planned shutdown during Mar-Jun 2018 (90 days) for tie-in works of 37% capacity expansion to 137KTA and TAM.

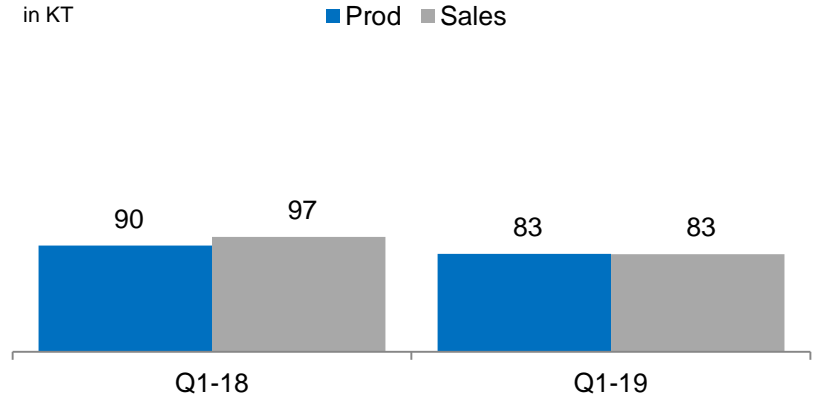
Production and Sales Volumes

year to date

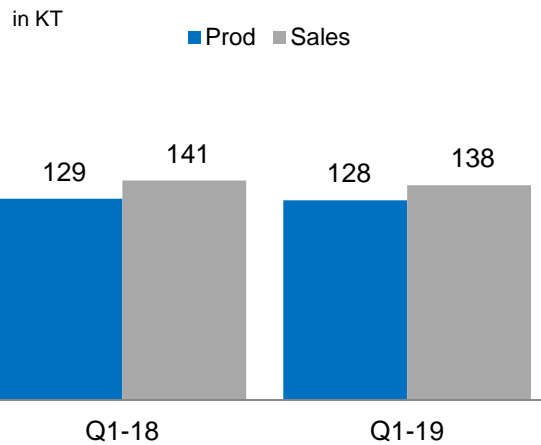
Ethylene



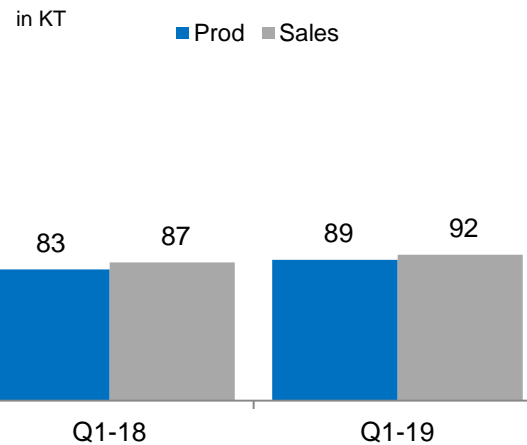
Polyethylene



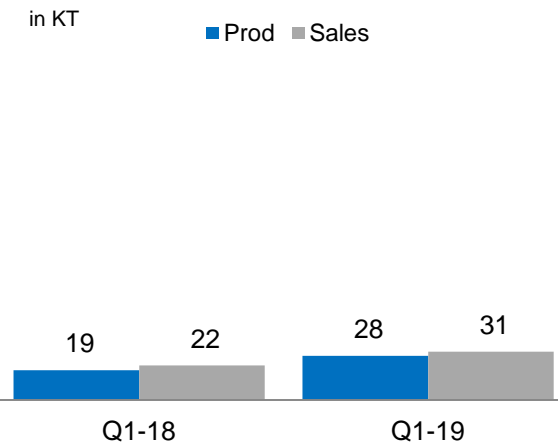
Polypropylene



Styrene Monomer



Butadiene

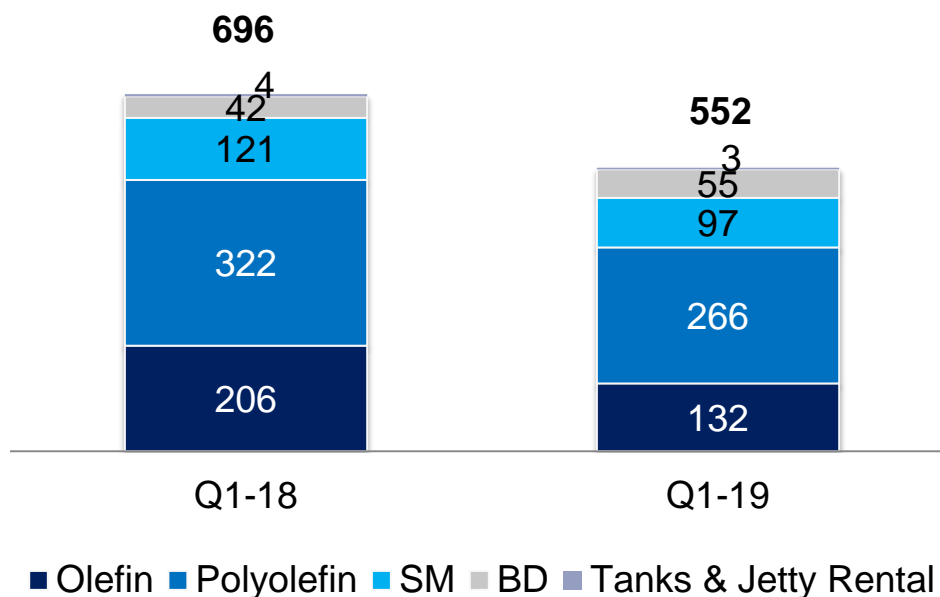


Note: *) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales.

Net Revenues

Lower Net Revenues by 20.6% ytd to US\$552.2 million in Q1 2019, reflecting lower realized ASP particularly for Ethylene, Polyolefins and Styrene Monomer; and slightly lower sales volumes.

Revenue by Segment (US\$m)

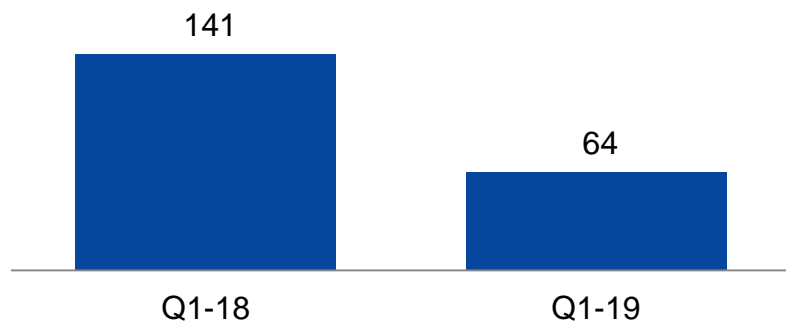


Key Financials

year to date

Gross Profit

(US\$m)



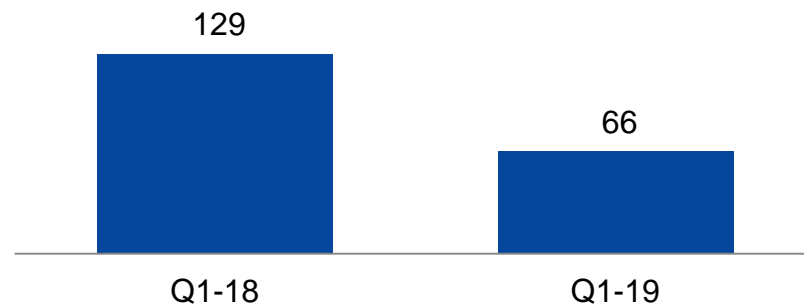
EBITDA

(US\$m)

Adjusted EBITDA margin

19%

12%



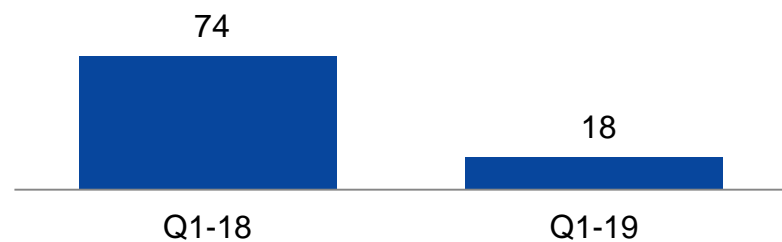
Net Profit

(US\$m)

Net Profit Margin

11%

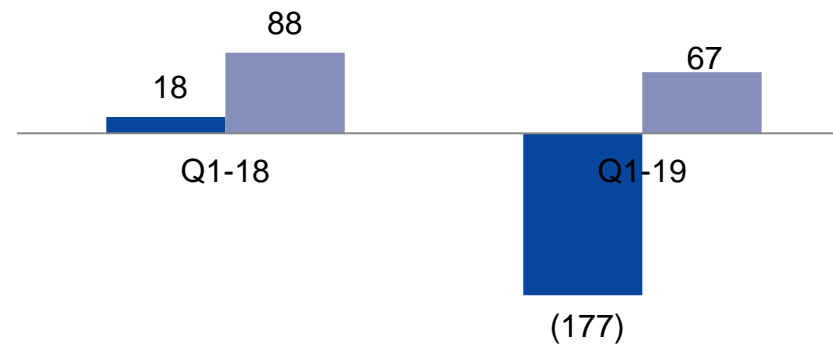
3%



Cash flow from Operations, Capex

(US\$m)

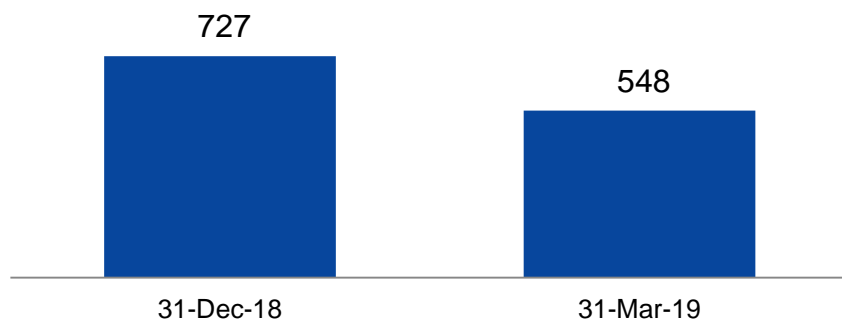
■ CFO ■ Capex



Key Financials

Cash Balance

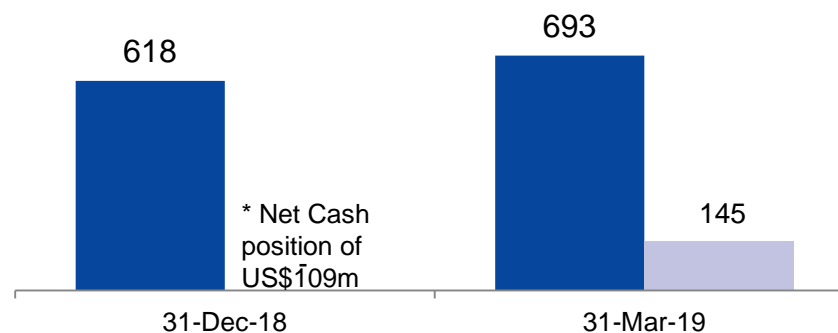
(US\$m)



Debt and Net Debt

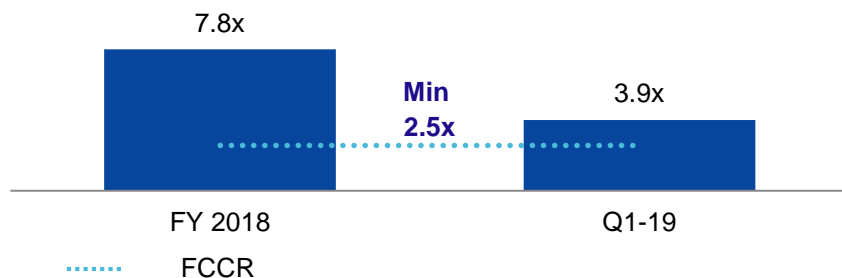
(US\$m)

■ Debt ■ Net Debt

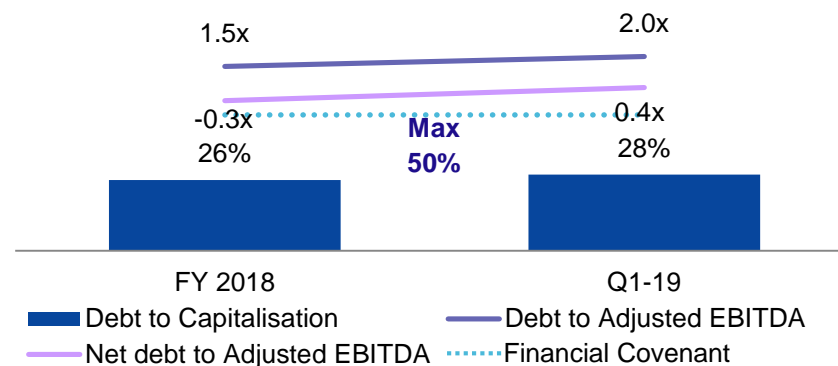


Adjusted EBITDA / Finance Costs

(x)



Leverage Ratios ⁽¹⁾

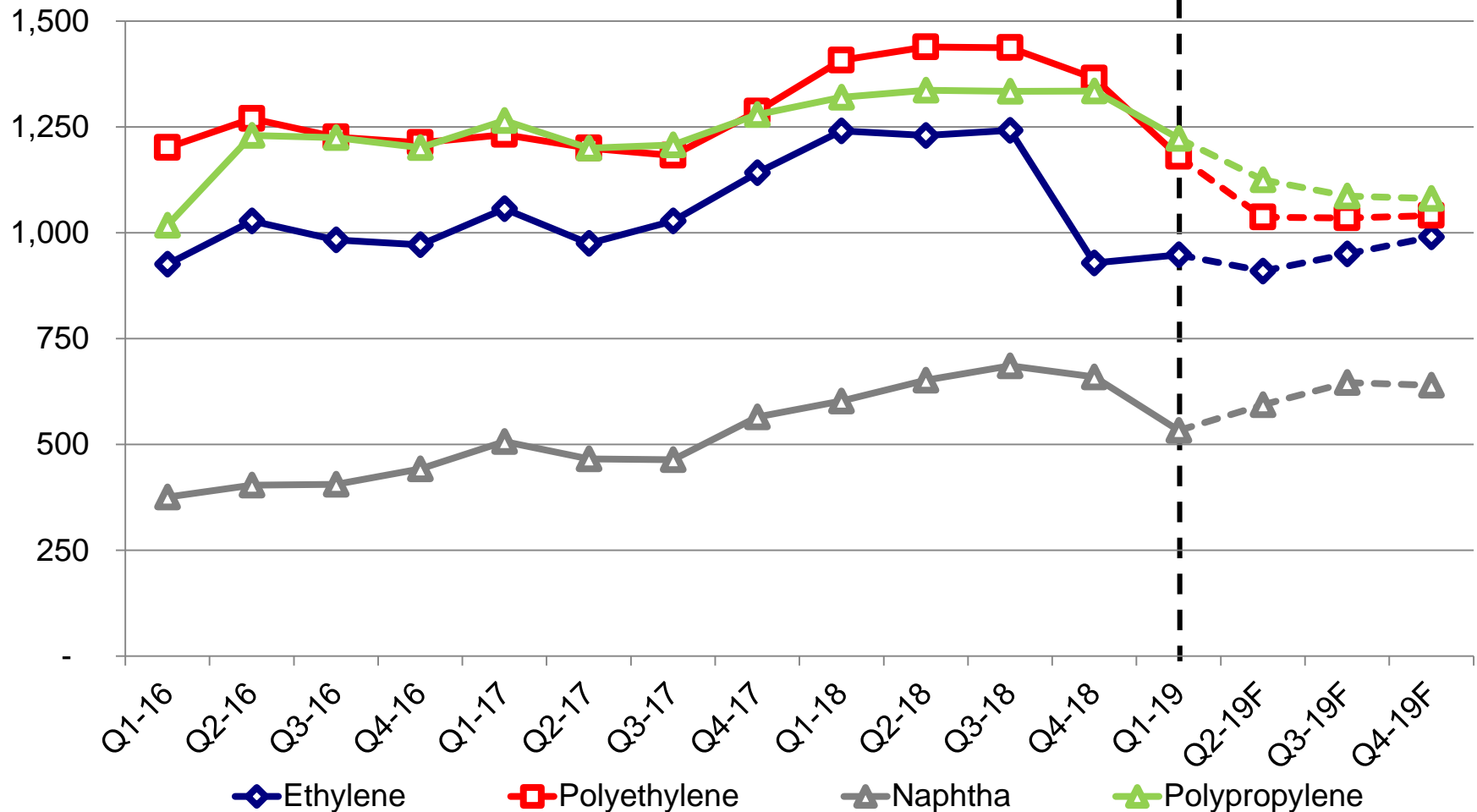


(1) Debt to Capitalisation calculated as total debt divided by (total debt + equity). Debt to Adjusted EBITDA calculated as Total Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA calculated as Net Debt divided by Adjusted EBITDA.

2019 Outlook

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

(US\$/MT)



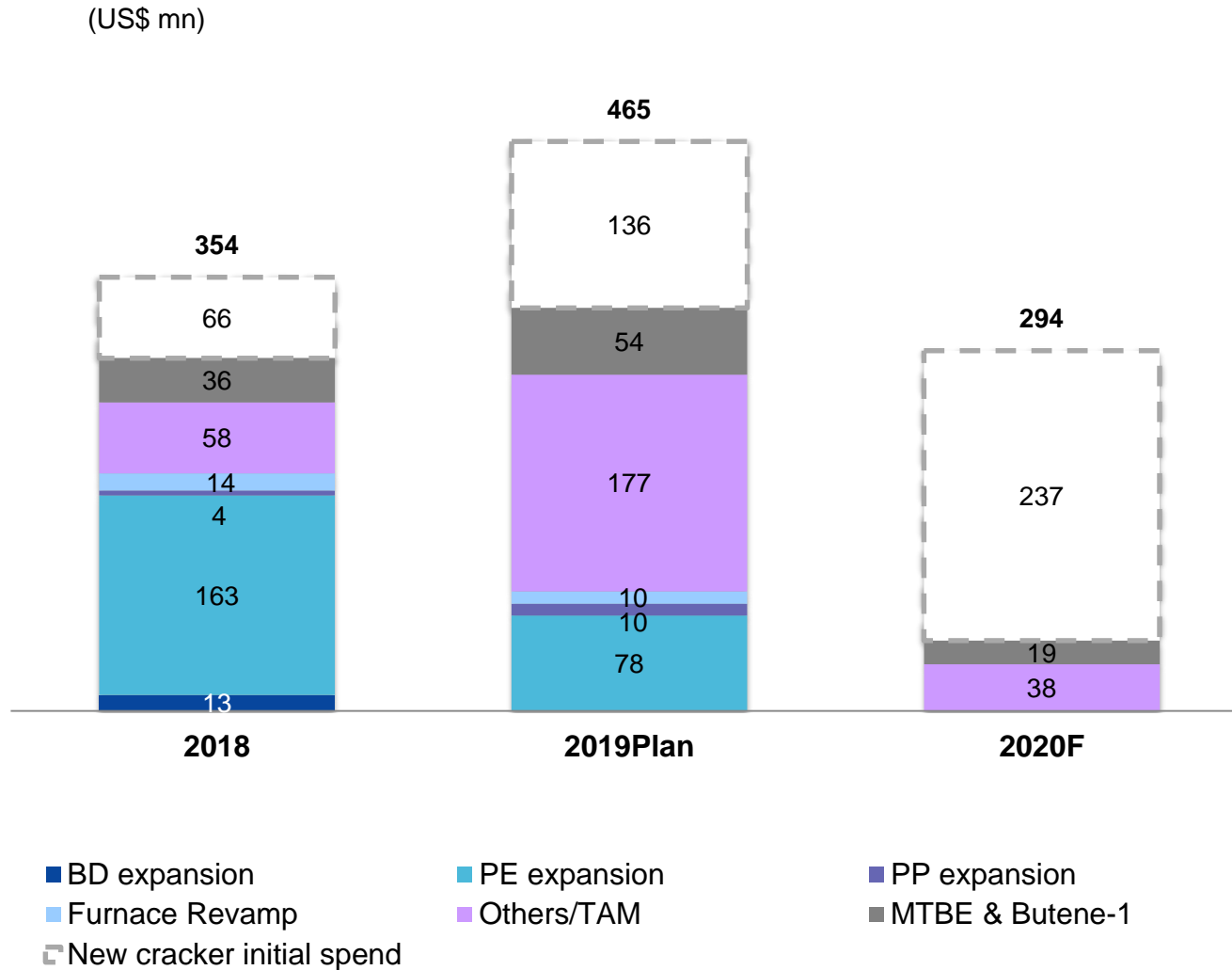
Note: *) Dashed line - Forecasted price shown with dash line is based on IHS 3 June 2019.

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

2019 Key Priorities

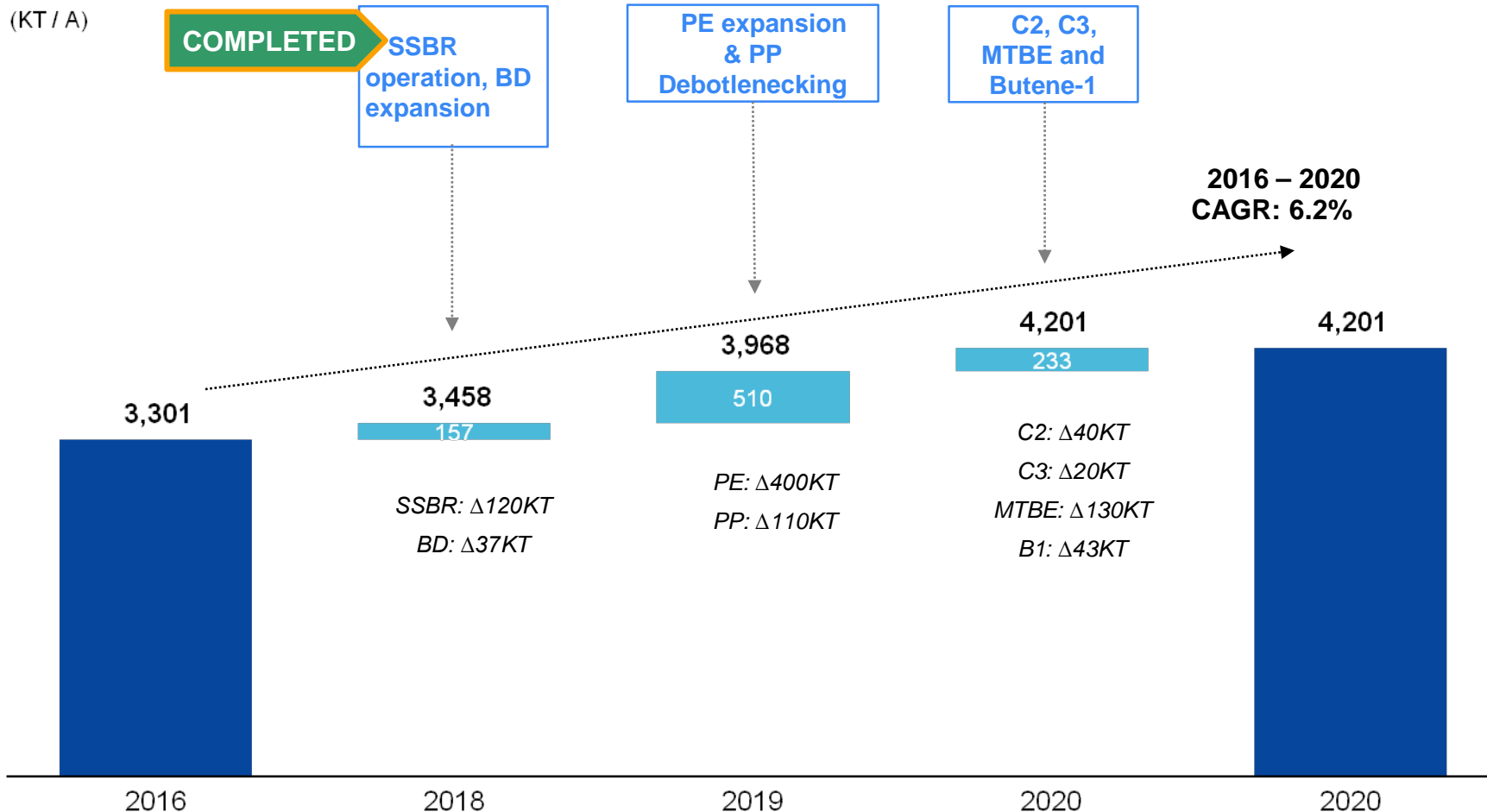
- New 400KTA Polyethylene Plant to start up and achieve on-spec product by Q4 2019.
- 23% increase in Polypropylene capacity to 590KTA with completion of expansion programme by Q4 2019.
- Complete Furnace Heater Revamping to increase Ethylene production capacity from 860KTA to 900KTA by end 2019.
- Successfully 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.

Capex Spending Fully Funded through to 2020



Projects Update

Strategic Growth on Track via Expansion and Debottlenecking



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

Projects Overview

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

On
Stream

Status of Key Projects

- ❑ **Polypropylene Debottlenecking Project**
Overall progress around 60%. Target completion Q4 2019.
- ❑ **New 400 KTA Polyethylene Project**
Overall progress 97%. Target completion Q4 2019.
- ❑ **Furnace Revamping Project.**
Overall progress 91%. Target Completion End 2019.
- ❑ **MTBE and Butene-1 Project**
Overall progress 70%. Target Completion Q3 2020.

CAP2 Project Master Schedule

