

About CAP:

CAP, a subsidiary of PT Barito Pacific Tbk as the majority shareholders, is Indonesia's largest integrated petrochemical company producing olefins and polyolefins. CAP incorporates state-of-the-art technologies and supporting facilities located in Cilegon and Serang of Banten province. CAP is the only producer who operates a naphtha cracker, and is the sole producer of ethylene, styrene monomer and butadiene. In addition, CAP is also the largest polypropylene producers in Indonesia. CAP produces plastic raw materials and chemicals used for packaging products, pipes, automotive, electronics, etc.

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CHANDRA ASRI PETROCHEMICAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2017

PT Chandra Asri Petrochemical Tbk (IDX: TPIA) today released its consolidated financial statement for the twelve months of 2017, delivering record operating and financial performance with Net Profit after Tax of US\$319.2 million, 6.3% higher y-o-y, primarily contributed by higher volumes and continued healthy product margins.

The Company's President Director, Erwin Ciputra, explains:

"2017 was a record year for CAP delivering both strong financial and operational performance. We benefited from the favorable petrochemical industry conditions with continuing healthy products margin and achieved high operating rates to generate higher sales volume by leveraging our growing scale of operations. We also strengthened our capital structure with a successful Rights issuance of US\$377.2 million and a landmark US\$300 million 7NC4 international bond to fund our expansion plans. Moving forward, we will continue to maintain high plant utilization rates, ensuring the safety of our operations and optimizing the Company's product portfolio as well as executing our expansion projects as planned."

FY2017 FINANCIAL HIGHLIGHTS:

- Net Revenues increased by 25.3% to US\$2,418.5 million from US\$1,930.3 million in FY2016 as a result of higher sales volumes from higher plant utilization rates.
- EBITDA increased by 8.0% to US\$550.3 million from US\$509.5 million FY2016 due to higher sales volumes and continuing healthy product margins, partly offset by higher feedstock costs with increasing crude oil prices.
- Net profit after tax registered at US\$319.2 million, 6.3% increase from FY2016 of US\$300.1 million.
- Total Assets increased by 40.3% to US\$2,987.3 million mainly from higher cash & Cash equivalents from proceeds of rights issue amounting to US\$377.2 million and US\$300 million bond issuance.
- Interest bearing debt position stood at US\$632.3 million compared with US\$425.0 million in FY2016 largely due to issuance of US\$300 million bond, partially offset by loan principal repayments. Combined with cash balance position of US\$842.5 million, our net cash position as of December 31, 2017 was US\$210.2 million.

Financial Performance

US\$ million, unless otherwise stated	FY2016	FY2017	% change
Net Revenues	1,930.3	2,418.5	25.3
Cost of Revenues	1,436.0	1,873.5	30.5
Gross Profit	494.3	545.0	10.3
Net Profit After Tax	300.1	319.2	6.3
EBITDA	509.5	550.3	8.0
Total Assets	2,129.3	2,987.3	40.3
Total Liabilities	987.6	1,318.5	33.5
Shareholders' Equity	1,141.7	1,668.8	46.2
Interest Bearing Debt	425.0	632.3	48.8
Cash & Cash Equivalents	298.8	842.5	182.0
Net Debt / (Cash)	126.3	(210.2)	N/A
Cash Flows from Operating Activities	475.9	394.4	(17.1)
Capital Investments	73.4	226.1	232.3
Dividends Paid	43.7	161.8	270.5
Earnings per share (US\$)	0.018	0.018	3.33

Financial Ratios

	FY2016	FY2017	% change
Gross Profit Margin (%)	25.6	22.5	(12.0)
EBITDA Margin (%)	26.4	22.8	(13.8)
Debt to Capitalization (%)	27.1	27.5	1.3
Interest service coverage (x)	13.4	11.3	(15.7)
Debt to EBITDA (x) – LTM	0.8	1.1	37.7
Net Debt to EBITDA (x) – LTM	0.2	(0.4)	N/A

Business Segments

In US\$ million	Revenues		
	FY2016	FY2017	% change
Olefins	609.8	783.5	28.5
Polyolefins	884.7	942.8	6.6
Styrene Monomer	289.2	432.8	49.6
Butadiene	139.3	252.1	80.9
Tanks and Jetty Rental	7.3	7.4	0.7
Consolidated	1,930.3	2,418.5	25.3

In US\$ million	Gross Profit		
	FY2016	FY2017	% change
Olefins	167.6	212.5	26.8
Polyolefins	282.8	249.1	(11.9)
Styrene Monomer	23.1	42.7	85.1
Butadiene	15.4	35.8	132.5
Tanks and Jetty Rental	5.4	4.8	(10.8)
Consolidated	494.3	545.0	10.3

FINANCIAL PERFORMANCE ANALYSIS

Net Revenues

Net Revenues increased by 25.3% from US\$1,930.3 million in FY2016 to US\$ 2,418.5 million in FY2017 reflecting higher sales volumes, primarily for Olefins, Styrene Monomer and Butadiene, coupled with higher product prices.

Cost of Revenues

Cost of Revenues increased by 30.5% from US\$1,436.0 million in FY2016 to 1,873.5 million in FY2017 mainly due to higher consumption of feedstock as a result of higher production with the Cracker running at some 99% Operating rate compared with 90% y-o-y. Feedstock price, mainly for naphtha, also increased from US\$410/ton to US\$500/ton in FY2017 largely linked to the increase in crude oil prices.

EBITDA

EBITDA increased by 8.0% from US\$509.5 million in FY2016 to US\$550.3 million in FY2017 as a result of higher sales volume (2,025KT vs 2,291KT) and continued healthy product margins.

Net Profit After Tax

The Company recorded US\$319.2 million Net Profit After Tax in FY2017, 6.3% increase from US\$300.1 million in FY2016.

Total Assets

Total Assets increased by 40.3% from US\$2,129.3 million in FY2016 to \$2,987.3 million in FY2017 largely driven by increase in cash and cash equivalents from the proceeds of rights issue amounting to US\$377.2 million and proceeds from US\$300 million bond issuance coupled with higher accounts receivable and inventories reflecting higher business activity.

Total Liabilities

Total Liabilities increased by 33.5% from US\$987.6 million in FY2016 to US\$1,318.5 million in FY2017 mainly due to higher long-term borrowing from the issuance of US\$ bond. Interest bearing debt increased by 48.8% from US\$425.0 million in FY2016 to US\$632.3 million in FY2017 and higher trade payables reflecting higher business activity.

With the proceeds from rights issue, US\$ bond issuance coupled with cash generated from operations, the Company is in net cash position of US\$210.2 million as of December 31, 2017.

Cash Flows from Operating Activities

Cash Flows from Operating Activities declined by 17.1% from US\$475.9 million in FY2016 to US\$394.4 million in FY2017 mainly from increase in payment of income taxes of US\$94.5 million reflecting improved profitability despite higher cash generated from operations.

Cash Flows from Investing Activities

Net cash used in Investing activities increased by 232% from US\$69.0 million in FY2016 to US\$229.1 million in FY2017, largely due to capital expenditures related to downstream projects expansions, in particular the new Polyethylene plant, Butadiene plant expansion, and land acquisition for the second Petrochemical complex.

Cash Flows from Financing Activities

Net cash provided by Financing activities was US\$378.5 million in FY2017. The Company received US\$377.2 million proceeds from rights issue and US\$334.3 million from US\$ and IDR bond issuance, off-set partly by payment of dividend of US\$161.8 million, repayment of term loans totaling US\$128.4 million as well as interest and financial charges of US\$29.9 million.

MARKET UPDATES

In 4Q17, Brent crude price climbed up US\$10/bbl to US\$62/bbl amid OPEC agreement to extend production cut to end of 2018 and healthy demand.

Naphtha price in 4Q2017 increased from average US\$468/MT in 3Q2017 to US\$570/MT driven by stronger Brent and LPG prices amid robust petrochemical and gasoline demand and limited supply from refinery turn around maintenance.

Ethylene price continued to increase in 4Q2017 from average US\$1,101/MT in 3Q2017 to US\$1,195/MT due to limited supply and healthy demand on the start-up of new derivative units, as well as pre-stocking activities ahead of new-year.

Polymers price also gained momentum in 4Q2017, increased from US\$1,179/MT to US\$1,252/MT and US\$1,169/MT to US\$1,210/MT for Polyethylene and Polypropylene respectively, due to stronger demand and tighter supply amid higher feedstock ethylene cost.

Butadiene price declined from US\$1,186/MT in 3Q2017 to US\$1,076/MT in 4Q2017 amid ample supply and muted market due to long holiday and softer SBR demand.

Styrene monomer price increased averaging US\$1,272/MT in 4Q2017 from US\$1,248/MT in 3Q2017, supported by firmer benzene feedstock price and rebounding of Chinese domestic prices.

CORPORATE NEWS



CAP Received Two Gold Awards, a Silver Award in TKMPN XXI and IQPC 2017

On 27-30 November 2017, the Company won two Gold Awards and one Silver Award in the convention forum of "Temu Karya Mutu & Produktivitas Nasional (TKMPN) XXI dan International Quality & Productivity Convention 2017 (IQPC)" held in Padang, West Sumatera. This is the third time for the Company in participating in this forum. Last year, the Company won a Gold Award in the same event which took place in Bali.



CAP Signed a Head of Agreement on Downstream Coal for Coal Value-Added

On 8 Desember 2017, the Company signed a Head of Agreement on Downstream Coal with PT Bukit Asam Tbk, PT Pertamina (Persero), and PT Pupuk Indonesia (Persero). Through this signing, coal from PT Bukit Asam Tbk will later be converted through gasification technology which enables the coal to be converted and processed further into Dimethyl Ether to be used as a raw material for Polypropylene. Ultimately, this coal-based Polypropylene is expected to help Indonesia in fulfilling the needs of domestic Polypropylene.



CAP and SMI Received Green Industry Award 2017

On 21 December 2017, the Company and its subsidiary, PT Styrimdo Mono Indonesia (SMI) received respectively Level 5 Green Industry Award 2017. Through this achievement, the Company and SMI considered to meet the standard in increasing the efficiency and effectiveness of production and has been applying the principles of green industry in its operation.

TPIA Entered LQ45 Index

For the period of February-July 2018, shares of the Company (TPIA) joined LQ45 Indonesian Stock Exchange. This is the first time for TPIA coming into the ranks 45 most liquid shares listed on IDX. The entry of TPIA to the LQ45 index indicates high level of market confidence towards fundamental/performance aspects of the Company.



Groundbreaking of New 400KTA Polyethylene Plant

On 2 February 2018, the Company together with EPC contractors from Toyo Engineering Corporation Japan, Toyo Engineering Korea Limited, and PT Inti Karya Persada Teknik commenced the groundbreaking of a new 400KTA Polyethylene plant facility. This new facility will produce High Density Polyethylene (HDPE), Linear Low Density Polyethylene (LLDPE), and Metallocene LLDPE (mLLDPE). After its completion, CAP will operate PE plant with annual production capacity totaling 736KTA.