

## PRESS RELEASE

For Immediate Release

### **PT Synthetic Rubber Indonesia, a Joint Collaboration Factory between Michelin and PT Chandra Asri Petrochemical Tbk. Officially Inaugurated**

*The presence of SRI provides tangible evidence of Michelin and Chandra Asri's commitment to strengthen Indonesia's manufacturing industry amid a dynamic global economy.*

**CILEGON, November 29, 2018** - PT Synthetic Rubber Indonesia (SRI), the first synthetic rubber factory that produces Polybutadiene Rubber and Solution Styrene Butadiene Rubber in Indonesia was officially inaugurated today. The factory celebration was attended by the **Minister of Industry of the Republic of Indonesia, Airlangga Hartarto** and witnessed by the **Minister of State, attached to the Minister for Europe and Foreign Affairs of the French Republic, Jean-Baptiste Lemoyne**.

The presence of SRI will strengthen the manufacturing sector by producing value added products, combining Chandra Asri's raw material products and Michelin's technology that changes these raw materials into semi-finished products used in the key components to produce environmentally friendly tires.

**SRI President Director Brad Karas** said, SRI is one of the pioneering industries in Indonesia that introduces new technologies to produce value added products in conjunction with the world's innovative tire manufacturer, Michelin and Indonesia's leading petrochemical company.

"We are humbled and honoured to launch the initial synthetic rubber production in Indonesia witnessed personally by the Minister of Industry Airlangga Hartarto. We believe this synthetic rubber factory will support national economic growth," Brad said at the inauguration of the SRI Plant in Cilegon.

SRI is a joint venture between Michelin and PT Chandra Asri Petrochemical Tbk. established on June 17, 2013 with share ownership of 55% and 45% respectively. The investment value of the collaboration reached US\$ 435 million. SRI has benefited from a tax holiday incentive by the Indonesian government.

The start of production from SRI in August is also in line with the Government's strategy to grow State revenues by enhancing domestic manufacturing and national exports.

Based on data retrieved from the Ministry of Industry, Indonesia's exports and imports continue to increase every year. In Q3 2018, exports reached US\$ 97.52 billion from US\$ 92.25 billion or increased by 5.71% from the same period last year. During this period, export of industrial product contributed 72.24% from total national export reaching US\$ 134.99 billion.

**Minister of Industry Airlangga Hartarto** explained that the goal of the national industry is to produce more value-added products. One of the efforts is to encourage national industry competitiveness through continuous technological innovation.

In order to realize this vision, relying on organic growth alone will not suffice, but it requires a breakthrough in the use of the latest technologies. This is in line with the government's vision of Making Indonesia 4.0 to encourage the creation of inclusive or comprehensive economic growth. One of the other strategies is an

overhaul of conventional industrial production flows through technological innovation to increase efficiency and improve productivity.

"The government appreciates the steps taken by Michelin and Chandra Asri in developing manufacturing industries that provide highly competitive products through the use of technology. We know that the presence of SRI will contribute directly to driving Indonesia's economic growth in a sustainable manner," explained Airlangga.

According to Minister of Industry, further development of synthetic rubber industry is deemed to be important to meet the growing demand of industrial sector. Synthetic rubber can be used in tire production, conveyor belts, rubber components, footwear, and insulated electric cable. Synthetic rubber enjoys robust demand from the domestic market in Indonesia which reaches 230,000 tons, while the current production capacity only reached 75.000 tons. Thus, current demand needs to be fulfilled through imports.

**Minister of State, attached to the Minister for Europe and Foreign Affairs of the French Republic, Jean-Baptiste Lemoyne** appreciates the inauguration of SRI as a concrete evidence of France's long term investment commitment in Indonesia.

"The partnership between Michelin and CAP is a promising example of collaboration between France and Indonesia. Michelin is demonstrating once again that French companies are investing in Indonesia with a long term vision. They believe in the potential of its people and its economy," said Jean-Baptiste Lemoyne.

**Michelin Group - General Managing Partner, Florent Menegaux** stated that Michelin's collaboration with Chandra Asri is a strategic step in supporting the realization of a sustainable business. The desire to meet the high global demand for tires has driven the need for more synthetic rubber production. This is a major factor in why Michelin chose to build its third synthetic rubber plant in Indonesia after the ones in France and the United States.

"Michelin needs more regular supply of synthetic rubber to ensure growth of its "green" tires globally. For this reason, the presence of SRI is very important for Michelin. Thus, we are partnering with the largest Indonesian petrochemical company, Chandra Asri, as concrete evidence of our interest to invest in Indonesia," said Florent.

SRI targets a production capacity of 120,000 tons per year of Polybutadiene Rubber and Solution Styrene Butadiene Rubber. The plant is flexible and can vary the mix to meets specific business needs.

In order to meet its manufacturing standard, Michelin also provided training and support to SRI experts from Indonesia so they could develop local competencies while supporting the development of national competitiveness.

"We invest in infrastructure and in people. That is why we have provided extensive training throughout 2015-2017 for SRI personnel, by sending them to other Michelin synthetic rubber factories in France and in the United States. In general, Key SRI's staffs received 800 hours of training in Michelin plants. We believe sharing technological assets, skills and know-how are vital to the success of this project," Florent explained.

According to **President Director of Chandra Asri, Erwin Ciputra**, the partnership with Michelin in the SRI synthetic rubber plant is in line with the company's plan to add value to its products. Michelin technology converts butadiene one of Chandra Asri's products, into synthetic rubber.



"We are proud and happy to build a partnership with Michelin, a collaboration that is instrumental to strengthening the manufacturing industry in Indonesia," said Erwin.

Chandra Asri is the largest Indonesian petrochemical company which is believed to be the backbone of developing industries in the country. This year, Chandra Asri supplied 30% of domestic petrochemical demand.

"We believe this collaboration can further enhance Chandra Asri's competitiveness nationally and internationally. For the initial phase, we are confident to fulfill all Michelin's needs for synthetic rubber," Erwin concluded.

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#### **About SRI**

Synthetic Rubber Indonesia is a joint venture between Michelin and Chandra Asri Petrochemical. SRI is the first plant of its kind in Indonesia to produce the feedstocks of eco-friendly tires to meet increasing domestic and global demand.

#### **About Michelin**

Michelin, the leading tire company, is dedicated to enhancing its clients' mobility, sustainably; designing and distributing the most suitable tires, services and solutions for its clients' needs; providing digital services, maps and guides to help enrich trips and travels and make them unique experiences; and developing high-technology materials that serve the mobility industry. Headquartered in Clermont-Ferrand, France, Michelin is present in 171 countries, has more than 114,000 employees and operates 70 production facilities in 17 countries which together produced around 190 million tires in 2017. ([www.michelin.com](http://www.michelin.com))

#### **About Chandra Asri Petrochemical**

CAP, a subsidiary of PT Barito Pacific Tbk. as the majority shareholder, 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 domestic producer of ethylene, styrene monomer and butadiene. In addition, CAP is also the largest polypropylene producer in Indonesia. CAP produces plastic raw materials and chemicals used for packaging products, pipes, automotive, electronics, etc. For more information, please visit [www.chandra-asri.com](http://www.chandra-asri.com).

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