



Press Release:

Chandra Asri and Michelin Plan to Build Plant of Synthetic Rubber Indonesia

The Synthetic Rubber Indonesia's plant will reduce dependence on imported raw materials of tire and to support increased national tire production.

Jakarta, 5 November 2013 – The management of PT Chandra Asri Petrochemical Tbk (CAP) along with Compagnie Financière Michelin (Michelin) conduct a partnership inauguration of synthetic rubber plant (synthetic rubber) which is managed by PT Synthetic Rubber Indonesia (SRI).

The inauguration of this partnership is a milestone of the joint venture agreement between PT Petrokimia Butadiene Indonesia (PBI, a subsidiary of CAP) with Michelin, which has been signed by both parties in June 2013. Total investment of the company's establishment and construction of SRI plant is expected to reach US\$435 million. Shareholding composition of the new joint venture is Michelin and PBI by 55% and 45% respectively.

Jean-Dominique Senard, General Managing Partner and CEO of Michelin Group stated: "This initiative demonstrates Michelin's long-term commitment to Indonesia. Our continuing and significant investment in Indonesia shows that we are equally committed to Indonesia's future growth, economic and environmental development."

According to the President Director of CAP, Erwin Ciputra, the plant construction is planned to begin in early 2015, with completion and start-up targeted at the beginning of 2017. Furthermore, SRI will produce Polybutadiene Rubber (PBR) with Neodymium Catalyst and Solution Styrene Butadiene Rubber (SSBR); both are utilized as feedstocks for the production of environmentally friendly tires.

"SRI will produce the feedstock of environmentally friendly tires, in line with global trends of eco-friendly tire usage. The existence of SRI is expected to give positive contributions for Indonesian economic by reducing import of feedstock and to increase export of tires," said Erwin.

All feedstock of SRI plant will be sourced from Butadiene which is produced by PBI. However, to meet the needs of Mixed C4 as feedstock to produce Butadiene, management of CAP will increase the production of Ethylene, Propylene, Py-Gas, Mixed C4, by adding production facility of Naphtha Cracker (Naphtha Cracker expansion).

The construction of SRI plant is a form of commitment by CAP and its Subsidiaries to increase the value chain of petrochemical products which are produced by the Company and to further support the realization of an integrated petrochemical industry in Indonesia. This way, this project will reduce the dependence of import of feedstock as well as to support the national economy.



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