

Press Release:

Joint Venture Company of Chandra Asri Appoints Contractors for the Construction of Synthetic Rubber Plant

The Company moves forward the vertical business integration

Jakarta, 1 July 2015 - The joint venture company of PT Chandra Asri Petrochemical Tbk (the Company) and Compagnie Financiere Du Groupe Michelin (Michelin), PT Synthetic Rubber Indonesia (SRI), has signed an EPC contract (engineering, procurement, and construction) with Toyo Engineering Corporation and PT Inti Karya Persada Teknik for the construction of a synthetic rubber plant facility located in Cilegon, Banten. The plant facility with production capacity of 120,000 tonnes per annum will produce Synthetic Butadiene Rubber (PBR) and Solution Styrene Butadiene Rubber (SSBR), feedstock which will be used to produce eco-friendly tires.

The execution of this project will begin in the fourth quarter this year. Land preparation of the plant facility where its location adjacent to the Company's plant complex has been completed. The plant construction is targeted for completion in early-2018 and will become the sole producer of synthetic rubber by these advanced processes in Indonesia. The PBR plant will produce Polybutadiene Rubber with Neodymium Catalyst and Solution Styrene Butadiene Rubber.

Later, in the production process, the plant will utilize Butadiene feedstock produced by PT Petrokimia Butadiene Indonesia, a subsidiary of the Company. Relations between the petrochemical production shows vertical business integration of the Company while creating added value in the Company's production chain. In addition to that, it will make a positive contribution to the Indonesian economy by reducing imports of raw materials and to encourage the increase on exports of tires.

SRI is a joint venture company owned by the Company through its subsidiary, PT Styrimo Mono Indonesia with 45% shares ownership and 55% shares are possessed by Michelin. In line with the global trends of eco-friendly tire usage and the rapid growth of the automotive industry, SRI has an opportunity to capture business potential especially in performance tires with SBR technology.

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