

PT Barito Pacific Tbk

August 2023

1H23 Earnings Call Presentation to Analysts and Investors



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Latest Key Updates

01 1H23 results summary

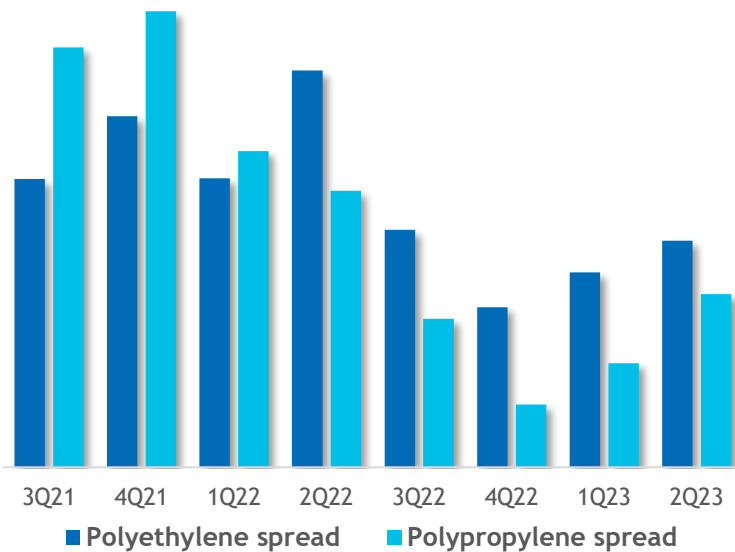
02 Operational metrics

03 Business Updates & Growth Strategy

01 **FY22 Results Summary**

Strongly positioned to benefit from the resurgence of the petrochemical industry; Maintaining vigilance in light of high uncertainty

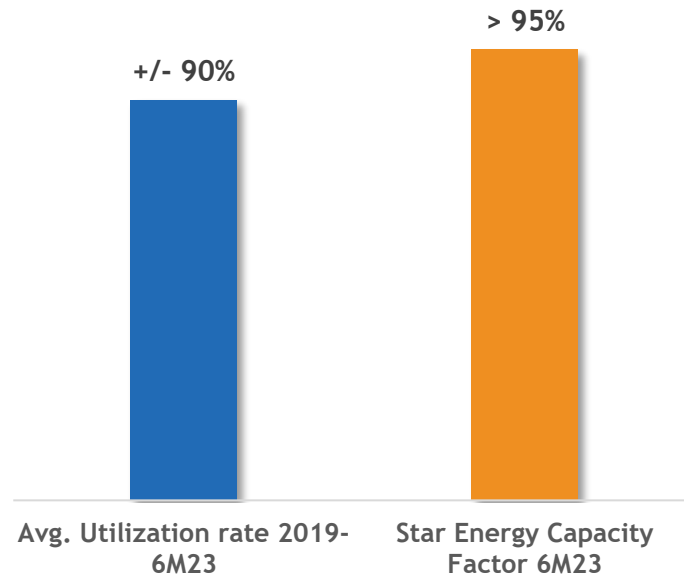
Petrochemical Spread to Naphtha



Note: Market data from ICIS & Chemanalyst

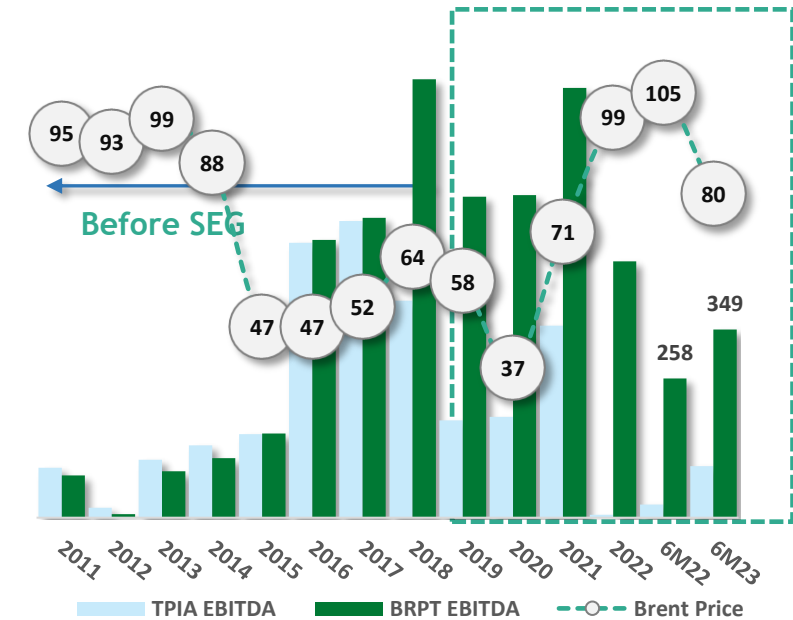
- Modest spread recovery in 2Q23 post economic reopening
- Focus on maintaining high vigilant as uncertainties remain high

Run rates & Capacity Factor



On the back of healthy domestic demand, operational activity remained healthy

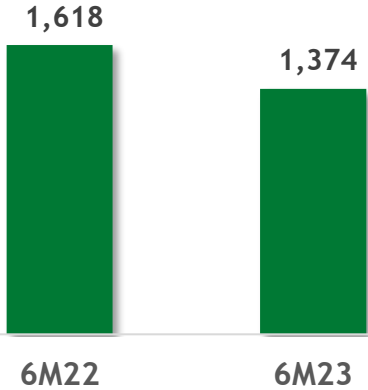
Oil Price & EBITDA



Energy portfolio provides EBITDA stability despite volatility in the petrochemical sector

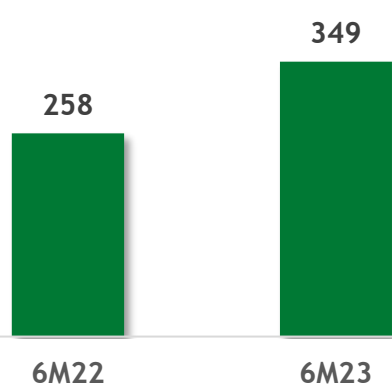
Revenue

US\$1,374m
-15.1%



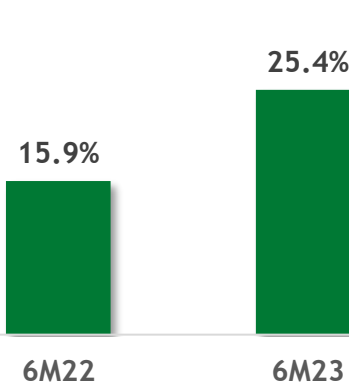
EBITDA

US\$349m
+35%



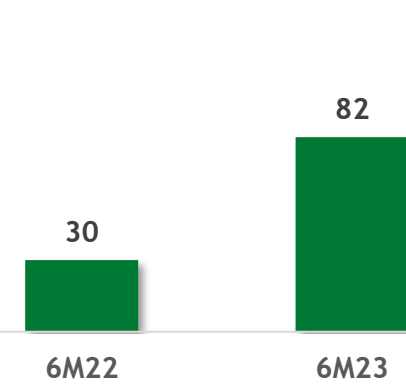
EBITDA Margin

25.4%
+9pp



Net profit after tax

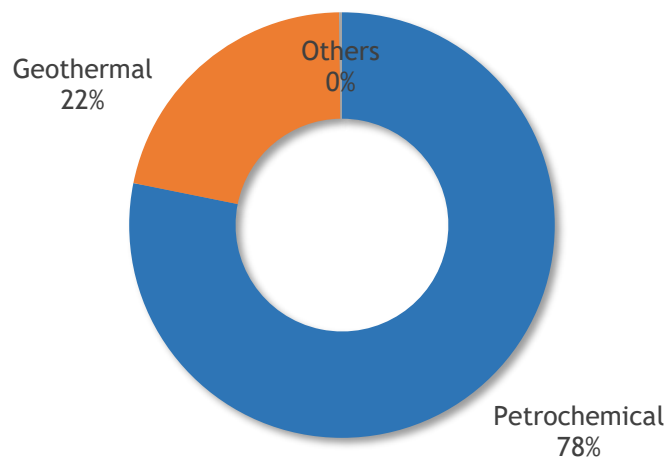
US\$82mn
+173%



-
-
-

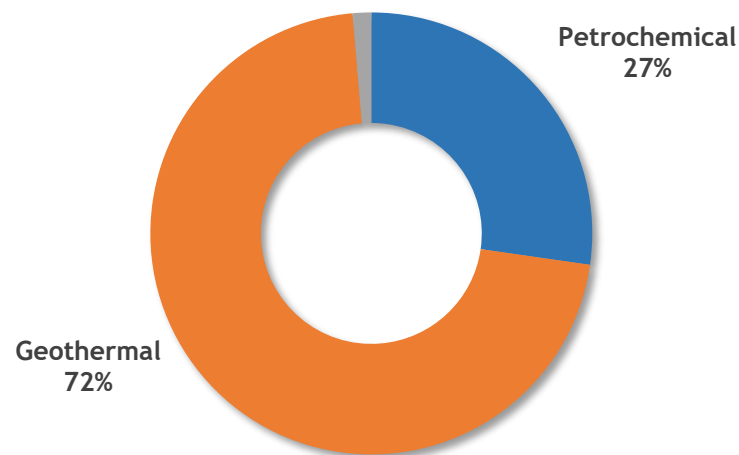
Stronger blend of income with shielding factor from Geothermal

Revenue contribution 6M23



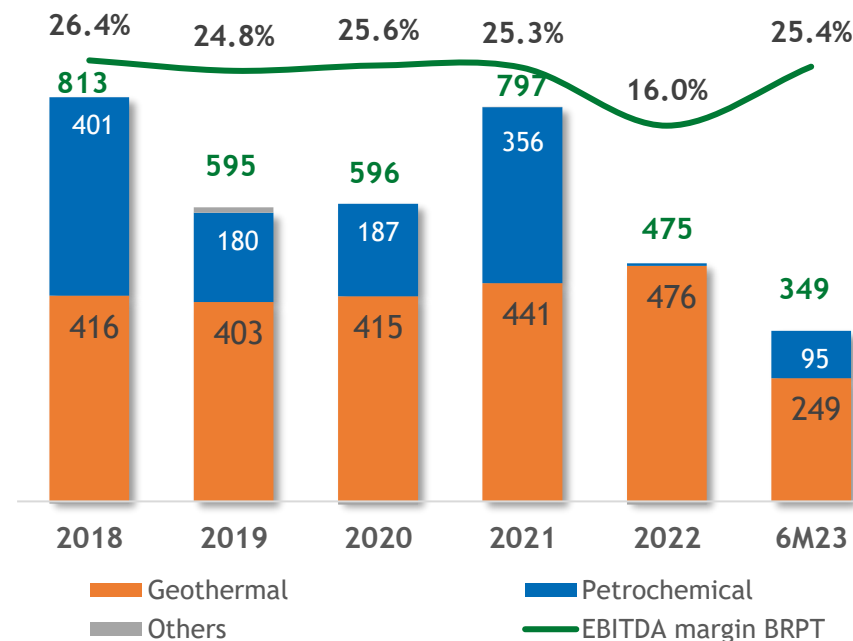
Revenue generation stems from petrochemical

EBITDA contribution 6M23



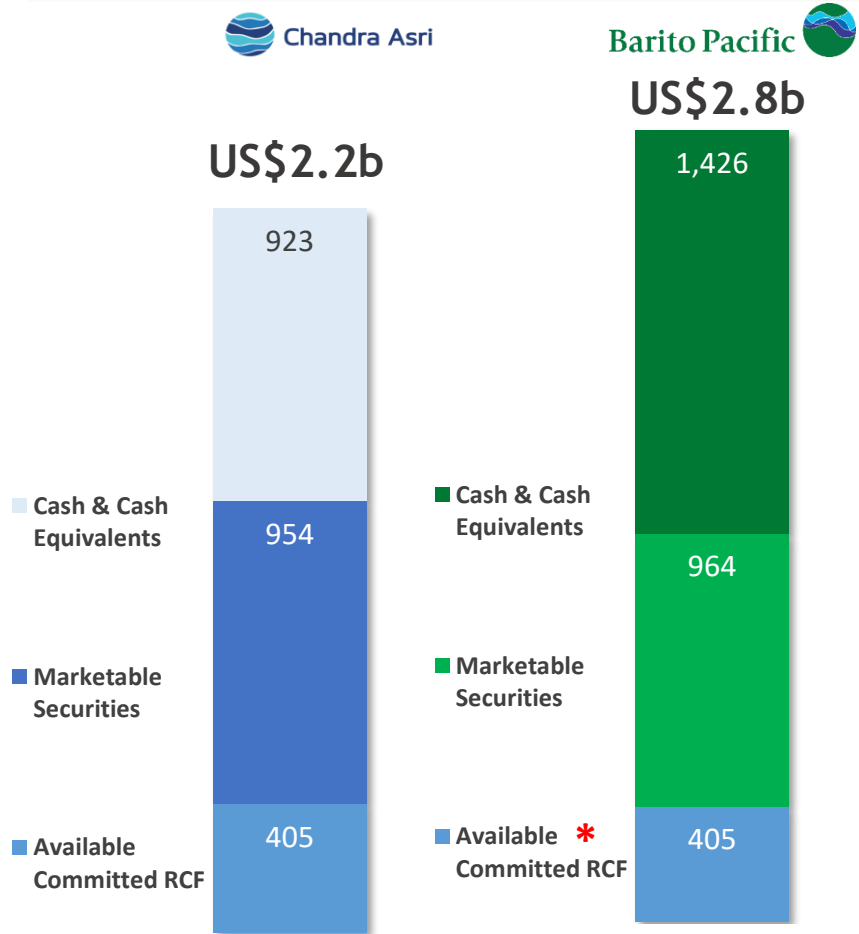
Modest recovery from CAP translate to rising contribution to 27% of 6M23 revenue from less than 5% in 2022

EBITDA breakdown 2018-6M23



6M23 achievement translate to more than half of FY22 with stability profile mainly underpinned by Energy segment.

Robust Liquidity Pool



As per 6M22

* CAP only

Ample Liquidity as cushion; Organic expansions

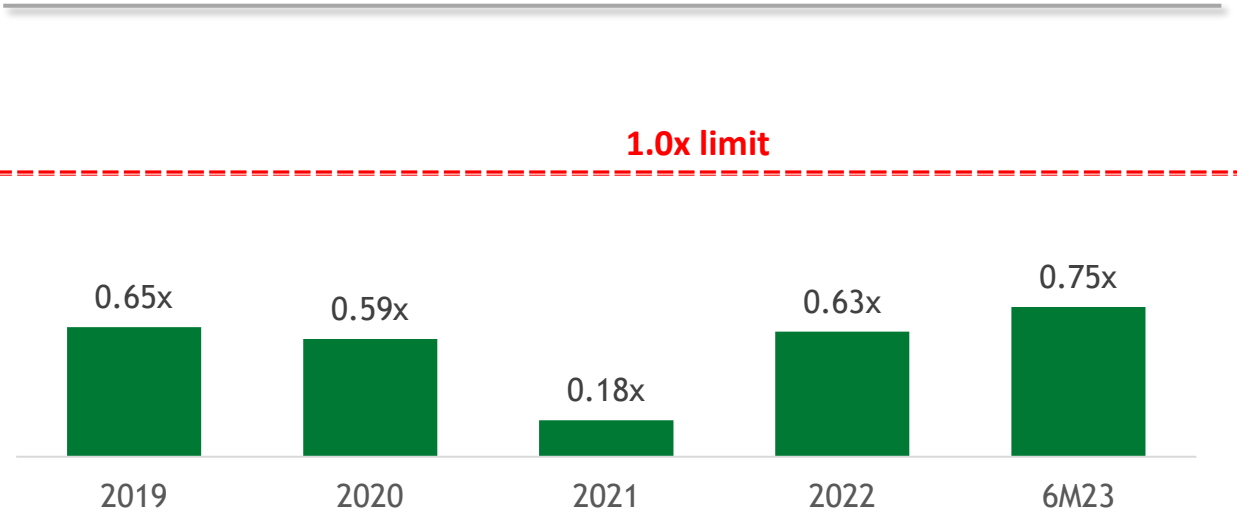
- Well-prepared for full-throttle recovery mode in the petrochemical sector
- Secured equity commitment to progress CAP2, in light of the observed volatility
- Downstream expansion - MoU signed with Ina to develop world-scale chlor-alkali plant to cater growing downstream industries of EV value chain

Unlocking inorganic Opportunity through Programmatic M&A

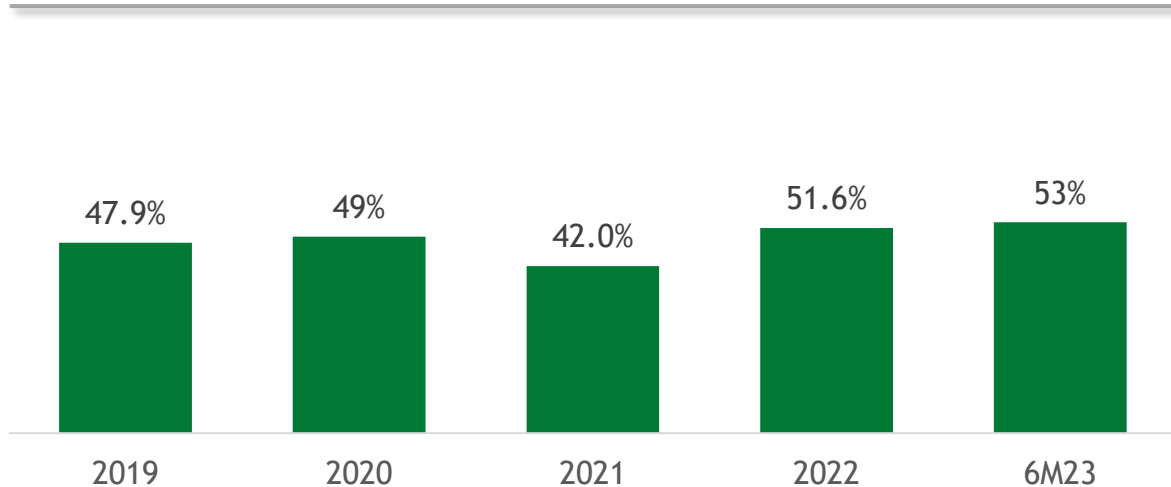
Successfully executed the acquisition of 70% equity stake in KDL & 49% in KTI, as part of the Programmatic M&A Strategy

- Bolt-on acquisition supported by stable and resilient cash flow
- Further enhancement of business fundamentals, and unlocks many attractive synergies
- Diversifying revenue toward supporting infrastructure utilities
- Fully synced with the expansions plans for 2nd petrochemical Complex

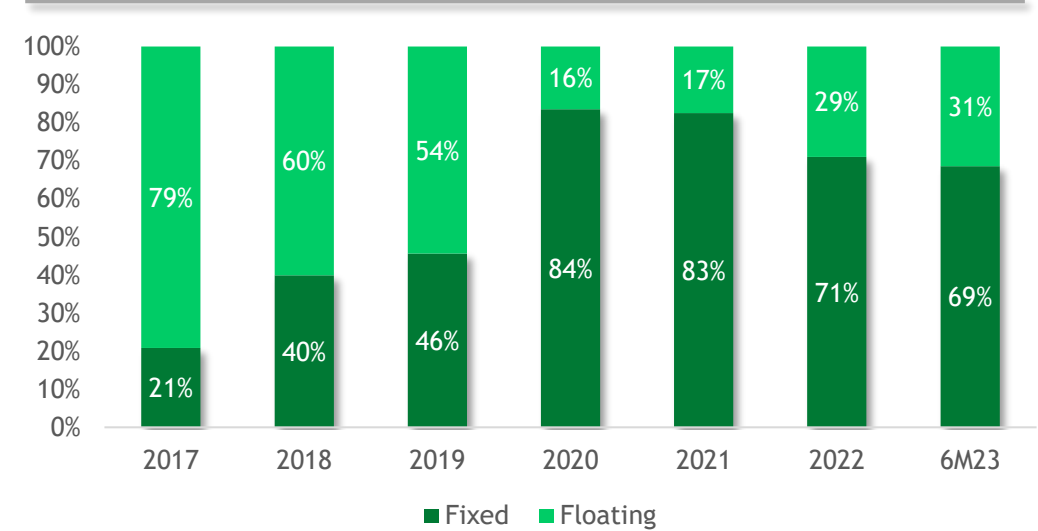
Net Debt to Equity (x)



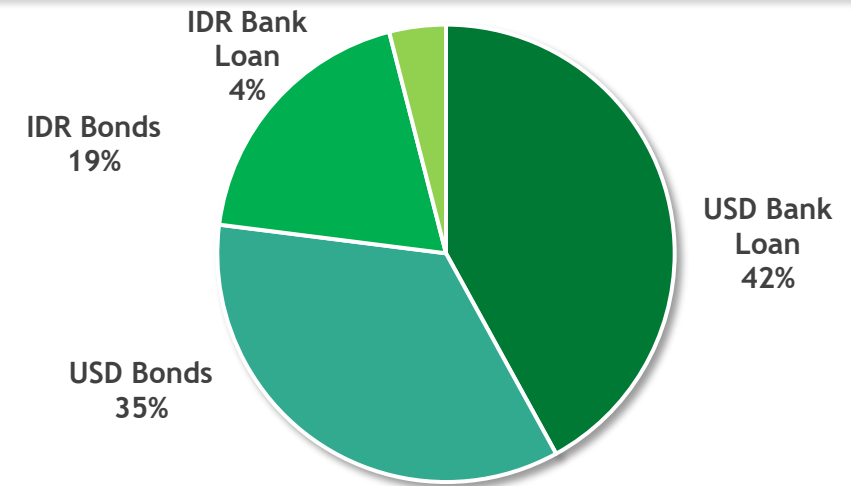
Debt to Capital (%)



Fixed vs. Floating (%)



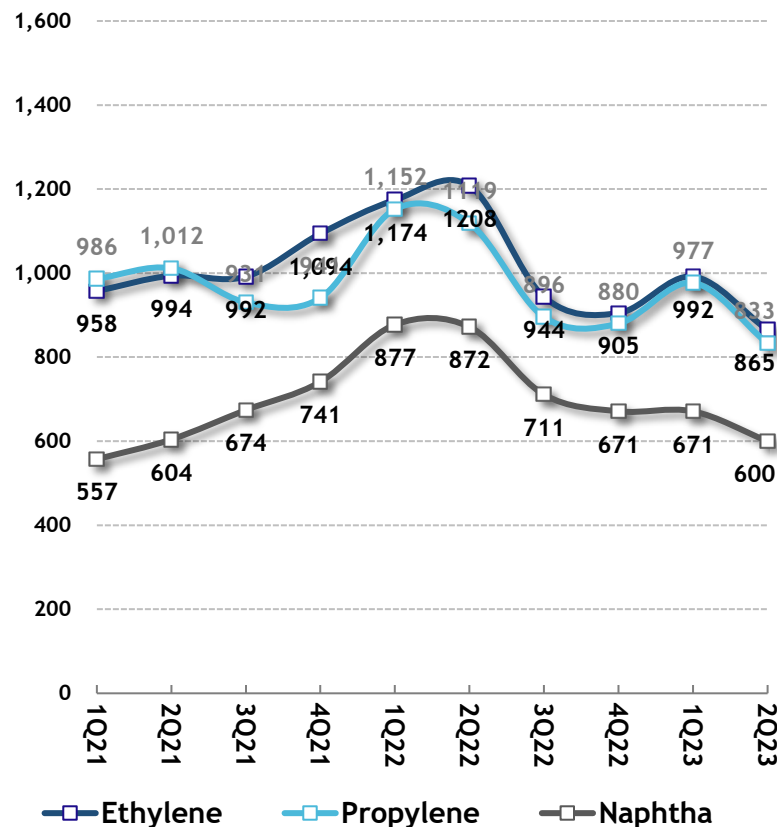
Debt composition



02 **Key operational updates**
Utilization rate & Capacity factor

Encouraging stability in product prices, despite the current bearish market sentiment

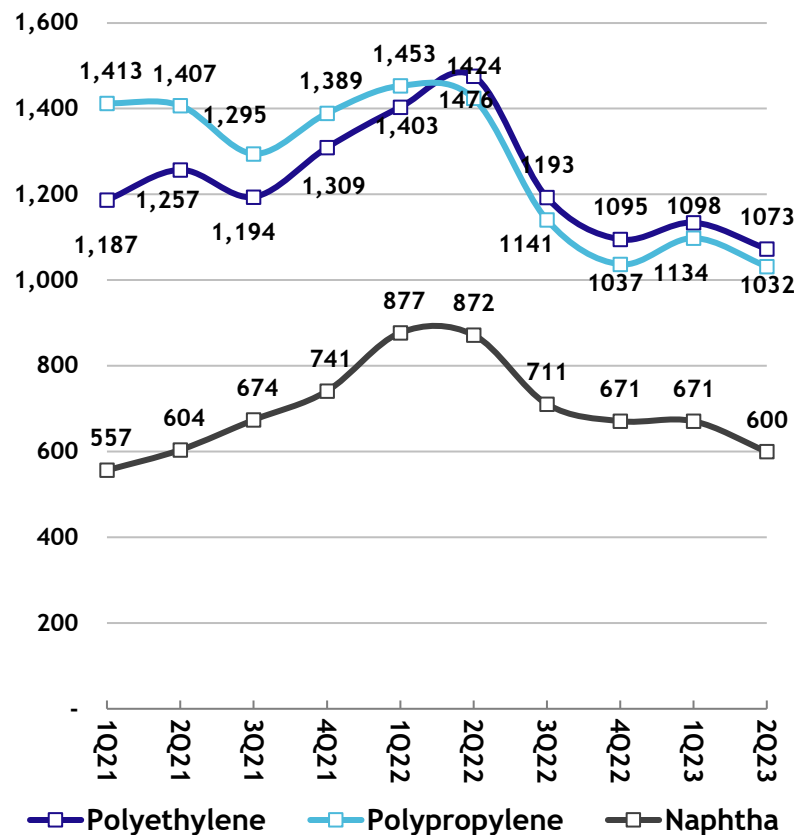
OLEFINS



Naptha Price: Continued drop in oil price & ample supplies to Asian market

Ethylene: Persistent bearish sentiment as unhealthy downstream margins continued to stall market demand

POLYOLEFINS

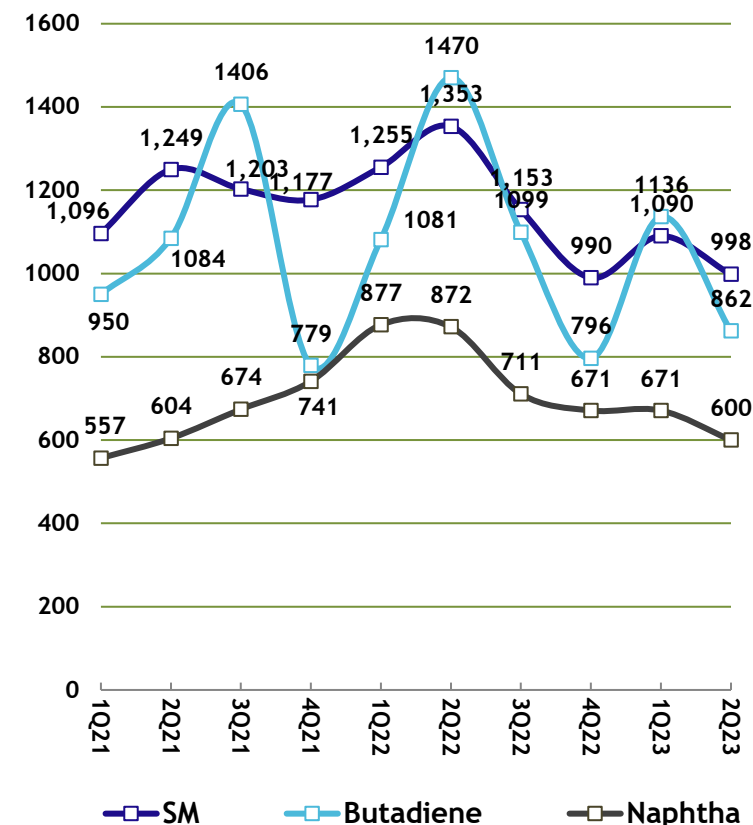


Polyethylene: Demand recovery remains unclear. Inflation & recession in key world economies continued to weigh on the overall market sentiment

PP price: oversupply and seasonal lull in downstream demand continued to weigh on the market sentiment

OTHERS

(all figures in US\$/T)

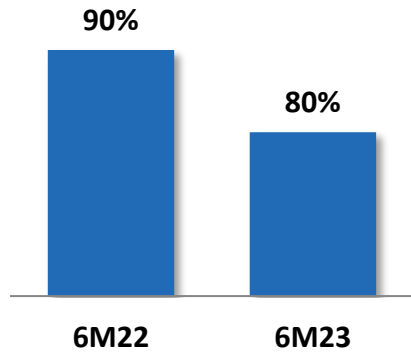


SM: Downstream demand remains tepid as buyers only buys as-needed basis

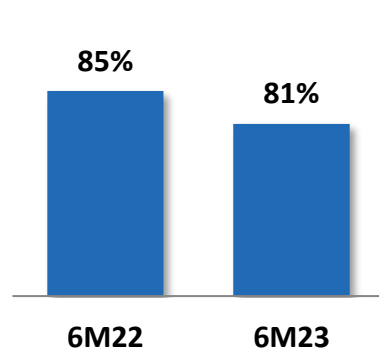
Butadiene: Bearish as more supplies from new plants and weak downstream tyre demand due to off-peak season

Maintained robust operating rates amidst market challenges

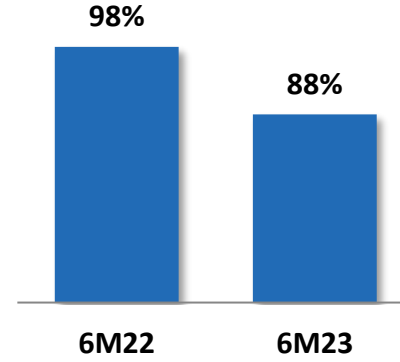
Naphtha Cracker



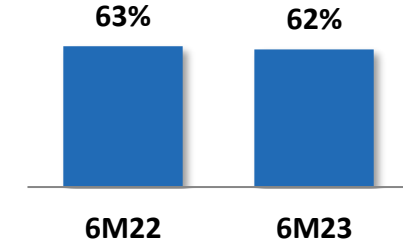
Polyethylene Plant



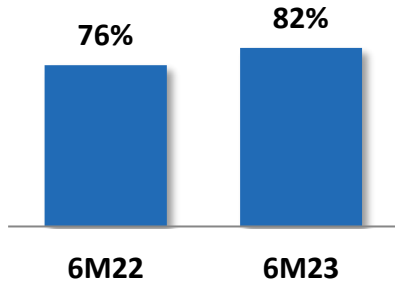
Polypropylene Plant



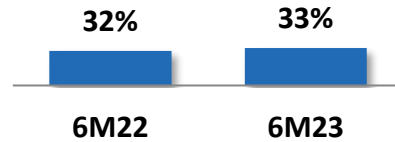
Styrene Monomer Plant



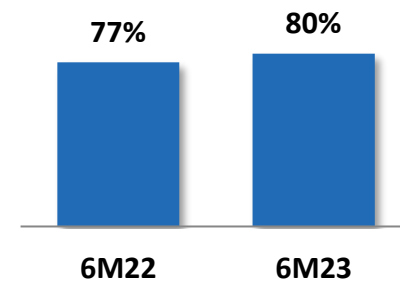
Butadiene Plant



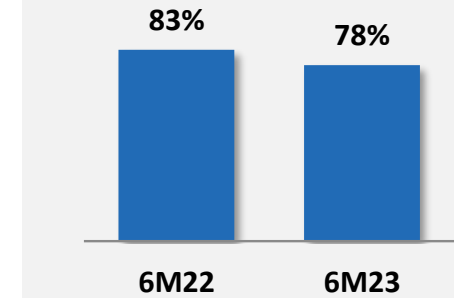
MTBE Plant ⁽¹⁾



Butene-1 Plant



All Plants



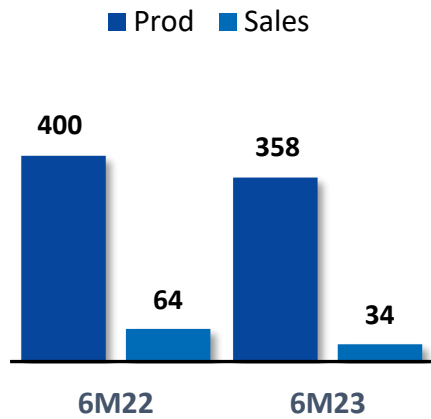
(1) Whilst B1-MTBE plants are already fully operational meeting full specifications, the operating rates are subject to fulfilling long-term raffinate off-take agreements that will run until 2023. This was considered as part of the Final Investment Decision approval process.

Production and Sales

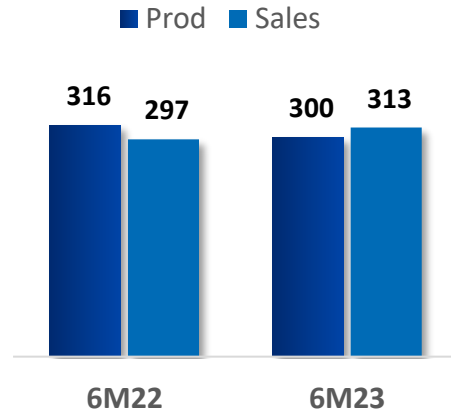
Sustained healthy production volume with growth seen in several plants

(all figures in KT)

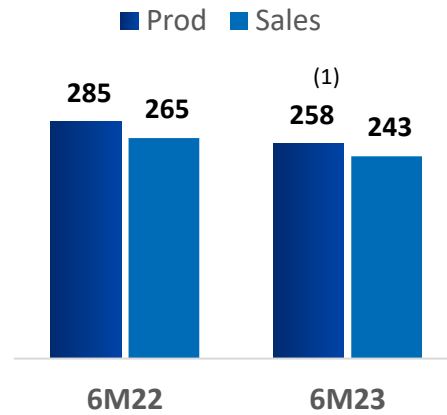
Ethylene⁽¹⁾



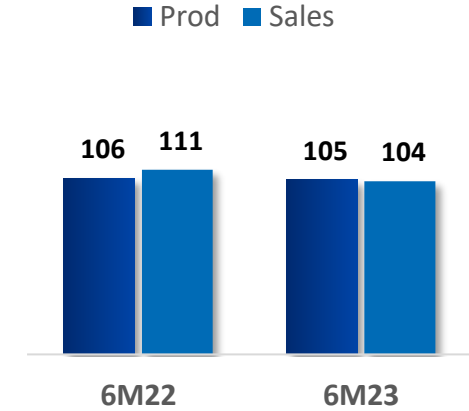
Polyethylene Plant



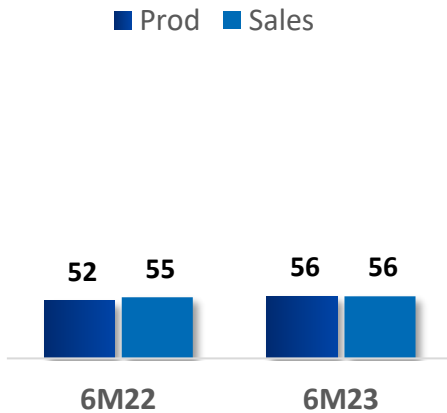
Polypropylene Plant



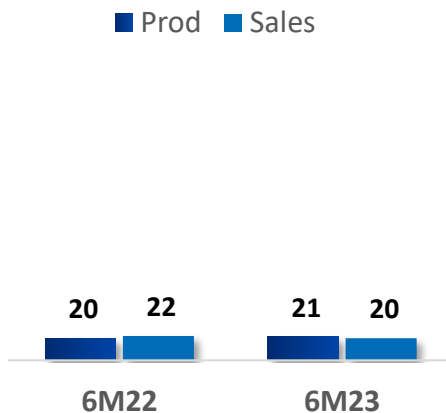
Styrene Monomer Plant



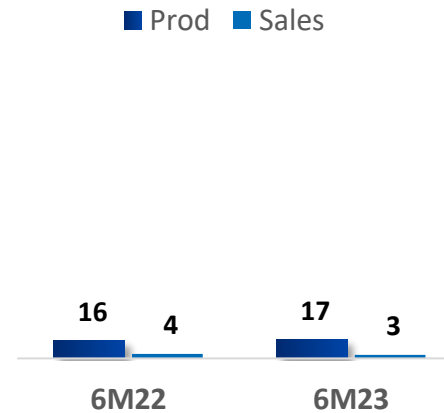
Butadiene Plant



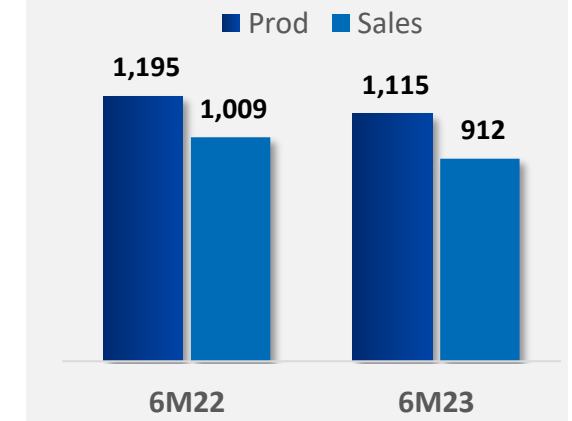
MTBE Plant



Butene-1 Plant⁽²⁾



Total Production & Sales Volume

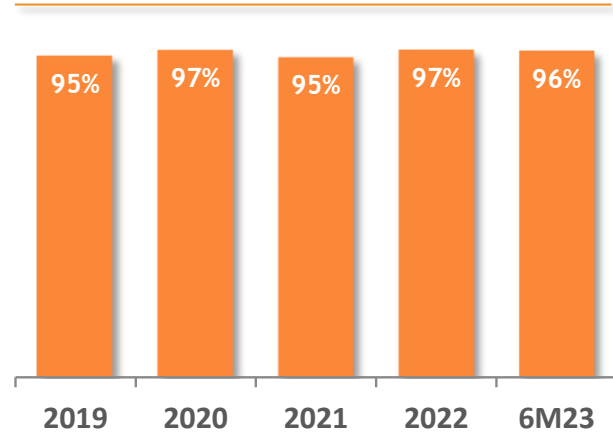


(1) Ethylene is used as a feedstock for our Polyethylene and Styrene Monomer plant according to its capacity while the remaining of Ethylene production is sold to merchant sales. Since New Polyethylene plant 400KTA operates in Q4 2019, Ethylene is mostly self consumed as feedstock for Polyethylene plant.

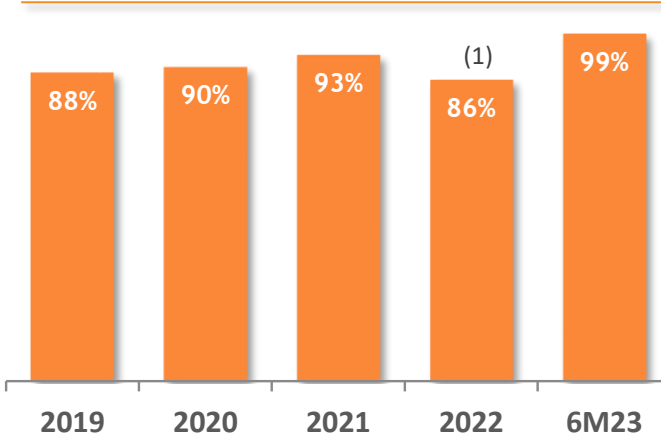
(2) B1 is mainly used for internal use as co-monomer in Polyethylene production process

Barito Renewable Geothermal Operating Assets - Average Net Capacity Factor

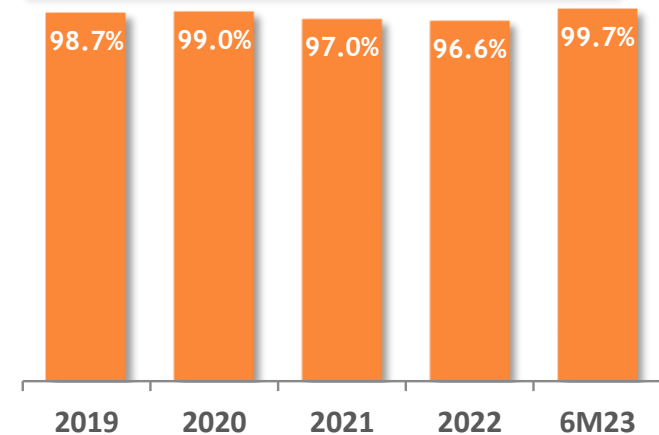
Wayang Windu



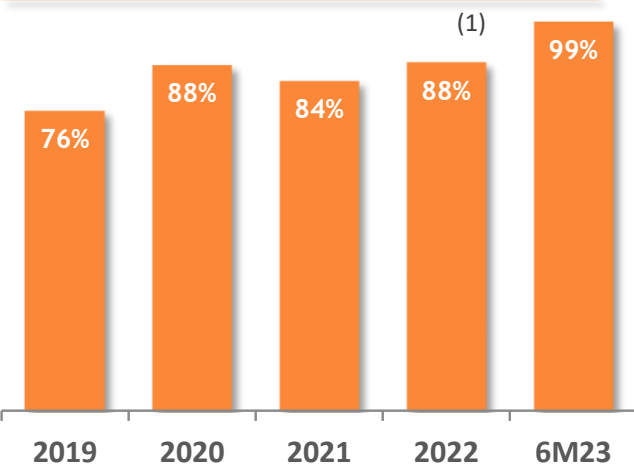
Salak Units 1 to 3 (IP operated turbine)



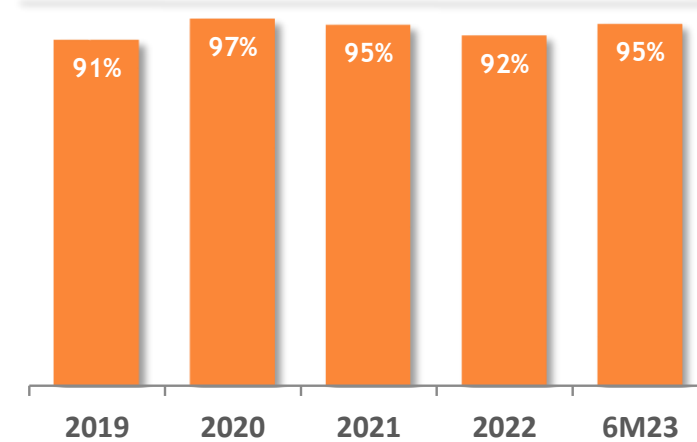
Salak Units 4 to 6



Darajat Unit 1 (IP operated turbine)



Darajat Units 2 & 3



03

Business Updates & Growth Strategy
Expansions plan & Asset consolidation

Roadmap For Expansions

Best positioned to benefit from long runway of multi-year organic growth

Petrochemical Chandra Asri

Core Business

- Expand petrochemical & infrastructure business
- Cost leadership
- Operational excellence

Major projects

- Prepare the upcoming FID of CA-EDC Plant as part of the reconfigured CAP2
- Integrate the newly-acquired companies to realise identified synergies

Energy Barito Renewables

Pipeline geothermal MW addition:

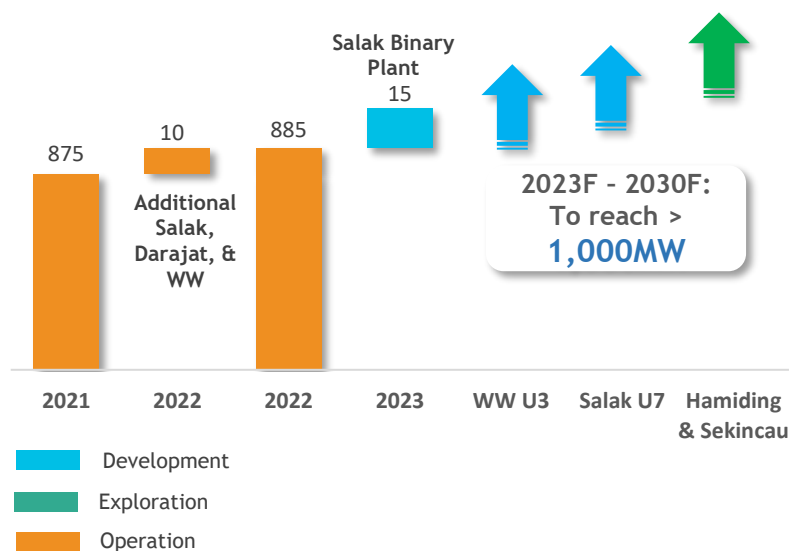
- 2023: +15MW Salak Binary Plant
- Unit 3: Expansions on Wayang Windu
- Unit 7: Expansions on Salak
- Retrofit on existing assets
- Exploration of Hamiding & Sekincau

Indo Raya Tenaga (PLTU)

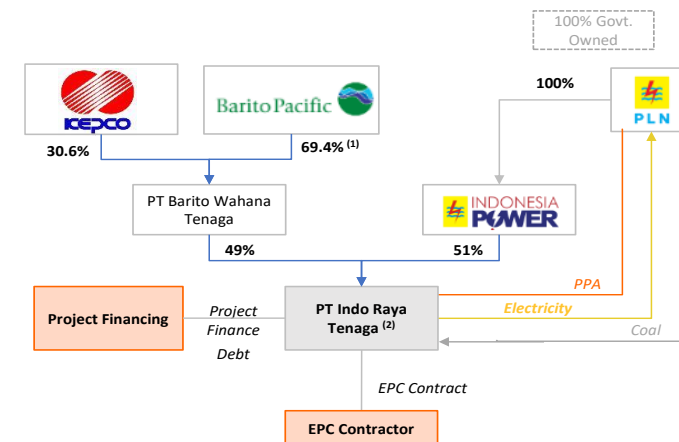
USC Coal-fired:

- 2 x 1,000MW Ultra Supercritical Coal-fired power plant
- Close proximity to CAP integrated petrochemical complex
- > 80% construction phase

Star Energy expansions plan (in MW)

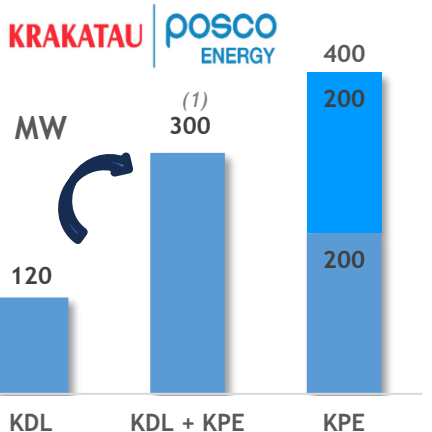


IRT ownership structure



(1) Indirectly through PT Barito Wahana Lestari ("BWL") and PT Barito Wahana Tenaga ("BWT")

Programmatic M&A

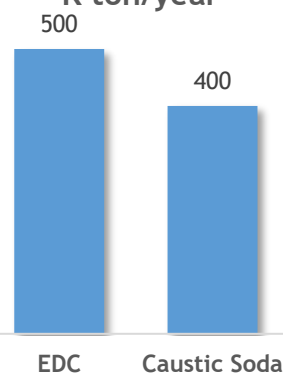


(1) Based on equity ownership

CA-EDC Plant

World Scale Chlor Alkali Plant

K ton/year



Diversification and downstream expansions

Geared to deliver stronger business performance with less risks, through creating integrated ecosystems and synergies within the industrial complex in the Cilegon area

Chandra Daya Investasi

70% ↓

Krakatau Daya Listrik



120MW Combined Cycle
Renewable energy capability with solar power technology

49% ↓

Krakatau Tirta Industry



~3,000 lps water treatment capacity in Cilegon
~1,600 lps water treatment capacity beyond Cilegon

↑ 45%

Investment up to **US\$200m** in two phases

1. Increased ownership to 45%
2. Co-invest in 200MW new capacity

Krakatau Posco Energy



Existing capacity: 200MW

LT contract agreement until 2038

Planned capacity addition: 200MW
KDL: >2x increase capacity to 300MW *

 Chandra Asri **Chandra Asri Alkali** **INA**

World Scale Chlor Alkali Plant

Ethylene dichloride (EDC)
500k ton/year

Caustic soda (Sodium Hydroxide)
400k ton/year

Exposure to PVC market (construction/packaging)

Exposure to nickel, alumina, pulp & paper, soap

Designed to cater Indonesia's growing downstream industries focused on the electric vehicle value chain

* Capacity based on effective ownership

Fostering Resilience Via the Energy sector

Poised to preserve position as Indonesia's leading integrated & diversified energy player

Further approach to enhance diversification not only on a group level, but also on the subsidiaries

3,406MW* power capacity portfolio, owned both directly and indirectly through subsidiaries

Star Energy Geothermal
Leading geothermal operator



886MW
To reach > 1,000MW

USC Coal Fired

Currently in construction
with COD target in 2025



2,000MW

CAP Programmatic M&A

Diversification through bolt-on
acquisitions



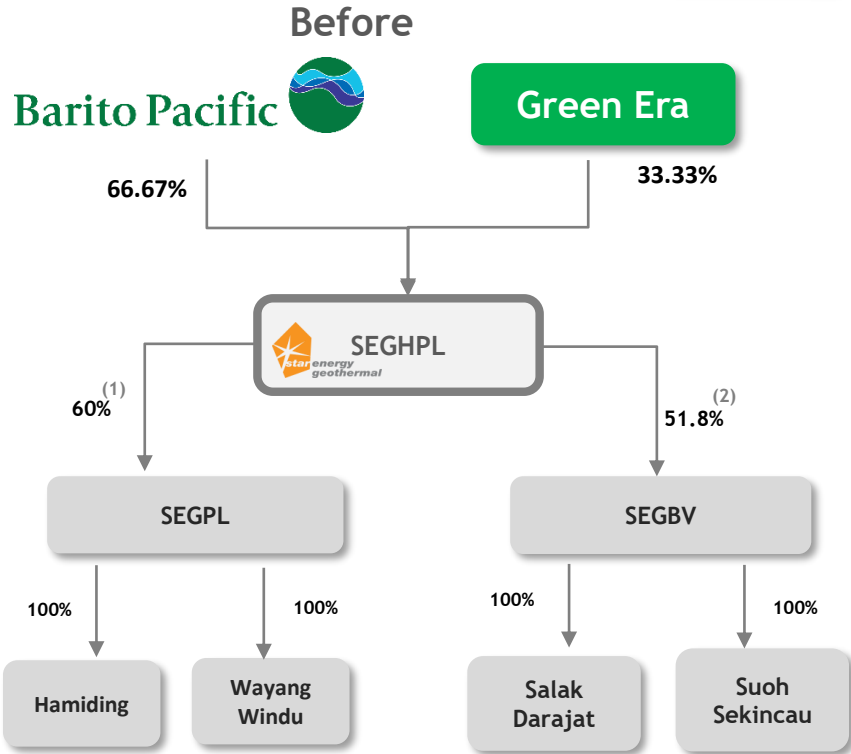
120MW

400MW
200MW existing +
200MW planned

**1,343MW based on Barito's equity stake*

A New Milestone Achieved through Group Consolidation

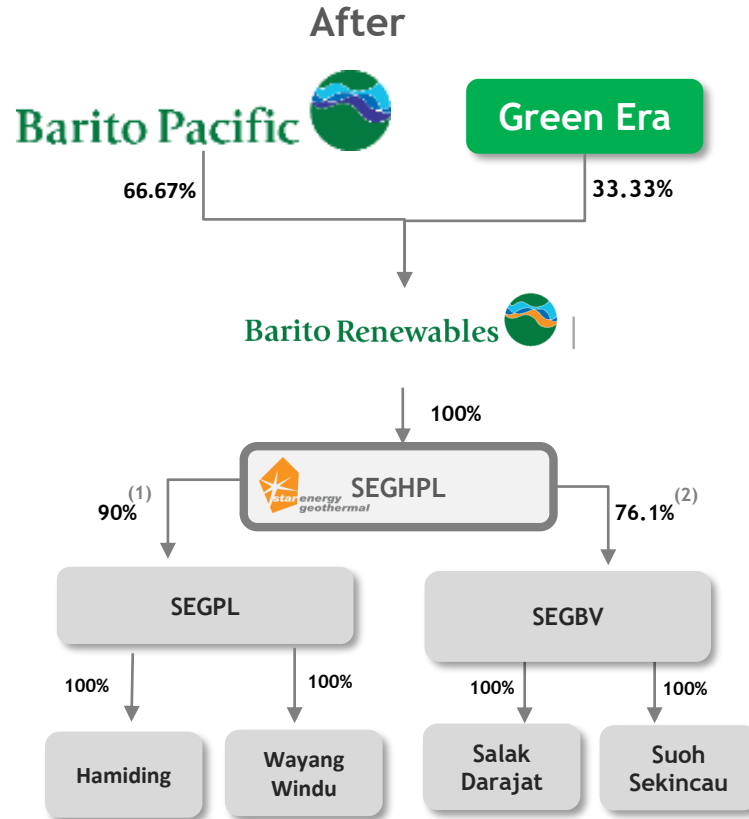
Corporate structure (simplified)



SEGHPPL: Star Energy Group Holdings Pte. Ltd
 SEGPL: Star Energy Geothermal Pte. Ltd
 SEGBV: Star Energy Geothermal (Salak Darajat) BV

(1): Mitsubishi owned 20% of SEGPL & ECGO owned 20% of SEGPL
 (2): Mitsubishi owned 8.2%, Ayala owned 19.8% of SEGBV, and ECGO owned 20.1%

Corporate structure (simplified)



SEGHPPL: Star Energy Group Holdings Pte. Ltd
 SEGPL: Star Energy Geothermal Pte. Ltd
 SEGBV: Star Energy Geothermal (Salak Darajat) BV

(1): Mitsubishi owned 10% of SEGPL,
 (2): Mitsubishi owned 4% and Ayala owned 19.8% of SEGBV

Restructuring & Consolidation

Barito Renewables Energy (BREN)

- BREN to strengthen BRPT's position as leading domestic integrated energy player
- Group restructuring through share swap of BREN & SEGHPPL
- Expand business portfolios and funding access

Geothermal asset consolidation

- Concluded series of transactions, increasing effective ownership on three geothermal assets
- In line with focus on the renewable energy and to strengthen position as one of the leading energy companies in Indonesia

Barito Renewables Key Growth Strategies

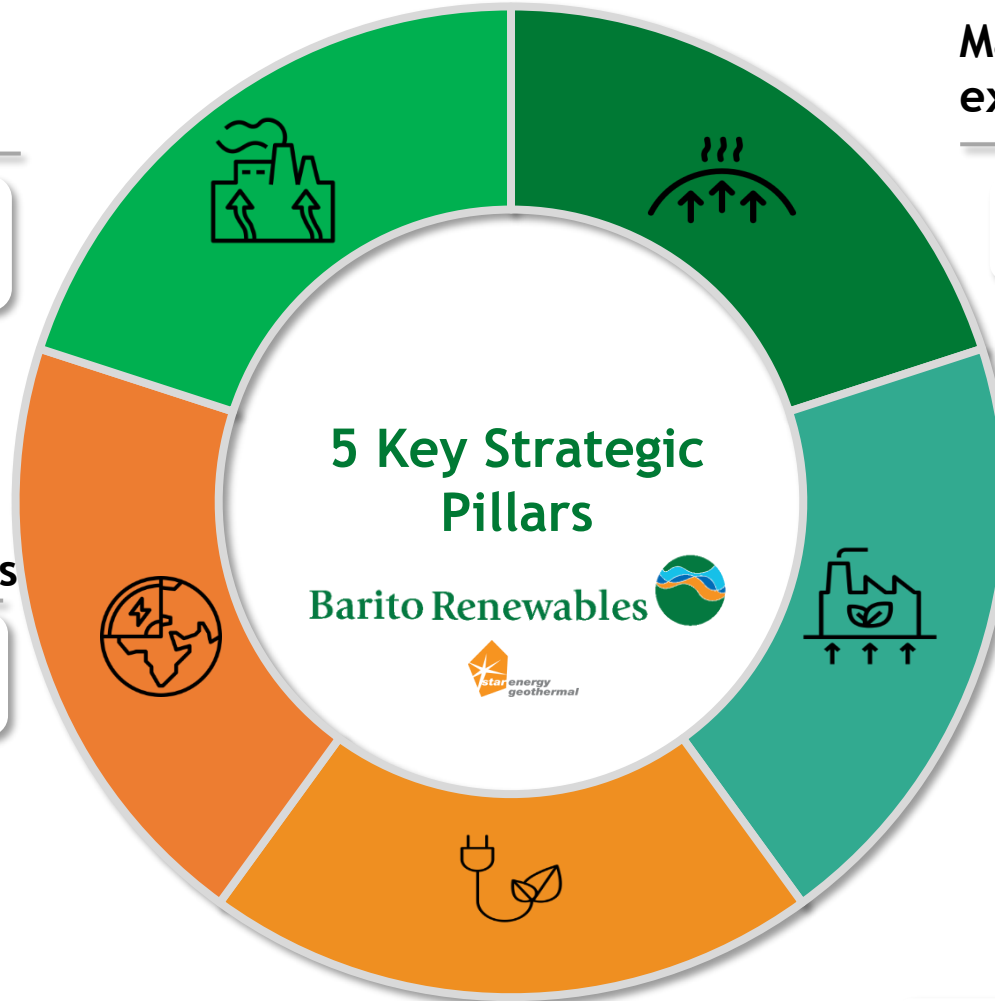
Operate existing plants efficiently and at full capacity

>90% capacity factor

Operational excellence with baseload generation capabilities and low intermittency factor

Expand geothermal operations / other renewable projects overseas

Expand into other renewable projects not only in Indonesia, but also overseas



Maximize resources capacity of existing mature fields

Capacity addition from existing operational assets of WW, Salak and Darajat

Develop new green field prospects


2 Exploration area of Hamiding & South Sekincau with potential sizeable capacity

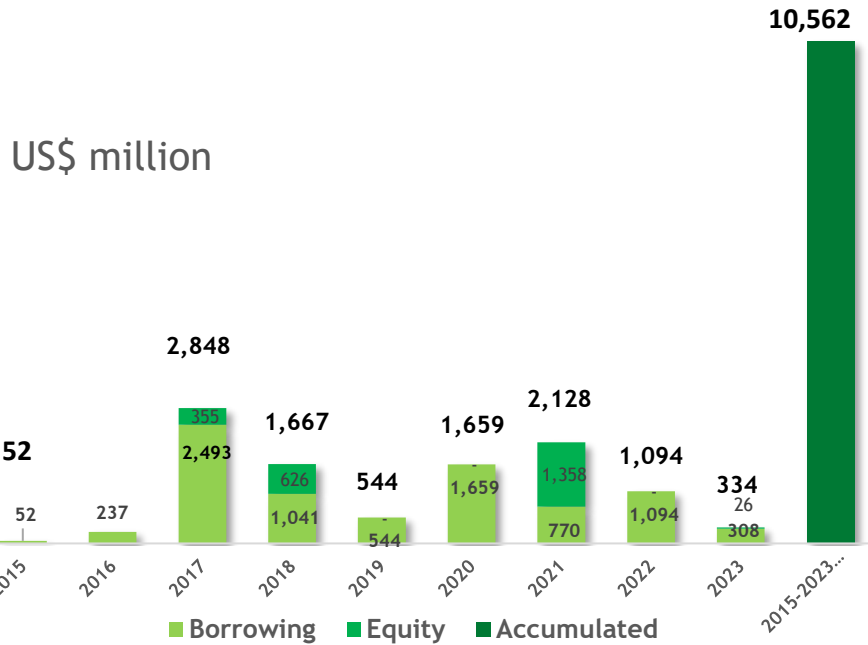
Capitalize green credentials via carbon credit and REC revenue

+/-US\$3m carbon credit revenue in 2022

Strong Funding Capability Track Record

Funding activities

- Successful raised series of funding to support expansions
- Heavy green capex spending over the period of 2015-2022 (70% of accumulated)
- **Geared toward more green investment ahead** 

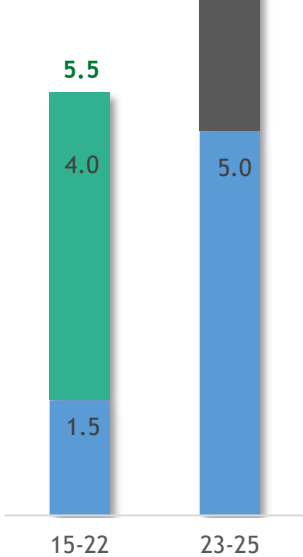


*From 2015-2023

New Projects Capex (US\$ billion)

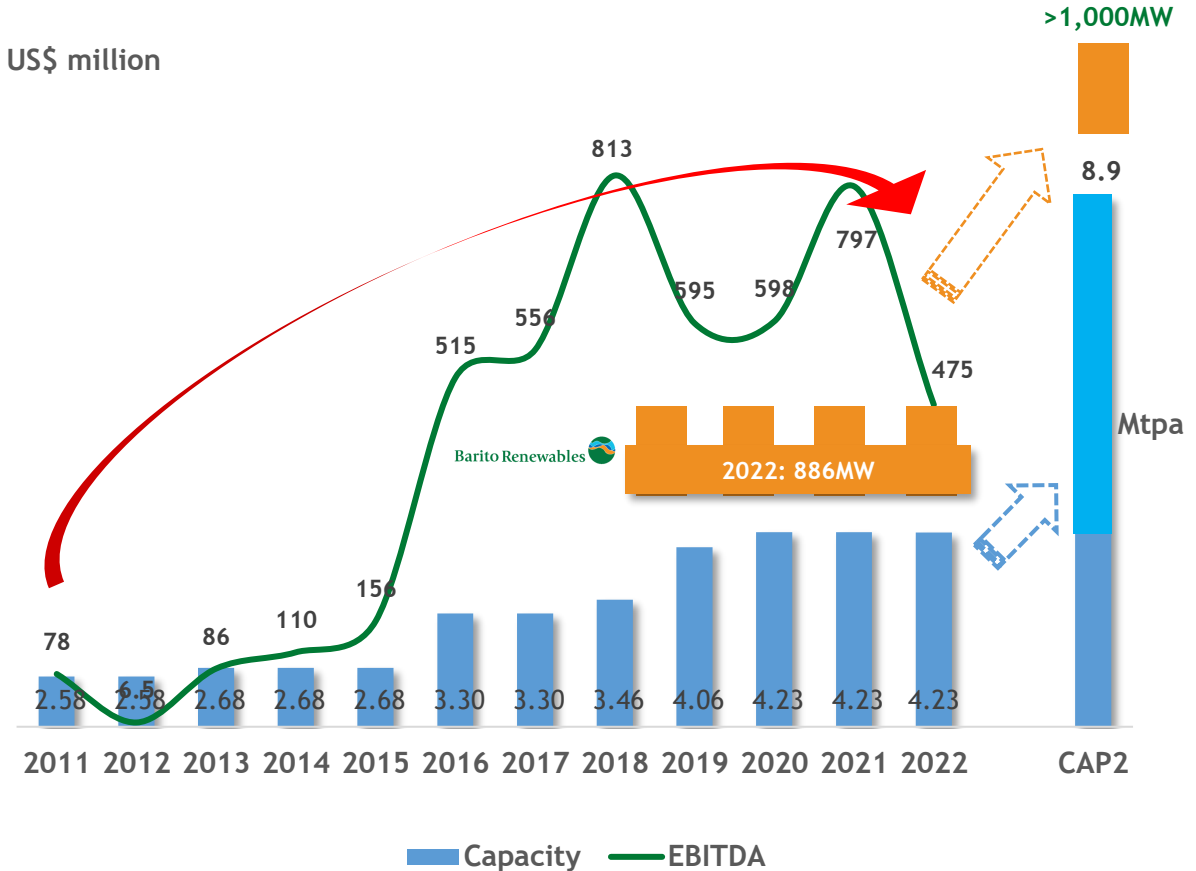
US\$50m-100m Drilling Capex/year

- Java 9 & 10
- Geothermal
- Petrochemical




Clear path to greater EBITDA

US\$ million







ESG - On the path of continuous improvement

Rating Provider	2020 Score	2021 Score	2022 Score	Target
MSCI ESG LEADERS 	BB	BBB	A	Maintain
Sustainalytics (BRPT)	34.1 (High Risk)	27.2 (Medium Risk)	26.2 (Medium Risk)	15 - 20 (Low Risk)
Sustainalytics (TPIA)	Not rated	Not rated	17.7 (Low Risk)	Maintain

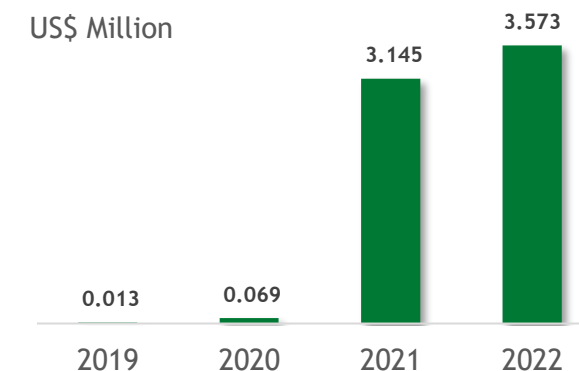
- Chandra Asri received an overall ESG Risk rating Score of 17.7 “Low Risk” from Sustainalytics & included in the IDX ESG Leaders.
- Barito Pacific: upgrade of MSCI ESG Leaders rating from BBB to A in 2022



Four Pillars of Yayasan Bakti Barito :

 <p>Education</p> <ul style="list-style-type: none"> • Teacher training • Scholarship • Vocational education • Early childhood education • Smart Kiosk 	 <p>Environment</p> <ul style="list-style-type: none"> • Reforestation and green corridor development • Waste management • Springs water revitalization 	 <p>Social</p> <ul style="list-style-type: none"> • Health program • Infrastructure development • Supporting and empowering local communities 	 <p>Economy</p> <ul style="list-style-type: none"> • Integrated farming • Integrated coffee plantation • Urban farming
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BREN Carbon Revenue





Q & A

6M23 Financial Summary

(US\$ million, unless otherwise stated)	6M22	6M23	% Change
Net Revenues	1,618	1,374	(15.1%)
<i>Petrochemical</i>	1,337	1,074	(19.7%)
<i>Energy</i>	278	297	6.8%
<i>Others</i>	4	3	(25.0%)
Cost of Revenues	1,393	1,089	(21.8%)
Gross Profit	225	285	26.7%
Finance costs	101	153	51.5%
Net Profit after Tax	30	82	173.3%
Attributable to:			
Owners of the Company	9	30	233.3%
Non-controlling Interests	21	51	142.9%
EBITDA	258	349	35.3%
Gross Profit Margin (%)	13.88	20.72	6.84
EBITDA Margin (%)	15.94	25.43	9pp
Debt to Capital (%)	51.55	52.98	1pp
Net Debt to Equity (x)	0.58x	0.75x	
Total Assets	9,248	9,415	1.8%
Total Liabilities	5,526	5,592	1.2%
Total Equity	3,722	3,822	2.7%
Total Debt	3,960	4,307	8.8%
Net Debt	2,142	2,881	34.5%

Growth initiatives (2013-2022)

Petrochemical

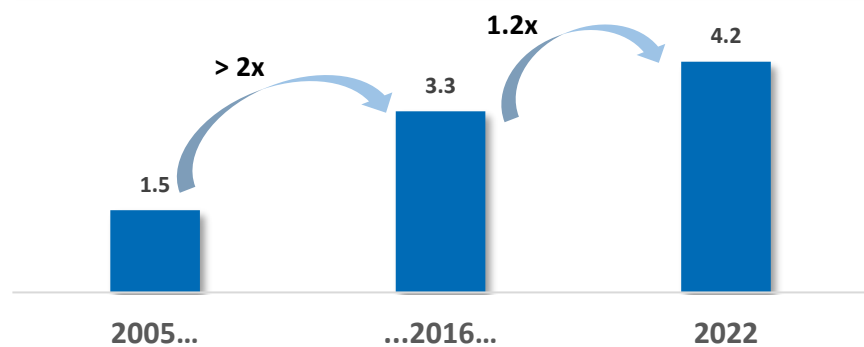
Strategic growth via downstream integration & capacity expansions

		Capex	Completion	
2013	Cracker Expansion	US\$380m	2016	
2013	Formed JV with Michelin	US\$477m	2018	
2013	New PE plant, PP debottlenecking, Furnace revamp	US\$468m	2019	
2018	MTBE & Butane -1 Plant	US\$131m	2020	Delivered during pandemic
2018	Enclosed ground flare	US\$14m	2020	Delivered during pandemic

Total capex

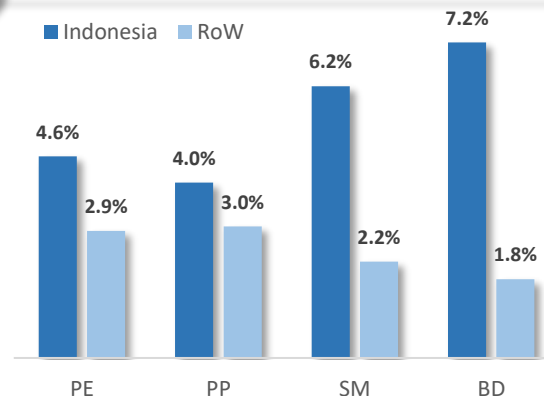
USD1.5b

Historical Capacity Expansions (Mtpa)

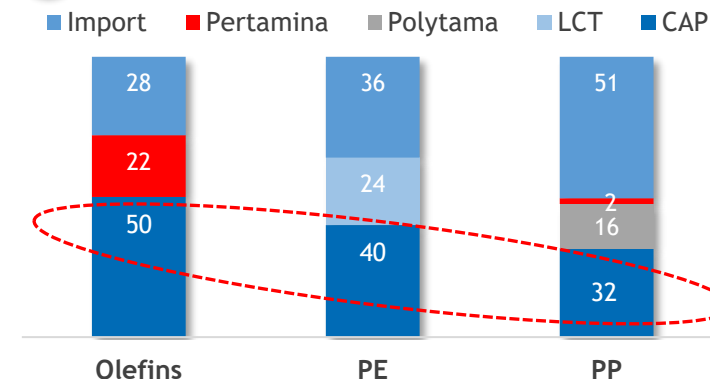


Well-positioned to benefit from attractive industry outlook

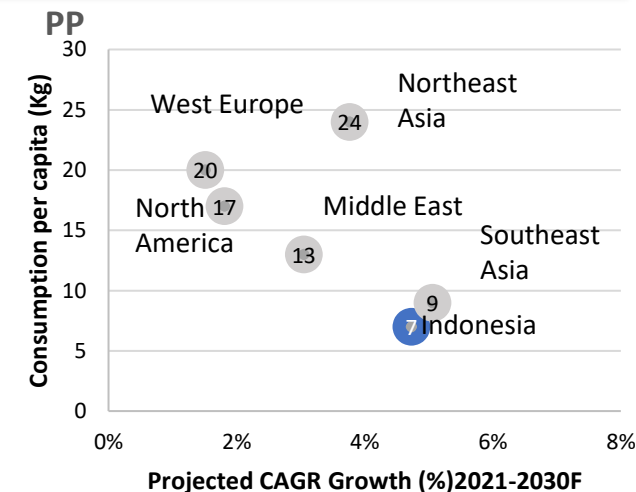
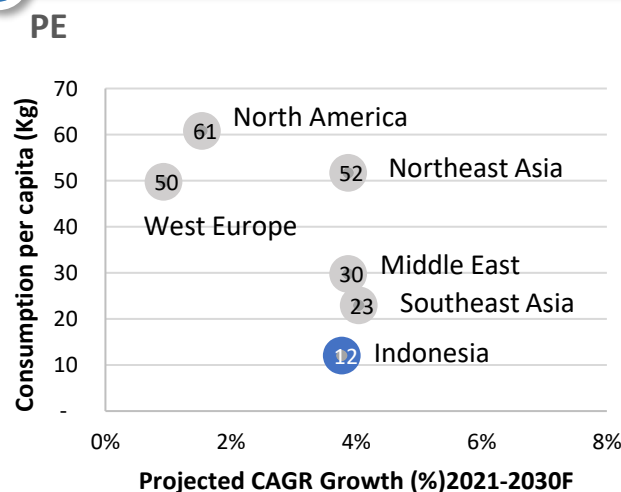
1 Attractive growth fundamentals



2 Market Leader



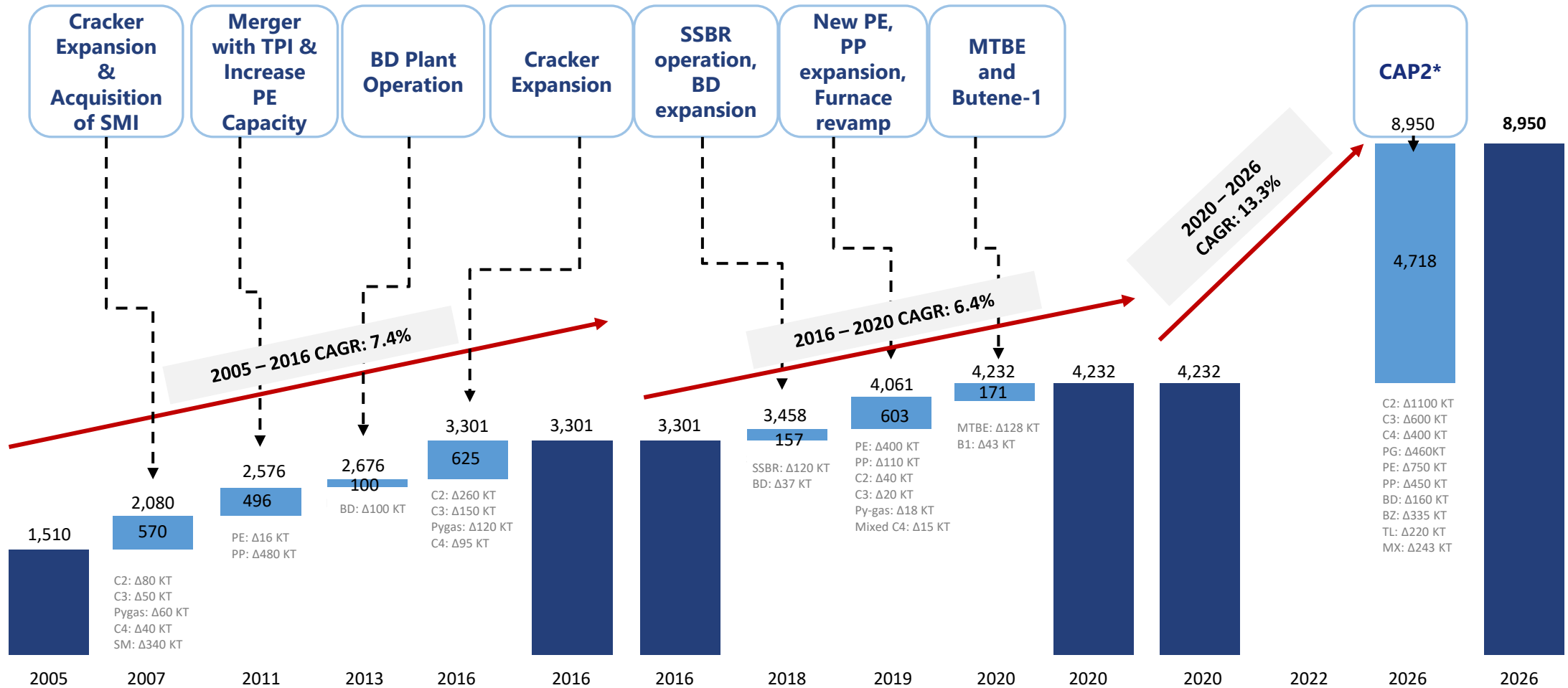
3 Low PE & PP consumption per capita



Source: Company, Nexant 2022

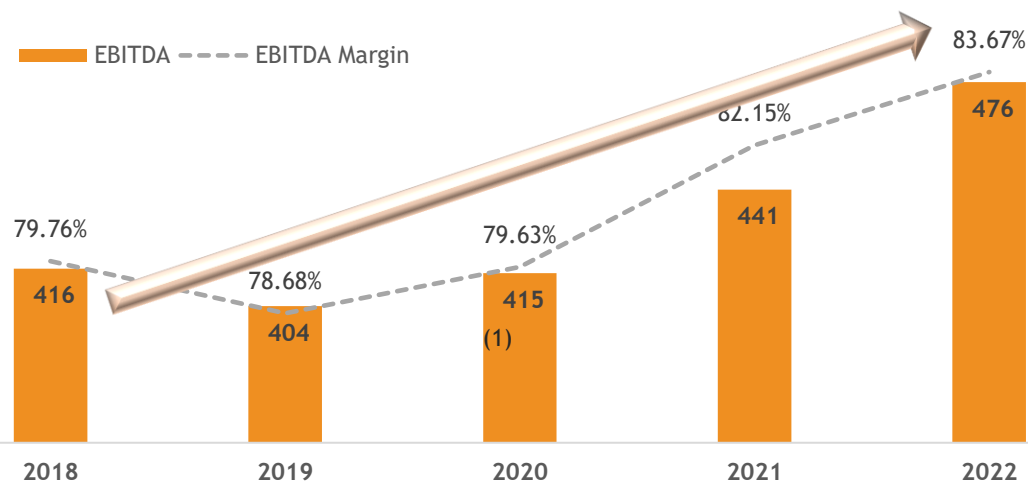
Petrochemical Growth Roadmap

Expanding capacity to deliver sustainable growth ahead

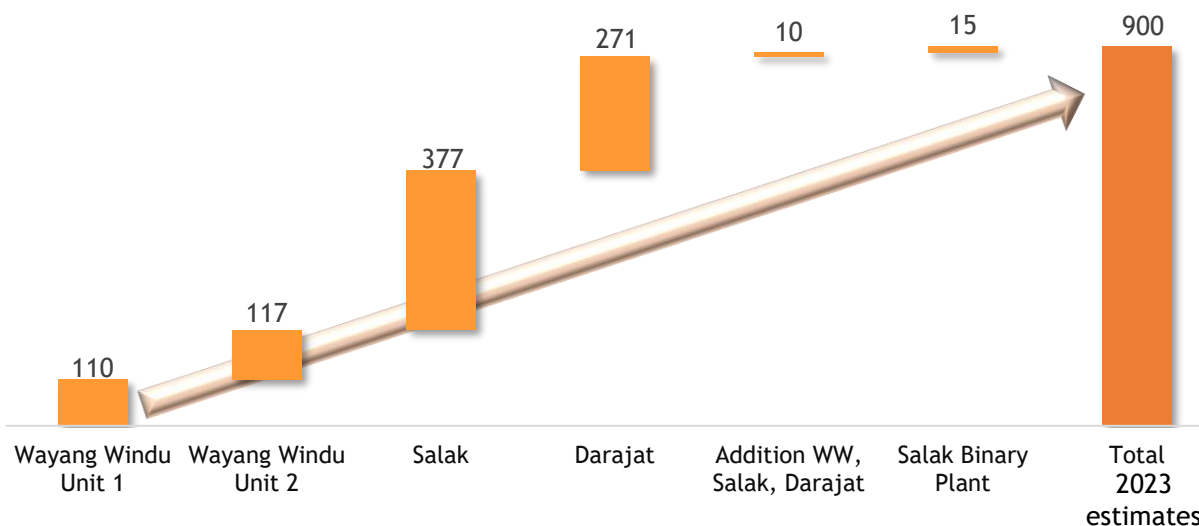


* Subject to FID

EBITDA & Margin



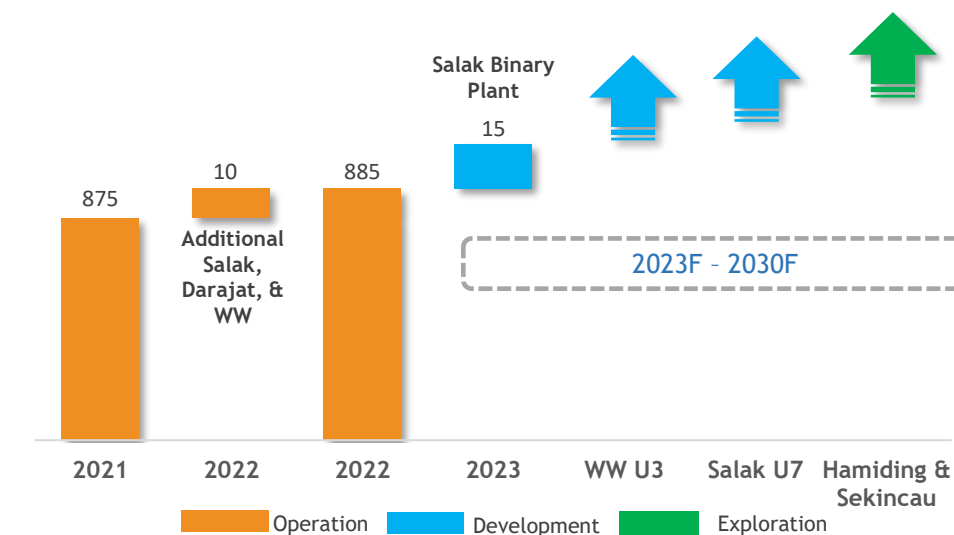
Star Energy Capacity Build-up (MW)




Reaching Critical Mass

- Ability to grow geothermal assets portfolio via brownfield & greenfield developments, and acquisitions
- Highly experienced technical team with strong capabilities across steam field
- Progressing toward the next level of efficiency curve

Capacity expansions (MW)








(1) Unplanned downtime on Darajat's PLN Turbine & Turnaround Maintenance on Salak Unit 1-3






Energy

Partners

	<ul style="list-style-type: none"> ■ Partnered with Star Energy on the acquisition of Salak and Darajat geothermal assets from Chevron on 31 March 2017 ■ Acquired 20.00% stake in Wayang Windu in 2012⁽¹⁾
	<ul style="list-style-type: none"> ■ Partnered with Star Energy on the acquisition of Salak and Darajat geothermal assets from Chevron on 31 March 2017 ■ Acquired 20.00% effective stake in Wayang Windu and 20.10% effective stake in Salak & Darajat in 2014⁽²⁾ ■ Invested until 2022
	<ul style="list-style-type: none"> ■ Partnered with Star Energy on the acquisition of Salak and Darajat geothermal assets from Chevron on 31 March 2017
	<ul style="list-style-type: none"> ■ Partnered with Barito Pacific in the development of Java 9 & 10, a 2 x 1,000 MW ultra supercritical coal-fired power project
	<ul style="list-style-type: none"> ■ Partnered with Barito Pacific in the development of Java 9 & 10.




Customers & Counterparts

	<ul style="list-style-type: none"> ■ PLN has been an offtaker of Star Energy since 1994
	<ul style="list-style-type: none"> ■ Star Energy's counterpart under the Joint Operation Contract basis to develop geothermal fields in Indonesia








Petrochemicals


Partners


	<ul style="list-style-type: none"> ■ Acquired 30% stake in CAP in 2011 ■ Currently owns a 30.57% stake in CAP ■ Sharing of technical and operational expertise ■ Access to Thai financial institutions
	<ul style="list-style-type: none"> ■ Partner to CAP in the Synthetic Rubber JV (45% held by CAP and 55% held by Michelin)
	<ul style="list-style-type: none"> ■ Strategic partner with 15% ownership in CAP


Reputable Suppliers & Customers

	<ul style="list-style-type: none"> ■ Largest supplier of naphtha feedstock to CAP, accounting for 23.1% of total supply in 2017
	<ul style="list-style-type: none"> ■ Key supplier of naphtha feedstock to CAP, accounting for 31% of total supply in 2019
	<ul style="list-style-type: none"> ■ Key supplier of naphtha feedstock to CAP
	<ul style="list-style-type: none"> ■ Signed MoU in 2020 for potential naphtha supply
<ul style="list-style-type: none"> ■ Key customer / offtaker of ethylene from CAP 	









(1) SEGHPL bought 10% effective stakes from Mitsubishi in 2022

(2) SEGHPL bought all ECGO's shares in Wayang Windu and Salak & Darajat in 2022

Thank you

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