

THE OIC GROUP

IDN GROUP 11

# Monthly Report

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March 2026



Chandra Asri

# OIC Research Group | Analyst Group Report

Director: Rebecca Emma Analysts: Justin Salvatore, Natasha Aurelia, Nicholas Juan, Vincent Marcellino

March 2026

## Chandra Asri Pacific issues Rp 2.5 trillion (US\$147M) deal in AA- bonds to inject working capital

### Issuance Summary

Announcement Date	14 January 2026		
Issuance Size	6.500% Rp635.390B + 7.000% Rp885.385B + 7.500% Rp729.225B		
Issuance Spread	INDOGB 6 7/8 04/29 + 66.61 bps   INDOGB 5 7/8 03/31 + 107.87 bps   INDOGB 7 02/15/33 + 87.92 bps		
Capital Rank	Senior Unsecured		
EBITDA Margin	3.05	EBITDA / Interest Expense	0.40x

### Issuance Regulations

The issuance complies with Law No. 8 of 1995 as amended by the 2023 Financial Omnibus Law (Law No. 4 of 2023) and was conducted through the electronic public offering system mandated by POJK No. 41/POJK.04/2020.

### Bond Info/Structure

	Data as of 03/11/2026		
	6.5% 02/25/2029 Corp	7.0% 02/25/2031 Corp	7.5% 02/25/2033 Corp
YTM	6.116702	6.970184	7.163214
G-Spread	71.6	108.1	87.5
I-Spread	125.7	155.4	174.9
Z-Spread	141.3	176.9	210.0
ASW	142.4	176.9	213.3
OAS	56.7	102.2	90.4
Modified Duration	2.629	4.079	5.297
Convexity	0.086	0.204	0.351
DV01	267	411	543

### Tranche Analysis

	Data as of 03/11/2026		
	6.5% 02/25/2029 Corp	7.0% 02/25/2031 Corp	7.5% 02/25/2033 Corp
Yield	6.07 vs 6.48 (Avg.)	7.02 vs 6.87 (Avg.)	7.10 vs 7.22 (Avg.)
Z-Spread	141 vs 140 (Avg.)	177 vs 168 (Avg.)	210 vs 194 (Avg.)

### Company

PT Chandra Asri Pacific Tbk (IDX: TPIA)



PT Chandra Asri Petrochemical Tbk (TPIA) is a leading Indonesian petrochemical producer that primarily manufactures and distributes essential materials like olefins and polyolefins to various domestic and international industrial markets.

Founded Year	1984
HQ	Jakarta, Indonesia
Sector	Materials
Market Cap	Rp547.19T (US\$32.3B)
LTM25 Revenue	Rp95.8T (US\$5.7B)
LTM25 EBITDA	-Rp3.8B (US\$168M)

### Company Financials

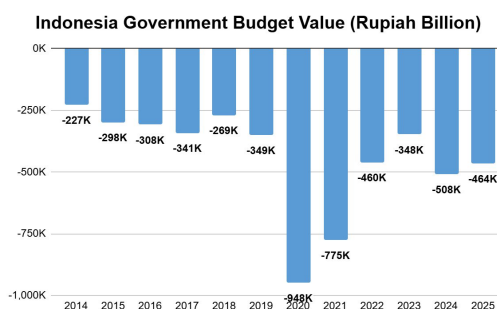
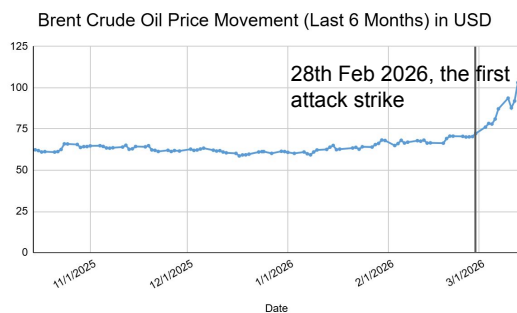
Data as of FY 2024, in USD millions	
Total Debt	2,000
Net Debt	633
Enterprise Value	32,355
EV to EBITDA	752
Long-Term Borrowing	1,783
Short-Term Borrowing	212
EBITDA	5,229
Interest Expense	2,075
Net Income	1,288
Cash from operations	288
Net Sales	5,656
Total Debt to EBITDA	36.73
Net DEBT to EBITDA	11.63
Total Assets	5,663
Debt to Assets	35.32
Total debt to equity	68.11

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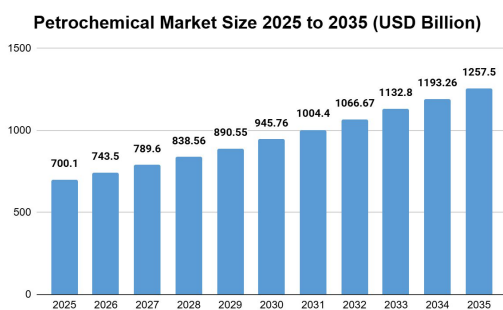
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## Macro Overview: Strategic Decision-Making Required Amid the Current Geopolitical Landscape

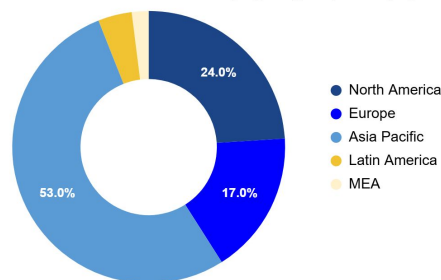


- Escalated War in the Middle East:** The intensifying conflict in the Middle East forced Iran to close the Strait of Hormuz, one of the world's most critical routes for oil. This disruption has created **significant bottlenecks in the global supply chain**, since the region is a major supplier of essential raw materials, resulting in a **36% increase in global oil prices**.
- Revised Inflation Outlook:** Global core inflation is projected to **remain stable at 2.8%** in 2026. However, the spike in oil and overall energy prices is likely to add **further upward pressure** on global inflation starting in March 2026.
- Indonesia's Downgraded Outlook:** Fitch Ratings has revised Indonesia's outlook from **Stable to Negative** with a **rating of "BBB"**. The adjustment reflects growing uncertainty and concerns in the economic policy and consistency and credibility of the government's strategic direction. Fitch also views the government's 8% growth target as overly ambitious, given the projected 2.9% fiscal deficit in 2026.
- Higher Chance of Tightening:** With inflation expected to rise further, pressure is building for central banks to **tighten monetary policy**. If elevated energy prices persist for a full year, interest rates are projected to increase from 3.75% to **around 4.5%** as part of efforts to contain inflation and stabilize economic conditions.

## Industry Overview: Promising Opportunities for the Petrochemical Industry



Petrochemical Market Share, By Region, 2025 (%)



- Market Outlook:** The global petrochemical market is projected to expand from US\$743.5 billion in 2026 to **US\$1,257.5 billion by 2035**, reflecting a compound annual growth rate (CAGR) of **6.03%**. This anticipated growth is primarily supported by **rising demand** for downstream petrochemical-based products across a wide range of end-use industries.
- Asia Pacific as Dominant Player:** As of 2025, the **Asia Pacific** region remains the dominant player in the petrochemical market, accounting for **53% of global market share**, driven by rapid industrialization and accelerating urban development. India, Vietnam, and Indonesia are becoming increasingly **important demand centers** for petrochemical products, which are essential to industries such as construction, automotive, and manufacturing.

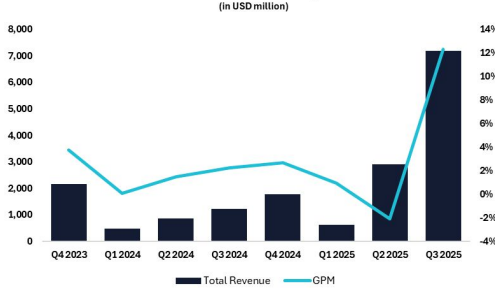
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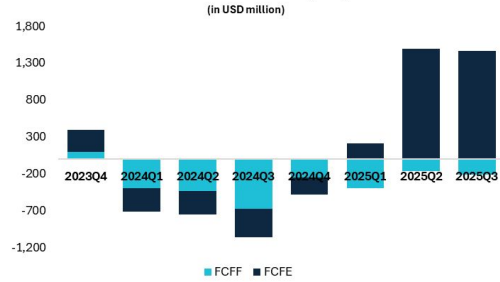
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## Operational Metrics: Positive Outlook post Aster Acquisition

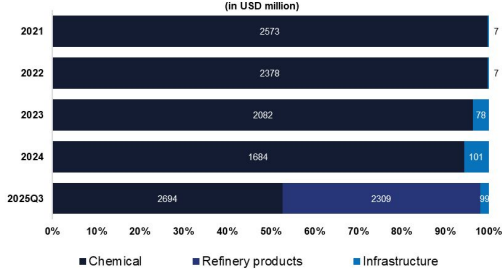
Revenue & Gross Margin TPIA.IJ



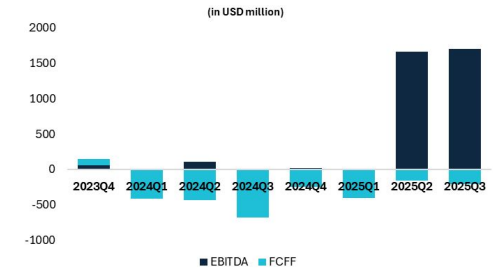
Free Cash Flow Firm & Equity TPIA.IJ



Revenue Breakdown TPIA.IJ



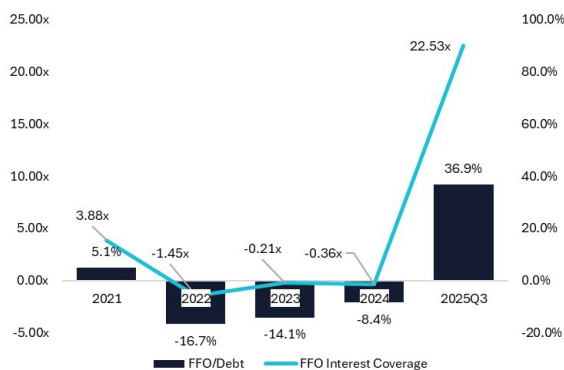
EBITDA & FCFF TPIA.IJ



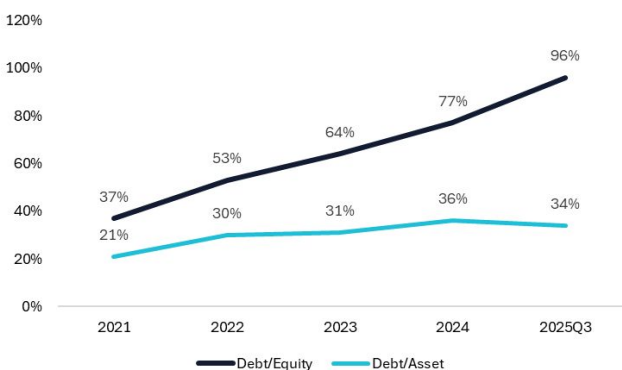
- Aster acquisition introduces the **Refinery production**. Generating a major revenue growth through chemical and refinery segments, with refinery making up **almost 50% of total revenue** in Q3 2025.
- Negative free cash flow accumulated during low-performing pre-acquisition period, with **major issuance of bonds during 2025 Q2-Q3**, provides fresh liquidity for **high-capex period**.
- Strong EBITDA with negative FCFF indicates profit is **absorbed into working capital** such as inventory and receivables, making up **20% of the balance sheet**. **TPIA.IJ** also **reinvested its profits through capex**

## Leverage/Coverage Analysis: Strong confidence ahead amidst high debt issuance

FFO/Debt



Leverage/Coverage



- Interest coverage shows a **major turn into positive** values of 22.53x amidst rising debt burden. Major turnaround shows a rise in both FFO and debt amount; FFO covers only 44% of debt.
- A major increase in the debt-to-equity ratio to 96% proves **TPIA.IJ** still **covets an expansionary strategy**. Whereas a declining debt-to-assets of 34% indicates that **TPIA.IJ** **heavily invest its cash back** into PPE and inventory.
- **TPIA.IJ** had both a **relatively average** DER and DAR ratio relative to its industry peers. Given that **TPIA.IJ** is acting as the **sole leader in Indonesia's petrochemical industry**, it still can thrive for growth in the upcoming years.

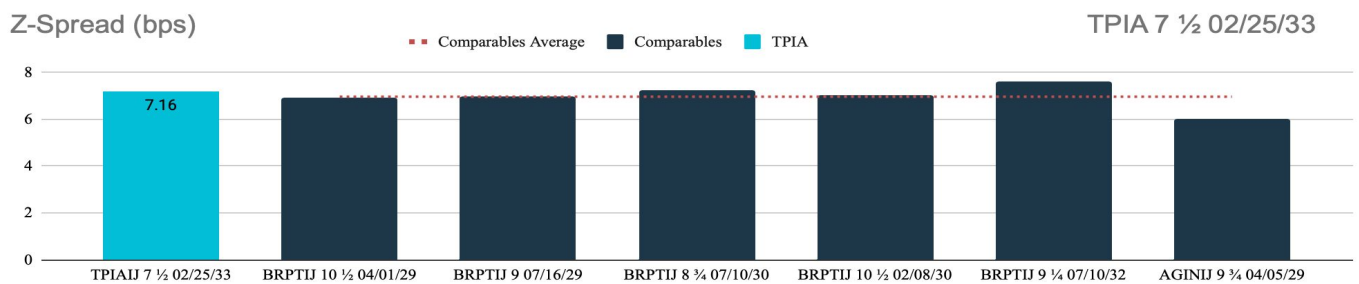
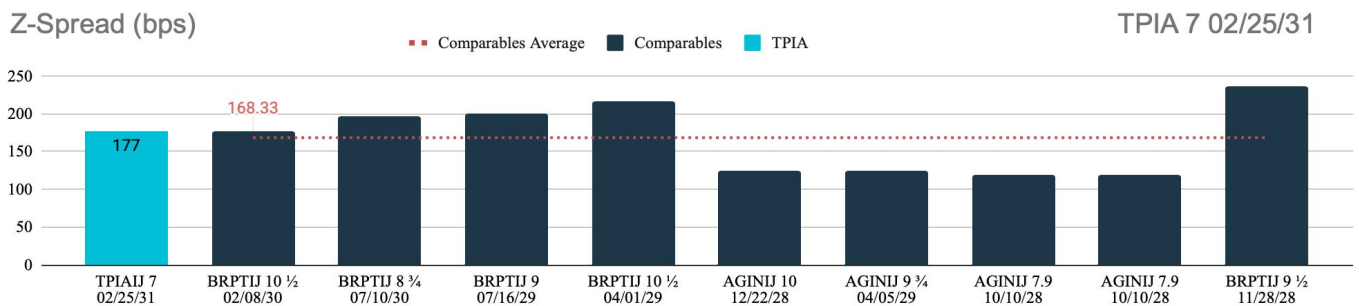
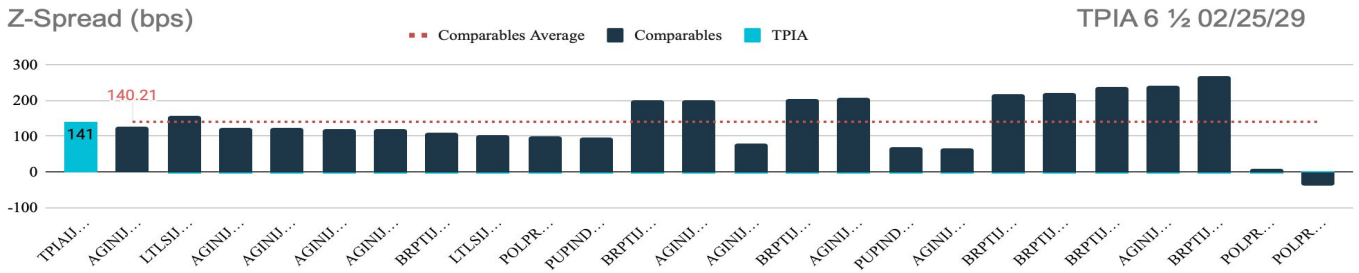
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## Bond Comparable Analysis

- **Z-spread:** Known as the **Zero-volatility Spread**, it is defined as the constant spread that, when added onto the yield curve of **risk-free sovereign debt** (i.e., US Treasuries), makes the **Present Value** of a bond's cash flows **equal to its current market price**.
- **How is it useful?** The Zero-volatility Spread provides a comprehensive perspective, taking into consideration the shape of the yield curve and **applying a spread across all maturities on top of the yield curve** rather than a singular maturity. As a result, it provides a measure of credit risk that adjusts for the term structure.



- **TPIA trades largely in line with, or at a slight premium to, the peer average:** Across all three bonds, TPIA's Z-spreads (7.16 – 177 bps) sit close to the comparables' averages. For the 2029 bond, TPIA (141 bps) is **practically pinned** to the average (140.21 bps), while for the 2031 bond, it trades at a **slight premium** (177 bps vs. the 168.33 bps average). The perceived credit risk by investors highlights how TPIA is viewed as a standard, **baseline credit** among its peers, matching the **compensation demanded** in the broader industry average.
- **Wide dispersion among comparables:** While TPIA **hugs the average**, the peer group itself is highly fragmented, which somewhat distorts the reliability of the baseline. In the 2029 maturity, there is **massive variance**. Some peers trade as wide as ~270 bps, while others (like the POLPR bonds on the far right) plunge **near or below zero**. Similarly, the 2031 maturity shows a **clear split** in the market: BRPTIJ bonds generally trade much wider (approaching ~230 bps), while AGINIJ bonds trade much tighter (~120 bps). It can be said that TPIA simply sits squarely in the middle of these two extremes rather than the **unified industry consensus**.

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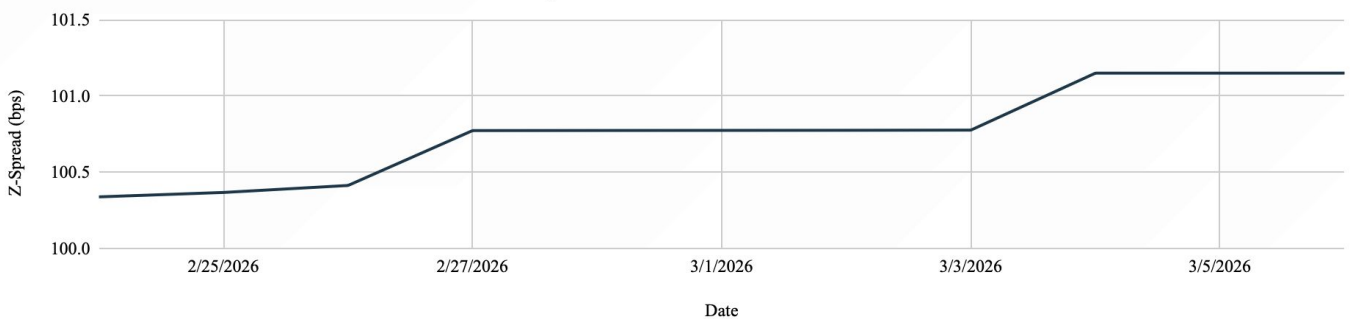
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## Market Reaction

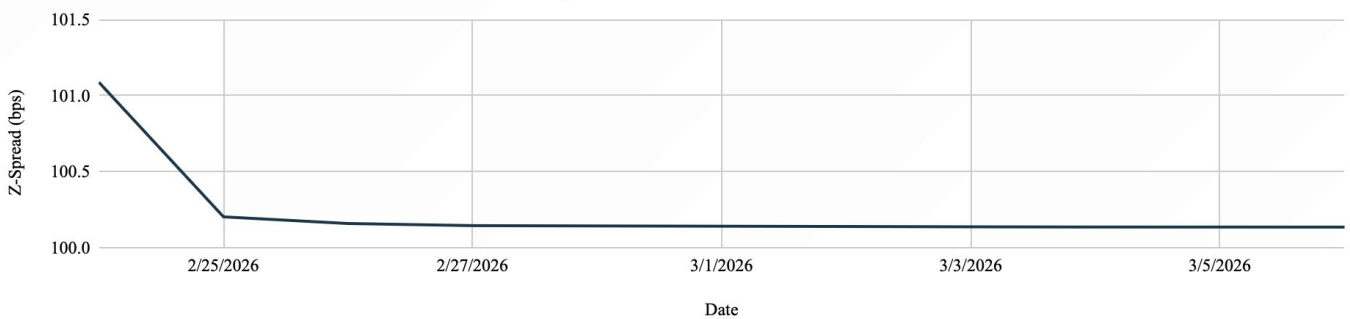
### Post-Offering: Stability Despite Unstable Market Conditions

- TPIA utilized its Rp 2.25 trillion Shelf Registration Bonds V Phase II program mainly as a **working capital injection**. The issuance comprises 6.5%, 7%, and 7.5% tranches. Rated **idAA-** by PEFINDO, this periodic issuance allows for the **purchase of raw materials** for production, ensuring smooth operations, increase production capacity, and allowing the company to navigate market challenges with **greater flexibility**.
- Post-issuance contained **mixed reactions**. While the bonds' Z-Spreads remained highly stable across all tenors, TPIA's stock price exhibited significant volatility, tumbling to a **52-week low** of Rp 5,175 on March 4 shortly after the bond listing, mostly due to **MSCI concerns** affecting the **whole Indonesian marke**, but then sharply rebounded by over 17% to Rp 6,325.

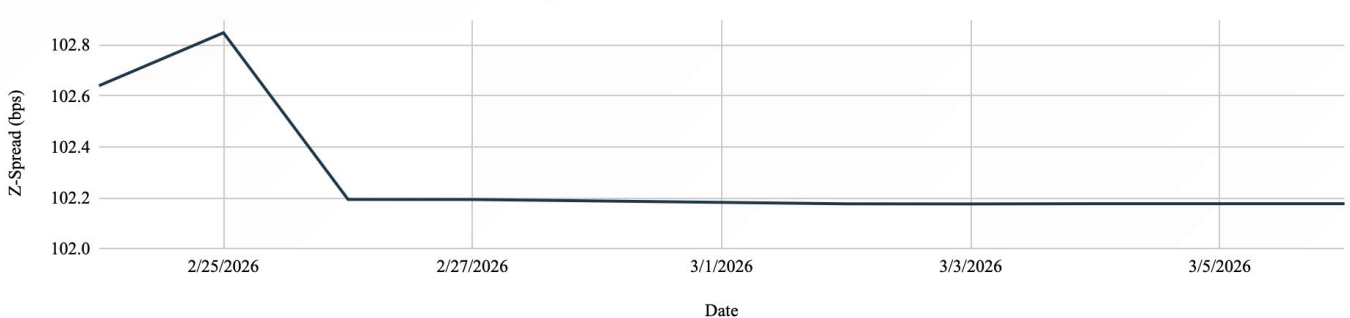
Z-Spread TPIA 6 ½ 02/25/29



Z-Spread TPIA 7 02/25/31



Z-Spread TPIA 7 ½ 02/25/33



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## Catalysts

### ESG Linked Financing

- The bond is part of a Rp6T (~US\$354M) **sustainable bond program** that it directly aligns with the **global ESG trend**. In addition, TPIA management also stated that net proceeds will be used entirely to working capital, particularly for raw material purchases to support ongoing production activities.

### idAA- Rating and BCA Underwriters

- The bond received an idAA- rating from the Indonesian Securities Rating Agency (Pefindo), reflecting **strong creditworthiness and investment viability**. Alongside this, BCA Sekuritas will serve as one of TPIA's underwriters, whose involvement ensures the issuance process runs smoothly and remains compliant with regulations, reinforced by their credibility as trusted financial institutions.

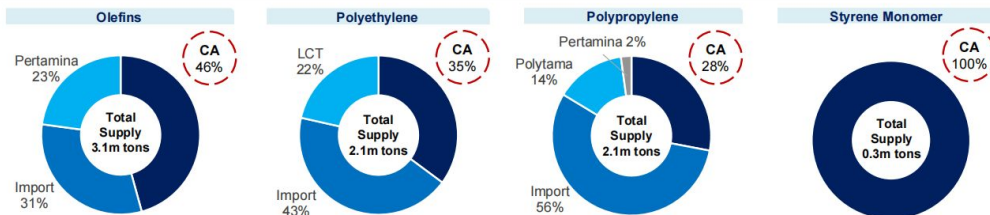
### Dominant Market Presence and Expansion

- TPIA is a **Southeast Asia's leading energy, chemicals and infrastructure solutions company**, operating Indonesia's largest integrated petrochemical complex and commanding approximately 50%, 40%, and 32% of the domestic market (including imports) in olefins, polyethylene, and polypropylene, respectively, as of 2024.
- In the past two years, the company has **expanded into Singapore**, acquiring of nearly 60 Esso-branded retail fuel stations previously owned by ExxonMobil, together with supply contracts and distribution infrastructure.

## Petrochemical Producers in Indonesia

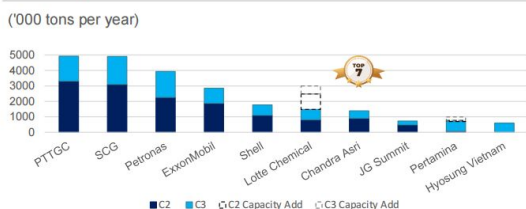
Capacity ('000 tons per year)	Chandra Asri	LOTTE CHEMICAL TITAN	PERTAMINA	PT PULPINDO	ASC ASC Group PT Andhra Chemical	PT SULFINDO ADIRUSAHA	TPPI	Others	Total
Ethylene	900	-	-	-	-	-	-	-	900
Propylene	490	-	625	-	-	-	-	-	1,115
LLDPE	400	200	-	-	-	-	-	-	600
HDPE	336	250	-	-	-	-	-	-	586
Polypropylene	590	-	45	300	-	-	-	-	935
Ethylene Dichloride	-	-	-	-	1,140	420	-	-	1,560
Vinyl Chloride Monomer	-	-	-	-	900	125	-	-	1,025
Polyvinyl Chloride	-	-	-	-	750	95	-	202	1,047
Ethylene Oxide	-	-	-	-	-	-	-	240	240
Mono Ethylene Glycol	-	-	-	-	-	-	-	220	220
Acrylic Acid	-	-	-	-	-	-	-	140	140
Butanol	-	-	-	-	-	-	-	20	20
2-Ethylhexanol	-	-	-	-	-	-	-	140	140
Pygas	418	-	-	-	-	-	-	-	418
Crude C4	330	-	-	-	-	-	-	-	330
Butadiene	137	-	-	-	-	-	-	-	137
Benzene	-	-	100	-	-	-	-	207	307
Para-Xylene	-	-	270	-	-	-	-	500	770
Styrene Monomer	340	-	-	-	-	-	-	-	340
Synthetic Rubber	120	-	-	-	-	-	-	75	195
Methyl Tert-butyl Ether	128	-	-	-	-	-	-	-	128
Butene-1	43	-	-	-	-	-	-	-	43
<b>Total</b>	<b>4,232</b>	<b>450</b>	<b>1,040</b>	<b>300</b>	<b>2,790</b>	<b>640</b>	<b>707</b>	<b>1,037</b>	<b>11,196</b>

### Largest Petrochemical Company in Indonesia<sup>[1]</sup>

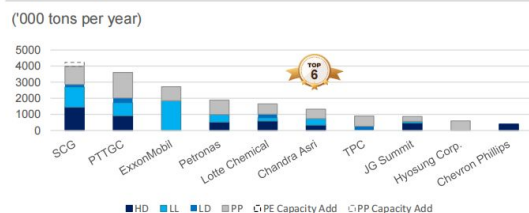


Note: [1] By production excluding fertiliser producers and including imports

### Olefins Top 10 Southeast Asia Producers



### Polyolefin Top 10 Southeast Asia Producers



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## Potential Downside & Risks

### Middle East Geopolitical Impact

- The escalation of **war in the Middle East** and the **closure of the Strait of Hormuz** disrupted global oil supply chains, causing a 36% surge in oil prices. As TPIA's petrochemical production relies on naphtha, an oil derivative, this surge directly raises feedstock costs. Consequently, higher input prices exert pressure on TPIA's profit margins, underscoring the importance of operational efficiency and prudent financial management to sustain profitability amid heightened geopolitical risks.
- Indonesia remains structurally **dependent on imported oil**, sourcing roughly 60% of its supply from Singapore. However, Singapore also relies on Middle Eastern oil imports transiting the Strait of Hormuz. This exposes both Singapore and its downstream customers, including Indonesia, to geopolitical shocks

### Concentration in Bank Loans

- Although bank loans dominate, with 64% from onshore banks and 34% from offshore banks providing some diversification, TPIA remains heavily **dependent on bank credit**. Bonds account for only 2%, indicating limited diversification of funding sources and potential vulnerability if credit conditions tighten.
- A US\$2.3B liquidity pool able to serve as a significant catalyst, providing resilience against short-term shocks. However, rising leverage to 43%, reliance on bank loans, and geopolitical tensions suggest that liquidity, while strong, may not fully offset longer-term financial pressures.

### Balance Sheet Highlights

Strong balance sheet highlights robust financial position as of 30 September 2024



## Conclusion

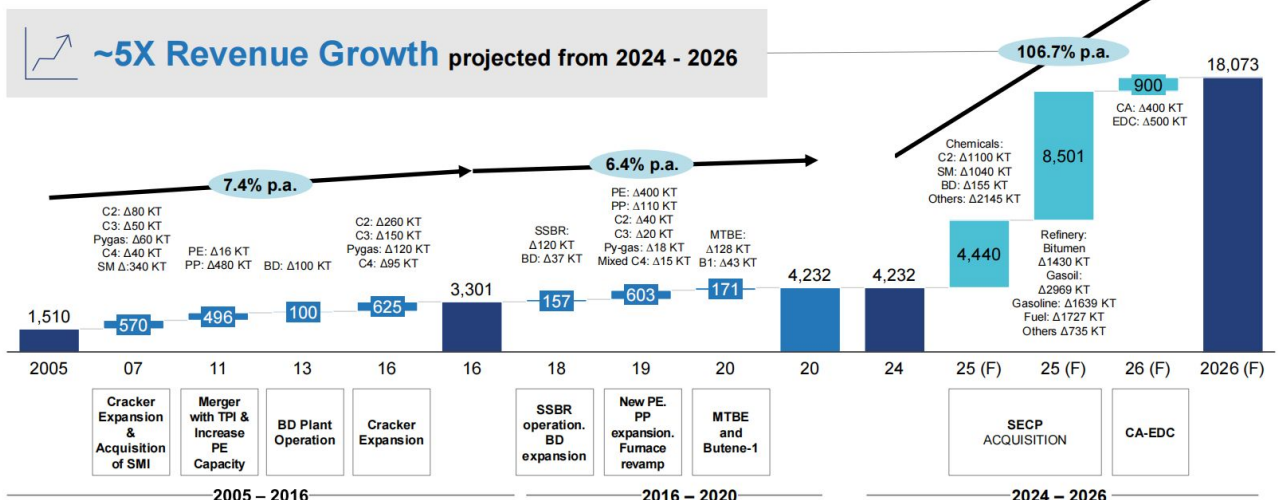
### Strategic Outlook and Risk Profile

- TPIA is entering a **transformative stage**, moving from a domestic petrochemical producer to a regional energy and chemical solutions company with expanded market presence. Its financial position provides resilience, but leverage, funding concentration, and geopolitical dependencies remain structural risks that require careful management.

### Projected Capacity Expansion and Regional Positioning

- Against this backdrop, TPIA's growth chart projects a near **5x increase in production capacity** between 2024 and 2026, driven by strategic expansions such as SECP acquisition to expand TPIA's footprint into refined gas oil (Δ2969 KT) and fuel (Δ1727 KT) and CA-EDC development adds new capacity in chlor-alkali (Δ400 KT) and ethylene dichloride (Δ500 KT).
- Annual growth rates accelerating** from 6.4% (2016–2024) to over 100% (2024–2026)

Total production volume from Chandra Asri assets '000 ton



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