

Sinar Mas Cepsa starts up production at EUR 300 million vegetable-based alcohols plant in Indonesia

- Sinar Mas Cepsa is a joint venture between Cepsa and Golden Agri-Resources (GAR), part of the Indonesian consortium of Sinar Mas businesses, the world's second largest palm oil company focused on sustainable palm oil production
- EUR 300 million plant in Dumai, Sumatra to produce fatty alcohols and acids from sustainably-sourced palm kernel oil for the Asia, Eastern and Western European markets
- The vegetable-based raw materials to be used to make personal care products, cosmetics, household cleaning goods, and more
- [Click here for an infographic and interview with Deputy CEO for more information](#)

Dumai, 14 September, 2017 – Sinar Mas Cepsa today inaugurated its first oleochemicals plant in Indonesia, which represents an investment of EUR 300 million made over 2 years. The plant will produce fatty alcohols from sustainably-sourced palm kernel oil, a key ingredient in the manufacture of everyday products such as household cleaning goods and personal care products.

Sinar Mas Cepsa is a wholly-owned joint venture (JV) between Cepsa, a leading integrated energy company and world leader in the production of linear alkylbenzene (LAB) used to make biodegradable detergents and Golden Agri-Resources (GAR), part of the Indonesian consortium of Sinar Mas businesses and the world's second largest vertically-integrated palm oil company.

The plant's inauguration ceremony in Dumai, Sumatra was attended by officials and dignitaries from the Indonesian Ministry of Industry.

Cepsa's CEO, Pedro Miró, said: "Cepsa's chemicals business is key to our growth strategy. We have a diversified portfolio, and we are leaders in those areas where we operate in the chemical industry. Our entrance into the fatty alcohols market is another step in our internationalization plan, and of course, we are doing it alongside the best possible partner."

Chairman and CEO of GAR, Franky Widjaja, said: "This joint venture was created with a mutual vision to develop a global leading position in fatty alcohols and its derivatives, based on a supply of sustainably sourced raw materials. Sinar Mas Cepsa's vertical integration and the launch of the Dumai plant is a critical step in achieving this vision."

Sinar Mas Cepsa CEO, Kung Chee Whan, said: "The Dumai plant leverages Cepsa's technology and expertise in oleochemicals, and relies on GAR for raw materials—marking the second plant of this partnership. Having already secured a foothold in Europe through the acquisition of our surfactant plant in Germany, we will definitely look into further downstream projects or expansion capacity in this part of the world."

Deputy CEO of Sinar Mas Cepsa, José María Solana, said: "If we try to summarise in just one word this project within Cepsa, I would say the word is 'New'. New feed stocks. It's the first

time that we will produce chemical products that are not derived from petrol, but are instead vegetable-based, new location, new business and new market.”

The Dumai plant has an annual production capacity of 160,000 metric tonnes of fatty alcohol per year. Sales of vegetable-based alcohols, rather than conventional petroleum derivatives, increasingly in demand as a raw material for personal care products and liquid detergents, will primarily focus on markets in Asia. The plant will also service demand from Sinar Mas Cepesa’s surfactant plant in Germany, which serves markets in Eastern and Western Europe.

The global market for fatty alcohols is predicted to expand to 4.1 million metric tons by 2025, up from 3.1 million metric tons in 2016, demonstrating a five-year compound annual growth rate (CAGR) of 3.5%. Of this, a bulk of the revenue generated will come from Asia which currently commands over 40% of overall demand.

The plant also helps to consolidate Cepesa’s position in Asia following the inauguration of its Shanghai plant in 2015, which made the company the world’s second largest producer of phenol used to produce next generation plastics.

GAR’s Lubuck Gaung refinery, which is certified by the Roundtable on Sustainable Palm Oil (RSPO) and located nearby, supplies the plant with sustainable, traceable palm kernel oil. The Dumai plant is also fully self-sufficient, capable of producing its own electricity, treating its waste water and managing its own logistics.

Cepesa is an energy group fully owned by the Mubadala Investment Company that employs more than 10,000 people and operates at every stage of the hydrocarbon value chain: exploration and production of oil and gas, refining, distribution and marketing of crude oil and natural gas derivatives, biofuels, co-generation and electricity sales.

Cepesa has developed an important chemicals division that is closely integrated with the refining business, and that produces and markets the raw materials for high value-added products, principally used to make next generation plastics and biodegradable detergents. Cepesa has a leading position in Spain and, through the progressive international expansion of its business, also operates in several continents and markets its products across the world.

About Golden Agri-Resources

GAR is one of the leading palm oil plantation companies with a planted area of more than 480,000 hectares (including smallholders), located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

GAR is focused on sustainable palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; merchandising and refining CPO into value-added products such as cooking oil, margarine and shortening. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles. For more information visit: www.goldenagri.com.sg

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