

Sinar Mas Cepsa starts production at SGD 484 million vegetable-based alcohols plant in Indonesia

- Sinar Mas Cepsa is a joint venture between Golden Agri-Resources, the world's second largest palm oil company—and Cepsa, a global integrated energy company
- SGD 484 million (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 hygiene products, cosmetics, household cleaning goods, and more

Dumai, 14 September 2017 – Sinar Mas Cepsa today inaugurated its first oleochemicals plant in Indonesia, representing an investment of SGD 484 million (based on EUR 300 million) made over two 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 Golden Agri-Resources (GAR), the world's second largest vertically-integrated palm oil company, and Cepsa, a leading integrated energy company and world leader in the production of linear alkylbenzene (LAB) used to make biodegradable detergents.

The plant's inauguration ceremony in Dumai, Sumatra was attended by officials and dignitaries from the Indonesian Ministry of Industry, Airlangga Hartanto, Chairman, CEO of GAR, Franky O. Widjaja and Cepsa CEO Pedro Miró.

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."

Cepsa's Vice-Chairman and CEO, Pedro Miró said, "The chemical division of Cepsa is key in our growth strategy. We have a diversified portfolio, leading in the areas where we operate in the chemical industry. Entering the fatty alcohols value chain is another step in our internationalisation plan, and ensuring we partner with a reputed and trusted domain expert was paramount."

Sinar Mas Cepsa CEO, Kung Chee Wan 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 global market for natural fatty acids is predicted to reach \$16.2 billion by 2021, up from \$12.4 billion in 2016, demonstrating a five-year compound annual growth rate (CAGR) of 5.6 percent. Of this, a bulk of the revenue generated will come from Asia-Pacific which currently commands over 65 percent of overall capacity.

The Dumai plant has an annual production capacity of 160,000 metric tonnes of fatty alcohol per year. Sales of the vegetable-based alcohols, 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 Cepssa's surfactant plant in Germany, which serves markets in Eastern and Western Europe.

GAR's Lubuk Gaung refinery, which is RSPO-certified and located nearby, supplies the plant with certified 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. The investment has directly resulted in 300 jobs for Indonesians.

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

About Cepssa

Cepssa is an energy group fully owned by the International Petroleum Investment Company (IPIC) that employs around 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.

Cepssa 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. Cepssa 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.

For more information, please contact:

Ayesha Khan
Communications Team, Golden Agri-Resources
aysha.khan@cohnwolfe.com
+65 9783 1944

Wulan Suling
Head, Media & Events, PT SMART Tbk
wulan.suling@sinarmas-agri.com
+62 818 909 900

Cepssa – Communication
comunicacion@cepsa.com
Tel: +34 91 337 62 02 / 60 00