

365DaysForIndonesia
**PETROKIMIA GRESIK STRENGTHEN NATIONAL INDUSTRY
FOR INCREASING INVESTMENT**

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One of the priority programs of the Ministry of SOE in one year below the leadership of Minister of SOE Erick Thohir is to increase investment. Petrokimia Gresik, an Agro-industry Solution company and a member of the holding company of Pupuk Indonesia, supports this priority work program by strengthening product downstream.

"Mr. Erick Thohir's priority program is in line with the business transformation program that has been implemented by Petrokimia Gresik since 2019, where Petrokimia Gresik has set an effective strategy to ensure the company continues to grow as well as an effort to increase investment," said President Director of Petrokimia Gresik Dwi Satriyo Annurogo.

The re-alignment of Petrokimia Gresik's main goals is to strengthen the downstream industry and at the same time become a new future for the company. Namely, by optimizing the use of by-products into new products with added value to support other industries.

Through this strategy, Petrokimia Gresik, apart from carrying out its main duties as a support for national food security, is also expected to contribute to strengthening the national chemical industry. Dwi Satriyo conveyed, there are three growth strategies for Petrokimia Gresik.

First, capacity building. In 2021 Petrokimia Gresik will build an Aluminum Fluoride (AlF_3) factory. With this new factory, the production capacity of AlF_3 will be doubled to 25,000 MT per year.

Aluminum products, especially in the transportation segment, continue to increase every year. Well, the need for AlF_3 which is an auxiliary material for smelting has also increased," said Dwi Satriyo.

Currently, Petrokimia Gresik has a production capacity of 12,600 tons of AlF_3 per year. Of this amount, around 5,000 tons of which this year are sold to PT Inalum (Indonesia Asahan Aluminum) as an auxiliary material for aluminum smelting.

Apart from domestic, the need for AlF_3 in the global market is also very large. Petrokimia Gresik has been exporting to countries that are still in deficit, such as America, Europe, India, Middle East and Africa. Moreover, the AlF_3 product of Petrokimia Gresik has a competitive selling price compared to the global market, and even margins profit can reach 25 percent when using waste raw materials from the Sulfuric Acid Factory.

Meanwhile, another advantage of the AlF_3 plant construction for Petrokimia Gresik is reducing H_2SiF_6 waste which is a by-product of from Sulfuric Acid Factory. If the company does not produce AlF_3 , it will cost around Rp40 billion per year to manage its waste. Meanwhile, with the new AlF_3 factory, the company can increase revenue by Rp245 billion per year.

Second, Petrokimia Gresik will transform from a Single Industry Firm to a Related Diversified Industry. This strategy is of course carried out by continuing the product downstream.

"We will choose downstream products based on natural gas, phosphate and Sulphur which have great added value," said Dwi Satriyo.

In 2020 Petrokimia Gresik has succeeded in producing a new product, Methyl Ester Sulfonate (MES). MES Petrokimia Gresik was developed in collaboration with Surfactant.

Bioenergy Research Center, Bogor Agricultural University (SBRC IPB). MES is a bio-degradable surfactant that can be used in the oil and gas sector to increase the production of old oil fields through EOR (technology Enhanced Oil Recovery).

"This is an important and expected breakthrough for the oil and gas sector industry players in Indonesia," he said.

MES is produced in Plant III by utilizing SO_3 gas which is commonly used to produce sulfuric acid. The production of this MES will increase the profitability of Plant III, because the price of MES can be up to 200 times more expensive than the price of sulfuric acid.

The third is the development of new products through the construction of new projects. The new factory construction project must be able to strengthen Petrokimia Gresik's position as a company based on Related Diversified Industry.

"For this reason, the construction of the new factory will be focused on product downstreaming," said Dwi Satriyo.

Within this framework, Petrokimia Gresik will immediately build a Soda Ash Factory with a capacity of 300 thousand tons. This Soda Ash factory, said Dwi Satriyo, will be the first in Indonesia, and will be an important support in supporting the growth and development of the domestic glass and detergent industry.

This factory will also be able to reduce the impact of CO_2 which is a by product of the Ammonia Factory of 174 thousand tons, "he said.

For Petrokimia Gresik, Soda Ash is able to contribute revenue of 87 million USD each year. In addition, a by-product in the form of aluminum chloride (NH_4CL) can be used as raw material for NPK, so that the ZA requirement for raw materials can be reduced by 364 thousand tons each year.

"And for that we will no longer need to import ZA," said Dwi Satriyo.

While the raw material needed is salt, Petrokimia Gresik can work together with PT Garam (Persero) with a total requirement of 100,000 MTPY, and this has also received support from the Governor of East Java, Khofifah Indar Parawansa to improve the standard of living of salt farmers.

"Through this downstream program, it is hoped that Petrokimia Gresik will be increasingly able to carry out its main tasks as a support for national food security, and at the same time be able to strengthen the national industry as a driver of the national economy," Dwi Satriyo concluded.



PRESS RELEASE

PT Petrokimia Gresik

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