

## Executive Summary

The plastic pellet industry in Indonesia is growing due to increased demand from the e-commerce sector and a growing middle-class population. To also support this industry, the Ministry of Industry has prioritized the development of downstream plastic industries. Food and beverage companies are adopting recycled plastic packaging to reduce waste and improve their brand image. With an annual national demand for plastic pellets of 7.2 million tons, including 2 million tons from recycled plastic pellets, rPET and rHDPE pellets are in high demand, not to mention they have abundant raw material and a viable recycling process. The industry has strong growth potential, projected at a 6% CAGR from 2023 to 2030. Overall, Indonesia's recycling plastic pellets industry offers promising business opportunities driven by increased demand, government support, sustainability initiatives, and a growing market for recycled plastic materials.

PT. SAPU INDONESIA, steps in to meet the demand for high-quality recycled plastic pellets. Specifically, it will focus on producing and selling rPET and rHDPE pellets with a production capacity of up to 25,000 tons per year. The company will adopt a Cost Leadership strategy, providing high-quality products at competitive prices. This will be achieved through strategic decisions such as selecting a factory location near raw material sources, Bantar Gebang in Bekasi-West Java, building strong relationships with multiple suppliers for bulk materials to get the best prices, utilizing state-of-the-art machinery for optimized production time and producing high-quality products, offering competitive pricing to penetrate the market while ensuring profitability for the company.

Extensive marketing strategies will target the B2B segment, specifically large and medium-scale companies with consistent and large product demands. The marketing mix strategy includes high-quality and food-safe products to meet customer requirements. The pricing strategy focuses on penetration pricing to enter and capture the market. Direct distribution is employed to ensure efficient product delivery. Various promotional activities such as marketing campaigns, industry event presence, and effective digital marketing strategies are utilized to build brand awareness, reach a wider target audience, and foster stronger customer relationships.

To achieve cost efficiency, quality assurance, and supply guarantee at the operational level, the company will adopt capacity strategy lagging demand with incremental expansion, delaying capacity increase until the existing capacity can no longer meet the market demand. The factory will be established in the Bantar Gebang area of

Bekasi, covering an area of 10,000 m<sup>2</sup>. With a production capacity up to 25,000 tons per year, utilizing two production lines and two shifts of 8 hours each (at the fourth and fifth years of operation). Advanced technology is employed throughout the whole process, from sorting to pelletizing, to ensure production efficiency and deliver high-quality products that meet market specifications. Meanwhile, to secure a consistent supply, the company sources materials from 3 different sources: factory waste, household waste, and waste banks.

In order swift and effective business operations, PT. SAPU INDONESIA will build a competent workforce by fostering a company culture known as PUAS (Professional - Ultimate - Agility - Synergy). The company will adopt a slim but solid manpower planning approach, starting with a total of 58 employees in the first three years and increasing to 94 employees in the fourth and fifth years to align with the increased production volume and sales targets. Directors, managers, and supervisors will be recruited externally, bringing 5 to 12 years of experience in their respective fields and positions. Staff members will be hired on a contract basis or through outsourcing. Competency-based learning and development will be used to enhance technical and soft skills. This approach ensures efficient operations and a skilled workforce for the company's growth.

Through a sound process of 5-years budgets collaborating among its departmental pillar, the company was given a pathway towards its going-concern and ensuring a return to its investors. PT SAPU INDONESIA will be able to achieve an NPV of Rp45,6 billion, with an IRR of 33.5% and discounted payback period of 4 years. The financial also indicate thru that the company will have a healthy growth in its 5-year operating plan, and net profit margin ranging from 19%-22% The plan includes a comprehensive mitigation that is designed to manage the risks from the competition, raw material supplies, regulation, and fluctuating prices.

In summary, the business that PT. SAPU INDONESIA operates will address a healthy return to its investors and give a positive contribution to the society by giving value-added to used plastics becoming rPET and rHDPE, creating a greener environment, and also activating a circular economy.