

EXECUTIVE SUMMARY

PT. Nusaraya Putramandiri (PT. NPM) is Indonesia's 1st Privately Owned Independent Lube Oil Blending Plant (LOBP), with over twenty years of experience, manufacturing international quality standard oils, entrusted by many companies as the reliable growth partner for quality lubricants. Currently more than 14 biggest lubricants companies out of over 100 lubricant companies in Indonesia have trusted PT. NPM to be their main partner. From more than 100 lubricants & grease brands available in the market, there are only 44 brands that have their own LOBP, and only less than 10 companies own grease plants.

Companies that don't have a grease blending plant source their products through toll blending or imports. At this juncture there are no independent toll blenders available, hence all the available toll blenders have their private brand and this could be a potential risk due to formula confidentiality and market competition. Based on BPS data, there are 15,000 MT imported grease or 38% of the total consumption in 2019. Companies that import their product should comply with the latest regulation PMK Nomor 110/PMK.010/2018, which regulates 7.5% additional tax for finished products, therefore imports become uncompetitive compared to local production.

Based on Indonesia's grease market year 2019, the demand for grease products reached 40,000 MT/year with 1.9% CAGR, where 50% is supplied by the competitors and the other 38% from import products, hence there is still 12-15% market available. The growth demands for grease products is driven by the growth of industry and the potential of electric vehicles usage in the future.

With the available facilities and capabilities, PT. NPM is considering extending their production line to produce grease products. The company will be the first independent toll blender that offers a **total solution** from producing, filling, packing and product licensing service at competitive price. Therefore, it will attract the brand owner, especially overseas brands who lack experience with the Indonesia market, to switch the production facilities in Indonesia.

PT. NPM will be using market penetration as their ultimate marketing strategy because the company has more than 14 brands as their existing lubes customers which most of them have their own grease brand. In the first year, the company targets to build brand awareness against all the grease brand owners. The overall marketing strategy will be differentiated through all the services provided, but a cost advantage strategy will also be delivered since the company has buying power against the raw material (base oil) while the other competitor is not capable of.

In the operation strategy, 80% of the raw materials are similar to lubricants , therefore PT. NPM has advantages on raw material buying power. The company is able to get the materials with lowest prices due to huge amounts of purchases which in the end the production cost will be much reduced and maintain the price of final products more competitively against competitors.

Meanwhile, in the human resources strategy, 80% of the manpower is from the existing company whose employees are experienced enough to manage and run the facilities. With the strategy of job enlargement, it can push the full potential of existing staff and this is also the fastest way to transfer knowledge from the experienced existing staff to the less experienced new staff. This will be the most efficient and effective strategy for the new additional facility in PT. NPM.

The production capacity will be 5,000 MT/ year, where PT. NPM will target the net sales of 1,200 MT (25%) with the total sales of Rp 50 billion and Rp 6 billion (12%) first year profit and 15-20% yearly growth. We projected it in 5 years PT. NPM will reach the maximum capacity of 5,000 MT and is expected to get 15% market shares in Indonesia. The policies to support the development of Indonesia's manufacturing sectors will increase the demand for grease products in the future.