



**PT Avia Avian Tbk (AVIA)
FY 2025 Earnings Call Q&A Summary
Friday, 27th February 2026**

Panelists:

Mr. Ruslan Tanoko : Vice President Director
Mr. Robert Christian Tanoko : Operations & Development Director
Mr. Kurnia Hadi Sinanto : Finance Director
Mr. Andreas Timothy Hadikrisno: Head of Investor Relations

1. Questions from Bernice Chew, UBS

- 1) Was there any impact of the floods in Sumatra that seems to be more severe this year?
- 2) On the construction of the 80k red-white cooperatives, do you see any positive benefits for AVIA? For instance, if we look at cement volumes in January, they finally turned positive, recording the strongest YoY growth of +13% over the past 13 years.

Answer:

- 1) The floods in Sumatra this year have been severe, with multiple roads cut off and logistics disruptions across several cities. However, the impact on the company has been effectively managed due to its extensive network of wholly-owned distribution centers, which supports sufficient and effective inventory levels. This has allowed operations to continue with minimal disruption, unlike some competitors that rely on independent distributors with lower inventory buffers. In fact, in heavily affected areas such as parts of Aceh, demand in January and February remained strong, reflecting continued customer support and the strength of the company's distribution strategy and partnerships.
- 2) We believe the development of the planned 80,000 red-white cooperatives will have a positive impact on the company. Our strongest advantage lies in our distribution network, where we have the widest coverage for paint products nationwide, as well as the largest network of building material shops in the country. Although we do not supply directly to government or government-related entities, with our broad market presence and strong distribution reach, we are well-positioned to benefit from the rise in construction activity. At this stage, however, we are not yet able to quantify the exact impact.

2. Questions from David Gan, Eight Capital Advisors

- 1) Just want to find how sustainable this lower level of BTL marketing expenses is, and how we should look at this number going forward?
- 2) What will inventory levels be like this year?
- 3) What is your utilization for 2025, and any colours on utilization for 2026?
- 4) How much were the two price increases in 2025?
- 5) Any colors on the market share gain?

Answer:

- 1) On below-the-line (BTL) marketing expenses, the lower level reflects our continued focus on cost optimization as part of our broader efforts to protect and sustain healthy margins, which remains a key priority for the Company. At the same time, the reduction was also supported by a deliberate shift in the structure of certain promotional programs, aimed at improving effectiveness and cost efficiency. For example, some gold coin promotions were redesigned into alternative schemes such as vouchers, discounts, and other cash-based incentives. These initiatives are commercially similar in intent but, from an



accounting perspective, are recorded as deductions from sales rather than as BTL expenses under COGS.

- 2) On inventory levels, we have proactively increased our inventories, particularly in outer islands and areas outside Java, in response to the ongoing container shortages that have affected Indonesia over the past few months. The shortage situation is expected to gradually improve after Lebaran, potentially toward the end of March, but visibility remains limited for now. Rather than waiting for the issue to resolve itself, we have taken a proactive approach by leveraging our more than 144 wholly-owned distribution centers. This allows us to raise inventory levels across our network to ensure product availability and maintain service levels. As a result, we have been able to support strong sales momentum, especially outside Java. Until there is clearer confirmation that container conditions have normalized, we intend to maintain our current inventory strategy to safeguard supply continuity and capitalize on market opportunities.
- 3) For 2025, our overall utilization rate is around 74% at the consolidated level, with approximately 70% in Serang and 76% in Sidoarjo. These figures reflect combined production of both solvent-based and water-based products. For water-based products specifically, utilization has exceeded 90%, based on two working shifts, and in several cases we have already been operating close to three shifts. In recent weeks, some of our plants have been running 24 hours a day, reflecting the strong demand environment. The strongest demand has come from wall paints, followed by waterproofing products. The overlap between the fasting month and the rainy season has created a favorable dynamic, supporting demand for interior paints as well as waterproofing solutions. To support future growth and ease the high utilization at our existing plants, we plan to commission our third factory in Cirebon by mid-year.
- 4) The two price increases implemented in 2025 were relatively modest, totaling around 2–3% overall. The second adjustment, which took place in August, was below 2% and was applied selectively to certain segments. If you look at our average selling price (ASP), which declined by around 1%, this was mainly driven by product mix. A higher contribution from wall paints, which have a lower price per liter compared to waterproofing or wood and metal products, resulted in a slight dilution of the overall ASP.
- 5) On market share gains, based on publicly available disclosures from our nearest competitor, they indicated a market share increase of around 1% while recording a low single-digit sales growth last year. Given that we delivered significantly stronger growth of above 7% in the architectural solutions segment, it logically implies that our market share gains should be meaningfully higher. To remain conservative, we estimate our market share gain to be around 2%, likely in the range of 2–3%, and certainly not below 2%.

3. Questions from Handiman S, Solstice

- 1) AVIA's strength has historically been its distribution network and strong presence in secondary cities. How sustainable is this moat today, especially as competitors expand aggressively and modern retail penetration increases?
- 2) Are you seeing margin pressure from discounting?
- 3) How much of recent volume growth is organic demand vs channel restocking?

Answer:

- 1) We believe our distribution network remains a highly sustainable competitive moat. Continuing to expand our wholly-owned distribution centers is a key pillar of our long-term strategy and has been a critical success factor for many years. While modern retail penetration is increasing in several cities, the pace of expansion has been relatively slow.



Moreover, Indonesia's geography as an archipelago presents structural challenges for rapid modern retail expansion, as population density and economic concentration vary significantly across regions.

- 2) No, we are not seeing margin pressure from discounting. We continue to leverage our key strengths, particularly our distribution network and ongoing product innovation, while maintaining strict cost discipline in every dollar we spend. As a result, we do not feel any significant pressure on margins from discounting or promotional activities. The increase in discounts is mainly related to changes in our marketing programs, where certain promotional expenses were shifted from below-the-line activities to direct discounts. From a margin perspective, this is largely a reclassification and does not have a material impact on our overall profitability.
- 3) It is difficult to precisely quantify how much of the recent volume growth is driven by organic demand versus channel restocking. We do not have a direct way to measure this split. What we can share is that January and February both recorded very strong sales performance. There may have been some degree of channel restocking in December in anticipation of the Lebaran season, which typically marks the peak repainting period, especially as we enter the fasting month. At the same time, we are still in the rainy season, which generally tempers repainting activity. Despite this, demand has remained strong, supported by both our internal initiatives and external market factors. Based on current trends, we are confident that the momentum we have seen so far this year is largely driven by healthy underlying demand, although March performance will provide further confirmation.

4. Questions from Joseph Eugene Lumoindong, DBS Vickers Indonesia

- 1) What were the key drivers behind the strong architectural sales volume in FY25? Within the wall segment, was growth mainly driven by the low-end or premium segment?
- 2) Regarding management's targeted 4–8% volume growth guidance, which segment is expected to be the primary growth driver in FY26?
- 3) Could management provide more color on the factory utilization rates at the Cirebon and Serang plants during the Sidoarjo factory renovation in FY26?

Answer:

- 1) The key driver behind the strong architectural sales volume in FY25 was the wall paint segment, which recorded particularly strong demand. This performance was supported by our product innovation initiatives, as we launched 12 new products during the year, including three in the wall paint category. Within the wall paint segment, growth was primarily driven by the mid-tier segment, where we continue to have our strongest positioning. While we remain focused on expanding our presence in the premium segment, the bulk of our volume gains in FY25 came from the mid-tier market. At the same time, other segments within our architectural solutions portfolio also delivered solid growth, contributing to the overall strong performance.
- 2) In line with our guidance for FY26, the primary growth drivers will continue to be our three core segments: wall paint, waterproofing, and wood and metal. Product innovation will remain a key focus to support this growth. We continuously evaluate market needs, whether through product enhancements, new premium offerings, or more economical variants. Through this disciplined and structured innovation process, we aim to sustain growth momentum and further strengthen our market position in FY26.
- 3) We expect utilization at the Cirebon and Serang plants to remain at a range of around 65–70%, which we consider an optimal operating level. That said, demand for water-based products, particularly wall paints and waterproofing, has been very strong,



resulting in higher utilization levels in this category. The commissioning of the Cirebon plant is intended to help rebalance capacity, with an initial planned annual run rate of approximately 100,000 metric tons over the first two years. In addition, both Serang and Sidoarjo have undergone internal improvements to enhance production capacity and operational efficiency.

5. Questions from Cheryl Jennifer, Sucor Sekuritas

With the Cirebon facility expected to commence operations soon, what is the company's strategic plan for the Serang production facility? Will it continue to operate as a manufacturing plant, or will it be repositioned solely as a distribution or logistics center without production activities?

Answer:

Serang will continue to operate as a manufacturing facility. The commissioning of the Cirebon plant is intended to complement and rebalance our overall production capacity, not to replace Serang. With demand for water-based products, particularly wall paints and waterproofing, continuing to grow strongly, additional capacity from Cirebon will help reduce the utilization pressure across our existing plants, including Serang and Sidoarjo.

6. Questions from Robin Sutanto, Mandiri Sekuritas

- 1) The higher inventory level isn't reflected in WC days. Would you shed more light on this? In relation to this, can we expect a higher increase in freight costs this year?
- 2) Are there updates on the M&A?

Answer:

- 1) Inventory levels at the end of 2025 did not increase materially, which is why this was not reflected in WC days. That said, we continue to closely monitor the situation. In 2026, we believe it is prudent to review and potentially adjust inventory levels in certain locations, particularly those experiencing container-related constraints, to safeguard supply continuity. Regarding freight costs, they have remained relatively stable at around 3.5% of sales. Any potential increases this year are expected to be gradual rather than significant.
- 2) On M&A, there are no concrete updates that we can publicly disclose at this stage. However, we remain actively attentive to potential opportunities and hope that something may materialize this year. With respect to the reported divestment of Akzo Nobel's Indonesia business, we intend to participate in the process should it proceed as planned. We view this as a relevant opportunity aligned with our strategic focus, and we will evaluate it carefully in accordance with our financial discipline and long-term value-creation objectives.

7. Questions from Theodorus Melvin, Stockbit

Can you update us on the nominal buyback realization and your plans for the buyback shares, especially approaching the 5% threshold? Will the owner be purchasing shares from the company?

Answer:

As of yesterday, we have completed approximately 94% of the authorized number of shares under the second share buyback program, while utilizing around 60% of the allocated budget. Currently, total treasury shares stand at about 4.3%. We are fully aware of the limit (10%) and will carefully evaluate any further buyback decisions to ensure compliance and maintain financial flexibility.

