



PT Avia Avian Tbk (AVIA)
Q3 2025 Earnings Call Q&A Summary
Friday, 31st of October 2025

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 Robin Sutanto, Mandiri Sekuritas

- 1) How much of the 8% volume growth can be attributed to the pre-price hike “last bite” purchase?
- 2) The industry appears to be showing signs of improvement, volume remained strong despite the price hike?
- 3) Are there plans to increase Above-the-line (ATL) and Below-the-line (BTL) marketing spend in 4Q25 and FY26?
- 4) Recent media coverage mentioned opportunities to export paint. Does the company have any plans to participate in this initiative?

Answer:

- 1) The pre-price hike purchasing activity in late July was notably strong, with revenue during that period increasing by approximately 30–40%, despite the price adjustment being relatively modest at around 1–2%. These results indicate strong customer confidence in our products, even amid market uncertainties.
- 2) While the company recorded solid performance in Q3, management does not yet observe clear signs of a broader market recovery. The strong quarterly result was primarily driven by internal execution and market share gains rather than overall industry expansion. Based on recent results from several modern retail outlets in the building materials segment, overall growth remains largely flat, indicating that underlying consumer demand has yet to show a meaningful improvement.
- 3) The company remains highly disciplined in managing its marketing expenditure. While opportunities to invest in Above-the-line (ATL) and Below-the-line (BTL) activities will be evaluated, spending decisions will continue to be guided by data-driven assessments of product priorities, target segments, and competitive dynamics. The Q3 performance demonstrated that revenue growth can be achieved even with a leaner marketing budget, underscoring the effectiveness of a cost-conscious and targeted marketing approach.
- 4) At present, the company's export activity is primarily focused on the Dextone product line, which already has a presence in several international markets. Management is exploring opportunities to leverage Dextone's existing distribution network to introduce additional products. However, beyond these initial markets, discussions remain at an early stage, and no formal expansion decisions have been made.



2. Questions from Reza Priyambada, Reliance Sekuritas Indonesia

- 1) As of 9M25, how many customers does AVIA have? What are the main types of AVIA's customers? Are there any customer growth targets through the end of FY25 and into FY26?
- 2) What is AVIA's current production capacity? Will production capacity increase by the end of FY25 compared to FY24?

Answer:

- 1) As of the first nine months of 2025, the company recorded an increase of over 2,300 transacting customers compared to the prior year, marking one of the strongest additions in recent years. Historically, new customer additions have ranged between 800-1,000 retail outlets, making this year's growth particularly high. The customer base is expected to reach around 60,000 by the end of 2025, supported by our distribution centers (DCs) expansion. The company continues to focus on customer activation and retention initiatives by leveraging its wide product portfolio to encourage repeat transactions. The ongoing DC expansion will further enhance customer coverage, particularly in previously underserved or remote areas.
- 2) AVIA's current production operations are performing well, with most of the production lines operating on two shifts, while certain high-demand products are running on three shifts to meet market needs. The current capacity remains sufficient to meet all ongoing demand. In parallel, the company is progressing with its new manufacturing facility in Cirebon, which is scheduled for commissioning in mid-2026. The upcoming plant will expand overall production capacity and enhance flexibility in meeting future growth requirements, particularly as demand improves and our customer base continues to expand into new regions.

3. Questions from Lydia Tan, Consultant Analyst

- 1) AVIA delivered strong results in Q3. Which categories contributed most to the growth? Was the growth primarily driven by wall paint or waterproofing products? Which category recorded the weakest performance during the quarter?
- 2) As a market leader, does AVIA expect overall paint market growth to improve beyond 2025 levels? What is the company's growth projection or target for 2026?
- 3) As the market leader continuing to deliver strong growth, it's indeed impressive and built on many strategic foundations. However, were there any notable challenges or competitive pressures faced from other top paint players during Q3?
- 4) Is Avian Brands interested in buying AkzoNobel's Indonesia business?

Answer:

- 1) AVIA delivered strong results in the third quarter, supported by robust growth across its three main segments, the wall, wood & metal, and waterproofing. The wall segment continued to lead performance, posting another consecutive quarter of double-digit growth, driven by ongoing market share gains and strong execution in the market. The waterproofing segment also recorded double-digit growth in Q3. AVIA has been actively expanding its product line in this segment to address a wider range of consumer needs. The wood & metal segment delivered relatively weaker performance compared to the other two segments. This trend reflects broader structural shifts in the market, as traditional wood-based materials in construction continue to be replaced by



alternatives such as aluminum, stainless steel, and UPVC. Nonetheless, AVIA continues to explore opportunities within this segment by introducing new products to drive growth.

- 2) When we set our annual growth targets, we always benchmark them against Indonesia's GDP growth, which is currently around 5%. Given the country's large housing base, where many homes remain unpainted, we believe the paint industry should grow faster than GDP over the long term. With that backdrop, we expect market growth to continue beyond 2025 levels, supported by increasing paint penetration and rising household spending. For 2026, we aim to deliver growth that is at least in line with Indonesia's GDP, broadly consistent with the guidance provided this year.
- 3) It is still the same set of competitors we have been facing, and there haven't been any new players becoming significantly more aggressive or responsive. Our closest competitor continues to operate as usual, while most other top players have not made any significant moves in the market. In fact, one of the large multinational players has publicly indicated plans to exit its Asia business, which includes Indonesia. Overall, there were no new surprises or unusual pressures during the quarter.
- 4) Avian Brands maintains a disciplined approach to M&A and continues to evaluate opportunities that align strategically with its core business. In that context, the AkzoNobel Indonesia business would represent a strong strategic fit, and Avian would be open to exploring such an opportunity should it become available. However, given that AkzoNobel is a large global organization and its Indonesian operations form only a small part of its regional portfolio, the timing and feasibility of any potential transaction remain uncertain. While market speculation has circulated, no formal developments have taken place at this stage.

4. Questions from Kevin Halim, Maybank Sekuritas

- 1) Can we expect margin improvement in 4Q25 or FY26, given the current low oil prices?
- 2) Can you share the latest update on potential M&A activities within the paint industry? Are there any potential candidates or targets being considered?

Answer:

- 1) Management expects margins within the architectural solutions segment to remain stable, supported by disciplined cost management and prudent spending. The recent compression in consolidated gross margin was primarily due to an increased contribution from the trading goods segment, which rose from approximately 20% historically to around 22% of total revenue. While lower oil prices are generally supportive of raw material cost reductions, the benefit is expected to materialize gradually due to the typical lag effect between oil price movements and input cost adjustments, as well as existing raw material inventories. Management remains committed to maintaining spending discipline and targeted promotions to strengthen profitability in the coming quarters.
- 2) Since becoming a publicly listed company, AVIA has maintained an active approach in evaluating M&A opportunities that align with its long-term strategic direction. The company continues to assess several potential targets within the broader paint and building materials ecosystem but remains selective, focusing only on candidates that provide a strong strategic and operational fit. While discussions are ongoing, no specific details can be disclosed at this stage. Beyond the previously integrated Dextone



acquisition, AVIA continues to prioritize opportunities that complement its core business segments and strengthen its overall market positioning.

5. Questions from Jame Osman, Manulife Investment Management

- 1) As we head into 2026, how should we view the overall gross margin trajectory, given the continued momentum of the wall within the architectural solutions segment versus the lower-margin trading goods segment?
- 2) So far, the focus in 2025 has been on driving volume growth. With early signs of consumption recovery heading into 4Q25 and the potential for government stimulus in 2026, will AVIA continue prioritizing market share gains, or will the strategy shift toward margin preservation to support earnings growth in 2026?

Answer:

- 1) As the company enters 2026, management expects the overall gross margin trajectory to remain closely linked to the sales mix between architectural solutions and trading goods. The key focus remains on driving stronger sales performance within the architectural solutions segment, ensuring that the contribution from trading goods remains stable at around 20%. At the same time, the trading goods segment continues to play a strategic role in reinforcing our relationships with customers. These offerings strengthen customer stickiness and have contributed to healthy working capital performance, as reflected in our on-time collections performance.
- 2) Market share expansion remains our primary strategic priority, with profitability expected to follow naturally as we achieve greater scale and operational efficiency. As seen in this quarter, continued sales growth and improved economies of scale have already started to support margin performance. While the company will maintain a disciplined approach to Below-the-line (BTL) spending, promotional investments will be made selectively to maximize returns and avoid unnecessary cost increases. While potential government stimulus could provide additional support to the broader construction sector, Avian Brands does not rely on such measures to achieve its growth objectives. The company will remain focused on gaining market share from other players, rather than depending on external policy support. Any future fiscal stimulus would be considered an incremental benefit, not a core driver of the company's growth.

6. Questions from Yuan Long Loh, Avanda Investment Management

This quarter saw the highest year-on-year addition of new customers in the architectural solutions segment. Was there anything specific that drove this strong acquisition performance? Can we attribute this growth to the effectiveness of recent marketing initiatives?

Answer:

The strong increase in the number of customers within the architectural solutions segment was the result of both effective marketing initiatives and enhanced internal execution. Our sales teams have been proactively engaging customers through store visits and direct outreach, supported by the Sales Force Automation tools that suggest relevant products based on each customer's past orders. This approach has enabled more targeted cross-selling and product recommendations, leading to higher conversion and reactivation rates. Management expects these combined efforts to continue supporting customer additions



and transaction frequency going forward, as the company seeks to maximize the number of transacting retail outlets across its nationwide network.

7. Questions from Daffa Ichzandi, Sinarmas

- 1) Avian recorded double-digit growth in Q3. To what extent was this supported by Dextone's performance? How much does Dextone's sales contribute to Avian's overall revenue?
- 2) Under which business category are Dextone's sales classified, architectural solutions or trading goods?
- 3) What is the sales outlook for Q4?

Answer:

- 1) Dextone's contribution to AVIA's overall revenue in Q3 remained in the low single-digit range, and therefore did not yet have a material impact on consolidated results. Following the integration, Dextone underwent a period of adjustment to stabilize pricing structures and channel strategies. With these foundational issues now largely addressed, management expects Dextone's performance to improve meaningfully starting in 2026, supported by upcoming new product launches and deeper market penetration through AVIA's wholly owned distribution centers.
- 2) Dextone's sales are classified under the architectural solutions segment, specifically within the adhesives and sealants category. Management views this classification as a better strategic fit, reflecting the product's alignment with AVIA's broader architectural portfolio.
- 3) For the fourth quarter, we plan to continue with the same strategies that have worked well throughout the year, maintaining strong marketing execution, close internal monitoring, and disciplined operations. Early indications from October sales remain positive, showing continued growth even after a very strong September performance. The final outcome for the quarter will depend largely on November and December results, which will determine whether we can achieve double-digit sales growth for the full year.

8. Questions from Abhishek Sahoo, Franklin Templeton

- 1) Within the trading goods segment, what factors have led to the recent margin compression?
- 2) How has competitive intensity in the paint market evolved recently, both among large and smaller players? How are other major competitors responding to Avian's recent market share gains?

Answer:

- 1) The margin compression in the trading goods segment primarily reflects a normalization effect following a one-time benefit recorded last year. At that time, the company received a bonus incentive from the principal, driven by the strong performance of our pipe products. That uplift was temporary and should not be considered a recurring trend. At the current level, with a gross margin of around 18%, we believe this represents a more normalized and sustainable margin profile for the segment going forward.
- 2) Following our price adjustment in August, several competitors have also implemented price increases. Others may follow, particularly if the rupiah continues to weaken against





the USD, although current low oil prices could offset some of that cost pressure and delay additional price actions. In terms of market behavior, only a few of the larger players actively track our performance and react to our market share gains. Most of the smaller competitors have not made meaningful moves so far. Our focus remains on innovation and execution of our strategies. This year alone, we have introduced eight new products, with several more planned for launch in the fourth quarter. We have also accelerated the deployment of tinting machines, which have been a key competitive differentiator. As a result, we expect our routine capital expenditure to increase from the historical level of around 2% to approximately 3% of total sales.

