



PT Avia Avian Tbk (AVIA)
Q1 2026 Earnings Call Q&A Summary
Thursday, 30th April 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 Robin Sutanto, Mandiri Sekuritas

- 1) Volume - What drove the growth in Q1? Is it sustainable? How does management see the impact of higher fuel prices on demand?
- 2) Pricing - How much does ASP have to increase to offset cost pressure?
- 3) Tough times allow for consolidation - Has management seen instances of smaller players capitulating? Will this speed up acquisitions?
- 4) BTL expenses increase in Q1 YoY, can you explain why? Will it continue as a % of revenue?
- 5) Can we quantify how much the front-pull in March will normalize to in Q2? How has April volume fared as an indication?

Answer:

- 1) Q1 volume growth was primarily driven by strong execution across our distribution network and continued market share gains in core segments. This growth was supported by our wholly owned distribution network, which provided resilience in facing economic challenges. Additionally, there was an early demand pull from customers anticipating potential price increases linked to rising oil prices and geopolitical tensions, leading to a spike in volumes toward the end of March.
- 2) We have seen a meaningful increase in input costs and have taken measured pricing actions to mitigate the impact, which we believe are sufficient for now. However, given the ongoing uncertainty in raw material cost volatility, we will continue to closely monitor developments. Going forward, our approach remains flexible and disciplined, including further pricing adjustments where necessary, exploring alternative sourcing, and maintaining prudent inventory management to effectively manage cost pressures while preserving margins.
- 3) Interestingly, when we implemented our price hike in early April, most Tier 2 and Tier 3 players did not follow, with only a few major players participating. To date, it remains unclear whether smaller competitors have raised prices, as they appear more concerned about declining sales and the risk of further volume loss if they do so. This situation presents an opportunity for us to capture market share. Historically, the company has proven to gain market share during periods of market turbulence, which is similar with what we are seeing in Q1 this year, as reflected in our strong growth.
- 4) Last year, the decline in below-the-line (BTL) marketing expenses recorded under CoGS was not solely driven by the company's efficiency initiatives. It was also influenced by a change in promotional mechanics, where certain programs—previously structured as gold coin incentives and recorded as BTL marketing expenses—were converted into vouchers or direct cash discounts. These revised formats are accounted for as deductions from revenue rather than expenses in CoGS. Starting this year, we elevated our promotional scheme into a points-based system, where customers accumulate





points that can be redeemed for goods. Under the applicable accounting treatment, these costs are recognized as part of CoGS. As a result, BTL expenses recorded in CoGS appear higher on a year-on-year basis. However, it is important to highlight that on a normalized basis, the overall allocation of promotional spending remains well controlled and consistent, at around 9.5% of sales. This reflects our disciplined promotional management, and we remain committed to maintaining this approach. That said, this level of control is best assessed over a longer period, rather than drawing conclusions from a single quarter's performance. Our ultimate goal remains clear, which is to ensure sustainable profitability over the long term.

- 5) April performance remained very strong despite the earlier front-loading in March and the implementation of the price increase. However, it is important to note that April benefited from a higher number of working days compared to last year due to the timing of the Lebaran holiday. Overall, demand has remained resilient in April, indicating that the normalization impact from the March front-pull has not been significant so far. We will continue to monitor trends into May, particularly following the next round of price adjustments.

2. Questions from Bernice Chew, UBS

- 1) How has demand trended ever since you raised prices in April? Compared to the 2021 price increases, did volume drop as much past price increases? Is AVIA still confident in its ability to pass down rising raw material prices, noting that topline guidance has not changed? Did competitors also follow suit with the price increases of 7-10%?
- 2) Can you go into detail on the inventory situation, and when do you expect the higher oil prices to hit your P&L? What are the strategies (other than selective price increases) will you employ to mitigate higher oil prices and the current disruption in the Strait of Hormuz? How is the situation different from 2021 for AVIA? What has the 2021 experience taught management and what would you do differently this time around?

Answer:

- 1) Our Q1 momentum accelerated into Q2, highlighted by a strong April performance. This was partly supported by a low base effect, as April last year had fewer working days due to the Lebaran holiday. Despite price increases, demand remained very strong, with architectural solutions volume growing at a very strong double-digit rate, and some products even experiencing shortages. While overall retail market demand remains soft, customers continue to purchase more, reflecting strong confidence in our products. Compared to 2021, volumes have not declined following price increases—in fact, performance has been significantly stronger. We remain confident in our ability to pass on rising raw material costs, supported by our strong inventory position across factories and wholly owned distribution centers. However, we continue to monitor developments closely given ongoing volatility and supply constraints. In terms of industry pricing, only a few major players implemented price increases in April, with more competitors following in May.
- 2) We do not rely directly on oil price assumptions, as the relationship between oil and raw material costs is not always linear. Instead, we closely monitor actual raw material price movements as a more accurate basis for decision-making. In response to recent cost pressures, we have taken measured pricing actions, while also exploring alternative sourcing options and leveraging strong relationships with long-standing suppliers. On inventory, while visibility at the retail level is limited, it is likely that customers are currently holding higher inventory levels following strong purchases in March and April. This is partly driven by efforts to improve margins amid consecutive price increases.



Importantly, we have not seen any deterioration in receivables collection, indicating that customers continue to meet payment obligations despite higher stock levels. Compared to 2021, one key difference is our more streamlined brand portfolio. We have significantly reduced the number of brands across key categories, allowing for clearer product positioning and easier downtrading for consumers within the same brand. This has strengthened our ability to navigate periods of weaker consumer purchasing power.

3. Questions from Joseph Eugene Lumoindong, DBS Vickers Sekuritas Indonesia

- 1) How much is TiO₂ or Titanium Dioxide as % of AVIA total COGS and what's the outlook on margin as rising cost persist & weakening Rupiah?
- 2) Does management still maintain volume growth guidance for FY26 despite rising ASP? and will management plan to do another adjustment on ASP going forward for this year?

Answer:

- 1) TiO₂ contributes only a low single-digit percentage of AVIA's total COGS, and its price increase has been relatively moderate. The more significant cost pressures are coming from other raw materials, particularly solvents, resins, and packaging, with solvents being the most severely impacted. This is also reflected in our April price increase, where solvent-based products experienced increases above the average 7–10% range. We continue to closely monitor raw material price movements and implement pricing adjustments where necessary. Despite cost pressures and a weakening Rupiah, we believe we are relatively well-positioned due to our inventory buffer, distributed supply chain and distribution network, as well as our in-house raw material production capabilities, which provide better cost control and flexibility.
- 2) We are maintaining our guidance for now, as the current environment remains highly volatile. With rising raw material costs requiring ASP adjustments, while consumer buying power remains weak, we need to navigate the situation carefully. We continue to rely on our strong data capabilities to closely monitor market developments and cost movements in real time, allowing us to respond quickly. At this stage, we will remain flexible and implement further ASP adjustments when timing is appropriate. On industry dynamics, more competitors have started to follow with price increases, particularly in May, as the entire industry faces similar raw material cost pressures and supply disruptions.

4. Questions from Raka Pratama, Bank Mandiri

Could you share how current market conditions are impacting your operations and customer demand? Are there any notable trends you are observing?

Answer:

What we are observing is that some consumers are downtrading due to weak buying power. However, we are well-positioned to capture this shift given our streamlined brand portfolio, allowing consumers to move to more affordable options within the same brand while maintaining familiarity and trust. We expect this downtrading trend to continue, particularly as price increases persist and broader economic pressures remain in place.

5. Questions from Reza Priyambada, PT Reliance Sekuritas Indonesia Tbk

In the middle of the geopolitical uncertainty that has resulted in rising commodity prices, is there any impact on the company's fuel and logistics or even material costs?

Answer:

Please refer to Question 2 (2) from Bernice Chew, UBS and Question 3 (1) from Joseph Eugene Lumoindong, DBS Vickers Sekuritas Indonesia.



6. Questions from Rory Dickson, Park Street Partners

Is there any update on Akzo Nobel's possible sale?

Answer:

We continue to closely monitor the potential Akzo Nobel's sale. Based on feedback from multiple banks, the process has been delayed from an initial target of April and is now expected around July or August. The delay is reportedly due to operational complexities in certain countries, including overlapping factory locations across different business segments. We remain attentive and will continue to closely follow developments.

7. Questions from Kevin Halim, Maybank Sekuritas

Are you concerned on the April and May price hike, totaling to more than 10%, will impact paint demand due to affordability issues? Also, are you concerned that consumers will downtrade to other brands that did not raise prices?

Answer:

These were initial concerns prior to seeing April results. However, despite price increases of 7–10%, demand remained very strong, reflecting strong consumer trust in our products and brand. On affordability and downtrading, we are well-positioned, given our complete product portfolio that spans from premium to more economical options, enabling consumers to downtrade within the same brand. As for competitors that did not raise prices, many are facing the same cost pressures. Not adjusting prices may not be sustainable, as it could lead to margin compression or losses, making any short-term advantage unlikely to last.

8. Questions from Felix J, Verdhana Sekuritas

Given the recent jump in average selling price, do you think the market can absorb the higher prices? Or do you anticipate that volumes may contract as a result?

Answer:

Please refer to Question 2 (1) from Bernice Chew, UBS.

9. Questions from Axel Bramantyo, Retail Investor

The mortar industry is currently growing very rapidly. Will companies start to focus on this segment either organically or non-organically?

Answer:

The mortar industry has been growing rapidly in Indonesia, supported by strong demand in recent years. In response, we have expanded our capacity from one to three factories and are in the process of establishing a fourth. This aligns with trends in other markets, where leading paint companies also have a strong presence in mortar or instant cement, making it a complementary segment to the paint business. While margins in mortar are lower compared to paints, it remains a strategic segment that we do not want to miss. At this stage, our focus is on organic expansion under our existing brand, supported by building additional factories across the country to manage logistics efficiently, given the high transportation cost relative to product value.





10. Questions from Theodorus Melvin, Stockbit

On margins — Given the rising raw material costs and the pricing adjustments management has been implementing, does the company have a specific Margin target (EBITDA, GPM, or OPM) for FY 2026?

Answer:

It is difficult to provide a specific margin target for FY2026 given the current volatility. Up to Q1, margins have remained stable, supported by inventory buffers and raw material contracts, which helped manage cost pressures. In Q2, although market prices for key raw materials—particularly oil derivatives such as resins and monomers—have increased significantly, the effective cost impact remains more moderate due to lag effects from contracts and inventory. This, combined with pricing adjustments implemented in April and May, should keep the gap between cost and pricing manageable, with margins expected to remain relatively stable. Looking ahead to H2, some margin normalization may occur as higher-cost inventory flows through. However, the company continues to mitigate pressures through selective pricing adjustments, sourcing optimization, and product mix management. At the same time, operating discipline remains strong, with no increase in overall spending and continued efficiency in promotional expenses. Overall, the company remains focused on balancing margin preservation with market share gains, and is willing to accept limited margin trade-offs if it supports stronger long-term positioning.

11. Questions from Andi Kurniawan, Avrist AM

Could you remind us about the oil-related raw materials contribution to your total raw materials? Any scarcity issues so far?

Answer:

Oil-related raw materials are mainly linked to solvents, resins, and packaging, particularly plastic packaging. At this stage, there are no scarcity issues. The company has sufficient inventory to cover approximately the next two months and has secured adequate supply from major suppliers to meet current needs.

