

Asset Strategy Aimed at Compounding Sustainable EPS (1)



PT Nipsea Paint and Chemicals (Indonesia)

Tay Lim Heng
President Director

How Shareholder Value Is Maximized
» See pages 3-4.



Indonesia Business Strategy

— Solidifying No. 1 position in the decorative market by strengthening brands, distribution channels, and human resources

▶ Navigating the decorative paints landscape

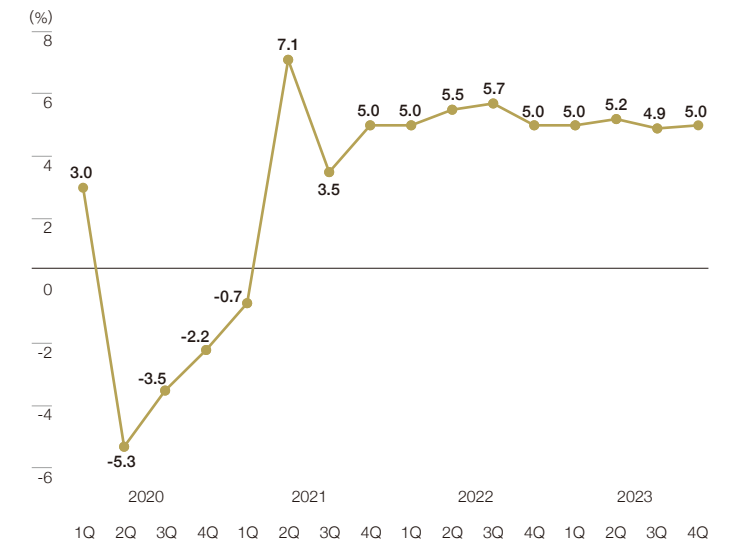
Amidst the global slowdown of 2023, the Indonesian economy grew relatively strongly at 5.05%, and the middle class in Indonesia has been growing faster than other groups; according to World Bank Data, there are now at least 52 million economically secure Indonesians or one Indonesian in every five. The market is expected to see continued growth fueled by government infrastructure and construction projects, specifically investment given the ongoing national strategic projects (PSN), including the new capital city (IKN) development.

The economy segment is highly competitive, with local and international players vying for market share. Price sensitivity is a key factor for this segment and PT Nipsea holds a strong position by leveraging our extensive distribution network and brand recognition. We cater to budget-conscious consumers by introducing economy lines alongside our core mid-tier offerings and product guarantee, ensuring affordability without compromising on quality.

On the other hand, the premium segment is experiencing growth due to rising disposable incomes. Here, consumers seek superior aesthetics, functionality, and eco-friendly benefits. Established international brands and local players with strong brand recognition hold sway in this segment. We differentiate ourselves by capitalizing on our global reputation for innovation to introduce premium lines with best-in-class features, as a reputable, trusted Japanese brand and exceptional customer service to stand out in this competitive landscape.

By strategically catering to the entire spectrum—economy, mid-tier, and premium—PT Nipsea is well-positioned to maintain Indonesia market leadership. Our differentiated product offerings and targeted brand positioning ensure we capture the full potential of this exciting market.

Indonesia GDP growth rate



Indonesia Business Strategy

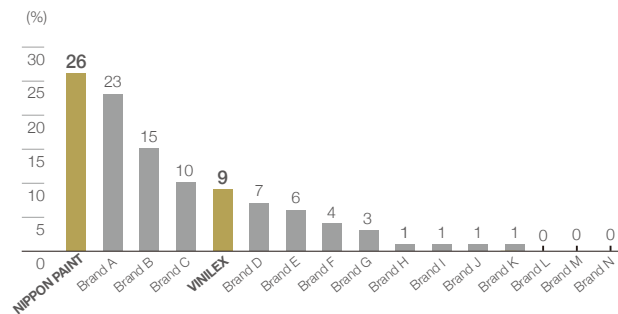
EPS compounding strategy that leverages growth drivers

Holistic branding

PT Nipsea has established a strong brand presence in Indonesia since 1969, and our brand awareness has gained a Top of Mind score of 26% in the latest Nielsen Brand Health Check, solidifying our leadership position. We offer comprehensive paint solutions, from budget-friendly options to innovative premium lines.

Our multifaceted marketing strategy builds loyalty across the entire value chain: (1) We empower our exclusive dealers through training initiatives, marketing collaborations, and sales incentives, enabling them to recommend our products effectively. (2) We offer training programs for painters, equipping them with product knowledge for our entire range and promotional tools to effectively market their services, thus ensuring superior application quality and reinforcing brand value. (3) We engage homeowners through targeted advertising campaigns across various media channels to establish Top of Mind awareness. Additionally, sales promotions and loyalty programs further incentivize purchase and strengthen brand affinity. This holistic approach solidifies our leadership position.

Top of Mind rating



Source: 2023 Nielsen Indonesia Brand Health Check- H1 2023 (4,940 homeowners, 52 cities)

Dominating the economy segment

PT Nipsea dominates the economy segment with a strategic approach that leverages our strong brand heritage. We understand budget is key, so we offer economy lines alongside core offerings. This ensures budget-friendly options to consumers without sacrificing quality—a promise reinforced by our #1 Top of Mind score. Our extensive distribution network guarantees product accessibility across Indonesia, eliminating the need for consumers to seek alternatives. We collaborate with local dealers, leveraging their market knowledge and established business partners. Exclusive programs, product rebates, bundled packages and sales incentives empower our dealers to confidently endorse PT Nipsea's value lines to their customers. We also utilize targeted promotions, like discounts and product guarantees, to further incentivize purchase for cost-conscious consumers. This approach not only drives sales but also reinforces the value proposition of our economy product lines.

By combining brand strength, accessibility, business partnerships, targeted promotions, and product guarantees, this multi-pronged strategy ensures we deliver a compelling value proposition that resonates with budget-conscious consumers across the country.



Vinilex series

Leading the premium segment

Capitalizing on our #1 ranking and global reputation, we offer premium lines that provide best-in-class formulations (superior hiding power, vibrant colors, smoothness, minimum spattering, and eco-friendly), surpassing our stakeholders' expectations. Our targeted marketing campaigns demonstrate the transformative power of our premium paints. These campaigns utilize high-end media channels and feature inspiring design projects to position our products as the key to achieving a dream living space. We also understand the influence of KOLs (Key Opinion Leaders) and designers in the premium segment. By forging partnerships with these influencers and professionals, we leverage their expertise to position Nippon Paint as the premium choice for high-end projects. This not only increases brand visibility but also reinforces the trust and value proposition associated with our premium lines. Understanding the distinct journey of the premium customers, we provide unparalleled customer service that extends beyond the point of purchase. This includes personalized consultations, color and product expertise, and readily available after-sales support. This holistic approach ensures a premium experience that matches the caliber of our products.



Four designers for Ramadan Color Trend Campaign

Indonesia Business Strategy

Dominant distribution edge

PT Nipsea's six strategic pillars

1. Expand distribution points across Indonesia
2. Drive stronger distribution of CCM machines and increase product penetration in all segments
3. Develop new channel through business partners
4. Key account management for high revenue dealers
5. Nippe Star Outlets for business partners catering to the specific refinishing and painting needs of the automotive industry
6. Pylox Star Outlet for business partners catering to smaller, localized markets and specific spray paint customer segments

By harnessing our brand's strengths that align with our strategic pillars outlined above, PT Nipsea aims to drive growth of the Indonesia business. Our dominant distribution edge hinges on a two-pronged approach: extensive reach and strategic partnerships. We're expanding distribution points nationwide, ensuring product accessibility. Furthermore, we prioritize computerized color matching (CCM) machine deployment and deeper penetration across all segments. To complement this, we cultivate partnerships with new business partners, empowering them to offer our full range—color-matching options included—to their customers. This comprehensive strategy positions PT Nipsea as the most accessible and versatile paint choice in Indonesia.

Revolutionizing color and product choices

PT Nipsea prioritizes CCM as a key differentiator that offers major benefits for both value and premium customers. Budget-conscious consumers personalize colors within their economy

line, while premium customers have access to a vast palette for creating unique designs. This strengthens our competitive edge, particularly in the premium segment, where customization is highly valued. For stores, implementing CCM



CCM shop

opens up a wider range of possibilities, leading to higher sales and reducing the inventory cost, and having a CCM positions the store as a one-stop shop—a win-win for all.

Expanding our reach with business partners



Our business partners

We strategically select new business partners, drawing on the stellar track record of our existing distributors. These business partners gain access to our established brand reputation, comprehensive training programs, our

selective product portfolio, and special technical services. This empowers them to deliver exceptional customer service and cater to diverse consumer needs, allowing them to replicate the success of our current network. By capitalizing on the expertise of proven partners, we seamlessly expand market reach and solidify our leadership position.

Robust human resource structure

PT Nipsea boasts a robust human resource structure with strengths evident at both the management and frontline levels.

Management powerhouse: Our leadership team brings a wealth of experience from diverse, competitive sectors. This diversity fosters innovative approaches. For instance, our LFG Awards winning projects: Leveraging Sales Promoters & Repurpose of Waste. These initiatives demonstrate their ability to leverage cross-sector expertise and drive impactful results. This talent pool also ensures a strong pipeline for future leadership, with potential successors already groomed and gaining experience for bigger roles in the near future.

Frontline excellence: Our frontline employees are the backbone of our customer experience. We invest heavily in their development, providing comprehensive training programs that equip them with in-depth product knowledge, application techniques, and exceptional customer service skills. This is further exemplified by initiatives to leverage our Sales Promoters to Product and Color Consultant. Through such programs, our frontline staff hone their capabilities and empower customers to make informed paint and color choices, fostering brand loyalty and trust.

By building a dynamic leadership team with diverse industry backgrounds and investing in the continuous development of our frontline workforce, PT Nipsea ensures a high-performing human resource engine that propels our success in the Indonesian coatings market.

