PT Nipsea Paint and Chemicals

PT Nipsea Paint and Chemicals is Indonesia’s leading manufacturer of paints and coatings under the Nippon Paint brand. Dominant in the Automotive OEM coatings business, Nippon Paint is also the market leader in the decorative paints segment and well loved by Indonesian consumers over 40 locations across the country.

Budi Fianto Buna
President Director

PROFILE

Budi joined PT Nipsea Paint and Chemicals Indonesia in 1970 and has been the President Director since 1990, having begun his career as an HR & Payroll Executive. He served in succession of leadership roles across areas including sales, marketing and general management. He was one of the pioneering team members who spearheaded the company’s growth in the Indonesian market. Under his leadership, both the Trade Use and Industrial Use divisions secured the number 1 position in market share for Decorative, Industrial OEM and Motorcycle coatings businesses. Budi obtained his degree in 1970 from a private university in Indonesia.

Corporate data

Employees: 6,600
Headquarters: Jakarta, Indonesia
Ownership Ratio: 100.0%

Market features and outlook

The Indonesian paint and coatings industry remains resilient despite trailing due to COVID-19. Worth approximately 14.4 trillion rupiah in 2020, Indonesia paint consumption, especially in the decorative segment, is expected to continue to be buoyant.

Our confidence in the market is underpinned by strong demand and the continued growing population base of 270 million. With a young demographic profile and a rising middle class, we expect demand for our products to rise as the Indonesian economy grows. The Indonesian government has been actively pushing for several large projects and developments to continue despite the pandemic situation, pledging a cumulative total spend of USD 430 billion on infrastructure alone by 2024. This provides ample opportunity for us to generate growth by offering our expanded suite of products and services for these projects.

A positive outcome from the pandemic is the rapid digitalization of the economy and the proliferation of e-commerce. To maintain health positions for all Indonesians, the government helped boost connectivity and raised the standard of living in rural cities and villages. This created an increasing demand for concrete housing and paint to beautify and protect them. Coupled with the local cultural preference to redecorate and paint every year, we believe that our business will continue to thrive into the coming year.

Growth strategy for FY2021-2023

We remain focused on entrenching our dominance in the Indonesian market through a 3-pronged strategy:

1. Enhancing distribution and reach
2. Growing adjacent businesses
3. Expanding into new sales channels

We aim to double the number of stock points from the existing 40 to 80 within the next 3 years. This coupled with our extensive network of 10,000 computed Colour Creations Machines (CCM) by 2023 will allow us to serve even the most remote of areas in Indonesia.

While Indonesia’s renovation and repair market projects a positive growth trajectory, we will continue to leverage the Nippon Paint Group’s strength to build a product portfolio that goes beyond just paint. This includes the introduction of paint accessories, tools, SAF, waterproofing, etc. into our existing channels. The diversification of our portfolio and increased focus on adjacent businesses is expected to strongly contribute to our revenue growth over the next 3 years.

Currently, in Indonesia, we have 100% distribution coverage across major cities, servicing a network of 30,000 retailers. To drive further penetration of our products, PT Nipsea Paints and Chemicals will proactively expand into new sales channels and grow our existing distribution network. One key pillar to support growth in this direction will be to expand CCM locations with retail dealers to offer unlimited choices in a wide range of products, an area that we are already working to build up.

In line with the Indonesian government’s push toward the digital economy, we will continue to further our e-commerce initiatives and drive product demand online through our various digital engagements.